

EFFECT OF FOREIGN INVESTMENT INFLOWS ON CAPITAL MARKET PERFORMANCE IN NIGERIA

Auwalu Muazu^{1*}, Ismaila Olotu Abdullahi², Abdulkarim Shuibu Alhassan³
^{1,2,3}Faculty of Administration, Department of Accounting, Nasarawa State University,
Keffi, Nigeria

*Corresponding Author:
muazuauwalu@gmail.com

Abstract

This study explores the relevance of disaggregate financial information disclosure suggested by standard setters in promoting decision usefulness of financial information by exploring the effect of foreign investment inflows on capital market performance in Nigeria. The study adopted ex-post facto research design using quarterly time series data from 2005Q1 – 2022Q4. The study employed autoregressive distributed lag (ARDL) model in the data analysis technique and determined the long-run and short-run relationship between the variables of the study. The findings of the study revealed that equity capital, loans and currency deposits have significant positive effect on capital market performance measured with market capitalization, while money market instrument and trade credit have negative significant effect. However, other capital, other equity, bond and other claims have no significant effect on capital market performance in Nigeria. The study investigates only the relationship between foreign investment financial inflows and capital market performance in Nigeria and does not incorporate control variables such as inflation rate, exchange rate, interest rate and so on. This study provide insight that effective performance evaluation, decision making and transparency in the public and private sector required disaggregate financial information disclosure. Previous studies adopted aggregate approach in investigating capital inflows performance, policy decision and its implications without considering various heterogeneity of the components of these inflows. This overblows performance result and policy decision impacts. This study considered various heterogeneity of the different components of the foreign investment financial inflows in the research.

Keywords: Foreign Capital Inflows, Decision Usefulness, Disaggregate Financial Information, Disaggregate Disclosure, Capital Market Performance

1. Introduction

The capital market system provides avenue for the mobilization of financial resources through which foreign capital inflows is mobilize from foreign and domestic capital market. This is facilitated by the integration of international capital market system. Investors that identified potential investment opportunity participate in other countries resulting in foreign capital inflows from long-term securities and assets, medium-term financial securities or assets and short-term investment inflows. These capital inflows are either equity or debts in the form of foreign direct investment in equity and other capital, foreign portfolio investment in other equity, bonds and money market instruments, and other investment inflows from trade credits, loans, currency deposits and other claims such as special drawing right. Therefore, the ownership holding structure is diluted into equity and debts. Different foreign capital inflows have the potential to contribute positively in promoting sustainable economic benefits in term of growth, development

and industrialization albeit in different ways (Evan, 2002). This implies it is not logical to unjustly discriminate against one form of foreign financial inflows and the other. The inflows signify capital movement as a feature of factors of production in mobilizing economic resources at high level beyond domestic savings to provide returns. The mobilization of financial resources through foreign investment inflows lead to industrial development in the long-run (Adeleke, Olowe & Fasesin, 2004; Onyeisi, Odo & Anoke, 2016). Complexity nature of financial instruments and transactions level in the market required reliable and relevant information for decision. The capital market system is characterized by non-detail disclosure of information that make users sensitive to reliable, relevant, timely and complete information in terms of qualitative and quantitative information. What is important here is that financial information from stock exchange group market development should have decision usefulness.

There was evidence that Nigeria has insignificance foreign investment inflows caused by delay in the integration and internationalization of the capital and money market and financial information disclosure problem that in return do not attract foreign investors (Onyeisi, Odo & Anoke, 2016). Foreign investment inflows role cannot be over emphasized, but some of its roles among others according to Evan (2002) include; improving domestic market liquidity, make long-term market investment attractive through market efficiency, promoting market discipline in deeper and broader sense through technical-know-how into domestic capital market, efficient allocation of financial resources, development of equity market and improvement of corporate governance by allowing shareholders participation. Foreign investment inflows have significant role to play in developing, less developed and developed countries (Obadan, 2004; Nwokoma, 2013). This contributes in developmental projects financing, ensure economic growth, poverty reduction and eradication, improving welfare consumption pattern in a country that provide the capital in the long-run (Reinhart, 2005).

The study is motivated by the information disclosure problem that affect decision usefulness. The capital market system is characterized by a large volume of financial transaction flows and economic activities associated with investment risk tolerant and return by the investors, behavioral pattern and conflict of interest among various stakeholders over financial resources control. This indicate that there is the need for reliable and relevance financial information for effective policy decision making. However, there is always a trade-off between risk and return, where return depend on the risk tolerance, investment may not flow into the country capital market that is not performing, where performance is weak and return on investment is not guaranteed. Similarly, there is a trade-off between reliability and relevance due to different financial information required by the users (Lan, Linh, Thoa & Zhang, 2021). On one hand for instance, investors, government and analysts seek for capital market financial inflows for assessing and evaluating capital market development for investment decision, advise and policy decision while on the other hand general purpose financial statements is required for earning management, tax purpose, fiscal and monetary policy, compliance and monitoring purpose.

In addition, standard setters have been setting and issuing accounting standards such as IFRS 7, 8 and 9, IPSAS 22 and 30 and so on to provide framework for improving the contents of financial information in term of reliability, relevance, comparability, predictability and decision usefulness for measurement and performance evaluation and policy decision making. In recent time, standard setters advocated and suggested for disaggregation of financial information and data disclosure with focused on financial

statements (Larry & Craig, 2000; Kjell & Tonny, 2019). However, there should be general approach to disaggregate financial information disclosure requirement than limiting to financial reporting. Different financial information users have different needs, use and purpose that varies to some extent. Disaggregation helps to reduce bias in decision making, performance evaluation and increase transparency. Furthermore, empirical studies (Hussain & Goswami, 2021; Sajid, Hashim, Abdullah & Hassan, 2021; Tite, Ogundipe, Ogundipe & Akinde, 2022) employed aggregate than disaggregate approach and examined the relationship between foreign investment inflows and capital market performance. However, few empirical studies (Josephine & Emeka, 2021; Chukwu, Chimarume & Ezeaku, 2021) employed disaggregate approach at the low level of disaggregation and investigated the effect of foreign investment inflows on capital market performance whereas few empirical studies by (Ikezam, 2018; Ireobe, Obamuyi & Abayomi, 2019; Nwala, Nwagboso & Nwankwo, 2019) considered high level of disaggregation and studied the effect of foreign investment inflows on capital market performance. There is the need for further comprehensive empirical study.

The significance of this empirical study will be useful to students and researchers in accounting, finance and economic as the synthesis and review of extant related literatures will serve as a sources of reference material in academics by contributing to capital market literature in the quest for further empirical study. The finding of this study will be helpful in providing relevant guide to standard setters on the decision usefulness of disaggregate financial information and data disclosure. The study is useful to government by providing an in-depth foresight that can contribute toward policy and decision-making framework. The methodology of this study may be useful to regulators, investors and analysts in understanding performance measurement, predictive analysis and decision making in the capital market development research.

2. Theoretical Background

2.1 Foreign Investment Inflows

Foreign Investment Inflows are inflows from various functional category or classes of portfolio of investment that are in the form of capital importation into a particular country from another country across the borders. The inflows involve movement of financial resources and assets from different foreign investors to another. According to Nwokoma (2013), foreign investment inflow is the movement of capital from foreign investors in a particular country's economy into another economy. This is an aspect of international finance that relates to borrowing and increase in the international net indebtedness from both the private and public sectors over a period of time (Iyoha, 2004; Zango, 2016).

It involves the exchange of financial claims between the residents and non-residents involving the movement of financial resources from one country to another (BIS, 2009, Nkoro & Furo, 2012). Inflows from international investment come in different major categories such as foreign direct investment, foreign portfolio investment, other investment and foreign aids which can be foreign direct investment in equity and capital, foreign portfolio investment in other equity, bond and money market instruments, and foreign other investments in the form of trade credits, loans, currency deposits, and other claims. There is information trade-off between and among various foreign investment in flows resulting in ownership and control matter for management leading to potential agency problem between capital providers who are the owner of capital and managers of the capital due to financial information concealment arising from information disclosure problem (Goldstein & Razin, 2006). Investors cannot wait so long without taking

measures where there is no appropriated financial information disclosure and easy access to the reliable information (Andrade & Chuaochuharia, 2010).

2.2 Foreign Equity Capital

Foreign equity capital is an investment from foreign investor that are non-resident in an entity's share in another country. It involves an equity ownership of 10% or more share of local entity shares in order to gain management, control and significant influence over management decision by voting right directly or indirectly (Obadan, 2004; IMF, 2009; UNCTAD, 2009; Alshamari, 2018; Josephine & Emeka, 2021). Investment in foreign equity capital of up to the ownership threshold of 10% and more provide the opportunity to access more private insider information on a company from inside without depending on the public source of information (Goldstein & Razin, 2006; Zeghal & Mhedhbi, 2006).

2.3 Foreign Other Capital

This is not equity foreign direct investment but it is a foreign direct investment inflow known as other capital involving the inflows of short-term finance between and among affiliates of the same enterprises, branches, subsidiaries, and associates or the same related multinational companies that is normally facilitated by direct investors, investment enterprises sharing the same direct investor or group (Duce & Espana, 2003; Alshamari, 2018; Alshamari, Raghavan & Shantapriyan, 2018). It is an inter-company loan among the affiliates of the same business group or that share the same foreign investors. For other capital inflows under foreign direct investment, both the borrowers and the lenders belong to the group structure resulting in the arm length problem due to known observation of the arm length principle. The purpose for other capital inflows among the affiliates group structure, enterprise, branches, subsidiaries and associates is to facilitate easy cash movement to the one of the affiliates facing financial crisis due to cash flow deficit or liquidity problem (Eienabor, Aguwamba & Liman, 2016).

2.4 Foreign Other Equity Capital

This is a portfolio investment equity that represent less than 10% equity ownership holding threshold from foreign investors who as a result do not have access to insider information and depend more on the public source of information (Goldstein & Razin, 2006). It is classified under foreign portfolio investment inflows as other equity capital. Foreign portfolio equity investment or other equity capital inflows take place when foreign entities invest in a local stock market by buying shares in any one of the local companies (Aremu, 2013). Other equity capital inflows are a source of capital and liquidity that provide direct access to capital market with flexibility (Alshamari, 2018). Due to the nature of the less than 10% equity ownership threshold holding, the investors of foreign portfolio equity have limited role on entity in the course of decision making due to limitation placed on accessing the rightful insider information (Razin, Sadka, & Yuen, 1998).

2.5 Bonds

Bonds are debt instruments which are usually issued by the government or corporate entity to mobilize and raise the required fund for budget financing and business project (Ajayi, 2013; Chen & Mansa, 2020). Bond attracted repayment of both the principal and interest at the end of maturity period usually a fixed period of time (IMF, 2009; Odoko, 2012; Ajayi, 2013; Nwala, Nwagboso & Nwankwo, 2019; Chidi-Okeke, Chukwu, &

Chimarume, 2023). It provides an important alternative source of financing at the time of financial distress or during economic recession (Jiang, Tang, & Law, 2001; Aobdia, Lin & Petacchi, 2015; Harrison, Salihu & Yahaya, 2021; Nwala, Nwagboso & Nwankwo, 2019; Edame & Okoro, 2021). Therefore, it is a good source of long-term capital financing in the capital market that is usually issued at a coupon rate

2.6 Money Market Instruments

Money market instruments are financial instruments with less than one year maturity that are used for short-term lending or borrowing (Nwala, Nwagboso & Nwankwo, 2019; Greatness & Odi, 2021). It is one of the financial instruments that served as a short-term debt lending, borrowing or buying and selling instrument for meeting the short-term financing need of the firms, businesses, borrowers or users within a maturity period of one year (Haider, Khan, Sadique & Hashim, 2017). There are various money market instruments that may be issued to mobilize fund which include; commercial paper, negotiable certificate of deposits, bankers' acceptance, government treasury bills, municipal notes and repurchase agreements depending on the level of stock exchange market operation as the case may be (Oghenekaro, 2013; Olokoyo, Taiwo & Akinjare, 2016; Nwala, Nwagboso & Nwankwo, 2019). Money market instruments provide an effective means for liquidity management since the instruments is highly liquidity and characterized by short-term maturity (Olokoyo, Taiwo & Akinjare, 2016; Greatness & Odi, 2021).

2.7 Trade Credit

Trade credit is a short-term capital inflow medium extended by a trader to another trader and by a particular country to another country across the border. Trade credit enhance the purchasing power and expand the volume of trading (Shahzad, Liu & Luo, 2022). It serves as a more refined form of loan as long as it is used and manage appropriately since is usually short term in nature (Zhu & Jiang, 2009; Garcia-Marin, Justel & Schmidt-Eisenlohr, 2021). Trade credits arise from claims and liabilities know as trade payables or account payables due to extension of direct credit by the suppliers to the buyers in the course of economic transactions of goods and services (Nay Pyi Taw, 2015). Prior to the global financial crisis from 2007-2009, trade credit represented a significant percentage of world funded merchandise trade by 90 percent (Klapper, Laeven & Rajan, 2012). This indicate that is a good source of business financing. However, it required an entity to have credit standing.

2.8 Foreign Loans

Foreign loan is a debt obligation received and repayable in foreign currency obtained through direct lending in the form of assets and liabilities (Mainoma, 2015; Nay Pyi Taw, 2015). Foreign loans help in contributing toward catalyzing and facilitating import of capital goods through investment funding available at the lower cost to both the developing and emerging market (Ranjan & Kumar, 2012). The loan contributes positively toward capital formation and liquidity of the market and it is the second largest form of foreign capital flows in to the transition countries (Mileva, 2008). Foreign loans come in different forms; such as cash fund, assets like plants, equipment, goods, services, and technology. Therefore, the loan also include; borrow fund, financial leases, loan to finance trade and other loans such as mortgages. Any foreign loans should be linked to some particular projects in order to make it productive.

2.9 Foreign Currency and Deposits

Foreign currency and deposits are the form of foreign exchange reserve control by the Central Bank of any sovereign country. It is consisting of notes and coins with fixed minimal value and it is characterized and affected by fluctuation. Foreign currency and deposits are used interchangeably with foreign exchange reserve to represent the currency of other countries and deposits of international currencies held by the central bank of particular country to help the monetary authority and the government to use in maintaining currency stability, liquidity and capital formation in the capital market financial system (Ray & Mahavidyalaya, 2012; Hassan, 2018). Currency and deposits are treated as one component where currency comprise of notes and coins in circulation for use to make payments while deposits are claims comprising both transferable and other deposits (IMF, 2009; Nay Pyi Taw, 2015).

2.10 Other Claims

Other claims are form of foreign loans provided and extended by the monetary authority to non-residents, non-deposit taking corporations and long-term loan to the IMF trust account that are readily available for repayment for meet the demand of balance of payment funding needs (IMF, 1993). Claims arise from contractual relationship and agreement entered into where an institutional party promises to make funds and other resources available to another party in the future (IMF, 1993; IMF,2009). Therefore, claims are financial assets that have corresponding liabilities and give effect to the existence of two parties resulting in cross border transactions. Although claims can be used in a different similar context to refer to a right, here other claims referred to financial instruments that give rise to economic assets and corresponding counterpart liabilities (IMF, 2009). These include loans a raised from reverse repurchase except if it is not classified as deposits and other financial assets available for immediate use.

2.11 Capital Market Performance

Capital market performance is a relative term referring to stock market performance, capital market development or stock market development that involve the use of primary features of capital market to assess the efficient contribution of the market development (Onuoha, Okoye & Chika, 2021). These features include; All share price index, market capitalization, market value, liquidity level, dividend yield, price to earnings ratio, market size, share traded equity or trade volume (Liyanapathirana & Ranasinghe, 2020; Acha & Akpan, 2019).

Market capitalization is used as a proxy for dependent variable in this study because among all the capital market indicators used in measuring the market performance or capital market development, progress, growth and prospect is less arbitrary when compare with other indicators or measures and it also captured the market changes at high level of frequency (Rajan & Zangles, 2003; Adam & Tweneboath, 2009; Osoro, Simiyu, & Omagwa, 2020). Market capitalization help investors to select investment that match their level of risk tolerance, criterion for investment diversification and market size determination. Therefore, market capitalization is the total worth value of all the registered listed market stocks in the security and exchange market determine by multiplying by the company's shares by the current market share of each stock indicating the market value and size (CBN, 2016; Ibrahim & Mohammed, 2020).

2.12 Decision Usefulness Theory

Decision usefulness theory origin could be briefly traced to the proposal made by American Accounting Association (AAA) to the present state of articulation by the Financial Accounting Standard Board (FASB) and International Accounting Standard Board (IASB) (Williams & Ravenscroft, 2015). This theory is one of the accounting theories that was advanced further by George Staubus in 1954 on the decision usefulness of accounting information to users including the investors for economic decision making to serve both the private and public sector economy. It relates to the usefulness of accounting financial information and data. The theory is characterized by a mixture of normative and descriptive propositions that formed the theoretical basis for accounting standard setting and conceptual framework (Staubus, 2000; Tollerson, 2012). What characterized decision usefulness theory to be normative was that it was driven from a norm that focus on the decision usefulness objective from which a coherent and broad structure as a set of ideas such as characteristics of financial information was developed. The theory is perceived to be normative because the decision usefulness objectives are not generally accepted by those practicing accounting and preparing financial statements, the management community and the enterprise management. On the hand, decision usefulness theory is identified with descriptive propositions because it was based upon the fact on the basis of general description of the current accounting practice that move gradually closer to agreement with the theory (Staubus, 2000). Therefore, without a theory of generally accounting principles, there is no existing alternative to the decision usefulness theory. This theory contributed toward accounting research in the areas of accounting thoughts which suggest that the best accounting standards are the one that provide the most useful and helpful financial information to users in the decision-making process (Adefunke & Ojeaga, 2018). Furthermore, the theory put forward that decision usefulness of financial information is assessing based on the predictive ability of the financial information. The more the financial users can predict the economic and financial evens, as well as the accounting information with accuracy, the more the information is useful to them.

2.14 Hypothesis

This study is guided by this hypothesis; H01: There is no significant relationship effect between Equity Capital, Other Capital, Other Equity Capital, Bonds, Money Market Instruments, Loans, Currency Deposits and Other Claims of foreign investment inflows and market capitalization in Nigeria.

3. Methods

The research methodology adopted an ex-post facto research design in the study and used quarterly time series secondary data obtained from Central Bank of Nigeria, Nigeria National Bureau of Statistics, Nigeria Investment Promotion Commission and Nigeria Exchange Group (NGX) for the periods of 2005Q1 to 2022Q4. The data analysis technique and tool used in the study was Autoregressive Distributed Lag (ARDL) model, the study conducted unit root test employed together with other tests in the data analysis procedures. The variables used in the study include; foreign investment portfolio inflows from equity, other capital, other equity, bond, money market instrument, trade credit, loan, currency deposit and other claims as independent variables that are either equity based or debt based foreign investment inflows while market capitalization is the dependent variable.

The model specification adapted in this study is based on the models used in the previous studies (Ikezam, 2018; Iriobe, Obamuyi & Abayomi, 2018; 2019; Nwala, Nwagboso & Nwanko, 2019) with modification under a guide from decision usefulness theory and international capital flow theory. Therefore, the model specification for this study is specified below: $MKC = \beta_0 + \beta_1EQCP + \beta_2OCPT + \beta_3OEQCP + \beta_4BNDS + \beta_5MMKI + \beta_6TDCR + \beta_7LONS + \beta_8CDPS + \beta_9OCLMS + ECT$ (i). Where: MKC = Market Capitalization; EQCP = Equity Capital, OCPT = Other Capital, OEQCP = Other Equity Capital, BNDS = Bonds, MMKI = Money Market Instrument, TDCR = Trade Credit, LONS = Loans, CDPS = Currency Deposits, OCLMS = Other Claims, β_0 = intercept, $\beta_1 + \beta_9$ = Coefficient of the independent variables, ECT = Error term

4. Results and Discussion

4.1 Descriptive Statistics

Table 1. Summary of Descriptive Statistics

	MKC	EQCP	OCPT	OEQCP	BNDS	MMKI	TDCR	LONS	CDPS	OCLMS
Mean	18811.91	206922.6	4744.375	612975.3	135786.1	658869.8	1006.777	479213.6	2540.947	100964.2
Maximum	47114.55	371393.9	39221.06	2377912.	415379.9	4128217.	7013.608	1558847.	6464.230	493672.5
Minimum	2900.060	25027.75	227.8650	3550.000	10.29244	264.6000	0.000000	8405.890	0.000000	0.000000
Std. Dev.	12278.83	123273.3	3863.618	522012.6	127705.3	108210.1	1000.784	467506.0	2480.991	100094.8
Skewness	0.003315	-0.321444	0.318911	0.173236	0.713202	0.118113	0.138842	0.736295	0.403341	0.477213
Kurtosis	3.085999	3.604980	3.111075	3.206711	2.226667	3.703043	3.989218	3.345443	3.445709	3.991228
Observations	72	72	72	72	72	72	72	72	72	72

Source: Extracted from E-view 12 Output, 2023.

Table 1 shows the mean values of Market Capitalization (MKC), Equity Capital (EQCP), Other Capital (OCPT), Other Equity Capital (OEQCP), Bonds (BNDS), Money Market Instruments (MMKI), Trade Credits (TDCR), Loans (LONS), Currency Deposits (CDPS) and Other Claims (OCLMS) to be 18811.91, 206922.6, 4744.375, 612975.3, 135786.1, 658869.8, 1006.777, 479213.6, 2540.947, and 100964.2 respectively. Their standard deviation values are greater than their mean values, it suggests that the variables are not widely dispersed from the mean value.

The minimum values of MKC, EQCP, OCPT, OEQCP, BNDS, MMKI, TDCR, LONS, CDPS and OCLMS are 2900.060, 25027.75, 227.8650, 3550, 10.29244, 264.6, 0.00, 8405.890, 0.000 and 0.000 respectively. Their maximum values are 47114.55, 371393.9, 39221.06, 2377912, 415379.9, 4128217, 7013.608, 1558847, 6464.230 and 493672.5. Also, the skewness values of MKC, EQCP, OCPT, OEQCP, BNDS, MMKI, TDCR, LONS, CDPS and OCLMS are 0.003315, -0.321444, 0.318911, 0.173236, 0.713202, 0.118113, 0.138842, 0.736295, 0.403341, and 0.4772131 respectively, these values are all close to zero, it means that the distribution of the variables is symmetric in nature. The Kurtosis values of MKC, EQCP, OCPT, OEQCP, BNDS, MMKI, TDCR, LONS, CDPS and OCLMS are 3.085999, 3.604980, 3.111075, 3.206711, 2.226667, 3.703043, 3.989218, 3.345443, 3.445709 and 3.991228, these values are within the range of 3, it indicates that the shape is a normal distribution.

4.2 Correlation Matrix

Table 2. Correlation Analysis

Probability	MKC	EQCP	OCPT	OEQCP	BNDS	MMKI	TDCR	LONS	CDPS	OCLMS
MKC	1.000000									
EQCP	0.565945	1.000000								
	0.0000	-----								
OCPT	-0.189490	0.059650	1.000000							
	0.1109	0.6187	-----							
OEQCP	-0.030428	0.500346	0.123690	1.000000						
	0.7997	0.0000	0.3006	-----						
BNDS	0.672757	0.630536	-0.231533	0.347097	1.000000					
	0.0000	0.0000	0.0504	0.0028	-----					
MMKI	0.452778	0.495847	-0.125889	-0.009208	0.511415	1.000000				
	0.0001	0.0000	0.2920	0.9388	0.0000	-----				

TDCR	0.081344	0.472510	0.053959	0.576922	0.304685	0.004237	1.000000		
	0.4970	0.0000	0.6526	0.0000	0.0093	0.9718	-----		
LONS	0.757008	0.654057	-0.152263	0.000470	0.664767	0.667219	0.044636	1.000000	
	0.0000	0.0000	0.2017	0.9969	0.0000	0.0000	0.7097	-----	
CDPS	-0.293345	-0.739069	-0.259754	-0.431040	-0.404397	-0.373566	-0.020501	-0.512009	1.000000
	0.0124	0.0000	0.0276	0.0002	0.0004	0.0012	0.8643	0.0000	-----
OCLMS	0.422107	0.607707	-0.194219	0.272995	0.555074	0.716281	0.085294	0.661584	-0.493480
	0.0002	0.0000	0.1021	0.0203	0.0000	0.0000	0.4762	0.0000	0.0000

Source: Extracted from E-view 12 Output, 2023.

From Table 2, it can be observed that Equity Capital (EQCP), Bonds (BNDS), Money Market Instruments (MMKI), Loans (LONS) and Other Claims (OCLMS) have significant positive relationship with capital market performance measured with market capitalization (MKC) in Nigeria with p values of 0.0000; 0.0000; 0.0001; 0.0000; and 0.0002 which are less than .05 level of significance while Currency Deposits (CDPS) has a significant negative relationship with capital market performance measured with market capitalization (MKC) in Nigeria with p value of 0.0124 which is also less than .05 level of significance. Other Capital (OCPT), Other Equity Capital (OEQCP), and Trade Credits (TDCR) have insignificant relationship with capital market performance measured with market capitalization (MKC) with p values of 0.1109; 0.7997 and 0.4970 which are greater than .05 level of significance. The table above also presents the correlation matrix among the independent variables. It is observed that the variables correlate fairly well between 0.757008 and 0.000470. The common rule of thumb is that if the correlation coefficient between two regressors is greater than 0.8, then multicollinearity is a serious issue. There is no correlation coefficient greater than 0.8. This indicates that multicollinearity is not an issue in the model valuations; hence there is no problem of multicollinearity of data (Wallace & Naser, 2005).

4.3 Unit Root Test

Table 3. Augmented Dickey-Fuller Unit Root Test

Variables	AT LEVEL			AT FIRST DIFFERENCE				
	ADF Test Statistic	Test Critical Value (@ 5%)	Prob-Value	ADF Test Statistic	Critical Value (@ 5%)	Prob-Value	Max Lag	Order of Integration
MKC	0.446706	-2.902953	0.9836	-8.924448	-2.903566	0.0000	1	1(I)
EQCP	-1.740738	-2.902953	0.4067	-8.279474	-2.903566	0.0000	1	1(I)
OCPT	-2.499850	-2.902953	0.1198	-8.246260	-2.903566	0.0000	1	1(I)
OEQCP	-1.545827	-2.902953	0.5048	-8.246221	-2.903566		1	1(I)
BNDS	-1.390731	-2.902953	0.5822	-8.328152	-2.903566	0.0000	1	1(I)
MMKI	-1.732726	-2.902953	0.4106	-8.249427	-2.903566	0.0000	1	1(I)
TDCR	-3.410998	-2.902953	0.0137				1	1(0)
LONS	-0.988911	-2.902953	0.7531	-8.361338	-2.903566	0.0000	1	1(I)
CDPS	-2.080286	-2.902953	0.2531	-8.249459	-2.903566	0.0000	1	1(I)
OCLMS	-2.418037	-2.902953	0.1405	-8.246631	-2.903566	0.0000	1	1(I)

Source: Extracted from E-view 12 Output, 2023.

From the table above, it could be observed that Market Capitalization (MKC), Equity Capital (EQCP), Other Capital (OCPT), Other Equity Capital (OEQCP), Bonds (BNDS), Money Market Instruments (MMKI), Loans (LONS), Currency Deposits (CDPS) and Other Claims (OCLMS) are found not to be stationary at level, because the absolute values of their ADF Test Statistic are less than the absolute values of Test Critical Value at 5%. But after the first difference they were found to be stationary, that is, integrated at order one because the absolute value of ADF test statistics is greater than the critical value of at 5%. However, Trade Credits (TDCR) was stationary at level with absolute ADF Test Statistic value greater than the critical value at 5%. Since all the variables were found to be stationary at different orders, of 1(1) and 1(0), it was safe for the study to employ bound test approach to validate or test for the presence of Co-integration. The order of

integration of the variables are mixed, therefore, this study conducts Autoregressive Distributed Lag (ARDL) as the technique of analysis.

4.4 Lag Order Selection Criteria

Table 4. Lag Order Selection Criteria

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-8249.830	NA	4.49e+91	239.4154	239.7391	239.5438
1	-7671.933	971.5363*	4.45e+85*	225.5633*	229.1249*	226.9763*
2	-7644.071	38.76461	4.27e+86	227.6542	234.4537	230.3518
3	-7580.125	70.43367	1.99e+87	228.6993	238.7366	232.6814

Source: Extracted from E-view 12 Output, 2023.

The Table above shows that Akaike Information Criterion (AIC) has the lowest value of 225.5633 at lag 1. Therefore, lag 1 is selected as the maximum lag for the analysis.

4.5 Bound Test Co-integration Test

Table 5. ARDL Long Run Equilibrium

Test Statistic	Value	Signif.	I(0)	I(1)
F-Statistics	6.963524	10%	2.37	3.2
K	9	5%	2.79	3.67
		1%	3.65	4.66

Source: Extracted from E-view 12 Output, 2023.

The table above presents the ARDL bound test approach and Co-integration result. This result revealed the presence of co-integration among the variables. The f-statistics value of 6.963524 is greater than the lower bound value of 2.79 and upper bound values of 3.67 at 5% level of significance. Hence, there is a sufficient proof of the presence of a long-run equilibrium relationship between foreign investment inflows portfolio variables such as Equity Capital (EQCP), Other Capital (OCPT), Other Equity Capital (OEQCP), Bonds (BNDS), Money Market Instruments (MMKI), Trade Credits (TDCR), Loans (LONS), Currency Deposits (CDPS) and Other Claims (OCLMS) and capital market performance in Nigeria between 2005Q1 and 2022Q4. The result thus shows that Equity Capital (EQCP), Other Capital (OCPT), Other Equity Capital (OEQCP), Bonds (BNDS), Money Market Instruments (MMKI), Trade Credits (TDCR), Loans (LONS), Currency Deposits (CDPS) and Other Claims (OCLMS) have long run relationship with capital market performance in Nigeria within the period under study.

4.6 Results of Long-run Relationship

Table 6. Long Run Form

Dependent Variable: MKC

VARIABLES	COEFFICIENT	STD ERROR	T-STATISTICS	PROB
C	89.62761	1697.494	0.052800	0.9581
BNDS	0.008779	0.005510	1.593207	0.1173
CDPS	1.000353	0.369161	2.709798	0.0091
EQCP	0.040527	0.015172	2.671118	0.0101
LONS	0.019365	0.005842	3.314670	0.0017
MMKI	-0.006434	0.001350	-4.767357	0.0000
OCLMS	-0.000915	0.004135	-0.221309	0.8257
OCPT	-0.135809	0.069557	-1.952503	0.0564
OEQCP	0.002182	0.001199	1.819712	0.0747

TDCR	-1.214384	0.430803	-2.818883	0.0068
R2	0.460530			
Adj. R2	0.380936			
F-Statistic	154.4645			
Pro. F-statistic	0.0000			

Source: Extracted from E-view 12 Output, 2023.

In the long run, Bonds (BNDS) has non-significant effect on capital market performance in Nigeria ($\beta = 0.008779$, $p < .05$). Whereas Currency Deposits (CDPS) has significant positive effect on capital market performance in Nigeria ($\beta = 1.000353$, $p < .05$). Likewise, Equity Capital (EQCP) has significant positive effect on capital market performance in Nigeria ($\beta = 0.040527$, $p < .05$).

The long run results of the ARDL shows that Loans (LONS) has significant positive effect on capital market performance in Nigeria ($\beta = 0.019365$, $p < .05$). On the contrary, Money Market Instruments (MMKI) has significant negative effect on capital market performance in Nigeria ($\beta = -0.006434$, $p < .05$). Other Claims (OCLMS) has non-significant effect on capital market performance in Nigeria ($\beta = -0.000915$, $p > .05$). In the same manner, Other Capital (OCPT) has non-significant effect on capital market performance in Nigeria ($\beta = -0.135809$, $p > .05$).

The long run results also showed that Other Equity Capital (OEQCP) has non-significant effect on capital market performance in Nigeria ($\beta = 0.002182$, $p > .05$). Whereas Trade Credit (TDCR) has significant negative effect on capital market performance in Nigeria ($\beta = -1.214384$, $p < .05$).

4.7 Results of the ARDL Short-run Relationship

Table 7. Results of the ARDL Short-run Relationship

Dependent Variable: D(MKC)

VARIABLES	COEFFICIENT	STD ERROR	T-STATISTICS	PROB
D(BNDS)	0.008420	0.005392	1.561562	0.1245
D(CDPS)	0.993498	0.365765	2.716217	0.0089
D(EQCP)	0.039200	0.014682	2.669919	0.0101
D(LONS)	0.018680	0.005538	3.373049	0.0014
D(MMKI)	-0.006405	0.001337	-4.791609	0.0000
D(OCLMS)	0.000248	0.002905	0.085233	0.9324
D(OCPT)	-0.133183	0.068681	-1.939145	0.0579
D(OEQCP)	0.002087	0.001166	1.790495	0.0792
D(TDCR)	-1.196517	0.424983	-2.815443	0.0069
ECM(-1)	-0.072495	0.020450	-3.544992	0.0009
R2	0.460530			
Adj. R2	0.380936			
F-Statistic	154.4645			
Pro. F-Statistic	0.0000			

Source: Extracted from E-view 12 Output, 2023.

As expected, the ARDL Error Correction Term (ECT) is negative ($\beta = -1.214384$, $p < .05$) and statistically significant at 5 percent level of significance. The coefficient revealed that once there is disequilibrium in the system, it takes an average speed of 7 per cent to adjust itself back towards long-run equilibrium level. This means that approximately 7 per cent of the discrepancy in the previous year is adjusted for by the current year.

The R² value of .46 revealed that the predictors explained 46% variance in the outcome variable with $F = 154.4645$, $p < .05$. It showed that 46% changes in capital market performance in Nigeria are collectively due to Equity Capital (EQCP), Other Capital (OCPT), Other Equity Capital (OEQCP), Bonds (BNDS), Money Market Instruments (MMKI), Trade Credits (TDCR), Loans (LONS), Currency Deposits (CDPS) and Other Claims (OCLMS) while 93% unaccounted variations were captured by the white noise error term. Likewise, the adjusted R-square value of 0.38 shows that if additional independent variables are introduced to the model, the R-square will reduce from 46% to 38%, the adjusted R-square reveals the ability of the independent variables to predict the dependent variable when additional independent variable is introduced into the model.

4.8 Statistical Test of Hypotheses

H01: There is no significant relationship effect between Equity Capital, Other Capital, Other Equity Capital, Bonds, Money Market Instruments, Loans, Currency Deposits and Other Claims from foreign investment inflows and market capitalization in Nigeria.

The ARDL long run results showed that Bonds (BNDS) has no significant effect on capital market performance in Nigeria ($\beta = 0.008779$, $p < .05$). Also, in the short run, Bonds (BNDS) has no significant effect on capital market performance in Nigeria ($\beta = 0.008420$, $p > .05$). Hence, this study accepts the null hypotheses that bond has no significant effect on capital market performance in Nigeria both in the short and long run. This is consistent with the findings of Nwala, Nwagboso and Nwankwo (2019) and Ikezam (2018). However, it is against the finding of Ireobe, Obamuyi and Abayomi (2018).

Currency and Deposits (CDPS) has significant positive effect on capital market performance in Nigeria in the long run ($\beta = 1.00035$, $p < .05$). While the short run result revealed that CDPS has significant positive effect on capital market performance in Nigeria ($\beta = 0.993498$, $p < .05$). The study accepts the alternative hypotheses that CDPS has significant effect on capital market performance in Nigeria in the short and long run which is agreed with finding of Abakah and Abakah (2016).

ARDL Error Correction Regression result indicated that Equity Capital (EQCP) has significant effect on capital market performance in Nigeria in the long run ($\beta = 0.040527$, $p < .05$). Furthermore, in the short run, EQCP has positive significant effect on capital market performance in Nigeria ($\beta = 0.039200$, $p < .05$). The study accepts the alternative hypotheses that EQCP has significant positive effect on capital market performance in Nigeria in the short and long run. This is consistent with the findings of (Gachanja & Kosimbei, 2018; Ikezam, 2018; Babalos, Caporale & Spagnolo, 2019; Nwala, Nwagboso & Nwankwo, 2019). However, it is inconsistent with Umutlu, Akdeniz and Altay-Salih (2013) findings.

Loans (LONS) has significant positive effect on capital market performance in Nigeria ($\beta = 0.019365$, $p < .05$). Also, in the short run, LONS has significant positive effect on capital market performance in Nigeria ($\beta = 0.018680$, $p < .05$). Hence, this study accepts the alternative hypotheses that Loans has significant positive effect on capital market performance in Nigeria both in the short and long run and do not agree with the finding of Aigheyisi and Edore (2019).

Money Markets Instruments (MMKI) has significant negative effect on capital market performance in Nigeria in the long run ($\beta = -0.006434$, $p < .05$). While the short run result revealed that MMKI has significant negative effect on capital market performance in Nigeria ($\beta = -0.006405$, $p < .05$). The study accepts the alternative hypotheses that money

markets instruments have significant negative effect on capital market performance in Nigeria in the short and long run. The result here agreed with finding of Nwala, Nwagboso and Nwankwo (2019), however, it does not agree with the finding of Ireobe, Obamuyi and Abayomi (2019).

Other Claims (OCLMS) has no significant effect on capital market performance in Nigeria in the long run ($\beta = -0.000915$, $p > .05$). Furthermore, in the short run, OCLMS has no significant effect on capital market performance in Nigeria ($\beta = 0.000248$, $p > .05$). The study accepts the null hypotheses that other claims have no significant effect on capital market performance in Nigeria in the short and long run. This finding is still open to more empirical study.

Other Capital (OCPT) has no significant effect on capital market performance in Nigeria ($\beta = -0.135809$, $p > .05$). Also, in the short run, other claims have no significant effect on capital market performance in Nigeria ($\beta = -0.133183$, $p > .05$). Hence, this study accepts the null hypotheses that other claims have no significant effect on capital market performance in Nigeria both in the short and long run. This finding does not agree with the finding of He, Lu and Ongena (2016).

Other Equity Capital (OEQCP) has no significant effect on capital market performance in Nigeria in the long run ($\beta = 0.002182$, $p > .05$). While the short run result revealed that other equity capital has non-significant effect on capital market performance in Nigeria ($\beta = 0.002087$, $p > .05$). The study accepts the null hypotheses that other equity capital has no significant effect on capital market performance in Nigeria in the short and long run in which the result was inconsistent with Ikezam, (2018) and of Nwala, Nwagboso and Nwankwo (2019).

ARDL Error Correction Regression result indicated that Trade Credit (TDCR) has significant negative effect on capital market performance in Nigeria in the long run ($\beta = -1.214384$, $p < .05$). Furthermore, in the short run, trade credit has negative significant effect on capital market performance in Nigeria ($\beta = -1.196517$, $p < .05$). The study accepts the alternative hypotheses that trade credits have significant effect on capital market performance in Nigeria in the short and long run which is in line with the finding of Albuquerque, Ramadorai and Watugala (2015).

4.9 Post Estimation Diagnostics Tests

Table 8. Post Estimation Diagnostics Tests

Test	P-Value
Heteroskedasticity Test	0.6128
Serial Correlation LM Test	0.0993
JB Normality Test	0.0954

Source: Author's Computation from E-view 12 Results, 2023.

The result presented in the above table revealed that there were no evidences of heteroskedasticity, serial correlation, and the data are normally distributed in the estimated ARDL-ECM model have the p-values of 0.6128, 0.0993 and 0.0954 respectively. They were all found to be greater than the 0.05 level of significance.

4.10 Cusum Stability Tests

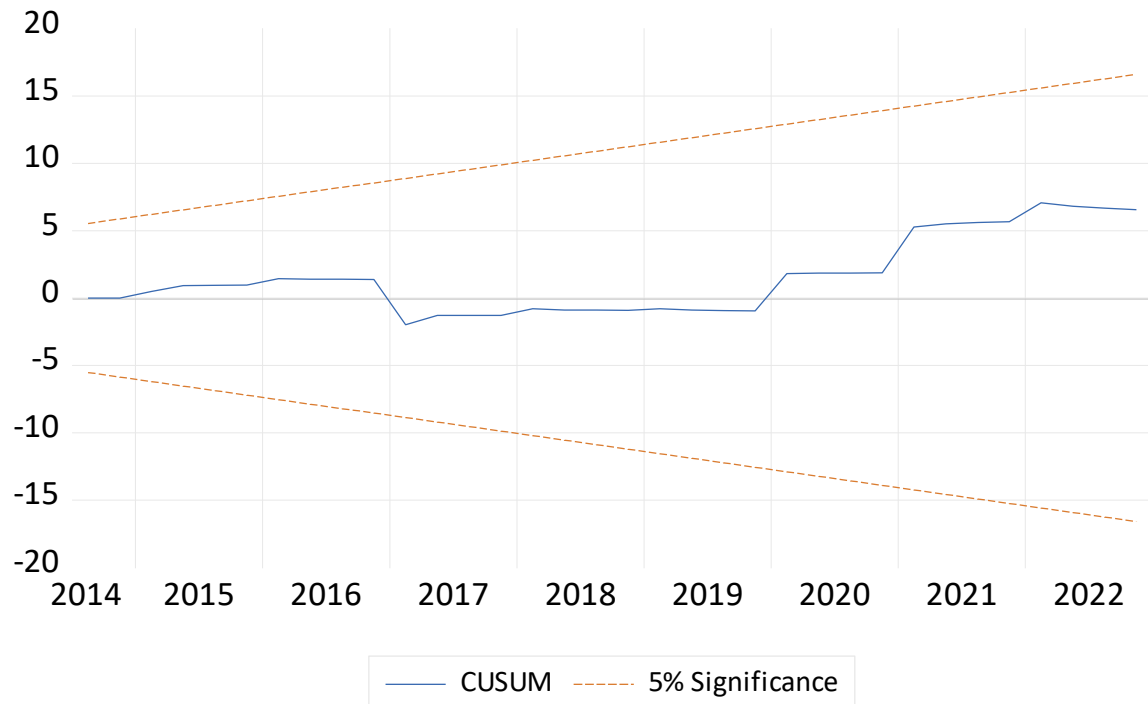


Figure 1. Cusum Stability Tests

Source: Extracted from E-view 12 Output, 2023.

The CUSUM stability tests in Figure II revealed that the model is stable and the regression equation is correctly specified as the plots of the charts lie within the critical bounds at 5% significant level.

4.11 Cusum Squared Test

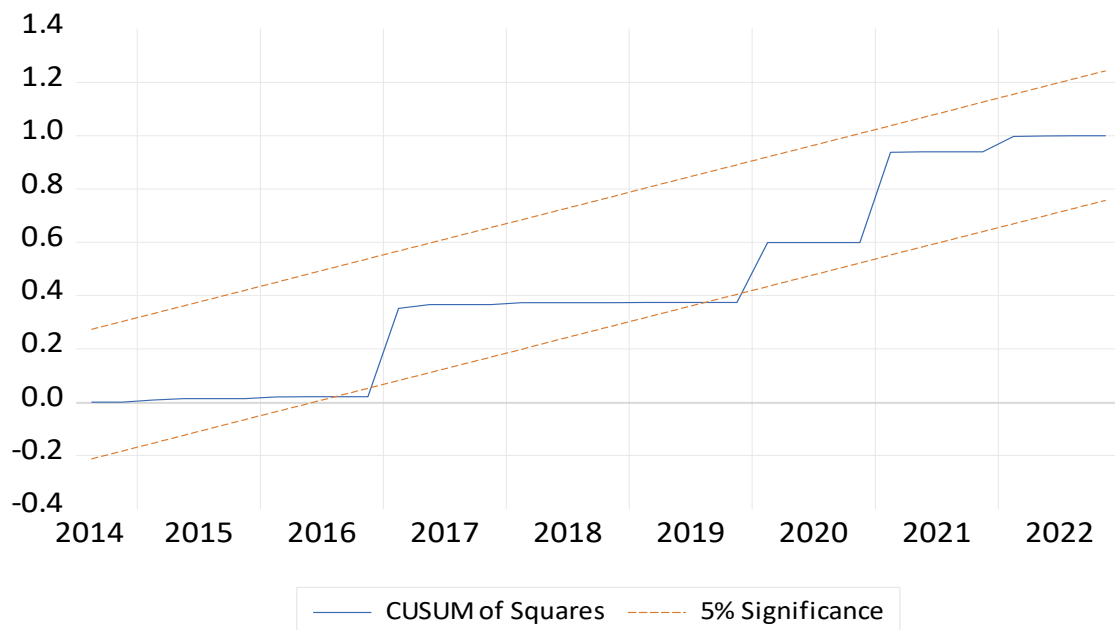


Figure 2. Cusum Squared Tests

Source: Extracted from E-view 12 Output, 2023.

The CUSUM squared tests in Figure II revealed that the model is stable and the regression equation is correctly specified as the plots of the charts lie within the critical

bounds at 5% significant level. The figure above shows that the plot of CUSUM squared for the model under consideration is within the five per cent critical bound. This by implication suggests that the parameters of the model do not suffer from any structural instability over the period of study. That is, all the coefficients in the error correction model are stable.

4.12 Test of Specific Error

Table 9. Ramsey RESET Test

	Value	Df	Probability
t-statistic	2.295133	51	0.1259
F-statistic	5.267634	(1, 51)	0.1259
Likelihood ratio	6.978863	1	0.1082
F-test summary:			
	Sum of Sq.	Df	Mean Squares
Test SSR	17957265	1	17957265
Restricted SSR	1.92E+08	52	3688756.
Unrestricted SSR	1.74E+08	51	3408981.
LR test summary:			
	Value		
Restricted LogL	-626.4770		
Unrestricted LogL	-622.9876		

Source: Extracted from E-view 12 Output, 2023.

Table 9 shows that the value of $F = 5.267634$, $p > .05$. Since the computed p-value is greater than the alpha which is 0.05. The study accepts the null hypothesis that the true specification is linear. This means that there is no misspecification error in the model.

5. Conclusion

The study examined the relationship between foreign investment financial inflows and capital market performance motivated by financial information disclosure problem. This study focused on the issue of improving the decision usefulness of financial information through disaggregate disclosure to promote relevancy, reliability and predictability of financial information and data, comparability, policy initiation and performance evaluation. The study employed ex-post facto research design by using time series data from 2005-2022 on quarterly basis. The data was analyzed using Autoregressive Distributed Lag (ARDL) model technique and the result indicate that equity capital, loans and currency deposits have significant positive effect on capital market performance measured with market capitalization, while money market instruments and trade credit have negative significant effect. However, other capital, other equity, bond and other claims have no significant effect on capital market performance in Nigeria. The study conclude that disaggregate financial information disclosure is helpful in decision usefulness process. The study recommends that for better performance evaluation and policy decision in the path of public policy makers, disaggregate disclosure of financial information is necessary. Foreign equity ownership investment should be encouraged toward attracting foreign investment inflows and mobilization of reserve assets such as currency and deposits to drive the capital market performance and the overall development of the Nigeria financial system. In case of any financial system reform, it should be holistic without excluding any element that form the components of the

financial system. Where there is investment inflow from loan or debt, it should be channelled toward productive sector.

References

- Abakah, E.J.A., & Abakah, M.K. (2016). Foreign exchange reserve and its impact on stock market: Evidence from Ghana. *Journal of Finance and Economic*, 4(5), 136-141. DOI:10.12691/jfe-4-5-2
- Acha, I.A., & Akpan, S. O. (2019). Capital market performance and economic growth in Nigeria. *Nobel International Journal of Economics and Finance Research*, 4(2), 10-18. <http://napublisher.org/?ic=journals&id=2>
- Adam, A.M., & Tweneboah, G. (2009). Foreign direct investment and stock market development: Ghana's Evidence. *International Research Journal of Finance and Economics*, 26, 178-185.
- Adefunke, A.B., & Ojeaga, J.O. (2018). Value relevance of accounting information and share price in Nigeria stock exchange. *International Journal of Management Studies, Business & Entrepreneurship Research*, 3(1), 25-34. <http://www.casirmediapublishing.com>.
- Adeleke, K.M., Olowe, S.O., & Fasesin, O.O. (2004). Impact of exchange rate on foreign private investment in Nigeria. Department of Economics, Adekunle Ajasin University.
- Aigheyisi, O.S., & Edore, J.O. (2013). Foreign financial resource inflows and stock market development: Evidence from Nigeria and Ghana. *Research Journal of Finance and Accounting*, 4(9), 43-49. www.iiste.org
- Ajayi, O.I. (2013). The Nigeria bond market. Understanding monetary policy, 31. <http://www.cbn.gov.ng/out/2016/mpd/understanding%2monetary>.
- Albuquerque, R., Ramadorai, T., & Watugala, S. (2015). Trade credit and cross-Country predictable firm returns. *Journal of Financial Economics*, 115(3), 592-613. DOI: 10.1016/j.jfineco.2014.10.007
- Alshamari, A. (2018). Are Australia's foreign investment inflows significantly higher following the introduction of A-IFRS? PhD Thesis, Tasmania School of Business and Economic. University of Tasmania. <https://figshare.utas.edu.au>
- Alshamari, A., Raghavan, M., & Shantapriyan, P. (2018). Analysis of IFRS on foreign capital inflows to Australia using endogenous structural break and ARDL approach. Social Science Research Network. DOI: 10.2139/ssrn.3156926
- Andrade S.C., & Chhaochharia, V. (2010). Information immobility and foreign portfolio investment. *The review of financial studies*, 23(6), 2429-2463. Oxford University press.
- Aobdia, D., Lin, C.J., & Petacchi, R. (2015). Capital market consequences of audit partner quality. *Accounting Review*, 90(6), 2143-2176. DOI: 10.2308/accr-51054
- Aremu, J.A. (2013). Capital flows, capital control and exchange rate regimes. *Central Bank of Nigeria Economic and Financial Review*, 51(4), 65-96.
- Babalos, V., Caporale, G.M., & Spagnolo, N. (2019). Equity fund flows and stock market returns in the USA before and after the global financial crisis: A VAR-GARCH in means analysis. *Empirical Economics*, 60(2021), 539-555. <https://doi.org/10.1007/s00181-019-01783-5>
- BIS (2009). Capital flows and emerging market economies. GGFS (Working Paper No. 33). Report submitted by a working group established by the committee on the global financial system. ideas.repec.org

- Chidi-Okeke, C.N., Chukwu, K.O., & Chimarume, B.U. (2023). Effect of bond market on the capital market performance in Nigeria. *Asian Journal of Economics, Finance and Management*, 5(1), 51-60.
- Chukwu, K.O., Chimarume, B.U., & Ezeaku, C.N. (2021). Effect of capital importation on Nigeria Economic growth. *International Journal of Management Studies and Social Science Research*, 3(5), 229-245. www.ijmsssr.org.
- Duce, M., & Espana, B. (2003). Definition of foreign direct investment: A methodological note. <http://www.bde.es/>.
- Edame, G.E., & Okoro, U. (2021). The impact of capital market and economic growth in Nigeria. *International Journal of Science Research*, 10(7), 7-15.
- Eienabor, E., Aguwamba, S., & Liman, N. (2016). Foreign direct investment and its effect on the manufacturing sector in Nigeria. *International Journal of Scientific Research Publication*, 6(5), 671-679.
- Evan, K. (2002). Attracting foreign direct investment for development: Foreign portfolio and direct investment complementary differences and integration. *Global Forum on International Investment on Attracting Foreign Direct for Development* (5-6 December), Office of International Investment, US Department of the Treasury, Shanghai: OECD. <https://www.oecd.org>
- Gachanja, S.N., & Kosimbei, G. (2018). Dynamic linkage between foreign equity flows and stock market return at Nairobi securities exchange. *Strategic Journal of Business Change Management*, 5(3), 201-215. <http://dx.doi.org/10.61426/sjbcm.v5i3.815>
- Garcia-Marin, A., Justel, S., & Schmidt-Eisenlohr, T. (2021). Trade credit, markup and relationships. *International Finance (Discussion papers 1303)*. Washington DC: Board of Governors of the Federal Reserve System. <https://doi.org/10.17016/IFDP.2020.1303>.
- Goldstein, I., & Razin, A. (2006). An information-based trade-off between foreign direct investment and foreign portfolio investment. *Journal of International Economics*, 70(1), 271-295.
- Greatness, U.O., & Odi, E.R. (2021). Money market instruments and liquidity of commercial banks: A time series variant study from Nigeria. *Africa Journal of Business and Economic Development*, 1(1), 66-84. DOI: 10.46654
- Oghenekaro, O.A. (2013). The Nigeria money market. Central Bank of Nigeria. *Understanding Monetary Policy Series 27*.
- Haider, M.A., Khan, M.A., Sadique, S., & Hashim, H.S. (2017). The impact of stock market performance on foreign portfolio investment in China. *International Journal of Economics and Financial Issues*, 7(2), 460-468.
- Harrison, S.V., Salihu, L.M., & Yahaya, U.A. (2021). Effect of fixed income securities on capital market growth in Nigeria. *Social and Administrative Review*, 7(1), 262-283. <https://www.researchgate.net/publication/357271019>
- Hassan, M.T. (2018). Impact of foreign exchange reserve on stock market development: Evidence from Dhaka stock exchange. *Journal of Business Studies*, xxxix (2), 19-30.
- He, Q., Lu, L., & Ongena, S. (2016). Who gains from credit granted between firms? Evidence from inter-corporate loan announcements made in China. *Center for Financial Studies (CFS Working Paper Series No.529)*. SSRN Electronic Journal. DOI: 10.2139/ssrn.2734657

- Hussain, M., & Goswami, B. (2021). Foreign portfolio investment in India: Trends and determinants. Institute of Cost Accountants of India. Research Bulletin, 47, 3-4. DOI: 10.33516/RB.V47i3-471-88p.
- Ibrahim, U.A., & Mohammed, Z. (2020). Assessing the impact of capital market development on economic growth: Evidence from Nigeria. IOSR Journal of Economic and Finance, 11(2), 1-15. <https://doi.org/10.9790/5933.1102070115>
- Ikezam, N.D. (2018). Effect of foreign portfolio investment on the performance of Nigeria capital market. Centre for Research on Islamic Banking & Finance and Business. Australian Finance & Banking Review, 2(1), 2-25. www.cribfb.com/journal/index.php/afbr.
- International Monetary Fund (IMF) (2009). Balance of payment and international investment position manual (6th ed.). IMF Statistic Unit; Washington DC. https://doi.org/10.1007/978-3-642-00100-0_4 International Monetary Fund (1993). Balance of payment and international investment position manual (5th ed.). IMF. imf.org/external/pubs/ft/bop/2017/bopman6.htm
- Ireobe, G.O., Obamuyi, T.M., & Abayomi, M.A. (2019). An exploratory investigation in money market instrument and the Nigeria stock market performance. International Journal of Business & Management, 7(12), 114-121. www.theijbm.com. DOI: 10.24940/theijbm/2019/v7/i12/BM1912-038.
- Ireobe, G.O., Obamuyi, T.M., & Abayomi, M.A. (2018). Effect of foreign portfolio investment in bond stock on the performance of Nigeria stock market. Archives of Business Research, 6(12), 164-172. DOI: 10.14738/ABR.612.5444.
- Iyoha, M.A. (2004). Macroeconomics: Theory and policy. Benin City, Mindex Publishing.
- Jiang, G., Tang, N., & Law, E. (2001). Cost benefit analysis of developing debt market. Hong Kong Monetary Authority Quarterly Bulletin, 29, 1-18. www.kkmagov.hk
- Josephine, E., & Emeka, E. (2021). Effect of capital importation on stock market volatility in Nigeria Journal Accounting and Finance. Department of Accounting and Finance. Baze University, Abuja. portal.bazeuniversity.edu.ng
- Lan, N., Linh, H.L., Thoa, N. & Zhang, Z. (2021). The importance of financial accounting for the functioning of capital markets: Literature review. International Journal of Management, 12 (1), 1444-1452. DOI: 10.34218/IJM.12.1.2021.127
- Kjell M. B., & Tonny, S. (2019). Proposal for improved financial statements under IFRS, Cogent Business & Management, 6(1), pp.1-24. DOI: 10.1080/23311975.2019.1642982.
- Klapper, L. Laeven, L. & Rajan, R. (2012). Trade credit contracts. Review of Financial Studies, 25, 838-867.
- Larry, D., & Craig, O.S. (2000). Disclosing disaggregated information. A QT report card for high-quality financial reporting (Lecture series), Wake Forest University. Online Journal of Accountancy. www.journalofaccountancy.com
- Mainoma, M.A. (2015). Boundaries of global accounting: An International Accounting Treatise. Kaduna; Instant Print & Publishers: Nigeria.
- Mileva, E. (2008). The impact of capital flows on domestic investment in transition economies.
- Nay Pyi Taw, M. (2015). Other investment. Course on external sector statistics. Balance of Payment Division; IMF Statistics Department. www.imf.org.
- Nkoro, E., & Furo, A. O. (2012). Foreign capital inflows and economic growth in Nigeria: An empirical approach. Academic Journal of Interdisciplinary Studies, 1(2),

- Nwala, M.N., Nwagboso, I.C., & Nwankwo, O. (2019). Impact of foreign portfolio investment volatility on total market capitalization in Nigeria. *International Journal of Economics and Management Studies*, 6(10), 78-91. www.internationaljournalsrg.org.
- Nwokoma, N.I. (2013). Capital flows and macroeconomic stability: Theoretical and conceptual consideration. *Central Bank of Nigeria Economic and Financial Review*, 51(4), 1-25.
- Obadan, M.I. (2004). *Foreign capital flows and external debt. Perspective on Nigeria and LDCs Group*, Lagos. Broadway Press Ltd.
- Odoko, F.O., (2012). Toward developing a vibrant bonds market in Nigeria. *CBN Economic and Financial Review*, 40(1), 1-23.
- Olokoyo, O.F., Taiwo, N.J., & Akinjare, A.V. (2016). The impact of banks' activities on economic development in Nigeria. *International Business Management*, 10, 5341-5351.
- Onuoha, O.C., Okoye, N.J. and Chika, U.F. (2021). Exploring the nexus between corruption and all share index of Nigeria capital market. *International Journal of Research and Innovation in Social Science*, 5, 7707-715.
- Onyeisi, O.S, Odo, I.S., & Anoke, C.I. (2016). Foreign portfolio investment and stock market in Nigeria. *International Institute for Science Technology and Education (IISTE): E-Journal*, 6(11), 64-76. www.iiste.org.
- Osoro, C., Simiyu, E., & Omagwa, J. (2020). Foreign capital flows and stock market capitalization at the Nairobi securities exchange, Kenya. *European Journal of Business and Management*, 12(26), 54-63. www.iiste.org
- Ranja, R., & Kumar, S. (2012). An empirical investigation of the impact of capital inflows on domestic investment. *India Economic Review*, 47(1), 15-32. <https://ideas.rpec.org>
- Rajan, R.G., & Zingales, L. (2003). The great reversal and the politics of financial development of 20th Century. *Journal of Financial Economics*, 69(1), 5-50. [https://doi.org/10.1016/s0304-405X\(03\)001245-9](https://doi.org/10.1016/s0304-405X(03)001245-9)
- Ray, S., & Mahavidyalaya, S.S. (2012). Foreign exchange reserve and its impact on stock market capitalization: Evidence from India. *Research on Humanities and Social Science*, 2(2), 46-60. www.iiste.org.
- Razin, A. Sadka, E., & Yuen, C-W. (1998). A pecking order of capital inflows and international tax principles. *Journal of International Economics*, 44(1998), 45-68. Doi:10.5089/9781451844337.001
- Reinhart, C.M. (2005). Some perspective on capital flows to emerging market economies. NBER Reporter Online Research Summary. National Bureau of Economic Research (NBER), Cambridge, MA, 2005, 8-11. <http://hdl.handle.net/10419/61863>.
- Sajid, A., Hashim, M.A., Abdullah, A., & Hassan, M.A. (2021). Foreign capital inflows and stock market development in Pakistan. *Journal of Asian Finance, Economics and Business*, 8(6), 543-552. Doi: 10.13106/jafeb.2021.vol8.no6.0543
- Shahzad, U., Liu, J., & Luo, F. (2021). Stock liquidity and corporate trade credit strategies: Evidence from China. *Journal of Business Economics and Management*, 23(1), 40-59. <https://doi.org/10.3846/jbem.2021.15655>
- Staubus, G.J. (2000). *The decision-usefulness theory of accounting*. New York; Garland publishing Inc.

- Tite, O., Ogundipe, O.M., Ogundipe, A.A., & Akinde, M. (2022). Analysis of foreign capital and stock market performance in Nigeria. *Investment Management and Financial Innovations*, 19(4), 51-64. [http://dx.doi.org/10.21511/imfi.19\(4\).2022.05](http://dx.doi.org/10.21511/imfi.19(4).2022.05).
- Tollerson, C.D. (2012). The data decision usefulness theory: An exploration of post 1998 report products and services segment data decision usefulness. PhD thesis, Faculty of the C.T. Bauer College of Business. University of Houston. <http://hdl.handle.net/10657/ETD-UH-2012-05-465>
- Umutlu, M., Akdeniz, L., & Atlat-Salih, A. (2013). Foreign equity trading and average stock return volatility. *The World Economy*, 36(9), 1209-1228. <https://doi.org/10.1111/twec.12011>
- United Nation Conference on Trade and Development. (2009). FDI flows and stocks. UNCTAD Training Manual on Statistics for FDI and the Operations of TNCs, 1(2009). https://unctad.org/system/files/official-document/diaaia20091_en.pdf
- Wallace, R.S.O., & Naser, K. (2005). Firm specific determinants of the comprehensiveness of mandatory disclosure in corporate annual report of firm listed on the stock exchange of Hong Kong. *Journal of Account and Public Policy*, 14, 311-368. DOI: 1016/0278-4254(95)00042-9
- Williams, P.F., & Ravenscroft, S.P. (2015). Rethinking decision usefulness. *Contemporary Accounting Research*, 32(2), 763-788. Doi.10.1111/1911-3846.12083
- Zango, S.N. (2016). The impact of macroeconomic environment on foreign direct investment in Nigeria. *International Journal of Development*, 4(2), 352-361.
- Zeghal, D., & Mhedhbi, K. (2006). An analysis of factors affecting the adoption of international accounting standards by development countries. *The International Journal of Accounting*, 41(4), 373-386. <https://doi.org/10.1016/j.intacc.2006.09.092010>
- Zhu, J., & Jiang, G. (2009). Trade credit, future earnings and stock returns: A self-dealing perspective. *China Journal of Accounting Research*, 2(2), 59-79. [https://doi.org/10.1016/S1755-3091\(13\)60014.3](https://doi.org/10.1016/S1755-3091(13)60014.3)