

Capital Market Performance as a Panacea for Economic Growth in Nigeria

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Received: October 11, 2019

Accepted: December 5, 2019

Online Published: December 20, 2019

doi:10.5539/ibr.v13n2p1

URL: <https://doi.org/10.5539/ibr.v13n2p1>

Abstract

The paper examined capital market performance as a panacea for economic growth in Nigeria from 1986-2016. A number of related literatures have shown that the Nigerian capital market variables studied has satisfactory market performance and has contributed to economic growth. Yet some researchers observed that the capital market has not significantly mobilized and effectively channeled substantial capital to the real sector of the economy. What could have been the reason for the divergences? The study was anchored on the demand following hypothesis. Secondary data were sourced from Central Bank of Nigeria Statistical Bulletin and Nigeria Stock Exchange fact-book of various editions. The paper adopted the ex-post facto research design while ordinary least square regression techniques was used to process the data gathered using E-views 9.0 software. The null hypotheses (Ho) were tested at 5% level of significance. The findings of the paper revealed that there is negative and insignificant relationship between capital market and the variables studied. The paper conclude that liquidity of the capital market is pivotal for economic growth in Nigeria while the study recommended that all tiers of government should be encouraged to fund their realistic long term developmental program through the Nigeria capital market.

Keywords: economic growth, value of stock traded, volume of stock traded

1. Introduction

The Nigeria environment is a complex super structure comprising several inter-related sectors and activities that work together to facilitate economic growth. The real sector of the economy is essentially involved in the production of goods and services. It activities cut across agriculture, manufacturing, mining, quarrying, water resources, service and technology, environment and tourism. This sector has the highest potential for achieving a broad based and diversified economy, but its performance has been unimpressive over the years. (Edo & Erovie, 2016).

However, the impressive or unimpressive of all other sectors performance hinges on the soundness of the financial sector. In a nutshell, the financial sector is the heartbeat of any economy, and the capital market is a major focal point of the financial sector. The capital market provides a platform where financial resources are pooled and made available to productive ventures (Oke, 2013). According to Donwa and Odia (2010), the capital market has been identified as an institution which contributes to the socio-economic growth and development of emerging and developed economies. This is made possible by the intermediary role played by the capital market in mobilizing funds from surplus units to deficits units to be invested into projects with positive net present value (NPV) which will enhance economic growth of the nation.

The Nigerian economy has experienced mixed fortunes over the years in her quest for sustained economic growth. Between 1986 and 2016 the Nigerian Capital Market has moved from position of trust and dwindling confidence. Moreso, a little over 3.8 million people of over a population of 160 million people of over a population of 160 million people are investors in the market. Thus, the market is better described as small in size (NSE, 2014).

There has been a mixed and divergent position on the capital market and economic growth nexus leading to confusion on appropriate policy stance to spur growth through capital market performance in Nigeria. Some of

these studies have posted that market indicators such as Value of transactions and Volume of shares traded indicated positive and significant contributions to the economic growth (Odo, Anoke, Onyeisi & Chukwu, 2017; Obiakor, 2016; Briggs, 2015; Igbodika, 2014); while others observed that the market has not significantly mobilized and effectively channeled substantial capital to the real sector of the economy (Okonkwo, Ogwuru & Ajudua, 2014; Adewuyi & Olowookere, 2011). Even at this, contradictions also emanated wherein studies showed that capital market indices promoted economic growth (Jagadish, 2017; Kumar, 2016; Nordin & Nordin, 2016; Jalloh, 2015; Regmi, 2012; Duca, 2007), and others revealed that the capital market has not positively and significantly affected economic growths of studied economies (Karim & Chaudhary, 2017; Wang & Ajit, 2013; Jamil & Shazia, 2013; Abdul-Khalia, 2013). Given these divergences in the relationship between capital market performance and the economic growth, capital market policies that spur growth may not be focused.

The main objective of the study is to examine capital market performance as a panacea for economic growth in Nigeria: 1986-2016. Specifically, the study is to ascertain the relationship between values of stock traded ratio and economic growth in Nigeria; to ascertain the relationship between volume of stock traded and economic growth in Nigeria.

In order to achieve the objectives of this study, the following questions were developed: To what extent has value of stock traded ratio interacted with economic growth in Nigeria? To what degree does the relationship between volumes of stock traded relate to economic growth in Nigeria?

This study will be guided by the following hypothetical statements which are stated in the null form;

H₀₁: Economic growth is not a significant function of value of stock traded in Nigeria.

H₀₂: Volume of stock traded does not significantly relate with economic growth in Nigeria.

This paper studied how the Nigerian Capital Market performance relates to economic growth and much attention were not given to evaluating the soundness of the market. Besides the study did not cover all the variables of the capital market performance, only two out of the available ten measurements were considered in the study. The indicators not studied include all share index, market capitalization ratio, total market new issues, market turnover ratio, total listed securities, total number of issues, number of deals and total value of deals.

2. Review of Related Literature

Concept of Capital Market and Economic Growth

The capital market is the segment of the financial market where long-term instruments (generally those with original maturity of more than one year) are created and/or traded to meet the long-term funding needs of economic activities (Ibenta, 2000). The role of the capital market in the economy includes its contribution to speedy economy growth and development through enhancing production and productivity in the national economy. The capital market provides the necessary vehicle required for the mobilization of idle savings for productive activities in the economy (Akpan, 2013).

Economic growth is measured by changes in the gross domestic product; this measures a country's entire economic output for the past year. This takes into account all goods and services that are produced in the country for sale, whether they are sold domestically or sold overseas. It only measures final production, so that the parts manufactured to make a product are not counted. Exports are counted, because they are produced in this country. Imports are subtracted from economic growth (Brown & Nyeche, 2016).

Theoretical Framework

This study is anchored on the demand following hypothesis based on its emphasis on the importance of finance in the context of a developing country like Nigeria.

The Demand Following Hypothesis

The demand-following view states that capital market development follows economic growth (Robinson, 1952). As the economy expands its demand for certain financial instruments increases, leading to the growth of these services (Hugh, 1966; Jung, 1986; Odhiambo, 2010).

Hugh (1966) stated that, the causal nature of relationship between financial development and economic growth has not been fully explored either theoretically or empirically. Moving away from the neo-classical state equilibrium analysis, to a highly developed financial system, consisting of financial intermediaries, leads to a 'demand following' phenomena (Hugh, 1966). Under this, in response to the demand from real economy, there is the creation of modern financial institutions, their financial assets and liabilities, and related financial services.

Empirical Studies on Value of Stock Traded Ratio and Economic Growth

Karim and Chaudhary (2017) appraised the effect of stock market development on economic growth of two Asian regions namely South Asia and East Asia. They used market capitalization, total value traded ratio and turnover ratio as indicators of stock market development while gross domestic product per capita growth rate is used for measuring economic growth. The linear panel data methodology is applied over the annual data of 1996-2015 to study the phenomenon. The empirical findings indicate that turnover ratio contributes to some extent in the economic growth of South Asian region but its impact on East Asian region found to be insignificant.

Odo, Anoke, Onyeisi and Chukwu (2017) adopted auto regressive distributed lag bound testing and VAR granger causality econometric tools to estimate the relationship between value of stock traded ratio and economic growth in Nigeria. The result indicated stock traded total value had a negative insignificant link with economic growth in both short and long run.

Abbas, Pei and Rui (2016) explored the relationship between the stock market measures and economic growth in Tanzania. In order to achieve the objective, they examined the impact of stock total value of share traded on Tanzanian economy based on the time series data from 2000 - 2011. They employed the Ordinary Least Square techniques and their findings suggest that total value of share traded has no effect on economic growth of Tanzania.

Empirical Studies on Volume of Stock Traded and Economic Growth

Spaseska, Vitanova, Sotiroski, Odzaklieska, Jankuloska and Risteska (2017) examined the extent which capital market performance influences real sector growth in Macedonian economy. Correlative and regressive analysis of time series disclosed that there is a very strong link between gross domestic product and the performances of the Macedonian stock exchange: market capitalization of the listed companies, volume of trading on the Macedonian stock exchange and number of listed companies in Malaysia and United Kingdom.

Werema and Nikupala (2016) investigated the impact of stock exchange market to the economic growth in Tanzania over a period of 1998 - 1992. A simple regression model using the 1998-2012 annual data sets was employed. The empirical findings show that volume of transaction has significant and positive impact on economic growth.

Oladokun, Adeagbo and Abiola (2015) assessed the impact of Nigerian Stock Market on the country's economic growth between 1981 and 2013 using Wald test analysis and ordinary least square techniques. The economic growth was proxy by gross domestic product while various stock market variables such as market capitalization, total new issues, volume of transaction and total listed equities and government stock were considered. It was revealed that volume of transaction has positive and significant relationship with economic growth.

3. Methodology

This study adopts the *ex-post facto* research design. The events being examined have already taken place providing already established secondary data for the study. The data for the study were collected from source that the researchers has no ethical and statutory powers to manipulate. Hence, the data were collected and used in their original state.

Description of Variables in the Models

Economic growth is the dependent variable and was proxied by Real Gross Domestic Product Growth Rate (RGDPGR) which measures the changes in real output. The explanatory variables which are the indices of capital market performance include Value of Stock Traded Ratio (VSTTR) and Volume of Stock Traded (VOLSTR). The RGDPGR as stated above is real gross domestic product growth rate. This is the change in real gross domestic product. This adjustment transforms the money-value measure, nominal Gross Domestic Product into an index for quantity of total output measured in millions of Naira. Echekoba and Ananwude (2016) while following Chizea (2012), stated that RGDPGR captures the actual change in GDP from the previous year to the current and, thus, if the economy has grown it is positive and, if it has not, then it will be negative. Echekoba, Ezu and Egbunike (2013) and Echekoba and Ananwude (2016) used this indicator in their study.

VSTTRA is value of stock traded ratio: This is the total value of shares traded during the period deflected. This indicator complements the market capitalization ratio by showing whether market size is matched by trading. It is expected that an increase in value of transactions will spur economic growth in an economy. This indicator was used in the works of Echekoba and Ananwude (2016), Adigwe, Nwanna and Ananwude (2015) and Enisan and Olufisayo (2009).

VOLSTRD is volume of stock traded: This refers to the volume of stocks traded over a specified period of time on the floor of the Nigerian Stock Exchange. A higher volume suggests more trading is taking place on the exchange. This variable was employed in the works of Obubu, Konwe, Nwabenu, Omokri and Chijioke (2016), Owolabi and Ajayi (2013), Oke and Adeusi (2012), and Ewah, Esang and Bassey (2009).

Model Specification

The model of analysis follows a linear combination of explanatory time series variables. The paper adopted and modified the model of Edame and Okoro (2013) for a similar study in Nigeria. Edame and Okoro (2013) expressed economic growth as a function of capital market performance fundamentals *visa viz*: market capitalization, number of deals, value of transaction and interest rate. The original model is stated as:

$$GDP_t = \beta_0 + \beta_1MAKAP_t + \beta_2NDEALS_t + VTRAN_t + \beta_4INT_t + \varepsilon_t \dots\dots\dots (1.1)$$

To determine specifically capital market performance as a panacea for economic growth in Nigeria, the following model was developed.

$$RGDPGR_t = \beta_0 + \beta_1\logVSTTRAt + \beta_2\logVOLSTRDt + \varepsilon_t \dots\dots\dots (1.2)$$

Where:

The variables are as explained under variables description above,

RGDPGR_t = the gross domestic product real growth rate in year t

β₁ to β₂ are beta coefficients of the explanatory variables

β₀ = the constant/intercept of the model.

ε_t = error term

Methods of Data Analysis

In the course of carrying out the data analysis in this study the following procedures and methods are employed:- Unit Root Test - to ascertain stationarity of the data to avoid the incidence of spurious regression. This was done using the Augmented Dickey-Fuller and Phillips Perron approaches at level (trend and intercept) and first differencing (also trend and intercept) respectively. After confirming stationarity of all the data and the order integration, a co-integration test was carried out for evidence any long run relationship among the variables utilizing the Johansen approach. Decision to adopt vector error correction model or vector auto-regressive model is based on the outcomes of the co-integration and unit root tests. The statistical package employed for the analysis is E-views 9.

4. Data Presentation

The data were sourced from Central Bank of Nigeria statistical bulletins and Nigeria Stock Exchange factbook of various issues.

Real Gross Domestic Product Growth Rate

Real gross domestic product growth rate of Nigeria was 1.86 in 1986, but rose by 78.65% by the end of 2010 to settle at 8.71. From 2005 to 2008, there was a marginal rise in real gross domestic product growth rate from 6.55 in 2005 to 6.72 in 2008 before it declined to 5.04 in 2011. From 2012 to 2016, real gross domestic product growth rate has been depreciating. In 2016, the economy witnessed a negative growth as the real gross domestic product growth rate was -1.52 due to recession that engulfed the economy at that period.

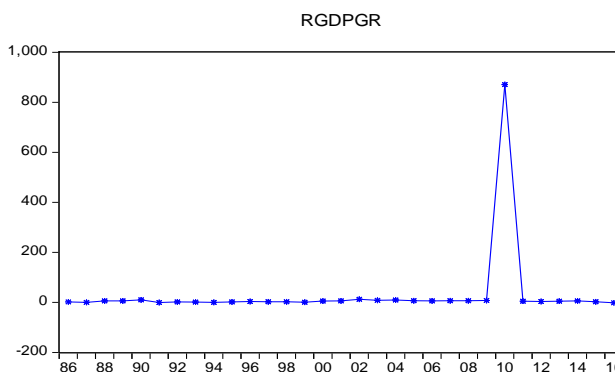


Figure 1. Graphical Trend in Real Gross Domestic Product Growth Rate 1986 to 2016

Source: Central Bank of Nigeria Annual Report, 1986 – 2016; and output data from e-views 9.0 version.

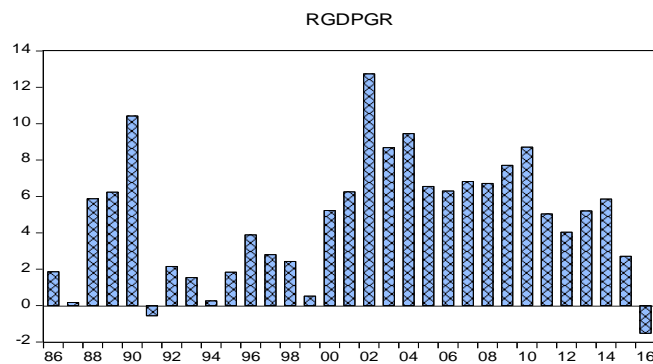


Figure 2. Bar Chart Trend in Real Gross Domestic Product Growth Rate 1986 to 2016

Source: Central Bank of Nigeria Annual Report, 1986 – 2016; and output data from e-views 9.0 version.

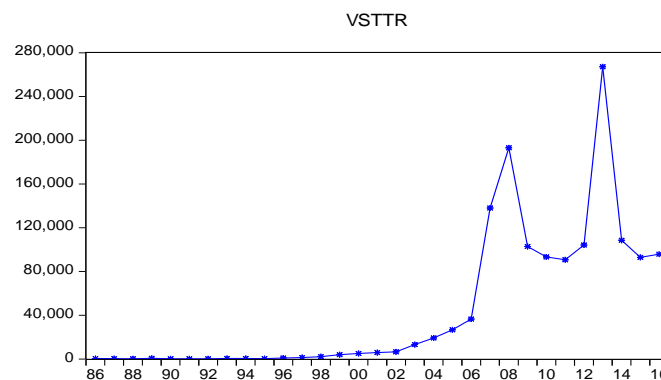


Figure 3. Graphical Trend in Value of Stock Traded Ratio 1986 to 2016

Source: Nigerian Stock Exchange factbook, 1986 – 2016; and output data from e-views 9.0 version.

Value of Stock Traded Ratio

The value of stock traded ratio was 0.45% in 1986, which had risen by 95.50% by 2010 to settle at 10.0%. The value of stock traded ratio greatly fluctuated from 2010 to 2016, declining to just 1.0% in 2016 compared to 10.0% in 2009. From 2001 to 2016, as shown in Table 2, Fig. 3 and 4, value of stock traded ratio magnificently depreciated from 26.22% in 2001 to 1.0% in 2016.

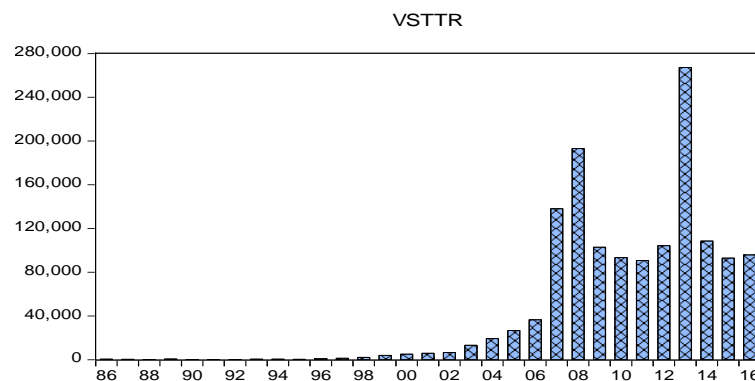


Figure 4. Bar Chart Trend in Value of Stock Traded Ratio 1986 to 2016

Source: Nigerian Stock Exchange factbook, 1986 – 2016; and output data from e-views 9.0 version.

Volume of Stock Traded

In 1986 the volume of stock traded was ₦495.99 billion but it rose to ₦93,300 billion in 2010, envisaging over 99.47% appreciation volume of stock traded. The volume of stock traded significantly increased to ₦193,140

billion in 2008 from ₦6, 600 billion in 2002. With inferences from Table 2, Fig. 5 and 6, volume of stock traded rose from ₦5, 900 billion in 2001 to ₦95, 814.79 billion in 2016.

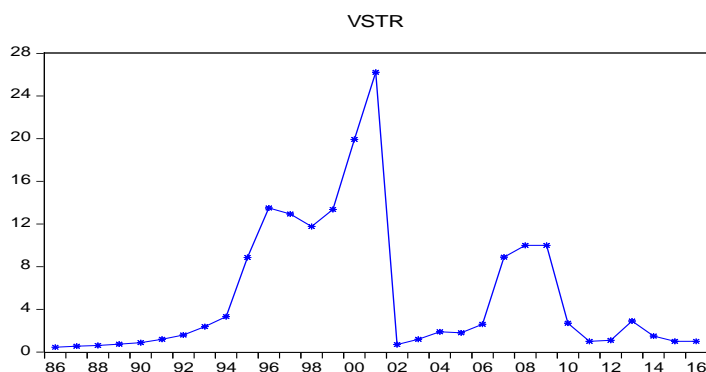


Figure 5. Graphical Trend in Volume of Stock Traded 1986 to 2016

Source: Nigerian Stock Exchange factbook, 1986 – 2016; and output data from e-views 9.0 version.

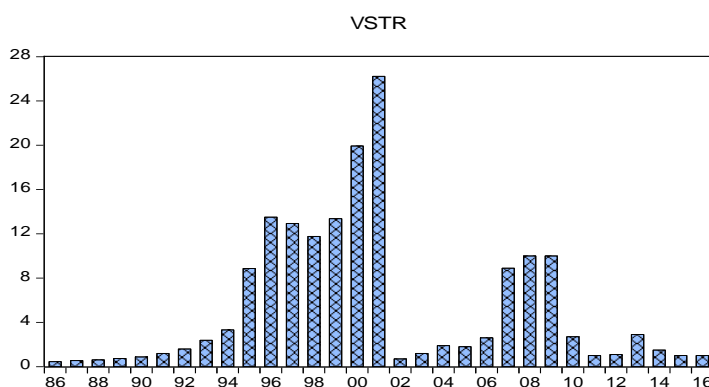


Figure 6. Bar Chart Trend in Volume of Stock Traded 1986 to 2016

Source: Nigerian Stock Exchange factbook, 1986 – 2016; and output data from E-views 9.0 version.

Table 1.1. Descriptive Statistics of the Variables of the Study

	RGDPGR	VSTTRA	VOLSTRD
Date:			
10/07/19 Time:			
20:33			
Sample: 1986 2016			
Mean	4.802000	5.538333	8.851803
Median	5.215000	2.140000	8.738767
Maximum	12.74000	26.22000	12.49613
Minimum	-1.520000	0.540000	5.176150
Std. Dev.	3.453278	6.563854	2.487781
Skewness	0.139290	1.522744	-0.050816
Kurtosis	2.501841	4.719612	1.459301
Jarque-Bera	0.407211	15.29007	2.980104
Probability	0.815784	0.000478	0.225361
Sum	144.0600	166.1500	265.5541
Sum Sq. Dev.	345.8287	1249.441	179.4826
Observations	30	30	30

Source E-views Output, 2018

Variables Descriptive Properties

Table 1.1 reveals the descriptive properties of the variables. The descriptive properties of the variables were highlighted based on the mean, median, maximum, minimum, standard deviation, skewness, kurtosis, Jarque-Bera, p-value and number of observation. From Table 1, the mean of variables are 4.802, 12.128, 8.871, 10.797, 5.538, 6.320 and 8.851 for RGDPGR, VSTTRA, and VOLSTRD while their respective median is observed to be 5.215, 2.14, 8.738. The maximum and minimum values are 12.740 & -1.520, 26.220 & 0.540, 12.496 & 5.176 also for RGDPGR, VSTTRA, and VOLSTRD respectively. All the variables are positively skewed toward normality.

Diagnostic Tests

Stationarity Test Result

The variables were subjected to stationarity test to ensure the data are not encumbered by the stationarity defect that affects most time series which lead to bias inferences of regression results. Unit root test was checked using Augmented Dickey-Fuller (ADF) and Phillips Perron (PP). The ADF and PP were tested in level and at first difference trend and intercept respectively. The tests show that all the variables are stationary at first differencing (trend and intercept) and are summarized in Tables.

Table 1.2. ADF Test Result at Level: Trend and Intercept

Variables	ADF Test Statistic	Test Critical Value at 1%	Test Critical Value at 5%	Remarks
RGDPGR	-2.552321 (0.30)	-4.296729	-3.568379	Not Stationary
VSTTR	-3.139968 (0.12)	-4.416345	-3.622033	Not Stationary
VSTR	-2.429792 (0.35)	-4.296729	-3.568379	Not Stationary

Source: Output Data via E-views 9.0

Note: The optimal lag for ADF test is selected based on the Akaike Info Criteria (AIC), p-values are in parentheses where (*) and (**) denotes significance at 1% and 5% respectively

Table 1.3. ADF Test Result at First Difference: Trend and Intercept

Variables	ADF Test Statistic	Test Critical Value at 1%	Test Critical Value at 5%	Remarks
RGDPGR	-4.029045 (0.01)*	-4.339330	-3.587527	Stationary
VSTTR	-9.179407 (0.00)*	-3.724070	-2.986225	Stationary
VSTR	-5.583199 (0.00)*	-4.309824	-3.574244	Stationary

Source: Output Data via E-views 9.0

Note: The optimal lag for ADF test is selected based on the Akaike Info Criteria (AIC), p-values are in parentheses where (*) and (**) denotes significance at 1% and 5% respectively.

Table 1.4. Phillips-Perron Test Result at Level: Trend and Intercept

Variables	PP Test Statistic	Test Critical Value at 1%	Test Critical Value at 5%	Remarks
RGDPGR	-2.552321 (0.30)	-4.296729	-3.568379	Not Stationary
VSTTR	-3.139968 (0.12)	-4.416345	-3.622033	Not Stationary
VSTR	-2.429792 (0.35)	-4.296729	-3.568379	Not Stationary

Source: Output Data via E-views 9.0

Note: In determining the truncation lag for PP test, the spectral estimation method selected is Bartlett kernel and Newey-West method for Bandwidth, p-values are in parentheses where (*) and (**) denotes significance at 1% and 5% respectively.

Table 1.5. The Phillips-Perrons Test Result at First Difference: Trend and Intercept

Variables	PP Test Statistic	Test Critical Value at 1%	Test Critical Value at 5%	Remarks
RGDPGR	-4.029045 (0.01)*	-4.339330	-3.587527	Stationary
VSTTR	-9.414586 (0.00)*	-2.660720	-1.955020	Stationary
VSTR	-5.583199 (0.00)*	-4.309824	-3.574244	Stationary

Source: Output Data via E-views 9.0

Note: In determining the truncation lag for PP test, the spectral estimation method selected is Bartlett kernel and Newey-West method for Bandwidth, p-values are in parentheses where (*) and (**) denotes significance at 1% and 5% respectively.

Table 1.6. Cointegration Test

Unrestricted Cointegration Rank Test (Trace)				
Hypothesized	Eigenvalue	Trace	0.05	Prob.**
No. of CE(s)		Statistic	Critical Value	
None *	0.890505	193.3921	125.6154	0.0000
At most 1 *	0.783290	129.2477	95.75366	0.0000
At most 2 *	0.694292	84.90100	69.81889	0.0020

Trace test indicates 4 cointegrating eqn(s) at the 0.05 level
 * denotes rejection of the hypothesis at the 0.05 level
 **MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized	Eigenvalue	Max-Eigen	0.05	Prob.**
No. of CE(s)		Statistic	Critical Value	
None *	0.890505	64.14441	46.23142	0.0003
At most 1 *	0.783290	44.34666	40.07757	0.0156
At most 2 *	0.694292	34.36858	33.87687	0.0437

Max-eigenvalue test indicates 3 cointegrating eqn(s) at the 0.05 level
 * denotes rejection of the hypothesis at the 0.05 level
 **MacKinnon-Haug-Michelis (1999) p-values

Source: E-views 9.0 output 2018

Table 1.6 shows that long-run relationship (co-integration) exists among the variables. This is based on the trace and maximum eigenvalues against the 5% critical value. Based on these values, it is confirmed that there are three (3) cointegrating equations in the model. In view of the presence of long-run relationship (co-integration) among the variables, it became necessary for Vector Error Correction Model to be adopted for the analysis of the data of the Study in order to capture the short run disequilibrium that might have occurred in estimating the long run cointegrating equations. The outcomes of the vector error correction analysis are displayed on Table 1.7 below.

Table 1.7. Vector Error Correction Model Results-Gauss-Newton / Marquardt steps

Dependent Variable: D(RGDPGR)				
Method: Least Squares (Gauss-Newton / Marquardt steps)				
Date: 10/07/19 Time: 21:49				
Sample (adjusted): 1988 2015				
Included observations: 28 after adjustments				
D(RGDPGR) = C(1)*(RGDPGR(-1) + 0.124189384878*VSTTRA(-1)				
+ 0.351017828346*VOLSTRD(-1) - 4.31696108252) + C(2)				
*D(RGDPGR(-1)) + C(2)*D(VSTTRA(-1)) + C(3) *D(VOLSTRD(-1)) + C(4)				
	Coefficient	Std. Error	t-Statistic	Prob.
C(1)	-1.241767	0.175038	-7.094288	0.0000
C(2)	-0.183889	0.077123	-2.384370	0.0277
C(3)	2.392399	0.778208	3.074240	0.0062
C(4)	-2.242726	0.461463	-4.860039	0.0001
R-squared	0.823093	Mean dependent var		-0.263929
Adjusted R-squared	0.748605	S.D. dependent var		3.302443
S.E. of regression	1.655820	Akaike info criterion		4.101562
Sum squared resid	52.09309	Schwarz criterion		4.529771
Log likelihood	-48.42187	Hannan-Quinn criter.		4.232470
F-statistic	11.05011	Durbin-Watson stat		2.034279
Prob(F-statistic)	0.000011			

Presentation and Analysis of Results

From Tables 1.7 above Volume of stock traded- VOLSTRD has a positive but insignificant relationship with the economy with t-value of 0.8. Value of stock traded- VSTTRA indicate a negative and insignificant relationship. The F-statistic indicates that the model is well fit for the estimation because the associated p-value of 0.0000 at 5 percent significance level. The Durbin Watson Statistic value of 2.03 does not suggest presence of auto correlation. Therefore the model could be used for statistical inference like hypothesis testing.

Test of Hypothesis

Hypothesis One

Restatement of Research Hypothesis

H₀: Economic growth is not a function of value of stock traded in Nigeria.

From the size of the values of the coefficient (-0.124189) and standard error of Value of Stock Traded Ratio – VSTTRA on Table 1.8 below; VSTTRA has negative and insignificant relationship with economic growth in Nigeria. Thus the null hypothesis is accepted.

Table 1.8. Coefficient, Standard Error and t-values of Value of Stock Traded

VSTTRA(-1)	-0.124189
	(0.03148)
	[-3.94463]

Hypothesis Two

Restatement of Research Hypothesis

H₀: Volume of Stock Traded does not significantly relate with economic growth in Nigeria.

From the size of the values of the coefficient (0.351018) and Standard error of Volume of Stock Traded–VOLSTRD on Table 1.9 below; VOLSTRD has positive and insignificant relationship with economic growth in Nigeria. Thus the null hypothesis is accepted.

Table 1.9. Coefficient, Standard Error and t-values of Volume of Stock Traded

VOLSTRD(-1)	0.351018
	(0.43407)
	[0.80867]

Discussion of Findings

There is negative and insignificant relationship between value of stock traded ratio and economic growth the result is consistent with the studies of Karim and Chaudhary (2017), Odo, Anoke, Onyeisi and Chukwu (2017), Abbas, Pei and Rui (2016), while the studies of Brown and Nyeche (2016), Shao-Chi (2001), Omoniyi, Adeleke and Sikiru (2014), Mwambene (2013) and Dey and Flaherty (2009) found a significant relationship between value of stock traded ratio and economic growth.

Volume of stock traded has a positive and insignificant relationship with economic growth which disagrees with the previous studies of Spaseska, Vitanova, Sotiroski, Odzaklieska, Jankuloska and Risteska (2017), Werema and Nikupala (2016), Oladokun, Adeagbo and Abiola (2015), June (2014) and Sa'adu (2014) while the study of Donwa and Odia (2010) refutes this finding.

5. Summary of Findings, Conclusion and Recommendations

Summary of Findings

This research paper ascertained capital market performance as a panacea for economic growth in Nigeria, by specifically ascertaining the relationship of value of stock traded ratio and volume of stock traded ratio on economic growth from 1986 to 2016. The findings of the study revealed the following:

1. Value of stock traded ratio has negative and insignificant relationship with Nigeria economic growth for the period under study.
2. There is negative and insignificant relationship between volume of stock traded ratio and Nigeria economic growth for the period under review.

Conclusion

The paper conclude that since the variables studies has negative and insignificant relationship with economic growth, liquidity of the capital market is pivotal for economic growth in Nigeria. Hence, the capital market remain one of the mainstream in every economy that has the power to influence economy growth, therefore the organized private sector are encourage to invest in the Nigerian capital market.

Recommendations of the study

Based on the findings, this study puts forward the following recommendations for attention and consideration of decision makers to improve the contribution of the capital market to economic growth in Nigeria:

1. All tiers of government should be encouraged to fund their realistic long term developmental programs through the Nigerian Capital Market. This will served as a lead way to freeing resources that may be used in other sphere of the economy.
2. Capital market regulatory authorities should be more proactive in their surveillance role by promoting preference for stock statements through public enlightenment campaigns, quick payment of dividend to shareholders via automated process and ensure the capital market operators should be more disciplined, acting professionally toward prospective investors so as to increase volume of transactions in the market as this will result in economic growth in Nigeria.

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