The Impact of Dividend Announcement on Stock Prices: Evidence from Banking Sector of Pakistan

Author's Details:
[(1)]**Usman Ghani**-Department of Business Administration-University of Azad Jammu & Kashmir Muzaffarabad **Ghulam Mujtaba Chaudhary**-Assistant Professor, Department of Business Administration, University of Kotli (AJ&K) **Maria Ghani**-Department of Business Administration-University of Azad Jammu & Kashmir Muzaffarabad

Abstract
Dividend announcement is an important decision which changes the shareholder perception in the context of the company's performance and profitability. The objective of this study is to examine the impact of dividend announcement on stock prices of commercial banks in Pakistan during the period of 2012 to 2016. Event window approach is used to analyze the impact of dividend announcement on stock prices. The 15 days event window is constructed which taking -7 (pre-announcement days) and +7 (post-announcement days) around the event day. The abnormal returns around the window are calculated by taking the difference in actual and expected returns. The market model is used to calculate expected returns. The average abnormal returns (AAR) and cumulative average abnormal returns (CAAR) are calculated to find out the overall impact. The results show an insignificant impact of dividend announcement on stock prices of sample banks statistically.
Key Words: *Dividend Announcement, Stock prices, Event Study, Banking sector, PSE 100 Index.*

Introduction

The formal discussion of dividend announcement is started with the irrelevance theory of Miller and Modigliani (1961). They argued that dividend announcement does not impact on stock price and firm value of the company. This theory favors the investment policy of the company instead of dividend policy subject, but relevance school of thought argued that dividend is relevant to determining the firm value, company performance, and profitability. Later on, the strong argument presented by Black, (1976) dividend is a "puzzle," and it remained interesting for the researchers and debatable issue of finance since last many decades. It is also evident from previous studies that dividend announcement used as a tool to generate positive signals in the market to shareholders. The growth in dividend as a result increase in share prices, similarly if the firms decline the dividend, as a result, falls in share prices and on the basis of such information the investors can be able to differentiate the low quality and high-quality firm objectively. The dividend is the part of company net earning which is distributed to the shareholders either in the form of cash or stock. So, companies carefully manage the choice of dividend distribution or retention of net earnings, their size, timing and payout ratio to market. In corporate finance, it is not compulsory for firms to pay a dividend to shareholders, but the companies usually prefer to distribute some proportion of income to shareholders. Generally, investors seek a return on investment and maximization of their wealth which is achieved in two different ways by re-investing cash into the business to stimulate its growth or getting a dividend in the form of cash. The objective of this study is to empirically investigate the behavior of share prices in reaction to the dividend announcements in commercial banks of Pakistan by employing the event study methodology. The results of this study will enable the banks to analyze the effect of their signaling efforts through the dissemination of information as well as reaction patterns of dividend announcement.

Research Objectives

To determine the effect of dividend announcement on stock prices of commercial banks listed in Pakistan Stock Exchange.

Significance of the Study

This study is helpful for corporate managers to take right decision related to dividend announcement, their timing and payout ratio to rival banks. It also provides the knowledge to investors to make the right decision about investing in bank stock and compare the bank's dividend payout ratio to market. It is more helpful for

Practitioners and academia because it provides more knowledge about dividend announcement and fluctuation share volatility in term of banking sectors of Pakistan. The study also shows the financial performance of banks during this period. Investors become more satisfied if returns on investment paid regularly in term of dividend or capital gain by banks.

Literature Review

Empirical and theoretical studies have been conducted from previous researchers on dividend announcement, and their results show the mixed pattern of behavior. These studies determine both positive and negative results of the impact of dividend announcement on stock returns. Miller and Modigliani, (1961) propose theory assumption that the dividend does not impact on stock, firm value and investor‟s perception where no taxes and transaction costs. Gordon, (1963) argues that shareholders prefer cash dividend instead of capital gain to minimize the future risk and prefer a high dividend policy and reinvest the profit in a high growth business. Furthermore, the firms mostly make a decision on its dividend policy in attempting to have a positive signal inthe market which increased the value ofthe firm. According to Black, (1976) dividend is "puzzle" which greatly impact on stock prices and generates good or bad signals inthe market.

John and Williams, (1985) predict a positive relationship between dividends and stock prices. Another opinion is that dividend changes signala permanent change in current earnings. Allen and Michaely, (1995) argue that the accurate information contained in the dividend signal, hypothesis to be valid. The supporter of signaling theoriesbelieves that a dividend policy used as a tool of putting the message of quality. The background of relevance theory of dividend and stock prices argument that stock prices incorporate all expected future dividends, that‟s why it is known as one of the most significant corporate events for academics and investors to conduct event studies to examine the resulting stock price reaction. Loine, (1996) highlighted the sensitivity of investors towards investment return increase or decrease by using the data of 620 UK companies from January to June 1999. Acker, (1999) conducted the study on the impact of dividend announcement on share volatility rather than stock returns and finds that stock volatility increases around dividend announcement. He furthers explains particularly final dividend announcement and interim dividend announcement have to an impact on stock prices.

The study of McCaffery and Hamil, (2000) examined the price reaction to dividend announcement by initial public offering (IPO) inthe UK. The event methodology is used to capture the results and found a positive abnormal return onthe dividend announcement. Uddin & Chaudhary, (2003) determined the impact of dividend announcement on stock prices of the Dhaka market and analyzed that there was no information content in the dividend for Dhaka stock market related to stock prices. Bitok, (2004) investigated the effect of dividend policy on the value of the firm. He used secondary data for trend analysis and used regression analysis technique and provideda result that there was a significant relationship between the dividend payout ratio and the value of the company. Funke and Matsuda, (2006) investigated the United States and Germany markets and determine the reaction of stock prices to release of information on macroeconomics variables found the impact and consequences indicated asymmetric reactions of stock prices to News. Mulwa, (2006) checked the signaling efficiency of dividend fluctuation on the future profitability and foundan insignificant relationship between dividend payment, fir, and investors. Njuru, (2007) studied the stock dividend and founded a positive return at NSE.

Akbar and Baig, (2010) determine the impact of dividend announcement on the shares prices and test market efficiency in Pakistan. The results determine the positive effect of stock prices reaction to dividend announcement and reject the weak form of efficiency of Pakistan stock exchange. Medndiratta and Gupta, (2010) also studied the impact of dividend announcement and their reaction toward stock prices in Indian stock exchange and found insignificant positive relation between dividend announcement. Ayse, Yilmaz, Elif, and Selcuk, (2010) determine the market reaction of dividend announcement and their impact on share prices. The results found the market positively moves in response to dividend increase and negatively moves in response to decrease and support the signaling hypothesis approach. Thiga, (2011) investigated the relationship between dividend changes and earning fluctuation of Saccos in Kenya. She found that there is positive relationship exists. Khan, (2011) studied 25 chemical and pharmaceutical industries listed in

Pakistan stock exchange for duration 2001 to 2010. The results indicate earning per share, cash dividend and return on equity havea negative relation with stock prices. The study of Anirban and Ghatak, (2011) analyzed the stock splits or bonus issues announcement and their impact on share prices to check the Indian stock market efficiency. The study also found a significant impact of announcement towards stock prices. Ebrahimi and Chadigani, (2011) investigated the relationship between share prices and dividend. The results estimated that in some years, the investors pay special attention to dividend and also prices of stock shown fluctuation inthe market.

Aamir and Shah, (2011) determined about dividend announcement and the abnormal stock return, and their result show the positive impact of dividend announcement on stock returns at the time of announcement as well immediately afterthe reaction. Muigai, (2012) conducted research on the effects of dividend declaration on share prices of commercial banks listed at the NSE. He found that there was no pattern analyzed during the event window. Haroon, (2012) test the market efficiency in Karachi stock exchange. His findings also explained the technical analysis past prices and return useful to make an investment decision in Pakistan Stock Exchange. Another study found the impact of dividend announcement on stock return of 60 financial firms listed in the Thailand stock exchange forthe duration of 2005 to 2010. Their results show that dividend announced the stock prices increases which havea significant impact on share prices and also support the dividend signaling theory (Thanwarat Suwanna, 2012). The study of Irum, Rafique and Hassain, (2012) explained the impact of dividend announcements on stock prices of four different sectors in Pakistan. Their study showsthe impact of dividend announcement onthe stock market was insignificant. Calitus, (2013) investigated the determinants of dividend payout of agricultural firms listed in NSE during the period between 2005 and 2010. He found the positive relationship between dividend payout and profitability and also observed a negative relationship ona firm‟s growth and size. Mamun and Hoque, (2013) determined the stock price reaction towards dividend announcement in Bangladesh Capital Market. They found the dividend declaration does not bring any return to investors, but they lose due to significant fall in stock prices both in pre-dividend and post-dividend period. Saleem, Zafar, Anwar, Tariq, Khurshi, and Kareem, (2013) conducted the study on the impact of dividend announcement on stock prices of oil and textile firms listed in PSE for the period of 2007 to2011. They also analyzed that increase in dividend announcement asan increase in share prices and vice versa. Wasifi, AL Troudi and Maysa‟a Milhem, (2013) explained the relationship between cash dividend empirically, retained earnings and share prices. They founda positive relationship between cash dividends and retain earning, but stock prices have significant relation while insignificant relation with leverage. Botchwey, (2014) explained the behavior of dividend payments on share prices of listed companies on Ghana stock exchange forthe duration of 2005 to 2009. The empirical study evidenceshows that the companies increase in dividend payments resultedin increasing in their share prices and on the other side share prices fall due to a decrease in dividend payouts. A study conducted by Arslan and Zaman, (2014)investigated the impact of dividend yield and price earnings ratio on stock and found that price earnings ratio and firm size are positively correlated to the stock returns, but dividend yield negativelyimpacts on stock returns. Rana and Gupta, (2015) investigated the study on union budget impact on the Indian stock market during the period of 2009 to 2013. Their study found significant results of the announcement inthe Indian economy. The study of Chaudhary, Hashmi, and Younis, (2016) examined the signaling effect ofa cash dividend inthe Karachi Stock Exchange. Finally, their results conclude that dividend announcement may use to generate the signal in the market.

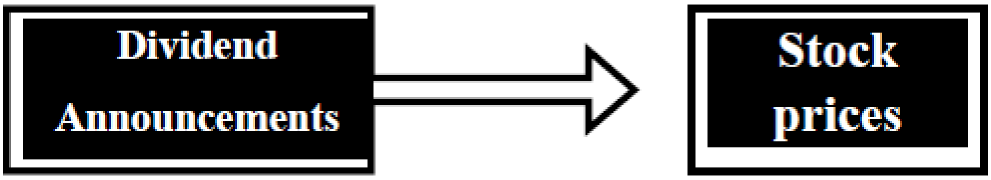
The results of existing studies are mixed in Pakistan. Majority of studies are related tothe non-financial sector, and resultsvary from one sector to another sector. This stud, however, focused the financial sector of Pakistan.

Research hypothesis

Ho: There does not exist a significant impact of dividend announcement on stock prices of commercials banks.

H1: There exists a significant impact of dividend announcement on stock prices of commercial banks.

Conceptual Framework



Adopted from (Chen & Firth, 1997), (Dasilasa, 2004)

Research Methodology

The section contains procedure and method use to analyze the impact of dividend announcements on stock prices of commercial banks listed inthe PSE 100 index. The event study methodology is used to determine the impact of dividend announcement on stock prices for the years 2012 to 2016. The event window of 15 days constructed 7 pre-announcement days and 7 post-announcement days to find out the impact of dividend announcement on stock prices.

Population and Sample of Study

The population of this study consists of all commercial banks listed in Pakistan Stock Exchange. The sample size consists of 8 commercial banks that paid dividend during study years of (2012-2016). The selected sample is expected to provide true representation for whole banking sector in Pakistan. The list of sample banks is present below in table 1:

Table 1 List of Sample Commercial Banks

S.No	Bank Name	PSE Symbol
1	Habib Bank Limited	HBL
2	Bank Alfalah Limited	BALF
3	Bank AL-Habib Limited	BALH
4	Muslim Commercial Bank Limited	MCB
5	United Bank Limited	UBL
6	Allied Bank Limited	ABL
7	Habib Metronpolitan Limited	HMBL
8	Meezan Bank Limited	MBL

Data Sources

In this study we used the secondary data which is collected from Pakistan stock exchange and banks home websites and other related resources. Dividend announcement dates are also taken from PSE which is shown in table 2 below.

Dividend Announcements Dates by these commercials Banks during 2012-2016

S.NO	Banks Symbols	Dividend Announcement Dates (2012)	Dividend Announcement Dates (2013)	Dividend Announcement Dates (2014)	Dividend Announcement Dates (2015)	Dividend Announcement Dates (2016)
1	ABL	16th Aug,2012	24th April 2013	11th Feb,2014	10th Feb,2015	26th April,2016
2	BALH	21st Feb,2012	4th March 2013	3rd March,2014	17th Feb,2015	27th Jan,2016
3	BALF	2nd March,2012	4th March 2013	3rd March,2014	27th Feb,2015	1st March,2016
4	HBL	24th Feb,2012	22nd Aug,2013	25th April,2014	17th Feb,2015	20th Oct,2016
5	MCB	7th Aug,2012	2nd May, 2013	21st Oct,2014	11th Aug,2015	2nd Feb,2016
6	UBL	8th Aug,2012	11th Nov,2013	9th May,2014	3rd Dec,2015	3rd June,2016
7	HMBL	27th Feb,2012	27th Feb,2013	26th Feb,2014	24th Aug,2015	26th Feb,2016
8	MBL	13th Aug,2012	20th Feb, 2013	28th July,2014	19th Feb,2015	24th Aug,2016

Data Analysis Technique

The purpose of this study is to investigate the impact of cash dividend announcement on stock prices of commercial banks listed in Pakistan stock exchange. This impact investigates through event methodology to check the behavior of stock prices in response of announcement. The first step constructed is 15 days event window. The event day is taken as "0" -7(Pre-announcement) and +7(Post-announcement) around the window. There are three windows in event study methodology named as estimation windows, event windows and post estimation window. (Brown and Warner, 1985). The estimation and event windows are used in this study.

Than calculating the parameters (and ( ) to find out actual return on securities and market return. These parameters are used in calculation of expected return by using market model.

The average abnormal return (AARs) are calculated to find the average behavior of selected banks returns while (CAARs) represent the sum of average abnormal return, to find the impact of dividend announcement.

The market model of (Sharpe, 1963) is used to calculate the expected returns.

Mathematically this model explained as:

E(Rit)= + i Rmt + eit for i=1…. N

E(Rit) = Expected return of security "i" at time period „t"
ai= intercept of dependent variable, constant Bi=Beta of coefficient of security

Rmt= Market return on index during time period „t"

eit= Random term with mean zero and slandered deviation which is constant during time period „t".

Formula for calculating Abnormal return= Actual return –Expected return.

The abnormal return is calculated by using following formula:

ARit=Rit-E(Rit)

ARit= Abnormal return

E(Rit)= Expected return

Rit= Actual return on security

The average abnormal returns are calculated by following formula

AAit= Σ

Where

I= No of securities in the study selected

N= Portfolio of no of securities

t= Event Surrounding days for study.

3.10 Cumulative Abnormal Return

The Cumulative abnormal returns are total of all abnormal returns. CAR is used to examine the impact of announcement in small runs because the response of stock prices cannot capture immediately. The (CAAR) is calculated by using the following formula:

$$CAAR=\sum AAR\ it$$

The (CAAR) gives the information about average behavior of banks stock prices response to dividend announcement. In efficient market (AARSs) and (CAARs) closer to zero.
The sum of these values average abnormal return and cumulative abnormal return are used to show the stock market efficiency.
Parameter „t" test is used to find out the significance of results greater than critical value is 1.96. if „t" values higher than 1.96 it means that significant impact of event exists. if less than 1.96 it shows insignificant impact of event.

$$t=AAR/S.\ E$$

The formula for calculating the standard error is: S. E= √

Standard error and (CAAR) is used to find out the "t" values which help to determine significance or insignificance of event on stock prices.

Data Analysis Results and Discussion

This study determines impact of dividend announcement on stock prices of commercials banks in Pakistan over the period of 2012-2016. Event window is used to determine the effect of cash dividend on stock prices and an event window of 15 days with -7 (pre-announcement days), + 7 (post announcement) days while dividend announcement day is considered as event day.

Table 3 Average abnormal returns, CAAR and t-value for (2012)

Dates	AAR	CAAR	T-test	Results
-7	-0.001160558	-0.001160558	-0.0691768	Insignificant
-6	0.000809847	-0.000350711	0.04827216	Insignificant
-5	0.005130034	0.004779323	0.30578342	Insignificant
-4	-0.003201878	0.001577445	-0.1908528	Insignificant
-3	0.00101916	0.002596605	0.0607486	Insignificant
-2	0.000862785	0.00345939	0.05142761	Insignificant
-1	0.004206501	0.007665891	0.25073484	Insignificant
0	-0.001313472	0.006352419	-0.0782915	Insignificant
1	0.003956399	0.010308819	0.23582717	Insignificant
2	0.007220656	0.017529475	0.43039814	Insignificant
3	-0.009402432	0.008127043	-0.5604462	Insignificant
4	-0.002532183	0.005594859	-0.1509346	Insignificant
5	-0.006365822	-0.000770963	-0.3794444	Insignificant
6	-0.005254137	-0.0060251	-0.3131808	Insignificant
7	-0.003747886	-0.009772986	-0.2233984	Insignificant

The abnormal returns around the event window remains insignificant similar the case of average and cumulative average abnormal return. It shows that the dividend announcement of commercial banks in Pakistan has not generated any signal in market.

The Similar calculation made for year (2013) results are presented in table 5 abnormal returns of commercial banks.

The year 2013 also determines the insignificant relation of dividend announcement in response of stock behavior. The results found statistically insignificant relation between stock prices and dividend announcement as well as pre-announcement and post announcement around the event day.

Table 4 Average abnormal returns, CAAR and t-value for 2013

Dates	AAR	CAAR	T-test	Results
-7	-0.002014342	-0.002014342	-0.1391628	Insignificant
-6	-0.002613855	-0.004628197	-0.1805807	Insignificant
-5	-0.002352489	-0.006980687	-0.162524	Insignificant
-4	-0.002405795	-0.009386481	-0.1662066	Insignificant
-3	-0.001832143	-0.011218624	-0.1265753	Insignificant
-2	0.002721763	-0.008496861	0.18803559	Insignificant
-1	0.004521408	-0.003975453	0.31236586	Insignificant
0	0.002845691	-0.001129762	0.19659732	Insignificant

1	0.00172757	0.000597809	0.11935087	Insignificant
2	-0.00445545	-0.003857641	-0.3078091	Insignificant
3	-0.004400623	-0.008258265	-0.3040213	Insignificant
4	-0.003593958	-0.011852223		
5	0.005156896	-0.006695327	-0.248292	Insignificant
6	0.01375476	0.007059433	0.35626911	Insignificant
7	-0.002073198	0.004986235	0.95026085	Insignificant
			-0.1432	Insignificant

Similar pattern as described earlier revised for calculations of the year (2014) around the window. On event day the t-value= -0.4863233 is much less than critical value 1.96 which shows the statistically insignificant relation of commercial banks stock in response to dividend announcement.

Table 5 Average abnormal returns, CAAR and t-value for 2014

Dates	AAR	CAAR	T-test	Results
-7	-0.005189728	-0.005189728	-0.2943159	Insignificant
-6	-0.000152462	-0.005342189	-0.0086463	Insignificant
-5	0.008507984	0.003165795	0.48249829	Insignificant
-4	-0.015273496	-0.012107701	-0.8661788	Insignificant
-3	-0.004928877	-0.017036578	-0.2795227	Insignificant
-2	-0.001869857	-0.018906435	-0.1060419	Insignificant
-1	-0.008167096	-0.02707353	-0.4631661	Insignificant
0	-0.008575431	-0.035648961	-0.4863233	Insignificant
1	-0.004881156	-0.040530117	-0.2768164	Insignificant
2	-0.005682228	-0.046212345	-0.3222462	Insignificant
3	0.009149214	-0.037063131	0.51886326	Insignificant
4	-0.001445975	-0.038509106	-0.082003	Insignificant
5	0.002605903	-0.035903203	0.14778397	Insignificant
6	-0.009344546	-0.045247749	-0.5299407	Insignificant
7	0.006495378	-0.03875237	0.36836093	Insignificant

Similar calculation made for year 2015 results are conclude in table 06

Table 6 Average abnormal returns, CAAR and t-value for 2015

Dates	AAR	CAAR	T-test	Results
-7	-0.005321236	-0.005321236	-0.342762	Insignificant
-6	3.73471E-05	-0.005283888	0.00240568	Insignificant
-5	-0.001982299	-0.007266187	-0.1276878	Insignificant
-4	-0.000221667	-0.007487854	-0.0142784	Insignificant
-3	-0.005231274	-0.012719128	-0.3369672	Insignificant
-2	-0.000569509	-0.013288638	-0.0366844	Insignificant
-1	-0.006682378	-0.019971016	-0.4304386	Insignificant
0	-0.006592296	-0.026563312	-0.424636	Insignificant
1	-0.003909791	-0.030473103	-0.2518452	Insignificant
2	-0.002640078	-0.033113181	-0.1700579	Insignificant
3	-0.001344095	-0.034457275	-0.0865785	Insignificant
4	-0.004168962	-0.038626237	-0.2685394	Insignificant
5	0.001332198	-0.037294039	0.0858122	Insignificant
6	0.0023756	-0.034918439	0.15302187	Insignificant
7	-0.00129623	-0.036214669	-0.0834953	Insignificant

Similar pattern of calculation followed in year 2016 the results are summarized in table 07
Furthermore, we found the similar stream abnormal returns in year 2016 which is approximately similar to previous years. The overall results of study suggested that dividend has no impact on stock prices and does not generate abnormal return in Pakistan. Results support the irrelevance theory (Miller and Modigliani, 1961) they argued that dividend is irrelevant, which does not influence on stock returns and firm value. Average Abnormal return CAAR tables found similar stream of results from previous years**.** The study results are consistence with (Iqbal, Ahmed, Hafeez & Abbas, 2014), (Irum, Rafique & Hussain, 2012), (Uddin & Chaudhary, 2003).
The study results are consistent which means the investors may are less interested in dividend announcement. The other factor there is double taxations on dividend and banking sector is very sound and less risky. So, investors may be interested in retain earnings instead of dividend.

Table 07 Average abnormal returns, CAAR and t-value for 2016

Dates	AAR	CAAR	T-test	Results
-7	0.005533178	0.005533178	0.37598058	Insignificant
-6	0.004405279	0.009938458	0.29933961	Insignificant
-5	0.001758725	0.011697183	0.11950574	Insignificant
-4	-0.003662641	0.008034542	-0.2488772	Insignificant
-3	0.005703508	0.01373805	0.38755453	Insignificant
-2	0.00259038	0.01632843	0.17601684	Insignificant
-1	0.012787937	0.029116368	0.86894291	Insignificant
0	0.008323512	0.03743988	0.56558431	Insignificant
1	-0.003049877	0.034390003	-0.2072397	Insignificant
2	0.000878836	0.035268839	0.05971708	Insignificant
3	0.006798466	0.042067304	0.4619571	Insignificant
4	0.000500859	0.042568164	0.03403349	Insignificant
5	-0.007013932	0.035554232	-0.4765981	Insignificant
6	0.008666344	0.044220576	0.58887984	Insignificant
7	0.003577029	0.047797605	0.24305982	Insignificant

Conclusion

This study investigated the overall impact of dividend announcement on stock prices of commercial banks listed in PSE. The sample population of study is 8 commercial banks which pay dividend during years 2012 to 2016. The significant finding of this study is to determine the abnormal return around the dividend announcement. The average abnormal return AAR & cumulative abnormal return CAR statistically reflect the insignificant impact of dividend announcement on stocks returns.

Recommendations

The study found insignificant impact of dividend announcement on stock prices and their results in similar stream from year (2012-2016). The pattern of results shows consistency and soundness and less risky business of commercials banks in Pakistan. On the basis of such results I recommend to the investors to go for retain earning in commercial banks to gain high returns in future instead of paying dividend because there is double taxation on dividend.

This study also recommends that state banks authority enforce all banks to make more frequent dividend announcements.

Future Research Areas

This study is about the stock market reaction to dividend announcement in banking sectors of Pakistan.

This study provides base for future research on different political and economical impact on stock market such as, merger, acquisitions, policy announcement, monetary announcement and other similar events.

The study can also be extended to other financial and non-financial sectors. This can produce more comprehensive and conclusive results.

References

i. *Miller, M. H., & Modigliani, F. (1961). Dividend Policy, Growth, and the Valuation of Shares. The Journal of Business, 34(4), 411-433.*

ii. *Gordon, M. (1963). Optimal Investment and Financing Policy. The Journal of Finance, 264272*

iii. *Sharpe, W. F. (1964). Capital Assets Prices; A Theory of Market Equilibrium Under Conditions of Risk.*
   a. *Journal of Finance, 425-442.*

iv. *Black, Fischer. (1976) "The Dividend Puzzle." The Journal of Portfolio Management, 2.2: 5-8.*

v. *Brown, S., & Warner, J. (1985). Using daily stock returns. Journal of Financial Economics, 14(1), 3-31.*

vi. *John, K., & Williams, J. (1985). Dividends, Dilution, and Taxes: A Signalling Equilibrium. The Journal of Finance, 40(4), 1053-1070.*

vii. *Allen, F., & Michaely, R. (1995). Chapter 25 Dividend policy. Handbooks in Operations Research and Management Science, 9, 793-837.*

viii. *Lonie, A., Abeyratna, G., Power, D., & Sinclair, C. (1996). The Stock Market Reaction to Dividend Announcements: A UK Study of Complex Market Signals. Journal of Economic Studies, 32-52.*

ix. *Acker, D. (1999). Stock Return Volatility and Dividend Announcements. Review of Quantitative Finance and Accounting, 12(3), 221-243.*

x. *Chen, G., & Firth, M. (1997). The information content of concurrently announced earnings, cash dividends, and stock dividends: An investigation of the Chinese stock market. Journal of International Financial Management & Accounting, 13(2), 101–124.*

xi. *McCaffrey, K., & Hamill, P. (2000). Dividend Initiation Announcements Effects in Initial Public Offerings. Applied Financial Economics, 10(5), 533-542.*

xii. *Uddin, H., & Chaudhary. (2003). Effect of Dividend Announcement on Shareholders"*

xiii. *Bitok, K. J. (2004). The effect of dividend policy on the value of the firms quoted at Nairobi Stock Exchange. Doctoral Dissertation University of Nairobi.*

xiv. *Dasilasa, A. (2004). Stock market reaction to dividend the abnormal returns provide a significant effect when the announcements: Evidence from the Greek stock market. dividend and earning changes are in opposite direction. Department of Accounting and Finance, University of Macedonia, Thessaloniki, Greece.*

xv. *Fuke, N., & Matsuda, A. (2006). Macroeconomic News and Stock Returns in the United States and Germany. German Economic Review, 189.*

xvi. *Mulwa (2006). The Signaling Efficiency of Dividend Changes on the Future Profitability of*
   a. *Quoted Companies.*

xvii. *Njuru, J.M. (2007). The Existence of Under Reaction Anomaly at the Nairobi Securities*
   a. *Exchange.*

xviii. *Akbar, M., & Baig, H. H. (2010). Reaction of Stock Prices to Dividend Announcements and Market Efficiency in Pakistan. The Lahore Journals of Economics, 103-125*

xix. *Altiok-Yilmaz, A., & Akben-Selcuk, E. (2010). Information Content of Dividends: Evidence from Istanbul Stock Exchange. International Business Research, 3(3), 126.*

xx. *Mehndiratta, N., & Gupta, S. (2010). Impact of Dividend Announcement on Stockprices.*
   a. *International Journal of Information Technology and Knowledge Management, 2(2),*
   b. *405-410*

xxi. *Aamir, M., & Shah, S. Z. A. (2011). Dividend Announcements and the Abnormal Stock Returns for the Event Firm and its Rivals. Australian Journal of Business and Management Research, 1(8), 72*

xxii. *Ghatak, A. (2011). Capital Market Reaction Around the Stock Splits and Bonus Issues: Evidence from*

a. *some Indian IT stocks. The International Journal, Research Journal of Social Science and*
b. *Management, 1(5), 191-213.*

xxiii. *Kanwal Iqbal Khan (2011). Effect of Dividends on Stock Prices–A Case of Chemical and Pharmaceutical*
a. *Industry of Pakistan. Management, 2(5), 141-148.*

xxiv. *Ebrahimi, M., & Chadegani, A. A. (2011). The Relationship Between Earning, Dividend, Stock Price and Stock Return: Evidence from Iranian Companies. International Conference on Humanities, Society and Culture. 318-323.*

xxv. *Thiga, E. W. (2011). The Relationship between Dividend Changes and Subsequent Period Earning Changes of Saccos in Kenya.*

xxvi. *Arshad Haroon, M. (2012). Testing the Weak Form Efficiency of Karachi Stock Exchange. Pakistan Journal of Commerce & Social Sciences, 6(2).*

xxvii. *Irum, Rafique and Hassain (2012), Effect of Dividend Announcement on Share Prices of Petroleum Industry in Pakistan, Journal of Basic and Applied Scientific Research,*
a. *2(7)6503-651*

xxviii. *Muigai (2012). The Effects of Dividend Declaration on Share Prices of Commercial Banks Listed at the Nairobi Securities Exchange.*

xxix. *Suwanna, T. (2012). Impacts of Dividend Announcement on Stock Return. Procedia-Social and Behavioral Sciences, 40, 721-725.*

xxx. *Mamun, A., Hoque, N., & Mamun, A. M. A. (2013). Stock Price Reaction to Dividend*
a. *Announcement: The Case of Bangladesh Capital Market. Journal of Economics and*
b. *Sustainable Development, 4(8), 89-98.*

xxxi. *Calitus, W.W (2013). Determinants of Dividend Payout by Agricultural Firms Listed at the Nairobi Securities Exchange.*

xxxii. *Al Troudi, W. (2013). Cash Dividends, Retained Earnings and Stock prices: Evidence from Jordan. Interdisciplinary Journal of Contemporary Research in Business, 4(12), 585.*

xxxiii. *Saleem, F., Zafar, L., Anwar, S., Tariq, S., Khurshid, H., & Karim, U. (2013). Effects of Dividend Announcement on Stock Prices: Evidence from Pakistan. Interdisciplinary Journal of Contemporary Research in Business, 4(9), 211.*

xxxiv. *Arslan, M., Zaman, R., & Phil, M. (2014). Impact of Dividend Yield and Price Earnings Ratio on Stock Returns: A Study Non-Financial Listed Firms of Pakistan. Research Journal of Finance and Accounting), ISSN, 2222-1697*

xxxv. *Botchwey, E. (2014). The Impact of Dividend Payment on Share Price of Some Selected Listed Companies on the Ghana Stock Exchange. International Journal of Humanities And Social Science, 4(9), 179-190.*

xxxvi. *Iqbal, N., Ahmad, N., Ullah, H., & Abbas, A. (2014). Effect of Dividend Announcement on Stock Prices in Banking Industry of Pakistan. International Letters of Social and Humanistic Sciences, 35, 15-25.*

xxxvii. *Gupta, V. (2015). Indian Administrative Services and Crony Capitalism: A Review Paper (No. WP2015-03-07). Indian Institute of Management Ahmedabad, Research and Publication Department.*

xxxviii. *Chaudhary, G., Hashmi, S., & Younis, S. (2016). Does Dividend Announcement Generate Market Signal? Evidence from Pakistan. International Journal of Economics and Financial Issues, 6(1), 65-72.*