

NATIONAL UNIVERSITY OF LESOTHO
BA SUPPLEMENTARY EXAMINATIONS
EC3310 – Research Methods

August 2023

100 Marks

3 Hours

INSTRUCTIONS:

- 1) Answer ANY FOUR questions.
- 2) Explain ALL your answers and provide relevant examples where applicable.

Question 1

The *appendix* gives some sections from a research study entitled “*Electronic trading and stock market participation in Africa: Does technology induce participation?*”

- a) Comment on the extent to which the required components of the following sections are met:
- i.* Abstract; [5]
 - ii.* Introduction; [5]
 - iii.* Data and descriptive statistics; [5]
 - iv.* Conclusion and policy recommendations. [5]
- b) What specific suggestions can you offer to improve the quality of this research paper? [5]

Question 2

“A problem well-stated is a problem half solved.” John Dewey.

- a) Explain what is meant by the problem in research and present two examples. [15]
- b) What can help the researcher to identify the problem? [5]
- c) Which techniques are involved in defining the problem? [5]

Question 3

- a) Discuss what research *is* and what research *is not*. [5]
- b) Explain *any two* emerging issues in each of the following categories and show how they can inform your research:
- i.* Global emerging issues. [5]
 - ii.* Domestic emerging issues. [5]

c) Differentiate between the following types of research:

i. Conceptual and empirical research. [5]

ii. Descriptive and analytical research. [5]

Question 4

Suppose you want to undertake a study to determine gender differences in manufacturing firms' access to credit in Lesotho.

a) Write a good motivation with a clear hook, research question and value-added. [10]

b) Which empirical framework would you adopt? Justify. [5]

c) What kind of data would you need? Be specific. [5]

d) What kind of results would you expect to obtain from your study? Justify. [5]

Question 5

Discuss how the following processes or issues can enhance or limit your research analysis:

a) Research process and creativity. [10]

b) Literature review process. [10]

c) Ethical issues. [5]

Appendix

Electronic trading and stock market participation in Africa: Does technology induce participation?

Gbenga Adamolekun, Rilwan Sakariyahu, Rodiat Lawal, and Ammar Ahmed

A b s t r a c t

This study examines the effect of migrating to electronic trading platforms on stock market participation among African stock exchanges. Using Bayesian estimations, we demonstrate that transitioning from a physical to an electronic stock exchange decreases trading activity on the stock exchange whilst increasing listing.

Introduction

The implications of increased market participation are profound for policymakers, regulators, and market participants as they can provide the necessary yardstick for risk management and overall market development. This study, therefore, fills the vacuum by offering novel insights into how individual and institutional participation in African stock markets is impacted by the presence of electronic trading platforms. To do so, we use unique stock market data on 18 African exchanges from 1980 to 2020. Across Bayesian and Frequentist estimations, our findings reveal that migrating to electronic trading platforms decreases participation turnover (i.e. activity) whilst increasing listing in African exchanges. Our results demonstrate that the payoff from migrating to electronic trading platforms is more pronounced for non-Sub-Saharan African countries. We argue that migrating to these platforms without addressing macroeconomic posturing, infrastructure gaps and governance concerns offers limited benefits.

Data

We test our conjecture by collecting country-level data for Algeria, Angola, Botswana, Cote d'Ivoire, Egypt, Ghana, Kenya, Libya, Mauritius, Morocco, Namibia, Nigeria, South Africa, Sudan, Tanzania, Tunisia, Zambia, and Zimbabwe from the World Federation of Exchanges (WFE) and World Bank Database (World Development Indicators) for the period 1980 to 2020. The dependent variable is stock market participation while the independent variables are electronic trading, access to finance, political stability, access to the internet, gross savings and GDP per capita.

Conclusion and policy recommendations

This study evaluates if migrating to electronic trading platforms increases stock market activities in Africa. The results suggest that migrating to an electronic trading platform increases listing but reduces the volume of activity. The negative and positive impact of transitioning to electronic trading venues is more pronounced for non-Sub-Saharan African exchanges. In terms of policy implications, the results indicate that although governments of developing countries can stimulate interest in their stock exchanges by migrating to electronic trading venues, electronic migration does not improve overall activity.