DECLARATION

This research project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature: …………………………………… Date: …………………………………

Peter Kamau
D63/79438/2015

This research project has been submitted for examination with my approval as the University Supervisor.

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Lastly but not least, to my family and friends for their moral support during all the time of my course.
DEDICATION

I dedicate this project to my family and friends. God bless you all. My love for you cannot be quantified.
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ABSTRACT

The price of a security adapts quickly to information that comes into the market. However, in behavioral finance, such kind of efficient market cannot adequately establish any exploratory anomalies. The focus of the research was to establish the consequences of political events on stock market returns at the Nairobi Securities Exchange. The study’s target population involved the companies listed at the NSE from 2017 up to the last political event. All the listed companies within that period were covered. Census was the appropriate technique to use in the study considering that the population was small. The sample was the 65 listed firms at the NSE. Event study methodology was used in the study. The events under interest are all within this timeframe as follows; 8th August 2017 Elections, 1st September 2017 nullification, 26th October 2017 repeat election, 30th January 2018 mock swearing in and 9th March 2018 handshake. These events were linked to the general elections in Kenya and were used to represent political events in line with the study. According to the t-test statistics for the CAR, the August Elections, repeat elections, mock swearing in and handshake events were found to be insignificant while Elections nullification were found to be significant at 95% level of confidence. This shows that the stock returns for the event on election nullification deviated from their means significantly while those for the August Elections, repeat elections, mock swearing in and handshake events were insignificant. These findings suggest that investors at the Nairobi stock exchange perceived the August Elections, repeat elections, mock swearing in and handshake events as insignificant and hence recovered and steadied instantaneously, hence the insignificance of CAR.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Political events are among the facets that have an impact on the financial markets work. Nonetheless, the way the stock market performs in an economy plays a significant role in the way various parties react. For instance, the governments, capital markets, investors, the stock exchange, among other parties have different interests in stock operations. Therefore, each party reacts differently to the way the financial markets perform. The other things that have an effect on market performance are the change in the nature and composition of investors, the available investment assets and market sentiments (Crotty, 2009).

In an efficient market the security costs mirror all accessible data. This is to imply that when security value news hit the market, its price ought to rapidly respond to the news. The price should neither overact nor under react to certain news announcements. Therefore, experts cannot be able to beat the market through other kinds of analysis of the market or market timing (Fama, 1965).

Based on the efficient market hypothesis, markets tend to be balanced. More so, the prices associated with any stocks usually demonstrate the available information. The prices of securities adapt quickly to information that comes in to the market. However, in behavioral finance, such kind of efficient market cannot adequately establish any exploratory anomalies. It is worth mentioning that market anomalies include the unexpected abnormality and the happening in the flat share market pattern (Latif et al., 2011).
Nevertheless, different researches have been done to prove that there is an abnormal return caused by political events such as elections (Mishkin et al., 2002). Additionally, the researcher analyzed how markets react after elections of presidents over time. The researchers concluded that the reactions of the market in the first days of an election are different depending on whether the person who wins is a democratic or a Republican candidate. In fact, the researchers found out that, averagely the market grew if a Republican candidate won and that it fell when a democratic candidate got the victory.

Besides, Riley and Luksetich (1980) researched to analyze the favorability of markets for the Republicans over time. They concluded that markets tended to exhibit a growth pattern just before Democrats won elections. However, the markets fell after the polls were done and grew immediately after the election if the Republicans won the election.

In Kenya, in particular the Nairobi Securities Exchange has been subject of study in context to the efficiency of the stock market previously. However, evidence from the studies is inconclusive and often their findings have not been consistent with the random walk hypothesis (Kinandu, 1990).

1.1.1 Political Events

A political event is a happening that takes place initiated or triggered by government policies and its administrative practices. These happenings can be in different forms like a coup, new legislation or a change in the regime of a nation as well as an election. The events are of key interest to the investors as they pose a political risk on investments (Nazir et al., 2015).

Political events are among the facets that have an impact on the financial markets work. Nonetheless, the way the stock market performs in an economy plays a significant role
in the way various parties react. For instance, the governments, capital markets, investors, the stock exchange, among other parties have different interests in stock operations. Therefore, each party reacts differently to the way the financial markets perform. The other things that have an effect on market performance are the change in the nature and composition of investors, the available investment assets, and markets sentiments. Political risk as widely claimed by many studies, is among the critical factors that influence the operations of a country’s monetary market. The financial impact of a political risk is huge and affects both large and small-scale levels of economic systems (Crotty, 2009).

This study therefore did determine how political events influence the bourse, particularly events surrounding 2017 general election in Kenya. The election which was conducted in August 2017 was the first to be nullified in Africa and fourth in the whole world.

1.1.2 Stock Returns

According to Lee (1998), a stock return is a monetary loss or gain in investment or even reduced monetary gain and it brings out sensitivity to expectations and fundamentals in the financial market. It can also be variation in prices of stocks as compared to prices the shares were acquired at earlier. The stock markets around the globe play an imperative role in different economies because it proffers an avenue for trading in securities such as options, futures, as well as other derivatives that offer opportunities to various investors to get returns.

Notably, different government activities, policies and overall performance of an economy influence stock market in various ways. Furthermore a variation in the number and composition of investors, the investment assets available, and the economic
activities within a nation affects the stock market in different ways (Mishkin & Eugene, 2002).

Change in value of shares is due to the information about the market. This argument is based on EMH. The strong, semi-strong, and weak forms market hypothesis, which are dependent on market information (Fama, 1970).

1.1.3 Political Events and Stock Returns

Generally, share prices are influenced by forces of demand and supply. Based on the efficient market hypothesis, markets are often balanced. More so, prices associated with any stocks usually demonstrate the available information. The price of a security adapt quickly to information that comes in to the market. However, in behavioral finance, such kind of efficient market cannot adequately establish any exploratory anomalies (Fama, 1965).

In a responsive market, security prices change randomly and unpredictably since they display all publicly available news. News which can cause movement in security prices may be deemed as an event. Events can be diverse in a securities market. Event that is discrete to a stock affect only that specific stock. These include declaration of dividend, share splits, amalgamations and rights issues. Such events are public as per the requirement of the stock market. Ball et al (1968) in their study on the adjustment of stock prices and information content of annual reports found that announcement of earnings and payment of dividends changes have immense effects on stock prices.

However, there are other fundamental events affecting a stock market. Such events include elections, coup and change in legislation. Notably, numerous studies have investigated links between general elections and volatility of share returns over this
period. Menge (2013) examines performance of stocks pre and post-election where he finds that stock returns are notably lower after an election but higher before. Lusinde (2012) investigates effects of election on volatility of returns using 20 blue chip companies where he finds that volatility in stock returns increases during general elections. While this work is commendable as recent and pioneer work in Kenya, it is neither conclusive nor adequately representative where Lusinde (2012) looks at the twenty top performers at the NSE which are hardly representative of the economy and Menge (2013) is inconclusive as he looks only at market return as the only factor that affects company performance.

Thus, this research sought to evaluate results of such political happenings on stock market returns in Kenya. It focused on political events that formed the highlights of the 2017 general elections.

1.1.4 Nairobi Securities Exchange

Founded in 1954, the NSE plays an important part in enhancing economic development by supporting investment and savings (NSE website, 2018). The NSE also helps both the international and local firms to access cost-effective capital.

The NSE has grown to incorporate trade in financial securities such as bonds issued by the government as well as the private sectors and currently modalities of introducing microfinance stocks is in progress. The Nairobi Securities Exchange has been structured into twelve main sectors’ namely; Agricultural (7), Automobile and accessories (1), Banking (11), Commercial and services (12), Construction and allied (5), Energy and petroleum (5), Insurance (6), Investment (5), Investment services (1), Manufacturing and allied (9), Telecommunications and technology (1), Real Estate Investment Trusts (REITS) (1) and Exchange Traded Funds(1). Currently it has 65
listed companies whose shares trade on the securities exchange. The Nairobi Securities
Exchange has also developed indices main among them; NSE All Share Index, NSE 20
Share Index and NSE 25 Share Index (NSE website, 2018)

The NSE has been subject to various studies in relation to its efficiency. Notably,
Appiah et al (2003) found a weak form efficiency as majority of stocks agreed to the
random walk theory. However, Ngugi, Murinde and Green (2002) rejected weak
efficiency in the Kenyan Market. This shows inconclusive findings on the study.

The research sought to evaluate the gains or losses exactly experienced by NSE before,
during and after the electioneering period of 2017. According to KNBS (2017), 2017
Election period led to a reduction of over Sh50 billion on the day the pronouncements
were made. Analysts said that more than KSh300 billion were shed before the Election.
More so, the shilling fluctuated against the dollar. First Quarter estimates of GDP
growth, indicated that the economy grew by only 4.7% (percent). Moreover, the CPI
also increased from 6.3 % from August 2016 to 8 percent in August 2017. The CPI
measures individuals’ cost of living and the variations in inflation of an economy.

1.2 Research Problem

The price of a security a
dapt quickly to information that comes in to the market. However, in behavioral
finance, such kind of efficient market cannot adequately establish any exploratory
anomalies (Fama, 1965). Numerous studies have investigated links between general
elections and volatility of share returns over this period. Menge (2013) examines the
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The Kenyan 2017 election was special and extraordinary as there were so many unpredicted events surrounding it. This involved a historic nullification and repeat of elections and later the ‘handshake’ which has since become a significant event for the country. During the period Nairobi Securities exchange experienced a reduction of over Sh 50 billion on the day the pronouncements were made. Analysts said that more than KSh300 billion were shed before the Election. First Quarter estimates of GDP growth, indicated that the economy grew by only 4.7% (percent). Moreover, the CPI also increased from 6.3 % from August 2016 to 8 percent in August 2017. KNBS (2017)

Globally, Smales (2014) reviewed Australian general elections and its repercussion on the stock market. The research concludes increasing or decreasing level of election uncertainty induces higher or lower levels of market uncertainty respectively. In Malaysia, Lean (2010) investigated Malaysian general elections and their impact on the stock exchange. According to the outcome, stock prices fluctuate prior to and after general election. Khan et al., (2016) investigated the impact of general elections on prices of shares of listed firms in Pakistan and found inverse relationship. These studies reveal that general elections influence the stock markets, particularly the stock prices.

In New Zealand, Sainal et al., (2010) analyzed New Zealand general elections with
respect to the stock returns and ascertained that the performance depended on either the National Party or Labour Party winning the elections. The winning of National Party results in higher stock returns while the Labor Party results in lower stock returns. However, in the USA, Oehler et al., (2013) analyzed the effects of general elections in USA and found positive and negative cumulative abnormal stock price returns.

In Kenya, Kabiru et al., (2015) investigated the cumulative abnormal returns and found that the results were not significant in 2002 and 2013 elections, but found the results significant during the elections of 1997 and 2007 at 0.05 level of significant. (Menge, Mwangi, & Kimani, 2014), unlike Kabiru et al., (2015), analyzed the effects of general elections in 1997, 2002, 2007 and 2013. They found that exceptional, actual and expected share returns were lower after than before elections. Kuria (2012) studied the impact of political process and gross Domestic product (GDP) for Kenya in the years 1992, 1997, 2002 and 2007. He found that election have a strong impact on the performance and sustainability of an economy.

Unlike these researchers, this study sought to test the differences in the indices before and after elections to determine whether the changes were significant at 0.95 confidence level. Further, none of the studies have analyzed an event involving neither election nullification nor a truce between the rivals. The research focused on the five events among them, the 8th August election, the Supreme Court nullification, the 26th October 2017 re-election, the 30th January 2018 ‘swearing in’ and the 9th March 2018 handshake. Therefore, it is pertinent that investors in the Kenyan equity market know the impact of general elections on the area of their investments.
1.3 Research Objectives

The focus of this research was to establish the consequences of political events on stock market returns at the Nairobi Securities Exchange.

1.4 Value of the Study

The research will have immense input to the literature that has already been done, notably in spheres of political events and stock returns at NSE. The findings of the research will be of help to future scholars because it will serve as a source of reference on the subject besides providing suggestions on areas requiring future study in as far as the performance of stocks at the NSE is concerned. In furtherance to this, the study will act as an archive from which future researchers can formulate objectives and hypothesis on the consequences of political activities on stock market.

The findings also will be imperative to those willing to invest at the NSE because it will provide vital information for consideration during periods of political uncertainty. It will provide vital information to investors, which they can use to judge whether to buy or sell their shares at the NSE during the political period.

It will help us to understand the efficiency of Nairobi Securities Exchange by establishing how it responds to political events. This will help it to institute measures required to stabilize the market and avoid abnormal performances at the market during such periods. Its findings will also be of importance to government policy makers. These is because it will inform their policy formulation and implementation regarding the management of the security exchange market during political periods to ensure capital market stability.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This section will analyze supporting theories and the work of other scholars on the subjects of stock market performance during political events.

2.2 Theoretical Literature
The section will review three theories that will guide this study. Notably, it will review theories that explain stock market performance and the manner in which it can change.

2.2.1 Efficient Market Hypothesis

In an efficient market the security costs mirror all accessible data (Fama, 1965). This is to imply that when security value news reach the market, its cost ought to rapidly respond to the news. The price, according to Fama, should neither overact nor under react to certain news announcements. The author classified the market efficiency into 3 categories depending on the information set they reacted to.

This included the strong, the weak, and the semi-strong forms efficiency. In a weak form efficiency, according to Fama (1965), the prices of the stock reflect the past information. As a result, if the market has a weak efficiency, the traders in the market cannot make abnormal returns if they use the share price history. In other words, the traders cannot use technical analysis to gain advantage over the market.

Nevertheless, with semi strong form efficiency, the available information to the public reflects on security prices. Therefore, it is not possible for fundamental or technical analysts to beat the stock market by simply exploiting the information, which is in the
public. Most significantly, in a highly efficiency market, prices portray all past, private and public information. With such kind of market, even when particular investors possess the monopolistic to all the information inside an organization or the market, it is hard for them to make superior returns (Fama 1965).

Nonetheless, though most researchers support the semi-strong and weak form of EMH, the acceptance for the two forms is not ubiquitous. For instance, in their study, DeBondt and Thaler (1985) depicted contradictory evidence. The two researchers assert that stocks that exhibit low past returns have higher future returns and vice versa.

Some finance literature document that the price of stock react to earning in a positive manner for around one year or so after announcement about the stock prices are made. However, that is enduring anomaly. The prices of the firms that have positive earnings drift upward. Conversely, the stock prices with negative earnings drift downward. Ball and Brown noted such post-earning announcement drift in 1968. Since then, the findings have been found to be true by myriads of studies in different nations and over varied periods.

According to Banz Rolf, (1981), Small stocks had quite large returns and could not be justified by use of the CAPM. On the converse, the average return allied to large stocks were quite low. The researches done subsequently showed that the variations in return between large and small stocks took place in January.

Either way, the efficient market theory proffered the primary theoretical background for the current study. The study was aimed at establishing the manner in which markets reacts or responds to political events. When the market becomes semi-strong, there should be adjustments of prices based on the event and no trading strategies should be adopted or realized to earn investors abnormal returns. More so, if systematically
abnormal returns are established, the phenomenon associated with the political event patterns is perceived as challenging EMH.

2.2.2 Prospect Theory

A study done by Tversky and Kanheman (1979) indicated the way individuals manage uncertainties and risks by developing the prospect theory. According to Tversky and Kanheman, the theory illustrates the regularity in peoples’ behavior when analyzing and assessing risks under uncertainty. The theory assumes inconsistent risk averse behavior in people. Instead, according to the theory, people are risk-takers in losses and risk-averse in gains. The authors also add that human beings tend to support and align themselves on results that appear more certain compared to those that seem probable. Such a feature is called certainty effect.

The framing effect also affect peoples’ choices. The framing effect, according to Gompers, Ishii and Metrick (2003), is the manner in which an issue is posed to the individuals supposed to make the decision and the manner in which they interpret the problem. Nonetheless, the function of value maximization when it comes to Prospect theory is quite different compared to that of MPT. It is worthwhile mentioning that wealth maximization is a function of losses and gains and not the final wealth position as postulated in MPT. Therefore, individuals make deliberations in cases of same final wealth levels. The reference point when measuring losses and gains is also imperative in value maximization. Normally, the status quo acts as the reference point. As such, changes tend to be measured against it in relative terms and not in terms, which are absolute.
2.2.3 Capital Asset Pricing Model

It is worthwhile mentioning that wealth maximization is a function of losses and gains and not the final wealth position as postulated in MPT. Therefore, individuals make deliberations in cases of same final wealth levels. The reference point when measuring losses and gains is also imperative in value maximization (Sharpe, 1964).

CAPM considers the sensitivity of assets to undiversifiable risk in the financial market, the anticipated profit or loss of the market and anticipated profit or loss of a conceptual riskless asset. Accepting CAPM is true, then, an asset is perfectly priced when its approximated value is equal to value right now of subsequent cash flows of the asset, discounted at the rate suggested by CAPM. Notably if the approximated value is higher than that based on CAPM valuation, the asset is therefore deemed as undervalued. CAPM therefore works on the idea that investors need compensation due to time and risk involved. The model indicates that the anticipated profit or loss of a security equals the rate on a risk free security plus a risk premium. If the anticipated profit or loss does not meet or beat the required return, then the investment should not be undertaken (Sharpe, 1964).

2.3 Determinants of Stock Returns

According to economists, demand and supply forces should help derive the price of any commodity in free economies. Different facets such as dividend per share, firm’s book value, dividend cover, price earnings ratio and earning per share determine the share prices in a security market (Gompers, Ishii & Metrick, 2003).

That notwithstanding, the main factor, which affect share prices is the supply and demand facets. For example, if people are after buying certain shares, the demand for the share rises, consequently increasing the prices because the suppliers are few but the
More so, if more people are selling certain shares, the supply becomes more than the demand. As a result, the prices come down accordingly. Industry and firm performance potential and government policies affect the demand behaviors of different investors in the market. This is to say that the share price is dependent on both the micro and macro factors of the economy. (Gompers, Ishii & Metrick 2003).

2.3.1 Macro Economic Factors

The DDM demonstrates the way general economic factors and prices of stocks relate. The model states that the equity security price is expected to be the present value of all future cash flows of the share. The stock price determinants therefore tend to be expected cashflow and required rate of return. Tessaromatis, (2003) opined that the economic factors with an impact on the minimum return an investor expects to achieve on an investment and expected future inflows have an effect on the share price.

Moreover, a research done by Fama and Gibbon (1982) concluded that expected inflation rates and the expected real returns on bills are inversely related. Most significantly, Fama did a research in 1981 that investigated the correlation between real activity, stock prices, inflation, and money. The study depicted a positive correlation on real variables and returns on common stock.

2.3.2 Micro Economic Factors

The micro factors in an organization can affect the supply and demand of market shares because they influence the performance of companies and not the competitors or industry peers. Stocks with low or high price earnings ratios oftenly give higher or lower returns respectively (Basu, 1977).
In his research, Rosenberg et al. (1985) concluded that average stock returns tend to have high correlation to the book value ratio of a firm. Additionally he established that expected common stock returns have a positive relation with the ratio of debt to equity. This controls the firm size and the beta. Nonetheless, the correlation is not sensitive to changes in market proxy and estimation method.

2.4 Empirical Literature

Wesonga (2016) conducted research to determine how political risk and macroeconomic factors impact the Kenyan stock market. During the research, every firm registered with the NSE was put into consideration. The research used the NSE data collected between January 2000 and May 2013. The researcher used all share index as the returns at NSE. Accordingly, a comprehensive structure based on arbitrage pricing theory was employed to verify the influence of each variable on how of the bourse performs. Wesonga (2016) made good use of both graphics and inferential to analyze and explain more about the data collected from the NSE records. However, the normal least square method was utilized to check the viability of the structure and the role of each variable in it. Wesonga’s research findings indicated high correlation between the performances of NSE all share and NSE 20 share indices. The two indices were found to be moving almost in the same direction, though reacting differently to various macroeconomic factors. The findings showed that political risk, foreign exchange rate, purchasing power and rates of interest have negative effects on the performance of NSE all share index. In regards to the performance of NSE 20 share index, political risk, foreign exchange rates and interest rates had negative effect. On the contrary, money supply and prices of Oil were found to have positive relationship with both indices.
Nazir et al. (2015) also did a study examining the relationship of the stock market in Pakistan and the unexpected events of a political nature from May 1999 to December 2011. With the mean-adjusted return model and other methodologies as well as comparing the market effectiveness between the two different governments, it was clear that unplanned events in politics affect the Pakistani stock market. The pragmatic results indicated that events in politics affect the Karachi Stock Market (KSE).

The researchers also established that KSE was inefficient within a limited period but fifteen days later things went back to normal. It was noted that Pakistani was politically stable when they were using the autocratic system of governance. Through democracy, Pakistani has never been stable. However, it is not easy to give an explanation on whether the Pakistani stock exchange was doing great during the autocratic system of leadership. However, this is because few political events took place during the autocratic period when compared to the democratic era.

On building economies, Ismail and Suhardjo (2001) did a research on the effect of domestic political activities. The subject was the Jakarta Stock Exchange. During the research, 100 days were used to do an estimate while 11 days events were used for the study in mastering the abnormalities of the stock market. They took a sample from 1999 to 2001 of political occurrences. However, through the research, it was noted that it was not the entire stock market that had a notable response to the entire happenings. In fact, out of the 11 events, the stock market responded to two factors. The two events that the stock market responded to were a church bombing which took place on 28th May 2000, and the cabinet movement that took place on 23rd August 2000. However, this happened through the influence of political issues in Indonesia.
In 1997, the Asian financial crisis was experienced and this affected Indonesia politically. Indonesia has grown economically from 0.97 in 1995 to 1996 to 2.65 percent in 1998-1999 and this was because of the Asian Financial crisis. However, as in the research, it was clear that the political events that occurred between 1999 and 2000 did not affect investors at the bourse.

Wisal et al., (2017) also researched on the response of Karachi stock exchange (KSE) 100 Index during political event (Sit-in) by use of an event study methodology. All the listed firms in Karachi Stock Exchange both under the head of financial and non-financial sectors are the population for this study. A sample of KSE 100 index companies from both financial and non-financial sector was chosen for the study. Returns daily data was used to generate AABR and CAABR for the time window of forty one days that is, twenty days in advance and twenty days following the event (Sit-in) date. 120 days returns leading up to the forecasted time window were used as the basis. These findings indicated AABR and CAABR for market model were statistically considerable. Furthermore, the returns were negative for most of the days for both AABR and CAABR using market model. Moreover, the market was inefficient which fails to fully reflect public information. Furthermore the results showed that the investors who had cash in the financial sector would have earned excess unusual returns than Non-financial sector. Results reveal that Karachi stock exchange showed inefficient behavior to political event.

Kabiru (2015) undertook more research on the effects of general elections on the NSE. However, after the research, it was not clear whether the general elections could affect the stock market in either way. The research used data from NSE from 1997 to 2013. However, these were the years when Kenya held various general elections. However, according to the study, the NSE market responded differently in all these general
elections depending on the uncertainty of the election. In fact, it was established that the 2002 and 2013 general elections had no effect on the NSE market. However, use of the CAAR, established that the 1997 and 2007 elections affected the NSE market by 5%.

Menge (2013) did a research to countercheck the effect of general elections on operations of the stock market returns on all firms at the NSE. The study made good use of event study methodology. However his study was only restricted to the effects of general elections on the NSE returns. 56 firms listed in the NSE were used for the study. Secondary data from NSE records was also used. The data collected was for the 2002 December and 2007 December. However, more data was collected after the end of the general elections.

The collected data was analyzed using the SPSS. ANOVA results indicated that abnormal returns prior to the general elections were higher when compared to after or during the period of the general elections. Again the ANOVA results gave an indication that actual stock returns were high when compared to those after the general elections. Finally, it was clear from the ANOVA findings that General elections were affecting the stock exchange market in a negative way.

Gatumo (2017) investigated whether the general elections in Kenya had any effect on the NSE performance. The design of the study was descriptive based on event studies. The Nairobi Securities Exchange (20) index data was obtained 30 days pre and post the general election. Results of the study found that the mean indices were higher after than before the general election. Further tests on the statistical significance reveal that the differences were statistically significant as presented by the P-values. The paper
concludes that the general election in Kenya statistically had noteworthy repercussions on the stock market.

2.5 Summary of Literature Review

Extant literature abounds on the impact of general elections and stock performance. Kabiru et al (2015) investigated the cumulative abnormal returns and found that the results were not significant in 2002 and 2013 elections, but found the results significant during the elections of 1997 and 2007 at 0.05 level of significant. (Menge et al (2014), unlike Kabiru et al., (2015), analyzed the effects of general elections in 1997, 2002, 2007 and 2013. They found out abnormal share, real share and expected share performance were higher prior to elections. Kuria, (2012) studied the impact of political process and gross Domestic product (GDP) for Kenya in the years 1992, 1997, 2002 and 2007. He found that election have a strong impact on the performance and sustainability of an economy.

Kabiru et al., (2015) adopted event study methodology in establishing cumulative abnormal return (CAR). But, Menge et al., (2014) applied event study methodology in computing actual return, expected return and abnormal returns without computing cumulative abnormal return. Unlike these researchers, this study test for differences in the indices before and after elections to determine whether the variances were critical at 0.95 confidence level. This research focused on the five events which are the 8th August election, the Supreme Court nullification, the 26th October 2017 reelection, the 30th January 2018 ‘swearing in’ and the 9th March 2018 handshake.
2.6 Conceptual Framework

The research aimed at finding out the effects of political events on stock market returns at NSE. Stock returns as the response variable and political events as the predictor variables.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Political Events</strong></td>
<td></td>
</tr>
<tr>
<td>8th August 2017 Elections</td>
<td></td>
</tr>
<tr>
<td>1st September 2017 nullification</td>
<td></td>
</tr>
<tr>
<td>26th October 2017 repeat election</td>
<td></td>
</tr>
<tr>
<td>30th January 2018 Mock swearing in</td>
<td></td>
</tr>
<tr>
<td>9th March 2018 handshake</td>
<td></td>
</tr>
<tr>
<td>Stock returns After Event</td>
<td></td>
</tr>
</tbody>
</table>

*Fig 2.1: Conceptual Framework*
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section focuses on target population, sampling basis, data analysis method and the data collection instrument to be utilized in achieving the goals and objectives of the study.

3.2 Research Design

Event study technique was used in these study. According to Armitage (1995), with an event study, the researcher investigates whether a statistically significant reaction exists in stock returns to event that have already happened in regards to particular kind of event which is theorized to influence the firms market values. In this research, an event study design was tenable since the research was based on establishment of the information content allied to political event on the stocks return at the NSE.

Note that, events which have impact on return of a security may be within the control of a company. Alternatively, such an event maybe outside the control of the firm like in the case of regulatory ruling or a failure that has an effect to the future operations of the company in one way or the other.

3.3 Population and Sample

Population is the specific number about which information is desired. It can also be described as a set of services, events, people, elements, or even a collection of households and items under study. On the other hand, sampling is the selection of particular observations aimed at yielding an understanding of the population under study, notably with the aim of acquiring statistical inferences (Ngechu 2004).
This study’s target population involved the companies listed at the NSE from 2017-2018. All the listed companies within that period were covered. Census was the appropriate technique to use in the study considering that the population was small. The sample had 65 listed firms at the NSE.

3.5 Data Collection

Data collection involves the process of acquiring information regarding a certain phenomenon by use of data collection instruments (Sekaran, 2000). The study used secondary data.

3.6 Diagnostic Tests

In quantitative research, validity is supposed to establish whether the study measures what the researchers plan to acquire. Reliability, on the other hand, measures the extent at which the instruments used in the research yields consistent outcome when the study is done repeatedly (Mugenda & Mugenda, 2003). It is worth mentioning that the random error in any research influences reliability.

Most significantly, assumptions are made in regards to classical linear regression model (CLRM). The assumption are important because they indicate whether the ordinary least square (OLS) which is the estimation technique in the study has the desired characteristics and that the hypothesis tests allied to the coefficient estimates can reliably and validly be conducted.

3.6.1 Heteroscedasticity

Heteroscedasticity is a statistical problem that arises when the variances of the error term vary in various observations. This causes OLS estimators to be no longer of
minimum variance of all linear estimators. The study used the Breusch-pagan–Godfrey test to test the hypothesis

\[ H_0 = \text{Heteroscedasticity not present} \]
\[ H_1 = \text{Heteroscedasticity present} \]

**3.6.2 Autocorrelation**

Autocorrelation is a problem which occurs when the error terms are correlated in a correctly specified model. To test for the first order auto correlation, Durbin Watson d test will be utilized. This was done when the hypothesis of the study was tested.

\[ H_0: P = 0 \]
\[ H_1: P \neq 0 \]

Where P is coefficient of autocorrelation

**3.7 Data Analysis**

The secondary data collected on daily share prices will be coded. After that, it will be entered in SPSS for analysis. This is in line with event study methodology. The events under interest were all within this timeframe as follows;

- 8th August 2017 Elections
- 1st September 2017 nullification
- 26th October 2017 repeat election
- 30th January 2018 Mock swearing in
- 9th March 2018 handshake

These events linked to the general elections in Kenya and were used to represent political events in line with the study. Behavior of the stock returns were observed
during the events listed and further the study sought to investigate the abnormal returns in the event window.

According to MacKinlay (1997), an event study methodology involves different steps, which include:

(i) establishing the event under interest;
(ii) defining the event window;
(iii) selecting the sample set intended for analysis;
(iv) predicting normal” return at the time of event window if the event itself is not happening
(v) estimating the “abnormality “in returns within an event window, whereby difference between and actual returns is the abnormal return with no event taking place; and
(vi) testing if the abnormal return is statistically different from zero.

The market model used was:

\[ Y = \alpha + \beta_1 x_1 + \text{error term} \]

Where

\[ Y = \text{actual returns} \]
\[ X_1 = \text{market return} \]
\[ \beta_1 = \text{market risk} \]

The study used a mean adjusted return model indicated below to measure abnormal returns on securities in the period investigated.

\[ AR_{it} = R_{it} - (\alpha_i + \beta R_{mt}) \]

Where
AR_{it}= \text{abnormal return of stock } i \text{ at date } t

R_{it}= \text{actual return of stock } i \text{ at time } t

R_{mt}= \text{market return}

\alpha \text{ and } \beta=\text{firm specific constants or parameters}

From the estimation period, the event window was:

\textbf{Fig 3.1: Event Methodology}

The event window was used for all the events as follows:

- 8th August 2017 Elections
- 1st September 2017 nullification
- 26th October 2017 repeat election
- 30th January 2018 Mock swearing in
- 9th March 2018 handshake

The abnormal returns were then totaled over the observed events and the investigated windows. Securities’ abnormal returns were aggregated AR_{it} for every period for the given N events. After that the stocks’ CAARs and AARs were estimated.
Moreover, test statistics were utilized in measuring the CAARs and AARs statistical significance indicated on the event day as well as the interval of the event date of a significant level of 5 per cent. In order to test the model’s strength, an ANOVA variance analysis was done. The research tested at 5 percent significance levels and 95 per cent confidence level. If the established significance figure was less compared to the critical value set 0.05, then the model was significant in explaining the association.

3.7.1 Tests of significance

Tests of significance were carried out a 5% level of significance. The t tests were calculated as:

A standard test statistic under the null hypothesis was obtained by dividing $AAR_t$ by an estimate of its standard deviation as:

$$tAAR_t = \sqrt{N} \frac{AAR_t}{SAAR_t}$$

where $AAR_t$ is day t abnormal return, and where variance, $SAAR_t$, is given by :

$$S^2 AAR_t = \frac{1}{N-1} \sum_{i=1}^{N} (ARI_t - AAR_t)^2$$

This test statistic is assumed to be unit normal. Similarly, the t-statistic for the cumulative average abnormal daily abnormal returns (CAARs) was calculated as:

$$tCAAR = \sqrt{N} \frac{CAAR}{SCAAR}$$
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results of the analysis and findings of the study with reference to the study objectives. In particular, section 4.2 discusses summary statistics, 4.3 discusses the empirical model, section 4.4 presents the discussion and section 4.5 presents the summary.

4.2 Descriptive Statistics

The abnormal returns for each company were calculated for each event and every event window. For each event window the daily summation of all listed companies’ abnormal return were calculated and the summary statistics were as follows:

Table 4.1 Summary Statistics for Cumulative Abnormal returns

<table>
<thead>
<tr>
<th>Event</th>
<th>Mean</th>
<th>StdD</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>8th August 2017 Elections</td>
<td>0.265078</td>
<td>0.516142</td>
<td>0.389571</td>
</tr>
<tr>
<td>1st September 2017 nullification</td>
<td>-0.25144</td>
<td>0.415394</td>
<td>-0.14838</td>
</tr>
<tr>
<td>26th October 2017 repeat election</td>
<td>0.088105</td>
<td>0.375041</td>
<td>0.188324</td>
</tr>
<tr>
<td>30th January 2018 Mock swearing in</td>
<td>-0.10236</td>
<td>0.254298</td>
<td>-0.05358</td>
</tr>
<tr>
<td>9th March 2018 handshake</td>
<td>-0.0828</td>
<td>0.293445</td>
<td>0.015181</td>
</tr>
</tbody>
</table>

Source: Research Findings

The variables’ descriptive statistics are the mean, the standard deviation and the median for the August Elections, Elections nullification, repeat elections, mock
swearing in and handshake events cumulative abnormal returns (CAR). For the August elections event CARs, the standard error is 0.516142. Therefore, it can be inferred that the sample and population mean are close. Equally, the standard errors for the Elections nullification, repeat elections, mock swearing in and handshake events cumulative abnormal returns (CAR) were 0.415394, 0.375041, 0.254298 and 0.293445 respectively, which are relatively small inferring that the sample and population mean are close.

The abnormal returns for each company were calculated for each event and every event window. For each event window the daily average of all listed companies’ abnormal return were calculated and the summary statistics were as follows:

**Table 4.2 Summary Statistics for Average Abnormal returns**

<table>
<thead>
<tr>
<th>Event</th>
<th>Mean</th>
<th>StdD</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>8th August 2017 Elections</td>
<td>0.003482</td>
<td>0.008394</td>
<td>0.004509</td>
</tr>
<tr>
<td>1st September 2017 nullification</td>
<td>-0.00406</td>
<td>0.0067</td>
<td>-0.00239</td>
</tr>
<tr>
<td>26th October 2017 repeat election</td>
<td>0.001421</td>
<td>0.006049</td>
<td>0.003037</td>
</tr>
<tr>
<td>30th January 2018 Mock swearing in</td>
<td>-0.00165</td>
<td>0.004102</td>
<td>-0.00086</td>
</tr>
<tr>
<td>9th March 2018 handshake</td>
<td>-0.00134</td>
<td>0.004733</td>
<td>0.000245</td>
</tr>
</tbody>
</table>

*Source: Research Findings*

As evident from the table 4.2 above, all the standard deviations are comparatively small, and thus it can be inferred that it is highly probable that the sample mean is closer to the mean of the population.
4.3 Estimated or Empirical Model

Appendix 2 presents Cumulative Abnormal Return from 7 days before and 7 days after political event. \( P_t - P_{t-1} / P_{t-1} \) was used to determine the actual daily positive/negative abnormal returns \( (R_{it}) \). Also \( I_{it} - I_{it-1} / I_{it-1} \) was used to calculate daily expected market returns \( (R_{mt}) \). \( AR_{it} = R_{it} - (\alpha_i + \beta R_{mt}) \) calculated the positive or negative abnormal returns. If difference between the actual results and the predicted results is differing significantly from zero in statistical manner, it may be concluded that the event under study did affect stock returns and does reflect investor reaction to the event.

**Fig 4.1 CAR during the election event window**

![Car during the Election event window](image)

Source: Research Findings
Fig 4.2 CAR during the nullification event window

Source: Research Findings

Fig 4.3 CAR during the Repeat election event window

Source: Research Findings
The 8th August Election date and 26th October repeat election date were declared a public holiday and therefore no trading took place at the Nairobi Securities Exchange.
For the election nullification date, cumulative AR, on the event day was -1.2143, for
the mock swearing in, CAR, was -0.1354, and for the handshake, CAR, was -0.5039.

In order to show that the results were not just coincidental, the significance was tested
by analyzing the statistical significance levels of the observed abnormal returns. This
was based on the assumption that the daily abnormal returns were independently and
identically distributed. Based on this assumption, for large samples, under the Central
Limit Theorem, the distribution of average abnormal returns approaches normal
distribution. Under the null hypothesis of abnormal performance equals zero, the
standard t-test was used. A standard test statistic was the $AR_t$ divided by an estimate
of its standard deviation. The test statistic was given by Equation 1(a):

$$ \frac{AR_t}{\sqrt{\delta^2(AR_t)}} \sim t(N) $$

where $AR_t$ is day $t$ abnormal return, and where variance, $\delta^2$, is given by Equation 1(b):

$$ \delta^2(AR_t) = \frac{1}{N^2} \sum_{i=1}^{N} \delta^2(AR_t) = \frac{1}{N^2} \sum_{i=1}^{N} \delta^2(ei) $$

The standard deviation was estimated from the time-series of average abnormal returns
during the estimation period of 60 trading days. The test statistic was assumed to be
unit normal. Similarly, the t-statistic for the cumulative average daily abnormal returns
($CARs$) over a longer time interval in the event window was calculated as follows in
Equation 2:

$$ \frac{CAR_{T_1}^{T_0}}{\sqrt{\sum_{t=0}^{T_1} \delta^2(AR_t)}} \sim N(0,1) $$

Cumulative Abnormal returns were calculated by summing up the daily abnormal
returns.
4.3.1 T – test on Average Abnormal Returns

Average abnormal return were calculated for the five events and T-statistic were calculated for the CARs during the 5 events to establish the significance at 5% level of significance.

Table 4.3: T – test on Average Abnormal Returns for nullification

<table>
<thead>
<tr>
<th>Event Window</th>
<th>1st September 2017 nullification</th>
<th>t - statistic of AARt</th>
<th>t critical@5% level</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>-7</td>
<td>-0.002</td>
<td>-0.257</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>-6</td>
<td>0.000</td>
<td>0.048</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>-5</td>
<td>-0.002</td>
<td>-0.357</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>-4</td>
<td>-0.003</td>
<td>-0.504</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>-3</td>
<td>-0.012</td>
<td>-1.823</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>-2</td>
<td>0.000</td>
<td>-0.022</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>-1</td>
<td>-0.002</td>
<td>-0.246</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>0</td>
<td>-0.020</td>
<td>-2.923</td>
<td>1.96</td>
<td>Yes</td>
</tr>
<tr>
<td>1</td>
<td>-0.014</td>
<td>-2.053</td>
<td>1.96</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>-0.009</td>
<td>-1.375</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>3</td>
<td>0.002</td>
<td>0.304</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>4</td>
<td>-0.003</td>
<td>-0.513</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>5</td>
<td>0.006</td>
<td>0.892</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>6</td>
<td>-0.005</td>
<td>-0.767</td>
<td>1.96</td>
<td>No</td>
</tr>
<tr>
<td>7</td>
<td>0.003</td>
<td>0.520</td>
<td>1.96</td>
<td>No</td>
</tr>
</tbody>
</table>

Source: Research Findings
T-test was conducted on the Average abnormal returns (AAR) at 5% significance level. The tabulated t value was at 1.96 for 5% significance level. This compared with the calculated t statistic to test for significance. Table 4.3 shows that on the election nullification date, the average abnormal returns were significant at 95% confidence level.

4.3.2 T – test on Average Abnormal Returns

Further a Cumulated average abnormal return was calculated for all the events and the same tested for significance. Appendix 3 shows average abnormal returns test which were found to be insignificant at 5% significance level over the event windows.

**Fig. 4.6: Cumulative average abnormal returns for the 14 day event window**

T-test on the cumulative average abnormal returns was insignificant over the event window at 5% significance level. Appendix presents the results for the t-test on the cumulative average abnormal returns.
4.4 Discussion of Findings

The study undertook to establish the effects of political event on stock returns of firms listed at NSE using an event study methodology over an event period of 15 days [-7, +7]. Five events surrounding the 2017 general elections in Kenya, which include, 8th August 2017 Elections, 1st September 2017 nullification, 26th October 2017 repeat election, 30th January 2018 Mock swearing in and the 9th March 2018 handshake were used in the study. For the five events, expected return were estimated using linear OLS coefficients for post estimation window for 90 days. To get abnormal returns, the actual returns were differenced with the estimated returns over the event window. Further, average abnormal return and cumulative abnormal returns were calculated and a t-test significance test was estimated. Average abnormal return analysis show that for the 15 days surrounding the political events of the listed firms at the NSE, one event in election nullification had significant abnormal returns.

The t-test statistics for the August Elections, Elections nullification, repeat elections, mock swearing in and handshake events cumulative abnormal returns (CAR) were calculated as 0.9693, -2.352, 0.6836, -0.2623 and -0.97634 respectively. Since the tabulated t value at 5% level of significance is 1.96, which is more than the t-statistic for August Elections, repeat elections, mock swearing in and handshake events the null hypothesis cannot be rejected. However, for Elections nullification cumulative abnormal returns (CAR), the t-statistic is more than the tabulated t and therefore, reject the null hypothesis.

According to the t-test statistics for the CAR, the August Elections, repeat elections, mock swearing in and handshake events were found to be insignificant while Elections nullification were found to be significant at 95% level of confidence. This shows that the stock returns for the event on election nullification deviated from their means
significantly while those for the August Elections, repeat elections, mock swearing in and handshake events were insignificant.

The t-test statistics for the August Elections, Elections nullification, repeat elections, mock swearing in and handshake events average abnormal returns (AAR) were calculated as 0.961, -2.923, 0.941, -0.533 and -1.717 respectively. Since the tabulated t value at 5% level of significance is 1.96, which is more than the t-statistic for August Elections, repeat elections, mock swearing in and handshake events the null hypothesis cannot be rejected. However, for Elections nullification average abnormal returns (AAR), the t-statistic is more than the tabulated t and therefore, reject the null hypothesis. Therefore it was concluded that it was concluded that the event was significance.

These findings suggest that investors at the Nairobi stock exchange perceived the August Elections, repeat elections, mock swearing in and handshake events as insignificant and hence recovered and steadied instantaneously, hence the insignificance of CAR. The findings suggest that the NSE stock returns or the Elections nullification announcement deviated significantly from their means.
CHAPTER FIVE

SUMMARY AND CONCLUSION

5.1 Introduction

This chapter presents the summary and conclusions of the study with reference to the study objectives. In particular, section 5.2 discusses summary of the study, 5.3 discusses the conclusion, section 5.4 presents the limitation of the study and section 5.5 presents the recommendation for further research.

5.2 Summary of the Findings

The study was carried out to establish the effects of political event on stock returns of firms listed at NSE using an event study methodology over an event period of 15 days [-7, +7]. For the five events, expected return were estimated using linear OLS coefficients for post estimation window for 90 days. To get abnormal returns, the actual returns were differenced with the estimated returns over the event window. Further, average abnormal return and cumulative abnormal returns were calculated and a t-test significance test was estimated.

According to the t-test statistics for the CAR, the August Elections, repeat elections, mock swearing in and handshake events were found to be insignificant while Elections nullification were found to be significant at 95% level of confidence. This shows that the stock returns for the event on election nullification deviated from their means significantly while those for the August Elections, repeat elections, mock swearing in and handshake events were insignificant.

The t-test statistics for the August Elections, Elections nullification, repeat elections, mock swearing in and handshake events average abnormal returns (AAR) were
calculated as 0.961, -2.923, 0.941, -0.533 and -1.717 respectively. Since the tabulated t value at 5% level of significance is 1.96, which is more than the t-statistic for August Elections, repeat elections, mock swearing in and handshake events the null hypothesis cannot be rejected. However, for Elections nullification average abnormal returns (AAR), the t-statistic is more than the tabulated t and therefore, reject the null hypothesis. Therefore it was concluded that it was concluded that the event was significance.

The study finds that for all the five events, in August Elections, repeat elections, mock swearing in and handshake events the abnormal returns change in homogeneity with the normal returns while in the Elections nullification event, the abnormal returns move in same direction with the normal returns.

The t-test statistic displays that for four events average abnormal returns were statistically insignificant at 95% level of confidence. However, t-test statistic displays that for nullification average abnormal returns were statistically significant at 95% level of confidence. This finding may suggest that stocks at the Nairobi stock exchange deviated significantly from their means.

5.3 Conclusion

The study undertook to establish the effects of political event on stock returns of firms listed at NSE using an event study methodology over an event period of 15 days [-7, +7]. Five events surrounding the 2017 general elections in Kenya, which include, 8th August 2017 Elections, 1st September 2017 nullification, 26th October 2017 repeat election, 30th January 2018 Mock swearing in and the 9th March 2018 handshake were used in the study. For the five events, expected return were estimated using linear OLS coefficients for post estimation window for 90 days. To get abnormal returns, the actual
returns were differenced with the estimated returns over the event window. Further, average abnormal return and cumulative abnormal returns were calculated and a t-test significance test was estimated. Average abnormal return analysis show that for the 15 days surrounding the political events of the listed firms at the NSE, one event in election nullification had significant abnormal returns.

From the AAR t test, it was found that the t value calculated on a day pre-announcement of nullification of election, day was higher than the t critical value of 1.96 and thus an indication that market share prices are sensitive to the market. This shows that the market begun anticipating the announcements in a rational manner, that is, the market fully captured news pre-event.

Further, on other events, the market had since adjusted itself in anticipation of say the elections and the repeat elections therefore explaining the insignificance. This is consistent with the literature especially the theory of random walk which posits that stock market prices wander randomly about their intrinsic values and thus cannot be predicted; meaning that, information gets to the stock market haphazardly and evokes unsystematic responses of the security prices. Random walk theory contends that stock price movements have no predictable pattern and as such they cannot be a forecast of the future (Fama, 1969). In other words, prices of securities are self-determining and their probability distribution is homogenous, thus take uncertain course.

The study concludes that market reaction to political events depends on the event announced hand and therefore, the information derived from a political event is significant for valuing the securities in the markets. Therefore, political events affects the performance of the stock returns and hence shareholders, investors and other stakeholders should consider the effects of a political event.
5.4 Limitation of the Study

The study sought to investigate the effect of political events on stock returns over the period around the 2017 general elections. The study, however, found a limitation that during the study period, market anomalies, for instance, the Monday-effect and weekend-effect may have influenced the performance of the market during the political event period and the same were not incorporated when approximating returns.

In addition to the anomalies noted above, the study further noted that during the period the macroeconomic parameters and market forces also acted on the economy. Therefore the study noted that Drivers of value, for example, Cash flows, growth opportunities and dividend payouts which are some of the factors that influence the market returns of a firm were not incorporated when approximating the returns. Performance of the Macro economy such as foreign exchange rate, inflation and world news might have also weakened the outcome of these events.

5.5 Recommendations for Further Research

The study recommends that since the scope was limited to the period surrounding the events around the general elections, which include, 8th August 2017 Elections, 1st September 2017 nullification, 26th October 2017 repeat election, 30th January 2018 Mock swearing in and the 9th March 2018 handshake, then auxiliary studies could be done to examine stock returns’ performance in nonpolitical periods and compare performance with the periods prior to political events as it is in this study.

From literature reviewed, limited studies or literature exist around African economies and specifically, the East Africa Community. Therefore the study recommends that similar studies on other neighboring countries investigate if their political events yields
negative abnormal returns, and compare with relationship in other parts of the world would be interesting.

The study also finds a limitation that Market anomalies, for instance, the Monday-effect and weekend-effect may have influenced the performance of the market during the political event period and the same were not incorporated when approximating returns. In view of this, the study recommends that innovative study factoring these market anomalies be carried out.
REFERENCES


Nairobi Securities Exchange (NSE, 2014). Also available on the NSE website http://www.nse.co.ke


APPENDIX

Appendix 1: Data collection instrument
Data collection instrument used for the study was as below:

<table>
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