

MOSHI CO-OPERATIVE UNIVERSITY

Enterprise Growth Market: Investigating the listing of SMEs at the Dar es Salaam
Stock Exchange

MOSHI CO-OPERATIVE UNIVERSITY

**ENTERPRISE GROWTH MARKET: INVESTIGATING THE
LISTING OF SMEs AT THE DAR ES SALAAM STOCK EXCHANGE**

BY

AMOS NDAYISENGA

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS
MANAGEMENT OF THE MOSHI CO-OPERATIVE UNIVERSITY, MOSHI
TANZANIA**

NOVEMBER, 2022

DECLARATION AND COPYRIGHT

I, **AMOS NDAYISENGA**, declare that this Dissertation is my original work and that it has not been presented and will not be presented to any other learning institution for a similar or any other academic award.

Signature_____ **Date**_____

This Dissertation is a copyright material protected under the Berne Convention, the Copyright and Neighbouring Right Act of 1999 and other international and national enactments, in that behalf, on intellectual property. It may not be reproduced by any means, in full or part, except for short extracts in fair dealings, for research or private study, critical scholarly review or discourse with an acknowledgement, without the written permission of Moshi Co-operative University.

CERTIFICATION

The undersigned certifies that they have read and hereby recommend for acceptance by the Moshi Co-operative University a Dissertation titled '*Enterprise Growth Market: Investigating the Listing of SMEs at the Dar es Salaam Stock Exchange*' in partial fulfilment of the requirements for the award of a degree of Master of Business Management of Moshi Co-operative University.

(Supervisor's Name)

(Supervisor's Signature)

Date: _____

(Supervisor's Name)

(Supervisor's Signature)

Date: _____

DEDICATION

This dissertation is dedicated to my mother Mrs. Bukuru Espérance, my father Mr. Ciza Bède and my uncle Dr. Anaclet Nzohabonayo, I thank them for their encouragements, love, prayers and support that empowered and motivated me to work harder to achieve my master's degree.

ACKNOWLEDGEMENT

I would like to thank the Almighty God for giving me the strength, knowledge, capacity, and opportunity to join the Master program at the Moshi Co-operative University.

Besides, I expand my sincere thanks to my supervisors Dr. Margreth Msonganzila and Dr. Emmanuel Lulandala for their guidance and for committing their time to make this dissertation effective. Since without this support, this work may not be conceivable.

Moreover, I thank Moshi council staff members, Moshi municipal council members, and all owners and managers of SMEs in Moshi municipality for their valuable commitment to this study. Apart from that, I am thankful to the entire community of the Moshi Co-operative University for the support during my studies in this institution. My gratitude goes to my sponsor Inter-University Council of East Africa (IUCEA) in partnership with KFW for the financial support. Without IUCEA, it might not be conceivable to complete my studies.

TABLE OF CONTENTS

DECLARATION AND COPYRIGHT	ii
CERTIFICATION	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	viii
FIGURES AND MAP	ix
ABBREVIATIONS	x
ABSTRACT	xii
CHAPTER ONE.....	1
1.0 INTRODUCTION	1
1.1 Background	1
1.2 Statement of the Problem	4
1.3 Objectives	5
1.3.1 General objective.....	5
1.3.2 Specific objectives.....	5
1.4 Research Questions	6
1.5 Justification of the Study	6
CHAPTER TWO.....	7
2.0 LITERATURE REVIEW	7
2.1 Definitions of the Key Terms	7
2.1.1 Small and medium enterprises (SMEs)	7
2.1.2 SMEs listing exchange	7
2.1.3 Enterprise growth market (EGM).....	7
2.2 Theoretical Review.....	8
2.5 Empirical Review	8
2.5.1 Awareness of stock exchange market.....	8
2.5.2 Nominated advisor involvement	9
2.5.3 Regulations	9
2.5.4 Fear of losing ownership of the business	11
2.5.5 Alternative sources of capital	12
2.6 Conceptual Framework	13
CHAPTER THREE.....	15

3.0	METHODOLOGY	15
3.1	Research Designs	15
3.2	Geographical coverage	15
3.3	Population.....	16
3.4	Sample	16
3.5	Sampling strategies.....	17
3.6	Data	17
3.6.1	Types of data	17
	CHAPTER FOUR	22
4.0	FINDINGS AND DISCUSSIONS	22
4.1	Profile of the business	22
4.2.2	Managerial profile	24
4.3	Level of Awareness among SMEs about Listing on Enterprise Growth Market.....	25
4.4	SMEs Potential to List on EGM.....	27
4.3.1	Relationship between SMEs awareness of and listing on EGM	28
4.5	Role of Regulation on SMEs intention to list on EGM.....	30
4.5.1	Relationship between regulations and SMEs listing on EGM	32
4.6	Fear of Losing Ownership and SMEs' intention to list on EGM.....	35
4.6.1	Relationship between fear of losing ownership and SMEs owners' intention to list on EGM	36
4.7	Alternative Source of Capital and SMEs Listing on EGM	39
4.7.1	Relationship between alternative source of capital and SMEs listing on EGM	40
4.8	Role of Nominated Advisor on SMEs Listing Decision on EGM	43
4.8.1	Relationship between nominated advisor and SMEs listing on EGM	45
	CHAPTER FIVE	49
5.0	SUMMARY, CONCLUSION AND RECOMMENDATIONS	49
5.1	Summary	49
5.2	Conclusion.....	50
5.3	Recommendations	52
	REFERENCES	55
	APPENDICES.....	63

LIST OF TABLES

Table 1:Proportionate stratified random sampling.....	17
Table 2:Data Reliability.....	18
Table 3: Operational Definition of Variables and their measurement levels.....	19
Table 4: Correlation between study variables.....	20
Table 5:Test of Parallel Lines.....	21
Table 6: Multicollinearity Statistics.....	21
Table 7:Type of Business	22
Table 8:Number of employees	23
Table 9:Amount of capital invested	23
Table 10:Years in operation	23
Table 11:Sex composition of respondents.....	24
Table 12:Managerial position.....	24
Table 13:Perception of the effect of the level of SMEs awareness about EGM.....	25
Table 14: Model Fitting Information.....	27
Table 15: Goodness-of-Fit.....	28
Table 16: Pseudo-R-Square.....	29
Table 17: Parameters of Estimates.....	29
Table 18: SMEs’ potential to list on EGM.....	29
Table 19:Perception on the role of regulation on the intention of SMEs to list on EGM.....	30
Table 20: Model Fitting Information.....	33
Table 21:Parameter of Estimates.....	34
Table 22:Perception on fear of losing ownership and SMEs’ EGM listing decision.....	35
Table 23:Model fitting information.....	37
Table 24:Parameter of Estimates.....	39
Table 25:Alternative Source of Capital influence on SMEs’ listing intention.....	40
Table 26: Model Fitting Information.....	41
Table 27: Parameters of Estimates.....	43
Table 28: Perception on the role of nominated advisor on SMEs listing decisions on EGM.....	45
Table 29:Model Fitting Information.....	46
Table 30:Parameters of Estimate.....	47
Table 31:Perception on SMEs listing on EGM.....	48

FIGURES AND MAP

Figure 1: Conceptual framework14

Figure 1: Level of education.....25

Map.....16

ABBREVIATIONS

%	: Percentage
AIM	: Alternative Investment Market
ASC	: Alternative Source of Capital,
AW	: Awareness
CMSA	: Capital Market and Security Authority
DF	: Degree of freedom
DSE	: Dar salaam Stock Exchange
EGM	: Enterprise Growth MARKET
EUR	: European Monetary Unit
FBIS	: Faculty of Business and Information Sciences
FMCG	: Fast Moving Consumer Goods
FOLO	: Fear of losing ownership
FSD	: Financial Sector Deepening Africa
GAX	: Ghana Alternative Market
GDP	: Gross Domestic Product
GEMS	: Growth Enterprise Market Segment
GMM	: Generalised method of Moments
IPO	: Initial Public Offering
IUCEA	: Inter-University Council of East Africa
KFW	: Kreditanstalt Für Wiederaufbau
LR	: Listing regulations
MoCU	: Moshi Co-operative University
NA	: Nominated Advisor
NEEQ	: National Equities Exchange and Quotations
NOMAD	: Nominated Advisor
NSE	: National Security Exchange
p	: p-value
Ph.D.	: A Doctor of Philosophy
SMEs	: Small and Medium Enterprises
SPSS	: Statistical Package for Social Sciences
Std	: Standard deviation
TBSF	: Technology-Based Small Firm
TCCIA	: Tanzania Chamber of Commerce, Industry, and Agriculture

TSH	: Tanzania Shilling
TXS	: Toronto Stock Exchange
UK	: United Kingdom
UN SDG	: United Nations Sustainable Development Goals
URT	: United Republic of Tanzania
WFE	: World Federation of Exchange

ABSTRACT

Despite the efforts of the Government of Tanzania to promote the listing of SMEs on DSE through EGM, the number of listed SMEs is extremely low. In more than 3 million, only six (6) SMEs are currently listed on DSE via the EGM, which accounts for only 0.0002%. Developing on this background, the study investigated the listing of SMEs on Enterprise Growth Market on Dar es Salaam Stock Exchange, a case of SMEs in Moshi Municipality. The study pursued three specific objectives; to assess the level of awareness about the enterprise growth market among small enterprise segments; to assess the listing potential of SMEs on EGM; and to examine the influence of listing antecedent factors on intention to list through EGM. Through a cross-sectional research design, data was collected from 323 SMEs in Moshi Municipality using a survey questionnaire. Ordinal logistic regression model was used in inferential data analysis. The study revealed that SMEs in Moshi Municipality had a very low level of awareness about the EGM platform and significantly needed to develop their potential to list on it. The study also found listing regulations particularly listing and issuance fee significantly and negatively affect SMEs listing on EGM (-0.342, Wald χ^2 (1) = 6.246, $p = 0.012$). Fear of losing ownership by SMEs owners was also found to significantly predict the EGM listing on inclusion of non-executive directors (-0.403, Wald χ^2 (1) = 9.164, $p = 0.002$) and minimum number of shareholders (-0.674, Wald χ^2 (1) = 31.143, $p = 0.000$). Retained earnings as an alternative source of capital was found to increase rather than decrease EGM listing (0.643, Wald χ^2 (1) = 8.742, $p = 0.003$). Therefore, the study concluded that SMEs in Moshi Municipality are not aware of EGM and as a result, lack the potential to list on EGM, contributing to generally low listing of SMEs on EGM across the country. The study recommended that DSE and CMSA should conduct SMEs awareness campaigns and forums in all regions across the country including Moshi Municipality. There is also a need for the government to review and relax the listing regulations on EGM to make them attainable. The findings of this study, while confirming the assertions of pecking order theory, reveals that other factors both internal and external besides information asymmetry lead to organisation preferring internal over external financing.

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

Stock exchanges worldwide, including the Dar es Salaam Stock Exchange (DSE) have initiated a segmented market with the objective of expanding small and medium-sized enterprises' access to finance. Those market segments accept listings of medium-sized enterprises with lower entry standards than the main market (Siobhan *et al.*, 2017). For enterprise growth market, the company must be incorporated as a public company under the Companies Act, no minimum capital requirement; no minimum track record is required, no minimum profitability requirement, have a Nominated Advisor, have 5 years business plan, minimum number of shareholders is 300, public shareholding should be at least 20% of the issued shares, etc. Whereas for the main investment, been in operation for over 3 years with audited accounts, have a profitability track record two of the last three years before application, the company must issue at least 25% of its share to the public, paid at least TZS 200 million as capital, have at least 1000 shareholders, show that it has a qualified board of directors and senior management, etc. (CMSA, 2022).

The Dar es Salaam Stock Exchange (DSE), and Capital Market and Security Authority (CMSA) created the Enterprise Growth Market (EGM) in 2013 (CMSA, 2016; FSD Africa, 2017). It is the secondary stock market since it has more relaxed requirements than the primary market DSE. Companies that cannot meet the stringent requirements of DSE can list on EGM. EGM acts as an avenue through which the main DSE could get more companies listed. It enables small and medium-sized enterprises (SMEs) to raise capital for their business operations on the capital market. Also, it provides a cheap and easy way for medium-sized enterprises to raise capital, given that most of them are unable to secure expensive short-term bank loans (Capital Markets and Securities Authority, 2016).

Countries around the world have enterprise growth segments on their capital markets to facilitate listing of more SMEs. In Europe, Capital Markets Authority through the Capital Markets Union Action Plan aimed to increase the listing of SMEs (European Union, 2021). One of the notable action plans of 2020 was a requirement that banks direct SMEs whose loan application they have turned down to alternative sources of

funding, called bank referral scheme to create awareness among SMEs within Europe (Werner *et al.*, 2020).

In North America, particularly in Canada, there is an independent working group organised by the Toronto Stock Exchange (TSX) to increase the listing of SMEs on its alternative market known as the Toronto Stock Exchange Venture Exchange. It accounted for 1,649 listed SMEs on the TSX Venture Exchange at the end of 2021. Accordingly, education and awareness about the benefits and process of listing have been identified as promotive factors of SMEs listing (Mela *et al.*, 2015).

In emerging economies particularly China, the government has played a promotive role towards encouraging SMEs to list on stock exchange markets. China has regional and innovation-based SME stock exchange markets, just to ensure that the targeted SMEs are aware and able to access its services. These include Beijing Stock Exchange, Shenzhen Stock Exchange, National Equities Exchange and Quotation (NEEQ), and Shanghai Stock Exchange. Beijing Stock Exchange, which targets innovation-driven small and medium enterprises started trading on November 15, 2021, with 81 SMEs listed (Huld, 2021). Both Shanghai and Shenzhen stock exchanges have main board and SMEs segments. Shenzhen ChiNext, an SME stock exchange platform targets small firms in the IT industry since it was started in 2009, more than 531 companies have been listed on it (Hong Kong Stock Exchange and Clearing Limited, 2016). In India and Brazil, SME stock exchange markets have encountered a number of challenges since their inception. Unlike China, India launched its first SMEs board in 2012 on National Stock Exchange and on the Bombay Stock Exchange, with the latter having attracted 343 SMEs since its inception. To attract many SMEs, the Bombay Stock Exchange invested in advertising and loosened regulations allowing reducing profit track record from three to one year (Press Trust of India, 2021).

In Africa, only 15 countries have created special segments for SMEs listings (Barbara & Angelous, 2018). Compared to the high number of SMEs on the continent, it is estimated that only 200 have been listed on SMEs stock exchanges. South Africa, Mauritius, and Egypt have the highest number of listed SMEs of 56, 46, and 33 respectively (Barbara & Angelous, 2018). Nevertheless, the need for SMEs to list on stock exchange markets in Africa is increasingly gaining attention. In Ghana, for instance, the government created the Ghana Alternative Market (GAX) specifically targeting SMEs (Barbara & Angelous, 2018). In countries such as Egypt, South Africa,

and Mauritius, studies reveal that there are concerted efforts from the governments to raise the level of awareness among SMEs of the importance of listing on alternative markets (Mela et al., 2015).

In the East Africa Community, there are SMEs segments for listing on the stock exchange in some of the East Africa countries. Kenya, which launched its Growth Enterprise Market Segment (GEMS) in 2013, had four SMEs trading shares on this section at the end of 2021. Other countries such as Uganda and Rwanda have not listed any SMEs, despite having alternative capital market segments. And there are no security exchange markets in Burundi and South Sudan (Barbara & Angelous, 2018).

Tanzania, like other East African countries, has recorded a very low listing of SMEs on its Enterprise Growth Market (EGM). The low listing occurs despite an awareness campaign run by DSE dubbed DSE Enterprise Acceleration Programme that specifically aims at increasing SMEs listing on EGM (Poidevin, 2019; Sinha & Lakhi, 2019). Furthermore, Studies (WTF, 2017) have shown that access to capital is necessary for SMEs to transition to large companies. Many SMEs in Tanzania have remained stagnant, with 53.19% of them failing within their first five years of operations (Mgembe, 2019).

Existing literature acknowledges that SMEs play a critical role in both developing and developed economies. Globally, SMEs are estimated to account for 90% of businesses, while creating 50% of new job opportunities (Asgary et al., 2020). A focus on SMEs is therefore important in meeting the 600 million jobs objective that will be required by 2030 as projected by World Bank. In Tanzania, a study by Nkwabi and Mboya (2019) reported that there are about 3 million small and medium sized enterprises in the country. Access to finance is among very basic needs facing SMEs that if satisfied may alleviate other needs such as access to expertise (Mela *et al.*, 2015). However, a study by International Finance Corporation (2014) reported that 50% of SMEs globally cannot access formal financing. In Tanzania, 53.19% of SMEs failures are attributed to lack of financing (Nkwabi & Mboya, 2019). Inability to access finance by most SMEs is attributed to their nature, with a majority operating as informal without proper financial records, and enough assets for accessing loans from banks and other financial institutions. As such, listing on the stock exchange creates an avenue where SMEs not able to access loans from banks can access capital for sustaining and expanding their

business operations. Stock exchange markets widen financing options available for SMEs. In SMEs-based stock exchange markets such as Enterprise Growth Market in Tanzania, firms can access equity capital through an initial public offering (Kulkarni & Chirputkar, 2014). Secondly, listing on the stock exchange improves the business image of the firm, enables it to restructure its capital and can lead to other indirect benefits such as improved access to technology and investment in research and development (Kulkarni & Chirputkar, 2014).

Existing studies on SMEs listing on alternative markets like Barbara & Angelous (2018) in Ghana, and Okello (2018) in Kenya reveal that most SMEs lack awareness about the existence of the SME stock exchange market. Hou and Li (2019) in China reported that regulations and supportive industrial policy increased the listing of SMEs on stock markets. However, Baldock's (2015) study in the United Kingdom did not find any correlations between regulations and SMEs listings. Baldock (2015), through exploratory qualitative case study design, reported that brokers were very key in getting SMEs listed on alternative investment markets on London Stock Exchange. Shaibu (2017) conducted a study on the factors influencing the access of small and medium enterprises to the Dar es Salaam stock exchange in Tanzania. He reported that the informal nature of SMEs, lack of awareness, and cost associated with listing on DSE were the major barriers. He also revealed that most SMEs listed on DSE were motivated by access to various options of capital, improving company image, and growth opportunities. Whereas Shaibu (2017) study enriched the existing literature on SMEs and stock exchange, it focused on the main DSE market rather than EGM. Therefore, there is still a gap in knowledge as to the role of stock exchange awareness, brokers' involvement, and other barriers to SMEs listing on EGM.

1.2 Statement of the Problem

Despite the efforts of the government of Tanzania to promote the listing of SMEs in DSE through EGM, the number of listed SMEs is extremely low. It is estimated that the number of SMEs that are operating in Tanzania is over 3 million (Nkwabi & Mboya, 2019; Sitorus, 2017). Since its inception in 2013, the EGM segment has only attracted six SMEs (Marwa, 2021) in more than 3 million, which accounts for only 0.0002%. This is also equivalent to 21.4% of the 28 companies listed on DSE. According to the Tanzania Chamber of Commerce, Industry, and Agriculture (TCCIA),

95% of the businesses in Tanzania are Small and Medium Enterprises (SMEs) representing 35% of the country's GDP (RANGE, 2020).

Low listing of SMEs on alternative markets has been a major concern in academia. Baldock (2015) found that brokers' involvement and reduction of reporting requirements were critical for increasing SME listing on alternative markets in the UK. Barbara & Angelous (2018) found that SMEs' knowledge of the stock market was very low, hence affecting listing. Okello (2018) investigated factors affecting SMEs listing on EGM in Kenya and found that information about was scanty. Despite the findings and recommendations of the discussed studies that were conducted in Ghana, Kenya, and UK, it is still unknown why SME listing on the capital market in Tanzania remains low. Therefore, the current study aims to fill this contextual and knowledge gap by investigating the listing of SMEs on Dar es Salaam Stock Exchange.

Listing of SMEs on the DSE is critical because 90% of SMEs in Tanzania struggle to access capital and consequently 53.19% fail within the first five years of operation (International Finance Corporation, 2014; Mgembe, 2019; World Bank, 2021). Even so, the World Bank (2021) reports that 7 out of 10 jobs are created by SMEs. It is therefore imperative that we investigate the listing of SMEs on Dar es Salaam Stock Exchange in order to promote SMEs' contribution in the country's economy through employment creation, increasing the government tax revenues, and economic empowerment of Tanzanians through the EGM.

1.3 Objectives

1.3.1 General objective

The general objective of the study was to investigate the listing of SMEs in Dar es Salaam Stock Exchange

1.3.2 Specific objectives

This study intended to achieve the following objectives:

- i) Assess the level of awareness about the enterprise growth market among small enterprise segments.
- ii) Assess the listing potential of SMEs on EGM
- iii) Examine the influence of listing antecedent factors on intention to list through EGM.

1.4 Research Questions

- i) What is the level of awareness about EGM among small-sized enterprises?
- ii) Do SMEs have the potential to list on EGM?
- iii) Does awareness about EGM affect intention to list on stock exchange?
- iv) Does regulation influence the intention of SMEs to list on EGM?
- v) Does fear of losing ownership affect intention of SME on EGM?
- vi) Does having alternatives sources affect intention of SME on EGM?
- vii) Does nominated advisor involvement affect intention of SMEs to list on EGM?

1.5 Justification of the Study

The findings of this study are expected to contribute to the achievement of 17 United Nations Sustainable Development Goals. In particular, by focusing on SMEs access to capital, these study findings are likely to lead to the right SMEs financing policies. Enabling SMEs to access business capital which in turn lead to employment opportunities, economic growth, and innovation, as enshrined in UN SDG numbers 8 and 9.

One of the key components of Tanzania's vision 2025 is a strong and competitive economy. The findings of this study inform economic policies that spur growth in the SMEs sector which is the bedrock of innovation, employment and equal development.

To the academic body, this study provides relevant literature. It also identifies future research areas, hence enriching the existing literature on SMEs, alternative investment markets, and stock exchange.

1.6 Organisation of the Study

This study is organised into five chapters. Chapter one presents the background of the study, problem statement, objectives of the study, research questions and the significance of the study. Chapter two presents the literature review which includes the key terms definitions, theories, empirical reviews and the conceptual framework. Chapter three presents the research methodology and how data was analysed. Chapter four presents the results and discussion obtained from the data analysis. Chapter five gives the summary of the key findings, conclusion, and recommendations of the study.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Definitions of the Key Terms

2.1.1 Small and medium enterprises (SMEs)

Many definitions of SMEs are based on indicators such as the number of employees, size of assets, and capital invested. Still, these definitions vary from one geographical region to another. The European Commission (2021) defines medium-sized enterprises as business entities which employs fewer than 250 employees, the annual turnover is less than EUR 50 million, and the value of assets is not more than EUR 43 million. For small and micro-sized enterprises, the number of staff and value of assets is fewer than 50 staff and EUR 10 million, and 10 staff and EUR 2 million respectively.

According to Tanzania SMEs Development Policy of 2003, SMEs are defined according to the number of employees and amount of capital invested in machinery. Consequently, for micro and small enterprises, the number of employees ranges from 1 to 4 and 5 to 49 respectively, while capital invested is a maximum of Tshs 5 million, and Tshs 5 to 200 million respectively (URT, 2003). Medium enterprises are defined as business entities with 50 to 99 employees and Tshs 200 to 800 million capital investment (URT, 2003). This study adopts the definition from the Tanzanian SME development policy of 2003 as it fits the context of the study.

2.1.2 SMEs listing exchange

According to Granier *et al.* (2019), SMEs listing exchange markets are stock markets with simplified listing requirements and processes. Bernstein *et al.* (2018) define SMEs listing exchange stock markets as stock exchange markets targeting small and medium sized companies that do not qualify to trade on main stock exchange markets. According to Sestanovic (2016) SMEs listing on exchange stock markets are also referred to as the junior market, growth markets, lower-tier markets, second-tier markets, alternative markets and venture markets. SMEs stock listing in this study is defined as the process where smaller companies which do not qualify to list on the main stock market issue and acquire shares on stock markets.

2.1.3 Enterprise growth market (EGM)

According to Capital Markets and Securities Authority (2016), EGM is an equity market that targets SMEs and start-up businesses in Tanzania. EGM is considered a

secondary stock market since it has more relaxed requirements than the primary DSE market. Enterprise Growth Market (EGM) in this study is defined as a type of SMEs listing exchange in Tanzania meant for raising capital for small and medium companies that do not qualify to list on the main DSE market.

2.2 Theoretical Review

This study was guided by the pecking order theory that was propounded by Myers in 1984. Under this theory, the decision to list on the stock exchange market is basically a financing decision; firms have various options to raise capital. Some of these options for SMEs include family contributions, retained profit, bank loans, and equity. The pecking order theory explains that it is a habit of most firms to finance their operations from their internal sources of funding such as retained profits before considering external sources of capital like bank loans and equity shares. The pecking order theory asserts that equity financing is usually considered as a last resort after exhausting all other avenues of capital. Equity financing is not desired because of the information asymmetry between the firm managers and investors. However, studies (Bulan & Yan, 2015; Fama & French, 2017) have shown that firms' financing options may also be influenced by their level of awareness about alternative options and their ability to utilise alternative sources in terms of meeting eligibility requirements. Therefore, this study intends to investigate whether information asymmetry as argued by pecking order theory, level of awareness about stock exchange, involvement of nominated advisers and regulations/listing requirements could affect a firm's decision to utilise equity financing? Studies that have used the pecking order theory to examine the capital structure and stock listing decisions of firms include Kumarasi (2017), and Gharaibeh (2015).

2.5 Empirical Review

2.5.1 Awareness of stock exchange market

Barbara & Angelous (2018) conducted a study assessing the factors influencing SMEs listing on Ghana Alternative Market. The study adopted a quantitative research approach where data was collected using interviews and questionnaires. The purposive sampling technique was used to select 50 SMEs which met the criteria of being listed on Ghana's alternative stock exchange. Descriptive statistical analysis was used to analyse the data. Barbara & Angelous (2018) revealed that most SMEs surveyed were willing to list on Ghana's alternative stock exchange but they lacked sufficient

information about it. Ninety-four percent of the SMEs surveyed had not attended any SMEs listing program (Barbara & Angelous, 2018). As such, the level of awareness of SMEs about GAX was very low.

Chitekuteku and Sandada (2016) carried out a study to assess the factors that determine the listing of SMEs on the alternative securities market in Zimbabwe. The study adopted a descriptive quantitative research design and 330 SMEs were involved in the research design. The study sought to assess the effect of information accessibility and SMEs listing on the alternative securities market. The study found that SMEs accessibility to information about the benefits of listings, free training on how to list and availability of the information on the public media among others influenced the decision of SMEs to list on securities markets. One of the key contributions of Chitekuteku and Sandada (2016) was assessing the contributing factors to SMEs listing on stock exchange markets. It is clear that the creation of alternative securities markets specifically targeting SMEs is not enough. However, there is still an empirical research gap, in that the study did not test the causal relationship between the factors examined. Nonetheless, it provides a strong background for future studies to test the cause and effect relationship contributing factors like awareness and SMEs decision to list.

2.5.2 Nominated advisor involvement

Empirical literature on the role of licensed dealing members and/or brokers in SMEs listing on the secondary stock exchange market is very scarce. Baldock (2015), through exploratory qualitative case study design reported that brokers were very key to getting SMEs listed on the alternative investment market on London Stock Exchange. Through interviews, respondents felt that brokers are gatekeepers and provide promotional services that enable SMEs to attract investors in their initial public offer (IPO). To fill the contextual research gap in Tanzania, this study hypothesises that there is no significant relationship between nominated advisor' involvement and SMEs listing on EGM.

2.5.3 Regulations

Hou and Li (2019) conducted a study on the effects of industrial policy support by the government on the performance of initial public offerings by SMEs in China, and found that government efforts such as tax concessions, credit aid, and fiscal subsidies had an effect on the performance of the IPO by SMEs. Another study in China by Xu *et al.*

(2020) revealed that relaxation of regulations and government subsidies contributed to the increased listing of SMEs on the National Equities Exchange and Quotations. However, Baldock (2015) in the United Kingdom did not find regulations a hindrance for SMEs listings on the alternative investment market. The study revealed that managerial experience and knowledge about equity markets were a leading motivator for listing on AIM (Baldock, 2015). As such, this study will seek to provide clarity on the contradictory results reported in the existing literature by hypothesising that: there is no significant relationship between regulations and SMEs listing on EGM.

Rodrigues da Costa and Mata (2016) also conducted another study in Lisbon about historical lessons learned from serving SMEs through security markets. The purpose of the study was to analyse challenges SMEs face while striving to raise capital. The study adopted qualitative research design to collect and analyse secondary data on the challenges SMEs have undergone through the existence of Lisbon Stock Exchange. The study found that various regulations guiding SMEs listing on security markets contributed to their financial problem. Rodrigues da Costa and Mata (2016) identified high listing costs, restrictions from giving dividends in the first three years of listing and the small size of IPO issued as prohibitive regulations for SMEs listed on stock exchange markets.

Wang, Chen, Liu and Tang (2020) carried out a study to examine the board secretary's competence and SMEs' financial preference in China. Specifically, the study examined the effect of the board secretary's financial experience, and overconfidence on SMEs listing on China's National Equities Exchange and Quotations (NEEQ) market. The study adopted a mixed method research approach. Data was analysed qualitatively and quantitatively through an ordinary least square regression model. The study found that SMEs whose board secretary had financial experience would prefer external funding through listing on the stock exchange market. Further the study revealed that overconfident board secretaries were very likely to list on SMEs stock exchange market. Thus, the study concluded that personal attributes and competence of board members are key predictors of SMEs' decision to list on the stock exchange market. This study, thus enriches the discussion by identifying other key factors that influence SMEs listing on EGM.

Seikei (2019) also conducted a study among top 100 medium-sized companies on the challenges they encounter on the Nairobi Security Exchange. A descriptive research

design was adopted to help explore the topic under study. Data was collected using semi-structured questionnaires containing both open and closed ended questions. The study found that most medium-sized companies were not able to meet the initial listing costs, and the other indirect compliance costs associated with continuing on the platform. Listing regulations were also found to influence listing decisions to a very great extent. The study recommended that capital market authority should reduce the initial listings costs and engage all stakeholders when drafting listing requirements.

2.5.4 Fear of losing ownership of the business

Several studies have investigated firm specific factors that determine the stock market listing decision. While the existing studies major report similar findings, others have reported contradicting results necessitating further examination. A study by Seikei (2019) assessed the challenges facing SMEs that intend to list on Nairobi Securities Exchange. The study found that a majority of the SMEs were family owned, and the family were not willing to welcome the public into their business (Seikei, 2019). The owners of the business were concerned that by going public they would lose control of the business to external boardroom directors. Barbara & Angelous (2018) also that loss of business ownership, and lack of proper governance structure were barriers facing SMEs that wish to list on Ghana alternative stock exchange. Okello (2018) study also identified family ownership of SME business as a major barrier to listing on the stock exchange since many SMEs were not willing to open up family business to external ownership. Lack of support from government and minimum number of years of operations was also identified as a barrier (Okello, 2018).

Although Okumu *et al.* (2021) did not look at the factors affecting listing, their study carefully examined the effect of firm ownership structure and board composition on IPO performance of firms listed on NSE in Kenya. This was done through a longitudinal research survey anchored on random walk theory, winner's curse theory, Dow theory, Signalling theory, and Agency theory. The data collected from 18 IPO firms from 1994 to 2020 was analysed using Econometrics Views and Augmented Dickey Fuller test. The study found that the presence of non-executive directors in the board composition had a significant effect on the firm's IPO performance. It therefore concluded that the presence of non-executive directors increases the confidence of the investors. The study also found that there was a significant relationship between the percentage of shares held by the public and performance of IPOs.

Similar findings were also reported by Madyan *et al.* (2020) in Indonesian Stock Exchange. According to Madyan *et al.* (2020) high percentage of public shareholding increases monitoring of the firm, preventing the initial owners and managers from taking selfish action that hurt the long-term performance of the firm. Whereas these studies help to justify why CMSA requires that SMEs who intend to list on EGM to be incorporated as public companies, the studies focused on large corporations that do not fall within the category of SMEs. Further, the objective of the studies was to examine performance of firms on the securities market rather than their listings. Although performance of listed firms could be another factor that can influence those that have not listed, it is critical that a study specifically examine SMEs' listing influencing factors, especially in their context. The current study will therefore depart from the existing literature to examine how ownership structure affects listing decisions of SMEs on the bourse.

Chitekuteku and Sandada (2016) found that corporate governance influenced SMEs listing on the Zimbabwe alternative securities market. Some of the requirements that Chitekuteku and Sandada (2016) found to affect the listing of SMEs were composition of the board members, sharing annual reports with shareholders, and the unfriendliness of the corporate governance requirement. Despite the careful data analysis applied by Chitekuteku and Sandada (2016), their study did not test for cause and effect relationship. Factor analysis method of data analysis that was used was simply for reducing variables and selecting those to be involved in the final analysis. This study intends to examine the relationship between corporate governance and SMEs listing on EGM.

2.5.5 Alternative sources of capital

Existing literature has paid attention to the capital structure of SMEs. A study by Rao, Kumar and Madhavan (2019) examined the factors driving the capital structure decisions of SMEs in India. The study involved 174 SMEs both in the manufacturing and service industry and was examined under panel data set research methodology. The collected data was analysed using a generalised method of moments (GMM). The study revealed that profitability affected the SMEs decisions to borrow from external sources. SMEs operating at profit were less likely to seek funding from external sources such as stock markets. The study also found the SMEs preferred short-term debts than long-term debts (Rao *et al.* 2019). Earlier on, Allen and colleagues (2012), in line with

pecking order theory, found that SMEs utilised personal or family assets to finance their businesses. The study collected that SMEs in India follow pecking order theory when funding their businesses. The study recommended that SMEs should be encouraged to seek funding beyond their internal resources.

Daskalakis, Balios and Dalla (2017) also examined the predictors of SMEs capital structure in varying macroeconomic states. The study used a partial adjustment model to analyse data. Daskalakis *et al.* (2017) found that uncertain macroeconomic conditions make it difficult for SMEs to shift towards long-term financing. Consequently, short-term financing consisting of personal savings, retained earnings, partnership, and short-term bank loans were preferred over long-term financing.

In their research Czerwonka and Jaworski (2021) investigated the determinants of capital structure of SMEs in Central and Eastern Europe. The study utilised panel models to analyse data collected from 15 253 companies. Departing from previous studies, Czerwonka and Jaworski (2021) revealed that a conducive operating environment for businesses was a key determinant of medium-sized companies' capital structure. This study was, however, limited by the factor that it did not consider micro-enterprises, and the focus was not on listing on SMEs equity markets but rather on the entire capital structure. This study intends to fill this research gap by analysing how access to alternative sources of capital influence listing on EGM.

2.6 Conceptual Framework

The Pecking order theory shows that SMEs listing on stock exchange is basically a financing decision that is mostly influenced by information asymmetry between the managers and owners of the firm. Using this theory, this study will conceptualise the relationship between the independent variables (awareness about SMEs listing, involvement of brokers, source of capital, fear of losing ownership and stock exchange regulations) and SMEs listing as the dependent variable.

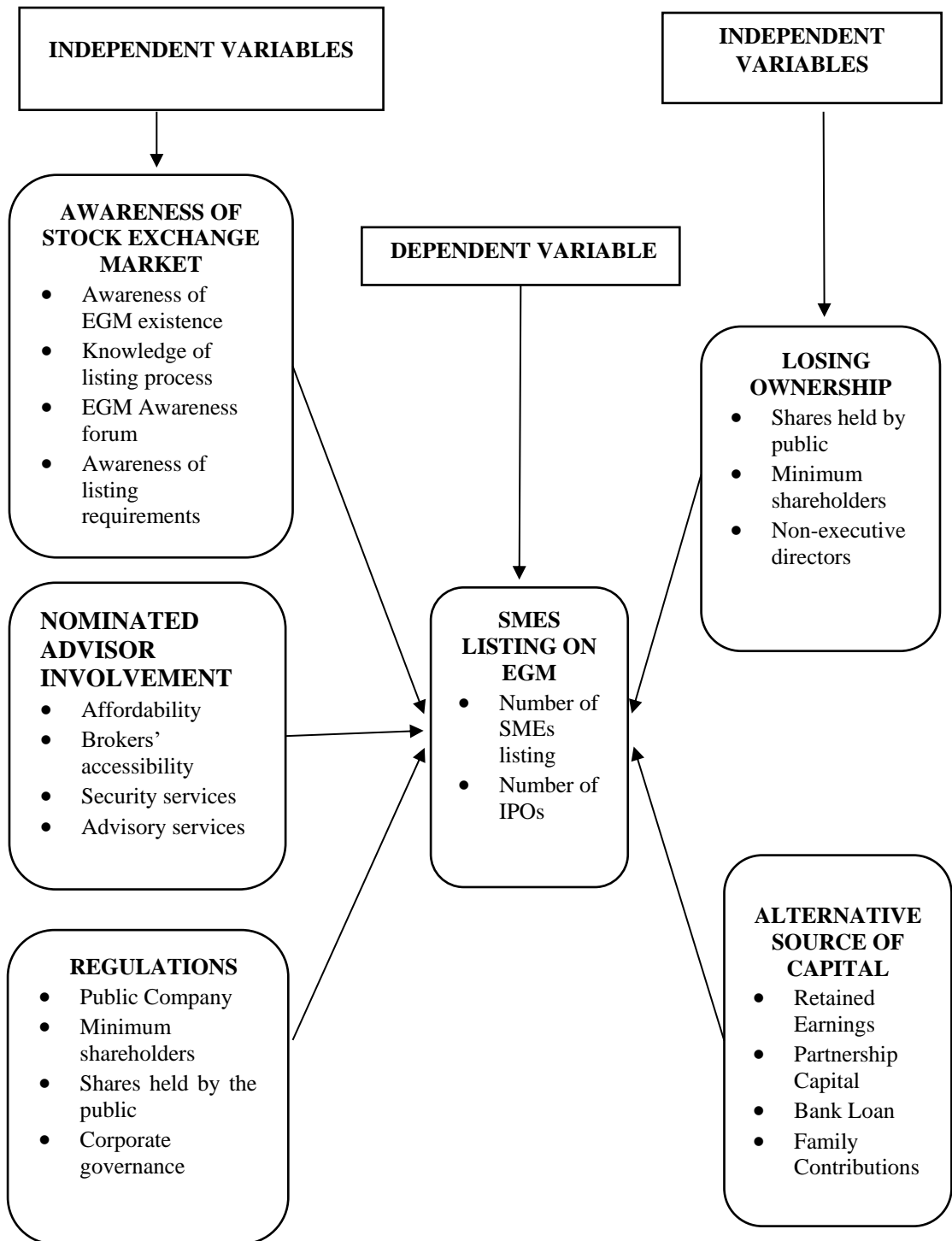


Figure 1: Conceptual framework

CHAPTER THREE

3.0 METHODOLOGY

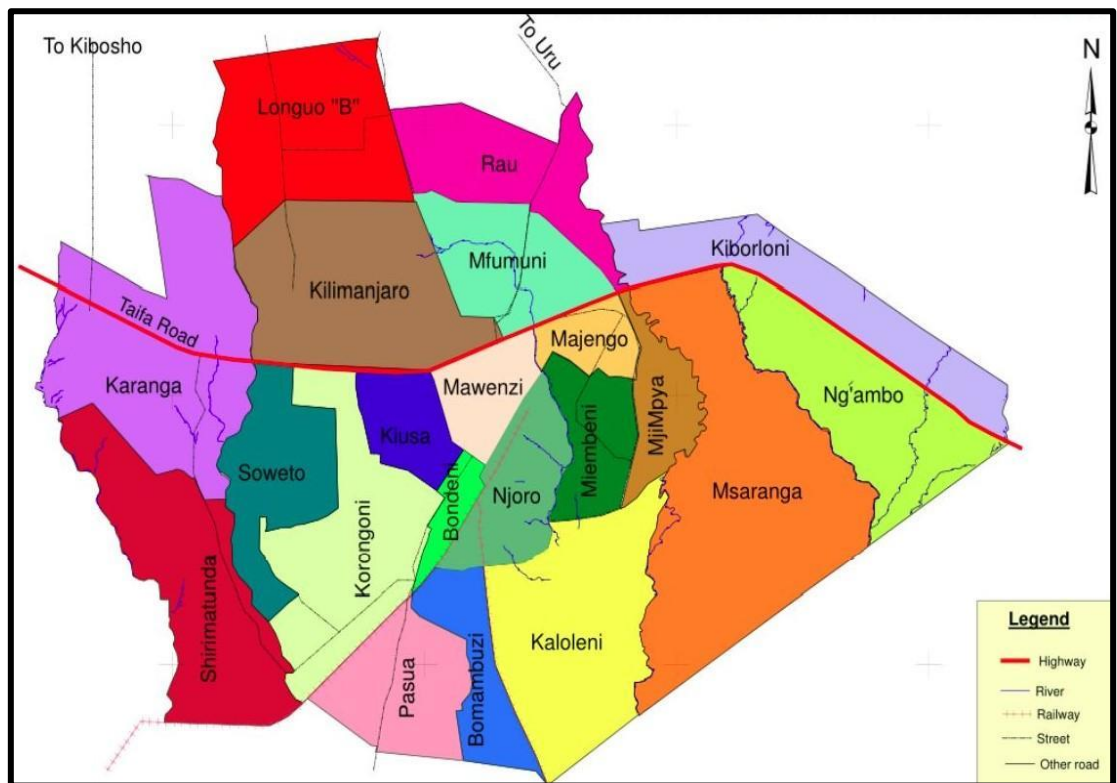
3.1 Research Designs

The study adopts a cross-sectional research design. The cross-sectional research design was used to enable data collection at a single point in time (Xu *et al.*, 2020). Collecting data at a single point in time was necessary since the study seeks to examine the situation under the existing short-term stimulus program for SMEs to list on EGM.

3.2 Geographical coverage

The study was conducted in the Moshi Municipality Kilimanjaro region, in the North-Eastern part of Tanzania. The Municipality lies between the coordinates 3° 20' 5.5788" South and 37° 20' 25.3752" East. Moshi Municipality is among the seven districts of Kilimanjaro Region; it is located at the centre of the region, bordered by Moshi rural and Hai districts. Moshi Municipality is an administrative district divided into 21 wards and 60 hamlets and it covers an area of 58 km². Furthermore, statistics from the census of 2022 show that Moshi Municipality has a population of 157 938 people (URT, 2022).

According to the list of listing companies at DSE, only one SME from Moshi municipality has already listed through EGM (DSE,2022). The study area was chosen because 99.97% of SMEs in Moshi Municipality are not listed on EGM. Furthermore, there are 3650 SMEs operating in Moshi Municipality (Moshi Municipal Council Report,2020). Moshi Municipality was also being used because of the high probability of obtaining data from respondents since the researcher is more familiar with the area, based on the argument by Singh (2022) that a study area should be chosen based on its ability to provide the required data.



Map 1: Moshi administrative map of the boundaries of the town and its 21 wards

3.3 Population

The study targets all the small and medium-sized enterprises in Moshi Municipality across all sectors. It consists of 2630 small enterprises and 1020 medium enterprises making a total of 3650 enterprises as identified by the Moshi Municipal Council (2021). The unit of observation is the senior managers or owners of the 3650 SMEs while the unit of analysis is all firms under the category of SMEs in Moshi municipality.

3.4 Sample

The study used Yamane (1967) formula to determine the sample size of the study. Yamane (1967) formula is applied because there is finite and known population size of 3 650 SMEs. In addition, the formula has a very high level of accuracy providing for only 5% margin of error. As such the sample size of the study under Yamane (1967) formula is 360 SMEs as calculated below.

$$n = \frac{N}{1+N(\varepsilon)^2}$$

Whereas n = sample size,

N = Population size

ε = margin of error

$$n = \frac{3650}{1 + 3650(0.05)^2} = 360.49$$

Thus, the sample size will be 361 SMEs

3.5 Sampling strategies

The study uses a proportionate stratified random sampling technique. Stratified random sampling was used because the population is divided into categories. Applying proportionate stratified random sampling ensured equal representation of the fourteen different strata in the sample size (Xu *et al.*, 2020). Simple random sampling was then used to select units of observations. Simple random sampling was used to ensure that SMEs from different industries and wards have an equal chance of participating in the study.

Table 1: Proportionate stratified random sampling

SMEs	Population	Percentage	Proportionate stratified
Health	192	5.260 274	19
Hospitality and Leisure	1021	27.972 6	101
Fast Moving Consumer Goods (FMCG)	708	19.397 26	70
Manufacturing	506	13.863 01	50
Flour/Oil milling	244	6.684 932	24
Textile and Fashion	324	8.876 712	32
Construction and material	303	8.301 37	30
Veterinary medicine	20	0.547 945	2
Agriculture	101	2.767 123	10
Information Technology	20	0.547 945	2
Grinding machine	30	0.821 918	3
Education	40	1.095 89	4
Accommodation	30	0.821 918	3
Stationeries	111	3,041 096	11
	3650	100	361

3.6 Data

3.6.1 Types of data

The study used quantitative data collected from 323 SMEs in Moshi Municipality to the owners or managers of those 323 SMEs.

3.6.2 Sources of data

The study utilised only primary sources of data. The use of primary sources of data increases the reliability of the collected data since the data was collected directly from respondents and specifically for this study's objectives.

3.7 Data collection methods

3.7.1 Survey questionnaire

The study uses a self-administered survey questionnaire to collect quantitative data from respondents. A self-administered survey is a questionnaire that is explicitly designed to be completed by a respondent without the assistance of an interviewer. Self-administered surveys are commonly used to gather quantitative research data. The mode of distribution was in-person which is commonly used to a large group of people and completed with paper and pen. A survey questionnaire was used to enable the quick collection of data from a relatively large number of respondents with minimum errors.

3.8 Data Validity and Reliability

3.8.1 Data reliability

A pilot study involving 20 participants as recommended by Creswell (2014) that the sample size should always be greater than the number of items in the questionnaire, was conducted. Cronbach Alpha coefficient was then used to test internal consistency of the questionnaire. Survey questionnaire was used in the main study without modification because the Cronbach Alpha value 0.783, is high than the recommended minimum value of 0.7 (Creswell, 2014).

Table 2: Data reliability

Variable	Cronbach's Alpha	N of Items
Awareness of EGM	0.874	4
Nominated advisors	0.712	4
Ownership of business	0.773	3
Alternative source of capital	0.732	4
Regulations	0.751	4
Listing on EGM	0.860	4
Average	0.783	4

3.8.2 Data validity

The survey questionnaire was subjected to content validity tests to ensure that the instruments have enough number of items to measure the required subject. This was done by requesting experts to review and make recommendations on recasting poorly phrased or out-of-objective questions. Content validity was then tested using a content validity index (CVI) which was determined by dividing the number of valid questions (14) by the number of total questions (16) leading to CVI of 0.875. According to Amin (2005) CVI of above 0.5 is highly recommended.

$$CVI = \frac{\text{Number of Valid Questions}}{\text{Total Number of Questions}} = \frac{14}{16} = 0.875$$

3.9 Data Analysis

3.9.1 Analysis technique

The study utilised both descriptive and inferential. Descriptive analysis was used for objectives one and two. The inferential analysis was used for objective three when testing the relationship between regulation on listing at EGM, fear of losing of ownership of a company, alternative source of capital and brokers involvement on listing on EGM, and intention to list. The inferential analysis was used for dependent variables because it is ordinal in nature. The ordinal logistic regression was also used for SMEs listed and SME which are not listed.

Data collected through a survey questionnaire was presented in the form of a five-point Likert scale. A five-point Likert scale was used to measure the perceptions of respondents. The perceptions were rated from 1 to 5 representing strongly disagree to strongly agree in ascending order. The respondents were asked to indicate whether they strongly disagreed (1), disagreed (2), not sure (3), agreed (4), and strongly agreed (5) with the statements by checking in the appropriate boxes. A mean index developed by Kalatya and Moronge (2017) was used in the study, where a means of 1.0 to 2.5, show not agreed, a mean of 2.6 to 3.4 identify neutrality, while a mean of 3.5 to 5.0 indicated agreed upon. Using the mean index, the ordered responses were converted to numerical data for feeding into the model.

Table 3: Operational Definition of Variables and their measurement levels

Variables	Definition	Measurement	Instrument
Awareness of Stock Exchange market	Awareness of EGM existence, Knowledge of listing process, EGM Awareness forum, Awareness of listing requirements	Five-point Likert Scale	Questionnaire
Nominated advisor involvement	Promotional services, accessibility, Security services, Advisory services	Five-point Likert Scale	Questionnaire
Regulations	Minimum capital, Minimum shareholders, Shares held by the public, Working capital sufficiency	Five-point Likert Scale	Questionnaire
Fear of losing ownership	Family business, partnership, shareholders	Five-point Likert Scale	Questionnaire
Alternative source of capital	Source of initial capital, other source of capital	Five-point Likert Scale	Questionnaire
SMEs listing (D.V)	No. of listed SMEs, No. of IPOs.	Five-point Likert Scale	Questionnaire

3.9.2 Correlations of study variables

Spearman's rho correlation coefficient was carried out to determine the strength and nature of association between the dependent and independent variables. As indicated in table 3, some variables exhibited weak but positive and statistically significant correlation namely listing regulations ($r=0.121$, $p < 0.05$) and fear of losing ownership ($r=0.215$, $p < 0.05$). This suggests that the two variables significantly and positively affect the listing of SMEs on EGM. Other variables awareness of EGM existence ($r = -0.072$, $p > 0.05$), alternative source of capital ($r=0.011$, $p > 0.05$), and involvement of nominated advisers ($r=-0.041$, $p > 0.05$) show no significant relationship between them and the dependent variable. This implies that these variables do not affect SMEs' intention to list on EGM.

Table 4: Correlation between study variables

Variables		EGM Listing	AW	LR	FOLO	ASC	NA
EGM Listing	Spearman's rho	1					
	Correlation						
	Sig. (2-tailed)						
AW	N	323					
	Spearman's rho	-0.072	1				
	Correlation						
LR	Sig. (2-tailed)	0.195					
	N	323	323				
	Spearman's rho	0.121	0.205	1			
FOLO	Correlation						
	Sig. (2-tailed)	.030	0.000				
	N	323	323	323			
ASC	Spearman's rho	0.215	0.220	0.384	1		
	Correlation						
	Sig. (2-tailed)	.000	.000	.000			
NA	N	323	323	323	323		
	Spearman's rho	.011	-0.044	-0.074	0.102	1	
	Correlation						
NA	Sig. (2-tailed)	.844	0.432	.000	0.068		
	N	323	323	323	323	323	
	Spearman's rho	-0.041	0.408	0.278	0.220	-0.023	1
NA	Correlation						
	Sig (2-tailed)	0.458	0.000	0.000	0.000	0.697	
	N	323	323	323	323	323	323

**Correlation is significant at the 0.01 level (2-tailed)

*Correlation is significant at the 0.05 level (2-tailed)

Note: AW-awareness of EGM, LR-Listing regulations, FOLO-Fear of losing ownership, ASC-alternative source of capital, NA-nominated advisor.

3.9.3 Test of proportional odds

While nonparametric measures do not have many assumptions, ordinal logistic

regression requires that the relationship among the regressor variables is the same when compared across all levels (Fagerland & Hosmer, 2017). As such, a test of parallel lines was conducted to establish whether the nonparametric variables satisfied this assumption. As shown in table 4, all the four variables; awareness ($\chi^2(132) = 97\ 092$, $p=0.990$), listing regulations ($\chi^2(44) = 348\ 406$, $p=0.560$), fear of losing ownership ($\chi^2(165) = 189\ 416$, $p=0.094$), alternative source of capital ($\chi^2(60) = 61\ 395$, $p=0.426$) had non-significance ($p>0.05$) results, satisfying the assumption.

Table 5: Test of parallel lines

	Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Awareness	Null Hypothesis	1 048 650			
	General	951 558	97 092	132	0.990
Regulations	Null Hypothesis	966 653			
	General	789 332	177 321	132	0.560
Nominated advisor	Null Hypothesis	386 709			
	General	377 751	8 958	12	0.709
Fear of Losing Ownership	Null Hypothesis	1 092 909			
	General	903 493	189 416	165	0.094
Alternative Source of Capital	Null Hypothesis	450 383			
	General	388 988	61 395	60	0.426

3.9.4 Test for multicollinearity

Variance Inflation Factor (VIF) which identifies the degree of correlation between predictor variables (Mishra *et al.*, 2019) was used to test for multicollinearity between independent variables. Multicollinearity is not considered a problem if VIF is between 1 and 10 (Mertler and Reihnhart, 2016). However, multicollinearity exists if VIF is less than 1 or greater than 10 (Mertler and Reihnhart, 2016). According to results shown in table 5 the study is completely free from multicollinearity problem since VIF are between 1 and 2.

Table 6: Multicollinearity statistics

Variable	Tolerance	VIF
Awareness of EGM	0.667	1.499
Listing Regulation	0.766	1.306
Fear of losing ownership	0.822	1.217
Alternative Source of Capital	0.989	1.011
Nominated Advisor	0.643	1.555

CHAPTER FOUR

4.0 FINDINGS AND DISCUSSIONS

4.1 Profile of the business

4.1.1 Type of business

The SMEs covered in this study are dealing with different activities divided into the following groups or types of business that were crucial for SMEs to list: Hospitality and leisure with 31.3%; Fast Moving Consumer Goods (FMCG) with 21.7%; manufacturing with 14.6%; Textile and Fashion with 9.9%; Flour/Oil milling with 7.7%; health with 5.9%; stationeries with 1.9%; construction and material with 1.5%; agriculture with 1.2%; education with 1.2%; grinding machine with 0.9%; accommodation with 0.9%; Veterinary medicine 0.6% and Information Technology with 0.6%. The findings imply that the majority of small and medium sized businesses in a tourism and hospitality sector. This finding corroborates with earlier studies (Amina, 2016) which found Moshi a tourist hub in Northern Tanzania.

Table 7: Type of business (n = 323)

	Frequency	Percent
Health	19	5.9
Hospitality and Leisure	101	31.3
Fast Moving Consumer Goods (FMCG)	70	21.7
Manufacturing	47	14.6
Flour/Oil milling	25	7.7
Textile and Fashion	32	9.9
Construction and material	5	1.5
Veterinary medicine	2	0.6
Agriculture	4	1.2
Information Technology	2	0.6
Grinding machine	3	0.9
Education	4	1.2
Accommodation	3	0.9
Stationary	6	1.9
Total	323	100

4.2.1.2 Number of employees in the company

The results show that 66.6% of SMEs employed between 5 and 49 employees. And 33.4% hired 50 and 99 employees. According to the definition of the business of 2003 by the Government of Tanzania a business that hires employees from 5 to 49 falls in the category of a small enterprise, and a business that hires employees from 50 to 99 falls in the category of medium enterprises (URT,2003). These findings imply that the Moshi region has the kind of business that is eligible for listing on the Enterprise Growth Market.

Table 8: Number of employees (n = 323)

	Frequency	Percent
5–49	215	66.6
50–99	108	33.4
Total	323	100

4.2.1.3 Capital invested

The results show that 92% of SMEs are using capital between Tshs 5 000 000 and Tshs 200 000 000. And 8% of SMEs are using a capital range of Tshs 201 000 000 and Tshs 800 000 000. According to the definition of the business of 2003 by the Government of Tanzania, a business that uses a capital ranging from 5 million to 200 million falls in the category of a small enterprise, and a business with capital ranging from 200 million to 800 000 falls on the category of medium enterprises which explain that 92% of the SMEs were small when capital is considered. This implies that there are many small businesses in Moshi which can raise capital on EGM (CMSA, 2016).

Table 9: Amount of capital invested (n = 323)

	Frequency	Percent
[5 000 000 – 200 000 000]	297	92
[200 000 000 – 800 000 000]	26	8
Total	323	100

4.2.1.4 Years in the operation

The study also considered the years of operation in business. While EGM does not require a profitability history or track record of operation, businesses that have been in operation for a considerable period of time may need capital for expansion and are likely to have necessary structures that enable them to list on EGM. The study found that the average number of years in operation was five, while the minimum and maximum number of years in operation was 1 and 22 years respectively. This implies that most businesses in Moshi municipality could be having the necessary structure of governance that allows them to list on EGM.

Table 10: Years in operation (n = 323)

	Minimum	Maximum	Mean
Years of business in operations	1	22	5.021 7

4.2.2 Managerial profile

4.2.2.1 Sex of owners or managers

From the analysis majority of the respondents were male (60.7%) while females represented the remaining percentage of the respondents who participated in the study which is (39.3%). This finding concurs with those of Lyimo (2020) who found most of the SMEs in Moshi to be owned and managed by men. This implies that most SMEs are likely to list on EGM to raise additional capital since men are more risk-taking (Agustina & Pradesa, 2020) and may not shy exploring new sources of capital.

Table 11: Sex composition of respondents (n = 323)

	Frequency (n)	Percent (%)
Female	127	39.3
Male	196	60.7
Total	323	100

4.2.2.2 Position in the company

A majority (46.4%) of the SMEs are run by managers and 39.3% by owners. While only 14.2% are run by owners and managers. Although EGM has no requirement if a SMEs should be managed by owner or manager in order to list (CMSA, 2016).

Table 12: Managerial position (n = 323)

	Frequency	Percent
Owner	127	39.3
Manager	150	46.4
Owner and manager	46	14.2
Total	323	100

4.2.2.3 Level of education of the respondent

Academic and professional credentials are essential components of corporate success, and SMEs are no different. The findings revealed that 11 of the respondents had not attended school. However, 34.06% (110) of the respondents had obtained a master's degree while 17 of them had PhD. This implies that a majority of SMEs are owned and managed by very educated people. These findings are in line with an earlier study by Gamba (2019) which showed that SMEs are contributing two thirds of employment to university graduates in developing countries.

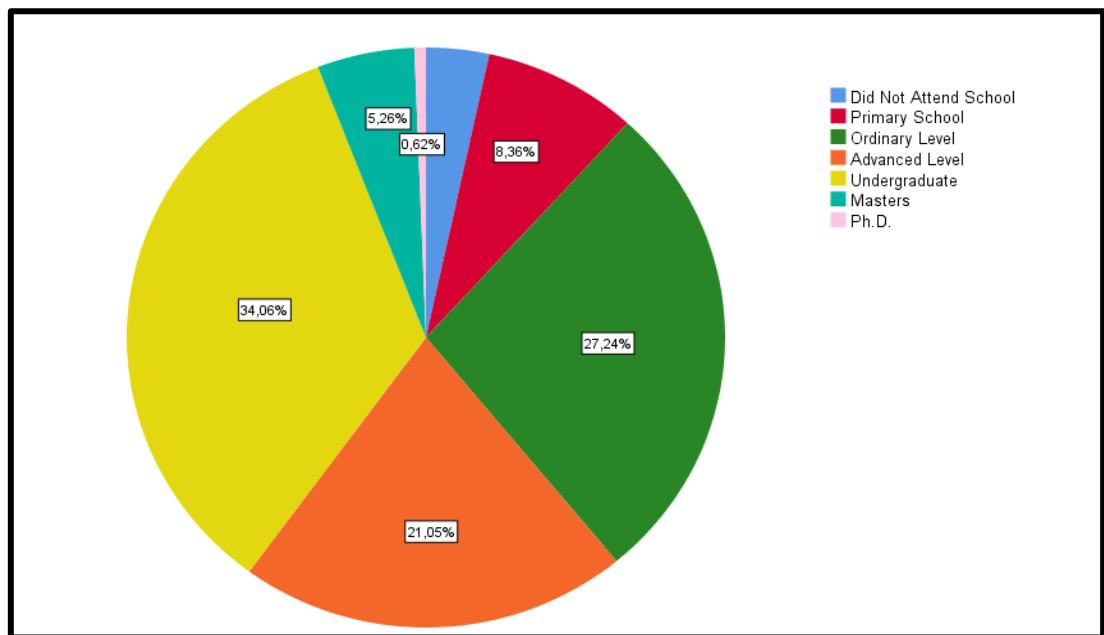


Figure 3: Level of education

4.3 Level of Awareness among SMEs about Listing on Enterprise Growth Market

The first research question of the study was to determine the extent to which SMEs are aware about EGM. Respondents were asked to rate their level of awareness on a scale of 1 to 5 where 1=fully not aware, 2=not aware, 3=neutral, 4=aware and 5= fully aware. The responses were interpreted based on a mean index adopted from Kalatya and Moronge (2017) where a mean of 1.0 to 2.5, show not agreed, a mean of 2.6 to 3.4 identify neutrality, while a mean of 3.5 to 5.0 indicated agreement.

Table 13: Awareness about EGM

Statements	Mean	Std. Dev
I am aware of the existence of the enterprise growth market segment.	1.92	1.11
I understand the process of listing on the enterprise growth market.	1.92	1.05
I am aware of EGM educational forums	1.89	1.07
I understand all the listing requirements	1.91	1.14
Average	1.91	1.09

As revealed in table 12, the general level of SMEs awareness about enterprise growth market of Dar es Salaam Stock Exchange is very low with an average mean of constructs of 1.91 and an aligning standard deviation of 1.09. This as per Kalatya and Moronge mean index implies that respondents indicated that they were not aware of the existence of EGM, the process or procedure of listing, the requirements for listing,

and have not attended any EGM listing forums. These findings imply that many SMEs may not be able to take advantage of EGM if they are not aware of its existence. Secondly, lack of understanding about requirements and listing procedure is a major hindrance to increasing the number of initial public offerings on EGM.

Low level of awareness of SMEs about the existence of the SMEs stock exchange segment on the main stock market was also reported in Ghana by Barbara & Angelous (2018) and in Kenya by Okello (2018). Barbara & Angelous (2018) study revealed that many SMEs were unaware of the existence of cheap source Ghana alternative stock exchange. Okello (2018), on the other hand, found information about Growth Enterprise Market Segment (GEMS) fragmented and widely guarded. Nassr and Wehinger (2016) also argued that lack of awareness negatively affects both the supply and demand of SMEs stock exchange markets. Conclusively, SMEs in Moshi are not aware about the existence of EGM and its benefits.

The statement that managers/owners of SMEs are aware of the existence of the enterprise growth market had a mean of 1.92 and standard deviation of 1.11 indicating that there was very small variance in responses from participants. As per Kalatya and Moronge (2017) mean index, the mean of 1.11 shows that SMEs in Moshi municipality are not aware of the existence of EGM. These findings imply that there is no way SMEs can list on a platform that they do not know of its existence. Lack of awareness of the existence of SMEs equity markets was also reported in Ghana (Barbara & Angelous, 2018) and in Kenya (Okello, 2018).

All the SMEs that were surveyed also indicated that they were not aware of the process of listing on EGM scoring a mean of 1.92 and standard deviation of 1.11. EGM has an elaborate listing procedure that requires SMEs to appoint a Nominated Advisor, appoint a team of consultants that help prepare the company to go public, and prepare a prospectus for public listing among other necessary processes (CMSA, 2016). Nassr and Wehinger (2016) stated that the demand for SMEs equity financing is low because of 'unawareness of public equity financing'. Nassr and Wehinger (2016) also attributed unawareness about public equity financing to lack of appropriate financial education and skills. While most SMEs in Nairobi knew about SMEs equity financing on NSE, Okello (2018) revealed that they were restricted by lack of information on the hidden cost of listing and restructuring the company governance structure.

About the statement that intended to find out whether SMEs in Moshi region knew of any forums they could attend to educate them about SMEs equity. As revealed in table 9, SMEs reported that they were not aware of any EGM educational forums. Conducting educational forums on SMEs equity markets is one of the ways of increasing their listing. A study done in Jamaica found various SMEs eligible for listing but did not due to not lack of information on costs, requirements, process and benefits of listing on EGM (Irving, Schellhase and Woodsome, 2017).

The statement that SMEs understood listing requirements had a very low mean of 1.89 the lowest among the three others, implying that SMEs lacked knowledge on the requirements they need to fulfil to list on EGM. These findings are similar with those reported by Barbara & Angelous (2018) who found that 93.75% of SMEs were not aware of any listing requirements on Ghana SMEs stock exchange. However, while many SMEs in South Africa were aware of the listing requirements, they found them too restrictive, requiring overhaul of the internal structure and increased public scrutiny among others. Therefore, this study finds the level of SMEs awareness about EGM very low, a scenario that was also reported in Kenya and Ghana (Barbara and Angelous, 2018; Okello, 2018).

4.4 SMEs Potential to List on EGM

The second research question intended to find out whether SMEs in Moshi Municipality have the potential to list on the EGM. The CMSA has certain requirements which SMEs must fulfil to list on EGM. SMEs were asked to indicate whether or not they have fulfilled all the key requirements.

Table 14: SMEs' potential to list on EGM

Questions	Yes (%)	No (%)
Does your company have a 5 year business plan?	56.7	43.3
Is your company incorporated as a public limited company?	0.6	99.4
Are you able to raise the minimum listing and issuing fee of Tshs.200million?	74.9	25.1
Does your company have 300 and above shareholders?	0.3	99.7
Is one third of your board made up of non-executive directors?	11.8	88.2
Do you have an audit committee?	9.6	90.4
Average	25.65	74.35

Averagely, the study revealed that 74.35% of the SMEs did not have the potential to list on EGM while 25.65% have the potential to list. A majority of the SMES, 56.7%

indicated that they have a five-year business plan, and 74.9% also said that they could raise the Tshs.2 million listings and issuing fee. All other remaining requirements were responded to in the negative. The study revealed that 99.4% of SMEs in Moshi municipality were not incorporated as public limited companies. This is a requirement that SMEs must fulfil to list on EGM. Similarly, 99.7% of SMEs have not attained 300 minimum number of shareholders since most of them are not public limited companies. Many SMEs have not fulfilled the corporate governance requirements, where only 11.8% and 9.6% have a third of their board members are non-executive directors and audit committee respectively. The findings imply that many SMEs are not able to meet the requirements put in place to list on EGM; hence the low listing experienced in Tanzania. Hou and Li (2019) found that relaxation of the listing requirements was one of the ways the Chinese government used to list more than 1000 SMEs on its equity market.

4.3.1 Relationship between SMEs awareness of and listing on EGM

The third research question of the study was to find out whether SMEs' awareness about EGM affects their decision to list. To answer this question, ordinal logistic regression, a nonparametric test in line with the characteristics of the data, was run and the outcome interpreted. Various tests to establish the suitability of the model were carried out. First, the ordinal logistic regression model was tested to see whether it was fit for predicting the outcome at the chosen probability level. Fagerland and Hosmer (2017) explained that the model is fit for the data when the significance p-value is less than the absolute critical value ($p < 0.05$). As shown in table 11, there is a significant improvement in the ability of the final model to predict the outcome of the study over the intercept only model $\chi^2(12) = 21.569$, $p < 0.05$.

Table 15: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	1 070 219			
Final	1 048 650	21 569	12	0.043

A goodness-of-fit was also conducted to test the null hypothesis that the model is a good fit for the data. The model is found fit for data if the p-values of Pearson and Deviance are nonsignificant (Fagerland & Hosmer, 2017). As shown in table 12, the Deviance had a non-significant result $\chi^2(1380) = 945 082$, $p=1.00$.

Table 16: Goodness-of-Fit

	Chi-Square	Df	Sig.
Pearson	2 296 509	1380	0.000
Deviance	945 082	1380	1.000

The effect of the constructs of the independent variable namely awareness of EGM, Knowledge of the listing process, EGM awareness forum, and awareness of the listing requirements on the outcome variable was also tested using Pseudo-R-Square. The four independent variables had a very minimal effect of Nagelkerke 0.065 which implies that at 95% confidence interval, the predictor variables accounted for 6.5% variation in predicted variable.

Table 17: Pseudo-R-Square

Cox and Snell	0.065
Nagelkerke	0.065
McFadden	0.015

The study also sought to examine the relationship between SMEs' awareness of EGM existence and their listing decision. Parameters of estimates for four sub-variables of EGM were produced. As shown in table 16, all the four constructs did not have statistically significant effect on the dependable variable, awareness of EGM existence (-0.114, Wald $\chi^2(1) = 0.707$, $p = 0.400$), knowledge of the listing process (-0.079, Wald $\chi^2(1) = 0.189$, $p = 0.664$), awareness forum (0.209, Wald $\chi^2(1) = 1.466$, $p = 0.226$) and awareness of the listing requirements (0.111, Wald $\chi^2(1) = 0.870$, $p = 0.351$).

Table 18: Parameters of estimates

	Estimate	Std. Error	Wald	Df	Sig.
Threshold: EGML=1	-4.853	1.242	15.262	1	0.000
EGML=2	-3.818	1.209	9.977	1	0.002
EGML=3	-2.792	1.195	5.460	1	0.019
EGML=4	-2.568	1.193	4.635	1	0.031
EGML=5	-2.391	1.192	4.026	1	0.045
Awareness of EGM existence	-0.114	0.135	0.707	1	0.400
Knowledge of the listing process	-0.079	0.181	0.189	1	0.664
Awareness forum	0.209	0.173	1.466	1	0.226
Awareness of the listing requirements	0.111	0.119	0.870	1	0.351

Note: EGML – Enterprise Growth Market Listing

These findings imply that there is no statistically significant relationship between SMEs' awareness level of EGM and their decision on whether to list or not to list. This

departs from earlier studies (Barbara & Angelous, 2018; Okello 2018; Irving *et al.*, 2017; Nassr and Wehinger, 2016) which found that SMEs knowledge on the existence of EGM, awareness about its benefits, listing process and requirement affected their listing decision. In particular, Nassr and Wehinger (2016) found that many SMEs in Jamaica were eligible to list but lack knowledge of the listing process on the alternative stock market. Okello (2018), found that SMEs did not get enough information to enable them to decide on listing on the equity market. Therefore, the findings of this study contradict those of earlier studies. However, it may be important to note that many of the SMEs that were surveyed did not have the potential to list on EGM. Consequently, the knowledge of the existence of EGM, its benefits, listing process and requirements could not make a difference given their lack of potential.

4.5 Role of Regulation on SMEs intention to list on EGM

Pecking order theory argues that information asymmetry between SMEs managers and owners are responsible for SMEs preference of internal sources of funding over equity financing. However, what happens when there is awareness of the existence of SMEs equity financing? Are regulations in terms of listing requirements and continuous reporting a significant factor? To this end, respondents were given statements to rate their level of agreement or disagreement on a scale of 1 to 5 where 1-strongly disagree, 2-disagree, 3-neutral, 4-agree and 5 strongly agree. The responses were interpreted based on a mean index adopted from Kalatya and Moronge (2017) where a mean of 1.0 to 2.5, show not agreed, a mean of 2.6 to 3.4 identify neutrality, while a mean of 3.5 to 5.0 indicated agreed upon. The average mean and standard deviation for the all four statements were 2.86 and 1.13 respectively.

Table 19: Perception of EGM regulations among SMEs

Statements	Mean	Std. Dev
Minimum issuance and listing fees of TZS 2 million are prohibitive to listing	2.31	1.24
Minimum number of 300 shareholders is hard to attain.	3.48	1.07
Requirements on corporate governance and reporting are hard to attain.	2.18	1.15
Initial and ongoing cost of listing is high	3.46	1.04
Average	2.86	1.13

This shows that the respondents were not sure of the effect of various regulations on listing on EGM. This can be attributed to the fact that many SMEs in Moshi municipality are not listed on EGM. These findings were similar to those of Baldock (2015) which revealed that regulations had no significant impact on SMEs' intention to

list on equity markets. However, they contradict studies by Xu *et al.* (2020) and Hou and Li (2019) conducted in China which revealed that relaxation of regulations and government support significantly increased the number of SMEs listing on stock markets.

The statement that minimum issuance and listing fees of TZS 2 million are prohibitive to listing had a mean of 2.31 and standard deviation of 1.24. The mean of 2.31 shows that respondents disagreed with the statement affirming that TZS 2 million listing fee was not prohibitive. The standard deviation of 1.24, however, shows that some respondents may have considered it prohibitive, with 17% and 7% of them agreeing and strongly agreeing respectively. These findings contradict other studies done in various countries which found issuance and listing fees for SMEs very high and prohibitive. For instance, a study Rodrigues da Costa and Mata (2016) in Portugal found SMEs listing fees and other regulations guiding listing on stock exchange markets in Lisbon a key barrier to SMEs raising funds through stock. Rodrigues da Costa and Mata (2016) concluded that the legal sophistication in the securities market was a major barrier to SMEs listing.

The statement that the minimum number of 300 shareholders was hard to attain had a mean of 3.48 and standard deviation of 1.07, indicating that they agreed with the statement. This implies that they considered the minimum of 300 shareholders too high to achieve and as an impediment to listing on EGM. This finding is similar with those reported by Rodrigues da Costa and Mata (2016) who found that restrictions regarding the number of shareholders and when to issue dividends were a major barrier to SMEs participating on stock exchange market in Portugal. However, the findings contradict those of Baldock (2015) in the UK who reported that there was no significant relationship between SMEs listing and security market regulations.

The statement that requirements on corporate governance and reporting are hard to attain was lowly rated with a mean of 2.8 and standard deviation of 1.15. This implies that respondents disagreed with the statement indicating that they were able to achieve the requirements on corporate governance and reporting. An earlier study by Kumarasi (2017) had reported no significant relationship between corporate governance requirements and SMEs listing on the stock exchange market. However, this finding contradicts those of earlier studies which showed that corporate governance

restructuring and reporting requirements were costly and hard to achieve. A study by Chitekuteku and Sandada (2016) revealed that corporate governance requirements significantly affected the listing of SMEs on Zimbabwe's alternative securities market. Chitekuteku and Sandada (2016) found that most SMEs were not able to appoint two independent members to their board of directors and sharing their annual reports with shareholders was a cumbersome task to attain.

The statement that initial and ongoing costs of listing is very high had a mean of 3.46 and standard deviation of 1.04. This implies that all the respondents agreed they considered the initial costs of listing and the indirect costs of ensuring ongoing compliance were very high. Similar findings were also reported by Seikei (2019) who found that top 100 medium-sized companies in Nairobi found the listing costs and ongoing compliance very expensive. Okello (2018) also found that many SMEs were put off by the indirect costs associated with continued listing on the platform despite the securities market being very volatile.

4.5.1 Relationship between regulations and SMEs listing on EGM

The pecking order theory argues SMEs follow a pecking order when exploiting the sources of capital. The theory argues that it is only when SMEs have exhausted the internal sources of capital that they look for external financing. Listing on the stock exchange market is purely a financing decision. Consequently, the fourth research question of this study was to find out whether stock exchange regulations affect SMEs intention to list. This was done by running ordinal logistic regression analysis to determine the relationship between listing regulations and SMEs' ability to list on EGM.

To establish the suitability of the model to the data, a model fitting test was run and as shown in table 17 the final model showed significant improvement over the intercept only model $\chi^2(12) = 70\ 515$, $p < 0.05$. According to Osborne (2014), the ordinal logistics model used must be showing goodness-of-fit to the data. This happens when the p-values of Pearson and Deviance are greater than the absolute critical value of 0.05. The goodness-of-fit test in table 17 indicates that deviance was $\chi^2(948) = 851\ 483$, $p = 0.989$. This implies that the model is a good fit for the data.

The model having been found fit for the data, the study analysed the overall effect of the four constructs of independent variable; listing and issuance fee, minimum number

of shareholders, corporate governance requirements and ongoing-listing costs; listing regulations on the predicted variable. The Pseudo-R-Square revealed that the four variables led to 19.8% variation in SMEs listing on EGM as shown in table 17. This means for everyone unit increase in the listing regulations as a whole, there is 19.8% variation in SMEs listing on Enterprise Growth Market.

Table 20: Model fitting information

Model	-2 Log Likelihood	Chi-Square	df	Sig
Intercept Only	1 037 168			
Final	966 653	70 515	12	0.000
Goodness-of-Fit				
	Chi-Square	Df	Sig	
Pearson	5 380 762	948	0.000	
Deviance	851 483	948	0.989	
Pseudo-R-Square				
Cox and Shell	0.196			
Nagelkerke	0.198			
McFadden	0.048			

The relationship between each independent sub-variable and dependent variable was also tested. The study revealed that there was a statistically significant relationship between listing and issuance fee and SMEs listing on EGM (-0.342, Wald χ^2 (1) = 6.246, p = 0.012). This implies that one unit increase in the listing and issuance fee leads to an expected decrease of 0.342 in the log odds of falling in higher levels of SMEs listing on EGM stock exchange. This further demonstrates that, to increase the number of SMEs listing on the EGM, the minimum listing and issuance fee should be reduced. This finding corroborates with those of Okello (2018) who found that hidden cost in the listing process was a turn-off for many SMEs that desired to list. A study by Xu *et al.* (2020) also revealed that reduction of listing and issuance fee by the government through subsidies increased the listing of SMEs on the National Equities Exchange and Quotations. Similar findings were also reported by Rodrigues da Costa and Mata (2016) who identified high listing costs, as a major factor for low listing on SMEs on Lisbon SMEs stock exchange.

Therefore, while listing on the SMEs equity market is a financing decision, this study reveals that issuance fee and ongoing listing cost affect the ability of SMEs to access external sources of funds. This thus shows that SMEs may be limited to internal sources of capital, not because they are sufficient, but because they are unable to access external

sources of capital. Consequently, the current study helps to explain the pecking order by showing that other external factors apart from information asymmetry, prevent SMEs managers from exploiting external sources of capital.

The study also examined how the legal requirement that SMEs should have 300 as the minimum number of shareholders to list on EGM affect their intention to list. It was found that the requirement to have the minimum number of shareholders was not related with SMEs listing on EGM (0.074, Wald χ^2 (1) = 0.081, p = 0.776). This implies that a relaxation in this requirement would have no consequential effect on the SMEs' choice to list or not to list. Whereas these findings are similar with Baldock (2015) findings in the UK, they contradict other studies (Hou & Li, 2019; Okello, 2018; Rodrigues da Costa & Mata, 2016) who found security market regulations impediment to their listing ability.

Table 21: Parameter of estimates

	Estimate	Std. Error	Wald	Df	Sig
Threshold EGML=1.00	-7.249	1.007	51.823	1	0.00
EGML=2.00	-6.205	0.965	41.356	1	0.00
EGML=3.00	-5.140	0.946	29.511	1	0.00
EGML=3.33	-4.905	0.943	27.031	1	0.00
EGML=3.67	-4.660	0.941	25.116	1	0.00
Listing and issuance fee	-0.342	0.137	6.246	1	0.012
Number of shareholders	0.074	0.259	0.081	1	0.776
Corporate governance requirements	-0.079	0.117	0.456	1	0.500
Ongoing listing costs	-0.516	0.270	3,659	1	0.056

Note: EGML – Enterprise Growth Market Listing

Corporate governance requirements (-0.079, Wald χ^2 (1) = 0.456, p = 0.500) and ongoing listing costs (-0.516, Wald χ^2 (1) = 3.659, p = 0.056) did not predict SMEs decision of listing on EGM. Despite the lack of significance, the variables showed negative log odds implying the one unit increase in corporate governance requirements and ongoing listing costs could lead to an expected decrease of 0.079 and 0.516 respectively in the log odds of falling in high levels of SMEs listing on EGM. Accordingly, a reduction in the corporate governance requirements and ongoing listings costs can incentivize SMEs to list to the EGM. Countries such as China, in light of Xu *et al.* (2020) findings, have a high number of SMEs listing due relaxed regulations and subsidised listing costs. On another hand, Baldock (2015) and Wang *et al.* (2020) found stringent corporate governance requirements important for listing and

success on the stock exchange market. Specifically, both Baldock (2015) and Wang *et al.* (2020) found that SMEs that had very experienced managers in the stock exchange market were more likely to list than those who did not. SMEs that meet stringent corporate governance requirements by recruiting highly qualified managers are able to list on the stock exchange because of their understanding of the system.

4.6 Fear of Losing Ownership and SMEs' intention to list on EGM

The fifth research question of the study was to establish the effect of fear of losing ownership and SMEs' intention to list on the stock exchange market. The pecking order theory explains that part of the reasons why SMEs prefer internal sources of capital to external sources is information asymmetry between investors and managers. Internal sources of financing reduce information asymmetry compared to external sources which requires the managers to incur additional costs to secure funds. Hence, whenever external sources of financing are used, managers must compensate investors with higher returns. However, the theory did not consider other factors such as fear of losing ownership when external sources of finance are used.

Consequently, this study presented various statements upon which respondents were asked to indicate how they were concerned with their possibility of losing their business to outsiders. The respondents were supposed to indicate their level of concern ranging from not concerned at all to extremely concerned on a scale of 1 to 5 where 1= Extremely concerned, 2= Moderately concerned, 3= not sure, 4= Slightly concerned, and 5= not concerned at all. The responses were interpreted based on Kalatya and Moronge (2017) mean index, where a mean of 1.0 to 2.5, showed concern, a mean of 2.6 to 3.4 indicated neutrality, while a mean of 3.5 to 5.0 indicated concern not at all. As indicated in table 21, the average mean and standard deviation were 1.92 and 1.06 respectively.

Table 22: Perception on fear of losing ownership and SMEs' EGM listing decision

Statements	Mean	Std. Dev
At least 20% of issued shares must be held by the public	1.82	1.03
At least one third of the board members of a listed SME must be non-executive directors	1.93	1.06
The minimum number of shareholders must be 300	2.0	1.09
Average	1.92	1.06

This implies that the respondents were concerned that various EGM listing requirements will cost them their own businesses. Similar findings were also reported

by Seikei (2019), Okello (2018), Barbara & Angelous (2018), and Okumu *et al.* (2021). Chitekuteku and Sandada (2016) found that the composition of the board members, sharing annual reports with shareholders, and the unfriendliness of the corporate governance requirement were key barriers to SMEs listing on the Bourse.

The statement that at least 20% of issued shares must be held by the public had a mean of 1.82 and standard deviation of 1.03. This implies that the respondents were concerned this requirement may lead to loss of their business by requiring the public to have more stake in it. Seikei (2019) found that many SMEs which were family owned did not want to list on the SMEs securities market due to fear of losing ownership.

The requirement that one third of the board members of a listed SME must be non-executive directors also concerned respondents about their control over their own businesses. This statement had a mean of 1.93 and standard deviation of 1.06 which implies that respondents were afraid of losing their businesses. A study by Chitekuteku and Sandada (2016) revealed that SMEs owners did not want to involve non-executive directors in their board since this takes away full control of business from them.

Respondents also showed concern with the minimum number of shareholders. As shown in table 11, the statement had a mean of 2.0 and standard deviation of 1.09. This implies the respondents were concerned that increased shareholders will demand more control over the affairs of the business. According to Madyan *et al.* (2020) high percentage of public shareholding increases monitoring of the firm, preventing the initial owners and managers from taking selfish action that hurt the long-term performance of the firm.

4.6.1 Relationship between fear of losing ownership and SMEs owners' intention to list on EGM

The study also examined the relationship between SMEs owners' fear of losing their business to outsiders and intention to list on EGM. Ordinal logistics regression model was used to examine whether there was any significant relationship between fear of losing ownership of business and listing on EGM to raise more business capital. To determine the suitability of ordinal logistic regression model, various tests were conducted.

First, the ordinal logistic regression model was tested to see whether it was fit for predicting the outcome at the chosen probability level. Fagerland and Hosmer (2017)

explained that the model is fit for the data when the significance p-value is less than the absolute critical value ($p < 0.05$). As shown in table 20, there is a significant improvement in the ability of the final model to predict the outcome of the study over the intercept only model $\chi^2(11) = 80.047$, $p < 0.05$.

A goodness-of-fit was also conducted to test the null hypothesis that the model is a good fit for the data. The model is found fit for data if the p-values of Pearson and Deviance are nonsignificant (Fagerland & Hosmer, 2017). As shown in table 20, the Deviance had a non-significant result $\chi^2(1380) = 945.082$, $p = 1.000$.

The effect of the constructs of the independent variable namely public shareholding, non-executive directors on the board, the minimum number of shareholders on the outcome variable was also tested using Pseudo-R-Square. The four independent variables had a weak effect of Nagelkerke 0.222 which implies that at 95% confidence interval, the predictor variables accounted for 22.2% variation in the dependent variable.

Table 23: Model fitting information

Model	-2 Log Likelihood	Chi-Square	df	Sig
Intercept Only	1 172 956			
Final	1 092 909	80 047	11	0.000
Goodness-of-Fit				
	Chi-Square	Df	Sig	
Pearson	2 398 469	1317	0.000	
Deviance	980 429	1317	1.000	
Pseudo-R-Square				
Cox and Shell	0.220			
Nagelkerke	0.222			
McFadden	0.049			

The effect of various constructs under fear of losing ownership on the SMEs listing was also examined. As a requirement, SMEs are supposed to allow the public to hold at least 20% of the shares issued. This requirement increases the control of the public over the SME taking a considerable share from the owners. However, ordinal logistic regression analysis revealed that 20% public shareholding was not related with SMEs listing on EGM (0.196, Wald $\chi^2(1) = 1.790$, $p = 0.181$). This implies that the requirement that SMEs give 20% of the shares issued to the public does not in any way affect their intention of listing on EGM. On the contrary, a study by Seikei (2019) reported that many SMEs that were family businesses did not want to list on EGM for

fear of losing it to outsiders. On another hand, Okumu *et al.* (2021) found that there was a significant relationship between the percentage of shares held by the public and performance of IPOs. According to Okumu *et al.* (2021), increased public shareholding increased the confidence of the investors hence leading to improved performance of IPOs.

The requirement that at least one third of board members of listed SMEs should be non-executive directors were, however, found to significantly predict the listing of SMEs on EGM (-0.403, Wald χ^2 (1) = 9.164, p = 0.002). This finding implies that one unit increase in non-executive directors in the SMEs' board lead to an expected decrease of 0.403 in log odds of falling in higher levels of SMEs listing on Enterprise Growth Market. In other words, a reduction in the representation of non-executive directors, whose role is to offer independent opinion, can encourage SMEs to list on EGM. While examining the listing of SMEs in Zimbabwe, Chitekuteku and Sandada (2016) found that the requirement that SMEs include non-executive members on their boards was keeping many business owners from listing on the stock exchange. According to Chitekuteku and Sandada (2016), many SMEs owners felt that including non-executive directors in their board will undermine their control since they provide oversight to ensure that the interest of shareholders is achieved. Although Okumu *et al.* (2021) and Madyan *et al.* (2020) investigated the performance of large corporations, their studies revealed the importance of inclusion of non-executive members on SMEs' boards. Their studies found that inclusion of executive members on board-improved firms' performance on the stock exchange market by boosting the confidence of investors. Consequently, improving SMEs listing on the stock exchange market may call for measures that protect owners from losing their businesses while at the same time protecting the interest of shareholders.

Lastly, the study examined whether 300 minimum number of shareholders threatened entrepreneur's ownership of the business, and thus preventing them from listing on EGM. The study found that the minimum number of shareholders was significantly but negatively related to SMEs' listing on EGM (-0.674, Wald χ^2 (1) = 31.143, p = 0.000). This finding implies that one unit increase in the minimum number of shareholders lead to an expected decrease of 0.674 log odds of falling in high levels of SMEs listing on EGM. Therefore, for government to increase the number of SMEs listing on its alternative stock segment on DSE, the minimum number of shareholders should be

reduced. Indeed, this conclusion is in cognizant of earlier studies by Okello (2018) and Barbara & Angelous (2018) which reported that many SMEs, especially those that have existed as family businesses, were not willing to sell part of ownership to non-family members. On another hand, a study by Okumu *et al.* (2021) and Madyan *et al.* (2020) revealed that increasing the number of shareholders important for improving the performance of shares of the company on the stock exchange market. Okumu *et al.* (2021) found that increased number of shareholders increased the scrutiny of the company management, which according to Madyan *et al.* (2020) improves the confidence of existing and new investors.

Table 24: Parameter of estimates

	Estimate	Std. Error	Wald	Df	Sig
Threshold EGML=1.00	-5.443	0.895	36.994	1	0.000
EGML=2.00	-5.015	0.872	33.081	1	0.000
EGML=3.00	-2.598	0.831	9.781	1	0.002
EGML=3.33	-1.939	0.829	5.474	1	0.019
EGML=4.75	2.231	0.841	7.040	1	0.008
Public Shareholding	0.196	0.146	1.790	1	0.181
Non-executive directors on the board	-0.403	0.133	9.164	1	0.002
Minimum number of shareholders	-0.674	0.121	31.143	1	0.000

Note: EGML – Enterprise Growth Market Listing

4.7 Alternative Source of Capital and SMEs Listing on EGM

The study also sought to find out whether there was a significant relationship between having an alternative source of capital and SMEs intention to list on EGM. Respondents were asked to indicate their ability to access other alternative sources of capital. Some of the alternative sources of capital that were assessed include retained earnings, partnership, bank loans, and loans from family and friends. The average mean of 3.59 and standard deviation of 1.49 shows that most SMEs had access to alternative sources of capital. Bank loan and partnership had the highest mean of 3.73 and 3.74 respectively while raising enough capital of retained earnings had the lowest mean of 3.42. These findings imply that most SMEs relied on non-equity sources of capital for funding their businesses. These findings highly correlate with those of Czerwonka and Jaworski (2021) which found that many SMEs in Central and Eastern Europe are not utilising equity capital to run their businesses.

The statement I can raise capital through retained earnings had a mean of 3.42 and a standard deviation of 0.87 as shown in table 12, which implies that respondents implied

that retained earnings is an alternative source of capital. Various studies have investigated the capital structure of SMEs. A study by Rao *et al.* (2019) showed that profitability was negatively associated with SMEs listing on stock markets. Rao *et al.* (2019) concluded SMEs that were operating at a profit are less likely to seek capital from external sources.

The statement that I can raise capital through partnership had the highest mean of 3.74 and a standard deviation of 1.09, which implies that partnership was a working alternative source of capital to SMEs. These findings corroborate with those of Allen *et al.* (2012) which found that SMEs follow pecking order theory when financing their businesses. The study showed that SMEs exhaust internal sources of funds and only utilise external sources as the last option.

The statement that SMEs can always access a bank loan was also highly rated with a mean of 3.73 and a standard deviation of 1.19 which implies most SMEs could take a loan from a bank to fund their business. In their research, Rao *et al.* (2019) found that when SMEs go for external funding they prefer short-term debts rather than long-term debts. Most SMEs take loans to meet their short-term capital needs.

The statement showing that SMEs borrow from family and friends was also rated highly with a mean of 3.46 and standard deviation of 1.49 implying that it is an alternative source of capital. Daskalakis, Balios and Dalla (2017) explained that economic uncertainty makes it difficult for SMEs to shift to long-term funding options hence preferring short-term sources such as personal contribution, family and friends.

Table 25: Alternative Source of Capital influence on SMEs' listing intention

Statement	Mean	Std. Dev
I can raise capital through retained earnings	3.42	0.87
I can raise additional capital through partnership	3.74	1.09
I can always access a bank loan	3.73	1.19
I have family and friends from whom I can borrow to expand business.	3.46	1.49
Average	3.59	1.16

4.7.1 Relationship between alternative source of capital and SMEs listing on EGM

The study evaluated the relationship between SMEs owners' access to alternative sources of capital and their intention to list on EGM. Ordinal logistic regression model

was used to examine whether there was any significant relationship between access to profits, partnership capital, bank loan and family contributions and EGM listing decision. To determine the suitability of ordinal logistic regression model, various tests were conducted.

First, the ordinal logistic regression model was tested to see whether it was fit for predicting the outcome at the chosen probability level. According to Fagerland and Hosmer (2017), the model is fit for the data when the significance p-value is less than the absolute critical value ($p < 0.05$). As shown in table 22, there is a significant improvement in the ability of the final model to predict the outcome of the study over the intercept only model $\chi^2(4) = 9.510$, $p < 0.05$.

A goodness-of-fit was also conducted to test the null hypothesis that the model is a good fit for the data. The model is found fit for data if the p-values of Pearson and Deviance are nonsignificant (Fagerland & Hosmer, 2017). As shown in table 22, both Pearson and Deviance had a non-significant result $\chi^2(268) = 263.602$, $p = 0.564$ and $\chi^2(268) = 195.490$, $p = 1.000$ respectively.

The overall effect of the four constructs of the independent variable namely retained earnings, partnership capital, bank loans, and contributions from family as alternative sources of capital on the outcome variable was also tested using Pseudo-R-Square. The four independent variables had a weak effect of Nagelkerke 0.029 which implies that at 95% confidence interval, the predictor variables accounted for 2.9% variation in the dependent variable. This implies that the alternative sources of capital are not able to meet SMEs capital needs. Indeed, a report by the International Finance Corporation (World Bank, 2021) identified that 40% of SMEs were underfinanced.

Table 26: Model fitting information

Model	-2 Log Likelihood	Chi-Square	df	Sig
Intercept Only	459.893			
Final	450.383	9.510	4	0.050
Goodness-of-Fit				
	Chi-Square	Df	Sig	
Pearson	263.602	268	0.564	
Deviance	195.490	268	1.000	
Pseudo-R-Square				
Cox and Shell	0.029			
Nagelkerke	0.029			
McFadden	0.006			

The study used parameters of estimate to establish the relationship between the elements of alternative sources of capital and SMEs listing on EGM. As shown in table 23, it was established that retained earnings as an alternative source of capital was significantly related with SMEs listing on EGM (0.643, Wald $\chi^2(1) = 8.742$, $p = 0.003$). This implies that a unit increase retained earnings lead to an expected increase of 0.643 log odds of falling in higher levels of SMEs listing on EGM. In other words, the more SMEs retain their profits, the more likely they are to list on EGM. This finding contradicts the assertions by pecking order theory that firms will prefer to use internal sources of capital first before they consider using external sources. Nonetheless, given that listing on EGM involves some transactional costs, profitable SMEs can easily raise the listing and issuance fee, afford the services of a nominated advisor, and even meet corporate governance requirements hence listing on EGM. Previous studies (Okello, 2018, Seikei, 2019, Huo & Li, 2019) had identified that listing costs were an inhibiting factor. Therefore, this study shows that being profitable is an enabling factor for SMEs to list on EGM contradicting findings by Rao *et al.* (2019) and Allen *et al.* (2012) who found that profitability reduced the probability of firms to borrow externally.

Partnership as a source of alternative capital was found to be unrelated with SMEs listing on EGM (-0.247, Wald $\chi^2(1) = 1.969$, $p = 0.161$) as shown in table 23. This implies that the ability of SMEs to raise capital through partnership cannot be relied upon to predict increase or decrease in log odds of falling in higher levels of SMEs listing on EGM. However, despite nonsignificant association, it is critical to note that there is a negative relationship between raising business funds through partnership and listing on EGM. If significance tests were to be treated as a simple measure of association, therefore, it would mean that SMEs raising capital through partnership may not desire to list on EGM. The findings can also be understood in light of an earlier study by Daskalakis, Balios and Dalla (2017) who identified that the capital structure of firms is dictated by the existing macroeconomic and microeconomic conditions. In uncertain macroeconomic conditions, firms may be compelled to use short-term sources of capital, while in stable economic conditions long-term sources of capital such as stock equity can be pursued.

Bank loans (-0.228, Wald $\chi^2(1) = 2.035$, $p = 0.154$) and family contributions (-0.393, Wald $\chi^2(1) = 2.453$, $p = 0.117$) were found to have no statistically significant relationship with SMEs listing on EGM. However, they exhibited a negative

relationship, implying that increase in bank loans and family contribution reduces the likelihood of listing on EGM supporting the assertions of pecking order theory, that firms show preference for internal sources of capital over external financing. In their studies of firms' capital structure, Rao *et al.* (2019) and Daskalakis *et al.* (2017) found that short-term financing was preferred over long-term financing. Daskalakis *et al.* (2017) study attributed this to uncertainty in the macroeconomic environment. Whereas this study shows that indeed short-term financing has a negative relationship with listing on EGM, it finds no statistically significant relationship.

Table 27: Parameters of estimates

	Estimate	Std. Error	Wald	Df	Sig
Threshold EGML=1.00	-4.188	0.774	29.252	1	0.000
EGML=2.00	-2.359	0.704	11.216	1	0.001
EGML=3.00	-1.477	0.695	4.518	1	0.034
EGML=4.25	1.527	0.700	4.758	1	0.029
EGML=4.75	2.654	0.731	13.167	1	0.000
Retained Earnings	0.643	0.218	8.742	1	0.003
Partnership capital	-0.247	0.176	1.969	1	0.161
Bank loans	-0.228	0.160	2.035	1	0.154
Family contributions	-0.393	0.251	2.453	1	0.117

Note: EGML – Enterprise Growth Market Listing

4.8 Role of Nominated Advisor on SMEs Listing Decision on EGM

The study also wanted to examine whether there is any relationship between nominated advisor involvement and SMEs listing decisions on EGM. According to the pecking order theory, SMEs are likely to prefer internal sources of financing over external sources. The theory explains that external sources of financing are usually thought of once internal sources of financing are exhausted. This study intends to find out whether certain external factors can incentivize SMEs to prefer external sources of financing such as raising equity on stock markets. As such, the managers and owners of SMEs were presented with various statements to indicate their level of agreement or disagreement on a scale of 1–5 where 1 strongly disagrees, 2-disagree, 3-neutral, 4-agree and 5-strongly agree. The responses were interpreted based on a mean index adopted from Kalatya and Moronge (2017) where a means of 1.0 to 2.5, show not agreed, a mean of 2.6 to 3.4 identify neutrality, while a mean of 3.5 to 5.0 indicated agreement.

As shown in table 10, the average mean was 2.73 with a standard deviation of 1.21. This implies that respondents chose to be neutral on the role of nominated advisor on

SMEs listing decisions on EGM. However, each construct had a different response as shown by their respective means. The statement that registered stock exchange brokers are affordable had a mean of 1.72 and a standard deviation of 1.12 which reveals that most of the responses were close to the mean. The mean of 1.72 implies that the respondents disagreed that registered nominated advisors are not affordable. A study by Shaibu (2017) revealed that cost associated with listing on stock exchange markets was one of the inhibiting factors for SMEs. On another hand (Baldock, 2015) reported that SMEs cannot succeed on the stock exchange market without the services of nominated advisers. One of the requirements of listing on EGM is to appoint a nominated advisor who would represent the company throughout its period of listing (CMSA, 2016). The representation of an SME by a NOMAD is an indicator to external investors that the company is in a good financial position. Therefore, nominated advisors need to be affordable to lure most SMEs to prefer on stock exchange markets over bank loans which do not have upfront costs.

The respondents also disagreed that registered NOMADS are easily accessible when SMEs need them for preparation and listing on EGM. This was revealed by a low mean of 1.84 and standard deviation of 1.12 interpreted based on Kalatya and Moronge (2017) mean index. This finding implies that most SMEs in Moshi municipality may not know where to find a NOMAD when they want to list. Barbara and Kotey (2018) also found SMEs in Ghana did not know where to find stock market operators.

The respondents also agreed that they need security services provided by NOMADS to list or continue listing on EGM with a mean of 3.69 and standard deviation of 1.34. This implies that affordability and accessibility of NOMADS are critical for SMEs to either list or continue listing on EGM. This finding concurs with those of Baldock (2015) in the United Kingdom who found that NOMADS helped to promote SMEs to investors. It is also a requirement by the Capital Markets and Security Authority that SMEs maintain and NOMAD throughout their period of listing.

The respondents were also asked whether they will need advisory services of a broker to list or continue listing on the enterprise growth market. As shown in table 10, the statement was moderately rated with a mean of 3.66 and standard deviation of 1.27. The moderate rating can be attributed to lack of awareness of the listing process among many of the SMEs. Nonetheless, this finding implies that SMEs agreed that they need

advisory services of a licensed broker to list or continue listing on EGM. An earlier study by Baldock (2015) had revealed that nominated advisors are the key to success of SMEs equity stock exchange market in the UK.

Table 28: Perception on the role of nominated advisor on SMEs listing decisions on EGM

Statement	Mean	Std. Dev.
Registered stock exchange brokers are affordable	1.72	1.12
Registered stock exchange brokers are easily accessible	1.84	1.12
Will need security services provided by brokers to list or continue listing	3.69	1.34
Will need advisory services of a broker to list or continue listing on enterprise growth market	3.66	1.27
Average	2.73	1.21

4.8.1 Relationship between nominated advisor and SMEs listing on EGM

Nominated advisors or registered brokers or NOMADS play a critical role in enabling any company to list on the stock exchange. One of the requirements for listing on EGM is to appoint a NOMAD before and retain them throughout the period of listing. This study, specifically sought to determine whether the affordability of NOMADS, ease of accessibility, their security services as well as advisory services affect SMEs' decision to list on EGM.

To establish the suitability of the model to the data, a model fitting test was run and as shown in table 25 the final model showed significant improvement over the intercept only model $\chi^2(4) = 12.282, p < 0.05$. According to Osborne (2014), the ordinal logistics model used must be showing goodness-of-fit to the data. This happens when the p-values of Pearson and Deviance are greater than the absolute critical value of 0.05. The goodness-of-fit test in table 25 indicates that Pearson ($\chi^2(256) = 280\ 646, p = 0.459$) deviance ($\chi^2(256) = 257.676, p = 0.459$) satisfied the assumption. This implies that the model is a good fit for the data.

The model having been found fit for the data, the study analysed the overall effect of the four constructs of independent variable; affordability of NOMADS, accessibility of NOMADS, their security services and advisory services; on the predicted variable. The Pseudo-R-Square revealed that the four variables led to 0.04 or 4% variation in SMEs listing on EGM as shown in table 25. This means for everyone unit increase in the utilisation of NOMADS, there will be 4% variation in SMEs listing on Enterprise Growth Market.

Table 29: Model fitting information

Model	-2 Log Likelihood	Chi-Square	df	Sig
Intercept Only	398 991			
Final	386 709	12 282	4	0.015
Goodness-of-Fit				
	Chi-Square	Df	Sig	
Pearson	280 646	256	0.139	
Deviance	257 676	256	0.459	
Pseudo-R-Square				
Cox and Shell		0.037		
Nagelkerke		0.040		
McFadden		0.014		

The study sought to examine how NOMADS influenced SMEs listing on EGM. To begin with, the study sought to establish the relationship between affordability of NOMADS and SMEs' decision to list on EGM. It was established that there is no statistically significant relationship between affordability of NOMADS and SMEs listing (-0.222 , Wald $\chi^2(1) = 3.035$, $p = 0.082$). This implies that making NOMADS affordable to SMEs cannot influence them towards listing on EGM. This finding contradicts studies by Okello (2018) who found that SMEs could not afford to pay for the services of NOMADS, hence being unable to list on SMEs equity market.

Accessibility of NOMADS (-0.138 , Wald $\chi^2(1) = 1.330$, $p = 0.249$) was also found to have no statistically significant relationship with SMEs listing on EGM. This implies that making NOMADS easily accessible by SMEs does not increase or decrease the number of SMEs listing on EGM. This finding can be attributed to the fact that most of the SMEs that were included in the study, confessed that they lack the potential to list on EGM. Consequently, certain factors such as availability and ease of accessibility of NOMADS do not make any difference. According to Baldock (2015) NOMADS were very key in the success of the UK alternative investment market for SMEs.

Thirdly, the study revealed that there was no statistically significant relationship between services offered by NOMADS and listing on EGM. In particular, security services (0.091 , Wald $\chi^2(1) = 0.076$, $p = 0.783$) and advisory services (-0.032 , Wald $\chi^2(1) = 0.011$, $p = 0.915$) offered by NOMADS are unrelated with SMEs listing on EGM. The findings contradict those of Baldock (2015) who concluded that SMEs cannot succeed on the stock exchange market without the services of nominated advisers. Baldock (2015) study investigated SMEs that are already listed, hence have full understanding of the role of NOMADS.

Table 30: Parameters of estimate

	Estimate	Std. Error	Wald	Df	Sig
Threshold EGML=1.00	-2.955	0.585	25.526	1	0.000
EGML=2.00	-1.997	0.563	12.590	1	0.000
EGML=3.00	-1.274	0.555	5.274	1	0.022
EGML=4.25	0.297	0.550	0.292	1	0.589
EGML=4.75	0.210	0.480	0.162	1	0.567
Affordability of NOMADS	-0.220	0.127	3.035	1	0.082
Accessibility of NOMADS	-0.138	0.120	1.330	1	0.249
Security services	0.091	0.331	0.076	1	0.783
Advisory services	-0.032	0.298	0.011	1	0.915

Note: EGML – Enterprise Growth Market Listing

4.9 SMEs listing on Enterprise Growth Market

The Enterprise Growth Market was established to make it possible for SMEs to list by relaxing the stringent requirements that businesses must meet to list on it. As at August 2022, only six SMEs had listed on the platform. Consequently, this study sought to establish the factors influencing SMEs' decision to list on EGM. Various statements were presented to SMEs to indicate their level of agreement or disagreement on a scale of 1–5 where 1-strongly disagree, 2-disagree, 3-neutral, 4-agree and 5 strongly agree. The responses were interpreted based on a mean index adopted from Kalatya and Moronge (2017) where a mean of 1.0 to 2.5, show not agreed, a mean of 2.6 to 3.4 identify neutrality, while a mean of 3.5 to 5.0 indicated agreement. There was a mixed reaction from respondents. Some statements were highly rated for instance ‘Reduction of listing fee encourages listing’ had a mean of 3.80, while ‘SMEs want to list on EGM’ had a mean of 3.12.

Other statements ‘EGM raises capital for SMEs’ and ‘Simplification of listing procedure promotes listing’ had means of 3.29 and 3.42 respectively. Nonetheless, the average mean of the four statements was 3.41 with a standard deviation of 1.17 implying that the respondents were not so sure about listing on EGM. The indifference among SMEs can be attributed to their level of awareness of EGM which was found to be very low. These findings are in line with other studies done in other countries like Kenya (Okello, 2018) and Ghana (Barbara & Angelous, 2018) which found very levels of listing on SMEs stock exchange.

Table 31: Perception on SMEs listing on EGM

Statement	Mean	Std. Dev
SMEs want to list on EGM	3.12	1.18
EGM raises capital for SMEs	3.29	1.15
Simplification of listing procedure promotes listing	3.42	1.13
Reduction of listing fee encourages listing.	3.80	1.22
Average	3.41	1.17

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary of the findings, conclusions, recommendations, and areas for further research.

5.1 Summary

The purpose of this study was to investigate the listing of SMEs on the enterprise growth market on the Dar es Salaam stock exchange. This was achieved by answering seven research questions.

The first research question investigated the level of awareness of SMEs about EGM and how it affected their intention to list on EGM. The study found that SMEs in Moshi Municipality were not aware of the existence of the Enterprise Growth Market on DSE. Aligned to this question, the study sought to establish whether there was any relationship between the level of awareness and SMEs listing on EGM. Spearman rho's correlation coefficient revealed that there was a nonsignificant weak positive relationship between SMEs awareness about EGM and their intention to list on the platform. The Ordinal logistics regression model further confirmed these findings showing that there was no significant relationship between awareness of EGM existence, knowledge of listing process, attendance of EGM forums and awareness of listing requirements and their intention to list on SMEs equity market.

The second research question intended to establish the potential of SMEs to list on EGM. This was assessed against the minimum requirements that SMEs ought to fulfil before being allowed to list on EGM. The study found that three quarters of SMEs in Moshi municipality did not have the potential to list on EGM. SMEs' lack of potential to list on EGM can be attributed to low level of awareness.

The fourth research question examined the relationship between EGM listing regulations and the intention of SMEs to list. Spearman rho's correlation coefficient revealed that there was a weak positive significant association between listing regulations and SMEs listing on EGM. The cause and effect relationship between listing regulations and SMEs listing on EGM was tested using the Ordinal logistic regression model. The study found that listing and issuance fees significantly but negatively affected SMEs' intention to list on EGM. An increase in listing and issuance fee was found to decrease the number of SMEs listing on EGM. Whereas corporate

governance requirements and ongoing listing costs were not significantly related with SMEs listing on EGM, the study found they exhibited a negative relationship.

Another question that the study answered was as to whether fear of losing ownership of the business affects SMEs intention to list on EGM. Spearman rho's correlation coefficient revealed that there was a relatively weak and significant relationship between fear of losing ownership and SMEs listing on EGM. Through ordinal logistic regression, the study revealed that fear of losing ownership by SMEs owners was a significant factor preventing SMEs from listing on EGM. The study particularly found that inclusion of non-executive directors on the board and 300 minimum number of shareholders threatened business owners significantly and affected the listing of SMEs on EGM. On the other hand, the requirement that 20% of shares issued to be held by the public was not significantly related with SMEs listing on EGM.

The study also answered the question as to whether SMEs' access to alternative sources of capital affected their intention to list on EGM. Spearman's rho's correlation coefficient revealed that there was no significant association between alternative sources of capital and SMEs' intention to list on EGM. Four constructs of alternative sources of capital namely retained earnings, partnership capital, bank loans, and family contributions. The study revealed that increase in retained earnings increased the likelihood of SMEs listing on EGM. On the other hand, whereas partnership capital, bank loans, and family contributions exhibited negative relationships, they were not significantly related with SMEs listing on EGM.

Lastly, the study also sought to examine whether NOMADS involvement influenced SMEs intention to list on EGM. There was no significant association between the involvement of nominated advisers and SMEs listing on EGM. All the four constructs of NOMADS involvement; affordability of NOMADS, accessibility of NOMADS, their security services and advisory services were not significantly related with SMEs' intention to list on EGM. The non-significance results were attributed to lack of knowledge of their role and EGM by most SMEs in Moshi municipality.

5.2 Conclusion

Based on the study objectives and findings the following conclusions were drawn in relation to SMEs listing on EGM on DSE. The first objective tried to answer the question regarding the level of awareness of SMEs in Moshi municipality; the study

concluded that SMEs were not aware about the existence and the role of EGM. Many SMEs are unable to raise business capital due lack of awareness of the existence of cheap sources of capital such as stock exchange markets. Increasing EGM listing might require rigorous campaigns targeting SMEs located far away from the city. Such campaigns should cover pertinent topics such as benefits of listing on EGM, listing regulations, costs of listing and listing procedure.

The second objective tried to answer the question concerning the potential of SMEs in Moshi Municipality to list on EGM, the study concludes that SMEs in Moshi municipality do not have the potential to list on EGM. There are certain requirements that SMEs must fulfil to be allowed to list on EGM. Over 98% of the SMEs that were examined were not incorporated as public limited companies, do not have at least three hundred shareholders and found requirements on corporate governance hard to meet.

The third objective tried to answer to 5 questions and conclude the following:

On the third research question, the study concludes that the SMEs awareness of EGM affects their listing intention. Thorough understanding of EGM among SMEs is important for them to desire to list. SMEs need to understand the benefits, the process of listing and the cost of listing. Most SMEs in Moshi are not aware of the existence of EGM. Many of them do not understand the benefits of EGM and how to list. Consequently, they are not prepared to meet all the requirements of listing on EGM.

Fourthly, the study concludes that listing regulations adversely affect the listing of SMEs on EGM. In particular the study concludes that a reduction in listing and issuance fee, corporate governance requirements and ongoing listing costs will increase the number of SMEs and initial public offering on EGM. Although EGM is a more relaxed listing platform compared to the main bourse on DSE, many SMEs are still finding it difficult to satisfy all the regulations. In particular, regulations that increase operating costs on SMEs such as minimum listing fee of 2 million, appointment of nominated advisor, restructuring of internal governance structure to include non-executive directors discourage many SMEs from pursuing listing on EGM.

This study also concludes that fear of losing ownership by listing on EGM is another factor hindering SMEs in Moshi municipality from listing on EGM. Listing on EGM requires SMEs to incorporate their firms as public limited companies that allow outsiders to have a stake in the affairs of the business. In Moshi, many SMEs were

particularly concerned that non-executive directors would undermine the control of owners over their businesses. As such, without proper education, many SMEs owners may shy away from listing on EGM due to fear of losing their businesses to outsiders.

The study also concludes that SMEs' access to alternative sources of capital does not hinder them from listing on EGM. Instead, this study shows that SMEs which are operating at a profit are very likely to list on EGM compared to those that are making losses. This conclusion stems from the fact that SMEs operating at a profit are able to meet the cost of listing on EGM, without interrupting their normal operations. As to other alternative sources of capital such as partnership, family contributions, and bank loans, this study concludes that they do not affect SMEs' decision to list on EGM in any way. Although SMEs may be reluctant to list on EGM when they have alternative sources of capital, most of the existing alternative sources of capital are not sufficient. As such, following pecking order theory, after exhausting internal sources of funds, SMEs may find it necessary to exploit external sources of capital including equity.

Regarding the involvement and role of nominated advisers, the study concludes that nominated advisers affect SMEs ability and intention to list on EGM. SMEs that have the potential to list are required to appoint a nominated advisor. It is the nominated advisor that will guide them in the remaining stages of listing. Accordingly, nominated advisers play an essential role in SMEs listing. The nonsignificant results found in the study can be attributed to the fact that most of the SMEs examined were not aware of EGM, and lacked the potential to list hence downplaying their role.

In conclusion, this study has found that there are both internal and external factors to SMEs listing on EGM. The internal factors include SMEs readiness and willingness to list and fear of losing ownership of business and access to alternative sources of capital. SMEs that are willing to list are likely to take all the required action to meet the listing regulations and list. Externally, SMEs intention to list is affected by awareness about EGM, listing regulations, and involvement of nominated advisers.

5.3 Recommendations

The role of SMEs in the economy of Tanzania cannot be underrated. With a high rate of unemployment among the youth, SMEs are a promising avenue of sustainable new job opportunities if conducive policies are formulated and implemented. In light of the findings discussed, this study recommends the following.

First, the study recommends that the Capital Market and Security Authority in conjunction with Dar es Salaam Stock Exchange should conduct EGM awareness forums in all regions of Tanzania. CMSA has been running EGM campaigns and training sessions, however, most of these initiatives are taken in the major cities particularly Dar es Salaam and Dodoma leaving out other regions with a high number of SMEs. The awareness campaigns should seek to inform SMEs about the existence of EGM, the benefits of listing, the listing regulations and processes. The campaigns should also exhaustively discuss all the associated costs of listing and issuing of IPO. EGM awareness forum will promote the number of SMEs listing on EGM.

Secondly, the study recommends that CMSA and DSE should invest in enabling SMEs to list on EGM. A majority of SMEs examined in Moshi do not have the potential to list. Lack of potential can be attributed to a number of factors including number of shareholders, incorporated as a public limited company, one third of the board made of non-executive directors and having an audit committee. CMSA should work towards relaxing the regulations further, for instance allowing SMEs to list as private entities since some SMEs may not be willing to go public. Additionally, the minimum number of shareholders should be reduced to at least 150 to make it easier for SMEs to access capital markets. Awareness forums and training about SMEs financing, enterprise growth market should also be prioritised not only targeting SMEs but also the public to encourage them to buy shares from listed SMEs. The study also recommends that SMEs should seek out information about equity financing and start preparing to meet the listing requirements.

Regarding listing regulations, the study recommends that CMSA and DSE should relax and remove unnecessary regulations that do not apply to SMEs. For instance, CMSA should provide alternatives to public offerings for many SMEs that may not be ready to go public. This will eliminate the need for them to provide a five-year prospectus. It should also reduce the minimum number of shareholders from 300 to 150. The authority should also reduce the listing costs. Many SMEs are utilising internal sources of capital over external sources because of the low cost of accessing them which is paid in form of interest at a later date. Similarly, corporate governance requirements should also be lessened given that countries such as Mauritius have no management requirement yet they have more than 49 listed SMEs.

The study recommends that CMSA and DSE should ensure that nominated advisors are accessible to SMEs far away from the city. It should also subsidise the cost of services of nominated advisors for SMEs that have the potential to list, but are limited by the cost of hiring NOMADS throughout the listing period. Where necessary, the CMSA may waive the requirement to have a NOMAD especially if the SMEs can demonstrate ability to manage their relations with investors.

Lastly, the study recommends that SMEs in Moshi municipality should explore cheap alternative sources of funding, particularly equity capital on capital markets. While CMSA and DSE should invest in awareness campaigns, SMEs should take the initiative of attending such forums and seeking clarity to enable them widen their sources of funding. SMEs should also consider incorporating as public limited companies since this is an important step towards listing on EGM.

REFERENCES

- Agustina, I & Pradesa, H. A. (2020). Gender differences in risk taking among entrepreneurs: Case on small medium enterprise in Malang. *Warmadewa Management and Business Journal*, 2(2), 63–72.
- Allen, F., Chakrabarti, R., De, S., & Qian, M. (2012). Financing firms in India. *Journal of financial intermediation*, 21(3), 409–445.
- Amin, M. E. (2005). *Social Science Research: Conception, Methodology and Analysis*. Makerere University Printery, Kampala, 462pp.
- Amina, K.A. (2016). Effectiveness of solid waste management systems in local government authorities in Tanzania: The case of Moshi municipal council. Dissertation for Award of M.A Degree at Mzumbe University: Tanzania,
- Asgary, A., Ozdemir, A. I., & Özyürek, H. (2020). Small and medium enterprises and global risks: evidence from manufacturing SMEs in Turkey. *International Journal of Disaster Risk Science*, 11(1): 59–73.
- Baldock (2015). What is the role of public feeder markets in developing technology-based small firms? An exploration of the motivations for listing on AIM since the GFC venture capital. *An international Journal of Entrepreneurial Finance*, 17(2),87–112. doi:10.1080/13691066.2015.1021028.
- Barbara, J. and Angelous, R. K. (2018). The influence of small and medium enterprises (SMEs) listing on the Ghana alternative market (GAX): Prevailing factors. *Academic Journal of Economic Studies*, 4(4), 142–156.
- Bernstein, S. Dev, A., Lerner, J. (2018). *The creation and entrepreneurial public markets*. National Bureau of Economic Research, Cambridge. 101pp.
- Bulan, L. and Yan, Z. (2015). A few bad apples: an analysis of CEO performance pay and firm productivity. *Journal of Economic and Business*, 62(4), 273–306.
- Capital Markets and Securities Authority (2016). A guide to the enterprise growth market segment of the Dar es Salaam stock exchange. Retrieved from <https://www.cmsa.go.tz/uploads/publications/en-15809051918.%20B9%20EGM%20ENGLISH%20VERSION%20CMSA.pdf>

- Chitekuteku, Z. and Sandada, M. (2016). An assessment of factors that determine the listing of small to medium enterprises (SMEs) on the Zimbabwean alternative securities market. *International Journal of Economics and Finance Studies*, 8(1), 112–130.
- CMSA (2022). Capital Market and Securities Authority Plc: nominated advisor regulations. Retrieved from [<https://www.cmsa.go.tz/publications/12>] site visited on 24/7/2022.
- Creswell, W. J. (2014). *Research design: qualitative, quantitative and mixed methods approach*. Sage, Thousand Oaks. 273pp.
- Czerwonka, L. and Jaworski, J. (2021), Capital structure determinants of small and medium-sized enterprises: evidence from Central and Eastern Europe. *Journal of Small Business and Enterprise Development*, 28(2), 277–297. doi:10.1108/JSBED-09-2020-0326.
- Daskalakis, N., Balios, D. and Dalla, V. (2017). The behaviour of SMEs capital structure determinants in different macroeconomic states. *Journal of Corporate Finance*, 46(1), 248-260. doi: 10.1016/j.jcorpfin.2017.07.005.
- DSE (2016). Handbook, Dar es Salaam Stock Exchange, PLC: Dar es Salaam, 44pp.
- DSE (2022). Dar es Salaam Stock Exchange, plc: listing requirements. Retrieved from [<https://dse.co.tz/listed-companies>] site visited on 10/6/2022.
- European Commission (2021). Internal market, industry, entrepreneurship and SMEs. Retrieved from https://ec.europa.eu/growth/smes/sme-definition_en
- European Union (2021). Action 5-Directing SMEs to alternative providers of funding. Retrieved from https://ec.europa.eu/info/business-economy-euro/growth-and-investment/capital-marketunion/capital-markets-union-2020-action-plan/action-5-directing-smes-alternative-providers-funding_en
- Exchange, J. S. (2022). JSE Listed companies. [<https://www.listcorp.com/jse/>] site visited on 12/04/2021
- Exchange, T. S. (2022). TSX E-review April 2022.
- Fagerland, M. W. and Hosmer, D. W. (2017). How to test for goodness of fit in ordinal logistic regression models. *The Stata Journal*, 17(3), 668–686
- Fama, E. F., & French, K. R. (2017). International tests of a five-factor asset pricing model. *Journal of financial Economics*, 123(3), 441-463.

- Gamba, F. (2019). SME development policies of Tanzania and Rwanda: Comparability of policy presentation on focus, significance, challenges and participation. *Journal of Development and Communication Studies*, 6(1), 1-17. [<http://www.devcomsjournal.mw.org>], visited on 15/05/2021.
- Gharaibeh, A. M. O. (2015). The determinants of capital structure: Empirical evidence from Kuwait. *European Journal of Business, Economics and Accountancy*, 3(6), 1-25.
- Granier, C. Revest, V. and Sapio, A. (2019). SMEs and junior stock markets: A comparison between European and Japanese markets. *Journal of Innovations Economics and Management*, 2(29), 43-67. doi:10.3917/jie.029.0043.
- Hong Kong Exchange and Clearing Limited (2022). Shenzhen stock exchange (SZSE) ChiNext market overview. Retrieved from <https://www.hkex.com.hk/Mutual-Market/Stock-Connect/Getting-Started/Information-Booklet-and-FAQ/ChiNext-Market-Overview?sclang=en>
- Hou, X. and Li, W. (2019). The effects of industrial policy support on IPO performance: Evidence from listed enterprises of the Chinese SMEs Board. *Journal of Small Business Management*, 57(2):616–639. doi:10.1111/jsbm.12415.
- Huld, A. (2021). The New Beijing Stock Exchange for SMEs-What you need to know. Retrieved from [<https://www.china-briefing.com/news/beijing-stock-exchange-for-smes-what-we-know/>] site visited March 4, 2022.
- International Finance Corporation (2014). Women-owned SMEs: A business opportunity for financial institutions. A market and credit gap assessment and IFC's portfolio gender baseline. Retrieved from <https://www.ifc.org/wps/wcm/connect/44b004b2-ed46-48fc-8ade-aa0f485069a1/WomenOwnedSMEs+ReportFinal.pdf?MOD=AJPERES&CVID=kiiZZDZ>
- Irving, J., Schellhase, J. and Woodsome, J. (2017). Can stock exchanges support the growth of small and medium-sized enterprises? Lessons from India, South Africa, and Jamaica. A report from the Milken Institute Center

for Financial Markets. Retrieved <https://www.Asiapacific.ca/sites/default/files/filefield/can-stock-exchanges-support-the-growth-of-small-and-medium-sized-enterprises.pdf>

- Kalatya, B. and Moronge, M. (2017). Influence of procurement practice performance of logistics firms in Kenya. *The Strategic Journal of Business and Change Management* 4(4):605–628.[<https://www.strategicjournals.com>], visited on 07/02/2022.
- Kulkarni, P., and Chirputkar, A. V. (2014). Impact of SME listing on capital structure decisions. *Procedia Economics and Finance*, 11(1), 431-444. doi:10.1016/S2212-567 (14)00210-X
- Kumarasi, T. J. (2017). Strategic factors influencing SMEs participation in the securities exchange. Dissertation for Award of M.A Degree at United States International University Africa: Kenya
- Lyimo, L. L. (2020). Determinants of small and medium enterprise trade competitiveness in Tanzania’s Agriculture sector. *American Journal of Economics*, 10(3), 149–162. doi: 10.5923/j.economics.20201003.05.
- Madyan, M., Sasikirono, N. Sumiati, Meidiaswati, H. (2020). The impact of public ownership and share warrants on market performance of IPOs: Evidence from the Indonesian Stock Exchange (IDX). *Asia Pacific Management Review*, 25(4), 226-234. [<https://doi.org/10.1016/j.apmr.2020.05.002>], visited on 15/08/2021.
- Majluf, N. and Stewart, C. (2015). SME financing and investment decisions when firms have information that investors do not have. *Journal of Business Economics*, 11(2),187-221.
- Marwa, M. (2021). What entrepreneurs need to know on the preparation of the IPOs. [<https://www.the-citizens.co.tz/tanzania/news/business/what-entrepreneurs-need-to-know-on-the-preparation-of-the-IPOs-3363864?view=html&site>] site visited on 21/02/2021
- Meera, M. R., Padmaja, R., & Siddique, R. M. A. (2017). A Study on Customer Attitude towards Usage of Plastic Money in Sivakasi. *Asian Journal of Management*, 8(2), 123-245. doi:10.5958/2321-5763.2017.00023.3
- Mela, M. Patel, A., Turner, S. and Wells, S. (2015). Review of growth enterprise market segment (GEMS) and increasing access to Kenya’s capital market by small and medium enterprises (SMES). [<https://www>

.fsdkenya.org/wp-content/uploads/2021/aws/Archive%20data%20FSD/15-09-07-GEMS-A N D-SMEs-Report. pdf?_t= 1,611,138,420] site visited 30/12/2021.

- Mertler, C. A., Vannatta, R. A., & LaVenja, K. N. (2021). *Advanced and multivariate statistical methods: Practical application and interpretation*. Routledge, New York, 350pp.
- Mgembe, S. R. (2019). Small business sustainability strategies in the Tanzanian Construction Materials Industry. Thesis for Award of PhD Degree at Walden University: United Kingdom.
- Ministry of Industry and Trade (2003). Small and medium enterprise development policy, 2003. United Republic of Tanzania. Retrieved from: <https://www.mit.go.tz/uploads/documents/sw/1455890063-SME-Development-Policy>
- Mishra, P., Pandey, C. M., Singh, U., Gupta, A., Sahu, C., & Keshri, A. (2019). Descriptive statistics and normality tests for statistical data. *Annals of cardiac anaesthesia*, 22(1), 67-68.
- Moshi Municipal Council, (2021). *The report on the small and medium enterprises in Moshi Municipality*: Moshi. 43pp.
- Mugenda, O., & Mugenda, A. (2003). Research methods: Quantitative & Qualitative approaches . *African Centre for Technology Studies press*, 25(2), 320 – 327.
- Nassr, I. K., & Wehinger, G. (2016). Opportunities and limitations of public equity markets for SMEs. *OECD Journal: Financial Market Trends*, 2015(1), 49-84.
- Nkwabi, J., & Mboya, L. (2019). A review of factors affecting the growth of small and medium enterprises (SMEs) in Tanzania. *European Journal of Business and Management*, 11(33), 1–8.
- Okello, S. (2018). Factors influencing listing of small and medium enterprises to Growth Enterprise Segment in Kenya. Thesis for Award of Master's Degree at Strathmore University: Kenya.
- Okumu, A., Olweny, T. and Muturi, W. (2021). Theoretical review of effect of firm specific factors on performance of Initial Public Offering Stocks at the Nairobi Securities Exchange in Kenya. *Open Journal of Business and Management*, 9(1), 327-352. doi:10.4236/ojbm.2021.91018.

- Osborne, J. W. (2014). *Best practices in logistic regression*. Sage Publications, 463pp.
- Poidevin, F. L. (2019). How SMEs can benefit from a listing. [<https://www.tiseigroup.com/media/1547/how-smes-can-benefit-from-a-listing.pdf>] site visited 30/12/2021.
- Press Trust of India (2021, August 10). Bombay stock exchange aims at 60 SME platform listings in 2021-22. *Business Standard*. 13(2), 367-372. [https://www.business-standard.com/article/markets/bombay-stock-exchange-aims-at-60-sme-platform-listing-in-2021-22-121081001740_1.html], visited on 20/06/2021.
- Range, M. R. (2020). Utilisation of Trademarks In Promoting Formal Micro Enterprises and Food Industries In Tanzania. Dissertation for Award of M.A Degree Africa University: Tanzania,
- Rao, P. Kumar, S. and Madhavan, V. (2019). A study on factors driving the capital structure decisions of small and medium enterprises (SMEs) in India. *IIMB Management Review* 3(1), 37-50. doi: 10.1016/j.iimb.2018.08.010.
- Ravasi, D., & Marchisio, G. (2013). The strategic side of going public: a study of Italian family businesses. *Family Business—Tradition or Entrepreneurship in the New Economy*, 44(3), 283-296.
- Rodrigues da Costa, J. & Mata, M. E. (2016). Serving SMEs via the Stock Exchange: Historical lessons from the Lisbon Stock Exchange. *Journal of Economic Issues*, 50(3), 851–871. doi: 10.1080/00213624.2016.1213593.
- Seikei, A. T. (2019). The challenges of listing at the Nairobi Securities Exchange by top 100 mid-sized companies in Kenya. Thesis for Award of Master's Degree at University of Nairobi: Kenya,
- Sestanovic, A. (2016). SME stock exchanges-should they have a greater role? *FIP*, 4(1):59–74. [<https://hrcak.srce.hr/file/231244>], visited 1/3/2022.
- Singh, K. K. (2022). *Research Methodology in Social Science*. K.K. Publications, New Delhi, 284 pp.
- Sinha, S. and Lakhi, S. (2019). A direct growth driver: The benefits of listing on SME Exchange. [<https://economictimes.indiatimes.com/small-biz/money/a->

- direct-growth-driver-the-benefits-of-listing-on-sme-exchange/articles/how/65539722.cms] site visited on 30/12/2021.
- Siobhan, C. Stefano, A. Jacqueline, I. & Jim, W. (2017). *Small and Medium-Sized Enterprises and SME Exchanges: A joint report of the World Federation of Exchanges and the Milken Institute*. Retrieved from <https://www.world-exchanges.org/our-work/articles/wfe-milken-institute-sme-exchanges-report-18-july-2017>
- Sitorus, D. (2017). Improving access to finance for SMEs in Tanzania: Learning from Malaysia's experience. *The World Business and Management Studies*, 4(2), 20-29. Retrieved from <https://www.pacificimproving-access-finance-smes-tanzania-learning-malaysia-s-experience>.
- The Citizen (2015). More firms expected to list on EGM. [<https://www.thecitizen.co.tz/Tanzania/magazines/more-firms-expected-to-list-on-egm-2521134>], visited on 13/03/2022.
- United Republic of Tanzania (URT) Ministry of Industry and Trade. (2003). *SME development policy 2003–2013*. Dar es Salaam, Tanzania: Government printer.
- Wang, K., Chen, Y. Liu, Y. & Tang, Y. (2020). Board secretary's financial experience, overconfidence, and SMEs' financing preference: Evidence from China's NEEQ market. *Journal of Small Business Management*, 17(1), 212-250. [10.1080/00472778.2020.1838177](https://doi.org/10.1080/00472778.2020.1838177).
- Werner, A., Menk, M. T., & Neitzert, F. (2020). The European Capital Markets Union and its Impact on Future SME Financing. In *Contemporary Developments in Entrepreneurial Finance*, 13(2), 31–58).
- World Bank (2021). *Small and Medium Enterprises (SMEs) Finance: Improving SMEs' access to finance and finding innovative solutions to unlock sources of capital*. Retrieved from <https://www.worldbank.org/en/topic/sme-finance>.
- WTF (2017). *Catalysing investment finance for SMEs: FSD Tanzania's foray into the Enterprise Growth Market*. Retrieved from <https://www.fsdfrika.org/wp-content/uploads/2019/08/FSDT-Case-study.pdf>
- Xu, W., Zhu, S. & Wu, Z. Building a Junior Stock Exchange: Lessons from China. *European Business Organisation Law Review*, 21(1), 139-170. doi.org/10.1007/s40804-020-00181-0.

Yamane, T. (1967). *Statistics: An Introductory Analysis*, A Harper International Edition, Jointly Published by Harper & Row, New York. Evanston & London and John Weatherhill. *Inc.*, 129-162.

APPENDICES

Appendix (I): Questionnaire

Dear respondent,

My name is **Amos Ndayisenga**, a student of Moshi Co-operative University. Currently, I am doing a Master of Business Management (MBM). I am conducting a research study entitled '**Enterprise Growth Market: Investigating the Listing of Medium-sized Enterprises at the Dar es Salaam Stock Exchange**'. I need your help to respond to the given questions. The information collected will be treated with confidentiality and used for academic purposes only.

Email: ndayiamos@gmail.com, Phone number: **255 755 221 821**

PART A: INTRODUCTION

A1: Introduction about the owner or the manager of the business

1. What is your gender?

Female []

Male []

2. What is the highest level of education you have completed?

Did Not Attend School []

Primary School []

Ordinary Level []

Advanced Level []

Undergraduate []

Masters []

Ph.D. []

A2: Introduction to business

3. What is your position in the company?

Owner []

Manager []

Owner and manager []

4. What is the type of your business?

Health		Manufacturing	
Hospitality and Leisure		Finance and Banking	
Fast Moving Consumer Goods (FMCG)		Textile and Fashion	
Others (Specify)			

5. How many employees are working in the company?

1-4 []

5-49 []

50-99 []

≥100 []

6. How many years has your business been in operation?

.....

7. How much capital are you using to run your business in Tsh?

<5 000 000	
[5 000 000 – 200 000 000]	
[200 000 000 – 800 000 000]	
>800 000 000	

PART C: POTENTIAL OF SMES TO LIST ON EGM

9. The following table presents the questions you have to reply to **yes** or **no**.

Questions	Yes	No
Does your company have a 5 year business plan?		
Is your company incorporated as a public limited company?		
Are you able to raise the minimum listing and issuing fee of Tshs.200million?		
Does your company have 300 and above shareholders?		
Is one third of your board made up of non-executive directors?		
Do you have an audit committee?		

10. How long can your working capital finance your company in months?

1-3 []

4-7 []

8-12 []

>12 []

11. How many shareholders do you have?

1-100 []

101-200 []

201-300 []

>300 []

PART D: LISTING ANTECEDENT FACTORS ON INTENTION TO LIST THROUGH EGM

D1: Role of nominated advisor members in SMEs listing on the Enterprise Growth Market

12. The following table presents statements you are supposed to indicate your level of agreement or disagreement where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree

Statement	1	2	3	4	5
Registered stock exchange brokers are affordable					
Registered stock exchange brokers are easily accessible					
Will need security services provided by brokers to list or continue listing					
Will need advisory services of a broker to list or continue listing on enterprise growth market					

D2: Stock exchange listing regulations

13. The following table presents statements you are supposed to indicate your level of agreement or disagreement where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree

Statement	1	2	3	4	5
Minimum issuance and listing fees of TZS 2 million are prohibitive to listing					
Minimum number of 300 shareholders is hard to attain.					
Requirements on corporate governance and reporting are hard to attain.					
Initial and ongoing cost of listing is high					

D3: Existence of other sources of Capital

14. The following statements aim to assess your ability to raise business capital through alternative sources. You are required to state the extent of agreement or disagreement with the statement ranging on a scale of 1–5 where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

Statement	1	2	3	4	5
I can raise capital through retained earnings					
I can raise additional capital through partnership					
I can always access a bank loan					
I have family and friends from whom I can borrow to expand my business					

D4: Fear of losing ownership

15. The following table indicates **How concerned you are about the new structure of management after listing to EGM**. You are supposed to indicate an opinion of **not concerned at all** to **very concerned** where 1= Extremely concerned, 2= Moderately concerned, 3= Somewhat concerned, 4= Slightly concerned, and 5= not at all concerned.

Statement	1	2	3	4	5
At least 20% of issued shares must be held by the public					
At least one-third of the board members of a listed SME must be non-executive directors					
The minimum number of shareholders must be 300					

Part E: SMEs Listing on Enterprise Growth Market

11. The following table presents statements you are supposed to indicate your level of agreement or disagreement where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

Statement	1	2	3	4	5
My SME is willing to list on EGM					
EGM raises cheap capital for SMEs through IPOs					
Simplification of listing procedure promotes listing					
Reduction of listing fee encourages listing.					

Appendix (ii): Data Analysis Matrix

N/ S	OBJECTIVES	QUESTIONS	IV	DV	Analysing model
1	To assess the level of awareness about the enterprise growth market among small enterprise segments.	What is the level of awareness about EGM among small-sized enterprises?	awareness	-	Descriptive
2	To assess the listing potential of SMEs on EGM	Do SMEs have the potential to list on EGM?	EGM criteria to list	-	Descriptive
3	To examine the influence of listing antecedent factors on intention to list through EGM	<ul style="list-style-type: none"> ● Does Regulation influence the intention of some to list? ● Does the fear of loose ownership affect the intention to list? ● Does having an alternative source of capital influence int to list? ● Does the awareness about EGM affect SME decision to list on the stock exchange? ● Does broker involvement influence the intention of some to list? 	<ul style="list-style-type: none"> ● Regulation ● Fear ● Source of capital ● Awareness ● Nominated advisor involvement 	SMEs listing	Spearman's rho Correlation



UNITED REPUBLIC OF TANZANIA
MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

MOSHI CO-OPERATIVE UNIVERSITY (MoCU)
CHUO KIKUU CHA USHIRIKA MOSHI



OFFICE OF THE VICE CHANCELLOR

P. O. Box 474, Moshi, Tanzania, Tel: +255 272751833,
Email: vc@mocu.ac.tz, Website: www.mocu.ac.tz

In reply, indicate: Ref. No MoCU/UGS/3/41

Date: 18th May, 2022

Katibu Tawala,
Mkoa wa Kilimanjaro,
KILIMANJARO.

**YAH: KIBALI CHA KUFANYA UTAFITI KWA WANATAALUMA NA WANAFUNZI WA CHUO
KIKUU CHA USHIRIKA MOSHI (MoCU)**

Madhumuni ya barua hii ni kumtambulisha kwako **Ndugu Amos Ndayisenga** mtafiti wa Chuo Kikuu cha Ushirika Moshi ambaye kwa sasa anatarajia kufanya utafiti katika eneo lako.

Maombi haya yamezingatia Waraka wa Serikali wenye Kumb. Na. MPEC/R/10/1 wa tarehe 7 Julai, 1980 pamoja na Hati Idhini ya Chuo Kikuu Cha Ushirika Moshi (MoCU). Moja ya majukumu ya Chuo ni pamoja na kufanya utafiti na kutumia matokeo ya tafiti hizo katika kufundishia. Aidha, wanafunzi hufanya utafiti kama sehemu ya masomo yao wakiwa Chuoni.

Ili kufanikisha utekelezaji wa tafiti hizo, Makamu wa Mkuu wa Chuo hutoa vibali vya kufanya utafiti nchini kwa wanafunzi, waalimu, na watafiti wake kwa niaba ya Serikali na Tume ya Sayansi na Teknolojia.

Hivyo basi, tunakuomba umpatie mtafiti aliyetajwa hapo juu msaada atakaohitaji ili kufanikisha utafiti wake. Gharama za utafiti atalipia mwenyewe. Msaada anaohitaji ni kuruhusiwa kuonana na viongozi na wananchi ili aweze kuzungumza nao na kuwauliza maswali aliyo nayo kuhusiana na utafiti wake.

Madhumuni ya utafiti wa mtaalamu aliyetajwa hapo juu ni: **“Enterprise Growth Market: Investigating the Listing of SMEs at the Dar es Salaam Stock Exchange”**

Sehemu atakazofanyia utafiti huo ni: **MOSHI MUNICIPALITY**

Ikiwa kuna Sehemu ambazo zinazuiliwa, ni wajibu wako kuzuia zisitembelewe.

Muda wa Utafiti huo ni kuanzia tarehe **20/05/2022** hadi **20/05/2023**.

Ikiwa utahitaji maelezo zaidi tafadhali wasiliana nami.

Wako katika ujenzi wa Taifa,

Prof. Alfred S. Sife

MAKAMU MKUU WA CHUO

Nakala kwa: Mtafiti



UNITED REPUBLIC OF TANZANIA
MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

**MOSHI CO-OPERATIVE UNIVERSITY (MoCU)
CHUO KIKUU CHA USHIRIKA MOSHI**



OFFICE OF THE VICE CHANCELLOR

P. O. Box 474, Moshi, Tanzania, Tel: +255 272751833,
Email: vc@mocu.ac.tz, Website: www.mocu.ac.tz

In reply, indicate: Ref. No MoCU/UGS/3/41

Date: 18th May, 2022

Katibu Tawala,
Mkoa wa Kilimanjaro,
KILIMANJARO.

**YAH: KIBALI CHA KUFANYA UTAFITI KWA WANATAALUMA NA WANAFUNZI WA CHUO
KIKUU CHA USHIRIKA MOSHI (MoCU)**

Madhumuni ya barua hii ni kumtambulisha kwako **Ndugu Amos Ndayisenga** mtafiti wa Chuo Kikuu cha Ushirika Moshi ambaye kwa sasa anatarajia kufanya utafiti katika eneo lako.

Maombi haya yamezingatia Waraka wa Serikali wenye Kumb. Na. MPEC/R/10/1 wa tarehe 7 Julai, 1980 pamoja na Hati Idhini ya Chuo Kikuu Cha Ushirika Moshi (MoCU). Moja ya majukumu ya Chuo ni pamoja na kufanya utafiti na kutumia matokeo ya tafiti hizo katika kufundishia. Aidha, wanafunzi hufanya utafiti kama sehemu ya masomo yao wakiwa Chuoni.

Ili kufanikisha utekelezaji wa tafiti hizo, Makamu wa Mkuu wa Chuo hutoa vibali vya kufanya utafiti nchini kwa wanafunzi, waalimu, na watafiti wake kwa niaba ya Serikali na Tume ya Sayansi na Teknolojia.

Hivyo basi, tunakuomba umpatie mtafiti aliyetajwa hapo juu msaada atakaohitaji ili kufanikisha utafiti wake. Gharama za utafiti atalipia mwenyewe. Msaada anaohitaji ni kuruhusiwa kuonana na viongozi na wananchi ili aweze kuzungumza nao na kuwauliza maswali aliyo nayo kuhusiana na utafiti wake.

Madhumuni ya utafiti wa mtaalamu aliyetajwa hapo juu ni: **“Enterprise Growth Market: Investigating the Listing of SMEs at the Dar es Salaam Stock Exchange”**

Sehemu atakazofanyia utafiti huo ni: **MOSHI MUNICIPALITY**

Ikiwa kuna Sehemu ambazo zinazuiliwa, ni wajibu wako kuzuia zisitembelewe.

Muda wa Utafiti huo ni kuanzia tarehe **20/05/2022** hadi **20/05/2023**.

Ikiwa utahitaji maelezo zaidi tafadhali wasiliana nami.

Wako katika ujenzi wa Taifa,

Prof. Alfred S. Sife

MAKAMU MKUU WA CHUO

Nakala kwa: Mtafiti



THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE REGIONAL
ADMINISTRATION AND LOCAL
GOVERNMENT (PO-RALG)



MOSHI MUNICIPAL COUNCIL

In reply please quote:

Ref. No. MMC/ A.40/13/VOL.IV/142

Date: 26th May, 2022

Mr. Amos Ndayisenga,
Student,
Moshi Co-operative University,
S.L.P 474,
MOSHI.

RE: RESEARCH PERMIT

Please refer to the Regional Administrative Secretary letter with Ref No. FA.228/276/03/299 dated on 23rd May, 2022 regarding to the heading above.

2. With this letter, permission has been granted to you to conduct the research about "**Entreprise Growth Market: Investigating the listing of SME's at the Dar es Salaam Stock Exchange: A case study of Moshi Municipal**". The permission has been granted from 20th May, 2022 to 20th May, 2023.
3. Best regards.

Leonia T. Mwamwala
Leonia T. Mwamwala
For: **DIRECTOR**



C.C : Regional Administrative Secretary
Office of the Regional Commissioner,
S.L.P 3070,
MOSHI.

: Head of Department,
Finance and Trade,
MOSHI MUNICIPAL.

- Please assist

**SMES LISTING ON ALTERNATIVE STOCK EXCHANGE: A CASE OF
ENTERPRISE GROWTH MARKET OF DAR ES SALAAM STOCK
EXCHANGE, TANZANIA.**

Amos Ndayisenga¹, Emmanuel Elioth Lulandala² and Margreth Msonganzila³

¹Postgraduate student at Moshi Co-operative University, Tanzania.

Email: ndayiamos@gmail.com

²Senior Lecturer, Department of Banking, accounting and finance, Moshi Co-operative University, Tanzania. Email: elulandala@gmail.com

³Senior Lecturer, Department of Banking, accounting and finance, Moshi Co-operative University, Tanzania. Email: margemsonga@yahoo.com

ABSTRACT

Despite the efforts of the government of Tanzania to promote the listing of SMEs on the Dar es Salaam Stock Exchange (DSE) through the Enterprise Growth Market (EGM), the number of listed SMEs is extremely low. In more than 3 million, only six (6) SMEs are currently listed on DSE via the EGM, which accounts for only 0.0002%. Developing on this background, the study investigated the listing of SMEs on the Enterprise Growth Market on DSE, a case of SMEs in Moshi Municipality. Through a cross-sectional research design, data were collected from 361 SMEs in Moshi Municipality using a survey questionnaire. An ordinal logistic regression model was used in inferential data analysis. The study revealed that SMEs in Moshi Municipality were not aware of the GM platform. The study also found listing regulations particularly listing and issuance fee significantly and negatively affect SMEs listing on EGM (-0.342 , Wald $\chi^2(1) = 6.246$, $p = 0.012$). Therefore, the study concluded that SMEs in Moshi Municipality are not aware of EGM and as a result, lack the potential to list on EGM, contributing to generally low listing of SMEs on EGM across the country. The study recommended that DSE and Capital Market Authority should conduct SMEs awareness campaigns and forums in all regions across the country including Moshi Municipality. There is also a need for the government to review and relax the listing regulations on EGM to make them attainable.

Keywords: *Stock exchange, Small and medium enterprises, Listing, Cross-sectional, Moshi.*

1.0 INTRODUCTION

Enterprise Growth Market (EGM) is a section of Dar es Salaam Stock Exchange (DSE) that was created in 2013 by the Tanzania Capital Market and Security Authority (CMSA) in conjunction with DSE (CMSA, 2016; FSD Africa, 2017). EGM is considered a secondary stock market since it has more relaxed requirements than the primary DSE market. Consequently, companies that cannot meet the stringent requirements of DSE are able to list on EGM. The EGM was created for two purposes. First, EGM acts as an avenue through which the main DSE could get more companies listed. Secondly, it was created to enable micro, small and medium sized enterprises (MSMEs) to raise capital for their business operations on the capital market (CMSA, 2016). This second purpose is lauded for providing a cheap and easy way for SMEs to raise capital, given that most of them are unable to secure the expensive short-term bank loans.

Tanzania is neither the first nor the last country to have such a segment on its stock exchange for SMEs. Countries around the world have enterprise growth segments on their capital markets and their efforts to get more SMEs listed. In Europe, there have been sustained efforts by the Capital Markets Authority through the Capital Markets Union Action Plan to increase the listing of SMEs. One of the notable action plans of 2020 was a requirement that banks direct SMEs whose loan application they have turned down to alternative sources of funding, referred to as bank referral scheme. This initiative is intended to create awareness among SMEs within the European Union of availability of alternative funding like capital markets (European Union, 2021).

With such initiatives, SMEs in the EU account for more than 57% of GDP (Magwentshu and Rajagopaul, 2020). In the United Kingdom, there are a number of promotive regulations including removal of minimum market capitalisation and trading record requirement to join the alternative investment market (AIM) that have encouraged SMEs listing. In North America, particularly in Canada, there is an independent working group organised by Toronto Stock Exchange (TSX) to increase the listing of SMEs on its alternative market; Toronto Stock Exchange Venture Exchange (TSXV). As at the end of 2021, there were 1 649 listed SMEs (TS, 2022). Education and awareness about the benefits and process of listing on TSXV are identified as promoting factors (Mela *et al.*, 2015).

In Africa, only fifteen countries have created special segments for SMEs listings (Barbara & Angelous, 2018). Compared to the high number of SMEs in the continent, it is estimated that only 200 have listed on SMEs stock exchanges. South Africa, Mauritius and Egypt have the highest number of listed SMEs of 56, 46, and 33 respectively (Barbara & Angelous, 2018). Nevertheless, the need for SMEs to list on stock exchange markets in Africa is increasingly gaining particular emphasis. In Ghana, for instance, the government created Ghana Alternative Market (GAX) specifically targeting SMEs. The requirements for SMEs listing have been reduced to the minimum including a sponsoring broker who must provide 20% of the offer, while the government provides full or partial financial support towards meeting the listing process costs (Barbara & Angelous, 2018). In countries such as Egypt, South Africa and Mauritius, studies reveal that there are concerted efforts from the governments to raise the level of awareness among SMEs of the importance of listing on alternative markets (Mela, Aashiq, Turner & Wells, 2015). South Africa launched its Alternative Exchange (AltX) in 2003 and since then 109 SMEs have listed on the platform with 23 companies transitioning to the main Johannesburg stock exchange (JSE) (JSE, 2022). The high number of listings on AltX is attributed to sustain educational and marketing campaigns organised by JSE through roadshows and visits to target SMEs (Mela *et al.*, 2015)

Regionally, there is a SMEs segment for listing on the stock exchange in most East African countries. Kenya, which launched its Growth Enterprise Market Segment (GEMS) in 2013, as at the end of 2021 had four SMEs trading shares on this section. Kenya's Capital Markets Authority (CMA) together with Nairobi Securities Exchange (NSE) is targeting to have 39 SMEs listed on GEMS by 2023. However, the requirements put in place by NSE and CMA are mostly prohibitive to most SMEs which would like to list on GEMS. Besides following a formal financial reporting system, SMEs are required to have formal governance structure by appointing non-executive directors, have chief financial officers and company secretaries registered with relevant professional bodies and having all company directors attend GEMS training courses. In one way or the other, these requirements increase costs, inhibiting most SMEs which are seeking financial relief from GEMS listing. Other countries such as Uganda and Rwanda have not listed any SMEs despite having alternative capital market segments (Barbara & Angelous, 2018). There are no security exchange markets in Burundi and South Sudan.

Tanzania, like other East African countries, has recorded a very low listing of SMEs on its Enterprise Growth Market (EGM) (Barbara & Angelous, 2018). Since its inception in 2013, the EGM segment has only attracted six SMEs (Yetu Microfinance Bank, Maendeleo Bank, Mkombozi Bank, Swala Oil and Gas, MUCOBA Bank and Mwalimu Commercial Bank (Marwa, 2021). The low listing occurs despite an awareness campaign run by DSE dubbed DSE Enterprise Acceleration Programme that specifically aims at increasing SMEs listing on EGM. As identified by various studies, listing on EGM can enable SMEs to access capital they may not be able to access through formal bank loans. Stock exchange listing can provide cheap financing to SMEs through angel investment, crowdfunding, enhanced business image, alternative means of rewarding employees through equity reward schemes, and growth in company shares among others (Poidevin, 2019; Sinha & Lakhi, 2019).

Studies (WTF, 2017) have shown that access to capital is necessary for SMEs to transition to large companies. Many SMEs in Tanzania have remained stagnated, with 53.19% of them failing within their first five years of operations (Mgembe, 2019). A huge percentage of failure is attributed to lack of capital. As was revealed by International Finance Corporation (2014) that more than a half of SMEs are unable to access formal financing. Inability to access financing has hindered most of the SMEs in Tanzania from transitioning to large companies, and hence become more significant contributors to sustainable economic development. Transitioning to large corporations should be the goal of any economic policy-makers, given that although large corporations make up less than 1% of businesses, they account for more than 40% of value-added GDP (Siobhan *et al*, 2017).

Funding SMEs should be of utmost priority because of their role in achieving sustainable development. SMEs account for 90% of businesses globally and provide 50% of new employment opportunities (Asgary, Ozdemir and Ozyurek, 2020). A recent study also showed that formal SMEs are responsible for more than 40% of gross domestic product (World Bank, 2021). According to World Bank (2021), the world will need 600 million new job opportunities by 2030 to absorb the growing workforce. With a favourable operational environment, SMEs have the potential to supply these jobs. Nonetheless, most SMEs still struggle to access sustainable financing despite the creation of alternative stock markets such as EGM that increases accessibility to funds.

Studies exist on SMEs listing on alternative markets (Barbara & Angelous, 2018; Okello, 2018; Hou and Li, 2019; Baldock, 2015). Studies by Barbara & Angelous (2018) in Ghana, and Okello (2018) in Kenya revealed that most targeted SMEs for EGM were lacking awareness about the existence of the SME stock exchange market. A study by Hou and Li (2019) in China reported that regulations and supportive industrial policy increased listing of SMEs on stock markets. However, Baldock (2015) study in the United Kingdom did not find any correlations between regulations and SMEs listings. As such, the existing literature not only exhibits contextual research gaps regarding where previous studies were done, but also empirical research gaps by the contradictory results reported by some of the studies on the key variables that will be considered in this study. It is from this backdrop that this study seeks to fill this gap by investigating the SMEs listing on EGM in Tanzania.

2.0 Theoretical Review: Pecking Order Theory

This study was guided by the pecking order theory that was propounded by Myers in 1984. Under this theory, the decision to list on the stock exchange market is basically a financing decision. Regardless of the size, firms have various options to raise capital. Some of these options for SMEs include family contributions, retained profit, bank loans, and equity. The pecking order theory explains that it is a habit of most firms to finance their operations from their internal sources of funding such as retained profits before considering external sources of capital like bank loans and equity shares. In most cases, the pecking order theory asserts that equity financing is usually considered as a last resort after exhausting all other avenues of capital. Equity financing is not desired because of the information asymmetry between the firm managers and investors. However, studies (Bulan & Yan, 2015; Fama & French, 2017) have shown that firms' financing options may also be influenced by their level of awareness about alternative options and their ability to utilise alternative sources in terms of meeting eligibility requirements. Therefore, this study intends to investigate whether information asymmetry as argued by pecking order theory, level of awareness about stock exchange, involvement of brokers and regulations/listing requirements could affect a firm's decision to utilise equity financing? Studies that have used the pecking order theory to examine the capital structure and stock listing decisions of firms include Kumarasi (2017), and Gharaibeh (2015).

3.0 Research Question Development

3.1 Awareness of stock exchange market

Barbara & Angelous (2018) conducted a study assessing the factors influencing SMEs listing on Ghana Alternative Market. The study revealed that most SMEs surveyed were willing to list on Ghana's alternative stock exchange but they lacked sufficient information about it. Ninety-four percent of the SMEs surveyed had not attended any SMEs listing program (Barbara & Angelous, 2018). As such, the level of awareness of SMEs about GAX was very low.

Some of the SMEs also reported that listing on the stock exchange was a complex process compared to getting a loan from a bank or a friend (Barbara & Angelous, 2018). Similar findings were also reported by Okello (2018), Majluf and Stewart (2015), Ravasi and Marchisio (2013). In particular, Okello (2018) who investigated factors affecting SMEs listing on GEMS in Kenya, found that though there were various sources of information about SMEs stock exchange markets in Kenya, much of the information provided was not exhaustive on listing requirements and any other hidden costs. Thus, Barbara & Angelous (2018) and Okello (2018) show that a low level of awareness about SMEs listing and the inability to access licensed brokers were factors affecting SMEs listing on the stock exchange.

Chitekuteku and Sandada (2016) carried out a study to assess the factors that determine the listing of SMEs on the alternative securities market in Zimbabwe. The study sought to assess the effect of information accessibility and SMEs listing on the alternative securities market. The study found that SMEs accessibility to information about the benefits of listings, free training on how to list and availability of the information on the public media among others influenced the decision of SMEs to list on securities markets. One of the key contributions of Chitekuteku and Sandada (2016) was assessing the contributing factors to SMEs listing on stock exchange markets. To this end, the current study sought to establish the effect of SMEs awareness of EGM and their intention to list by answering the following questions;

- i) What is the level of SMEs awareness about EGM in Moshi Municipal?
- ii) Is there a relationship between SMEs' awareness of the existence of EGM and their intention to list?

- iii) What is the effect of SMEs' knowledge of the listing process and their intention to list?
- iv) Does attending EGM awareness forums affect SMEs' intention to list?
- v) How does awareness of listing requirements affect SMEs' intention to list on EGM?

3.2 EGM Listing Regulations

Hou and Li (2019) conducted a study on the effects of industrial policy support by the government on the performance of initial public offerings by SMEs in China, and found that government efforts such as tax concessions, credit aid, and fiscal subsidies had an effect on the performance of the IPO by SMEs. Another study in China by Xu *et al.* (2020) revealed that relaxation of regulations and government subsidies contributed to the increased listing of SMEs on the National Equities Exchange and Quotations. However, Baldock (2015) in the United Kingdom did not find regulations a hindrance for SMEs listings on the alternative investment market. The study revealed that managerial experience and knowledge about equity markets were a leading motivator for listing on AIM (Baldock, 2015).

Rodrigues da Costa and Mata (2016) also conducted another study in Lisbon about historical lessons learned from serving SMEs through security markets. The study found that various regulations guiding SMEs listing on security markets were contributing to their financial problem. Rodrigues da Costa and Mata (2016) identified high listing costs, restrictions from giving dividends in the first three years of listing and the small size of IPO issued as prohibitive regulations for SMEs listed on stock exchange markets.

Wang, Chen, Liu and Tang (2020) carried out a study to examine the board secretary's competence and SMEs' financial preference in China. Specifically, the study examined the effect of the board secretary's financial experience, and overconfidence on SMEs listing on China's National Equities Exchange and Quotations (NEEQ) market. The study found that SMEs whose board secretary had financial experience would prefer external funding through listing on the stock exchange market. Further the study revealed that overconfident board secretaries were very likely to list on SMEs stock exchange market. Thus, the study concluded that personal attributes and competence of board members are key predictors of SMEs' decision to list on the stock exchange market.

Seikei (2019) also conducted a study among top 100 medium-sized companies on the challenges they encounter on the Nairobi Security Exchange. The study found that most medium-sized companies were not able to meet the initial listing costs, and the other indirect compliance costs associated with continuing on the platform. Listing regulations were also found to influence listing decisions to a very great extent. The study recommended that capital market authority should reduce the initial listings costs and engage all stakeholders when drafting listing requirements. As such, this study will seek to provide clarity on the contradictory results reported in the existing literature by answering the following research questions;

- i) Does listing and issuance fee affect SMEs listing on EGM?
- ii) What is the effect of the requirement that they should have at least 300 shareholders on SMEs' intention to list on EGM?
- iii) How does corporate governance requirements affect SMEs listing intention on EGM?
- iv) What is the effect of ongoing listing costs on SMEs' listing on EGM?

3.3 RESEARCH METHODOLOGY

A cross-sectional research design was adopted to facilitate collection of data from SMEs operating in Moshi Municipal. Moshi municipality was chosen because it has more than 3692 SMEs which could benefit from listing on EGM especially at this time when the economy is still recovering from COVID-19 pandemic. The target population of the study was the 3650 SMEs operating in Moshi from which a sample of 361 was drawn using Yamane (1967) formula. The study used proportionate stratified random sampling technique because the population was divided into categories of small and medium-size enterprises to ensure equal representation of the different strata in the sample size (Xu *et al.*, 2020). Simple random sampling was then used to select units of observations. Simple random sampling was used to ensure that SMEs from different industries and wards have an equal chance of participating in the study. Data was collected using a structured survey questionnaire and analysed using an ordinal logistic regression model.

4.0 FINDINGS AND DISCUSSION

The first research question of the study was to determine the extent to which SMEs are aware about EGM. Respondents were asked to rate their level of awareness on a scale of 1 to 5 where 1=fully not aware, 2=not aware, 3=neutral, 4=aware and 5= fully aware. The

responses were interpreted based on a mean index adopted from Kalatya and Moronge (2017) where a mean of 1.0 to 2.5, will show not agreed, a mean of 2.6 to 3.4 identify neutrality, while a mean of 3.5 to 5.0 indicated agreed upon. As revealed in table 9, the general level of SMEs awareness about enterprise growth market of Dar es Salaam Stock Exchange is very low with an average mean of constructs of 1.91 and an aligning standard deviation of 1.09. This as per Kalatya and Moronge mean index implies that respondents indicated that they were not aware of the existence of EGM, the process or procedure of listing, the requirements for listing, and have not attended any EGM listing forums. These findings imply that many SMEs may not be able to take advantage of EGM if they are not aware of its existence. Secondly, lack of understanding about requirements and listing procedure is a major hindrance to increasing the number of initial public offerings on EGM.

Low level of awareness of SMEs about the existence of the SMEs stock exchange segment on the main stock market was also reported in Ghana by Barbara & Angelous (2018) and in Kenya by Okello (2018). Barbara & Angelous (2018) study revealed that many SMEs were unaware of the existence of cheap source Ghana alternative stock exchange. Okello (2018), on the other hand, found information about Growth Enterprise Market Segment (GEMS) fragmented and widely guarded. Nassr and Wehinger (2016) also argued that lack of awareness negatively affects both the supply and demand of SMEs stock exchange markets. Conclusively, SMEs in Moshi are not aware about the existence of EGM and its benefits.

Regarding the role of regulations on SMEs listing on EGM, the average mean and standard deviation for the all four statements was 2.86 and 1.13 respectively as shown in table 1. This shows that the respondents were not sure of the effect of various regulations on listing on EGM. This can be attributed to the fact that many SMEs in Moshi municipality are not listed on EGM. These findings were similar to those of Baldock (2015) which revealed that regulations had no significant impact on SMEs' intention to list on equity markets. However, they contradict studies by Xu *et al.* (2020) and Hou and Li (2019) conducted in China which revealed that relaxation of regulations and government support significantly increased the number of SMEs listing on stock markets.

Table 1: Perception of the effect of awareness and Listing Regulation on SMEs' listing on EGM

Statements on SMEs awareness about EGM	Mean	Std. Dev
I am aware of the existence of the enterprise growth market segment.	1.92	1.11
I understand the process of listing on the enterprise growth market.	1.92	1.05
I am aware of EGM educational forums	1.89	1.07
I understand all the listing requirements	1.91	1.14
Average	1.91	1.09
Statements on Listing Regulations	Mean	Std. Dev
Minimum issuance and listing fees of TZS 2 million are prohibitive to listing	2.31	1.24
Minimum number of 300 shareholders is hard to attain.	3.48	1.07
Requirements on corporate governance and reporting are hard to attain.	2.18	1.15
Initial and ongoing cost of listing is high	3.46	1.04
Average	2.86	1.13

4.1 Relationship between SMEs awareness of and listing on EGM

The third research question of the study was to find out whether SMEs' awareness about EGM affects their decision to list. To answer this question, ordinal logistic regression, a nonparametric test in line with the characteristics of the data, was run and the outcome interpreted. Various tests to establish the suitability of the model were carried out. First, the ordinal logistic regression model was tested to see whether it was fit for predicting the outcome at the chosen probability level. Fagerland and Hosmer (2017) explained that the model is fit for the data when the significance p-value is less than the absolute critical value ($p < 0.05$). As shown in table 2, there is a significant improvement in the ability of the final model to predict the outcome of the study over the intercept only model $\chi^2(12) = 21,569$, $p < 0.05$.

A goodness-of-fit was also conducted to test the null hypothesis that the model is a good fit for the data. The model is found fit for data if the p-values of Pearson and Deviance are

nonsignificant (Fagerland and Hosmer, 2017). As shown in table 3, the Deviance had a non-significant result $\chi^2(1380) = 945,082, p=1.00$.

The effect of the constructs of the independent variable namely awareness of EGM, Knowledge of the listing process, EGM awareness forum, and awareness of the listing requirements on the outcome variable was also tested using Pseudo-R-Square. The four independent variables had a very minimal effect of Nagelkerke 0.065 which implies that at 95% confidence interval, the predictor variables accounted for 6.5% variation in predicted variable.

Table 2: Appropriateness of the Model

Model Fitting Information	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	1 070 219			
Final	1 048 650	21 569	12	0.043
Goodness-of-Fit	Chi-Square	Df	Sig.	
Pearson	2 296 509	1380	0.000	
Deviance	945 082	1380	1.000	
Pseudo-R-Square				
Cox and Snell	0.065			
Nagelkerke	0.065			
McFadden	0.015			

The study also sought to examine the relationship between SMEs' awareness of EGM existence and their listing decision. Parameters of estimates for four sub-variables of EGM were produced. As shown in table 3, all the four constructs did not have statistically significant effect on the dependable variable, awareness of EGM existence (-0.114, Wald $\chi^2(1) = 0.707, p = 0.400$), knowledge of the listing process (-0.079, Wald $\chi^2(1) = 0.189, p = 0.664$), awareness forum (0.209, Wald $\chi^2(1) = 1.466, p=0.226$) and awareness of the listing requirements (0.111, Wald $\chi^2(1) = 0.870, p=0.351$).

These findings imply that there is no statistically significant relationship between SMEs' awareness level of EGM and their decision on whether to list or not to list. This departs from earlier studies (Barbara & Angelous, 2018; Okello 2018; Irving *et al.*, 2017; Nassr and Wehinger, 2016) which found that SMEs knowledge on the existence of EGM, awareness about its benefits, listing process and requirement affected their listing decision. In particular, a study by Nassr and Wehinger (2016) done in Jamaica found that many

SMEs were eligible to list but did not because of lack of knowledge. Okello (2018), on his part found that SMEs did not get enough information to enable them to decide on listing on the equity market. Therefore, the findings of this study contradict those of earlier studies. However, it may be important to note that many of the SMEs that were surveyed did not have the potential to list on EGM. Consequently, the knowledge of the existence of EGM, its benefits, listing process and requirements could not make a difference given their lack of potential.

Table 3: Parameters of Estimates

	Estimate	Std. Error	Wald	Df	Sig.
Threshold: EGML=1	-4.853	1.242	15.262	1	0.000
EGML=2	-3.818	1.209	9.977	1	0.002
EGML=3	-2.792	1.195	5.460	1	0.019
EGML=4	-2.568	1.193	4.635	1	0.031
EGML=5	-2.391	1.192	4.026	1	0.045
AW EGM	-0.114	0.135	0.707	1	0.400
KLP	-0.079	0.181	0.189	1	0.664
AWF	0.209	0.173	1,466	1	0.226
AWLR	0.111	0.119	0.870	1	0.351

4.2 Relationship between regulations and SMEs listing on EGM

The pecking order theory argues SMEs follow a pecking order when exploiting the sources of capital. The theory argues that it is only when SMEs have exhausted the internal sources of capital that they look for external financing. Myers (1984) argued that listing on the stock exchange market is purely a financing decision. Consequently, the fourth research question of this study was to find out whether stock exchange regulations affect SMEs intention to list. This was done by running ordinal logistic regression analysis to determine the relationship between listing regulations and SMEs' ability to list on EGM.

To establish the suitability of the model to the data, a model fitting test was run and as shown in table 4 the final model showed significant improvement over the intercept only model $\chi^2(12) = 70\ 515$, $p < 0.05$. According to Osborne (2014), the ordinal logistics model used must be showing goodness-of-fit to the data. This happens when the p-values of Pearson and Deviance are greater than the absolute critical value of 0.05. The goodness-of-fit test in table 17 indicates that deviance was $\chi^2(948) = 851\ 483$, $p = 0.989$. This implies that the model is a good fit for the data.

The model having been found fit for the data, the study analysed the overall effect of the four constructs of independent variable; listing and issuance fee, minimum number of shareholders, corporate governance requirements and ongoing-listing costs; listing regulations on the predicted variable. The Pseudo-R-Square revealed that the four variables led to 19.8% variation in SMEs listing on EGM as shown in table 17. This means for everyone unit increase in the listing regulations as a whole, there will be 19.8% variation in SMEs listing on Enterprise Growth Market.

Table 4: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	Df	Sig
Intercept Only	1 037 168			
Final	966 653	70 515	12	0.000
Goodness-of-Fit				
	Chi-Square	Df	Sig	
Pearson	5 380 762	948	0.000	
Deviance	851 483	948	0.989	
Pseudo-R-Square				
Cox and Shell		0.196		
Nagelkerke		0.198		
McFadden		0.048		

The relationship between each independent sub-variable and dependent variable was also tested. The study revealed that there was a statistically significant relationship between listing and issuance fee and SMEs listing on EGM (-0.342, Wald $\chi^2(1) = 6.246$, $p = 0.012$). This implies that one unit increase in the listing and issuance fee will lead to an expected decrease of 0.342 in the log odds of falling in higher levels of SMEs listing on EGM stock exchange. This further demonstrates that, to increase the number of SMEs listing on the EGM, the minimum listing and issuance fee should be reduced. This finding corroborates with those of Okello (2018) who found that hidden cost in the listing process was a turn-off for many SMEs that desired to list. A study by Xu *et al.* (2020) also revealed that reduction of listing and issuance fee by the government through subsidies increased the listing of SMEs on the National Equities Exchange and Quotations. Similar findings were also reported by Rodrigues da Costa and Mata (2016) who identified high listing costs, as a major factor for low listing on SMEs on Lisbon SMEs stock exchange.

Therefore, while listing on SMEs equity market is a financing decision, this study reveals that other factors particularly the cost of listing and issuing IPOs other than just the order pecking affect the ability of SMEs to access external sources of funds. This thus shows that SMEs may be limited to internal sources of capital, not because they are sufficient, but because they are unable to access external sources of capital. Consequently, the current study helps to explain the pecking order by showing that other external factors apart from information asymmetry, prevent SMEs managers from exploiting external sources of capital.

The study also examined how the legal requirement that SMEs should have 300 as the minimum number of shareholders to list on EGM affect their intention to list. It was found that the requirement to have the minimum number of shareholders was not related with SMEs listing on EGM (0.074, Wald χ^2 (1) = 0.081, p = 0.776). This implies that a relaxation in this requirement would have no consequential effect on the SMEs' choice to list or not to list. Whereas these findings are similar with Baldock (2015) findings in the UK, they contradict other studies (Rodrigues Da Costa and Mata, 2016; Hou and Li, 2019; Okello, 2018) who found security market regulations impediment to their listing ability.

Table 5: Parameter of Estimates

	Estimate	Std. Error	Wald	Df	Sig
Threshold EGML=1.00	-7.249	1.007	51.823	1	0.00
EGML=2.00	-6.205	0.965	41.356	1	0.00
EGML=3.00	-5.140	0.946	29.511	1	0.00
EGML=3.33	-4.905	0.943	27.031	1	0.00
EGML=3.67	-4.660	0.941	25.116	1	0.00
Listing and issuance fee	-0.342	0.137	6.246	1	0.012
Number of shareholders	0.074	0.259	0.081	1	0.776
Corporate governance requirements	-0.079	0.117	0.456	1	0.500
Ongoing listing costs	-0.516	0.270	3,659	1	0.056

Corporate governance requirements (-0.079, Wald χ^2 (1) = 0.456, p = 0.500) and ongoing listing costs (-0.516, Wald χ^2 (1) = 3.659, p = 0.056) did not predict SMEs decision of listing on EGM. Despite the lack of significance, the variables showed negative log odds implying the one unit increase in corporate governance requirements and ongoing listing costs could lead to an expected decrease of 0.079 and 0.516 respectively in the log odds of falling in high levels of SMEs listing on EGM. Accordingly, a reduction in the corporate

governance requirements and ongoing listings costs can incentivize SMEs to list to the EGM. Countries such as China, in light of Xu *et al.* (2020) findings, have a high number of SMEs listing due relaxed regulations and subsidised listing costs. On another hand, Baldock (2015) and Wang *et al.* (2020) found stringent corporate governance requirements important for listing and success on the stock exchange market. Specifically, both Baldock (2015) and Wang *et al.* (2020) found that SMEs that had very experienced managers in the stock exchange market were more likely to list than those who did not. SMEs that meet stringent corporate governance requirements by recruiting highly qualified managers are able to list on the stock exchange because of their understanding of the system.

5.0 Conclusion and Recommendation

The role of SMEs in the economy of Tanzania cannot be underrated. With a high rate of unemployment among the youth, SMEs are a promising avenue of sustainable new job opportunities if conducive policies are formulated and implemented. In light of the findings discussed, this study concludes that SMEs in Moshi Municipal are not aware of EGM and as a result, lack the potential to list on Enterprise Growth Market, contributing to generally low listing of SMEs on EGM across the country. The study recommended that Dar es Salaam and the Capital Market and Security Authority should conduct SMEs awareness campaigns and forums in all regions across the country including Moshi Municipality. There is also a need for the government to review and relax the listing regulations on EGM to make them attainable. The findings of this study, while confirming the assertions of pecking order theory, reveals that other factors both internal and external besides information asymmetry lead to organisation preferring internal over external financing. Given that this study was conducted in Moshi Municipality alone, future studies should consider carrying out studies that cover the entire country to increase generalizability of the results.

REFERENCES

- Asgary, A., Ozdemir, A. I., & Özyürek, H. (2020). Small and medium enterprises and global risks: evidence from manufacturing SMEs in Turkey. *International Journal of Disaster Risk Science*, 11(1): 59–73.
- Baldock (2015). What is the role of public feeder markets in developing technology-based small firms? An exploration of the motivations for listing on AIM since the GFC venture capital. *An international Journal of Entrepreneurial Finance*, 17(2), 87–112. doi:10.1080/13691066.2015.1021028.
- Barbara, J. and Angelous, R. K. (2018). The influence of small and medium enterprises (SMEs) listing on the Ghana alternative market (GAX): Prevailing factors. *Academic Journal of Economic Studies*, 4(4), 142–156.
- Bulan, L. and Yan, Z. (2015). A few bad apples: an analysis of CEO performance pay and firm productivity. *Journal of Economic and Business*, 62(4), 273–306.
- Capital Markets and Securities Authority (2016). A guide to the enterprise growth market segment of the Dar es Salaam stock exchange. Retrieved from <https://www.cmsa.go.tz/uploads/publications/en-15809051918.%20B9%20EGM%20ENGLISH%20VERSION%20CMSA.pdf>
- Chitekuteku, Z. and Sandada, M. (2016). An assessment of factors that determine the listing of small to medium enterprises (SMEs) on the Zimbabwean alternative securities market. *International Journal of Economics and Finance Studies*, 8(1), 112–130.
- Creswell, W. J. (2014). *Research design: qualitative, quantitative and mixed methods approach*. Sage, Thousand Oaks. 273pp.
- European Commission (2021). Internal market, industry, entrepreneurship and SMEs. Retrieved from https://ec.europa.eu/growth/smes/sme-definition_en
- European Union (2021). Action 5-Directing SMEs to alternative providers of funding. Retrieved from https://ec.europa.eu/info/business-economy-euro/growth-and-investment/capital-market-union/capital-markets-union-2020-action-plan/action-5-directing-smes-alternative-providers-funding_en
- Exchange, J. S. (2022). JSE Listed companies. [<https://www.listcorp.com/jse/>] site visited on 12/04/2021
- Exchange, T. S. (2022). TSX E-review April 2022.

- Fagerland, M. W. and Hosmer, D. W. (2017). How to test for goodness of fit in ordinal logistic regression models. *The Stata Journal*, 17(3), 668–686
- Fama, E. F., & French, K. R. (2017). International tests of a five-factor asset pricing model. *Journal of financial Economics*, 123(3), 441-463.
- Gharaibeh, A. M. O. (2015). The determinants of capital structure: Empirical evidence from Kuwait. *European Journal of Business, Economics and Accountancy*, 3(6), 1-25.
- Hou, X. and Li, W. (2019). The effects of industrial policy support on IPO performance: Evidence from listed enterprises of the Chinese SMEs Board. *Journal of Small Business Management*, 57(2):616–639. doi: 10.1111/jsbm.12415.
- International Finance Corporation (2014). Women-owned SMEs: A business opportunity for financial institutions. A market and credit gap assessment and IFC's portfolio gender baseline. Retrieved from <https://www.ifc.org/wps/wcm/connect/44b004b2-ed46-48fc-8ade-aa0f485069a1/WomenOwnedSMes+ReportFinal.pdf?MOD=AJPERES&CVID=kiiZZDZ>
- Irving, J., Schellhase, J. and Woodsome, J. (2017). Can stock exchanges support the growth of small and medium-sized enterprises? Lessons from India, South Africa, and Jamaica. A report from the Milken Institute Center for Financial Markets. Retrieved <https://www.Asiapacific.ca/sites/default/files/filefield/can-stock-exchanges-support-the-growth-of-small-and-medium-sized-enterprises.pdf>
- Kalatya, B. and Moronge, M. (2017). Influence of procurement practice performance of logistics firms in Kenya. *The Strategic Journal of Business and Change Management* 4(4):605–628. [<https://www.strategicjournals.com>], visited on 07/02/2022.
- Kumarasi, T. J. (2017). Strategic factors influencing SMEs participation in the securities exchange. Dissertation for Award of M.A Degree at United States International University Africa: Kenya
- Majluf, N. and Stewart, C. (2015). SME financing and investment decisions when firms have information that investors do not have. *Journal of Business Economics*, 11(2),187-221.
- Marwa, M. (2021). What entrepreneurs need to know on the preparation of the IPOs. [<https://www.the-citizens.co.tz/tanzania/news/business/what->

- entrepreneurs-need-to-know-on-the-preparation-of-the-IPOs-3363864?view=html amp] site visited 30/12/2021
- Mela, M. Patel, A., Turner, S. and Wells, S. (2015). Review of growth enterprise market segment (GEMS) and increasing access to Kenya's capital market by small and medium enterprises (SMES). [<https://www.fsdkenya.org/wp-content/uploads/2021/07/Archive%20data%20FSD/15-09-07-GEMS-AND-SMES-Report.pdf?t=1,611,138,420>] site visited 30/12/2021.
- Mgembe, S. R. (2019). Small business sustainability strategies in the Tanzanian Construction Materials Industry. Thesis for Award of PhD Degree at Walden University: United Kingdom.
- Moshi Municipal Council Rapport (2021)
- Nassr, I. K., & Wehinger, G. (2016). Opportunities and limitations of public equity markets for SMEs. *OECD Journal: Financial Market Trends*, 2015(1), 49-84.
- Okello, S. (2018). Factors influencing listing of small and medium enterprises to Growth Enterprise Segment in Kenya. Thesis for Award of Master's Degree at Strathmore University: Kenya.
- Osborne, J. W. (2014). *Best practices in logistic regression*. Sage Publications, 463pp.
- Poidevin, F. L. (2019). How SMEs can benefit from a listing. [<https://www.tisegroup.com/media/1547/how-smes-can-benefit-from-a-listing.pdf>] site visited 30/12/2021.
- Ravasi, D., & Marchisio, G. (2013). The strategic side of going public: a study of Italian family businesses. *Family Business–Tradition or Entrepreneurship in the New Economy*, 44(3), 283-296.
- Rodrigues da Costa, J. & Mata, M. E. (2016). Serving SMEs via the Stock Exchange: Historical lessons from the Lisbon Stock Exchange. *Journal of Economic Issues*, 50(3), 851–871. doi: 10.1080/00213624.2016.1213593.
- Sinha, S. and Lakhi, S. (2019). A direct growth driver: The benefits of listing on SME Exchange. [<https://economictimes.indiatimes.com/small-biz/money/a-direct-growth-driver-the-benefits-of-listing-on-sme-exchange/articleshow/65539722.cms>] site visited on 30/12/2021.
- Wang, K., Chen, Y. Liu, Y. & Tang, Y. (2020). Board secretary's financial experience, overconfidence, and SMEs' financing preference: Evidence from China's NEEQ market. *Journal of Small Business Management*, 17(1), 212-250 .10.1080/00472778.2020.1838177.

- World Bank (2021). Small and Medium Enterprises (SMEs) Finance: Improving SMEs' access to finance and finding innovative solutions to unlock sources of capital. Retrieved from <https://www.worldbank.org/en/topic/sme/finance>.
- WTF (2017). Catalysing investment finance for SMEs: FSD Tanzania's foray into the Enterprise Growth Market. Retrieved from <https://www.fsdfrica.org/wp-content/uploads/2019/08/FSDT-Case-study.pdf>
- Xu, W., Zhu, S. & Wu, Z. Building a Junior Stock Exchange: Lessons from China. *European Business Organisation Law Review*, 21(1), 139-170 (2020). doi.org/10.1007/s40804-020-00181-0.
- Yamane, T. (1967). *Statistics: An Introductory Analysis*, A Harper International Edition, Jointly Published by Harper & Row, New York. Evanston & London and John Weatherhill. Inc., 129-162.