PERSONAL DECISION FACTORS INFLUENCING INVESTING IN CAPITAL MARKETS AND STOCK EXCHANGE PERFORMANCE IN TANZANIA: The Case study of Dar es Salaam stock Exchange

Lucy M Mboma & Josia Reuben

ABSTRACT

This study investigated personal decision factors influencing investing in Capital Market and Stock Exchange Performance in Tanzania, reflecting on motivation, abilities, ideas and resources framework developed by Durham business school. It also identified factors hindering individual investors from participating in capital markets in the Dar es Salaam Stock Exchange (DSE) in Tanzania, interviewing some shareholders and non-shareholders. The findings revealed that personal decision factors influencing investment in capital markets include: Awareness, Income level, Educational level, Age, Sex and experience on money markets (AIEASE, good stock performance in terms of high return, growth of earnings, the number of companies listed, types of products offered and market structure and past stock performances (RECHOS).DSE performance influencing factors were Past stock performance, Return on investment and Growth in earnings and competition from government securities and bonds (SGR).DSE performance was challenged by Illiquidity, low public Awareness, poor Economic situation, competition, Poor market infrastructure; low Interest rate, Insurance and savings (NAPI^{3}ES). The lack of public awareness on DSE operations, poor marketing infrastructure, low savings hindered investment in such markets, DSE plus fear of loss of ownership and control by SMEs and family business owners, limited knowledge and information about stock (ignorance and mis-information), poverty and un-digitised stock market access infrastructure hinder both individual and corporate participation in stock market. The results have implications to Policy and management practices: i) Policy intervention is needed to streamline securities, bonds, DSE and financial institutions practices to bring equity in various products in money markets. ii) The DSE Management increase educational campaigns, upscale activities in cities, capacity building at CMSA and DSE and in high schools and colleges, hiring trained experts in marketing, research, market and modernization of the trading system.

Keywords: Personal Factors, Capital Markets, Investing, Stock Exchange Performance, Government Securities and bonds