

# Investment Knowledge Affects Share Ownership among Civil Servants in Moshi Municipal Council, Tanzania.

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## Abstract.

This study aimed to investigate how investment knowledge affects share ownership among civil servants in Moshi Municipal Council, Tanzania. The study was grounded by Social Exchange Theory. The study used mixed approach to collect and analyze data both qualitative and quantitative. Concurrent Design was used by triangulation data obtained from multiple sources. A sample size of 187 respondents were obtained using the Yamane Formula through purposeful and stratified random sampling. Questionnaire and key informant interview were used to gather data. Data was analyzed through Pearson Correlation Model and presented through Tables. Pilot testing of the research instruments was conducted to test validity and reliability of the instruments. Instruments were examined by research experts to determine their validity, and a Cronbach's alpha of 0.78 was obtained for reliability of the research instruments through Statistical Package for Social Science (SPSS). Ethical guidelines for data collection were ensured to promote moral principles. SPSS was used to code the obtained data, evaluate the descriptive statistics, and show the results in tables. The study revealed that there is a statistically significant effect between investment knowledge and share ownership among civil servants in MMC and concluded that knowledge of investors play a significant role in enhancing investor's decision to participate in share ownership. Lastly, the researcher recommends that Efforts should be done to increase knowledge among civil servants on share ownership. Providing access to reliable information, financial advisors, and training programs.

**Key Words:** Share Ownership, Civil Servants, Investors Knowledge, Moshi Municipal Council (MMC)

## 1. INTRODUCTION

### 1.1 Background

Owning shares has contributed much to the community economy by earning profits in the form of dividends (Mann, 2018). The ownership of shares by citizens in Tanzania has increased since the introduction of the capital market. In Tanzania, Buying and selling of shares or securities is regulated by Capital Market and Security Authority (CMSA) which works under Dar-Es-Salaam Stock Exchange (DSE) founded on 19<sup>th</sup> September 1996, under Cap. 212, and the DSE later on, implemented the statutory requirement that corporations be listed on the stock market and offer shares to the public. This was reported by the Director General of TCRA (Kilaba, 2017). Sales of shares dominated the months of February and March 2017, however the share business was relatively low. According to citizen newspaper article, in 2021 Tanzania's share markets were reported still in developing stages compared to some other nations (Prof. Ngowi, 2021). This raises an issue to study the factors affecting share ownership in Tanzania. Moreover, this study focuses on civil servants so as to understand in depth knowledge and discussions about share ownership to make share ownership business familiar among Tanzanians specifically in Moshi Municipal Council.

MMC is one of the fastest growing municipalities in Tanzania and is home to a diverse population of both native Tanzanians and immigrants (Kamuhando, 2017). It is a local government responsible for providing services to its citizens. MMC also provides employment to its citizens by offering civil service jobs (Meyer, 2021). MMC is comprised of civil servants, and thus this study aimed to investigate how investment knowledge affects share ownership among Civil servants. Civil servants are workforce who are employed by the government to the serve the public (Lorence, 2020). Civil servants are in a unique position to benefit from share ownership due to their secure salaries, access to resources, and lack of risk associated with stock market fluctuations. Civil servants may also have access to additional resources, such as financial advice and support, which can help them make more informed decisions about stock market investments, and thus this study focused on civil

servants as a unit of analysis to investigate how investment knowledge affects share ownership in MMC, Tanzania.

Latha (2016), explained that Investment Knowledge are information, facts, assumptions, news, and rumors that investors need as a reference in making decisions on investment instruments. Knowledge is an understanding that everyone must have regarding investment aspects, from the introduction of basic investment assessments, the level of risk, and the rate of return-on-investment Pajar (2017). Investors in Tanzania lack the adequate knowledge and understanding of the stock market, which has been shown to be one of the major factors affecting share ownership in the country (Robert, 2018). Most of investors in Tanzania are largely driven by speculative motives and lack the long-term commitment to maintain their ownership of shares. Majority Tanzanians (90%) had limited knowledge and understanding of share ownership, 71% were not aware of the rights and responsibilities that come with owning share, and 68% were reported not having enough information to make informed decisions to purchase on shares. Further, to answer this question, this study looked on the awareness, benefits, trainings, accessibility of information, and accessibility of financial advisors for Civil Servants about share ownership. And how they understand the policies and regulations of the stock markets.

Dar Es Salaam Stock Exchange (DSE) regulates the buying and selling of shares in Tanzania, encouraging individuals to invest in registered businesses. In 2017, the Tanzanian government encouraged government employees to acquire loans and buy shares of listed companies, aiming to widen share ownership (Kidanka, 2017). The Capital markets and securities authority performed well in 2019/2020, with an increase in the issuance of new products and higher trading volumes and values, partially driven by the attractiveness of securities investments during the COVID-19 outbreak. However, despite efforts to raise awareness and promote participation in the capital markets, the general public's knowledge and involvement remain relatively low, attributed to a lack of information and inadequate saving culture (CMSA Annual Report, 2020).

## 1.2 Statement of Problem

The ownership of shares by citizens in Tanzania has increased since the introduction of the capital market, however the level of share ownership is still relatively low. Despite initiatives by the Government of Tanzania to widen share ownership and the potential benefits of share ownership, there is a lack of understanding of the factors that influence civil servants to invest in share ownership. Also, Despite the effort done by CMSA and DSE to publicize and provide market information through TV and Radio programs, seminars, fair exhibitions, and websites as shown in DSE annual report (2019) and DSE handbooks the problem of low share ownership in Tanzania remains. According to a study conducted by National Bureau of Statistics in 2019, only 0.7% of the Tanzania population owns share and also lack of financial literacy has been one of effect to majorities of Tanzanians (Mabula, 2020). During the year 2019/2020 total turnover of shares traded at the DSE increased by 401.12% to TZS 673.56 billion as compared to turnover of TZS 134.41 billion recorded in the year 2018/2019 (CMSA Annual Report, 2020). The DSE All Share index ended the month of June 2020 with 1,830.13 points, down from 1,933.96 points on June 30, 2019, and with a market capitalization to GDP ratio of 20.5%, underperforming behind countries in Africa Kenya and Mauritius, whose market capitalization to GDP ratios were 39.63% and 57.8%, respectively. This indicates that there is a limited data-sharing mechanism between the institutions and the public thus still leaves room for growth in understanding the stock markets in Tanzania. A low level of capital markets awareness and financial literacy by the public, in general, may be among the factor affecting share ownership in Tanzania. Hence, this study aimed to investigate investment knowledge on share ownership of civil servants in MMC to bridge the knowledge gap and provide better understanding on share ownership.

## 1.3 Research Objective

To investigate how investment knowledge affects share ownership among civil servants in Moshi Municipal Council, Tanzania.

## 1.4 Research Hypothesis

H0 – There is no significance effects of investment knowledge on share ownership for civil servants.

H1 - There is significance effects of investment knowledge on share ownership for civil servants.

## 2. RELATED LITERATURES AND STUDIES

This is a review of the various studies that focused on the factors influence investor's decision to purchase or hold shares in a particular company. These Literatures included factors on knowledge and education of the stock markets specifically shares.

Knowledge is the essential aspect on making investment decisions. Knowledge on share ownership is obtained on different sources such as media, school, and newspapers and education provided by the organizations authorized. Hasan (2019) revealed that investment knowledge and education can have a significant impact on

share ownership. The study found that investors with higher investment knowledge are more likely to own shares than those with a low knowledge. And thus, having high investment knowledge and education tend also to enhance higher rate of return on their investments. Likewise this research aimed to analyze the influence of investment knowledge on share ownership. It is been observed that higher knowledge leads to high share ownership and vice versa, hence this study will also explore further to measure how investors knowledge affects share ownership in Moshi Municipality, Tanzania.

The study by Coughlan (2017), investigated on how Stock Market Investment Knowledge and Education affects United Kingdom investors. The study provided valuable insights into the current levels of stock market investment knowledge and education among the investors. Findings from this study revealed that most UK investors have a basic understanding of stock market investments, but lack a more detailed knowledge of the risks and rewards associated with them. Furthermore, the study revealed that investors with higher levels of stock market knowledge and education were more likely to invest in the stock market. Although this study revealed that UK investors have a basic understanding of stock market investments, there was still a need for further research to understand effect investor's knowledge and education on share ownership for civil servants. Thus, this study aimed to fill this gap by investigating the effect of investor's knowledge on share ownership among civil servants in Moshi Municipality, Tanzania.

Storm (2017), Examined Investor Knowledge and Investment Decisions in the United States. The study provided a detailed examination of the level of knowledge and understanding of investors in the United States and the manner in which they make investment decisions. The study suggests that a lack of investment knowledge and education can be a major factor in investors making poor investment decisions. One of the main ideas presented by Storm (2017) was that investors should strive to become more knowledgeable and educated about investing through various means such as reading books, taking classes, attending seminars, and consulting with experienced financial advisors to help investors make more informed decisions and increase their chances of achieving their financial goals. However, the study does not provide analysis on how investor's knowledge affects share ownership among civil servants. And hence, this study intended to address this gap and by examining relationship between investors knowledge and share ownership in Tanzania. Specifically, this study investigated the influence of investor knowledge so as contribute to the literature by providing insights on relationship between investor's knowledge and share ownership for civil servants, which has not been widely studied.

In the study of Zewde (2018), examined on Determinants of stock market participation in East African countries. This study examined the determinants of stock market participation in East African countries, the authors used a sample of East African countries to analyze the factors that influence individuals' decisions to invest in the stock market. This study used a survey of 4,000 individuals from the region and employed a regression model to analyze the data. The Findings from this study revealed that the main factors influencing stock market participation are financial literacy, income level, gender, age, and education. Zewde also found that financial literacy was a strong predictor of stock market participation, with individuals with higher levels of financial literacy being more likely to invest. Since financial literacy was revealed as determinant of stock market participation, this gives a room for the research to contribute more on the literacy level of investors so that they can participate in stock market by trading shares in stock market. However, the study did not analyze the effects of financial literacy on share ownership among civil servants. Therefore, this study aimed to investigate the relationship between investor's knowledge and share ownership for civil servants in Moshi Municipal Council to provide insights which can be used to inform policy decisions by the local government to promote share ownership for civil servants in Tanzania.

Mwirigi (2020) investigated on understanding the influence of knowledge and information on share ownership. This study investigated on the influence of knowledge and information on share ownership in East Africa. The included the role of knowledge and information in share ownership, factors influencing the willingness to invest in shares, the challenges of share ownership in East Africa, and the effects of share ownership on economic growth. The findings of the study indicated that knowledge and information have a significant influence on share ownership in East Africa. But, there was a need to further investigate share ownership among civil servants. This study extended to investigate on how investor's knowledge affect civil servants to own shares in Moshi Municipality Tanzania.

Ishengoma (2018), examined on the Impact of Investment Knowledge and Education on Share Ownership in Tanzania. This study examined the impact of investment knowledge and education on share ownership in Tanzania, the researcher highlighted the need for more investment knowledge and education in the country, pointing out the potential benefits of increased share ownership. Ishengoma (2018), revealed that investment knowledge and education are important factors in influencing individuals' decisions to invest in shares. However, the study did not explore the effect share ownership among civil servants in Tanzania. Therefore, this study aimed to investigate on how investor's knowledge and investors affects Civil servants share ownership in Moshi Municipality. The results will provide useful insights on share ownership among Civil servants in Moshi Municipality, and can be used by policy makers to promote share ownership in the Tanzania.

Mihayo (2020), conducted a study on the impacts of investor's knowledge on Share ownership in Tanzania. This study used a survey to measure the level of knowledge among investors in Tanzania and to assess the impact of the knowledge on their share ownership practices. The study found that investors in Tanzania lack knowledge when it comes to share ownership and that lack of knowledge significantly affects their share ownership practices, also found that investors who had more knowledge were more likely to buy and hold shares, while those with less knowledge were more likely to trade actively or not at all. The study fills into the knowledge gap among investors in Tanzania and its impact on their share ownership practices but however the study does not provide any information on the investment knowledge among civil servants. This is an important gap in the research, as civil servants are a key part of the population in Tanzania. Hence this research focused on investigating the investment knowledge among civil servants in Moshi Municipality, in order to gain a better understanding of the investment landscape in this region.

Clavery (2018), in Tanzania investigated on the awareness of share ownership among the community members. His findings shows that the community were low knowledgeable on ownership of shares, people living in the rural areas were found to be less aware as compared to those in the urban. And recommend seminars, training programs, transparency, and creativity so as to attract new investors to in shares as well as providing knowledge to the Community members. While Clavery (2018) explored the level of awareness of share ownership among community members, this study focused on the knowledge, dividends and firm image of the investors as factors affecting share ownership. Additionally, this study provides an understanding of the importance of investors' knowledge in Tanzania for successful investments in stock markets. Through this research, a research gap can be identified in understanding the relationship between investment knowledge and share ownership among civil servants in Tanzania, specifically for civil servants.

### 3. RESEARCH METHODOLOGY

This study used mixed approach to collect and analyze data since it allows collection of both qualitative and quantitative data within the same research project. Concurrent Design was used to provide a comprehensive understanding of the topic under study by analyzing data obtained from multiple sources. The study was conducted in Moshi Municipal Council. MMC has 2,237 civil servants found in the Municipality comprising the Divisions and Units of the Government (URT, 2018). The target population for this study was 2,237 employees. The Sample size was 187 respondents obtained through Yamane formula (Yamane, 1964). The formula assumed confidence level to be 93%,  $e=7%$  and at precision level of plus or negative seven due to some respondents are less familiar with the study topic thus researcher may not obtain the desired outcomes for the study. Respondents were selected through simple random and stratified random sampling. Instruments for data collection were structured questionnaire and key informant interviews. Likert scale questionnaire were used so as to collect information from large respondents within a short time administered to Employees of organization while key informant interview was prepared on various issues on shares and the factors affecting share Ownership

Validity and reliability of the instruments were tested by researcher through the piloting test were by 10 respondents were obtained from Moshi Municipal Council through simple random sampling. To ensure validity researcher requested the experts in research to evaluate the relevance of items in the instruments and the suggestions were incorporated to improve the instruments. For reliability the researcher calculated the alpha coefficient for Cronbach's alpha and the value of alpha was 0.78 which is acceptable for ensuring consistency of the instruments. Data was coded and tested for completeness and were analyzed through Statistical Package of Social Science (SPSS) version 22. Data was analyzed data through descriptive statistics and inferential statistics. Descriptive statistics used tables to present data while inferential statistics used correlation analysis to measure relationship between investors knowledge and share ownership among civil servants. Hypothesis was tested at 0.05 level of significant, the correlation model assumed that there is linear relationship between the variables and the variables are continuous. The researcher ensured ethical considerations are observed; protection from harm, informed consent, Confidentiality and honesty with professional colleagues to that ethical values are not violated.

### 4. RESULTS AND DISCUSSIONS

This section presents and gives an interpretation of findings and discussions of the findings. Discussions of the findings was done in comparison with other previous literatures and Theories used in the study so as to come up with reliable conclusions.

The respondents for this study were from Moshi Municipal Council. The expected number of respondents was One hundred and Eighty Seven (187). Among the respondents One hundred and Fifty Six (156) participated in the study which is 83.4% of the targeted respondents fair enough to answer the research objectives for the study. The Demographics information of respondents focused Sex, Age, and Work Experience of the respondents. The demographic responses are summarized in Table 1.

**Table 1: Demographics Statistics**

| Demographic Variables |                | F  | %    | Total |
|-----------------------|----------------|----|------|-------|
| Sex                   | Male           | 79 | 50.6 | 156   |
|                       | Female         | 77 | 49.4 |       |
| Age                   | 18-25 years    | 2  | 1.3  | 156   |
|                       | 26-35 years    | 32 | 20.5 |       |
|                       | 36-45 years    | 92 | 59.0 |       |
|                       | 46-55 years    | 28 | 17.9 |       |
|                       | over 55 years  | 2  | 1.3  |       |
| Experience            | under 5 years  | 20 | 12.8 | 156   |
|                       | 6-10 years     | 57 | 36.5 |       |
|                       | 10-15 years    | 53 | 34.0 |       |
|                       | above 15 years | 26 | 16.7 |       |

**Source: Field Data, (2023)**

Data in Table 1 revealed that Male 79 were 50.6% and Female were 49.4% implying that the data shows a relatively balanced representation of male and female respondents, with a slight majority of male than female. The largest age group among the respondents is the 36-45 year range, comprising 50% of the total respondents followed by the 26-35 year range with 20.5%. The other age groups have relatively smaller representations. The majority of respondents have 6-10 years of experience 36.5% of the total. The other experience ranges have relatively similar proportions, with the lowest being under 5 years of experience. Implying that for respondents with working experience 6-15 years has greater opportunity to invest in stock markets than other.

This research objective investigates on how investment knowledge affects share ownership among civil servants in Moshi Municipal Council, Tanzania.

**Table 2: Investment Knowledge and Education effects on share ownership**

| Investment knowledge & Education effects on share ownership.  | SD |     | D  |      | U  |      | A  |      | SA |      | Mean | STD  |
|---|----|-----|----|------|----|------|----|------|----|------|------|------|
|   | F  | %   | f  | %    | f  | %    | F  | %    | f  | %    |      |      |
| Owning of shares is a good investment.  | 1  | 0.6 | 2  | 1.3  | 3  | 1.9  | 54 | 34.8 | 95 | 61.3 | 4.55 | 0.66 |
| Education and knowledge of investors tend to affect citizens when investing in shares.                        | 4  | 2.6 | 13 | 8.4  | 14 | 9.1  | 74 | 48.1 | 49 | 31.8 | 3.98 | 0.99 |
| It is important for civil servants to be knowledgeable about investments                                      | 2  | 1.3 | 3  | 1.9  | 15 | 9.6  | 77 | 49.4 | 59 | 37.8 | 4.21 | 0.79 |
| Civil servants are aware about the Stock markets and types of investments available in Stock Market.          | 9  | 5.8 | 47 | 30.1 | 41 | 26.3 | 35 | 22.4 | 24 | 15.4 | 3.12 | 1.16 |
| Civil servants are aware of regulations and laws that governs how stock market in Tanzania operates.          | 13 | 8.3 | 55 | 35.3 | 27 | 17.3 | 39 | 25.0 | 22 | 14.1 | 3.01 | 1.23 |
| Level of financial literacy has significant influence on share ownership to me as an investor.                | 1  | 0.6 | 10 | 6.5  | 18 | 11.6 | 59 | 38.1 | 67 | 43.2 | 4.17 | 0.92 |
| Civil servants have access to reliable information about investing in shares.                                 | 12 | 7.7 | 38 | 24.4 | 26 | 16.7 | 51 | 32.7 | 29 | 18.6 | 3.30 | 1.24 |
| Civil servants have access to financial advisors and brokers on share ownership                               | 6  | 3.9 | 53 | 34.2 | 25 | 16.1 | 42 | 27.1 | 29 | 18.7 | 3.23 | 1.21 |
| Civil servants should be educated about the risks and rewards of investing in shares.                         | 2  | 1.3 | 3  | 1.9  | 11 | 7.1  | 76 | 48.7 | 64 | 41.0 | 4.26 | 0.78 |
| It is important to provide civil servants with training and support to help them understand the stock market. | 4  | 2.6 | 4  | 2.6  | 9  | 5.8  | 45 | 29.0 | 93 | 60.0 | 4.41 | 0.91 |

**Source: Field Data, (2023)**

**Key:** SD = Strongly Disagree, D=Disagree, U= Undecided, A= Agree, SA= Strongly Agree.

The mean score interpretation scale is as follows: From 1 to 1.8, it means strongly disagree. From 1.81 to 2.60, it means disagree. From 2.61 to 3.40 it means Neutral. From 3.41 to 4.20, it means agree. And From 4.21 to 5 it means strongly agree. The data in Table 2 indicated that the overall mean for this study was 3.82 which implies that respondents had positive response to the fact that knowledge and education tends to affect share ownership among civil servants.

The data in Table 2 indicates that the mean score of 4.55 implies that the respondents strongly agreed that owning share is a good investment and thus respondents had ideas on issues of shares and share ownership. These responses correspond with the social exchange theory were by people are more likely to invest when they perceive that there are benefits in return (Baron, 1986). Theory suggested that people are motivated to enter and remain in relationships when they perceive there benefits so civil servants are agreeing to the fact that they can make benefits through owning shares.

The data in Table 2 shows that the mean score of 3.98 implies that respondents agreed to that civil servants are affected by knowledge when investing in shares, thus efforts should be done to increase knowledge and education of civil servants on stock markets specifically share ownership since may help to motivate civil servants to engage on shares and share ownership investments in Moshi Municipal Council. In addition to these, Head of Administration and Human Resource Division added that;

*“Education and Knowledge is the foundation. It is not that civil servants don’t need knowledge on shares, but because they are not knowledgeable and lack education thus they can’t decide to invest on business they know nothing about” (Head of Administration and Human Resource Division, April 25, 2023).*

Likewise, the data communicates that civil servants may not have sufficient knowledge about share ownership and without proper education civil servants may lack information to evaluate investments opportunities. These data correspond with the findings by Storm (2017), which revealed that lack of investment knowledge and education can be a major factor for investors when making investment decisions. Together with this study advises the government and financial institutions to step in to ensure that investors are better educated and knowledgeable investments specifically share ownership for civil servants.

Observation from Table 2 indicates that the statement with a mean score of 4.20 implies that majority of respondents it is important for civil servants to be knowledgeable about investments thus highlighting the importance of investments knowledge for civil servants in Moshi Municipal Council. These data were supported by data from the interview. The Head of Accounts and Finance Division pointed out that;

*“It is more important to educate civil servants who do not know about shares, it might be a bigger factor. Education must be given to public to increase awareness on benefits of shares” (Head of Accounts and Finance, April 25, 2023).*

The data from an interview also shows that there is a need to provide education to civil servants to increase awareness on the benefits of share ownership. Furthermore, it emphasizes that the lack of investment knowledge is not limited to civil servants alone.

Table 2 also shows that the mean score of 3.11 implies that the respondents are neutral to that whether they are aware of on stock markets and types of investments found in the stocks. Through this data it’s notable that there is lack of awareness among civil servants regarding the stock market investments and this may be reason that they do not invest on shares or other investment opportunity. Also, these data comply with the study of Clavery (2018), were by the study examined the awareness of community on share ownership were by the study revealed that people had low awareness on share ownership especially.

The data in Table 2 revealed that the mean score of 3.01 are neutral on the statement thus these findings shows there is still a need for improved education, trainings, and awareness programs for civil servants regarding stock markets and share ownership. This was supported by Head of Natural Resource Division interview on other factors affecting share ownership among civil servants. The head of division had this to say;

*“Training also is one among the factors affecting share ownership among civil servants. No training programs and campaigns on promoting share ownership for among civil servants. Example we receive various training programs and campaign but none of them concerned on share ownership.”*

The data from an interview implies that the lack of training is contributing factor to the share ownership participation among civil servants in stock markets and thus addressing this gap through training initiatives can help to encourage civil servants to explore on the share ownership opportunities.

Further, the data in Table 2 indicated that mean score of 4.16 implies that a fair number of respondents had agreed that financial literacy had influence on share ownership this implicates that investors with a relatively low financial literacy are more likely not to engage in share ownership as an investor and vice versa. These data support the argument by Kajembe (2018) who noted that financial literacy was important to civil servants and thus should be improved in order to increase the rate of share ownership by civil servants in Tanzania.

It is evident from Table 2 that the mean score (3.30) for the statement rise arguments to that respondents are neutral as to whether civil servants have access to reliable information about share investments. These data were supported by interview with Head of Accounts and Finance Division on access to financial advisors. He had this to say;

*“Frankly speaking we don’t have much access to financial advisors. Civil servants don’t get informed as much as they are supposed to know on share ownership.”*

The response from an interview supports that civil servants do not receive adequate information and guidance from financial advisors regarding share ownership and he this leaves a room for improvement in providing reliable information’s on share ownership for civil servants making them highly accessible and easily.

The data from Table 2 indicates that the mean score of (3.22) revealed that respondents are neutral as to whether they have access to financial advisors or not. Through these data it is worth considering that a portion of respondents may not have access to financial advisors or brokers on share ownership that is why they disagreed on the statement.

On the other hand, the data on Table 2 shows that mean score of (4.26) implies that the respondents also have agreed to that Civil servants should be educated about the risks and rewards of investing in shares. These findings correspond with the social exchange theory where people are more likely to invest when they perceive that benefits outweighs the risk and costs (Baron, 1986). So civil servants should be educated about the risks and rewards on investing in shares so that they may engage in share ownership with attempt to maximize their benefits (Yoo, 2018). Therefore, these data portrayed that a number of respondents recognizes the importance of being educated on the risks and rewards of investing in shares.

Lastly, Table 2 revealed that the mean score of this statement which is 4.55 which implies that the respondents had strongly agreed that there is importance of providing civil servants with training and support to help them understand stock markets. These data add knowledge for the study by Coughlan (2017), where the study recommended that policy makers to consider introducing initiatives to increase support and also providing financial programs and trainings about stock markets so investors have basic understanding on Stock market investments. Likely for these findings; training and support can enhance civil servants understanding on stock markets, enabling them to make more informed decisions involving share ownership.

Further tests investigated the effects of investor’s knowledge and education through Pearson Correlation model to test hypothesis. The hypothesis was tested at a significant level of 0.05 accepted in social sciences. The null hypothesis was that there is no significant effect of investor’s knowledge and education on share ownership by civil servants and the alternative hypothesis was there is a significant effect of investor’s knowledge and education on share ownership by civil servants.

**4.1 Correlation Results**

Further tests investigated the effects of investor’s knowledge and education through Pearson Correlation model to test hypothesis. The hypothesis was tested at a significant level of 0.05 accepted in social sciences. The null hypothesis was that there is no significant effect of investor’s knowledge and education on share ownership by civil servants and the alternative hypothesis was there is a significant effect of investor’s knowledge and education on share ownership by civil servants.

**Table 3: Correlation test between Share ownership and Investment Knowledge on investors**

|  |   | Owning of shares is a good investment. | Education and knowledge of investors tend to affect citizens when investing in shares. |
|--|---|--|--|
| Owning of shares is a good investment.   | R | 1                                      | .260   |
|  | P |  | .001   |
| Education and knowledge of investors tend to affect citizens when investing in shares. | R | .260                                   | 1  |
|  | P | .001                                   |  |

**Source: Field Data, (2023)**

**Key:** R= Correlation, and P= Significant level

Data in Table 3 indicate that the  $r = 0.260$  and the  $p = 0.001$ . Since the  $p$  value is less than 0.05, we reject the null hypothesis and accept the alternate hypothesis. Therefore, through a correlation of 0.260 indicates a moderate positive correlation between share ownership and Investors knowledge. Also, through the significant level of 0.001 implies that there is a statistical significant between share ownership and investment knowledge thus provides evidence to support the idea that investment knowledge and education tend to affect citizens when investing on shares. This study complies with the study by Hasan (2019), which revealed that the higher investment knowledge and education the higher the share ownership for investors. Therefore, these findings imply that education and knowledge play a significant role in shaping investor behavior, particularly when it comes to investing in shares. Individuals who possessed higher level of investment knowledge are more inclined to make informed decisions thus reinforcing the importance of promoting financial literacy and providing educational resources for investors.

**Table 4: Correlation Between Share Ownership and Level of Financial Literacy of Investors**

|   |   | Owning of shares is a good investment. | Level of financial literacy have significant influence on share ownership to me as an investor. |
|---|---|--|---|
| Owning of shares is a good investment.  | R | 1                                      | .401  |
|   | P |  | .000  |
| Level of financial literacy have significant influence on share ownership to me as an investor. | R | .401                                   | 1   |
|   | P | .000                                   |   |

**Source: Field Data, (2023)**

**Key:** R= Correlation, and P= Significant level

Table 4 indicate that the  $r = 0.401$  and the  $p = 0.000$ . Since the  $p$  value is less than  $0.05$ , we reject the null hypothesis and accept the alternate hypothesis. Therefore, through a correlation of  $0.401$  indicates a positive correlation between share ownership and financial literacy. Also, through the significant level of  $0.000$  implies that there is a statistically significant between owning shares and level of financial literacy among investors thus provides evidence to support the idea that investment knowledge and education tend to affect citizens when investing on shares. These data support the argument by Kajembe (2018) who noted that financial literacy is important to civil servants and thus should be improved in order to increase the rate of share ownership by civil servants in Tanzania. Hence together with this study imply that civil servants have to be provided with financial literacy so as to make informed decisions when investing.

**Table 5: Suggestions on The Importance of Education and Knowledge on Share Ownership**

| The importance of investment knowledge and education. | Frequency  | Percent      |
|---|------------|--------------|
| Not answered.   | 131        | 84.0         |
| Create awareness.                                     | 9          | 6.0          |
| Diversification of investments.                       | 7          | 4.0          |
| Improve decision making.                              | 9          | 6.0          |
| <b>Total</b>  | <b>156</b> | <b>100.0</b> |

Source: Research Field Data, (2023)

Key: R= Correlation, and P= Significant level

The data in table 5 indicates that there is a lack of understanding regarding share. Out of the 156 respondents, 131 did not provide an answer to the question. This shows that most of the participants may not have considered or recognized the importance of education and knowledge in relation to investing in shares. However, among the respondents 6% stated that acquiring investment knowledge can help in creating awareness about various aspects of investments. Also, 6% of respondents stated that education and knowledge in investing can improve decision making. Lastly, 4% of respondents stated that education and knowledge in share can help with diversification of investments. These data shows that few civil servants understand that having investment knowledge can assist in spreading risks and potentially increase their returns. These data imply that there is a need to improve the awareness and understanding of the importance of education and knowledge in shares and share ownership among civil servants in Moshi Municipal Council, Tanzania. These data reflect the data from Key informant interview. The Head of Accounts and Finance Division pointed out that;

*“It is more important to educate civil servants who do not know about shares, it might be a bigger factor. Education must be given to public to increase awareness on benefits of shares” (Head of Accounts and Finance, April 25, 2023).*

This implies that most of civil servants do not have knowledge on share ownership. The researcher suggests that efforts could be done to provide education and training opportunities to enhance the investment knowledge of civil servants, which can lead to better decision making and potentially increase profits through share ownership.

### 5. CONCLUSION AND RECOMMENDATION

The data presented suggests that there is a statistically significant effect between investment knowledge and share ownership among civil servants. In multiple statements, the  $p$ -values were found to be less than  $0.05$ , indicating statistical significance, and the variables were significantly correlated with positive correlation coefficients  $r$ -values thus education and knowledge play a significant role in enhancing investor’s decision to participate in share ownership. Overall, it can be concluded that investment knowledge and education are important factors that influencing share ownership among civil servants. This study recommends that efforts should be made to increase knowledge among civil servants regarding share ownership, and the associated risks and benefits. Developing training programs for civil servants in MMC with collaboration of financial institutions thus providing access to reliable information and improving financial literacy to empower civil servants to participate in share Ownership. Additionally, peer-to-peer learning can be encouraged on sharing investment ideas and experience by creating forums or clubs at Moshi Municipal Council.



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