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- by Apoorva Srivastava



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The Impact of Corporate Compliance with Accounting Standards on Shareholders' Wealth in Nigeria Capital Market

Abubakar Sadiq Kasum*

Corporate financial reporting standards are expected to prescribe rules and principles that protect the stakeholders of a business concern, especially, the stockholders. This study examines the impact of compliance with financial reporting standards on wealth of shareholders in Nigeria. Forty-four companies that existed since the beginning of standardization in Nigeria in 1984 and with unbroken financial records with the Nigerian Stock Exchange, were selected out of a total of two hundred and seventeen companies that are listed on the exchange as at time of study. The study investigated if market values of shares changes as companies comply with the standards and the extent to which financial information in companies' accounts predict share values, using 'Z-statistics and regression model respectively. The result of the Z-statistics showed that compliance rarely resulted in improved net income, net asset and share value. Regression statistics showed that more of the variations in share values were predicted by pre-compliance period financial result than post-compliance financial results. The study recommended that standards should be reviewed on a continuous basis with the aim of ensuring that better business practices are enforced among others.

Keywords: Compliance with Standards; Shareholders' Wealth; Capital Market

Introduction

The depression experienced in the United States of America's economy around 1929, which witnessed companies reaping off, especially, the dispersed investors masses, coupled with devastating insider related manipulations, could be said to be the foundation of Accounting standardizations, as they are today, all over the world. Importantly, between 1938 and now, bodies set-up for the purpose regulation in the United States of America have issued standards that guide financial reporting in America. Similarly, in England, a conglomerate of accounting professionals formed the Accounting Standard Committee, for the purpose of issuing standards. Standardization in these two countries influenced other countries of the world, including Nigeria.

The observation, generally, was that investors are widely dispersed and hence have little opportunity to oversee the affairs of their companies. This development paved way for illegalities in company operations. Regulations in the form of standardization was, therefore, meant to curtail the sharp practices and invariably protect the interest of owners and other stakeholders. Standards issued in Nigeria were also supposed to protect the most important stakeholder (the shareholders), to preserve the global foundation philosophy of

accounting standardization. The situation now, on the contrary, is that standardizations have lost focus and are more interested in issues like ensuring complete tax payment, prompt settlement of debt, adequate provisions for employees, environmental protection and even the social goods that should be the primary responsibility of government.

The global body for the issuance of accounting standards is the International Federation of Accountants (IFAC). The International Accounting Standard Board (formerly Committee) is the arm of IFAC that is charged with the responsibility of developing the standards and the Board has been responsible for the issuance of more than fifty Standards as International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs). Countries the world over usually choose between adopting the International Standard directly; developing their own standard to reflect what the International standards have provided, with or without domestication modification or producing different domestic standards. Whatever the individual country is adopting, serves as the measure for the regulation of their accounting and reporting.

Literature Review

Accounting Standardization

Accountants are responsible for preparation of accounts and financial statements. Accountants bring knowledge and skills to bear in carrying out these acts. Although there may not be anything

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ordinarily wrong with this, it meant that accountants the world over used and applied varying accounting principles in treatment of accounting transactions, as long as such principles were not contravening the Generally Accepted Principles in Accounting (Oghuma and Iyoha, 2007). The procedures were not standardized and the consequences, majorly, was that given the same company, at the same point in time, but with different managements and different accounting ideologies, two different set of accounts may be generated with both giving a true and fair view. In addition, some accounting issues require judgment. The judgment can be based on individual's skill, experience and the knowledge of the person passing the judgment. These variables involve individual differences and may affect the judgment. Different accountants, therefore, can produce different balance sheets for identical companies with similar characters and in the same industry (Oghuma and Iyoha, 2007).

In addition to this, the accounting profession needed more in terms of proper record keeping, transparency, compatibility and enhanced public confidence, in financial reporting. Arising from the above, standards were developed as a guiding tool, which defines how companies should display transactions and events in their financial statements. This is to ensure the needed uniformity of practice, enlightenment of users of financial reports, and provision of a framework for preparation, presentation and interpretation of financial statement (Kantudu 2007) and (Oghuma and Iyoha 2007).

The global body for the issuance of accounting standards is the International Federation of Accountants (IFAC). The International Accounting Standard Board (formerly Committee) is the arm of IFAC that is charged with the responsibility of developing the standards and the Board has been responsible for the issuance of more than fifty Standards as International Accounting Standards (IASs) or International Financial Reporting Standards (IFRSs). Countries the world over choose between adopting the International Standard directly, developing their own standard to reflect what the International standards have provided, with or without domestication modification or producing different domestic standards. Standardization is good for business and it is possible to standardize all aspects of business endeavour. (Kasum, 2009).

Accounting Standardization in Nigeria

The responsibility for the development and

production of Accounting Standards in Nigeria lies in the Nigeria Accounting Standard Board. The Board evolved from the then Association of Accountants of Nigeria, which was formed way back 1960 (Kantudu, 2007). Nigeria Accounting Standard Board (NASB) was established as a private sector initiative in 1982. The board became an agency of government ten years later. Although, the body issued standards with statutory backing since establishment, the enabling law for the operations of the agency was only enacted in 2003. The agency is now known as Financial Reporting Council, with a major mandate of adopting the IFRS and ensuring compliance to the standards.

The Nigerian Accounting Standard Board has domesticated standards issued by the International Standard setting body as Statement of Accounting Standards (SASs). However, Nigeria-ROSC (2004) reported significant gap between Nigeria Accounting Standards and the International Accounting Standards. In the report of Nigeria-ROSC (2004), twenty IASs are said to have no equivalent SASs, about 4 SASs, also, have no International equivalent. Some International standards have been dropped, which are still in use in Nigeria. Updates and revisions to IASs are not implemented in the relevant SASs. Overall about 29 (now 31) SASs have been issued so far, while IAS/IFRS issued are close to 50 (now more than 50) (Nigeria-ROSC, 2004). These demonstrate and evidently confirm the gap said to be existing as reported.

Shareholders' Wealth Theories

A shareholder is any holder of one or more interest(s) in shares of a company (Viswanadham and Luthra 2004). The evidence of being a shareholder as stated by Viswanadham and Luthra, is in the form of a stock/share certificate. Shareholder value is the financial value created, usually by the managers, for shareholders in the companies in which they invest (Christopher and Ryals 1999). Shareholder wealth is maximized when the business value reflect fully the effect of long-term flows, taking other stakeholders into account (Danielson, Heck and Shaffer 2008).

Shareholders' theory defines the primary duty of a firm's manager as the maximization of shareholders' wealth (Berle and Means; and Friedman cited by Danielson, Heck and Shaffer 2008). Dodge Vs Ford case as stated that:

"A business corporation is organized and carried out primarily for the profit of the stockholders. The powers of the directors are to be employed for that

end. The discretion of the directors is to be exercised in the choice of means to attain that end, and does not extend to a change in the end itself, to the reduction of profit, or to non-distribution of profits among stockholders in order to devote them to other purposes" (Bainbridge, 1993).

The overriding goal of the corporation, thus, is to maximize shareholders' wealth (Anderson, Jones, Marshall, Mitchell, and Ramsay 2008). Shareholders' wealth is usually, reflected in the value of business. Issue of business value is of a fundamental duality, creating value and capturing value. "Whereas creating value is an inherently cooperative process, capturing value is inherently competitive. To create value, people cannot act in isolation. They have to recognize their interdependence. To create value, a business needs to align itself with customers, suppliers, employees and many others". For value capturing, however, just as businesses compete with one another for market share, customers and suppliers are also looking out for their slice of the pie with the shareholders (Brandenburger and Nalebuff 1995). "...creating value that can be captured is the essence of business" (Viswanadham and Luthra 2004). The shareholder value theory states that a company creates this value when it meets or exceeds a cost of capital that suitably reflects its investment risk (Lambert and Burduglu, 2000).

"....a corporation . . . should have as its objective the conduct of business activities with a view to enhancing corporate profit and shareholder gain" (Roe 2001). This is despite his reservation on some situations, like where he stated that, "the relative value of shareholders' wealth maximization for a nation is partly a function of that nation's industrial organization". In addition, that "when much of a nation's industry is monopolistically organized, maximizing shareholders' wealth would maximize the monopolists' profits, induce firms to produce fewer goods than society could potentially produce and motivate firms to raise price to consumers beyond that which is necessary to produce the goods". Meaning that, in nations where product markets are not strongly competitive, a strong shareholder primacy norm fits less comfortably with social wealth maximization than elsewhere. This is because where competition is weak, shareholder primacy induces managers to reduce production and raise price, more than they ordinarily would. Consequently, shareholder primacy in such an economy affects the relative effectiveness of the shareholders' wealth maximization norm in maximizing total social wealth.

Empirical Studies

Hung and Subramanyam (2007) studied 80 German firms for the financial statement effects of adopting International Accounting Standards in Germany. They investigated the effect of adopting the international accounting standards on financial statements and their value relevance, for a sample of German firms, between 1998 and 2002. Their study compared accounting numbers reported under German accounting rules, with those reported under IAS for the same set of firms. They found out that German rules are stakeholder-oriented while IASs' are shareholder friendly. IAS adjustments to book value are generally value relevant, while their adjustments to income are not. German economy is stakeholder-oriented (Hung and Subramanyam (2007).

Bellas, Toudas and Papadatos (2006) investigated the impact of change over from the Greek Accounting Standard (GAS) to IAS, on Greek listed companies. Financial data for the same set of company were expressed in terms of GAS and IAS. The result of their comparative analysis of the two was that tangible assets, fixed assets and total liabilities record significantly higher prices under the IAS. It was further reported that the book values appear to play more significant role under the IAS compared to GAS. In addition, Bellas, et al (2006) showed that value relevance had incremental improvement with adjustment of GAS to net income, but not with adjustment of it to book value. The study also discovered that IAS increased the differences between the companies on the majority of balance sheet measures.

Petreski (2006) investigated the effect of International Accounting Standard adoption on firms. The basis of measurement in his work was the impact of IAS on firms' management on the one hand and their influence on financial statement on the other. The latter is more relevant here, and on it, he investigated the impact IAS adoption on financial statements generally and on balance sheet and income statement specifically, using case study. On balance sheet, he discovered that some standards have caused equity to decrease and net-debt to increase, thereby increasing gearing ratio. On income statement, he observed increase in sales and operating income and consequently net income.

The work of Adeyemi (2005) was on the impact that compliance have on financial reporting. His study showed 74% compliance by Nigerian companies, which according to him is below the international benchmark of 91%. Kantudu, (2005) assessed the level of compliance with the requirement of 'SAS No

2' on 'information to be disclosed in financial statement' by Nigerian Quoted Companies. Based on a study of 25 sample firms' data for 5 years, between 1998 and 2003, the study found that gap exists between the requirement of the standard and disclosure practice of listed firms. The work of Kantadu (2006) was to investigate the impact of enforcement power given to Nigerian Accounting Standard board on compliance, specifically, with the standard on employees' retirement benefits. His investigation was based on 10 years study of 30 companies and his result was that the Act has significantly influenced the application index. The study, however, showed that there is less variability on the application of accounting standard on employee retirement benefit between quoted firms in Nigeria.

Oghuma and Iyoha (2007) investigated the level of compliance of listed insurance companies with accounting standards. They evaluated 15 out of the 25 listed insurance companies based on their compliance with 11 relevant standards. Their result was that quoted insurance companies generally comply with disclosure requirement of statement of accounting standards. However, in few situations where they did not comply, the concerned company preferred to pay penalty, because to pay penalty is cheaper than compliance (Oghuma and Iyoha, 2007). Izedomin (2001) investigated the level of compliance to accounting standards in the banking industry. The study concluded that banks could be said to be complying, significantly but not totally, with the requirements of the standards.

Nigeria-ROSC (2004) was about observance of standards and codes of accounting and auditing by Nigerian companies. It involved a review of the institutional framework for regulation and an empirical investigation of the regulated institutions. From Nigeria-ROSC (2004)'s evaluation based on a review of 45 sets of financial statement of listed companies, it was observed that some compliance gaps exist between IAS and the National Standards. The document reported that most of the entities reviewed complied with limited number of national disclosure requirements, but that disclosures by companies are summarily inadequate. ROSC (2004), however, stated that banks generally comply with National Accounting Standards, despite their contravention of Banks and other Financial Institutions Act. The result of interviews, contrary to the findings of financial statement review, put presentation and disclosure in financial statement as good with confirmation that the statements are, however, not free from biases and errors.

Research Methodology

Analytical Framework

The primary purpose of this study is to investigate the effect of corporate compliance with accounting standards on the wealth of owners, as depicted in the worth of their investment in the businesses. Consequently, the study answers the question 'has corporate compliance led to high value for owners or not. The results of the investigation is therefore, expected to allow an informed conclusion on whether Nigerian Accounting Standards are in the interest of owners or not.

To examine the relationship between compliance with accounting standards and shareholders' wealth, accounting data are required. In business accounting, data on the financial statements provide a lot of information for valuation and estimation of the worth of a business, which is either wholly or significantly attributable to owners. The study started by investigating if market value of shares changes as companies comply with accounting standards using 'Z-statistics'. The study then established the source of the changes and the extent of influence on it by the change sources, using a multiple linear regression model.

We express our model as:

$$MV_{it} = F(NA_{it}, NI_{it}) \text{ -----(1)}$$

Where MV_{it} = Market value of equity for the i^{th} firm at year end t .

NA = Net Asset for the i^{th} firm at year end t and,

NI = Net Income for the i^{th} firm at year end t (less preference proportion).

Given that the year of issue of standard is year zero, for the purpose of incremental value-relevance analyses, we further express NA as Na_{it-1} , Na_{it+3}

Where: Na_{it-1} = Net Asset a year before issue of SAS, and

Na_{it+3} = Net Asset three years after issue SAS

In the same vein, we express NI as Ni_{it-1} , Ni_{it+3}

Where: Ni_{it-1} = Net income (less preference proportion) a year before issue of SAS

Ni_{it+3} = Net income (less preference proportion) three years after issue of SAS.

This is for the study to be able to evaluate the impact of net asset and income on the shareholders' value after standardization. In view of the above, we now express our model as:

$$MV_{it+3} = F(Na_{it-1}, Ni_{it-1}, Na_{it+3}, Ni_{it+3}) \text{ -----(2)}$$

For clarification, we denote the coefficients of the study's independent variables in the above equation with β_1 , β_2 , β_3 and β_4 for Na_{it-1} , Ni_{it-1} , Na_{it+3} and Ni_{it+3} respectively.

Equation '2' is therefore stated as:

$$MV_{it+3} = \alpha_o + \beta_1 Na_{it-1} + \beta_2 Ni_{it-1} + \beta_3 Na_{it+3} + \beta_4 Ni_{it+3} + e_{it} \text{ ---(3)}$$

Equation '3' becomes our functional equation for the analyses.

For the purpose of separate comparative analyses, however, equation '1' is re-stated as:

$$MV_{it-1} = \alpha_o + \beta_1 NA_{it-1} + \beta_2 NI_{it-1} + e_{it} \text{ -----(4)}$$

$$MV_{it+3} = \alpha_o + \beta_1 NA_{it+3} + \beta_2 NI_{it+3} + e_{it} \text{ -----(5)}$$

Equations 4 and 5 are the functional models for our independent periods' analyses, which are then compared, to support the incremental analyses.

It should be noted that the choice of three years after issue of standards in this study, is because of the fact that companies are usually given up to one year to comply, therefore, in another two year the effect of compliance is expected to have reflected in the accounts.

In this study, an overall analysis that aggregated all the relevant standards was conducted. For this analysis to take care of the impact of inflation, the Nigerian Composite Consumer Price Index was used to restate the figures in terms of the relevant base, before each analysis.

Statement of Hypotheses

Hypothesis One

- Null - Corporate compliance of Nigerian businesses with accounting standards does not impact positively on business results.
- Alternative - Corporate compliance of Nigerian businesses with accounting standards does impact positively on business results.

Hypothesis Two

- Null - Corporate compliance of Nigerian businesses with accounting standards does not impact positively on shareholders' wealth.
- Alternative - Corporate compliance of Nigerian businesses with accounting standards does impact positively on shareholders' wealth.

Decision rule

Taking decision here requires a step-by-step analyses. One, Z-statistics must confirm positive differences, which should also be statistically significant. The next step was to establish that variability was caused by compliance with accounting standard(s) that has affected profits and net assets. The study's a priori expectation was that earnings and net assets increment leads to share value increment, therefore a positive relationship is expected between both earnings and share values and net assets and share values. The strength of prediction of market value of shares by both profit and net asset in the period before or period after, thus, determines if it is pre standardization or post standardization results that have more or less influence on shareholders' wealth. Consequently, if the percentage predicted by one period is greater than the other is, the period with higher percentage has more influence. The implication of this is that, post standardization period needed to score higher percentage, for the study to conclude that, it was compliance with accounting standards that led to higher market values, which is going to imply that standardization influences shareholders' wealth positively and vice versa.

Result

Data Analysis

The data are the reported profits, net assets and unit of shares in issues that are obtained from the financial statements of companies under study in each of the relevant years. The market values of shares in each of the relevant years, for each of the companies are the averages in each year, as obtained in the records of the Nigerian Stock Exchange.

The data variables for the data analyzed in this study are either as presented or derivable from the data presented. Profit and profit per share figures, net asset and net asset per share figures and market value and market value per share figures were determined from data collected. These are the most important variables in this study. The study compares between the period before and period after issuance of the standards. Pursuant to this, the study first used Z-statistics (depending on 'N' of the relevant analysis) to determine if statistically significant difference exists between the market values of the pre and post compliance periods. The comparison was also made for profit and net asset figures. After the above, the stage was set for the study's analyses, based on the study models. In this study, the following regressions were computed as required by our models;

- Profit and net asset amounts were regressed against the market values (absolute amounts) in both the period before and the period after the standard(s),
- Profit and net asset amounts were regressed against the market values (per share amounts) in both the period before and the period after the standard(s),
- Profit before and after the standard(s) and net asset before and after the standard(s) amounts were regressed against the market values after the standard(s) first with absolute amount and followed by the per share amounts,
- The third regression above was repeated with absolute and per share amounts, first isolating

the pre standard(s) period and secondly, isolating the post standard(s), period.

The above was carried out for an aggregation of all standards, combining all the individual standards pre-issue amounts as one pre-standard set of data and combining all the individual post-standard amounts as one post-standard set of data.

The Z-statistics in table '1' showed positive mean differences for both absolute and per-share market values of companies under study, between pre and post standard periods. Per share result was, however, not statistically significant. These provided all the required evidences of improvement and encouraged comprehensive analyses. Mean differences in pre-standards incomes and assets compared to post-standards incomes and assets were positive and statistically significant.

Table 1: 'Z' Statistics

Variables considered	N	X diff.	SD	SE mean	Z
Absolute figures					
Mkt.value pre and post	273	3900000000	22820000000	1400000000	2.808
Profit pre and post	273	830000000	771314356.2	470000000	1.785
Net asset pre and post	273	4300000000	2708964593	1600000000	2.647
Per share figures					
Mkt.value pre and post	273	0.7458	8.4571	0.5100	1.462
Profit pre and post	273	-0.2243	0.7774	0.04688	-4.786
Net asset pre and post	273	-0.9522	2.0274	0.1223	-7.789

Source: Author's Computation, 2010

Table 2: Regression Statistics (Incremental analyses)

	Intercept	Na _{it-1}	Ni _{it-1}	Na _{it+3}	Ni _{it+3}	R ²	F	N
Absolute Values								
Pre and Post	-16000000000 (-1.687)	-6.470 (-2.48)	10.435 (12.31)	7.817 (4.878)	-3.490 (-6.992)	76.1%	214.398	273
Pre only(1)	-14000000000 (-1.403)	0.803 (0.324)	6.264 (10.17)			71.8%	344.422	273
Post only	2000000000 (0.151)			2.220 (4.872)	7.279 (3.681)	52.8%	151.922	273
Per Share Values								
Pre and Post	-3.697 (-6.374)	4.156 (6.630)	1.211 (5.439)	15.508 (18.03)	-2.125 (-5.944)	80.6%	297.312	273
Pre only(1)	-3.013 (-3.562)	9.802 (12.72)	0.621 (2.396)			56.8%	178.136	273
Post only	-2.592 (-3.953)			17.670 (0.224)	0.06813 (19.68)	72.7%	361.939	273

Source: Author's Computation, 2010

Table 3: Regression Statistics (Comparative analyses)

	Intercept	NAit-1/+3	NIit-1/+3	R2	F	N
Absolute Values						
Pre only(2)	-490000000 (-1.732)	-0.589 (-3.450)	13.751 (20.032)	86.9%	898.267	273
Post only	200000000 (0.151)	2.220 (4.872)	7.279 (3.681)	52.8%	151.922	273
Per Share Values						
Pre only(2)	-0.636 (-1.392)	0.286 (2.038)	6.573 (15.753)	65.1%	253.418	273
Post only	-2.592 (-3.953)	17.670 (0.224)	0.06813 (19.684)	72.7%	361.939	273

Source: Author's Computation, 2010

In the study's incremental analysis shown in table '2', absolute amounts' regression statistics showed that the coefficients of net assets in both the pre-compliance and post-compliance periods are positive, but the net-asset result is not statistically significant. The pre-standards periods' profits and net-assets predict a larger 71.8% changes, compared with the 52.8% from post-standards' profits and net assets, when regressed against post-standards market values. In the comparative analyses presented in table '3', absolute regression results were that the coefficients of net incomes pre and post compliance and net assets post-compliance are positive. All the results are statistically significant. 86.9 % of the variability in market values of the pre-standard periods is attributable to profits and net assets in the pre-standard periods, while only 52.8% of the changes in market values of the post-standard periods are attributable to profits and net-assets of the post-standard periods. The inference from these is that net assets and profits predicted more of the market values in the periods before compliance with accounting standards than in the periods after. These implied that complying with accounting standards is not a causal factor for the improvement in the market values recorded.

In the incremental per-share regression analyses, coefficients of net assets pre and post compliance and net incomes pre-compliance are positive, and in all, only net-assets' pre-compliance result is not statistically significant. Profits and net assets in the pre-standards periods predict 56.8% of the variability in market values of the pre-standards periods, while 72.7% of the changes in market value of the post-standards periods are attributable to profits and net-assets of the post-standards periods. For the comparative per-share regressions, coefficients of net-assets and net incomes pre and post compliance are positive and it is only the result

of net income pre-compliance that is not statistically significant. The pre-standards profits and assets predicted 65.1%, which is lesser than the 72.7% by the post-standard numbers. The result here is exactly the opposite of the absolute value analysis above. It therefore suggests that compliance is a causal factor in the improvement of market values per share.

Testing of Hypotheses

On hypothesis '1', 'Z-statistics' showed positive mean differences in profit and net asset between the pre-standards periods and post-standards periods, when total figures were used. Negative mean differences were, however, observed in both profit and net asset, when per-share figures of pre-standard period and post-standard period were compared. All the results are statistically significant, since they recorded computed 'Z's greater than table value of 1.960. These imply that no results are prone to sampling biases, which indicated that compliance resulted in lower profits and net asset values, because the negative per share statistical results nullified the positive absolute statistical result. The negative per share statistical results showed that net income and net asset per unit of share decreased post-compliance.

Compliance, therefore, is shown to have resulted in lower profit and net asset values over the periods. Based on the rule for taking decision for Z analysis, the study failed to accept the alternative hypothesis that 'Corporate compliance of Nigeria businesses with accounting standards does impact positively on performance of businesses'. The mean differences are negative, which imply that the mean values per share reduced over the periods. The study interprets this that compliance has negative impact on companies' performance.

For hypothesis '2', Z-statistics showed positive mean differences in the market values of firms, between the pre-standardization periods and post-standardization periods. The positive mean differences were observed in both absolute and per share statistics and these imply that there is real improvement in the worth of shares. The per-share result is, however, not statistically significant. Both relative and incremental analyses of absolute data showed that the pre-standardization periods have more impact on market value, while both analyses on per-share data favour the post-standardization period.

Although, the results support pre and post period equally, post period was supported by per-share analysis, with a 'Z' that is not statistically significant. Based on our stated decision rule, the results above suggest that the study should accept the hypothesis that 'compliance with accounting standards does not impact positively on wealth of shareholders'. This study interprets this result to imply that compliance with accounting standards is not a causal factor for improvement of owners' wealth.

Conclusion

In this study, what was investigated was the impact of compliance with accounting standards on shareholders' wealth through the impacts on performance and financial position of the companies. Hung and Subramanyam (2007), Bellas, Toudas and Papadatos (2006), Petreski (2006), Venkatachalam (1999), Ndubizu and Sanchez (2006), Harris and Muller (1999), Sami and Zhou (2004), Lina and Chenb (2005), Barth, Landsman and Lang (2007), Daske (2006) are similar to this current study on so many grounds. All the studies above investigated the effects of adopting accounting standards. However, the studies are specifically comparing one standardization regime with another, and in most cases local accounting standards against the International Accounting Standards.

Based on the findings in this study, the study concludes that:

- That level or extent of compliance of companies with accounting standards has no relationship with performance of Nigerian companies.
- That compliance with accounting standards has not influenced positively, the wealth status of owners of the companies.

Based on the conclusions drawn and supported by other findings from this study the following are, hereby, recommended. That:

- Nigerian companies should be encouraged to improve on their level of compliance, so as to fill the gap discovered in previous research and confirmed by the result of the current study.
- Standard setting body(ies) should review on continuous basis, the standards being issued so that best business practices, as demanded by global changing business environment, are actually ensured.
- Standards that are in line with the establishment of the primacy of shareholders in an organisation, which will protect and favour the interest of owners of the businesses, without prejudicing the interests of other stakeholders, should be encouraged, as may be desired from time to time.

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