

STOCK MARKET DEVELOPMENT AND PERFORMANCE OF THE MANUFACTURING SECTOR: EVIDENCE FROM NIGERIA

AIGBODIOH, Cyprian Oshiokpekai, PhD

Department of Banking and Finance,
Igbinedion University, Okada, Edo State, Nigeria
aigbodioh123@gmail.com

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Abstract

This study investigates the relationship between stock market development and the performance of Nigeria's manufacturing sector from 1985 to 2023. Stock market development is measured using total new issues (TNI), the number of listed securities (NLS), and the all-share index (ASI), while manufacturing value added (as a percentage of GDP) serves as a proxy for manufacturing performance. The analysis draws on secondary data obtained from the Central Bank of Nigeria Statistical Bulletins, the Securities and Exchange Commission, and the World Bank. Using the Johansen and Jeselius cointegration framework, complemented by the Dickey-Fuller, Phillips-Perron, and Kwiatkowski-Phillips-Schmidt-Shin unit root tests, as well as a Vector Error Correction Model (VECM). The study finds that NLS exerts a positive and significant long-run effect on manufacturing performance, while TNI shows a limited but positive short-run impact. The ASI demonstrates a positive short-run effect but a negative and non-significant long-run influence. These results indicate that stock market indicators, except the ASI, play a meaningful role in shaping manufacturing sector performance in Nigeria. The study recommends policies aimed at strengthening manufacturing sector growth, enhancing savings mobilization and investment, and improving macroeconomic and financial management to reinforce the linkage between stock market development and manufacturing sector performance.

Keywords: manufacturing sector, performance, stock market development, vector error correction model.

1.0 Introduction

The Nigerian Exchange Group Ltd has undergone significant changes since its establishment, navigating various structural, policy, and macroeconomic challenges. As a key component of the financial sector, the stock market mobilizes and allocates long-term funds essential for economic growth. Despite its regulatory intensity, scholars argue that the Nigerian capital market has not performed optimally in supporting industrial and manufacturing development, as it continues to fall short in providing the stable and affordable financing required for productive investment (Osaze, 2007; Sanusi, 2010; Kwode & Buzugbe, 2015; Emefiele, 2021). Although market indicators show growth over time, empirical evidence suggests that the impact of this growth on the manufacturing sector remains weak (Al-Faki, 2006; Sanusi, 2010; Onwumere et al., 2023).

Manufacturing and stock market development are mutually reinforcing (Ho & Njindan, 2017). A vibrant manufacturing sector expands the base of listed firms, increases market depth, and enhances capital formation. However, Nigeria's manufacturing sector has struggled due to capital constraints, weak competitiveness, and decades of policy neglect arising from over-reliance on crude oil, which accounts for more than 95% of export earnings (Ministry of Budget & National Planning, 2017; Kale et al., 2023). Consequently, the sector contributes marginally to GDP-averaging about 10% in recent decades-well below the performance of peer emerging economies (NBS, 2021). Persistent structural weaknesses, including heavy import dependence, limited access to long-term credit, high interest rates, infrastructural deficits, exchange-rate volatility, insecurity, and policy inconsistencies, continue to undermine the sector (Banjoko et al., 2012; Ehi-Uujamhan, 2022; Kale et al., 2023). These constraints have led to firm closures, relocation of industries, job losses, rising poverty, and diminished industrial output. The repercussions extend to the capital market, where delisting, reduced trading activity, and stagnant market capitalization reflect broader economic fragility.

Although successive governments have introduced reforms, ranging from the Nigerian Enterprises Promotion Decrees and Structural Adjustment Programmes to recent interventions such as the Anchor Borrowers' Programme, NIRP, and Ease of Doing Business yet the manufacturing sector has not recorded substantial or sustained improvement (Anyanwu, 2000; Nwanisobi, 2021). The weak performance of the sector also limits forward and backward linkages with other industries, thereby constraining broader economic development (Veugelers, 2013; Westkamper, 2014). The persistent scarcity of long-term financing remains a central challenge and continues to hinder the sector's ability to expand, innovate, and compete globally. Given the inconsistencies in existing empirical findings and the critical role of manufacturing in structural transformation, further investigation is necessary. This study, therefore, examines stock market development and its relationship with manufacturing sector performance in Nigeria.

The specific objectives of the study were to:

1. Determine the effect of the number of listed securities on the performance of the manufacturing sector in Nigeria.
2. Examine the effect of total new issues on the performance of the manufacturing sector in Nigeria.
3. Measure the effect of all share index on the performance of the manufacturing sector in Nigeria.

2.0 Literature Review

The stock market is a critical mechanism for mobilizing funds from surplus units and channeling them to deficit sectors, thereby supporting capital accumulation and productive investment (Chou, 2007). It provides the long-term financing required for firm start-ups, expansion, innovation, and restructuring, making it central to industrial growth and overall economic development (Al-Faki, 2006; Ogbolu, 2009; Ogege & Ezike, 2012; Hayes, 2021). By mobilizing domestic savings and attracting foreign capital, the stock market enhances the pool of investible resources available for long-term productive ventures (Osaze, 2000; WEF, 2016). Stock market development refers to both the actual and potential contribution of the stock market to economic performance (World Bank, 2020). In emerging economies such as Nigeria, it constitutes an essential driver of industrial transformation. Although the Nigerian exchange group has grown alongside the economy but it remains predominantly equity-driven, with banking sector equities accounting for the largest share of market capitalization (Edame & Okoro, 2013; Abina & Lemea, 2019; Adekoya & Ekpo, 2023).

In the context of industrial activity, the International Standard Industrial Classification (ISIC) defines manufacturing as the physical or chemical transformation of materials into new products (UN, 2008). Manufacturing industries, therefore, encompass firms engaged in value addition through the processing, conversion, or fabrication of raw materials into goods for use or sale (Banjoko et al., 2012; Kenton, 2021; Infor, 2024). This value-creating process stimulates income generation, productivity, and structural transformation (Mbelede, 2012). Manufacturing plays a pivotal role in economic development by generating a critical mass of discretionary income, which stimulates demand, encourages product diversification, and fuels a virtuous cycle of innovation, productivity growth, job creation, and poverty reduction (Saviotti & Pyka, 2013; UNIDO, 2017). Assessing the performance of the sector, therefore, requires indicators that capture both productive capacity and value addition.

Capacity utilization provides insight into the extent to which a firm or economy uses its available production resources at any given time (CFI, 2024). Manufacturing sector performance can thus be viewed as the relationship between actual output and potential output based on available and unutilized resources. Manufacturing Value Added (MVA), meanwhile, measures the net output of manufacturing activities by subtracting intermediate inputs from total output (UNIDO, 2014; Adebajo, 2019). It reflects the degree of industrial development more accurately than aggregate GDP because it highlights the sectoral contribution to economic performance. By capturing the difference between the value of manufactured goods and the cost of inputs, MVA serves as a key indicator of industrial productivity, competitiveness, and structural transformation. It provides policymakers, firms, and development institutions with essential information for designing strategies to strengthen the manufacturing sector and promote sustainable economic growth.

Theoretical Framework

A developed stock market enhances the availability of investable funds and strengthens investor confidence. Within this framework, the Capital Asset Pricing Model (CAPM) explains the relationship between the required rate of return and the risk borne by investors by linking an asset's beta (β), the risk-free rate, and the equity risk premium (Kenton, 2022). The model underscores how diversification enables investors to manage risk effectively. Furthermore, the neoclassical growth model developed by Solow and Swan (1956) explains economic output based on capital accumulation, labour, and technological progress. The model posits that savings determine investment, a position that contrasts with Keynesian views (Kenton, 2023). It emphasizes that market equilibrium and full employment growth should be central to economic policy (Bencivenga & Smith, 1991; Levine & Zervos, 1996; Caporale, Howells, & Soliman, 2004; Liberto, 2020). Complementing this, endogenous growth theory highlights the roles of innovation, human capital, and financial development in sustaining long-run growth. Together, these theoretical perspectives suggest that stock market development through capital mobilization, improved savings allocation, and risk diversification supports productive investment, particularly in manufacturing, thereby fostering long-term economic growth (Onwumere et al., 2023).

The analytical framework for this study is anchored on the endogenous growth model. The model posits that economic growth and sectoral performance arise from internal factors such as capital accumulation, labour input, and technological progress. This relationship is expressed as:

$$Y = F(K, L, T) \dots \dots \dots (2.1)$$

where Y represents total output, and F captures the contributions of capital (K), labour (L), and technology (T). Extending this framework to the context of the Nigerian economy, stock market development is viewed as a mechanism through which capital is mobilised and allocated efficiently. Accordingly, the key stock market indicators-number of listed securities (NLS), total new issues (TNI), and the all-share index (ASI)-are incorporated into the model to reflect the capital formation and financial deepening channels that influence the performance of the manufacturing sector. Manufacturing value added (MVA), a percentage of GDP, is used as the proxy for sectorial performance.

H₀₁: The number of listed securities (NLS) has a significant effect on the performance of the manufacturing value added (MVA) in Nigeria.

Thus, an increase in NLS may translate into greater access to long-term financing for manufacturing firms, either directly (through equity issuance) or indirectly (through improved investor confidence). This can support capital acquisition, technological upgrading, and operational expansion within the manufacturing sector. Consequently, NLS is expected to exert a measurable influence-positive or otherwise, on MVA.

H02: Total new issues (TNI) have a significant effect on the performance of the manufacturing value added (MVA) in Nigeria.

In an emerging market like Nigeria, where manufacturers often face high borrowing costs and limited credit facilities from banks, capital raised through new issues becomes critical. Thus, a rise in TNI can ease financing constraints, create new investments, support project expansion, and stimulate productivity growth within the manufacturing sector. Therefore, the hypothesis examines whether increased capital mobilisation through primary market activities translates into measurable improvements in the manufacturing sector.

H03: The all-share index (ASI) has a significant effect on the performance of the manufacturing value added (MVA) in Nigeria.

As it were, manufacturing firms with higher market valuations can lower the cost of equity capital, improve firm net worth, and facilitate access to external financing. Furthermore, a strong ASI performance can stimulate portfolio investments that enhance liquidity in the market, indirectly benefiting listed manufacturing companies. Thus, whether the overall robustness and performance of the capital market, as measured by ASI, has a significant influence on the productive performance of the manufacturing sector will be examined.

Conceptual Framework

Diagram 1 presents the theoretical framework, a schematic diagram illustrating the relationships between capital market development and the performance of the manufacturing sector. The overall output of these relationships results in improved financial and human capital development, which guarantees a stable and sustainable economic growth and development

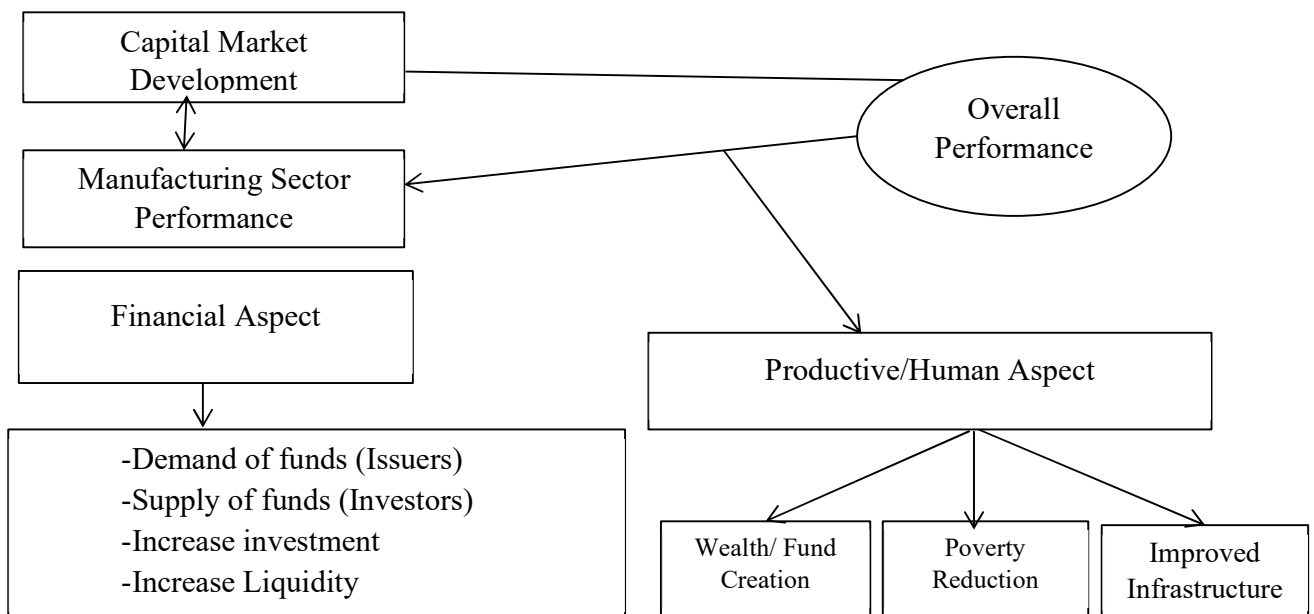


Diagram 1: A schematic diagram showing the relationship between variables.

Source: Author’s computation, 2025.

Review of Empirical Literature

Banjoko et al. (2012) examined the performance of the country's manufacturing sector from 1960 to 2012 by using major manufacturing indices. Their findings showed that the sector has grossly under-performed in spite of the various government policies and developmental initiatives. In the same vein, Dagogo (2014), in reviewing the challenges and prospects of the sector, also found that the Nigerian industrial sector development since the past seventy years has been a failure, with a meagre contribution to the total economic output. Meanwhile, both studies were merely theoretical assessments and thus failed to use stock market parameters for robustness. Similarly, Abdu and Anam (2018) evaluated the country's industrial sector and economic growth in the face of sustainable development goals for a period of thirty-five years. The study showed that the industrial sector has under-performed, hence a decline in manufacturing growth in the Nigerian economy. Indeed, the study revealed an insightful view of the inherent weakness in the manufacturing sector.

Furthermore, Ududechinyere, Eze, and Nweke (2018) analysed the effect of the manufacturing sector on the growth of the Nigerian economy from 1981 to 2016, using the auto-regressive distributed lag (ARDL) model. The study shows that there are both long-run and short-run relationships among the various variables examined, but the overall effect of the sector on the growth of the nation's economy is weak. For the viability of the sector, they opine that the provision of a favourable environment for external and domestic institutions on the part of the government will help mobilize funds towards improving the manufacturing sector. The research focused on the manufacturing sector growth vis-à-vis the country's economy. Agbo, Akighir, and Ipuele (2020) studied the stock market development and the performance of the manufacturing sector in Nigeria from 1986 to 2019 by using a structural vector auto-regressive (SVAR) model. The study found that stock market development indicators examined have a positive effect on the manufacturing output. The research studied several economic sector's output altogether. Similarly, Taiwo, Olorunfemi, and Olamide (2020) investigated the impact of the capital market on the manufacturing sector in Nigeria from 1980 to 2017 using the error correction model (ECM). The findings revealed that both market capitalization and the number of deals exhibited a positive impact on manufacturing output, while the value of new issues showed a negative impact. Akinbiola, Olawunmi, and Owoeye (2023) also analysed the impact of the capital market on manufacturing sector performance in Nigeria from 1986 to 2020 using the auto-regressive distributed lag and error correction model for analysis. The findings showed that some of the capital market indices (such as market capitalization, total new issues, and listed securities) were positive and non-significant, while others, such as value of transactions, showed a negative and non-significant impact on manufacturing output. This study threw up debatable findings.

Onwumere et al. (2023) investigated the responsiveness of capital market development to manufacturing sector performance in Nigeria from 1985 to 2020 using the VECM technique. Overall, the study revealed that the three capital market indicators (market capitalization, value of transaction, and turnover ratio) examined were positive and significant and thus influenced the direction of manufacturing sector performance in Nigeria. They recommended, among others, a strong regulatory framework and institutional mechanism as well as public enlightenment and education, stressing the importance of investment and trading in the Nigerian capital market. The report was robust because it focused on the capital market indicators and also used the MVA (percentage of GDP), which is the aggregate estimate of net output of all domicile manufacturing activity. Ikeobi (2023) also examined the relationship between capital market intermediation and manufacturing sector financing in Nigeria from 2008 to 2020 by applying a multiple regression model and ordinary least squares technique. The study revealed that market

capitalization has a positive and significant impact on manufacturing output, whereas equities have a negative and significant effect, and corporate bonds have a negative but non-significant effect on manufacturing output. Thus, the study concluded that the Nigerian capital market did not have a positive impact on the manufacturing sector. Again, this study provided debatable findings. Jatau, Ayodeji, Ikubor, and Alfa (2025) evaluated the impact of market capitalization on manufacturing output in Nigeria from 1981 to 2023 using an auto-regressive distributed lag model. The findings show that market capitalization and the number of deals have a significant impact on manufacturing output in the long run. This study focused on the Nigerian capital market and manufacturing output.

From the foregoing, the literatures reviewed were conducted at different geographical locations, different scopes and times, and with varied methodologies, and thus showing different results. For instance, some studies uncovered results showing Nigeria's capital market positive impact on the manufacturing sector (Agbo et al., 2020; Taiwo et al., 2020; Onwumere et al., 2023; Jatau et al., 2025) while others unveil mixed and negative results (Akinbiola et al., 2023; Ikeobi, 2023). In light of this, the study investigates the stock market development and performance of the manufacturing sector as evident in Nigeria.

3.0 Methodology

This study adopts an *ex-post facto* research design and utilizes secondary data obtained from the Central Bank of Nigeria Statistical Bulletins, the Securities and Exchange Commission, and the World Bank for the period 1985 to 2023. Stock market development is measured using the number of listed securities (NLS), total new issues (TNI), and the all-share Index (ASI), while manufacturing performance is proxied by manufacturing value added as a percentage of GDP. The analysis employs descriptive statistics and unit root tests-Augmented Dickey-Fuller, Phillips-Perron, and Kwiatkowski-Phillips-Schmidt-Shin to confirm the absence of unit roots and ensure that the variables are integrated of the same order. Johansen and Juselius cointegration tests and the Vector Error Correction Model (VECM) were subsequently applied, given that all series were integrated of order one, I(1). The VECM, a restricted VAR framework, captures both the long-run equilibrium relationship and short-run dynamics, with the error correction term (ECT) indicating the speed at which deviations from long-run equilibrium are adjusted.

Following Onwumere et al. (2023), a modified structural model was specified and estimated using a VECM to assess both the short- and long-run dynamics of these relationships within the Nigerian context.

$$Q_z = f(MVA, NLS, TNI, ASI) \dots \dots \dots (3.1)$$

Where Q_z is the vector of endogenous variables, f is a function of the endogenous variables, MVA is the proxy for manufacturing sector performance, while NLS, TNI, and ASI, as earlier defined, are proxies for stock market development. Thus, the implicit form of the model is given as:

$$\Delta X_t = \alpha_{io} + \sum_{i=j}^w Z_i \Delta X_{p-1} + \sum \delta ECT (-1) + \varepsilon_{in} \dots \dots \dots (3.2)$$

Where X_t is the vector of exogenous and endogenous variables, Δ is the difference operator, t is the current period of time, $p - 1$ is one period lag, $p - i$ is the j th period lag and w is the maximum number of lags, α_{io} is the coefficient of the autonomous variables, Z_i is the coefficient of the exogenous and endogenous variables, δ is the coefficient of the ECT and ε_{in} is the vector of

innovations. Note that each variable in equations 3.1 and 3.2 can take the position of the dependent variable under a systemic equation modeling, which the VECM allows. Therefore, the systematic version of the model in equation 3.2 (which is for testing the hypotheses as applicable) can be re-specified in its explicit form as:

$$\Delta MVA_t = \alpha_{1,0} + \sum_{i=1}^k A_{1,1} \Delta MVA_{t-i} + \sum_{i=1}^k A_{1,3} \Delta NLS_{t-i} + \sum_{i=1}^k A_{1,2} \Delta TNI_{t-i} + \sum_{i=1}^k A_{1,4} \Delta ASI_{t-i} + \sum \delta_1 ECT(-1) + \varepsilon_{1,1} \dots \dots \dots (3.2a)$$

For objective one, the relevant model is given as:

$$\Delta NLS_t = \alpha_{1,0} + \sum_{i=1}^k A_{1,1} \Delta NLS_{t-i} + \sum_{i=1}^k A_{1,2} \Delta MVA_{t-i} + \sum_{i=1}^k A_{1,3} \Delta TNI_{t-i} + \sum_{i=1}^k A_{1,4} \Delta ASI_{t-i} + \sum \delta_1 ECT(-1) + \varepsilon_{1,1} \dots \dots \dots (3.2b)$$

For objective two, the relevant model is given as:

$$\Delta TNI_t = \alpha_{1,0} + \sum_{i=1}^k A_{1,1} \Delta TNI_{t-i} + \sum_{i=1}^k A_{1,2} \Delta MVA_{t-i} + \sum_{i=1}^k A_{1,3} \Delta NLS_{t-i} + \sum_{i=1}^k A_{1,4} \Delta ASI_{t-i} + \sum \delta_1 ECT(-1) + \varepsilon_{1,1} \dots \dots \dots (3.2c)$$

For objective three, the relevant model is given as:

$$\Delta ASI_t = \alpha_{1,0} + \sum_{i=1}^k A_{1,1} \Delta ASI_{t-i} + \sum_{i=1}^k A_{1,2} \Delta MVA_{t-i} + \sum_{i=1}^k A_{1,3} \Delta TNI_{t-i} + \sum_{i=1}^k A_{1,4} \Delta NLS_{t-i} + \sum \delta_1 ECT(-1) + \varepsilon_{1,1} \dots \dots \dots (3.2d)$$

4.0 Discussion of Results

Table 1 presents the summary of the variables used in this study, while Table 2 reports the descriptive statistics. The mean value of MVA ranged from a minimum of 7.11 to a maximum of 22.23, indicating a relatively low contribution of the manufacturing sector to GDP, with an average share of 7.81%. The higher the MVA, the more the country is said to be industrialized. The number of listed securities (NLS) on the Nigerian Exchange Group ranged between 206 and 307, averaging 207.5 per year. This reflects a shallow market compared to other emerging economies such as South Africa and Malaysia. The higher the number of listed securities, the more robust the market becomes in terms of size, strength, and competitiveness. The low standard deviation of MVA (1.35) suggests limited variation in the sector’s share of GDP over the study period, while the near-zero skewness (0.02) indicates a well-centred distribution. On the other hand, the all-share index (ASI) recorded an average annual change of 31.14 percent, with a maximum of 140.83 percent and a minimum of -31.66 percent. The standard deviation exceeded the mean, highlighting considerable volatility in stock market returns. The higher the value of all share index, the more the market booms. Total new issues also exhibited relatively low average values, and the high variability underscores the fragility of capital mobilization in

the market. An increase in the number of new issuers in the capital market expands the pool of funds available for investment opportunities in the economy.

Table 1:
Summary of variables

<i>Variable</i>	<i>Definition and used by</i>	<i>Measurement</i>
Manufacturing value added (% of GDP) – MVA	Manufacturing value added is the manufacturing sector’s net output and it is arrived at after adding all the outputs and subtracting the intermediate inputs (Onwumere et al., 2023).	Log of MVA
Number of Listed Securities (NLS)	It is the total number of securities that are quoted on the stock exchange (Akinbiola et al., 2023).	Log of NLS
Value of Total New Issues (TNI)	These are securities that have been duly registered, issued, and are being sold to the general public for the first time (Agbo et al., 2020).	Log of TNI
All Share Index (ASI)	It is a market index that tracks the performance of all stocks that are quoted on the stock market (Afolabi and Dada 2014).	Log of ASI

Source: Author’s computation, 2025.

Table 2:
Descriptive Statistics

<i>Variable</i>	<i>Mean</i>	<i>Max.</i>	<i>Min.</i>	<i>Std. dev.</i>	<i>Skewness</i>	<i>Kurtosis</i>	<i>Jacque Bera</i>	<i>Prob.</i>
MVA	7.81	22.23	7.11	1.45	0.03	1.51	3.75	0.19
NLS	207.53	307.00	206.00	34.34	-1.12	3.26	7.25	0.03
TNI	170.02	33.58	4.50	475.40	3.82	18.73	432.92	0.00
ASI	31.14	402.83	1.36	39.27	0.77	4.00	4.75	0.09

Source: Author’s computation, 2025.

Table 3 shows unit root tests for variables with the Augmented Dickey Fuller, Philips Peron and the Kwiatkowski-Phillips-Schmidt-Shin tests, which ascertain the time series characteristics of the data on the variables. The result indicates that each of the variables possessed ADF values that are less than the 95 percent critical values for the level series and greater than the critical value for the differenced series. In all, the variables were non-stationary in levels, but their first differences were found to be stationary and were integrated of order one.

Table 3:
Unit Root Test

<i>Variables At</i>	<i>Augmented Dicker fuller (ADF)</i>			<i>Philip Peron (PP)</i>			<i>KPSS</i>		<i>Integration order</i>	
	<i>At</i>	<i>At</i>	<i>At</i>	<i>At</i>	<i>At</i>	<i>At</i>	<i>At</i>	<i>At</i>	<i>At</i>	<i>At</i>
<i>T-stat</i>										
<i>1%</i>	<i>5%</i>	<i>10%</i>	<i>T-stat</i>	<i>1%</i>	<i>5%</i>	<i>10%</i>	<i>At</i>	<i>At</i>	<i>1%</i>	<i>At</i>
							<i>T-stat</i>			

<i>Long run results</i>				
<i>Variable</i>	<i>Coefficient</i>	<i>Std. error</i>	<i>t-statistic</i>	<i>Prob.</i>
NLS	0.843488	0.164149	3.662521	0.0015
TNI	0.081752	0.392778	9.84482	0.01753
ASI	-1.035406	0.473263	5.27940	0.01862
R-squared	0.581312	F-statistic		1.485188
Log likelihood	4.664241	Akaike AIC		-0.650235
Schwarz SC	1.466123			
<i>Short run results</i>				
<i>Variable</i>	$\Delta LMVA$	$\Delta LNLS$	$\Delta LTNI$	$\Delta LASI$
$ECM_{t-1}(\alpha)$	0.05	-0.75	-0.29	-0.73
$\Delta LMVA_{t-1}$	0.43	0.11	2.84	-0.89
$\Delta LMVA_{t-2}$	-0.24	0.58	6.95	0.49
$\Delta LNLS_{t-1}$	-0.29	1.16	1.91	-0.19
$\Delta LNLS_{t-2}$	0.70	0.53	3.15	3.40
$\Delta LTNI_{t-1}$	-0.02	0.04	0.29	0.13
$\Delta LTNI_{t-2}$	0.01	0.01	0.06	0.11
$\Delta LASI_{t-1}$	0.42	0.01	2.54	1.34
$\Delta LASI_{t-2}$	0.04	0.19	2.59	-1.04
Constant	0.04	0.03	0.76	0.22
R-squared	0.63	0.56	0.75	0.58
F-statistic	1.82	1.34	3.19	1.50

Source: Author's computation, 2024.

Table 5 shows that the number of listed securities exerts a positive and significant effect on manufacturing value added, with a coefficient of 0.843. Thus, a 1 percent increase in listed securities is associated with an 84.3 percent rise in manufacturing value added, indicating that deeper market participation supports growth in the manufacturing sector. Similarly, total new issues positively and significantly influence manufacturing value added, with a coefficient of 0.082, suggesting that increased capital mobilization through new issues enhances sectoral performance by 8.2 percent. Conversely, the all-share index (ASI) exhibits a negative and significant coefficient of -1.035, suggesting that a 1 percent increase in the ASI corresponds to a 10.35 percent decline in manufacturing value added. This indicates that stock market price movements did not translate into improved manufacturing sector performance during the study period. Overall, the R-squared shows that 58.1% variations in the MVA were explained by the number of listed securities, total new issues, and the all-share index in the Nigerian exchange group. This indicates that the estimated model exhibits a good fit. Similarly, the high F-statistic value means that the variables are statistically significant for the study.

Discussion of Findings

The study revealed that the number of listed securities has a positive and long-run significant effect on manufacturing value added, indicating that increased market participation stimulates the performance of the manufacturing sector in Nigeria. Total new issues also exhibited a limited positive and significant effect. However, the modest increase in new issues suggests that capital

raised through the stock market does not necessarily translate into improvements in the manufacturing sector, likely due to funds being diverted to other investment avenues. This finding aligns with previous studies by Osaze (2007), Sanusi (2010), Onyema (2018), and Emefiele (2021). Conversely, a rising all-share index was associated with a decline in manufacturing sector performance in the long run, implying that stock market booms do not automatically enhance the sector's output. This result corroborates the findings of Okoye et al. (2013) and Erhijakpor and Buzugbe (2020), though it contrasts with those of Nwaolisa and Chijindu (2016) and Adegboye (2017).

5.0 Conclusion and Recommendations

This study investigates the relationship between stock market development and the performance of Nigeria's manufacturing sector from 1985 to 2023, using data from the Central Bank of Nigeria, the Securities and Exchange Commission, and the World Bank. Stock market development was measured by the total new issues, number of listed securities, and the all-share index, while manufacturing performance was proxied by manufacturing value added (percentage of GDP). The analysis employed a vector error correction model. Findings indicate that the number of listed securities and total new issues positively influence manufacturing sector performance, whereas the all-share index has a negative impact. This suggests that the stock market can serve as a lever to strengthen Nigeria's currently weak manufacturing sector, fostering wealth creation, employment, and economic growth through long-run positive linkages. Policy recommendations include expanding capital market infrastructure, promoting public awareness of stock market investment, incentivizing savings and investments, and ensuring that firms meeting SEC listing requirements are listed and that funds raised are channeled into productive manufacturing projects.

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