AN EMPIRICAL INVESTIGATION OF THE INFORMATION CONTENT OF BONUS SHARE ANNOUNCEMENTS FOR COMPANIES QUOTED AT THE NAIROBI STOCK EXCHANGE

BY

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A Management Research Project Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

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OCTOBER 2010

DECLARATION

This project report is my original work and has not been presented for a degree award in any other University.

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This project report has been submitted for examination with my approval as University supervisor.

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ACKNOWLEDGEMENTS

My foremost gratitude goes to our almighty God for enabling and guiding me through my academic life. I am grateful to Nairobi University for admitting me to their MBA programme and School of business, MBA teaching staff for upholding academic discipline. My vote of thanks goes to my supervisor; MR. M. M'Maithulia who guided me as I crafted this paper, his suggestions and prompt comments gave me impetus to refine and produce quality work.

DEDICATION

I dedicate this paper to my family: my mum and my late dad, and my dear wife, Phyllis; you all stood by me throughout this programme and inspired me immensely.

ABSTRACT

There is a theory that bonus shares can signal management's view of the condition of a firm and that firm managers use bonus shares announcement to signal a firm's quality. The information content of events and its dissemination determine the security prices in the capital market. This study was to test the semi-strong form of market efficiency on the Kenyan Capital Market. The goal was to prove that the Kenyan capital market is at least semi-strong, that is, public information is immediately built into share prices

In the developed countries including Kenya, many research studies have been conducted to test the information content of dividends. However, in Kenya no study has been conducted to test the information content of bonus shares announcement. Therefore, the purpose of this paper was investigates to information content of bonus issue announcements by companies quoted at the Nairobi Stock Exchange.

This study was an event study, evaluative research design was used. All the 54 active companies trading shares at the Nairobi Stock Exchange were targeted. The period of study was financial year January 2000 and September 2010. For testing purposes, the event period consists of 30 trading days (days -15...., 0 announcement day,…….+15) around each dividend announcement date. Analysis of Average Stock Returns Variability (ASRV) and Abnormal Returns (AAR) were used. ASRV analysis is used if announcement contained information relevant for valuation companies' stocks and the announcement effect exists only if abnormal returns are significant. The study employed student *t* to test for the equality of the event period and comparisons mean returns before and after dividend announcement.

The study empirically examined the information content of corporate event of stocks with regard to 38 bonus issue announcements released by the 26 companies over the period January 2000 and September 2010. The results of the study showed that the stock prices reacted to the announcement of bonus issue. Therefore, it can be concluded that bonus announcement contained information useful for valuing the stocks. Thus information of bonus announcement can be used by the investors for making abnormal returns at any point of the announcement period, through the strategy of short selling. Further, the results show that market positively received the bonus announcement information before the announcement came up. However, the analysis depicts the fact that the market gained significant reactions in the stock prices during the pre and post announcement periods. Thus one can conclude from the foregoing discussions that the capital markets in general are not perfectly efficient, to the announcement of bonus issue. This informational inefficiency can be used by the investors for making abnormal returns at any point of the announcement period. The study recommended that stock market may use that information to revise the prices of securities and the investors are advised that when the company comes up with the bonus issue, the investor should take immediate investment decision (buy or sell) in order to benefit from the bonus issue announcement.

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CHAPTER ONE

INTRODUCTION

1.1 Background of this Study

Information content of dividends, bonus shares and stock split is important because the intrinsic model holds that the value of a firm is represented by the present value of its future dividends (Fama and French, 1998). Dividend, bonus payment and stock split announcements contain valuable information not known to the market. There is a model that holds that bonus issue can signal management's view of the condition of a firm (Miller and Rock, 1985). If bonus issue which is a form of dividends has an impact on a firm's value, then analyzing the information content of dividends deserves empirical testing. Its has been argued that the concept of information content of various corporate events (final statement release, announcement of mergers, announcement of splits, announcement of dividends and announcement of bonus issues) can only be established through tests of capital market efficiency.

A capital market is said to be efficient with respect to an information item if the prices of securities fully impound the return implications of that item. In an efficient market, when a new information item is added to the market, its revaluation implications for security returns are instantaneously and unbiasedly impounded in the current market price. Several studies have empirically tested the reaction of security prices to the release of different information. Beaver (1968), Foster (1981), Beaver, Clarke, Wright (1979) are some of the studies that have contented that security prices to the release of corporate events announcement information. One critical finding of these studies is that during the announcement period, there are abnormal returns. On the Indian stock market, M.

Obaidullah (1992) and S.Srinivasan, are some of the studies which have tested the efficiency of the Indian stock market with respect to corporate events announcement information like accounting information, dividend announcement, bonus announcement, right issue, mergers & acquisition and stock split etc,. A few Indian studies have tested the efficiency of the Indian stock market with respect to information content of stock split announcement. Further, these studies could not find out the exact period during which the market reacts to a piece of information.

On the Kenyan Stock Market, Kiptoo (2006), and Kioo (2006) are some of the studies that have attempted to test the efficiency of the Kenya Capital Markets using cash dividends and stock splits. In view of the inconsistencies that have emerged from their findings this study however seeks to test the efficiency of the Kenyan Capital markets by use of bonus issue which is but one of the corporate announcement information.

Bonus shares means the dividends paid to shareholders in a company from surplus profits in the form of shares; a free share issue to be precise. Many a time companies resort to paying dividends in the form of free shares when confronted with an insufficient cash position or because of a possible adverse effect of cash dividends on a company's working capital.

There is a long line of literature that investigates whether managers use dividends (bonus issues, stock splits) to signal the future prospects of their firm—known as the information content of dividends hypothesis. Most interpret and test the information content of dividends hypothesis by investigating whether changes in firms' dividends translate directly into changes in firms' future earnings. The information content of

dividend is an important hypothesis, as evidenced by this long line of research; however, the empirical literature offers little support for the hypothesis that current bonus issue changes signal future earnings changes. This paper investigates whether bonus shares have information content. Specifically, it examines whether bonus share issues affect the relation between current annual stock returns and future earnings.

Other researchers have integrated the information content hypothesis with the signaling theory (Ross, 1977). The Ross hypothesis assumes that managers possess private information about the firm's attributes not known to the market. This information is valuable if the investments in place or opportunities to invest can have positive effect on the firm's future cash flows. In this circumstance, managers must use expensive, but credible, dividends to communicate this private information to the market.

From a practical standpoint, analyzing the information content of the bonus issues for the companies quoted at NSE is important because of their vital signaling role and because most firms pay dividends in the form of bonus issues. On the other hand, it has been assumed that regulators in the stock market, through their oversight duties, perform the job of informing the market about a firm’s quality. Thus, regulators serve as a supplement to dividends in signaling a firm’s quality. The dealings of regulators with individual firm would convey sufficient information to the market for determining the quality of each firm.

However, prior research demonstrates the simultaneity of the decisions that management makes regarding debt and dividend policy (Ravid & Sarig 1991), and the closeness of the relationship between insider holdings dividends and debt policy (Jensen, Solberg, & Zorn, 1992). Thus, a firm's management may choose a lower level of dividends to avoid

the impact of double taxation (corporate tax paid by the bank and income tax paid by shareholders). Moreover, management of a firm may allocate a higher level of cash-flow to other purposes rather than dividend payout. Accordingly, the information content of dividends of the quoted companies deserves intensive empirical analysis in both developed and emerging markets. This paper explains the information content of dividends payout by the firms quoted at the Nairobi Stock Exchange (NSE).

1.1.2 Capital Market Efficiency

The capital market plays a pivotal role in the allocation of economic resources into productive activities of the economy, which are possible only if the securities traded in the markets are priced appropriately. A capital market in which stock prices fully reflect all available information can be termed as efficient. Eugene Fama (1960) classified the market efficiency into the following three categories depending on the information set that is fully reflected in the security prices; *Weak - Form of Efficiency***,** popularly known as Random Walk Theory states that the current Stock prices reflect all the information that is contained in the historical sequence of prices; *Semi - Strong Form of Efficiency*, which states that current market prices not only reflect all information content of historical prices but also reflect all the information, which are publicly available about the companies being studied and; *Strong - Form of Efficiency*, which states that current market prices reflect all information whether it is publicly available or private information (insiders information).

This study would seek to test the semi strong form of market efficiency using bonus issue announcements at the Nairobi stock exchange.

1.1.3 Companies Quoted at the Nairobi Stock Exchange

The Nairobi Stock Exchange (NSE), which was formed in 1954 as a voluntary organization of stockbrokers, is now one of the most active stock markets in Africa. The NSE has played a role in increasing investor confidence by modernizing its infrastructure. It launched the Central Depository and Settlement Corporation (CDSC), which significantly improved the settlement cycle. In 2006, the NSE installed the Automated Trading System (ATS) which has eliminated inefficiencies in allocation of shares and delays in the transfer of securities, hence enabling better price discovery on the stock market (NSE, 2008). Currently, NSE has a total of 54 listed firms.

The primary role of a stock exchange is to provide a market where financial instruments can be traded in a regulated environment without constraint (NSE handbook 2004). According to Glen et al. (1995) stock market is a vital part of any economic system in which ownership can be bought or sold. A stock exchange and its presence in an economic system can be justified by the following functions it performs- channels savings into investments. It converts investments into cash, thus supplying market liquidity and helps in evaluating and managing securities.

The Stock Exchange is a market that deals in the exchange of securities issued by publicly quoted companies, corporate bodies and the Government. According to Glen et al. (1995) the Stock Exchange plays critical role in the process by mobilizing domestic savings thereby bringing and facilitating reallocation of financial resources from dormant

to active economic agents. Through trading at the stock exchange, long-term investments are made liquid, as the transfer of securities between shareholders is facilitated. Further, trading in equities at the stock exchange creates investment opportunities, enabling investors to diversify risk and also encourages local ownership of companies. It makes it easy for companies to raise extra finance essential for expansion and development (NSE handbook 2004).

Markets of the NSE put Kenyan and international companies from all sectors in touch with global investment capital. There are three primary markets, the Main Investment Segment (MIMS), the Alternative Investment Market Segment (AIMS) and the Fixed Income Securities Market Segment (FISMS). MIMS and AIMS are markets where cooperates can list their shares whilst FISMS is the market where debt instruments such as corporate and government bonds are listed (NSE handbook 2004).

Close to five categories of dividends are declared by firms listed on NSE programmes (NSE handbook 2004). These include final, interim, bonus shares and special dividends. Final dividends are paid at the end of the financial year. They are usually announced by the company directors at the annual general meeting. Shareholders have the option of voting to accept or to reduce them, but they cannot increase them. Interim dividends are the form of dividends that are declared and distributed before the company's annual earnings have been calculated, they are often distributed quarterly. They are usually smaller than final dividends (NSE handbook 2004). Apart from the role of declaring and recommending the amount of dividends to be paid, the directors or managers have a role of running of the firm’s businesses on behalf of the shareholders.

Still there are firms that issue bonus shares; this is where a firm chooses to pay dividends in the form of shares.

1.2 Statement of the Problem

Stock market, being a vital institution, facilitates economic development. It is true that so many parties are interested in knowing the efficiency of the stock market. The small and medium investors can be motivated to save and invest in the stock market only if their securities in the market are appropriately priced. The information content of events and its dissemination determine the efficiency of the stock market. That is how quickly and correctly security prices reflect these information show the efficiency of the stock market. In the developed countries, many research studies have been conducted to test the efficiency of the stock market with respect to information content of events.

There is a theory that bonus shares can signal management's view of the condition of a firm (Miller and Rock, 1985). Firm managers use bonus shares to signal a firm’s quality (Ravid & Sarig, 1991). They use bonus shares announcement to convey sufficient information to the market for determining the quality of firm. However, do the bonus share announcements affects future returns of the firms.

Several studies have empirically tested the reaction of security prices to the release of different information. For instance, Beaver (1968), Foster (1981) and Beaver, Clarke, Wright (1979) has intimated that security prices react to corporate announcement events. On the Indian stock market, M. Obaidullah (1992), S.Srinivasan, and Kakati (2001), are some of the studies which have tested the efficiency of the Indian stock market with

respect to corporate events announcement information like accounting information, dividend announcement, bonus announcement, right issue, mergers & acquisition and stock split etc,. A few Indian studies have tested the efficiency of the Indian stock market with respect to information content of stock split announcement. Still on the Indian Stock Market a study by Gupta and Kumar (2007) found that there was no announcement effect associated with stock split in India (stock splits are a form of corporate announcement). Even from these studies as there is no clear consensus on the market reactions to corporate announcements. Further, these studies could not find out the exact period during which the market reacts to a piece of information.

Locally studies on the tests of market efficiency have not been any different. Kiptoo (2006) and Mbugua (2004) in their studies evaluated the market efficiency in relation to information content of cash dividends. The findings of these studies indicate that majority of stock returns experienced a significantly variant reactions to cash dividend announcement which is typical of stock markets in developing nations. These studies concluded that the resulting stock reactions were inconsistent as the stock market could not be said to be fully efficient. The hypothesis therefore that the market fully reflects publicly available information deserves further empirical testing by use of other corporate announcement. This is the gap that this study seeks to fill.

However, in Kenya no study has been conducted to test the information content of bonus shares or even the market reaction to bonus shares (Aduda and Chemarum, 2010). Hence this study is an attempt to fill this research gap. The purpose of this paper is investigates to information content of bonus issue announcements by companies quoted at the Nairobi

Stock Exchange. Specifically, the paper examine whether bonus issues affect the relation between current annual stock returns and future earnings, using signaling mechanism.

1.3 Objective of the Study

The main objective of this study is to investigate the information content of the bonus share issue announcements by companies quoted at the Nairobi Stock Exchange (NSE).

1.3.1 Specific Objectives

Specifically the study will;

i. To examine the information content of bonus issue announcements made by the companies quoted at the Nairobi Stock Exchange.

ii. Determine the magnitude and speed of the change of prices originating from bonus share issue announcement.

1.4 Significance of the Study

The information generated from this study will be important to various partners involved in the capital market. Since the government, through CMA regulates the operation of stock market in the country, the information generated will assist it on how to best advice firms on issues of bonus shares.

The findings of this research will also be informative to the managers, shareholders and owners of firms. It will provide them will information on why firms should issues bonus shares. This will act to solve the problem of shareholder-management conflicts.

Mass education on investment in shares on the capital market is important in Kenya. CMA is currently charged with the role of disseminating such education. This study will

reinforce and intensify more campaigns on mass education especially to uninformed local and foreign investors who may have the urge to invest in shares. This study will sensitize them on the firm's role of bonus share issues and the expected returns attached to issue.

The findings of this study will also provide a framework for more research and debate on the bonus issue puzzle especially in the Kenyan capital market context, so as to unveil more information about the dividends policies among firms in Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

First, this chapter reviews theories on dividends, bonus and efficient market hypothesis. Then it reviews empirical literature on the past studies in this area and gives a critical evaluation of the literature to identify the gaps to be filled. Finally an operational conceptual framework to be used in this study is outlined.

2.2 Review of Theories

2.2.1 Information Content Hypothesis

Miller and Modigliani (1961)'s irrelevance theory assuming perfect capital markets, rational behavior, and zero taxes, showed that the value of a firm is not dependant on its dividend payout ratio. They suggested that the market value of the firm depends on its expected future earnings and not its current earnings. As a consequence, they argued that if earnings consist of a transitory and a permanent component and if dividends are related to the permanent component, then dividends will be a proxy for expected future earnings. This has been referred to as the "information-content-of dividends" hypothesis.

Their theory is based on the following assumptions; first, they assume that we live in a world where perfect markets exists, this means that are no taxes or transaction costs and that the market price can not influenced by a single buyer or seller. They also assume that information access is also costless. Second, Modigliani and Miller hold the opinion that there is a rational behavior on the part of the market participants who value securities based on the discounted value of future cash flows accruing investors. Third, they urge

that there is certainly about the investment policy of the firm and complete knowledge of its cash flows and finally, managers act as perfect agents of the shareholders.

Going by Modigliani and Miller's arguments, dividends do not lead to shareholder welfare and value maximization. They content that when the investment policy of firm is held constant, then its dividend payout has no consequences for shareholder wealth. On one hand, dividends initiations only leads to lower retained earnings and capital gains, and on the other hand, dividends reductions only leads to lower retained earnings and capital loses, leaving total wealth of the shareholders unchanged. Their sentiments are also shared by other financial theorists, who include (Martin, Petty, Keown and Scott (1991), and Miller (1986).

A signaling model for corporate events announcements, specifically stock splits, was first proposed by Brenan and Copeland (1988). According to them these corporate events act as means of passing information to shareholders. In an earlier model (Fama, et al, 1969), suggested that by announcing bonus issues a company can reduce any information asymetrics that might have existed between stockholders and management.

In the other signaling models (Battarcharya 1979, Milner and Rock (1985) In the signaling models of Bhattacharya (1979) and Miller and Rock (1985) it is assumed that there is a preference for internal finance and that dependency on external finance partly explains dividends policies. The former statement actually means that although the firm may wish to rely on retained earnings, it must go to the capital market and hence must signal the outside capital market of its ability to repay back the borrowed funds.

Firms therefore pay dividends or make bonus issues to signal their future prospects, or so it has been argued. The explanation is consistent with the information content of dividends or signalling hypothesis. According to (Bhattacharya, 1979, John and Williams, 1985, and Miller and Rock, 1985), the underlying argument here is based on the information asymmetry between managers (insiders) and outside shareholders, where managers have private information about the current performance and future fortunes of the firm that is not available to outside shareholders and the business community at large. The managers are thought to have the incentive to communicate this information to the market. According to signalling models dividends contain this private information and therefore can be used as a signaling device to influence share prices. An announcement of dividend increase is taken as good news and accordingly the share price reacts favorably to dividend payout and the opposite holds.

The difference between a well performing firm and a low performing firm is that the former gains from paying high dividends more than offset the associated costs. This means that for the well performing firm, the benefits of paying dividends are more than the costs of raising funds from the market. In the signaling model, there are impediments to access funds from the external market, and the costs associated with paying high dividends is the issue cost of having to resort to outside financing to meet the dividend commitment.

2.3 Review of Past Studies

In the developed markets, especially in the United States, many studies have been conducted to test the efficiency of stock markets with respect to corporate event announcements. In Kenya, only a few studies have been conducted. Beaver (1968) examined the reaction of the Trading Volume Activity (TVA) and Security Returns Variability (SRV) to annual earnings announcement with a sample of 143 New York Stock Exchange (NYSE) firms. The result indicated 33 percentage increases in TVA and 61 percent increase in SRV in earnings announcement week over the non-announcement weeks. A study entitled "The Random Walk Hypothesis and Technical Analysis" by George E.Pinches (1970) found that the random walk hypothesis implies that the price movements are virtually independent of past price movement. The study reveals that the random – walk hypothesis may be incorrect or, atleast incomplete. Obaidullah (1990), in his paper entitled, "The adjustment of stock price to half-yearly earnings announcement in India", studied 33 securities which performed well. The author has reported that earnings showed an increasing trend much before the announcement week. The study entitled "Random Walks in Stock Market Prices" by Eugene F.Fama (1995) found that random walks in stock market prices present important challenges to both the chartist and proponent of fundamental analysis. Srinivasan.R (1997), in his study entitled, "Security Prices Behaviour Associated with Rights Issue – Related Events", examines security price behavior associated with rights issues related events and provides evidence on corporate capital structure, capital market efficiency and event study methodology. The author concludes that a rights issue of equity is seen as 'bad' news by investors and a

rights issue of fully convertible debenture (FCD) is seen as 'neutral' news. Eugene Pilotte (1997) in the study entitled, "Earnings and Stock Splits in the Eighties", presents evidence on the nature of the earnings information conveyed by stock splits. Results for 1982-1989 indicate that the market interprets stock splits as signals of subsequent earnings increase. Elroy Dimson and Massoud Mussavian (1998), in their study entitled, "A brief history of market efficiency", narrated that the efficient markets hypothesis is simple in principle but remains elusive. It is hard to profit from even the most extreme violations of market efficiency. The efficient markets model continues to provide a framework that is widely used by financial economists.

Lukose Jijo and Narayanan Rao.S (2002) in their study examined the reaction of stock prices around the date of announcement of stock splits and ex-split date. It was found out that on the date of announcement, there was an abnormal return of 5.27 percent and on day +1, 2.42 percent. The result of abnormal returns around the ex-split day shows that much of the abnormal returns take place on day 0 (3.68%) and day +1 (2.04%). A study by Partrick Dennis (2003) investigated the stock splits and liquidity in the case of the Nastaq -100 Index Tracking Stock and found that the average daily turn over before the split was 23.95 percent and after the split was 22.81 percent. A "t" test for difference in mean failed to reject the hypothesis that the turnover before the split (the t-statistic is 0.8) comparing the number of traders before and after the split. It is apparent that there was a little less than twice as many traders after the split than before. A study entitled "Market Reaction to Stock Market Splits: Evidence from India" by Amitabh Gupta and Gupta.O.P (2007) maintains that stock splits are associated with positive abnormal returns around the announcement. By and large splits are found to improve the trading volume of shares

and there was increase in the daily number of traders. But they do not increase the daily turnover and consequently the liquidity of stocks in India. At the end, the author concluded that the majority of shares which underwent split were trading at low market prices. It appears that reasons for a stock split by low priced companies could be explained by neglected firm hypothesis, which appears to be valid for the Indian stock market. In India, studies on testing the semi-strong efficiency of stock market are few. These studies use CAR (Cumulative Abnormal Returns) Model. Only very few studies have used the SRV (Security Returns Variability) model. Most of the studies observed that the reaction by security prices took place prior to announcement of events. In some cases, reaction took place after announcement of events. An attempt is made in this study to test efficiency of Indian stock market with respect to stock split announcement taking the models already used in the above studies.

Al-Obaidan (2005) analyzed the information content of commercial banking industry dividends using cross-country and time-series data employed in this study comes from "The GCC Banks: Financial Report" published by the Research Unit of The Institute of Banking Studies in Kuwait. The empirical results confirm the positive relationship between efficiency and dividend levels in banks located in the Gulf region. The results support the view that central banks must have enhanced capacity to influence a bank's recognition of potential and actual loan losses on income statements and balance sheets.

The investments and financing decisions are made at the management's discretion. In a world of corporate asymmetric information, managers cannot directly reveal all private information related to these decisions without incurring some costs. For example, such costs may include competitors' access to the firm's private information and ease of market

entry. Similarly, investors are not always satisfied with the speeches of the firm's management.

Knowing the investors' perception, managers use the release of earnings announcements to validate some of their verbal declarations (Kane, Lee and Marcus, 1984). Nonetheless, investors are more interested in the financial statements with the details leading to the revealed earnings figures (Swaminathan and Weintrop, 1991). Financial statements can be subject to manipulation; however, we suggest that informed investors can still use them to estimate the value of the firm's attributes. Thus, the release of balance sheet constitutes the first phase of the information transmittal process.

In the first phase outsiders, including marginal shareholders, use balance sheet changes to infer the meaning and direction of the firm's attributes. These changes can be clear, with little uncertainty. Therefore, they may point to potentially good, bad, or flat news. In this circumstance, the conjecture is that discretionary dividend changes can only confirm market understanding of already released information. Thus, in the second phase dividends work as interpreters with no signaling information about future activities. In other occasions, changes in the balance sheet do not improve certainty about the meaning and direction of released information. Thus, at this stage, the interpretation of the transmitted information is not always easy and direct. In such cases, dividend change signals can be valuable if they can provide clear information about the firm's future success. This notion is consistent with propositions by John and Williams (1985), Miller and Rock (1985) and Ambarish, John and Williams (1987). This process constitutes the signaling phase of the two-phase information transmittal process. Under this condition,

dividend announcements signal information about future activities including, but not limited to, the sign and size of future cash flows.

2.4 Information Content of Bonus Share Issue

Beaver (1968) examined the reaction of the Trading Volume Activity (TVA) and Security Returns Variability (SRV) to annual earnings announcement with a sample of 143 New York Stock Exchange (NYSE) firms. The result indicated 33 percentage increases in TVA and 61 percent increase in SRV in earnings announcement week over the non-announcement weeks. A study by George (1970) found that the random walk hypothesis implies that the price movements are virtually independent of past price movement. The study reveals that the random – walk hypothesis may be incorrect or, at least incomplete. McEnally (1971) and Beaver, Clarke and Wright (1979) report significant contemporaneous correlations between the magnitude and sign of unexpected annual earnings changes and the magnitude and sign of abnormal returns in the period preceding the annual earnings release.

Edward (1979) in his study argues that any non-random fluctuation in price (other than a steady upward drift approximating the risk adjusted rate of returns) would be exploited by speculators who would buy before an expected fall, eliminating any predictable functions and making all price changes random.

Obaidullah (1990) studied 33 securities which performed well. The author has reported that earnings showed an increasing trend much before the announcement week. The study entitled “Random Walks in Stock Market Prices” by Eugene F. Fama (1995) found that

random walks in stock market prices present important challenges to both the chartist and proponent of fundamental analysis.

Elroy and Massoud (1998), in their study narrated that the efficient markets hypothesis is simple in principle but remains elusive. It is hard to profit from even the most extreme violations of market efficiency. Abhijit (2001) has examined the investors reaction to information using primary data collected from 600 individual investors and observes that the individual investors are less reactive to bad news as they invest for longer period. Hari (2000), in his doctoral thesis, observed that the cumulative abnormal returns (CAR) between the portfolios with positive and negative unexpected half-yearly earnings were significant.

Prabina, Srinivasan and Dutta (2000) have studied the reaction of GDR prices and the underlying share prices to the announcement of dividends and found that the CAR for the GDR is mostly negative irrespective of the rate of dividend whereas the domestic share prices react in a more synchronous manner. An attempt was made by Dillip, Grover et al., (2002) in their study, examined the changes in the market value of the firm as reflected in the stock price in response to IT investment announcements. Reactions of price and volume were negatively related to firm size and became more positive over time. Jijo Lukose and Narayan Rao (2002) examined the security price behaviour around the announcement of stock splits and around ex-split date. They find that there are 7.69 percent abnormal returns during the two days (i.e. the day of announcement of stock split and the next day).

Kiptoo (2006) and Kioo (2006) in their studies evaluated the market efficiency in relation to information content of cash dividends. The findings of that particular study indicates

that majority of stock returns experienced a significant inconsistent reactions to cash dividend announcement which is typical of stock markets in developing nations. They however She however concluded that the reactions of stock return was however variant because the stock market is not fully efficient.

Kariuki (2008) reported that key Market Indicators of NSE also shows that the stock market is growing over time. Close observation of these key Market Indicators of NSE generates a number of issues. The increasing market capitalisation attests to the fact that individual firms have been growing over time. The growing number shares of traded has two implications; first that there is growing liquidity and second, there is a growing number of investors who are willing to invest their resources in shares. These investors are the public, institutions, foreigners or the workers of the firms. Unlike shareholders, directors are involved in the day to day running of the firms. Kariuki continued that the entry of new firms into the Kenyan capital market has also an implication on dividend policy of the existing and new firms. The excitement generated by the Kengen IPO has resulted in many investors dumping their shares in other firms to raise cash for the issue. This on effect, the share prices of the existing firms have reduced resulting in a slow overall performance hence negatively affecting dividend payout.

More recently Aduda and Chemarum (2010) studied market reaction to stock splits and concluded that the Kenyan market reacts positively to stock splits, as shown by a general increase in volumes of shares traded around the stock split. The results of their study is consistent with the signaling hypothesis, which states that managers of companies split their stock to act as a means of passing information to stock holders and potential investors. Their study however recommended further studies on how the market reacts to

bonus issues especially for bonus issues larger that are 25%. This study seeks to fill this gap, and specifically to establish if indeed bonus issues have information content privy to managers but not available to the shareholders and investors.

2.5 Summary of Literature Review

There is extensive literature on the signaling hypothesis and on the efficient market hypothesis. Much prior literature has investigated what, if any, information is contained in corporate announcement events (dividends, bonus issues, splits). However, to date, little consensus has emerged. The consensus in the recent bonus share literature is that bonus issue announcements contain valuable information not known to the market. Other studies show that firms are reluctant to raise their bonus issue unless they can preserve the higher levels over time. One implication of these findings is that bonus issues may reduce uncertainty about the firm's future cash flows. This contention, however, remains an empirical question. However, very scanty literature on the subject exists in developing countries, especially in Kenya. Hence, the need to carry out this study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the general methodology to be used to conduct the study. It is the guide to the implementation of this study. It specifies the research design, target population, sampling design, data collection method and instruments, and data analysis and interpretation.

3.2 Research Design

This is an event study. Evaluative research design was used. This design is relevant in this event study because investors evaluate the prescribed signaling mechanism by considering two components: 1) the expected content *favorableness* from information from bonus share announcement, (2) the *sign* of stock returns change after announcement. The sign of stock returns change reflects size and strength of the expected market reaction. Therefore evaluative research design is justified for this study since the objective is to provide a systematic description that is factual and accurate as possible.

3.3 Target Population and Sample Size

This study sought to investigate the information content of the bonus share issue announcements by companies quoted at the Nairobi Stock Exchange (NSE). Currently, there are 54 active companies trading shares at the Nairobi Stock Exchange. A census of

all companies was conducted covering the total population for this study. Since the study was census, there was no sample or sampling procedures.

3.4 Data Collection

Secondary data was used for the study. Data was obtained from the NSE handbook. The dates of bonus share announcement and issue are reported and filed with the NSE. Daily stock prices are tabulated and stored by NSE. Therefore bonus share announcement and issue dates and stock prices were obtained from NSE. Information collection guide was developed and used to collect the data. The period of study was financial year January 2000 and September 2010. For testing purposes, the event period consists of 30 trading days (days -15...., 0 announcement day,…….+15) around each bonus announcement date.

3.5 Data Analysis

The classical procedure for event study is to investigate whether there are abnormal returns around the announcement date. The announcement effect exists only if abnormal returns are significant. To observe any abnormal return this study relied on the calculated use of mean returns pre and post announcement date. Brown and Warner (1985) show this method to be as good as the market model in detecting abnormal daily returns.

The abnormal returns for each firm were computed over the event period. The mean abnormal return was calculated by forming an equally weighted portfolio of all individual abnormal returns for each event day. The portfolio standard deviation over the non-event period (pre) was used to standardize the mean. For testing purposes, the event period consists of 30 trading days (-15 ...., +15) around each bonus share announcement date.

The study employed student *t* to test for the equality of the event period and comparisons mean returns before and after dividend announcement.

3.5.1 Tools used for the Analysis

1) Daily returns

The daily returns was calculated for both individual securities using the following equation

$R_{i,t} = (P_t - P_{t-1}/P_{t-1})100$……..……...…Equation 1

Where,

Ri, t = Returns on Security *i* on time *t*.

Pt = Price of the security at time *t* and

Pt-1 = Price of the security at time *t-1*

2) Security Returns Variability-SRV

SRV model is used to know the reaction of the market.

Symbolically, the model is

$$SRV_{i,t} = \frac{AR^2_{i,t}}{V(AR)}$$ ……...…..Equation 2

Where,

SRVi, t = Security Returns Variability of security ***i*** in time ***t***

AR2 i,t = Abnormal returns on security ***i*** on day ***t***

V (AR) = Variance of Abnormal Returns during the announcement period

Abnormal Returns (AR) under market-adjusted abnormal returns is calculated using by the equation as below;

$$AR_{i,t} = R_{i,t} - R_{m,t}$$ ……..….Equation 3

Where,

ARi,t = Abnormal returns on security *i* at time *t*

Ri,t = Actual returns on security *I* at time *t*

Ri,m = Actual returns on market index, which is proxied by a weighted average index of 54 companies listed by NSE, at time *t*. Thus daily actual returns over the announcement period (31days) were adjusted against their corresponding market returns.

3) Average Security Returns Variability (ASRV)

The SRV*i, t* so calculated for the entire bonus issue announcement are averaged to find the Average Security Returns Variability (ASRV*t*) by using the following equation.

$$ASRV_t = SRV_{i,t} \times (1/n)$$ ……Equation 4

Where,

ASRVt = Average Security Returns Variability at time ***t***

SRVi,t = Security Returns Variability ***i*** security at time ***t***

n = Number of Bonus issue in the sample

4) Average Abnormal Returns

The Average Abnormal Returns is calculated by the equation given below

$$AAR_t = \frac{1}{n} \sum_{t=1}^{n} AR_{i,t}$$ ……Equation 5

Where,

AARt = Average Abnormal Returns on day ***t***

ARi,t = Abnormal Returns on security ***i*** at time ***t*** which is calculated by using the equation (3)

5) T-Test

i) The significance of reaction in security prices (ASRVt) is tested by using the T-statistics as follows:

$$t_{stat} = (ASRV - 1) \times \sqrt{n} / s$$ ……Equation 6

Where, ***n*** is the number of bonus issue in the sample and ***s*** is the Standard Deviation of abnormal returns.

ii) The significance of the **AARt** is tested using the t-test as follows;

$$t_{stat} = AAR_t \times \sqrt{n} / s$$ ……...Equation 7

Where, *AARt* is the Average Abnormal Returns on time ***t***, ***n*** is the number of bonus issue in sample and ***s*** is the Standard Deviation of Average Abnormal Returns.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF THE RESULTS

4.1 Introduction

This section presents the data analysis and findings of the study. The section is divided into two main parts. The first part deals with general information of the companies studied while the other part deals with the objectives of the study.

4.2 Number of companies studied and Frequency of Bonus Announcements

Out of the 54 firms quoted at NSE, 26 have issued bonus shares over the study period January 2000 – September 2010. One company have issued 3 times, 10 companies have issued 2 times while the rest have issued only once. Therefore, the frequency of bonus announcements over the study period is 38. The rate of issues varies between 2.05 and 1.01.

Table 1: Companies Studied and Frequency of Bonus Issues over the Period January 2000 - September 2010

Number	Company	Frequency of Bonus share Issues	Number	Company	Frequency of Bonus Share Issues
1	Barclays	3	14	CMC Holdings	1
2	SCBK	2	15	Crown Berger	1
3	B.A.T	1	16	EA Breweries	2
4	C.F.C bank	2	17	Express Kenya	1
5	Carbacid Ltd	2	18	Standard Group	1
6	EAAGADS	2	19	Sasini Ltd	1
7	Kenya Oil	1	20	Equity Bank	1
8	ICDC	1	21	TPS Serena	1
9	KCB	1	22	NIC Bank	2
10	Total Kenya	1	23	Mumias Sugar Co.	1
11	Limuru Tea	2	24	City Trust	2
12	Nation Media Grp	2	25	CMC Holdings	1
13	Diamond Trust	2	26	Unga Group Ltd	1

Source: NSE, 2010

4.3 Stock Return Variability

The analysis has been done in the following way to empirically test the informational content of corporate events announced by 26 companies between January 2000 and September 2010. First was to calculate the stock returns using the equation 1 in chapter 3 for each company studied over the 30 days considered (15 days before and 15 days after bonus shares announcement.

The major objective of this study was to examine the information content of bonus share announcement by companies. To examine the relevance of events announcement information to valuing the stock prices this study used the stock return variability (SRV). The variability of stock returns during the announcement period (15 days before the

announcement, the day of announcement, and 15 days following the announcement) were calculated using the equation 2 in chapter 3. Table 2 tabulates the stock return variability over the study period.

Table 2: Stock Return Variability over the Study Period

Before Bonus share Announcement		**After Bonus share Announcement**	
Day	**SRV**	**Day**	**SRV**
-15	58.14	1	46.74
-14	52.06	2	37.62
-13	38.38	3	30.78
-12	29.26	4	44.46
-11	35.72	5	44.46
-10	43.32	6	20.14
-9	40.28	7	15.2
-8	31.54	8	22.42
-7	49.02	9	18.62
-6	66.5	10	22.04
-5	36.48	11	20.14
-4	50.54	12	29.26
-3	36.1	13	17.86
-2	56.24	14	52.44
-1	42.18	15	54.72
0	76.38		

Source: Researcher Computation, 2010

4.4 Analysis of Average Stock Return Variability (ASRV)

The SRV so calculated in table 2 for the entire bonus issue announcement are averaged to find the Average Security Returns Variability (ASRV) by using the following equation 4

in chapter 4. This section provides analysis of ASRV for Bonus issue. The results of ASRV and t value for bonus issue announcement are given in Table 3. It is clearly understood from the below analysis that stocks captured the bonus announcement contained information on day 1, 4, 5, 14 and 15. The values of ASRV during these days were 1.23, 1.17, 1.17, 1.38 and 1.44 respectively.

Table 3: Calculated Average Stock Return Variability and t-Value for Bonus Announcement

Before Bonus share Announcement			**After Bonus share Announcement**		
Day	ASRV	t-Value	Day	ASRV	t-Value
-15	1.53	1.27***	1	1.23	1.35***
-14	1.37	1.32***	2	0.99	-0.01
-13	1.01	0.04	3	0.81	-0.03
-12	0.77	-1.01	4	1.17	1.23***
-11	0.94	-0.19	5	1.17	1.21
-10	1.14	0.48	6	0.53	-0.57
-9	1.06	0.16	7	0.40	-0.69
-8	0.83	-0.46	8	0.59	-0.46
-7	1.29	1.43***	9	0.49	-0.55
-6	1.75	1.72**	10	0.58	-0.43
-5	0.96	-0.09	11	0.53	-0.46
-4	1.33	1.41***	12	0.77	-0.22
-3	0.95	-0.09	13	0.47	-0.49
-2	1.48	1.42	14	1.38	1.30***
-1	1.11	1.08	15	1.44	1.37***
0	2.01	1.48***			

Source: Researcher Computation, 2010

Note;

* 1% level of significance (99% confidence level)

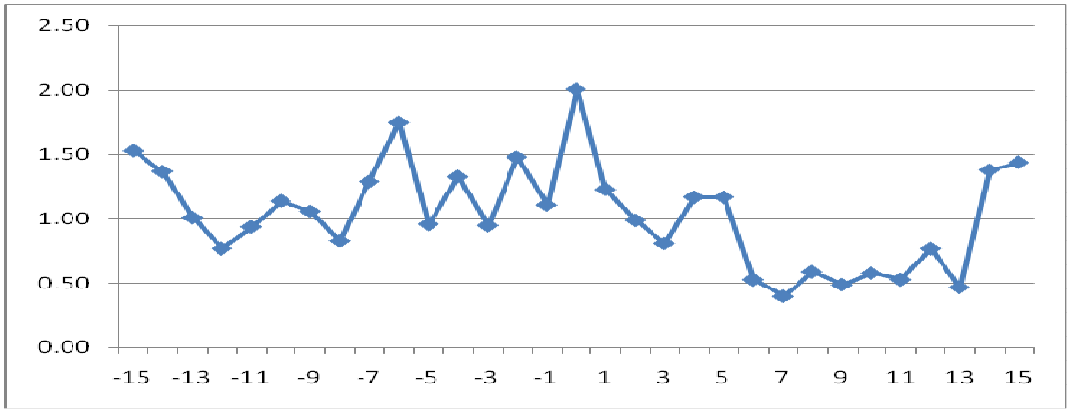
** 5% level of significance (95% confidence level)

*** 10% level of significance (90% confidence level)

The ASRV was significant at 10 percent level on day -15, -14, -7 -4 -2, 0, 1, 4, 14 and day 15. Further, it was significant at 5 percent level only on day -6. The highest value of ASRV during the 31 days of announcement was recorded on day -6 with a value of 1.75, followed by day -15, -2, 15, 14 and 1 with ASRV value of 1.53, 1.48, 1.44, 1.38 and 1.23. Further, the value of ASRV gained greater than one consistently during pre announcement period for five days (day -7 to day -1), except day -5 and -3, with ASRV value of 1.29, 1.75, 1.33, 1.48, and 1.11. It is interesting to note that the value of ASRV exceeded one the day after the announcement day (day +1) with a value of 1.23. Therefore, it is presumed that the market captured the bonus announcement contained information immediately after its announcement. It is inferred that the bonus announcement contained information relevant for valuation of studied companies stocks.

The results of ASRV for bonus announcement are presented in Figure 1. The figure clearly shows that the market positively absorbed the bonus issue contained information during the pre announcement period.

Figure 1 Graph of Average Security Return Variability of Bonus Issue Announcement



Source: Researcher, 2010

The analysis of average value of ASRV for bonus announcement is given in the Table 4. From the table 4 it can be said that 1) bonus issue announcement by companies studied contain information's that are useful for valuing the stocks and 2) in the capital market, studied companies stocks reacted heavily only on the day of the bonus announcement (day 0) and also on the next day of the announcement (day 1), however, the reaction on day 0 is much greater than on day 1.

Table 4: Calculation of Average Value of ASRV for Bonus Announcement

Period Considered	Average Value of ASRV
From day -15 to day +15	1.04
From day -15 to day -1	1.17
From day 0 to day +15	0.91
Form day -3 to day +3	1.22
From day -7 to day +7	1.14

Source: Researcher Computation, 2010

4.4 Analysis of Average Abnormal Return

Stock Returns Variability (SRV) analysis above was used to find out whether bonus issue announcement information is useful or not for valuing stock prices of 26 companies studied.

After the analysis of ASRV, the study investigates whether there are abnormal returns around the announcement date. The announcement effect exists only if abnormal returns are significant. To observe any abnormal return this study relied on the calculated use of mean returns pre and post announcement date. The abnormal returns for each firm were computed over the event period using equation 5 in chapter 3. The mean abnormal return was calculated by forming an equally weighted portfolio of all individual abnormal returns for each event day. The portfolio standard deviation over the non-event period (pre) was used to standardize the mean.

Table 5 shows the analysis of abnormal returns for bonus announcement of companies studied while figure 2 depicts the fact that the market gained significant reactions in the stock prices during the pre and post announcement periods. Table 5 and table 6 shows that for the companies studied market positively received the bonus announcement information before the announcement came up and from day -5 to day -1, the stock prices significantly reacted. After bonus announcement the market didn't react quickly until day 8, 9, 10, 11 and 12 when the stock prices reacted, the reaction was extended to up to +15 days for bonus announcement.

Table 5: Calculated Average Abnormal Return and t-Value for Bonus Announcement

Before Bonus share Announcement			After Bonus share Announcement		
Day	AAR	t-Value	Day	AAR	t-Value
-15	0.21	0.31	1	0.45	0.52
-14	1.33	1.15	2	2.25	2.02
-13	0.52	0.49	3	0.28	0.16
-12	0.20	0.10	4	2.20	2.03
-11	1.29	0.10	5	0.56	0.37
-10	0.43	0.40	6	0.22	0.11
-9	0.96	0.73	7	1.05	1.02
-8	0.41	0.38	8	1.91	1.61***
-7	1.28	1.20	9	2.30	2.12**
-6	0.31	0.25	10	1.94	1.85**
-5	1.43	1.35***	11	2.33	2.19**
-4	1.88	1.77**	12	2.12	2.08**
-3	1.57	1.54***	13	0.58	0.50
-2	3.66	2.35*	14	0.42	0.37
-1	2.58	2.14**	15	2.41	2.36*
0	2.06	1.93**			

Source: Researcher Computation, 2010

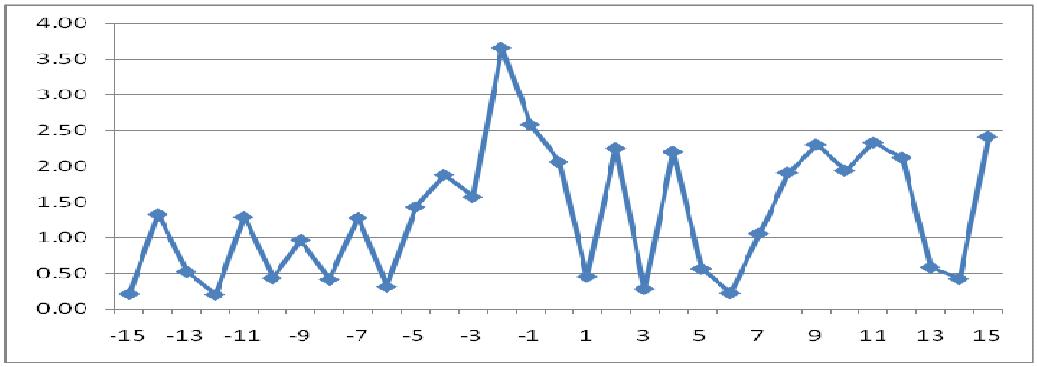
Note;

* 1% level of significance (99% confidence level)

** 5% level of significance (95% confidence level)

*** 10% level of significance (90% confidence level)

Figure 2 Graph of Average Abnormal Return of Bonus Issue Announcement



Source: Researcher, 2010

The result of average AAR for bonus announcement is given in Table 6. Market received bonus share issue information pre-announcement, and stocks reacted significantly before announcement.

Table 6: Calculation of Average Value of Average Abnormal Returns for Bonus Announcement

Period Considered	**Average Value of ASRV**	**Remark**
From day -15 to day +15	1.33	
From day -15 to day -1	1.20	Market received information pre-announcement- Stock were reactive
From day 0 to day +15	1.44	
Form day -3 to day +3	1.84	
From day -7 to day +7	1.45	

Source: Researcher Computation, 2010

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings of the study, conclusion and suggests some recommendations. At the end of the chapter, areas for further research are provided.

5.2 Summary of the findings

This study examined the information content of 38 bonus share announcements by 26 companies over the period January 2000 and September 2010. The objective of the study was achieved through analysis of Average Stock Returns Variability (ASRV) and analysis of Abnormal Returns (AAR).

The variability of stock returns during the announcement period (15 days before the announcement, the day of announcement, and 15 days following the announcement) were calculated and analyzed. Using ASRV, the stocks of companies studied captured the bonus announcement contained information on day 1, 4, 5, 14 and 15. The values of ASRV during these days were 1.23, 1.17, 1.17, 1.38 and 1.44 respectively. However, associated t-values show that the ASRV were significant on day -15, -14, -7, -6, -4, -2, 0, 1, 4, 14 and day 15. The highest value of ASRV during the 31 days of announcement was recorded on day -6 with a value of 1.75. It is interesting to note that the value of ASRV exceeded one the day after the announcement day (day +1) with a value of 1.23. Therefore, it is presumed that the market captured the bonus announcement contained information immediately after its announcement. It is inferred that the bonus announcement contained information relevant for valuation companies' stocks. Further,

the results of ASRV show that the market positively absorbed the bonus issue contained information during the pre announcement period.

However, the bonus share announcement effect exists only if abnormal returns are significant. To observe any abnormal return this study relied on the calculated use of mean returns pre and post announcement date. Result of analysis of abnormal returns for bonus announcement of companies studied depicts the fact that the market gained significant reactions in the stock prices during the pre and post announcement periods. The results show that market positively received the bonus announcement information before the announcement came up and from day -5 to day -1, and the stock prices significantly reacted. After bonus announcement the market didn't react quickly until day 8, 9, 10, 11 and 12 when the stock prices reacted, the reaction was extended to up to +15 days for bonus announcement.

5.3 Conclusions

This study empirically examined the information content of corporate event of stocks with regard to 38 bonus issue announcements released by the 26 companies over the period January 2000 and September 2010. The results of the study showed that the stock prices reacted to the announcement of bonus issue. Therefore, it can be concluded that bonus announcement contained information useful for valuing the stocks and information of bonus announcement can be used by the investors for making abnormal returns at any point of the announcement period, through the strategy of short selling.

Further, the results show that market positively received the bonus announcement information before the announcement came up. However, the analysis depicts the fact

that the market gained significant reactions in the stock prices during the pre and post announcement periods. Thus one can conclude from the foregoing discussions that the capital markets for the in general are not perfectly efficient, to the announcement of bonus issue. This informational inefficiency can be used by the investors for making abnormal returns at any point of the announcement period.

5.4 Recommendations

From the above conclusions, the following can be recommended. The corporate events contain information relevant for the valuation of stock and therefore the stock market may use that information to revise the prices of securities. Thus the investors are advised that when the company comes up with the bonus issue, the investor should take immediate investment decision (buy or sell) in order to benefit from the bonus issue announcement.

5.5 Limitations of the Study

Information content in a capital market can be studied with respect to corporate event announcements of stock split, buyback, right issue, bonus announcement, merger & acquisition, dividend etc, and its disseminations. However, this study studied was confined to bonus announcement only. Therefore, the study was confined to only one event announcement. This study was confined to firm quoted at NSE. The number of listed firms at the NSE is relatively small compared non listed firms in the country. Finally, this study was an event study, and all the limitations of the analysis tool of an event study are applicable to this study.

5.6 Suggestions of Areas for further research

This study was done only on the companies quoted on the Nairobi Stock Exchange. Therefore similar studies can be done for other stock exchanges in other countries in the region. The study can also be extended to other companies in Kenya not listed in the Nairobi stock exchange.

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APPENDIX A

QUOTED FIRMS AT THE NSE

Main Investment Market Segment

1. Agricultural
2. Kakuzi Limited
3. Rea Vipingo Plantations Limited
4. Sasini Tea & Coffee Limited
5. Unilever Tea Kenya Limited

Commercial and Services

1. Access Kenya Group
2. Car & General (Kenya) Limited
3. CMC Holdings Limited
4. Kenya Airways Limited
5. Marshalls (East Africa) Limited
6. Nation Media Group Limited
7. Scan Group Limited
8. Standard Group Limited
9. TPS (Tourism Promotion Services) East Africa limited (Serena Hotels)

Finance and Investment

1. Barclays Bank of Kenya Limited
2. CFC Bank
3. Diamond Trust Bank (Kenya) Limited
4. Equity Bank Limited

5. Housing Finance Company Limited
6. Centum Investment Company (ICDC) Limited
7. Jubilee Insurance Company Limited
8. Kenya Commercial Bank Limited
9. National Bank of Kenya Limited
10. NIC Bank Limited
11. Pan Africa Insurance Company Limited
12. Standard Chartered Bank Kenya Limited

Industrial and Allied

1. Athi-River Mining Limited
2. Bamburi Cement Company Limited
3. BOC Kenya Limited
4. British American Tobacco Kenya Limited
5. Crown-Berger Kenya Limited
6. East African Cables Limited
7. East African Portland Cement Company
8. East African Breweries Limited
9. Eveready East Africa Limited
10. Kenya Oil Company Limited
11. Kenya Power & Lighting Company Limited
12. Kenya Electricity Generating Company (KenGen)
13. Mumias Sugar Company Limited
14. Olympia Capital Holdings Limited

15. Sameer Africa Limited (formerly – Firestone East Africa (1969) Limited)

16. Total Kenya Limited

17. Unga Group Limited

APENDIX B

QUOTED COMPANIES THAT HAVE THAT HAVE ANNOUNCED

BONUS SHARES, DECEMBER 2000 – SEPTEMBER 2010

Company	Rate	Date announced	Closure	Payment
Barclays	1:5	February 15, 2000	19/3/2000	26/5/2000
SCBK	1:2	February 23, 2000	23/3/2000	31/5/2000
B.A.T	1:3	February 28, 2000	20/3/2000	
C.F.C bank	1:5	March 15, 2000		
Carbacid	1:5	October 13, 2000	14/11/00	8/12/00
EAAGADS	1:4	January 30, 2001	21/2/2001	
Kenya Oil	2:5	January 30, 2001		
ICDC	1:5	February 23, 2001		
KCB	1:3	February 23, 2001	05/11/2001	
Total Kenya	1:2	March 9, 2001	(27-30/4/01)	14/5/01
Limuru Tea	2:1	April 18, 2001	30/3/2001	03/8/2001
Nation Media Group	1:2	March 7, 2002	20-24/5/02	14/6/02
Barclays	1:10	February 20, 2003	20/3/2003	25/4/2003
Diamond Trust	1:4	February 25, 2003	30/5/2003	20/6/2003
CMC Holdings	1:1	January 12, 2004	06/2/2004	
CFC Bank	1:5	February 26, 2004	7-14/5/04	
SCBK	1:10	February 26, 2004	25/3/2004	30/5/04
Crown Berger	1:10	April 15, 2004	9/6/2004	2/7/2004
Ea Breweries	1:5	August 27, 2004	6/10/2004	22/10/2004
Diamond Trust	1:4	February 25, 2005	24/5/2005	18/6/2005

Nation Media Group	1:3	March 3, 2005	13/5/2005	
Express Kenya	1:10	July 4, 2006	14/7/2006	1/11/2006
Standard Group	1:8	October 31, 2006	30/3/2007	upload 25/5/07
Barclays	1:3	November 8, 2006	29/11/2006	
Sasini	1:5	December 18, 2006	14/2/2007	
Equity Bank	2:1	February 13, 2007	Subject to approval	
TPS Serena	1:5	March 23, 2007	8/6/2007	
NIC Bank	2:1	July 26, 2007	22/11/07	
EA Breweries	1:5	August 31, 2007	12/10/07	Subject to approval
Mumias Sugar	2:1	August 31, 2007	02/11/07	Subject to approval
City Trust	1:4	September 14, 2007	(25-31/Oct/07	
CMC Holdings	1:5	January 10, 2008	31/01/2008	03/3/2008
Unga Group	1:5	September 25, 2008	30-Dec-2008	
City Trust	1:10	October 14, 2008	02-Mar-09	18-Mar-2009
EAAGADS	1:1	November 26, 2008	23-Mar-09	13-Apr-2009
Limuru Tea	1:1	December 18, 2008	Subject to approval	
NIC Bank	1:10	February 19, 2009	19-Mar-09	29-Apr-2009
Carbacid	2:1	October 22, 2009	Subject to approval	10-Dec-2009
NIC Bank	1:10	February 24, 2010	25-Mar-10	12-May-2010
National Bank	2:5	10-Mar-10	09-Apr-10	18-Jun-10
Nation Media Group	1:10	22-Mar-10	07/May/10	
Jubilee Holdings	1:10	29-Mar-10	14/6/10	13/Aug/10
TPC Serena	1:6	29-Mar-10	24/6/10	6/Jul/10
Centum Investment	1:10	June 8, 2010	16-jul-10	