Earnings Announcements and The Security Trade Volumes of Listed Companies in Kenya

Abstract

Purpose: This study investigated the decline in the NSE N20, Kenya share index by examining the effects of Earnings announcements on the security trade volumes of companies listed on the NSE, Kenya, from 2013 to 2017. The study formulated a hypothesis that Earnings announcements did not significantly affect the security trade volumes of companies listed on the NSE, Kenya, applied Signaling theory, efficient market hypothesis, and Market expectation theory.

Methodology: The study used the event study methodology, a mixed research design, and the ANOVA technique from 25 listed companies, collected secondary data using schedules and primary data using questionnaires.

Findings: The study found the effect of Earnings announcements on the trade volumes to be insignificant. Hence, it concluded that earnings announcements did not affect the security trade volumes of companies listed on NSE, Kenya.

Unique Contribution to Practice and Policy: The finding of this study will provide the market players with a better understanding of how Earnings announcements affect the security trade volumes; provide the policymakers with a basis of designing policies, regulating and controlling financial markets, complement existing studies in this area and strengthen the foundation for further research.

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