THE EFFECT OF CHANGES IN DIVIDEND ANNOUNCEMENT ON SHARE RETURNS OF COMPANIES LISTED AT THE NAIROBI SECURITIES EXCHANGE

WASIKE CONSTANCE

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE IN FINANCE, SCHOOL OF BUSINESS,

UNIVERSITY OF NAIROBI

2015

DECLARATION

I declare that this research project is my original work and has not been submitted for examination in any other university.

Signed …… Date……

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D63/68752/2013

This research project has been submitted for presentation with my approval as university supervisor

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DEDICATION

I dedicate this work to my family, lecturers and friends for their support and encouragement which helped me undertake the course of MSC in Finance at the University of Nairobi.

ACKNOWLEDGEMENT

My gratitude most importantly goes to God, The Almighty for granting me His Mercies and Grace throughout the years since I joined the university until this moment.

Secondly I would also like to thank my supervisor, Winnie Nyamute for her unwavering support and guidance in carrying out this project. I wish to also give my gratitude to my husband who has always been with me in each and every step, my daughters, Whoopie, Daniella and Gabriella for their encouragement.

To all my friends, colleagues and relatives, thanks so much for the encouragement and moral support accorded to me during the study.

Thank you all.

ABSTRACT

Dividend changes convey new information about a firm's future profitability thereby positively affecting a firm's share return. Changes in a firm's stock return may also be due to the governance function of dividends. The effect of announcement of a dividend on share return can be seen in two standpoints: if the dividend that is announced is up to expectations of shareholders, the market return of the shares will be positively affected. Whereas, if the dividend that is announced is not up to expectations of the equity investors, the market return of the shares will be negatively affected. The objective of this study was to investigate the effect of changes in dividend announcement on the share returns of firms listed at the Nairobi Securities Exchange.

This study employed an event study methodology where the of effect of changes in dividend announcement on the share returns of firms listed at the Nairobi Securities Exchange was investigated for a period of 61 days in pre and post dividend announcement date. The study covered the period between 2010 and 2014 with a sample size of 5 companies. Secondary data collected from NSE on the daily stock prices of the 5 companies and the NSE 20-Shareprice index for 30 day pre and 30 day post dividend announcement date was used.

This study established that the events of dividend announcement cause a general increase in share return, the companies' share returns exhibits erratic positive returns before and after the dividend announcement and that in terms of regression, the test of significance revealed that in overall dividend announcement has significant effect on stock returns of firms listed at the Nairobi Securities Exchange. In conclusion, this study established that the Nairobi Securities Exchange market reacts to new

information such as dividend announcement on some years during the study period. Therefore the study recommended that to reduce abnormal reaction of share prices caused by speculative trading by retail investors, the public should be educated on the dividend reported as financial performance of the companies could be influenced by the economic condition prevailing at that time.

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LIST OF ABREVIATIONS

ASE	:	Athens Stock Exchange
CAAR	:	Cumulative Average Abnormal Returns
CAR	:	Cumulative Abnormal Returns
CDSC	:	Central Depository Settlement Corporation
CMA	:	Capital Market Authority
EMH	:	Efficient Market Hypothesis
KSE	:	Kuwait Stock Exchange
MSC	:	Master of Science
NSE	:	Nairobi Securities Exchange

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Dividend is the portion of a firm's earnings that are paid out to equity shareholders. According to Waithaka et al (2012), the dividend policy of a company determines what proportion of earnings is distributed to the shareholders by way of dividends, and what proportion is ploughed back for reinvestment purposes. Financial management aims to maximize the market value of equity shares therefore the relationship between the dividend policy and market return of equity shares is very important. Dividend policy connotes to the payout policy, which managers pursue in deciding the size and pattern of cash distribution to shareholders over time Davis (2006).

Dividend policy is an issue of interest in financial literature. Waithaka (2012) postulated that dividend policy suggests a positive attitude for, it is a deliberate policy to maintain or increase dividend at a certain level with the ultimate aim of sustaining the return of the ordinary shares on the stock exchange. This is because capital markets are not perfect, although shareholders are indifferent between dividend and retained earnings due to market imperfections and uncertainty, but they give a higher value to the current year dividend than the future dividend and capital gains.

Dividend policy under imperfect capital markets plays prominent role in management decision making and hence shareholders' wealth, Vazakidia et al (2010). According to Linter (1956), changes in corporate dividend policy may convey information to the market about company's current and future financial position given that there are

information asymmetries between managers and investor. An increase in the amount of dividends that companies distribute to their shareholders lead to a positive market reaction while a decrease in the amount of dividends lead to a negative reaction of the stock returns, Vazakidia et al (2010). Mehndiratta and Gupta (2010) further suggest that the dividend announcement has an implication on the market return of the shares; the market will react positively, if the dividend is up to the expectation level of the equity investors. At the same time if the dividend announcement is not the expectation level of the shareholders, the market reaction will in bear trend for that particular scrip.

1.1.1 Dividend Announcement

Dividends are payments made by a corporation out of its profits to its shareholders. Dividend policies are regulations and guidelines that a firm develops and implement as a means of splitting their earnings between distributing to their shareholders and retained earnings. The main aim of dividend policy is to maximize the shareholders wealth. Dividend policy remains a source of controversy despite years of theoretical and empirical research, including one aspect of dividend policy: the linkage between dividend policy and stock return, Allen and Rachim (1996). Paying large dividends reduces risk and thus influence stock return, and a proxy for the future earnings, Dividends are relevant because they have informational value. Financial signaling theory implies that dividends maybe used to convey information. Information, rather than dividend itself, affects share returns, Brigham and Gapenski, (1996). The payment of dividends conveys to shareholders that a company is profitable and financially strong.

A dividend is allocated as a fixed amount per share, with shareholders receiving a dividend in proportion to their shareholding. For the joint stock company, paying dividends is not an expense; rather, it is the division of after tax profits among shareholders. Retained earnings are shown in the shareholder equity section in the company's balance sheet the same as issued share capital. Public companies usually pay dividends on a fixed schedule, but may declare a dividend at any time, sometimes called a special dividend to distinguish it from the fixed schedule dividends. Cooperatives, on the other hand, allocate dividends according to members' activity, so their dividends are often considered to be a pre-tax expense.

1.1.2 Share Returns

Share also known as stock or equity is a portion in the ownership of a company and represents a claim on the company's assets and earnings. Share return is the return of a single share of a number of saleable stocks of a company. In classical economics, returns rise where there are more buyers than sellers, and vice versa, Ehrhardt and Brigham, (2010). On a basic level a share return change as a result of market forces and indicates an imbalance between buyers and sellers. The principal theory is that the return movement of a stock indicates what investors feel a company is worth. The aggregate stock return/value or the market value of a company or market capitalization is the present value of its future cash flows. This is because investors care about the cash flows and what those flows mean to them in the present. That is, the return of a stock does not only reflect a company's current value, it also reflects the growth that investors expect in the future.

The movement in the return of share at the stock market most of the times has been an issue of concern to market players. The change in the return of share of quoted firms are said to be due to change in certain fundamental factors, this include the financial performance (measured by dividend paid by the firm, the earning made by the firm) and the macroeconomic variables (such as interest rate, inflation rate) however, experience in the capital market have shown that there are other factors that are responsible for the change in share return but are not captured in these variables.

1.1.3 Relationship between Dividend Announcement and Share Return

A myriad of empirical research has documented that in imperfect capital markets the announcement of dividend changes affects shareholder value Frankfurter et al.(2003). Dividend changes convey new information about a firm's future profitability thereby positively affecting a firm's share return. Changes in a firm's stock return may also be due to the governance function of dividends. The effect of announcement of a dividend on share return can be seen in two standpoints: if the dividend that is announced is up to expectations of shareholders, the market return of the shares will be positively affected. Whereas, if the dividend that is announced is not up to expectations of the equity investors, the market return of the shares will be negatively affected.

1.1.4 Nairobi Securities Exchange

Dealing in shares in Kenya began in the 1920's when the country was under British colony. At that time, the market was not formally organized and rules and regulations to govern it did not exist. The NSE was formally organized in 1954 and was

constituted as a voluntary association of stock brokers registered under the societies Act. The Stock market in Kenya has been growing rapidly and has diversified to provide not only the primary role of providing an alternative source of capital for investment, but also many other functions. The NSE has recently adapted an automated trading system, to keep in pace with other major world stock exchanges, and this has greatly increased the volumes of stocks traded in the market. Automation is done through Central Depository and Settlement Corporation Limited (CDSC), approved by Capital Markets Authority under Section 5 of the Central Depositories Act 2000, to establish and operate a system for the central handling of deliveries and settlement of securities. It commenced its operations as a central depository in November 2004.

1.2 Research Problem

According to Venkataraman (2001), stock returns can move unexpectedly, erratically bringing about liquidity and volatility issues that can be of benefit to investors. Many researchers suggested that dividends convey a substantial amount of information to markets, when changes in dividend policies are observed. Definitely, the majority of them concerning with this issue conclude that dividend changes convey information to market participants, sometimes beyond the information that has already been available by earnings figures.

Dividend policy has been an issue of interest in financial literature since Joint Stock Companies came into existence. Dividend policy suggests a positive attitude for, it is a deliberate policy to maintain or increase dividend at a certain level with the ultimate aim of sustaining the return of the ordinary shares on the stock exchange. This is

because capital markets are not perfect, although shareholders are indifferent between dividend and retained earnings due to market imperfections and uncertainty, but they give a higher value to the current year dividend than the future dividend and capital gains.

The impact of dividend announcement on stock returns has been widely researched and documented globally. Mehndiratta and Gupta (2010) found that the semi-strong form of efficient market hypotheses (EMH) of the stock returns reflect all the publicly available information instantaneously and accurately. An increased dividend announcement normally signals higher future earnings, which is seen in investor's eyes as a signal of strength. Gupta et al. (2010) studied the behavior of Indian share return in relation to the dividend announcements and the studied found that dividend increases lead more positive abnormal returns, supporting the Efficient Market Hypothesis.

Locally, very few studies have been done on the effect of dividend announcement on share return of firms at NSE. At the international front, Hashemijoo (2012) found that dividend yield and size have most impact on share return volatility while at the local scene, Odhiambo (2013) found that an increase or decrease in dividend payments have no effect on stock returns of firms. However, the few studies which have been done give conflicting results on the effect of dividend announcement on share returns of firms. The effect of dividend announcement on share returns is an important and understudied area. This leaves a wide knowledge gap that this study sought to fill in. This study has build upon the initial literature and studies by explicitly examining the relation between dividend announcement and share return of firms listed at Nairobi

Securities Exchange. This study therefore sought to provide answers to the question; what is the effect of changes in dividend announcement on the share returns of firms listed at the Nairobi Securities Exchange?

1.3 Research Objective

The objective of the study was to determine the effect of changes in dividend announcement on the share returns of firms listed at the Nairobi Securities Exchange.

1.4 Value of the Study

Investors would benefit by clearly understanding how changes in dividend announcement on the share returns of firms listed at NSE. The pattern of reaction of share returns to dividend announcement would benefit investors in making decision on which shares to trade at the NSE.

The study is important to managers of publicly quoted companies who use the information in developing dividend policies. The study helps in relating corporations' dividend policy and dividend payout to corporate performance in regards to their share returns. The study thus enhances the company objectives of working towards enhancing shareholder wealth through higher dividend pay-out. The research findings will help policy makers in formulating policies that affect dividend policy and share returns and subsequently growth of an organization. The research findings presented a case that informs the formulation of policies in regarding dividend policy.

This study will also benefit scholars who want to gain more understanding of the dividend decisions of firms, and also add to the existing knowledge and findings on dividend announcement policy. In addition to that, further research can be done by studying other effects of dividend announcement. Potential investors would also benefit by gaining valuable information that is crucial when choosing where to invest.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review. Literature review is examining already existing studies and using them to improve on the study being undertaken. It focuses on the theories and literature and empirical works on the concept of changes in dividend announcement and share returns of firms.

2.2 Theoretical Review

Some of the theories that underpin this study are dividend signaling theory and tax preference theory and are discussed below.

2.2.1Dividend Signaling Theory

The signaling theory of dividends posits that firms convey their optimism for the future by initiating dividend payments. The basis of this theory derives from a study by Lintier (1956), in which managers from 28 companies were interviewed to determine which factors were most instrumental in firms' payout policies. Lintier found that not only were dividends dependent upon the amount of cash needed to finance projects in the short-term, but that they also represented management's belief in the sustainability of company earnings over the long-term. Thus, managers tended to increase or initiate payouts only when they believed that subsequent earnings would be high.

This theory states that in practice, change in a firm's dividend policy can be observed to have an effect on its share return an increase in dividend producing an increasing in

share return and a reduction in dividends producing a decrease in share return. This pattern led many observers to conclude that shareholders do indeed prefer dividends to future capital gains. The change in dividend payment is to be interpreted as a signal to shareholders and investors about the future earnings prospects of the firm. Generally a rise in dividend payment is viewed as a positive signal, conveying positive information about a firm's future earnings prospects resulting in an increase in share return. Conversely a reduction in dividend payment is viewed as negative signal about future earnings prospects, resulting in a decrease in share return.

2.2.2Tax Preference Theory

The tax preference theory developed by Modigliani & Miller (1961) provides that in an ideal world, the total market value of all the assets issued by a firm is determined by the risk and return of the firms real assets, not by the mix of issued securities (the capital structure).Modigliani & Miller proved that, in a theoretical world, neither the capital structure nor the dividend policy affected the value of the firm. That is, they showed that the choice of one particular capital structure or dividend policy over another is irrelevant for the shareholders of the firm. Basically, the management of the firm should focus on other more important problems such as where and in what the farm’s funds should be invested. In an ideal M&M world there are no taxes, no transaction costs and no information asymmetry DeAngelo et al., (2008).

The ideology behind the theorem is that the investor, i.e. the stockholder, can simulate any capital structure on her own and the firm therefore has no reason to dwell on this. If the investor is highly indebted, herself, the risk and return of the firm’s stock (to the investor) will simply be the same as if the firm, itself, was highly leveraged

(indebted). This finding, together with the observation that a more leveraged firm (a firm with relatively more debt) not only returns a higher expected return to the investor, but also a higher risk is the center piece of the Modigliani & Miller theorem . The M&M assumption of a perfect capital market excludes any possible tax effect. It has been assumed by Modigliani and Miller that there is no difference in tax treatment between dividends and capital gains. However, in the real world taxes exist and may have significant influence on dividend policy and the value of the firm. In general, there is often a differential in tax treatment between dividends and capital gains, and, because most investors are interested in after-tax return, the influence of taxes might affect their demand for dividends.

The tax-preference hypothesis suggests that low dividend payout ratios lower the cost of capital and increase the stock return. By extension, low dividend payout ratios contribute to maximizing the firm's value. This argument is based on the assumption that dividends are taxed at higher rates than capital gains. In addition, dividends are taxed immediately, while taxes on capital gains are deferred until the stock is actually sold. These tax advantages of capital gains over dividends tend to predispose investors, who have favorable tax treatment on capital gains, to prefer companies that retain most of their earnings rather than pay them out as dividends, and are willing to pay a premium for low-payout companies. The tax preference theory argues that in a capital market where there are no imperfections such as taxes, transaction costs, asymmetric information and agency costs, the dividend policy of a company is irrelevant for the market value of its shares. It therefore implies that financial managers cannot alter the value of their firms by changing their dividend policy.

They showed that firm value is enhanced by investing in productive assets and not by the way in which income is distributed to shareholders .According to their theory, dividend policy is therefore irrelevant and a rational investor does not have a preference between dividends and capital gains. Several researchers have come up to oppose the theory developed by Miller and Modigliani stating that it does not apply in the real world where there are a lot of imperfections.

This argument is based on two assumptions. The first is that there is no tax disadvantage to an investor to receiving dividends, and the second is that firms can raise funds in capital markets for new investments without bearing significant issuance costs. The proponents of the second school feel that dividends are bad for the average stockholder because of the tax disadvantage they create, which results in lower value . Finally, there are those in a third group who argue that dividends are clearly good because stockholders (at least some of them) like them and react accordingly when dividends are increased. Although dividends have traditionally been considered the primary approach for publicly traded firms to return cash or assets to their stockholders, they comprise only one of many ways available to the firm to accomplish this objective.

In particular, firms can return cash to stockholders through equity repurchases, where the cash is used to buy back outstanding stock in the firm and reduce the number of shares outstanding. In addition, firms can return some of their assets to their stockholders in the form of spinoffs and split-offs.

2.3 Determinant of Share Returns

Dividend announcement affect the stock return around the announcement day. Most existing theories imply that dividend announcements convey information and, consequently, affect share returns. In an informational inefficient market, managers have more information than investors regarding the future prospects of the firm, therefore, dividend announcement may serve as a signal to communicate this information and thereby reducing the level of information asymmetry; this is known as dividend signaling hypothesis. However, it is probable that the stock returns don't adjust in an efficient manner to the new dividend information. Based on the dividend announcement, when information takes a period of time to be incorporated into the stock return, investor can make use of this inefficiency and earn abnormal return, which continue to exist over a period of time after the announcement. Studies that investigate the return effect of dividend announcements are mainly based on developed capital markets data.

From the agency theory viewpoint, the announcement of the dividend may be analyzed as the means of determining agency problem as outsiders will prefer the current dividends over retained earnings. If the dividend is not dispersed in the form of cash, it will give end prospection to the insiders to use the fund for their personal use or to invest the fund in a non-profitable project for the benefit of the internals.

For a sample of Nepalese firms, dividend significantly influence share returns. Al-Tamimi (2007) attempted to identify the factors that influence the stock returns in the United Arab Emirates financial market. The study found earnings of firms to have a significant and positive influence on share returns. The variables earnings and book

value per share are reported as significant share return determinants by AL-Omar & AL-Mutairi (2008) for Kuwaiti commercial banks. Khan (2009) studied 12 share return determinants for the firms listed on Dhaka Stock Exchange and found dividend as a factor influencing share returns.

2.3.1 Earnings of firms

By examining the stocks of firms listed on the Nigerian Stock Exchange, Somoye et al. (2009) identified earnings, gross domestic product, lending interest rate and foreign exchange rate to be the major factors influencing share returns. Sunde& Sanderson (2009) for Zimbabwe market undertook a review to identify the factors that influence share returns. The study reports corporate earnings, management, lawsuits, mergers and takeovers, market liquidity and stability, availability of substitutes, Government policy, macroeconomic fundamentals, investor sentiments, technical influences and analyst reports as factors influencing share returns.

2.3.2 Macroeconomic Factors

Uddin (2009) analysed the effect of certain microeconomic factors on the share returns of bank, leasing and insurance companies listed on Dhaka Stock Exchange. The study found dividend, earnings and net asset value per share to bear a significant relation with share returns.

2.4 Empirical Review

Khan (2006) studied the effect of dividend announcement on stock returns of chemical and pharmaceutical Industry of Pakistan. The study sampled twenty five companies listed at KSE from the period of 2001 to 2010. The study relied on Fixed

and Random Effect Model which applied panel data. The result indicated that cash Dividend, Retention Ratio and Return on Equity has significant positive relation with stock market returns and significantly explains the variations in the stock returns of chemical and pharmaceutical sector of Pakistan while Earnings per Share and Stock Dividends have negative insignificant relation with stock returns. The study further showed that Dividend Irrelevance Theory is not applicable in case chemical and pharmaceutical industry of Pakistan.

Adelegan (2009) examined the return reactions to dividend announcements on the Nigerian Stock Market. The study used a modified market model to investigate whether the Nigerian stock market reacts efficiently to dividend announcements in terms of return adjustments. The study found that the cumulative excess returns for dividend paying firms are positive and significant for 30 days from the day of the announcement, while the cumulative excess returns for dividend omitting firms for the same period are significant and negative. The cumulative excess returns for the samples were statistically significant around the event window. The study provides evidence that the Nigerian stock dividend policy matters and that share returns react to dividend announcements.

The effects of dividend policy on share returns of companies in Nairobi Securities Exchange were examined by Waithaka et al (2012). The study adopted case method and random sampling and investigated six listed and trading companies in the NSE with the target respondents being members' staff working for the company. The study concluded that higher pre-tax risk adjusted returns associated with higher dividend yield stocks affected share return and that investors whose portfolios had low

systematic risk preferred high-pay-out stocks. The study further concluded that an increase in firms stocks trading volume affected the share return and those investors who wanted current investment income owned shares in high dividend payout firms. Finally the study concluded that free cash flow caused conflict between management and shareholders and that the executive option plan persuaded management to reduce corporate dividends by an amount that was equal to the option plan.

Odhiambo (2013) assessed the influence of dividends and earnings announcement on shareholders' value of companies listed at NSE. The study employed the event study methodology. The study found that announcement of increase in dividend payments tends to be related with increase in stock return and announcement of decrease in dividend payments tends to be associated with decrease in stock return around the time of dividend announcement. The results of the study showed that there is less influence of dividends and earnings announcement on shareholders' value.

Kadioglu (2008) analyzed the announcement effect of cash dividends on share returns in the Turkish capital markets. The study investigated whether cash dividend announcements result in an abnormal return around the announcement day in Istanbul Stock Exchange. The study used data of 330 events for 88 companies from 2003 to 2007. The study found that there are a significant negative relationship between cash dividends and abnormal returns after the announcement. The announcement of higher cash dividend per share resulted in significant a higher negative abnormal return and the announcement of a lower cash dividend per share resulted in significant a lower negative abnormal return. In the case of only cash dividends announcements, the announcement of a cash dividend itself had a significant effect on share returns. In the

event study analysis, only the announcement of cash dividends decrease results in a significant abnormal positive return in the event windows after the announcement day. The study concluded that the most significant return adjustment takes place in the first three days and there is no significant relationship between cash dividends and abnormal returns prior to the announcement day which implies that there is no significant information leakage prior to the information becoming publicly available,

The study on the effect of dividend announcement on shareholders' value from Dhaka Stock Exchange was conducted by Uddin (2003). The empirical results based on 137 samples of dividend paying companies listed on Dhaka Stock Exchange, showed that investors do not gain value from dividend announcement. Indeed shareholders lost about 20 percent of value over period of 30 days prior to the dividend announcement through to 30 days after the announcement.

Aamir et al (2011) examined dividend announcement and the abnormal stock returns for the event firms and its rivals. The Event study was conducted on the 26 announcements and the firms were belonging to cement, oil and gas sector of Pakistan. Study data spanned from 2004 to 2008. Impact of dividend announcement on stock returns of event and rival firms was analyzed and it was found that dividend announcement depicts positive impact on share returns of the companies at the time of announcement as well as immediately after such announcements.

Douglas et al (2013) employed efficient market hypothesis to analyze the effects of increased dividend announcements on stock return. This study tested the effect of announcing an increased dividend on the stock return's risk adjusted rate of return for a randomly selected sample of 15 firms from the time period November 20, 2008 to

July 26, 2012. The result showed a significant positive market reaction prior to the firms' announcement of increased dividends.

Mehndiratta et al (2010) assessed the impact of dividend announcement on stock returns. The study adopted event study methodology to examine the return reactions of 15 listed companies surrounding sixty days of the announcement dates. The study found that investors do not gain significant value in the period preceding as well as on the dividend announcement day, yet they can gain value in the post announcement period. Investors do shift their security positions at the time of dividend announcement, which indicate that in post announcement period there is a possibility of information content in dividend announcement in NSE. The evidence showed that dividend increases lead more positive abnormal returns.

Vazakidis et al (2010) examined the reaction of the Athens Stock Exchange (ASE) to dividend announcements by a sample of firms listed at the ASE for a fixed period 2004-2008. The finding indicated positive market reaction during the prior-announcement period and negative market reaction throughout the post-announcement period. On the other hand, on the event day, which is the day that the amount of dividends is officially announced by the firms, most of the abnormal returns that have been observed appear to be statistically insignificant at any accepted level.

2.5 Summary of the Literature Review

Douglas et al (2013) found significant market reaction prior to the firms' announcement of increased dividends while Odhiambo (2013) established less influence of dividends and earnings announcement on shareholders' value. It is therefore

evident from the empirical literature review that the effect of dividend announcement on share returns has remained controversial and open to debate with various mixed results from the findings as indicted in the empirical review.

Theoretically, the above studies contend the effect the event method is being the most widely accepted method for analyzing the effect of dividend announcement on share returns. In this study, the research shall fill the above knowledge gaps by testing whether dividend announcement has an effect on share return of firms listed at NSE.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter provided a discussion of the outline of the research methodology that was used in this study. It focused on the research design, sample size data collection methods and data an analysis method that was used in this study.

3.2 Research Design

C.Robson (2011) defines research design as the plan and structure through which the answers to research questions are obtained. A research plan is the general scheme of the research. Hakim (2000) also describes research design as the general plan employed in data collection necessary for the fulfillment of research objectives. A descriptive analysis was used in this study. Saunders and Thornhill (2003), define a descriptive research as one that precisely describes profile of the target population. This design is advantageous since it allows the researcher to cost-effectively collect volumes of data from considerable population.

Descriptive statistics is based on summarizing data in a way that enables a particular pattern be observed from the data Asadoorian & Kantarelis, (2005). Its primary purpose is to describe data as collected from the population. It enables a meaningful way of data presentation for easy interpretation. Descriptive research design can be used to describe the relationships between various variables.

This study primarily employed an event study as it sought to determine the market reaction to an event; in this case, dividend announcement. The event study approach was introduced by Fama *et al.* (2000) and is common when investigating an event effect on specific types of events, such as for example dividend announcement.

3.3 Population and Sample

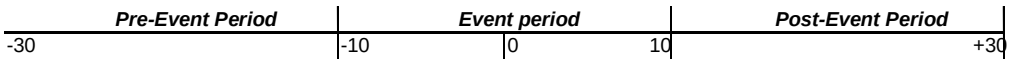
According to Mugenda & Mugenda (1999), a population is a well-defined as a set of people, services, elements and events, group of things or households that are being investigated. The population of study was all the firms listed at the Nairobi Securities Exchange by 2010. The study targeted all the 63 listed companies listed at NSE therefore census study was be employed hence no sampling technique was used in this study.

3.4 Data Collection

Secondary data was used in this study. The data was obtained from the NSE library on share return for the companies that have changed their divided policies from 2010 to 2014 companies. The specific data that was collected is data on the share returns of five companies in banking industry before, during and after dividend announcement for a period of five years 2010-2014 and the event window was ten days before and after the announcement of the dividend by the companies. The event period 60days 30days pre event and 30days post event. These companies include Kenya Commercial Bank, Barclays Bank of Kenya, Coop Holdings, Standard Chartered and Equity Bank.

3.5 Data Analysis

Methodologically, the data analysis process was done by first identifying both the event that was studied before dividend announcement day (pre-event period, t=-30), day of dividend announcement (the event day, t=0), the event's window (-10, + 10 days); and after dividend announcement day (Post-event day, t=+30)



Since this is an event study the event date (t = 0) was the date of dividend announcement. The study was then compared with the share return performance before and after the event (dividend announcement). The measures of share return performance was the average share returns.

The study used Efficient Market Hypothesis model (EMH) for underlying the efficiency of capital markets. In order to examine the effect of dividend announcement and share return the study analyzed the abnormality in returns of the share returns.

Stock returns were measured by the following formula:

$R_{jt} = \alpha_j + \beta_j R_{mt} + \varepsilon$

Where, R_{jt} is the daily return security j at day t, R_{mt} is the daily return on NSE 20 Share Index at day t, α_j, β_j is regression intercept and slope coefficient estimators respectively, ε is the error term. The study will use the pre-event period to establish the expected or the normal return of the share. The abnormal return was obtained as

the difference between actual returns of company at event day and the expected return.

$AR_{jt} = R_{jt} - ER_{jt}$

Where, AR_{jt} is abnormal return of security j at day t, R_{jt} is actual return of security j at day t, ER_{jt} is expect return of security j at day t. The average abnormal returns will then be computed by averaging the abnormal returns of the sample companies for each day of event period. The average abnormal returns in all the trading days in the event window was analyzed by using t test to identify whether they significantly differ from zero. The t test was conducted at 95% confidence level.

CHAPTER FOUR

DATA ANALYSI, RESULT AND DISCUSSION

4.1 Introduction

This chapter presented the data findings on the effect of the changes in dividend announcement on share return for firms listed at the Nairobi Securities Exchange by analyzing the share return and the performance of stock after the dividend announcement. These data were collected from the NSE offices and analyzed using Excel and SPSS (version 20). Analysis involved establishing the relationship between dividend announcement and the share return and evaluation of abnormal return.

4.2 Findings

The study made use of daily stock prices for five companies in the banking industry listed on the Nairobi Securities Exchange for the event window of 61 days consisting of 30 days before and 30 days after the event date. The analysis was done for five years on five selected companies listed at the NSE. The companies analyzed were Kenya Commercial Bank, Barclays Bank of Kenya, Coop Holdings, Standard Chartered and Equity Bank. It used comparison period approach before and after the announcement. The abnormal returns were calculated by subtracting the expected returns from the daily returns and adding then dividend payment announced during the period for each of the days after announcement. To bring out the behavior, cumulative average returns were calculated by summing daily abnormal returns before and after the announcement. A graph of the cumulative average abnormal returns for the period was then plotted for each of the years to show the trend of abnormal returns over the event window. The daily abnormal returns, average

abnormal returns and the cumulative average abnormal returns for the five companies under study are represented in figures below for the 61 day event window.

4.2.1 Analysis for 2010

The graph below shows daily changes in share returns after the dividend announcement for a period between t+9 to t+15 in the year 2010. As shown in figure 4.1 below, the share returns increase after the dividend announcement at + 9 but decreases sharply after +12 days. The average market showed both zero pre-event returns before dividend announcements. However, the zero returns were for less than one day and the remaining days sustained non-zero returns. On average, it took the first 9 days for the effect on share return to be observed within the 61-day pre-event period. This is evidenced by the fact that the cumulative abnormal returns curve slopes upwards depicting an increase in the returns after the announcement day. The result demonstrates that changes in dividend announcement have a significant effect on share return during the period of 2010.

Figure 4.1: Trend for CAR for the year 2010

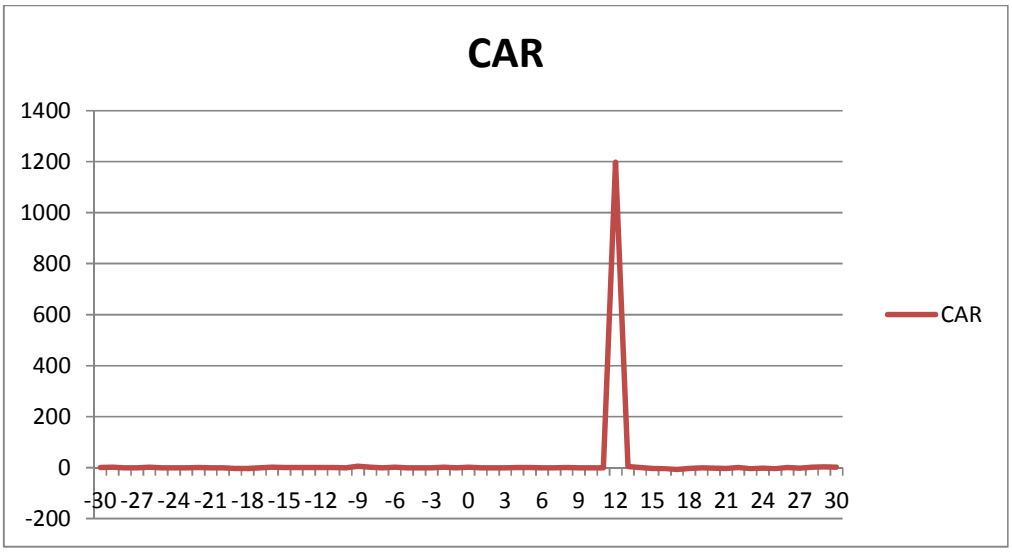


Table 4.1: Test of significance for 2010

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Preannouncement Period	-2.745	29	.201	-3.200	-6.22	-4.23
Post announcement Period	5.745	29	.000	5.500	3.33	7.67
CAR	1.061	29	.317	.2652849	-.300564	.831134

Source: Own test using SPSS 20

Table 4.1 shows that the effect of dividend announcement before the event period is not statistically significant (t = -2.745, p=0.201, p>0.05) on share return. However, share return significantly reacts to post dividend announcement (t=5.745, p = 0.000, p<0.05).

4.2.2 Analysis for 2011

The study also sought to average the cummulative abnormal return for the entire period and presented the data in figure 4.2. From the figure, between t-30 to t-3 period there is normal abnornal returns which increased drastically following the dividend announcement (between t0 to t3). The abornal returns decrease and returns to normal and stabilizes between t24 to t28. Therefore this illustrates that dividend announcement significantlt affects share returns during 2011.

Figure 4.2: Trend for CAR for the year 2011

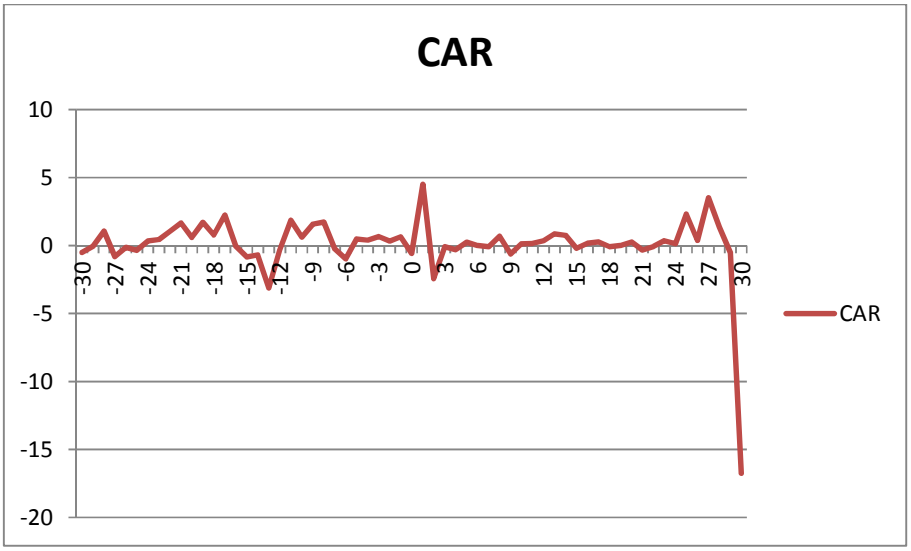


Table 4.2 below shows the test of significance for the dividend announcement on share return. The result showed that pre-event period is not statistically significant since the p-value is greater than 0.05 i.e (t = -2.024, P= 0.3014, P>0.05) while the post announcement period has significant effect on share return since p-value is less than 0.05 t =4.751 P=0.012 P<0.05.

Table 4.2: Test of significance for 2011

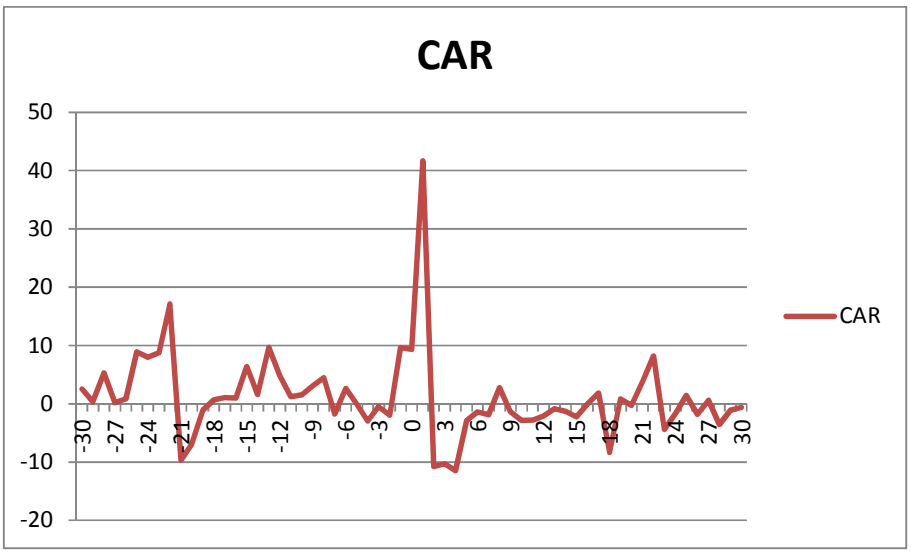
One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Preannouncement Period	-2.024	29	.3014	-2.514	-5.78	-2.87
Post announcement Period	4.751	29	.012	4.551	3.521	6.841
CAR	1.028	29	.418	.125171	-.3258102	.101451

4.2.3 Analysis for 2012

Figure 4.3 above present the share reaction to dividend announcment conducted in 2012. Initially between t-14 and t-3 there was a decrease in abnormal return which suddenly increase following the dividend announcement. After the dividend announcement, there was erratic decrease of average abnormal return at between t0 and t+3 and a steady recovery after t+6. The finding indicates that pre and post event period of dividend announcement affects share returns of companies listed at NSE.

Figure 4.3: Trend for CAR for the year 2012



As indicated by table 4.3below, both pre and post announcement period for 2012 have significant effect on share return as shown by the p-values less than 0.05.

Table 4.3: Test of significance for 2012

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Preannouncement Period	-5.345	29	.000	-2.611	-7.35	-2.78
Post announcement Period	4.251	29	.002	4.500	2.31	8.01
CAR	1.865	29	.095	4.2274700	-.900876	9.355816

4.2.4 Analysis for 2013

In 2013, there was a positive abnormal return during pre-dividend anouncement which rose steadily between t+3 and t0. Following the dividend announcement, the abnormal returns fell drastically between t0 and t+3as shown in figure 4.4 which illustrares a significant effect of dividend announcement on share returns.

Figure 4:4: Trend for CAR for the year 2013

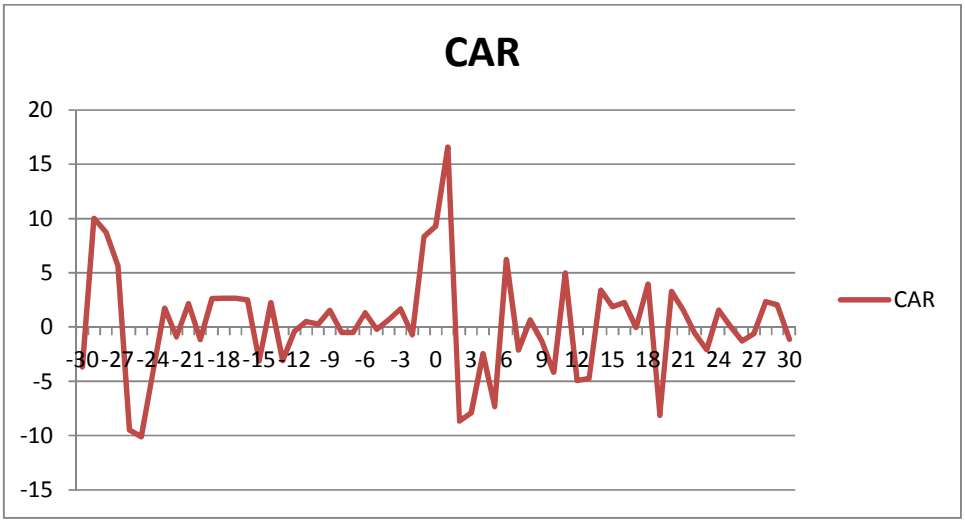


Table 4.4 below shows that both pre and post announcement period have significant effect on share return as shown by the p-values less than 0.05

Table 4.4: Test of significance for 2013

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Preannouncement Period	-5.301	29	.000	-5.400	-7.53	-3.23
Post announcement Period	5.712	29	.000	5.500	2.83	7.55
CAR	.002	29	.999	.0038564	-5.001937	5.009650

4.2.5 Analysis for 2014

Figure 4.3 below indicates the reaction of share return before and after the dividend announcement for the period 2014. The graph above indicates zero-increase in share return during pre-dividend announcement. However, a sharp decrease in share return was reported after the dividend announcement between t0 and t+3. After the announcement day the curve slopes downwards depicting a negative reaction by the returns.

Figure 4:5: Trend for CAR for the year 2014

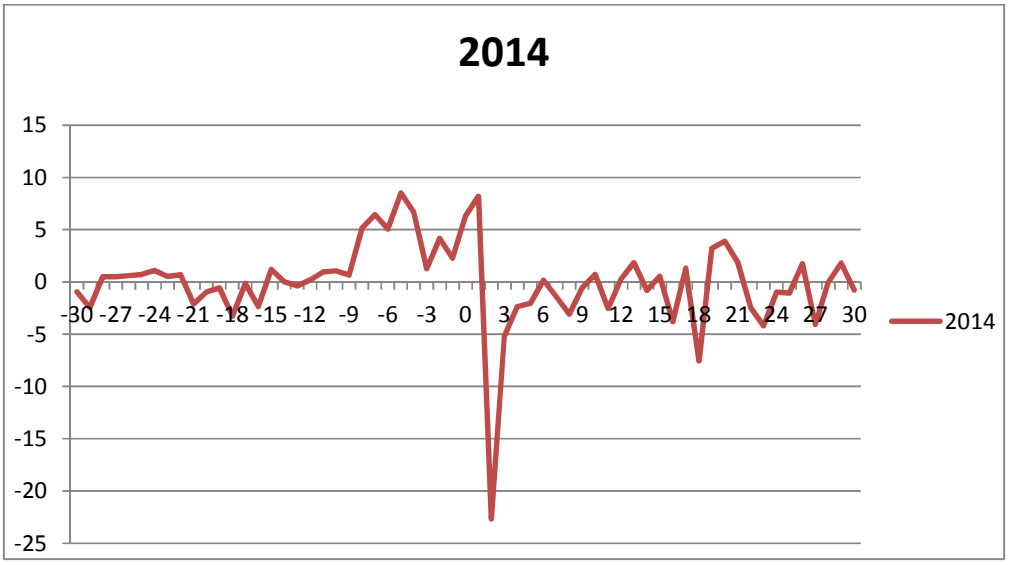


Table 4.5 below shows that both pre and post announcement period have significant effect on share return as shown by the p-values less than 0.05

Table 4.5: Test of significance for 2014

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Preannouncement Period	-3.877	29	.0358	-2.63	-6.81	-2.89
Post announcement Period	4.651	29	.001	3.58	2.97	7.66
CAR	-.204	29	.843	-.0818709	-.989987	.826246

4.3 Test of significance

The t-test statistics was calculated using a 5% level of significance. The tests for significance reject the null hypothesis for both pre and post announcement period at 5% level of significance (t=-9.644 and t=9.321, p=0.000, p<0.05) hence we conclude that dividend announcement has significant effect on stock returns of firms listed at the Nairobi Securities Exchange for period from 2010 to 2014.

Table 4.6: Test of Significance for Cumulative Average Abnormal Returns for the Year 2010-2014

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Preannouncement Period	-9.644	29	.000	-15.500	-18.79	-12.21
Post announcement Period	9.321	29	.000	13.200	2.350	17.251
CAR	2.166	29	.039	.6030449	.033712	1.172378

4.4 Interpretation of the Findings and Discussion

The objective of the analysis was to determine whether the changes in dividend announcement have an effect on stock returns of firms listed at the Nairobi Securities Exchange. The study made use of daily stock prices for five companies in the banking industry listed on the Nairobi Securities Exchange for the event window of 61 days consisting of 30 days before and 30 days after the event date. The analysis was done for five years on five selected companies listed at the NSE. The companies that were analyzed were from the financial sector. It used comparison period approach before and after the announcement. The abnormal returns were calculated by subtracting the expected returns from the daily returns and adding then dividend payment announced during the period for each of the days after announcement. To bring out the behavior, cumulative average returns were calculated by summing daily abnormal returns before and after the announcement. A graph of the cumulative average abnormal returns for the period was then plotted for each of the years to show the trend of abnormal returns over the event window. The daily abnormal returns, average abnormal returns and the cumulative average abnormal returns for the five companies under study are represented in figures below for the 61 day event window. Test of

significance was also provided to determine the significance of the pre and post announcement period for the study. Analysis for 2010 showed that share returns increase after the dividend announcement at + 9 but decreases sharply after +12 days.

The average market showed both zero pre-event returns before dividend announcements. However, the zero returns were for less than one day and the remaining days sustained non-zero returns. On average, it took the first 9 days for the effect on share return to be observed within the 61-day pre-event period. This was evidenced by the fact that the cumulative abnormal returns curve slopes upwards depicting an increase in the returns after the announcement day. The result showed that changes in dividend announcement have a significant effect on share return during the period of 2010. This is confirmed by the test of significance which showed that shows that the effect of dividend announcement before the event period is not statistically significant on share return. However, share return significantly reacts to post dividend announcement since the p-value is less than 0.05.

For the period 2011, between t-30 to t-3 period there was normal abnormal returns which increased drastically following the dividend announcement. The abnormal returns decreased and returned to normal and stabilized between t 24 to t 28. Therefore this illustratesd that dividend announcement significantlt affects share returns during 2011 as shown by the test of significance which showed that showed that pre-event period is not statistically significant since the p-value is greater than 0.05 while the post announcement period has significant effect on share return since p-value is less than 0.05. After the dividend announcement, there was erratic decrease of average abnormal return at between t 0 and t+3 and a steady recovery after t+6.

The finding indicates that pre and post event period of dividend announcement affects share returns of companies listed at NSE and both pre and post announcement period for 2012 have significant effect on share return as shown by the p-values less than 0.05.

The tests for significance reject the null hypothesis for both pre and post announcement period at 5% level of significance ($t=-9.644$ and $t=9.321$, $p=0.000$, $p<0.05$) hence we conclude that dividend announcement has significant effect on stock returns of firms listed at the Nairobi Securities Exchange for period from 2010 to 2014. The study findings is consistent with Aamir and Shah (2011) who concluded that there is a positive reaction on stock returns due to dividend announcement also showed that that there is a positive reaction in the NSE after stock dividend announcement and hence concluded existed of under reaction. From the research findings, it is evident that dividend announcement posts a mixed result on its effect on stock return across the study period.

CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary of the finding in chapter four. Conclusion and recommendations drawn from these findings are discussed in relation to the objectives of the study which was to establish the effect changes in dividend announcement on share returns prices for companies listed at the Nairobi Securities Exchange for the period from 2010 to 2014.

5.2 Summary of Findings

The average abnormal returns were calculated by subtracting the expected returns from the daily returns and adding the dividend payment announced during the period for each of the days after announcement. To bring out the behavior, cumulative average returns were also calculated by summing daily abnormal returns before and after the announcement. A graph of the cumulative average abnormal returns for the period was then plotted for each of the years to show the trend of abnormal returns over the event window. From the analysis above the average abnormal returns were found to have a mixed result in each year before and after the announcement date with some year showing no effect on share return during pre-event period. In some years there was a general decrease in the cumulative abnormal returns before the dividend announcement date leading to a downward sloping curve and a general increase after the dividend announcement date leading to an upward sloping curve. For the year 2010 daily changes in share returns was experienced after the dividend announcement

for a period between t+9 to t+15 in the year 2010. The share returns increase after the dividend announcement at + 9 but decreases sharply after +12 days. Abnornal returns increased drastically following the dividend announcement in 2011. The year 2012 indicated pre and post event period of dividend announcement affects share returns of companies listed at NSE. In 2013, there was a positive abnormal return during pre-dividend anouncement which rose steadily between t+3 and t 0. Following the dividend announcement, the abnormal returns fell drastically between t 0 and t+3. In 2014 zero-increase in share return during pre-dividend announcement was reported. However, a sharp decrease in share return was reported after the dividend announcement between t 0 and t+3.

The objective of the study was to determine the effect of changes in dividend announcement on share returns of the firms listed at the Nairobi Securities Exchange. The test of significance revealed that in overall dividend announcement has significant effect on stock returns of firms listed at the Nairobi Securities Exchange.

5.3 Conclusion

The conclusion is that dividend announcement has a mixed result for the effect of changes in dividend announcement on share returns of firms listed at the Nairobi Securities Exchange. Based on the findings in chapter four, share return reacts to dividend announcement before the event period and after the event period and therefore pre and post event period of dividend announcement affects share returns of companies listed at NSE. This is consisent with dividend signaling theory that states that in practice, change in a firm's dividend policy can be observed to have an effect on its share return an increase in dividend producing an increasing in share return and

a reduction in dividends producing a decrease in share return. This pattern led many observers to conclude that shareholders do indeed prefer dividends to future capital gains. The change in dividend payment is to be interpreted as a signal to shareholders and investors about the future earnings prospects of the firm. The finding is also consistent with Pradhan (2003) who reported that dividend significantly influence share returns.

The finding is also consistent with Khan (2006) study which indicated that cash Dividend, Retention Ratio and Return on Equity has significant positive relation with stock market returns and significantly explains the variations in the stock returns

We also conclude that the dividend announcement there is zero-increase in share return during pre-dividend announcement in some years but with sharp decrease in share return after the dividend announcement. This is supported by The tax preference theory which argues that in a capital market where there are no imperfections such as taxes, transaction costs, asymmetric information and agency costs, the dividend policy of a company is irrelevant for the market value of its shares. It therefore implies that financial managers cannot alter the value of their firms by changing their dividend policy.

The finding indicates that changes in dividend announcement have significant effect share return. It can also be concluded that the Nairobi Securities Exchange market reacts to new information such as dividend announcement on some years during the study period.

5.4 Recommendations

From the study findings, it was established that share returns react to dividend announcement therefore management of the firms should publicly declare their dividend to provide more information to shareholders.

Secondly, to reduce abnormal reaction of share returns caused by speculative trading by retail investors, the public should be educated on the dividend reported as financial performance of the companies could be influenced by the economic condition prevailing at that time NSE should maintain a record of the dates of various events and make the information available to encourage scholars to undertake research on these events. That way, they will gain from the research and researchers would have easy access to information regarding dividend announcement.

CMA should ensure compliance with insider trading laws, guidelines, rules and regulations by effectively monitoring the market. This will eliminate incidence of collision between brokers and traders, inside trading and leaking information and hence boosting investor's confidence.

5.5 Limitation of the Study

The following are some of the limitations of the study:

Model used could have not given the correct result. The event method relies on a particular period of time dividend announcement. However, it is important to note that different firms have different time of dividend announcement therefore time variant in event period might affect the result.

Data availability and accessibility was a challenge since some data was missing for some firms.

Time frame for the study was very short to allow for proper and efficient data collection, analysis and interpretation.

The study used a sample of five companies listed in Nairobi stock exchange in Kenya. However, the sample size used is not representative of the population of the study considering that there are many companies in Kenya listed at NSE. Inference from the finding would therefore be misleading for policy makers.

The study was conducted spanning from the year 2010 to 2014 making a sample size of the time of five years. However, in statistical analysis involving regression requires that the time period should be at least 30 years. This implies that some variables which are significant might not have been significant if a large sample size was used.

5.4 Suggestion for Further Research

Based on the study limitations above, the study suggested the following for future research:

Event method might produce good result therefore similar study should be done by employing case method where each firm is investigated on its own without combining the variables. Data should be sourced from various sources like central bank, Kenya Bureau statistics, and companies' financial reports. Similar study should be done within adequate time frame to allow for precision in data collection, ample time in data analysis and presentation.

A similar study should be carried out with a large sample size to seek validity. In addition, this will enable organizations to benefit from knowing whether reaction to dividend announcement differ even in similar contexts, thus, adding another perspective to the effect of dividend announcement on share returns of companies listed at the Nairobi securities exchange literature on comparing the retention management practices.

The study further suggests that research should be conducted to examine if reaction to dividend announcement has either short or long term effect on the financial performance of companies listed at the Nairobi securities exchange. Policy makers would utilize the information to in their long term strategies in improving the financial performance of the companies listed at NSE.

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Appendix I: Data

	CUMULATIVE ABNORMAL RETURN				
Days	2010	2011	2012	2013	2014
-30	1.445107	-0.51657	2.4952	-3.67577	-0.94207
-29	1.633676	-0.06387	0.3355	10.01986	-2.43902
-28	0.014931	1.058538	5.2935	8.760828	0.483271
-27	-0.20155	-0.82326	0.2086	5.682791	0.497323
-26	1.916979	-0.12927	0.8486	-9.5022	0.611906
-25	-0.31529	-0.34477	8.9059	-10.0969	0.733117
-24	-0.01286	0.340963	7.9916	-4.13626	1.106283
-23	-0.60933	0.431102	8.7493	1.73913	0.515061
-22	0.66847	1.04742	17.115	-0.89217	0.70306
-21	-0.66572	1.652566	-9.6685	2.139255	-2.08764
-20	0.308791	0.585437	-6.9338	-1.16298	-0.9626
-19	-2.03511	1.707296	-1.0709	2.603876	-0.57455
-18	-2.30662	0.766252	0.6506	2.647319	-3.27825
-17	-0.5017	2.233711	1.0512	2.649236	-0.15226
-16	2.453121	-0.04896	0.9658	2.516361	-2.34812
-15	0.829885	-0.84131	6.3801	-3.10815	1.203999
-14	0.565715	-0.68867	1.5937	2.249538	0.028158
-13	1.419975	-3.11047	9.6908	-3.10078	-0.36956
-12	0.69597	-0.33223	4.8184	-0.41673	0.175852
-11	0.576904	1.859112	1.2146	0.497323	0.945922
-10	-0.22251	0.608916	1.5346	0.256615	1.065884
-9	5.704819	1.578489	3.08	1.533117	0.676545
-8	1.85343	1.716197	4.4681	-0.48102	5.1628
-7	-0.41793	-0.24138	-1.7449	-0.48056	6.443027
-6	2.246783	-0.97852	2.6021	1.324178	5.077105
-5	0.241633	0.485452	0	-0.21264	8.534305
-4	-0.16178	0.398028	-2.9566	0.67674	6.669853
-3	0.248034	0.671074	-0.4988	1.675297	1.280162
-2	2.724903	0.33591	-1.9882	-0.71415	4.177041
-1	-0.00738	0.634511	9.654	8.337653	2.287123
0	2.098819	-0.5846	9.3449	9.290955	6.336738
1	0.220663	4.498691	41.6693	16.59	8.190233
2	0.117165	-2.43963	-10.7226	-8.66689	-22.6723
3	0.165933	-0.09723	-10.29	-7.9119	-5.21637
4	0.826796	-0.31932	-11.4779	-2.46047	-2.36052
5	0.752702	0.247653	-2.8379	-7.34285	-2.03494
6	-0.46636	0.001844	-1.3952	6.230985	0.17529
7	0.22237	-0.09997	-1.8892	-2.10993	-1.41767

8	0.684292	0.691759	2.7584	0.64148	-3.09043
9	0	-0.63014	-1.3775	-1.31393	-0.54818
10	0.096027	0.129069	-2.8636	-4.17691	0.721757
11	0.019376	0.150283	-2.8213	4.962135	-2.52687
12	1197.593	0.341983	-2.1211	-4.91933	0.267423
13	4.936943	0.854926	-0.8481	-4.72982	1.830045
14	0.725433	0.742546	-1.325	3.403391	-0.81074
15	-2.03968	-0.19608	-2.2481	1.876808	0.549333
16	-4.1921	0.174217	0	2.255889	-3.80994
17	-6.77611	0.260495	1.8535	-0.04539	1.313806
18	-2.75409	-0.08996	-8.3178	3.942903	-7.56209
19	0.051245	0	0.8153	-8.13389	3.228614
20	-1.5757	0.256787	-0.2601	3.273187	3.893262
21	-2.43618	-0.33658	3.7428	1.564179	1.858134
22	0.980385	-0.07811	8.1972	-0.59506	-2.43904
23	-3.45149	0.361577	-4.4118	-2.09818	-4.20044
24	-0.84131	0.121729	-1.6719	1.564492	-0.99123
25	-3.18304	2.329027	1.4352	0.032102	-1.05061
26	0.638266	0.378788	-1.7995	-1.28418	1.748459
27	-1.17139	3.515441	0.6011	-0.60049	-4.05511
28	1.624772	1.367844	-3.5843	2.342468	-0.0685
29	3.387063	-0.54829	-1.0941	2.027601	1.801298
30	2.061251	-16.7381	-0.6367	-1.13555	-0.78629

Appendix II: Proposal Correction Form

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

PROPOSAL CORRECTION FORM

Student Name: WASIKE CONSTANCE

Registration Number: D63/62752/2013

Department: Finance & Accounting

Specialization: Finance & Investment

Title of Project Proposal: The effects of changes in dividend announcement on share return of companies listed at the NSE

The student has done all the corrections as suggested during the Proposal Presentation and can now proceed to collect data.

Name of Supervisor: Nyamute W. Signature: [illegible] Date: 14/9/2015

Appendix III: Introduction Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MSC. FINANCE PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

Date 14/9/15

TO WHOM IT MAY CONCERN

The bearer of this letter CONSTANCE WASIKE
Registration No D63/68752/2013
is a bona fide student in the Master of Science in Finance (MSc. Finance) degree program in this University.

He/She is required to submit as part of his/her coursework assessment a research project on Finance problems. We would like the student to do their projects on real problems affecting firms in Kenya. Your organization has been identified for the study and we would, therefore appreciate your assistance to enable him/her collect data in your reputable organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

JANE MUTURI
MSc. FINANCE ADMINISTRATOR
SCHOOL OF BUSINESS