The Role of Value and Growth Stocks in Portfolio Returns: Insights From the Nigerian Stock Market

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ABSTRACT

The purpose of this study is to evaluate the impact of value and growth stock investment strategies on aggregate market index returns in Nigeria. This goal was addressed by focusing on three key dimensions: the performance of value stock investment strategies, the performance of growth stock investment strategies, and the comparative performance of value and growth stocks. The study design was ex-post facto and employed a multivariate analysis using a multiple regression model to analyse the panel data that was subjected to pooled and panel effects estimations. The findings reveal that value stock performance has a positive but not statistically significant impact on market index returns, while growth stock performance has a negative and not statistically significant effect. Additionally, there was a significant difference in the performance of value and growth stocks. These results suggest that investors should consider diversifying their investment strategies and not rely solely on value or growth stocks classifications. The study contributes to the existing literature by providing insights into the impact of these investment strategies on portfolio returns. Understanding the distinct performance characteristics of these two types of stocks can help investors make more informed decisions and potentially achieve better returns on their investments.

Key words: Investment Strategies, Market Index Returns, Risk Management, Financial Analysis, Stock Market Policies

INTRODUCTION

The stock market serves as an efficient medium for mobilizing and channeling funds. It enables governments and industries to finance both new and existing projects, thereby expanding and modernizing industrial and commercial enterprises. According to Siegel (2021), the capital market is the most credible source of long-term funds for any economy and a leading economic indicator in developed nations. The stock market facilitates interactions between savers and investors within a country.

In essence, the stock market is a venue where buyers and sellers exchange unique intrinsic commodities such as shares and bonds, with the aim of raising long-term capital for the modernization and expansion of projects by companies, governments, and allied parastatals (Fapohunda, 2019). Anderu (2020) posits that substantial foreign investment attracted by stock markets are essential for a nation to achieve sustainable economic growth and development. Thus foreign portfolio investment is also a crucial indicator of capital market robustness.

The stock market is an economic institution that promotes efficiency in capital formation and allocation (Babarinde, Abdulmajeed, Mohammed, & Shuaib, 2020). The economy often suffers when capital resources are not allocated to sectors, particularly industries with increasing demand, that can enhance productivity and expand the market for goods and services (Porter & Kramer, 2018). The stock market contributes to economic growth through its various functions, both directly and indirectly. Key functions include the mobilization of savings, creation of liquidity, risk diversification, improved dissemination and acquisition of information, and enhanced incentives for corporate control. Enhancing the efficiency and effectiveness of these functions through prompt service delivery can boost the rate of economic growth (Adetunji, Nwude & Udeh, 2018).

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Several policies and programs have been deliberately created to promote the growth of the Nigerian economy over time. These include the Enterprises Promotion Decree and the privatization of government enterprises in 2000, which were listed on the Nigerian Stock Exchange. Additionally, the Central Bank of Nigeria (CBN) issued bank recapitalization directives in 2004, requiring banks to recapitalize to a minimum of twenty-five billion naira. Many banks accessed the capital market through primary public offers to meet their financing needs. The government also introduced the Pension Reform Act of 2004, which mandates that part of the pension fund be invested in the capital market by pension fund administrators. There is also the recent CBN initiative to recapitalize banks to make them more globally competitive. All of these initiatives intensified the role of the stock market as the engine for raising capital.

People often make classifications to better understand similar entities (Feine et al., 2019). For instance, economic systems are categorized based on structures, institutions, and ideologies, such as crises, scarcity, and inflation. This principle of classification also applies to investing, where investors adopt specific strategies to achieve sustainable returns (Fein et al., 2019). In investing, this is known as style investing, which depends on personal or organizational characteristics and economic behavior (Schilke & Lumineau, 2023).

Schilke and Lumineau (2023) explain that style investing simplifies decision-making, allows for better performance appraisal, and enhances risk management. Popular style categories include large-cap versus small-cap stocks and technology versus non-technology stocks. However, one of the most enduring debates in financial markets is between value and growth stocks. The popularity of these styles lies in their broad applicability, as other styles like large-cap and small-cap can also be classified as either value or growth.

There are currently a variety of strategies used when investing in the stock market. Two different investment strategies are value and growth investing. Value investing focuses on purchasing undervalued stocks with the potential to reach their intrinsic value over the long term. Growth stocks are, unlike value stocks, already recognized by the market. This is because growth stocks are related to companies that have the expectation to rise high in value. Since growth stocks attract a variety of investors, there is a strong demand for these stocks which makes them trade at higher stock prices (Patel, 2018).

Value and growth investing are two different investment strategies, but both have the ability to generate pleasant returns for investors. Value stocks may be preferred by investors that seek stability and consistent returns while others choose growth investing due to greater value gain (Gagliolo, &Cardullo, 2020). However, the choice between investment strategies depends on an investor's risk tolerance, investment goals, and overall market conditions (Bevanda, Zaimović & Arnaut-Berilo, 2021).

Investors contemplate value stocks and growth stocks to create different values for their investments. Companies with high book-to-market value are considered value firms and companies with low book-to-market value are considered growth firms. According to the Efficient Market Hypothesis (EMH), growth stocks have been assumed to be riskier when evaluating the differences between growth and value companies. Additionally, growth stocks grow in value much faster than value stocks which results in growth stocks generating more returns than value stocks, although, growth stocks tend to be pricier than value stocks (Arnott, et al., 2021).

Value stocks are, according to Dutta, et al., (2023), stocks whose price-to-earnings, priceto-book, and/or price-to-cash flow is/are low relative to the market average. Kapoor, et al., (2018) document that this exaltation is due to poor performance in the past in which the expectation arises that this performance will continue in the future. However, poor performance does not have to refer in particular towards default. It could also be a signal that the company reached its maturity in which the company's growth becomes stable and does not give any indication anymore of excessive growth that investors expect or do not have (profitable) investment opportunities within a particular year (as compared to competitors). These value stocks are, as Ayaba (2020) defines it, 'out of favour' by investors. While Zaher and Zaher (2019) argue that stocks become value stocks due to poor performance or maturity and stability and some scholars assume that 'value' companies are in distress and are therefore trading at low prices. These scholars suggest that, besides distress, other factors such as high financial leverages, overcapacity, and uncertainty in future earnings make them 'out of favor' of a large group of investors.

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While various scholars define value (growth) stocks as stocks that contains low (high) price-multiples, Bourguignon & De Jong (2003) contend towards an ambiguity in the value and growth stock definition. These scholars contend that investors investing in growth stocks have no expectance of short-term gains. These investors are aiming towards value creation in some future point in time by investing in companies that have aspiring market- or investment opportunities targeted at acquiring (a larger) market share at the disbursement of revenue and, in association, diminishing the (current) return on equity. Furthermore, Dolan and Rajak (2018) argue that growth in earnings and/or market share does not create added value unless the expectation arises that this growth result from aberrantly gainful investment opportunities.

Growth and value stocks will have different returns based on firm's size, time horizon (short-term, mid-term and long-term) and market's recession and brightness. For example, when time horizon of return calculation becomes longer, stocks' price trend will be inverted. In addition, when several positive and negative events occur, market will believe that this trend will continue in the long run. Thus, stocks' price will inflate due to this expectation. In other words, market will fall in to this trap that previous short success will continue in the future. When this trap is identified in the market, inflation of stocks will decrease and this leads to inverted stocks' trends in the long run

According to Folkinshteyn Meric and Meric (2017), it has previously been confirmed that value stocks are less sensitive to market declines than growth stocks as well as market averages. Indicating that the value stocks outperform both growth stocks and the market average during periods of market decline. This information is significant for investors implying that a value investment will not increase the risk during a market downturn.

The differences among value stocks and growth stocks and the effective variables on them lead investors to apply modern financial knowledge in order to buy or sell stocks. Basically, decision making about selecting of these stocks and also making a good portfolio from them are the important things that each investor should pay attention to it. In this research, growth and value stocks of Nigeria Stock Exchange have been used in order to investigate that which of them a better performance.

Previous studies have been conducted in differentiating the performance and returns of value and growth stocks in the long term. However, the findings of these studies are not explicit when applied to Nigeria (Stock) Exchange Group (NGX). This is due to dissimilarities in multiple aspects between countries such as culture, location, politics, and time frame.

Additionally in regard to the different measures of value delivered by each strategy. Studies has been done in the U.S. and a few European countries. However, no studies have been conducted in Nigeria which account for the reason why the researcher chose to study the impact of value and growth stocks investment strategies on portfolio returens in Nigeia. A research base knowledge gap is created in which this study will fill empirically. The purpose of this study is to evaluate the impact of value and growth stock investment strategies on aggregate market index returns in Nigeria. Specifically, the study sought to (1) Examine the performance of value stock investment strategies in relation to the aggregate stock market index return, (2) Investigate growth stock investment strategies in relation to the aggregate stock market index return and (3) Determine the degree of the difference performance of value stock and growth stock in Nigeria.

LITERATURE REVIEW

For instance, Chen and Zhang's (2018) research paper "Risk and Return of Value Stocks" determined that value stocks carry a distress factor and generate higher returns as a consequence of the greater risks that value investors face. In Shamoun and Muratovic (2023) research "The Value Premium" it was found that the value premium could be described by the asymmetric risk of value stocks. Zhang explained that because of the asymmetric risk of value companies, value stocks become riskier than growth stocks in times of bad economies and relatively less risky than growth stocks under good economic conditions. Value companies deal with nonproductive capacity which increases during periods of low economic activity causing a greater negative impact on their earnings. In comparison to growth companies, value companies have it harder to reduce their unused resources. However, during increased levels of activity in the economy, the earlier unproductive resources of value companies become useful while growth companies experience difficulties increasing their capacity.

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There are multiple ways of defining value stocks, however, the main characteristic of a value stock is that the stock is traded at a lower value than the estimated value from the company's balance sheet. To be able to identify growth and value shares, different types of ratios are used, such as price-to-earnings ratio (P/E), price-to-book ratio (P/B) as well as price-to-cash flow ratio (P/CF). After conducting the ratios, the stocks with low values are considered to be value stocks, and those with high values are generally considered growth stocks . In financial theory, this is due to the fact that the price of a stock contains the future expectation of a firm's results. Meaning that the high values of the mentioned ratios suggest that the company can expect strong growth during the upcoming years which indicates that the company is a growth firm (Gagliolo & Cardullo, 2020).

Growth stocks are generally defined as those stocks that are trading at high prices relative towards a stocks' fundaments (e.g. earnings, book value, cash flow and dividends) (Siegel, 2021). Growth stocks are characterized as those stocks whose earnings expectation and growth rates are substantially higher than the market averages and continuous to raise further (Kuznets, 2019). These stocks, in which investors believe in a continuous rise, are referred to as growth (also called glamour) stocks (Rodrigues Cunha & Motta de Lima, 2017). Growth stocks as those stocks from which investors expect to have future capital appreciation that are higher than market averages. Investors pursuing this type of stock are defined as growth investors. These growth stocks have the tendency to be extremely popular in the market due to the (potential) creation of innovative products and grasping market opportunities. Investors expect that returns of growth stocks can be obtained when the market value of those companies rise further (Gagliolo & Cardullo, 2020). According to Navas and Bentes (2023), growth investors are selecting companies for the long-term based on the expectation that companies are likely to change structurally while value investors are selecting companies for the short-term in order to benefit from possible price momentums.

Growth stocks are shares of companies whose revenue or net income is growing faster than the market average. Investors buy them in the hope that their share prices will increase quickly, in line with their fast-growing revenue or net income. Growth stocks are often contrasted with income stocks, which investors buy for their consistent dividend payments, and value stocks, which investors buy in the hope that their prices will rebound from a recent setback (Taube, 2023). These stocks generally do not pay dividends. This is because the issuers of growth stocks are usually companies that want to reinvest any earnings they accrue in order to accelerate growth in the short term. When investors invest in growth stocks, they anticipate that they will earn money through capital gains when they eventually sell their shares in the future (Adam, 2022).

Adam (2022) opine that growth stocks tend to share a few common traits. For example, growth companies tend to have unique product lines. They may hold patents or have access to technologies that put them ahead of others in their industry. In order to stay ahead of competitors, they reinvest profits to develop even newer technologies and patents as a way to ensure longer-term growth. Because of their patterns of innovation, they often have a loyal customer base or a significant amount of market share in their industry. For example, a company that develops computer applications and is the first to provide a new service may become a growth stock by way of gaining market share for being the only company providing a new service. If other app companies enter the market with their own versions of the service, the company that manages to attract and hold the largest number of users has a greater potential for becoming a growth stock (Adam, 2022).

When a company is expected to grow, investors remain willing to invest (even at a high P/E ratio). This is because several years down the road the current stock price may look cheap in hindsight. The risk is that growth doesn't continue as expected. Investors have paid a high price expecting one thing, and not getting it. In such cases, a growth stock's price can fall dramatically (Adam, 2022).

Muratovic and Shamoun (2023) evaluates the performance of Growth and Value Stock Investment Strategies and investigates the relative performance of these two types of stocks in Denmark and Finland. The research compares the historical returns and consequences of investing in value and growth stocks and examines the factors that drive their performance. The research questions focus on whether there is a significant difference in performance between value stocks portfolios and growth stocks portfolios. The study uses a deductive approach and a quantitative research design to analyze numerical data collected mainly from Thomson Reuters Eikon Datastream. Microsoft Excel and SPSS Statistics were the main tools used to form samples to process and analyze the data. The samples consist of listed stocks on the Danish and Finnish stock markets, and the portfolios

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are divided based on their Price-to-Book ratios and Price-To-Earnings ratios. The evaluated years are divided into four sub-periods to reflect different economic conditions. The findings suggest that there were significant differences in the performance of value and growth portfolios in the Finnish market during specific sub-periods, while in Denmark, there were no significant differences in returns between portfolios consisting of value stocks and portfolios consisting of growth stocks in all sub-periods, except for sub-period 3. The performance of the portfolios may be affected by factors such as interest rates, financial distress, and economic conditions in various sectors of the economy. The study's results can provide investors with insights into the relative performance of growth and value stocks and help them make informed decisions about stock allocation when forming portfolios, enhancing their investment strategies.

Shakhaowat and Farhad (2020) analyzed the impact of dividend policy on the market price of stock in Bangladesh. The numbers of statistic community are 330 companies in Dhaka Stock Exchange. All 10 companies belong to the Food & Allied, Ceramics and Cement industry listed at DSE index are included as the sample for a phase from 2008 to 2017. In this paper, Fixed Effect Model along with Random Effect Model has been used to estimate outcomes. Both Models are exercised on panel data for explaining the association between dividend payments and share prices after adjusting several variables including Earnings per Share, logarithm value of Profit after Tax, Growth of Asset and Dividend Payout Ratio. The study also checked both the Models and found Random Effect Model is more significant than Fixed Effect Model. Afterward, the study applied the multicollinearity test to determine is there any correlation among the variables and found no multicollinearity. The study found a weak form market exists in Bangladesh and investors choose stock dividend more than the cash dividend.

Mensah (2020) examined stock market development and economic growth. The purpose of this study is to find the causality between stock market development and, alongside the banking sector development, vis±a±vis macroeconomic and institutional factors enabling economic growth. A thorough literature review undertaken for this study reveals that there is a gap in the literature, due to different opinions concerning the relationship between the stock market development and economic growth and vice versa. Thus, this study aims to add additional insights and data-dependent shreds of evidence learnings on the topic through a rigorous and thorough quantitative research that covers multiple countries. The research method applied for this study consists of both panel and time-series data of different geographic zones from a multiplicity of secondary sources. Significant evidence and implication of the study is that enormous production developments require the real commitment of an exceptional magnitude of capital. Thus, the stock market facilitates the allocation of funds from investors as a source of capital. The results of the study suggest that the impact of stock markets on economic growth and vice versa in the selected geographic zones of this research leads to a variety of evidence and often to different conclusions for each case analyzed. This conclusion of this study corroborates the two causality models proposed in the literature, unveiling that the direction of causality between stock market development and economic growth and vice versa in the selected samples show that each geographic zone proclaims a different outcome. Limitations of the study include the use of annual data which is not ideal compared to monthly and quarterly data; thus, affects the precision of the parameter estimates. Opportunities exist to expand the scope of the study by adding more geographic zones. Stock markets development entails technical know-how and development of institutional structures to enhance competitiveness and patronage. Harmonization of legislation is required to allow for capital mobility from in/out of various geographic zones for the general financial system. Modern electronic systems and central depository systems are required to integrate the stock markets. As a way to improve the legal & accounting structure, private sector credit evaluation capabilities and public sector regulatory oversight are required to develop the stock markets.

Bello and Waliu (2020) examined the impact of stock market performance on economic growth in Nigeria, from 1985 to 2018, based on the theoretical framework of Harrod-Domar analysis of savings and investment. The data requirements for the study was a secondary data and the methodology of the research was built on the classical analysis of Augmented Dickey-Fuller unit root test, Johansen co-integration analysis and vector error correction mechanism in order to examine the direction and magnitude of the relationship between stock market performance and economic growth in Nigeria. The findings of the study reveal a positive, long-run relationship between stock market performance (measured by market Capitalisation, equity and value-traded) and economic growth in Nigeria over the study period.

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Fapohunda (2019) examined stock market development and economic growth in Nigeria and South Africa usingquarterly time series data for the period 1995Q1 to 2015Q4 sourced from World Bank Indicators. The Johansen co-integration and Vector error correction mechanism were employed as estimation techniques. Stationarity test was conducted using the Augmented Dickey Fuller test.The stock market indicators used in this study were market capitalization, turnover ratio, and total value of shares traded ratio and inflation rates while real gross domestic product was used as a measure of economic growth. The study concludes that the South Africa stock market indicators on economic growth outperform that of Nigeria in the reference period. The study recommends the government of Nigeria should strengthen the institutional framework in order to enhance transactions in the stock market. The regulators of the Nigeria stock market should come up with policies to reduce likelihood of market frictions. This will enhance investors' confidence and trading activities. The study also recommends that Nigeria and South Africa should constantly encourage bilateral relations as they have a lot to benefit economically there from.

Popoola, et al., (2017) investigates the short run effect, long run effect and causal relationship between stock market and economic growth in Nigeria. The Augmented Dickey Fuller unit root test, Ordinary Least Squares, Johansen Cointegration test and Pairwise granger causality methods were applied to the variables. The OLS result showed that the all share index had a significant but negative relationship with economic growth; The Johansen cointegration test showed that a long run relationship exists between the stock market performance and economic growth in Nigeria in the long run while the Granger causality test results showed that stock market performance does not granger cause economic growth but economic growth granger causes stock market performance at 5 percent significance level. The study suggested some of the possible reasons for the negative impact of stock market on the Nigerian economic growth and recommended that efforts should be made to improve the stock market performance to have a positive effect on the real gross domestic product of Nigeria overtime.

METHODOLOGY

This research employs an ex-post facto design, which is suitable because it is impossible to directly control or manipulate any of the independent variables. A population is a group of individuals, objects, or items from which samples are taken for measurements; it is the group the investigator wishes to make inferences from (Pagano et al., 2022). The population of this study consists of all 161 companies quoted on the Nigerian Exchange. Purposive sampling was chosen as the most appropriate technique for this study, as it allows the researcher to select observations that facilitate the testing of hypotheses in the most effective way. The sample size includes 21 listed value and growth stock companies on the Nigerian Stock Exchange over a period of five years (2019-2023). The study adopted secondary data techniques to ensure a dependable and unbiased analysis. Data was obtained using collection schedules from the Nigeria Bureau of Statistics, the Securities and Exchange Commission in Nigeria, and the Nigerian Stock Exchange.

Measurement of Variables

Table 1 : Measurement of Variables

S/N	Variables	Operationalization	Measurement of Variables	Authorities
1	**Aggregate Market Index Returns**	A market index tracks the performance of a certain group of stocks, bonds, or other investments.	Market index for the period	Osisanwo, & Atanda, (2012)
2	**Value Stock**	This is measured by Price to book ratio: The price to book ratio (P/B) is calculated by dividing a company's market capitalization by its book value of equity as of the latest reporting period	Market Capitalization / Book value of equity	Bourguignon, F., & De Jong, M. (2003).

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3	**Growth Stock**	This is measured using price to earnings ratio or P/E ratio which is used to gauge the growth of the company's stocks. It is calculated by dividing the market value of the stock by earnings per share of the stock	Market value of Stock /Earnings per share	Bourguignon, F., & De Jong, M. (2003).

Model Specification

The study employed a multivariate analysis using a multiple regression model. Initially, diagnostic tests for normality, homoscedasticity, and multicollinearity were conducted to ensure the model's suitability. Subsequently, Ordinary Least Squares Regression Analysis was performed with the assistance of Eviews version 10 to test the study's hypothesis.

The multiple regression model for this study is specified as follows;

$MIR = f(VS, GS)$ ……..(1)

Equation (1) is transformed into as an econometric model:

$MIR_t = \beta_0 + \beta_1 VS_t + \beta_2 GS_t + \mu_t$ ……..(2)

Where;

MIR_t = Aggregate Market Index Return in current period

VS_t = Value Stocks in current period

GS_t = Growth Stock in current period

μ_t = Error term.

βo = Intercept of the regression.

β1 and β2 are the Beta coefficients of the independent variables

Descriptive Analysis

This section presents and analyzes descriptive analysis, as presented in Table 1. It entails the minimum, maximum, and average values from the data. It also contains the standard deviation.

Table 2: Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Market Index Return	49	-88047321.00	.00	-14602464.6735	25690596.46256
Value Stock	50	.00	2.73	.4961	.73699
Growth Stock	50	-.37	32.27	3.6337	7.02370
Valid N (listwise)	49				

Source: SPSS Version 23

The summary of the statistical properties of the variables used in this study as shown above in Table 2 presented the average value of value stock (VS) as 49.6% approximately (.4961), this implies that sampled selected

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companies have an average of 49.6% distribution of company's earnings to shareholders with a maximum and minimum value of -0.00 and 2.73 respectively. The standard deviation from the sample mean is .73699. Growth stock (GS) has an average value of 3.6337 approximately; with a maximum and minimum value of 61.400 and -0.37. The standard deviation is 7.02370.

Correlation Analysis

Correlation Analysis helps to determine the relationship between the dependent and the independent variables in a model. Table 3 below shows the correlation analysis for the relationship between value stock, growth stock with market index return

Table 3: Correlation Analysis

Correlations				
		Market Index Return	Value Stock	Growth Stock
Market Index Return	Pearson Correlation	1	.103	-.116
	Sig. (2-tailed)		.480	.428
	N	49	49	49
Value Stock	Pearson Correlation	.103	1	.164
	Sig. (2-tailed)	.480		.255
	N	49	50	50
Growth Stock	Pearson Correlation	-.116	.164	1
	Sig. (2-tailed)	.428	.255	
	N	49	50	50

Source: SPSS Version 23

Table 3 shows that value stock (VS) has a correlation coefficient of .103 and a p-value of 0.480 with Market index return (MIR). This reveals a positive but insignificant relationship between value stock and market index return. The analysis also shows that Growth stock (GS) has a correlation coefficient of -.116 and a p-value of 0.428 with market index return. The result implies that there is a negative and insignificant relationship between growth stock and market index return

Test of Hypotheses

The study employs linear regression analysis in testing the first two hypotheses while the third hypothesis is tested using a paired sample t-test. The result of the analysis is presented in the tables below

H_{O1}: Value stock investment strategies has no significant positive impact on the Nigerian Stock Exchange.

Table 4: Regression Analysis of Value Stock investment stratgeis on the Nigeria stock market indexes.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

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1	(Constant)	-16417330.093	4482554.537		-3.662	.001
	Value Stock	3584580.879	5029494.622	.103	.713	.480

Source: SPSS Version 23

Decision rule: Accept H_O if the p-value is greater than 0.05% otherwise reject H_O and accept H1

The Table 4 above, according to the coefficient of 0.103 shows that value stock (VS) has a positive effect on market index return. This suggests that increase in value stock will lead to increase in market index return. However, the p-value of 0.480 shows that value stock has no significant effect on market index return. This implies that the null hypothesis is accepted

H_{O2}: growth stock investment strategies has no significant positive effect on the Nigerian stock market.

Table 5: Regression Result of Growth Stock investment strategies on the Nigeria stock market index returns

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-13040294.343	4170796.236		-3.127	.003
	Growth Stock	-420451.289	526296.595	-.116	-.799	.428

Source: SPSS Version 23

The table (Table 5) above shows that growth stock has a coefficient value of -0.116, indicating that growth stock (GS) has a negative effect on market index return. This suggests that an increase in growth stock will lead to a decrease in market index return. Additionally, the p-value of 0.428 indicates that growth stock has no significant effect on market index return. Therefore, the null hypothesis is accepted.

H_{O3}: There is no significant difference in the performance of value stock and growth stock investment strategies on the Nigerian Stock Market.

Table 6: Mean Rate Differences in the Performance of Value Stock and Growth Stock in Nigeria

Variable	N	Mean	SD	SEM	t.cal	Df	p-value	Decision
Value Stock	50	.4961	.73699	.98160	-3.196	49	.002	Significant
Growth Stock	50	3.6337	7.02370					

Source: SPSS Version 23

Table 6 reveals that there is a statistically significant difference in the performance of value stock and growth stock in Nigeria, with means of 0.4961 and 3.6337, respectively. The t-value is -3.196 and the p-value is 0.002, which is less than the 0.05 threshold. Therefore, the null hypothesis is rejected, and the study accepts the alternative hypothesis, indicating a significant difference in the performance of value stock and growth stock in Nigeria.

DISCUSSION OF FINDINGS

This evaluated the effect of value and growth stocks on market performance in Nigerian exchange as proxied by the aggregate market index return in Nigeria and also determine the difference in the performance of value and

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growth stock in Nigeria. The regression analysis indicates that value stock investment strategies have a positive effect on market index returns, as shown by the coefficient of 0.103. This suggests that an increase in value stock investments could lead to an increase in market index returns. However, the p-value of 0.480 indicates that this effect is not statistically significant. This finding is analoguos to that of Bello and Waliu (2020) which found a positive, long-run relationship between stock market performance, measured by market capitalisation, equity, and value-traded, and economic growth in Nigeria over the study period**.** For investors in Nigeria, this implies that while value stock investments may have a positive impact on market returns, the effect is not strong enough to be considered significant. Therefore, investors might want to consider diversifying their investment strategies and not rely solely on value stocks for significant returns. It also highlights the importance of considering other factors and investment opportunities in the Nigerian stock market to achieve desired financial outcomes.

The regression analysis indicates that growth stock investment strategies have a negative effect on market index returns, as shown by the coefficient value of -0.116. This suggests that an increase in growth stock investments could lead to a decrease in market index returns. Additionally, the p-value of 0.428 indicates that this effect is not statistically significant. This result is in dovetails that of Popoola, et al., (2017) which investigated the short-run effect, long-run effect, and causal relationship between stock market and economic growth in Nigeria. The Granger causality test results of the study showed that stock market performance does not granger cause economic growth. For Nigerian investors, the result of the current study show that growth stock investments may not be a reliable strategy for achieving positive market returns. Investors should consider diversifying their portfolios and exploring other investment strategies to mitigate potential risks and enhance overall returns. It also highlights the importance of conducting thorough research and analysis before making investment decisions in the Nigerian stock market.

The analysis indicates that there is a significant difference in the performance of value stock and growth stock investment strategies on the Nigerian Stock Market. This means that the returns from value stocks and growth stocks are not the same, and one may outperform the other. The findings suggest that there were significant differences in the performance of value and growth portfolios. The result is similar to the findings of Muratovic and Shamoun (2023) which suggest that there were significant differences in the performance of value and growth portfolios in the Finnish market during specific sub-periods, but contrary to their findings as it relates to Denmark, where there were no significant differences in returns between portfolios consisting of value stocks and portfolios consisting of growth stocks in all sub-periods, except for sub-period 3

For investors, this implies that they should carefully consider their investment strategy. Depending on their financial goals, risk tolerance, and market conditions, they may choose to invest in either value stocks, growth stocks, or a combination of both. Understanding the distinct performance characteristics of these two types of stocks can help investors make more informed decisions and potentially achieve better returns on their investments.

Summary of Findings

The analysis of value and growth stock investment strategies on the Nigerian Stock Market yielded several key findings:

In examining the Value Stock Investment Strategies and market performance, the regression analysis indicated that value stock investment strategies have a positive effect on market index returns, as shown by the coefficient of 0.103. However, this effect was not statistically significant, with a p-value of 0.480. This implies that while value stocks may positively impact market returns, the effect is not strong enough to be considered significant.

The regression analysis of Growth Stock Investment Strategies revealed a negative effect on market index returns, with a coefficient value of -0.116. Similar to value stocks, this effect was also not statistically significant, with a p-value of 0.428. This suggests that growth stocks may negatively impact market returns, but the effect is not significant.

The Comparison of Value and Growth Stocks showed a statistically significant difference in their performance. The mean performance of value stocks was 0.4961, while that of growth stocks was 3.6337. The t-value was -

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3.196, and the p-value was 0.002, indicating a significant difference in performance between the two types of stocks.

In summary, these findings suggest that neither value nor growth stock investment strategies have a significant impact on market index returns individually. However, there is a notable difference in their performance, which investors should consider when making investment decisions. Diversifying investment strategies and conducting thorough research are essential for achieving desired financial outcomes in the Nigerian stock market.

CONCLUSION AND RECOMMENDATIONS

This study concludes that there is a positive relationship between value stock performance and the aggregate market index return. Investors with a value stock portfolio can potentially mirror market performance. However, it is crucial to consider other factors, such as macroeconomic variables, that impact market performance when making investment decisions.

Conversely, the relationship between growth stocks and aggregate market index returns is negative. Investors should exercise caution when investing in growth stocks, as they may be counterproductive and could potentially drag down the portfolio. Given the short period covered by this study, the results may be cyclical, reflecting a time when growth stocks are underperforming. Therefore, these findings should be viewed in this context.

The significant difference in the performance of value and growth stocks in Nigeria is evident, as they appear to move in opposite directions concerning aggregate market index returns. This result may be influenced by factors such as interest rates, financial distress, and economic conditions in various sectors of the economy. The study's findings provide investors with insights into the relative performance of growth and value stocks, aiding them in making informed decisions about stock allocation when forming portfolios. Investors should be well-informed and knowledgeable about the stock market and economy before investing in growth stocks. They should also be aware of the cyclical nature of the market and carefully select the stocks to include in their portfolios.

Therefore, investors might want to consider diversifying their investment strategies and not rely solely on value stocks for significant returns. It is also important to consider other factors and investment opportunities in the Nigerian stock market to achieve desired financial outcomes.

For Nigerian investors, the results of this study indicate that growth stock investments may not be a reliable strategy for achieving positive market returns. Investors should consider diversifying their portfolios and exploring other investment strategies to mitigate potential risks and enhance overall returns. Conducting thorough research and analysis before making investment decisions in the Nigerian stock market is essential.

Ultimately, investors should carefully consider their investment strategy. Depending on their financial goals, risk tolerance, and market conditions, they may choose to invest in value stocks, growth stocks, or a combination of both. Understanding the distinct performance characteristics of these two types of stocks can help investors make more informed decisions and potentially achieve better returns on their investments.

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APPENDIX

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Value Stock - Growth Stock	-3.13753	6.94098	.98160	-5.11013	-1.16492	-3.196	49	.002

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Value Stock	.4961	50	.73699	.10423
	Growth Stock	3.6337	50	7.02370	.99330

The Paired Samples Test is used to compare the means of two related groups to determine if there is a statistically significant difference between them. In this case, the test compares the performance of value stocks and growth stocks.

Paired Differences:

- **Mean**: The average difference between the paired observations, which is -3.13753.
- **Std. Deviation**: The standard deviation of the differences, which is 6.94098.
- **Std. Error Mean**: The standard error of the mean difference, which is 0.98160.
- **95% Confidence Interval of the Difference**: The range within which the true mean difference lies, with lower and upper bounds of -5.11013 and -1.16492, respectively.
- **t**: The t-statistic, which is -3.196.
- **df**: The degrees of freedom, which is 49.
- **Sig. (2-tailed)**: The p-value, which is 0.002, indicating a statistically significant difference between the two groups.

Paired Samples Statistics:

- **Mean**: The average performance of value stocks (0.4961) and growth stocks (3.6337).
- **N**: The number of observations, which is 50 for both groups.

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- **Std. Deviation**: The standard deviation of value stocks (0.73699) and growth stocks (7.02370).
- **Std. Error Mean**: The standard error of the mean for value stocks (0.10423) and growth stocks (0.99330).