



IMPACT OF CAPITAL MARKET ON TRANSPORTATION SECTOR GROWTH IN NIGERIA

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Abstract: The study investigated the effects of capital market on transportation sector growth in Nigeria over a period of thirty-three years (i.e. from 1990 to 2022). Market capitalization, value of traded stocks, turnover ratio and all share index were used as the proxies of capital market (independent variables) while transportation GDP growth rate was used as the proxy of transportation sector growth (dependent variable). The study adopted ex-post facto research design and made use of times data sourced mainly from Central Bank of Nigeria (CBN) statistical bulletin. The techniques of data analysis adopted were Augmented Dickey-Fuller (ADF) approach of unit root and Ordinary Least Square (OLS) regression technique. The findings of the study showed that market capitalization, value of traded stocks and all share index have positive and significant effect on transportation GDP growth rate in Nigeria while turnover ratio has an insignificant positive effect on transportation GDP growth rate in Nigeria. Based on the findings, the study concluded that capital market is statistically significant and has a significant positive effect on transportation sector growth in Nigeria. The study recommended among others that government should implement policies that attract both local and foreign investments into the transportation sector, encouraging companies to list on the Nigerian Stock Exchange. By increasing the market capitalization of transportation companies, the sector will have greater access to capital for expansion and modernization, which can lead to improved infrastructure and services, ultimately boosting the sector's growth rate

Keywords: Capital Market, Market Capitalisation, Turnover Ratio, All Share Index, Transport Sector

1. INTRODUCTION

The transportation sector is a critical driver of economic development, serving as the backbone for trade, commerce and connectivity. In Nigeria, the sector holds immense potential to boost productivity, reduce costs, and improve the quality of life. However, the growth of the transportation sector has been hindered by challenges such as inadequate infrastructure, poor maintenance and insufficient funding. Addressing these challenges requires substantial investment which cannot be met solely through government resources.

Over the years, capital market has been recognized as an institution that contributes to the economic growth and development of emerging and developed economies. Capital market is a complex institution comprising of regulators, facilitators, issuers and investors. It is the mechanism through which long term funds from households,

firms and government are polled and made available to various sectors of the economy. The capital market also deals with long term financial claims and obligations. It provides the necessary facilities for users and suppliers of capital (long term) funds to interact for their mutual benefit. Hence, most financial activities which are necessary in the investment process are consummated in this market.

According to Equakun (2015). Nigerian capital market provides the necessary lubricant that keeps turning the wheel of the economy. It does not only provide the funds required for investment but also efficiently allocate these funds to provide best returns to fund owners. Through instruments such as bonds, equities and asset-backed securities, the capital market can provide the financial leverage needed to bridge the funding gap in the transportation sector.

The capital market's role of mobilizing long-term funds required for large scale infrastructure projects cannot be overemphasized. It serves as a vital tool in mobilizing and allocating savings among competing uses which are critical to the growth and efficiency of the economy

(Ogunleye and Adeyemi, 2021). According to Okpara (2016), "The capital market is an important part of efficient financial system, playing a key role in the development of nations.

It influences a nations ability to compete in today's economy given the increasing international competition brought about by rapid technological progress and increased role of innovation.

Transportation infrastructures such as roads, for automobiles and trucks facilitate capital market development and drives economic activities in developed countries. These transportation infrastructures were part of the economic development planning, that occurred during the industrial revolution in the 19th and early 20th centuries; a model that continues to this day in which transportation planning and investments are linked to the expected economic development objectives of a region (Rashidi and Samimi, 2012; Restow, 1962; Smith, 1880). Transportation investment produces real and measurable economic impact that comes directly and indirectly from the ability of businesses to get access to production inputs and market places essential to the country's economic vitality and development.

The Nigerian government has implemented several policies to enhance the growth of the transportation sector, for instance the Nigerian issued infrastructural and Sukuk bond to finance road infrastructure, the government developed a public private partnership (PPP) framework to attract private investment into the transportation sector as well as implemented a capital market master plan (CMMP) 2021-2025 via the securities and exchange commission to mobilize funds for infrastructure development , including transportation

Despite, the potential of the capital market to catalyze growth in the transportation sector, its impact has not been fully realized. Regulatory inefficiencies, limited private sector engagement and a lack of targeted investment strategies have constrained the ability of the capital market to address the pressing needs of the sector. This gap has led to a situation where critical transportation infrastructure remains underdeveloped, affecting economic growth and social mobility. It is against this background that this study raised the following questions. to what extent does market capitalization affect transportation sector growth in Nigeria? how does value of stocks-traded impact transportation sector growth in Nigeria? to what extent does turnover ratio affect transportation sector growth in Nigeria? how does all share index impact on transportation sector in Nigeria? Hence, the study examined the impact of capital market on transportation sector growth in Nigeria by examining the relationship between capital market variables and transportation sector growth.

2. LITERATURE REVIEW

Capital Asset Pricing Model (CAPM): This study is anchored on the Capital asset pricing model introduced by Williams F. Sharpe (1964) in his seminal paper, building on the earlier work of Harry Markowitz on diversification and Portfolio theory. It is one of the leading capital market theories of 1960s and 1970s and it

emphasizes the ideal of risk aversion. According to the theory, whatever the rate of return on an investment, it must be achieved with the lowest possible level of risk, and a high level of risk must be accompanied by a corresponding high level of return. Capital Asset pricing Model (CAPM) is an economic model for valuing stocks, securities, derivatives and/or assets by relating risk and expected return. It is an equilibrium model, which describes the pricing of assets as well as derivatives. Van Horne (2004) defined the CAPM model as an equilibrium model of the trade-off between expected portfolio return and unavoidable risk.

In the context of this study CAPM theory provides a theoretical framework for understanding how investors make decisions about how to allocate their capital in the capital market. CAPM (like its contemporary theory, arbitrage pricing theory (APT)) works only in a market in equilibrium and makes other restrictive assumptions such as equal access to information, no information or transition costs and rational investors. It is a more simplified version of APT, and it only considers one risk factor: The market risk premium. This is the additional return an investor would expect to earn from a security over a risk-free rate, like a government bond. In other words, CAPM is often used to calculate the cost of capital for businesses and to determine the expected return on an investment. The application of the CAPM theory to transportation sector infrastructure highlights the importance of capital formation not just for increasing economic growth but also in enhancing the growth of the transportation sector through multiple channels. This theoretical perspective is supported by empirical studies that link infrastructure development and economic development (Esfahani and Ramirez, 2003; Calderon and Servén, 2004). In other words, this theory is important to participants in the capital market because it provides useful measure of risk that help investors determine what return they deserve for putting their money at risk.

Coherent Market Hypothesis (CMH)

The coherent market hypothesis, another theory on which this study is anchored, was propounded by Robert A. Haugen. It challenges the traditional efficient market Hypothesis (EMH) by suggesting that stock market behaviour is not entirely random or driven solely by rationality, instead, it incorporates elements of human behaviour, market inefficiencies and complex systems to explain market dynamics. According to the proponents, the CMH is a theory in financial economics that attempts to explain how prices are determined in the financial market and suggests that prices in financial markets are determined by the beliefs and expectations of market participants. In other words, prices are a reflection of how market participants think about risk and return which is influenced by their beliefs and expectations over time, which can lead to changes in market prices.

It is a model of stock market prediction that is based largely on qualitative, rather than quantitative data. The basic principle of the CMH is that markets are predictable if and only if you can understand the relation between fundamental macroeconomic trends at any given time and how that information is synthesized in the crowd mentality of the market. The coherent market theory has four basic assumptions. First, it assumes that there are many different investors with different beliefs and expectations about the market. Secondly, it assumes that these beliefs and expectations are diverse and independent of each other. Third, it assumes that investors have rational expectation about the future. Finally, it assumes that there is no single “right” answer about the future. Instead, it sees the market as a reflection of the different beliefs and expectations of investors. The relevance of this theory to this study is that it highlights how prices are determined in the financial market which dictates the flow of funds to and out of the capital market into the transportation sector of the economy thereby influencing the growth of the transportation sector.

Empirical Literature

Bello, Zubairu and Ibrahim (2022) assessed the influence of capital market performance on economic growth in developing countries for the period 2012 to 2022 using empirical evidence. The specific objective of the study was to examine the impact of market capitalisation on the real gross domestic product (GDP) in developing

nations. Related and relevant literature was reviewed for the conceptual, theoretical, and empirical framework for the study. The study employed a qualitative approach using descriptive synthesis to evaluate the results of the impact of capital market performance on economic growth in developing countries using empirical evidence from 2012 to 2022. The analysis revealed that 30% of empirical results from the capital market and economic growth studies in developing nations are not consistent with the a priori expectation. The study concluded that using different variables and approaches for time series analysis produces inconsistent results in developing countries. The study recommended encouraging the financing of companies through domestic capital formation in both capital and money markets. There is also a need for harmonising the approach for consistency of findings in capital market research.

Imade (2021) in his study titled "capital market performance and economic growth in Nigeria and the United States of America" from 1990 to 2017; investigated the link between the two variables using the cointegration econometric method and the error correction model for data analysis. Results revealed that only gross fixed capital formation had a considerable impact on economic progress in Nigeria in both the short-run and long run. It was recommended that government should regulate the activities of the capital market and its operators. This study used time series data collected annually for quantitative analysis and did not have the minimum of 30 observations required for time series analysis.

Tan and Shafi (2021) in another study explored the effects of the capital market on economic growth in Malaysia using quarterly data from quarter one of 1998 to quarter four of 2018. Economic growth was measured with per capita real GDP while the independent variable was measured with the following proxies of Sukuk conventional bonds, stock market capitalisation, total stock market turnover, real savings and growth rate of employment. The Autoregressive distributed lag cointegration bounds test was used for analysis and the results revealed the prevalence of a long-run equilibrium relationship between capital market variables and economic growth.

Ndudi, Olannye and Iyamahbor (2020) examined the efficiency and effectiveness of the Nigerian capital market as a catalyst for economic growth; this means that the performance of the stock market is an impetus for economic growth and development. This research study independent variables. This is clearly shown in the very high R , R^2 , and adjusted R^2 of 0.951, 90.4% and 86.1% respectively. With the exception of all share index, total value of transaction and numbers of deals do not have significant impact on economic growth of Nigeria within the period of study. On the whole, 90.4% variation in economic growth in Nigeria is explained by the model. The long run relationship showed that only market capitalization impact significantly on the GDP. In the same manner the short run error correction model still indicates that market capitalization impacts positively on the economy. The study therefore recommended the pursuit of policies that would improve the depth and breadth of the Nigerian capital market so as to engender a rapid development of the market that would result in the economic growth and development of the economy.

Briggs (2015) examined the impact of the capital market on the Nigerian economy from 1981-2011. For this study, the Nigerian economy was viewed in terms of economic growth, while the performance of the stock market is an impetus for the growth and development of the Nigerian economy. The economic growth was proxy by Gross Domestic Product (GDP), while the capital market variables considered were; Market capitalization (MCAP), Total New issues (TNI), Value of Transactions (VLT), and Total Listed Equities and Government Stocks (LEGS). Johansen co-integration and Granger causality tests were applied. The result shows that the Nigerian capital market and economic growth are co-integrated. This indicates that a long run relationship exist between capital market and the growth of the Nigerian economy. The result shows the clear relative positive impact of the capital market on the economic growth and invariably on the economy.

Adeoye (2015) empirically examined the impact of the Nigerian capital market on the Nigerian economy looking at a 20 years period from 1992 to 2011. The Nigerian capital market was proxy as Market Capitalization against some variables of the economy such as Gross Domestic Product (GDP), Foreign Direct Investment, Inflation Rates, Total New Issues, Value of Transaction and Total Listing. Using the multiple regression analysis, the study found that capital market has an insignificant impact on the Economy within the period under review. The study therefore advised that policies and measures that would boost investors' confidence a negative insignificant link with economic growth in the long run within the period of the study. Okoye, Nwisiyenyi and Eze (2017) studied the effect of the Nigerian capital market has on growth of the industrial sector and economic growth. They found a significant positive effect stock market on industrial sector growth. Josiah, Adediran and Akpeti (2019) investigated the impact of the capital market on the Nigerian manufacturing sector and the economy. Using time series data from Central Bank of Nigeria (1992 to 2007) and the Ordinary least square the authors discovered that the capital market has not contributed positively to the Nigerian manufacturing sector and economy. However there is a positive correlation between the rate of transactions in the capital market and the development of Nigerian economy.

Gaps and Value addition

The paper reviewed mostly empirical works centered on the relationship between capital market and economic growth, with none on transportation sector growth. This paper is therefore focused on capital market and its implications on the performance of the transportation sector (1981-2022) which is the engine room of economic development in Nigeria, using a slightly modified data set.

3. METHODOLOGY Research Design

This study employed the ex-post facto research design. Ex post facto study or after-the-fact research is a category of research design in which the investigation starts after the fact has occurred without interference from the researcher. Time series data which spanned from 1990 to 2023 were obtained from Central Bank of Nigeria (CBN) such as statistical bulletin as well as Annual Report and Statement of Account.

Model Specification

The model was specified based on the work of Briggs (2015) however, value of transaction and total listed equity and government stocks were replaced with Turnover -ratio and all share index while transport sector growth is the dependent variable

The model was stated functionally as follows:

$$TSG = f(MC, VT, TR, AS) \quad (3.1)$$

The functional form of the model specified above was transformed to a mathematical model as follows;

$$TSG = \beta_0 + \beta_1 MC_t + \beta_2 VT_t + \beta_3 TR_t + \beta_4 AS_t \quad (3.2)$$

The mathematical form of the model specified above was transformed to an econometric model as follows;

$$TSG = \beta_0 + \beta_1 MC_t + \beta_2 VT_t + \beta_3 TR_t + \beta_4 AS_t + \mu_t \quad (3.3)$$

Where:

TSG = Transportation sector growth proxied by transportation GDP growth rate

MC = Market capitalization

VT = Value of traded stocks

TR = Turnover ratio AS = all share index

β_0 = The intercept/constant variable

$\beta_1 - \beta_4$ = coefficients of independent (explanatory) variables t = time

μ_t = disturbance term

A Priori Expectation: $\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$, $\beta_4 > 0$.

Data Analysis Technique

Subsequent to conducting the unit root tests, the model was then estimated. This study employed the multiple regression analysis using ordinary least squares (OLS) technique being the best linear unbiased estimator. This followed the result of the unit root tests which showed that all the variables were stationary at level, that is, were integrated of order zero, $I(0)$, **Unit Root Test**

The results of the unit root test using Augmented Dickey-Fuller (ADF) approach are summarized in Table 4.3 below:

Variables	ADF	5% Critical Value	Hypothesis	Order of Integration	Remark
ortation Sector Growth	-5.954375	-2.957110	nce of Unit Root	$I(0)$	Stationary at Level
Market Capitalization	-3.332225	-2.957110	nce of Unit Root	$I(0)$	Stationary at Level
e of Traded Stocks	-4.867175	-2.957110	nce of Unit Root	$I(0)$	Stationary at Level
Turnover Ratio	-5.996120	-2.957110	nce of Unit Root	$I(0)$	Stationary at Level
All Share Index	-3.296644	-2.957110	nce of Unit Root	$I(0)$	Stationary at Level

Table 4.3: Unit Root Test Result

Source: Researcher's E-view Based Results, 2024.

After comparing the ADF statistic against the Mackinnon critical value at 5% level of significance in Table 4.3, it was observed that transportation sector growth, market capitalization, value of traded stocks, turnover ratio and all share index were all stationary at levels. This indicates that transportation sector growth, market capitalization, value of traded stocks, turnover ratio and all share index were all integrated at order zero [i.e. $I(0)$]. The level stationarity among the variables necessitates the use of ordinary least square regression technique to estimate the specified linear regression model.

Regression Analysis -Ordinary Least Square (OLS) technique

The results of the Ordinary Least Square (OLS) estimation carried is presented in table 4.4 below

Table 4.4: Results of Multiple Regression Analysis

Dependent Variable: TSG				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-16.06818	36.89043	-0.435565	0.6665
LOG(MC)	0.574970	0.233867	2.458541	0.0362
LOG(VT)	0.579045	0.188244	3.076034	0.0132
TR	0.600837	2.457055	0.244535	0.8086
LOG(AS)	0.574970	0.233867	2.458541	0.0362

R-squared = 0.869628; Adjusted R-squared = 0.694399; F-statistic = 3.159647; Prob(F-statistic) = 0.040536; Durbin-Watson stat = 1.793464

Source: Researcher's E-view Based Results, 2024.

Interpretation of Results Interpretation of Parameter Estimates

$TSG = -16.06818 + 0.574970[MC] + 0.579045[VT] + 0.600837[TR] + 0.574970[AS]$

Market Capitalization (MC) and Transportation Sector Growth (TSG)

The positive value (0.574970) of the parameter of market capitalization as shown by the regression results in table 4.4 indicates that market capitalization contributes positively to transportation sector growth. The implication of this is that Transportation sector growth will increase by 0.574970 given a unit increase in market capitalization while Transportation sector growth will decrease by 0.574970 given a unit decrease in market capitalization. This is in line with the a priori expectation. Moreso, the impact of market capitalization on TSG was found to be statistically significant given that the P-value was less than 5 percent level of significance.

We therefore reject the null hypothesis.

Value of traded stocks (VT) and Transportation Sector Growth (TSG)

The positive value (0.579045) of the parameter of value of traded stocks as shown by the empirical results in table 4.4 indicates that value of traded stocks contributes positively to transportation sector growth. The implication of this is that Transportation sector growth will increase by 0.579045 given a unit increase in value of traded stocks while Transportation sector growth will decrease by 0.579045 given a unit decrease in value of traded stocks. This is in line with the a priori expectation. Moreso, the impact of value of traded stocks on TSG was found to be statistically significant given that the P-value was less than 5 percent level of significance.

We therefore reject the null hypothesis.

Turnover Ratio (TR) and Transportation Sector Growth (TSG)

The positive value (0.600837) of the parameter of turnover ratio as shown by the regression results in Table 4.4 indicates that turnover ratio contributes positively to Transportation sector growth. The implication of this is that Transportation sector growth will increase by 0.600837 given a unit increase in turnover ratio while Transportation sector growth will decrease by 0.600837 a unit decrease in turnover ratio. This is in line with the a priori expectation. Moreso, the impact of turnover ratio on TSG was found to be statistically insignificant given that the Pvalue was greater than 5 percent level of significance. We therefore accept the null hypothesis.

All Share Index (AS) and Transportation Sector Growth (TSG)

The positive value (0.574970) of the parameter of all share index as shown by the regression results in table 4.4 indicates that all share index contributes positively to Transportation sector growth. The implication of this is that Transportation sector growth will increase by 0.574970 given a unit increase in all share index while Transportation sector growth will decrease by 0.574970 given a unit decrease in all share index. This is in line with the a priori expectation. Moreso, the impact of all share index on TSG was found to be statistically significant given that the P-value was less than 5 percent level of significance. We therefore reject the null hypothesis.

Analysis of R-Squared (R^2)

The R-squared value obtained from the regression results in table 4.4 is 0.869628. This implies that the regression line has a good fit as indicated by the R-squared value which is greater than 0.5 or 50 percent (i.e. 87%) as the case may be. In other words, about 87% of the variations in Transport sector growth as measured by transportation sector GDP is explained by changes in market capitalization, value of traded stocks, turnover ratio and all share index. The remaining 13% of the variations in Transportation sector growth are explained by other variables not included in the study as represented by the error term.

Analysis of Adjusted R-Squared (R^2)

The adjusted coefficient of determination (Adjusted R-squared) is 0.694399. This shows that the coefficient of determination obtained is reliable. The result also implies that, if the coefficient of determination is adjusted, 69% of the total variations in Transport sector growth as measured by Transportation sector GDP are attributable to changes in market capitalization, value of traded stocks, turnover ratio and all share index. The remaining 31%

of the variations in transportation sector growth are explained by other variables not included in the study as represented by the error term.

Analysis of T-Test

The T-test was used to test the validity of the parameter estimate. It was used to decide whether the independent variable is individually significant or not. The t-calculated values for all the independents variables, the t-tabulated values, decision rule and conclusion are summarized in table 4.4.1 below:

Table 4.4.1: Summary of T-Test

Variables	Calculated Value	Tabulated Value	Decision Rule	Conclusion
Market capitalization	2.458541	2.048	Reject H_0	Significant
Value of traded stocks	3.076034	2.048	Reject H_0	Significant
Turnover ratio	0.244535	2.048	Accept H_0	Not Significant
All share index	2.458541	2.048	Reject H_0	Significant

Source: Researcher's E-view Based Results, 2024.

The summary of our t-test as presented in table 4.4.1 above shows that market capitalization, value of traded stocks and all share index are statistically significant. This means that market capitalization, value of traded stocks and all share index have individual significant effect on Transportation sector growth. On the other hand, the results presented in table 4.4.1 shows that turnover ratio is not statistically significant. This means that turnover ratio does not exert any significant effect on transportation sector growth.

Analysis of F-Test

This test was carried out to test for overall significance of the model

From statistical table, F-tabulated value at (4, 28) degrees of freedom and at 5% level of significance i.e. $F_{0.05}(4, 28)$ is 2.71 while the F-calculated value from the regression result is 3.159647. Since the F-calculated value is greater than the F-tabulated value at 5% level of significance, we therefore reject the null hypothesis and conclude that the model is statistically significant.

Table 4.4.2: Summary of F-test

Variable	Calculated Value	Tabulated Value	Decision Rule	Conclusion
Estimated Model	3.159647	2.71	Reject H_0	Significant

Source: Researcher's E-view Based Results, 2024.

The summary of our F-test as presented in table 4.4.2 above shows that the estimated model is statistically significant. This means that market capitalization, value of traded stocks, turnover ratio and all share index have joint significant effect on transportation sector growth in Nigeria.

Post-Estimation Tests

The results of the diagnostic tests conducted are presented below:

Table 4.5: Post-Estimation Tests

Test	F-statistic	P-Value	Decision
Normal Distribution	3.910768	0.141510	The null hypothesis of normal distribution is retained
Serial Correlation LM	2.856606	Prob. F(2,30) 0.0921	The null hypothesis of no serial correlation is retained

Heteroscedasticity Test	0.953530	F(4, 28) 0.4481	The null hypothesis of homoscedasticity is be retained
Ramsey RESET	0.772340	Prob. (1, 27) 0.3872	The null hypothesis of the model being correctly specified is retained

Source: Researcher's E-view Based Results, 2024.

The post estimation test results in Table 4.5 provided evidence that all the variables (market capitalization, value of traded stocks, turnover ratio and all share index) in the model conform to the basic assumptions of ordinary least squares estimation.

Discussion of Findings

Having analysed the impact of capital market on the transportation sector growth in Nigeria, the study found that there is a positive and significant relationship between market capitalization and transportation sector growth in Nigeria. The findings relate to the findings of Okoye, Nwisiennyi and Eze (2017) who found that there is a positive relationship between capital market (as proxied by market capitalization) and industrial sector development in Nigeria.

The study also found that there is a positive and significant relationship between value of traded stocks and Transportation sector growth in Nigeria. This result also agrees with that of Imade (2021) who found that value of transaction is positively signed and statistically significant at 5 percent level with gross domestic product sector in Nigeria and the United States of America. In addition, the study found there is a positive and insignificant relationship between turnover ratio and transportation sector growth in Nigeria. This results also agree with that of Adeoye (2020) who found that turnover ratio has a positive impact on turnover ratio on economic growth in Nigeria as proxied by gross domestic product.

Lastly, the result of the study showed that there is a positive and significant relationship between all share index and Transportation sector growth in Nigeria. This finding conforms to the findings of Ndudi, Olannye and Iyamahbor (2020) which established that capital market exerted significant positive effect on economic growth in Nigeria.

Conclusion

The study empirically investigated the impact of capital market on transportation sector growth in Nigeria over a period of thirty-three years (i.e. from 1990 to 2022). The findings of the study showed that market capitalization, value of traded stocks, turnover ratio and all share index have joint significant effect on transportation GDP growth rate in Nigeria. Based on the findings of the study however, the researcher concludes that capital market is statistically significant and has a significant positive effect on transportation sector growth in Nigeria.

Recommendations

Based on the theoretical and empirical findings of this study, the following recommendations are made:

1. Government should implement policies that attract both local and foreign investments into the transportation sector, encouraging companies to list on the Nigerian Stock Exchange. By increasing the market capitalization of transportation companies, the sector will have greater access to capital for expansion and modernization, which can lead to improved infrastructure and services, ultimately boosting the sector's growth rate.
2. To stimulate the trading of transportation stocks, the government should foster public private partnerships (PPPs) in transportation infrastructure projects. These partnerships can increase the visibility and appeal of transportation companies on the stock market, leading to higher trading volumes. The increased value of traded

stocks can provide the necessary capital for expanding transportation networks, enhancing efficiency, and driving sector growth.

3. Government and regulatory bodies should enforce strong corporate governance and transparency practices among transportation companies. This approach will build investor confidence, leading to a higher turnover ratio of transportation stocks. A higher turnover ratio indicates greater liquidity and investor interest, which can facilitate the sector's access to finance, enabling growth through investments in technology, infrastructure, and services.

4. Policies that promote the inclusion of more transportation companies in the calculation of the all-share index should be pursued. By ensuring that transportation companies are well-represented in the index, the sector can gain more visibility among investors. This visibility can attract more investments, leading to capital inflows that support infrastructure development, fleet expansion, and overall sector growth, contributing to the broader economic development of Nigeria.

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