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ADDIS ABABA UNIVERSITY



DETERMINANTS OF STOCK MARKET INVESTMENT INTENTIONS IN EMERGING ECONOMIES: THE CASE OF ETHIOPIA

A Thesis Submitted to Addis Ababa University in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration in Finance

By: Elroie Alemseged WORKU (GSE/7209/14)

Advisor: Hailemariam G. (Ph.D)

June, 2026

Addis Ababa, Ethiopia

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Statement of Declaration

I, Elroie Alemseged WORKU, declare that thesis titled: "Determinants of Stock Market Investment Intentions in Emerging Economies: The Case of Ethiopia" is my novel work. With direction of my mentor, I have carried it out independently. The work has not been submitted for any degree or diploma program in any university or any other institution of higher education, and all materials source derived from other authors has been properly acknowledged in the text and in references section of the study.

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Letter of Certification

This is to certify that the thesis entitled “Determinants of Stock Market Investment Intentions in Emerging Economies: The Case of Ethiopia” accepted in partial fulfillment of the requirements for the award of the Degree of Master in Business Administration (MBA) by the School of Graduate Studies, Addis Ababa University, carried out by Elroie Alemeged WORKU under my supervision. The matter embodied in this thesis work has not been submitted earlier for the award of any degree or diploma.

Hailemariam G. (PhD)	_____	_____
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ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

APPROVAL SHEET FOR SUBMITTING FINAL THESIS

This is to certify that a thesis entitled "Determinants of Stock Market Investment Intentions in Emerging Economies: The Case of Ethiopia" submitted for the partial fulfillment of the requirements of the Master's Degree in Business Administration, done by Elroie Alemseged WORKU under our supervision. Consequently, as examiner board, we declare that he fulfilled the requirement, and no part of the thesis has been submitted to Addis Ababa University or any other institution for the award of any degree or diploma. Hence, we recommended that the student can submit the research to the department.

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Acknowledgment

Above all, I give praise, glory and thanks to the Almighty God, whose grace, strength, and guidance sustained me through every stage of my learning journey. None of this would have been possible without Him.

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I extend my heartfelt thanks to all research participants for their time and willingness to share with openness and candor.

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Elroie Alemseged WORKU

Addis Ababa, Ethiopia

June 2026

Abstract

The stock market is believed to be one of the main drivers of economic development across the world. All developed country possesses a stock exchange of their own, which enables corporations to raise capital for expansion besides taking business loans and individuals ownership and wealth creation. This will in turn contribute to the development of industrialization and innovation. Therefore, emerging economies have also been jumping onboard and establishing their stock exchanges to ensure economic development.
To ensure that intended outcome is attained, stock exchanges and capital market authorities as well as the wider public needs to drive the stock exchange by having active, ethical and transparent participation.
This study examined the cognitive and behavioral antecedents of retail stock market investment intentions in this emerging frontier market. The approach is quantitative, deductive, standardized and the study is based on potential investors of Addis Ababa. Multiple linear regression analysis was performed to assess the effect of four core independent variables: Financial Literacy, Perceived Trustfulness, Alternative Investment Preference, and Information Availability and Awareness.

The study is descriptive, having a sample size of 400 and utilized random sampling technique. The hypothesis testing provided results that confirm and contradict previous literatures in behavioral finance. The results saw preference over alternative investment provided highest positive effect on Investment intentions in the stock market, followed by Information availability and awareness, and lastly, financial literacy showed a positively significant effect towards stock market investment intentions. However, perceived trust and governance did not have any significant impact towards stock market investment intentions. The research conclusions provide vital blueprint for policy makers, researchers and practitioners.

To successfully mobilize retail capital, the study proposes that the ESX and the Ethiopian Capital Market Authority (ECMA) should put more emphasis on structural accessibility, open-access, easily accessible and informative market data, financial literacy education and the integration of alternative asset frameworks instead of mainly focusing on conventional trust-building campaigns.

Keywords: Stock *Exchange, Capital, Investor, Economic Development, ESX, ECMA*

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List of Abbreviations/Acronyms

AfCFTA: African Continental Free Trade Area

APA: American Psychological Association

BRVM: Bourse Régionale des Valeurs Mobilières

CI: Confidence Interval

ECMA: Ethiopian Capital Market Authority

ESX: Ethiopian Securities Exchange

GDP: Gross Domestic Product

GFLEC: Global Financial Literacy Excellence Center

HTMT: Heterotrait-Monotrait Ratio

IAA: Information Availability and Awareness

SIFMA: Securities Industry and Financial Markets Association

SD: Standard deviation

UNCDF: United Nations Capital Development Fund

USD: United States Dollar

VIF: Variance Inflation Factor

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1. Chapter one: Introduction

1.1. Background of the study

The stock market plays a vital role in a nation's economy by offering a venue for companies to generate equity funding while simultaneously giving investors the opportunity for liquidity and risk diversification. The exchanges promote innovative approach, expansion of corporations, and ultimately economic development by transforming reposits into productive activities (World Bank, 2022). In these markets, it allows individuals with strong interest to sell and purchase shares effortlessly which in turn aids businesses to commence long term development projects and for the individuals to accumulate wealth. Development organizations focus on the fact that deep and liquid capital markets are useful in the GDP growth as well as in the economic development and stability of a country (World Bank, 2023). As a result of the study conducted on global equity markets, it was discovered that the equity markets are gigantic and by the end of 2022, the total market capitalization amount reached an approximation of $100 trillion. This adds significance to the stock market’s ability to allocate capital. They augment the functions of banks, by providing an effective investment in infrastructure and industry, and serves as an indicator for the strength of economy (SIFMA, 2023; World Bank, 2022).

Stock markets still lack cohesion and sophistication in Africa, and emerging markets (Appiah-Kubi, 2023). By 2024, the total market cap of approximately 29 listed stock exchanges in Africa was 2 trillion USD with South Africa’s Johannesburg Stock Exchange leading at around 1.3 trillion, which leaves Nigeria and Kenya’s exchanges listed at mere tens of billions. Other growing economies have even smaller bourses. (African Leadership magazine, 2025). Africa’s stock exchanges are poorly developed, with few companies listed, lacking even moderate levels of liquidity (CFI, 2024). Government debt largely dominates local markets, while most major companies in Africa are unlisted. This significantly limits African stock markets financing developments in the continent. Attempts to regionally integrate, like the West African regional stock exchange, BRVM and planned East African collaboration, are overly optimistic considering the majority of the continent's capital markets remain shallow and untapped. Developing investment depth is critical to enabling local businesses access domestic capital reserves and foster foreign investment according to plans like the African Continental Free Trade Area.

Ethiopia's experience illustrates these dynamics. For decades the country lacked any formal securities exchange. After an abortive share market in the 1960s–1970s, only in recent years has the government pushed to establish a bourse (Mulatu, 2016). The Ethiopian Securities Exchange (ESX) was created through a public private partnership: it is owned in part by Ethiopia's sovereign wealth fund (Ethiopia Investment Holdings) working with the Ministry of Finance and development partners like FSD Africa. The new exchange was licensed in December 2024 and officially launched on January 10, 2025 (ESX, 2025). At launch the only listed company was Wegagen Bank, though officials expect dozens more listings in coming years. Authorities tout the ESX as a catalyst for Ethiopia's liberalization: by giving firms (especially private and small businesses) access to equity financing, and offering domestic and diaspora investors a stake in local growth, it should deepen the financial system. In sum, the Ethiopian exchange is a very recent development – a long planned institutional reform now realized – aimed at diversifying the economy and mobilizing Ethiopian savings for investment (FSD Africa, 2025).

The launch of the ESX is revolutionary; however, actual investor participation is likely to be contingent upon resolving in emerging market issues. The research has set out to study four particular factors: trust, financial literacy, alternative investment preference, availability of information and awareness. According to a study of financial literacy, only a fraction of Ethiopians understands basic financial concepts (GFLEC, 2016). Despite this gap, the government has a plan. Ethiopia's Ministry of Innovation and Technology and UNCDF intends to increase financial and digital literacy to 70% by 2025 (UNCDF, 2023). Lacking such knowledge, a huge population will never understand the merits of stock investing or company evaluation: as a result, most citizens avoid markets. Equally important, trust in institutions -nay nonexistent- civically important because investors need to see that the system is just and highly well regulated. Even after the announcement of other exchanges, some analysts claimed that due to the political uncertainty and other conflicts, foreign investors remained cynical about Ethiopia's reforms (Reuters 2025). Such doubts concerning commitment and governance suggest that a vast number of possible investors would need additional protections prior to engaging with the stock market.

The existence of alternate assets also serves as a further deterrent. It is widely believed that households located in developing countries tend to stick with what they are familiar with.

Individuals lean towards traditional asset classes and investments. As per (Atlantic Council, 2022), stock exchanges located in Ethiopia are faced with price transparency, and reliable data. These is found to hinder the development of stock exchanges in Africa. Market structures, such as stock market infrastructure and brokerages, as well as investor education campaigns, are crucial for transparent development, and until these are properly implemented, awareness will remain inadequate.

To summarize, Ethiopia's new stock exchange offers a window of opportunity, but implementing these existing policies will dictate the number of participants. Enhancing the level of financial education, information dissemination, and trust through sound regulation and governance are most impactful. Polygons of education and business associate a rise in financial literacy and institutional trust with increased market activity (UNCDF, 2023; Koch, 2022). Enhanced policy frameworks for Ethiopia focus outreach and data-driven policies in these particular areas which will shift the promise of the ESX to extensive investment participation and achieve economic prosperity.

1.2. Statement of the problem

It is clear that both the direct and indirect impacts of the stock market on economic growth are crucial. A study by (Afonso & Reimers, 2022) revealed that GDP per capita rose by $532 post-launch compared to pre-launch periods of the stock market of emerging economies, signaling direct growth effects from improved financial intermediation. The stock market enables efficient allocation and mobilization of financial assets, allow investors risk diversification and reduce investment cost (Ahmed & Chowdhury, 2024).

Studies by (HelloSafe, 2025) show that individuals in emerging economies have a very low stock market participation rate ranging from 5-15%, as compared to 40-55% of developed nations. This can be seen from the figure below.

Thus, studies suggest that higher stock market participation from individuals, and companies is monumental to a country's development and the well-being of nations. Developing economies with slow economic development will greatly benefit from higher stock market activity.

Therefore, identifying pain points for low stock market participation is vital to drive policy, and encourage the active involvement of people in stock market.

Fig 1.1: Stock market participation rate density plot



Source: hellosafe, 2025

1.3. Objective of the study

The primary aim of the study is to assess how Financial Literacy, Perceived Trust, alternative investment preferences, and the availability and awareness of information regarding the stock market influence Investment Intentions in the stock market from Emerging Economies. The study outlines the following objectives:

- Examine whether the financial literacy of individuals has no statistically significant impact on their intentions to invest in the stock market.
- Investigate if the perceived trustworthiness of individuals does not significantly influence their intentions to invest in the stock market.
- Assess whether the availability of information and awareness of the stock market among individuals do not have a statistically significant effect on their intentions to invest in the stock market.
- Analyze if individual preferences for alternative investments do not significantly affect their intentions to invest in the stock market.

- Provide both theoretical and practical implications for academia, stakeholders, and decision-makers by highlighting the challenges that stock markets in emerging economies face concerning retail investors.

1.4. Significance of the study

The research presented by the researcher will have a profound effect on the study of emerging economies stock market. Furthermore, the study will help policy makers make informed policy decisions.

The study is intended to heavily support the Ethiopian stock exchanges quest in identifying the major reasons potentially hindering stock market involvement of people and will help to strategize and plan impactful research backed action towards it.

1.5. Scope of the study

Content Scope: The research focuses on Stock Market participation of Ethiopia.

Location scope: The study is geographically limited to participants located in Addis Ababa city and its surrounding.

Methodological Scope: The research is descriptive in nature and studies the behavior of potential Stock Market participants using a multiple linear regression model.

Time Scope: The research is conducted September 20, 2025 - May 20, 2026.

1.6. Organization of the Study

The study is organized into 5 main chapters. The first chapter included 6 sub-chapters. Which includes the background, statement of the problem, study objectives, significance of the study as well as the organization of the study. The second chapter encompasses literature review and hypothesis formulation. The third chapter focuses on the methodology of the research which includes sampling techniques, and research approach. The fourth chapter deals with data analysis and hypothesis testing. The final chapter includes conclusion, recommendation, limitations and future research directions.

2. Chapter two: Related Literature review

2.1. Stock market and ESX

There exists a global opinion that stresses the roles played by stock markets in raising capital, enhancing corporate governance, and inducing economic growth for countries. The inauguration of the Ethiopian Securities Exchange (ESX) in January 2025 is a landmark activity in the economic transformation of Ethiopia from a state-driven to a market liberalization economy.

Historically, Ethiopia was known to have adapted and implemented securities exchange market in the 1970s, however, the fall of the imperial regime marked the end of the exchange in Ethiopia, until very recently when the exchange was re-established. Ethiopia, as part of its economic reform agenda, has taken drastic steps to ensure economic development.The establishment of the stock exchange followed economic reform decisions such as liberalization of the finance and telecommunications sector (Reuters, 2025).

Without active investment and participation of retail investors, the stock market will not bring the intended development for the nation. Various factors are responsible for hindering stock market investment intentions.

Looking from other emerging economies, financial literacy is believed to be one of the major draw backs hindering stock market investment intentions of individuals. Studies repeatedly shown that financial literate individuals have a tendency to invest in stock markets. Accounting for the low participation rates in developing economies and the sub-Saharan Africa, (Chikalipah's, 2017) found that low financial literacy is reported as a phenomenon in sub-Saharan Africa.

Another factor that is relevant for stock market investment intention is trust in financial institutions and governance. According to (Guiso, Sapienza, & Zingales, 2008), investor confidence is one of the crucial drivers of willingness to invest. This is detailed out as perceived fairness, transparency and regulatory quality.

Another factor that affects investors willingness to participate is preference of alternative investments not measured objectively but due familiarity, common practice and perceived

stability, and limited investment opportunities for investors. Asset classes such as fixed assets like real estate, and a more bearish option like gold (Beckmann, Hake, & Urvova, 2013).

Factor such as Information availability and awareness also adds to willingness to take part in the stock market. Retail investors, especially passive investors does not have the time nor the resources to fetch information regarding the stock market. They need accessible and reliable information at their convenience to drive their investments. The newly established Ethiopia stock exchange is intensifying efforts to create awareness and drive awareness. ESX launched ESX Academy to provide resources and training to increase public awareness and understanding of the stock market (ESX, 2025). Creating public awareness should be prioritized for ensuring a strong capital market.

Insights from comparative studies of other emerging economies are useful. For example, the Nigerian Stock Exchange in Nigeria shows the importance of regulatory reforms and investor education in increasing participation in the market (Okonkwo, 2014). Likewise, the Nairobi Securities Exchange in Kenya has also been a beneficiary of technological evolution and policy initiatives aimed at making it more accessible and transparent (Mwangi, 2016). These examples illustrate the necessity of a multi-pronged strategy to foster stock market investment intentions such as education, building trust, regulatory reforms and information dissemination.

2.2. Financial literacy

A study done by (Renuka and Raju, 2020) found that lack of receiving sufficient personal finance management education challenges financial decision making that is sound and reasoned. There exists compelling evidence in developed and developing nations lack of basic financial understanding such as interest compounding and diversification of risks (Sarpong-Kumankoma et al., 2023).

Research by Chen et al. (2023) indicates that greater financial literacy corresponds to an increased willingness to invest in stocks. Conversely, a study conducted by Akakpo et al. (2022) and Banyen and Nkuah (2015) shows that the relationship between financial literacy and the intention to invest in the stock market is statistically insignificant, suggesting that other underlying factors, like socio-cultural influences, may be responsible. Strong empirical evidence suggest that literacy in finance is intricately woven into financial inclusion. On the other end of

the spectrum, lack of literacy in finance, particularly in stock market, restricts involvement by households' (Arts, 2018; Grohmann et al., 2018).

A study into sub-Saharan Africa has pinpointed financial illiteracy as a on the major obstacles for financial inclusion, by the same token suggesting that there exists a potential link between literacy in finance and stock market investment intention (Chikalipah's, 2017). On the contrary, research by (Ozili, 2020) has put to test the finding; by highlighting that knowledge even though important, it might not eliminate barriers that are structural such having access to finance.

Research from Netherlands reveal that literacy in finance has an effect on stock market investment and participation. Research reveals that there exists a positive relation between literacy and enhanced participation in the stock market (Van Rooij et al., 2011). However, other research from Ghana, reports that financial literacy's impact on the stock market investment intention found to not be significant (Banyen and Nkuah, 2015). Instead highlighting prevalence of financial illiteracy and behavioral aspects (Arts, 2018). The literature calls for further exploration across different cultures and economic contexts.

Therefore, the researcher hypothesizes based on the argument above;

Literacy in Finance does not have a statistically significant effect on Stock Market Investment Intention.

2.3. Perceived trustfulness

Topical studies inform; households partaking in the stock market is predominantly determined by reasons as trust uphold in the financial markets (Guiso, Sapienza, and Zingales, 2008) among others.

A study by (Georgarakos and Pasini, 2011) recently evaluate the importance of having trust on stock market participation. The research shows that trust together with sociability impacts ownership of stock via different channels, where not having trust reduced the anticipated return on investment, perceiving stock market participation unappealing.

Investor protection quality, supervision, effective regulation and sound management. etc. are used in this research as the study by (Guiso, Sapienza, and Zingales, 2008) suggests. The research outlines trust as the steady reliance on the characteristics of the financial system. The

subjective probability is partly based on objective characteristics of the financial system (the investor protection quality, its enforcement and execution, etc.) determines the probability of illegal activities like fraud as showcased by Enron and Parmalat, in North American and Europe respectively. Individuals and households that have trust in the stock market have a higher level of percentage of investment in the market which assumes that partaking is sensible and therefore, will take part more in the stock market.

Therefore, the study **hypothesizes: Perceived Trustfulness does not have a statistically significant effect on Stock Market Investment Intention.**

2.4. Alternative investments and preference

Currently, the economic sector and the financial services are exceedingly diversified than ever. This infers that retail investors possess a wider variety of investment vehicles to invest in and there exists much greater alternatives for investors on how to deploy their capital.

There exist many asset types such as stocks, derivatives, fixed deposits, bonds, real estate, gold and many more on which investors can construct their portfolio (Mayo, 2009). Each of these asset classes have shared features which includes risk and potential return. The future is not certain, and an investor has to determine how much risk that is acceptable, as association for higher returns and more risks prevails (Kabra et al., 2010).

Therefore, the study **hypothesizes: Alternative Investment and Preference does not have a statistically significant effect on Stock Market Investment Intention.**

2.5. Information availability and Awareness of the stock market

Most of these emerging-market investors play very little role in trading equity, and researchers pinpoint information gaps highly as a driving force. In certain African cases, being informed that there is a capital market enormously increases the chances of investing. For example, in Tanzania, studies indicated that individuals who were informed about the Dar-es-Salaam Stock Exchange were far more likely to invest in it (Mwakabumbe, 2022)

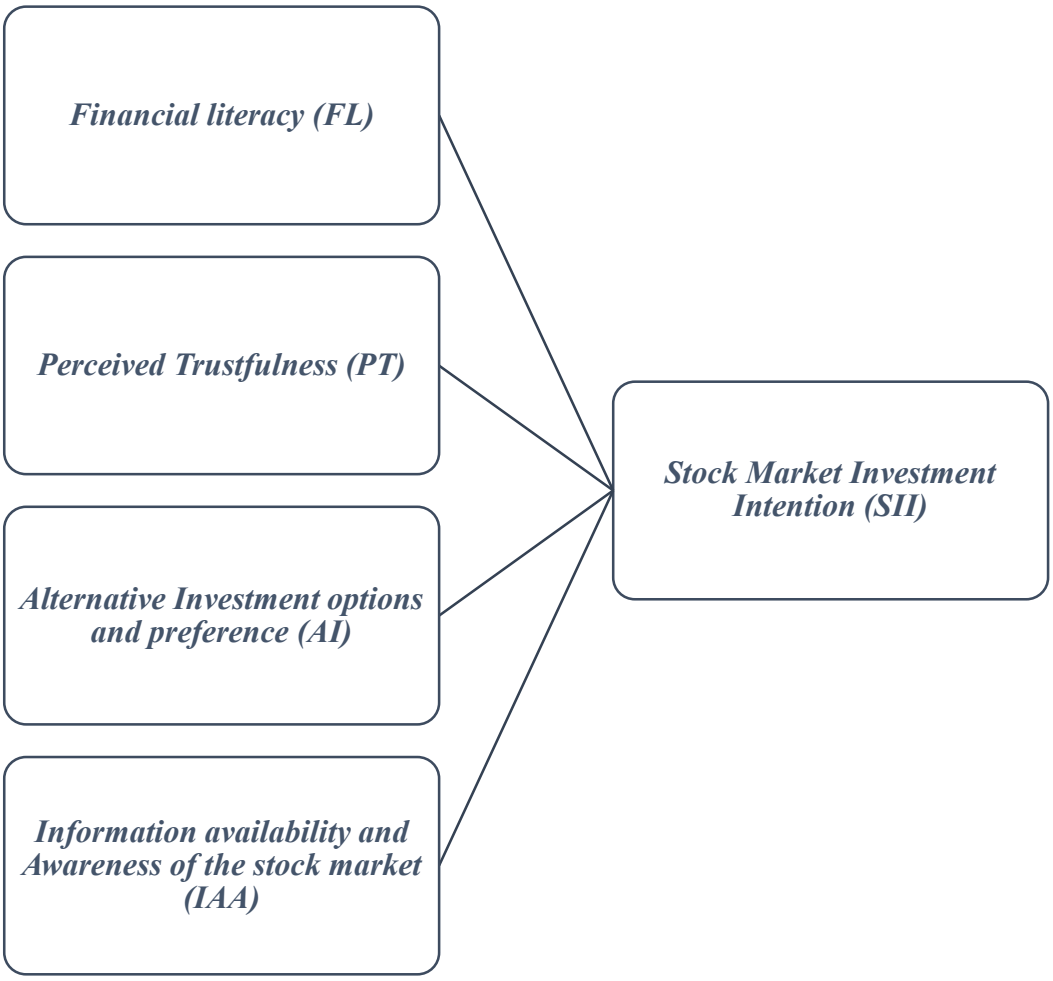
In Ghana, (Banyen & Nkuah, 2015) note that one must first know what a "stock market" is before he or she invests: they inquired if the respondents knew what the market is and how it operates and used this as a measure of awareness and found awareness to be a strong predictor of participation. Likewise, a study by (Awobgomoh et al., 2024) discover that 84% of the

Ghanaians surveyed indicated familiarity with their nation's stock exchange but only 28% held shares. In short, educated elites across most emerging markets are highly aware of the existence of a market, but awareness alone does not entail investment. Most importantly, (Epaphra & Kiwia, 2021) further state that greater education regarding how the market works – its process of trade and benefit – is what motivates people to engage.

Therefore, the study **hypothesizes: Information availability and awareness of the Stock Market does not have a statistically significant effect on Stock Market Investment Intention.**

2.6. Conceptual Framework

Fig 2.2 Research conceptual framework



Source: Literature review

2.7. Research Hypothesis

Ho1: FL does not have a statistically significant effect on SII.

Ho2: PT does not have a statistically significant effect on SII.

Ho3: AI does not have a statistically significant effect on SII.

Ho4: IAA does not have a statistically significant effect on SII.

3. Chapter three: Research design and methodology

Introduction

To test the hypothesis of the research, primary quantitative data was collected, via questionnaire. Confidentiality of the responses were ensured and a uniform method of data collection took place for the study. The instruments in the questionnaire were designed in a closed-ended format. This format facilitated a more streamlined response process, preventing excessive variability in responses and ensuring the clarity and interpretability of the collected data by using an interval measurement scale with a Likert scale of 5 intervals (1-5) “strongly agree, strongly disagree” scale. Demographics study will be analyzed first in order to have an understanding of the population sample. Then, the measurement and structural model will be analyzed by testing the reliability and validity of the research model and data collected. Afterwards, regression analysis will take place and the hypotheses of this research is going to be tested.

3.1. Research Approach

The study is explanatory in nature and uses deductive reasoning. The study tool has been prepared by using an interval measurement scale with a Likert scale of 5 intervals (1-5) “strongly agree, strongly disagree” scale. Demographics study will be analyzed first in order to have an understanding of the population sample. Then, the measurement and structural model will be analyzed by testing the reliability and validity of the research framework and the data collected. Afterwards, path analysis will take place and the hypotheses of this research is going to be tested.

3.2. Research design

The research is quantitative in nature, utilizing simple random sampling technique and aiming to tackle challenges related to the small participation in the stock market of retail investors in emerging economies. The key questions attempt to address the reason behind, testing the hypothesis related with knowledge and perception of participants.

The analysis is conducted using IBM SPSS Statistics 27.

3.3. Target Population, Sample Size, and Sampling Technique

3.3.1. Population

Ethiopia has an estimated population of over 126 million (world bank, 2023), of which 54.1% of the population is aged 18 years and above, making them eligible to take part in investing. Therefore, we can say that our study population takes into account

3.3.2. Sample size

The study sample size utilizes Yemane's formula to identify the appropriate sample size for the study, with 5% margin of error.

Table 3.1. Sample size calculation table

$$n = \frac{N}{1 + N(e)^2}$$ Where: N= Number in population e = Confidence interval n= Sample size	N = 68,436,500 $1+ N(e)^2 = 171,092.25$ n = 400

Source: Yeman's sample size calculation formula

As per the calculation, the sample size determined for this study is approximately 400.

3.4. Sampling technique

This study employed simple random sampling approach, where individuals randomly selected from the population were surveyed.

3.5. Sources of data

The source of the research Data for this study is primary data source. The data is going to be gathered from Ethiopian's aged 18 years and above through electronic data collection tools.

3.6. Data collection Procedure

Before collecting the research data, the researcher obtained authorization from Addis Ababa University for consent to gather the data required for the study. The primary data was then gathered through electronic means via a structured questionnaire. Participants consent was asked and respected.

3.7. Data Collection Instruments

For the research, the researcher used a 5-point likert scale across variables adapted from other research questionnaires on the covering similar thematic areas.

3.8. Description of variables

Table 3.2. Variable descriptions

Stock Investment Intention (SII)	
I have an intention to engage in stock investment in the near future (SII1).	(Nugraha, Rahadi, 2021)
I anticipate that I will engage in stock investment activities in the near future (SII2).	
I can stand the inconvenience that is caused by stock investment (SII3).	
I will definitely recommend others to invest in the stock market (SII4).	
Financial literacy (FL):	
I have a good understanding of the Value/price of stock/shares (FL1)	(Akakpo, Coffie Abor, 2022)
I have a good understanding of the future value of the stock/shares (FL2)	
I have a good understanding of simple interest (FL3)	
I have a good understanding of the Relationship between return and risk (FL4)	
I have a good understanding of the Relationship between inflation and cost of living (FL5)	
I have a Simple understanding of diversification and/or spreading of risk (FL6)	
Perceived Trustfulness (PT):	
(1) There is a sound management managing the stock exchange (PT 1),	(Guiso, Sapienza, and Zingales, 2008)
(2) There exists a quality investor protection (PT 2),	
(3) There exists an effective regulation within the stock market (PT3),	
(4) There exists high quality supervision (PT4)	
Alternative Investment options and preference (AI):	
I believe participating as an investor in the stock market has a higher return than other investment opportunities (AI 1):	(Sangeeta Arora, Kanika Marwaha, 2014)
I believe participating as an investor in the stock market has a higher Capital growth than other investment opportunities (AI 2):	
I believe participating as an investor in the stock market provides a better security for my future than other investment opportunities (AI 3):	
I believe participating as an investor in the stock market provides me with more Liquidity than other investment opportunities (AI 4):	
I believe participating as an investor in the stock market suits my diversification needs better than other investment opportunities (AI 5):	
Information availability and Awareness of the stock market (IAA):	
Awareness of existence of brokerage services (IAA 1)	(Sindambiwe,

The awareness of stock market requirements in other legal requirements (IAA 2)	2014)
The awareness of stock market requirements in selling stocks (IAA 3)	
The awareness of stock market requirements in Buying stocks (IAA 4)	
Awareness of information availability from the stock exchange or Ethiopia Capital Market Authority (IAA 5)	
Knowledge of location of stock market (IAA 6)	

Source: Questionnaire from literature review

3.9. Model specification

The research utilized a multiple linear regression model to determine the effects of the independent variables on the dependent variable.

$y=\beta 0+\beta 1x1+\beta 2x2+\beta 3x3+\beta 4x4+\epsilon$

- y is the dependent variable – SII
- x1, x2, x3, and x4 are the independent variables – FL, PT, AI, IAA, respectively
- $\beta 0$ is the y-intercept (constant term)
- $\beta 1$, $\beta 2$, $\beta 3$, and $\beta 4$ are the coefficients for the independent variable
- ϵ is the error term

3.10. Data processing and analysis

3.10.1. Data processing

Data Cleaning:

After gathering the data, the researcher identified and corrected inconsistencies, errors, as well as redundancies in the data, ensuring data quality and accuracy.

Data Transformation:

The researcher then engages in reshaping the data into an appropriate analysis format for IBM SPSS 27 by assigning variables for the values entered.

Data Analysis and Interpretation

The research data will then be analyzed by using IBM SPSS 27 using a linear regression model.

3.10.2. Data analysis

Participants demographic information will be presented after employing descriptive statics. This is followed by inferring reliability and validity tests to evaluate the data, before moving on to check the regression analysis to support or not support the research hypothesis.

3.11. Reliability and validity

Internal consistency: Used to evaluate the internal consistency, convergent validity and internal consistency of the latent variable constructs. A well noted index has been used namely, Cronbach's alpha (α) (Hair et al., 2017) recommended the use of this measurement indices to evaluate the internal consistency of constructs of the latent variables.

Discriminant validity

Is used to distinguish each latent variable construct within the model. And this research tested the discriminant validity by using three measurement approaches.

Multicollinearity

As stated by (Kock and Lynn, 2012), multicollinearity presence within the models of the research influences the validity and reliability of the results.

Variance inflation factor (VIF) is used to analyze multicollinearity within this research. (Hair et al., 2017) recommends the collinearity test on the variance inflation factors (VIF) values in order to approve the presence of multicollinearity. According to (Kock, 2016) inner variance inflation factors which are lower than 3.3 represent a collinearity-free model.

3.12. Ethical issues

Informed consent: All participants have been informed and have assented to take part in the study.

Anonymity and confidentiality: Data collected is only to be used for research purpose and not for any other reason.

Data handling and privacy: Data is handled with care and protection. The privacy of the respondents will be maintained and privacy of participants well-respected.

Research integrity: The research is conduct in an integral manner, where no harm was done, tools developed to address the right variables, no data cooking and plagiarism and usage of artificial intelligence is at the advisable level.

4. Chapter four: Data Presentation, analysis and Discussion

4.1. Descriptive Statistics

4.1.1. Demographic Background of the respondents

Table 4.3. Demographic background result

Variable	Response	Frequency	Percent
Gender	Female	118	29.5
	Male	282	70.5
Age group	18-24	104	26
	25-34	215	53.75
	35-44	71	17.75
	45-54	10	2.5
Education status	High school Diploma	10	2.5
	Bachelor Degree	238	59.5
	Master Degree	142	35.5
	Ph.D.	10	2.5
Employment status	Business owner	25	6.25
	Freelancer	29	7.25
	Employed - Part time	14	3.5
	Employed - Contractual work	34	8.5
	Employed - Full time	266	66.5
	Unemployed	32	8
Investment in stock	No	338	84.5
	Yes	62	15.5

Source: Survey data, 2026

The study revealed that a little over 70% of the participants are male and the remaining 30% of the study sample consists of female participants.
Research participants aged 18-34 consist of approximately 80%, which depicts the overall population of Ethiopia.
Our study sample consists of participants that hold a bachelor's degree of almost 60%, followed by over 35% of participants holding their master degree.

Our research sample predominantly consists of over 66% of our participants are employed full time. Followed by contractual workers, part-time workers, freelancers, and business owners aggregating to around 24%. Our study sample only consists of 8% unemployed participants.

A staggering 85% of our study participants do not have an investment in stock. This is evident of the required study on one hand besides other factors.

4.2. Variable constructs descriptive statistics

Descriptive statistics of the respondent scores are computed in table 4.4, to compare the different constructs affecting stock market investment intentions. Financial literacy, Perceived trustfulness, Information awareness and availability, preference over alternative investment vehicles and the stock market investment intention rankings were done on each construct and variable. To evaluate the respondent's perception a 5-point Likert scale were used. As stated by (Pimentel, 2010) the scale is set in such a way that if the mean scored value is scores between 4.21-5.00 it becomes strongly agreed, 3.41-4.20 is agreed, 2.61-3.40 is neutral, 1.81-2.60 is disagree, and 1.00-1.80 is strongly agree. The summary of each dimension is presented below:

4.2.1. Financial literacy

Table 4.4: Descriptive statistics result for financial literacy

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I have a very good understanding of Value and/or price of stocks/shares	400	1	5	3.18	1.205
I have a very good Understanding of how to predict/calculate the future value of stock/shares	400	1	5	2.72	1.264
I have a very good understanding of what a simple interest is.	400	1	5	3.62	1.327

I have a very good understanding of the Relationship between return and risk	400	1	5	3.58	1.290
I have a very good understanding of the Relationship between inflation and cost of living	400	1	5	3.71	1.181
I have a Simple understanding of diversification and/or spreading of risk	400	1	5	3.20	1.276
Aggregate	**400**	**1**	**5**	**3.33**	**1.005**

Source: Survey data, 2026

From the descriptive statistic result, the aggregated mean and standard deviation for financial literacy is M=3.33 and SD = 1.005. Participants understanding on the relationship between inflation and cost marked a strongly agreed remark (M=3.62 and SD = 1.327), followed by a good understanding of simple interest (M=3.71 and SD = 1.181). The lowest value came from the construct on stock future value calculation/prediction (M=2.72 and SD=1.264).

4.2.2. Perceived trustfulness

Table 4.5: Descriptive statistics result for perceived trustfulness

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
There is a sound management with regards to the authority and the stock market in general	400	1	5	2.90	1.025

There is a high quality of investor protection participating in the stock exchange	400	1	5	2.83	.971
There is an effective regulation in the stock market	400	1	5	2.88	1.015
There is a strong trade supervision in the stock market	400	1	5	2.82	1.007
Aggregate	**400**	**1**	**5**	**2.85**	**.864**

Source: Survey data, 2026

From the descriptive statistic result, the aggregated mean and standard deviation for perceived trustfulness is M=2.85 and SD = .864. Even though the standard deviation is comparatively small, the mean value is also not strong. The constructs mean value is fairly constant, ranging from 2.82-2.90. Participants believing that there is a sound management within the authority and there exists an effective regulation is calculated to be (M=2.90 and SD=1.025) and (M=2.88 and SD=1.015). The lowest value came from the construct on strong trade supervision in the stock exchange (M=2.82 and SD=1.007).

4.2.3. Preference over alternative Investment

Table 4.6: Descriptive statistics result for preference over alternative investment

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I believe investing in the stock market has a higher return than other investment opportunities. (N.B. Other investment opportunities here refer to investing in fixed assets such as home and car, owning your own business, etc..)	400	1	5	3.02	1.150
I believe investing in the stock market has a higher Capital growth than other investment opportunities. (N.B. Other investment opportunities here refer to investing in fixed assets such as home and car, owning your own business, etc..)	400	1	5	3.01	1.120
I believe investing in the stock market provides a better security for my future than other investment opportunities;(N.B. Other investment opportunities here refer to investing in fixed assets such as home and car, owning your own business, etc..)	400	1	5	3.00	1.118

I believe investing in the stock market provides me with more Liquidity than other investment opportunities;(N.B. Other investment opportunities here refer to investing in fixed assets such as home and car, owning your own business, etc..)	400	1	5	3.18	1.191
I believe investing in the stock market suits my diversification needs better than other investment opportunities. (N.B. Other investment opportunities here refer to investing in fixed assets such as home and car, owning your own business, etc..)	400	1	5	3.08	1.112
Aggregate	**400**	**1**	**5**	**3.05**	**.95**

Source: Survey data, 2026

From the descriptive statistic result, the aggregated mean and standard deviation for financial literacy is M=3.05 and SD = .950. Participants believing that stock market investment providing them with more liquidity compared to other asset classes scored the highest mean value and a fair standard deviation value (M=3.18 and SD = 1.191), followed by a belief that investing in the stock market providing a better investment diversification compared to other asset classes (M=3.08 and SD = 1.112). The lowest value came from the construct on stock market investment providing a better security for their future (M=3.00 and SD=1.118).

4.2.4. Information Awareness and Availability

Table 4.7: Descriptive statistics result for information awareness and availability

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I am aware of the existence of brokerage services	400	1	5	2.99	1.336
I am aware of the stock market legal requirements	400	1	5	2.86	1.315
I am aware of stock market requirements in selling securities	400	1	5	2.72	1.301
I am aware of stock market requirements in buying securities	400	1	5	2.77	1.277
Information is easily and widely available regarding the stock market	400	1	5	2.61	1.258
I am aware of the location of the stock market	400	1	5	2.62	1.267
Aggregate	**400**	**1**	**5**	**2.76**	**1.101**

Source: Survey data, 2026

From the descriptive statistic result, the aggregated mean and standard deviation for information availability and awareness is M=2.76 and SD = 1.101. Even though the standard deviation is comparatively small, the mean value does not signal a strong value. The constructs mean value is fairly constant, ranging from 2.61-2.99. Participants awareness regarding the existence of brokerage services to buy and sell stock and awareness on the legal requirements of the stock

market is calculated to be (M=2.99 and SD=1.36) and (M=2.86 and SD=1.315), respectively. The lowest value came from the following two constructs, information being easily accessible, and stock market location awareness (M=2.61 and SD=1.258) and (M=2.62 and SD=1.267), respectively.

4.2.5. Stock Market Investment Intention

Table 4.8: Descriptive statistics result for stock market investment intention

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I intend to engage in stock investment in the near future	400	1	5	3.27	1.201
I expect that I will engage in stock investment activities in the near future	400	1	5	3.38	1.183
I can stand the inconvenience caused by stock investment	400	1	5	2.98	1.084
I will recommend others to invest in the stock market	400	1	5	3.31	1.119
Aggregate	**400**	**1**	**5**	**3.23**	**.998**

Source: Survey data, 2026

The aggregated mean and standard deviation result for the dependent variable stock market investment intention is M=3.23 and SD=.998. The mean value is slightly below the agree mark provided by (Pimentel, 2010). However, the standard deviation is slightly below 1.

The constructs mean value ranges from M=2.98-3.38. The mean value for the construct that participants are expecting to engage in the stock market as investors scored the highest mean from the constructs, followed by recommending others to invest in the stock market (M=3.31),

and also the intent to engage in the stock market (M=3.27). The lowest mean value came from standing inconveniences caused by the stock market (M=2.98). The standard deviation shows a fairly normal value for the constructs.

4.2.6. Descriptive statistics summary for dependent and independent variables

Table 4.9: Descriptive statistics summary result

Descriptive Statistics

	N	Mean	Std. Deviation
FL	400	3.3338	1.00524
PT	400	2.8588	.86424
AI	400	3.0565	.95024
IAA	400	2.7604	1.10139
SII	400	3.2350	.99581

Source: Survey data, 2026

The aggregated descriptive value for all variables is presented in table 9. The mean values range from M=2.76-3.33. Even though the mean values of the variables do not get to the mark of agree by a slight amount as per (Pimentel, 2010). The standard deviation values of the variables revolve around the value 1, which shows consistency of responses from participants.
The highest mean value of the constructs come from financial literacy (M=3.33 and SD=1.005), followed by stock market investment intention (M=3.23 and SD=.995), preference over alternative investment (M=3.05 and SD=.950) follows through, which is then followed by perceived trustfulness (M=2.85 and SD=.864) and finally information availability and awareness has a value of (M=2.76 and SD=1.101).

These findings suggest that participants have a moderately positive perception on both the dependent and independent variables.

4.3. Inferential statistics

4.3.1. Reliability and Validity

4.3.1.1. Cronbach's alpha result

Table 4.10: Cronbach's Alpha result table

Reliability Statistics

Construct	Cronbach's Alpha	N of Items
FL	**.887**	6
PT	**.883**	4
AI	**.891**	5
IAA	**.925**	6
SII	**.890**	**4**

Source: Survey data, 2026

All Cronbach's alpha (α) value should be greater than 0.7, according to (Nunally, 1978). All of the results of the constructs hold adequate as per the threshold provided. Which shows that there is a good convergent reliability of the indicator items and their latent variable construct.

4.3.1.2. Discriminant Validity

Table 4.11: Discriminant Validity test HTMT table

Constructs	AI	FL	IAA	PT	SII
AI	-				
FL	0.461	-			
IAA	0.601	0.745	-		
PT	0.626	0.637	0.697	-	
SII	0.663	0.581	0.688	0.589	-

Source: Survey data, 2026

Discriminant validity is firmly established for the dataset. (Henseler, Ringle, and Sarstedt, 2015) commend that Heterotrait-Monotrait-Ratio (HTMT) to be a developed measurement criterion of discriminant validity. In effect, all diagonal loadings which are on the same latent variable construct to be zero. The threshold level of HTMT is controversial among many, some researchers advise a strict cut-off point of 0.85 (Kline, 2011)

As shown in the above table, the HTMT result confirms that all five constructs are statistically distinct from one another, all scoring below 0.85.

4.3.1.3. Multicollinearity result

Table 4.12: Analysis of Variance for the Overall Regression Model Fitness

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF

(Constant)	.751	.151		4.978	.000		
FL	.127	.050	.129	2.555	.011	.511	**1.958**
PT	.081	.058	.071	1.402	.162	.511	**1.957**
AI	.345	.048	.330	7.263	.000	.628	**1.592**
IAA	.279	.050	.309	5.558	.000	.418	**2.391**

a. Dependent Variable: SII

Source: Survey data, 2026

The results of the VIF analysis show that all factors of variance inflation are below the 3.3 mark as stated by (Kock, 2016), the findings show that there exists no multicollinearity within the research model, hence we can conclude the research is collinearity free.

4.3.2. Correlation Matrix

Table 4.13: Correlation Matrix

Correlations

		FL	PT	AI	IAA	SII
FL	Pearson Correlation	1	**.564****	**.409****	**.676****	**.512****
	Sig. (2-tailed)		.000	.000	.000	.000
	N	400	400	400	400	400
PT	Pearson Correlation	**.564****	1	**.554****	**.630****	**.520****
	Sig. (2-tailed)	.000		.000	.000	.000
	N	400	400	400	400	400
AI	Pearson Correlation	**.409****	**.554****	1	**.546****	**.590****

	Sig. (2-tailed)	.000	.000		.000	.000
	N	400	400	400	400	400
IAA	Pearson Correlation	**.676****	.630**	.546**	1	**.621****
	Sig. (2-tailed)	.000	.000	.000		.000
	N	400	400	400	400	400
SII	Pearson Correlation	**.512****	**.520****	**.590****	**.621****	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	400	400	400	400	400

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

Source: Survey data, 2026

According to (Cohen, 1988), correlation value ranges from -1 to 1, with 0 being no correlation between variables, and 1 being a positive perfect correlation, creating equal movements between the variables, and -1 being a strong negative correlation, where there is an inverse movement of values.

From table 4.13, we can duly observe that the correlation between variables is fairly moderate. This suggests that the variables are not heavily correlated with the strongest correlation value coming from financial literacy, and information availability and awareness with .676. Followed by the relationship amongst perceived trustfulness and information availability and awareness with correlation value of .630. Another strong correlation exists amongst information availability and awareness and stock market investment intention with correlation value of .621.
All correlation values between variables shows a moderate to strong positive which is noticeable and meaningful.

4.3.3. Model Summary

Table 4.14: Model Summary Table

Model Summary

Mod	R	R	Adjusted	Std. Error	Change Statistics

el		Square	R Square	of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.699[a]	.489	.484	.71546	.489	94.488	4	395	.000

a. Predictors: (Constant), IAA, AI, PT, FL

Source: Survey data, 2026

For this research adjusted R squared is .484 which translates to 48.4% movement of the dependent variable is due to the movement of the independent variable, while the remaining 52% is due to external variables which requires further investigation from researchers. This is a very strong indicator of the effect the independent variables have on the dependent variable.

4.3.4. Hypothesis Testing

Table 4.15: Regression Coefficients

Hypothesis	Path	Unstandardized (B)	p-value (Sig.)	Null Hypothesis Decision	Result
H1	FL → SII	0.127	0.011	**Reject Null**	**Supported**
H2	PT → SII	0.081	0.162	**Fail to Reject**	**Not Supported**
H3	AI → SII	0.345	< 0.001	**Reject Null**	**Supported**
H4	IAA → SII	0.279	< 0.001	**Reject Null**	**Supported**

Source: Survey data, 2026

Based on the Unstandardized Coefficients (B), the predictive regression model is:

SII=0.751+0.127(FL)+0.081(PT)+0.345(AI)+0.279(IAA)

To test the hypothesis, a multiple linear regression modelling analysis was undertaken to evaluate the effects of Financial Literacy (FL), Perceived Trustfulness (PT), Alternative Investment and Preference (AI), and Information Availability and Awareness (IAA) on Stock Market Investment Intention (SII). The resulting regression model yielded a statistically significant constant intercept (B = 0.751, t = 4.978, p < .001, 95% CI [0.454, 1.047]), indicating that when all independent variables are valued at zero, the predicted baseline score for Stock Market Investment Intention is 0.751.

To evaluate the individual contributions of each predictor and test the stated null hypotheses, the unstandardized coefficients (B), t-statistics, and 95% confidence intervals (CI) were examined.

4.4. Discussion

Financial Literacy (FL)

Financial Literacy has a significant and positive effect on Stock Market Investment Intention (B = 0.127, t = 2.555, p = .011). The 95% confidence interval [0.029, 0.225] does not include zero and indicates a significant unique contribution to the model. Holding other variables constant, an increase of one unit in FL leads to an increase of 0.127 units in SII.

Decision on hypothesis: The null hypothesis that Financial Literacy does not significantly affect Stock Market Investment Intention statistically is rejected.

The finding supports (Chikalipah's, 2017) and (Chen et al., 2023) findings corresponding financial literacy with willingness to invest in the stock market.

Perceived Trustfulness (PT)

Perceived Trustfulness did not have a statistically significant effect on Stock Market Investment Intention (B = 0.081, t = 1.402, p = .162). This also supports the lack of significance as the 95% confidence interval [-0.033, 0.195] crosses zero which means the true population effect could be negative, zero or positive. Therefore, PT does not have a unique, statistically significant effect on investment intentions controlling for the other predictors in this model.

Hypothesis decision : The null hypothesis that Perceived Trustfulness has no statistically significant effect on Stock Market Investment Intention is retained (failed to reject).

The study failed to support the research done by (Georgarakos and Pasini, 2011), which states that lack of participation can stem from loss of confidence in investor protection, governance..etc.. The study found that perceived trustfulness of the stock market does not significantly affect their participation.

Information Availability and Awareness (IAA)

Information Availability and Awareness has a positive and statistically significant effect on Stock Market Investment Intention (B = 0.279, t = 5.558, p < .001). The 95% confidence interval is [0.181, 0.378] which does not include zero, indicating the strong effect. An increase in IAA by one unit is expected to increase SII by 0.279 units. IAA is the second most important predictor in the model.

Hypothesis Decision: The null hypothesis that Information Availability and Awareness has no statistically significant effect on Stock Market Investment Intention is rejected.

Having a meta knowledge about the stock market, such as what it is, how it operates is found to be an indicator of stock market participation intention. The finding of (Banyen & Nkuah, 2015) has been cited earlier by the researcher and study supports the claim that information availability and awareness significantly affects stock market investment intention.

Alternative Investment and Preference (AI)

The analysis shows that the preference of stock market participation (in terms of liquidity, diversification, higher capital growth and financial security) rather than Alternative Investment has a positive and also a statistically significant effect on Stock Market Investment Intention (B = 0.345, t = 7.263, p < .001). The 95% confidence interval [0.252, 0.439] does not contain zero, which indicates the relationship is strong and reliable. That is, SII increases by 0.345 units for every one unit increase in AI, all other things being equal. The unstandardized coefficient magnitude indicates that AI is the most impactful unique contributor to the dependent variable of all the model's predictors.

Hypothesis Decision: Null hypothesis that Alternative Investment and Preference has no statistically significant effect on Stock Market Investment Intention is rejected.

Stock Market Investment Intention is significantly and positively predicted by three out of four independent variables, namely Alternative Investment and Preference (AI), Information Availability and Awareness (IAA) and Financial Literacy (FL). In terms of the relative influence of these factors, the unstandardized coefficients show that AI (B = 0.345) has the greatest influence on investor intentions, with the second most influential variable being IAA (B = 0.279). FL (B = 0.127) has a lower but significant influence. Perceived Trustfulness (B = 0.081) does not significantly add to the variance of the dependent variable in this model.

5. Chapter five: Conclusion and Recommendation

5.1. Summary of major finding

The purpose of this study was to investigate factors that determine retail investor intention to participate in the newly established Ethiopian capital market. The research was motivated by the recent structural transformation of the economic paradigm in Ethiopia as manifested in the licensing and official launch of the Ethiopian Securities Exchange (ESX) in early 2025. It filled a critical gap in frontier market finance by examining the behavioural and cognitive anchors that influence public investment intentions in frontier market contexts.

Specifically, the research tested the separate and joint influence of four critical dimensions:

Impact of Financial Literacy (FL), Perceived Trustfulness (PT), Alternative Investment and Preference (AI) and Information Availability and Awareness (IAA) on Stock Market Investment Intention (SII) of Potential Retail Investors in Addis Ababa, Ethiopia. This dissertation employed a quantitative, deductive research design with linear regression analysis using IBM SPSS 27 to test four null hypotheses to provide an empirical blueprint for financial inclusion during an era of historic economic liberalization.

The linear regression analysis shows that the aggregate of behavioural, cognitive and market-driven dimensions explain a considerable share of the variance of retail investor intentions in the Ethiopian capital market. The baseline intercept of the model presents a positive latent disposition of potential retail investors to interact with the stock market indicating a positive public environment for the newly established financial ecosystem even before controlling for individual differences in environment.

The structural model revealed different dynamics in the drivers of prospective retail investors when the individual determinants were assessed:

Preference of the stock market over Alternative Investment: This dimension was the most dominant force affecting stock market investment intentions. Those who believe that there is better security, more liquidity, higher capital growth and better diversification opportunity than traditional alternative asset classes showed the highest propensity to participate in the newly formed stock exchange.

Availability of information and level of awareness: This factor was the second most powerful determinant within the structural model. Transparency in the pricing data, the availability of financial media, and general visibility into market operations all contribute to an increased willingness of an individual to commit capital. Thus null hypothesis four was rejected.

Financial Literacy: Basic financial capability was found to positively and significantly affect intentions to invest. However, its relative strength was less than that of market awareness or the preference for alternative assets, but it is still a critical cognitive driver. This confirms that

financial literacy reduces the operational uncertainty of investment, and thus the first null hypothesis is rejected.

Perceived Trustfulness: Institutional trust did not have a unique, statistically significant impact on investment intentions when controlling for the other variables in the model, unlike fundamental assumptions in traditional finance literature. This suggests that perceived institutional credibility is not playing a key gating or constraining role for retail market entry at this early stage of market formation. Therefore, the second null hypothesis was not rejected in the study.

5.2. Recommendations

Firstly, given the high value placed on Information Availability and Awareness, the ESX and its Academy must go beyond short online courses, and high level academic seminars and develop open access digital platforms. The micro learning

Secondly, due to high baseline intentions among the general population to participate in the stock exchange and own stocks, the ESX should follow a targeted approach. This includes active financial groups. Targeted programs for credit unions, commercial bank depositors and local share company owners can efficiently turn existing investment interest into market liquidity, that can then drive participation and increase the market capitalization of companies and the overall exchange.

Thirdly, the lack of a significant effect of perceived trust on intent suggests that regulatory skepticism is not proven to be a barrier to potential participants. The focus of ECMA should be on convenience for investors, and not trust building campaigns. This means embracing clear, paperless know-your-customer (KYC) standards, enabling digital signatures, and facilitating integration between mobile money wallets and licensed brokerages.

Fourthly, ECMA must impose tight rules of disclosure of information so as to sustain interest in the market and protect early investors. High transparency of corporate data directly supports information availability, reinforces investor confidence and protects the market from early reporting gaps.

Lastly, while the relative coefficient of financial literacy is lower relatively, it is a statistically significant long-term foundation for market growth. The Ministry of Education should work with the ECMA to introduce basic capital market concepts to higher education curricula and require that financial institutions dedicate a portion of their marketing budget to public education on investing.

5.3. Limitations and Future Research Directions

While the research offers actionable perspectives for policymakers, certain limitations are introduced by the scope of the research that need to be carefully considered. The geographic scope of the data collection was limited to the city of Addis Ababa and therefore the findings may not be representative of the economic realities and investment mindsets of secondary cities or rural agrarian communities. Methodologically, the study was based on a quantitative survey

using random sampling technique which captures investment intentions at a moment in time in a defined context.

This work should inform future research, with longitudinal studies assessing how individual intentions translate into actual behavior as the ESX corporate listings grow. Moreover, a wider geographic sampling throughout Ethiopia, together with qualitative methods, would provide a deeper understanding of the idiosyncratic regional and cultural dynamics and thus a more generalizable framework for capital market development across East Africa, and emerging economies.

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Appendix

Data collection form

Determinants of Stock market Investment Intentions in Emerging Economies: The case of Ethiopia

Research Data collection

Disclaimer

Informed consent: We need your consent to participate in the study before proceeding to the research questions

Anonymity and confidentiality: The data collected is and only to be used for research purpose and not for any other reason. The survey does not require personalized information and will only utilize aggregated data collected from all participants.

Data handling and privacy: Participants response Data is handled with care and protection. Your privacy will be maintained and well-respected.

If you have a hard time understanding or answering the question, please don't hesitate to contact me via +251991856405 or elroie8991@gmail.com

* Indicates required question

1. What is your gender? *

Mark only one oval.

- ◯ Male
- ◯ Female

2. Please specify you age group *

Mark only one oval.

- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65 and above

3. What is the highest level of education attained? *

Mark only one oval.

- High school Diploma
- TVET Diploma (level1-7)
- Bachelor Degree
- Master Degree
- Ph.D.
- I Did not complete school

4. Is your education related to business, economics, accounting and finance? *

Mark only one oval.

- Yes
- No
- Maybe

5. Please state your employment status. *

Mark only one oval.

- Business owner
- Freelancer
- Employed - Part time
- Employed - Contractual work
- Employed - Full time
- Unemployed

6. Is your current role related to business, economics, accounting and finance? *

Mark only one oval.

- Yes
- No
- Maybe

7. Do you have an investment in stock(s)? *

Mark only one oval.

- Yes
- No

8. Do you know what a stock market is? *

Mark only one oval.

- Yes
- No
- Maybe

9. I have a very good understanding of Value and/or price of stocks/shares *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

10. I have a very good Understanding of how to predict/calculate the future value of stock/shares *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

11. I have a very good understanding of what a simple interest is. *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

12. I have a very good understanding of the Relationship between return and risk *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

13. I have a very good understanding of the Relationship between inflation and cost of living *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

14. I have a Simple understanding of diversification and/or spreading of risk *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

15. There is a sound management with regards to the authority and the stock market in general *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

16. There is a high quality of investor protection participating in the stock exchange *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

17. There is an effective regulation in the stock market *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

18. There is a strong trade supervision in the stock market *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

19. I believe investing in the stock market has a higher return than other investment opportunities. *
(N.B. Other investment opportunities here refer to investing in fixed assets such as home and car, owning your own business, etc..)

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

20. I believe investing in the stock market has a higher Capital growth than other investment opportunities. *
(N.B. Other investment opportunities here refer to investing in fixed assets such as home and car, owning your own business, etc..)

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

21. I believe investing in the stock market provides a better security for my future than other investment opportunities. *
(N.B. Other investment opportunities here refer to investing in fixed assets such as home and car, owning your own business, etc..)

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

22. I believe investing in the stock market provides me with more Liquidity than other investment opportunities. *
(N.B. Other investment opportunities here refer to investing in fixed assets such as home and car, owning your own business, etc..)

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

23. I believe investing in the stock market suits my diversification needs better than other investment opportunities. *
(N.B. Other investment opportunities here refer to investing in fixed assets such as home and car, owning your own business, etc..)

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

24. I am aware of the existence of brokerage services *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

25. I am aware of the stock market legal requirements *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

26. I am aware of stock market requirements in selling securities *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

27. I am aware of stock market requirements in buying securities *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

28. Information is easily and widely available regarding the stock market *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

29. I am aware of the location of the stock market *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

30. I intend to engage in stock investment in the near future *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

31. I expect that I will engage in stock investment activities in the near future *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

32. I can stand the inconvenience caused by stock investment *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

33. I will recommend others to invest in the stock market *

Mark only one oval.

	1	2	3	4	5	
Stro	◯	◯	◯	◯	◯	Strongly agree

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