

**ANALYSIS OF FACTORS AFFECTING STOCK MARKET
DEVELOPMENT IN TANZANIA: THE CASE OF DAR ES SALAAM
STOCK EXCHANGE**

ANWAR AKLAN ALLIY

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION OF THE OPEN UNIVERSITY OF TANZANIA**

2015

CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation titled: *Analysis of Factors Affecting Stock Market Development In Tanzania: The Case of Dar es Salaam Stock Exchange*, in partial fulfilment of the requirements for the degree of Master of Business Administration of the Open University of Tanzania.

.....
Dr.Salum Mohamed

(Supervisor)

.....
Date

COPYRIGHT

No part of this dissertation may be reproduced, stored in any retrieval system, or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the author or the Open University of Tanzania in that behalf.

DECLARATION

I, Anwar Aklan Alliy,do hereby declare that this dissertation is my own original work and it has not been presented for a similar or any other award to any other University.

.....

Signature

.....

Date

DEDICATION

This work is dedicated to my lovely wife Hunaina and our little angles my daughter Aisha.

ACKNOWLEDGEMENTS

I am profoundly and very grateful to Almighty God for availing me strength and willingness to pursue this challenging responsibility. Special thanks must go to my family members and all people with whom I have worked for the entire period of the study.

This study was deeply enriched by Dr. Salum Mohamed, of the Open University of Tanzania for his careful research artisanship, unfailing skills, and tireless efforts. To him, I have debts I can never repay. Special thanks go to MBA course mates for their support and advice.

In addition, sincere gratitude goes to my employer, for sponsoring my studies for giving me best working environment that favoured my studies.

Lastly, thank you all for all the moral, advice, and material support, however I stand to be corrected or held accountable for any errors of facts or interpretation, which appears in this work.

ABSTRACT

This study was designed to provide analysis of factors affecting stock market development in Tanzania: The case of Dar es Salaam Stock Exchange. Specifically the study assessed economic, socio –cultural, legal, and other factors that affect the development of Dar es Salaam Stock Exchange market. The study employed quantitative approach. The data were collected through questionnaires. 112 business owners in Dar es Salaam were involved in the study. Data were analyzed using SPSS through descriptive statistics and correlation analysis. The findings revealed that there are strong positive correlation between DSE development and economic factors, socio cultural factors, rules and regulations issues and other factors such as education and government support. The findings also revealed that economic factors affecting DSE are interest rate, profitability, low cost of executing trade, possibility of getting dividend, technological advancement and household savings. Furthermore socio-cultural factors affecting DSE are investors' behaviours and presence of reference group and perception of DSE market attractiveness. In addition, laws and regulations factors affecting DSE are cumbersome of these rules and regulation. Moreover findings indicate that local investors do not have enough education on DSE operations. The study recommends policy makers to take stern measures to regulate the business environment such that economic factors, socio-cultural factors, and legal framework of the country supports the investors participation in the Dar es Stock Exchange operations, this will help the market development.

TABLE OF CONTENTS

CERTIFICATION	ii
COPYRIGHT	iii
DECLARATION.....	iv
DEDICATION.....	v
ACKNOWLEDGEMENTS.....	vi
ABSTRACT	vii
LIST OF TABLES	xii
FIGURE	xiii
APPENDIX	xiv
LIST OF ABBREVIATIONS	xv
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background to the Problem.....	1
1.2 Statement of the Research Problem	3
1.3 Objectives of the Study	4
1.3.1 General Objective	4
1.3.2 Specific Objectives	4
1.4 Research Questions	5
1.5 Significance of the Study	5
1.6 The scope of the Study.....	5
1.7 Organization of the Study	6

CHAPTER TWO	7
LITERATURE REVIEW.....	7
2.1 Introduction.....	7
2.2 Conceptual Definitions.....	7
2.2.1 Stock Markets	7
2.2.2 Stockbroker.....	8
2.2.3 Stock Exchange.....	9
2.3 Theoretical Literature Review.....	9
2.3.1 Market Segmentation Theory	10
2.3.2 Game Theory	12
2.3.3 Modern Portfolio Theory.....	12
2.3.4 Importance of Stock Market	14
2.4 Empirical Literature Review	16
2.4.1 Empirical Literature Review in the World	17
2.4.2 Empirical Literature Review in Africa	19
2.4.3 Empirical Literature Review in Tanzania.....	22
2.5 Research Gap	24
2.6 Conceptual Framework	25
2.7 Theoretical Framework	25
CHAPTER THREE	27
RESEARCH METHODOLOGY	27
3.1 Introduction.....	27
3.2 Research Design.....	27
3.3 Study Area.....	28

3.4	Population of the Study	28
3.5	Sample Size and Sampling Design	28
3.5.1	Sample Size	28
3.5.2	Sampling Design.....	30
3.6	Data Collection Methods.....	30
3.6.1	Primary Data.....	30
3.6.2	Secondary Data.....	31
3.7	Data Collection Tools	31
3.7.1	Questionnaires	31
3.7.2	Documentary Review	31
3.8	Validity and Reliability of Data.....	32
3.9	Data analysis.....	33
	CHAPTER FOUR.....	35
	PRESENTATION, ANALYSIS, AND DISCUSSION OF THE FINDINGS	35
4.1	Introduction	35
4.2	Description of the Demographic Variables Used in the Analysis.....	35
4.2.1	Respondents Sex	35
4.3.2	Highest Level of Education Reached.....	36
4.3.3	Number of Years Respondents Involved in Business	36
4.3.4	Age of the Respondents.....	37
4.4	Findings as per Specific Research Objectives.....	37
4.4.1	Assessment of the economic factors which affect the development of DSE. 37	
4.4.2	Identification of Registration Policies, Laws and Regulations Issues that Affect Dar es Salaam Stock Exchange Market Development.....	43

4.4.3	Determination of the Socio-Cultural Factors that affect Dar es Salaam Stock Exchange Market Development.....	47
4.4.4	Identification of other Factors Such as Education and Government Support and how they Affect the Development of Dar es Salaam Stock Exchange Market.....	52
4.4.5	DSE Market Development Measures	56
4.5	Discussion of the Findings	61
	CHAPTER FIVE.....	64
	SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	64
5.1	Introduction	64
5.2	Summary of the Main Findings.....	64
5.3	Implications of the Findings.....	65
5.4	Conclusion.....	66
5.5	Recommendations	67
5.6	Limitations of the Study	70
5.7	Suggested Areas for Further Studies	70
	REFERENCES.....	72
	APPENDICES	77

LIST OF TABLES

Table 3.1: Sample size of the Respondents.....	29
Table 3.2: Respondents needed during a Survey for a given Population.....	29
Table 3.3: Reliability Statistics for Internal Consistency of Data.....	33
Table 4.1: Gender * Location of the Respondents Crosstabulation.....	35
Table 4.2: Highest Education Level Reached	36
Table 4.3: Descriptive Statistics for Respondents' Age and Number of Years Involved in Business.....	37
Table 4.4: Economic Factors which affect the Development of DSE	38
Table 4.5: Registration Policies, Laws and Regulations Issues that Affect Dar es Salaam Stock Exchange Market Development	44
Table 4.6: Socio-Cultural Factors that Affects Dar es Salaam Stock Exchange Market Development.	49
Table 4.7: Other Factors such as Education and Government Support that Affect DSE Development	54
Table 4.8: DSE Market Development Measures.....	57
Table 4.9: Correlation Analysis among Variables used in the Study	60

FIGURE

Figure 2.1: Conceptual Model Developed from Literature Review 25

APPENDIX

Appendix I: Questionnaire 77

LIST OF ABBREVIATIONS

ADR	Alternative Dispute Resolution
BSE	Botswana Stock Exchange
CMSA	Capital Markets and Securities Authority (CMSA) of Tanzania
DSE	Dar es Salaam Stock Exchange
DSU	Deficit Spending Unit
ESRF	Economic and Social Research Foundation
SSU	Surplus Spending Units

CHAPTER ONE

INTRODUCTION

1.1 Background to the Problem

Stock markets have become an integral part of the global economy now more than ever. Companies operation in one part of the world is found listed in the stock markets in countries found in a different part of the world. The need of efficient stock markets is of high importance especially with the dynamic nature of working individuals and the continuously changing competitive business environment which causes the room for manipulations by companies to over or under value shares for individualistic interests.

The relationship between stock market development and economic growth has long been a significant subject of debate. Scholars argue that a well-functioning stock market can have an accelerating effect on economic growth by channelling more savings to investment and enhancing capital productivity through the efficient allocation of resources (Shiller, 1981).The last two decades have witnessed a considerable growth of Stock Markets in developing countries.

Factors such as the improvement in macroeconomic fundamentals, which include improved monetary stability and higher economic growth, have been key aspects in the growth of the stock markets in the developing countries. Moreover general economic and specific capital markets reforms, including privatization of state owned enterprises, financial liberalization, and an improved institutional framework

for investors, have further encouraged capital markets development (Claessens, 2004).

Despite the obvious importance of efficient stock markets and the need of development of the stock markets, there are evidences that seem to suggest that there are many countries in the developing nations that have poor growth developments of stock markets. This poorly performing financial markets represented an important factor contributing to the severe economic recession example the one during the Great Depression (Fisher, 1993).

Alghamedi (2012) went further pointing out that, there is a direct link between financial markets and real activity, as financial markets permit the extension of borrowers' financial capacity, make inter-temporal trade more efficient and are able to pool investors' funds and offer producers external finance. Hence, financial markets are vital to development as they improve physical capital accumulation.

With this in mind, financial market are considered as an important aspect of economic growth if are well developed, but in Tanzania the development of the Stock market has been growing at a small rate due to presence of different hindrances. It is from this sense of slow development which drove the researcher to attempt this study with specific aims of assessing factors affecting stock market development in Tanzania using Dar es Salaam Stock Exchange as the case study, and to propose means which will aim at improving the situation and improve the Dar es Salaam Stock Market in general.

1.2 Statement of the Research Problem

The need to have a capital market that is operating and functioning well is important for the fact that there is an increasing link between capital market development and economic development of a country. A well-developed and functioning stock market can boost economic growth by enhancing faster capital accumulation and allowing for better resource allocation (Garcia and Liu, 1999).

Stock market is also expected to lead to lower cost of capital and hence stimulate investment by spreading risk of long term investment. It is therefore essential that all stakeholders and authorities concerned must work together towards achieving a capital market, which will ensure sustainable mobilization of resources in developing countries and as far as Tanzania is concerned.

At present however the stock market has not yet played the role it was expected to play by bridging the gap in long term capital mobilization. It is well acknowledged that if the financial sector is properly organized, it could be a source of much needed capital, which is necessary for economic development of a country. Financial reforms that have been sweeping across developing countries have not made considerable provision for the development of stock exchange markets. This can be evidenced for the case in Tanzania where despite all the effort the only stock market operating is in Dar es Salaam region only (Mfaume, 1994).

Following various mentioned reasons which affect development of stock markets in developing countries and Tanzania in particular, there has been a continuous poor

performance of the stock market at the same time slow rate of the development of the market in general. This poor performance and slow growth rate is explained to be caused by several factors which among other include economic factors such as unstable economies and social factors such as low level of awareness on the stock market by the public (Elliott, 2008). It is from this sense that this researcher aims at assessing the factors that affect the stock market development in Tanzania, by taking Dar-es-salaam Stock Exchange as the case study.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was to assess the factors affecting the development of the stock market in Tanzania by using Dar es Salaam Stock exchange as the case study.

1.3.2 Specific Objectives

The specific research objectives of this research are:

- (i) To assess the economic factors which affect the development of DSE
- (ii) To identify registration policies, laws and regulations Issues that affect Dar es Salaam stock exchange market development.
- (iii) To determine socio-cultural factors that affect Dar es Salaam stock exchange market development.
- (iv) To identify the other factors that is education and government support and how they affect the development of Dar es Salaam stock exchange market.

1.4 Research Questions

- (i) Which economic factors affect the development of DSE?
- (ii) Which laws and regulations hinder the development of the DSE?
- (iii) Do socio-cultural factors affect the development of DSE?
- (iv) How does education and government support affect the development of Dar es Salaam stock exchange market.

1.5 Significance of the Study

The research findings enable the government and the members of parliament in Tanzania to make well-informed decisions regarding laws and regulations, fiscal and monetary policies that affect the well development of the stock market in the country. Furthermore this study adds more information to the body of literature concerning stock market in Dar es Salaam, as there has been little research done regarding stock markets in Tanzania.

To date there is only one stock exchange in the country. The Dar es Salaam Stock Exchange which stands a chance of providing potential insights on the variations of dimensions of a stock exchange in a developing country versus a stock market in a developed market.

1.6 The scope of the Study

This study was confined in analysing the Factors affecting stock market development in Tanzania. The study was conducted in Dar es Salaam city, this is because the case study which is Dar es Salaam stock exchange is located in this city, and hence it simplified the process of data collection.

1.7 Organization of the Study

This dissertation is divided into five chapters. Chapter one which is introduction presents general information of the Background of the study. Chapter two which is literature review contains the examination of various written sources that have been written regarding stock exchange in global level, and in Tanzania as specific. Chapter three which is the research methodology describes the various methods that were employed in data retrieval, processing and analysis. Chapter four which is research results, analysis and discussion presents the findings of the study in general. Lastly, chapter five which is summary, conclusions and recommendations presents the summary of the general study, then the conclusion which focuses on the study objectives and finally recommendations and conclusion.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the information which has been collected through reviewing several literatures concerning the research topic. The Literature review is divided into two main parts: the Theoretical and empirical literature. From these two perspectives the conceptual framework of the study and the research gap are developed.

2.2 Conceptual Definitions

2.2.1 Stock Markets

Economic and Social Research Foundation (ESRF) (2004) defines a Stock Market as a public market for the trading of company stock/shares and derivatives at an agreed price; these securities are listed on a stock exchange as well as those only traded privately. It is a public entity (a loose network of economic transactions, not a physical facility or discrete entity) for the trading of company stock (shares) and derivatives at an agreed price; these are securities listed on a stock exchange as well as those only traded privately. It is the market for trading financial instruments; it is a mechanism that allows people to easily trade (buy and sell) financial securities such as stocks and bonds, commodities such as precious metals or agricultural goods, and other items of value at low transaction costs. The main objective of the financial market is to channel funds from surplus spending units (SSU) to Deficit spending unit (DSU).

The stock market is one of the most important sources for companies to raise money. This allows businesses to be publicly traded, or raise additional capital for expansion by selling shares of ownership of the company in a public market. Exchanges started in Western Europe and then spread to other parts of the world. Some of the older exchanges, dating back as far as the 1100s, are the Paris Bourse in France; the Amsterdam Bourse in The Netherlands; the Deutsche Stock Exchange (formerly the Börse) in Frankfurt, Germany; the London Stock Exchange (LSE) in England; and the Borsa in Milan, Italy.

Other European exchanges opened in the 1600s and 1700s, including those in Belgium, Spain, Portugal, and Sweden. Because stocks were uncommon before the 1800s, all of these early exchanges traded in commodities and currencies. In 1785 Amsterdam's Bourse was the first to formally begin trading in securities. By the mid-1800s, many countries outside of Europe traded in securities, including Canada and Australia. During the 19th and 20th centuries, major exchanges opened in Asia, Eastern Europe, and parts of Africa and Latin America (Bonello, 2008).

2.2.2 Stockbroker

Kumar and Vikkraman (2011) explain that a stockbroker is an employee of a brokerage firm. The individual investor contacts his or her stockbroker and provides the stockbroker with the details of the transaction the investor wants to complete. Stockbrokers, however, are more than order takers or sales representatives for their firms; they frequently provide advice to the investor. They may have their own client list and call clients when they see transactions that will fit the client's investment objectives. Stockbrokers almost always have certification from, or registration with,

a state government agency or an exchange or both. For this reason they are sometimes referred to as registered representatives (Yosha, 1992; Bonello, 2008).

2.2.3 Stock Exchange

Bonello (2008) argues that stock exchange can be explained as an organized market for buying and selling financial instruments known as securities, which include stocks, bonds, options, and futures. Most stock exchanges have specific locations where the trades are completed. For the stock of a company to be traded at these exchanges, it must be listed, and to be listed, the company must satisfy certain requirements. But not all stocks are bought and sold at a specific site. Such stocks are referred to as unlisted.

Many of these stocks are traded over the counter—that is, by telephone or by computer (Bonello, 2008). Stock exchange transactions involve the activities of brokers and dealers. These individuals facilitate the buying and selling of financial assets. Brokers execute trades on behalf of clients and receive commissions and fees in exchange for matching buyers and sellers. Dealers, on the other hand, buy and sell from their own portfolios (inventories of securities). Dealers earn income by selling a financial instrument at a price that is greater than the price the dealer paid for the instrument. Some exchange participants perform both roles. These dealer-brokers sometimes act purely as a client's agent and at other times buy and sell from their own inventory of financial assets (Sumnicht, 2008).

2.3 Theoretical Literature Review

There are many theories that relate to stock Markets. A discussion of some of these theories is as follows:

2.3.1 Market Segmentation Theory

The market segmentation theory shows that there is no direct relationship between the prevailing interest rates in the market in both, the short term and long term markets. These short term and long term plans have separate term periods that cannot be replaced among each other. So the demand and supply of debt instruments with short term period and long term period are calculated individually (Sumnicht, 2008).

The market segmentation theory finds that the securities that are traded in short term market may undergo a significant flux and the rates that are applied to long term investments remain static to some extent. The market segmentation theory is sometimes also known as the segmented markets theory. The segments market theory mostly agrees and supports the preferred habitat theory. According to the preferred habitat theory, the investors have a specific expectation when one is required to invest in securities with different maturity lengths. When an investor trades on an opportunity that matches their preferences and their assumed degree of risk, the expectations remain within the degree of reason. However, if the investor buys or sells securities that have a maturity beyond their preferences, it will affect their assumption of risks and needs and will require a need for increased return to balance that risk (Garcia and Liu, 1999).

Those who advocate the market segmentation theory have pointed out that the evaluation of the yield curves of short term and long term markets show that the rate of interest applied has little or no relationship with one another. In fact, the yield curve is based on the available supply and the demand of options and not interest rates. The investor's choice is one of the most important parts of the market

segmentation theory. It is seen that investors make their choices in advance and normally want to invest in debt instruments with short term periods. This is because the investors want to have some amount of liquidity and short term investments give them this. Thus, in the finance market, the debt instruments that have more demands are short term investments.

The market segmentation theory states that if there is more demand for a particular investment it will definitely cost more. However, the yield of this investment will be very low. Thus, one can understand why short term yields are lower than the long term investment yields. It is also seen that when short term rate increases during any period of time, the investors will not shift from long term bonds to short term bonds. Therefore, increase in the rate of yield will not influence investors of long term investments. This market segmentation theory is based on the practices of commercial banks and insurance companies and investment trusts. Commercial banks are institutions that mostly deal with the short term investments and insurance companies and investment trusts indulge in long term investments. However, there are chances of overlapping between the different types of markets and some institutions deal in different markets that offer different securities with different maturities.

The market segmentation theory has its own advocates as well as critics. Some investors execute investment that involves both short term as well as long term maturities. These investors do not believe that these two different investment markets function as independents, especially in case of interest rates. They focus on the short term market and influence the long term market gains and vice versa.

2.3.2 Game Theory

Game theory is the formal study of conflict and cooperation. Game theoretic concepts apply whenever the actions of several agents are interdependent. These agents may be individuals, groups, firms, or any combination of these. The concepts of game theory provide a language to formulate structure, analyse, and understand strategic scenarios. As a mathematical tool for the decision-maker the strength of game theory is the methodology it provides for structuring and analysing problems of strategic choice (Garcia and Liu, 1999).

The process of formally modelling a situation as a game requires the decision-maker to enumerate explicitly the players and their strategic options, and to consider their preferences and reactions. The discipline involved in constructing such a model already has the potential of providing the decision-maker with a clearer and broader view of the situation. This is a “prescriptive” application of game theory, with the goal of improved strategic decision making. With this perspective in mind, this article explains basic principles of game theory, as an introduction to an interested reader without a background in economics (Sumnicht, 2008).

2.3.3 Modern Portfolio Theory

Markowitz (1959) found modern portfolio theory states that investors expect to be compensated for taking risk, and that an infinite number of "efficient" portfolios exist along a curve defined by three variables: standard deviation (risk quantified), correlation coefficient, and return. Every possible asset combination can be plotted in risk-return space, and the collection of all such portfolios defines a universe of possibilities in this space. The efficient-frontier consists of the portfolios in this

space with the maximum return for a given level of risk or the minimum risk for a desired level of return.

The theory implies that investors are risk adverse. The only acceptable risk is that which is adequately compensated by potential portfolio returns. Markets are efficient. For the most part, markets are fairly priced. It is virtually impossible to know ahead of time (with any degree of certainty) the next direction of the market, as a whole, or of any individual security.

The portfolio, as a whole, is more important than individual security selection. The appropriate allocation of capital among asset classes (stocks, bonds, cash etc.) will have far more influence on long-term portfolio results than the selection of individual securities. Investing should be for the long-term. Investment horizons of ten years or more are critical to investment success because it allows the long-term characteristics of the markets to surface. Every level of risk has an optimal allocation of asset classes that will maximize returns. Conversely, for every level of return there is an optimal allocation of asset classes that can be determined to minimize risk. Allocating investments among assets with low correlation to each other reduces risk if they're held long. Correlation is the statistical term for the extent to which two assets are similar to one another (Sumnicht, 2008).

For instance, if large growth stocks have generated higher than average returns in the recent past, it will be prudent to utilize an expected return below the long-term average for the near term outlook. This process continues for each asset class, reducing the deliberative process to a recurring assertion of mean reversion — the

notion that all investment returns will eventually revert to the mean or long-term average return (Sumnicht, 2008).

2.3.4 Importance of Stock Market

Stock market performs important roles in national economies. Most importantly, they encourage investment by providing places for buyers and sellers to trade securities. This investment, in turn, enables corporations to obtain funds to expand their businesses (Bonello, 2008). Generally, according to Clarke and dela Rama (2008), financial markets constitute an important part of the total infrastructure for every society that has passed the stage largely domestic economies. Stock market which is part of the financial markets, perform the following functions in an economy:

(i) Raising Capital for business

The stock exchange provides companies with the facility to raise capital for expansion through selling shares to the investing public.

(ii) Mobilizing Saving for Investment

When people draw their savings and invest in shares, it leads to a more rational allocation of resources because funds, which could have been consumed or kept in idle deposits with banks, are mobilized and redirected to promote business activity with the benefit for several economic sectors such as agriculture, commerce and industry, resulting in a stronger economic growth and higher productivity levels.

(iii) Facilitate Company Growth

Companies view acquisitions as opportunity to expand product lines, increase distribution channel hedge against volatility, increase its market share or acquire

other necessary business assets. A takeover bid or merge agreement through the stock market is the simplest and most common way to company growing by acquisition or fusion.

(iv) Redistribution of wealth

By giving a wide spectrum of people a chance to buy shares and therefore become part owners (shareholders) of profitable enterprises, the stock market helped to reduce large income inequalities. Both casual and professional stock investors through stock price rise and dividends get a chance to share in their profits of promising business that were set up by other people.

(iv) Corporate governance

By having a wide varied scope of owners, companies generally tend to improve on their management standards and efficiency in order to satisfy demands of these shareholders and the more stringent rules of public corporations by public stock exchange and the government.

Consequently, it is believed that public companies (companies that are owned by shareholders who are members of the general public and trade shares on public exchange) tend to have better management records than privately held companies (those companies where shares are not publicly traded, often owned by the company founders and/ or their families and heirs otherwise by a small group of investors). However, some well-documented cases are known where it is alleged that there has been considerable slippage in corporate governance on the part of some public companies.

(v) Creates Investment Opportunities for Small Investors

As opposed to other businesses that require huge capital outlay, investing in shares open to both the large and small stock investors because a person buys the number of shares they can afford. Therefore the stock exchange provides an extra source for small savers.

(vi) Government Raise Capital for Development Projects

The Government and even local municipalities may decide to borrow money in order to finance huge infrastructure projects such as sewerage and water treatment works or housing estates by selling another category of securities known as bonds. These bonds can be raised through the stock exchange whereby members of the public can buy them. When the government or municipal council gets this alternative source of funds, it no longer has the need to overtax the people in order to finance these developments.

(vii) Barometer of the economy

At the stock exchange, shares prices rise and fall depending, largely on the market. Share prices tend to rise or remain stable when companies or the economy in general show signs of stability. Therefore the movement of share prices can be an indicator of the general trend in the economy (Clarke and dela Rama, 2008).

2.4 Empirical Literature Review

This section describes several studies that have been performed in different areas of the world. In order to bring out the content in each study, these studies are divided

into three sections, that is, those studies that have been done in different areas of the world, those studies that have been performed in Africa, and the last section discusses those studies that have been conducted in Tanzania.

2.4.1 Empirical Literature Review in the World

According to CMSA (2006), when assessing the level of support by the financial markets for financing the economic entities, survey results indicated that the conditions set by the markets (stock exchange, banks and other financial institutions) are meant for well established companies, they were too complicated for small firms and bureaucratic. Companies that issued bonds or equity securities through the capital markets cited education on capital markets as the key impediment. Other problems cited were long procedures and tight regulations and paucity of floated securities relative to subscribers. The excess unmet investors' demand was said to be a source of dissatisfaction by the investing public.

Another study is Tripathy and Jha (2009), who conducted a study on Indian Stock Market Reaction to International Cross-listing. The study investigates the impact of cross listing of ADRs on the Indian stock market for the period June 2004 to July 2009. Average abnormal returns and cumulative average abnormal returns are calculated for event window, with the ADR listing date being the event date. The result indicates a significant negative abnormal local market return on the ADR listing day. Six out of nine companies shows increased volatility of local returns after the cross listing. We can conclude that ADR listings have no tangible benefit impact to the local shareholders.

Claessens (2006) on his study on Stock Market Development and Internationalization, look how local stock market development and listing, trading, and capital rising in international exchanges are affected by economic fundamentals. Using panel data, he confirmed that higher income economies with sounder macro policies, more efficient legal systems, better shareholder protection, and greater openness have more developed local markets. These fundamentals also drive internationalization, however. This is not consistent with firms internationalizing to escape poor domestic environments, but rather that better country fundamentals permit firms to internationalize. With liquidity agglomeration, better fundamentals might further accelerate internationalization, possibly negatively impacting domestic stock markets, with important policy implications.

Another study was titled Equitisation and Stock-Market Development; the case of Vietnam which was done by Loc in 2006. This study aimed at understanding the effect of equitisation in the development of stock Market in Vietnam. This study utilized interviews and questionnaires as major sources of data collection.

In the end this study concluded that Vietnamese equitisation is different from privatization in the usual western sense. Regarding the impact of equitisation on firm performance in Vietnam, the study found out that profitability (measured by income before tax on assets, income before tax on sales, and income before tax on equity), efficiency (measured by real sales efficiency and income efficiency), real sales, and employee income significantly increase following equitisation. In the end this study concluded that, the development of Stock Market within a country can be geared by

both Socio-economic factors, and the impact of such development can be witnessed in the general performance economy of the country.

The last study is the stock market development and financial intermediaries: stylized facts by Dermiguch-kunt and Levine in 1996. This study analyzed the effect of stock market development on firm's financial choices using data from thirty developing and industrial countries from 1980-1991. The study found out that, in general there is a significant positive relationship between bank and leverage and a negative but insignificant relationship between stock market development and leverage. However, when study broke down the full sample into sub samples and control for other variable of firm financing, an interesting relationship between leverage and stock market development emerges.

In the end, the study concluded that, in many developing countries with emerging stock markets, banks are fearful of stock market development because they think that stock markets will reduce the volume of their business, although an in-depth analysis of the two revealed that stock market and banks play different yet complementary roles.

2.4.2 Empirical Literature Review in Africa

Several studies have been conducted in few areas of Africa. These studies include Inanga and Emenuga (1997) conducted a study on Institutional, Traditional and Asset Pricing Characteristics of The Nigerian Stock Exchange. The study investigates the efficiency of the Nigerian stock market in terms of institutional,

traditional and asset pricing characteristics of the market. Using micro and macro data as well as parametric and non-parametric techniques, the paper empirically implements the measures of stock market development. It is found that the stock exchange has witnessed improved development in recent years, although it still exhibits features of rudimentary stages of development. Measures for improving the performance of the market are proposed.

Irving (2005) conducted a study on Regional Integration of Stock Exchanges in Eastern and Southern Africa: Progress and Prospects. The study assesses whether regional cooperation and integration of stock exchanges in eastern and southern Africa could offer a way of overcoming impediments to the exchanges' development. The paper concludes that regional cooperation and, at a later stage, integration, if carried out at the right pace and in a pragmatic way, could improve the liquidity, efficiency, and competitiveness of these exchanges. Further progress in developing national financial markets must precede any actual moves to integrate securities markets. These exchanges could meanwhile benefit from closer cooperation, including by encouraging more cross border listings and information/technology sharing.

In a more recent country case analysis, evaluating the role of the Botswana Stock Exchange (BSE) in financial and economic development over the 1989–1993 period, Jefferis (1995) concluded that there were significant limits to the BSE's potential for financing the manufacturing sector and, consequently, significant limits to its ability to have a positive impact on diversifying the economy—a main development goal for

Botswana, which continues to rely heavily on minerals exports. Following his review of the BSE, Jefferis recommended addressing the impediments of the market's narrowness and inadequate supply of equity securities available to local investors by making greater use of the BSE in carrying out privatizations. It is worth noting, however, that, in the decade following Jefferis's evaluation of the BSE, the number of listed companies increased from 10 to 18, with an increasing number of small- to medium-sized company listings.

Another study was titled *Stock Market Development and Economic Growth: Evidence from Developing Countries* which was done by Mohtadi and Agarwal in 2004, taking a case from several different developing countries including Cameroon, Nigeria and Senegal. This study examined the relationship between stock market development and economic growth for 21 emerging markets over 21 years, using a dynamic panel method. The results for this study suggested that there is a positive relationship between several indicators of the stock market performance and economic growth both directly, as well as indirectly by boosting private investment behaviour. Thus stock market development can lend support both to the financial intermediation as well as to the general economy of a country.

The last study was titled *the role of stock exchange in corporate governance* which was done in South Africa by Christiansen and Koldertsova in 2009. This study aimed at finding out the most likely impact of the changing ownership of, and competition among, stock exchanges on the corporate governance of listed companies in South Africa. In the end this study concluded that the choice of exchanges was guided not

only by their prominence in global capital markets, but also by the necessity to look at diverse regulatory and as well as ownership models, also as part of the main objective it was realized that stock exchange has large impact on cooperate as it help in creating new source of capital, and the poor performance of a corporate in the market will or can results into poor performance of the corporate, while failure of the corporate on the other hand can impact the stock market in return.

2.4.3 Empirical Literature Review in Tanzania

In Tanzania, few studies have been conducted fully on the issue of stock market. Such studies did not solely deal with the issue of stick exchange. The one dealing solely with stock exchange is by Yartey and Adjasi (2007) on their study on Stock Market Development in Sub-Saharan Africa: Critical Issues and Challenges. Their study examined the economic importance of stock markets in Africa. The results of the study showed that the stock markets have contributed to the financing of the growth of large corporations in certain African countries. An econometric investigation of the impact of stock markets on growth in selected African countries, however, finds inconclusive evidence even though stock market value traded seem to be positively and significantly associated with growth, African stock exchanges now face the challenge of integration and need better technical and institutional development to address the problem of low liquidity. Preconditions for successful regional approaches include the harmonization of legislations such as bankruptcy and accounting laws and a liberalized trade regime. Robust electronic trading systems and central depository systems will be important. Further domestic financial liberalization such as steps to improve the legal and accounting framework, private

sector credit evaluation capabilities, and public sector regulatory oversight would also be beneficial.

Another two studies were done not solely on stock market but they have some cross-cutting with the stock market. The first study was by Mwambene in 2008, which aimed at assessing the corporate governance board performance and stock market in Tanzania. The main objective for this study was to assess how the corporate board's performance can be measured through the performance of the company in the stock market.

In the end, the study found out that, despite the lack of direct relationship between the two, but if the performance of the company can be measured through its shares worth in stock market, while on the other hand effectiveness of the board can be measured by performance of the company, then in one point, it is possible to measure the performance of the board by looking at its effectiveness in the stock market.

The second study was done by Thomas (2010) titled Stock market performance in the Developing countries: the case of sub-Saharan Africa (Kenya, Tanzania, Nigeria and Senegal). The main objective of this study was to assess the factors hindering effective performance of the stock market in Sub-Saharan countries. In the end, this study found out that, several factors including, Education and Awareness, lack of capital as being among the big factors that affect the performance of the stock market in Sub-Saharan Africa, and combating these hindrances can have a very positive improvement in the performance of the stock market in the area.

Also another study was conducted in Dar es Salaam by Shivji (2010) titled *The Dar-Es-Salaam Stock Exchange: Why It Remains Stagnant and How It Can Be Improved*. This research aimed at examining the reason for the Dar-es-salaam Stock Exchange (DSE) not able to reach Tanzanians, and makes recommendations as to what can be done for more people to be involved in the DSE. This study concluded that Innovation and a spread of private and public activities and partnerships can contribute significantly to the development of the DSE. Also the Government, through the Ministries of Finance and Education, need to educate the people and turn their fear of Finance and Financial Markets and make them view the Stock Exchange as a tool for improving their personal finances, and a way in which they could raise capital for their companies.

2.5 Research Gap

The literature review has tried to present several studies that have focused on Stock Market in general, which were conducted in any region of Tanzania and other regions of Africa. An in-depth analysis of these scholarly works gave research a deep understanding on the contribution of the Stock Market and understanding on necessary resources and services provided by the Stock market. However, while there is much literature on the importance of Stock market in the economy in general example Jefferis, 1995; Inanga and Emenuga, 1997; Irving 2005; and Yatery and Adjasi, 2007, there is little research on the specific aspects of stock market such as the drawback and factors for failure of such market to achieve their intended goals. Most of the evaluative studies on Stock Market have always concentrated on the importance of Stock Market particularly in Tanzania. Also no comprehensive study

has been conducted on the factors affecting the development of stock market in Tanzania. Hence, due to lack of researches on this aspect, the researcher is attempting to study the Dar es Salaam Stock exchange and to come up with ways of improving the development of the market so as to improve the general use of stocks in the country and boost the economy.

2.6 Conceptual Framework

From the various literatures that were been reviewed, the researcher developed the following conceptual framework through which the data collection and analysis was base on.

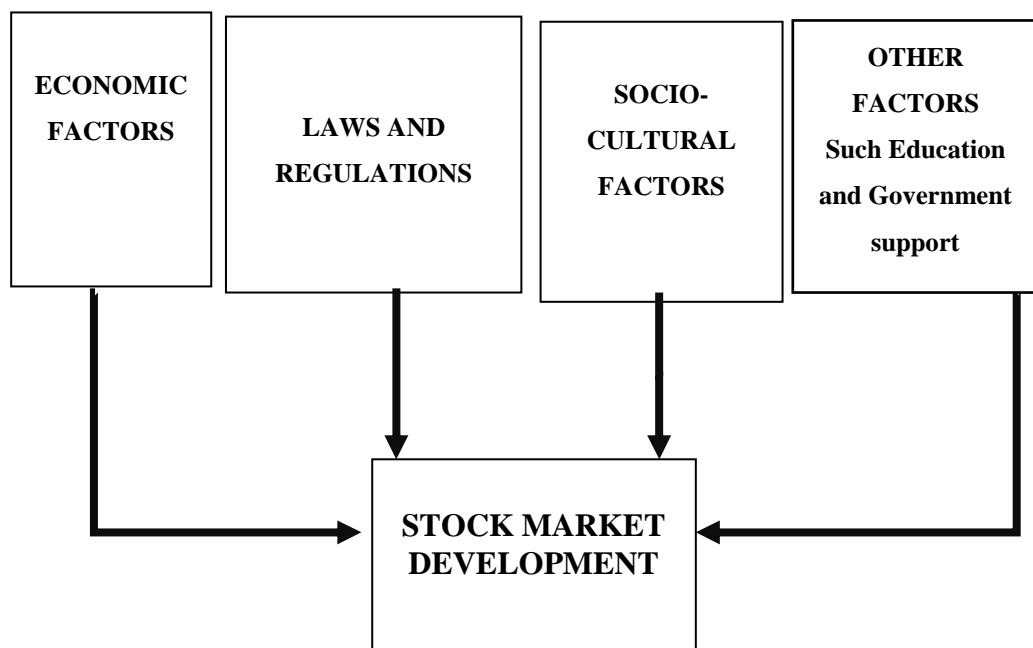


Figure 2.1: Conceptual Model Developed from Literature Review

2.7 Theoretical Framework

The theoretical frame work stipulates that in order for a stock market to develop and be efficient then it depends on several variables which are: economy, laws as well as

the society. Hence if these factors need to be in a good balance there the stock market will be efficient and reliable. Therefore, this diagram means that there is a direct relationship between Stock market which is dependent variable and economic factors, laws and regulations and Socio-cultural factors which are independent variables.

Theoretical framework presents the relationship between independent variables and dependent variables. For this research independent variables are Economic variables, Laws and regulations, Socio-cultural factors and other factors while dependent variable is the efficient stock market. The idea behind this dependent and independent variables is that, the dependent variable that is efficient stock market cannot be in place without being influenced by the independent variables. Basically the independent variables are the one that influence the proper functioning of the dependent variables. A change in these factors is the major reason that influences the change in the dependent variables. Hence, this study will focus on assessing the influence of these independent variables over the dependent variables, so as to establish the reason that affects the development of the Dar es Salaam stock exchange.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a way to systematically solve the research problem (Kothari, 2004). This chapter presents the methods and techniques used in collecting and analyzing the data for this study. It is also in this section that the study area, study population, sampling design and sample population of the study are described. The research used quantitative methods for better and reliable results.

3.2 Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Generally the aim of research design is to help a researcher control the process of data collection and data interpretation (Kothari, 2004). A case study research design was employed for this study. A case study, according to Hartley (1994, cited by Karin Klenke, 2008) consists of:

“...a detailed investigation, often with data collected over a period of time....with a view to provide an analysis of the context and processes involved in the phenomenon under study. The phenomenon is not isolated from its context... but is of interest precisely because it is in relation to its context...”

The study employed case study because of its advantages which includes fully understanding of the behaviour patterns of the concerned unit, it also facilitates

intensive study which is generally not possible if other methods were employed, this method allows more than one data collection methods to be used and also it facilitates the drawing of inferences and helps in maintaining the continuity of the research process.

3.3 Study Area

This study aims at identifying the factors that affect the development of the stock market in Tanzania, using the case of Dar es Salaam stock exchange. Basing on that fact, the study was conducted in Dar es Salaam region where the Dar es Salaam stock market is located.

3.4 Population of the Study

Population refers to a large group of people possessing one or more characteristics in common on which a research study focuses (Creswell, 2009). The population of study is defined as a group of subjects from whom the researcher expects to draw conclusions about the research topic (Kothari, 2004). This study was conducted in Dar es Salaam city. Thus, the target population was owners of the business in Dar es Salaam.

3.5 Sample Size and Sampling Design

3.5.1 Sample Size

A sample is a small group of subjects drawn from the population in which researcher is interested in gaining information and drawing conclusions about the universe (Kothari, 2004). Sample size is the part of the population selected to represent the

whole population, it enables the researcher to achieve objectives with reduced resources. The sample size of the study was 112 respondents which included various investors or business owners found in three different location in Dar es Salaam namely: Ilala , Kinondoni and Temeke. Table 3.1 below summarize this data.

Table 3.1: Sample size of the Respondents

Dar es Salaam by Categories	Actual Respondents	Desired Respondents	Percentage (%)	Sampling Design	Data Collection Tools
Kinondoni	38	50	76	Purposive sampling	Questionnaire
Temeke	37	50	74	Purposive sampling	Questionnaire
Ilala	37	50	74	Purposive sampling	Questionnaire
Total	112	150	74.67		

This study used a sample size of 112 respondents. These individuals were selected from three municipalities: Kinondoni, Temeke and Ilala. This sample size was appropriate because it is large enough to provide the true picture of the situation, given time and financial resources constraints (Kalpana, 2011).

Table 3.2: Respondents needed during a Survey for a given Population

Respondents Needed at Error of $\pm 3\%$, $\pm 5\%$, & $\pm 10\%$			
Population	$\pm 3\%$	$\pm 5\%$	$\pm 10\%$
500	345	220	80
1,000	525	285	90
3,000	810	350	100
5,000	910	370	100
10,000	1,000	385	100
100,000	1,100	400	100
1,000,000	1,100	400	100
10,000,000	1,110	400	100

Source: Kalpana (2011)

The Table 3.2 presents the population size and the suggested sample size to within 3%, 5%, and 10% error. Therefore, because of time and scarce resources, the study selected 112 respondents from Kinondoni, Temeke and Ilala with 10% margin of error.

3.5.2 Sampling Design

Saunders *et al* (2007) defines sampling design as is the framework, or road map, that serves as the basis for the selection of a survey sample. The sampling design provides two broad categories of sampling design that is probability sampling and non-probability sampling. This study used non – probability sampling to obtain samples using purposive sampling strategy (Convenience/Judgemental strategy). This is a strategy where by a researcher selects samples selectively or subjectively by looking at the convenience or willingness of the respondents to participate. The sampling technique that was used is purposive sampling because it was very difficult to get sampling framework. Saunders *et al.*, (2007) argues that purposive or judgmental sampling enables the researcher to use his judgment to select cases that enabled him to answer the research questions and to meet the objectives.

3.6 Data Collection Methods

Data collected for this study was of two forms, that is primary and secondary data.

3.6.1 Primary Data

Kothari (2004) defines primary data as data which are collected afresh and for the first time, and thus happen to be original in character. Primary data collection method used was questionnaires.

3.6.2 Secondary Data

Kothari (2004) defines secondary data as those data that are collected through reviewing different literatures that contained information concerning the research topic. The researcher used generated secondary data such as files, report documents, published data, magazines, newspapers, different survey research papers, and presentations.

3.7 Data Collection Tools

3.7.1 Questionnaires

According Kothari (2004), a questionnaire is a method of collecting data which uses a set of question for collecting data. In the method data is collected with the help of question. Respondents have to answer questions on their own and bring back to the researcher. Questionnaires was developed and administered to various levels and it included a mixture of closed and open ended questions. Closed ended questions was used in the form of multiple choices and respondents was asked to put a tick against the answer of their selection, while for open ended questions, the respondents was be required to fill in the empty spaces so as to give their recommendations, feelings, opinions and experiences.

3.7.2 Documentary Review

Documentary review enables the researcher to learn what has been written by other scholars on the same or similar subject and thus being able to pointing out what knowledge gaps still exist. Indeed, this method is more economic as it saves time and money since the data already exist for answering research questions (Kothari, 2004). Documentary review in this study was involved to review of existing literatures that

provided key concepts currently in use in the area of interest. The researcher also consulted various material records documents, books, journals and websites with information relating to research topic. This method of data collection is suitable because employees and their manager may fail to respond to all imposed questions due to lack of correct memories and shortage of time.

3.8 Validity and Reliability of Data

Validity is the most critical criterion and indicates the degree to which an instrument measures what is supposed to measure while reliability is concerned with consistency of responses with which the repeated measure produces the same results across time and observers (Saunders *et al.* 2007). The researcher was aware of reliability threats like subject error and bias. Therefore high degree of structured questionnaire was used. However, the questionnaire underwent content and construct tests. Content validity is all about whether the measures represent the meanings of the concept. Content or logical face is the extent to which professional agree that the scale logically appears to measure the concepts. Consulting expertise and the use of pilot study was proposed.

The study used reliability test to determine internal consistency of scale, which assessed the degree to which the items were homogeneous and how consistent individuals respond to the items and questions. Reliability is achieved if the instrument produces the same results when successfully used by different researchers. This study proposed the use of Cronbach alpha at levels between 0.7- 1 to measure the reliability of the instrument (Cronbach, 1951).

Table 3.3: Reliability Statistics for Internal Consistency of Data (N=112)

Variables	Items used	N of items	Cronbach's Alpha
Economic factors which affect the development of DSE	All items measuring this variable	10	0.899
Registration policies, laws and regulations issues that affect Dar es Salaam stock exchange market development.	All items measuring this variable	8	0.910
socio-cultural factors that affect Dar es Salaam stock exchange market development	All items measuring this variable	10	0.897
Other factors such as Education and Government Support and how they affect the development of Dar es Salaam stock exchange market	All items measuring this variable	10	0.858
DSE Market Development Measures	All items measuring this variable	8	0.847

Source: Field Data

The reliability scale shows a Cronbach's alpha of more than 0.7 in all of the four variables used in the study, therefore there is high degree of internal consistency of data used in the study. Therefore, the findings indicate a satisfactory internal reliability of data.

3.9 Data analysis

Data analysis usually involves reducing accumulated data to manageable size, developing summaries, looking for patterns and applying statistical techniques (Cooper and Schindler, 2006). In essence, data analysis helps the researcher to tackle the research problem, derive conclusions and eventually suggest possible policy

implications and actions in useful manner. The data collected either primary or secondary, needs to be processed because analysed information is the one that is used for decision making rather than the raw data. Data collected through questionnaires was edited, coded, summarized, classified, tabulated and finally analysed by using Statistical Package for Social Science. SPSS is preferred as it provides a researcher with a broader range of choice in selecting variable options at different analysis stages. In presenting the data histogram, tables and percentage was developed from the use of Microsoft Excel and SPSS.

CHAPTER FOUR

PRESENTATION, ANALYSIS, AND DISCUSSION OF THE FINDINGS

4.1 Introduction

The chapter presents analysis of the findings and discussion of the results obtained from the study, which was intended to assess the factors affecting the development of the stock market. The chapter shows description of the demographic variables used in the study, provides the findings as per specific objectives, correlation analysis and the discussion of the findings.

4.2 Description of the Demographic Variables Used in the Analysis

4.2.1 Respondents Sex

The finding in Table 4.1 shows that 66 (59%) of the respondents were male while 46 (41%) of the respondents were female. Therefore, the findings are not gender biased as the study managed to get the opinions and involvement of both male and female in Dar es Salaam.

Table 4.1: Gender * Location of the Respondents Crosstabulation (N = 112)

Category		Location of the respondents			Total	%
		Ilala	Kinondoni	Temeke		
Gender	Male	24	23	19	66	59
	Female	13	15	18	46	41
Total		37	38	37	112	100

Source: Field Data

4.3.2 Highest Level of Education Reached

The finding in Table 4.2 shows the highest level of education respondents reached. 7 (6.3%) of the respondents had primary school level as their highest academic qualification, while 38 (33.9%) of the respondents had secondary school level of education. 35 (31.3%) of the respondents had certificate and or diploma level of education. 26 (23.2%) of the respondents had bachelor degree level of education while 6 (5.4%) of the respondents had postgraduate degree level of education.

Table 4.2: Highest Education Level Reached (N=112)

Category		Frequency(N)	Percent(%)
Valid	Primary school	7	6.3
	Secondary school	38	33.9
	Certificate and or diploma	35	31.3
	Bachelor degree	26	23.2
	Postgraduate degree	6	5.4
	Total	112	100.0

Source:Field Data

The findings imply that respondents were educated enough to understand the questionnaire which were given to them and hence the information obtained from the respondents are true and represents respondents opinions on the Dar es Stock Exchange issues.

4.3.3 Number of Years Respondents Involved in Business

The findings in Table 4.3 present the average number of years respondents involved in business. The average number of years respondents involved in business is 8.61 years, while the lowest number is 2 years and maximum number is 21 years, and

standard deviation of 4.118 years. These findings imply that respondents had enough experience in business and therefore they are in a position to understand various factors affecting Dar es Salaam Stock Exchange market.

Table 4.3: Descriptive Statistics for Respondents' Age and Number of Years Involved in Business (N =112)

Category	N	Minimum	Maximum	Mean	Std. Deviation
Age	112	24	45	35.09	4.485
How many years have you involved in business?	112	2	21	8.61	4.118
Valid N (listwise)	112				

Source: Field Data

4.3.4 Age of the Respondents

The findings in Table 4.3 show that respondents had an average age of 35.09 years old, with 24 years old being the minimum age and 45 years old being the maximum age, and standard deviation of 4.485 years. Therefore, respondents were grown enough to understand Dar es Salaam Stock Exchange market issues such as economic, socio-cultural, and legal and regulation issues and other factors affecting the development of the Dar es Salaam Stock Exchange market.

4.4 Findings as per Specific Research Objectives

4.4.1 Assessment of the economic factors which affect the development of DSE

The findings in Table 4.4 shows that 56 (50%) of the respondents disagreed that lack of macroeconomic situation that supports profitable business operation affects the development of DSE. 27 (24.1%) of the respondents agreed that lack of macroeconomic situation that supports profitable business operation affects the

development of DSE. 29 (25.9%) of the respondents strongly agreed that lack of macroeconomic situation that supports profitable business operation affects the development of DSE.

Table 4.4: Economic Factors which affect the Development of DSE (N=112)

Statements on Economic Factors		1	2	3	4	5
Lack of macroeconomic situation that supports profitable business operation	N		56		27	29
	%		50		24.1	25.9
Rate of inflation in the country	N		29	56		27
	%		25.9	50		24.1
Prevailing interest rate	N		27	29	29	27
	%		24.1	25.9	25.9	24.1
It is profitable to invest in the DSE	N			27	58	27
	%			24.1	51.8	24.1
Returns in DSE higher than other investments	N		56	29		27
	%		50	25.9		24.1
Low cost of executing trade	N		29		56	27
	%		25.9		50	24.1
Possibility of getting dividend	N			29	56	27
	%			25.9	50	24.1
Possibility by companies to reduce operational cost	N		56		29	27
	%		50		25.9	24.1
Technological advancement at company level	N		29	29	27	27
	%		25.9	25.9	24.1	24.1
Lack of enough household savings	N		29		56	27
	%		25.9		50	24.1

Source: Field Data

The results in Table 4.4 indicate that 29 (25.9%) of the respondents disagreed that rate of inflation in the country affects DSE development. 56 (50%) of the respondents were neutral on the statement. 27 (24.1%) of the respondents strongly agreed that rate of inflation in the country affects DSE development. Therefore majority of the respondents about 56 (50%) were neutral indicating that these respondents had no idea on the effect of inflation on DSE development. However,

the findings indicate that respondents who disagreed were somehow equal to those who agreed and therefore in this case conclusion cannot be reached.

The results in Table 4.4 indicate that 27 (24.1%) of the respondents disagreed with the statement that prevailing interest rate is the factor affecting DSE development. 29 (25.9%) of the respondents were neutral about the statement. 29 (25.9) of the respondents agreed that prevailing interest rate is the factor affecting DSE development. 27 (24.1%) of the respondents strongly agreed that prevailing interest rate is the factor affecting DSE development.

Therefore majority 56 (50%) of the respondents agreed that prevailing interest rate is the factor affecting DSE development. The findings imply that prevailing interest rate is the factor affecting DSE development. For DSE to develop it needs many players to participate actively in the market whether to sell or buy shares. Therefore, if the economy has higher interest rate then businesses will obtain capital at high prices increasing cost of production and eventually profit to be obtained will be reduced.

The effect of profit reduction will be increasing the possibility of firms to reduce their participation in the DSE activities. However, if the economy has low interest rate the business will obtain capital at low prices reducing cost of production and eventually profit to be obtained will be increased. The effect of profit increase will increase the possibility of firms to participate in DSE activities. The results in Table 4.4 show that 27 (24.1%) of the respondents were neutral to the statement that it is profitable to invest in the DSE market. 58 (51.8%) of the respondents agreed that it is

profitable to invest in the DSE, while 27 (24.1%) of the respondents strongly agreed that it is profitable to invest in the DSE market. Therefore, majority of the respondents 85 (75.9%) of the respondents agreed that it is profitable to invest in the DSE market. The findings imply that profitability of the DSE is the factor that affects the DSE development. This is due to the fact that players in the market will have much confidence to participate as they will know that they are doing business.

The findings in Table 4.4 indicate that 56 (50%) of the respondents disagreed with the statement that returns from DSE is higher than returns from other investments affects DSE development. 29 (25.9%) of the respondents were neutral on the statement. 27 (24.1%) of the respondents strongly agreed with the statement that returns from DSE is higher than returns from other investments affects DSE development. Therefore, majority of the respondents 56 (50%) disagreed with the statement that returns from DSE is higher than returns from other investments affects the DSE development

The findings in Table 4.4 indicate that 29 (25.9%) of the respondents strongly disagreed with the statement that low cost of executing trade affects DSE development. 56 (50%) of the respondents agreed with the statement that low cost of executing trade affects DSE development. 27 (24.1%) of the respondents strongly agreed that low cost of executing trade affects DSE development. Therefore, majority of the respondents 83 (84.1%) of the respondents agreed that low cost of executing trade affects DSE development.

The findings in Table 4.4 indicate that 29 (25.9%) of the respondents were neutral on the statement that possibility of getting dividend affect DSE development. 56 (50%) of the respondents agreed with the statement that possibility of getting dividend affect DSE development. 27(24.1%) of the respondents strongly agreed with the statement that possibility of getting dividend affect DSE development. Therefore, majority of the respondents 83 (74.1%) agreed with the statement that possibility of getting dividend affect DSE development. The findings imply that possibility of getting dividend from companies makes a motivation to investors to purchase particular shares and hence DSE develops.

The findings in Table 4.4 indicate that 56 (50%) of the respondents disagreed with the statement that possibility by companies to reduce operational cost affects DSE development. 29 (25.9%) of the respondents agreed with the statement that possibility by companies to reduce operational cost affects DSE development.27 (24.1%) of the respondents strongly agreed with the statement that possibility by companies to reduce operational cost affects DSE development. Therefore, majority of the respondents 56 (50%) disagreed while 56 (50%) of the respondents agreed with the statement that possibility by companies to reduce operational cost affects DSE development. The findings imply that respondents were indifferent on this factor.

The findings in Table 4.4 indicate that 29 (25.9%) of the respondents disagreed with the statement that technological advancement at company level affects DSE development. 29 (25.9%) of the respondents were neutral on the statement. 27 (24.1%) of the respondents strongly agreed with the statement that technological

advancement at company level affects DSE development. 27 (24.1%) of the respondents strongly agreed with the statement that technological advancement at company level affects DSE development. Therefore, majority of the respondents 54 (48.2%) of the respondents agreed with the statement that technological advancement at company level affects DSE development. The findings imply that technological advancement at company level is a factor that affects DSE development. This is due to fact that technological advancement comes with possibility of increasing company revenue and therefore profitability of the company will increase.

The findings in Table 4.4 indicate that 29 (25.9%) of the respondents disagreed with the statement that lack of enough household savings affects DSE development. 56 (50%) of the respondents agreed with the statement that lack of enough household savings affects DSE development. 27(24.1%) of the respondents strongly agreed with the statement that lack of enough household savings affects DSE development. Therefore, majority of the respondents 83 (74.1%) agreed with the statement that lack of enough household savings affects DSE development. The findings imply that lack of household savings is a factor affecting DSE development. If households in the country do not have enough savings then automatically there will be very few individuals participating in the DSE.

Conclusively, the findings imply that economic factors that affect DSE development are prevailing interest rate, profitability, low cost of executing trade, possibility of getting dividend, technological advancement at company level and lack of enough household savings.

4.4.2 Identification of Registration Policies, Laws and Regulations Issues that Affect Dar es Salaam Stock Exchange Market Development

The findings in Table 4.5 shows that 29 (25.9%) of the respondents disagreed with the statement that rules and regulations are too cumbersome to follow. 56 (50%) of the respondents agreed with the statement that rules and regulations are too cumbersome to follow. 27 (24.1%) of the respondents strongly agreed that rules and regulations are too cumbersome to follow. Therefore, majority of the respondents 83 (74.1%) of the respondents agreed that rules and regulations are too cumbersome to follow. The findings imply that rules and regulations that govern the functioning of the DSE market in one way or another hinders the development of the market.

The findings in Table 4.5 shows that 85 (75.9%) of the respondents disagreed with the statement that government policies towards business are easily understood while 27 (24.1%) of the respondents strongly agreed with the statement that government policies towards business are easily understood. Therefore, majority of the respondents 85 (75.9%) disagreed with the statement that government policies towards business are easily understood. The findings imply that respondents surveyed were not able to understand the government policies towards business. This has repercussions in business performance because individuals are not able to understand the rules of the business. As a result individual investors who are usually business owners will not be in a position to participate in the activities of the DSE.

Results in Table 4.5 shows that 27 (24.1%) of the respondents disagreed with the statement that it is very easy to participate in DSE market. 29 (25.9%) of the respondents were neutral on the statement. 29 (25.9%) of the respondents agreed

with the statement that it is very easy to participate in DSE market. 27 (24.1%) of the respondents strongly agreed with the statement that it is very easy to participate in DSE.

Table 4.5: Registration Policies, Laws and Regulations Issues that Affect Dar es Salaam Stock Exchange Market Development (N=112)

Statements on Registration Policies and Laws		1	2	3	4	5
The rules and regulation are regulation are too cumbersome to follow	N		29		56	27
	%		25.9		50	24.1
Government policies towards business are easily understood	N		85			27
	%		75.9			24.1
It is very easy to participate in DSE	N		27	29	29	27
	%		24.1	25.9	25.9	24.1
Requirements to participate in DSE are very difficult to achieve	N		29	29	27	27
	%		25.9	25.9	24.1	24.1
Registration is made easier for me	N		56		29	27
	%		50		25.9	24.1
The policies, laws and regulation are very clear and understandable	N		56		56	
	%		50		50	
Policies, laws and regulation are written in a language not user friendly to me	N		58	27		27
	%		51.8	24.1		24.1
I am totally satisfied with rules, laws and regulation	N		85	27		
	%		75.9	24.1		

Source:Field Data

Therefore, majority 56 (50%) of the respondents agreed with the statement that it is very easy to participate in DSE. The findings imply that respondents are somehow divided equally between those who have confidence that it is easier for them to participate and those who either do not know or do not have confidence that it very

easy to participate in the DSE market. This means investors are not in a good position to participate in the DSE market.

The findings in Table 4.5 show that 29 (25.9%) of the respondents disagreed with the statement that requirements to participate in DSE are very difficult to achieve. 29 (25.9%) of the respondents were neutral in the statement. 27 (24.1%) of the respondents agreed with the statement that requirements to participate in DSE are very difficult to achieve. 27 (24.1%) of the respondents strongly agreed that requirements to participate in DSE are very difficult to achieve. Therefore majority 54 (48.2%) of the respondents agreed that requirements to participate in DSE are very difficult to achieve. The findings imply that since very few individuals among the respondents agreed while majority either do not know or disagreed then it means requirements to participate in DSE market are somehow difficult.

The findings in Table 4.5 show that 56 (50%) of the respondents disagreed with the statement that registration is made easier for me. 29 (25.9%) of the respondents agreed with the statement that registration is made easier for me. 27 (24.1%) of the respondents strongly agreed that registration is made easier for me. Therefore, in this case respondents were equally divided that 50% of the respondents agreed and 50% of the respondents disagreed with the statement registration is made easier for me. The findings imply that since very respondents were equally divided then the statement that registration is made easier for me is a difficult one. The findings means that there individuals within the population who do not know the registration procedure that is provided by DSE.

The result findings in Table 4.5 show that 56 (50%) of the respondents disagreed with the statement that the policies, laws and regulation are very clear and understandable. 56 (50%) of the respondents agreed that the policies, laws and regulation are very clear and understandable. Therefore, in this case respondents were equally divided that 50% of the respondents agreed and 50% of the respondents disagreed with the statement the policies, laws and regulation are very clear and understandable. The findings imply that since very respondents were equally divided then the statement the policies, laws and regulation are very clear and understandable is a difficult one. The findings means that there individuals within the population who do not know policies, laws and regulation governing the operation of the DSE

The results of the findings in Table 4.5 show that 58 (51.8%) of the respondents disagreed with the statement that policies, laws and regulation are written in a language not user friendly to me. 27 (24.1%) of the respondents were neutral in the statement. 27 (24.1%) of the respondents strongly agreed with the statement that policies, laws and regulation are written in a language not user friendly to me. Therefore majority 58 (51.8%) of the respondents disagreed with the statement that policies, laws and regulation are written in a language not user friendly to me. The findings imply that policies, laws and regulation are usually written in English language and this language is a second or third language to many of Tanzanian, though some respondents disagreed that it is not a problem to them.

The findings in Table 4.5 show that 85 (75.9%) of the respondents disagreed with the statement that I am totally satisfied with rules, laws and regulation. 27 (24.1%) of the

respondents were neutral in the statement. Therefore majority 85 (75.9%) of the respondents disagreed with the statement that I am totally satisfied with rules, laws and regulation. The findings imply that since very few individuals among the respondents agreed while majority either do not know or disagreed then it means requirements to participate in DSE market are somehow difficult.

Conclusively, registration policies, laws and regulations issues that affect Dar es Salaam stock exchange market development are cumbersome of these rules and regulation, not understood by majority of investors and investors are not satisfied with rules and regulation government the operation of DSE.

4.4.3 Determination of the Socio-Cultural Factors that affect Dar es Salaam Stock Exchange Market Development

The findings in Table 4.6 show that 29 (25.9%) of the respondents disagreed with the statement that I want to control everything in business. 56 (50%) of the respondents agreed with the statement that I want to control everything in business. 27 (24.1%) of the respondents strongly agreed with the statement that I want to control everything in business. Therefore majority 83 (74.1%) of the respondents agreed with the statement that I want to control everything in business. The findings imply that investor's behaviour of wanting to control everything in business is a socio-cultural factor that affects DSE.

The results of the findings in Table 4.6 show that 29 (25.9%) of the respondents disagreed with the statement that the fear of losing capital. 29 (25.9%) of the respondents agreed with the statement that the fear of losing capital. 54 (48.2%) of

the respondents strongly agreed with the statement that the fear of losing capital. Therefore majority 83 (74.1%) of the respondents agreed with the statement that the fear of losing capital. The findings imply that investor's behaviour of having the fear of losing capital is a socio-cultural factor that affects DSE.

The findings in Table 4.6 show that 29 (25.9%) of the respondents strongly disagreed with the statement that lack of trust to those managing the fund affects DSE development. 27 (24.1 %) of the respondents disagreed with the statement that the lack of trust to those managing the fund affects DSE development. 29 (25.9 %) of the respondents agreed with the statement that the lack of trust to those managing the fund affects DSE development. 27 (24.1%) of the respondents strongly agreed with the statement that the lack of trust to those managing the fund affects DSE development. Therefore, in this case respondents were equally divided meaning that lack of trust to those managing the fund is a factor affecting DSE development to some and not to others.

The findings in Table 4.6 show that 112 (100%) of the respondents agreed that lack of confidence that my little fund will be managed properly is a factor affecting DSE development. Therefore, the findings imply that confidence is one of the most important things that make investors to make decision about a particular investment.

The findings in Table 4.6 show that 29 (25.9%) of the respondents disagreed with the statement that lack of education on stock market operation affects DSE development. 56 (50%) of the respondents agreed with the statement that the lack of education on stock market operation affects DSE development. 27 (24.1%) of the respondents

strongly agreed lack of education on stock market operation affects DSE development. Therefore, majority 83 (74.1%) of the respondents agreed that lack of education on stock market operation affects DSE development. The findings imply that DSE is not doing enough to educate the public on the operation of the market, and therefore since the public is not aware its participation to the DSE activities will be limited.

Table 4.6: Socio-Cultural Factors that Affects Dar es Salaam Stock Exchange Market Development. (N=112)

Statements on Socio-Cultural Factors		1	2	3	4	5
I want to control everything in business	N		29		56	27
	%		25.9		50	24.1
The fear of losing capital	N		29		29	54
	%		25.9		25.9	48.2
Lack of trust to those managing the fund	N	29	27		29	27
	%	25.9	24.1		25.9	24.1
lack of confidence that my little fund will be managed properly	N				112	
	%				100	
Lack of education on stock market operation	N		29		56	27
	%		25.9		50	24.1
Lack of reference group who have invested in DSE	N			29	56	27
	%			25.9	50	24.1
DSE market is very attractive for me to invest	N		27		58	27
	%		24.1		51.8	24.1
DSE is a high yield market	N		27	29	29	27
	%		24.1	25.9	25.9	24.1
Investing in DSE is waste of time and resources	N	29	56			27
	%	25.9	50			24.1
Perception of easy money among investors	N	29	27	29		27
	%	25.9	24.1	25.9		24.1

Source: Field Data

The findings in Table 4.6 show that. 29 (25.9%) of the respondents were neutral with the statement that lack of reference group who have invested in DSE affects DSE

development. 56 (50%) of the respondents agreed with the statement that lack of reference group who have invested in DSE affects DSE development. 27 (24.1%) of the respondents strongly agreed with the statement that lack of reference group who have invested in DSE affects DSE development. Therefore majority 83 (74.1%) of the respondents agreed that lack of reference group who have invested in DSE affects DSE development. The findings imply that to be able to convince investors to participate in DSE then investors have to be convinced that some potential people in the public are buying and selling share, with this strategy it will be easier to convince investors that the DSE market is profitable and attracts a lot of individuals to participate.

The findings in Table 4.6 show that 27 (24.1 %) of the respondents disagreed with the statement that DSE market is very attractive for me to invest. 58 (51.8 %) of the respondents agreed with the statement that DSE market is very attractive for me to invest. 27 (24.1%) of the respondents strongly agreed with the statement that DSE market is very attractive for me to invest. Therefore majority 85 (75.9%) of the respondents agreed that DSE market is very attractive for me to invest. The findings imply that perception of the attractiveness of the market is important for individuals to participate in DSE market.

The findings in Table 4.6 show that 27 (24.1 %) of the respondents disagreed with the statement that DSE is a high yield market. 29 (25.9 %) of the respondents were neutral about the statement. 29 (25.9 %) of the respondents agreed with the statement that DSE is a high yield market. 27 (24.1%) of the respondents strongly agreed with the statement that DSE is a high yield market. Therefore majority 56 (50%) of the

respondents agreed that DSE is a high yield market. The findings imply that the perception of investors about the performance of the market in terms of providing more and more yields to investors is important for DSE development.

The outcomes in Table 4.6 show that 29 (25.9%) of the respondents strongly disagreed with the statement that investing in DSE is waste of time and resources. 56 (50%) of the respondents disagreed with the statement that investing in DSE is waste of time and resources. 27 (24.1%) of the respondents strongly agreed with the statement that investing in DSE is waste of time and resources. Therefore, majority 85 (75.9%) of the respondents disagreed with the statement that investing in DSE is waste of time and resources. The findings imply that investing in DSE is not a waste of time and resources.

The conclusions in Table 4.6 show that 29 (25.9%) of the respondents strongly disagreed with the statement that perception of easy money among investors affects DSE development. 27 (24.1 %) of the respondents disagreed with the statement that perception of easy money among investors affects DSE development. 29 (25.9 %) of the respondents were neutral on the statement. 27 (24.1%) of the respondents strongly agreed with the statement that perception of easy money among investors affects DSE development.

Therefore, majority 56 (50%) of the respondents disagreed with the statement that perception of easy money among investors affects DSE development. The findings imply that investing in DSE is not easy as some think; it involves taking some risk

just like any other investment. Conclusively, the socio-cultural factors affecting DSE are investors' behaviour of wanting to control everything, fear of losing the capital, lack of confidence, lack of education on stock market operation, lack of reference group and perception of DSE market attractiveness.

4.4.4 Identification of other Factors Such as Education and Government

Support and how they Affect the Development of Dar es Salaam Stock

Exchange Market

The findings in Table 4.7 show that 29 (25.9%) of the respondents strongly disagreed with the statement that education provided on stock market is adequate. 56 (50 %) of the respondents disagreed with the statement that education provided on stock market is adequate. 27 (24.1%) of the respondents strongly agreed with the statement that education provided on stock market is adequate. Therefore majority 85 (75.9%) of the respondents disagreed that education provided on stock market is adequate. The findings imply that education provided on the stock market is not adequate.

The findings in Table 4.7 show that 27 (24.1 %) of the respondents were neutral about the statement that agents and or brokers are not doing enough to educate prospective investors. 85 (75.9%) of the respondents agreed with the statement that agents and or brokers are not doing enough to educate prospective investors. Therefore majority 85 (75.9%) of the respondents agreed that agents and or brokers are not doing enough to educate prospective investors. The findings imply that agents and or brokers are not doing much effort to educate the public on the DSE operation.

The judgments in Table 4.7 show that 29 (25.9%) of the respondents strongly disagreed with the statement that there is enough education on stock market. 56 (50%) of the respondents disagreed with the statement that there is enough education on stock market. 27 (24.1%) of the respondents strongly agreed with the statement that there is enough education on stock market. Therefore majority 85 (75.9%) of the respondents disagreed that there is enough education on stock market. The findings imply that DSE market and the government in particular are not doing enough to educate investors on the DSE market operation.

The findings in Table 4.7 show that 29 (25.9%) of the respondents strongly disagreed with the statement that generally, there is enough government support to the development of DSE. 29 (25.9%) of the respondents disagreed with the statement that generally, there is enough government support to the development of DSE. 54 (48.2%) of the respondents were neutral on the statement that generally, there is enough government support to the development of DSE. Therefore majority 58 (51.8%) of the respondents disagreed that generally, there is enough government support to the development of DSE. The findings imply that very few respondents were able to understand the inside of DSE operation as majority were neutral about 54 (48.2%) of the respondents. Thus generally the government support to DSE is very minimal.

The findings in Table 4.7 show that 56 (50%) of the respondents strongly disagreed with the statement that I have never heard anything concerning DSE. 56 (50%) of the respondents disagreed with the statement that I have never heard anything concerning DSE. Therefore majority 112 (100%) of the respondents disagreed with

the statement that I have never heard anything concerning DSE. The findings imply that all respondents agreed to hear about DSE. This means that respondents have heard about the DSE and they know it though that does not mean that they participate.

Table 4.7: Other Factors such as Education and Government Support that Affect DSE Development (N=112)

Statements on education and government support factors		1	2	3	4	5
The education provided on stock market is adequate	N	29	56		27	
	%	25.9	50		24.1	
The agents and or brokers are not doing enough to educate prospective investors	N			27	85	
	%			24.1	75.9	
There is enough education on stock market	N	29	56			27
	%	25.9	50			24.1
Generally, there is enough government support to the development of DSE	N	29	29	54		
	%	25.9	25.9	48.2		
I have never heard anything concerning DSE	N	56	56			
	%	50	50			
Information provided about DSE is very little	N		27	29	29	27
	%		24.1	25.9	25.9	24.1
DSE lacks essential equipments that could have been provided by government	N			58	27	27
	%			51.8	24.1	24.1
Information provided is sufficient to make decisions	N		85		27	
	%		75.9		24.1	
Human resources at DSE are not supported to develop the DSE market	N			85	27	
	%			75.9	24.1	
The education provided is not adequate at all	N		29		83	
	%		25.9		74.1	

Source: Field Data

The findings in Table 4.7 show that 27 (24.1 %) of the respondents disagreed with the statement that Information provided about DSE is very little. 29 (25.9 %) of the respondents were neutral on the statement. 29 (25.9 %) of the respondents agreed with the statement that information provided about DSE is very little. 27 (24.1%) of

the respondents strongly agreed with the statement that information provided about DSE is very little. Therefore majority 56 (50%) of the respondents agreed that information provided about DSE is very little. The findings imply that DSE is not doing enough to provide more information on the market.

The findings in Table 4.7 show that 58 (51.8%) of the respondents were neutral on the statement that DSE lacks essential equipment's that could have been provided by government. 27 (24.1 %) of the respondents agreed with the statement that DSE lacks essential equipment's that could have been provided by government. 27 (24.1%) of the respondents strongly agreed with the statement that DSE lacks essential equipment's that could have been provided by government. Therefore majority 58 (51.8%) of the respondents were neutral on the statement that DSE lacks essential equipment's that could have been provided by government. The findings imply that respondents were not aware of what is happening inside the DSE management and operations.

The findings in Table 4.7 show that 85 (75.9%) of the respondents disagreed with the statement that information provided by DSE is sufficient to make decisions. 27 (24.1%) of the respondents strongly agreed with the statement that information provided by DSE is sufficient to make decisions. Therefore majority 85 (75.9%) of the respondents disagreed with the statement that information provided by DSE is sufficient to make decisions. The findings imply that investors need relevant information that will enable them make investment decisions. The findings in Table 4.7 show that 85 (75.9%) of the respondents were neutral on the statement that Human Resources at DSE are not supported to develop the DSE market. 27 (24.1 %)

of the respondents disagreed with the statement that Human Resources at DSE are not supported to develop the DSE market. Therefore majority 85 (75.9%) of the respondents were neutral on the statement that Human Resources at DSE are not supported to develop the DSE market. The findings imply that respondents were not aware whether Human Resources at DSE are supported or not supported to develop DSE

The findings in Table 4.7 show that 29 (25.9%) of the respondents disagreed with the statement that education provided is not adequate at all. 83 (74.1%) of the respondents strongly agreed with the statement that education provided is not adequate at all. Therefore majority of 83 (74.1%) of the respondents agreed that education provided is not adequate at all. The findings imply that education about the DSE operation; laws, and mode of DSE operation do not reach to the intended audience. Conclusively, other factors that affect DSE development are little education about the DSE market, little support from the Government and information provision to prospective investors.

4.4.5 DSE Market Development Measures

The findings in Table 4.8 show that 56 (50%) of the respondents were neutral on the statement that DSE market has managed to increase savings. 29 (25.9 %) of the respondents agreed with the statement that the DSE market has managed to increase savings. 27 (24.1%) of the respondents strongly agreed with the statement that DSE market has managed to increase savings. Therefore, in this case respondents were equally divided meaning that respondents were not aware whether DSE market has managed to increase savings or not.

The findings in Table 4.8 show that 27 (24.1%) of the respondents disagreed with the statement that DSE market has managed to allocate capital to productive investment efficiently. 29 (25.9 %) of the respondents were neutral on the statement. 29 (25.9 %) of the respondents agreed with the statement that DSE market has managed to allocate capital to productive investment efficiently. 27 (24.1%) of the respondents strongly agreed with the statement that DSE market has managed to allocate capital to productive investment efficiently. Therefore majority 56 (50%) of the respondents agreed that DSE market has managed to allocate capital to productive investment efficiently. The findings imply that the role of the DSE is to allocate resources to productive investment efficiently.

Table 4.8: DSE Market Development Measures (N=112)

Statements on DSE Market development measures		1	2	3	4	5
DSE market has managed to increase savings	N			56	29	27
	%			50	25.9	24.1
DSE market has managed to allocate capital to productive investment efficiently	N		27	29	29	27
	%		24.1	25.9	25.9	24.1
DSE market has demotivated domestic savings	N		56	29	27	
	%		50	25.9	24.1	
DSE Market has managed to mobilise domestic savings	N		27	29	56	
	%		24.1	25.9	50	
DSE market has managed to provide financial instruments for savers to diversify portfolio	N				85	27
	%				75.9	24.1
DSE market has failed to allocate capital to productive investment	N		58		54	
	%		51.8		48.2	
DSE market provide a means for the exercise of monetary policy	N			29	56	27
	%			25.9	50	24.1
DSE market create liquidity and spur economic growth	N		29		83	
	%		25.9		74.1	

Source:Field Data

The findings in Table 4.8 show that 56 (50%) of the respondents disagreed with the statement that DSE market has demotivated domestic savings. 29 (25.9 %) of the respondents were neutral on the statement. 27 (24.1%) of the respondents agreed with the statement that DSE market has demotivated domestic savings. Therefore majority 56 (50%) of the respondents disagreed that DSE market has demotivated domestic savings. The findings imply that DSE market has not demotivated domestic savings. This means that the role of the DSE market is to motivate domestic savings

The results in Table 4.8 show that 27 (24.1%) of the respondents disagreed with the statement that DSE Market has managed to mobilise domestic savings. 29 (25.9 %) of the respondents were neutral on the statement that DSE Market has managed to mobilise domestic savings. 56 (50 %) of the respondents agreed with the statement that DSE Market has managed to mobilise domestic savings. Therefore majority 56 (50%) of the respondents agreed that DSE Market has managed to mobilise domestic savings. The findings imply that the role of the DSE is to mobilize domestic saving.

The findings in Table 4.8 show that 85 (75.9 %) of the respondents agreed with the statement that DSE market has managed to provide financial instruments for savers to diversify portfolio. 27 (24.1%) of the respondents strongly agreed with the statement that DSE market has managed to provide financial instruments for savers to diversify portfolio. Therefore majority 112 (100%) of the respondents agreed that DSE market has managed to provide financial instruments for savers to diversify portfolio. The findings imply that role of the DSE is to diversify portfolio and provide financial instruments.

The findings in Table 4.8 show that 58 (51.8%) of the respondents disagreed with the statement that DSE market has failed to allocate capital to productive investment. 54 (48.2 %) of the respondents agreed with the statement that DSE market has failed to allocate capital to productive investment. Therefore majority 58 (51.8%) of the respondents disagreed with the statement that DSE market has failed to allocate capital to productive investment. The findings imply that the role of the DSE market is to allocate capital to productive investment.

The results in Table 4.8 show that 29 (25.9%) of the respondents were neutral on the statement that DSE market provide a means for the exercise of monetary policy. 56 (50 %) of the respondents agreed with the statement that DSE market provide a means for the exercise of monetary policy. 27 (24.1%) of the respondents strongly agreed with the statement that DSE market provide a means for the exercise of monetary policy. Therefore majority 83 (74.1%) of the respondents agreed that DSE market provide a means for the exercise of monetary policy. The implication of the findings is that the role of DSE is exercise monetary policy of the country.

The responses in Table 4.8 show that 29 (25.9%) of the respondents disagreed with the statement that DSE market create liquidity and spur economic growth. 83 (74.1 %) of the respondents agreed with the statement that DSE market create liquidity and spur economic growth. Therefore majority 83 (74.1%) of the respondents agreed that DSE market create liquidity and spur economic growth. The findings imply that the role of the DSE is to create liquidity and spur economic growth of firms in the country.

Conclusively, the role of the DSE market is to create and spur economic growth, exercise monetary policy, allocate capital to productive investment, diversify portfolio and provision of financial instruments, and mobilisation of domestic savings.

4.4.6 Correlation Analysis

The data was then subjected to correlation analysis. The following table summarizes the findings.

Table 4.9: Correlation Analysis among Variables used in the Study (N =112)

Factors		Economic Factors	Laws and Regulations Factors	Social Cultural Factors	Other Factors	DSE Development
Economic Factors	r	1				
	Sig.					
Laws and Regulations Factors	r	.979**	1			
	Sig.	0.0001				
Social Cultural Factors	r	.901**	.970**	1		
	Sig.	0.0001	0.0001			
Other Factors	r	.948**	.991**	.986**	1	
	Sig.	0.0001	0.0001	0.0001		
DSE Development	r	0.948**	0.991**	0.986**	1.000**	1
	Sig.	0.0001	0.0001	0.0001	0.0001	

** . Correlation is significant at the 0.01 level (2-tailed). r- Pearson Correlation Factors

Source: Field Data

The findings imply that there is high correlation among variables used in the study. The findings imply that DSE development is a function of economic factors, laws and regulation factors, socio-cultural factors and other factors such as education and government support.

4.5 Discussion of the Findings

The findings have shown that DSE development is influenced by economic factors, laws and regulation factors, socio cultural factors, and other factors such as education and government support. Therefore for the Development of the DSE economic factors such as interest rate, profitability, low cost of executing trade, possibility of getting dividend, technological advancement at company level and enough household savings have to be manipulated. The findings are consistent with a study by Aduda, Masila and Onsongo (2012) who reported that macro-economic factors such as stock market liquidity, institutional quality, income per capita, domestic savings and bank development are important determinants of stock market development in the Nairobi Stock Exchange.

Therefore, this study has the same more or less similar findings that in order to develop DSE factors such as interest rate, profitability and cost consideration, dividend provision, technological advancement and household savings are the economic factors that have to be sensitized for the development of the DSE market. In principle, stock markets are expected to accelerate economic growth by providing a boost to domestic savings and increasing the quantity and the quality of investment. In particular, stock markets can encourage economic growth by providing an avenue for growing companies to raise capital at lower cost (Yartey, 2008).

In same way socio-cultural factors that need to be manipulated for development of DSE are investors' behaviour of wanting to control everything, fear of losing the capital, investors' confidence, and investors' education on stock market operation,

presence of reference group and perception of DSE market attractiveness. These findings are consistent with the study by Andersson (2009) who did a study Social influence in stock markets. Anderson (2009) reported that investors when making financial decisions whether to invest or not are influenced by social influence that surround them. These social influence are what this dissertation refers them to be presence of reference group, fear of losing capital, investors behaviour of wanting to control everything, investors confidence and the perception of the attractiveness of the market. The study is also consistent with study by Manjula (2013) who did a study on Sociability and stock market participation: a sociological study of investors from Bangalore. Manjula (2013) reported that stock market participation is limited by sociological and cultural factors and this has high impact on the participation of individual households and public at large.

The findings also consistent with the study by Rani (2014) who concluded that the most general factors affecting the development of the stock markets are investors behaviours such as herding, over-reaction, cognitive bias, confidence (over or under), gender, age, income, education, risk factor, dividends, influence of people's opinion (friends or family), past performance of the company, accounting information, ownership structure, expected corporate earnings.

Similarly, laws and regulations factors that influence investors' participation in the DSE are cumbersome of these rules and regulation, ability to understand rules and regulation governing DSE operation and investors satisfaction with rules and regulation governing the operation of DSE. These findings are consistent with the

study by Osei (1998) who reported that institutional factors particularly the legal and regulatory framework are important in ensuring the development of the stock market. Therefore, these legal and regulatory issues should be well understood by investors and general public. These legal and regulatory issues should not be cumbersome and most important is that they be developed to the interest of investors and the general public. Doing this will increase the investors' satisfaction with rules, laws, and regulation governing the development of DSE market.

In addition, others factors such as education and government support influencing DSE development are presence of enough education about the DSE market, support from the Government and information provision to prospective investors. These findings are consistent with study by Winful, Koranteg, and Owusu-Mensah (2013) who reported that investment education has a positive effect on the performance of firm listed on the stock market. This means that general public has to be given education and more awareness on investment issues. This will increase participation of investors as many of them will be aware and have enough education and knowledge on investment particularly in the stock market.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the study findings, limitation of the study, brief policy implication and areas for further research.

5.2 Summary of the Main Findings

The findings reveals that economic factors affecting DSE are interest rate, profitability, low cost of executing trade, possibility of getting dividend, technological advancement and household savings. Furthermore socio-cultural factors affecting DSE are investors' behaviour of wanting to control everything, fear of losing the capital, investors' confidence, and investors' education on stock market operation, presence of reference group and perception of DSE market attractiveness. In addition, laws and regulations factors affecting DSE are cumbersome of these rules and regulation, ability to understand rules and regulation governing DSE operation and investors satisfaction with rules and regulation governing the operation of DSE.

In addition, others factors such as education and government support influencing DSE development are presence of enough education about the DSE market, support from the Government and information provision to prospective investors. Generally, DSE development is influenced by economic factors, laws and regulation factors, socio cultural factors, and other factors such as education and government support.

5.3 Implications of the Findings

The findings have shown that economic factors affecting DSE development are interest rate, profitability, low cost of executing trade, possibility of getting dividend, technological advancement and household savings. The managerial implication of these findings is that DSE market need to help individual firms or investors by making sure that interest rate that is expected from the investment is as good as possible. Investors are attracted by profitability of the shares, and possibility of getting dividend. Therefore, DSE managers have to make sure that profitability and dividend concern is properly addressed. Furthermore, DSE managers are also encouraged to promote saving culture to households, saving culture will enable a lot of people to participate in the DSE.

The findings have shown that socio-cultural factors affecting DSE are investors' behaviour of wanting to control everything, fear of losing the capital, investors' confidence, and investors' education on stock market operation, presence of reference group and perception of DSE market attractiveness. The implications of the findings are that DSE managers need to come with campaign to encourage behavioural change to investors. These will eliminate all behaviours that impede the participation of local investors in the DSE market

In addition, the findings have shown that laws and regulations factors affecting DSE are cumbersome of these rules and regulation, ability to understand rules and regulation governing DSE operation and investors satisfaction with rules and regulation governing the operation of DSE. The managerial implications surrounding this area that DSE have to make efforts to make sure that rules and regulations are

well understood. These rules and regulations are written in a language that is not easily understood by majority of the investors and therefore effort must be done to translate these rules in Swahili language plus interpretation of their logics to business and investment in particular

Furthermore, the findings have shown that others factors such as education and government support affecting DSE development are presence of enough education about the DSE market, support from the Government and information provision to prospective investors. The managerial implication is that DSE management has to come with innovative way of finding resources to support the fund they receive from the government.

5.4 Conclusion

This study has highlighted the factors affecting DSE market development. In this study economic, socio-cultural issues, laws and regulation factors, and other factors such as education and government support. It has been shown that economic factors affecting DSE are interest rate, profitability, low cost of executing trade, possibility of getting dividend, technological advancement and household savings.

Furthermore socio-cultural factors affecting DSE are investors' behaviour of wanting to control everything, fear of losing the capital, investors' confidence, and investors' education on stock market operation, presence of reference group and perception of DSE market attractiveness. In addition, laws and regulations factors affecting DSE are cumbersome of these rules and regulation, ability to understand rules and

regulation governing DSE operation and investors satisfaction with rules and regulation governing the operation of DSE.

In addition, others factors such as education and government support influencing DSE development are presence of enough education about the DSE market, support from the Government and information provision to prospective investors. Generally, DSE development is influenced by economic factors, laws and regulation factors, socio cultural factors, and other factors such as education and government support.

This study has also managed to show that DSE market development is a function of economic factors, socio – cultural factors, laws and regulation factors, and other factors such as education and government supports. This is due to the fact that this study managed to high correlation among variables in this study.

5.5 Recommendations

This study puts forward recommendations in order to make sure that DSE market develops. These recommendations are made to policy makers in the government, investors and the general public in particular. These recommendations are:

The government through Ministry of Finance is urged to come up with innovative ways of sensitizing the public on number of issues such domestic savings, investing using DSE as the tool for capital allocation.

The government is also recommended to provide incentives for market research: Though access to information on quality research is expensive, the government have

to set fund that will enable researchers in investment analysis come with information that will help local investors participate in the DSE market. For example, the government through DSE market can introduce research cost reimbursement packages to brokerage and other intermediaries providing such services to improve the availability of investment information, which will in turn make the market more efficient.

The government is also advocated to follow prudent macroeconomic policies. There is need for the Tanzanian government to follow prudent macroeconomic policies. The high interest and inflation rates, budget deficits, etc., that have become persistent not only create financial instability, but also feed uncertainty, which affects stock market development.

The government is urged to regularly review primary and secondary market regulations: Primary market regulatory activities on new issues including disclosure, accounting and listing standards must be reviewed periodically to conform to changing international standards. Secondary market activities, such as inspection and management of dealers to maintain high standards, must be monitored to boost investor confidence.

The government also is recommended to nurture a progressive and sound banking system. The banking sector is vital to the development of the capital markets. A progressive and sound banking system is required to quicken the development of the financial market.

In addition, the government is encouraged to improve the communication infrastructure. There is need for the government to improve the physical infrastructure, particularly the telecommunication infrastructure, which is the pivot around which business on the financial market revolves.

DSE management is also urged to increase intensive education and promotion campaign. The greatest challenge to the DSE is to improve the level of knowledge of the local investors. A programme of continuous education for the investor, the intermediary, the issuer and the regulator is extremely important for the successful development of the DSE market. This education campaign should involve the development of financial journalists and improvements in the quality of financial market publications.

Financial education should be strengthened in the secondary schools and particularly in the universities. As markets become more sophisticated, there is increasing need for investment advisors and other personnel who are capable of analysing complex financial concepts such as options and other derivatives. Radio and television should be used to reach more people explaining financial investments in securities in both English and Swahili languages.

Investors are urged to change their attitudes towards DSE market. They are advised to see the DSE market as special place where their investment expectations will be realised. General public are recommended to increase saving Culture. Households in Tanzania should be encouraged to increase domestic savings, once this done; members of the community will be able to participate in the DSE market.

5.6 Limitations of the Study

It should also be noted that the study was dealing with a sensitive issue of financing often regarded as highly confidential. As a consequence some respondents may have concealed some of the vital information. There was a misconception about the research. Some respondents thought it was intended to unearth their weaknesses yet others thought that the subject was highly specialized best suited for brokers and dealers. This might have affected the responses. However, the respondents were convinced, and finally allowed the researcher to carry out the study.

Furthermore, some methodological problems may have been encountered. Some data collection methods adopted for the studies have inherent disadvantages: questionnaire retrieving requires frequent reminders. Responses in questionnaires might have lacked details because they were made without emotional and intellectual support of the interviewer.

Likewise, the study may have been limited by the sample size. The participation is limited to 112 respondents. The researcher was conditioned by limited resources to carry out the study beyond the sample size. This excluded the experience, views, opinions, attitudes and concerns of people elsewhere in the country.

5.7 Suggested Areas for Further Studies

This study used ordinal data from business owners in Dar es Salaam. Therefore future study can look the possibility of using other types of data such as numeric data on economic performance. This study considered business owner perspectives;

therefore, future research should consider the management and employees perspectives when evaluating factors affecting DSE development. In addition, there is need for further research geared toward establishing if macroeconomic instability and foreign private capital inflow affect stock market development. Further research could also be conducted to include the East African countries to compare different factors affecting stock market growth in the East African Community countries.

REFERENCES

- Aduda, Masila and Onsongo. (2012). “*The Determinants of Stock Market Development: The Case for the Nairobi Stock Exchange.*” *International Journal of Humanities and Social Science*, Vol. 2 No. 9; May 2012.
- Andersson, M. (2009). *Social influence in stock markets*. Department of Psychology, University of Gothenburg, Sweden
- Alghamedi, A. M (2012). *Assessing the Impact of Stock Market Development on Economic Growth in Saudi Arabia: An Empirical Analysis* available at http://etheses.dur.ac.uk/6367/1/Ahmed_Alghamedi_Assessing_the_Impact_of_Stock_Market_Development_on_Economic_Growth_in_Saudi_Arabia_An_Empirical_Analysis.pdf?DDD35+ accessed on July 20, 2014.
- Bonello, D. (2008). Stock Markets Corporate Finance and Economic Growth: An Overview, *World Bank Economic Review* 10(2): 223-240.
- Claessens, F. (2004). “Financial Intermediation and Delegated Monitoring.” *Review of Economic Studies*, 51:394-414.
- Clarke, C. and V. dela Rama (2008). “International Financial Integration and Economic Growth.” *Journal of International Money and Finance*, 21: 749-776.
- Claessens, S (2006) “Stock Market and Internationalization” *The Journal of Political Economy*, 91: 401-419.
- CMSA (2006), *A Study on Feasibility and Implementation of the Appropriate Market Segments for the Capital Markets in Tanzania*, Main Report, Volume I
- Cooper, D.R and Schindler, P.S (2006). *Business Research Methods*(12th Edition). McGraw – Hill: Irwin.

- Cronbach, L.J (1951). "Coefficient alpha and the internal structure of tests".
Psychometrika Vol.16 No.1, pp 297 – 334.
- Creswell, J.W (2009). *Research Design: Qualitative, Quantitative and Mixed Method Approaches* (3rd Edition). SAGE Publications Inc.: Loss Angeles
- A. Christiansen, H. & Koldertsova, A. (2009). *The Role of Stock Exchange in Corporate Governance*, available at <http://www.oecd.org/finance/financialmarkets/43169104.pdf>, retrieved July 26, 2015.
- Demirguc-Kunt, A. & Levine, R. (1996). "Stock market development and financial intermediaries: Stylized facts." *The World Bank Economic Review*, 10, 291-321.
- Economic and Social Research Foundation (2004), *Tanzania Macroeconomic outlook chapter in African Economic Outlook report*, African Development Bank, Tunis, Tunisia.
- Elliot, K. (2008). *Bond Markets and Economic Growth*. Research Institute for European Affairs, IEF Working Paper No.49, April.
- Fisher, M. (1993) "Demutualisation and Corporate Governance of Stock Exchanges", *Journal of Applied Corporate Finance*, Vol. 15, 105-113.
- Garcia, A and Liu, J. (1994). "Determinants of Financial Intermediation in SACU Countries: Preliminary Evidence from a Panel Data Analysis." *Journal of Studies in Economics and Econometrics*. 28(3): 113-132.
- Inanga, O. and K.D. Emenuga (1997) "Institution, Traditional and asset pricing characteristics of The Nigerian Stock Exchange"

- Irving, G.F, (2005) *Regional integration of Stock Exchange in Eastern and Southern Africa: Progress and Prospectus*, Wiley Publishers, South Africa.
- Jefferis, E. (1995) *Evaluating the role of the Botswana Stock Exchange (BSE) IN Financial and Economic development over the 1989-1993 period*
- Kalpana, C (2011). *How Many People Do I Need to Take My Survey?* available at [www. Surveymonkey.com](http://www.Surveymonkey.com) retrieved on September 21, 2014
- Karin Klenke, (2008). “*Qualitative Research in the Study of Leadership*“. Copy right 2008 by Emerald Group Publishing limited.
- Kothari, C.R (2004) *Research Methodology: Methods and Technique* (2nd Ed.) New Age International Publisher: NewDelhi
- Kumar, K.C and Vikkraman, P. (2011). “A Study on Relationship Gap between Investors and Share Brokers.” *Research Journal of Finance and Accounting* vol. 2 No. 4 pp 33 – 48.
- Loc, T.D (2006). *Equitisation and Stock Development: The Case of Vietnam* available at https://www.rug.nl/research/portal/files/13151848/00_titlecon.pdf retrieved on July 15, 2015
- Manjula.V (2013). “Sociability and stock market participation: a sociological study of investors from Bangalore.” *International Journal of Humanities and Social Science Invention* Volume 2 No. 4 pp.36-41.
- Markowitz, L. (1959), “Stock Markets and Development”, *European Economic Review*. 3 (2/3): 632-640.
- Mfaume, W. (1994). *Stock Market Development and Economic Growth: Preliminary Evidence from African Countries* Available:www.jsd-africa.com/Jsda/spring2001.pdf. Accessed on 15 Nov 2013.

- Mohtadi, H. and Agarwal, S. (2004). *Stock Market Development and Economic Growth: Evidence from Developing Countries*, Oxford University Press, New York.
- Mwambene, (2008). “*International Journal of Economics, Commerce and Management*” Vol. II, Issue 11, Nov 2012.
- Osei, K.A (1998). *Analysis of Factors Affecting the Development of an Emerging Capital Market: The Case of the Ghana Stock Market*, available at <http://opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/2208/RP%2076.pdf?sequence=1> accessed on September 19, 2015.
- Rani, R. (2014). “Factors Affecting Investors’ Decision Making Behaviour in the Stock Market: An Analytical Review.” *International Journal of Applied Research* Vol. 4 No.9 pp 118 – 120 .
- Saunders, M., Lewis, P., and Thornhill, A. (2007). *Research Methods for Business Students* (5th Ed.). Prentice Hall, England.
- Shiller, N. (1981). “Stock Market development and Economic Growth: Evidence from Developing Countries.” *African Development Review*. 18 (1): 123-143.
- Shivji, Shadhil. (2010). “The Dar-es-salaam Stock Exchange: why it remains stagnant and how it can be improved” *fina 598: directed research*.
- Sumnicht, C, (2008). “The Determinants of Stock Market Development in the Middle-Eastern and North African Region.” *Managerial Finance*. 33(7): 477-489.
- Thomas, B. (2010). “Financial Liberalization, Stock Markets, and Economic Development,” *The Economic Journal*, Vol. 107, pp. 771-782.

- Tripathy, G. and Jha, Y (2009) "Indian Stock Market Reaction to International Cross-listing." *American Economic Review*. 84:1310-1329.
- Winful, E. C., Koranteg, P. K., and Owusu-Mensah, M (2013). "Investment Education" on Stock Market Performance: Case of Ghana Stock Exchange available at <http://www.bapress.ca/jcm/jcm2013-4/1929-0128-2013-04-29-17.pdf> accessed on September 18, 2015
- Yartey, C. A. (2008). "Determinants of Stock Market Development in Emerging Economies: Is South Africa Different?" IMF Working Paper No. 08/32.
- Yatery, K and W. Adjasi (2007). Stock Market Development in Sub-Saharan Africa: Critical Issues and Challenges, *Journal of Southern African Studies*. 31 (1): 75-93.
- Yosha, F. (1992). "Stock Market development and Economic Growth: Evidence from Developing Countries." *African Development Review*. 18(1): 123-143.

APPENDICES

Appendix I: Questionnaire

Mr. Anwar. A. Ally is a student at Open University of Tanzania, faculty of Business and Management. He conducts research in area of stock market. The research is about analysis of factors affecting stock market development in Tanzania: The case of Dar es Salaam Stock Market. This is a requirement for the partial fulfilment of the MBA degree.

The purpose of this questionnaire is to collect information and data appropriate for this study. The information and views collected shall be treated with the utmost confidentiality and this to assure you that the information you provide shall be highly valued and treated with confidentiality.

Please respond to and complete the questionnaire honestly. The researcher guarantees to protect the identity of everyone who complete the questionnaire and use it for academic purpose only.

Part A: General Information of the Respondents

- (i) Gender: Male () Female ()
- (ii) Age years old
- (iii) Location of the respondents: a) Ilala () b) Kinondoni () Temeke ()
- (iv) Level of Education

(v) How many years have you involved in business?

Primary School	Secondary School	Certificate and Diploma or	Bachelor Degree	Postgraduate Diploma or Degree	Others, please explain

Part B: Economic factors which affect the development of Dar es Salaam Stock Exchange (DSE) market.

The following are economic factors which affect the development of DSE, you are therefore required to rate each factor using the following scale 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree

Factors	1	2	3	4	5
Lack of macroeconomic situation that supports profitable business operation					
Rate of inflation in the country					
Prevailing interest rate					
It is profitable to invest in the DSM stock exchange					
The returns on the DSM stock exchange are higher than those from other investments					
Low cost of excuting trade					
Possibility of getting dividend					
Possibility by companies to reduce operational cost					
Technological advancement at company level					
Lack of enough household savings					
Any other please mention					

Part C: Identification of Registration Policies, Laws and Regulations that affect Dar es Salaam Stock Exchange market development.

The following are policies, laws and regulation factors affecting DSE. You are

therefore required to rate each factor/statement using the following scale 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree

Factors	1	2	3	4	5
The rules and regulation are too cumbersome to follow					
Government policies towards business are easily understood					
It is very easy to participate in DSE					
Requirements to participate in DSE are very difficult to achieve					
Registration is made easier for me					
The policies, laws and regulation are very clear and understandable					
Policies, laws and regulation are written in a language not userfriend to me					
I am totally satisfied with the rules,laws and regulation					
Any other please mention					

Part D: Determination of Socio-Cultural Factors that affect Dar es Salaam Stock Exchange market development.

The following statements are factors that affect Dar es Salaam stock market from socio – cultural perspectives. You are therefore required to rate them using the following scale 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree

Factors	1	2	3	4	5
I want to control everything in business and therefore I can not invest in DSE market					
The fear of loosing capital					
Lack of trust to those managing the fund					
Confidence that my little fund will be managed properly					
Lack of education on stock market operation					
Lack of reference group (such as friends, peers, relatives), who					

have invested in DSE					
DSE market is very attractive for me to invest					
DSE market is a high yield market					
Investing in DSE is a waste of time and resources					
Perception of easy money among investors					
Any other please mention					

Part E: Other Factors such as education and government support affecting development Dar es Salaam stock exchange market

The following statements are factors that affect Dar es Salaam stock market from other factors such as education and government support. You are therefore required to rate them using the following scale 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree

Factors	1	2	3	4	5
The education provided on stock market is adequate					
The agents and or brokers are not doing enough to educate prospective investors					
There is enough education on stock market operation					
Generally, there is enough government support to the development of DSE					
I have never heard anything concerning DSE					
Information provided about DSE is very little					
DSE lacks essential equipments that could have been provided by the government					
Information provided is sufficient to make decisions					
Human resources at DSE are not supported to develop the DSE market					
The education provided is not adequate at all					
Any other please mention					

Part F:DSE Market Development Measures

The following statements are the benefits of a well developed stock market. You are therefore required to rate each statement by using the following scale 1 = strongly disagree, 2 = disagree, 3= neutral , 4 = agree and 5 = strongly agree

Factors	1	2	3	4	5
DSE market has managed to increases savings					
DSE market has managed allocate capital to productive investment efficiently					
DSE market has demotivated domestic savings					
DSE market has managed to mobilize domestic savings					
DSE market has managed to provide financial instruments for savers to diversify portfolio					
DSE market has failed to allocate capital to productive investment					
DSE market provide a means for the exercise of monetary policy through the issues and purchase of government securities					
DSE market create liquidity and spur economic growth					
Any other please mention					

Thanks for your cooperation