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IFRS 8 AND VALUE RELEVANCE: EVIDENCE FROM TURKISH LISTED COMPANIES*

UFRS 8 VE DEĞER İLİŞKİŞİ: BORSAYA KOTE TÜRK FİRMALARINDAN BULGULAR

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Abstract

The purpose of this study is to investigate the relation between IFRS 8 Operating Segments Standard and value relevance. To investigate the issue a dataset based on a total of 22 selected Borsa Istanbul companies are evaluated from the years 2005 to 2020. Totally, 291 firm year observations and two models are run using panel data analysis on Stata program. According to the results, there is positive relation between book value of equity per share and income per share over stock prices. Furthermore, income per share of a segment and book value of equity per share have positive effect on stock prices for the companies adopted IFRS 8 Operating Segments Standard. In this study, literature is summarized at the first part. At the second part, value relevance analyses are carried out over the companies adopted IFRS 8.
Keywords: IFRS 8, operating segments, value relevance, stock market, panel data
JEL Classification: C23, C55, M40, M41

Öz

Bu çalışma, değer ilişkisi ve UFRS 8 faaliyet bölümleri standardı arasındaki ilişkiyi incelemektir. Araştırma için 2005-2020 yılları arasında Borsa İstanbul'da işlem gören toplam 22 firma seçilmiş ve veri seti oluşturulmuştur. Stata programında panel veri analizi kullanılarak toplam 291 gözlem oluşturulmuş ve analiz iki farklı modelde incelenmiştir. Sonuçlara göre, hisse başına özsermayenin defter değeri ile hisse başı gelir arasında hisse senedi fiyatları üzerinde pozitif bir ilişki vardır. Ayrıca, UFRS 8 faaliyet bölümleri

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standardını uygulayan firmalarda faaliyet bölümlerinin hisse başına özkaynak defter değeri ile hisse başı gelir arasında pozitif bir ilişki olup hisse senedi fiyatları üzerinde olumlu bir etkisi vardır. Bu çalışmada ilk bölümde literatür özetlenmiştir. İkinci bölümde ise UFRS 8 faaliyet bölümleri standardını uygulayan firmalar üzerine değer ilişkisi analizi yapılmıştır.
Anahtar Kelimeler: UFRS 8, faaliyet bölümleri, değer ilişkisi, borsa, panel veri
JEL Sınıflandırması: C23, C55, M40, M41

1. Introduction

Accounting is a way for evaluating political, economic, and social concerns on a national and worldwide level. Since the final part of the twentieth century, accounting and financial statements have become worldwide disclosed outside of national borders due to the globalization of accounting standards and practices. Economic globalization, which includes massive increases in foreign investment and international trade as well as liberalization patterns, the rise of global financial markets, the impact of privatization on shareholding, and changes in the international monetary system are all major political concerns. The impact of IFRS 8 adoption and its relationship with value relevance will be investigated in this study. The study's first goal is to assess the usefulness of segment information on Turkish publicly traded companies. In addition, the study will look into the impact of IFRS 8 on value relevance both before and after its implementation.

2. Literature Review

Growth has created instability and tremendous technological and economic advancements, as well as operational divergence. As a result, companies have started to exist in the form of international firms and organizations that participate in a wide range of activities. They've started to spread their wings by operating on different segments. The main purpose of differentiation is to disperse risk and capitalize on growth possibilities in various markets. It is obvious that preparing consolidated financial statements is insufficient for financial statement users to analyze the performance, dangers, and growth patterns in various market sectors and industries in a safe and comprehensive manner.

The variables that impact segmental reporting are discussed by Hayes and Lundholm (1996). Different activities are presented as separate segments in highly competitive marketplaces if the gap between enterprises is small enough that the benefit of openness overcomes the cost of competition. From 1987 to 1991, Harris (1998) studies the impact of rivalry on SFAS 14 category transparency in the United States. In less competitive markets, she says, corporations tend to combine segmental expertise to achieve unstable returns.

Hayes and Lundholm analyze the factors that influence segmental reporting (1996). In highly competitive marketplaces, different activities are displayed as distinct sectors if the distance between firms is small enough that the value of transparency outweighs the cost of competition. Harris (1998) investigates the influence of rivalry on SFAS 14 category transparency in the United States from 1987 to 1991. Corporations in less competitive marketplaces, it is claimed that, combine segmental knowledge to produce inconsistent results. According to the findings of this study, the majority of

firms are evenly distributed throughout the four segments, showing that segment data comparability and validity are not in competition. However, the results demonstrate that the degree of comparability and significance is quite low. Companies appear to improve the degree of sector openness well above statutory standards if the industry faces a reduction in capital or analysts' prediction accuracy, according to Leung & Horwitz (2004).

Berger and Hann (2007) studied whether proprietary or organizational costs impact managers' segment knowledge aggregation decisions. Their research is based on recent scientific literature on the impact of managers' views of competition on transparency standards. The study's main argument is that this information is somewhat relevant to the expected influence of agency expenditure on disclosure decisions. They argue that when agency expenses are seen in the context of a company's success, the choice to disaggregate line-of-business benefit data will have the opposite impact.

The relationship between corporate disclosure and reported earnings efficiency was explored by Francis, Nanda, and Olsson (2008). They demonstrate that the quality of earnings determines the level of transparency. They believe that financial transparency improves earnings consistency, hence firms with stronger earnings quality should have better disclosure scores.

According to Comprix, Mills, and Schmidt (2012) Businesses who used SFAS 14 to disguise segment information in order to take advantage in less competitive sectors. Following the implementation of IFRS 8, Pisano & Landriani (2012) examined the considerable improvements in segment reporting of 124 non-financial Italian enterprises. Following the implementation of IFRS 8, they show how, numerous firms redefined operating segments in ways that were different from previous ideas. They also show that the average number of segments has increased from 3.71 to 3.85, with 14 percent of the sample organizations reporting an increase in the number of segments reported. Similarly, they claim that after the implementation of IFRS 8, the average number of line items declared has increased by almost 22%. In a similar report, Blanco, Garca Lara, and Tribó (2014) examined the relationship between profits efficiency and segment information given under SFAS 131. In a survey of non-regulated and non-financial companies listed on the New York Stock Exchange, they discover a statistically significant positive relationship between profits' efficiency and segment transparency.

As the number of multinational enterprises and organizations grows, so does the number of activities they perform. This is due to rapid technical and economic changes, as well as the uniqueness and complexity of their businesses. Differentiation is largely used to spread risk and capitalize on growth opportunities across many markets. A smart differentiation and globalization strategy demonstrates that preparing consolidated financial statements alone is insufficient to provide financial users with a healthy and comprehensive understanding of the profitability, risk, and development rates of various business sectors and organizations. Another factor that makes firms more complicated is mergers, which significantly alter the business. Users of financial statements may find it difficult to judge and estimate future actions using only the balance sheet and profit and loss statements as a result of these concerns (Low & Zain, 2005). In the late 1960s, the increase in the number of companies with complicated structures and financial statements made it difficult to forecast future revenues and cash

flows. While financial reports can provide a basic overview of the organization's financial structure, evaluating management's actions and financial objectives, particularly in terms of the geographic region of operation and specialized industries, is difficult. For example, despite the fact that this accounts for the majority of a company's revenues, a thorough comparison between a product with future growth potential and a product with no future development potential is impossible (Bilen, 2012).

Early on, there were intense efforts to create the IFRS 8 standard in a uniform manner by combining IAS 14 and SFAS 131 requirements. By introducing slight differences in practice, all users, particularly those who embrace the IAS 14 standard, hope to achieve this consolidation. The IFRS 8 standard was developed in a structure substantially comparable to the SFAS 131 standard at the completion of the process, owing to US pressure, European Union, and the influence of large American origin corporations. In several ways, the IAS 14 standard is no longer valid (Véron, 2007). On November 30, 2006, the IASB made significant changes to the operational segmentation structure. It indicated that it would utilize IFRS 8 as a standard alternative for IAS 14. On November 21, 2007, the European Parliament decided, over a year later, that IFRS 8 should be adopted under the same conditions throughout the European Union. Companies which desires to apply the standard standards for the fiscal year 2008 may do so if they intend to gain experience (Hemm, G. & Valenza, 2009). While financial reports can provide a basic overview of the organization's financial structure, evaluating management's actions and financial objectives, particularly in terms of the geographic region of operation and specialized industries, is difficult. For example, a thorough comparison between a product with future growth potential and a product with no future development potential is impossible despite the fact that this accounts for the majority of a company's revenues (Bilen, 2012).

The IASB's most fundamental approach, which is supported by the IFRS 8 standard, is to consolidate segmentation activities based on "activity areas" or "geographical areas" into a single "operating segment." Another assumption is that the number of segment indicators that will be made public as a result of the standard will expand, and that these indicators will be aggregated in activity sections (Hemm, G. & Valenza, 2009). The operational segments that must be reported under the IFRS 8 standard are established based on operational activities, not via a long and complicated process like primary or secondary. Department managers organize and conclude all actions carried out in operational departments. Department managers are in charge of optimizing the company's overall performance as well as demonstrating high-level performance in their particular disciplines. There will be almost no reason for enterprises to fail in terms of management if the operational segments are well arranged (Hessling & Johanna, 2021). Line managers must coordinate all operational sectors. The internal structure of the firm must be handled to the smallest detail with this strategy. On the other hand, sectional reports were created with a considerably more generic approach in the UMS 14R standard (Geltmeyer, 2009). Users are generally supplied with sectional reporting by two independent organizations using FASB and IASC standards. The IASB produced the IFRS 8 standard and the segment reporting standards were unified under a single roof as a consequence of the convergence studies that began with the Norwalk Agreement (Özdemir, 2012). The key to segmented reporting is that it gives people information that is relevant to them. Illustration of segment data allows you

to have a better understanding of the company's overall potential and performance. Statements that offer information on a company's cross-border activity, exports, and major clients are referred as segment reporting (Bilen, 2012).

Many studies have been carried out to determine the potential benefits of segment information. A range of research approaches were used in these studies. In several of these research, users of financial statements were questioned if they needed segment information. There are two types of analysis that have been done on this subject. Two of them are considered as the prediction test and the stock market reaction test. First of all, predictability test explained as it evaluates the accuracy of forecasting future sales and profitability from consolidated balance sheets versus segment data forecasting. Because it is one of the most crucial indicators of how much future earnings will be worth to investors, any data that might help with this estimation will be helpful. This method implies that shareholders do not have access to this data and can use it in conjunction with segment data disclosure. If segment information works in the stock market, it should work in the stock market reaction test as well. If the information is useless or already available from other sources, segment information sharing is unnecessary. Furthermore, in profit estimating research, it has been observed that using segment data based on business lines produces more accurate estimates than using consolidated data. There is also evidence that the precision of segment-based estimations is linked to the size of the company. Division descriptions are more relevant for small firms (Radebaugh, Gray, & Black, 2015).

3. Adoption of IFRS 8 on Borsa Istanbul Listed Companies

The outcomes of the Ajinkya (1980) research revealed that organizations that segmented their reporting according to their goods had better consistency and finer transparency. Aitken, Czernkowski, and Hooper (1994) investigated whether voluntary segmentation of aggregate earnings disclosures into segment categories had informaion content in terms of allowing investors to assist in earnings forecasting. Segment reporting improved profit predictability, according to the findings.

Several studies have looked into the impact of IFRS 8 on segment reporting practices. The topic of whether adopting IFRS 8 is more useful than adopting IAS 14 has yet to be fully settled. In the United States, evidence from SFAS 131 study is restricted to geographic segment specifics based on broad categorization of foreign and domestic geographical segments. Moreover, the findings of the SFAS 131 study cannot be generalized to section reporting (Kajüter & Nienhaus, 2017).

3.1. Models

Ohlson (1995) model is used for the value relevance tests. Basic Ohlson model is written below as equation 1.

Equation 1 is as following :

$$\text{Price}_{t;i} = \alpha + \beta_1 \text{Cons\_equity}_{t;i} + \beta_2 \text{Cons\_earnings}_{t,i} + \varepsilon_{t,i} \quad (1)w$$

where:

$Price_{t;i}$ = stock price 90 days after the end of financial year t for entity i;

$\beta_1 Cons\_equity_{t;i}$ = book value of equity per share of year t for entity i; which is calculated by dividing total equity to number of shares outstanding

$\beta_2 Cons\_earnings_{t,i}$ = income per share of year t for entity i.

Therefore, hypothesis one is settled up as whether book value of equity per share and income per share has positive effect on stock prices.

Hypothesis 1 is as follows :

H_1: Book value of equity per share and income per share has positive effect on stock price

The stock price is seen in Equation 1 as a function of the book value of equity and profits. The stock price is calculated ninety days after the close of the fiscal year. It is expected that three months term is adequate to allow for the publishing of the annual report and the acquisition of all relevant data by investors, ensuring that stock values represent all publicly available information.

Second model can be stated as following;

$$Price_{t;i} = \alpha + \beta_1 Cons\_equity_{t;i} + \gamma_1 Segment\ earnings^1_{t;i} + \gamma_2 Segment\ earnings^2_{t;i} \gamma_1 + \gamma_2 Segment\ earnings^3_{t;i} + \varepsilon_{t,i} \quad (2)$$

where:

$Cons\_equity_{t,i}$ = book value of equity per share of year t for entity i; which is calculated by dividing total equity to number of shares outstanding

$Segment\ earnings^j_{t:i}$ = income per share of segment j of year t for entity i.

Therefore, second hypothesis is constructed as income per share of a segment has positive effect on stock prices.

H_2: Income per share of a segment and book value of equity per share have positive effect on stock prices

3.2. Sample

The Turkish stock market index BIST is included in the sample, which spans the years 2006 through 2020. According to their section information, all firms listed on Borsa Istanbul have been inspected. As of December 2020, there are 476 companies listed on kap.gov.tr. Each year might have up to 22

observations. The last three years of IAS 14 (2005–2008) and the first twelve years of IFRS 8 (2009–2020) are included in this timeframe.

Thomson Reuters DataStream and 'www.investing.com' were used to acquire financial statement items and share price data. The segment data is gathered by hand from yearly reports and the Turkish Public Accounting Disclosure Board (kap.gov.tr). Over 200 firm-year observations make up the first data collection. Furthermore, organizations in the sample must fulfill all of the following criteria: segment information in yearly financial statements and a segment report under IAS 14 and IFRS 8.

3.3. Analysis of Value Relevance

Value relevance is of an important concept in order to determine effect of book value of equity and earnings per share on stock prices. That is to say value relevance is analyzed and interpreted respectively in this part.

3.3.1. Empirical Findings for Value Relevance

Table 1: Descriptive Statistics for equation nr. 1 for the years from 2005 to 2020

Variables	Obs	Mean	Std. Dev.	Min	Max
Stockprice	291	17.62	103.15	0.24	1604.1
Bookvalueofequity	291	6.39	21.19	0.302	202.95
Earningspershare	291	0.61	2.15	-4.82	23.21

There are 291 firm year observations in total on equation number 1. Stock price is, on average, 17.62. Book value of equity is, on average 6.39. The average income per share is 0.61 during the study period. Our final sample consists of 22 firms and over 291 firm-year observations.

Data is runned on stata program on three different models and results showed that pooled ordinary least squares (POLS) is considered as the most proper model on our sample. To illustrate, it is first analyzed whether the pooled OLS, fixed effects, or random effect would be more appropriate for each model. While performing these analyses, F test, Breusch-Pagan LM test, and Hausman tests are performed. First, F-test is conducted to test whether the pooled ordinary least squares or the fixed effects model is valid in the model. According to the test results, the p-value is higher than 0.05, the alternative hypothesis is rejected, pooled ordinary least squares method is chosen so that pooled ordinary least squares is valid. Secondly, whether the pooled ordinary least squares or random effects model is valid or not is analyzed by Breusch-Pagan LM test. Since the p-value is higher than 0.05, the

alternative hypothesis is rejected and pooled ordinary least squares is accepted. In this case, pooled ordinary least squares is valid as well (Öner, Aybars, Çinko, & Avci, 2021).

Table 2: Descriptive Statistics for equation nr. 1 for the years from 2005 to 2019

Variables	Observations	Mean	Std. Deviation	Min.	Max.
Stockprice	262	10,16	37,12	0,311	416,5
Bookvalueofequity	262	5,19	15,23	0,30	192,21
Earningspershare	262	0,55	2,14	-4,82	23,21

We also investigated the period by excluding pandemic year of 2020 which shows that there are 262 firm year observations in total. Stock price is, on average, 10,16. Book value of equity is, on average 5,19. The average income per share is 0,55 during the study period.

Currency of financial statements are Turkish Lira. Table 2 provides an overview of the sample selection. We require a balanced panel for our analysis. Our final sample consists of 22 firms and over 262 firm-year observations.

Table 3: Results of Regression Analysis for the years from 2005 to 2020

Variables	POLS	FE	RE
Bookvalueofequity	4.57133***	4.57133***	4.11063***
	(1.416)	(0.214)	(0.154)
Earningspershare	0.05360	0.05360	-0.09697
	(0.674)	(1.732)	(1.551)
Constant	0.93676	-5.87836	-8.72992
	-9.110	(17.088)	(16.572)
Year Effects	YES	YES	YES
Firm Effects	YES	YES	YES
Observations	291	291	291
R-squared	0.751	0.674	
Wald-Test			769.80

Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

The explanatory power which is R-square of these models is our key indicator for the value relevance of segment reporting, based on previous research (Collins, 1976; Harris, 1998; Kajüter & Nienhaus, 2017). The significant levels of regression coefficients will also be shown; nevertheless, the modified R-square indicates accounting data's overall capacity to capture the economic information embedded in stock prices. It can be concluded that book value of equity per share and earnings per share has positive effect on stock price.

Table 4: Results of Regression Analysis for the years from 2006 to 2019

Variables	(1) Pooled OLS	(2) Pooled OLS
Bookvalueofequitypershare	2.378***	2.381***
	(0.0317)	(0.0320)
Earningspershare	0.823***	0.779***
	(0.225)	(0.226)
Year Effects	YES	YES
Firm Effects	YES	YES
Observations	262	262

*Note:Robust Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1*

Table 4 presents the pooled ordinary least square (POLS) regression results of the equation 1. The dependent variable which is price is stock price 90 days after fiscal year-end. The variable Cons_equity represents the book value of equity and cons_earnings is earnings per share. It can be concluded that book value of equity per share and earnings per share has positive effect on stock price.

Second model is based on exploring the effect of segmental data and book value of equity on stock prices. Descriptive statistics of model 2 is shown below.

Table 5: Descriptive Statistics for equation 2

Variables	Observations	Mean	Std. Deviation	Min.	Max.
Stockprice~s	277	11.41	45.64	0.24	473.7
Bookvalueo~f	277	5.02	14.88	0.30	192.21
Segmentear~1	277	0.64	5.28	-2.16	86.72
Segmentear~2	277	0.64	5.28	-2.16	86.72
Segmentear~3	277	1.26	8.99	-8.22	101.65
Segmentear~4	277	0.03	0.27	-1.01	3.84

There are 277 firm year observations in total on equation number 2. Stock price is, on average, 11.42. Book value of equity is, on average 5.02. The average segment earnings 1, segment earnings 2, segments earnings 3 and segment earnings 4 are 0.64, 0.64, 1.26 and 0.03 respectively during the study term.

The price in Turkish Lira indicates the stock price on day t=90. The deflated variables by number of shares are provided in parenthesis and all other variables are reported in million Euros. The determinant The segment values are Segment earnings1, Segment earnings2, Segment Earnings3 and Segment Earnings4. To minimize bias and allow comparability with segment disclosure studies, the number of segments and items per segment are computed for a sample without using the three segments criterion.

Earnings and equity factors at the consolidated and segment levels reveal a positive and mainly significant relationship with stock prices.

Table 6: Correlation matrix for Equation 2

	Stockprice~s	Bookvalueo~f	segmentear~1	segmentear~2	segmentear~3	segmentear~4
Stockprice~s	1.000					
Bookvalueo~f	0.7633	1.000				
Segmentear~1	0.1092	0.1012	1.000			
Segmentear~2	0.1092	0.1012	1.000	1.000		
Segmentear~3	0.6000	0.7474	0.6970	0.6970	1.000	
Segmentear~4	0.4908	0.6887	0.0728	0.0728	0.5955	1.000

The correlation matrix in Table 6 shows a some degree of collinearity among variables. Variance inflation factors is analyzed in the model as well and resulted that there is no room for multicollinearity. Because the significance level of specific coefficients is not a key problem in our investigation, we are primarily interested in the valuation.

Earnings and equity factors at the consolidated and segment levels reveal a positive and mainly significant relationship with stock prices. The correlation coefficients between the individual segment variables show that the segment models' independent variables are collinear. Multicollinearity in our study design is unimportant to us because it has no effect on the adjusted R2 of our regressions. Multicollinearity is addressed in our robustness testing, and it is found that it is not damaging.

Equation number 2 is divided into three parts. First analysis of equations number 2 includes all years from 2005 to 2020. Second analysis of equation number 2 focuses on the years of IAS 14 which is the predecessor of IFRS 8. Data was only available for four years which is from 2005 to 2008. Moreover, third part of the analysis of equation number 2 is concentrates on the applicable years of IFRS 8 which is the successor of IAS 14. It is of vital importance to figure out the results of operating segments for specified periods since we may make valuable comments on the effect of operating segments on the performance of the listed companies.

Table 7: Results of Regression Analysis for the years from 2005 to 2008

Variables	POLS Stockpricet90days	FE Stockpricet90days	RE Stockpricet90days
Bookvalueofequitypershare	-0.25388*	-0.25388**	0.15686
	(0.089)	(0.075)	(0.107)
segmentearnings1	1.68239***	1.68239***	1.44289*
	(0.247)	(0.208)	(0.492)
segmentearnings2	0.16972	0.16972	0.13238
	(0.304)	(0.256)	(0.334)

segmentearnings3	38.40412**	38.40412***	31.33951**
	(7.261)	(6.125)	(9.235)
segmentearnings4	-1.06374	-1.06374	-1.42791
	(2.554)	(2.155)	(3.037)
Constant	2.77224**	3.12393***	2.16126***
	(0.597)	(0.236)	(0.240)
Year Effects	YES	YES	YES
Firm Effects	YES	YES	YES
Observations	61	61	61
R-squared	0.915		
Number of groups	16	16	16

Note: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

To illustrate, we compare the value relevance of segment reporting under IFRS 8 (2009–2012) to that under IAS 14 (2005–2008). The empirical findings are shown in Table 7 and Table 8. The results come from a pooled OLS regression, fixed effect and random effect shown at the tables. Results are statistically significant. It can be concluded that fixed effect analysis has more concrete results.

Table 8: Results of Regression Analysis for the years from 2009 to 2020

Variables	POLS Stockpricet90days	FE Stockpricet90days	RE Stockpricet90days
Bookvalueofequitypersharef	0.05390	0.05390	0.82941***
	(0.165)	(0.144)	(0.092)
segmentearnings1bookvalue	2.36840***	2.36840***	0.64765
	(0.323)	(0.282)	(0.546)
segmentearnings2	4.47367***	4.47367***	4.72929***
	(0.475)	(0.414)	(0.411)
segmentearnings3	-1.30630	-1.30630	-4.22654
	(10.067)	(8.776)	(4.318)
segmentearnings4	-6.34121	-6.34121	-1.34422
	(5.855)	(5.104)	(5.706)
Constant	0.42174	2.04368***	0.04292
	(0.685)	(0.398)	(0.227)
Year Effects	YES	YES	YES
Firm Effects	YES	YES	YES
Observations	85	85	85
R-squared	0.966		
Number of groups	19	19	19

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

To begin with we first compare the value relevance of segment reporting under IFRS 8 for four years before and after the application of IFRS 8 Operating Segments standard which are 2005-2008 and 2009-2012 respectively. Table 8 summarizes the empirical data for the years adopted IFRS 8. The outcome is based on a Fixed Effect results which is more robust.

Table 9: Results of Regression Analysis for the years from 2005 to 2020

Variables	POLS Stockpricet90days	FE Stockpricet90days	RE Stockpricet90days
Bookvalueofequitypershare	2.44311***	2.44311***	2.37821***
	(0.046)	(0.044)	(0.058)
segmentearnings1	6.05064***	6.05064***	3.10058**
	(1.483)	(1.425)	(1.408)
segmentearnings2	1.81716***	1.81716***	2.04375***
	(0.266)	(0.255)	(0.240)
segmentearnings3	37.25203**	37.25203***	34.96017**
	(13.045)	(12.533)	(14.178)
segmentearnings4	-11.50817	-11.50817	-13.47602*
	(7.665)	(7.364)	(7.056)
Constant	-0.79619	-2.88570***	W-3.62815***
	(0.529)	(0.182)	(0.149)
Year Effects	YES	YES	YES
Firm Effects	YES	YES	YES
Observations	294	294	294
R-squared	0.976		
Number of groups	22	22	22
Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1			

The purpose of the empirical analysis in this study is to look at the impact of IFRS 8 on segment information disclosure and to evaluate the impact of various features of segment information on earnings predictive gain for financial analyses. The goal of this study's empirical analysis is to assess the impact of IFRS 8 on segment information disclosure and the influence of various segment information components on earnings predictive gain for financial analyses. The value relevance of segment reporting is first investigated for the IAS 14 timeframe, which spans the years 2005 to 2008. Positive earnings and equity coefficients are predicted. The basic Ohlson model is shown in Equation 1, whereas the segmented model, which incorporates segment profits, is shown in Equation 2. Equation 1 shows the fundamental Ohlson model with p-values of 0.00, indicating that earnings per share and book value of equity per share are very significant. It may be inferred that a segment's earnings per share and book value of equity per share both have a positive impact on stock prices.

Table 10: Comparison of Pre-Post Period of Segment Reporting

	IAS 14 Period			IFRS 8 Period		
Variables	POLS Stockpricet 90days	FE Stockpricet90 days	RE Stockpricet 90days	POLS Stockpricet 90days	FE Stockpricet 90days	RE Stockpricet 90days
Bookvalueofequitypershare	-0.25388*	-0.25388**	0.15686	0.05390	0.05390	0.82941***
	(0.089)	(0.075)	(0.107)	(0.165)	(0.144)	(0.092)
segmentearnings1	1.68239***	1.68239***	1.44289*	2.36840***	2.36840***	0.64765
	(0.247)	(0.208)	(0.492)	(0.323)	(0.282)	(0.546)
segmentearnings2	0.16972	0.16972	0.13238	4.47367***	4.47367***	4.72929***
	(0.304)	(0.256)	(0.334)	(0.475)	(0.414)	(0.411)
segmentearnings3	38.40412**	38.40412***	31.33951**	-1.30630	-1.30630	-4.22654
	(7.261)	(6.125)	(9.235)	(10.067)	(8.776)	(4.318)
segmentearnings4	-1.06374	-1.06374	-1.42791	-6.34121	-6.34121	-1.34422
	(2.554)	(2.155)	(3.037)	(5.855)	(5.104)	(5.706)
Constant	2.77224**	3.12393***	2.16126***	0.42174	2.04368***	0.04292
	(0.597)	(0.236)	(0.240)	(0.685)	(0.398)	(0.227)
Year Effects	YES	YES	YES	YES	YES	YES
Firm Effects	YES	YES	YES	YES	YES	YES
Observations	61	61	61	85	85	85
R-squared	0.915			0.966		
Number of groups	16	16	16	19	19	19

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

When yearly regressions are done model number 2 has 92% explanatory power before the application of IFRS 8 period and It has 97% explanatory power after the IAS 14 period. It may also be affected by the global financial crisis which occurred the just before the application of IFRS 8 period, there was a huge uncertainty in global markets.

Conclusion

The IFRS 8 Operating Segments standards are widely regarded as one of the most important standards in the standards set. Whether it is mandatory or voluntary, it has a significant impact on companies' operations. Although segment reports appear to be valuable for management, they are also crucial for other parties, particularly for financial statement users such as investors and shareholders. We looked into the companies listed on the Borsa Istanbul and examined the effect of operating segments standard on stock prices. It can be argued that the majority of Turkey's publicly traded companies are unwilling to reveal all financial information at the segment level on their audited financial statements. This situation might originate from the fact that they may assume that they lose strength versus their competitors, which could be the subject of another study to better explain the motivation. However, I believe that publishing all financial information at the segmental level will

improve the quality of financial reports and attract the attention of investors. All in all, the results of the research applying the IFRS 8 Operating Segments Standards show that book value of equity per share and income per share have a positive impact on stock return. Furthermore, segments' earnings per share and book value of equity per share have positive impact on stock prices.

Author Contribution

CONTRIBUTION RATE	EXPLANATION	CONTRIBUTORS
Idea or Notion	Form the research idea or hypothesis	Cemal IBIS Sezer KULAH
Literature Review	Review the literature required for the study	Sezer KULAH
Research Design	Designing method, scale, and pattern for the study	Cemal IBIS Sezer KULAH
Data Collecting and Processing	Collecting, organizing, and reporting data	Sezer KULAH
Discussion and Interpretation	Taking responsibility in evaluating and finalizing the findings	Cemal IBIS Sezer KULAH

Conflict of Interest

No conflict of interest was reported by the authors.

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Resume

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