

NEW FRONTIERS OF FINANCIAL PUBLIC RELATIONS:
THE RELATIONSHIP BETWEEN LISTING ON THE
NAIROBI SECURITIES EXCHANGE AND CHANGES IN A
COMPANY'S PUBLICITY AND NET PROFIT

GEOFFREY IRUNGU NJOROGE

K50/P/7845/2005

A research project presented to the University of Nairobi, School of
Journalism, in partial fulfilment of the requirements of the degree of
Master of Arts in Communication Studies

November 2014

DECLARATION

I declare that this project is my original work and has not been submitted elsewhere for examination, award of degree or publication.

Signature-----

Geoffrey Irungu Njoroge

Date:-----

Supervisor: Ann Gichuhi

Signature :-----

Date :-----

ABSTRACT

This study investigates the relationship between listing a company on the Nairobi Securities Exchange (NSE) and change in its media profile or publicity and whether this is related to the company's performance in terms of net profit. The publicity or media reports on its activities are a major concern for its owners (those who bought shares at the listing stage and after) who are keen on a good return to their investment. More specifically, this research compares the two most profitable companies and the two least profitable companies, in both pre-listing and post-listing stages, with reference to the period since 2006 when the latest wave of firms going public began. It looks at the two groups of companies in each period and then compares them to see how they were covered by the media. Using content analysis under conditions of stratified sampling and then using the difference-between-means to test the hypothesis, the study finds that both most and least profitable companies, taken separately, see their media coverage increase significantly after they are listed on the NSE compared to the pre-listing stage. However, the difference-between-means test also reveals that the most profitable companies do not exhibit any significant difference from the least profitable companies in the amount of the media coverage they receive either before or after listing on the stock exchange. It is therefore concluded that the key thing, in the context of this research, influencing the amount of press coverage for any type of company is the change from being unquoted to being a quoted company on the NSE. This has implications for firms wanting to increase the amount of publicity they receive as well as enabling the public to understand their strategies and products and probably helping in branding in a competitive market.

CONTENTS	PAGE
Chapter One	1
Introduction	1
1.1. Background to the study	1
1.2. Problem Statement	7
1.3. Purpose of Study	8
1.4. Objectives of the Study	9
1.5. Research questions	9
1.6. Significance of the Study	10
1.7. Justification	10
1.8. Hypothesis	10
1.9. Limitations and Assumptions	11
1.9.1. Limitations	11
1.9.2. Assumptions	12
Chapter Two	12
Literature Review and Theoretical Framework	
2.1. Literature Review	13
2.2. Theoretical Framework	25
Chapter Three	34
Methodology	
3.1. Introduction	31
3.2. In this study	37

Chapter Four	41
Data Presentation and Analysis	41
4.1. Introduction	41
4.2. Frequency data	46
4.2.1 Objective 1	46
4.2.2. Objective 2	49
4.2.3. Objective 3	50
4.3. Testing hypothesis	52
4.4. Problem statement and theoretical implications	59
Chapter Five	61
Conclusions and recommendations	61
5.1. Conclusions	61
5.2. Recommendations	67
<i>Bibliography</i>	71
<u>List of tables</u>	
<i>Table 1. Net profits of companies listed on the Nairobi Securities Exchange since 2006</i>	42
<i>Table 2. Four listed companies and their financial performance (growth of net profit)</i>	43
<i>Table 3. Four listed companies, their market value and frequencies of press appearances</i>	44
<i>Table 4. Difference-between-means test for four firms at pre- & post-listing</i>	53
<i>Table 5. Difference-between-means test for most profitable Vs least profitable</i>	57
<u>List of graphs</u>	
<i>Graph 1. Four listed companies and frequencies of newspaper articles and mentions</i>	47
<i>Graph 2. Two most profitable vs. 2 least profitable firms in newspaper appearances</i>	48

Chapter One

INTRODUCTION

1.1. Background to the study

Although public relations (PR) theory and practice has developed tremendously over the last few decades, the specific area of financial PR has received relatively scant attention.

Keeley Clarke, a financial PR consultant in the UK, defines financial PR as “the management of communication between a listed company and its financial audiences, which refers to the City.”¹ The financial audiences are also called the City, hence the title of “The City Editor” as the editor in charge of business and financial news in many US and UK newspapers.

While PR may be broadly defined as that art and science of developing and maintaining mutual understanding between an entity and its publics, financial public relations is that part of PR as applied to publicly listed companies. A publicly listed firm is one which opens itself to the general public by selling or making its shares tradable on a stock exchange. The stock exchange is the market where securities, such as shares and bonds, are bought and sold under stringent operational procedures and rules.

According to Clarke, there is such lack of clarity regarding this specialized area as “there is little literature around to help clarify its role and activities or set out clearly its aims and objectives.”

¹ Keely Clarke (2004), “Introduction to Financial Public Relations”, in Alison Theaker, *The Public Relations Handbook*, Second Edition, (London and New York: Routledge Taylor and Francis Group, p.205

Around the world the rapid growth of the financial PR has taken place since what has come to be known as the “Big Bang” in the mid-1980s. The bang came about when what was previously market floor at many stock exchanges began to be replaced by electronic screens that recorded trading as it happened while small, privately-owned firms became absorbed into the international banking groups.²

Basically financial PR is associated with companies that are listed on the securities (or stock) exchanges such as the Nairobi Securities Exchange (NSE), Uganda Securities Exchange (USE) and the London Stock Exchange (LSE). The stock exchange is basically a platform where shares of companies and bonds (financial instruments that pay a fixed income per year) are traded or exchanged. Companies looking for money to expand or realize their market value go to the stock exchange to make their share available for trading by the public. In recent years, the very mention of an initial public offering (IPO) has sent many a potential investor watering in the mouth due to the gains that can some times be made.

Thus a major reason that financial PR has developed rapidly in recent years is the awareness of the opportunities available at the stock market not only globally but also in Kenya. The chief concern of those who invest through the stock exchange is the performance of their shares and the companies that have floated the shares.³ Thus financial PR professionals are supposed to be

² Terrence Collis (2004), ‘Financial Public Relations’, Anne Gregory (ed), *Public Relations in Practice*, Second Edition, , Kogan Page. p.68

³ Eugene F. Brigham and Michael Ehrhardt (2002), *Financial Management: Theory and Practice*, 10th Edition, Thomson South Western, pp.379-416

in a position to communicate to stakeholders in a listed company thus necessitating constant contact with the media and ensuring that information on the companies regularly appears in media outlets.

Although the increased focus on financial PR has been relatively recent, it has actually been there in some form for centuries. Scholars draw attention to the fact that South Sea Company, described as a financial bubble that collapsed in a spectacular fashion in 1720, as an early example in which financial PR became very important as thousands of investors were ruined and a political crisis ensued.

In Kenya, the NSE has been operational since 1954 but many of the listed companies cared little about PR till recently. At the same time, the number of listed companies has remained stagnant for many years until the recent wave of listings. As a result, the number of investors has also been small, thus attracting little attention to the stock exchange.

The latest round of listings on the bourse has come at a time of economic resurgence with the growth in the gross domestic product (GDP) – the total annual production to the economy – recording an average of 4.6 per cent for the eight-year period between 2006 and 2013. In the previous eight-year period stretching between 1998 and 2005 when there was a lull in companies going public, the economy grew at an average of 2.5 per cent.⁴

⁴ Kenya National Bureau of Statistics, *Economic Survey*, various issues between 1999 and 2013.

The listings were also being done against the background of new listing regulations released in 2002⁵ by the Capital Markets Authority (CMA), the organization charged with the role of regulating the stock market, which sought to give incentives to companies to go public.

The companies that have been listed on the Nairobi Securities Exchange (NSE) between 2006 and August 31, 2014 are 17 in number, namely, Kenya Electricity Generating Company (KenGen), Access Kenya, Scangroup, Equity Bank, Kenya Reinsurance Company (Kenya Re), Eveready East Africa, Safaricom, Cooperative Bank of Kenya, British American Insurance Company (Britam), TransCentury, Umeme, CIC Insurance, Longhorn, Liberty Holdings (changed name from CfC Insurance) and (most recently) Home Africa and the NSE itself.⁶

The research is concentrating on the recent listings (years 2006 to 2014) because that is when there has been a massive number of new investors. The shareholders arguably form a major readership block for the media, which is the main instrument of publicity for firms whose shares trade on the bourse. Before the latest round of listings, there was only a small number of investors in shares listed on the NSE numbering less than 300,000 but KenGen IPO alone attracted over 200,000 investors while Safaricom IPO outdid all previous IPOs by bringing in over 860,000 new investors at a go.

⁵ CMA, *Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations, 2002*

⁶ Nairobi Securities Exchange daily reports

Therefore this new block of investors is influencing the way the media is covering business news. And at the same time, PR professionals are getting more closely involved not only because they have to serve the new investors but also have to put out the understanding and/or retain a good reputation for their clients.

In western countries, firms specializing in financial PR exist but in Kenya, there is not a single PR firm that even claims to specialize in financial PR. Chances are that financial PR will be on the growth path going forward not only because the number of listed firms and investors has risen in recent years but also because of the awareness of the power of communication in many such firms and the fact that even business media outlets are also growing. Even companies that had previously not appointed PR personnel have within the last decade appointed them. This is not to forget that the government is keen on selling more parastatals, which could involve going to the securities exchange. As the number of firms listed on the bourse grows, so will the importance of the financial PR.

A major impetus for this development will be the growth of business media. In 2007, for example, KBC linked up with South African-owned dedicated business news channel CNBC, though this link has since been severed and the channel is now only available for paid subscribers. In the same year, regional media giant Nation Media Group (NMG) launched the *Business Daily*. These developments took place only months after the new wave of IPOs began to get to the NSE.

Both the Standard and NMG have refurbished and expanded business coverage in recent years as the audience of this segment of news has increased. In late 2005, for example, just year before the new wave of IPOs began, the *Daily Nation* changed the title of its Tuesday business pullout to *SmartCompany* from *BusinessWeek* in a bid to improve its content and design.

Those who own or trade in shares are therefore quite keen about what happens to their companies and thus need communication or regular news and information about them. As shareholders, investors are interested in knowing about a number of things associated with listed companies: dividends, financial performance, bonus shares, rights issues, expansion plans, cost-cutting plans, new strategies in view of new competition or change in market conditions, formation of a subsidiary, the annual general meeting (AGM), the annual report, mergers and acquisitions or takeovers, among other things. This is not to forget the all-important profit warning announcements that companies issue when they are expecting a major (usually adverse) development in their profitability.

An investor appreciates that failure to follow developments about the stock market and the companies listed thereon could lead to loss of opportunities or one could end up holding worthless shares should a company become insolvent or a broker collapses.

As at August 31, 2014, there were 61 publicly listed companies on the NSE, the platform for selling and buying of their securities. Of these, 16 have been listed in the past seven years, the most recent period of new IPOs stretching back to 2006. Among the most popular IPOs were those of KenGen and Safaricom which caused great excitement among investors.

The new listings at the stock exchange may be pointer that financial PR will become more relevant. Breaking new ground in communication in this area should be critical for the listed companies or those planning to list.

1.2. Problem statement

Many companies will go to great lengths to get press coverage. Indeed, PR consultants and in-house personnel in companies spend disproportionate amount of time figuring out ways of being covered by the media. For many of them, PR amounts to media relations. Says Theaker: “Media relations is still the activity on which the majority of PR practitioners spend most of their time.”⁷

For many a listed firm, the management’s recognizes that it may even spend on the coverage but it does not follow that their message will be given the prominence they would want nor is there any guarantee that it will featured at all. A company may incur huge costs in advertising, but this has less credibility than independent news coverage. Companies will value credibility

⁷ Alison Theaker, Op. Cit., p.148

that comes in third-party endorsement that may come with independent media.

A company would want to know whether listing will raise its profile through media coverage and in the process have its products or services endorsed by a third party without actually spending much on it.

Companies therefore face the costs of advertising in various media and hosting many events in order to get publicity, which may however be expensive since, as Fawkes (2004) tells us, it means “they [may] lose credibility and third-party endorsement in the process.”⁸ Therefore the company interested in resolving the problem of costs and credibility will look for ways to resolve it and would be interested in finding out whether or not it will increase its publicity by getting listed on the securities exchange.

1.3. Purpose of Study

The purpose of the study is to help companies understand whether they should use listing as a way to increase their coverage by the media and possibly better financial performance. It will determine whether companies can use the securities exchange as a way to enlist third-party endorsement of their communications to improve their public profile and financial performance.

⁸ Fawkes, Johanna, “What is public relations?”, 2004, in Theaker, Alison (ed.), *The Public Relations Handbook*, Second Edition, (London and New York: Routledge Taylor and Francis Group,) p.20

1.4. Objectives of the study

General objective: To examine whether the listing of a company on the securities exchange enhances the company's print media visibility and whether this visibility is related to its net profit growth.

Objective 1: To establish how the publicity of a company changes when it gets listed on the securities exchange

Objective 2: To explore the existing print publicity measures employed by companies and how these relate to the growth in net profits.

Objective 3: To demonstrate the relationship between listing on the securities exchange and print media coverage for the most profitable, the least profitable and most recently listed companies

1.5 Research questions

General question: Does listing on the securities exchange enhance a company's media visibility and its net profit?

Question 1: How many articles were published in the newspapers prior to listing of the companies compared to those published after the companies were listed?

Question 2: Has news coverage of the companies related with growth in net profits comparing before and after listing periods?

Question 3: How does the coverage of a company change comparing the pre-listing and post-listing stages of the two most recently listed companies and as compared to the other least and most profitable companies?

1.6. Significance of the study

The study seeks to provide information on the exact economic value of listing vis-à-vis publicity which will determine whether listing on the exchange enables a company to attract more media attention. This should then show it can make the work of the PR practitioner easier considering that most concentrate on media relations. It may tell us whether or not a company that is listed on the securities exchange needs to put less effort in convincing journalists to cover its press materials and attend their briefings and events. The study quantifies the contribution of print media to the listing process.

1.7. Justification

The study is intended to demystify the contribution of listing on the securities exchange to coverage in the print media and whether this coverage is related to the net profit of the company. The study seeks to quantify the relationship between print media and increasing net profit in a listed company.

1.8. HYPOTHESIS

If a company lists on the Nairobi Securities Exchange it gains more publicity and visibility through increasing the number of media appearances that can then impact on its earnings and growth. A company that is listed enables its

targeted markets to gain a better understanding of its brand and products through increased media attention.

1.9. Limitations and assumptions of the study

1.9.1. Limitations

One limitation of the study is that it looks at the companies that have been listed on the stock exchange in the past eight years. The other companies have been listed over different times since 1954, when the NSE was established. Thus the study does not look at the NSE from days of inception due to time and limited funds as well as practicality. In terms of practicality, newspapers in the past had little time for business news and therefore coverage of a company in the past was not necessarily a good measure of the impact of listing at that time. Only in the last few years have newspapers really taken business news coverage quite seriously as witnessed in the number of pages and days that in-depth coverage takes place. While generalization of the finding of this research may appear limited to companies have been listed in recent years, this limitation is mitigated by the fact that firms continue to list due to the benefits perceived to be provided by the securities exchange.

A second limitation is that content analysis, which is principally used here as method of observation and analysis, does not lend itself to revealing the actual motives behind the preponderance of certain articles in certain periods as compared to others periods. There could be issues of bias or powerful PR interests pushing materials for publication. The mitigation to this limitation is

that probability sampling reduces the chances that any biases will influence the overall results.

Thirdly, the fact that the financial PR is a largely uncharted territory, even globally, means there is also a good extent to which this study is also exploratory and could therefore reveal areas for further research.

1.9.2. Assumptions

One assumption is that companies are always seeking ways in which they can reduce their costs of operation and raising funds. One way to cut costs is get visibility and publicity in the Press without having to spend on advertising or elaborate media events, when a merely press release could do the job. As a financial PR person, you want to call press conference in the company's boardroom (rather than hiring expensive space in a prestigious hotel) or send a press statement (but not struggle to get a busy Finance Secretary to grace your event) to the newsrooms through e-mail and the story gets to the headlines of the newspapers the next day.

The second assumption is that the way the companies are covered by the media after the first 12 months of getting to the trading floor (the floor is no longer physical as it has been replaced by automated trading system) of the stock exchange is a reflection of how they will continue to be covered by the media unless they decide to delist from the bourse.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1. Literature Review

Next to nothing is written in Kenya on financial PR. Discussion with some local PR practitioners indicate that there are hardly any specialists in this area of PR, but they also note that the growth of the stock market has made this area grow in importance.

The PR profession in Kenya is such that specialization is hardly talked about given that 57 per cent of those practicing do not even hold basic qualifications in the discipline, according to a 2011 survey by the Public Relations Society of Kenya (PRSK). The survey actually noted lack of specialization as well as textbooks for the profession.⁹

The survey showed that it is only 16.7 per cent of the practitioners who performed activities to do with financial PR or investor relations.¹⁰

The subject is still a relatively new discipline even within the area of PR around the world having become a growth area in the 1980s¹¹.

⁹ Public Relations Society of Kenya (2011), *Draft Report on the practice of Public Relations in Kenya: Future Growth Prospects*; submitted by Kentice Libutsuli Tikolo, a member of PRSK, published by PRSK. p.38-39

¹⁰ Ibid., p.56

¹¹ Jefkins, Frank (1998), *Public Relations* (Revised and edited by Daniel Yadin), Essex: Pearson Educational Limited, p.236-237

However a growing amount of financial PR literature globally is tending to address investor relations, where the target is mainly the group of stakeholders called shareholders in firms listed on stock exchanges. However, in many cases, there is no distinction between investor relations and financial PR, as they are taken to be synonyms.

The dearth of literature is evident from the fact that it has not been taken as a separate from the mainstream PR discipline itself until recently.

It is not as if scholars have not seen the importance of the media in so far as securities or shares are concerned. The role of the media in stock market investments has been recognized, for example, in Kent Baker et. al. (1998), which notes that when foreign firms list on the New York Stock Exchange (NYSE) or the London Stock Exchange (LSE) their coverage by the media rises. “The NYSE listing firms also experience an average increase in newspaper citations by 1.64 WSJ [*Wall Street Journal*] articles (a 32% increase), 6.56 FT [*Financial Times*] articles (a 78% increase), and 6.08 home newspaper articles (a 37% increase,” the authors note.¹²

Around the world, the PR practice itself has developed tremendously over the last few decades to the point that particular areas have emerged and are themselves begin to develop fast. PR consultancies specializing in financial

¹² H. Kent Baker et. al., ‘International Cross-Listing and Visibility’ in 1998, downloaded from Social Science Research Network (SSRN) internet site.

and corporate PR, for example, are already established in financial capitals such as New York and London as in indicated in Jefkins (1998).¹³

However, as if to show that financial PR had still not emerged as an area of in-depth study by the late 1990s, Jefkins' text gives only two pages to the discussion on financial PR. There is no discussion in the text of any empirical studies in the field.

However in the past 10 years or so and especially in the past five this area has developed quite fast. It was previously thought that only financial reputation influenced the performance of a company, but Deephouse (1997) demonstrated that favourable media coverage also contributed to improved financial results of such a company. "Thus, we conclude that the performance of companies with good financial reputations may be improved by having good media reputations as well," the Deephouse study found.¹⁴ What was not considered in this study is whether total media coverage, regardless of whether positive or negative, is related to financial performance.

In another study, increased media coverage increases available information on a listed company to many investors, such that all information is factored in the price, thereby reducing volatility and returns from trading in stock since the price remains largely stable. However, the prices of stocks that are not covered by the press are more volatile and have higher returns from trading

¹³ Ibid, p.235

¹⁴ Deephouse, D. L. (1997) 'The effect of financial and media reputations on performance', *Corporate Reputation Review*, 1, 68 – 72.

due to limited of information.¹⁵ What is not taken into account is the extent of media coverage before the stocks are listed.

A major reason for the development of the financial PR is the recognition that public relations needs to cater for the more specialized areas in an era of deregulation and privatisation that has seen more companies brought into the stock exchange and subsequently involved more investors than was previously the case. This deregulation has been taking place in many parts of the world and in fact began being accelerated in the 1980s in the USA and the UK during the Ronald Reagan and Margaret Thatcher administrations that favoured free enterprise.

The coming into force of the Sarbanes-Oxley Act of 2002 in the USA significantly raised the importance of investor relations in the financial markets as it .established new requirements for corporate governance and regulatory compliance, with an increased emphasis on accuracy in auditing and public disclosure. Similar laws and policies were enacted in Canada in 2002, as well as in France and within Europe.

However, in Kenya the impact of initial public offerings (IPOs) as seen in media coverage has not been analyzed yet the companies going for listing has risen dramatically compared to other periods of the stock exchange.

¹⁵ Fang, L. and Peress, J. (2009), 'Media Coverage and the Cross-section of Stock Returns'. *The Journal of Finance*, 64: 2023–2052; [only Abstract was available] <http://onlinelibrary.wiley.com/doi/10.1111/j.1540-6261.2009.01493.x/abstract>

The media coverage has become all the more important because advertising expenses have risen and firms under scrutiny of shareholders are always looking for ways to save cash. Indeed, the phenomenon of using publicity either to save on advertising costs or to supplement advertising itself has been observed even in other countries.¹⁶

It is further noted that even marketing guru Philip Kotler said in 1989 that public relations is “one of the most cost-effective components of marketing communications.”¹⁷

Thus existing literature already supports the theory that PR is cost-effective for firms and this should be even more so for listed companies which have a bigger investor base that continually asks for higher dividends that can only be ensured by registering higher profits. A key development that occurs once a company is listed is that dividends have to be shared amongst many more people and therefore a company must make much more money to keep the original shareholders and the incoming ones interested in the company. If they are not, they will sell off their shares thereby causing a plunge in its price. Thus any savings that can be made must be made. Given the high cost of advertising, free media exposure is of paramount importance to the listed firm.

Another reason appearing in the media become so important is that the company will be addressing an increased number of stakeholders. While only a limited number of original shareholders may have been the only

¹⁶ Ardi Kolah, “Marketing Communications” in Anne Gregory (ed.), *Public Relations in Practice*, Second Edition, (London and Sterling: The Institute of Public Relations and Kogan Page, 2004), p17.

¹⁷ Ibid, p17

stakeholders before listing, after listing you have not only a large number of shareholders, but also regulatory authorities, communities, analysts, institutional shareholders, stock brokers, the media, and non-governmental organizations will be very keen on what the company is doing. The company will find that there are more demands on it for information and the media becomes the major way of communicating with the new stakeholders cost-effectively. It would therefore not be surprising that the company can easily get attention of the media that was the case previously. Even newspaper themselves are keen on news from listed corporate entities because the increased number of shareholders could serve as its readers.

In this text, which was first published in 1996 but re-published in 2004, finance PR is tackled as a separate article by Terrence Collis, who at the time of writing (July-August 2013) was the director of communications at Food and Standards Agency in the United Kingdom. By the time Collis was writing the article in the first edition of the book, Kenya was going through a phase in which the stock exchange was seeing the largest number of listings since its inception in 1954. Kenya Airways IPO, which was done in 1996, was the largest by then with thousands and thousands of new shareholders. But this would not prove very important for financial PR for many years especially given that even PR itself was viewed in companies as role for running errands for the bosses at the time.¹⁸

¹⁸ Discussion in 2006 with a long-time PR practitioner Johnson Waithaka, who was then managing director of Kenya Reinsurance Company, but previously public relations manager of the same company.

Even training was not seen as necessary for one to work in the PR field.¹⁹ But in the latest round of IPOs, the PR practitioner has not only been recognized with stiff competition for tenders to participate in providing advisory advisers, but most of the companies listed have subsequently moved to continue use of PR services after listing.

One of the reasons that financial PR has not developed as fast as it needs relates to the fact that, for one to do really well, it requires more technical knowledge. Indeed, Collis writes: "Financial public relations may require more discipline and more technical knowledge than most aspects of communications activity..."²⁰ Jefkins noted as well: "It [financial PR] calls for a special knowledge of the financial world, how it works, and the new regulatory controls set up by the stock exchange, plus the implications of international dealings among the major stock exchanges of the world enjoying satellite facilities."²¹ Collis advises that as a financial PR professional you must "learn as much as you can about finance and accounting. Much of it may be jargon, but ignorance leads to error."²²

While FTSE 100 companies all have engaged the services of PR practitioners, preliminary observations show that only the big firms engage a full-fledged PR department as many still combine it with marketing.

¹⁹ Ibid.

²⁰ Collis, Op. Cit. p73

²¹ Jefkins, Op. Cit. p.237.

²² Collis, Op. Cit., p.75

Even with recognition among practitioners of the need for financial PR, academic research in the field has lagged even further behind. Even Collis article seems to rely heavily on his professional experience and hardly has anything to do with academic research work pointing to the dearth of researched materials in the field. He however noted that “the media’s appetite for business news seems to have no limit”²³ and this has been more so with the rising number of stakeholders, including shareholders, that should come with firm being listed on the stock exchange. The media would be expected to go where the readers are. Because of the interest on the business news from concerned shareholders, newspapers have been forced to cover the developments at the stock exchanges.

Collis says that the work of financial PR is to ensure support for the listed company’s share or bond price or good credit rating. But he adds: “Although short-term success in increasing share price may be welcome, ensuring that the City and City [business] journalists have a clearer understanding of a company strategy is far more important. The real contribution that good corporate and financial public relations make to a company is in creating a clear understanding among financial audiences of what that company really does and what it is trying to achieve, then making sure everyone knows when it meets or beats those objectives.”

It would follow that the PR person will constantly be pushing for publication information in the press that will support these aims. It should therefore be

²³ Ibid, p59-61.

expected that there should be more articles on a company appearing after it is listed or around the time it is being listed because this will raise chances of its being highly subscribed or oversubscribed and subsequently high after-market price, which is that realised after a company starts trading at an exchange. Further, if the financial PR is the source of many of these articles, it should follow that most of them should portray the company in a positive light.

In fact, others such as Theaker (2004) says that the “main aim of financial PR is to ensure the share price of a company adequately reflects its value and to help liquidity in its shares.”²⁴ And many authors concede, sometimes with regret, that the greater proportion of the PR is still aimed at influencing what is covered in the media because that is where you catch most of the stakeholders in an issue in one go.

For stocks, information or news that will raise the price is critical. Collis (2004) says: “There is no doubt that the majority of financial communications activity is aimed at creating more demand for shares in a particular company. Stimulate more buyers than sellers and share prices tend to rise.”²⁵

It is for this reason that financial PR professionals interact with journalists to give them positive information about a company although some PR experts, such as Jefkins (2004), stress that the point should be to create “knowledge and understanding.” In practice, however, financial PR people push for materials to be published reflecting positive aspects of their clients almost at

²⁴ Alison Theaker, *The Public Relations Handbook*, Second Edition, (London and New York: Routledge Taylor and Francis Group, 2004), p209.

²⁵ Collis, Op. Cit. p.65

any price including bribing some journalists.²⁶ It may therefore not be surprising, if it should turn that a lot of news published in the news pages, including business news, appear to come from PR practitioners. Research in the US, for example, show that at least 50 per cent of published material comes from PR sources.²⁷

Indeed, if a company's management is unable to raise the profile of the company in a manner that pushes its share price up, it may become subject of takeover attempts by predatory investors (Shirley, 2004 and Brigham and Ehrhardt, 2002) as is explained further below. But does more press coverage lead to higher prices relative to the earnings of a company as compared to its rivals in the local market place? This is the gap that this research should reveal.

In their 2003 work *Public Relations Practices*, Allen Centre and Patrick Jackson say that the entry of the middle class into financial investments has created the need for close monitoring of markets.²⁸ They point to the increased trading in shares and other investment instruments as evidence of the need for greater focus on financial PR. But they point that companies that are at the stock exchange receive a lot of attention from the press because of the huge number of investors involved unlike in the past when only institutional investors dominated the market.

²⁶ Journalists know that there are some companies and personalities which will almost always part with money during their functions. Indeed, in some media houses especially those that do not pay their journalists well or promptly, some of the scribes shamelessly lobby intensely to be assigned to functions organized by these firms.

²⁷ Em Griffin (2000), *A First Look at Communication Theory*, McGraw-Hill Companies, p.369

²⁸ Centre, Allen H., and Jackson, Patrick *Public Relations Practices: Managerial Case Studies and Problems*, Sixth Edition; (Upper Saddle River, New Jersey: Pearson Education, Inc, 2003), p.118.

Centre and Jackson say: “These people [investors] follow the market with the same fervour as traditional institutional investors and probably suffer more over the ups and downs of the market than any high rollers.” They go on: “One aspect of financial affairs that increasingly affects the national mood is US investors’ calculations of the corporations in which they have invested.”²⁹

But even in this Centre and Jackson study, which involves case studies, there is more reliance on articles from newspapers, magazines and periodical on the subject than on any other source of empirical information. Financial PR appears like an area still struggling for empirical evidence for its assertions.

Fraser P Seitel seems to echo the same sentiments on the increased need for financial PR as the participants at the stock market grew. “In the two years prior to the 21st century, buying and selling stock became the nation’s number one sport, and companies both new and old flooded to Wall Street [the US financial centre] to attract investors.”³⁰

For a firm that is listed, failure to have in place financial PR that influence the thinking of shareholders and other stakeholders can sometimes be disastrous for the management and some owners in the event of a hostile takeover. Indeed, the very existence of the firm may be at stake. Says Harrison (2000): “Companies need to be in regular touch with their financial publics but this is never more important than when takeovers are in the wind. The company is asking investors to put up more money to resist the offer of more money from

²⁹ Ibid, p.118.

³⁰ Fraser P Seitel, *The Practice of Public Relations*, Ninth Edition, (Upper Saddle River, New Jersey: Pearson Educational, 2004), p.364.

a competitor, and the future of the company itself is at stake. Companies which do not retain specialized financial public relations advisers usually find it necessary to do so when threatened by predators.”³¹

This is underlined by Theaker (2004) who says that takeovers are often characterized by a financial PR war in the media. “The aim of financial PR and investor relations ... is to persuade shareholders that the management of one company is more capable than the other company. This battle is more often fought out in the media.”³²

Therefore, because companies that are listed have more to fear from hostile takeover, they have no choice but to use financial PR prudently as a way of maximizing on price at the stock market. This can be done by ensuring a higher profile that maximizes sales and therefore profit to realize shareholder value.

A critical audience in the whole financial PR business is the analyst community. There is a relationship between what appears in the media and what analysts perceive of a company. Thus the slant in the media may sometimes be a function of what analysts think of the listed firm.

Says Clarke: “They will make recommendations about whether shares in a particular company should be bought, sold, held on to or avoided and are therefore a powerful and important target for companies...Analysts are also

³¹ Shirley Harrison, *Public Relations: An Introduction*, 2nd Edition, (London: Thomson Learning, 2000), p.179.

³² Alison Theaker, Op. Cit. p214-5

the key opinion formers, identifying trends and anomalies and generating ideas for investment. Analysts have a good relationship with the press and a journalist will often add weight to an article by gaining a quote from an analyst.”

2.2. Theoretical framework

Financial PR being a relatively new area of academic discourse has not evolved any new conceptual or theoretical models apart from those of the mainstream PR itself. Indeed, apart from the fact that technical understanding of the financial world is critical, it functions as just another area of public relations.

In fact, the majority of books on PR, being on the practice and art of the profession, do not dwell on theory. They go straight into the issues that relate directly to the practitioners.

Says Shirley Harrison (2000): “Even in America, where the subject has been on the university syllabus for 70 years, there is dearth of published theoretical material which is purely related to public relations. Much of what has been written takes models from the social sciences and even from engineering and adapts them to the theory of public relations.”³³

However, some texts have a chapter or portion on theories and models used in PR.

³³ Shirley Harrison (2000) *Public Relations: An Introduction*, 2nd Edition, Thomson Learning, p.33

In 1984, James Grunig and Todd Hunt distinguished four models of communication relationships with publics by looking at examples from US history.³⁴ Johanna Fawkes (2004)³⁵ discusses the models using both US and UK examples.

Press agency or publicity model is that which most people associate with public relations as it is more visible. It aims to secure coverage for a client in the media. The PR person is constantly floating press releases to the media or inviting the media for one briefing or cocktail after the other. The truth is not a major issue as long as the client gets coverage.

In fact, an American circus owner PT Barnum who in the 1850 obtained massive coverage of his shows is famous for saying: "There is no such thing as bad publicity." In short, as long as you are covered, the type of publicity does not matter. The case of celebrity coverage is especially telling in this regard. Mention is made that publicity activity surrounding celebrities such as footballer David and his musician wife Victoria Beckham has been orchestrated by a number of public relations consultancies.³⁶

Companies listed on the NSE will want to be covered as many times as possible especially when they are promoting products. They may not care much about the efficacy of the product since their major aim is to sell it in the market. But listed companies must be careful not to release erroneous

³⁴ James Grunig and Todd Hunt (1984), *Managing Public Relations*, Holt, Rinehart & Winston. Quoted in Theaker, Op. Cit. p.12

³⁵ Johanna Fawkes, "What is public relations?" in Theaker Op. Cit. p.12

³⁶ Ibid.

information that will attract the wrath of the regulator who is, in this case, the Capital Markets Authority (CMA).

The second type is the public information model where accuracy is essential. The aim is not to persuade the audience but simply to provide it with information. The practitioner does not know nor does he seek to know his audience since this is basically a one-way communication. Grunig and Hunt cite the work of Leadbetter Lee who at the turn of the 20th century tried to obtain and disseminate information about the industrial conglomerations to enable people to know why the firms did what they did.

Essentially this is the type of model that is associated with public corporations or the government ministries. Indeed, Fawkes says that local and central governments continue to practise this model of communication in the UK.

In some cases, in using this model a listed company will be offering information relating to its operations especially that required by the regulators. That information includes annual or half year results. Such news is supposed to be factual and devoid of deliberate material misrepresentation.

The third model is two-way asymmetric PR which introduces the idea of feedback from the audience. There is however no proper balance because the change in behaviour or attitudes is sought from the audience rather than from the organization that is communicating. This is also called persuasive

communication such as is seen in health campaigns such as that against HIV/AIDS.

“Persuasive communication relies on an understanding of the attitudes of and behaviour of the targeted publics, so planning and research are important to this kind of public relations... The line between persuasion and propaganda [is] not seen as a problem...,” states Fawkes.³⁷

This method appears to be the most widely used form of PR even in corporate organizations.³⁸ The corporate tries to persuade the public that it has the best products, best staff, and that it is reliable and products are safe and value for money.

In the case of Kenyan listed firms, appearing in the media is supposed to be part of persuasive communication intended to influence readers to view it more positively and influence its price upwards.

Two-way symmetric model is listed by Grunig and Hunt as the fourth and is essentially the ideal for PR. It is liberal, involves dialogue and assumes a degree of equality that is not found in real-life situations. Thus feedback is critical and both sides persuade each other and reach some understanding. Others such as L’Etang (1996) argue that since organizations can never act

³⁷ Fawkes, Op. Cit. p.14

³⁸ Ibid. p.15

against their own interests, the communication remains asymmetrical.³⁹ Thus, this model of communication is rare and it may only be found in theory.

Grunig and Hunt realized that an organization may actually use more than one model depending on the strategies they are pursuing for dealing with different publics.

While a listed company may use any of these models to ensure coverage in the media, the question will arise as to why the media covered the company or focused on it in a particular manner.

Why would the media choose to highlight the listed company more than the unlisted one? It may be that the large number of investors who normally join a company when it is listed influences the media to cover it more keenly than at the time when it was not listed and therefore had only a few shareholders and stakeholders. That indeed, the major reason a listed company becomes a centre of focus for the media has everything to do with the fact that it has many more stakeholders whose need for information on the same company rises. The media therefore has to rise to the occasion by covering these companies. Because the media hopes to make more sales from the new audience, its commercial interests converge with those of its new stakeholders. In this respect, the audience has certain uses and achieves certain gratifications from the media which in turn uses them for its internal commercial reasons.

³⁹ L'Etang, J. (1996) "Public Relations and Rhetoric" in J L'Etang and M Pieczka (eds), *Critical Perspectives In Public Relations*, International Thomson Business Press. Quoted in Fawkes, Op. Cit. p.16

The uses and gratifications approach is therefore the appropriate model to use when viewing the increased prominence that a listed firm gains in the media.

In broader terms, the media then appears to be dancing to the tune of society. It prints news on the listed companies because the society (the board of directors and the regulator presumably serving society's interests) have decided to list the firm on the basis that it is good for all interested investors. But at the same time, the media is able to gain from the relationship. Thus there is a symbiotic relationship between the media covering listed companies and PR interests of the firm.

This implies that systems analysis will be relevant in analyzing the relationship between the listing of a company and its subsequent coverage by the media. The whole society becomes the system which has subsystems within it. The society provides the material for publication by an organization which then shapes it in a certain way that conform to society's expectations, the craft of journalism as well as the individual writer's professional understanding.

In systems analysis, the key thing is the consideration of the structures that form the society. Each structure has a function that it performs. In this structural-functional analysis, a structure within a system is a pattern of activity that takes place with some regularity which is predictable and which

controls the throughput activities and the resulting output.⁴⁰ To some extent, the society even shapes the journalist's mind because he must produce content that is marketable to the medium's audience.

Lasswell (1948)⁴¹ posited that functions of communication include surveillance that involves scanning the environment and subsequently for informing the community about it so that it can judge on the best way of acting. Thus, when the community increases the level of activity at the stock market by buying more and more shares, it needs to be constantly informed of the performance of the companies in which they hold shares. The media must take cue and act accordingly, which effectively means they have to cover the listed companies all the more. If the community, or in this case investors, are not informed of what is happening, they become vulnerable to inaccurate rumours and may buy or sell shares without knowing exactly what they are doing.

The extent to which the listed company is covered will also depend on the sophistication of the professional expertise available in media houses since listing a company also comes with more disclosure of information that needs extensive and in-depth analysis. But it would appear that on the whole, media houses have increased the amount of space devoted to business coverage over the last decade, thereby improving the chances that a listed firm will be covered more often than was the case previously.

⁴⁰ Stan, Alexis S. (1985), *Mass Communication Theories and Research*, Second Edition, John Wiley and Sons, pp.339-341

⁴¹ Harold D. Lasswell (1948), "The structure and Function of Communication in Society" in Bryson, (ed.), *The Communication of Ideas*, Harper and Brothers. Quoted in Denis McQuail and Sven Windahl (1981), *Models for the Study of Mass Communication*, Longman, p.10.

Two factors make coverage of a listed company higher. Proximity or relevance to the audience increases the chances of coverage of an event or company.⁴² Indeed, the external forces in the name of the audience needs will often determine what appears in the media.⁴³ This is what happens to a company when it is listed.

The second factor is increased coverage in usage of PR. The high usage of PR content in the business media can be seen in the theoretical context provided by game theory. To begin with game theory, which as developed in the 1950s, posits that there are a number of possible outcomes in a competitive situation and the point is to study this with a view to finding the best outcomes for one or more parties in the situation.

Here the “players” in the “game” could be the PR practitioners and the media. There are several types games that can be identified. In a zero-sum game the winner takes everything and the loser goes with nothing. A situation in which an editor decrees that he would never use a story coming from PR people, sees the PR firm lose in the eyes of the client. The media would rather use a story that has been generated independently.

The second game is a non-zero sum game in which each party gains something. Cooperation between parties is more valued than straight winning and losing. When the media receives stories from PR people and uses them, it gains by having free content (although the story is not independently

⁴² Denis McQuail and Sven Windahl (1981), *Models for the Study of Mass Communications*, Longman, pp.106

⁴³ Stan, Op. Cit. p.337

generated) while the PR firm gets its client coverage. The PR person gets his company covered and the media organization gains readers which it can then sell to advertisers.

But there can also be bargaining games between the media and the PR people in the sense that a badly-crafted news release can be enhanced by a journalist who gets a chance to ask more questions and “beefs up” a story that his media would otherwise not have used.

CHAPTER THREE

METHODOLOGY

3.1. Introduction

A major point of departure for this research is that it is actually on the effects of society on mass media. It investigates the extent to which developments external to the media affect the way the media process that information and packages it for consumption.

In this case, the issue is to investigate the effect that listing on the securities or stock exchange may have on a company's coverage by the Press. The point of emphasis is that there may be significant public relations and media impacts that listing a company brings about. Indeed, there may well be PR benefits that a firm receives when it becomes a member of the bourse.

The study investigates the amount of coverage in terms of the number of articles published on each of the companies. With such quantitative information, it will be possible to use both descriptive and inferential statistics. That is to say that there will be indices that describe the samples taken showing measures of central tendency as well as dispersion and relationships.

The study intends to use probability sampling in order to make it possible to test hypotheses using inferential statistics.

Content analysis, an unobtrusive measure and method of research, is the key method that shall be used. This is a method of observation as well as of analysis. Kerlinger (1973) says: "Content analysis is a method of studying and analyzing communications in a systematic, objective and quantitative manner to measure variables. Most content analysis has not been done to measure variables, as such. Rather, it has been used to determine the relative emphasis or frequency of various communication phenomena: propaganda, trends, styles, changes in content, readability."⁴⁴ Kerlinger considers it a method of observation, measurement and analysis. This is the same approach adopted in this study.

Mugenda and Mugenda (2003) define content analysis as "the systematic qualitative description of the composition of the objects or materials of the study. In other words, content analysis involves observation and detailed description of objects, items, or things that comprise the sample."⁴⁵

This is basically a survey research method, which seeks to describe how companies that get listed are covered in the Press. Says Mugenda and Mugenda (2003): "Surveys are ... excellent vehicles for the measurement of characteristics of large populations."

⁴⁴ Fred N. Kerlinger (1973), *Foundations of Behavioral Research*, Second Edition, Surjeet Publications, p.525

⁴⁵ Olive M. Mugenda and Abel G. Mugenda (2003), *Research Methods: Quantitative and Qualitative Approaches*, African Centre for Technology Studies, p.174

Content analysis, as applied in this study, is a method of data analysis as well as method of observation on such materials as letters, diaries, newspaper articles, minutes of meetings, live reportage, films, television and radio shows.

A recording unit is the smallest body of content in which the appearance of a reference (a single occurrence of the content element) is noted. The context unit is the largest body of content that may be examined when characterizing a recording unit.

Five major recording units have been used in content analysis: words or terms, characters, themes, paragraphs and items. Word is the smallest unit generally applied where analysis yields a list of frequencies. For many research purposes the theme is a useful recording unit, particularly in the study of propaganda, attitudes, images and values. In its simplest form, a theme is a simple sentence composed of a subject and a predicate. Because themes can be found in clauses, paragraphs, and illustrations in most texts, researchers specify which of these the coder will search when using the theme as a recording unit. For example, the coder may consider only the primary theme in each paragraph or count every theme in the text.

The item is the whole unit the producer of a message employs. The item may be an entire book, article, speech, e.t.c. Analysis by the entire item is appropriate when the variations within the items are small and insignificant. For example, news stories can often be classified by subject matter such as crime, labour, sports or companies. This research will be analyzing whole

articles appearing in the national newspapers as to determine whether they discuss the seven companies. The item here is the newspaper of a particular date with the theme being the particular company.

The population here is all the business pages of the daily final editions of the newspaper published. A sample is picked from the dates of the newspaper in order to determine whether or not news of the companies is featured in the business pages. Each article in an edition amounts to one appearance in the sample taken.

3..2. In this study

This study will involve picking some dates randomly and then noting the articles relating to the seven companies in the business pages. The items are those appearing as full articles in the sampled final editions of the *Daily Nation* and *Sunday Nation*. However, the articles sampled will be in the one year before and one year immediately after listing to compare the prominence in coverage before and after listing.

Thus when observing business articles in the sampled business pages, note will be taken of which company is covered. In each addition note will be taken as to whether any of the seven companies have been covered in an item. Since articles are normally found in a single edition, each date can produce one appearance.

This method of taking the number of published newspaper articles has been used in studying the effect of listing of a company on more than one stock

exchange in terms of attracting media attention and analyst coverage – the analysis of the companies by stock market researchers in investment and fund management companies – at the London Stock Exchange and the New York Stock Exchange. “To measure media visibility, we obtain the number of times a firm is cited in newspaper articles” the authors of the study wrote.⁴⁶

Since the group of 17 newly listed companies is in a number of different sectors, this study will analyse the two most profitable and the two least profitable, and also look at the companies that have mostly recently listed, which are the Home Africa and Nairobi Securities Exchange (NSE) itself. One year after listing, the two most profitable are Equity Bank and AccessKenya while the least profitable are Eveready East Africa and Longhorn Publishers.

The most profitable and least companies were chosen on the basis of data gathered from the financial reports of the companies as reported to the NSE and published in newspapers as shown on **Table 2**. Equity Bank saw its net profit rise by a hefty 153.1 per cent to record Sh345 million in 2005, that is the year just before listing, and again by another 150.7 per cent to Sh754 million in the year after listing. The bank has since grown to the point that in 2013, its profits stood at just over Sh12 billion in net profit. Before listing AccessKenya net profit grew fast in the year before and immediately after listing with the NSE data showing that it increased its profit by 430 per cent in 2006 and 240 per cent in year 2007 and 29 per cent in 2008.

⁴⁶ H. Kent Baker et. al., ‘International Cross-Listing and Visibility’ in 1998, downloaded from Social Science Research Network (SSRN) internet site.

For the least profitable companies, Eveready East Africa was taken because its net profit dropped every year for three consecutive years, namely 2005, 2006 and 2007. Longhorn Publishers, affected adversely by government policy of not buying books from local publishers directly as was the case previously, fell from profitability to loss a year after listing on the NSE.

The prominence in media attention given to each of the four companies shall be in two categories to cater for the time before listing (pre-listing) and time after listing (post-listing). The other most recently listed firms are included in the frequency data for comparison to see whether the trends in the other four companies are also notable in recent times.

Each company shall therefore have a comparison for both periods and it should be possible to determine during which period the company received more media prominence. It will also be possible to determine whether the most profitable company had more media prominence than the least profitable in the pre-listing period and, separately, in the post-listing period.

What type of sampling shall be used? It will be stratified random sampling. This will be done to ensure that the two subgroups of pre- and post-listing are represented in the samples. Then from each subgroup simple random sampling will be applied to select cases. Simple random sampling involves giving a number to every subject and placing the numbers in, for example, a box or any other container and then picking any number at random. This is

done until the desired number of subjects is picked.⁴⁷ In this case, 40 is the number of dates that are taken from a possible 365 days of a year. This is more than a minimum of 30 cases and also exceeds 10 per cent of the target population, thereby reducing the sampling error and enabling the study to come with inferences about the entire population.

Throughout the period during which the listing of the four companies took place, business coverage in the *Daily Nation* as well as in the *Sunday Nation* was continuous. Hardly a day went without business news being covered in the newspapers thereby making sampling results reliable. In fact, business news is reserved specific pages in the newspaper every day. It is these business pages that shall be the focus of the study.

The accuracy desired is at 0.05 significance, which means that the results achieved would have occurred by chance only five per cent of the time and therefore the results would be achieved as a result of the variables in question in 95 per cent of the time.

⁴⁷ Mugenda and Mugenda, Op. Cit., p.45

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1. Introduction

The data collection sought to find out, as set out in the problem statement and hypothesis, whether a company gets any improvement in its public profile or visibility when it is listed on the Nairobi Securities Exchange. Data was collected for the period before and after listing in order to compare the two periods in order to determine whether there was any change in the visibility of the companies. That visibility was also compared to the performance of the companies in terms of the percentage growth of their net profit, such that the two sets of companies, most profitable and least profitable, were compared at pre- and post-listing stages.

The four companies chosen for research and analysis was derived from list of 17, which is the number of companies that were listed on the NSE between 2006 and August this year (shown on **Table 1**). From the profitability numbers, the two most profitable companies were Equity Bank Limited and AccessKenya while the least profitable were Eveready East Africa and Longhorn Publishers (as shown **Table 2**).

A random sample of 40 dates of publishing of the *Daily Nation* for each of the companies studied was taken before listing and another sample was taken for the period after listing, given the stratified sampling method proposed to be used in Chapter 3.

Umeme (Energy)	14- Dec- 12									
-------------------	-------------------	--	--	--	--	--	--	--	--	--

Sources: Company

Table 2

Four Listed companies and their financial performance (growth of net profit)								
<u>Company Listed on NSE</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Remarks</u>
Equity Bank Limited	153.10%	118.80%	150.70%					Consistently outperformed other newly listed companies
AccessKenya Limited		430.70%	240.20%	29.32%				Seems to have excited investors being the only ICT company listed until June 2008 when Safaricom also got listed
Eveready East Africa	-1.50%	-11.40%	-23.70%	-85.89%				It was a disaster from the word go as profit fell every year compared to the previous one
Longhorn Publishers					547.62%	Loss	Back to profit	The only company recording a loss shortly after listing; went back to profit of Sh93 million which is still below pre-listing level

Source: Company Reports, Capital Markets Authority (Kenya)

Table 3

Four listed companies, their market value and frequencies of press appearances*						
	Company	Pre-listing frequency of appearance	Post-listing frequency of appearance	Change in frequency	% change in frequency	Market capitalisation (NSE value of firm) KShs million (31-Jul-2013)
Most profitable firms	Equity Bank Limited	8 (125)	17 (524)	9 (399)	113% (319%)	122,192
	AccessKenya Limited	5 (70)	4 (66)	_1 (_4)	_20% (_6%)	1,987
Least Profitable firms	Eveready East Africa	6 (69)	8 (98)	2 (29)	33% (42%)	630
	Longhorn Publishers	5 (118)	15 (758)	10 (640)	200% (542%)	790
Total for 2 most profitable firms		13 (195)	21 (590)	8 (395)	62% (203%)	124,179
Average for 2 most profitable firms		6.5 (93)	10.5 (295)	4 (202)	62% (218%)	62,090
Total for 2 least profitable firms		11 (187)	23 (856)	12 (669)	109% (358%)	1,420
Average for 2 least profitable firms		5.5 (94)	11.5 (428)	6 (335)	109% (356%)	710
Total for 4 firms		24 (382)	44 (1446)	20 (1064)	83% (279%)	125,599
Average for 4 firms		6 (96)	11 (362)	5 (266)	83% (277%)	31,400
Source: Research; Nairobi Securities Exchange daily stock report 31-July-2013; *The numbers in brackets represent the number of times the companies was mentioned in all published material including stories not directly related to the company and text adverts; the other numbers represent articles published from a sample of 40 days randomly picked out of 365 days of a year						

This means there were 40 sample days for each company before listing and another 40 sample days for each company after it was listed, showing that two periods were used for purpose of comparing them in terms of descriptive and inferential statistics. Each period was of 365 days or a year, thus meaning that the sample for each period was 40 days of publishing.

That is to say that the sample size was 11 per cent of the target population and above the 30 minimum for each period, therefore enabling making of inferences from the research. The descriptive data got from the research include means or averages, percentages, standard deviation, etc.

In testing the hypothesis, the difference-between-means test⁴⁸ was applied. Two sets of data (as shown on **Table 3** and **Table 4**) were used: (1) Determining extent of change, if any, of visibility of the most profitable firms from pre- to post-listing and doing the same for the least profitable companies separately. This set of data will tell us whether the most profitable company (and the least profitable company) experiences any change in terms of visibility when it is listed; (2) determining extent of the difference, if any, in visibility of the most profitable from the least profitable companies in the pre-listing stage and doing the same for the two types of companies in the post-listing stage. This set of data will tell us whether the more profitable company has any advantage over the least profitable company in media coverage before they listed and after.

⁴⁸ Nachmias, D. and Nachmias-Frankfort, C. (1996), *Research Methods in the Social Sciences*, Fifth Edition, London: St. Martin's Press, p.488-490

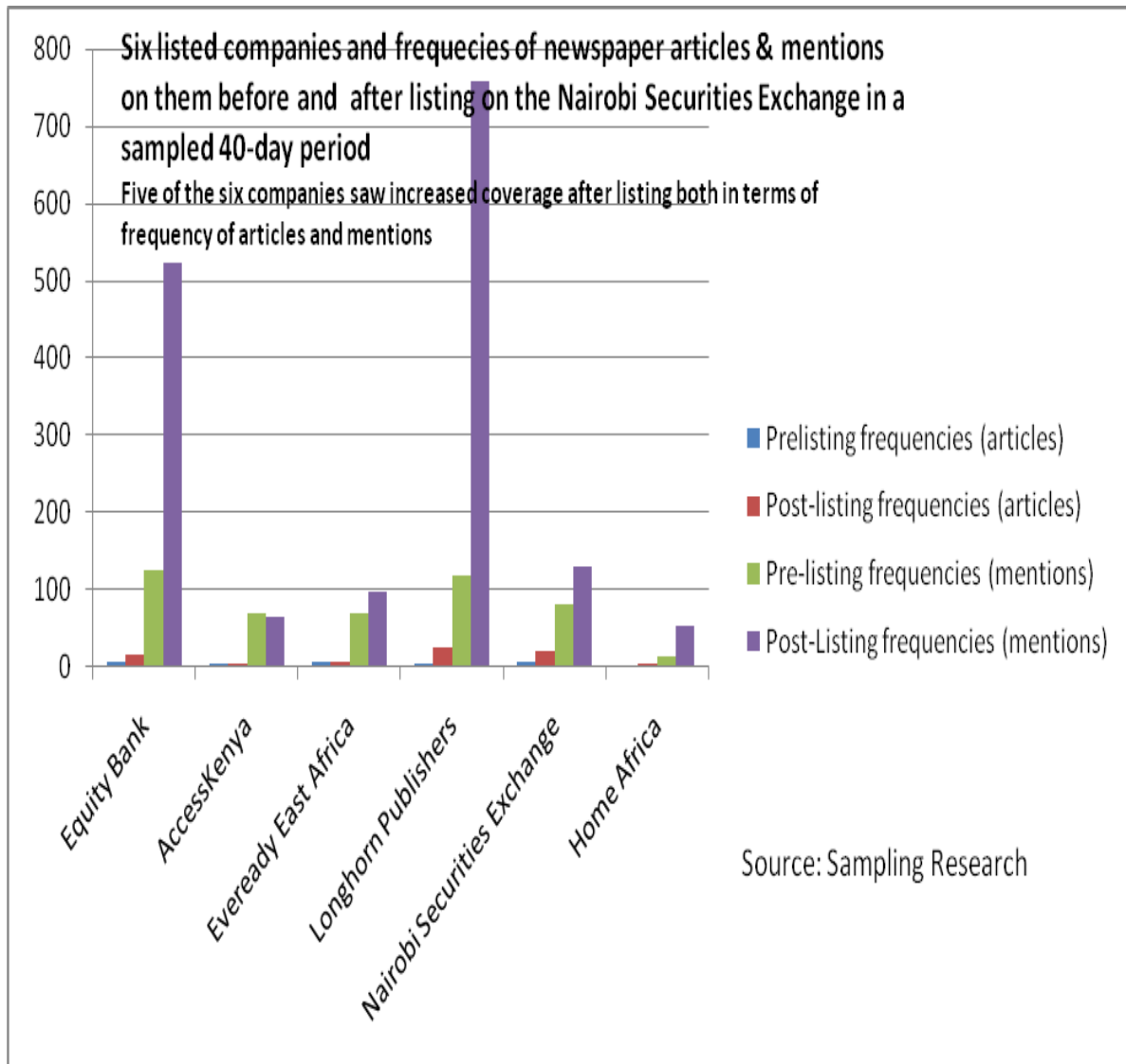
This research has also generated data on the mentions of the companies in the *Daily Nation* during the particular dates before and after listing of the companies, but does not go deep into its analysis. The mentions frequency is a figure automatically generated from the recorded editions of the paper at Nation Media Group and can be searched for purposes of mentions of a particular word such as Equity Bank, Eveready, e.t.c.

The difference between the data on published articles in the business pages of the daily editions and that on the mentions is that the latter does not tell whether the full article itself was about the company. These are merely mentions which could have appeared in the sports pages, classified, obituaries, advertisements, stock market daily data and variety of other published material. The data on mentions (though described in **Table 3**, **Graph 1** and **Graph 2**) is therefore not used to make inferences on the research, but is presented as indicative and seems reasonably in line with other basic descriptive sampling data on percentages changes.

4.2 Frequency data

4.2.1. Objective 1: To establish how the publicity of a company changes when it gets listed on the securities exchange

From the sample of 40 publishing dates before listing on the securities exchange, the two most profitable companies had a total of 13 articles published, but the least profitable firms had 11 articles on themselves appearing. After the listing, the most profitable companies had 21 articles on them particles published, but the least profitable had 23 articles.



Graph 2

	Pre-listing articles	Post-listing articles	Pre-listing mentions	Post-listing mentions
2 most profitable	13	21	195	590

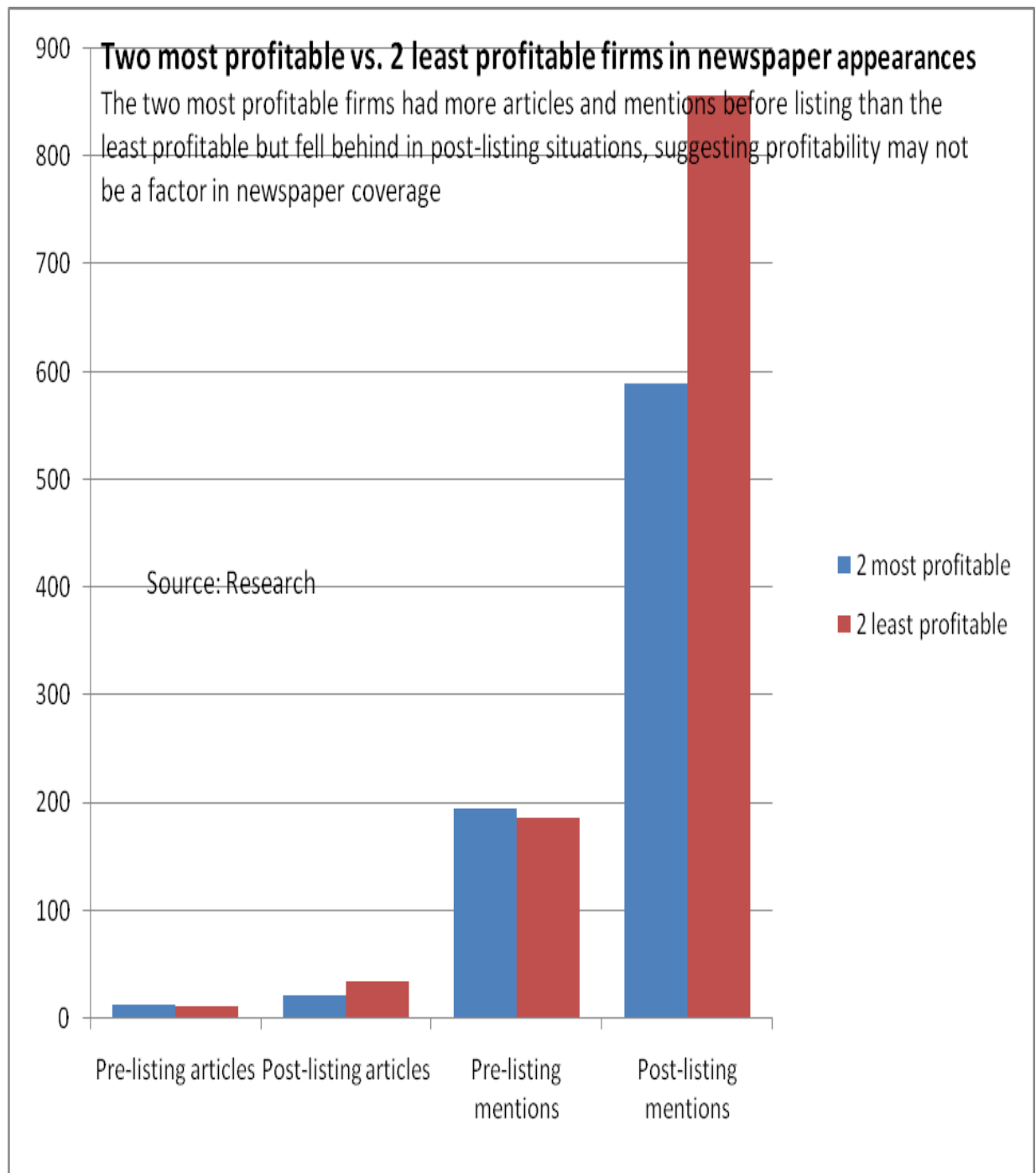
2 least profitable

11

34

187

856



Before listing, on average the two most profitable firms had 6.5 while the least profitable had 5.5 articles on average. In total, the four companies had 24 articles published in the total of 160 days. After listing, the big 2 had an average of 10.5 appearances while the small two had mean of 11.5 appearances.

All the four companies considered together saw the frequency of their coverage increase by 279 per cent after listing. Separately, however, three of the four companies saw their coverage increase while one saw a decrease **(shown on Graph 1)**.

4.2.2 Objective 2: To explore the existing print publicity measures employed by companies and how these relate to the growth in net profits.

On the basis of frequency numbers and percentage changes (presented in **Table 3**), the most profitable firms had slightly more coverage than the least profitable before listing, but after listing, the least profitable firms had slightly more coverage than their more profitable counterparts. In terms of the amount of change from before-listing period to after-listing stage, the least profitable companies enjoyed considerably more growth in media coverage. That the least profitable companies coverage increased by 109% while that of the most profitable increased by 62%.

Incidentally, the least profitable companies were also the smallest in terms of market value (or market capitalisation defined as the number of issued shares times the prevailing market price), on the basis of NSE data (column seven of **Table 3**).

In terms of total frequency of mentions, the most profitable companies saw theirs increase by 203 per cent after listing, while the least profitable companies had theirs rise by 358 per cent.

The two most profitable companies had more articles and mentions before listing than the least profitable, but fell behind in the post-listing situation, suggesting growth in profitability may not be a critical factor in newspaper coverage (**Graph 2**) after a company has become quoted on a securities exchange.

4.2.3. Objective 3: To demonstrate the relationship between listing on the securities exchange and print media coverage for the most profitable, the least profitable and most recently listed companies

Both most profitable and least profitable are able to increase their coverage by the media by getting on the stock exchange.

For the most profitable firms, the average number of articles that appeared prior to being quoted on the NSE were 6.5, but this increased to a mean of 10.5 after getting listed.

When looking at the most recently listed companies – namely the NSE and Home Africa – the data shows that the frequencies of articles and mentions increased after they got listed. Before listing the two companies' average number of published articles was 5.5 but this rose to 13.5 after being listed.

The NSE seems to enjoy higher publicity than Home Africa looking at the available data apparently because the prices of its shares has been rising, causing some excitement among shareholders and print media journalists. The *Business Daily* has been covering the stock quite regularly, tracking how the wealth of the main shareholders, namely brokers, has been rising and factors likely to affect its share trading. Some of the latest headlines in the *Business Daily* are 'NSE shareholder wealth shoots up Sh114 billion in six weeks', 'Dyer and Blair says NSE to shrug off capital gains tax' and even a front page splash headline on September 22 to the effect 'Brokers hit the jackpot as NSE share valuation rises by 163pc.'

The case of the two most recently quoted firms show that the same pattern displayed by the most profitable and least profitable companies continues to be also displayed in most recent listings, namely, that listed companies enjoy more coverage in the print media than before they get listed.

Therefore the most and least profitable firms as well as the most recently listed ones benefited from listing, thereby showing that it did not matter whether a company had a higher net profit than another or was recently listed, but listing benefited all firms.

4.3 Testing the hypothesis

The hypothesis is that if a company lists on the Nairobi Securities Exchange it gains more publicity and visibility through increasing the number of media appearances and that these appearances are related to growth in its net profit.

The null hypothesis would say that there is no difference between pre-listing and post-listing stages of the companies whether this are the most or least profitable companies quoted on the stock exchange.

As indicated in the introduction to this chapter, the hypothesis was tested using the difference between means of two sets of data. The first set shows whether the visibility of the most profitable firms changed when it moved from pre- to post-listing stage and doing the same for the least profitable companies separately. The second set of data is for determining extent of the difference, if any, in visibility of the most profitable from the least profitable companies in the pre-listing stage and doing the same for the two types of companies in the post-listing stage.

Pre-listing and post-listing stages: In this we want to find out whether the companies receive significantly more coverage when they are listed than before.

Calculating the pooled estimated of Standard error, assuming the two populations variances are identical:⁴⁹

$$SE = \sqrt{\frac{n_1 s_1^2 + n_2 s_2^2}{n_1 + n_2 - 2}} \sqrt{\frac{n_1 + n_2}{n_1 n_2}}$$

SE: standard error (pooled)

n_1 : size of sample at pre-listing stage

n_2 : size of sample at post-listing stage

s_1^2 : standard deviation for pre-listing

s_2^2 : standard deviation for post-listing stage

Table 4

Difference-between-means test for four firms at pre- & post-listing --Referring at the normal curve, we observe that the value of t is greater than that needed for rejection (1.98) at the 0.05 level of significance. That is the difference between sample mean of pre-listing coverage and that of post-listing coverage (for both most and least profitable firms) is unlikely to be a result of the sampling error.

⁴⁹ Ibid., p.490

Most profitable firms	Pre-listing	Post-listing
N	40	40
Mean	6.5	10.5
Standard deviation	2.12	9.19
Standard Error (SE)	1.51	
<i>t</i> -statistic (calculated)	2.65	
<i>t</i> -statistic (critical, .05 significance)	1.98	
True mean (given the SE)	4.99-8.01	8.99-12.01

Least profitable firms	Pre-listing	Post-listing
N	40	40
Mean	5.5	11.5
Standard deviation	0.71	4.24
SE	0.69	
<i>t</i> -statistic (calculated)	8.72	
<i>t</i> -statistic (critical, .05 significance)	1.98	
True mean (given the SE)	4.81-6.19	10.81-12.19
Source: Sampling research		

Getting the *t*-statistic given the standard error (SE) and sample means:⁵⁰

$$t = \frac{\bar{x}_1 - \bar{x}_2}{SE}$$

SE

t :the calculated statistic

⁵⁰ Ibid.

SE : Standard error (pooled) from equation above

\bar{x}_1 : mean of sample at pre-listing stage

\bar{x}_2 : mean of sample at post-listing stage

After calculating the pooled standard error amounting to 1.51, the research finds that the true mean lies between 4.99 and 8.01 for the most profitable firms for the period before listing. But in the period after listing the true mean for the same firms is between 8.99 and 12.01.

From the data, we find that the least profitable companies increased their total coverage more than the most profitable firms. The mean coverage of least profitable was 5.5 out of 80 days (40 days for each company) in the sample and this increased to an average of 11.5 articles out of 80 days. With the pooled standard error of 0.69, the true mean for the period before listing for the least profitable firms is between 4.81 and 6.19 while that for the period after listing is between 10.81 and 12.19.

Referring to the normal curve for most profitable companies, we observe that the value of calculated t -statistic at 2.65 is greater than the critical 1.98 required for rejection at the 0.05 level of significance. The t -statistic for the least profitable companies is 8.72 against the same critical 1.98. (shown in **Table 4** above).

This indicates that both types of firms see a change in their visibility after listing holds. That is, the difference between sample mean of pre-listing

coverage and that of post-listing coverage (for both most and least profitable firms) is unlikely to be a result of the sampling error, and this shows that there is a real significant difference between the two means.

The least versus the most profitable companies: The above analysis is then extended to the second set of data as shown in **Table 5** below and the same logic of testing the difference between means is applied. Here the numbers are calculated for the most versus least profitable types of firms at both pre-listing and post-listing stages. We are trying to find out whether the type of firm matters, i.e. whether most profitable companies receive more coverage from the media than the least profitable or vice versa.

Calculating the pooled estimated of standard error, assuming the two populations variances are identical.⁵¹

$$SE = \sqrt{\frac{n_1 s_1^2 + n_2 s_2^2}{n_1 + n_2 - 2}} \sqrt{\frac{n_1 + n_2}{n_1 n_2}}$$

SE: standard error (pooled)

n_1 : size of sample for most profitable firms

n_2 : size of sample for least profitable firms

s_1^2 : standard deviation for most profitable firms

s_2^2 : standard deviation for least profitable firms

⁵¹ Ibid.

Getting the t -statistic given the standard error (SE) and sample means:

$$t = \frac{\overline{x_1} - \overline{x_2}}{\text{SE}}$$

t : the calculated statistic

SE : Standard error from equation above

$\overline{x_1}$: mean of sample for most profitable firms

$\overline{x_2}$: mean of sample for least profitable firms

The calculations are tabulated in **Table 5**. The result shows that the calculated t -statistic is **LOWER** than the critical 1.98 at 0.05 level of significance.

Table 5

Difference-between-means test for most profitable Vs least profitable --The t-statistic for both pre- and post-listing shows that there is no difference between the two types of companies when it comes to coverage by the press at 0.05 level of significance; at a higher level of significance such as 0.1 there would however be a difference in the case after the companies are listed		
Pre-listing numbers	Most profitable firms	Least Profitable firms
N	40	40
Mean	6.5	5.5
Standard deviation	2.12	0.71

Standard error (SE)	0.36	
t-statistic (calculated)	-2.79	
t-statistic (critical at 0.05 Significance)	1.98	
Post-listing numbers		
N	40	40
Mean	10.5	11.5
Standard deviation	9.19	4.24
Standard error (SE)	0.53	
t-statistic (calculated)	1.62	
t-statistic (critical at 0.05 Significance)	1.98	
Source: Sampling research		

This basically shows that there is no significant difference between the two types of firms, whether the companies are in pre- or post-listing stages; however profitable the company is, one does not observe any significant difference between their coverage in the media on the basis of their profitability. This finding removes the impact of profitability or size from the analysis, thereby acting as a control for the research, at least in the exploratory sense.

The implication of this second set of data is that it does not matter whether the company is profitable or not. If it is not listed, its visibility in the media is not determined by its profitability. Even when it is listed its profitability still does not matter. What matters therefore is the fact that it has changed from being

unquoted to being a quoted firm since that is where we have seen there is a significant difference between means. The hypothesis being tested is therefore confirmed to hold to the extent that a company's publicity or visibility increases significantly after a company is listed as compared to the time before it is put on the stock exchange, but that its visibility either before or after listing is not significantly affected by the growth in profitability of the firm.

4.4. Problem statement and theoretical implications

Would a company listing on the stock exchange increase its visibility through media coverage and in the process have its products and service known better or its brand better understood? This study suggests so, given that there are significant changes to coverage of a company once it is listed regardless of its profitability or size.

In theoretical terms, it shows that factors outside the media affect the extent of coverage given to various matters, and in this case the action of a company to list on a stock exchange causes the media to cover it more. It shows the links between the society and the media in that the former's actions influence media coverage and that this is because people use the media to achieve certain ends such as entertainment and information. The media thus focuses on the listed companies because this serves the interests of its readers who are part of society; that is to say the readers use the media in certain ways, which therefore forces the media to treat news in a manner that serves those needs and at the same time make profits for its own sustenance.

While a listed company may use persuasive communication to ensure coverage in the media, the media choose to highlight the listed company more than the unlisted one because of the increased number of investors who could easily form an expanded audience for it and therefore increase its sales. In these ways, the audience has certain uses and achieves certain gratifications from the media which in turn uses them for its own commercial reasons.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1. CONCLUSIONS

5.1.1. Visibility and creation of more understanding

The research has confirmed that listing a company on the stock exchange changes its visibility in terms of media coverage, although it was not confirmed whether this visibility has anything do with growth in profitability.

This means that a company that is listed enables its targeted markets to gain a better understanding of its brand and products through increased media attention. The point is that more media coverage afforded the company, whether it is one with high or low growth in profitability, is likely to increase the public's understanding of the company through easier recognition of its brand and products.

When you look at the numerous mentions of the company on the descriptive data provided, the increase is quite phenomenal for most of the companies studied. From the data, the figures on mentions is much higher than on the articles as can be expected because mentions can be derived from many types of texts found in a newspaper. It is therefore concluded that a company can hope to gain more mentions than stand-alone articles in a newspaper.

5.1.2. Disproportionate coverage for least profitable firms

The listing of a company on the securities exchange tends to benefit disproportionately the least profitable firms that were not getting good enough limelight before being listed. The data (**Table 3**) shows that the firms, which also tend to have small market caps, together saw an increase of 109 per cent in coverage in media articles after listing while total mentions rose by 358 per cent, yet the bigger and more profitable companies saw an increase in coverage by 62 per cent in articles and 218 per cent in mentions.

The least profitable tend to get relatively more visibility after listing because they were nearly completely ignored previously. They may have been ignored because of inability to hold elaborate events such as launches of new products or cocktails or end-of-year parties that would attract the attention of the media. They may also not have the communications or PR personnel to organise press conferences that can be covered by the press or featured in blogs or in social networking sites.

In fact, due to budget reasons, they are unlikely to employ people specialised in PR, as they tend to combine that role with that of marketing. This is often apparent when they advertise for positions since they tend to pair communication with marketing.

Companies with higher net profit growth, on the other hand, are normally able to organise for events, hire specialised communications personnel who are

separate from their marketing staff, long before they are listed. The PR personnel can therefore contribute towards creating greater visibility of their companies such as when they launch new products. They may also call press conference in their offices or hotels or be members of organised lobby groups such as the Kenya Association of Manufactures, who are able to aggregate their issues and articulate their positions quite eloquently and strongly.

The very fact that big companies tend to also employ a lot of people even before they are listed is good enough reason for them to reach media outlets without necessarily looking for coverage even before they are listed on the stock exchange.

Another factor is that the bigger companies with also tend to have many customers and staff members, who contribute to their huge revenue and profit base and who tend to be highly visible thereby attracting the attention of the media for coverage. This can be seen in the case of such companies as Equity Bank Limited which has been noted for having many customers even before it appeared on the securities exchange and could therefore enjoy media coverage before listing. Thus big profitable companies can command some media attention regardless of their being listed on the stock exchange, although they do also benefit from being listed.

5.1.3. Listing, media attention and shareholders demand for more accountability

When owners cede some control of a company by selling some shares to other investors and getting quoted on the stock exchange, the new shareholders will normally demand more accountability since they do not directly run the firms and can only be represented on the board. Such a demand can only be met through regular updates to the new shareholders. This will be mainly through the media, by publishing financial results, calling for annual general meetings or other notices.

The media will also want to capitalise on the bigger number of investors, by focusing on stories that concern the companies, knowing fully well that their articles will have more readers among the investor community. After the 2006-2013 wave of IPOs, many investors have put their money in the exchange and the media estimates that this translates to many more readers of business stories.

5.1.4. Being mentioned in other articles in the newspaper is important

One critical factor in coverage has also to do with the being mentioned in the press. A firm could be mentioned doing a variety of things.

One is just being a report of the securities exchange. The NSE compiles are report on the listed firms on a daily basis, which appears in the daily newspapers. That already guarantees that if you search for the company in the newspaper between Tuesday and Saturday, you are guaranteed to see it listed in the table of stocks on the securities. The table normally shows the amount of shares transacted and the prices at which they traded on the stated

day as well as the previous day. The daily price list also shows the company's highest and lowest prices in the past 12 months.

When the firm is involved in sponsorship of events such as sports, it is likely to be mentioned since it may be known from the fact of being listed on the exchange.

The mention of a company is likely to be in many business stories, even those remotely related to the company. In writing, for example, about the agricultural sector, a business journalist may cite the financial performance of some of the listed firms in the same sector. In a story on the oil or energy sector, one or two of the firms operating in the sector may get mentioned as an illustration.

Even in obituaries, some people are keen to cite the companies their loved ones have worked for, especially if such a company is one that rings a bell in the public's mind.

5.1.5. PR activity tends to increase media coverage shortly before listing

A finding was made that AccessKenya got slight more coverage before listing than after. A closer examination of the articles on the company showed that its initial public offering (IPO) was more closely reported after it was announced. This represents a situation where a firm is very well covered during the process of doing the IPO. There was a lot of activity and events during the period towards its listing, as the company tried to convince investors to buy into the IPO. This groundwork may have been prompted by

the fact that technology stocks have sometimes been treated with suspicion following the busting of tech bubble in the US in early 2000 and 2001. African Lakes, the only other internet firm ever listed on the NSE before 2007, was delisted in 2003 following a string of losses, further denting the credibility of listed technology stocks. AccessKenya therefore went out of its way to sell its message that it was worth investing in. Soon after successfully listing, its media mentions and articles were fewer.

For a company that had prepared 121 pages of information memorandum (also called prospectus) trying to show investors why they should buy the company's shares, it may not be surprising that it was so well covered ahead of its debut on the securities exchange. A glimpse into the prospectus for the IPO shows the list of events culminating in its listing on the NSE. Each date shown amounts to an invitation for the business media to do a story. The memo shows that the opening date for the IPO is April 19, 2007, the closing date is April 30, announcement of results would be May 24, electronic crediting of allocated shares to investor accounts would be on or about May 28, while the listing date would be June 4, 2007.

5.1.6. Even for the most recently listed companies, benefits of being quoted on the NSE are shown.

The two firms – namely, the Nairobi Securities Exchange and Home Africa – that have most recently gone public indicate that the benefits of publicity are clear. These benefits did not just apply to the companies that got listed earlier in quick succession between 2006 and 2008 but also to companies that have

come to the bourse thereafter and as recently as in 2014. The NSE itself is the most recently listed company and a closer look at the publicity it has received shows that it has been making headlines quite frequently, including a front-page headline 'Brokers hit the jackpot as NSE share valuation rises by 163pc' in the Business Daily on September 22, 2014. A major reason for the increased publicity of the NSE is likely to be the fact that investors have more than doubled their wealth in a just a short time.

5.1.7. Controlling for the performance and/or size of the company

From the results of the significance of the difference between means of the most profitable versus least profitable, it turned out that growth in profitability and even size did not matter when a company changed from being unquoted to being quoted. This implies that there is some (exploratory) basis for using profitability and/or size of a company as a control when conducting similar research involving testing whether there is a significant difference between the coverage of companies by the media.

5.2. RECOMMENDATIONS

5.2.1. Get listed to improve brand recognition

Unquoted firms that seek to improve their brand recognition through increased coverage, can do so by listing on the NSE.

A company's products and messages can be better understood or appreciated (and possibly endorsed or purchased) if it is on the stock

exchange where the media can easily pick on happenings related to it. The very fact that the NSE, which is the platform that other firms get quoted, has itself decided to be listed shows that there are benefits of the publicity

5.2.2. Use listing to reduce spending on PR and marketing

A company's should list on the exchange and focus on crafting its messages to be picked up by the media without having to spend much since stories, which may constitute third-party endorsement unlike expensive advertisements, are freely carried by newspapers as long as they constitute news.

5.2.3. If unquoted, a firm should grow bigger, have more customers and be highly profitable

To have increased media attention without listing on the stock exchange, a company needs to grow its profit faster and become big.

5.2.4. Firms can focus on getting a lot of mentions whether listed or not

PR firms (and those who combine PR role with marketing) should seek mentions in the newspapers in stories that relate somehow to it rather than always go after placing full articles that are difficult to find space for. Because mentions far outnumber articles from this research, it means that a PR person can formulate a strategy which first engages the media at a general level to let them gain an understanding of a firm, its management, its products, brands, e.t.c.

From this awareness, the media could then mention the company whenever it does articles even about other companies that may be involved in something relating to the same industry. For example, if there is a discussion about banking in a story, the particular bank that has engaged the media might find itself being frequently mentioned even when it has not sought to be.

Clearly, limitations of space may forbid extensive coverage on a regular basis of each listed company and the fact that there are over 60 companies listed on the NSE is an indicator that getting one article in the *Daily Nation* in a 60-day period may be good enough.

5.2.5. Further research

If a firm is profitable but it is not listed, advertising may be a good way to attract media coverage due to possible pressure it can exert on the editorial department of media houses to cover it. It may, for example, threaten to deny advertising if it is not covered (positively) more often. Though it is not directly shown in this research, companies that have higher growth in net profit and are bigger (therefore have money for advertising) probably receive more coverage before listing, suggesting there is a possibility that the coverage is related to advertising. Considering that the media is often influenced by what happens outside of itself, there is a chance that the media will provide more coverage to companies that spend big in advertising than those that spend less. The relationship between extent of coverage and advertising can be an area of further research or an extension of this research.

Further research can also be done to determine what type of coverage a company gets before and after listing; whether this is more positive than negative or vice versa.

Research can also be done to establish what type of listed companies have a tendency to get coverage in print and other media given that there are banks, insurance companies, telecom firms, among others that are listed on the NSE. One can then investigate the dynamics involved in one sector receiving more media coverage than the others, or find out why there are no differences in such coverage.

This research itself can be extended to include other types of media besides print – such as TV, radio and online – and therefore get a broader picture of the relationship between listing on the exchange and remaining outside it.

Bibliography

- Baker, H. Kent *et. al.* (1998) 'International Cross-Listing and Visibility',
Social Science Research Network (SSRN) website
- Brigham, Eugene F. and Ehrhardt, Michael (2002), *Financial Management: Theory and Practice*, 10th Edition, Thomson South Western
- Capital Markets Authority (2002), *Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations, 2002* (Nairobi: CMA)
- Centre, Allen H., and Jackson, Patrick (2002), *Public Relations Practices: Managerial Case Studies and Problems*, Sixth Edition, Englewood Cliffs, NJ: Prentice-Hall
- Clarke, Keely (2004), "Introduction to Financial Public Relations", in Theaker, Alison, (ed.), *The Public Relations Handbook*, Second Edition, London and New York: Routledge Taylor and Francis Group
- Collis, Terrence (2004), 'Financial Public Relations', Anne Gregory (ed), *Public Relations in Practice*, Second Edition, Kogan
- Deephouse , D . L . (1997), 'The effect of financial and media reputations on performance ', *Corporate Reputation Review*, 1, 68-72.
- Fang, L. and Peress, J. (2009), 'Media Coverage and the Cross-section of Stock Returns', *The Journal of Finance*, 64: 2023–2052
- Fawkes, Johanna (2004), 'What is public relations?' in Theaker, Alison (ed.), *The Public Relations Handbook*, Second Edition, (London and New York: Routledge Taylor and Francis Group
- Griffin, Em (2003), *A First Look at Communication Theory*, McGraw-Hill Companies; Saddle River, New Jersey: Pearson Education, Inc.
-

- Harrison, Shirley (2000), *Public Relations: An Introduction*, 2nd Edition,
London: Thomson Learning
<http://onlinelibrary.wiley.com/doi/10.1111/j.1540-6261.2009.01493.x/abstract>
- Jefkins, Frank (1998), *Public Relations* (Revised and edited by Daniel Yadin),
Essex: Pearson Educational Limited
- Kenya National Bureau of Statistics, *Economic Survey*, various issues 1999-
2013
- Kerlinger, Fred N. (1973), *Foundations of Behavioral Research*, Second
Edition, Surjeet Publications
- Kolah, Ardi, (2004) "Marketing Communications" in Anne Gregory (ed.), *Public
Relations in Practice*, Second Edition, (London and Sterling: The
Institute of Public Relations and Kogan
- McQuail, Denis and Windahl, Sven (1981), *Models for the Study of Mass
Communications*, Longman
- Mugenda, Olive M. and Mugenda, Abel G. (2003), *Research Methods:
Quantitative and Qualitative Approaches*, Nairobi: African Centre for
Technology Studies
- Nachmias, D. and Nachmias-Frankfort, C. (1996), *Research Methods in the
Social Sciences*, Fifth Edition, London: St. Martin's Press
- Nairobi Securities Exchange, *Price List*, various issues
- Public Relations Society of Kenya (2011), *Draft Report on the practice of
Public Relations in Kenya: Future Growth Prospects*; submitted by
Kentice Libutsuli Tikolo, published as report by PRSK
- Seitel, Fraser P. (2004), *The Practice of Public Relations*, Ninth Edition, Upper
-

Saddle River, New Jersey: Pearson Educational

Stan, Alexis S. (1985), *Mass Communication Theories and Research*, Second Edition, John Wiley and Sons

Theaker, Alison (ed.) (2004), *The Public Relations Handbook*, Second Edition, London and New York: Routledge Taylor and Francis Group
