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Capital Market Operations and Economic Performance of Nigeria and South Africa: A Comparative Analysis

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ABSTRACT: This study conducted a comparative investigation on the effect of capital market operations on the economic performance of economic performance of Nigeria, Egypt and South Africa spanning from 1991 to 2023. Data were obtained from the World Bank Development Index and statistical bulletins of the apex banks of the countries under study. The research adopts the Autoregressive Distributed Lag (ARDL) methodology to estimate country-specific models. The investigation centered on three key capital market operations measures: capital market capitalization, Total Value of Transactions, and Number of Listed Companies while real Gross Domestic Product (GDP) served as the proxy for economic performance. The empirical results revealed the following key findings. For Nigeria, stock market capitalization exerted a negative significant effect on economic performance, while both the total volume of transactions and the number of listed companies showed positive and negative effects respectively, though neither was significant. For South Africa, stock market capitalization and the number of listed companies both exhibited negative effects on economic development, while the total volume of transactions showed a positive effect; however, none of these relationships were statistically significant. Consequently, policymakers need to prioritize market efficiency, regulatory reforms, and investor confidence targeted towards improving the economic performance of Nigeria rather than depending solely on expanding market size or listings, to enhance the developmental role of capital markets.

Keywords: **Comparative Analysis, Capital Market Operations, Stock market capitalization (SMC), Total Value of Transactions (TVT), Number of Listed Companies (NLC), Economic Performance**

1. INTRODUCTION

The nexus between capital market operations and economic development remain one of significant interest in both advanced and developing countries. The rationale behind this is that, the capital markets as emerged as a vital segment of financial systems as it provide an essential mechanism for the allocation of resources (Olawale, 2024). For emerging economies like Nigeria, Egypt, and South Africa, capital markets are particularly crucial for financing infrastructure, encouraging investment, and fostering overall economic growth. The role of capital markets in these countries cannot be overemphasized, as they not only serve as a medium for companies to raise capital but also contribute

to improving financial inclusion and boosting the global competitiveness of national economies (Algaeed, 2021). A capital market is a system where individuals and institutions engage in the buying and selling of financial securities, such as stocks and bonds. Capital markets are critical for the functioning of a modern economy as they serve two primary purposes: providing long-term capital to businesses and governments, and enabling individuals to invest in these assets, thus contributing to wealth generation and savings mobilization (Haque, Qian, Hoque, & Lucky, (2022). The operation of capital markets is central to economic development because it creates a channel for the efficient allocation of capital, stimulates innovation, and encourages entrepreneurship (Alizadeh & Rahmati, 2022).

Economic performance on the other hand, encompasses improvements in living standards, income distribution, education, health care, and the reduction of poverty (Khursanaliev, 2023). Development economists agree that financial systems, particularly capital markets, are integral in mobilizing savings and directing investments to productive sectors, thereby fostering long-term economic growth. The relationship between capital market operations and economic development is particularly evident in emerging markets, where efficient capital markets can significantly reduce the cost of capital, enhance access to finance for local businesses, and stimulate investment in infrastructure (Arestis & Demetriades, 2015).

Nigeria, the largest economy in West Africa, has experienced significant shifts in its financial sector over the past few decades, with capital market operations playing an increasingly prominent role. The Nigerian Stock Exchange (NSE) was established in 1960, with the objective of providing a platform for the raising of capital by public companies and enhancing the efficiency of the economy (Akpan & Atan, 2017). Since then, the NSE has become one of the largest and most liquid stock exchanges in Africa (Damola, 2024). Nevertheless, the Nigerian capital market in faces significant challenges, including a volatile economic environment, political instability, and a lack of investor confidence, which in turn hinders its full contribution to national development (Ayadi & Ayadi, 2019). Similarly, the South Africa's capital market has long been one of the most sophisticated and advanced in Africa. The Johannesburg Stock Exchange (JSE) is the largest and most developed stock exchange on the continent, offering a range of financial products that support both domestic and international investment activities (Soumare et al., 2021). Nevertheless, the South Africa's capital markets, there are concerns regarding the impacts of global economic fluctuations, regulatory inefficiencies, and a relatively slow pace of transformation in making financial markets more inclusive (Ngwenya, 2021). Moreover, the slow pace of economic transformation post-apartheid means that wealth disparities still persist, and capital markets have not fully achieved their potential in terms of economic inclusivity.

Despite extensive scholarly attention to the nexus between capital market operations and economic performance, most of the studies reviewed were from developing and emerging markets economy such as Akinbola (2024) focused on Nigeria; Ramos (2024) examined capital market efficiency in Nigeria; Anis (2022) investigated the Egyptian capital market; Akujuobi, Ebiringa, Chigbu & Mpamugo (2023) conducted a comparative analysis of Nigeria and South Africa; Wandile, Sheunesu & Strinivasan (2025) explored market capitalization and economic outcomes in South Africa; Iyke-Ofoedu et al. (2022) also studied Nigeria; Edo (2024) examined emerging African economies,

including Nigeria and South Africa; Sulaiman, Adejayan & Ilori (2023) focused on ECOWAS countries; and Omir et al. (2024) analyzed capital market impacts in Kazakhstan and CIS countries. El-Sayed (2020) focused on egypt, Olarenwaju and Msomi (2021), Bamlaku (2021) However, many studies integrated economic development with GDP growth alone, which does not fully reflect the multifaceted nature of development. While GDP is a critical indicator, it overlooks other dimensions such as income distribution, employment, infrastructure, and social well-being. Akujuobi et al. (2023) addressed this limitation by incorporating HDI as a proxy for development, revealing differences in the effect of capital market variables across countries. Moreso, a large number of the existing literature is focused on individual countries, with few comparative studies investigating capital market operations across multiple African economies. For example, Akinbola (2024); Itiveh and Okolie (2023); Bakare-Aremu (2022) analyzed the relationship between capital market performance and economic growth in Nigeria; Anis (2022) explored the relationship between financial markets and economic growth in Egypt; and Wandile, Sheunesu, and Strinivasan (2025) examined the effect of market capitalization on economic growth and unemployment in South Africa. These studies largely operate in isolation, limiting the ability to draw regionally generalizable conclusions. As such, there exists a clear geographical gap in cross-country comparative research that assesses the integrated role of capital markets in Africa's leading economies.

Conclusively, prior research revealed some methodological bias in the sense that these studies employ a wide variety of estimation techniques, contributing to the lack of consensus. Akinbola (2024) applied multiple regression and OLS models with various diagnostic tests; Wandile et al. (2025) used the VECM approach within a finance-augmented Solow framework; Edo (2024) utilized both GMM and ARDL models to explore macroeconomic drivers of capital market development. Iyke-Ofoedu et al. (2022) utilized ARDL and linear regression analysis based on an ex-post facto research design, while Omir et al. (2024) developed econometric models for GDP forecasting in Kazakhstan and the CIS region. Despite their methodological strengths, these studies are largely country-specific, and few have applied dynamic panel methods that allow for simultaneous cross-country comparisons while accounting for both short- and long-run effects. On this premise, this study examines the holistic effect of capital market operations using market capitalization, total volume of transactions and number of listed countries on the economic development of Nigeria, Egypt and South Africa. The main objective of this study is to investigate the effect of capital market operations on economic performance of Nigeria, Egypt and South Africa.

2. Literature and Hypotheses Formulation

2.1.1 Capital Market Operations and Economic Performance

Haque et al., (2022) defined capital market operations as a range of activities which include the issuance, trading, settlement, and regulation of securities such as stocks, bonds, and other investment instruments. Olusegun and Ajao (2024) added that, these operations are crucial for the functioning of any economy as they provide a structured mechanism for channeling savings into productive investments (Olarenwaju & Msomi, 2021). Capital market operations can be divided into several key categories: the primary market (where new securities are issued), the secondary market (where

securities are traded after their initial issuance), and market regulation, with each playing an integral role in the overall economic structure. The participants in capital markets include retail investors, institutional investors, brokers, underwriters, and regulatory authorities. Their activities and interactions influence market outcomes and overall economic stability. Institutional investors, such as pension funds and mutual funds, play a particularly important role in capital markets by ensuring liquidity and stability (Gurbuz, 2021).

On the other hand, real GDP accounts for the total value of all goods and services produced within a country over a specified period, adjusted for inflation. It is a critical measure of economic growth and an indicator of a country's overall economic performance (Karekezi, Owolabi, Ogbebor & Nduka, 2024). RGDP is a critical indicator of a country's economic performance, measuring the total value of all goods and services produced within a country, adjusted for inflation. Real GDP provides a clearer picture of a nation's economic growth by removing the effects of price changes, unlike nominal GDP, which can be distorted by inflation (Kengatharan & Suganya, 2022).

2.1.2. Market Capitalization and Economic Development

Market capitalization accounts for the total market value of a publicly traded company or the total market value of all listed companies in a stock exchange. It is calculated by multiplying the company's share price by the total number of shares in circulation. Market capitalization provides insight into the size, stability, and overall health of a country's capital market (Hossin & Hamid, 2024). Market capitalization is an important indicator of the financial strength of capital markets. It reflects the depth and breadth of the market, as well as investor confidence. The larger the market capitalization, the more attractive the market is for both domestic and international investors. This makes market capitalization an essential metric when evaluating a country's capital market and its potential to support economic development (Abor & Biekpe, 2019). Market capitalization can be volatile due to the influence of external factors such as global market conditions, political instability, and domestic economic challenges. However, a growing market capitalization often signals improved economic conditions and increased investment opportunities (Fama & French, 2020).

H_{01}: Market capitalization has no significant effect on economic development in Nigeria, Egypt and South Africa.

2.1.3 Volume of Transactions and Economic Development

The volume of transactions in a capital market accounts for the total quantity of securities traded over a specific period. It provides a measure of market liquidity and the level of investor participation. High transaction volumes suggest an active and efficient market, while low transaction volumes may indicate a lack of investor interest or market inefficiencies. Liquidity is crucial for the efficient functioning of capital markets (Susanto & Dwijayanty, 2024). As such, the more the volumes of transactions, the more efficient the stock market becomes. By extension, the more efficient the stock market becomes, the more the economy grows suggesting that the volumes of transactions is expected to have linear relationship the economic performance (Akinboade & Kinfack, 2019). Hence, the current study hypothesizes:

H_{02}: Total volume of transactions has linear significant effect on economic performance in Nigeria South Africa.

2.1.4 Number of Listed Companies and Economic Development

The number of listed companies in a capital market accounts for the total number of firms whose shares are publicly traded on the stock exchange. This parameter is an essential indicator of market development, as a higher number of listed companies typically indicate a more diversified and deeper market (Morosan-Danila et al., 2022; Lin & Wang, 2023; Grujic, Rajcevic & Cekrlija, 2021). As such, the more firms are listed n the floor of the stock exchange, the more efficient the stock market becomes. By extension, the more efficient the stock market becomes, the more the economy grows suggesting that the number of listed companies in the stock exchange is expected to have linear relationship the economic performance (Akinboade & Kinfack, 2019). Hence, the current study hypothesizes:

H_{03}: Number of listed companies has significant effect on economic performance in Nigeria and South Africa.

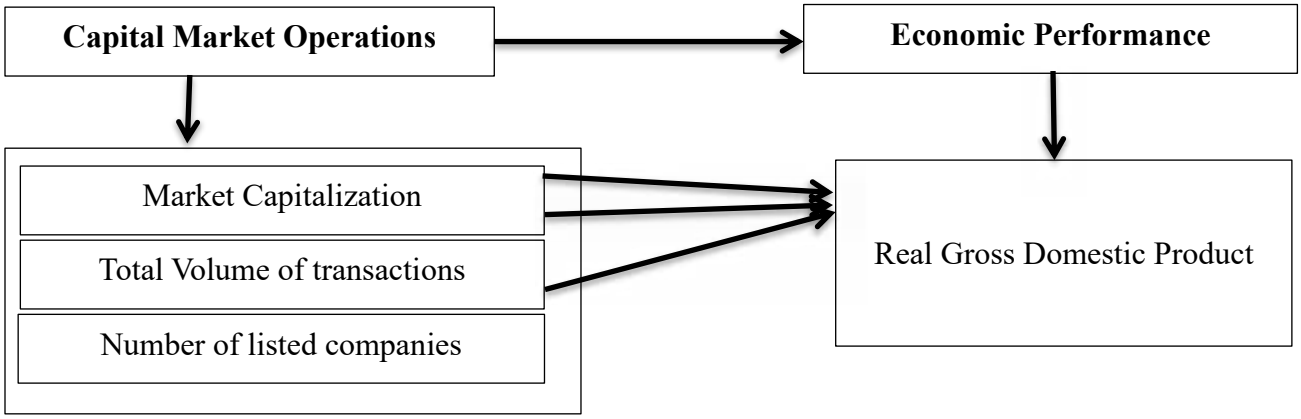


Figure 1: Capital market operations and Economic Development Framework
Source: Researcher's Compilation (2025)

3 METHODOLOGY

This study employed the *ex post facto* research design. Ths research s conserved appropriate for studies of ths nature because the variables of interest are secondary data and cannot be manipulated by the researcher. The study sourced data from the World Bank Data base, International Financial Market Statistics (IFS, 2023), Stock Exchange Websites and statistical bulletins of the apex banks of the countries under study (The Central Bank of Nigeria, the Central Bank of Egypt and the South African Reserve Bank). The statistical tools of analysis include; descriptive statistics for the purpose of ascertaining normality of results for regression, Augmented Dickey Fuller (ADF), ARDL Bounds and cointegrating tests, Heteroskedasticity Test. The ARDL approach was utilized to estimate Models 1 through 3, corresponding to Nigeria, Egypt, and South Africa, respectively. The ARDL framework ensures consistent and unbiased parameter estimation, effectively avoiding the pitfalls of spurious regression. Furthermore, the bounds testing procedure within the ARDL framework enabled rigorous testing for cointegration, thereby substantiating the existence of stable long-term relationships among the variables under investigation.

The empirical analyses were performed using EViews version 9.0, a software package chosen for its robustness, user-friendly interface, and extensive acceptance within the

econometrics discipline. The model is expressed both in implicit and explicit form. The implicit form of the model expresses Real Gross Domestic Product (RGDP) as a function of Market Capitalization (MCAP), Total Volume of Transaction (TVT) and Number of listed Companies (NLC) in the case of Nigeria and South Africa. This is mathematically expressed as:

RGDP = f (MCAP, TVT, NLC) ……. (1)

Meanwhile, the explicit form of the model expresses in the case of Nigeria and South Africa. This is mathematically expressed as:

RGDP = β0 + β1 MCAP + β2 TVT + β3NLC+ μt..... (2)

μt = Stochastic disturbance

Table 1: Operationalization of Selected Variables

S/N	Denotations	Measurement	Nature of Variable	Apriori sign
1.	RGDP	Nominal GDP x 100 GDP Deflator	Dependent	Positive (+)
2.	MCAP	∑ (Price of Share$_i$ × Shares outstanding$_i$)	Independent	Positive (+)
3.	TVT	∑ (Volume of Shares traded)	Independent	Positive (+)
4.	NLC	Total number of firms listed on the stock exc hange	Independent	Positive (+)

4. RESULTS AND DISCUSSIONS

4.1. Preliminary Analyses

Prior to the presenting the regression results, the models were subjected to some preliminary analyses. These include: descriptive statistics, correlation analysis, unit root test (Augmented-Dickey Fuller test), cointegration test (ARDL Bound test), residual diagnostic (Heteroskedasticity Test: Breusch-Pagan-Godfrey) and stability diagnostic test (Ramsey RESET Test). The preliminary analyses are presented in table 2 to 5:

Table 2: Summary Statistics-Nigeria

	RGDP	MCAP	NLC	TVT
Mean	280.6970	20.00698	186.7273	6.51E+09
Maximum	574.2000	92.52094	215.0000	4.37E+10
Minimum	27.80000	2.497463	151.0000	30200000
Std. Dev.	199.4061	23.19401	16.91758	1.12E+10
Jarque-Bera	3.508949	45.30283	0.538646	67.65476
Probability	0.172998	0.000000	0.763896	0.000000
Observations	33	33	33	33

South Africa

	RGDP	MCAP	NLC	TVT
Mean	284.3524	206.0124	411.7879	1.55E+11
Maximum	366.0000	330.8181	652.0000	4.10E+11
Minimum	162.3600	108.8914	237.0000	7.24E+09
Std. Dev.	66.39810	66.21153	139.9633	1.23E+11
Jarque-Bera	3.261052	2.045543	4.341563	2.182044
Probability	0.195827	0.359597	0.114088	0.335873
Observations	33	33	33	33

Source: Author's computation via Econometric Views Version 9.0 Output (2025)

From Table 2, RGDP averaged ₦280.70 billion in the case of Nigeria suggesting with moderate variability and an approximately symmetric distribution. Market capitalization exhibited substantial volatility, with a mean of ₦20.01 trillion and 284.35 billion and a distribution characterized by positive skewness and high kurtosis, indicating occasional extreme values. The number of listed companies remained relatively stable, averaging 187 firms with minimal fluctuations and near-symmetric distribution. Meanwhile, total stock trading value showed considerable variability and was heavily right skewed, reflecting episodic spikes in market activity. These statistics underscore the heterogeneous nature of capital market indicators and economic output over the study period.

Furthermore, the RGDP-South Africa averaged ₦284.35 billion with moderate variability and a slightly left-skewed distribution. Market capitalization exhibited moderate variation, with a mean of ₦206.01 trillion and a near-symmetric distribution, indicating relative stability over time. The number of listed companies averaged approximately 412 firms, showing moderate fluctuations and a modest rightward skew. Total stock trading value averaged ₦155.46 billion, characterized by considerable volatility and a mildly right-skewed, relatively flat distribution. These findings reflect a stable yet dynamic capital market environment throughout the study period.

Table 3: Model 1(Nigeria) Summary of Correlation Analysis

	RGDP	MCAP	NLC	TVT
RGDP	1.000000			
MCAP	-0.130244	1.000000		
NLC	-0.296189	-0.070402	1.000000	
TVT	-0.252405	0.473949	-0.007033	1.000000
South Africa				
	RGDP	**MCAP**	**NLC**	**TVT**
RGDP	1.000000			
MCAP	0.740489	1.000000		
NLC	-0.737350	-0.083481	1.000000	
TVT	0.719067	0.047937	-0.029629	1.000000

Table 2 presents the correlation matrix for key variables in Nigeria's capital market. MCAP and TVT exhibit a moderate positive correlation (r = 0.474), indicating a linked relationship between market size and trading activity. Conversely, the NLC and RGDP show a weak negative correlation (r = -0.296), as do MCAP and RGDP (r = -0.130), and TVT and RGDP (r = -0.252), suggesting limited inverse associations between capital market measures and economic output. The relationship between NLC and TVT is negligible (r = -0.007), indicating no linear association. Overall, these results suggest an absence of significant multicollinearity.

In the case of South Africa, a strong positive association between RGDP and MCAP, with a coefficient of 0.740, emphasizing the significant linkage between economic output and market size. Similarly, RGDP and TVT exhibit a robust positive correlation of 0.719, suggesting a favorable relationship between economic growth and capital market trading activity. Conversely, the NLC demonstrates strong negative correlations with RGDP (-0.737) and MCAP (-0.783), indicating an inverse relationship between the number of listed firms and both economic performance and market capitalization. Additionally, NLC is moderately negatively correlated with TVT (-0.630), reflecting a similar inverse association with trading volume. Market Capitalization and trading volume are strongly positively correlated (0.748), highlighting the interdependence of market size and liquidity. These findings reveal pronounced interrelationships among the variables, particularly the positive economic implications of market size and activity, juxtaposed with the inverse role of the number of listed companies.

Table 4: Summary of ADF Test

	ADF test at Level-Nigeria				**ADF test at Level-South Africa**			
Variables	**ADF test statistic**	**Test critical value @ 5%**	**Prob.***	**Decision**	**ADF test statistic**	**Test critical value @ 5%**	**Prob.***	**Decision**
RGDP	-0.3518	-2.9571	0.9059	Non-stationary	-2.0038	-2.9571	0.2838	Non-stationary
MCAP	-5.3130	-2.9571	0.0001	Stationary	-1.8458	-2.9571	0.3526	Non-stationary
NLC	-0.4823	-2.9571	0.8821	Non-stationary	-1.4683	-2.9571	0.5365	Non-stationary
TVT	-4.9580	-2.9571	0.0003	Stationary	-5.3042	-2.9571	0.0004	Stationary
	ADF test at First Difference –Nigeria				**ADF test at First Difference –South Africa**			
Variables	**ADF test statistic**	**Test critical value @ 5%**	**Prob.***	**Decision**	**ADF test statistic**	**Test critical value @ 5%**	**Prob.***	**Decision**
RGDP	-4.5692	-2.9604	0.0010	Stationary	-5.4886	-2.9604	0.0001	Stationary
MCAP	-7.5102	-2.9604	0.0000	Stationary	-7.9865	-2.9604	0.0000	Stationary

NLC	-4.9140	-2.9604	0.0004	Stationary	-3.1651	-2.9604	0.0320	Stationary
TVT	-6.9766	-2.9604	0.0000	Stationary	-5.4568	-2.9604	0.0001	Stationary

The unit root test presented above shows that only MCAP and TVT were stationary at order 0 (level) in the case of Nigeria. This is because MCAP and TVT has ADF test statistics values (MCAP=-5.3130 and TVT=-4.9580) higher than the test critical values at -2.9571. In the case of South Africa, only TVT was stationary at level. When tested further, RGDP and NLC became stationary at first difference in the case of Nigeria while RGDP, MCAP and NLC became stationary at first difference in the case of South Africa. These mixed integrations clearly justify the need to subject the model to long run test (ARDL Bound test). Consequently, the ARDL Bound test is presented in Table 5:

Table 5: Summary of ARDL Bound Test

Critical Value Bounds		**F-statistics**		
Level	**Value Bounds**	**I1 Bound**	**Nigeria**	**South Africa**
5%	3.23	4.35	4.45	4.64

Table 5 shows that the F-statistics for Nigeria (4.45), and South Africa (4.64) exceed the 5% upper bound critical value (4.35), confirming a significant long-run relationship between capital market operations and economic development. This emphasizes the crucial role of capital markets in fostering sustainable economic growth in these countries.

Table 6: Robust Tests

Countries	**Heteroskedasticity Test**		**Ramsey RESET Test**	
	F-statistic	**Prob. F(4,27)**	**F-statistic**	**Probability**
Nigeria	0.9620	0.3377	0.0473	0.6547
South Africa	0.8261	0.5202	0.4484	0.4276

Table 6 reported that both Nigeria and South Africa models are Homoskedastic and well – specified. The justification is that both their p-values are above 5%. This confirms both countries models are reliable and valid for policy formulation.

4.2. Result Estimates

Having confirmed that the models have mixed integration and that the model has a long run, the ARDL Cointegrating and Long Run Form in the case of Nigeria and South Africa are presented thus:

Table 7: ARDL Cointegrating and Long Run Form-Nigeria

Dependent Variable: RGDP
Selected Model: ARDL(1, 0, 0, 0)
Sample: 1992 2024
Included observations: 33
Short Run

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(MCAP)	0.61095	0.28335	2.15615615	0.0133

D(NLC)	0.71763	0.33945	2.11408354	0.0131
D(TVT)	0.67335	0.48333	1.39314754	0.4465
CointEq(-1)	0.83562	0.16418	5.08964497	0.0003

Cointeq = RGDP - (-0.78003*MCAP -0.70159*NLC + 0.46743*TVT +0.89338

Long Run Coefficients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MCAP	-0.78003	0.336495	-2.31810	0.013
NLC	-0.70159	0.428504	-1.63729	0.3394
TVT	0.46743	0.167337	2.79335	0.012
C	0.89338	0.14814	6.03065	0.0001

R-squared	0.961424	Mean dependent var	288.5531
Adjusted R-squared	0.955710	F-statistic	168.2313
Durbin-Watson stat	1.823695	Prob(F-statistic)	0.000000

Source: Author's computation Econometric Views Version 9.0 Output (2025)

The CointEq(-1)) of 0.83562 (p = 0.0003) indicates that Nigeria's model adjusts 83.56% of disequilibrium annually, confirming a stable long-run relationship between capital market operations and economic performance. In the long run, MCAP and NLC exhibit negative coefficients (-0.78003 and -0.70159), with only MCAP statistically significant (p = 0.013), suggesting a dampening effect of MCAP on economic growth. Conversely, Total Value Traded (TVT) positively and significantly influences growth (coefficient = 0.46743; p = 0.012), indicating that increased trading activity supports development. The model explains 96.14% of the variation in economic growth (R^2 = 0.9614; adjusted R^2 = 0.9557), with an F-statistic of 168.23 (p < 0.001) confirming overall significance. The result reported a Durbin-Watson statistic of 1.8237 suggesting that the model report no serial correlation. Overall, the model is well-specified, robust, and suitable for forecasting.

Table 8: ARDL Cointegrating and Long Run Form- South Africa

Dependent Variable: RGDP
Selected Model: ARDL(1, 0, 0, 0)
Sample: 1992 2024
Included observations: 33

Short Run

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(MCAP)	-0.718417	0.234412	-3.064762	0.001
D(NLC)	-0.489990	0.229033	-2.139386	0.0216
D(TVT)	0.467330	0.335633	1.392384	0.7759
CointEq(-1)	-0.981448	0.188441	-5.208251	0.0002

Cointeq = RGDP - (-0.481545*MCAP -0.482993*NLC -0.673737*TVT + 0.995531)

Long Run Coefficients

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MCAP	-0.481545	0.237528	-2.027319	0.6815
NLC	-0.482993	0.302402	-1.597189	0.08219
TVT	0.673737	0.367863	1.831489	0.1123
C	0.995531	0.21122	4.713242	0.0013

R-squared	0.990689	Mean dependent var	288.1647
Adjusted R-squared	0.989309	F-statistic	718.1794
Durbin-Watson stat	2.159843	Prob(F-statistic)	0.000000

Source: Econometric Views Version 9.0 Output (2025)

The CointEq(-1)) is estimated at -0.9814, suggesting that the model adjusts 98.14% of disequilibrium annually, implying rapid correction of short-term deviations toward the long-run equilibrium. The model explains 99.07% of the variation in economic performance (R^2 = 0.9907; adjusted R^2 = 0.9893), with the F-statistic ($p < 0.001$) confirming that the model is significant on the overall. The Durbin-Watson statistic of 2.16 indicates absence of serial correlation.

4.4 Discussion of Results

Table 7 shows that MCAP affects economic performance of Nigeria and South Africa differently. In Nigeria, a unit increase in MCAP will reduce the economic performance of Nigeria to fall by 78% (coefficient = –0.78003). Conversely, MCAP improve the economic performance of Egypt by 79.59% (coefficient = 0.795887). In the case of South Africa, the effect is though negative but insignificant (coefficient = –0.481545). The negative relationship in Nigeria contrasts with earlier studies by Akinbola (2024) and Iyke-Ofoedu et al. (2022). The minimal adverse effect in South Africa differs. This result aligns with Ramos (2024) & Anis (2022). However, the result deviated from the studies of Wandile et al (2025). Similarly, Akinbola (2024) reported a positive significant long-run effect of MCAP on Nigeria's growth.

Number of listed companies has a positive minimal effect on Nigeria's and South African's economic performance in Nigeria on the short and run. The positive insignificant results in both countries imply that while theoretically more listed companies could enhance performance by expanding investment opportunities. This contrasts with Wandile et al (2025); Akinbola (2024); and Iyke-Ofoedu et al. (2022),

Table 7 shows that TVT has a positive minimal effect on economic performance of Nigeria. Similarly, South Africa recorded a positive coefficient value of 0.673737. The positive effects recorded in both countries suggest that capital markets in these countries are faced with market inefficiencies, low investor confidence, and structural issues. These findings align with Akujuobi et al. (2023); Anis (2022) and Iyke-Ofoedu et al. (2022).

CONCLUSION

This study examines the effect of capital market operations (market capitalization, total volume of transactions, and number of listed companies) on the economic development of Nigeria, Egypt, and South Africa from 1991 to 2023. The study evaluates the ARDL model. In conclusion, capital market operations have a differing influence on economic performance. Consequently, the paper submits that policy makers in the sampled countries should improve investor protection, transparency, and regulatory frameworks should they desire to reduce the adverse effect of market capitalization. There is also need to strengthen policy coherence, market institutions, and investor sentiment. These are essential to increasing the numbers of listed companies in the stock exchange. Lastly, corporate governance standards, regulatory quality, and structural integrity of

the stock markets should be given a top priority.

This study contributes meaningfully to the extant literature by conducting a comparative analysis on the influence of capital market operations on economic performance of Nigeria, Egypt, and South Africa**.** Also, the integration of number of listed companies helps to bridge the knowledge gap in earlier studies often undermined by earlier studies.

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