Impact of the Capital Market on the Nigerian Economic Growth

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Abstract: **This study examines the impact of the capital market on the economic growth of Nigeria. Time-series of data on Gross Domestic Product, Equity, Government stock, Bond and Preference shares as well as foreign direct investment between 1985 and 2019 were collected from the CBN statistical bulletin, the SEC bulletin and the World Economic Indicators. The Autoregressive Distributed Lag (ARDL) model was used with the aid of E-view 10. The result of the analysis reveals a long-run relationship between economic growth and the capital market. ARDL bound test shows equity, government stock has a significant positive relationship with economic growth while foreign direct investment and bonds & preference shares have an insignificant negative relationship with economic growth. The (ECM) indicates yearly convergence of approximately 44 % of short-run shock or disequilibrium is corrected. It is therefore recommended that the government through the NSE policies should be geared to encourage more private limited liability companies and informal sector operators to access the market for fresh (equity) capital and the government should curtail the spate of insecurity to boost investor confidence in the Nigerian business environment.**

***Keywords*: Capital market, Economic growth, ARDL and ECM.**

I. INTRODUCTION:

Promoting sustained, inclusive and sustainable economic growth full and productive employment and decent work for all is the goal eight (8) of the Sustainable Development Goal (SGD) agenda of the United Nation. In this document; a sustained 7% annual growth of the Gross Domestic Product in the least developed countries is recommended. For this goal to be achieved, both government and private firms need to close the funded gaps required to provide infrastructures and established new firms or expand existing ones. However, these can only be achieved through a vibrant and strong capital market which provides the platform for fund seekers to connect with fund owners. The Nigerian capital market has had its fair share of the business cycle in the recent times. The economy witnessed two economic recessions in the last six years as well as the effect of the COVID-19 pandemic that led to a lockdown across the world. These developments led to a slow-down in investment, and in-turn harmed the economy (Nweze & Nnadi, 2021). The capital market, despite this economic downturn, has been the most effective mechanism for Nigerian businesses to raise medium and long term finance. The Nigerian stock exchange, in particular, has remained the mechanism for price determination and sources of capital which has made it possible for businesses seeking an alternative method of raising funds other than a loan to remain viable in a very tough business environment like that of Nigeria.(Briggs, 2015) The Nigerian capital market has witnessed obvious transformations over the years which have led to an increase in the level of participation of private, public and foreign investors which has also increased capital inflow into the country. According to Odebunmi, Afolabi, Agboola & Adekunle (2017) capital is the major problems and challenges faced by entrepreneurs in Nigeria. Hence, a vibrant capital market is needed for the economy to grow and develop. The Nigerian capital market as an economic unit provides the platform for investors with idle funds to loan out these funds to the government for developmental infrastructures and other obligations and to corporations for business expansions in the form of equity or debt.

However, the pricing of securities by the Security and Exchange Commission who regulates the activities in the capital market, disequilibrium in the volume of demand and supply of financial instruments and the undue cumbersomeness and lack of active participation by private sectors in the capital market are among the problems faced in the Nigeria's capital market. The study therefore examines these problems as they affect the efficiency and operations of the Nigerian capital market.

II. LITERATURE REVIEW:

2.1 Brief History Of The Nigeria Capital Market

The Nigeria capital market owed its origin to the British colonial masters who at that time needed more funds for setting up infrastructure as a result of the shortfall in the revenue from agriculture and the exploration of other mineral resources. There was a need for the colonial administrators to expand their revenue scope and they did that by promulgating laws and reforms geared toward revenue mobilizations, taxation systems as well as raising funds from the public. This move led to the promulgation of the first 10-years local loan plan ordinance in 1946, where the government floated the first #300,000, 3% government stock. In 1957, the government and other securities act were enacted to specify the type of securities in which trust funds could be invested. Furthermore, by the end of 1957, the colonial administrators had promulgated the general loan and stock act and in 1958, the Central Bank of Nigeria was established through the central bank of Nigeria act of 1958 (Osaze, 2011)

The essence of these legislations was to provide the legal frameworks for the takeoff of an efficient and operational capital market and, by April 1960, the Central Bank of Nigeria issued the first Nigerian Treasury Bills. The major event in the history of the Nigeria capital market took place in September 1960 when the Lagos Stock Exchange was incorporated though as a private limited liability company limited by guarantee under the provision of the Lagos Stock Exchange Act of 1960. It opened for business in June 1961 with three (3) equities, six (6) federal government bonds and (10) industrial loans. Following the establishment of the Lagos Stock Exchange, there became the need to establish a regulatory body that will supervise and regulate the activities and operations of the market and in 1963, the Capital Issue Commission was established as the apex regulatory body for the Nigerian Capital Market. The CIC was vested with the power to determine the price and timing of new issues of securities through offers for sale or subscription.

However, in 1977, the Lagos Stock Exchange was changed to the Nigerian Stock Exchange as part of the recommendations of the Adeosun panel of 1975 and that branches should also be establish across the country. This led to the establishment of the Kaduna, Port-Harcourt, Kano, Onitsha and Yola trading floors.

In 1978, the Securities and Exchange Commission decree was promulgated to replace the Capital Issue Commission, following the Okigbo's committee recommendation. The new apex and regulatory body were vested with broader scope and responsibilities. In 1988, the functions of the Securities and Exchange Commission were further expanded by Decree 29. of 1988 to include the review and approval of all mergers, acquisitions and combinations between or among companies. In 1988 also, the Privatization and Commercialization Decree 25 was promulgated which permits the privatization and commercialization of some Federal Government-owned enterprises intending to bring more companies' listed shares to the Nigerian Stock Exchange.

The first state government bond of #20m, 7% was floated in 1978 by the old Bendel state to finance the state housing development programme and in 1988, the M-NET supersport of South Africa became the first foreign stock listed on the Nigeria Stock Exchange (NSE). In that same year, precisely on the 26th of April, the Abuja Stock Exchange (ASE) was incorporated as a public limited liability company but converted in 2001 to Abuja Securities and Commodities Exchange (ASCE) by the federal government of Nigeria to now undertaking commodities like agricultural produce and solid mineral. As part of the government's effort to further strengthen and increase trading efficiency, the automatic trading system was introduced in April 1999 to allow securities trading through a network of computers operating online, in real-time and automatically. This innovation led to trade and settlement efficiency in the capital market. It reduced the number of days that trade is settled after transaction takes place from two weeks to two days (T+ 2weeks) to (T+2day). Also, it's responsible for numbers of listed companies in the Nigerian Stock Exchange which as of January 2020 stood at three hundred and twenty-eight (328) listed companies with a market capitalization of #28.26trn (NSE, 2020)

2.2 Conceptual Review

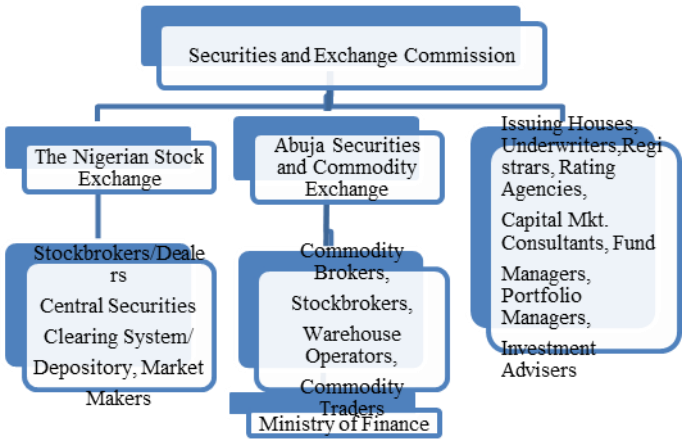
The capital market is the sector of the financial market where long-term financial instruments issued by corporations and governments are traded (Drake & Fabozzi, 2010). However, long-term here represent financial instruments with an original maturity of greater than one year and perpetual maturity with no maturity. . The capital market is a sub-market of the financial market where long and medium-term loans are acquired as against the money market that presents individuals, organizations and governments the opportunity to acquire short-term duration loans. This study focuses on the Nigeria capital market and how its activities have impacted the country's economic growth and progress. Sa'adu (2013) sees the capital market as a market in which money is provided for periods longer than a year. Ekezie (2002) observed that the capital market is a market where Lending and borrowing of long-term loanable funds takes place. Al-faki (2006) argues that a capital market is a network of specialized financial institutions with different mechanisms, processes and infrastructures designed to bring together suppliers and users of medium to long term capital for investment and economic development projects. The capital market play an important role in the growth and development of any country since it is the only platform where long-term financial assets are traded (Taiwo, Alaka & Afieroho, 2016).

Mbat (2001) opine that the capital market is a forum through which long-term funds are made available by the surplus economic unit to the deficit economic units. Hence, a capital market may be seen as a market where long-term debts and equity financial securities are traded.

However, Taiwo, Alaka and Efieroho (2016) broadly classified the financial instruments traded in the capital market into the following:

1. Equity (Ordinary shares, Preference shares)
2. Debt (Government bonds such as federal, state and local government bonds, Industrial loans/debenture stock and bonds)
3. Derivatives (Options rights, swaps, Futures, etc)

Structure Of Nigeria Capital Market



SOURCE: Financial System Strategy (2020)

2.3 Empirical Review:

Odetayo & Sajuyigbe (2012) examines the impact of the Nigerian capital market on economic growth and development between 1990 and 2011 using the ordinary least square regression method, the result from the analysis shows that market capitalization, stock issue, the value of stock and total listed of equity and government bonds jointly have a positive significant impact on economic growth and development.

Echekoba, Ezu & Egbunike (2013) in their study of the impact of the capital market on the growth of the Nigerian economy under democratic rule discovered that total market capitalization all share index and the total value of a stock are all joint predictors of economic growth provided by GDP, though insignificantly. The total market capitalization and all share indexes exert an insignificant positive influence on GDP growth rate while the total value of the stock has an insignificant negative effect on economic growth.

Kolapo & Adaramola (2012) examines the impact of the capital market on economic growth from 1990-2010 by applying Johansen co-integration and Granger causality tests, results show that the Nigerian capital market and economic growth are co-integrated which implies that a long-run relationship exists between capital market and economic growth in Nigeria. Abu (2009) employing the error correction approach to examine the impact of stock market development on the economic growth of Nigeria found out that stock market development (market capitalization GDP ratio) increases economic growth.

Furthermore, Okpara (2010) investigated the impact of capital market performance on the growth of the Nigerian economy using annual time series data from 1970-2007 employing the Johansen cointegration, parsimonious error correction model and the granger causality test. He found a positive and significant relationship between GDP and the capital market indicators, and the causality test shows that market capitalization and the value of shares traded granger causes the growth of GDP.

Edame and Okoro (2013) investigated capital market activities and their impact on Nigeria's economic growth by employing the Ordinary Least Square (OLS) technique for the period between 1970 and 2010. The result shows that the capital market has a positive relationship and impacted the economic growth of the country. Onyikachi and Odi (2013) examined the impact of capital market reforms on the growth of the Nigerian economy. The capital market is proxied by market capitalization, all shares index, and total volume of the transaction while the economic growth is proxied by gross domestic product between the periods of 1990-2011. However, findings from the study imply that capital market reforms have effectively impacted the growth of the Nigerian economy.

Yadirichukwu and Chigbu (2014) adopt the time-series research design to examine the impact of the capital market on economic growth in Nigeria between 1985-2012 utilizing regression analysis, multi-variate co-integration and error correction model, the finding shows a positive and significant relationship between capital market and economic growth. Popoola (2014) used time-series data from 1984-to 2008 to examine the strength of the stock market in promoting economic growth. The results indicate that the Nigerian stock market promotes economic growth.

In the same vein, Briggs (2015) avers a positive and significant relationship between capital market and economic growth using the Johansen and Granger causality techniques on the time series gathered from 1981 to 2011. Taiwo, Adebayo and Evawere (2016) discovered that capital market traded securities are significant macroeconomic determinants of economic growth by adopting the vector error correction technique for a sampled period from 1981-to 2014. Yusuf and Aminu (2016) using the OLS technique to examine the impact of the capital market on economic growth between 2005 and 2014 found that the capital market has a significant impact on economic growth. Ajibola (2017) averred a positive relationship but the fairly insignificant impact of capital market development on business cycle volatilities and economic growth using multi-variate regression analysis.

Md and Jianguo (2018) investigating the nexus between economic growth, financial innovation and stock market development collected a time series data from 1980-2016. The study adopted the ARDL bound testing approach. The result of the analysis reveals a reinforcement relationship is identified between financial innovation, stock market development and economic growth both in the long run and in the short run. The ARDL result also indicated that for an economy to develop, it needs to embrace financial innovation. Godwin, Onoh, Ogbonna,. Abina and Lemea (2019) evaluate the Nigerian capital performance between 1985 and 2017

using Johansen co-integration, error correction model and Granger causality test. The result shows a long-run positive relationship among the variables used to proxied both capital market performance and economic growth. However, the causality test shows a unidirectional causality flowing from gross domestic product to market capitalization, and the total value of new issues. Idris (2020) analyzes the capital market development between 1981 and 2019 using the OLS technique, Johansen test and the Granger causality test. The finding shows the existence of a long-run positive relationship between capital market development and economic growth in Nigeria while the Granger causality test exhibits the presence of unidirectional causality running from capital market development to economic growth. Erasmus, Nkiru and Ifeanyi (2021) used time-series data between 1989 and 2019 and employed descriptive statistics for univariate analysis and the OLS technique for testing hypotheses, their findings show that market capitalization used to proxy capital market performance has a positive and significant impact on gross domestic product.

However, Adeoye (2015) studied the impact of the capital market on the Nigerian economy using a multiple regression analysis for the period 1992-2011. The study reveals that the capital market has an insignificant impact on the economy within the period under review. Similarly, Okpoto (2015) sampled the activities of the Nigerian capital market from 1980 to 2013 using the error correction model. It was revealed that market capitalization, the total value of the transaction and total holdings have an insignificant effect on economic growth. Muritala and Ogunji (2017) saw a negative relationship between the value of transactions in the capital market and economic growth even though market capitalization, total new issues and total listing exhibited a positive relationship with economic growth.

Eugene and Iheukwumere (2018) adopting the error correction model technique for the time-series data sampled from 1981 to 2014 assert that the Nigerian capital market has not been able to contribute significantly to economic growth because of the inability of the banking sector to provide funds for the growth. Idenyi, Ifeanyi, Samuel and Chibuzor (2017) examine the impact of capital market indicators on economic growth in Nigeria from 1986-2016. The study adopted the Auto Regressive Distributed Lag bound testing and VAR Granger causality econometric tools of estimation to test the variables in the model. The result of the estimation showed a stable long-run relationship between the dependent and the independent variables. However, the stock traded total value indicated a negative insignificant link with economic growth in the short run. Ilaboya and Ibrahim, (2004) suggest that the insignificant effect of some variables in the capital market indicate that majority of key investor prefer to invest in other sectors of the economy other than the capital market.

III. METHODOLOGY

The study adopts an ex-post facto design to achieve the objectives of the research. The study also employs the inferential method in examining the impact of the capital market on economic growth in Nigeria from 1990-2020. To this end, the study used time series data on economic growth (RGDP), Equity (EQT) Government securities (GST), Bond and preference shares (BPS), and Foreign Direct Investment (FDI) were collected from the Nigerian stock exchange annual report, the Central Bank of Nigeria statistical bulletin, and the World Economic Indicators. The study, therefore, employed the Autoregressive distributed lag (ARDL) model method to examine the long-run relationship between the capital market and economic growth in Nigeria for the period under study with the aid of the E-view 10 version.

Model for the Study

The model adopted is based on Bal, Dash & Subhasish (2016) who examines the effect of capital formation and economic growth in India: Evidence from ARDL bound testing approach.

$Y = Al^{\alpha} K^{\beta}$ ……(1)

$Y = A_t K^{\alpha}_t, In_t^{\beta}, to_t^{\gamma}, er_t^{\delta}, tfp_t^{\Theta}$……(2)

where α, β, γ, δ and θ are treated as the elasticity coefficients of the capital formation (*k*), inflation (*in*), trade openness (*to*), the exchange rate (*er*) and total factor productivity (*tfp*), respectively. By undertaking a simple manipulation of taking the natural logarithms on both sides, we rewrote

$\ln Y = A_t + \alpha \ln Kt + \beta \ln_t + \lambda \ln to_t + \delta \ln er_t + \Theta \ln fp_t + \varepsilon_t$…..…(3)

However, this model was modified by eliminating some variables like; factors productivity and trade openness because they are not relevant to the study in focus. The model included more macroeconomics variables like foreign direct investment and interest rate and inflation. The model is stated below;

RGDP= f(EQTY, GS, BPS, FDI,)…….(4)

$RGDP = \beta_0 + \beta_1 EQTY + \beta_2 GS + \beta_3 BPS + \beta_4 FDI + \varepsilon_t$ …..(5)

Model specification:

RGDP= Real Gross Domestic Product
EQT= Equity
GST= Government securities
BPS= Bonds and Preference shares
FDI= Foreign Direct Investment

Where β1, β2, β3, and β4 are treated as the elasticity coefficients of Equity (EQTY), Government stock (GST), Bond and Preference share (BPS) and Foreign Direct Investment (FDI) respectively.

Taking the simple natural logarithm of both sides gives:

$\ln RGDP = \beta_0 + \beta_1 \ln EQTY_t + \beta_2 GS_t + \beta_3 BPS_t + \beta_4 \ln FDI_t + \varepsilon_t$……..(6)

Introducing the ARDL model as follows;

$Y_t = \Upsilon_{0t} + \sum_{i=1}^{p} \delta Y_{t-1} + \sum_{i=1}^{q} \beta i X_{t-1} + \varepsilon_{it}$.......................... (7)

Y_t is a vector and the variables in (X_t) are allowed to be purely 1(0) or 1(1) or cointegrated; β and δ are coefficients Y is the constant i=1,………k_i p,q are optimal lag orders ε_{it} is a vector of the error terms observable zero error mean white noise.

The Wald test (F-statistics) is also important for the ARDL test. This test determines the existence of a long-run relationship among the variables. The null and alternative hypotheses are as follows:

$H0 = \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0 \qquad H1 = \beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4 \neq 0$ ……(8)

The computed F-test will be compared with the critical tabulated value of Narayan (2005). According to Pesaran et al. (2001) and Narayan (2005), the lower bound critical values assumed that the explanatory variables are integrated of order zero while the upper bound critical values assumed that the explanatory variables are integrated of order one. Therefore, if the computed F-statistics is smaller than the lower bound value, the null hypothesis is not rejected and it can be concluded that there is no long-run relationship between the variables. Alternatively, if the computed F-statistics is greater than the upper bound value, there is the existence of a long-run relationship among the variables; and if the computed F-statistics is in between the lower bound and upper bound, the result is called inconclusive. Once we identify the long-run relationship, the next step of the ARDL model is to estimate the long-run coefficient from the equation, which is as follows:

$lnRGDP_t = \alpha_0 + \beta_0 lnRGDP_{t-1} + \beta_1 lnEQTY_{t-1} + \beta_2 lnGS_{t-1} + \beta_3 lnBPS_{t-1} + \beta_4 lnFDI_{t-1} + \sum_{i=1}^{p} \beta 0 \Delta lnRGDP_{t-1} + \sum_{i=1}^{q} \beta 1 \Delta lnEQTY_{t-1} + \sum_{i=1}^{q} \beta 2 \Delta lnGS_{t-1} + \sum_{i=1}^{q} \beta 3 \Delta lnBPS_{t-1} + \sum_{i=1}^{q} \beta 4 \Delta lnFDI_{t-1} + \varepsilon_t$ …………………..…………..……(9)

Before estimating the long-run specification, we need to determine the lag order through VAR.

In the final step, we obtain the short-run dynamic parameter by estimating an error correction model.

This is as follows:

$\Delta lnRGDP_t = \alpha_0 + \sum_{i=1}^{p} \beta 0 \Delta lnRGDP_{t-1} + \sum_{i=1}^{q} \beta 1 \Delta lnEQTY_{t-1} + \sum_{i=1}^{q} \beta 2 \Delta lnGS_{t-1} + \sum_{i=1}^{q} \beta 3 \Delta lnBPS_{t-1} + \sum_{i=1}^{q} \beta 4 \Delta lnFDI_{t-1} + \lambda ECT_{t-1} + \varepsilon_t$…………………… ……………………...(10)

Where β0, β1, β2, β3, and β4 are the short-run dynamic coefficients and λ is the coefficient of the speed of adjustment which is expected to have a negative sign.

IV. RESULT AND DISCUSSION

Table 1: Unit Root Test (Stationarity Test)

ADF UNIT ROOT TEST			
	t-Stats	5% P-value	Stat. Lev.
EQTY	-5.780143	-2.976263	1(1)
GS	-3.602039	-2.998064	1(0)
BPS	-4.318888	-2.998064	1(1)
FDI	-3.897381	-2.998064	1(1)
RGDP	-3.259674	-2.981038	1(0)

SOURCE: (Author's Computation from E-view's Output)

From table1 above, the Augmented Dickey Fuller (ADF) test shows that Government securities and Real Gross Domestic Product are integrated at levels 1(0) while Equities, Bond and Preference Shares and Foreign Direct Investment are all integrated at order 1(1). The result therefore indicates that the Autoregressive Distributed Lag (ARDL) model is the suitable method of analysis since the data are integration of mix order (0 & 1).

Table 2:

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	33.24357	10%	2.2	3.09
K	4	5%	2.56	3.49
		2.5%	2.88	3.87
		1%	3.29	4.37

SOURCE: (Author's Computation from E-view's Output)

From the bounds test results, the *F*-statistic (33.24357) exceeds the critical values of *I*(0) and *I*(1) at all levels of statistical significance, depicting evidence of a long-run relationship in the model. This shows that indicators of capital market and economic growth have a long-run co-integrating relationship. The long-run coefficients are displayed in Table 3 below.

Table 3: LONG-RUN ESTIMATE

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LEQTY	0.458359	0.207112	2.213096	0.0402
LGS	0.036058	0.017599	2.048894	0.0291
LBPS	-0.003887	0.043646	-0.089067	0.9434
LFDI	-0.361537	0.188031	-1.922750	0.3053
C	9.078443	0.271868	33.39286	0.0191
EC = LRGDP - (0.4584*LEQTY + 0.0361*LGS -0.0039*LBPS - 0.3615*LFDI +				
9.0784)				

SOURCE: (Author's Computation from E-view's Output) The long-run estimates show that Equities and Government securities have an increasing impact on economic growth while bond and preference and foreign direct investment both exhibited a diminishing impact on the Nigerian economic growth.

The focus of the ECM is to study the speed of adjustment between the long run and short run. The estimated short-run parameters are also captured within the ECM framework as presented in Table 4.

Table 4: ECM COMPUTED RESULT

Variable	Coefficient	t-Statistic	Prob.
$\Delta LRGDP_t^3$	-0.5855071	-22.20369	0.0287
$\Delta LEQTY_t^1$	-0.1107760	-26.16027	0.0243
ΔLGS_t^2	-0.0187780	-13.33973	0.0476
$\Delta LBPS_t$	-0.5095060	-9.722812	0.0652
ΔLFDI	-0.1421780	-33.55297	0.0190
CointEq(-1)*	-0.4484470	-34.59434	0.0184
R^2 0.998 Adjusted R^2 0.995 χ^2 (Het)1.209 (0.6278) χ^2 (Norm) 0.705 (0.702) χ^2 (Auto) 1.523 (0.2750)			

SOURCE: (Author's Computation from E-view's Output)

The ECT aligns with *a priori* expectation since its coefficient is negative (–0.448447) and statistically significant at a 5 % level. It then indicates yearly convergence to equilibrium in the long term after every shock or discrepancies in the short run such that approximately 44 % of short-run shock/disequilibrium/discrepancies are corrected annually. The outcome of the ECT further lends credence to a long-run relationship between components of the capital market and the measure of economic growth. The first differenced coefficients reveal that deviations, in the long run, occurred due to shocks associated with LEQTY, LGS, LBPS and LFDI in the short run as their respective coefficients were negative and significant.

The adjusted R2 (0.99) indicates that the explanatory variables explain 99% variations in the dependent variables. The normality test indicates that the data sets are normally distributed since the Jarque-Bera p-value is greater than the 5% level of significance.

Furthermore, there is an absence of serial correlation and heteroskedasticity as both test p-value (0.2750 & 0.6278) are above the 5% level of significance.

V. CONCLUSION

This study examines the relationship between the capital market and economic growth in Nigeria using time series analysis. Several diagnostic tests were performed on the data such as the Breusch-Godfrey correlation LM test for the presence of autocorrelation, and the Breusch-Pagan-Godfrey test for Heteroskedasticity. Furthermore, the stationary test indicates that the RGDP and GS were stationary at a level while EQTY, BPS and FDI are stationary at the first difference. The co-integration test illustrates that the variables are co-integrated and implies that a long-run relationship exists between the capital market and economic growth

In addition, LEQTY and LGS prove to have a positive impact on the growth of the economy, being positively signed, while other variables were negatively signed, implying a negative or insignificant impact on the growth of the economy.

However, the finding aligns with Yadirichukwu and Chigbu (2014) and Popoola (2014); who found a positive and significant relationship between capital market and economic growth. The Nigerian capital market currently is faced with a crisis of confidence among investors in the market.

Based on the discussion of the findings of the study, is therefore recommended that;

Encouraging more private limited liability companies and informal sector operators to access the market for fresh (equity) capital will further boost the operations of private firms and assist them in expanding their scope of business.

The Nigerian Securities and Exchange Commission (SEC), should formulate policies that would reduce the uncertainty regarding market capitalization thereby boosting the confidence of investors and also the economy.

Finally, the government should do everything within its powers to tame the spate of insecurity across the country as this would build confidence in the business environment and encourage both local and foreign investors to put their funds in listed companies' shares or government securities.

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