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TITLE: DIVIDEND DISTRIBUTION OF PUBLIC FIRMS AND THE EFFECTS OF DIVIDEND DISTRIBUTION ANNOUNCEMENT ON FIRMS'RETURNS: AN APPLICATION ON IMKB FIRMS

ABSTRACT

Firms' dividend payment are one of the important factors defining the firms's values. Because, investors appreciate the firms's stocks that make regular and table dividend payments. Therefore, a firm's announcements od dividend distribution means demand from investors on such stocks and inturn on increased price of those stocks. On the other hand, Efficient Market Hypothesisi argues in the ' semi – strong form efficieny' private information about firms would create abnormal returns in the markets, meaning an important announcements on dividend paymetns would create abnormal returns on firm's stock prices. The purpose of the Study is how the announcement of firms dividend payments would effect stock rates of returns of those firms by event tudy method. This method has been applied on some firms that have paid dividend stably for five years. The result of Application, it has been determined dividend announcement efficting those firm's prices.

KEYWORDS: Efficient Market Hypothesis, Event Study, Dividend, Dividend Distribution