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Effects of Initial Public Offering on the Value of a Company: A Case Study of Tanzania Breweries Limited Company, Dar es Salaam

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Abstract— *This study aims to analyze effects of initial public offering on the value of a company in Tanzania using Tanzania Breweries Public Limited Company as a case study. The specific objectives of the study were to assess the influence of stock price, asset valuation and intangible assets on the value of Tanzania Breweries PLC. The study adopted explanatory research design that included time series analysis (TSA) because analysis of the past is vital for forecasting the future and employed market timing theory. The method of data collection was documentary analysis; E-views was used to analyze the data which were collected from TBL, DSE and UNCTAD from 2010 to 2020. After confirming the existence of long-term associations between variables in our model, the collected data was submitted to ordinary least square (OLS) and t-values using the vector error correlation model. Results of the study indicated that asset valuation (ASSV) had a positive but small impact on the value of the company. While the short and long-term coefficients test between intangible assets (INTA) and stock price (STKP) had a negative and minor impact on Tanzania Breweries Company's value at 5% of critical value. It is therefore suggested that organizations should focus on developing goodwill as one of the intangible assets that attract investors and shareholders. Management as well as owners of companies should be trained on the importance of using IPO as a source of improving the equity capital rather than using debt instruments. The government should strengthen policies and loosen some regulations, particularly for foreign investors, in order to attract more direct and indirect investment.*

Keywords— ***Initials Public Offering, Value of the Company, Asset Valuation, Stock Price, Intangible Assets.***

I. INTRODUCTION

The fundamental incentive for a firm to go public is usually to pursue long-term strategic goals such as identifying chances for expansion, creating value, or exploring exit options. Going public promotes industry growth and expansion by providing a wider range of funding sources and quicker access to cash. It also broadens the company's asset base and provides greater financial flexibility for future growth (Pulkeria, 2018).

The cost of acquiring cash by selling a company's stock is correctly assessed in both bull and bear markets in a well-functioning stock market. As a result, whether the company wishes to raise funds or go public, it should always be given the "right price" for its stock. However, disregarding the efficient market idea and deciding that the asset price is insufficient may have an impact on the IPO's timeline According to mainstream international corporate governance literature, an IPO is the first big "liquidity case" in a fast-growing organization's entire lifespan, when founders and early investors (corporate insiders) begin to perceive the benefits of their ownership interest in the firm. Initial public offering is one of the primary financial resolves that cause observers to scrutinize the plans of companies seeking to go public. Typically, the approach is utilized to raise capital from IPO stockholders.

The initial public offering (IPO) occurs when a security is initially sold to the general public in the intention of expanding the liquid market. The primary reason is to alleviate borrowing limits. Companies' numbers are increasing as they become public. Investments made possible by lowering the debt-to-equity ratio. This assures that the corporation can generate additional funds to finance the debt. This expanded capability would increase the company's bargaining power, which might assist cut debt expenses (Schwert, 2020).

Based on a secondary market estimate, the offer price is frequently lower than the share price immediately after it is listed. Underpricing refers to all first public offerings (IPOs). Companies plan to go public for a longer period for a variety of reasons, including the availability of pre-IPO private capital, the development of secondary pre-IPO markets for shareholders, a tighter focus on profitability, and the uneven performance of recent IPOs. Even though a company is private, it can nevertheless provide liquidity to its shareholders by engaging third-party service providers to arrange tender offers and share buybacks. You can save money by delaying going public for a longer period. A company will grow, and its valuation will show it (Grais, 2020).

When a firm record shares in order to offer and sell them, the firm's status changes from private to public. Corporations choose to "go public" because money received through an IPO does not have to be repaid, whereas debt instruments, such as debt securities, must be returned with interest. Because a company's debt-to-equity ratio normally improves after going public, resulting in more favorable financing arrangements, going public through the IPO process boosts access to money via the selling of shares. Initial public offerings (IPOs) have been used by companies in both mature and emerging stock markets to generate financing that would otherwise be difficult to get.

Tanzania Breweries Company, like any listed company, has been publishing reports annually which show the company performance. Performance reports indicate that the company has been very competitive in the market and of high yields year after year (DSE annual report, 2017). However, to the best knowledge of this study, there is no empirical evidence that advocates how IPO has increased the value of Tanzania Breweries PLC. Therefore, this study aimed to cover this knowledge gap by assessing effects of initial public offering on the value of Tanzania Breweries PLC since it succeeded going public in 1998 through Dar es Salaam Stock Exchange (DSE). Specifically, the study aimed to assess the influence of stock price, to examine the influence of asset valuation and to examine the influence of intangible assets on the value of a company with particular reference to Tanzania Breweries Limited, Dar es Salaam.

II. LITERATURE REVIEW

The increasing globalization of financial markets, as well as the pressure to attract foreign investment capital and increase domestic liquidity, have highlighted the importance of timely and accurate firm-level disclosure requirements via detailed listings prospectuses, as well as ongoing commitments such as annual reports and financial reporting required to maintain a stock exchange listing. However, a recent cross-country comparative study of the institutional consequences of IPO company prospectus length with a sample drawn from was limited to only the most well-known macro-institutions (Hearn, 2018).

The rise of the stock market has been demonstrated to have a favorable impact on the decisions on the capital structure of listed companies in Ghana, according to a study that was done in tandem with banking and stock market developments in financing decisions of listed firms in Ghana. This research highlights the importance of stock markets in industrialized nations in the capital structure of publicly traded companies. Within the context of the panel of data, this study explores the relationship between the growth of financial markets and the choice of finance (debt-equity) of listed enterprises in Ghana. The main goal of this study is to see if debt and equity financing are complementary or substitutive. The study analyzed panel data from twenty-one Ghana Stock Exchange (GSE) listed companies over a period of time between 1995 and 2005 (Doku et al., 2016).

European integration will have a significant impact on the financial markets of Poland and other former socialist nations in transition.Understanding the elements that influence firm decisions regarding public stock transactions is crucial to preventing the Polish stock market's collapse. Companies decide whether or not to list on the stock exchange because they believe it will help them achieve specific goals. Bonds are issued for a variety of reasons, including gaining money on acquisitions, developing a reputation, boosting sales, and so on. Until recently, listing certain companies on the Polish stock exchange was considered a kind of privatization; however, that age has passed. Private investors would buy companies that go public. As a result, it is vital to remember the IPO procedures (Kopczewska, 2016).

The use of panel templates to analyze IPO results demonstrates that the firm implements investment programs and uses cash in accordance with the stated direction, i.e. acquisitions rather than debt repayment. Debts of public firms do not adjust until they are listed on the stock exchange; after that, they return to their pre-IPO levels. As a result of its stock market listing, the company's size expands, but the rate of growth and profitability decreases. The outcomes of the study support existing beliefs that corporations go public for opportunistic reasons and then pursue investment programs. An IPO is frequently regarded as the most significant milestone in the life cycle of a company. This ground-breaking innovation enables a company to acquire access to financial markets in exchange for additional money, which is required to fund future growth, while also offering a market for investors to sell their shares. The study's goal was to investigate the well-documented relationship between IPO pricing and stock returns (Kungu & Iraya, 2017).

Initial public offerings (IPOs) are unlikely to be priced at their intrinsic worth in the early stages of trading, but the true value is eventually reflected in the IPOs pricing. Despite the fact that IPO valuation is an essential topic, the empirical investigation found that little research has been done on it. The findings demonstrated that IPO underpricing is an equilibrium phenomenon in an efficient capital market in the context of developing countries, and a variety of theories have been developed to support this. There is currently no evidence in the literature to suggest that the price of an initial public offering (IPO) is most important predictor of stock returns over time. Current empirical studies on the relationship between IPO price and stock returns continue to produce inconsistent results, necessitating additional study to bring the work together. Furthermore, the vast bulk of study on the subject has been undertaken from a global viewpoint, with only a few empirical investigations in developing economies. Despite the topic's relevance to these economies, this is the case. According to the findings, future studies attempting to assess the impact of IPO price on stock returns should include both an intervening and a moderating component. Other variables, in addition to the intervening variables of corporate characteristics mentioned in this research, should be utilized to compare the results.

Abdulai (2015) conducted a study to evaluate how often the valuation, price, and efficiency of earlier IPOs listed on the GSE were related to the current state of under subscriptions. The investigation was guided by Rosenbloom's assessment and pricing system. The research looked at whether GSE IPOs were under-priced or overpriced, as well as whether projected and pre-issue financials were free of estimating mistakes and earnings control, this study contributes to positive social reform by lowering the capital market's observed IPO under subscribers.

Evidence of poor post-IPO performance, both in terms of operational results and abnormal long-term post-IPO stock returns, supports the business timing argument. However, the quality of the findings has been put into question, with some poor post-IPO performance results being attributed to measurement difficulties. An IPO enables venture funders to make payouts while also dealing with the issue of generational succession in a family-run corporation. From the standpoint of the shareholder, the ability to cash out his co-ownership at any moment by selling shares of stock on the secondary market gives him a lot of flexibility in his financial decisions (Szyszka, 2020).

Ameer (2012) study on the other hand, discovers the inverse. "Monetary policy has a direct impact on capital markets, and central bank intervention stimulates IPO cycles in Malaysia predicted a negative relationship between interest rate and IPO number, as well as a significant positive relationship between industrial production and the number of IPOs. Also there is moderate evidence for a link between local macroeconomic conditions and emerging market stock returns

Miloud (2016) conducted a study to investigate the importance and repercussions of IPO bid price levels on subscription, first trading, and post-IPO ownership structures. The primary market in India provides a unique environment for estimating the impact of various initial public offering (IPO) price ranges and IPO issue factors on initial demand for an IPO among investors, as measured by full IPO subscription/oversubscription, initial turnover (liquidity), and post-IPO listing ownership structure (ownership).

Acedo et al., (2017) studied the relationship between the frequency of initial public offerings (IPOs) and external factors. The first public offerings (IPOs) in fifteen nations were timed using inflation-adjusted stock price indices and GDP growth rates. There is a positive association between the number of IPOs and stock price levels, but not with cycle movements, according to the data. Compare data from a sample of Swedish family-owned businesses from 1970 to 1991 with data from eleven European nations (1980-1989), they discover that "going public activity is unrelated to the business cycle" and that "the majority of going public activity occurred following an extraordinarily sharp stock price gain.

In today's business environment, intangible assets such as experience, skills, relationships, systems, goods, and community are important strategic tools. Governments have underlined the importance of intangible assets as determinants of global growth, and corporations have been advised to prioritize their intangible assets. Businesses must invest in their market's intangible components in order to produce value-added goods and services. Investors must acknowledge the growing importance of intangible assets, as well as the potential profit and riches that they might deliver. Because of the shift in business from a manufacturing foundation to a services base fuelled by knowledge experts, intellectual capital has emerged as a major commodity among industrialized countries worldwide (Madhani, 2019).

Going public has a variety of benefits, according to financial experts. Entrepreneurs benefit from a broader portfolio, which, along with higher liquidity, can boost their company's worth.

DSE annual report, (2017), businesses are continually looking for new ways to expand and grow in order to boost shareholder value. Companies that seek to expand their operations or gain visibility should list and trade their shares on a stock exchange. Some firms may choose external finance, such as a bank loan, requiring internal cash flow stretching and expense cutting to service the loans. Because bank loans are heavily leveraged, they pose a greater risk to owners. The capital market, on the other hand, enables corporations to raise funds through an Initial Public Offering (IPO) to fund significant projects without incurring additional debt, distorting cash flow, or putting shareholders at risk.

Gaca, (2018) East African enterprises are increasingly turning to equity financing rather than short-term bank loans. The Dar es Salaam Stock Exchange (DSE) now has 18 businesses listed, with a total market value of TZS 16,464.30 billion. This is a 236 percent increase over the TZS 4,895.47 billion recorded on December 31, 2010.The Nairobi Securities Exchange is home to roughly 50 firms, with a market capitalisation of approximately TZS 37,2334 billion (NSE Report). As a result of the increase in the value of their shares, investors have been able to pocket billions of dollars.The listing of shares on stock exchanges allows investors to know the value of their holdings and gives them a straightforward option to sell them if they want to.

As a result of enhanced transparency through reporting, companies have been able to improve their business relationships with customers, suppliers, and even government authorities. Issuers must, however, examine their firm and future potential from the perspective of investors before going public.

Doku et al., (2016) found that the rise of the stock market has a positive effect on the determinants of capital structure of listed companies, in line with bank and stock market improvements in financing decisions of listed firms in Ghana. The substitution impact of debt and equity financing is shifting in favour of equity financing as the financial situation shifts. This result emphasizes the importance of stock markets in industrialized nations in the capital structure of enterprises listed on the exchange.

2. 2 Conceptual Framework

The conceptual framework has two sets of variables namely the dependent and independent variables. The independent variable of this study is initial public offering measured by market value (stock price) valuing asset, intangible assets. The dependent variable is value of a company which can increase or decrease depending on initial public offering as independent variable.

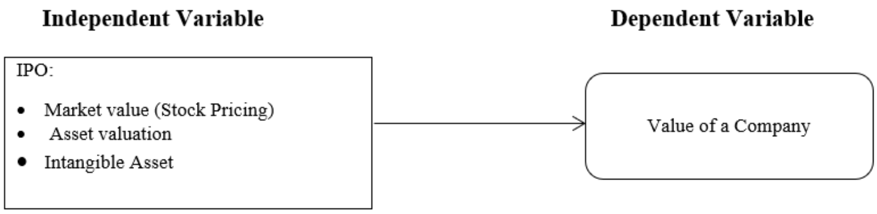

Fig.1: Conceptual framework showing relationship between IPO and value of the company

2.3 Operationalization of the Study Variables

2.3.1 Market Value (Stock Price)

The stock price simply indicates the company's current value. The price then indicates how much a buyer and a seller have agreed to trade stocks or the price for. When there are more buyers than sellers, the stock's price rises. The price will fall if there are more vendors than customers.

2.3.2 Assets Valuation

Asset valuation plays an important part in financing and consists frequently of both subjective and quantitative indicators. The value of a fixed asset – also known as the capital asset or the plant and equipment depend on its book values and the costs of replacement. However, the financial statements don't give investors precisely how much the name and intellectual property of a company are worth. In the acquisition, companies can overvalue goodwill, as the assessment of intangible assets can be subjective and difficult to measure.

2.3.3 Intangible Assets

Any intangible assets should be taken into account when evaluating a company, although they are hard to accurately value. What is the credibility of the firm, for example? A business with a proud past and a trustworthy customer network is clearly worth more than a company which is scandalized. The value of any patents or intellectual property owned by the company, the relationship between the company and suppliers' networks and the employee value of the company are other intangibles to be considered. However, company reputation and goodwill, will attract prospect investors to invest in the company and at the same time it will provide reason for existing investors to invest keep their investment on it or even to invest more on a particular company.

III. METHODOLOGY OF THE STUDY

This paper used an exploratory research design with time series analysis (TSA), a statistical approach that is normally applied for longitudinal research designs that comprise individual human subjects or research units that are tracked at regular intervals across time. TSA considers all longitudinal designs to be special. TSA should consider both the core naturalistic mechanism and the process of change over time. Because time series analysis allows for the analysis of the past, which is vital for forecasting the future, this research methodology is acceptable. The strategy is commonly used in financial and commercial forecasting, and it relies on comparing past patterns of data points accumulated through time to current trends. The market value, value asset, and discount cash flow of Tanzania Breweries Company Limited were investigated using time series analysis, which involved gathering data from statistical observations during a 10-year period (TBL) from 2010 to 2020.

E-views software was used to construct tables and figures as well as perform the regressions and estimate the variables in the model. It also makes it easier for readers to understand the study's conclusions by facilitating and simplifying the effort of analyzing the data. E-views was also used for several testing, such as multicollinearity and validity. The study examined time series data from 2010 to 2020 to find variables of relevance. The data used are sufficient to increase the sample size for effective econometric analyses because the analysis period is long (2010 to 2020), and they are computed using linear interpolation of the annually available data to achieve a resounding relationship between the variables listed in the study. The study used quantitative time series data acquired over a ten-year period from UNCTAD and TBL's own data repository (2010 to 2020). The data was collected and then processed in such a way that it could be used for analysis, debate, and interpretations, allowing the study to reach relevant conclusions in terms of the study's goal. This study was examined using E-views.

IV. FINDINGS OF THE STUDY

4.1 Diagnosis of the Collected Data

In order to apply the analysis of data using the regression model, the collected data was tested to check whether it meets the assumptions of the regression model. In this regard, the study performed stationarity test in order to ensure that time series data does not change with time. The study examined the null hypothesis that the data collected is stationery using the 0.05 level of significance. The stationarity test was tested using Augmented Dickey Fuller test, Normality test, Granger causality test, Autocorrelation test, Heteroskedasticity test were performed.

Regression model requires also that the collected data for analysis meets the normality assumption. The study checked for normality of the collected data by using Jarque Bera test. The study examined the null hypothesis that the data collected is normally distributed. The study performed also Granger Causality test. Granger causality test is a statistical analysis technique that describes the directionality, directness, and dynamics of a variable's effect on another variable. The study also checked for the flow of information between time series that characterizes directionality, directness and the dynamic of the effects between variables. The study applied Pairwise Granger causality test to check for causality between the independent and dependent variables. The study examined the null hypothesis that the causality of the independent variable and dependent variable are independent of each other.

The study performed autocorrelation test to check for the presence of correlation in error terms of the developed model whether non-autocorrelation disturbances are valid. The study applied Durbin Watson test to check for autocorrelation by examining the null hypothesis that there is no autocorrelation in the approximated model (Bock et al., 2021).

The study also checked for the presence of non-constant variance in the error of terms of the approximated model. In this case, the study examined the null hypothesis that there is no heteroskedasticity in the regression model. Then, the model was subjected to ordinary least square errors and t-values through the vector error correlation after it was confirmed the existence of long-term relationships between variables in our model (Koenker, 1981).

Table 1: Regression Analysis

Dependent Variable: D(INVESTMENTS)

Method: Least Squares (Gauss-Newton / Marquardt steps)

	Coefficient	Std. Error	t-Statistic	Prob.
$Investment_{t-1}$	-0.455966	0.270067	-1.688347	0.1120
Intangible $assets_{t-1}$	-0.010769	0.270174	-0.039860	0.9687
Asset $valuation_{t-1}$	0.000511	0.002171	0.235245	0.8172
Stock $price_{t-1}$	-0.002447	0.001539	-1.590435	0.1326
Error correction term	1.28E-05	1.73E-05	0.739805	0.4708
C	1.785202	17.99802	0.099189	0.9223
R-squared	0.225645	Mean dependent var		-9.571429
Adjusted R-squared	-0.032473	S.D. dependent var		73.61968
F-statistic	0.874193	Durbin-Watson stat		2.232902

Source: extract from E-Views

Thus, from the description of the VEC regression results, the predicted model can be mathematically represented as follows;

$$INV = 1.785202 - 0.010769INTA + 0.000511ASSV - 0.002447STKP + \varepsilon_t$$

Table 1 displays the results of the short-term and long-term coefficient tests between the dependent and independent variables indicating the value of a company. Thus, the results of the VECM test between Tanzanian breweries' investments, intangible assets, asset valuation and company's stock price as value indicators are shown. Thus, the assessment of the p-values demonstrates that asset valuation (ASSV) has a positive and insignificant impact on the company value. While the results of the short term and long-term coefficients test between intangible assets (INTA) and stock price (STKP) have a negative and insignificant impact on Tanzania breweries company value (TBL) at 5% of critical value.

More so, the results showed evidence of short-term relationship between the variables. This is shown by the ECT p-value of 0.4708which is greater than 5% critical value. Similarly, the ECT value of 1.28E-05indicates that short-term relationship also exists between the variables while indicating that the speed of adjustment from short-run imbalance towards long-term relationship is 128E-05%.

The results of multiple determinations (R^2) show that the model has a good fit as the independent variables were found to jointly explain22.56% of the movement in the dependent variable with the adjusted-R^2 of 3.25%. The overall significance of the model is explained by the F-statistic of 0.874193which is significant at 5% critical level. Furthermore, the error correction term coefficient is insignificant with the expected significant and low magnitude of 0.4708 p-values.

4.2 Influence of Stock Price on the Value of a Company

The study aimed at assessing how stock price influence value of the company, Tanzania Breweries being a case study. The Granger causality test in Table 1 shows that there is directional relationship between stock price and asset valuation. This is to the fact that the p-value is greater than 0.05 significance level. This implies, however, that stock price can influence asset valuation, and asset valuation can influence stock price; in other words, they are interdependent.

However, results from regression analysis show that the assessment of the p-values demonstrates that asset valuation (ASSV) has a positive and insignificant impact on the company value. While the results of the short term and long-term coefficients test between intangible assets (INTA) and stock price (STKP) have a negative and insignificant impact on Tanzania breweries company value (TBL) at 5% of critical value. This means that on the first day of trading, the market value of the stocks should be equal to the issue price, with the exception of the impact of irrational investors, who should have a negligible impact on general market behavior, resulting in modest, if not non-existent, first trading day returns.

From the regression results showed presented the fact that stock price (STKP) has a negative and insignificant impact on Tanzania breweries company value (TBL) at 5% of critical value. More so, the results from the table 4.6 above revealed a unidirectional relationship between stock price and investments, as the P-value of the F-statistic is less than the significance value of 0.05, rejecting the null hypothesis that stock price causes investments but investments do not cause stock price.

Moreover the findings are related to Yegon (2015), that when it comes to determining the price of a company's stock, valuation is crucial. The market's future expectations of the firm's profitability should be used to determine valuation, which may result in prices that are similar to the firm's intrinsic value. This means that on the first day of trading, the market value of the stocks should be equal to the issue price, with the exception of the impact of irrational investors, who should have a negligible impact on general market behavior, resulting in modest, if not non-existent, first trading day returns.

4.3 Influence of Asset Valuation on the Value of a Company

Granger causality test displays that there is directional connection between intangible assets and asset valuation. Likewise, investment causes asset valuation of the company and asset valuation causes investment. The granger causality test approves that as p-value of their variable are greater than 0.05 which shows there is directional relationship between variables. Executives of public entity-controlled IPO businesses ma6j+iy have political motivations, pushing them to create a positive impression on retail investors. Furthermore, distributing IPO share ownership among ordinary investors has the potential to gain favor with voters. The allocation of shares in privatization sales is plainly political, as evidenced by the preferential shares awarded to domestic investors and employees.

From the regression results presented in table 1 the assessment of the p-values of the coefficients demonstrates that asset valuation (ASSV) as independent variable has a positive and insignificant impact (influence) on the company value of Tanzania Breweries Company. Furthermore, from the results presented in table 1 above the variable is seen to have an independent relationship as the P-value is greater than 0.05. That is asset valuation is independent from value of the Tanzania breweries limited company. That is to say assets valuation is not the only factor influencing Tanzania breweries value but rather there are other factors which attributes to the company value.

The findings are related to Bonaventure et al (2018) that governments and public institutions want to promote equities stock investments to spread the habit of investing in hazardous capital in countries like Italy, where investors have traditionally preferred to engage in less risky assets. Executives of public entity-controlled IPO businesses majority have political motivations, pushing them to create a positive impression on retail investors. Furthermore, distributing IPO share ownership among ordinary investors has the potential to gain favor with voters. The allocation of shares in privatization sales is plainly political, as evidenced by the preferential shares awarded to domestic investors and employees.

4.4 Influence of Intangible Assets on the Value of a Company

Granger causality test shows that there is directional relationship between intangible assets and asset valuation. Likewise, intangible asset causes asset valuation of the company and asset valuation causes investment. The granger causality test approves that as p-value of variable are greater than 0.05 which shows there is directional relationship among variable quantity. Furthermore; the results of the short term and long-standing coefficients test of intangible assets (INTA) having a negative and insignificant influence on Tanzania breweries company value (TBL) at 5% of critical value is seen to take an independent relationship from the granger causality test statistic perspective. This is due to the fact that P-value of the variable in table 1 is greater than 5% significant value hence failing to reject null hypothesis.

These findings are related to Khurshed et al (2018) that not all reasons for a company's IPO are equal. According to a poll performed by the LSE, the desire to produce capital for expansion was the key motivator for 71 percent of firms that listed on the LSE in the early 2000s. According to 11% of the companies investigated, the primary reason for listing was to raise the company's profile and reliability. Exit of VC investors was indicated as the key reason for seeking a stock market listing by a corresponding percentage of respondents. Only 5% of the companies said that giving stock options to directors and staff was the primary reason for an IPO. Another 5% stated that potential acquisitions were the major reason for launching an IPO. When considering an IPO, it's critical to evaluate how the funds raised will be used; at different times, it may be more advantageous for businesses to spend capital in specific ways. Investors may be hesitant to participate in an IPO firm that has no plans for expansion and instead intends to use the majority of the proceeds from the IPO to service its debt during periods when the overall economy is contracting.

V. CONCLUSION AND RECOMMENDATIONS

Findings of the study reveal that variables are normally distributed based on the normality test. Since the study aimed at determining the effects of Initial Public Offering on the Value of a Company, a case study of Tanzania Breweries company. It is known that a company enters into stock market when its shares are worthwhile to be sold. When considering the value of the company there are several features of the company can be observed these includes stock price, asset valuation, intangible asset, number of investors, to mention but a few. Generally, the value of a company is measured focusing on the financial performance of the company.

However, findings shows that stock price can influence asset valuation and so as asset valuation can influence stock price in other words, they depend on each other. Granger causality test shows that there is directional relationship between intangible assets and asset valuation. Likewise, investment causes asset valuation of the company and asset valuation causes investment. Likewise, intangible asset causes asset valuation of the company and asset valuation causes investment. Notwithstanding issuing shares to investor seems to stimulated company growth, which increases value of asset of the company. However, investor would be attracted to invest to a company that has issue it shares meaning going to the public early or few years after it has started.

Most of the companies ignore the intangible asset such as goodwill and company reputation and focus more on tangle asset and fixed asset. Findings show that there is a positive and direct relationship between value of the company and intangible asset. However, companies should also focus on building a good reputation and goodwill as Tanzania Breweries Company and other financial institution through cooperating in social activities returning favor to the social as charity, expanding so as to provide more employment opportunities. As a result, this will attach investors inside and outside the country to invest in a company.

Early issuing of share to the public (going to the public) is a sign that the company has confidence and has a good vision. A company should set a goal of entering into public as early as possible after it has started, however listing a company to Dar es salaam stock exchange (DSE) after going over the counter is one of the easily way of going to the public. Due to intensive competition in the stock market, companies should not set high price for its shares rather they should promise a high return for its shares and this is a game for losing now and win later. This is due to the fact that investors would like to invest in different baskets hence they won’t be able to buy shares when the price is high as they invest little amount money in many areas. Therefore, lowering price of share will attract more investors, the company will have to offer more, and this will be profitable in the future.

DSE should provide a regular training to companies, before and after they have listed in the stock exchange. This will be a way of updating companies in detail on what is going on the stock market and this will boost the confidence of many companies to understand their positions on stock market. The government should improve policies and loose some of the regulation especially to foreign investors so as to attract more investors both who want to invest direct and indirect. Likewise, lowering of taxes to both local and foreign companies especially on capital asset acquisition would enhance investment in the country. Finally, the study recommends that future studies should focus on the investigating the contribution of online stock market like forex, crypto currency to Tanzania economic growth as one of the current issues at stake since the government and Bank of Tanzania (BOT) have recognized as one of the legal businesses that can benefit the economy of the country.

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