

NAME: SULEIMAN DEMOKRAS

COURSE: BUSINESS ADMINISTRATION

TOPIC TITLE: DETERMINANT OF EMERGING CAPITAL MARKET DEVELOPMENT:
A CASE OF DAR ES SALAAM STOCK EXCHANGE

SUPERVISOR: Dr. CRISPIN MBOGO

YEAR: 2021

ABSTRACT:

This study aims at assessing determinants of emerging capital markets a case study of Dar es Salaam stock exchange. Specifically, the study aimed at analyzing influence legal and institutional framework on Capital market development, to analyze impact of political and macroeconomic stability on Capital market development and to examine the influence of broadening the investors' base on capital market development. This study was employed a time series research design involve time series analysis (TSA). Data from statistical observations recorded in duration of 10 years on capital market development in relation to macroeconomic factors including liquidity in the stock market, investment, banking sector expansion, and foreign direct investment. The regression findings correspondingly showed that the multiple determination coefficient R^2 is 0.9272. The result showed that the exogenous variables (INTR, INFL, EXCHR, NINFA and LFW) are explained by 92.72% of the variations in dependent variable (CMD), while remaining 7.28 %are attributed other factors not considered in the model are to blame. In addition, Durbin Watson (DW) statistics of 1. were disclosed in the results. The study recommended that small and medium businesses, which play a significant role in Tanzania's economy, should also be encouraged to engage in the stock market. A systematic and comprehensive investment promotion and facilitation plan that suits Tanzania's interests is required. Savings habit must be encouraged in the country by government policies that favor it. Also, as a country attracts foreign investment, more jobs become available, and individuals have more money to save. In addition, foreign direct investment adds management and technology transfer capabilities.