

Voluntary Delisting and Stock Market Performance In the Nigerian Firms: Management Perspective

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Abstract

This paper investigates the effect of corporate voluntary delisting on the performance of the Nigerian Stock Exchange (NSE). Specifically, the study investigates the impact of voluntary and involuntary delisting on market capitalization and the quantity of stock traded from 1998 to 2019. Data for the study were gotten from the Central Bank of Nigeria (CBN) Statistics Bulletin 2019, and the Nigeria Stock Exchange Report, 2011-2019. The study patterned after the multivariate regression analysis through the aid of E-Views version 9.0. The study evidenced that firms' voluntary delisting exerted a negative insignificant influence on both market capitalization and volume of stock traded. Meanwhile, firms' involuntary delisting exerted a negative influence both market capitalization and volume of stock traded. However, it exerted high significant effect on market capitalization. Hence, the study concludes that corporate voluntary delisting on the overall has a negating effect on the performance of the NSE. The study therefore recommends that other than involuntarily delist firms, stock market regulators have to suggest for compliance, imposition of fines for minor offenses alongside revoke of licenses for at least six trading months for primary offenses committed.

Keywords: Voluntary Delisting, Management, Stock Market Performance, Diagnosis.

I. Introduction

The notion of company delisting stays remains one of the most common interesting areas in finance in current times. This is because, beyond the want of every employer to go public, enlarge its modern-day working activities, improve on its financial visibility, facilitate merger and acquisition deals, improve her public photograph and prestige, the said company may additionally determine to go private having regarded corporation price alongside the cost-benefit trade-off associated her decision to either go public or private. As such whereby the cost of going personal outweighs the advantages accruable from staying public, the stated organization can also figure out to go personal voluntarily based on the unanimous agreement made through the governing bodies (management and shareholders) of the stated company. From some other angle, wherein the advantages accruable from staying public outweighs the price of going private,

the public corporation may figure out to remain public voluntarily. Pour and Lasfer (2013) argue that, it is justifiable for a once floated enterprise to voluntarily delist from the change on three grounds: First if the inventory market fails to reflect the genuine value of the company's fundamental; Secondly if the fee of the final public is at too high in contrast to going private; Lastly, if the once floated company's buying and selling activities shrinks continually. As such, the supposed business enterprise desiring to go personal stands to achieve extra if they ought to than if they stay public as they will now not be accountable for now not adhering to costly corporate disclosure and transparency obligations.

Muyeche (2015) submitted that firm's desire to go personal voluntarily is not as a result of their incapacity to adhere to list prices alongside other regulations which governs buying and selling activities rather they may also decide to go personal whereby the price of going personal weigh a long way higher than the cost of staying public. From any other angle, they may also additionally decide for voluntary delisting if they want to restructure their asset base and possession structure with the aid of merging with a non-listed firms to attain an greater shareholders' value creation.

Furthermore, even though association voluntary delisting does not preclude such company from being relisted on the Nigerian Stock Exchange (NSE) inside a minimal of three (3) years of its delisting however may give leeway to domestic and overseas profit-minded buyers to question the liquidity base of the as soon as floated agency as nicely as query the soundness of the inventory market. However, it offers the as soon as floated business enterprise with the rear possibility to restructure her capital base; decrease her running prices as properly as remain a going concern as a non-public enterprise amidst the challenges she faces in direction of discharging her core mandate. Most of the exquisite challenges agencies usually face in Nigeria encompass high operational costs, incessant power failure, high price of buying overseas currencies, and drop in client patronage (Nkechukwu, Onyeagba, & Okoh, 2013; Okoli, 2014). Available proof reveals that from 1998 to 2019 there was a whole of 108 delisted companies in contrast to the whole numbers of groups listed in the NSE inside the duration (see discern 1). Out of 108 delisted companies, 19 businesses voluntarily delisted while 89 companies involuntary delisted due to company restructuring, legal, and regulatory motives (figure 2).

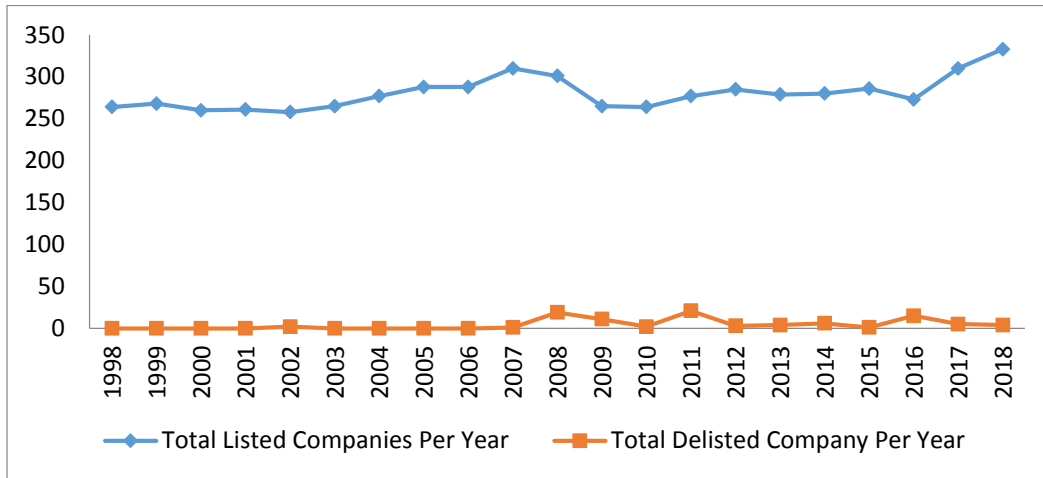


Figure 1: Total Delisted Companies in Comparison to Total Listed Companies from 1998-2019

Source: CBN Statistics Bulletin, 2019, Nigerian Stock Exchange Report, 2011-2019

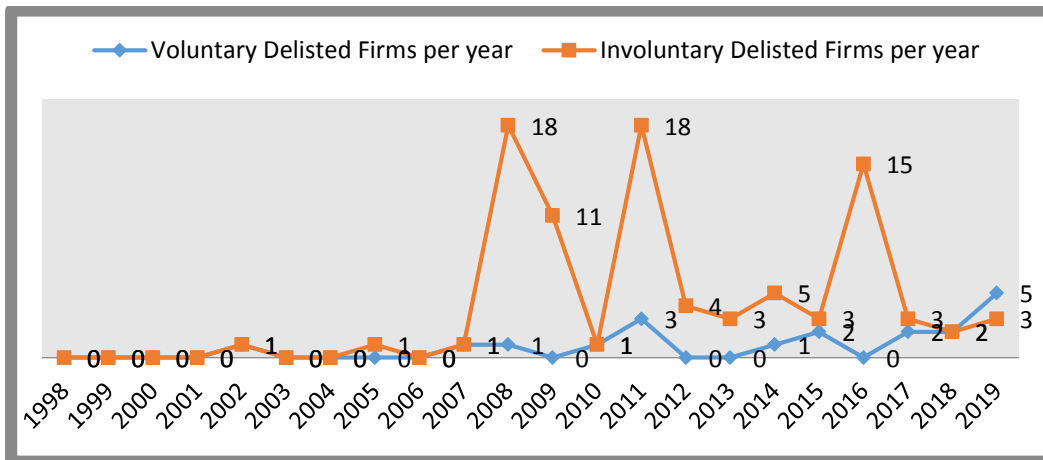


Figure 2: Total Delisted (Voluntary and Involuntary) Companies from 1998-2019
 Source: CBN Statistics Bulletin, 2019, Nigerian Stock Exchange Report, 2011-2019; Security Exchange Report, 2012.

A painstaking survey into previous research printed that most of these studies exist on motives in the back of a firm's choice to voluntarily delist from the stock exchange and are explorative with little or no attention on the impact of

association delisting on inventory market performance (see Balios, Eriotis, Missiakoulis, and Vasiliou (2015); Muyeche (2015); Pour and Lasfer, 2013). More so, there is no top notch research on the situation count in the Nigerian context. On this note, this find out about underscores the nexus between firm delisting and inventory exchange performance to diagnose, take a look at the directional relationship between the two constructs, as well as make some policy recommendations. Specifically, this study investigated the impact of voluntary and involuntary delisting on market capitalization and volumes of stock traded from 1998 to 2019.

Accordingly, this study would be full-size to the Nigerian inventory exchange regulators, investors, generic public, and academicians. To the NSE regulators, a variety of inferences drawn from this find out about are instrumental would provide some Sequel to this first phase (introductory segment), the rest phase of this paper covers the literature reviews, empirical methodology, empirical results, conclusions, strategic tips alongside suggestions for future studies.

2. Literature Review

2.1. Conceptual Clarification

2.1.1. The Nigerian Stock Exchange (NSE)

Following the Barback committee recommendation for a well-organized stock exchange, the NSE came into being in 1960 under the platform of the Lagos Stock Exchange (LSE). In 1961, the LSE was renamed the NSE. The NSE is a registered company limited by guarantee and today services the largest economy in Africa. Being a self-regulatory authority, the NSE offers a wide range of long-term tradable debt and equity. To meet the risk appetite of its diverse investors as well as provide easy access to capital funds to its dealing members in need of capital market funds to meet their expansion strategy, the NSE ensures that its trading activities are efficient, transparent, and well regulated (NSE Live, 2017).

There are some basic requirements a private company must fulfilled before and after they go public. First, for a private company to go public, such a company must satisfy the basic requirements for listing as well as comply with the basic rule which governs trading activities in the exchange. More so, the said company must comply with the relevant provisions of the Companies and Allied Matters Act, 1990 and the investment and securities Act, 1999, alongside other statutory regulations/requirements such as de corporate governance for publicly quoted companies (Proshare, 2020). More so, all listed companies must adhere to all post listing requirements and fees one of which includes 20% and 15% free float

requirements for companies quoted in the main and ASEM board. The essence of these requirements is to ensure that the secondary market is highly liquid and orderly.

2.1.2. Concept of Firm Delisting (Voluntary and Involuntary)

The term firm delisting is the removal of a public quoted company from a particular stock exchange. Specifically, firm delisting is categorized into voluntary and involuntary delisting. Firm voluntary delisting occurs once quoted company voluntarily decides to go private to avoid the high cost of listing after obtaining the corporate authorization of its governing bodies (management and shareholders). Again, a once quoted company may also voluntarily decide to go private to restructure its internal and external dynamics as well as to raise equity capital. The essence of this is to ensure that agency problem associated with minority shareholders is reduced and to provide more liberty to the acquiring firm to restructure and skim the acquired property. However, firm involuntary delisting occurs when a once quoted company is forced to go private by the regulatory authority (in this case, the NSE) for refusal to comply with listing requirements. This form of firm involuntary delisting is known as regulatory delisting. Put differently, firm involuntary delisting may also occur when a company decides to merge, acquire another or the company has been liquidated for other reasons.

2.1.3. Rationale behind Voluntary Delisting

Below are some of the obvious reasons why quoted firms (companies) may decide to voluntarily delist from the stock exchange:

High Cost of Staying Public Versus Low Cost of Going Private: Generally, public companies are more expensive than privately-owned companies. This is because companies with high debt profiles can still operate as private entities without many encumbrances compared to a listed company with a high debt profile. Worst still, to sustain its listing status such a company must on a regular pay post-listing fees. However, if such a company decides to delist voluntarily, the supposed pay post-listing fees alongside some exposure to regulatory contraventions and operating costs would be excluded. As such, voluntary delisting may be considered as a cost reduction approach.

The constant decrease in a quoted Company's Value (Share Price): The share price of a publicly quoted company is determined by the demand and supplies of its shares in the stock (secondary) market. An increase or decrease in the demand of a company's share price has either a positive or negative implication on the

company's share value. As such, wherein the company's share price about the company's real asset shrinks continuously, it would be very difficult for such a company to raise equity capital. In such an instance, it is no longer justifiable for such a company to remain public.

Wherein a listed Company Operate Below Listing Standards: Although, companies quoted in the main and ASEM board pay a minimum of 20% and 15% free float requirement, some others write an appeal that is backed by compliance plans with probable timelines to the quotations committee to give the waiver. However, for companies that cannot pay the minimum 20% and 15% free float requirement and were not granted a waiver, they are at liberty to delist voluntarily from the stock exchange. Such a company that cannot meet either of these requirements is said to have operated far below listing standards (NSE corporate-disclosures, 2018).

The Need for internal or external Corporate Restructuring: The governing body of a quoted company may also decide to voluntarily delist from the stock exchange due to either internal or external corporate restructuring. Merger and acquisitions deals fall under internal or external corporate restructuring. In 2011, the Nigerian Bottling Company Plc voluntarily delisted from the NSE when Coca-Cola Hellenic Bottling Company S.A bought her over.

A sequel to the issues raised above below is a complete recount of all the numbers of quoted firms that have delisted from 2002 till date alongside the rationale behind the firm being delisted.

Following the Barback committee recommendation for a well-organized inventory exchange, the NSE got here into being in 1960 below the platform of the Lagos Stock Exchange (LSE). In 1961, the LSE used to be renamed the NSE. Further, the NSE is a registered company restrained by guarantee and these days services the largest economy in Africa. Being a self-regulatory authority, the NSE presents a broad vary of long-term tradable debt and equity securities. To meet the threat appetite of its various traders as well as supply handy get right of entry to capital cash to its dealing members in need of capital market money to meet their enlargement strategy, the NSE ensures that its trading activities are efficient, transparent, and nicely regulated (NSE Live, 2017).

There are some simple necessities a non-public agency has to fulfil earlier than and after they go public. First, for a personal organization to go public, such a corporation ought to fulfil the fundamental necessities for listing as nicely as comply with the basic rule which governs trading activities in the exchange. More so, the stated organisation must comply with the relevant provisions of the Companies and Allied Matters Act, 1990 and the funding and securities Act, 1999, alongside other statutory regulations/requirements such as de company governance for publicly quoted agencies (Proshare, 2020). More so, all listed corporations ought to adhere to all post record requirements and costs one of which consists of 20% and 15% free float necessities for agencies quoted in the foremost and ASEM board. The essence of these requirements is to make sure that the secondary market is particularly liquid and orderly.

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The constant decrease in a quoted Company's Value (Share Price): The share charge of a publicly quoted business enterprise is determined by means of the demand and materials of its shares in the inventory (secondary) market. An increase or reduce in the demand of a company's share price has both a fine and negative implication on the company's share value. As such, wherein the company's share fee about the company's real asset shrinks continuously, it would be very tough for such a enterprise to increase fairness capital. In such an instance, it is no longer justifiable for such organisation to stay public.

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A sequel to the problems raised above below is a complete recount of all the numbers of quoted companies that have delisted from 2002 till date alongside the cause behind the association being delisted (see appendix 1)

2.1.4. Procedure for Firm Voluntary Delisting

The NSE Factbook (2020) outlined the following methods for association voluntary delisting:

1. Directors meet and bypass decision to delist the company;
2. The resolution for delisting will then be proposed for the approval of shareholders at the Annual General Meeting ("AGM") or Extraordinary General Meeting ("EGM") of the company;
 - i. Draft be aware containing proposed decision to be submitted to the NSE for vetting and approval.
 - ii. Publish in at least two National Dailies at least 21 days earlier than the AGM/EGM.
 - iii. The representatives of the NSE ought to additionally be current at the meeting to examine the proceedings.
3. The idea for delisting is required to be authorized via an easy majority of individuals existing in individual or by using a proxy.
4. Funds ought to be saved with a Custodian applicable to the Exchange (e.g. CSCS Ltd).
5. Price at which unwilling shareholders are sold shall no longer be much less than the easiest price at which the Company traded in the 6 months preceding the date of the AGM/EGM the place the decision to delist used to be passed.

2.1.5. Stock Market Performance and Its Underlying Intricacies

Stock market performance (SMP) index typically give a clear-cut analysis of the overall performance of the stock market. It may as well be used to gauge the performance of a particular sector or stock. As such, it can be viewed from both the economic and investor perspective. From the economic perspective, it is used to gauge the overall health of the economy while from the investors' perspective it gives a signal to the profit-minded investors about their future investment decisions. For example, if a particular stock price increases continuously then it is perceived that it has certain positive news (signals). In such an instance, the investor views the market from a bullish stance since the current stock price is quite favourable. What he does in such an instance is to take a short position. However, when the stock price decreases continuously then it is perceived that it has certain negative news (signals) showing a bearish trend. In such an instance, the investor views the market from a bearish stance since he does not have the full assurance that if he buys the stock at an expensive rate he would be able to sell it off at a higher price. What he does in such an instance is to take a long position (Okoli, 2014).

Various proxies which have been used to measure stock market performance include stock volume, market capitalization. One outstanding stock market performance indicator is the stock trading volume. The stock trading volume is expressed as the ratio of the volume of stocks traded to the total number of outstanding stocks at a given time (Olokoyo, Ibhagui, & Babajide, 2020; Radha, & Gopinathan, 2019). This proxy is used to capture market reaction to information concerning stock trading activity. More explicitly, the stock volume metric reflects investors' behaviour concerning the market forces of demand and supply.

Other measures include:

A number of the Floated (Listed) companies: This shows the dimension of the market. It also suggests the hobby and self-assurance of the traders on the market supervisors. It also suggests that investors are involved in trading in the market. Listing of the company in the inventory exchanges is also indicating the fitness and soundness of the market.

A number of the transactions: This explains that how the quantity of a lot of the transactions is made in the capital market. It indicates the market is worth it in the unique region. A number of the transactions indicate that buying and selling of the share in the market. It additionally shows the circulation of the share between the seller and buyers.

Market Capitalization: This indicates the electricity and magnitude of the inventory market. The market capitalization indicates that how plenty the stock change is large and robust (Onakoya, 2013). The market capitalization is calculated through the total quantity of issued shares of all quoted companies, inclusive of their numerous classes improved by their respective share prices at a given time.

Analysis on the Market Capitalization of the 5 delisting recorded in 2015 mirrored they signify about 0.37% of the Total Market Capitalization as of seventeenth November 2015. The Market Capitalization of 5 delisted stocks amounted to N36.42bn. The delisting of 15 groups from the Nigerian Stock Exchange in 2016 took away N24,075,418,729.61 capital from the market. However, the NSE solely succeeded in listing one association for 2016 (Olokoyo, et al, 2020).

Stock Market Performance is affected through a vast array of elements such as economic, political, international, and company-specific issues. When it comes to the ordinary index overall performance then the domestic economy's National Income, GNP (Gross National Product) growth, PPP (Purchasing Power Parity), economic issues, political stability, worldwide relations, balance-of-payment situation, etc. comes into consideration. But when it zeros down to the precise stocks then the company particular facts (profitability, sales, earnings margin, growth, etc.) play an essential position in the price dedication of the inventory (Worlu, & Omodero, 2017).

2.2. Theoretical Foundation

The theoretical foundation of this paper is anchored on the wave theory posited by Helwege and Liang (2004). This theory states that during hot periods (positive trends), there is a higher number of Initial Public Offerings. Meanwhile, firms may decide to voluntarily delist when the capital markets experience negative results (cold market). Further, this theory holds that investors' investment decision is tied to both the state of the economy while firms' performance is judged based on projects with higher expected cash flows. The major reason for using this theory to underpin this study is that, unlike most finance theory, this theory considers the reasons why firms may decide to delist and how such actions affect the performance of the market.

2.3. Empirical Studies

A run of extant studies revealed that most related studies are centered on the reasons why quoted firms voluntarily delist and on how firm voluntary delisting affects shareholders' value. However, only a few outstanding studies focused on the impact of voluntary delisting on the stock market performance. For example, Xue (2019) examined the potential reasons why Chinese firms voluntarily delisted from the New York stock exchange from 2009 to 2017. The result revealed that firms with lower (negative) return on equity (ROE) and debt ratios are more likely to delist. They however also find that ROE and debt ratio have a negative significant impact on delisting. However, the researcher did not consider how voluntary delisting affects the stock market.

Similarly, Iliemena and Goodluck (2019) investigated the effect of firm delisting on the Nigerian stock exchange performance from 1998 to 2018. Variables used to measure firm delisting include while variables used to measure stock market performance include market capitalization (MCAP), the volume of stock trade

(VOSTT), and all-Share index (ASI). Findings from the analysed data revealed that firm delisting affected MCAP and VOST significantly but did not affect ASI significantly. However, the study reported a non-linear relationship. Hence, the study recommends that other than opting for firm delisting, stock market regulators should advocate for compliance, imposition of fines for erring listing firms, the introduction of financial waivers as well as advocate for a more financially responsive stock market devoid of financial illiquidity. However, the researcher did not consider how voluntary or involuntary delisting affects the stock market performance.

Likewise, Pezzi (2018) discovered that firms with higher performance (Return on asset) are more likely to remain public for a longer period than firms with lower performance (Return on asset). However, the researcher did not consider how voluntary delisting affects the stock market.

Balios, Eriotis, Missiakoulis, and Vasiliou (2015) reported that companies with high financial leverage and low liquidity are more likely to delist than companies that are not. However, the researcher did not consider how voluntary delisting affects the stock market performance.

Muyeche (2015) examined the reasons why floated firms voluntarily decide to go private. The researcher discovered that firm's decision to go private is a worthwhile decision in as much it provides the firm the opportunity to enhance its shareholder value. Other reasons cited include the high cost of staying public in comparison to the cost of going private, the need to merge, remerge, or restructure its ownership structure, as well as quoted firm's inability to raise the needed equity capital owing to the comparably lower share price in comparison to the real net asset value of the firm. However, the researcher did not consider how voluntary delisting affects the stock market.

In a similar survey, Pour and Lasfer (2013) examined the reasons behind the firm's decision to voluntarily delist from the stock exchange with a central focus on the London stock exchange. The empiricists discovered that voluntary delisted is motivated by quoted firm's inability to raise sufficient equity capital, low returns regularly, low investment, and growth opportunities. They however also find that a firm is said to opt for voluntary delisting if it is either unable to meet current listing requirements or desires to re-list shortly pending when it is

financially buoyant. However, the researcher did not consider how voluntary delisting affects the stock market.

Sequel to the above-reviewed studies the study hypothesizes:

H0₁: Firm voluntary delisting exerts no statistically significant impact on stock market capitalization.

H0₂: Firm voluntary delisting exerts no statistically significant impact on the volume of stock traded.

H0₃: Firm involuntary delisting exerts no statistically significant impact on stock market capitalization.

H0₄: Firm involuntary delisting exerts no statistically significant impact on the volume of stock traded.

2.4 Knowledge Gap

The following gaps were noticed based on the literature reviewed above:

1. **Variable Gap:** The comparison of voluntary delisting alongside involuntary delisting makes the present paper robust and comprehensive than previous studies. Again, some reviewed studies are more of an explorative outlook than being empirical. Hence, we were able to create an outstanding gap which previous scholars failed to consider.
2. **Scope Gap:** The present study updated previous studies as none were able to look at the subject matter up to 2019. Again, only a few studies were conducted in the Nigerian context. Given that, what may be permissible in one country may not be permissible here in Nigeria may pose studies conducted outside the country amenable in Nigeria. This however does not signpost that such studies are not relevant.

3. Research Methodology

3.1. Research Design

As clearly stated earlier, this paper aimed at investigating the effect of delisting on the Nigerian stock market performance. The study employed the quantitative approach alongside the exposit facto (after the factor) research design. The choice of this research design is justified on two grounds. Firstly, the data that was to be sourced is longitudinal (historical) in nature in that it covered from 1998 to 2018. Since they have occurred in retrospect, it becomes difficult if not impossible for the researcher to manipulate the independent variables (Creswell, 2003; Kothari, 2004). Secondly, as espoused by Kerlinger (1970), exposit facto (after the factor) research design otherwise known as a causal-effect comparative research design is used when the researcher(s) intend to examine the cause-effect correlation

between the explanatory and explained variables to ascertain a causal nexus between the two constructs.

Sources of Data Collection, Techniques of Data Analysis, and Model Specification

Data sourced from the Central Bank of Nigeria Statistical Bulletin and the Nigeria Fact Book (2019) are numbers of delisted firms, market capitalization (% of GDP). Accordingly, both voluntary and involuntary delisting were coded in binaries (0 and 1) such that if a particular firm decides to delist voluntarily in a particular year, it would be recorded as 1 otherwise 0. The same is for involuntary delisting. Meanwhile, market capitalization (% of GDP) and numbers of delisted were logged to ensure uniformity as well as guard against scaling problems.

Mathematically, the functional relationship (F) between the stock market performance and firm delisting is therefore presented thus:

$$SMP=f(VDL, IVDL)------(1)$$

Where:

SMP = Stock Market Performance measured by the market capitalization (% of GDP) and total volume of stock traded

F = Function

VDL = Voluntary Delisting

IVDL = Involuntary Delisting

Econometrically, equation one can be re-modified into two models. It is therefore presented below:

$$\text{Model 1: } MCAP_t = \beta_0 + \beta_1 VDL_t + \beta_2 IVDL_t + E_t \text{ ----- } 2$$

$$\text{Model 2: } TVSt = \beta_0 + \beta_1 VDL_t + \beta_2 IVDL_t + E_t \text{ ----- } 3$$

Where:

β_0 = Constant Value

$\beta_1 - \beta_3$ = Coefficients of the regressed indicators

E_{it} = the Model's error term

4. Discussion of Findings

Test of Research Hypotheses

We measured the effect of firm voluntary and involuntary delisting on stock market performance indicators in Nigeria from 1998 to 2019 using linear regression. This in turn helped us to draw tenable conclusions. Hence, the hypotheses formulated in the earlier chapter are tested below:

Table 1: Summary of Test of Hypotheses

Model 1: Market Capitalization					
Null Hypotheses	Coefficient	t-value	P-Value	Decision Criteria	Decision
Voluntary Delisting (VDL)≠ Market Capitalization	-0.0386	-1.2864	0.2146	Reject H ₀ if P-Value is <5% otherwise accept the H ₀	Accept the H ₀
Involuntary Delisting (IVDL)≠ Market Capitalization	-0.0322	-3.5149	0.0025	Reject H ₀ if P-Value is <5% otherwise accept the H ₀	Reject H ₀
R² = 0.654979; Adj. R²= 0.594421; Durbin Watson= 1.624612; F-statistic= 7.513133; Prob(F-statistic)= 0.004243					
Model 2: Volume of Stock Traded					
Voluntary Delisting (VDL)≠ Volume of Stock Traded	-0.096685	1.308501	0.2072	Reject H ₀ if P-Value is <5% otherwise accept the H ₀	Reject H ₀
Involuntary Delisting (IVDL)≠ Volume of Stock Traded	-0.028754	1.772986	0.0932	Reject H ₀ if P-Value is <5% otherwise accept the H ₀	Reject H ₀
R² = 0.650277; Adj. R²= 0.566974; Durbin Watson= 2.112652; F-statistic= 3.004430; Prob(F-statistic)= 0.074836					

Source: Researcher’s compilation from E-Views Output (2020)

Discussion of Findings/Policy Implications

This paper investigates the underscore the nexus between firm delisting and stock exchange performance to diagnose, check the directional relationship between the two constructs, as well as make some policy recommendations. Specifically, the study investigates the effect of voluntary and involuntary delisting on market capitalization and the volume of stock traded from 1998 to 2019. These culminated into two models. While the first model expresses market capitalization as a function of voluntary and involuntary delisting, the second model expresses the volume of stock traded as a function of voluntary and involuntary delisting. Using the multiple regressions, the study revealed that the overall firm delisting (voluntary and involuntary delisting) reported high explanatory powers as depicted by the high R^2 values estimated at 0.654979 and 0.650277. More so, the study found that overall firm delisting (voluntary and involuntary delisting) has a high statistical significant impact on market capitalization. This is because its Probability value associated with the F-statistic stood at 0.004243 is less than 5%. However, firm delisting (voluntary and involuntary delisting) has an insignificant impact on the volume of stock trade throughout the study period.

Individually, firm voluntary delisting exerted a negative insignificant impact on both market capitalization and volume of stock traded. This is because it reported negative coefficient values (-0.0386 and -0.096685 respectively) and estimated p-values higher than 5% significant level, but less than (<) 95% confidence level. The policy implication of the negative result is that increased numbers of voluntary delisting deter market capitalization as well as the volume of stock traded though insignificantly. This further revealed that, though firms' decision to delist does not affect stock market performance significantly but reduces its market capitalization and volume of stock traded. Hence, firm voluntary delisting does not guarantee investors' protection in developing economies such as ours. This conforms to the apriori expectation of this study. These findings support the wave theory and the findings of Iliemena and Goodluck (2019); Pour and Lasfer (2013); Muyeche (2015).

The above finding is true to life in that a firm may decide to voluntarily delist when the capital markets experience negative results (cold market). As such, such a decision may tend to reduce stock market performance wherein the numbers of voluntarily delisted firms are few as evidenced from the scenario of the Nigerian stock exchange. Available data reported that out of 108 delisted companies from 1998 to 2019, only 19 companies voluntarily delisted.

Again, the study found that involuntary delisting exerts a negative statistical impact on market capitalization but failed to significantly affect the volume of stock traded. This suggests that when companies involuntarily delisted due to corporate restructuring, legal, and regulatory reasons, the market capitalization would be reduced significantly while the volume of stock traded would be reduced unnoticed. To further buttress this available data reported that out of 108 delisted companies from 1998 to 2019, 89 companies were involuntarily delisted due to corporate restructuring, legal, and regulatory reasons. This again confirms the apriori expectation of this study. These findings support the wave theory and the findings of Iliemena and Goodluck (2019); Pour and Lasfer (2013); Muyeche (2015).

5. Conclusion and Recommendations

Having evidenced that corporate voluntary delisting exerted a negative insignificant influence on both market capitalization and volume of stock traded and that corporate involuntary delisting exerted a negative significant influence on market capitalization only, the study concludes that corporate voluntary delisting on the overall has a deterring effect on the performance of the NSE.

Based on the conclusion reached, the study recommends that;

1. Quoted firms should be assisted financially as this would increase their participation in the market. More so, financial incentives such as financial waivers should be introduced in the NSE as this would reduce the increasing rate of firm voluntary delisting.
2. NSE regulators must ensure that for a firm to voluntarily delist such a firm must have attained a stipulated level of performance. This would help to reduce the increasing rate of firm voluntary delisting.
3. Other than involuntarily delist firms, stock market regulators should advocate for compliance, imposition of fines for minor offenses alongside revoke of licenses for at least six trading months for major offenses committed.
4. NSE Regulators should differentiate major offenses from minor offenses.
5. NSE regulators must ensure that the cost of going public does not outweigh the cost of going private

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APPENDIX 1

Table 1: Historical Background of Delisted firms in Nigeria from 2002 till 2020

S/N	Name of Company	Date Delisted	Rationale Behind The Company Being Delisted
1	Impresit Bakolor I Plc	2002	Voluntary
2	Dumez Nigeria Plc	2002	Regulatory: NSE
3	Universal Trust Bank Plc	2005	Merged with Union Bank of Nigeria Plc
4	Mnet/Supersport	6 th April 2005	Regulatory
5	PHN Plc	20 th July 2007	Regulatory
6	CFAO Nigeria Plc	2007	Voluntary
7	Acen Insurance Plc	2008	Regulatory: NAICOM
8	Atlas Nigeria Plc	2008	Regulatory: NSE
9	Ceramics Manufacturing Company Plc	2008	Regulatory: NSE
10	Amicable Insurance Plc	2008	Regulatory: NAICOM
11	Baico Insurance Plc	2008	Regulatory: NAICOM
12	Beverages (Wa) Nigeria Plc	2008	Regulatory: NSE
13	Enpee Plc	2008	Voluntary
14	Tate Industries Plc	2008	Regulatory: NSE
15	Maureen Lab. Plc	2008	Regulatory: NSE

16	Rietzcot Nigeria Plc	2008	Regulatory: NSE
17	Intra Motors Nig. Plc	2008	Regulatory: NSE
18	Aviation Development Company Plc	2008	Regulatory: NSE
19	Grommac Industries Plc	2008	Regulatory: NSE
20	Onwuka Hi-Tek. Plc	2008	Regulatory: NSE
21	Nigerian Lamps Plc	2008	Regulatory: NSE
22	Nigerian Yeast & Alcohol Manufacturing Plc	2008	Regulatory: NSE
23	Security Assurance Plc	2008	Regulatory: NAICOM
24	Sun Insurance Plc	2008	Regulatory: NAICOM
25	Nigerian Textile Mills Plc	2008	Voluntary
26	Footwear Manufacturing Plc	2009	Regulatory: NSE
27	Ferdinand Oil Mills Plc	2009	Regulatory: NSE
28	Christlieb Plc	2009	Regulatory: NSE
29	BCN Plc	2009	Regulatory: NSE
30	Liz-Olofin& Company Plc	2009	Regulatory: NSE
31	Oluwa Glass Company Plc	2009	Regulatory: NSE
32	Asaba Textile Mills Plc	2009	Regulatory: NSE
33	Aboseldehyde Laboratories Plc	2009	Regulatory: NSE
34	Epic Dynamic Plc	2009	Regulatory: NSE
35	Famad Plc	2009	Regulatory: NSE

36	Aba Textile Mills Plc	2009	Regulatory: NSE
37	Afprint Plc	2010	Regulatory: NSE
38	Incar Plc	2010	Voluntary
39	Nigercem Plc	2011	Regulatory: NSE
40	Daily Times Of Nigeria Plc	2011	Regulatory: NSE
41	Albarka Airline Plc	2011	Regulatory: NSE
42	Foremost Dairies Plc	2011	Regulatory: NSE
43	Wiggins Teape Nigeria Plc	2011	Regulatory: NSE
44	Okitipupa Oil Palm Plc	2011	Regulatory: NSE
45	First Capital Investment & Trust Plc	2011	Regulatory: NSE
46	Flexible Packaging Plc	2011	Regulatory: NSE
47	Newpak Plc	2011	Regulatory: NSE
48	Krabo Nigeria Plc	2011	Regulatory: NSE
49	Tropical Petroleum Plc	2011	Regulatory: NSE
50	Nampak Plc	2011	Voluntary
51	United Nigeria Textile Plc	2011	Voluntary
52	Nigerian Bottling Company Plc	2011	Voluntary
53	Bank Phb Plc	2011	Nationalized: CBN
54	Afribank Plc	2011	Nationalised: CBN
55	Spring Bank Plc	2011	Nationalised: CBN

56	Intercontinental Bank Plc	2011	Merged with Access Bank Plc.
57	Oceanic Bank Plc	2011	Merged with ETI
58	Finbank Plc	2011	Merged with FCMB Plc
59	Ecobank Nigeria Plc	2011	Absorbed by ETI: Now Ecobank Nigeria Ltd
60	Confidence Insurance Plc	2012	License Withdrawn
61	Abplast Plc	2012	Regulatory: NSE
62	Udeofsin Garment Plc	2012	Regulatory: NSE
63	Hallmark Paper Product Plc	2012	Regulatory: NSE
64	Nigerian Bag Manufacturing Company Plc	11-Apr-2013	Merged with Flour Mills Plc
65	Crusader Insurance Nigeria Plc	13-May-2013	Merged with Custodian & Allied Insurance Plc
66	West African Aluminium Plc	3-Jun-2013	Regulatory: NSE
67	Nigerian Wire Industries Plc	3-Jun-2013	Regulatory: NSE
68	Big Treat Plc	24-Nov-2014	Regulatory
69	Afroil Plc	24-Nov-2014	Regulatory
70	Starcomms Plc	24-Nov-2014	Regulatory
71	Pinnacle Point Group	24-Nov-2014	Regulatory
72	Poly Products Plc	12-Dec-2014	Voluntary
73	Oasis Insurance Plc	31-Dec-2014	Acquired by FBN Life Insurance

74	Cappa And D'alberto Plc	16-Jan-2015	Voluntary
75	Ihs Nigeria Plc	6-May-2015	Voluntary
76	Nigerian Sewing Machine Manufacturing Plc	13-Jul-2015	Regulatory: NSE
77	Stockvis Plc	13-Jul-2015	Regulatory: NSE
78	Nigeria Wire & Cable Plc	13-Jul-2015	Regulatory: NSE
79	Ipwa Plc	18-May-2016	Regulatory: NSE
80	G. Cappa Plc	18-May-2016	Regulatory: NSE
81	West African Glass Industries Plc	18-May-2016	Regulatory: NSE
82	Investment & Allied Insurance Plc	18-May-2016	Regulatory: NSE
83	Alumaco Plc	18-May-2016	Regulatory: NSE
84	Jos International Breweries Plc	18-May-2016	Regulatory: NSE
85	Adswitch Plc	18-May-2016	Regulatory: NSE
86	Rokanna Plc	18-May-2016	Regulatory: NSE
87	Vono Products Nigeria Plc	23-May-2016	Merged with Vita-foam Plc
88	Lennards (Nigeria) Plc	1-Dec-2016	Regulatory: NSE
89	P.S Mandrides & Company Plc	1-Dec-2016	Regulatory: NSE
90	Premier Breweries Plc	1-Dec-2016	Regulatory: NSE
91	Costain (W.A) Plc	1-Dec-2016	Regulatory: NSE
92	Navitus Energy Plc	1-Dec-2016	Regulatory: NSE

93	Nigerian Ropes Plc	1-Dec-2016	Regulatory: NSE
94	Beco Petroleum Products Plc	2-May-2017	Regulatory: NSE
95	Mtech Communications Plc	2-May-2017	Regulatory: NSE
96	Mti Plc	2-May-2017	Regulatory: NSE
97	Utc Plc	2-May-2017	Regulatory: NSE
98	Ashaka Cement Plc	4-Jul-2017	Merged with Lafarge Africa Plc
99	Avon Crown Caps And Containers Plc	18-Sep-2017	Voluntary
100	Seven-Up Bottling Company Plc	5-Mar-2018	Voluntary
101	African Paints (Nigeria) Plc	6-Apr-2018	Regulatory: NSE
102	Afrik Pharmaceuticals Plc	6-Apr-2018	Regulatory: NSE
103	Paints And Coatings Manufacturers Nigeria Plc	17-Aug-2018	Voluntary
104	Great Nigeria Insurance Plc	25-Jan-2019	Voluntary
105	Diamond Bank Plc	1-Apr-2019	Merged with Access Bank Plc
106	NewrestAsl Nigeria Plc	13-May-2019	Voluntary
107	First Aluminium Nigeria Plc	31-Jul-2019	Voluntary
108	Skye Bank Plc	21-Aug-2019	Regulatory: NSE
109	Fortis Microfinance Bank Plc	21-Aug-2019	Regulatory: NSE
110	Dangote Flour Mills Plc	18-Nov-2019	Voluntary

111	A.G. Leventis (Nigeria) Plc	7-Jan-2020	Voluntary
112	Cement Company Of Northern Nigeria Plc	9-Jan-2020	Merged with BUA Cement Plc(formerly OBU Cement Company Plc)
113	Continental Reinsurance Plc	17-Jan-2020	Voluntary

Sourced: Financial Watch (2020)