Foreign Financial Resources Inflows and Stock Market Development: Empirical Evidence from Nigeria and Ghana.

Aigheyisi, Oziengbe Scott (Corresponding Author)
Department of Economics and Statistics,University of Benin, Nigeria.
Email: oziengbeaigheyisi@gmail.com
Edore Julius Ovuefeyen
Department of Banking and Finance, Delta State Polytechnic, P.M.B. 5, Ozoro, Nigeria.
Email: juliusedore@yahoo.com

Abstract

This study empirically investigates the effects of the inflows of foreign financial resources into Nigeria's and Ghana's economies, on the development of the countries' stock exchanges. Using annual time series data covering the period – 1988 to 2011 for Nigeria, and 1991 to 2011 for Ghana, adopting market capitalisation–GDP ratio (MCR) as proxy for stock market development, and employing multiple linear regression technique, the study finds that with the exception of external debt-GDP ratio (EXDTR), the ratios of inflows of other foreign financial resources (foreign direct investment (FDI), foreign portfolio investment (FPI), personal remittances received (PRR), official development assistance and aid (ODAA)) to GDP, were positively related to MCR, although the relationship between ODAA-GDP ratio and MCR in Nigeria was statistically insignificant within the sample period. On the other hand, FDI-GDP, PRR-GDP and EXDT-GDP ratios were observed to be significantly, negatively related to MCR in Ghana, while ODAA-GDP ratio was positively related to it, indicating that, of all the forms of foreign finances considered, ODAA has been the most relevant in the development of Ghana's stock exchange. Policy recommendations of the paper include the creation of conducive macroeconomic, socio-political environment required to attract more foreign direct and portfolio investments, as well as enhance the profitability of quoted firms whose securities are listed on the exchange, keeping external public debt at manageable levels, encouraging more firms to get listed the stock exchanges, reducing the cost of stock exchange transactions, proper regulations of the activities of market players, etc.

Keywords: Foreign Finance Inflows, Nigerian Stock Exchange, Ghana Stock Exchange, Stock Market Development.

1. Introduction

The stock market plays a key role in the development of emerging market economies. It is a major channel through which the savings of the surplus unit is transformed into medium and long term investments in the deficit unit of the economy (Adenuga, 2010). The development of modern economies is strongly linked to the level of the development of their financial markets, of which the stock markets constitute an integral part. The stock market provides the platform for short term investors (speculators) to grow their wealth (financial asset or net worth) by taking advantage of the facilities it offers to speculate on stocks of quoted companies (depending on their liquidity level), just as it offers value (or long term) investors the facility to build up, store and preserve the value of their wealth against inflationary trends, given favourable and impressive returns on equity over the medium to the long run. It also provides the platform for publicly quoted corporations to raise additional funds to finance their businesses (by setting up new business facilities or expanding an already existing business), through issuances of shares via public offers (initial public offers, normal public offer) rights issue, and issuance of corporate bonds, which are preferred alternatives to bank loans which may attract high cost of capital, that could adversely affect their bottom lines. Furthermore, if the stock market is internationally integrated, it provides the channel through which investors (local and foreign) diversify their investment portfolios in a bid to minimize the risk inherent in asset investments. The government (particularly states and federal) also derives some benefits from the stock market as the stock market offers the facility for secondary transactions on already issued government debt instruments such as treasury bills and bonds. The net effect of these, *ceteris paribus*, is that there will be positive spillover to the economy. Theoretically, a positive relationship exists between stock market development and economic development. Evidence from several empirical researches strongly supports the theory (Levine and Zervos, 1996; Caporale, Howells and Solimano, 2004; Adenuga, 2010; Oseni and Enilolobo, 2011), although very few empirical researches have also found a significant negative relationship between stock market development and economic growth in some developing countries (Alajekwu, 2012).

Apart from internal factors, external factors also affect the development of the stock market, prominent among which is foreign capital inflows (foreign direct investment and foreign portfolio investment) as well as the inflow of other financial resources such as public external debt, personal remittances from abroad and official development assistance and aid. The objective of this work is to investigate the impact of foreign financial

resources inflows on the development of Nigeria's and Ghana's stock markets.

2. The Problem

The weakness of the financial markets (particularly the capital market) of developing/emerging market economies constitutes a serious hindrance to the ability of the market to foster economic growth and development. This weakness has been attributed partly to the near absence of liquidity, low level of investment in the market amongst others. Also responsible for the weakness is the low level of savings or savings rate in the region, accentuated by low income levels and high marginal propensity to consume. Consequently, the inflows of foreign financial resources are required to supplement domestic financial resources to strengthen the domestic stock market and infuse some liquidity in it.

While previous researches have tended to focus on, or investigate the effects of a few of the components of foreign finance inflows (viz. foreign direct investment and foreign portfolio investment) on the development of the stock market, this paper takes a step further to investigate additionally the effects of often overlooked components of foreign finance on stock market development. Considering that the amount of foreign direct investment and foreign portfolio investment that flow into the less developed and emerging market economies (especially those in sub-Sahara Africa) are (near) insignificant compared to what flows into the highly developed economies, the need to augment the aforementioned components of foreign finance with the often overlooked components such as the official development assistant, aid, personal remittances from abroad and (productive) debt cannot be overemphasized, as these if properly harnessed could infused more funds and liquidity in the capital market, which ultimately could engender the development of the stock market. On the other hand, if these foreign or external sources of development finance are poorly harnessed, their effects on the development of the stock market may be insignificant, or adverse as the case maybe, particularly when and where economic conditions are unfavourable. Thus the objective and intended contribution of this paper to the extant (existing) literature are two-fold: firstly to investigate the effect of inflows of specific forms of foreign finances into the economies of Ghana and Nigeria on their stock markets and secondly to show that apart from foreign direct investment and foreign portfolio investment, other forms of foreign finance also affect stock market development.

3. Brief History and Overview of Nigeria's and Ghana's Stock Exchanges

3.1 The Nigerian Stock Exchange (NSE).

Information from the website of The Nigerian Stock Exchange reveals that the NSE was established as the Lagos Stock Exchange in 1960 and began operations in 1961 with 19 securities listed for trading. It was renamed The Nigerian Stock Exchange in December 1977. Thereafter, several branches and (electronic) trading floors were established at various times in some of the major cities of the country. Kaduna trading floor/branch was opened in 1978, Port Harcourt floor was opened in the following year (1979) and Kano branch of the exchange was opened about a decade later in 1989. In 1990, the Ibadan branch of the exchange was opened, while trading began at the Onitsha same year. In 1993, the Nigerian capital market was deregulated as part of the implementation of the Structural Adjustment Programme (SAP) and the implication for the Nigerian Stock Exchange as a integral part of the capital market was that the prices of new issues were determined by the issuing houses and stockbroker, while prices of existing stocks already listed on the stock exchange were determined by the stockbrokers alone. In 1995 Exchange Control Act of 1962 and the Nigerian Enterprise Promotion Decree of 1989 were repealed by the federal government and consequently, the Nigerian capital market was effectively internationalized, allowing foreign participation as both investors and operators. In furtherance of the opening of the Nigerian capital market to the international community, the federal government in same year (1995) promulgated the Nigerian Investment Promotion Commission Decree No.16 and Foreign Exchange (Monitoring and Miscellaneous) Provision Decree No.17, and the NSE issued administrative guidelines for foreign investment through the Nigerian Stock Market. Meanwhile, in preparatory to the internationalisation, the NSE had in 2nd June 1987 hooked up with the Reuters Electronic Contributor System to enable it disseminate information/market statistics to the global financial system. The NSE was elected president of the African Stock Exchanges Association in 1998. In 1999 Abuja office of the NSE was opened and commenced remote trading with Lagos floor, and in same year The Nigerian Stock Exchange began the Automated Trading System (ATS) in the month of April. The ATS replaced the Call over Trading System (CTS) and enables dealers trade from the various trading floors through a network of computers connected to a server. That same year, the NSE signed a memorandum of association (MoU) with the Johannesburg Stock Exchange (South Africa). It signed another MoU with the Nairobi Stock Exchange in year 2000. Kano Trading Floor began remote trading online real time with Lagos with Lagos in year 2000. In 2000 the NSE signed MoU with International Stock Exchange of London and Egyptian Stock Exchange. In 2001 Port Harcourt branch of the exchange began remote trading online real time with Lagos, Kano, Abuja, etc. Yola branch of the Exchange and its electronic/automated trading floor were opened and commissioned in 2002. Benin City branch of the NSE

and its electronic/automated trading floor were opened and commissioned in 2005. In 2006, Kaduna Trading floor began remote trading online real time with Lagos branch of the Exchange. In 2006, Ibadan Trading Floor began remote trading online real time with Lagos. Uyo branch of the exchange was opened in 2007. Ilorin, New Onitsha and Abeokuta branches and trading floors of the NSE were commissioned in 2008, while those of Owerri and Bauchi were commissioned the following year (2009). As at 30/5/2012, the NSE featured 12 sectors, comprising a total of 196 listed companies

3.2 Ghana Stock Exchange (GSE).
Information from the website of Ghana Stock Exchange shows that the journey towards the establishment of a stock market in Ghana began in 1969 when the Pearl Report by Commonwealth Development Finance Company Limited recommended the establishment of a Stock Exchange in Ghana within two years. Subsequently, the Stock Exchange Act was enacted in 1971 and the Accra Stock Exchange Company was established was incorporated, though it never operated. The GSE was established in July 1989 as a private company limited by guarantee under the Companies' Code of 1963, and was given recognition as an authorized Stock Exchange under the Stock Exchange Act of 1971 (Act No.384) in October 1990 when the Executive Instrument No.20 was signed. Trading began on the floor of the Exchange on November 12 1990. The official launching of the GSE was on Jan 11 1991. The GSE became a public company limited by guarantee in April 1994 under the Companies' Code 1963 (Act 179) in a resolution at the Exchange's Annual General Meeting. As at 17 May 2013, about 36 companies were listed on the GSE.

4.   Theoretical Framework and Brief Review of the Empirical Literature

Theoretically, a positive relationship exists between foreign capital inflows (foreign direct and portfolio investment) and the development of the stock market. The inflow of FDI into an economy increases the amount of funds in the economy (Henry, 2000, as cited in Soumare and Tchana, 2011) and this drives down interest rates and makes it easy for firms to acquire loans to set up new businesses or expand an existing line of business which ultimately enhances their profitability. The profitability of listed firms/companies could have a positive spill-over effect on the stock market if the market is efficient. The equities of companies/firms set up by the parent company in the home country may also be listed on the stock exchange, and this could *ceteris paribus* boost the volume and value of stock market transaction, market capitalization, market liquidity, etc. Similarly, foreign portfolio investment into an economy could position the recipient corporations for enhanced profitability as well as improve the attractiveness of the corporations to stock market investors, which elicit their active participation in the market, ultimately resulting in its development.

Foreign aid and personal remittances could also have positive effect on the development of the stock market. Though the effect of the former is not guaranteed to be sustainable, the effect of the latter depends on several factors ranging from returns on alternative investments (such as money market instruments/financial assets), investor's general perception of the market, the return on equity investment, etc. If stock market return is relatively greater than return on money market and other alternative investment instruments and investors' perception of the market is favourable, these would engender inflows/channeling of some percentage of foreign personal remittances to the stock exchange to enhance its development.

Public external debt is another form of foreign financial resource that could affect the development of the stock market. A principal mechanism through which it affects the development of the market is through its effect on corporate borrowing costs, particularly in emerging market economies. Empirical research by Agca and Celasun (2009) reveals that increase in external debt of emerging market governments significantly raises the borrowing costs of the domestic corporate sector particularly in countries with weak creditor rights, attributable to the crowding out of foreign credits to the private sector by higher level of public external debt. Higher borrowing costs discourage investment and reduce corporations' bottom lines or profits. Considering that the profitability of firms or corporations listed on the stock market is directly related to stock market returns and development, increases in public external debt is envisaged to have a depressing effect on the development of the stock market. In a study to investigate the impact of foreign direct investment on stock market development in Ghana using impulse responses and variance decomposition from vector errorpr correction model, Adam and Tweneboah (2008) find that increase in FDI significantly, positively influence the development of the country's stock market. Similar study by Karthik and Kannan, 2011 which employs the ARDL Bounds testing approach for the long-run relationship between the variables, and error correction model for the short-run dynamics, finds that foreign direct investment significantly contributes to the development of India's stock market. Kalim and Shahbaz (2009) also investigate the impact of FDI on stock market development in Pakistan using the ARDL bound testing approach to test for long-run relationship among the variables and an error correction model to model the short-run dynamics. The results of their analysis gave evidence that robustly supports the complimentary role of FDI in the development of the stock market of Pakistan. Employing panel data for 29 emerging market economies (comprising 4 African, 15 Asian, 4 Eastern European and 6 Latin American countries) in an analysis to

investigate the relationship between foreign direct investment and stock market development in the period from 1994 to 2006, Soumare and Tchana (2011) observe that bidirectional causal relationship exists between foreign direct investment inflows and stock market development in the economies.

Nyang'oro (2013) investigates the effect of portfolio investment on the performance of Nairobi Stock Exchange in the period April 1996 to December 2011 using a multifactor pricing model. The results of his research show that participation of foreign investors in the stock market has an effect on stock market performance and that unexpected flows of foreign portfolio investment affect stock market returns significantly with a lag, while its effect contemporaneously, is not significant. Meanwhile, the expected flows show a positive and significant relationship contemporaneously, as it gingers investors' confidence in the market.

5. Materials and Methods

The ordinary least squares estimation technique will be employed to investigate the effect of foreign finance on the development of the NSE and the GSE. The model to be estimated with the chosen method is specified as:

$$MCR = \alpha_0 + \alpha_1 FDIR + \alpha_2 PRRR + \alpha_3 FPIR + \alpha_4 ODAAR + \alpha_5 EXDTR + \varepsilon$$

Where MCR = Market capitalisation ratio defined as the ratio of market capitalization to GDP, proxy for stock market development; FDIR = Foreign direct investment-GDP ratio, defined as the ratio of foreign direct investment inflows to GDP; PRRR = Personal remittances received as a ratio of the GDP; FPIR = Foreign portfolio investment-GDP ratio, defined as the ratio of foreign portfolio investment to GDP; ODAAR = Official development assistance and aid received as a ratio of the GDP and EXDTR = External Debt-GDP ratio (also known as external debt burden) defined as the ratio of public external debt to GDP. All measures are in percentages. The *a priori* expectations are (α_1, α_2, α_3, α_4) > 0 and α_5 < 0. ε is the white noise error term assumed to be normally distributed with zero mean and constant variance. It is also assumed to be homoscedastic. Although there is the consensus that foreign portfolio investment (FPI), due to its short term nature is quite volatile, and this volatility could have adverse effect on the development of the stock market, we wish to note that the inflow could positively affect the development of the stock market, at least contemporaneously, in the short-run. Data for the variables are sourced mainly from the World Bank's databank. The specified model shall be estimated with the aid of Microfit 4.1 econometric software for windows. A limitation of the study is the inadequacy of the data on foreign portfolio investment into Ghana's economy from the source of data. For this reason, this variable is dropped in the estimation of the specified model for Ghana's Stock Exchange.

6. Results and Discussions

Table 1. Nigeria: Ordinary Least Squares Estimation Results

Panel A: Preliminary Regression Results 24 Observations from 1988 to 2011. Dependent Variable is MCR				Panel B: Cochrane-Orcutt Corrected Results 24 Observations from 1988 to 2011. Dependent Variable is MCR			
Regressors	Coeff.	T-ratio	Prob.	Regressors	Coeff.	T-ratio	Prob.
INPT	14.9828	2.1689	.044	INPT	7.7702	3.1268	.006
FDIR	.13501	.12399	.903	FDIR	1.3822	1.8489	.081
PRRR	1.1752	1.3779	.185	PRRR	1.3660	3.1670	.005
FPIR	-.56381	-.51469	.613	FPIR	1.4264	1.9969	.061
ODAAR	-1.0944	-1.0148	.324	ODAAR	.47953	1.0601	.303
EXDTR	-.086150	-1.3422	.196	EXDTR	-.099504	-3.0301	.007
R-Squared = .62206; R-Bar-Squared;=.51708 F(5, 18)= 5.9254; DW-statistic = 1.7812				R-Squared =.84770; R-Bar-Squared =.71062; F(9, 10)=6.1842;DW-statistic = 2.2127			

Source: Authors' calculations using Microfit 4.1 Regression Software

The preliminary OLS results of the estimation of the specified model for Nigeria (presented in Panel A of Table 1) reveals that the signs on FDIR, PRRR and EXDTR variables conform to *a priori* expectations, while those on FPIR and ODAAR do not. None of the coefficients pass the test of statistical significance. The coefficient of determination (R-squared) reveals that the model has fairly impressive goodness of fit as about 62.2% of the systematic variation of the dependent variable (MCR) is explained by the regressors. The remaining 37.8% are accounted for by factors outside the system (or model). Although the F-statistic indicates that the regressors jointly significantly explain variation in the dependent variable (an indication of the existence of significant linear relationship between the regressand and the regressors), the DW-statistic of 1.7812 however fails the test of absence of autocorrelation. This invalidates the model and renders it unreliable for policy simulation and analysis. To overcome this problem, we resort to an alternative method of estimation. The Cochrane-Orcutt

method was adopted and the fourth order autoregressive scheme/process was assumed. The results of the estimation are presented in Panel B of Table 1. An investigation of the results reveals that the signs on the coefficients of all variables conform to *a priori* expectations. The effects of the inflow of foreign direct investment, personal remittances and foreign portfolio investment into the Nigeria economy on the development of the Nigerian Stock Market are positive and statistically significant at the 5%, 0.3% and 4% levels respectively. The effect of official development assistance and aid on stock market development, though positive, is statistically insignificant. External debt burden is observed to have impacted adversely on the development of the Nigerian Stock exchange and this effect is significant at the 0.4% significance level.

The diagnostic statistics reveals that the model has an impressive goodness of fit as nearly 85% of the systematic variation in the dependent variable is explained by the regressors. The unexplained portion of about 15% is accounted for by factors outside the model. The F-stat. of 6.1842 is highly significant, as it passes the test of statistical significance at the 0.5% level, indicating that the regressors, taken together, significantly explain variations in the dependent variable, thus signifying the existence of significant linear relationship between the dependent variable and the explanatory variables. The DW-statistic of 2.2127 is the greater than $d_L(=1.9018)$, and so the null hypothesis of absence of serially correlated residuals (i.e. autocorrelation) is not rejected at the 5% level. It can be inferred from the foregoing that the estimated model (Panel B, Table 1) is valid and can be relied upon for policy simulation and analysis

Table 2. Ghana: Ordinary Least Squares Estimation Results

Panel A: Preliminary Regression Results 21 Observations from 1991 to 2011. Dependent Variable is MCR				Panel B: Cochrane-Orcutt Corrected Results 21 Observations from 1991 to 2011. Dependent Variable is MCR			
Regressors	Coeff.	T-ratio	Prob.	Regressors	Coeff.	T-ratio	Prob.
INPT	3.0977	.26192	.797	INPT	16.9334	5.8741	.000
FDIR	.36949	.33223	.744	FDIR	-1.0212	-3.7667	.002
PRRR	7.8791	.87108	.397	PRRR	-27.5382	-5.9224	.000
ODAAR	.29322	.25366	.803	ODAAR	3.6595	7.1779	.000
EXDTR	.045079	.48028	.638	EXDTR	-.21461	-8.0024	.000
R-Squared =.13050;R-Bar-Squared;=-.08687; F(4, 16)= 0.60037; DW-statistic =1.1386				R-Squared =.94454; R-Bar-Squared =.90572; F(7, 10)=24.3315; DW-statistic = 2.0298			

Source: Authors' calculations using Microfit 4.1 Regression Software

The preliminary ordinary least squares estimation results reveal that with the exception of EXDTR variable, the signs on other coefficients conform to *a priori* expectations. None of the variables pass the test of statistical significance at the conventional levels. The coefficient of determination (R-squared) of 0.13050 indicates that the model has very low explanatory ability or weak goodness of fit as only approximately 13% of the systematic variation in the dependent variable is explained by the regressors. The F-stat. is also not satisfactory as it fails the test of statistical significance at the conventional levels. With a DW-statistic of 1.1386, the null hypothesis of absence of serially correlated residuals cannot be rejected. The model is therefore plagues with the problem of positive autocorrelation. The foregoing indicators render the model invalid, and unreliable for pursuance of policy and analysis.

The Cochrane-Orcutt method was also adopted as an alternative estimation method to overcome the problems of the preliminary/initial estimations. The fourth order autoregressive process, AR(4) was utilized to overcome the problem of positive autocorrelation. The outcome of the estimation is presented in Panel B of Table 2.

The signs on the coefficients of ODAAR and EXDTR conform to *a priori* expectation, while those on FDIR and PRRR do not. All the variables easily pass the test of statistical significance. The negative signs on the coefficients of FDIR, PRRR and EXDTR suggest that increases in these variables were associated with decrease in MCR within the period under review, while increase in ODAAR was associated with increase in MCR. Thus, of all the forms of foreign financial resources inflows captured by or integrated in the model as explanatory factors, only official development assistance and aid had significant positive effect on the development of Ghana stock exchange, which is not unexpected considering that a positive causal link exists between foreign aid and economic growth in the country as observed by Tuffour (2013). The other variables (foreign direct investment, personal remittances from abroad and external debt) had significant depressing effect on it.

The coefficient of determination reveals that the model has very high explanatory ability, as over 94% of the systematic variation of MCR is explained by the regressors. The F-stat. of 24.3315 strongly passes the test of statistical significance. The DW-statistic of 2.0298 indicates that the null hypothesis of the absence of serially correlated residuals cannot be rejected at the 5% significance level. The model is therefore valid.

7. Recommendations for Policy

According to the popular adage, "what is good for the goose is good for the gander". Foreign direct investment and personal remittances were observed to be positively related to stock market development in Nigeria, whereas the reverse was the case in Ghana. The fact that these components of foreign finance were positively related to the development of the Nigerian Stock Exchange is an indication that this could also be the case with Ghana's Stock Exchange. Ghana's policy makers should put measures on ground to attract more FDI into her economy and encourage foreign (multinational) corporations (through which FDI is channeled into the country) operating therein to get listed on her stock exchange, as the number of quoted companies in Ghana is still quite low. This, and other measures if put in place will enhance the development of the stock market and attract more foreign portfolio investment into the country as well as boost indigenous investors' confidence in the market such that they begin to participate in the market with (a fraction) of remittances from abroad. The general evidence-based policy recommendations of the paper are that both countries should strive to make their economies attractive to foreign capital and aid, encourage more firms (local and foreign) to get listed on their stock exchanges, encourage local investors to actively participate in the markets and take advantage of the opportunities therein to maximize their wealth with their incomes as well as with remittances from abroad so as to boost the volume of activities/trade in the markets (this could be achieved by embarking on enlightenment/awareness campaigns and reducing the cost of stock market transaction, etc.), minimise the use of public external debt, sign MoUs with other more developed stock exchanges (as at the time of this research, Ghana's Stock Exchange has signed none), and finally, the activities of market players particularly the stock brokers, issuing houses, etc. should be properly monitored by the regulatory authorities to stymie activities inimical to the development of the stock markets. However in striving to attract foreign capital into the market, caution should be exercised to avoid dominance of the market by foreign investors, which could make development of the stock market unsustainable. Precarious reliance on aid could also have adverse effect on the development of the market in particular, and on the economy in general particularly in the long-run as international donors usually channel aid to other countries for their own political or economic benefits (Todaro and Smith, 2003), and once these have been achieved (or in the event of failure to achieve these), there is the likelihood for aid to those countries to be reduced or stopped.

8. Summary and Conclusion

Foreign financial resources inflows are no doubt, complementary to internal sources of development finance and given the conducive economic, socio-political ambience, if properly harnessed, could engender the development of all aspects of the economy, including the stock market. However, the effects of specific aspects/forms/components of foreign finance on the development of the stock market vary from country to country and are dependent on country specific conditions which include the depth of the nation's financial system, the prevailing political ambience, returns on equity investment, efficiency of the market, the degree of certainty/uncertainty in the market, investors' confidence in the market, etc. In this study, foreign direct investment, foreign portfolio investment, personal remittances and official development assistance and aid received were observed, as expected to have positively, significantly affected the development of the Nigerian Stock Exchange, while only official development assistant and aid (ODAA) was observed to have significantly positively affected the development of Ghana's Stock Exchange. While the observed negative and significant relationship between external debt burden and the development of the GSE was not unexpected, the negative contrary relationship observed between foreign direct investment and personal remittances received could be attributed to several factors including the low number of companies listed in the market, low level of (indigenous and foreign) investors' confidence in the market and, inefficiency of the market as observed by Ayentimi, Mensah and Naa-Idar (2013), etc.

References

Adam, A. M. and Tweneboah, G. (2008). Foreign Direct Investment (FDI) and Stock Market Development: Ghana Evidence. MPRA Paper, 11261. Available online at http://mpra.ub.uni-muenchen.de/11261/1/MPRA_paper_11261.pdf

Adenuga, A.O. (2010). Stock Market Development Indicators and Economic Growth in Nigeria (1990-2009: Empirical Investigations. *Central Bank of Nigeria Economic and Financial Review, 48*(1), 33 – 70.

Agca, S. andCelasun, O. (2009). How Does Public External Debt Affect Corporate Borrowing Costs In Emerging Markets? International Monetary Fund (IMF) Working Paper, WP/09/266.

Alajekwu, U. B. (2012), The Role of Stock Market Development on Economic Growth in Nigeria: A Time Series Analysis. *African Research Review, 6*(1), Serial Number 24, 51 – 70.

Ayentimi, D. T., Mensah, A. E. and Naa-Idar, F. (2013). Stock Market Efficiency of Ghana Stock Exchange: An Objective Analysis. *International Journal of Management, Economics and Social Sciences, 2*(2), 54 – 75.

Caporale G. M., Howells, P. G. A. and Solimano, A. M. (2004). Stock Market Development and Economic

Growth. The Causal Linkage. *Journal of Economic Development, 29*(1), 33 – 50, June.

Henry, P. B. (2000). Do Stock Market Liberalization Cause Investment Booms? *Journal of Financial Economics 58*(1-2), 301 – 334.

Kalim, R. and Shahbaz, M. (2009). Impact of Foreign Direct Investment on Stock Market Development: The Case of Pakistan. Paper presented at the 9th Global Conference on Business and Economics, Cambridge University, U.K., October 16 – 17.

Karthik, R. and Kannan, N. (2011). Impact of Foreign Direct Investment on Stock Market Development : A Study with Reference to India. *International Journal of Management 2*(2), 75 – 92, May – June.

Levine, R. and Zervos, S. (1996). Stock Market Developemnt and Long-Run Growth. *The World Bank Economic Review, 10*(2), 323 – 329.

Oseni, I. O. and Enilolobo, O. S. (2011). Effect of Foreign Direct Investment and Stock Market Development on Economic Growth in Nigeria (1980-2009). *European Journal of Business and Management, 3*(12), 34 – 42.

Soumare, I. and Tchana, F. M. (2011). *Causality between FDI and Financial Market Development: Evidence from Emerging Markets*. Available online at SSRN: http://ssrn.com/abstract=1852168 or http://dx.doi.org/10.2139/ssrn.1852168

Todaro, M. P. and Smith, S. C. (2003). Economic Development, Eight Edition. Delhi: Pearson Education (Singapore) Pte Ltd

Tuffour, J. K. (2013). Foreign Aid, Domestic Revenue and Economic Growth in Ghana. *Journal of Economics and Sustainable Development, 4*(8), 25 – 33.

CALL FOR PAPERS

The IISTE is currently hosting more than 30 peer-reviewed academic journals and collaborating with academic institutions around the world. There's no deadline for submission. **Prospective authors of IISTE journals can find the submission instruction on the following page:** http://www.iiste.org/Journals/

The IISTE editorial team promises to the review and publish all the qualified submissions in a **fast** manner. All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Printed version of the journals is also available upon request of readers and authors.

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digtial Library , NewJour, Google Scholar