

**FIRM SPECIFIC FACTORS AND STOCK PRICE MOVEMENT OF LISTED
FIRMS IN NAIROBI SECURITIES EXCHANGE, KENYA.**

BY

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS,
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DECLARATION

This research project is my original work and has not been presented for an award in any other institution.

Signature 


Date 23/11/2023

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Supervisor's Declaration

This research project has been carried out by the candidate under my supervision

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Date..... 24/11/2023

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ABSTRACT

Share prices communicate to the globe on firm's performance (present-day and future), it is crucial for the firm managers to dwell on the issues that impact share prices as this could assist them improve the firms market value. Considering these issues by shareholders is also guaranteed while investing their money because this helps them in making sound decisions for investment and buy shares that produce good returns. Therefore, this study evaluated the factors that are firm-specific that influence stock prices movement or shares in the firms that are listed in Nairobi Securities Exchange (NSE). The study's four main goals were to ascertain the influence of profitability on stock price movement, evaluate the influence of dividend payout on stock price movement, identify the influence of firm size on stock price movement, and ascertain the extent to which governance influences stock price movement of listed companies in NSE. In this study, the descriptive research design was employed. The 64 firms that are listed on the NSE and whose regular shares are traded in the primary investment category made up the demographic that the study was targeting. Data from both primary and secondary sources were used in the study. First hand data was gathered by using a structured questionnaire. They were responded to by the officers from investment banks and stock brokers while secondary data was retrieved from NSE database for the firms listed for a duration of six years (2017-2021). In terms of analysis of the data collected, it was accomplished using descriptive as well as inferential statistics. Trends, percentages, and frequencies were used in descriptive statistics, while inferential statistics were conducted using regression analysis. Profitability ($p < 0.0350.05$), dividend payout ($p < 0.0090.05$), business size ($p < 0.0410.05$), and governance ($p < 0.0260.05$) were discovered to affect the movement of stock prices significantly. The Statistical Software for Social Sciences was used to examine the data. The findings revealed that profitability significantly influences stock prices, as companies with higher profitability tend to have higher stock prices. Additionally, dividend payouts were found to have a substantial impact on stock price movements, with companies maintaining consistent or growing dividend policies exhibiting higher stock valuations. Firm size was also identified as a significant factor affecting stock prices, as larger, well-established companies tended to have more stable stock prices. Furthermore, corporate governance practices, including board composition and oversight committees, were found to significantly influence stock prices, with strong governance leading to higher stock valuations. These findings emphasize the importance of firm-specific factors in shaping stock price dynamics on the NSE. The study's conclusions provide insights for investors, financial analysts, policymakers, and regulatory bodies, offering recommendations for promoting a thriving and stable stock market in Kenya.