© JAN 2026 | IRE Journals | Volume 9 Issue 7 | ISSN: 2456-8880
DOI: https://doi.org/10.64388/IREV9I7-1713386

Impact of Government Intervention on Market Efficiency in Nigeria

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Abstract- The quest of every nation is market efficiency. This is because it is market efficiency that results in huge revenue generation. But research reports have shown that there is market inefficiency of investors and government intervention to curb the menace is not intensified. This study is designed to investigate impact of government intervention on market efficiency in Nigeria. The study is a survey research design relying on both primary and secondary sources of data. Target population of the study was 3596 participants. Sample of the study was 360 respondents. The sample size was drawn using Taro Yamane's technique or sample size determination. Instruments for data collection was the researchers' structured questionnaire and interviews for generating the required data for the study. The structured questionnaire were designed in such a way that respondents were asked closed and open-ended questions on the study. The instrument has 24 items using Likerts modified response option of strongly Agree (SA) Agree (A) Disagree (D) and Strongly Disagree (SD). The data collected from the respondents were analyzed using descriptive and inferential statistics. Specifically, the research questions were answered using item by item percentage statistical analysis. Data obtained from the interviews were transcribed and analyzed qualitatively. The two null hypotheses formulated were tested using regression analysis and the associated ANOVA. Findings of the study revealed that the level of government intervention toward enhancing market efficiency is below expectation. This is because of draconian policies and high revenue on market good. The study therefore recommends that government should ensure adequate intervention in order to encourage investors and boost market efficiency in Nigeria.

Keywords: Impacts, Government Intervention, Market Efficiency

I. INTRODUCTION

In Nigeria and other related nations of the world, the most potent panacea and critical factor that impedes or facilitates market efficiency is government intervention. Intervention is involvement in an affair for the purpose of bringing about positive changes Pearson (2007) described intervention as the act of becoming involved in an argument, fight or other difficult situation in order to change what happens. Government intervention is the totality of effort exercised by government toward increasing the desire and confidence of investors on market operations. Wisdom (2014) referred to it as the several effort made by the government in diverse ways in order to encourage the growth, survival ways in order to encourage the growth, survival and full participation of a firm in an economy. The implication is that government intervention takes place when there is an observed decrease in the expected efficiency of investors.

Efficiency is the ability of organizations, firms or enterprises to perform as expected. Pearson (2007) defined efficiency as the quality of doing something well and effectively without wasting time, money or energy. There is progressive deterioration of market efficiency in Nigeria, the paramount cause is lack of government intervention. The assumption is that for market efficiency to be achieved in Nigeria, prompt intervention of government is required. Lack of government intervention lowers the growth of small and medium Enterprises. It also leads to many firms to go extinct. Joseph and Faith (2015) remarked that lack of government intervention to buttress the zeal of enterprises and maximize market affairs undermines investors confidence and perpetuate market instability consequent upon making attainment of the expected market efficiency a mirage. The role of government intervention on market efficiency is enormous. It is a catalyst and source through which investors are inspired to engage assiduously in market affairs.

Impact is effect, it is the influence of something on another. Hornnby (2009) described impact as the effect or influence that an event or situation has on someone or something. Impact of government

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intervention on market efficiency cannot be over emphasized. This is because it is the most important factor that support the market mechanism, finetunes and regulates market prices, mitigate market volatility and promotes stability, controls currency fluctuation rate of inflation, energizes, spurs and builds investros confidence. While supporting the above postulation, Hussain, Li and Sahibzada (2023) elucidated further that intervention of government is an important factor in market efficiency because it motivates, ignites investors, cofrects market failuires, improves security and institutional infrrastructure, grants loan at low interest rate to support individuals to invest in any business and fosters a healthy and efficient market. This implies that government intervention is critical in enhancing efficiency of market operations.

The major cause of decline in efficiency of most markets in Nigeria is lack of government intervention. Efficiency in the context of market operation is ability of investors to patronize markets and become more efficiency and effective in market operations. Agbarakwe and Anawor (2018). Wrote that market failure which is predominant especially in the less developing countries, in the developing and presently the emerging economies has given credence to the rethink of the propositions of the classical apoligist on their assumption of laissez-faire economy. This means that for market efficiency to become achievable in Nigeria, government intervention is necessary. The essence of the intervention is to prevent marekt distortions and inefficiency, encourage investors and foster growth of the nations' economy.

The many issues that bedevil market efficiency of investors in Nigeria such as low morale and ecstasy is lack of government intervention. Government intervention stimulates and makes investors more zealous and enthusiastic in market performance. Therefore, it is germane and indeed significant that government should intervene in market affairs of the country to boost the morale of investors and increase efficiency.

Statement of the Problem

It is incontrovertible that government of any nation is the custodian of markets. Therefore, it is expected that markets should operate efficiently and effectively. This is because it is government intervention that could enforce market laws, policies and regulations for maximum performance. However, in Nigeria, market inefficiency abounds, occasioned by poor and inappropriate government intervention. Most investors who should operate, sustain and strengthen the markets find it boring and discouraging due to high wave of insecurity. It is expected that government should intervene positively to shape the markets by stimulating and spurring investors. Unfortunately, most markets in Nigeria have fail to meet the required standard.

In view of this therefore, the study examined impact of government intervention on market efficiency in Nigeria.

Objectives of the Study

The main objective of this study is to investigate impact of government intervention on market efficiency in Nigeria. Specifically, the study intends to;

1 Find out the relationship between government intervention and the efficiency of markets in Nigeria
2 Find out impact of government intervention on market efficiency.

Research questions

The following research questions guided the study:

1 What is the relationship between government intervention and the efficiency of markets in Nigeria?
2 What is the impact of government intervention on market efficiency?

Hypotheses

The following null hypotheses are formulated and tested at 0.05 level of significance

$H0_1$: There is no significant relationship between government intervention and market efficiency

$H0_2$: There is no significant relationship between impact of government intervention and market efficiency.

Significance of the Study

Findings of the study could be beneficial to government market agents because it will make them aware of the rationale for decline in efficiency of most markets in Nigeria and the way forward. Findings of the study could be gainful to government market

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functionaries and the appointees involved in revenue generation because it will make them sufficiently aware of the cause of decreased market efficiency in the country and the need for government to expedite action toward increasing market performance of investors. Findings of the study could be of immense benefit to government of the Federation when published in conference proceedings and journals. This is because published results of the study could make leaders to recognize the need to intervene in market affairs of the nation in order to increase the efficiency.

Findings of the study could be useful to market stakeholders because it will inform them on the major cause of market inefficiency and the need to intimate government to intervene and increase efficiency. Individuals could gain from results of the study because it will give them useful information on why the persistent decrease in market efficiency. The general populace could benefit from results of the study because it will make them to become aware of the cause of decrease effort of investors and what can be done to boost their morale. Researchers could benefit greatly from findings of the study because it will guide them for future research in the related areas.
Scope of the study

The study is delimited to impact of government intervention on market efficiency in Nigeria.

II. LITERATURE REVIEW

The major cause of decrease in efficiency of most market operations is lack of government interventions. This is because efficiency of market affairs requires adequate support and encouragement to maximize investors' confidence. Government of any nation is the custodian and key holder of market affairs. It is the intervention of government that will boost the desire and zeal of investors to engage assiduously in marketing activities.

2.1 Theoretical Framework

The ultimate desire and concern of scientific management theory, propounded and developed by Frederick W. Taylor (1856-1917) and the associates is motivation and support for efficiency in any transaction. The theory believe that achievement of goals and aspirations becomes possible through efficiency and stressed that for an individual to become more zealous and enthusiastic in whatever transaction, support that could serve as intervention is required. The implication is that government intervention is a necessary exercise in enhancing efficiency of markets in Nigeria. The theory postulates that there is no one best way of ensuring investors confidence except through government intervention. The theory is deeply concerned about inefficiency occasioned by decreased investors' confidence that characterized most markets in Nigeria and suggests that government intervention raises the morale of investors and makes them feel more secured. The assumption of the theory is that, to achieve the expected market efficiency in the country, government intervention is highly fundamental.

The central idea in the theory is government intervention as a tool for market efficiency. The theory has provided useful hints and lays emphasis on the need for government to intensify effort through positive intervention to ensure efficiency of markets.
The relevance of the theory to this study is its main thrust and suggestion that government should intervene in market affairs in order to maximize its efficiency. The theory views government intervention as a complementary effort and the cornerstone for increasing investors' confidence.

2.2 Empirical studies

Aliyu (2013) carriedout a research study on impact of government intervention on small scale enterprises in Mubi North Local Government Area, Adamawa State, Nigeria. Findings of the study showed that government intervention schemes/programmes are aimed at elevating the small scale Enterprises to the expected targets in the area, lacks the awareness of the small scale Enterprises operators. Again, the available data indicates that accessibility to the intervention by small scale Enterprises operators is not easy. As a result, small scale Enterprises Operators do not feed the rlevance of these interventions. Based on the finding of the study, it was recommended that government should embark on sensitization/awareness creation and also reduce the conditions to be met before accessing the interventions. Agbarakwe and Anawor (2018) conducted a case study research on government intervention and ecvonomic

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development: Lessons from Songhai development initiative farms in Rivers State, Nigeria. Findings revealed that there is a significant relationship between Songhai development initiative farms and economic development. The study recommended that such and similar government direct involvements in the agricultural and other sectors should be encouraged for optimum benefits in output, job creation, income, social welfare and technological advancement. Akyuz, Zwingina and Opusunju (2019) carried out a survey research study on impact of intervention fund on the growth of small and medium scale enterprises in Abuja, Nigeria. Findings indicated that Federal Government intervention fund contributes statistically to the growth of small and medium scale enterprises in Abuja. It was also found out that Federal intervention fund contributes significantly to increase in the output of SMEs and government intervention in Abuja contributes significantly to employment generation in Abuja. The study therefore recommended that Federal government of Nigeria should try and reduce the collateral conditions to enable the SMEs in Abuja that are just growing to obtain the intervention funds since the intervention fund leads to SMEs growth in Abuja. Idriss, Eric and George (2024) carried out a research study on government intervention and stock market performance during COVID 19 Stringency index has a short-term positive effect on stock market returns and a negative effect in the long-run. Furthermore, the findings showed negative correlations between stock market returns and global economic policy uncertainty in the long-run and a negative effect in the short-run. The study therefore recommends that investors should consider spreading their investments to take advantage of short-term gains during pandemic-related restrictions; listed firms should adapt their business strategies to uncertainties during challenging times, and finally, policy makers should enhance communication and transparency in policy decisions to build and maintain investors' confidence.

III. METHODOLOGY

The study employed survey research design using mixed methods, that is questionnaire and interviews as instruments for data collection. The instruments was face and content validated by three research experts. Target population of the study was 4596 participants. Sample of the study was 360 respondents. The sample size was determined using Taro Yamane's technique for sample size determination. Procedure for data collection was direct administration of questionnaire to the respondents by the researcher and research assistants. Interviews were conducted by the researcher on individuals randomly selected based on their in-depth notion of the issue being examined. The data collected were analyzed using descriptive and inferential statistics. Specifically, the research questions were answered using item by item percentage statistical analysis. Data from the interview were transcribed and analyzed qualitatively. The null hypotheses for emulated were tested at 0.05 level of significance using regression analysis and the associated ANOVA.

IV. DATA / RESULTS PRESENTATION

The data collected were presented and analyzed as follows

Research question 1: What is the effort of government toward market efficiency in Nigeria?

Table 1: Effort of government toward market efficiency in Nigeria.

S/No	Item Statements	SA	A	D	SD	Remarks
1	Government ensures reduction of market volatility	56 (15.6%)	70 (19.4%)	50 (13.9%)	184 (51.1%)	SD
2	Government encourages investors with soft loans	60 (16.7%)	40 (11.1%)	36 (10%)	224 (62.2%)	SD
3	Government provides security for investors	55 (15.3%)	65 (18.1%)	60 (16.7%)	180 (50%)	SD
4	Government makes draconian policies to introduce distortions in the markets	178 (49.4%)	70 19.4%	50 (13.9%)	42 (11.7%)	SA

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DOI: https://doi.org/10.64388/IREV9I7-1713386

5	Government introduces high revenue on market goods	168 (46.7%)	82 (22.8%)	50 (13.9%)	60 (16.7%)	SA
6	Government minimizes currency fluctuation rate of inflation	60 (16.7%)	55 (15.3%)	70 (19.4%)	165 (45.8%)	SD

It is obvious and indeed apparent according to the responses of respondents recorded on the table above that government is not making deliberate effort toward market efficiency in Nigeria. The assumption is that the markets are allowed to thrive on their own. The results in table 1, item 1, 2, 3 and 6 with percentage ratings of 51.5%, 62.2%, 50% and 45.8% is a glaring indication that government has negative attitude toward efficiency of markets in Nigeria. Also the results in item 4 and 5 indicating strongly agree which are rated 49.4% and 46.7% are in support of the fact that government lack serious effort toward market efficiency in the country.

Research question 2: What is the level of government intervention to enhance market efficiency in Nigeria?

Table 2: Level of government intervention to enhance market efficiency in Nigeria

S/No	Item Statements	SA	A	D	SD	Remarks
7	Level of government intervention to enhance market efficiency is far below expectation	184 (51.1%)	77 (21.4%)	39 (10.8%)	60 (16.7%)	SA
8	The level of government intervention to enhance market efficiency is relatively high	168 (46.7%)	70 (19.4%)	66 (18.3%)	56 (15.6%)	SA
9	The level of government intervention to enhance market efficiency is extremely low	156 (43.3%)	80 (22.2%)	64 (17.8%)	60 (16.7%)	SA
10	The level of government intervention to enhance market efficiency is negligible	180 (50%)	64 (17.8%)	72 (20%)	44 (12.2%)	SA
11	The level of government intervention to enhance market efficiency is very high	60 (16.7%)	54 (15%)	58 (16.1%)	188 (52.2%)	SD
12	Level of government intervention to enhance market efficiency is so high that investors are encouraged	62 (17.2%)	59 (16.4%)	63 (17.5%)	176 (48.9%)	SD

The veracity according to the responses of respondents recorded on the table above is that government is reluctant and apathetic about enhancing market efficiency in Nigeria. The results in table 2, item 7, 8, 9 and 10 with percentage rating of 51.5%, 46.7%, 43.3% and 50% is a glaring indication that investors are not encouraged to engage in their business assiduously. Also item 11 and 12 which strongly disagree and are rated 52.2% and 48.9% points to the fact that government has negative intervention to enhance market efficiency of investors.

Research Question 3: What is the relationship between government intervention and the efficiency of markets in Nigeria?

Table 3: Relationship between government intervention and the efficiency of markets in Nigeria.

S/No	Item Statements	SA	A	D	SD	Remarks
13	Government intervention increases the efficiency of investors	188 (52.2%)	76 (21.1%)	50 (13.9%)	46 (12.8%)	SA
14	Government intervention promotes a healthy market atmosphere	171 (47.5%)	64 (17.8%)	48 (13.3%)	77 (21.4%)	SA

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15	Government intervention mitigates market volatility and controls currency fluctuation rate of inflation	181 (50.3%)	70 (19.4%)	68 (18.9%)	41 (11.4%)	SA
16	Government intervention aggravates insecurity of investors	52 (14.4%)	60 (16.7%)	44 (12.2%)	204 (56.7%)	SD
17	Government intervention makes investors more despondent and reluctant in market performance	63 (17.5%)	54 (15%)	43 (13.3%)	195 (54.2%)	SD
18	Government intervention inspires investors and make them more zealous in market performance	185 (51.4%)	49 (13.6%)	58 (16.1%)	68 (18.9%)	SA

There is a glaring evidence according to the responses of respondents recorded on the table above that government intervention is a critical exercise because it facilitates market efficiency. The greater percentage of strongly agree in table 3, item 13, 14, 15 and 18 with percentage ratings of 52.2%, 47.5%, 50.3% and 51.4% points to the fact that government intervention is the cornerstone for market efficiency. Also the strongly disagree in item 16 and 17 with percentage ratings of 56.7% and 54.2% are in subpercentage ratings of 56.7% and 54.2% are in support of the fact that government intervention is a vital tool in efficiency of markets.

Research question 4: What is the impact of government intervention on market efficiency?

Table 4: Impact of government intervention on market efficiency.

S/No	Item Statements	SA	A	D	SD	Remarks
19	Government intervention builds investors' confidence and fosters stable market operation	176 (48.9%)	70 (19.4%)	55 (15.3%)	59 (16.4%)	SA
20	Government intervention decreases occurence of insecurity and inspires investors	176 (48.9%)	85 (23.6%)	50 (13.9%)	49 (13.6%)	SA
21	Government intervention motivates investors to engage assiduously in market operation	200 (55.6%)	68 (18.9%)	52 (14.4%)	40 (11.1%)	SA
22	Government intervention makes investors uncertain and lack of confidence	55 (15.3%)	60 (16.7%)	49 (13.6%)	196 (54.4%)	SD
23	Government intervention causes closure of several markets	60 (16.7%)	61 (16.9%)	59 (16.4%)	180 (50%)	SA
24	Government intervention guarantees investors safety and fosters efficient market	180 (50%)	73 (20.3%)	58 (16.1%)	49 (13.6%)	SA

The conspicuous and crystal clear evidence according to the responses of respondents recorded on the table above is that there is enormous impact of government intervention on market efficiency. This is pointed out by the results of findings in table 4, item 19, 20, 21 and 24 with percentage ratings of 48.9%, 48.9%, 55.6% and 50%. The respondents strongly agree that government intervention necessitate market efficiency by building investors' confidence, decreasing occurence of insecurity, guaranteeing investors' safety and fostering efficient market. The responses in item 22 and 23 which strongly disagree are in tandem with the fact that government intervention plays significant role in enhancing market efficiency.

Hypotheses Testing

H01: There is no significant relationship between government intervention and market efficiency.

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Table 5: Analysis of variance of regression on relationship between government intervention and market efficiency.

Model	Sum of squares	Df	Mean square	F	Sig.
Regression	174 . 566	5	34.913	2.522	.003
Residual	10206.488	324	31.502		
Total	10381 .054	329			

There is a glaring evidence according to the F-value of 2.522 which was significant at .003 that there is significant relationship between government intervention and market efficiency. Therefore, the null hypotheses of no significant linear relationship was rejected at $p<0.05$.

H02: There is no significant relationship between impact of government intervention and market efficiency.

Table 6: Analysis of variance of regression on relationship between impact of government intervention and market efficiency.

Model	Sum of squares	Df	Mean square	F	Sig.
Regression	267.782	5	53.556.	2.152	.042
Residual	7887.617	324	24.344		
Total	8155.399	329			

It is conspicuous and indeed apparent according to the F-value of 2.152 which was significant at .042 that there is significant relationship between impact of government intervention and market efficiency. Therefore, the null hypotheses of no significant linear relationship was rejected at $p<0.05$.

Discussion

It is obvious according to the results of findings of the study that the role of government intervention on market efficiency cannot be over emphasized. The implication is that impact of government on market efficiency is enormous. Inspite of that, findings indicated that there is inadequate effort of government toward market efficiency. The finding is intandem with the propositions of Agbarakwe and Anawor (2018) that market failure which is predominant especially in the less developing countries is occasioned by laissez-faire attitude of government. Results of the study is in consonance with the postulation of Eze (2023) that lack of adequate government intervention on market affairs undermines investors confidence and perpetuate market instability consequent upon decrease in market efficiency. The finding is in conformity with the recommendation of Akyuz, Zwingina and Opusunju, (2019) that in order to achieve market efficiency, government should try and reduce collateral conditions for small and medium Enterprises to enable them obtain intervention fund that could lead to their growth.

Conclusion

It can be deduce from the results of findings of the study that there is paucity of government intervention that could enhance market efficiency.

Recommendations

The following recommendations are imperative:

- Government should ensure security and safety of investors to enhance market efficiency.
- There should be provision for intervention fund for small and medium Enterprises for effective market performance
- Government should avoid draconian policies that could make investors to get scared and discontinue businesses.
- Investors should be adeqautely encouraged in order to achieve market efficiency in Nigeria.

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DOI: https://doi.org/10.64388/IREV9I7-1713386

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