

Abstract:

The purpose of this study is to examine the impact of cross listing on dividend policy for cross listed firms within East Africa and to test the substitute hypothesis. The study first conducts univariate analysis for the before-after effects of cross listing using paired tests, then includes non cross listed firms in multivariate analysis using pooled Time Series Cross Section, Panel Corrected Standard Errors regressions for a period of 13 years (1998 to 2010). The study's findings provide empirical evidence to indicate that the dividend payouts for cross listed firms were relatively higher than the dividend payouts for then non cross listed firms. The findings lend credence to the substitute hypothesis, the payment of higher dividends by cross listed firms may well result from a voluntary commitment on the part of these firm to protect their investors and maintain credible reputation for fair treatment. These findings are contrary to the prediction investor recognition/visibility hypothesis