



MODERATING EFFECT OF BOARD OWNERSHIP ON THE RELATIONSHIP BETWEEN INFORMATION ASYMMETRY AND SHARE PRICES OF LISTED FINANCIAL SERVICE FIRMS IN NIGERIA

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Abstract

This study examined the moderating influence of board ownership on the relationship between information asymmetry and share prices among listed financial service firms in Nigeria. Utilizing a correlational research design, the study encompasses 53 financial service firms as of December 31, 2022, employing a census sampling technique to select a sample of 36 firms. Over an 11-year period (2012–2022), data were collected from annual reports and accounts using the secondary method. The study was anchored on signalling theory. The analysis was conducted with aid of STATA version 14 statistical software using descriptive and inferential methods. The regression findings underscore a significant negative impact of information asymmetry on share prices, emphasizing the imperative of addressing information imbalances in the market. Moreover, the study highlights the pivotal moderating role of board ownership, affirmatively influencing the relationship between information asymmetry and share prices. Board members' financial stakes in the financial service firms emerge as a monitoring mechanism, fostering corporate governance and aligning interests with shareholders. Based on the findings, the study recommends that to ensure successful financial management, it is crucial to adopt a comprehensive and transparent approach. This entails providing detailed and easily understandable financial information to all stakeholders. Additionally, maintaining regular and effective communication with investors is essential for building trust and keeping them informed about the company's financial position. Encouraging board members to have personal financial stakes in the company aligns their interests with those of shareholders, promotes active engagement in decision-making, and enhances overall corporate governance. The study also recommends organizations foster board ownership, as it positively moderates the impact of information asymmetry on share prices.

Keywords: board ownership, information asymmetry, share prices, financial services firms, Nigeria

1. Introduction

Share prices (SP) are a pivotal indicator that significantly influences investors' decisions to corporate valuation is underscored by their role in connecting investors and guiding their decisions (Kong et al., 2020). As a reflection of a company's financial health and growth potential, SPs play a central role in facilitating capital production and expansion opportunities for listed firms.

SPs offer diverse investment choices to both domestic and foreign stakeholders, contributing to economic prosperity (Federo et al., 2020). Investors aim to enhance their wealth or secure favorable returns through SPs without exposing themselves to excessively high risks. However, fluctuations in SPs can lead to significant financial consequences. For example, at the close of trading on the Nigeria Exchange (NGX) in 2020, the All-Share Index and market capitalization experienced a decline of 0.99 percent, dropping from 24,826.75 to N12.951 trillion. This resulted in investors losing N119 billion in value (Guardia, 2020), causing dissatisfaction among stockholders, particularly those invested in the financial sector (Guardian, 2021).



The phenomenon of share price fluctuation (SPF) has garnered considerable attention in global research. Notably, during the 2017 Nigerian Bar Association (NBA) conference, Governor of the Central Bank of Nigeria (CBN) Godwin Emefiele highlighted information asymmetry as a significant challenge faced by Nigerian financial service firms (Thisday, 2017). Information asymmetry may be thought of as a kind of market failure (Huynh et al., 2020). The presence of information asymmetry can lead investors and firms to make erroneous financial decisions, resulting in investment losses and a subsequent decline in stock market value. Investors' investment decisions, driven by information utilization, serve as a metric for assessing the value of information. Information asymmetry poses a significant challenge in developing markets (Clarke et al., 2019; Ryu & Chae, 2021; Jawed et al., 2021), particularly in markets with inefficient competition (Battilana, et al 2022; Klettner, 2021; Sarhan & Al Najjar, 2023). Notably, directors in such markets may be inclined to conceal negative news to present an overly positive financial performance, influenced by concerns about job security and compensation (Alkurdi & Mardini, 2020; Schiemann & Sakhel, 2019). However, when the accumulation of adverse information reaches a critical threshold, it is promptly disclosed to the stock market, leading to a decline in share prices (Li, et al., 2020; Wu et al., 2023). Information asymmetry's impact extends beyond individual firms, influencing the entire market, particularly in situations deemed inefficient (Chantal et al., 2018).

Past research has extensively examined the nexus between market information asymmetry and share prices, as evidenced by studies conducted by Drobetz et al. (2010), Fosu et al. (2016), Gao and Zhu (2015), Zaigham et al. (2018), Xie et al. (2020), Yanga et al. (2023), Dwijayani et al. (2023). However, the Nigerian context remains underexplored in the existing literature concerning the correlation between information asymmetry and share prices. Despite the wealth of studies on this subject, there exists a divergence in their findings. To enhance the understanding of these studies, scholars advocated for the incorporation of contingency variables such as moderators, mediators, and control variables, as highlighted in the works of Gordon, Loeb, and Tseng (2009), Hafizuddin-Syah, Abdul-Hamid, Janor, and Yatim (2014), and Ahmad (2016). Consequently, this study proposes board ownership as a moderating variable to strengthening the relationship between information asymmetry and share prices.

According to agency theory, higher board ownership closely aligns the interests of the board and shareholders, mitigating agency issues (Jensen & Meckling, 1976). Incentivizing the board of directors through share offerings serves to instill a sense of ownership, aligning their objectives with those of fellow shareholders. This practice, in line with agency theory as proposed by Jensen and Meckling (1976), correlates higher management ownership with increased business value. The theory posits that managers with substantial ownership are less prone to manipulating outcomes for short-term gains to the detriment of other shareholders, fostering a perception of shared interests among employees. While higher management ownership can lead to reduced perquisites and higher reported profits, it may also introduce opportunistic managerial behaviors, such as concealing adverse information, as highlighted by Shuto & Takada (2010). However, Jensen and Meckling (1976), adhering to agency theory, argue that managers with significant shares in the company are less likely to manipulate outcomes for short-term gains, emphasizing alignment with other shareholders' interests. This integration of managers as shareholders is seen as reducing information asymmetry, influenced by potential conflicts of interest in board ownership, as discussed by Dawar (2014).

To address the gaps in the current literature, this study introduced a moderating variable, namely board ownership, and investigated its interaction with information asymmetry concerning the share prices of listed financial service firms in Nigeria. Hence, based on the review of studies, the following hypotheses were formulated in null form:



H₀₁: Information asymmetry has no significant effect on share price of listed financial service firms in Nigeria.

H₀₂: Board ownership has no significant moderating effect on the relationship between information asymmetry and share price of listed financial service firms in Nigeria.

2. Literature Review

Board ownership is a strategic tool that aligns the interests of board members with stakeholders and promotes decision-making that enhances shareholder value (Jensen and Meckling, 1976; Kong et al., 2020). Various definitions are used in the literature to describe board ownership, ranging from shares held by promoters to the percentage of common stock owned by management firms (Federo et al., 2020; Sarhan & Al-Najjar, 2023). These definitions utilize proxies, such as the equity percentage for managerial control, to capture different perspectives. In this study, board ownership is defined as the percentage of a company's shares owned by the board, as stated by Alkurdi and Mardini (2020). The research aims to explore the relationship between board ownership and information asymmetry, as well as its impact on share prices. It also suggests potential modifications to support the proposal by Baron and Kenny (1986). While share prices are influenced by information asymmetry, which refers to an environment with insufficient and unevenly distributed information (Schiemann and Sakhel, 2019), they are just one of many variables affected by this asymmetry. The severity of agency concerns can be assessed through information asymmetry, highlighting the link between firm management, investors, and knowledge gaps. The study also adopts sales-weighted fixed assets growth as a measure to assess the relative increase in assets and sales, following the approach of Adam & Goyal (1999) and Clarke et al. (2019).

Asymmetric information refers to a market environment characterized by insufficient and frictional information. Asymmetric information refers to the information gap between market participants and firm management. Alhaj-Yaseen et. al., (2020) identified information asymmetries in terms of attitude. Many studies have looked at the impact of market behaviour on different factors. Many of these studies are used to assess the impact of asymmetric data on stock price, investment, financing, or other factors (Pan & Misra, 2020). Different research methods are used to assess asymmetrical data. While share prices are influenced by information asymmetry, which refers to an environment with insufficient and unevenly distributed information (Schiemann and Sakhel, 2019), they are just one of many variables affected by this asymmetry. The severity of agency concerns can be assessed through information asymmetry, highlighting the link between firm management, investors, and knowledge gaps. The study also adopts sales-weighted fixed asset growth as a measure to assess the relative increase in assets and sales, following the approach of Adam and Goyal (1999) and Clarke et al. (2019).

Assessing a company's stock market price is crucial for determining its long-term survival and market success, as emphasized by Omaliko et al. (2020). Tandon and Malhotra's 2013 study highlights the importance of accurate estimation of share values for investors and fund managers, given the frequent fluctuations in share prices. Despite the potential for higher returns compared to market returns, predicting share prices is challenging due to the influence of internal and external factors (Omaiko et al., 2021). Lavanya's research (2021) establishes a close relationship between a company's share price, encompassing both stock market value and debt market price, and its overall worth. Accordingly, in line with Putranto et al., (2018), this study defines share price as the prevailing rate for a listed or traded share on a stock exchange, subject to the impact of supply and demand in the capital market through market players.



Review of Empirical Review

The literature on information asymmetry and share prices reveals several common weaknesses across the studies. Zaigham et al. (2018) find that information asymmetry positively mediates investment and share price sensitivity, but their focus on the Chinese manufacturing industry and the selected period might limit the generalizability of their findings. Dwijayani et al. (2017) discover a positive impact of investment on firm value but face limitations in the short study period (2011-2015) and the industry-specific focus on Indonesian real estate. Arruda et al. (2015) identify the impact of social networks on information asymmetry but are constrained by the 2012 data, potentially overlooking recent changes in social media dynamics. Xie et al. (2020) uncover the association between M&A goodwill and share price crashes, yet the study's restricted time frame (2008-2016) may not capture current market conditions. Yanga et al. (2017) provide insights into investor behavior, but their focus on the Korean market limits generalizability, and the study's findings may be influenced by the specific time frame. Karami and Moradi, (2020) do not find a significant effect of trade credit financing on share price crash risk, and their study period (2008-2017) may not reflect recent market changes. Eteber et al. (2022) revealed the impact of managerial overconfidence on information asymmetry but may lack generalizability due to their focus on the Iranian Capital Market.

Theoretical Framework

This study adopts signaling theory as its theoretical framework, recognizing its strengths over agency theory and stakeholder theory. While agency theory addresses internal agency problems, it falls short in explaining business or market failures caused by external industry issues (Llewellyn & Sinha, 2000). Although contracting offers a theoretical solution to agency problems, practical complications underline the challenges in effectively implementing and managing contracts to align incentives and mitigate conflicts of interest. Agency theory also limits shareholder involvement to maximizing returns and confines directors' roles to supervising managers. Conversely, stakeholder theory focuses on the social responsibilities of financial institutions to enhance business value, but it does not adequately account for firm characteristics influencing stock prices.

In the early 1970s, Spence introduced signaling theory, which found applications in finance during the 1980s (Spence, 1973). Signaling theory is fundamental to this framework, involving management policies that address information asymmetry. These policies aim to inform potential investors about a company's prospects, guiding their investment decisions. When management uses these policies as signals, they can indicate a company's worth, provided investors perceive the information as significant, as evidenced by its impact on share prices (Abdullah, 2002; Suwanna, 2012). Signaling theory effectively explains the relationships between information asymmetry and share prices and the interaction with board equity ownership. This makes it a suitable framework for understanding how these elements interlink to reflect a company's true value and prospects. The intuitive nature of signaling theory contributes to its widespread use.

3. Methodology

This paper utilized correlation research design to provide statistical justifications, allowing for the testing and prediction of expected relationship among variables. The study's framework was built upon a population of 53 listed financial institution firms, employing a comprehensive census sampling technique to ensure equitable representation and the inclusion of all eligible firms. The criteria stipulated that the financial institution must have been listed on the Nigerian Exchange Group for at least one year before 2008, remain listed during the study period, provide necessary data in its annual financial reports from 2008 to 2022, report financial statements in Naira, and not experience financial distress during the covered period. Applying these specific criteria resulted in the inclusion of 36 listed



financial service firms in Nigeria, forming the adjusted population. The data set used comprises secondary data extracted from the annual reports and accounts of the identified institutions listed on the Nigerian Exchange Group, spanning the period from 2008 to 2022.

The data analysis employed multiple regressions on the panel data, with additional diagnostic tests to ensure adherence to the best linear unbiased estimate (BLUE) principles. This includes tests for Multicollinearity, Autoserail Correlation, Heteroskedasticity, and Normality, as recommended by Wooldridge (2012). The study adopted the model by Ugwanyi and Okanya (2020) to explain the relationship between the dependent and independent variables in this research. The study adapts a general econometric model of the panel data. As a result, the followings are the general form of the model that will be used in this study:

$$Y_{it} = \alpha + \beta X_{it} + \mu_{it} \text{-----} (1)$$

The subscript i denotes the cross-sectional dimension and the subscript t denotes the time series dimension, which makes the data to be panel, the dependent variable in the model, which is the share price is represented by the left-hand variable, Y_{it} , in the model. Whereas the right-hand side of the model represent the independent variables of the study together with error term. In order to achieve the objectives of the study and to introduce board ownership as moderating variable, the initial model was modified to produce the following models. The first model was without considering the moderating role of BO while the second model accommodates the moderating role of BO.

$$SP_{it} = \beta_0 + \beta_1 INAS_{it} + \beta_2 BO_{it} + e_{it} \dots (2)$$

$$SP_{it} = \beta_0 + \beta_1 INAS_{it} + \beta_2 BO_{it} + \beta_3 INAS_{it} \cdot BO_{it} + e_{it} \dots (3)$$

Where:

i = firm

t = year

SP = Share Price

INAS = Information Asymmetry

BO = Board ownership

β_0 = Intercept β_1 , and β_2 , = the coefficients of the variables.

e = Error term.

Table 1

Variables Definition, Measurement and Sources

Variables	Measurement	Sources
SP	Closing share price on December 31 for the years ended	Putranto et al. (2018)
INAS	sales weighted fixed assets growth as a measure for proportionate increase in both sales and assets	Adam and Goyal (2000) Clarke et al. (2019)
BO	Board ownership is measured by the total percentage of ordinary shares owned by a company board of directors.	Masud, Nurunnabi and Bae (2018)

Source: Authors Compilation, 2024.

4. Result and Discussion

The following section presents the outcomes of the data analysis, which includes various tests and analyses such as regression analysis, Hausman specification testing, multicollinearity testing,



normality testing, heteroskedasticity testing, and descriptive analyses. Additionally, this section includes a review of the results and a hypothesis test. The findings from the descriptive statistics are presented in Table 2.

Table 2

Descriptive Statistic

	OBS	Mean	Std. Dev.	min	max	skewness	kurtosis
SP	396	3.975	7.737	0.200	47.95	3.148	13.363
BO	396	.034	.056	.0000194	.32	2.234	8.36
INAS	396	.026	.023	0.003	.122	1.33	4.491

Source: *Author's computations generated with STATA softw are*

The descriptive statistics of share price evaluated shows an average of N3.975 in Table 2, with the corresponding standard deviation of N7.737. This signifies that wide variation of the value share price across the sampled listed financial firms. The minimum and maximum values are N0.200 and N47.95 respectively. Additionally, the Table shows a mean value of board ownership of 3.4% with a standard deviation of 5.6. This indicates that board members averagely own about 3.4% of the equity of their firms and as such the board members might have interest on the long-term profitability and survival of the company they govern. However, some firms have 0.0019% board ownership while other firms have about 32% board ownership. The average value for information asymmetry across the sampled financial service firms as seen in Table 2 is 2.6%; nevertheless, with the standard deviation of 2.3% which indicates low dispersion as the value does cluster around the mean. The minimum and maximum values are 0.3% and 12.2% respectively. However, the skewness values from Table 2 suggest that the data is expected to be normally distributed, despite appearing negatively skewed. Typically, a skewness value between -2 and +2 is considered acceptable for a normal distribution. The kurtosis value in Table 2 also suggests a normal peakness, as values between -3 and +3 are generally accepted as indicating a normal distribution. This aligns with numerous studies that highlight how skewness and kurtosis can be used to predict the distribution of data (Barato & Seifert, 2015; Blanca et al., 2013).

Table 3

Correlation Matrix

Variables	(1)	(2)	(3)	(4)
(1) SP	1.000			
(2) BO	0.068 (0.175)	1.000		
(3) INAS	0.508* (0.000)	0.246* (0.000)	1.000	
(4) INAS_BO	0.080 (0.110)	-0.217* (0.000)	-0.021 (0.674)	1.000

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: *Author's computations generated with STATA software*

The correlation analysis reveals the relationships between board equity (BO), information asymmetry (INAS), and share price (SP). Notably, BO, INAS, and INAS_BO exhibit positive correlations with coefficients of 0.068, 0.508, and 0.080, respectively. However, the link between the independent variables themselves is not considered strong enough to suggest multicollinearity, unless the tolerance values and variance inflation factor exceed the accepted threshold.



Diagnostics Tests

The regression model underwent robustness tests to confirm the reliability and accuracy of its statistical inference. These tests included assessing multicollinearity, VIF, Hausman specification, autocorrelation heteroskedasticity, and residual normality.

Table 4

Shapiro-Wilk W test for residual distribution

Variable	Obs	W	V	Z	Prob>z
resid	396	1.000	0.052	-7.040	1.000

Source: Summary of Stata Output, 2024

In Table 4, the outcomes of the Shapiro-Wilk normality test are presented, aiming to assess whether the given data set adheres to a normal distribution. The primary goal of this test is to detect any deviations from normality within the dataset. To address this, the examination of normality was focused on the residuals instead of the raw data in line with Ghasemi and Zahediasl (2012). Notably, the resulting P-value surpassed 0.05 at a 5% significance level, leading to the rejection of the null hypothesis. Consequently, the analysis concludes that the residuals demonstrate a normal distribution, affirming the suitability of the linear regression model and providing supporting evidence that the Ordinary Least Squares (OLS) assumptions are satisfied.

Table 5

VIF Test for Multicollinearity

	VIF	1/VIF
BO	1.118	.894
INAS	1.066	.938
INAS BO	1.051	.952
Mean VIF	1.078	.

Source: Summary of Stata Output, 2024

Table 5 illustrates the results of the Variance Inflation Factor (VIF) test, conducted to evaluate multicollinearity among the explanatory variables. The underlying assumption is that there should be no correlation among the independent variables. A VIF value surpassing 4 is indicative of multicollinearity in the dataset. Notably, all variables presented in the table, including the mean VIF, exhibit values below 4, signifying the absence of multicollinearity in the dataset.

Table 6

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Variables	Model 1	Model 2
chi2(1)	243.69	244.48
Prob > chi2	0.0000	0.0000

Source: Author's computations generated with STATA software

Table 6 presents the outcomes of the heteroskedasticity test, specifically the Breusch-Pagan / Cook-Weisberg test. This test operates under the assumption of homoskedasticity, signifying that the independent variables in the study should not exhibit correlation with the error term. However, the null hypothesis of the test suggests the presence of heteroskedasticity in the data set. The noteworthy aspect is that the p-values for both models in the table are significant at a 5% level,



implying the existence of heteroskedasticity in the data set

Table 7

Autocorrelation

Tests	Model 1	Model2
Chi2	88.321	88.587
P-value	0.0000	0.0000

Source: *Author's computations generated with STATA software*

The regression model's reliability and assumptions were evaluated by examining auto/serial correlation, which has the potential to contradict the premise of longitudinal data in panel data analysis. The Wooldridge autocorrelation test was used to assess this. If the P-values are higher than 5%, it means the null hypothesis (no autocorrelation) should be accepted. The derived P-values of 0.0000 and 0.0000, respectively, provide evidence to support the finding that the residuals do not show auto/serial correlation.

Table 8

Hausman Specification Test

Variables	Model 1	Model 2
chi2(1)	52.08	52.08
Prob>chi2	0.0000	0.0000

Source: *Author's computations generated with STATA software*

The results of the Hausman specification test, aimed at choosing between fixed effect and random effect models for the panel data, are presented in Table 5. The null hypothesis posits that any systematic difference in coefficient is absent, while the alternative hypothesis contends otherwise. A significant p-value indicates the suitability of the fixed effect model, while a non-significant p-value favors the random effect model. In this case, both models exhibit highly significant p-values of 0.0000, suggesting statistical significance. Consequently, the fixed effect model is deemed more appropriate. However, to address potential issues of heteroskedasticity, the study will employ panel-corrected standard error for both models



Table 9
Regression Analyses

SP	Coef.	St.Err.	t-value	p-value		
Mdel1						
BO	.0007128	.0002381	2.99	.003	R-squared	0.2612
INAS	-.0323412	.0048841	-6.62	.000	F-test	57.36
Constant	2.504049	.2118732	11.82	.000	OBS	396
					Prob > F	0.0000
Mdel2						
BO	.0004925	.0002614	1.88	.059	R-squared	0.2677
INAS	-.0321662	.0048093	-6.69	.000	F-test	57.36
INAS_BO	.0175024	.0043772	4.00	.000	OBS	396
Constant	2.133585	.2945137	7.24	.000		

*** $p < .01$, ** $p < .05$, * $p < .1$

Source: *Author's computations generated with STATA software*

(Before Moderation)

The results of the regression analysis for model 1, detailed in Table 6, demonstrate a robust fit, supported by an F-statistic of 44.47 with a highly significant p-value of 0.0000 at the 1% significance level. This statistical significance underscores the model's adequacy in predicting the impact of information asymmetry on the stock market prices of the selected firms. The adjusted R-squared value of 0.2612 indicates that approximately 26.12% of the variations in stock market prices can be attributed to the combined influence of firm information asymmetry and board equity ownership. This adjusted R-squared value serves as a crucial metric for the model's explanatory power, emphasizing the relevance of these variables in comprehending fluctuations in stock market prices. Analyzing information asymmetry (INAS) in relation to stock market prices reveals a significant and negative impact, with a negative coefficient of -0.0323412 and a highly significant p-value of 0.000 at the 5% confidence level. The findings suggest that an escalation in information asymmetry corresponds to a detrimental effect on share prices. Consequently, based on this comprehensive analysis, null hypothesis one is unequivocally rejected.

Model 2 (After Moderation)

To assess the moderating impact of Board ownership (BO) on the relationship between information asymmetry and share prices of listed financial service firms in Nigeria, the regression results are detailed in Table 6. In contrast to the initial model, this iteration demonstrates robustness reflected in a Wald chi2 value of 57.36 and significant p-value of 0.0000. These results underscore the careful selection of variables in the study model, justifying the inclusion of BO as a significant moderating factor. The R-Squared value of 0.2677 indicates that approximately 26.8% of the variation in the share prices of financial service firms can be attributed to the interplay between information asymmetry and BO.



From Table 6, information asymmetry has a negative coefficient of -0.03216, accompanied by a p-value of 0.000, which is significant at the 5%. This firmly establishes adverse impact of information asymmetry on share prices. This negative influence is attributed to various adverse effects on market performance, including a reduction in investor confidence and trust in market fairness, leading to diminished investor participation and reduced market liquidity. Especially where investors with private information about a company's future performance can trade on that information before it becomes public, and profit from the price changes. This creates an unfair advantage for the informed investors and a loss for the uninformed investors. This also reduces the confidence and trust in the market, as investors fear being exploited by insiders. This supports existing research by Dwijayani et al. (2017), Arruda et al. (2015), and Sahar et al. (2020), which highlight the impact of information asymmetry on the value of firms. However, these results contradict the findings of Zaigham et al. (2018) that suggested a positive mediation of information asymmetry on investment and share price sensitivity. Consequently, based on this analysis, null hypothesis one is rejected.

The moderating influence of board ownership on the link between information asymmetry and share price is positive, with the parameter of 0.021, as shown in Table 4.5.1. The study found that board ownership could serve as monitoring mechanism and to reduce agency cost by aligning the interest of directors with that of shareholders in order to ameliorate the incidence of information asymmetry, which may hamper the performance of the organization. The influence of board ownership on the link between information asymmetry and share price is positive because it aligns the interests of managers and shareholders, and reduces the agency costs and information problems that arise from the separation of ownership and control. Board ownership can also signal the quality of the firm and its future prospects, and reduce the adverse selection and moral hazard problems that affect the share price. This supports the proposition of information asymmetric theory that board ownership is crucial for corporate governance as it facilitates better decision-making, enhanced oversight, and the overall long-term success of the firm. Prior research has shown inconsistent results in the relationship between information asymmetry and share price. For instance, Zaigham et al. (2018) and Dwijayani et al (2017), found positive relationship between information asymmetry and share price. However, Nasirzadeh et al (2017) found negative relationship between information asymmetry and share price. According to this study, there is a mixed link between information asymmetry and share price, necessitating moderation. Consequently, based on this analysis, null hypothesis two is rejected.

Policy Implications

The study's findings hold crucial policy implications for regulatory bodies, financial institutions, and corporate governance practices in Nigeria. Policymakers are encouraged to promote higher levels of board ownership to increase transparency, accountability, and alignment between management and shareholders through regulatory incentives or requirements. Regulators can implement stricter disclosure rules to enhance reporting on board members' ownership stakes, reducing information asymmetry and potentially improving share prices. Corporate governance reforms can establish guidelines for optimal board ownership levels to align with shareholder interests, enhancing governance effectiveness. Monitoring board ownership and implementing oversight mechanisms are essential to prevent entrenchment effects and maintain balance. Education initiatives aimed at stakeholders can create awareness about the benefits of board ownership, ultimately fostering voluntary adoption of these practices. Overall, strengthening board ownership can positively impact information asymmetry and share prices, warranting policy interventions in this area.



5. Conclusion and Recommendations

The study was carried out to examine the moderating role of board ownership on the relationship between information asymmetry and stock market price of listed financial service firms in Nigeria. Based on its findings and test of hypotheses the study concludes that board ownership plays a significance moderating role on the relationship between information asymmetry and stock market price on sample firms. Based on the findings, the study recommends that management of listed financial services firms should focus on improving their disclosure practices and establishing robust investor relations. This involves implementing measures such as compelling companies to provide timely and accurate information, promoting disclosure standards, and enforcing regulations to curb insider trading and market manipulation. Concurrently, initiatives should be undertaken to bolster investor confidence and trust, counteracting the erosion caused by information asymmetry. By doing so, these firms can effectively reduce the imbalance of information between themselves and investors. To ensure a successful financial management, it is crucial for the management to adopt a comprehensive and transparent approach. This entails providing detailed and easily understandable financial information to all stakeholders. Additionally, maintaining regular and effective communication with investors is essential for building trust and keeping them informed about the company's financial position.

Encouraging board members to have personal financial stakes in the company aligns their interests with shareholders, promotes active engagement in decision-making, and enhances overall corporate governance. The study also recommends organizations to foster board ownership, as it positively moderates the impact of information asymmetry on share prices. Lastly, recognizing the inconsistent results in prior research, the study advocates for further research to explore other moderating factors influencing the relationship between information asymmetry and share prices, offering a deeper understanding for more accurate predictions and recommendations for organizations and policymakers.

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