

Sustainable Development and Performance, Financial Position and Market Value of Nigerian Quoted Companies

Abubakar Sadiq Kasum (Corresponding Author)

Department of Accounting and Finance

University of Ilorin, Ilorin, Nigeria

Email: abubakarsk@yahoo.com, abusk@unilorin.edu.ng

Olubunmi Florence Osemene

Department of Accounting and Finance,

University of Ilorin, Ilorin, Nigeria

Email: bunmiosemene1@yahoo.com

Joshua Adeyemi Olaoye

Department of Accounting and Finance,

University of Ilorin, Ilorin, Nigeria

Email: olaoyejoshua@yahoo.com, olaoyejoshua@unilorin.edu.ng

Atanda Olanrewaju Aliu

Department of Accounting and Finance,

University of Ilorin, Ilorin, Nigeria

Email: alirawa@yahoo.com, lanre@unilorin.edu.ng

Tunde Saka Abdulsalam

Department of Management Sciences,

Kwara State University, Malete, Nigeria

Email: salami.tunde@yahoo.com

Abstract

The study is against the background that sustainable development practices may involve financial outflows and hence, may be an unattractive investment to managers. This study evaluated the impact of corporate compliance with accounting standards that are deemed to enforce sustainable development practices and can, therefore, imply sustainable development practices by companies, on profitability, financial position and market value of companies. Forty-four companies that have existed since standardization began in Nigeria in 1984 were studied over five years, using Pearson product moment and spearman's rank correlation statistical techniques. The correlations compared compliance to financial reporting standards on the one hand with financial performance, financial position and market value on the other. Results showed

that sustainable development practices of companies are rarely associated with profitability. The practices are, however, shown to associate a little with better asset worth and improved market values.

Keywords: Sustainable Development, Profitability, Financial Position, Market Value, Standardization

1. Introduction

Businesses, like all other communal stakeholders, are faced with dual sustainable development challenges. The first challenge is internal sustainability while the second is external or global. Internal sustainability could be referred to as the going concern sustainability, which can also be referred to as the internal economic sustainable development. It is concerned with ensuring that current activities of an organization are conducted in a manner that will not hinder future economic activities. Global sustainability can be divergent in scope. It can be communal, national or universally focused. The essence of sustainable development here is that activities of business organizations are conducted in such a manner that both the current and future needs of the society are not compromised.

This places many responsibilities on the managements of an organization, who are required to strike a balance between corporate goals and communal interests. The most likely happening is that management, as a service to their employers, will focus more on internal sustainability against the communal sustainable development needs. 'In contrast to the above, many governments are pinning their hopes of economic growth and technological innovation on strong private sector growth (Fourie, 2009).

For good corporate governance that especially takes care of the interests of all stakeholders, the issue of standardization comes as a handy tool. Standardization is the mechanism by which procedures of activities are being regulated, so that common interests, rather than self-interests are promoted. Standardization is adopted in many aspects of life globally, which include provisions for the control of business activities.

The aim of this study is to investigate the impact of compliance to accounting standards with sustainable development provisions, issued in Nigeria, on the result of activities of Nigerian companies.

2. Review of Related Literature

2.1 Sustainable Development in the Business Sector

According to Middleton (1995:240), there could only be theoretical justification for the removal of resources from environment in the comparative benefit of the removed resources, and in the ability to ensure that, the environment is, generally, not worse-off. Corporate governance is the concept that best describes the responsibility of business in sustainable development. According to Brundtland report of the United Nations, sustainable development is the 'development which meets the needs of the present without compromising the ability of future generation to meet their own needs'. The 2005 world summit of the United Nation referred to economic development, social development and environmental protection as the interdependent and mutually reinforcing pillars of sustainable development. Davis (2009) explained it as the economic development and the consumptive use of world's natural resources in ways that are sustainable. In other words, it is realized that resources are finite and that part of our job as human beings is to preserve the human future on this planet into limitless future.

On the other hand, Newton-King (2009) stated that 'economic sustainability evaluates whether a company

has positioned itself for long-term growth rather than only short-term performance'. According to her, a company 'must be able to adapt to macro-economic trends and act in such a way that the long-term viability of the business is assured'. These are the two sustainable development issues for business. Corporate governance already incorporated these as it is said to be 'concerned with holding the balance between economic and social goals and between individual and communal goals, with the aim of aligning as nearly as possible, the interest of individuals, corporations and society (Dixon, 2009). Additional to this is the fact that 'many governments are pinning their hopes of economic growth and technological innovation on strong private sector growth' (Fourie, 2009).

2.2 Business Procedure Standardization

According to Russell (2007), standardization involves inspection, assurance and certification services aimed at regulating businesses, enforcing contracts and assurance for acceptable social and environmental behavior expectations. Standardization that affects business exists as far back as the eighteenth century, for weight and measure by French scientists. Several standards exist, today that have impacts on businesses worldwide. The most familiar and well - established set of standards are those on financial reporting. The standards usually prescribe what information to make available to stakeholders and the form in which the information should be prepared and presented. Accounting standards were developed as a guiding tool which defined how companies should display transactions and events in their financial statements, ensure the needed uniformity of practices, enlighten users of financial reports, provide a framework for preparation, presents and interprets financial statement (Kasum, 2009; Kantudu, 2005; Blair, Williams and Lin, 2008; Oghuma and Iyoha, 2005).

Business accounting standardization, therefore, could be said to centre on financial reporting standardization, in a manner that stakeholders in business are adequately provided for. The standards made some provisions that facilitate the two sustainable development concerns of business. Dixon (2009) therefore opined that the move towards sustainable reporting is a welcome one in that it encourages a more positive response to sustainable development issues.

2.3 Sustainable Development Related Issues in Nigeria Accounting Standards

The Nigerian Accounting Standard Board has issued thirty accounting standards covering various business issues to date. Five of the standards are considered favorable to sustainable development.

2.3.1 Statement of Accounting Standard No. 3 on Accounting for Property Plant and Equipment

This standard could be linked to internal sustainability of businesses. "Property plant and equipment are tangible assets that have been acquired or constructed and held for use in the production or supply of goods and services and may include those held for maintenance or repairs of such assets; and are not intended for sale in the ordinary course of business". Most popular examples of property plant and equipment as contained in the standard include land and improvements, building and plants and equipments (Statement of Accounting Standard No. 3: 1984).

2.3.2 Statement of Accounting Standard No. 8 on Accounting for Employee's Retirement Benefits

Contract is a fundamental principle in employee retirement benefit (Gold, 2005). The kind of contract needed, he posited, is that which may extend over a long period of time that will have force even after one

party would rather no longer be bound. “Economists expect contracts to be rational and efficient” (Gold, 2005). The two methods usually adopted for funding retirement plan are the advance financing method and the pay-as-you-go-system. For advance financing, “Funds are provided on a regular basis during the working life of employees”, while for pay-as-you-go “the active working generation provides the funds for pensions of those who have retired”. Retirement benefit scheme could be administered by the employer’s organization or by a third party (Statement of Accounting Standard No. 8: 1990).

2.3.3 Statement of Accounting Standard No. 9 on Accounting for Depreciation

Like the standard on Property Plant and Equipment, the standard could be linked to internal sustainability of businesses, because of the importance of assets to income generation. Depreciation is a systematic and rational process of distributing the cost of tangible asset over the life of assets. ‘It is the process by which a company gradually records the loss in value of fixed assets... to spread the initial purchase price of the fixed asset over its useful life’. It is the periodic, systematic expiration of the cost of a company’s fixed assets (except for land) (Lopes, 2006).

Various methods exist for calculating depreciation; two broad classifications could be made of the methods, as time based or usage based. Whatever method to use should consider:

- the cost or revalued amount of the asset,
- the estimated economic life, and
- the estimated residual value of the asset (Dunn, 2004).

Depreciation is in respect of items of property plant and equipment otherwise referred to as fixed assets. Depreciation “represents an estimate of the portion of the historical cost or revalued amount of a fixed asset chargeable to operation, during an accounting period” (Statement of Accounting Standard No. 9: 1989).

2.3.4 Statement of Accounting Standard No. 12 on Accounting for Investments

Investment decisions of businesses have both internal and global implications and consequently the standard will have both internal and external sustainable development consequences. Assets held by an enterprise for the purposes of capital appreciation or income generation rather than production, trade or provisions of service qualify as investment. Investment, therefore, generates return to investing company and will among other, create more employment. Investments are classified as short term if they are readily realizable and otherwise, classified as long term (Statement of Accounting Standard No. 12: 1992).

2.3.5 Statement of Accounting Standard No. 19 on Accounting for taxes

Taxation practices have more external sustainable development implications. Tax could be defined as a compulsory levy imposed by the government on income, expenditure or properties of an individual or a concern, that is viewed like contribution to government administration and/or payment for the use of public goods. It is also described as a compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic well-being of the society. Profit of any company, which accrued in, derived from, brought into or received in Nigeria are chargeable to tax (Ola, 1999; 350 - 362).

Taxes that affects a company include those paid directly by the company and those paid by the company on behalf of others. Tax should be recognized as expense or income and should be included in the profit and loss account of the period, as a separate line item (Statement of Accounting Standard No. 19: 2001).

The Nigerian Accounting Standard Board has issued thirty accounting standards covering various business issues, five of which are considered favorable to sustainable development.

3. Research Methodology

3.1 Research Design

This study is an exploratory type that is seeking understanding of a phenomenon. Samples for this study were drawn from The Nigerian Stock Exchange. Forty-four companies that have filed report with The Nigerian Stock Exchange from the commencement of standardization in Nigeria to date, out of the current 218 listed, are the samples for the study. The study was carried out over five years range using three years data. Consequently, profit, net-asset and market value record of the companies for 2002, 2004 and 2006 were collected from the Nigerian Stock Exchange. The financial statements of the 44 companies for 2002 were collected from Stock Exchange library in Lagos, Nigeria. For compliance statistics, the standards were subjected to content analysis, with the aim of, on a point-by-point basis, determining what the provisions therein are and consequently the requirement of the standards from companies. By this, each point of compliance was identified and scores were assigned to each of the points. The financial statements are then examined for the extent to which they comply with the provisions on points, as set up in the above. The degree of compliance index was, thereafter, computed as:

$$\text{Compliance score} = \frac{\text{point scored}}{\text{Maximum possible score}} \dots\dots\dots(1)$$

Summation of score per standard divided by number of standards applicable to the companies produced the aggregate compliance score for individual companies.

Pearson product moment and Spearman ranked correlation statistical methods were used to investigate if compliance associates with the three variables.

3.2 Statement of Hypothesis

3.2.1 Hypothesis 1

Null hypothesis

Compliance with Standards that promote sustainable development is not associated with improved profitability.

Alternative hypothesis

Compliance with Standards that promote sustainable development improves profitability.

3.2.2 Hypothesis 2

Null hypothesis

Compliance with Standards that promote sustainable development is not associated with improved net-asset.

Alternative hypothesis

Compliance with Standards that promote sustainable development improves net-asset.

3.2.3 Hypothesis 3

Null hypothesis

Compliance with Standards that promote sustainable development is not associated with improve market value.

Alternative hypothesis

Compliance with Standards that promote sustainable development improves market value.

3.3 Decision Rule

The results will be positive or negative and will between 'zero' and 'one'. Positive result indicates favourable association and the closer to one the result is, the stronger the degree of association between compliance and each of the dependent variables and vice versa. Consequently, only statistically significant results shall be used for testing our hypotheses. Alternative hypothesis, therefore, shall be accepted if the study's statistically significant result is positive and shall be rejected if it is negative.

4. Results

4.1 Data Presentation and Analyses

First, both the total and per share values of the relevant data to this study are presented in tables 1 - 3. The data, which are for the forty-four companies under study are presented in Naira (₦), the national and reporting currency for Nigeria. The compliance score earned from each identified compliance item in the considered standards, by the companies are in table '4' that followed Naira data.

The result of statistical analyses presented in tables 5 and 6 are both total and per share analyses of the correlation between the extent of compliance with those standards that are sustainable development related and profitability, financial position and market value as presented in tables 1, 2 and 3 above respectively.

Pearson moment correlation for impact on profitability as presented in table '5' shows that all total value analyses gave positive result, while per share analyses gave negative results. All the outcomes are, however, not statistically significant. Similarly, table '6' shows that 2002 and 2004 results are positive, while 2006 results are negative. The results too are not significant. This profitability result is similar to Kasum and Osemene (2010). In table '5', analyses for net-asset shows that all the results are positive and the results for 2002 are statistically significant at 5% level of significant. Spearman's rank correlation statistics for net-assets in table '6' shows, also, that all results are positive, but are not statistically significant.

Pearson moment correlation analyses to test impact on market value in table '5' show that all the computed Rs are positive. Spearman's correlations too are positive in all the six cases in the three years. Total value's Pearson analysis of 2002 is statistically significant at 10% level, while all other results are not statistically significant. Overall, profitability analyses provided results that may suggest that sustainable development practices are not in business interest. On the other hand, both net-asset and market value analyses indicate that sustainable development practices are in the interest of business. The last two variables are considered to be long-term focused and are of interest than short-termed accounting profit. This suggests that the result here is not bad for business.

4.2 Testing of the Hypothesis

For hypothesis '1', a combination of '12' items in both tables '5' and '6' are relevant. Five items are positive and seven negative. All the result items, however, are not statistically significant and not useful for hypothesis testing. The study, therefore, failed to accept alternative hypothesis '1'. For hypothesis 2, the combination of 12 items in both tables '5' and '6' that are relevant are positive. Importantly, two items are statistically significant and are useful for testing hypothesis. Since the statistically significant results are positive, we accept the alternative hypothesis that 'Compliance with Standards that promote sustainable development improves net-asset'. For hypothesis '3', the '12' items that are relevant are also positive. One item is useful for testing hypothesis being statistically significant at 10% level of significance. Since the statistically significant result is positive, we accept alternative hypothesis '3' that 'Compliance with Standards that promote sustainable development improves market value'.

The meaning of these results is that compliance to standards that promotes sustainable development by Nigerian companies has nothing significantly to do with their profitability. Implying that whether they comply or not to those standards, their profitability situation is not really affected. Net-Asset and Market value, are however, improved as companies comply with sustainable development related accounting standards.

5. Conclusion

Based on the findings of this study, we conclude that compliance to those accounting standards that this study adjudged to promote sustainable development, by the companies listed on Nigerian Stock Exchange, does not affect their profitability. The study also, concludes that long-term enhancing variables like asset and market value improve as companies comply with the standards. These results are informative in so many senses. If truly the standards promote sustainable development that fulfills the basics of sustainable development, long-term sustainable profitability will be more an appropriate measure than short-term results.

In line with the same thinking, rather than building immediate profits, economic sustainability should actually target building business assets that would be positioned to produce long-term sustainable future profits for the concerns. All these relate to internal sustainability, which also aids global sustainability. Sustainable development from the point of view of the society, of course, may involve investment in the society and meeting obligations. These will usually involve resources outflow from the otherwise retainable incomes of businesses. The goodwill of these kinds of activity will in turn bring patronage to the businesses.

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Table 1: Profitability data (Profit After Tax)

Company Names	2002 ₦		2004 ₦		2006 ₦	
	Total	Pr Sh.	Total	Pr Sh.	Total	Pr Sh.
A.G LEVENTIS	59,565,000	0.06	240,992,000	0.12	468,000,000	0.21
AFPRINT	65,633,000	0.12	-618,407,000	-1.1	11,974,000	0.02

AFRICAN PET	2,156,893,000	9.99	890,120,000	2.06	2,161,530,000	2.74
BERGER PAINTS	85,941,000	0.4	101,542,000	0.47	81,678,000	0.38
CADBURY	2,249,078,000	3	2,812,623,000	2.81	-4,665,459,000	-4.66
CAP PLC	140,806,000	0.84	161,455,000	0.77	312,748,000	1.49
CAPPA & D'ALBER	25,509,000	0.26	126,114,000	1.28	127,946,000	0.65
CFAO	689,957,000	1.66	-1,123,119,000	-2.7	-1,225,053,000	-2.94
CHELLARAMS	31,305,000	0.26	56,127,000	0.31	72,500,000	0.2
COSTAIN(W. AF)	20,048,000	0.13	-469,010,000	-2.93	-1,488,639,000	-9.31
DN MEYER	75,333,000	0.52	62,680,000	0.32	60,753,000	0.21
DUNLOP	96,580,000	0.16	-316,027,000	-0.42	-667,356,000	-0.88
FIRST BANK	4,776,000,000	1.88	14,853,000,000	4.24	21,833,000,000	4.17
GLAXO						
SMITHKLINE	497,053,000	0.62	955,261,000	1.2	1,082,290,000	1.13
GUINNESS	4,149,536,000	5.86	7,913,503,000	6.71	7,440,102,000	6.31
INCAR NIGERIA						
PLC	-18,422,000	-0.22	-33,960,000	-0.41	1,008,000	0
JOHN HOLT	179,000,000	0.46	70,000,000	0.18	-476,000,000	-1.22
LEVER BROTHERS	1,571,918,000	0.52	2,167,249,000	0.72	-1,617,615,000	-0.53
LIVESTOCK FEEDS	-66,364,000	-2.68	-237,114,000	-9.58	748,424,000	0.62
MOBIL OIL	474,230,000	2.47	1,759,468,000	7.32	1,716,208,000	7.14
MORISON IND.	6,341,000	0.07	9,667,000	0.11	8,147,000	0.09
NIG. BOTTLING						
COY	4,170,544,000	4.28	3,032,322,000	2.33	766,248,000	0.59
NIG. BREWERIES	9,218,954,000	2.44	5,086,403,000	0.67	10,900,524,000	1.44
NIG.						
ENAMELWARE	15,966,000	0.55	15,970,000	0.55	6,343,000	0.22
NIGERIAN ROPES	9,804,000	0.3	14,355,000	0.05	22,754,000	0.09
NIG WIRE IND.	36,202,369	2.41	-39,856,000	-2.66	-18,969,000	-1.26
NORTH. NIG						
FLOUR	149,640,000	2.02	138,499,000	1.24	55,071,000	0.37
P.S MANDRIES	31,804,000	0.8	10,557,000	0.26	8,427,000	0.21
P.Z INDUSTRIES	1,685,918,000	1.16	3,303,662,000	1.9	3,235,587,000	1.27
PHARMA DEKO						
PLC	42,304,000	1.06	30,619,000	0.36	8,216,000	0.09
POLY PRODUCTS	21,053,000	0.09	12,209,000	0.05	725,000	0
R.T BRISCOE PLC	166,418,000	1.39	155,445,000	0.43	531,776,000	1.46
ROADS NIG. PLC	-19,780,000	-0.99	-4,783,000	-0.24	11,957,000	0.6
S.C.O.A NIG. PLC	104,000,000	0.21	-327,000,000	-0.5	733,000,000	1.49
STUDIO PRESS PLC	-47,629,000	-0.6	30,044,000	0.38	55,095,000	0.69
TOTAL NIGERIA	2,514,087,000	8.46	2,778,904,000	8.18	2,516,693,000	7.41

PLC						
U.A.C	1,166,200,000	1.28	1,570,100,000	1.37	3,203,600,000	1.25
U.B.A	1,566,000,000	0.92	4,525,000,000	1.77	11,550,000,000	1.64
U.T.C	-370,565,000	-0.33	-74,115,000	-0.07	52,561,000	0.05
UNION BANK	5,633,000,000	2.24	8,341,000,000	3.31	10,802,000,000	1.2
UNITED NIG. TEXT	1,074,344,000	1.27	132,087,000	0.16	-756,502,000	-0.9
VITAFOAM	258,401,000	0.59	272,234,000	0.42	275,118,000	0.42
VONO	15,072,000	0.31	-218,862,000	-4.53	134,000	0
W. AFRICA. P. CEM	-1,348,000,000	-0.79	-3,401,000,000	-1.98	10,678,000,000	3.56

Source: Nigerian Stock Exchange Fact Book 2003, 2005 and 2007

Table 2: Net-Asset data (Net-Asset as per Balance Sheet)

Company Names	2002 ₦		2004 ₦		2006 ₦	
	Total	NA/Sh.	Total	NA/Sh.	Total	NA/Sh.
A.G LEVENTIS	2,357,769,000	2.49	3,438,429,000	1.67	4,046,651,000	1.83
AFPRINT	2,756,216,000	4.91	1,939,956,000	3.46	832,370,000	1.48
AFRICAN PET	-20.159739b	-93.33	-7,568,785	-0.02	2,455,230,000	3.11
BERGER PAINTS	439,323,000	2.02	496,385,000	2.28	965,293,000	4.44
CADBURY	6,859,572,000	9.14	10,848,768,000	10.84	2,181,121,000	2.18
CAP PLC	481,009,000	2.86	594,747,000	2.83	857,065,000	4.08
CAPPA & D'ALBER	651,848,000	6.62	840,132,000	8.53	1,057,169,000	5.37
CFAO	2,463,541,000	5.92	1,653,913,000	3.98	328,187,000	0.79
CHELLARAMS	1,009,330,000	8.38	1,435,520,000	7.94	2,015,407,000	5.58
COSTAIN(W. AF)	70,815,000	0.44	110,490,000	0.69	-1,349,945,000	-8.44
DN MEYER	288,364,000	1.98	313,148,000	1.61	163,357,000	0.56
DUNLOP	1,526,235,000	2.52	587,948,000	0.78	6,900,327,000	9.13
FIRST BANK	19,406,000,000	7.64	41,605,000,000	11.88	64,277,000,000	12.27
GLAXO SMITHK	1,396,347,000	1.75	2,517,722,000	3.16	4,193,075,000	4.38
GUINNESS	14,157,810,000	20.00	16,908,244,000	14.33	20,947,782,000	17.75
INCAR NIGERIA						
PLC	102,380,000	1.22	56,721,000	0.68	323,879,000	1.04
JOHN HOLT	1,942,000,000	4.98	2,603,000,000	6.67	2,311,000,000	5.93
LEVER BROTHERS	4,167,664,000	1.38	6,072,800,000	2.01	3,953,348,000	1.31
LIVESTOCK						
FEEDS	250,812,000	10.13	-830,728,000	-33.55	-343,406,000	-0.29
MOBIL OIL	686,083,000	3.57	882,551,000	3.67	2,833,678,000	11.79
MORISON IND.	106,967,000	1.17	110,177,000	1.21	119,955,000	1.31
NIG. BOTTLING CO	14,915,193,000	15.31	18,699,659,000	14.39	20,047,083,000	15.32

NIG. BREWERIES	26,425,983,000	6.99	31,278,969,000	4.14	36,249,393,000	4.79
NIG. ENAMELWAR	94,112,000	3.27	102,835,000	3.57	118,088,000	4.10
NIGERIAN ROPES	36,467,000	1.10	249,278,000	0.95	286,269,000	1.09
NIG WIRE IND.	563,460,224	37.56	247,901,000	16.53	223,175,000	14.88
NORTH. NIG						
FLOUR	505,147,000	6.80	725,565,000	6.51	846,220,000	5.70
P.S MANDRIES	156,350,000	3.91	202,034,000	5.05	219,224,000	5.48
P.Z INDUSTRIES	14,349,551,000	9.88	18,701,185,000	10.73	27,055,099,000	10.65
PHARMA DEKO						
PLC	68,877,000	1.72	144,988,000	1.71	423,288,000	4.46
POLY PRODUCTS	222,357,000	0.93	245,732,000	1.02	240,169,000	1.00
R.T BRISCOE PLC	547,443,000	4.56	1,785,118,000	4.92	2,207,970,000	6.08
ROADS NIG PLC	45,349,000	2.27	26,647,000	1.33	42,280,000	2.11
S.C.O.A NIG PLC	947,000,000	1.92	929,000,000	1.43	787,000,000	1.60
STUDIO PRESS						
PLC	236,079,000	2.95	294,901,000	3.69	944,447,000	11.81
TOTAL NIG. PLC	4,008,510,000	13.49	3,742,235,000	11.02	5,765,754,000	16.98
U.A.C	6,428,600,000	7.08	11,150,000,000	9.76	16,099,200,000	6.27
U.B.A	10,627,000,000	6.25	19,533,000,000	7.66	48,535,000,000	6.87
U.T.C	430,543,000	0.38	119,276,000	0.11	688,828,000	0.61
UNION BANK	32,240,000,000	12.81	39,732,000,000	15.79	100,500,000,000	11.14
UNIT NIG.						
TEXTILES	10,003,955,000	11.86	9,717,363,000	11.52	9,016,410,000	5.26
VITAFOAM	585,905,000	1.34	772,069,000	1.18	962,274,000	1.47
VONO	206,659,000	4.27	-21,530,000	-0.45	268,209,000	0.89
W. AFRICA. P.CEM.	9,213,000,000	5.37	2,637,000,000	1.54	25,015,000,000	8.33

Source: Nigerian Stock Exchange Fact Book 2003, 2005 and 2007

Table 3: Market Value data

Company Names	2002 ₦		2004 ₦		2006 ₦	
	Total	MV/Sh.	Total	MV/Sh.	Total	MV/Sh.
A.G LEVENTIS	711,189,000	0.75	2,917,430,571	1.42	3,242,930,250	1.47
AFPRINT	420,899,549	0.75	420,899,549	0.75	364,779,609	0.65
AFRICAN PET.	3,166,560,000	14.66	27,514,080,000	63.69	33,263,189,960	42.17
BERGER PAINTS	556,462,080	2.56	891,208,800	4.10	734,703,840	3.38
CADBURY	23,554,769,400	31.38	77,985,452,800	77.92	51,273,033,200	51.23
CAP PLC	549,360,000	3.27	1,428,000,000	6.80	4,139,100,000	19.71
CAPPA & D'ALBER	767,816,400	7.80	713,675,500	7.25	2,067,198,000	10.50

CFAO	1,426,880,000	3.43	2,945,280,000	7.08	1,522,560,000	3.66
CHELLARAMS	250,615,040	2.08	354,234,720	1.96	437,371,440	1.21
COSTAIN(W. AF)	100,749,600	0.63	255,872,000	1.60	289,455,200	1.81
DN MEYER	1,114,948,638	7.65	1,220,367,280	6.28	1,046,449,100	3.59
DUNLOP	1,639,008,000	2.71	2,600,640,000	3.44	2,305,800,000	3.05
FIRST BANK	59,817,000,000	23.55	92,748,335,480	26.48	266,543,498,461	50.88
GLAXO SMITHK	2,040,960,000	2.56	7,653,600,000	9.60	12,858,063,994	13.44
GUINNESS	29,557,507,438	41.75	155,162,110,000	131.50	152,802,230,000	129.50
INCAR NIG. PLC	142,375,000	1.70	129,812,500	1.55	1,209,587,720	3.89
JOHN HOLT	631,800,000	1.62	522,600,000	1.34	468,000,000	1.20
LEVER BROTHERS	82,748,282,920	27.34	56,749,462,500	18.75	52,270,038,260	17.27
LIVESTOCK						
FEEDS	85,422,000	3.45	70,070,800	2.83	2,267,998,900	1.89
MOBIL OIL	12,525,671,340	65.13	39,377,192,400	163.80	41,588,854,000	173.00
MORISON IND.	235,572,705	2.58	127,830,150	1.40	81,263,453	0.89
NIG BOTTLING CO	26,066,754,416	26.75	95,367,005,200	73.40	64,625,284,920	49.38
NIG. BREWERIES	159,113,064,320	42.08	639,792,914,400	84.60	299,931,288,240	39.66
NIG.ENAMELWAR	96,192,000	3.34	82,368,000	2.86	114,336,000	3.97
NIGERIAN ROPES	66,684,082	2.01	485,149,120	1.84	574,796,240	2.18
NIG WIRE IND.	36,600,000	2.44	33,600,000	2.24	33,600,000	2.24
NORT. NIG FLOUR	617,760,000	8.32	2,300,986,840	20.66	3,636,765,000	24.49
P.S MANDRIES	206,400,000	5.16	322,400,000	8.06	312,000,000	7.80
P.Z INDUSTRIES	14,520,601,770	10.00	25,387,817,040	14.57	57,352,762,420	22.57
PHAR DEKO PLC	103,200,000	2.58	401,860,800	4.73	347,553,600	3.66
POLY PRODUCTS	100,800,000	0.42	148,800,000	0.62	240,000,000	1.00
R.T BRISCOE PLC	308,400,000	2.57	4,023,436,080	11.08	3,489,640,860	9.61
ROADS NIG.PLC	20,600,000	1.03	21,600,000	1.08	20,200,000	1.01
S.C.O.A NIG PLC	1,180,800,000	2.40	1,280,500,000	1.97	359,890,000	0.73
STUDIO PRESS						
PLC	126,400,000	1.58	132,800,000	1.66	126,400,000	1.58
TOTAL NIG. PLC	19,031,072,920	64.06	72,827,469,000	214.50	65,860,477,560	193.98
U.A.C	3,588,857,145	3.95	15,730,199,998	13.77	61,173,794,880	23.81
U.B.A	15,164,000,000	8.92	29,325,000,000	11.50	141,623,600,000	20.06
U.T.C	897,000,000	0.80	2,130,375,000	1.90	1,110,037,500	0.99
UNION BANK	52,752,128,000	20.96	78,146,640,000	31.05	246,052,400,881	27.27
UNITED NIG. TEXT	2,698,508,502	3.20	3,027,389,226	3.59	1,370,336,349	0.80
VITAFOAM	1,987,440,000	4.55	2,660,112,000	4.06	2,692,872,000	4.11
VONO	90,909,280	1.88	89,458,600	1.85	480,000,000	1.60
W. AFRICA. P.CEM	39,672,576,000	23.13	29,209,856,000	17.03	124,596,416,166	41.51

Source: Nigerian Stock Exchange Fact Book 2003, 2005 and 2007

Table 4: Compliance indices

Company Names	SAS3	SAS8	SAS9	SAS 13	SAS 19	Avg score
A.G LEVENTIS	1	0.67	1	0.75	0.67	0.82
AFPRINT	0.8	0.33	0.85	0.5	0.5	0.6
AFR. PET	1	0.8	1	1	0.69	0.9
BERGER PAINT	1	0.5	1	0.5	0.69	0.74
CADBURY	1	0.83	1	1	0.92	0.95
CAP PLC	0.9	0.83	0.85	0.5	0.77	0.77
CAPPA & D'ALB	0.9	0.67	0.92	1	0.85	0.87
CFAO	1	0.83	1	0.5	0.77	0.82
CHELLARAMS	0.8	0.83	0.85	0.83	0.75	0.81
COSTAIN W.AF	1	0.67	1	0.8	0.62	0.82
DN MEYER	1	0.67	1	NA	0.92	0.9
DUNLOP	1	0.71	1	0.5	0.77	0.8
FIRST BANK	1	0.67	1	0.5	0.85	0.8
GLAXO SMITH	1	0.83	1	1	0.77	0.92
GUINNESS	1	0.83	1	NA	0.92	0.94
INCAR NIGERIA	1	0.83	1	0.4	0.85	0.82
JOHN HOLT	0.9	0.83	0.85	1	0.77	0.87
UNILEVER	0.9	0.78	0.92	NA	0.62	0.81
L/STOCK FEEDS	1	0.83	1	NA	0.77	0.9
MOBIL OIL	1	0.67	1	1	0.93	0.92
MORISON INDS	1	1	1	NA	0.77	0.94
NIG BOTTLING	1	0.83	NA	1	0.92	0.94
NIG.BREWERIES	1	0.88	1	0.67	0.92	0.89
NIGENAMELWARE	0.6	0.83	0.69	NA	0.92	0.76
NIGERIAN ROPES	1	0.83	1	NA	0.92	0.94
NIG WIRE INDS	1	0.83	1	NA	0.54	0.84
N. N FLOUR MILLS	1	0.67	1	0.5	0.92	0.82
P.S MANDRIES	0.8	0.5	0.85	1	0.92	0.81
P.Z INDUSTRIES	1	0.83	1	1	0.92	0.95
PHARMA DEKO	1	0.83	1	NA	0.85	0.92
POLY PRODUCTS	1	0.83	1	1	0.92	0.95
R.T BRISCOE NIG.	1	0.67	1	0.5	0.92	0.82
ROADS NIGERIA	1	0.67	1	0.8	0.85	0.86

S.C.O.A NIGERIA	0.9	0.67	0.92	0.25	0.5	0.65
STUDIO PRESS	0.8	0.67	0.85	0.5	0.85	0.73
TOTAL NIGERIA	1	0.92	0.83	0.5	0.79	0.81
U.A.C	0.9	0.67	0.92	0.83	0.62	0.79
U.B.A	1	0.67	1	0.5	0.77	0.79
U.T.C	1	0.83	1	0.5	0.62	0.79
UNION BANK	1	0.67	1	0.5	0.71	0.78
UNI. NIG. TEXTI	1	0.67	1	1	0.92	0.92
VITAFOAM	1	0.67	1	0.67	0.92	0.85
VONO	0.9	0.83	0.92	NA	0.92	0.89
W. AFR.P. CEM	0.9	1	0.92	0.8	0.93	0.91

Source: Authors' Computations, 2010, based on Financial statements of 2006.

Table 5: Correlation Statistics

Measurement Items	R. Pearson			R. Spearman		
	2002	2004	2006	2002	2004	2006
S.D. Compliance and Total Profitability	0.163	0.198	0.158	0.052	0.103	-0.056
Per Share	-0.256	-0.044	-0.047	0.085	0.037	-0.121
S.D. Compliance and Net Asset	0.413**	0.252	0.211	0.162	0.098	0.004
Per Share	0.501**	0.042	0.066	0.173	0.122	0.008
S.D. Compliance and Market Value	0.318*	0.22	0.26	0.056	0.021	0.076
Per Share	0.196	0.042	0.067	0.184	0.108	0.187

Source: Authors' Computations, 2010.

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