Governance and Market Capitalization in the Nigerian Capital Market

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Abstract
This study examined the relationship between governance and market capitalization in the Nigerian capital market for the period 1991 – 2021. Governance was considered from the perspectives of voice and accountability, political stability and government effectiveness. Data for the study were generated from the World Bank (Worldwide Governance Indicators) and Central Bank of Nigeria (CBN) statistical bulletin for 2021. These collected data, with the aid of E-views package, were subjected to descriptive analysis, unit root test, ARDL estimations, bounds co-integration test and diagnostic tests. Majorly, results revealed that political stability has a significant positive effect on market capitalization while voice and accountability and governance effectiveness have negative insignificant effects on market capitalization in the short term. It was also revealed that governance has a long-run equilibrium relationship with market capitalization but the speed of adjustment in the long run in the event of disequilibrium is about 2.16% per annum. Diagnostic test results showed no presence of autocorrelation and heteroscedasticity while the errors were normally distributed. The study concluded that governance has an insignificant relationship with market capitalization in the Nigerian capital market, which led to the recommendation that existing law enforcement agencies should be strengthened further with clear-cut mandates to ensure that public office holders who goof in the line of duty are made to pay dearly for it, as such enhancing accountability.

Keywords: Governance, Market Capitalization, Voice and Accountability, Political Stability and Government Effectiveness

INTRODUCTION

As at today, one of the most critical economic problems confronting developing countries is the shortage of adequate national savings to meet the financial requirements of positive investment opportunities which ordinarily should trigger growth. This has accentuated the need for extra capital in form of borrowings from local and international sources. Domestic borrowing is majorly facilitated by the capital market as the capital market is a market for the mobilization and utilization of long term funds for development. This market makes it possible for savers of funds to lend to borrowers on long term basis at a cost using some recognized financial

instruments. The instruments traded in the capital market include securities government securities, corporate bonds and shares (stock) and mortgage loans (Izuakolam & Adeyemi, 2016). Thus, the capital market is a financial market that has a mechanism (the stock exchange) that brings buyers and sellers together to trade stocks, bonds, currencies and other financial assets. The foregoing underscores the importance of the capital market in every economy and this has made countries to undertake countless measure to reposition their capital market as it is recognized engine of growth and development. One of such measures in Nigeria is the Revised Capital Market Master Plan 2015-2025 (RCMMP) that was developed by the Securities and Exchange Commission (SEC) in collaboration with stakeholders to harness the opportunities that exist in the Nigerian capital market in order to better position the market as the engine of economic growth and development (Tokede, 2023). On this backdrop, the performance of the capital market is today recognized as a major macroeconomic signpost as it is used to gauge the financial health of a country.

The performance of a capital market can be measured using so many indicators like the all share index, number of listed securities, value of traded securities, number of traded securities, market capitalization, turnover ratio, the ratio of stock market capitalization to Gross Domestic Product (GDP), ratio of total value of shares traded to GDP, ratio of total value of shares traded to market capitalization etc. (Hart & Ekong, 2018). Nevertheless, market capitalization is the most widely used indicator in assessing the performance of a capital market in an economy. It refers to total market value of all outstanding shares in a capital market; which shows how much all the quoted shares in a stock market is worth, thereby telling the size of a country's capital market. In a bearish market the market capitalization falls while in a bullish market it rises. In Nigeria, before 1988, total market capitalization was less than ₦10 billion but rose to ₦66.30 billion in 1994, ₦2112.50 billion in 2004 and ₦17003.39 billion in 2015. The trend continued and it closed at ₦42054.50 billion in December, 2021 (Gwarzo, 2015; CBN, 2021). The overall performance of the capital market is tied to macroeconomic fundamentals like inflation rate, exchange rates, gold prices, interest rates, global market movements, money supply etc. (Matadeen, 2017).

Nonetheless, Asongu (2012) stated that the developmental state of a stock market in any economy is determined by government policies and the soundness of its regulatory framework. In other words, quality of governance plays a vital role in the stability, liquidity and efficiency of the capital market of any country. With the persistence of global financial scandals involving high profile corporations, investors' sensitivity to the operations of companies has heightened on the one hand. On the other hand, investors now probe more into country governance quality as opposed to corporate governance policies. This is against the backdrop that companies do not operate in a vacuum; rather, they are affected by the governance systems of their host environments. Governance in this sense can best be viewed from the perspective given by the World Bank which covers the entire gamut of governance quality and efficiency. According to Barbu and Boitan (2020), these indicators are voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption.

The fact that the existence of a well-developed and functional capital market holds key to the economic status of a country cannot be over emphasized. The uniqueness of this market lies in

the fact that it acts as the heart of the financial market and plays a significant role in elevating economic growth and development by making medium to long term funds available to corporate bodies and the government for long term investment purposes. In a bid to benefit wholesomely from the capital market, the Nigerian government has not shied away from strengthening and establishing law enforcement agencies in the country. For instance, to enthrone good governance and maintain the confidence of investors in the capital market, the Nigeria government established and has been strengthening the EFCC (Economic and Financial Crimes Commission), ICPC (Independent Corrupt Practices and Other Related Offences Commission) and the DSS (Department of State Services) via its budgetary allocations on yearly basis. In 2021 for instance, 25.20% of government capital expenditure went to administration (CBN, 2021), which covered monies spent on these law enforcement agencies. Irrespective of these efforts by the Nigerian government, the likes of Imran, Ejaz, Spulbar, Birau and Nethravathi (2020); Asongu and Nwachukwu (2016) and Asongu (2012) believe that, the quality of regulation and its estimate remain poor.

Recognizing the perceived association between governance quality and capital market performance, studies have been carried out on this front (Ajide, 2014; Modugu & Dempere, 2020; Asongu and Nwachukwu, 2016). These studies have produced contrasting results due to the choice of variables used to represent governance and the capital market. Given the fact that the variables of governance given by the World Bank are more generally accepted and market capitalization is a major capital market indicator, one may be prompted to ask: what is the actual effect of governance on the capital market from the perspective of the World Bank indicators of governance quality and market capitalization as a major capital market performance indicator?

REVIEW OF RELATED LITERATURE

Conceptual Review
Governance
The use of the word "governance" here is in its generic sense. It does not connote corporate governance which is a subset of governance. Governance is an ambiguous concept which refers more to the ability and capability to govern, to manage closed societies. The Institute of Governance (2003) stated that governance involves the interactions among structures, processes and traditions that determine how power is exercised, how decisions are taken, and how citizens or other stakeholders have their say. The European Commission (2003) refers to governance as the rules, processes, and behaviour by which interests are articulated, resources are managed, and power is exercised in society. The way public functions are carried out, public resources are managed and public regulatory powers are exercised is the major issue to be addressed in that context. According to the Commission, the real value of the concept of governance is that it provides a terminology that is more pragmatic than democracy, human rights, etc. thus, in spite of its open and broad character, governance is a meaningful and practical concept relating to the very basic aspects of the functioning of any society and political and social systems. It can be described as a basic measure of stability and performance of a society. According to the World Bank (2007), governance consists of the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored

and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.

Voice and Accountability

Voice and Accountability, as the first cluster of governance, describes how individuals who manage government institutions are selected and the stability of their positions in these organizations (Hooper, Sim & Uppal, 2009). Thus, the methods in which governments are empowered affect their ability to actively govern over financial markets. Boadi and Amegbe (2017) added that voice and accountability describe how individuals who manage government institutions are selected and the stability of their positions in these organizations. In other words, Voice and Accountability as indicators of good governance, is intended to measure the process by which those in authority are selected and replaced. In essence, the VA indicator measures various aspects of the political process, civil liberties and political rights. For instance, the independence of the media, which serves an important role in monitoring those in authority and holding them accountable for their actions, is measured through this indicator. Kaufmann, Kraay, and Mastruzzi (2010) summarizes this indicator of good governance by saying that it captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. Put differently, this indicator measures the extent to which citizens of a country are able to participate in the selection of governments including media independence, which serves an important role in holding and monitoring those in authority and holding them accountable for their actions. Nevertheless, Ejaz, Birau, Spulbar, Buda and Tenea (2020) submitted that VA as measured by democracy is not only a complex political and social phenomenon but a subject which needs more attention in developing countries and whether democracy can affect the behavior of the stock markets still remains unexplored. However, regardless of the connection between economic growth and stock market performance, it is possible that democracy and political stability might continue to have a direct impact on stock market performance over and above their impact on economic growth.

Political Stability

As a measure of governance quality, Kaufmann, Kraay and Mastruzzi (2010) opined that political stability which also connotes absence of violence and terrorism captures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism. Like voice and accountability, political stability gauges the process by which governments are selected, monitored and replaced. In other terms, the PS indicator describes how the quality of governance in a country is compromised by the likelihood of wrenching changes in government, which not only has a direct effect on the continuity of policies, but also undermines the ability of all citizens to peacefully select and replace those in power. Boadi and Amegbe (2017) further stated that political stability and absence of violence as measured by government stability and internal conflict are although considered as events that do not have any direct relationship with stock markets but they are considered as one of the main factors that may affect the stock market's

performance. Empirical works by Bittlingmayer (1998), Henry (2000), Bekaert and Harvey (2000) and Bailey and Chung (1995) confirm that political uncertainty significantly affects market volatility.

Government Effectiveness

According to Boadi and Amegbe (2017), government effectiveness as a measure of bureaucratic quality concerns perceptions of the quality of public services, the quality of the bureaucracy and the reliability of the government's responsibility to such guidelines. It considers the ability of the government to formulate, initiate and implement sound policies. This index measures the ability of governments to produce and implement good policies and deliver public goods. The expanding and improving stock markets in developing countries demonstrate an important concern of how government frameworks affect stock market performance. Governance quality has been adopted by international organization to measure the state of developing countries (Bekaert & Harvey, 2000). In essence, governance effectiveness, as part of the second cluster of governance measures, describes the ability of institutions to develop and enforce regulatory change. Discretionary powers to adapt to market changes will impact on the performance of institutions to effectively govern. It provides a measure of the ability of the government to formulate and implement sound policies. GE combines survey responses on the quality of public service provisions, the quality of the bureaucracy, the competence of civil servants, the independence of the civil service from political pressures, and the credibility of the government's commitment to policies. The main focus of this index is on the ability of governments to produce and implement good policies and deliver public goods (Hooper, Sim & Uppal, 2009). Succinctly put, Kaufmann, Kraay and Mastruzzi (2010) submitted that governance effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

Market Capitalization

Understanding what a company is worth is an important task and often difficult to quickly and accurately ascertain. Market capitalization is a quick and easy method for estimating a company's value by extrapolating what the market thinks it is worth for publicly traded companies. Thus, market capitalization refers to how much a company is worth as determined by the stock market. It is defined as the total market value of all outstanding shares (Fernando, 2023). To calculate a company's market capitalization, we multiply the number of outstanding shares by the current market value of one share (Gwarzo, 2015). Companies are typically divided according to market capitalization: large-cap, mid-cap, and small-cap. Market capitalization is often used to determine a company's size and to evaluate the company's financial performance to other companies of various sizes (Fernando, 2023). In investing, companies with larger market capitalization are often safer investments as they represent more established companies with generally longer history in business. After a company goes public and starts trading on the exchange, its price is determined by supply and demand for its shares in the market. If there is a high demand for its shares due to favorable factors, the price would increase. If the company's future growth potential does not look good, sellers of the stock could drive down its price. The

market cap then becomes a real-time estimate of the company's value (Roe & Siegel, 2021).

Theoretical Review

Efficient Market Hypothesis (EMH)
The efficient market hypothesis (EMH) is an idea partly developed in the 1960s by Eugene Fama. It is a very popular capital market theory that has come to stay. Explanations and perceptions of scholars on what an efficient market is, is universally accepted as a statement of proposition that prices react quickly and unambiguously to new information. Supporters of this model believe it is pointless to search for undervalued stocks or try to predict trends in the market through fundamental analysis or technical analysis (Lumby & Jones, 2013). In essence, it follows that it is impossible to beat the market because prices already incorporate and reflect all relevant information. The efficiency of a market cuts across informational, allocative and operational efficiencies. According to Smart, Megginson and Gitman (2014), informational efficiency refers to the tendency (or lack thereof) for prices in a market to rapidly and fully incorporate new and relevant information. Allocative efficiency means that markets channel resources to their most productive uses, while operational efficiency determines whether markets produce outputs at the lowest possible cost. In essence, the efficient market hypothesis (EMH) holds that a stock market is efficient if the market price of a company's shares (or other financial securities, such as bonds) rapidly and correctly reflects all relevant information as it becomes available (Lumby & Jones, 2013). According to Fama (1970), the efficient market hypothesis (EMH) has three variants and this is to help with the categorization of markets. These variants are: the weak form, the semi-strong form and the strong form.

The Weak Form
The first form of efficiency is the weakest of the three. The share prices in a capital market that satisfies weak form of efficiency, reflect all information in past share price. Also, share prices change irrespective of historical price fluctuations (Haugen, 2001). Akujuobi (2005) stated that the weak form simply states that past price information is unrelated to future prices, and that trends cannot be predicted and taken advantage of by investors. Thus, a market would be described as having weak-form efficiency if it is impossible to make abnormal profits by using past prices to make decisions about when to buy and sell securities (Sharpe, Alexander & Barley, 2001).

The Semi-strong Form
A market is semi-strong form efficient if prices reflect all publicly available information including information such as published accounting statements for the firm, company announcements, brokers' reports, industry forecasts as well as historical price information. The distinction between semi-strong form efficiency and weak form efficiency is that semi-strong efficiency requires not only that the market be efficient with respect to historical price information, but that all of the information available to the public be reflected in price (Ross, Westerfield & Jaffe, 2002). Also, semi-strong form efficiency uses much more sophisticated information and reasoning than weak form efficiency.

The Strong Form
The strong-form efficiency states that all information, both private and public is immediately

reflected in security prices. It requires all known information to be incorporated in the current security price, whether publicly and generally available or not. A market therefore, is strong form efficient, if prices reflect all information, public or private (Kishore, 2014). In other terms, the strong form of EMH states that there are no investors with superior ability to buy and sell at just the right times (Elton, Gruber, Brown & Goetzmann, 2009). The reason for this is that an efficient market in this form incorporates all types of relevant information into the share prices, public and private. Furthermore, due to the well-adjusted share prices, not even an insider that possesses inside information can utilize this and gain an advantage (Kishore, 2014). However, Hamberg (2004) argued that an efficient market in the strong form does not equal a perfect market, because the risk of stock market crashes continues to exist in this form as well.

Capital Asset Pricing Model (CAPM)
This theory was developed by Sharpe (1964), Lintner (1965) and Mossin (1966) as a testable model for determining the value of individual securities or portfolio. The model is a significant departure from the efficient market model as it helps to calculate investment risk and what return on investment investors should expect (Ihejirika, 2016). The CAPM shows the relationship between expected return of a security and its avoidable risk. It provides a framework for the valuation of securities and it contends that the expected returns on any asset are a linear function of its systematic risk. This model can also be used to find the cost of a company's equity. Thus, the capital asset pricing model derives from the specifications inherent in the capital (security) market line. Here, the attention is focused on the efficient portfolios. The market portfolio is one with higher return than any other in its risk class and is thus associated with efficient portfolios. The CAPM as such states that the required rate of return on a security consists of a risk free rate of interest plus a risk premium that is proportional to the stocks sensitivity to the market movement i.e. its beta (Akujuobi, 2005). In other words, the CAPM is determined by three variables, which are the risk-free return, the market return, and the market sensitivity of assets.

Institutional Theory
According to Modugu and Dempere (2020), the foundations of institutional theory as it is currently understood took root between 1977 and 1983 amid a broader search for understanding the elements that support successful and sustained organizational performance. Thus, this is a socio-political theory that deals with the manner in which rules, norms, culture, policies and regulations are established and managed by a higher authority as authoritative guidelines for social behavior within an ecosystem. As such, the fundamental focus of the institutional theory is that the actions or inactions of individuals are structured by higher order authority above the individual level, which constrains or constitutes the interests and participation of actors (Clemens & Cook, 1999). In other words, institutional theory seeks to explain the processes and reasons for organizational behavior as well as the effect of organizational behavior patterns within a broader, inter-organizational context. The study of organizational institutions occurs across fields of research in sociology, business, and communication and informs public relations practitioners' understanding of corporate reputation and legitimacy. Institutions are defined as conventional, standardized patterns of behavior found within and across organizations and giving meaning to social exchange and order. These patterns of behavior include organizational and industry

standards, routines, and norms.

Above all, the theories underpinning this study are the efficient market hypothesis and the institutional theory of governance. This is due to the fact that governance quality indicators are public information as given by the World Bank, and investors to a reasonable extent interrogate these indicators before making investment decisions in any country. Therefore, the expectation is that investors' perception of the ranking of these indicators will directly influence capital market investment decisions and by extension, market capitalization, which is a major capital market performance indicator. Also, the capital market does not exist in a vacuum. It does not exist without a clearly defined institutional and regulatory environment. These governance structures influence the confidence of investors as regards the efficiency (development status) of the market and thus, determine investors' level of participation and the eventual impact on the capital market.

Empirical Review

Given the near absence of so many studies on governance and market capitalization, the following related studies will suffice. Accordingly, Sanga and Aziakpono (2023) investigated the impact of institutional factors on financial deepening and its implications on bank credit in Africa. They employed different panel econometric models to examine the heterogeneity of 50 African countries from 2000 to 2019. Hence, the study used panel data from WGI and World Development Indicators (WDI). The estimators included panel corrected standard errors, system generalized method of moments, quartile and threshold regressions. The results showed that rule of law, regulatory quality; government effectiveness, voice and accountability, control of corruption and political stability significantly influence financial deepening in Africa.

Almustafa (2022) carried out a study on governance and the capital market with major focus on how the quality of a country's governance system affects the relationship between the COVID-19 crisis and stock returns. Using data from the World Governance Indicators, the World Bank, and the John Hopkins University Corona virus Resource Centre (JHU-CRC) for 29 OECD markets from 23 January to 31 December 2020; the study used the OLS and system GMM estimations techniques for data analysis. Majorly, results suggested that the estimated coefficient on the interaction term was negative and statistically different from zero at the 5% level of significance. The results also showed a strong negative association between COVID-19 and stock market returns across the sample.

Khan, Munir, Abbas and Umar (2022) examined the impact of governance on stock market performance in Pakistan. They study used five variables that included Karachi Stock Market Index (KSE), gross domestic product, governance indicators index, effective exchange rate and inflation rate, and political instability, along with their theoretical and empirical explanations. They employed the ARDL technique for data estimation and analysis. The data were also exposed to descriptive and correlation analyses, unit root test, and granger causality test. The study as such revealed that quality of governance as captured by voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, the rule

of law, and control of corruption positively affect stock market performance.

Savaria, Rostamib, Shamsc and Jamalid (2022) studied the importance of rule of law and regulatory quality on stock returns in Iran and selected emerging countries for the period 2000-2021 by adopting system generalized method of moments. A multiple regression model was specified, RET was the dependent variable of the model and represents stock market return. The model's independent variable represented governance indicators and included regulatory quality and rule of law. Economic variables affecting stock market performance were also included as control variables in the model and they included trade openness, inflation rate, crude oil price, interest rate, industrial production growth rate, and exchange rate. The data and information of all these variables were extracted from World Bank database or the worldwide Governance Indicator (WGI). The statistical population of this study was all countries whose data and information were available in the World Bank. Basically, the results of the estimation showed that at a significance level of 5%, rule of law and regulatory quality have positive and significant effects on stock returns. Also, the effects of inflation, exchange rate and growth of industrial production were positive and significant. The effect of crude oil prices was negative and significant, and trade openness has a positive effect on stock market returns, but this effect was not statistically significant at the significant level of 5%.

Omar, Ali, Mouneer, Kouser and Al-Faryan (2022) investigated the macroeconomic forces that drive the stock market development of Pakistan from 1980 to 2019 by applying Ng-Perron and Zivot-Andrews unit root tests (to determine the integrating orders of variables) and Autoregressive Distributed Lag (ARDL) bounds testing approach to co-integration to examine the long run relationship between variables. The study used annual time series data; while economic growth, inflation, financial development, foreign direct investment (FDI) and trade openness were the macroeconomic variables used in the study. Data on stock market development (SMD) was obtained from Datastream whereas the world development indicators (WDI) (compiled by the World Bank) was used to collect data for all explanatory variables. Results confirmed co-integration among variables and exhibited significant positive impact of economic growth and banking sector development on stock market development and negative effect of inflation, foreign direct investment and trade openness on it in the long run. At the same time, the short run results showed a significant relationship between economic growth, inflation and foreign direct investment with stock market development.

Effendi, Khoirudin and Kurniawan (2022) examined the effect of corruption and public governance on the economic performance of Asia Pacific countries for the period 2004- 2020. They utilized quantitative data and the data were obtained from the World Bank and Transparency International databases. The study applied quantitative analysis by regressing panel data as an approach. The results showed that corruption perception index, regulatory quality, and political stability have positive effects on the economy respectively. It was different with population growth which had a negative effect on the economy. Meanwhile, participation and accountability did not have a significant effect on the economy.

Nketia, Kong, Korankye and Ampon-Wireko (2022) concentrated on the impact of institutional

quality, income inequality and foreign aid on inclusive growth in 48 countries in Africa spanning 2002 to 2018. The AK model was employed as the study's fundamental model. The study further considered a model based on the AK model, with modifications of the growth model that ruminates fixed effect. The study used all the six World Governance Indicators as the institutional quality indicators; for inequality, the study used the standardized world income inequality database. The study employed the generalized method of moments (GMM) for dynamic panel model estimation. It was as such revealed that income inequality mostly has a negative influence on inclusive growth. All institutional quality indicators except government effectiveness positively influenced inclusive growth.

Javaheri, Habibi and Amani (2022) investigated the impact of economic policy uncertainty and economic factors on stock market index in the United States of America using Non-ARDL and Quantile models. This study empirically used time series variables consisting of annual data from 1990 to 2019. The variables included stock market traded(current US$), GDP (constant 2010 US$), inflation rate(annual %), interest rate, unemployment rate (percentage of the total labor force), government debt (% of GDP) and real effective exchange rate index; which were obtained from the World Bank, while economic policy uncertainty index was obtained from the Economic Policy Uncertainty Index' web site. The findings revealed that declining economic and economic-political factors increases stock market index in the United States. The results indicated that the effect of inflation and GDP variables follows a nonlinear pattern. Similar results using quantitative regression showed asymmetric impacts of inflation and GDP on stock market transactions.

Fagbemi, Adeosun and Bello (2021) examined the possible long-run and short-run impact of regulatory quality on stock market performance in Nigeria for the period 1996 to 2019. Adopting a multiple regression model, market capitalization ratio and value trade ratio were used to represent stock market performance. The study adopted autoregressive distributed lag (ARDL) bounds test and co-integrating regression techniques. Findings revealed that regulatory quality positively and significantly influences the performance of stock market, which strengthens the view that market-enhancing governance can engender an improvement in stock market performance.

Yakubu, Kapusuzoglu and Ceylan (2021) examined the nexus between institutional quality and stock market development in Ghana. The study employed quarterly data over the period 1995Q1 – 2015Q4 using a composite index of stock market development. These data were on stock market development, institutional quality, banking sector development, income level, foreign direct investment, and inflation. Data were collected from the World Bank and the International Country Risk Guide. The ARDL bounds testing method was applied to examine the long and short-run relationship between institutional quality and the control factors on stock market development. The results posited a significant short and long-run effect of institutional quality on stock market development. Controlling for macroeconomic factors, a long-term significant impact of foreign direct investment inflows, banking sector growth, and income level on the growth of Ghana's stock market was observed.

Yusuf, Salaudeen and Agbonrofo (2021) examined the effect of social and economic indicators on stock market performance in Nigeria between 1981 and 2019. The study as such used two models whereby social factors such as poverty rate, population density and life expectancy rate were captured in the first model; while economic drivers were captured with exchange rate, inflation rate and interest rate in the second model. However, stock market performance was proxied with stock market capitalization. Secondary data on social and economic indicators were sourced from the statistical bulletins of the Central Bank of Nigeria (CBN, 2020) and the World Development Indicators (WDI, 2020). The Ordinary Least Squares (OLS) technique was utilized for data analyses. Findings from the study showed that regarding the economic drivers, interest rate, exchange rate, and inflation rate negatively impact the stock market while only income exerts a positive impact. However, both income and interest rate were significant economic drivers of stock performance. Regarding social drivers, life expectancy, poverty and population exert a positive impact on stock performance. Similarly, both life expectancy and population are significant social drivers of stock market performance in Nigeria.

Imran, Ejaz, Spulbar, Birau and Nethravathi (2020) measured the impact of governance quality on stock market performance in developed countries by utilizing annual stock returns and country level governance indicators for 25 developed countries from 1996 to 2018. Voice, effectiveness, political stability and avoidance of violence, regulatory quality, rule of law, and control over corruption were the governance indicators used while the control variable were oil prices, trading volume and inflation. They adopted estimation technique to obtain sign and significance of betas, and correlation analysis to ascertain the strength of the relationship between variables. From the results, the fixed effect estimation suggested that stock market performance and governance indicators share a positive relationship.

Modugu and Dempere (2020) examined the association between governance quality at country level and stock market performance in GCC countries for the period 2006 to 2017. Specifically, the study investigated the influence of control of corruption, government effectiveness, political stability and absence of violence, rule of law, regulatory quality, and voice and accountability on all-share index of the stock markets of the six Gulf Cooperation Council (GCC) countries, which are Saudi Arabia, United Arabs Emirates, Bahrain, Kuwait, Oman and Qatar. The data used were collected from the World Bank Development Indicators for the GCC countries and the World Bank Governance Index (WGI) for the six selected countries. Adopting the Indirect Least Square (ILS) method of regression analysis, the findings showed that political stability and absence of violence and rule of law exhibit a significant positive impact on stock market performance, while regulatory quality and voice and accountability have a significant, but negative relationship with stock market performance.

Abu, Olalekan and Adekunle (2019) studied the impact of institutional factors on stock markets in Sub-Saharan African Countries. They used six most capitalized and oldest stock exchanges as representative sample for the period 1996 to 2016, and estimated with static and dynamic panel regression analysis of pooled OLS (Ordinary Least Square), fixed effects, random effects and Generalized Methods of Moments (GMM) in which insightful outcomes emanates. The models specified used a balanced panel of six SSA countries. Findings provided evidence that

institutional factors of governance effectiveness, regulatory quality, and voice and accountability have significant impact on market capitalization by theoretical priors and statistical levels of significance. Their findings from the sample demonstrated the importance of institutional factors on market capitalization of sub-Saharan African countries.

Umar and Nayan (2018) investigated the impact of regulatory quality on African stock market development by employing pooled mean group model for the sample period of 1996-2016. The study obtained data from World Development Indicators (WDI) databank of 2016, World governance indicators (WGI) database (2016) and Financial Development and Structure database. The annual sample of the data for 12 African countries was from 1996 to 2016 and this gave 252 observations. Market capitalization was used as the proxy of stock market development while regulatory quality was the explanatory variable. The study controlled for gross domestic product (GDP), interest rates, exchange rates (ERs) and structural break. A dummy variable of 1 stood for break dates and 0 for the pre-crisis period to capture the impact of structural change on African stock markets. Findings suggested that quality regulation has a positive impact on stock market development in Africa.

Literature Gap

This study stands out in the sense that it was structured in line with the efficient market hypothesis (EMH) and the institutional theory of governance; thereby promoting the importance of these two theories in terms of governance quality and capital market performance. This study stands out as well in terms of its currency as it is likely to be one of the foremost in the current year in Nigeria. This is because related studies observed have shortcomings in terms of the variables considered.

METHODOLOGY

Quasi-experimental research design was adopted in this study. This is because of the need to establish the cause-effect relationship between governance and market capitalization in Nigeria. This study used only secondary data. These data, which were on voice and accountability, political stability, government effectiveness and market capitalization, were collected from the World Bank (Worldwide Governance Indicators) and Central Bank of Nigeria (CBN) statistical bulletin, Vol. 31.

Data Analysis Tools

Descriptive Analysis
This was used to describe the original data collected for the study. This covered the following descriptive statistics: mean median, standard deviation, maximum value, minimum value, kurtosis, and skewness of the variables.

Unit Root Test
This test was performed on the time series data generated using Augmented Dickey Fuller (ADF) test criterion. Given that times series data tend to have stationarity problem, it was necessary to carry out this test. Thus, this test was conducted in order to determine the most suitable analytical

tool for the study in order to avoid having misleading (spurious) results at the end of the day. ***Decision Rule:*** Accept H_0 (null hypothesis) and reject H_1 (alternative hypothesis) if the absolute value of ADF test statistic is less than the absolute critical value at 5% level; otherwise, reject H_0 and accept H_1.

ARDL Estimation

The ARDL (Autoregressive Distributed Lag) model, which is often used to analyse dynamic relationships with time series data in a single-equation framework, was chosen for this work. This is because of its numerous benefits over other techniques. According to Pesaran, Shin and Smith (2001), these advantages are efficiency in small samples analysis, a combination of linear variables with diverse orders of integration of I(0) and I(1), and the fact that it is less prone to autocorrelation. This as such helped us to obtain short and long run estimates of our model.

Co-integration Test

Bounds test approach to co-integration was adopted to examine if long run relationship exists among the underlying variables. In this procedure, the null hypothesis of no co-integration was tested against the alternative hypothesis of co-integration with the application of F-test.

Decision Rule: If F-statistic is greater than the upper critical bound (UCB) value, reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1); and vice versa.

Error Correction Model (ECM)

The ECM is a unique model which assisted us in determining the ability of our model to restore equilibrium in the event of any distortion to the established equilibrium relationship between governance and market capitalization of the Nigerian capital market in the long run.

Model Specification

The model adopted for this study is functionally given as:

$$MCAP = F (VOA, POL, GOE) \qquad \text{…………………………………….} 1$$

Where:

MCAP = Market Capitalization
VOA = Voice and Accountability
POL   = Political Stability
GOE = Government Effectiveness

Equation 1, which is the functional model, can further be expressed as:

$$MCAP = B_0 + B_1 VOA + B_2 POL + B_3 GOE + e \qquad \text{………………………..} 2$$

Where:

B_0 =   Constant term
B_i =   Model Slopes
B_i = B_1, B_2 and B_3
e =   Stochastic Variable

A Priori Expectation

B_1, B_2 and $B_3 > 0$; this implies that we expected a positive relationship between Voice and

Accountability, Political Stability, Government Effectiveness and Market Capitalization in the Nigerian capital market.

ANALYSIS AND INTERPRETATION OF RESULTS

Graphical Presentation of Logged Data
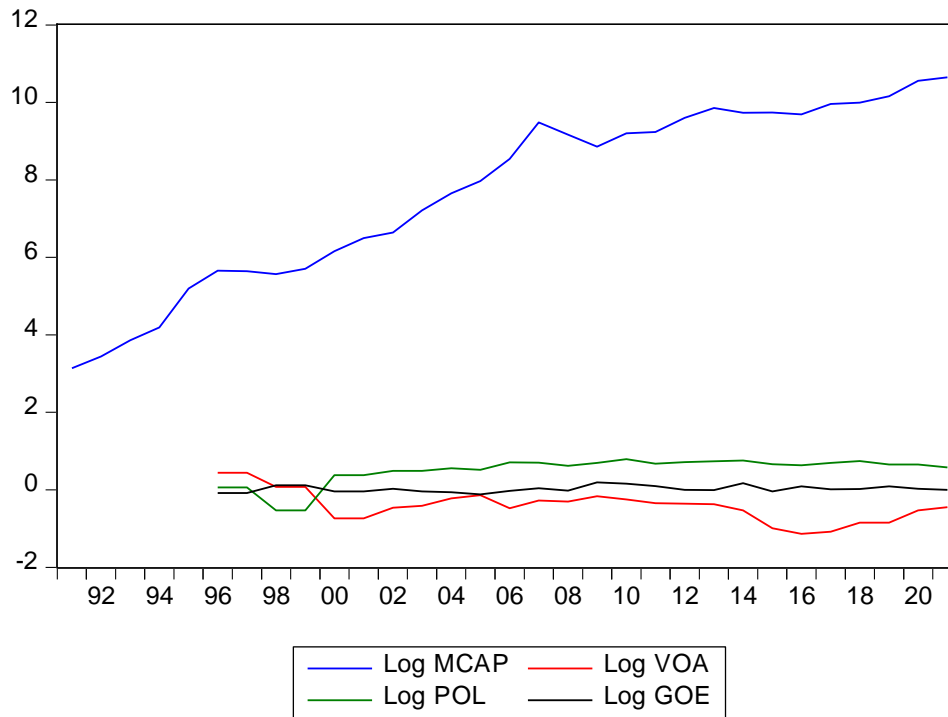
The graph above summarizes the data with the log values of MCAP being far greater than the log values of voice and accountability, political stability and government effectiveness. The graph also shows that in 1996, the logged value of voice and accountability exceeded the other governance variable but after 2000, the log value of political stability exceeded voice and accountability and governance effectiveness.

Data Analysis and Interpretation of Results
Table 1: Descriptive Test Result

	MCAP	VOA	POL	GOE
Mean	11461.60	0.720769	1.721538	1.025769
Median	9740.590	0.675000	1.900000	1.005000
Maximum	42054.50	1.550000	2.210000	1.210000
Minimum	262.6000	0.320000	0.590000	0.890000
Std. Dev.	11693.87	0.313814	0.444483	0.086495
Skewness	1.079887	1.310076	-1.417362	0.586688
Kurtosis	3.596150	4.562163	4.095320	2.430423

Jarque-Bera	5.438349	10.08101	10.00500	1.842999
Probability	0.065929	0.006470	0.006721	0.397922
Sum	298001.6	18.74000	44.76000	26.67000
Sum Sq. Dev.	3.42E+09	2.461985	4.939138	0.187035
Observations	26	26	26	26

Sources: E-Views Output

The table above contains the data characteristics of the variables used in this study. The table as such contains the mean, median, maximum value, minimum value, standard deviation, skewness and kurtosis of the variables: MCAP, VOA, POL and GOE from 1991 – 2021. Accordingly, all these variables except POL were positively skewed. Also, all variables had their kurtosis coefficient being greater than zero, which indicates that they are all leptokurtic. Jarque-Bera statistic shows that all the variables are normally distributed with their p-values being greater than 0.05.

Table 2: Unit Root Test Result

Variable	ADF Statistic	5% Critical Value	Probability (P)-Value	Decision
MCAP	-4.224953	-2.967767	0.0026	I(1)
VOA	-4.462236	-2.991878	0.0019	I(1)
POL	-3.944400	-3.029970	0.0079	I(1)
GOE	-4.031822	-2.986225	0.0049	I(0)

Sources: Researcher's Desk

Table 1 showed that the variables MCAP, VOA and POL were stationary at first difference I(1) while the GOE was stationary at level I(0). This explains why the ARDL technique was adopted in this study.

Table 3: ARDL Short Run Estimations

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
MCAP(-1)	1.261446	0.095404	13.22214	0.0057
MCAP(-2)	-0.455136	0.103717	-4.388232	0.0482
MCAP(-3)	-0.062097	0.129853	-0.478214	0.6797
MCAP(-4)	0.234179	0.078733	2.974362	0.0969
VOA	-0.245274	0.126162	-1.944116	0.1913
VOA(-1)	-0.504332	0.090550	-5.569647	0.0308
VOA(-2)	0.849851	0.119603	7.105587	0.0192
VOA(-3)	0.198167	0.160094	1.237817	0.3414
VOA(-4)	-1.044565	0.176496	-5.918352	0.0274
POL	4.514753	0.404382	11.16458	0.0079
POL(-1)	-0.030677	0.175265	-0.175034	0.8772
POL(-2)	-1.202861	0.208417	-5.771424	0.0287
POL(-3)	0.976783	0.178233	5.480375	0.0317
POL(-4)	-1.794099	0.123276	-14.55351	0.0047

GOE	-0.987836	0.389012	-2.539346	0.1263
GOE(-1)	-0.010493	0.418818	-0.025053	0.9823
GOE(-2)	-0.294860	0.492550	-0.598639	0.6102
GOE(-3)	0.500483	0.218404	2.291541	0.1490
GOE(-4)	-0.635958	0.236616	-2.687728	0.1150
C	-1.644416	0.300034	-5.480756	0.0317
R-squared	0.999903	Mean dependent var		8.935204
Adjusted R-squared	0.998984	S.D. dependent var		1.336961
S.E. of regression	0.042612	Akaike info criterion		-4.053072
Sum squared resid	0.003632	Schwarz criterion		-3.061216
Log likelihood	64.58380	Hannan-Quinn criter.		-3.819421
F-statistic	1087.917	Durbin-Watson stat		3.587649
Prob(F-statistic)	0.000919			

Sources: E-Views Output

From results of our short run estimates, it was revealed that voice and accountability (VOA) and government effectiveness (GOE) have negative effects on market capitalization while political stability (POL) has a positive effect on market capitalization in the Nigerian capital market. It also shows that these governance variables have a combined effect of 99.8% on market capitalization.

Table 4: ARDL Long Run Estimations

Conditional Error Correction Regression				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.644416	0.300034	-5.480756	0.0317
MCAP(-1)*	-0.021608	0.066897	-0.323005	0.7773
VOA(-1)	-0.746152	0.257851	-2.893736	0.1016
POL(-1)	2.463899	0.390859	6.303803	0.0243
GOE(-1)	-1.428664	1.442084	-0.990694	0.4262
D(MCAP(-1))	0.283054	0.134879	2.098580	0.1707
D(MCAP(-2))	-0.172082	0.172151	-0.999600	0.4228
D(MCAP(-3))	-0.234179	0.078733	-2.974362	0.0969
D(VOA)	-0.245274	0.126162	-1.944116	0.1913
D(VOA(-1))	-0.003453	0.127481	-0.027086	0.9809
D(VOA(-2))	0.846398	0.080225	10.55032	0.0089
D(VOA(-3))	1.044565	0.176496	5.918352	0.0274
D(POL)	4.514753	0.404382	11.16458	0.0079
D(POL(-1))	2.020177	0.190355	10.61271	0.0088
D(POL(-2))	0.817316	0.174612	4.680762	0.0427
D(POL(-3))	1.794099	0.123276	14.55351	0.0047
D(GOE)	-0.987836	0.389012	-2.539346	0.1263
D(GOE(-1))	0.430335	0.715163	0.601730	0.6085
D(GOE(-2))	0.135475	0.312137	0.434025	0.7066
D(GOE(-3))	0.635958	0.236616	2.687728	0.1150

* p-value incompatible with t-Bounds distribution.

<div align="center">Levels Equation</div>
<div align="center">Case 2: Restricted Constant and No Trend</div>

Variable	Coefficient	Std. Error	t-Statistic	Prob.
VOA	-34.53136	96.23756	-0.358814	0.7541
POL	114.0274	338.9873	0.336376	0.7686
GOE	-66.11746	267.0433	-0.247591	0.8275
C	-76.10229	244.7487	-0.310941	0.7853

EC = MCAP - (-34.5314*VOA + 114.0274*POL -66.1175*GOE -76.1023)

Sources: E-Views Output

Just like the short run estimates, the long run results shows that POL has a positive effect on market capitalization while VOA and GOE have negative effects on market capitalization in the Nigerian capital market.

Table 5: ARDL Bounds Co-integration Test

F-Bounds Test				Null Hypothesis: No levels relationship
Test Statistic	Value	Signif.	I(0)	I(1)
		Asymptotic: n=1000		
F-statistic	54.78094	10%	2.37	3.2
k	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66
Actual Sample Size	22	Finite Sample: n=35		
		10%	2.618	3.532
		5%	3.164	4.194
		1%	4.428	5.816
		Finite Sample: n=30		
		10%	2.676	3.586
		5%	3.272	4.306
		1%	4.614	5.966

Sources: E-Views Output

Bounds test results revealed that there is a long run relationship between governance and market capitalization of the Nigerian capital market. This is because the value of F-statistic (54.78094) is greater than the upper bound value (3.67) at 5% level of significance.
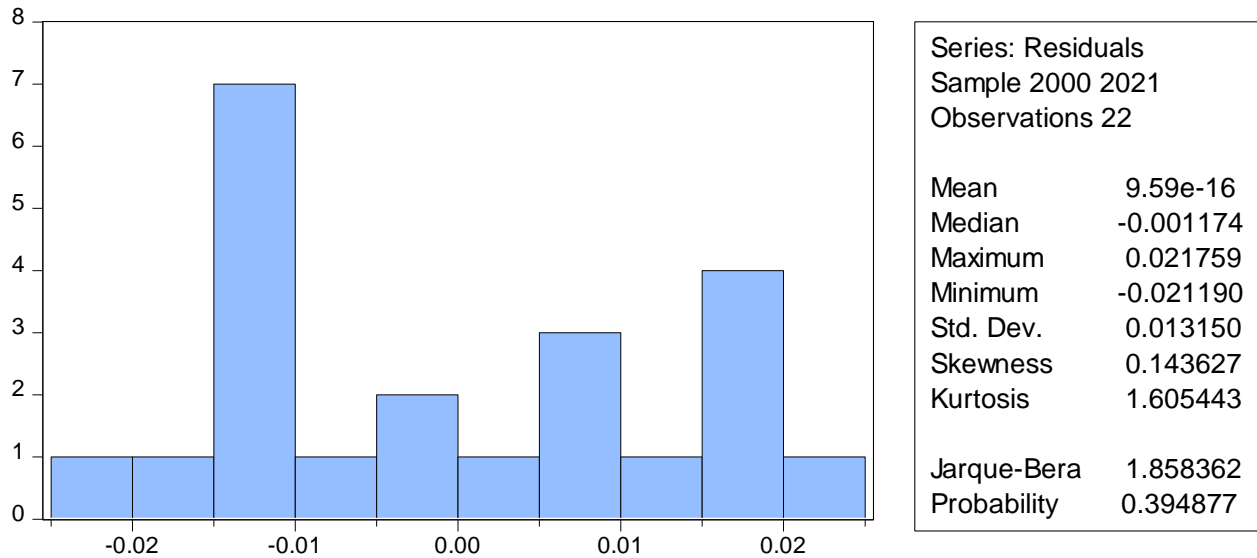
Table 6: ARDL ECM Estimation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
	ECM Regression			
	Case 2: Restricted Constant and No Trend			
D(MCAP(-1)	0.283054	0.029300	9.660437	0.0105
D(MCAP(-2))	-0.172082	0.025918	-6.639372	0.0219
D(MCAP(-3))	-0.234179	0.026204	-8.936725	0.0123
D(VOA)	-0.245274	0.034806	-7.046949	0.0195
D(VOA(-1))	-0.003453	0.036525	-0.094537	0.9333
D(VOA(-2))	0.846398	0.032585	25.97486	0.0015
D(VOA(-3))	1.044565	0.048990	21.32184	0.0022
D(POL)	4.514753	0.123261	36.62769	0.0007
D(POL(-1))	2.020177	0.082497	24.48797	0.0017
D(POL(-2))	0.817316	0.040809	20.02806	0.0025
D(POL(-3))	1.794099	0.050162	35.76582	0.0008
D(GOE)	-0.987836	0.084678	-11.66575	0.0073
D(GOE(-1))	0.430335	0.092104	4.672273	0.0429
D(GOE(-2))	0.135475	0.092831	1.459372	0.2819
D(GOE(-3))	0.635958	0.079531	7.996369	0.0153
CointEq(-1)*	-0.021608	0.000754	-28.66556	0.0012
R-squared	0.998061	Mean dependent var		0.224679
Adjusted R-squared	0.993212	S.D. dependent var		0.298615
S.E. of regression	0.024602	Akaike info criterion		-4.416709
Sum squared resid	0.003632	Schwarz criterion		-3.623223
Log likelihood	64.58380	Hannan-Quinn criter.		-4.229787
Durbin-Watson stat	3.587649			

Sources: E-Views Output

ECM estimation result shows that the coefficient of the cointegrating equation is -0.021608 with a probability value of 0.0012. These are the desired signs of an ECM co-integrating equation, which implies that in an event of any distortion in the relationship between governance and market capitalization, the rate at which equilibrium can be restored by governance is about 2.16 percent annually.

Diagnostics Tests
Normality Test

		Series: Residuals Sample 2000 2021 Observations 22	
		Mean	9.59e-16
		Median	-0.001174
		Maximum	0.021759
		Minimum	-0.021190
		Std. Dev.	0.013150
		Skewness	0.143627
		Kurtosis	1.605443
		Jarque-Bera	1.858362
		Probability	0.394877

Sources: E-Views Output

Since the probability value of Jarque-Bera statistic (0.394877) is greater than 0.05, it implies that the errors of our model are normally distributed. In other words, the errors mirror a normal distribution.

Table 7: Autocorrelation Test

Autocorrelation	Partial Correlation		AC	PAC	Q-Stat	Prob*
. |* . |	. |* . |	1	0.195	0.195	0.9600	0.327
.**| . |	.**| . |	2	-0.250	-0.299	2.6036	0.272
.**| . |	. *| . |	3	-0.252	-0.149	4.3675	0.224
.**| . |	.**| . |	4	-0.283	-0.311	6.7117	0.152
. | . |	. | . |	5	-0.012	-0.016	6.7165	0.243
. |**. |	. | . |	6	0.243	0.067	8.6672	0.193
. |**. |	. |* . |	7	0.218	0.078	10.343	0.170
. | . |	. *| . |	8	-0.027	-0.083	10.370	0.240
. | . |	. |* . |	9	0.008	0.179	10.373	0.321
. *| . |	. | . |	10	-0.084	-0.028	10.680	0.383
. | . |	. |* . |	11	-0.062	0.095	10.867	0.454
. | . |	. *| . |	12	-0.040	-0.122	10.953	0.533

Sources: E-Views Output

Given that the probability values of Q-statistic are greater than 0.05, it signifies that there is no presence of autocorrelation in our model. In other words, the error for one observation does not affect that of another observation.

Table 8: Heteroskedasticity Test
Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.517279	Prob. F(19,2)	0.8279
Obs*R-squared	18.28011	Prob. Chi-Square(19)	0.5038
Scaled explained SS	0.045734	Prob. Chi-Square(19)	1.0000

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 08/09/23   Time: 08:21
Sample: 2000 2021
Included observations: 22

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.000129	0.001233	0.104776	0.9261
MCAP(-1)	0.000721	0.000392	1.838055	0.2074
MCAP(-2)	-0.000235	0.000426	-0.551466	0.6367
MCAP(-3)	-0.000140	0.000534	-0.261716	0.8180
MCAP(-4)	-0.000490	0.000324	-1.512830	0.2695
VOA	-0.000397	0.000519	-0.766130	0.5237
VOA(-1)	-0.000388	0.000372	-1.041849	0.4069
VOA(-2)	0.000522	0.000492	1.062202	0.3994
VOA(-3)	-0.000177	0.000658	-0.268867	0.8132
VOA(-4)	-0.000464	0.000726	-0.639729	0.5879
POL	0.000608	0.001662	0.365966	0.7495
POL(-1)	-0.000358	0.000720	-0.497149	0.6684
POL(-2)	-4.94E-05	0.000857	-0.057631	0.9593
POL(-3)	0.000435	0.000733	0.594262	0.6126
POL(-4)	-0.000197	0.000507	-0.389325	0.7346
GOE	0.001383	0.001599	0.865017	0.4782
GOE(-1)	0.002191	0.001722	1.272736	0.3311
GOE(-2)	0.001280	0.002025	0.632167	0.5919
GOE(-3)	0.001659	0.000898	1.848215	0.2058
GOE(-4)	0.000761	0.000973	0.782151	0.5160

R-squared	0.830914	Mean dependent var	0.000165
Adjusted R-squared	-0.775403	S.D. dependent var	0.000131
S.E. of regression	0.000175	Akaike info criterion	-15.04135
Sum squared resid	6.14E-08	Schwarz criterion	-14.04949
Log likelihood	185.4548	Hannan-Quinn criter.	-14.80769
F-statistic	0.517279	Durbin-Watson stat	2.615954
Prob(F-statistic)	0.827899		

Sources: E-Views Output

With the probability value of F-statistic (0.8279) being greater than 5% (0.05), it follows that there is no presence of heteroscedasticity in the model. This implies that the variances of the errors are constant as expected.

Discussion of Findings

In examining the relationship between governance and market capitalization in the Nigerian capital market, it was observed that voice and accountability have a negative insignificant effect on market capitalization in Nigeria which fell short of what Sanga and Aziakpono (2023), and Almustafa (2022) reported. This study nonetheless expected that voice and accountability, which is a major governance indicator, should have a positive effect on market capitalization in Nigeria. This is because if the citizens of a country are able to fully participate in selecting their government, have unhindered freedom of expression, freedom of association, and a free media, the quality of governance in such a country is expected to be very high, which ordinarily should boost investors' confidence and enhance the performance (market capitalization) of her capital market. However, the observed negative outcome of the relationship between governance and market capitalization is a pointer that market capitalization of the Nigerian capital market is a function of other variables outside governance quality. Thus, this unexpected result may be as a result of the poor institutional framework of the Nigerian capital market which has its nucleus tied to poor governance quality.

Secondly, political stability which measures the likelihood of political instability and/or politically-motivated violence, including terrorism, has positively and significantly affected market capitalization in Nigeria as also reported by the likes of Khan, Munir, Abbas and Umar (2022) and Sanga and Aziakpono (2023). This result aligns with our a priori expectation ($B_2 > 0$) because it is on record that investments tend to flow away from environments where there is instability, uncertainty and insecurity. Put differently, political stability is an incentive that attracts investments both within and outside the shores of a country, and when the volume of investment shoots-up, it is expected that market capitalization, a measure of capital market performance that talks about the size or capital base of the market, should increase. In addition, when the political environment is stable, investors are guaranteed that their investments are secured and they cannot lose the value of their investment as a result other forms of instability (exchange rate and price instability) which are tied to political stability.

Thirdly, there is a negative and insignificant nexus between government effectiveness and market capitalization in Nigeria; though a positive and significant nexus was expected. Government effectiveness, which reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of government's commitment to such policies, is also expected to increase the volume of investments in the capital market by boosting the confidence of investors. This also is expected to have a direct effect on the market capitalization of the capital market as portfolio investors are so concerned about the value of

their investments in the long term.

Finally, voice and accountability, political stability and government effectiveness have a combined significant effect of about 99.8% on market capitalization in the Nigerian capital market in the short run. However, there is also a long run relationship between these variable but in an event of any distortion, the speed at which these governance related variables can restore equilibrium to the relationship is about 2.16% per annum.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The focus of this study was to examine the relationship between governance and market capitalization in the Nigerian capital market for the period 1991 to 2021. Governance was examined from the dimensions of voice and accountability, political stability and governance effectiveness. Hence the specific objectives of the study were to determine the effects of these dimensions of governance on market capitalization in Nigeria. This led to the formulation of three research questions and hypotheses respectively. Data on voice and accountability, political stability and governance effectiveness were collected from the World Bank (online) while data on market capitalization was sourced from Central Bank of Nigeria (CBN) statistical bulletin (2021 edition). These collected data, with the aid of E-views package, were subjected to descriptive analysis, unit root test, ARDL estimations, bounds co-integration test and diagnostic tests. Majorly, results revealed that political stability has a significant positive effect on market capitalization while voice and accountability and governance effectiveness have negative insignificant effects on market capitalization in the short term. It was also revealed that governance has a long-run equilibrium relationship with market capitalization but the speed of adjustment in the long run in the event of disequilibrium is about 2.16% per annum. Diagnostic test results showed no presence of autocorrelation and heteroscedasticity while the errors were normally distributed.

Given that only one of the three considered governance attributes had a significant effect on the dependent variable, market capitalization, it was concluded that governance has an insignificant relationship with market capitalization in the Nigerian capital market, Our position further suggested that there are other factors, outside governance, that significantly affect the performance of the Nigerian capital market.

Recommendations

1. Existing law enforcement agencies should be strengthened further with clear cut mandates to ensure that public office holders who goof in the line of duty are made to pay dearly for it, as such enhancing accountability.

2. Professionalism should be enthroned in the Nigerian public sector as this will go a long way in reducing the high incidences of corruption, nepotism and mediocrity in the system

today.

3. At a time where blue chip companies are leaving the shores of the country, it is exigent that, at all cost, the government of the day promotes political stability as it will go a long way in arresting the negative trend and as well attract more investments into the country.

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