

**THE RELATIONSHIP BETWEEN DIVIDEND POLICY AND
STOCK RETURN VOLATILITY OF COMPANIES LISTED AT
THE NAIROBI SECURITIES EXCHANGE**

BY

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D61/77184/2015

**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENT FOR THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION,
UNIVERSITY OF NAIROBI**

NOVEMBER, 2016

DECLARATION

I, Irene Kerubo Mogere declare that this research project is my own work and has not been presented for certification in the University of Nairobi or any other institution.

Signed..... Date.....

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ACKNOWLEDGEMENT

Firstly I acknowledge God for the gift of life. All knowledge and wisdom has come from him.

Secondly, I acknowledge my parents Alice Mogere and Charles Mogere for their love, encouragement and support.

Thirdly, I acknowledge my supervisor Jay Gichana for his guidance

Lastly, I acknowledge my sisters, brothers and fellow students especially Ruth Nyambuti for their word of encouragement and support.

DEDICATION

I dedicate this research project to my brother Isaac Mogere, my love David Odhiambo , my supervisor and the rest of my family for their love, understanding , support , guidance and encouragements.

ABSTRACT

Dividend decision is complex in nature therefore there been various established to investigate dividend policy decisions. Dividend pay-out issues are very significant in a firm as they signal outsiders concerning the firm's growth and permanence. Several researches have been done on determinants of dividend policy, and relationship between EPS and DPS. This investigated effects of firm's dividend policy on the market price. The study discussed theoretical and empirical literature on dividend policy and market price. Descriptive survey was adopted by the study. Population for this study comprised of all the 61 listed companies at the NSE. This study used secondary data. The data was from the NSE. The study developed a multiple regression model. The independent variable was cash dividend policy and stock dividend policy while depended variable was stock price volatility. The research study concluded that dividend policy to some minimal extent influenced the stock return volatility of individual firms. The study recommended that further research was necessary to determine the other specific determinants of stock return volatility for individual firms.

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LIST OF ABBREVIATIONS

CAPM -	Capital Asset Pricing Model
DE –	Debt – Equity Ratio
DP -	Dividend Policy
DPOR -	Dividend Payout Ratio
EPS -	Earnings Per Share
IPO -	Initial Public Offering
MM -	Modigliani & Miller
MPS -	Market Price per Share
NAVS -	Net Assets Value per Share
NSE -	Nairobi Securities Exchange
NYSE -	New York Stock Exchange
REPS -	Retained Earnings Per Share
US -	United States

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Huka (1998) explain that dividend policy influences stock holders reinvestments, earnings and payments. Dividend decision is complex in nature therefore there been various established to investigate dividend policy decisions. Ouma and Murekefu (2012) established that dividend policy affects the share price. Studies have focused on developed countries.

Miller and Modigliani theory depicts that capital market stockholders tend to be indifferent whether they are allotted dividends or a firm retains its earnings. Modigliani and Miller (1961) explained dividend policy do not affect stock prices. Signaling theory of dividends explains that investors and mangers have access to similar information in perfect markets about future opportunities and current earnings. The theory assumed that managers are aware of investment opportunities and earnings while investors are irrational.

1.1.1 Dividend Policy

Dividend policy is important, because they provide hints as to the sustainability of a company. Huka (1998) defines Dividend decisions as proportion of profits that are

distributed as dividends. Dividend policy has for a long time been of greatest interest in financial literature. Issues relating to dividend policy have remained controversial. Pandey (2010) explained that the MM propositions do not hold in real world because there exist no perfect capital market as dividend is not equivalent.

There are two categories of dividend policy that is residual dividend policy and payout ratio. Dividend policy has gained attentions by the financial researchers since it was pioneered by Miller and Modigliani in 1961. Dividend policy remained controversial issues.

1.1.2 Stock return volatility

Seitz (1990) posit that stock exchange movements define share prices. Feldstein and Green (1983) postulated that units of ownership of stock in a firm are defined by share prices. Share prices embody organizations future cash flows thus share prices are measured and evaluated in term of cash flows.

Ehrhardt (2013) explains that conveys significant information that is necessary to financial managers and analysts. Seitz (1990) identified types of securities to include bonds, option, derivatives and stocks. Securities market depicts demand and supply of funds in making transactions.

1.1.3 Dividend Policy and Stock return volatility

Dividend policy decisions are important, because they provide hints as to the sustainability of a company (Gitman, 2006). Huka (1998) established that all categories of investors whether individual or are interested on stock price movements. Ehrhardt (2013) postulated

that stock price volatility is the key pointers adopted by investors when making investment decisions.

Gitman (2006) dividend pay-out issues are very significant in a firm as they signal outsiders concerning the firm's growth and permanence. Ehrhardt (2013) establishes that dividend pay-out should be influenced by the investor's value. According to Pandey (2010), companies typically do not like reducing or eliminating dividend payments thus are important in corporate governance. Stock return theories directly connect dividend policy.

1.1.4 Nairobi Securities Exchange

NSE opened its doors in 1954, the establishment of the exchange was a reaction to part of the Government's economic restructuring program intended at evolving the financial and capital market in order to support and boost private sector initiative. NSE is operating a unified market for both equity and debt financing. It has facilitated the raising of relatively cheaper long-term capital and in so doing complemented the financial sector product offering of short-term capital that is common place in the money market (www.nse.co.ke, 2015).

In the 1990's the Nairobi stock exchange underwent transformation through a regulatory framework that relaxed government restrictions on foreign ownership and introduction of incentives to encourage direct foreign investment. This led to the growth of the market leading to better ranking of the Nairobi Stock Exchange by the International Finance Corporation in 1994 as the best performing market in the world. However, according to Olweny and Kimani (2011), the NSE experienced bouts of loss of confidence emanating from the crisis in the international markets and inflationary pressures in the

country. As a consequence, the government implemented financial and economic reforms that spurred economic growth in the economy including; enhanced participation of the private sector and privatization of government enterprises.

1.2 Problem Statement

Modigliani and Miller (1958, 1961), hereafter referred to as MM, put forward the irrelevance theorems, more commonly known as the MM theorems and these form the foundation of modern corporate finance theory. The two main conclusions that are drawn from the MM theorems are that firm value is dependent on its current and future free cash flow. Secondly, the level of dividends (or dividend policy) does not affect firm value given that firms maximize their value through investment. The difference between equity issued and payouts of the firm is equal to its free cash flow. Hence, dividend policy is irrelevant when it comes to affecting firm value. The studies carried out by Black and Scholes (1974) and Miller and Scholes (1982) are in line with the propositions of the MM theorem.

However, in 1980's numerous share market literatures saw the present value of dividends to be prevailing determinant of market return on stocks. As per Le Roy and Porter (1981), they reasoned that under surmise of consistent discount component, stock costs were excessively volatile hence not steady with the movement of future dividends. Cochrane (1992) contends that stock price changes might be described by time- varying markdown rate and future abundance return. The findings by Cochrane (1992) on variability of abundance return are to be more essential than the variability of dividend growth. Nishat and Irfan (2003) investigated the dividend policy and stock price movement. Both the

dividend policy measures, dividend yields any payout proportion, have noteworthy effect on the share price movement.

Despite dividend policy being one of the mostly researched topics in the field of finance (Arnott, & Asness, 2003) (Farsio, Geary, & Moser (2004), the question as to whether dividend policy affects the share price still remains unresolved (Ouma & Murekefu, 2012) among managers, policy makers and researchers since half century 10 ago (Khan, 2012). Most of the studies conducted (Arnott, & Asness, 2003); (Farsio, Geary, & Moser (2004), on dividend policy and stock prices concentrated in developed countries. The question of relevance of dividend policy on stock prices in developing countries remains valid. The researcher used panel data methodology to investigate this problem, a complete departure from event study methodology used by researchers in the Kenyan context (Geofrey, 2005, Ann, 2004; Bunyasi, 2007). It is against this background that this study sought to fill this gap in literature by investigating the relationship between dividend policy and stock return volatility at the Nairobi Securities Exchange using census for a five year (2010-2014) panel.

Several researches have been done on determinants of dividend policy, and relationship between EPS and DPS. However a study to assess the relationship between dividend policy and stock return volatility needs to be conducted in order to assess the effect of policies on stock return volatility. Thus this research will be useful in bridging this research gap on how dividend policy relate to stock return volatility?

1.3 Objective of the Study

To establish the effects of firm's dividend policy on the market price of its common stock.

1.4 Value of the Study

Managers will be able to know the information content of dividend policy hence use dividends to convey important information to shareholders. The research will help in satisfying the shareholder's expectations when they learn the relationship between dividend policy and stock price volatility.

The research will help the government to adopt different strategy in the country and formulate policies that will help curb exploitation by various companies and protect the public. It will also help government in formulation of policies that would protect shareholders from exploitation by firm managers by knowing the information content of dividend policies and the importance of this information for companies.

The study would be of great importance to scholars who may wish to use its findings as a basis of further research on the subject matter. The research will help them in reviewing literature thereby adding to the existing body of knowledge in the area of the relationship between dividend policy and stock price volatility. This research paper will give them additional information on the effect of dividend policy on stock price volatility.

The findings of the research will help to increase value to investment analysts" hence help their customers in making rational decisions and maximize the value of the shares held. This will in turn create a good profile for these investors in the face of investors and potential investors thereby increasing their clients and maximizing revenues.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter highlights existing literature on dividend policy and market price. The chapter discusses theoretical foundation, empirical studies and summary of the literature.

2.2 Theoretical Literature

The study will be guided by signaling theory of dividends, MM irrelevance theory, Walter's model- Walter

2.2.1 Signaling Theory of Dividends

Developed by Miller and Rock (1985) signaling theory of dividends explains that investors and managers have access to similar information in perfect markets about future opportunities and current earnings. The theory assumed that managers are aware of investment opportunities and earnings while investors are irrational. Lintner (1956) argued that dividends announcements deliver information that is publicly unavailable, therefore dividend policy and between asymmetry of information positively correlate.

Till they are sure that dividend pay-out will be sustained by future earnings managers tend not to initiate dividends. Lipson, et. al (1998) if earnings increases simultaneously managers will increase dividend payments.

Managers firstly attain private information about prospects that signal however should be true. Dividends are considered a credible signaling device, that influence market value, because of the dissipative costs involved hence the theory is relevant in this study.

2.2.2 MM Irrelevance Theory

The theory depicts that capital market stockholders tend to be indifferent whether they are allotted dividends or a firm retains its earnings. Modigliani and Miller (1961) explained dividend policy do not affect stock prices. In this study the researcher is trying to establish whether MM's theory holds in the Nairobi Securities Exchange situation especially considering that it was conceptualized in the western world where the economic fundamentals may be substantially different from the third world situation. It is largely expected that the local investor will in most cases be targeting regular cash flows from his investment in the security exchange rather than the eventual capital gains over medium to long term.

2.2.3 Walter's Model

Developed by Walter (1963) the model explained impact of dividend policy on dividend volatility. The theory showed relationship of dividend policy in contrast to held income to exhibit the pertinence of profit approach. Walter (1963) held the presumptions that financial specialists are exclusively persuaded by the money related advantages just and that they do all as well as can be expected yet since they exist in a focused situation, they can't load results. Advance, Walter clarified that association's administration are spurred by shirking of hostile to trust activity and self-conservation despite the fact that is completely mindful of

the potential impacts of its activity on stock costs. He finished up profit approach choices ordinarily Impacts Company's esteem as the suggestions for lack of bias are outlandish in true where markets are not impeccable and prescribed that development firms ought to hold all income; typical firms ought to convey all income while declining firms ought to be apathetic regarding profit strategy.

2.2.4 Tax Preference Theory

Advanced by Litzenberger and Ramaswamy (1979) the theory sees investors to have a tendency to lean toward profits over capital additions since they are burdened at higher rates. The theory depicts that profit arrangement choices are pertinent and in this manner impacts offers costs since shareholder incline toward procuring maintenance of income to current profits. In Kenya capital gains tax was abolished in 1989 and the study therefore expects tax advantages on capital gains over current payout in terms of dividends which is taxable at source.

2.3 Determinants of Stock return volatility

Several studies on have been established in determining factors influencing dividend policies and stock return volatilities. The current study has borrowed the variable „earnings“ but modified it to be earnings per share in the model used.

Al-Tamimi (2007) revealed that stock prices has a strong positive relationship with GDP, interest rate, crude oil price and inflation rate while stock prices has a negative relationship with interests rates. Since interest rates determine the gearing ratio of firms, the current study has used leverage as one of the substitute variables to interest rates in the model.

Tweneboah and Anokye (2008) concluded that stock prices have a significant long term relationship with exchange rate. Further, they revealed key determinants influencing stock prices included; interest rates, inflation rate and FDI in in Ghana. The current study aspires to mirror Ghana which is also a third world country just like Kenya to determine whether the same conclusions could be reached at.

Jin Dehuan and Zhenhu Jin (2008) established that stock price significantly associates with earning per share, net revenue, return on value, changes in deals, add up to resource turnover and return on asset. The study has borrowed one of the variables which is earnings per share. Uddin (2009) found market return had a significant correlation with dividend percentage, EPS and net asset value. This study has borrowed dividend payout ratio and earning per share from the above research.

Al- Shubiri (2010) investigated effects of macro-economic variables on stock price. The study developed a multiple regression model. The study found that gross domestic product positively influenced stock price, net asset value positively influenced stock price and dividend pay-outs positively influenced stock price.

Sharma (2011) revealed that stock market prices were significantly influenced by dividend per share, EPS and book value. Further, he concluded that EPS and DPS were the key determinants. The current research has borrowed most of the exogenous variables from this model including dividend payout, EPS and PE ratio.

Irmala, Sanju and Ramachandran (2011) investigated determinants of stock return volatility. They established that dividend payouts significantly influence stock volatility,

earnings per share significantly influence stock volatility and leverage significantly affects stock price volatility.

Khan& Amanullah (2012) revealed P/E ratio positively affects, stock return volatility, GDP positively affects stock return volatility and dividend positively influences stock return volatility. Further, they found that stock return volatility has an inverse relationship with interest rates and book to market (B/M) ratio. Suwuigbe, Olowe, Olusegun, and Godswill (2012) established that financial performance and stock return volatility had a significant positive correlation.

Malhotra & Tandon (2013) concluded that book value positively affects stock price, price earnings ratio positively influences stock prices and dividend yield negatively influences stock prices.

Suwuigbe, Olowe, Olusegun, and Godswill (2012) investigated stock return volatility determinants in the Nigerian stock exchange market. Their study used a sample of 30 listed firms. They adopted sampling technique method. The study was carried for a period to from 2006-2010. The study established that market value positively influenced financial performance. Further the study concluded that market value was significantly affected by financial leverage and dividend payouts.

2.4 Empirical Evidence

Researchers have reported that, previously, profit approaches have recently been worried with the determinations between installments of income to an organization's shareholders as money profits or maintenance of the benefits (Bank and Cheffins, 2010).

Rozeff (1982) showed that stock held by insiders correlated negatively with dividend payout. The study also found that dividend payout significant influence outside stockholders. The study thus concluded that external stockholders with a higher percentage of common equity tend to demand higher dividend payouts

Alli et.al (1993) investigated dividend policy. The study used sample of 150 firms. The outcomes uncover that six noteworthy components can be utilized to clarify corporate payout strategies which incorporate organization cost calculate.

Hansen et.al (1994) researched profit strategies of managed electric utilities. They concentrate on this industry mostly on the grounds that with respect to modern firms, utilities are ostensibly to some degree more protected from the train of other checking component for controlling office costs.

Han, Lee and Suk (1999) investigated effects of institutional on corporate dividend policy. A sample 303 firms was used by the study. The study was carried for a period from 1988 to 1992. The study found that that a negate comes about with organization cost theory yet supporting duty based speculation.

The study by Khan (2006) investigated effects of ownership structure on dividends policy. The study used a sample of 281 firms. The study was carried from 1985 to

1997. The study found a significantly negative correlation between dividends and ownership concentration.

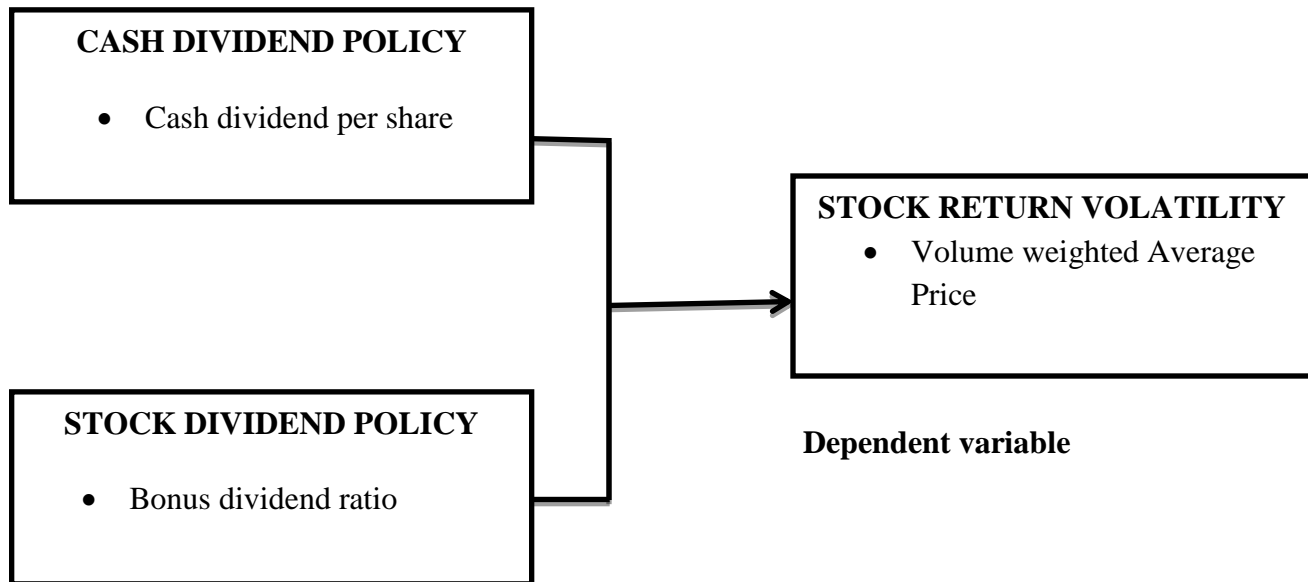
Mollah, Rafiq and Sharp (2007) investigated the influence of agency cost on dividend policy in the Dhaka Stock Exchange. The study adopted a sample size of 153 organizations. Data was collected for a period of ten years from 1988 to 1997 in pre-financial crisis. The study used a sample of 153 for five years from 1999 to 2003 in post financial crisis. The study revealed that agency cost variables were only significant in the pre-crisis but insignificant in the in the post-crisis period.

Omneya et. al (2008) examined effect of ownership structure on corporate dividend policies in Egypt. The study established that dividend policy significantly correlates with institutional ownership.

Mahbubur Rahman and Mohammad Nazim (2007) investigated influence of dividends on stock price volatility. The study adopted secondary data. The data was collected for a period of 8 years from 2004 to 2012. The study used a sample of 25 companies in Bangladesh. The study found that dividend announcement negatively influenced stock price sensitivity. The study concluded that dividend announcement and stock price sensitivity significantly correlate.

Kinyua (2013) examined the relationship between earnings volatility and dividend payout of firms listed at the NSE market. The study established that dividend payout policies negatively influenced stock volatility. Further the study concluded that there was a significant correlation between dividend payouts and stock price volatility.

2.5 Conceptual Framework



Independent Variable

Source: Author, (2016)

2.6 Summary of Literature Review

In spite of the fact that various hypotheses have been advanced in the writing to clarify their inescapable nearness, dividends remain one of the thorniest riddles in corporate back. The studies have just added to the officially existing perplexity on dividend policy and stock value volatility correlation. Studies have failed to investigate the link between the two variables. The concentrates likewise expected that larger part of the capital markets are impeccable which is not generally so. Many studies have been done in developed economies .The greater part of this concentrate additionally neglected to decide the relationship between the factors. In conclusion different variables were turned out to be determinants of stock return unpredictability.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Chapter three highlights the research methodology adopted by the study. It discusses the research design, population and sampling, data collection and data analysis techniques.

3.2 Research Design

Descriptive survey was adopted by the study. This design enables better explanation of the study (Mugenda & Mugenda, 2003). The design was appropriate the study intended to establish influence of dividend policy on stock return volatility.

3.3 Target Population

The target population of the study comprised of all the 61 listed companies at the NSE as of 30th June 2014 as shown in the Appendix 1.

3.4 Data collection methods

Research methods are the general approaches used in collecting information while research tools are the different instruments a researcher employs while collecting data (Bryman, 1993). The choice of research instrument as discussed by Crotty (1998) is dependent on type of data to be collected and data collection method that was adopted. This study used secondary data. The data was from the NSE.

3.4.1 Validity and Reliability

Research reliability and validity highly depends on correctness and trustworthiness of research instruments (Bryman, 2003). Instruments are reliable to the extent they provide same results when repeatedly used. Research instrument validity and reliability is enhanced through ensuring proper wording, sequencing and formatting of questions (Crotty, 1998).

3.5 Data Analysis

Linear regression analysis was used to analyze the data. The independent variable was cash dividend policy and stock dividend policy while dependent variable was stock price volatility. The regression model used was,

$$Y = a + Bx + \beta$$

The analysis showed how the volatility in earnings is related to dividend payout of firms listed at the NSE. Y is the stock return volatility. a, was the constant dividend payout a firm maintains irrespective of the earnings made in a year.

The regression coefficient B, indicated whether there was a relationship or not between stock price volatility and dividend payout. If there was a relationship, the correlation coefficient was any other value other than zero. If there was no relationship, the regression coefficient would have been zero. The sign on the regression coefficient indicated the nature of the relationship. If it's positive, it meant that as earnings increase the dividend payout ratio will also increase.

$$X = \text{Dividend payout} = \sqrt{E1 - E0}$$

Whereby;

E_1 = represent current year's dividend payout at time zero

E_0 = represent expected dividend payout taken as the average of the 5 years under review.

The study analyzed data of the NSE listed companies for a period of five years from 2010 to 2014. The data analysis aims at establishing the effects and relationship of dividend payout on stock return volatility of a firm. The presentation of data was in tables and visual presentation in order to make it simple and easy to understand.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

Chapter discusses analysis, presentation and interpretation of data that has been obtained through secondary sources.

4.2 Descriptive Statistics of Dividend Payout and Earnings Volatility.

The study sought to find out the trend of dividend payout and stock price volatility over the five year period (2010-2014). The table below shows the descriptive statistics of the data.

Table 4.1: Descriptive Statistics of the Data

	Mean	Std. Deviation	N
Dividend policy	17.8000	14.41180	195
Stock returns volatility	505.6000	73.30962	195

Source: Research data, 2016.

The tables above shows mean results and the standard deviation for the data of the 39 firms' for the five year period under review.

4.3 Market analysis of Dividend Payout and Earnings Volatility

The regression model of the form $Y = \alpha + Bx + \beta$ was fixed to the data. The following tables show the results.

Table 4.2: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.472 ^a	.223	-.036	14.66699

a. Predictors: (Constant), dividend policy

Table 4.3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-29.159	51.001		-.572	.608
	Dividend payout	.093	.100	.472	.928	.422

a. Dependent Variable: Stock return volatility
Source: Research data, 2016.

From tables 4.2 and 4.3 above, it was found that stock price volatility had a positive relationship with dividend policy with magnitude of 0.472. The correlation coefficient was found to be below 0.5 implying there is a weak positive relationship. From table 4.3 above, dividend policy account for 22.3% of the stock return volatility.

4.4 Summary of Findings and Interpretations

The study established that dividend policy positively influences firm's stock return volatility. The relationship between the two variables was found to be a weak positive. The weak positive relationship indicated that dividend policy influenced stock return volatility in the same direction but not to a statistically significant level. A weak positive relationship showed that dividend policy had very little effect on stock return volatility of firms.

Sixty one firms were analyzed. Stock price volatility and dividend policy data was first collected. Correlation coefficient was obtained in order to establish the relationship between the variables under research. Dividend policy accounted for 22.3% of stock return volatility of the firms analyzed.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the research findings and conclusions while at the same time discusses the limitations faced while undertaking the research and gives the recommendations for further study.

5.2 Conclusions

The research study concluded that dividend policy to some minimal extent influenced the stock return volatility of individual firms. The final correlation coefficient for all industries showed that the relationship between stock return volatility and dividend payout was not strong. Dividend policy could therefore not be used to predict the stock return volatility of individual firms. The influence of the dividend payout was found to be limited however by other factors characterized by volatility in earnings. Some firms that had low dividend policy in the five years under review made huge profits. In most firms the years when there was a lower dividend policy high volatility earnings were recorded. This gave an inverse relationship between the two variables. A low dividend policy therefore meant a high stock return volatility for these firms and vice versa.

5.3 Recommendations

Dividend policy was found to influence firms' stock return volatility in different ways. The research found that dividend policy accounted for 22.3% of stock return volatility. Further research was found necessary to determine the other specific determinants of stock return volatility for individual firms. This was due to the fact that dividend payout agreed upon by management was found not to be the only factor that determined stock return volatility of a firm.

5.4 Limitations of the Study

The study was to examine the relationship of stock price volatility and dividend policy of the listed firms at the NSE market. The research relied on data from firms that had been continually listed in the period under survey. However it was impossible to gather data on all the financial statements of the 61 firms that had been continually listed from the year 2010 to 2014. The data that was obtained was for 39 companies which was used to analyze and conclude on the research problem. The data was however thought to be enough to give a conclusive relationship between stock price volatility and dividend policy.

The other limitation was the end of year accounting activities which some firms undertook after issuing the financial statements in a certain period. These activities being the end of year balance sheet activities ended up distorting the previous information regarding earnings, DPS and EPS declared by a firm before. However, the study made use of the audited financial information that was provided by a firm for the five years under review.

5.5 Suggestions for further Research

The research study covered only five years between 2010 and 2014. Further research can be done on similar study for an extended period of time to ensure that more information is gathered to adequately find the relationship between the two variables under research. Firms that are not listed under the NSE market should also be researched on in regards to stock price volatility and dividend policy in order to also understand the relationship between the two variables among firms not listed on the NSE market.

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APPENDIX 1: COMPANIES LISTED AT THE NSE

1	Nation Media Group
2	TPS Eastern Africa (Serena) Ltd
3	Scangroup Ltd
4	Uchumi Supermarket Ltd
5	Sameer Africa Ltd
6	Barclays Bank Ltd
7	CFC Stanbic Holdings Ltd
8	Kenya Commercial Bank Ltd
9	Standard Chartered Bank Ltd
10	Equity Bank Ltd
11	Jubilee Holdings Ltd
12	Kenya Re-Insurance Corporation Ltd
13	British-American Investments Company (Kenya) Ltd
14	Olympia Capital Holdings Ltd
15	Centum Investment Co Ltd
16	Trans-Century Ltd
17	British American Tobacco Kenya Ltd
18	East African Breweries Ltd
19	Bamburi Cement Ltd
20	Crown Berger Ltd
21	E.A.Cables Ltd
22	E.A.Portland Cement Ltd

23	KenolKobil Ltd
24	Total Kenya Ltd
25	Kakuzi
26	Diamond Trust Bank Kenya Ltd
27	Eaagads Ltd
28	Kapchorua Tea Co. Ltd
29	Limuru Tea Co. Ltd
30	Rea Vipingo Plantations Ltd
31	Sasini Ltd
32	Williamson Tea Kenya Ltd
33	Express Ltd
34	Kenya Airways Ltd
35	Standard Group Ltd
36	Hutchings Biemer Ltd
37	Longhorn Kenya Ltd
38	AccessKenya Group Ltd
39	Safaricom Ltd
40	Car and General (K) Ltd
41	Home Afrika ltd
42	Marshalls (E.A.) Ltd
43	Housing Finance Co Ltd
44	National Bank of Kenya Ltd

45	NIC Bank Ltd
46	The Co-operative Bank of Kenya Ltd
47	I & M Holdings
48	Pan Africa Insurance Holdings Ltd
49	CFC Insurance Holdings
50	CIC Insurance Group Ltd
51	City Trust Ltd
52	B.O.C Kenya Ltd
53	Carbacid Investments Ltd
54	Mumias Sugar Co. Ltd
55	Unga Group Ltd
56	Eveready East Africa Ltd
57	Kenya Orchards Ltd
58	A.Baumann Co. Ltd
59	Athi River Mining
60	KenGen Ltd
61	Kenya Power & Lighting Co Ltd