



Midlands State University
Established 2000

Our Hands, Our Minds, Our Destiny

FACULTY OF COMMERCE
DEPARTMENT OF ACCOUNTING

RESEARCH\ PROJECT

BY

PAUL MAZENGERA

REG NUMBER: R131933W

PARALLEL

CONTACT: 0772 511 640

TOPIC:

An investigation of delisting of the Company from the Zimbabwe Stock Exchange and its effects

A Case of The Cotton Company Of Zimbabwe Limited

APPROVAL FORM

The undersigned certify that they have read and recommended to the Midlands State University for acceptance a dissertation entitled, “The investigation of the delisting of the company from the Zimbabwe Stock Exchange and its effects”. A case of The Cotton Company of Zimbabwe submitted by Paul Mazengera (R131933W) in partial fulfilment of the requirements of the Bachelor of Commerce (Honours) Degree in Accounting at Midlands State University in 2016.

.....
SUPERVISOR

.....
DATE

.....
CHAIRPERSON

.....
DATE

.....
EXTERNAL EXAMINER

.....
DATE

RELEASE FORM

NAME OF STUDENT: Paul Mazengera

DISSERTATION TITLE: The delisting of a company from the Zimbabwe Stock Exchange and its effects. Case of Cottco Limited

DEGREE TITLE: Bachelor of Commerce (Honours) Degree in Accounting

YEAR THIS DEGREE GRANTED: 2016

Permission is hereby granted to the Midlands State University Library to produce copies of this dissertation and to lend or sell such copies for private scholarly or scientific research purpose only. The author does not reserve other publication rights and the dissertation nor may extensive extracts from it be printed or otherwise reproduced without the author's written permission.

PERMAMENT ADDRESS: 79 Mutare Road, Greendale
Harare, Zimbabwe

SIGNED.....

DATE: November 201

DEDICATIONS

I dedicate this piece of work to my parents and family for their support and inspiration through my studies.

ACKNOWLEDGEMENT

I would like to thank the almighty God for allowing me to explore this golden opportunity of carrying out this study. Among the people who have been enormously helpful in the preparation of this research, I wish to extend my gratitude to my supervisor Mr Kazembe for sparing his special time, extending his patience, support and encouragement to greater heights. Mr Kazembe has always been forthcoming with valuable insights, suggestions and advice. “May God bless you abundantly”.

My sincere thanks also goes to the Managing Director of Cottco Limited for allowing me or giving me the authority to proceed with my research on their organization. Special thanks also goes to the to my family and friends for all the support and helpful suggestions and not forgetting my late father who inspired me so much on pursuing my career in Accounting profession.

ABSTRACT

The study investigates the effects of delisting of The Cotton Company of Zimbabwe from the Zimbabwe Stock Exchange and its effects. The study analyses the causes of the delisting of the Cotton Company of Zimbabwe from the Zimbabwe Stock Exchange, the effects of delisting to the company, determinants of share prices and also on relisting and its effects to the company. Primary data was used in this research. The literature regarding the causes, effects of delisting, share prices determinants and relisting was established from various authors. The researcher used case study method making use of 40 questionnaires supplemented by follow-up face to face interviews done by four top managers of the company. The data was analyzed using percentages and presented using statistical tables, pie charts and graphs. A population of 66 and a sample of 40 respondents were used in this research. The study shows that involuntary delisting from the stock exchange has a negative effect to the company and was caused by failure of the company to file its financial results with ZSE within 90 days after its financial year end. The researcher recommended that the company should produce its financial statements in time in order to relists its shares.

LIST OF ACRONYMS

COTTCO: The Cotton Company of Zimbabwe Limited

ZII: Zimbabwe Industrial Index

ZMI: Zimbabwe Mining Index

EPS: Earnings per share

PER: Price earnings ratio

CMB: Cotton Market Board

TABLE OF CONTENTS

Approval form	i
Release form	ii
Dedication	iii
Acknowledgements	iv
Abstract	v
List of figures	vii
List of tables	x
List of Appendices	xiii
CHAPTER 1: INTRODUCTION TO THE STUDY	1
Introduction	1
Background of the study	1
Statement of the problem	3
Main research question	3
Objectives of the study	3
Sub research questions	4
Justification of the study	4
Delimitations	5
Limitations of the study	5
Definition and abbreviations	5
Summary	5
CHAPTER 2: LITERATURE REVIEW	6
Introduction	6

Causes of delisting of a company from the Stock market	6
Delisting effects.....	7
Share price determinants	11
Relisting of companies in a stock market	14
Effects of relisting of companies in a Stock exchange	15
Summary	17
CHAPTER 3: RESEARCH METHODOLOGY	18
Introduction	18
Research design	18
Case study	18
The study population	19
Sample size and design	19
Sampling procedure	19
Sources of data	20
Primary data	21
Data collection instruments	21
Questionnaires	22
Interviews	22
Reliability and validity	23
Data presentation and analysis	23
Ethical considerations	23
Summary	23
CHAPTER 4: DATA PRESENTATION	24

Introduction	24
Analysis of response rate	24
Questionnaire response rate.....	24
Causes of delisting of Cottco Limited from ZSE	25
Effects of delisting of Cottco Limited from ZSE	30
Share price determinants of agro-processers	35
Relisting and its effects	38
Interviews	44
Summary	46
CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS	47
Introduction	47
Summary of the study	47
Major findings	48
Conclusions	49
Recommendations	49
Suggestion for further studies	50
Reference List	51
Appendices	56

LIST OF FIGURES

4.1	Response on involuntary delisting of Cottco Limited.....	40
4.2	Responses on the failure of the Cottco Limited to file the financial results with ZSE before deadline.....	41
4.3	Respondents on the contribution of the economy to the delisting of Cottco Limited.....	43
4.4	Responses on the ability of Cottco Limited to meet its financial obligations with ZSE...	44
4.5	Responses on the way Cottco Limited is operating.....	46
4.6	Responses on the payments of suppliers within 30 days.....	47
4.7	Responses on the benefits of delisting.....	49
4.8	Responses on the decline of the share price of Cottco Limited on ZSE.....	50
4.9	Responses on the decline of the share price by 90%.....	52
4.10	Responses on the rectification of the Company' problems that caused delisting.....	54
4.11	Responses on the increase of efficiency if the company relist its shares.....	55
4.12	Responses on the access to funds if the company relist.....	56
4.13	Responses on the relisting of Cottco Limited in the next five years.....	58

LIST OF TABLES

1.1	Performance of the company over three years.....	2
4.1	Questionnaire Response Rate.....	39
4.2	Response on involuntary delisting of Cottco Limited.....	40
4.3	Responses on the failure of the Cottco Limited to file the financial results with ZSE before deadline.....	41
4.4	Respondents on the non-compliance of Cottco Limited with ZSE regulations.....	42
4.5	Respondents on the contribution of the economy to the delisting of Cottco Limited.....	43
4.6	Responses on the ability of Cottco Limited to meet its financial obligations with ZSE....	44
4.7	Responses on the identification of delisting effects within the Company.....	45
4.8	Responses on the way Cottco Limited is operating.....	46
4.9	Responses on the payments of suppliers within 30 days.....	47
4.10	Responses on the increase of fraud cases at Cottco Limited.....	48
4.11	Responses on the benefits of delisting.....	49
4.12	Responses on the decline of the share price of Cottco Limited on ZSE.....	50
4.13	Responses on the decline of the share price by 90%.....	51
4.14	Responses on the determination of the share price by company performance.....	53
4.16	Responses on the relisting of Cottco Limited.....	54
4.18	Responses on the access to funds if the company relist.....	55

4.19	Responses on the relisting of Cottco Limited in the next five years.....57
------	--

LIST OF APPENDICES

Appendix A: Cover Letter.....	55
Appendix B, Questionnaire to Respondents.....	56
Appendix C: Interview Guide.....	59

CHAPTER 1

INTRODUCTION

1.0 Introduction

The study aimed to investigate on the delisting of Cottco Limited from the Zimbabwe Stock Exchange and its effects. This chapter will give a close insight on the background of the study, statement of the problem, research objectives, sub research questions as well as limitations and delimitations. Terms and abbreviations later explained before the conclusion of the chapter with a summary

1.1 Background of the Study

The Cotton Company of Zimbabwe is the succeeded to the former C.M.B and was privatized in 1994 and listed on the ZSE in 1997. In November 2014 the company was suspended then delisted from the Zimbabwe Stock Exchange. The Cotton Company of Zimbabwe applied to be placed under judicial management in November 2014 and delisted from the Stock exchange, however the application was rejected by the High Court of Zimbabwe. (www.cottcoholdings.com accessed 16.08.16: 1100hrs).

Gadzikwa (2015) defines the Zimbabwe Stock Exchange as the official stock exchange of Zimbabwe which have two indices that is the ZII and the ZMI. The ZSE operates in accordance with the Securities Act Chapter (24:25). The primary objective of the Zimbabwe Stock Exchange is to provide a smooth market for the trading of shares following an efficient market hypothesis.

Cottco Limited was delisted from the Zimbabwe Stock Exchange after failing to file the financial statements with the stock exchange within a given deadline of 90 days after financial year end and other continuing obligations of the ZSE. The delisting was triggered by the poor management of financial resources within the company and lack of attractiveness to investors which was indicated by a drop in shares price on the stock market. From the introduction of the multi-currency, the company has managed to raise enough capital but however the question is how was this funds used? The company applied to be placed on the judicial management after it was indicated as technically insolvent. This comes as cotton production in Zimbabwe and the region has declined

due to various factors that include poor rainfall distribution and reduction in inputs support by Cottco limited due to excessive side marketing which led to the decline in the cotton output.

The misappropriation of funds by top officials led the company to incur losses for the last five years which led to the decrease in share price on the ZSE (News day: 9 Nov 2014). This however was in the form of fraud committed by the top officials which made the company to produce its financial statements later than expected by ZSE in accordance with the Securities Act that is failing to meet the ZSE regulations. Poor management of resources, debt and economy also to a higher extend triggered the delisting of the company from ZSE. The company was making losses since 2013 which made it unattractive to investors and the shares could not cover its overhead structure.

Table 1.1: The Performance of Organization Over Three Years

YEAR	2015	2014	2013
TONNAGE	30 000 tonnes	35 610 tonnes	110 000 tonnes
PROFIT/ LOSS \$	(30 024 000)	(41 856 000)	(12 500 000)
SHARE PRICE \$	delisted	0.20 cents	0.75 cents
Fraud noted by internal audit \$	7 000 000	6 000 000	3 000 000

Source: Yearly financial statements and end of year internal audit report (2015)

According to Herald newspaper (13 Nov 2014), Cottco Limited losses was enhanced by poor management of funds and frauds which penetrated the company. This however raised audit concerns leading to the issuance of disclaimer opinion by the auditors. From 2013, the financial statements were delayed to be published and filed with the Stock exchange which is a major cause for the delisting of Cottco limited from ZSE.

However the delisting of Cottco Limited has the following effects to the company, untimely disclosure of corporate information, lack of transparency on business transactions, increased fraud

by top officials, poor corporate governance, misappropriations of funds and withdrawal of support by investors (Board minutes :Nov 2015). According to the management report (Dec 2015) Mrs Paradza the chairman of the board said some banks for example Ecobank resisted to provide funds to the company citing credit risk.

1.2 Statement of the Problem

The mismanagement of funds at The Cotton Company of Zimbabwe led the company to become unattractive to the investors as indicated by the recurring losses and decrease in share price for the past three years as well as failing to file the financial results with the Zimbabwe Stock Exchange within a given deadline of 90 days after the financial year end creating a path to the delisting of the company from ZSE. More so, issues relating to profitability, restructuring breaching of contract and continuing obligations might also result in the company being suspended. The delisting of Cottco Limited from ZSE result in increased the rate of frauds, untimely disclosure of corporate information, lack of transparency, withdrawal of support from investors, losing the credibility of the company, inability to raise further capital and poor corporate image.

1.3 Main Research Question

What are the effects of delisting a company from the Zimbabwe Stock Exchange?

1.4 Objectives of the Study

The following are the main objectives of carrying out the study,

- To investigate the causes of the delisting of Cottco Limited from the Zimbabwe Stock Exchange.
- To investigate the effects of delisting a company from Zimbabwe Stock Exchange.
- To identify the determinants of the share price of agro processors on the ZSE.
- To identify the areas which need to be rectified for the company to relist its shares on ZSE.
- To provide the relisting effects to a company which was once delisted from the stock exchange.

1.5 Sub Research Questions

The problem stated on the statement of the problem paragraph gives rise to the following questions

- What are the causes of delisting of a company from the Stock Exchange?
- What are the effects of delisting of the company from the stock market?

- How the share prices in agro processors are determined?
- What need to be done for the company to be relisted on the Stock market?
- What are the effects of relisting a company which was once delisted?

1.6 Justification of the Study

To the researcher

This research is carried out as a partial fulfillment of the Bachelor of Commerce (Honours) Accounting Degree as well as equipping the writer with different research skills and analyzing different situations as well as finding solutions to the different problems.

To the university

The study is of utmost important to the university if the research findings are accepted. This study can be used by other students as a reference especially for those who are interested in listing of companies on the Zimbabwe Stock Exchange.

To the organization

The study of the investigation of the delisting of Cottco Limited and its effect is very crucial to The Cotton Company of Zimbabwe as it acts as an alarm to the management in coming up with ideas solve the problems facing the company. More so it helps the company to find the solutions to the disadvantages of being delisted so as to enhance the decisions made by users especially management as well as evaluating and weighing their decisions for the purpose of achieving the objectives of the company.

1.7 Delimitations

The research will be carried out at The Cotton Company of Zimbabwe Head office located in Workington Harare and will be merely directed to the finance department of the organization.

1.8 Limitations of the study

Time – time is a major constraint that will cause the researcher not to fully analyze each and every aspect pertaining the study. The researcher will mitigate time constraint by working long hours to cover much ground.

Confidentiality of data – some of the data is very confidential that it is not allowed to be disclosed to third parties. The assurance will be given to the company that it is for academic purpose only.

1.9 Definitions of terms and abbreviation

Bourse - is a market organized for the purpose of buying and selling securities.

Delisting – removal of the company from the Zimbabwe Stock Exchange.

Relevance – information is relevant when it makes a difference in decision made by users of financial reports

Leverage – involves utilization of different financial instruments or capital borrowed for the purpose of increasing the potential return of the investment.

COTTCO – The Cotton Company of Zimbabwe

ZSE – Zimbabwe Stock Exchange

ZII – Zimbabwe Industrial Index

ZMI- Zimbabwe Mining

1.10 Summary

The chapter started off with an introduction into the research theme where the structure of the chapter was shown and then followed by the background of the study. This chapter also brought about the following components in chronological order, the statement of the problem, study objectives, research questions, and significance of the study, methodology, delimitations, definition of key terms and lastly the chapter summary. The main aim or goal of this research will be to investigate the delisting of Cottco limited and its effect. In chapter 2 the research will explore literature on the delisting of the company from the stock market and its effect.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the literature relevant to this research. The literature is related to the causes of the company to be delisted from the stock exchange, delisting effects, share price determinants in agro-processors, relisting and effects of relisting shares of a delisted company on the stock market. The literature is based on the research questions cited in Chapter 1 and various studies across the world are explored, both published and non-published work from secondary sources.

Literature review therefore is an account of what has been published on the topic by accredited scholars and researchers (Taylor: 2016). Lamb (2014) argued that literature review is a text of scholarly paper which include current knowledge comprising of substantive findings as well as theoretical and methodological contributions to a particular topic.

2.1 Causes of Delisting of a company from the stock market.

Bennett et al (2016) defines delisting as it involves the removal of the listed securities of a company where it is traded on a permanent basis. The securities of the delisted company will no longer be traded on the Stock market and its name will be removed from daily official list of the exchange. It can be done either on voluntary decisions of the company or forcibly done by the stock market on account of wrong doing by the company. When the company is listed on a stock exchange, it should follow certain norms set by the market to remain listed.

Involuntary delisting of the company securities from the stock exchange is arguably the worst outcome for the investors in that company. Delisting following the opinion of the stock exchange is usually brought on by default, results on the banking transactions of company being suspended, complete write-down of equity, and refusal of audit opinion among others (Park: 2014). Sheroshita et al (2014) also defined delisting as the process by which a listed security is removed from the stock market on which it trades. Sheroshita et al (2014) added that delisting can be voluntary or involuntary, and involuntary delisting is as a result of violating securities regulations and failure to meet the specifications spelled out by the stock market. Delisting is a sign of poor financial health and mismanagement of the company.

Penny (2016) quoted on www.delisting.com.au (accessed 22/08/16, 1600hrs) investigated the causes of delisting from the Australian Stock Exchange. His studies revealed that the majority of the companies delisted from the stock exchange for the reason either of being acquired by another companies or have solvency problems. He contended that accordance with the Australian Stock Exchange listing rules, a company may be removed from the official list if it volunteers to be removed and however the conditions may be imposed on voluntary delisting. Penny (2016) concluded that the stock market on its opinion can only remove the company from the stock market if the company breaks the listing rules or is unwillingly or failed to comply with any listing rule, or it has no quoted securities or it is appropriate for another reason.

Kashefi (2013) investigated on the increasing number of companies delisting from London Alternative Investment Market (AIM). His investigation was only based on the voluntary delisting of the companies from stock market. Kashefi (2013) contended that the companies should consider the motives behind voluntary delisting and the consequences which arise from taking this route. He added that those companies which voluntarily delist only come to the stock exchange to rebalance their account rather than to raise finance to seek growth. Kashefi (2013) concluded that some however voluntary delisting from AIM because their leverage remains relatively higher during their quotations.

2.2 Delisting effects.

Kuepper (2016) argues that delisting occurs when a company decide or forced to delist their shares from stock exchange in a move to privatize or simply move to Over- The-Counter. Kuepper (2016) did his investigations after the Sarbanes Oxley in USA laws calls for disclosures, citing that delisting of a company result in capital saving . Costs associated with trading shares on a public market are considered to be and are very excessive that a company with low capitalization are difficult to adhere to. Kuepper (2016) concluded that as, a result deregistering the company can save millions and rewards shareholders with higher income and earnings per share.

Dorsey (2014) asserts that when the company is delisted, its value declines. At the time when the company is about to be listed, an announcement is made to the market place. Sometimes when the company volunteers to delist its shares, it would make an announcement itself however when it is involuntary, the exchange will then announce that the company no longer meets its listing requirement. Due to the fact that delisted stock can be hard to sell, many investors will withdraw

and sell after a delisting announcement, driving the price down .This is true in the cases of bankruptcy where there is usually no use in holding on to the delisted shares. Hence the withdrawal of the investors will lead to the decline in the value of the business.

Park (2014) analyzed the information effect of companies which delist following the opinion of the stock market. His studies was based and the possibility on Korean stock market. Park (2014) found out that the excess return of 80% and 90% following involuntary delisting in the Korean market, where liquidity all but disappears as a result of delisting. Before the company is delisted, however, domestic individual investors are net buyers of delisted firms while both domestic institutional investors and foreign investors are net sellers. On the other hand, the share ownership of large shareholders, on average, declines by more than 30% over the course of two years prior to involuntary delisting. Using delisting probability model, Park (2014) found that the volatility in the share ownership of large shareholders is significant predictor of delisting while that of domestic institutional investors and foreign investors is not. His findings suggest that large shareholders reduce their share ownership in anticipation of delisting and that there is a wealth transfer from individual investors to large shareholders surrounding involuntary delisting in markets where the separation between ownership and control is weak and the participation of retail investors is large.

Sheroshita (2014) analyzed the wealth effect of involuntary delisting and opportunistic behavior of large shareholders using the sample of involuntarily delisted firms in the Japanese Stock Market between 2002 and 2012.He contended that involuntary delisting lead to a massive shock to the shares in Japanese market and a reduction in liquidity as well as the increase in liquidity risk. Pompilo (2011) when accounting for the causes of fall in stock prices following the delisting, he proposed the liquidity hypothesis and identify that the bid ask spread triples and volatility doubles in the overall market. In accordance to this liquidity hypothesis much more negative effects of delisting is expected in the market where trading of delisted stock essentially occurs.

More over the wealth effect of involuntary delisting announcement is about 70%, showing that delisting is a highly disruptive event in Japan (Sheroshita: 2014). Displaying opportunistic behavior during this process, large shareholders reduce their shareholdings prior to delisting whereas individual investors increase their shareholdings and become the de facto victims of the opportunistic behavior of large shareholders.

In the cross-sectional analysis, Pompilo et al (2011) found out that the more the large shareholders reduce their shareholding and the more the individual investors increase their shareholding, the larger is the decrease in the stock price prior to delisting and acknowledged that when the information asymmetry between major shareholders and the market is greater, the reduction in the shareholding of the large shareholders as well as the increase in the shareholding of individual shareholders is larger. This result suggests that greater information asymmetry between the insiders and the market leads to more severe opportunistic behavior of the large shareholders. Using the logit regression model for the sample of delisted firms and their matching firms, Pompilo et al (2011) also revealed that the reduction in the shareholding of the large shareholders and the increase in the shareholding of retail individual investors are significant predictors of involuntary delisting.

The delisting of the company's stock is accompanied by drop in liquidity which casually affects the company's real decision (Toni et al: 2012). Toni et al (2012) used a Regression Discontinuity Design (RDD) where they acknowledged that typically delisting is accompanied by a drop in stock liquidity and access to finance therefore delisting can be used to shed on these economic issues. They also noted that the result that delisting causes include the robust decline and hiring and a modest slightly less decline in investment. This however lead to a loss of liquidity which drives the changes in real decisions which results in poor quality of financial information and accounting data or increased difficult in obtaining outside financing.

Toni et al (2012) added that as the delisting event allows them to examine the real effects of dramatic falls in stock market liquidity, their research contributed to the literature that links corporate behavior and stock-specific liquidity idea which has its roots in Holmstrom and Tirole (1993), who consider the tradeoff between performance monitoring and asset market liquidity as corporate governance mechanisms. A slightly different mechanism comes from Levine (2013), in whose model, stock market liquidity increases the incentives to invest in long duration projects. The reason is that investors can easily sell their stakes in the project if they need their savings before the project matures. Becker et al (2011), found that improvement in liquidity is associated with increases in real investment. His evidence suggests that more liquid stocks enjoy better economic outcomes. However, it is also possible that better economic performance drives higher stock liquidity. Fang et al (2009) argued that better performing firms may be more attractive to

institutional investors and attract more liquidity enhancing trading. Their RDD design helps to separate the two stories by identifying a causal effect of changes in liquidity on real economic decisions.

Hardril et al (2016) studied on low project in listing and delisting of a company. Hardril et al (2016) seconded that many times when a company is delisted from a stock market it faces punishment from its creditors making it more difficult in raising capital for operations and growth. Taking for instant when a company is delisted, its creditors sometimes withdraw lines of credit and ratings agencies can downgrade its credit score making it more expensive to borrow funds. A company can survive delisting but typically being delisted is a signal to investors that the company is in deep trouble.

Kashefi and Meziane (2013) used the hand collected data to evaluate whether delisting creates or destroys shareholder value. Their research was done in London and they contended that delisting because of breach of contract or non-compliance with securities regulations is more likely to occur four years after Initial Public Offering (IPO) date compared to 2 years for IPOs that voluntarily transfer to the main market. Kashefi and Meziane (2013) used variables which they compared over the quotation period before delisting date and concluded that delisted firms remain highly leveraged with low growth prospects and profitability and generate and significantly generate lower returns than the control firms in contrast with listed companies which have significantly higher access to returns and low beta. More so they all argued that delisted firms are likely to have come to the Stock market to restate its capital structure.

Dorsey (2014), Kashefu et al (2013), Toni (2012) , Pompilo et al (2011), Sheroshita et al (2014), Park (2014) and others argued that the delisting of the company has a negative impact on performance of the organization which overrides the positive effects argued by Keupper(2016), Feng et al and Becker et al (2011) however they relaxed on the performance of the companies which have never listed.

The results of various reviews shows that on average, delisting on its own reduces the trading volume, however it has no significant impact on the variance or the beta of the underweighting

shares. Nevertheless when shares are delisted from the stock market, some but not all, exchanges, the mark adjusted variance increases and also consistently with the liquidity explanation hypothesis smaller optioned shares are likely to experience smaller decline or vice versa following delisting.

2.3 Share Price Determinants

Stock market has been of significant interest to financial controllers due to its ability to access funds for companies and minimum risk to the returns of investors (Gatua: 2013). Samuel (2016) argued that equity investments offer considerable returns to investors and is considered to be a major source of capital for most large firms. However, these returns are subject to movement in share prices. Share price is defined as the price of a single share of a number of saleable stocks of a company, derivative or other financial asset (www.businessstandards.com accessed 25.08.16, 1400 hrs). Stock prices can be affected by a number of factors such as volatility in market, current economic conditions and popularity of the company.

Samuel (2016) narrates that the relationship between macroeconomic variables and share prices for agro processors in Zimbabwe Stock Exchange from 2000 to 2009 was investigated by Oyama (2010) using dividend discount model, error correctional model and multifactor model and concluded that the share price movements are caused by movements of monetary policies and market interest rate. Nirmula et al (2011) revealed dividend profitability, price earnings and leverage significantly affects and influence share prices. His findings also reveals a positive relationship between price earnings ratio and share prices, implying that an increase in dividend and price earnings will result in an increase in share price. Therefore financial controllers can increase the dividends to maximize shareholders value. Samuel (2016) concluded that dividend per share, earnings per share, book value, price earnings determines the share price.

Sunde (2012) argued that the government policy determines the share price in agro-processors in Zimbabwe. Government spending, monetary policy, proposed changes in the system of taxation in 2009 and industrial policies like indigenization have a significant effect on the willingness of investors to hold or sell their shares. In Zimbabwe the policies which were implemented by the government and a financial crisis have had a profound an effect on the share price of marketable

securities. According to News day (6th November 2014), financial counters were no longer attractive to the prospective investors as the policies implemented blew out the investors.

Sunde (2012) also added that the company performance and growth prospects is very significant in determining the company's share price in Zimbabwe agro-processors. The shares which have a prospect for growth, its demand increases. The prices of blue chip shares rise faster as compared to those companies with low growth prospects. When dividend income is received it acts as a reward for investing in any stock, if the dividend yield on investment exceed return offered on the investment, investors may pay a premium for shares issued. The more liquid the shares are the high the chances of increasing the share price.

Ahamad (2015) in his investigation of the share price determinants used the correlation and multiple regression to empirically examine the relationship between some explanatory variables and share price. According to his findings ,Ahamad(2015) concluded that EPS, dividends per share and book value plays a major role in determining the market price of shares while price earnings (P/E) dividends payout ratio, dividend yield and firm size revealed no material relationship with share price.

Oyama (2012) on the investigation of the market index and the macro variables used the multi factor return generating models which allows risk exposure of each stock. He compared the direction of change in returns corresponding to the change in factors and find out a strong relationship between macroeconomic variables (unanticipated change, individual stock return, growth of industrial production) in the Zimbabwean economy. The conclusion reached by Oyama (2012) is that share prices are more responsive to the changes in macroeconomic variables.

Yuga (2014) investigated the factors which determine the share price of agro-processors in Nepal using the regression analysis from 2006 – 2014, sourcing data from financial statement. His findings shows that EPS and PER have the significant positive relationship with the share price while dividend yield shows an inverse relationship with share prices. Yuga concluded that dividend yield, EPS and PER are more influencing factors which determines the stock price in Nepalese agro-processors. Almunani (2014) also find that the price of share are not stable but

excessively fluctuate in relation to the news about fundamental primarily due to market irrationalities. Therefore it is encouraged that clear understanding of the impact of various significant variables on share prices is significant to investors as it will encourage them to make profitable investment decisions.

Tandon et al (2013) studied the factors which influence the share price of agro-processors in the context of National Stock Exchange of 100 companies sampling 97 companies from 2007 – 2012 using the linear regression. However their findings revealed that firm's book value, earnings per share and the PERs are having positive association with companies share price while dividend yield have a material inverse association with market prices of share.

Hashemijoo et al (2013) also investigated the relationship between the dividend policy and changes in in the share price. The results of their study revealed that there is a negative relationship between share price changes with the two main measurement of dividend policy which involve dividend yield and dividend payout. In addition a negative relationship between share price and size was found. Basing on the findings of their study dividend yield and size have most impact on the share price changes amongst other predictor variables.

Further investigations to identify quantitative factors that influence share prices for listed agro-processors was done in Amman Stock Exchange by Almumani (2014) over the period from 2005 – 2011 using the linear regression model . His findings revealed that there is a significant positive relationship between earnings per share and market price of shares of listed agro-processors in Jordan. More so another experienced evidence using regression analysis revealed a positive relationship between price earnings and market prices and another one revealed the relationship between size and market price of shares showing that there is an inverse relationship.

Thus from reviews of literature on share price determinants, it can be concluded that many studies have used either the time series or cross sectional data. However, there have also been investigations to identify the share price determinants using panel data which have applied regression analysis and these exercises ignore the time series properties of the data and hence the results generated maybe suffering from spurious relationship.

2.4 Relisting of Companies in a Stock Exchange

Relisting involves the return to a listed status for stock after the company having been delisted from the securities market due to non-compliance with the exchange listing requirements. Non-compliance include failure to file mandatory reports within specified time, bankruptcy, depressed share price that is below the exchange's minimum threshold (www.bseindia.com accessed 27/08/16, 0900hrs).

Camel (2015) described relisting as the reinstatement of stock on the exchange market after it has been removed either from its opinion or the opinion of the exchange for not being in compliance with the listing requirements. Camel (2015) argued that the company may have delisted from the stock exchange for a variety of reasons such as bankruptcy or share price fallen below minimum requirements. When a company return to its fiscal health it may apply to have its shares relisted.

Hardril et al (2014) defines relisting as the return of listed status for a stock after having been delisted from the stock exchange either voluntarily or involuntarily due to non-compliance with the exchange listing requirements. Hardril et al (2014) added that a company's stock may be delisted either by the exchange or voluntarily for a quite number of reasons including bankruptcy, failure to file mandatory reports or a depressed share price that is below the exchange minimum requirement or threshold. Once a company return its house in order and meets the listing requirements, it can apply to relist its shares. As per new delisted norms framed by the securities and exchange board of India, small companies and those getting delisted due to winding up or operations of law can also get delisted again after five years. According to the earlier guide lines, the company could apply for relisting of shares on stock exchanges after two years of cooling period. However the regulations increased the coding period for companies seeking relisting of its shares in Sabi (delisted equity) Regulations (2009) which replace the regulations of 2003.

The company which was delisted which was delisted from the stock exchange due to non-compliance can be relisted when it get back to its financial health (Lomas: 2016). According to the Rediff business report (15 June 2009) in India, those companies which get delisted on the opinion of the bourse can be relisted after ten years, whilst in the case of voluntary delisting , the

companies can relist themselves after five years. As per the new delisted norms framed by the Securities and Exchange board of India, small companies and those getting delisted due to winding up or operation of law can also get listed after five years.

2.5 Effects of Relisting of companies in a stock exchange

Jersey (2015) investigated the effects of relisting over fifteen companies with effect from 2015 on Deutsche Bourse. The pull factor for the investigation on relisting was the demand from investors which led to a revaluation of delisting and as a result the directors immediately decided the application for relisting on Deutsche Bourse. Investors in shares that will be relisted on the stock market do not need to take any action and can continue to hold their securities, they may wish to consult their broker or adviser to discuss how they can gain access to an alternative exchange. Once the relisting is effective, these shares can be traded as normal.

Ahamad (2015) also investigated on the impact of relisting between the first and second market on dividend policy. He used data available on annual reports of listed companies in the Amman Stock Exchange. He found out that there is a significant negative relationship between relisting between the first and the second market in dividend policy however he went on to say that there is also strong positive relationship between earning per share, FIXA and return on assets with dividend policy. These results shows or revealed that companies are classified in the first market do not prefer adopting a constant dividend policy because it accomplished its goals to reaching the market reducing the percentage on distributed profits.

Loman (2016) investigated the effects of relisting on the Chinese Stock Exchange using a comparative approach on financial statements of different companies during a delisted period and the period when it was relisted. His findings reveals that the relisting of a company increases the value of the company. Loman (2016) did his research on the relisting of Focus Media which sales advertisement on LCD displays. He contended that the relisting frenzy started with a company Focus Media which was delisted from NASDAQ in 2013, at which point the company was valued at \$2, 6 billion and when it was relisted on the Shenken Stock Exchange in December 2015 in a back-door merger with an already listed company, its market value more than doubled to \$7, 4 billion then further increases to \$ 22, 3 billion by May 2016. His further studies revealed that most

companies in China are tempted by higher valuations to go back home and relisted although the trend has included Hong Kong which for decades has been a key destination for Chinese companies where they delisted after the refusal by local authorities to change the rules to meet the companies' requirements.

Shen and Carsten (2016) investigated the impact of overseas listed firms relisting in China. They used the China securities regulator in analyzing the potential impact of overseas listed Chinese companies coming back to relist on mainland exchange. They contended that the valuation gap between the domestic and overseas market and speculation on shell companies should be paid attention to. Sheroshita et al (2013) also studied the market impact of overseas listed Chinese companies relisting in the A-Share market through IPO's, mergers and acquisitions as well as restructuring. Their investigation revealed that twenty Chinese firms listed overseas are considering delisting to come back and relist in China through back-door listing injecting their assets into already listed company , thus skipping the long approach queue for IPO's . Sheroshita (2016) concluded that an overall dilution in share values is a point where flowed of new IPO's is widely contributing to a massive stock market crash and could affect the wave of Chinese companies and develop a trend which intensifies the Chinese stock market.

Bhattarai (2016) cited that by getting relisted, the company can have access to an acquisition currency and transparency around the value of business. Listed companies mostly use their shares as opposed to cash to make acquisitions. This can be particularly useful when implementing a buy and build up strategy then cash will be used in other areas. If the company have got an objective valuation for shares, a target company will know exactly what they are getting if they offer their shares in business.

Chen et al (2015) contended that relisting allows management to raise funds as valuation is typically higher in a public financing because the stock sold can be freely traded. Companies can raise new fund anytime in the market by issuing more stock to public, when a company relists its stock for a purpose of funding capital, it has a larger investor base. Investors can find a place to park their money in shares for better returns than other instruments.

The benefit of relisting on a stock exchange include relaxing borrowing constraints, greater liquidity, greater bargaining power with banks and recognition of investors (Grubisic: 2015). However relisting is subject to substantial direct costs such as administration and compliance costs, registration fees and indirect costs which relate to the adverse selection and agency conflict (Loman: 2016). Bharath (2010) argues that since the decision to go public market is also not likely to be taken when the cost of listing exceed the benefits.

2.6 Summary

This chapter provides the theoretical framework of the causes of delisting, effects of delisting share price determinants, relisting of delisted companies from the stock exchange and the effects of relisting a company on the stock market. The next chapter will explain the methodology used on carrying out the research.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the research methodology used to analyze the delisting of The Cotton Company of Zimbabwe from the Zimbabwe Stock Exchange and its effects. This involves the criteria used to select the research participants from the targeted population, its location and the sampling procedures used in conducting the research. This chapter also covers the data collection methods which were primarily through the use of interviews and questionnaires backed by authoritative sources.

3.1 Research Design

Burch et al (2016) defines research design as an overall strategy that is used to integrate the different components of the study in a logical way, thereby allowing the research to effectively review the research problem. It however included a blue print for the collection, measurement and analysis of data. Creswell (2012) asserts that research design is a plan of a research study which enables the researcher to tackle the research problem in an explicit way. It gives a structure of any scientific work which gives a direction and systemizes the research.

3.1.0 Descriptive Research Design

Descriptive research design is conclusive in nature. This means that it gathers quantifiable data that can be used for statistical inferences on the targeted audiences through data analysis. It is mainly used to reveal and measure the strength of a target group's opinion, attitude or behavior with regard to a subject in discussion. Kowalczyk (2015) asserts that descriptive research design is a study designed to depict the participants in an accurate way. The researcher used descriptive research design in the form of a case study.

3.2 Case Study

Robert (2014) defines a case study as a research strategy with an empirical inquiry that investigates a phenomena within the real world context. It also includes qualitative evidence and relies on multiple sources of evidence. A case study can be produced following a formal research method which are likely to appear in formal research zones. Actually a case study research design is useful

when testing whether scientific and other models work in the real world situations and this however forms an in depth study of a particular situation rather than conducting a statistical survey. The foundation of the case study is the subject and relevance to prove the realistic simulation (Shuttleworth: 2015).

Lynda (2014) describe a case study as an account of an activity, event or problem that contains a real or hypothetical situation and includes the complexity which can be encountered at work places. Case studies are used to evaluate how complexities of real life influence decisions. An analysis of a case study requires the researcher to apply his knowledge and thinking skills to real situations. The case study research design focuses on bringing and understanding of complex issues that can strengthen the experience of the researcher on evaluating the strengths of already known through previous researches.

The researcher found it ideal to use case study in this research since a cases study is applicable to the real life (Creswell: 2012). More over by using a case study the researcher can focus on specific cases. In this case the focus and emphasis was placed on the delisting of Cottco limited from the Zimbabwe Stock Exchange and the researcher gathered enough data.

Case study improves the analytical thinking, communication, developing tolerance for different views on the same scenario in question, ability to defend one own's point of view with a logic thinking. In addition case study enhances team work of the participants making them efficient over time and provides an allowance for generalization of data for illustrating statistical findings (Farooq: 2013). However case study is time consuming. It requires the researcher to spend most of the time on the ground than all other research design. Management of time is part of the training (Lynda: 2014).

3.3 The Study Population

Study population is a group of individuals chosen from the general population who share a common characteristic to which a researcher is interested in generalizing the conclusions of the research study (Tomlison: 2016). The researcher targeted the board of directors and the key management of the Cotton Company of Zimbabwe as the population. The total population is comprised of the executive directors, executive managers, senior managers, middle and low level managers so as to obtain and analyze their perceptions over the delisting of the company and the

effects it have to the organization. All together the targeted population adds up to forty members of the organization.

3.4 Sample Size and Design

Sampling involves a means of selecting a subset of units from the targeted population for the purpose of collecting data which can be used to draw views about the whole population (Emel: 2013). The subset selected from the total population is called a sample therefore a sample size is a number of people selected to be used in the study out of the total population (<http://www.explorale.com> accessed 24/09/2016). Sample design then encompasses all aspects of how the group units of the frame determine the sample size and allocate the various samples to the various classifications of the sample units (Emel: 2013). In this research the sample size is provided below

Table 3.1: Sample Size

Targeted Group	Total Population	Sample Size	Percentage
Executive Directors	3	2	67%
Executive Managers	8	5	63%
Middle level Managers	15	13	87%
Lower Level Managers	40	20	50%
Total	66	40	67%

The targeted group constitutes 67% of the entire population at the head office of Cottco Limited in Harare. A percentage of the targeted population enabled the researcher to gather enough data for the research study. Westfall (2014) argued that the higher the sample the lower the variance and thereby increasing the reliability of data.

3.5 Sampling Procedure

The researcher used Convenience sampling in gathering data from the participants. The population was too large that it was impossible for the researcher to include every individual at the head office that's the reason why the researcher chose Convenience sampling. Convenience sampling is a non-probability sampling technique where the researcher select participant because of their convenient accessibility and proximity to the research (Creswell: 2012). The researcher have access to two

executive directors, five executive managers, thirteen middle level managers and twenty low level managers of The Cotton Company of Zimbabwe.

3.6 Sources of Data

Kumar and Mysore (2013) define data as the quantitative and qualitative values of a variable. Data sources are broadly classified into primary and secondary sources.

3.6.1 Primary Data

Kadam (2013) defined primary data as the data observed and collected from the first-hand experience. Primary data was gathered from the original source and is very reliable than secondary sources. The primary data was collected specifically for the delisting of Cottco Limited from the stock exchange and its effects. It is usually undertaken after the researcher have gained an insight into the issue after reviewing the analysis from previous collected primary data. The researcher used interviews and questionnaires to gather primary data.

3.7 Data Collection Instruments

The researcher used questionnaires and interviews to gather primary data. Quantitative data was gathered using questionnaires and qualitative data using interviews.

3.7.1 Questionnaires

Generally a questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents (Gillham: 2008). The questionnaire was used together with interviews to obtain primary data. The researcher used closed questions approach in obtaining data. The questionnaires were only distributed to the targeted research population that is made up of executive directors, executive managers, senior and lower level managers. The researcher distributed the questionnaires by hand and wait for the participants to fill and collect it. Questionnaires did not require more efforts from the respondent since the respondent was answering the ready questions. Norman (2010) contended that, there are three main techniques used to explore people's views which include closed questions, open ended questions and Likert scale. In this research the researcher used Likert scale on collecting quantitative data. According to McLeod (2008), Likert scale is commonly involved in the research that employs questionnaire and is most widely used to measure the attitude by asking people to respond to a series of statements about a topic in terms of the extent to which they agree or disagree.

Likert Scale

Item	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Points	1	2	3	4	5

Source: Nicholas Smith (2016)

Likert scale questionnaire was used to explore answers from the respondents in this research. It allows analysis of responses by the respondents and is more efficient in measuring the attitude of respondent towards a question.

3.7.2 Interviews

According to Webster (2016) an interview is a conversation where questions are asked and answered. It involves one on one conversation where one acts as an interviewer and the other one in the role of the Interviewee. It involves face to face conversation, telephone interview and video conferencing. Interviews were done by two executive directors and two senior managers of Cottco Limited which were capable of appreciating the delisting of the company from the stock exchange and the effects it has to the organization as a whole.

Each candidate responded to the same question exposing the interviewee to respond to all questions. The interview guide was prepared to focus the interview on the topics at hand. The preparation of an interview guide gives the interviewer freedom to tailor made the questions to the interview context.

3.8 Reliability and Validity

Data obtained from the research was verified to ensure that it was valid to study. Validity indicates the degree to which the instrument measures the constructs under investigation (Collin, 2010). Usually there are three types of validity test which include content, criterion and related construct validity. This study used content validity because it measures the degree to which the sample of the items represents the content that the test is designed to measure. The data collected for research revealed almost the same information from the first participant and the shows that the data gathered can be relied upon. Shuttleworth (2015) viewed reliability as that any significant results must be more than one off finding and can be inherently repeated. The data collected was relevant for the organization relating to the delisting of the company and actually showed the occurring events.

3.9 Data Presentation and Analysis

The collected data was thoroughly examined and checked for completeness and comprehensibility, coded and tabulated to analyze quantitative data. Tables, charts and graphs were used to analyze and present data for easy understanding. Furthermore graphs were constructed using spreadsheets and bar graphs were used to analyze data. Since the main objective of research was to investigate the delisting of the company from the stock exchange and its effects the researcher also went on to analyze the appropriateness of data collected. The responses on delisting of Cottco limited and its effects were measured by computing indices based on the responses derived from the Likert-Scaled questions.

3.10 Ethical Considerations

The researcher, when gathering information respected the company's policies, procedures and ethics of the organization while taking into account how employees may feel about the potential result of the research. The data collected was treated with confidentiality and the employees responded to the research were assured that this is for academic purpose only and no conflicts would arise. One ethical consideration delineated was asking permission from those charged with governance before gathering data.

3.11 Summary

This chapter outlined the research methodology used by the researcher throughout the research. The researcher gave an insight of the research design and data instruments used to exploit primary data that involves the use of interviews and questionnaires. The data collected by the researcher will be presented in Chapter 4.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter analyze and present the research findings on the delisting of The Cotton Company of Zimbabwe from the Zimbabwe Stock Exchange and its effects .The research findings are linked to the objectives of the study discussed in Chapter 1. Questionnaires were distributed and administered and interviews were conducted. The findings from questionnaires and interview was presented in tables, charts and graphs. The whole data was be presented on the guidance of the objectives of the study.

4.1 Analysis of Response Rate

Questionnaires and interviews were used in this research to gather primary data. The findings of the research are presented below.

4.2 Questionnaire Response Rate

Questionnaires were the main data instruments used to gather quantitative data in this research. The total number of questionnaires distributed to the targeted population is sixty six of which forty questionnaires were completed and returned back to the researcher. The targeted population included the executive directors, executive managers, middle and lower level managers. The percentage of the completed questionnaires and returned back was sixty percent which is significant enough to justify the study. Table 4.1 shows the questionnaire response rate.

Table 4.1: Questionnaire Response Rate.

Targeted Population	Questionnaires Distributed	Completed and Returned	Response Percentage
Executive Directors	3	2	67%
Executive Managers	10	5	50%
Middle Managers	15	13	87%
Lower Level Managers	38	20	53%

Sixty six questionnaires were distributed to the Cottco employees basing on convenience sampling method however forty employees managed to complete and return their questionnaires. The targeted population ranges from the executive management to the lower management.

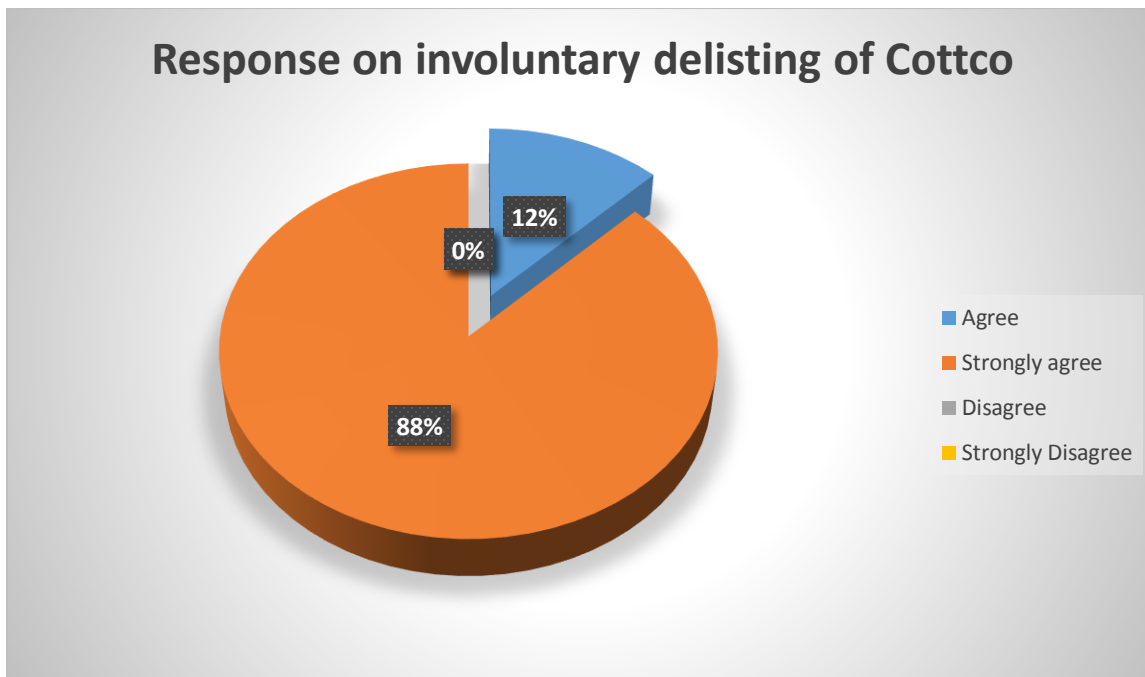
4.3 Causes of Delisting of Cottco from Zimbabwe Stock Exchange.

4.3.1 Question 1. Cottco involuntarily delisted from Zimbabwe Stock Exchange.

Table 4.2: Response on involuntary delisting of Cottco limited.

Strength of feeling	Strongly Agree	Agree	uncertain	Disagree	Strongly Disagree	Total
Number of respondents	35	5	-	-	-	40

Figure 4.1: Response on involuntary delisting of Cottco limited.



Eighty eight (86%) percent of the respondents strongly agree that Cottco limited involuntarily delisted from the Zimbabwe Stock Exchange whilst twelve percent agree. Respondents from interviews argued that the delisting of Cottco limited was not by choice of the company but

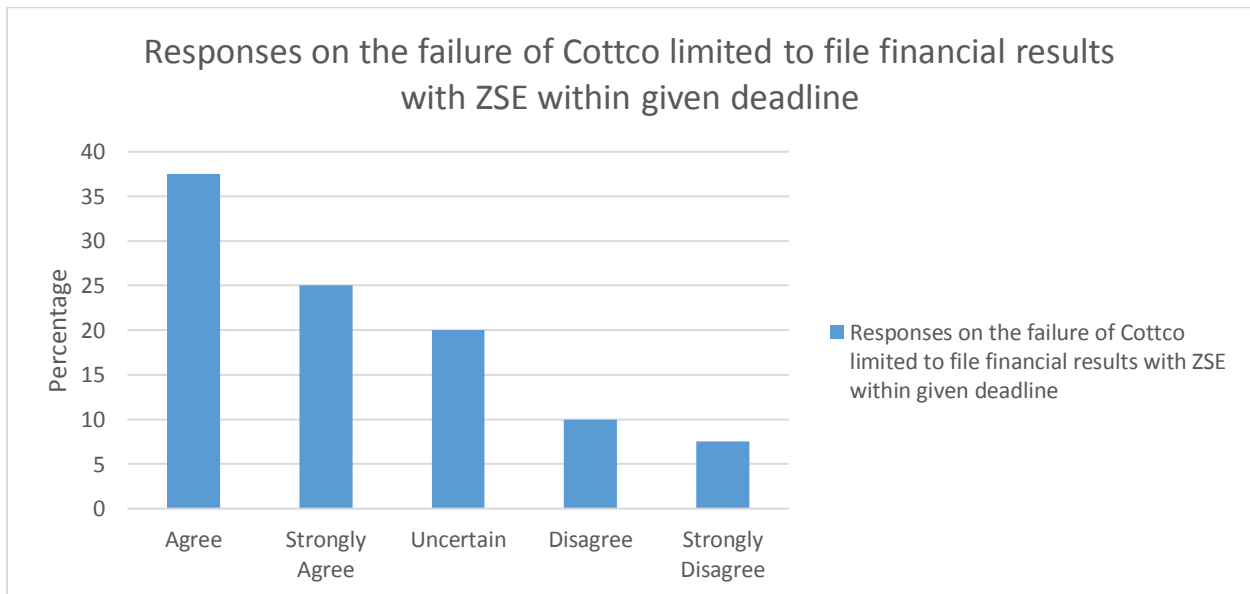
initiated by the Zimbabwe Stock Exchange after the company failed to comply with the regulations from stock market. According to Kashefi (2013), involuntary delisting is as a result of the decisions by the Stock exchange and stock exchange publish that this company has been delisted.

4.3.2 Question 2. Cottco limited failed to file the financial results with Zimbabwe Stock Exchange within a given deadline of 90 days after the end of its financial year and delisted.

Table 4.3 Responses on the failure of the Cottco limited to file the financial results with ZSE before deadline.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	10	15	8	4	3	40

Figure 4.2: Responses on the failure of the Cottco limited to file the financial results with ZSE before deadline



37, 5 % of the respondents agree that Cottco limited was delisted after failing to file the financial statements with Zimbabwe Stock Exchange within the deadline of ninety days after the year end, Thirty eight percent (25%) strongly agree on the failure of the company to file the year-end

financial results with ZSE within the deadline and 20% of the research population were uncertain about it. However 10% disagree that the company failed to submit the financial reports to the Zimbabwe Stock Exchange and 7% strongly disagree on this issue. However on the interviews conducted the top management contended that the failure of the company to file the financial statements with the ZSE within given deadlines was the secondary factor, the main cause of delisting was initiated by the application by the company to be placed under judicial management to the High Court after failing to its obligations by the suppliers. According to the Zimbabwe Stock Exchange rules and regulations manual (2015) a company can be delisted if it fails to submit its financial statements within a period of 90 days after the financial year end.

4.3.3 Question 3. The non-compliance of Cottco limited with ZSE regulations started from previous years before it was delisted.

Table 4.4: Respondents on the non-compliance of Cottco limited with ZSE regulations.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	16	14	8	1	1	40
Percentage (%)	40% (16/40)	35% (14/40)	20% (8/40)	2.5 % (1/40)	2.5% (1/40)	100 %

The non-compliance of Cottco with the Zimbabwe Stock Exchange regulations started from previous years before delisting, 40% of the employees involved in this research strongly agree that it started from previous years and 35% agree on this issue. Altogether 75% agree that the non-compliance started in previous years before year 2014 when the company was delisted. However 20% are uncertain about the non-compliance of Cottco with ZSE whilst 2.5% disagree with the non-compliance of Cottco limited with ZSE regulations and 2.5% of the research population strongly disagree on the same issue. According to the interviews conducted by the researcher 100%

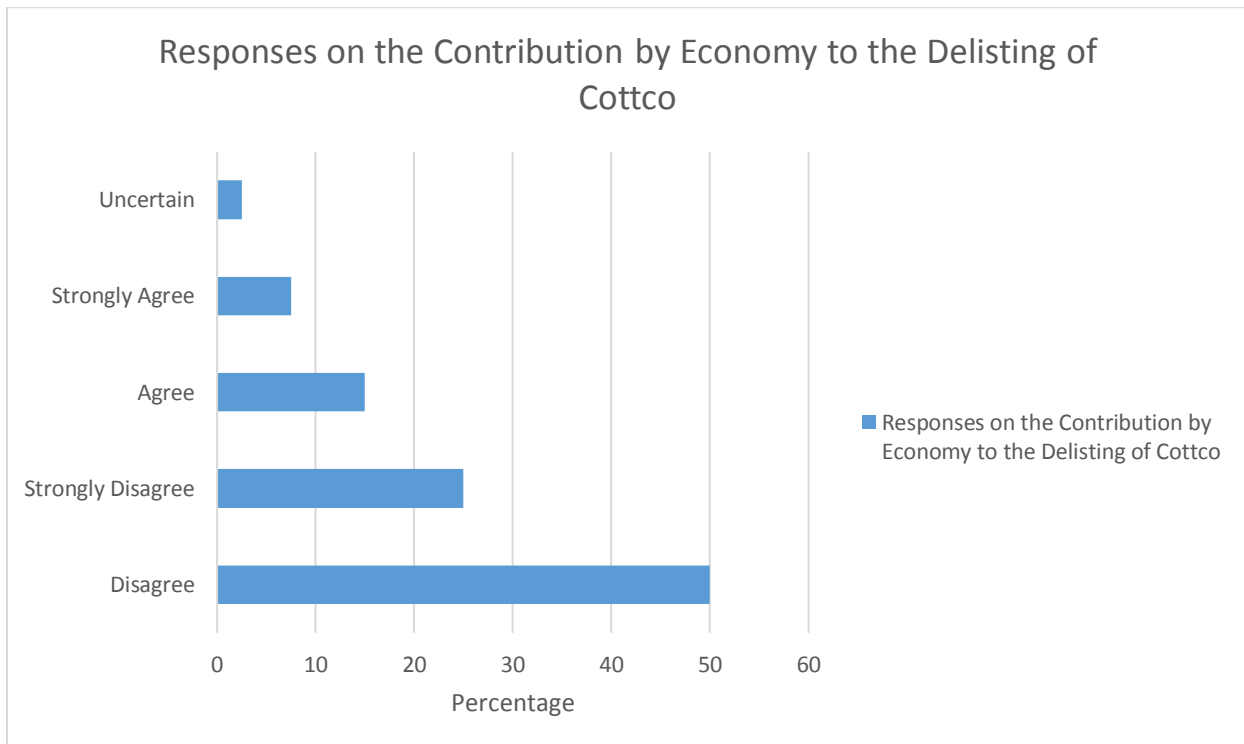
of the population interviewed agree that the warning was given by ZSE on the filing of the financial results within given deadlines be the company was delisted.

4.3.4 Question 4. Economy contributed to a higher extend to the delisting of Cottco Limited from ZSE.

Table 4.5: Respondents on the contribution of the economy to the delisting of Cottco Limited.

Strength of the feeling	Agree	Strongly agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	6	3	1	20	10	40

Figure 4.3: Respondents on the contribution of the economy to the delisting of Cottco Limited



50% of the research population disagree that the economy contributed to the higher extend to the delisting of Cottco limited and 25% agree on the same issue. Altogether twenty 75% are against that the economy contributed to a higher extent on the delisting of the company. However 15% of

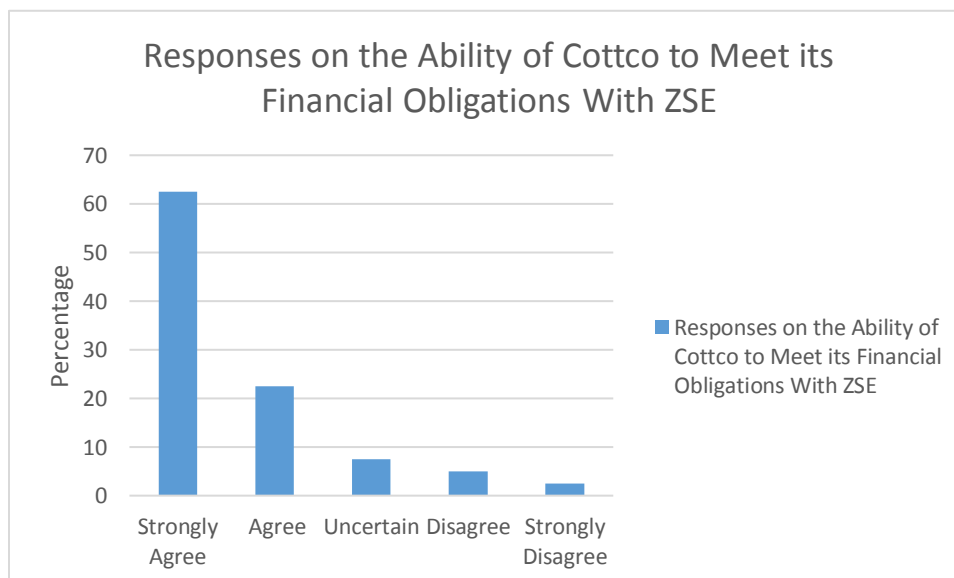
the entire population agree and 7.5% strongly agree on the contribution of economy to the delisting of the company from ZSE whilst 2.5% were uncertain about the contribution of the economy to the delisting of the company from ZSE. 50% of the respondents on interviews agree that the economy contributed to the delisting of the company but however the contribution was insignificant. Mandali (2015) argued that the economy affects every company on the Stock market not only one but the Stock Exchange plays a major role in the growth of the economy.

4.3.5 Question 5. Cottco was able to meet its financial obligations with ZSE before delisting.

Table 4.6: Responses on the ability of Cottco limited to meet its financial obligations with ZSE.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	25	9	3	2	1	40

Figure 4.4: Responses on the ability of Cottco limited to meet its financial obligations with ZSE.



In fig 4.4 above 62.5% strongly agree and 22.5% agree that Cottco limited was able to meet its financial obligations with the Zimbabwe Stock Exchange before delisting whilst 7.5% were

uncertain. Altogether 85% of the research population were very confidence on the ability of Cottco limited to settle the financial obligations with ZSE. However 5% disagree and 2.5% strongly disagree on the ability of Cottco limited to meet its continuing financial obligations with ZSE. The interviews conducted revealed that Cottco limited had no problems on paying the listing fees and cases arose during the listing period on the failure of the company to settle the financial obligations with Zimbabwe Stock Exchange. According to Park (2013), it is the role of Stock Exchange to make sure that the listed firms meet the financial obligations with the stock market. If the company fail to meet the continuing financial obligations with Stock Exchange within the specified period of time, the Stock Market my come up with decisions to delist the company.

4.4 Effects of delisting of Cottco limited from Zimbabwe Stock Exchange.

4.4.1 Question 6. Delisting effects are now identified within the organization.

Table 4.7: Responses on the identification of delisting effects within the Company.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	10	30	0	0	0	40
Percentage (%)	25% (10/40)	75% (30/40)	-	-	-	100%

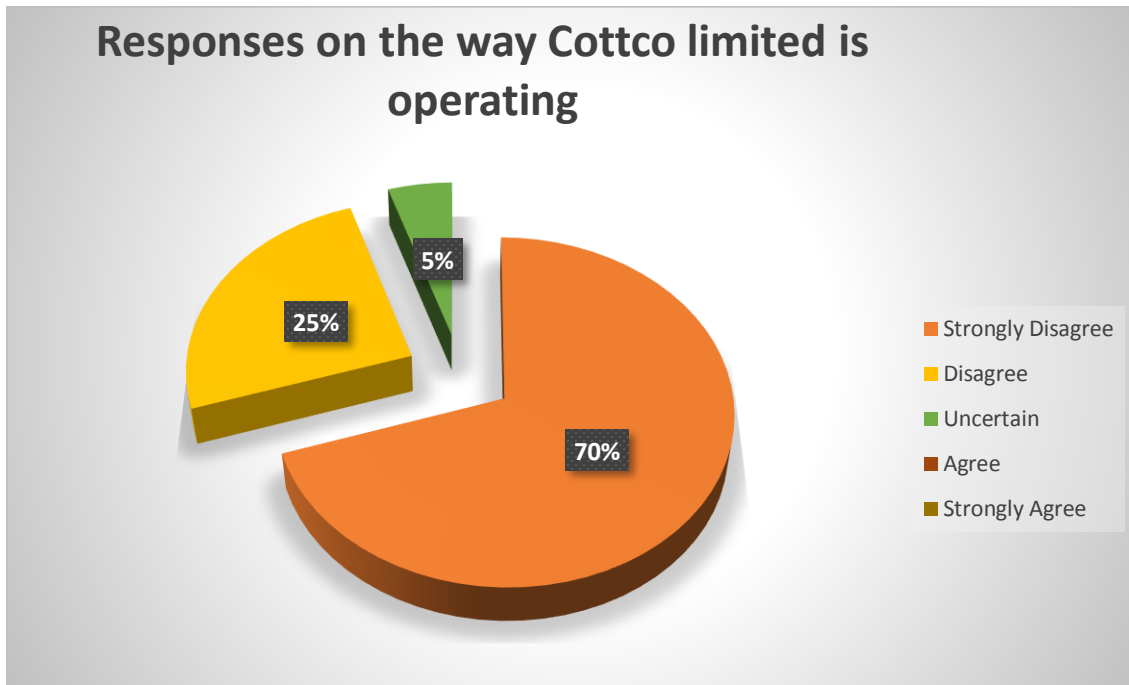
Twenty five percent (25%) of the total population strongly agree that the delisting effects of Cottco limited are now identified whilst seventy five percent (75%) agree that the effects are identified. In fact the entire population involved in the research agree on that the effects of delisting of the company from the Zimbabwe Stock Exchange are identified. All interviews conducted also revealed that the effects of delisting of the company from ZSE are identified. Bakke (2012) argued that the casual effects of delisting from a stock market can be identified on company's real and financial decisions.

4.4.2 Question 7. Cottco limited is still operating as it was used to do before delisting.

Table 4.8: Responses on the way Cottco limited is operating.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	0	0	2	10	28	40

Figure 4.5: Responses on the way Cottco limited is operating.



Seventy percent (70%) of the research population strongly disagree that Cottco limited is still operating as it was used to do before it was delisted from the Zimbabwe Stock Exchange whilst twenty five (25%) percent disagree. However five percent of the entire research population is uncertain about the change in the way Cottco limited is operating. According to the interviews conducted all the respondents mentioned that there is a very big changes that happened on the operations of the company following delisting from ZSE and some are identified by inefficiencies within the organization. Lewis (2013) contented that when the company delisted from a stock

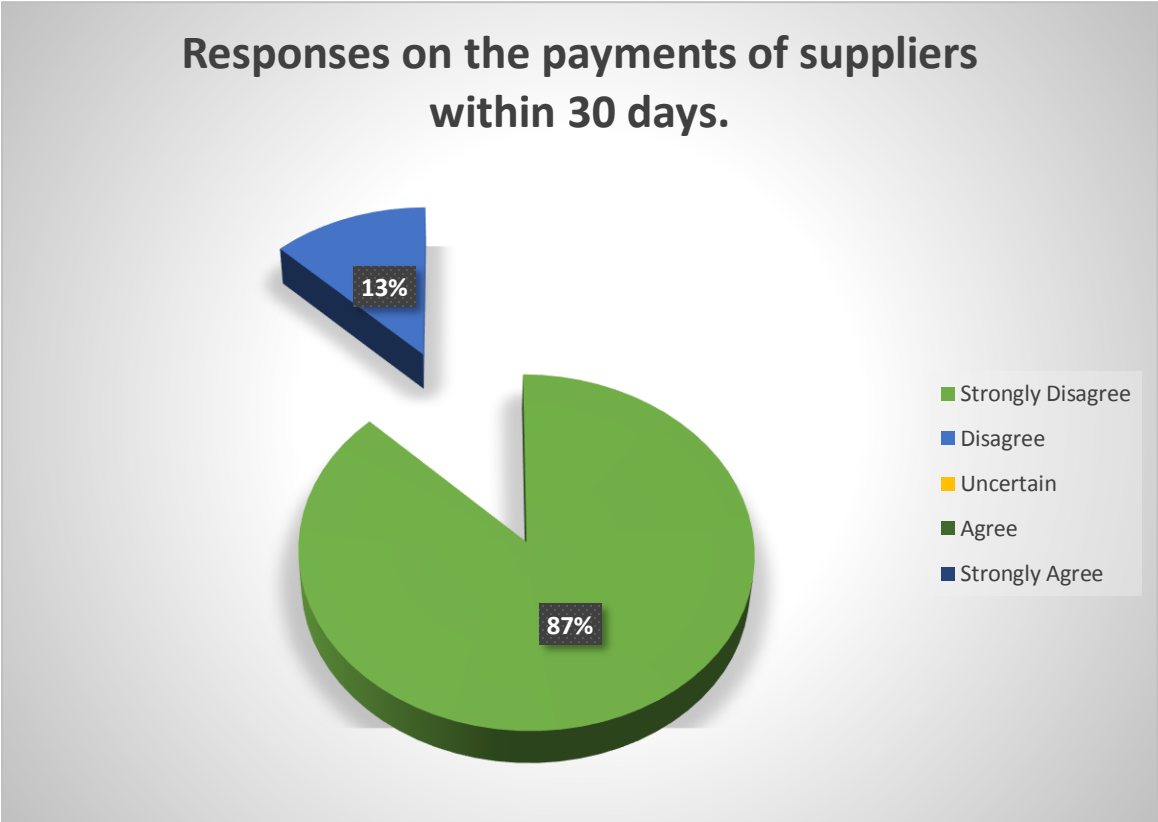
exchange its shares are no longer eligible to be sold on the stock market, the investors will withdraw its support to the company causing difficulties in raising funds to the company.

4.4.4 Question 8. Cottco Limited is paying its suppliers within specified period of 30 days after the occurrence of the transaction

Table 4.9: Responses on the payments of suppliers within 30 days.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	0	0	0	5	35	40

Figure 4.6: Responses on the payments of suppliers within 30 days.



Eighty seven percent (87%) of the entire research population strongly disagree that Cottco limited is paying its suppliers its suppliers within a specified period of 30 days after the occurrence of the transaction whilst thirteen percent (13%) disagree with this issue of paying suppliers within the

deadline. All interviews conducted revealed that, the company is facing challenges in settling obligations with the suppliers due to lack of funding. According Park (2014) when a company is delisted the will not be able to raise funds to meet its obligations, it is likely to lose its assets if the suppliers appear before the court of law.

4.4.5 Question 9. Fraud cases increased following the delisting of the company from ZSE.

Table 4.10: Responses on the increase of fraud cases at Cottco limited.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	30	10	0	0	0	40
Percentages ((%)	75%	25%	0%	0%	0%	100%

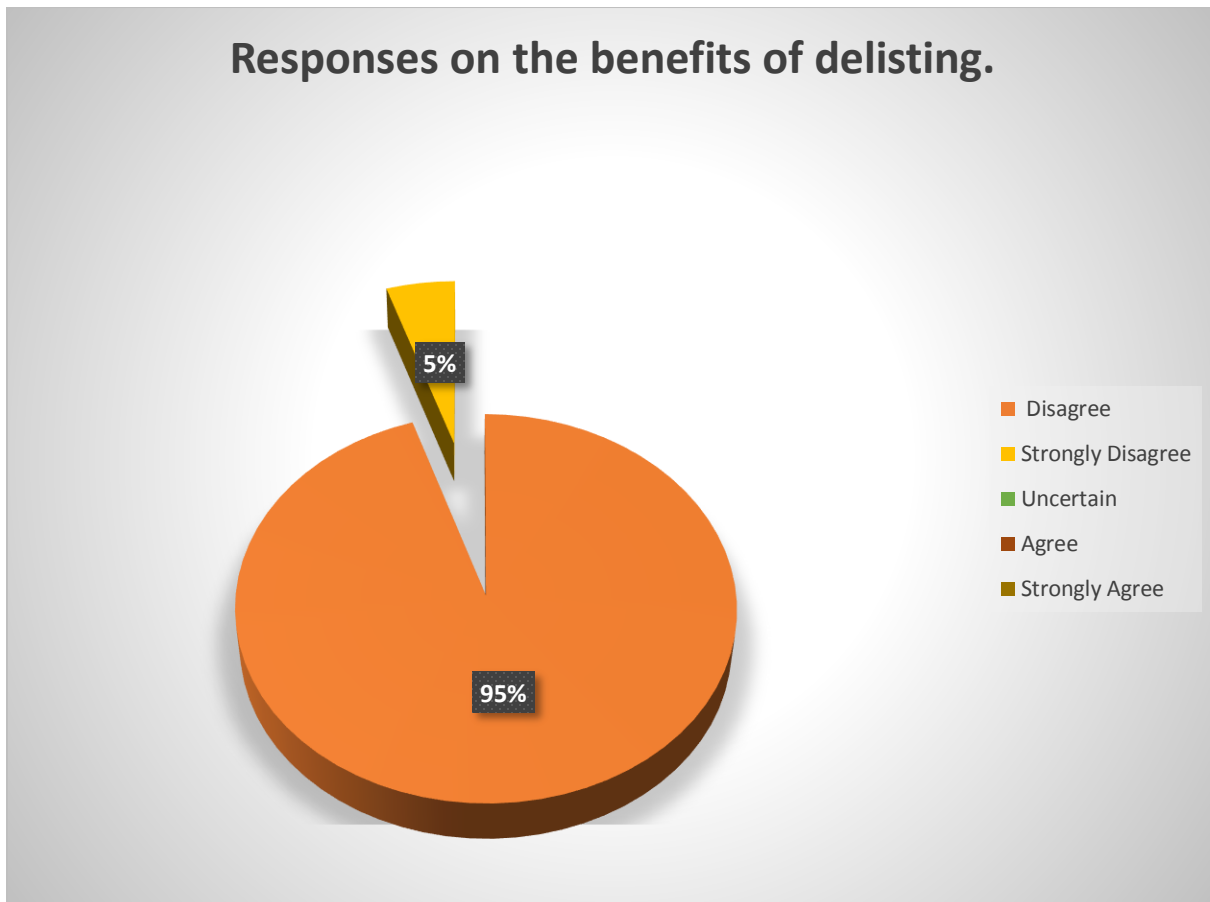
Seventy five percent (75%) strongly agree that the fraud cases have increased since the delisting of the company from the stock exchange and twenty five percent (25%) agree on the increase on fraud cases within Cottco. The whole research population agree that fraud cases increased following the delisting of the company from ZSE. However according to the interviews conducted, it was explained that the rate of fraud is low at the company, its only newspapers which publish unreliable information. According to Pompilo (2011), listing of shares on a stock market benefitted a company in promoting transparency in all business transactions and better corporate practice for the benefit of investors and public.

4.4.6 Question 10. Benefits gained by Cottco Limited during delisting outweighs the benefits it enjoyed during listing period.

Table 4.11: Responses on the benefits of delisting.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	0	0	0	38	2	40

Figure 4.7: Responses on the benefits of delisting.



Ninety five percent(95%) of the of the research population disagree that the benefits which Cottco limited is enjoying during the period it is delisted outweighs the benefits the company enjoyed during listing period and five percent (5%) strongly disagree on the benefits the company is enjoying during the delisting period. According to interviews conducted, the company is now facing struggling to get funds from the investors which is a major benefit enjoyed when the

company is listed on the stock market. The interviews also revealed that when the company is used to the benefits of listing, it will be difficult to copy when it is delisted from the stock market.

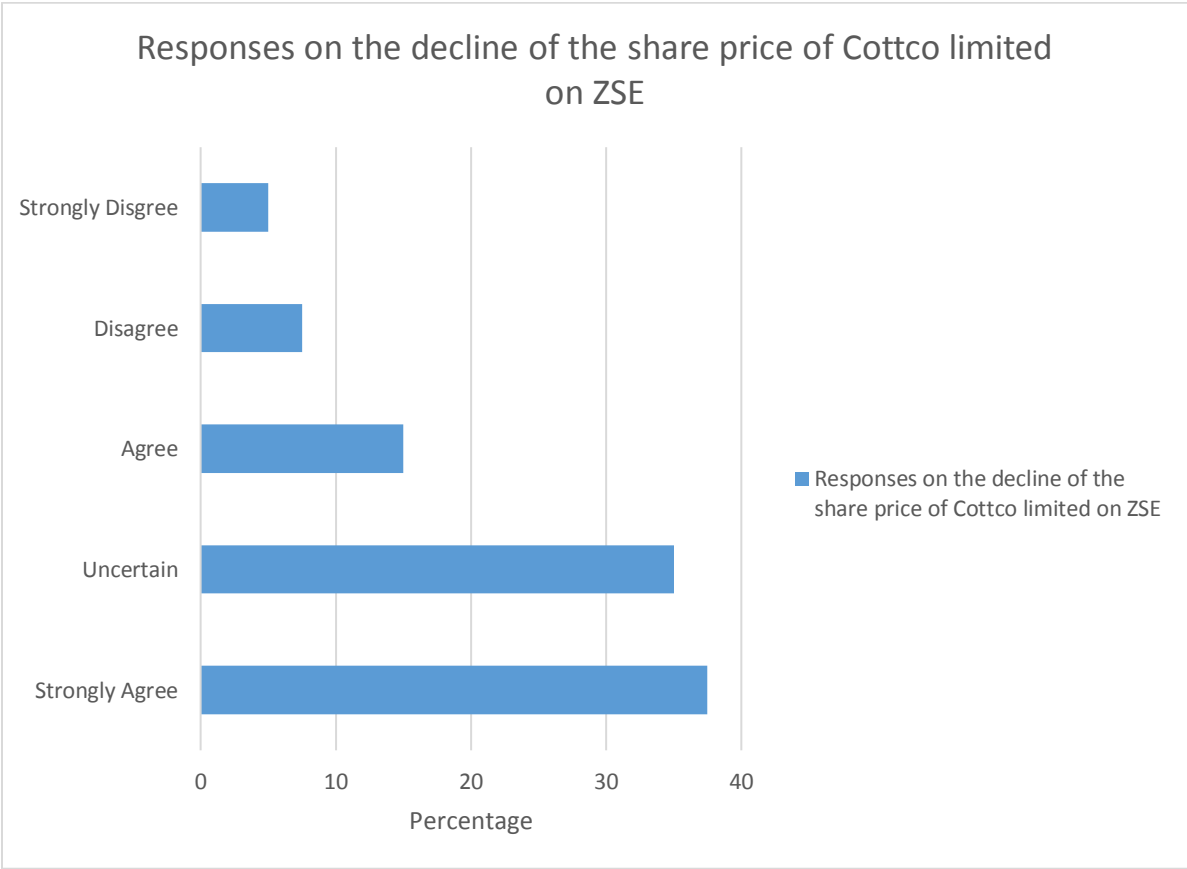
4.5 Share Price Determinants

4.5.1 Question 11. The share price of Cottco Limited went below the expected share price on ZSE and delisted.

Table 4.12: Responses on the decline of the share price of Cottco limited on ZSE.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	15	6	14	3	2	40

Figure 4.8: Responses on the decline of the share price of Cottco limited on ZSE



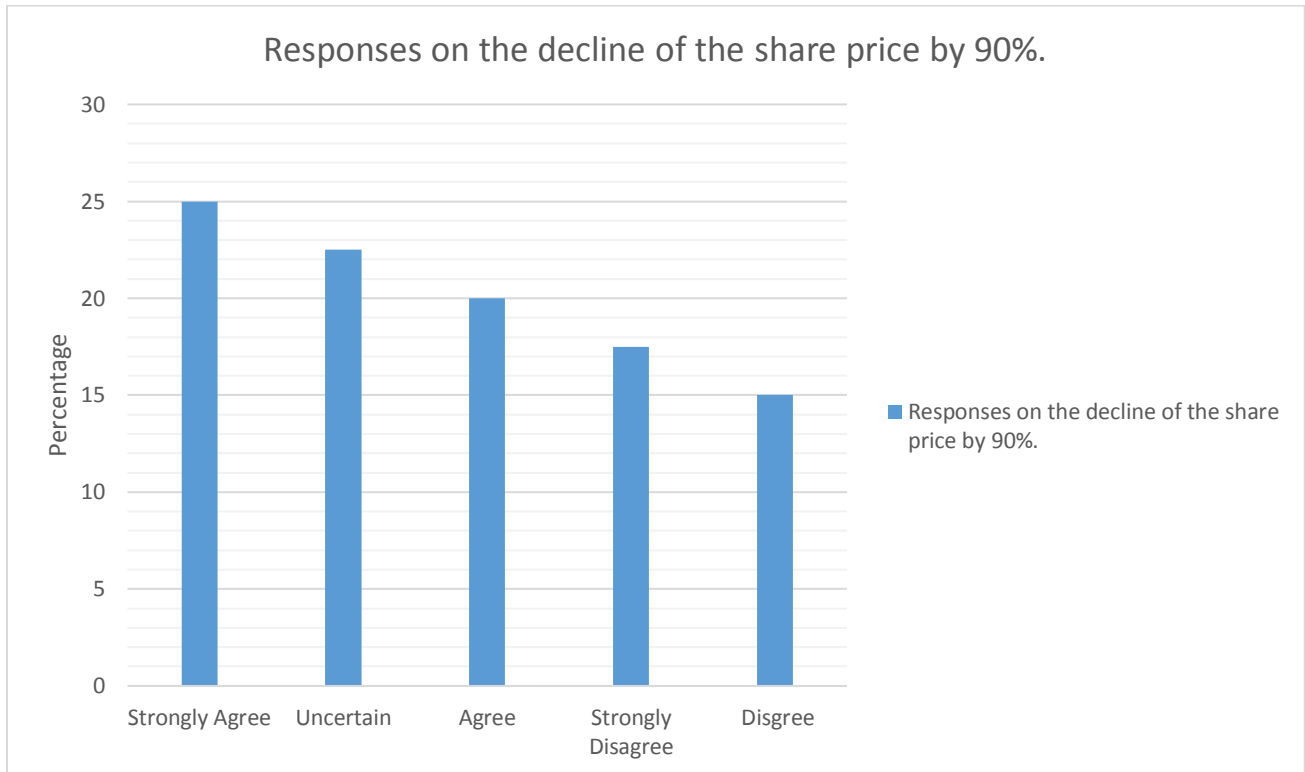
Thirty seven and half percent (37.5%) of the research population strongly agree that the share price of Cottco limited on the Zimbabwe Stock Exchange went below the minimum share price expected by the stock market and thirty five percent (35%) were uncertain about the falling of the share price to below the expected level by ZSE. However fifteen percent (15%) agree about the falling of the share price whilst seven and half percent (7.5%) disagree and five percent (5%) of the research population strongly disagree on the falling of share price on the Zimbabwe Stock Exchange which also led the company to be delisted. The interviews also revealed that the falling of the share prices below the expected range by ZSE were also secondary causes of delisting, Berk (2016) asserted that when the stock price goes down below the exchange minimum requirement expected , bankers consider it as a bad sign and are not so eager to part with their money because the company is likely to be delisted. Moreover, not just buyers, investors, sellers and lenders who judge a company by its share price.

4.5.2 Question 12. Cottco share price was affected by lack of credibility of the company and dropped by 90% in 2014 which pave the way for the company to be delisted from Zimbabwe Stock Exchange

Table 4.13: Responses on the decline of the share price by 90%.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	10	8	9	6	7	40

Figure 4.9: Responses on the decline of the share price by 90%.



Twenty five percent (25%) of the research population strongly agree that the credibility of the company in 2014 effected the share price to drop by ninety percent which finally made the company to be delisted whist twenty two and half percent were uncertain on the same issue and also twenty percent (20%) agree. Altogether 45% of the research population were agree on the decline of the share price by 90% which pave a way to the delisting of the company from ZSE. However 17.5% strongly about the dropping of the share by ninety percent and 15% disagree that Cottco limited share price was affected by lack of credibility of the company and drop by ninety percent which made the company to be delisted from ZSE. The data gathered through interviews also revealed that the decline of the share price was caused by the deterioration of the economy which results in the decline of the performance of the business. Penny (2012) asserted that a widespread economic disruption has a potential to cause a share price to collapse.

4.5.3 Question 13. Company performance determined the share price of Cottco limited before it was delisted.

Table 4.14: Responses on the determination of the share price by company performance.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	30	8	2	0	0	40
Percentage	75%	20%	5%	0%	0%	100%

Seventy five percent (75%) of the research population strongly agree that company performance determine the share price of Cottco limited stock before delisting and twenty percent (20%) agree on the determination of share price by company performance. Only five percent (5%) of the entire population were uncertain about determination of share price by company performance. The interviews conducted also added that the company performance have a significant impact on the determination of the share price. If a company is performing well, and in future is also expected do, the share price of that company should benefit. Share prices tend to anticipate the future so they can rise if a company has good prospects and fall if the future outlook is not promising (Nirmula:2011).

4.6 Relisting and its effects

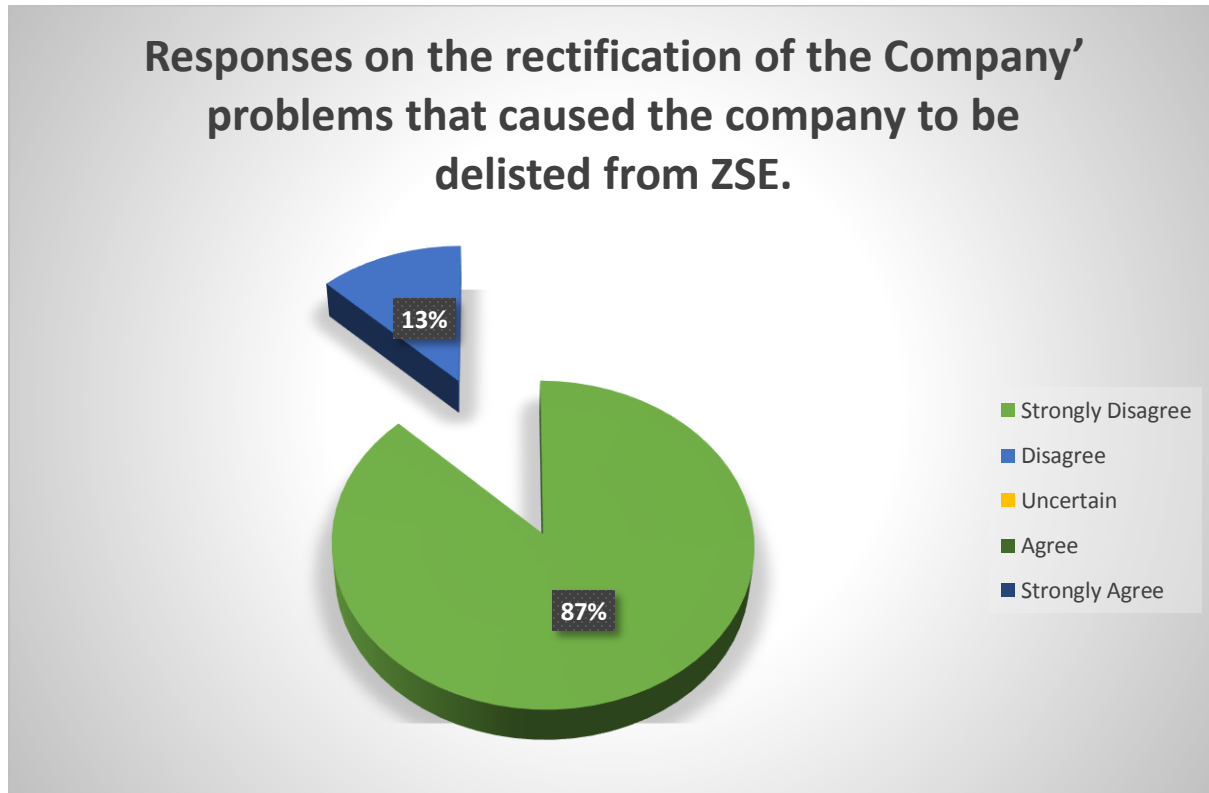
4.6.1 Question 14. The company has rectified its problems which led to its delisting.

Table 4.15: Responses on the rectification of the Company' problems that caused delisting.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	0	0	0	35	5	40

Source: Raw data

Figure 4.10: Responses on the rectification of the Company' problems that caused delisting.



Eighty seven percent (87%) of the research population disagree that Cottco rectified the problems which caused it to be delisted from the Zimbabwe Stock Exchange and thirteen percent (13%) strongly agree on the same issue. The results of the interview conducted, shows that the company will take time to recover and rectify its problems which led to its delisting. Lomas (2016) supported that if the company is listed on a stock market it enjoys more benefits than those companies whose equity are not sold on the stock market.

4.6.2 Question 15. Cottco is ready to relist its shares on the Zimbabwe Stock Exchange

Table 4.16: Responses on the relisting of Cottco Limited.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	0	0	0	40	0	40
Percentages	0%	0%	0%	100 %	0%	100%

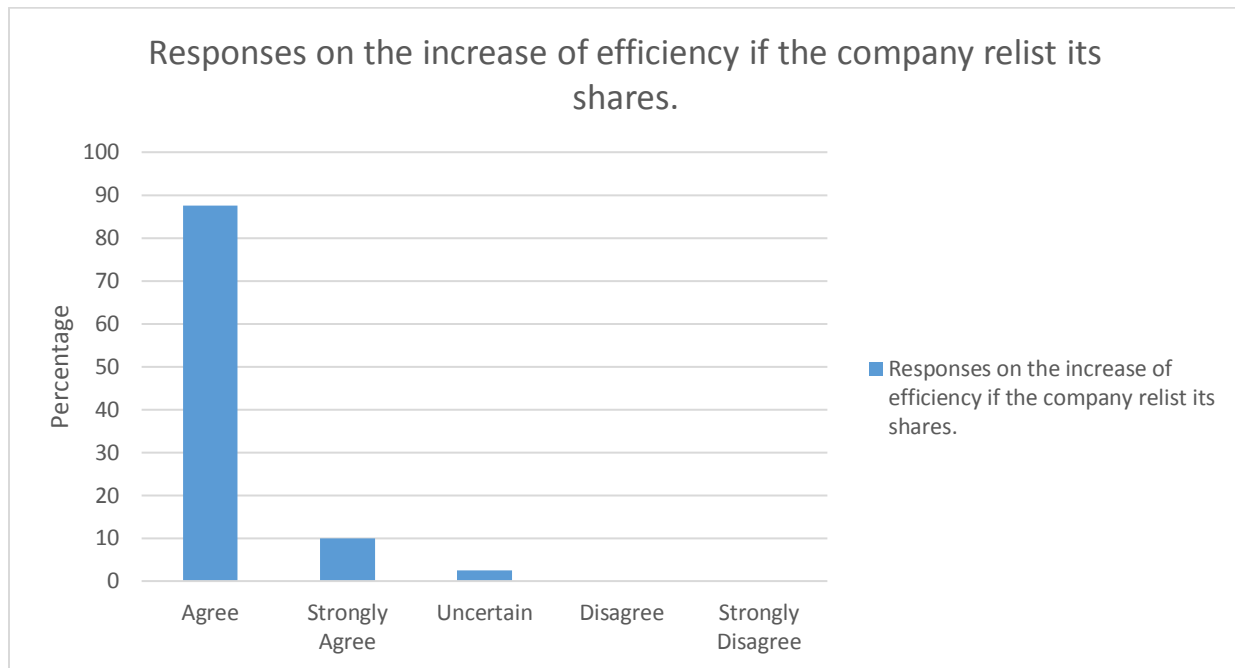
The whole population disagree that Cottco is ready to relist its shares of the Zimbabwe Stock Exchange. The interviews also revealed that the relisting of company shares is not certain and cannot anticipate at the moment. Hardril (2014) asserts the company can relist if it rectified the causes which made it to be delisted and when it goes back to its financial health. This totally means that the company need time to sort out its things out for it to be relisted and it will take some years.

4.6.3 Question 16. Cottco limited will improve its efficiency if the company relist its shares on Zimbabwe Stock Exchange.

Table 4.17: Responses on the increase of efficiency if the company relist its shares.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	4	35	1	0	0	40

Figure 4.11: Responses on the increase of efficiency if the company relist its shares on a stock market.



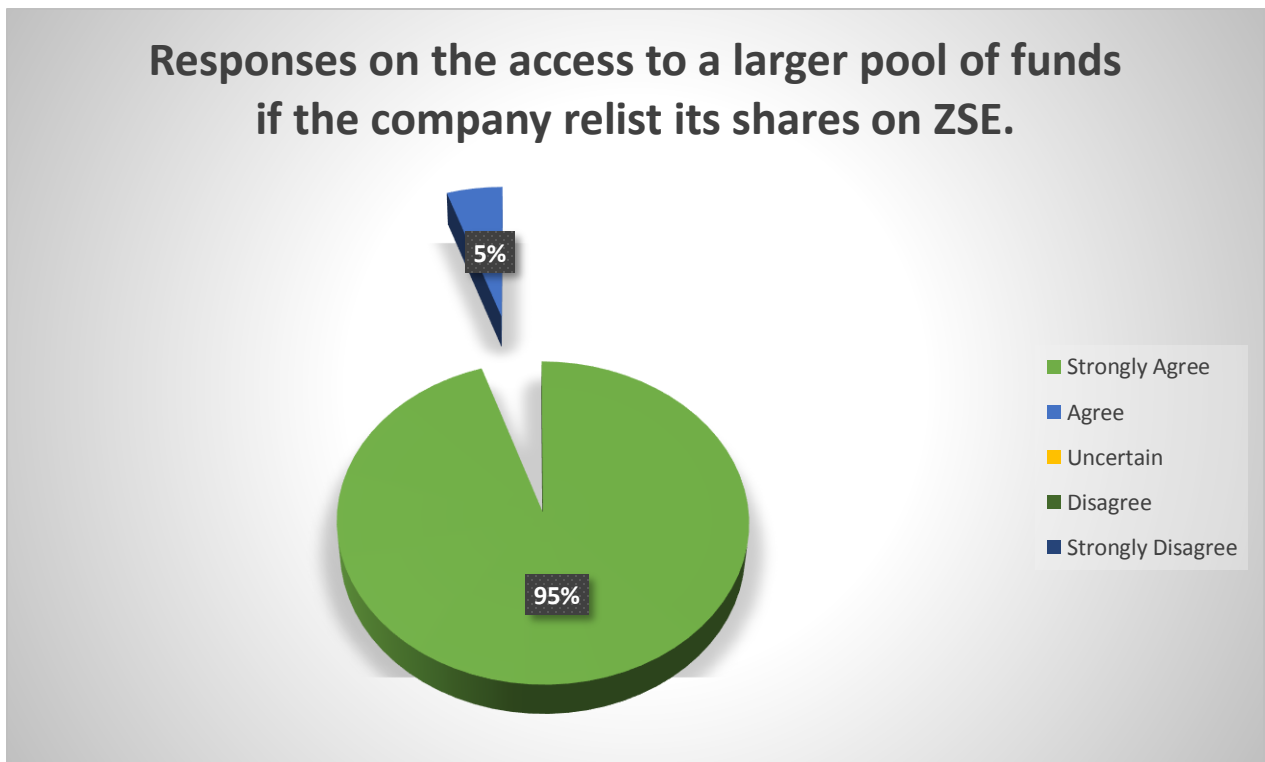
Eighty seven and half percent (87.5%) of the whole population agree that the efficiency of the company will increase if the company relist its share on the Stock market whilst ten percent (10%) strongly agree on the same issue. However two and half percent (2.5%) of the entire population is uncertain about the future improvement of the company's efficiency when it relist in future. The response from interviews states that from their experience from listing, the company will definitely increase its efficiency. Lomas (2016) argued that relisting on the official market companies, have a possibility to more efficiently inform the public and potential investors by publishing their prospectus as well as price sensitive information through the official website.

4.6.3 Question 17. The company will have access to a larger pool of funds from investors if it relist its shares on the Stock market.

Table 4.18: Responses on the access to funds if the company relist.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	38	2	0	0	0	40

Figure 4.12: Responses on the access to a larger pool of funds if the company relist its shares on ZSE.



Ninety five percent (95%) of the respondents strongly agree that when the company relist its shares, it will have access to larger pull of funds from different investors whilst five percent (5%) agree on the same issue. This means everyone in the research is aware that access to funds during delisting is difficult due to lack of investor confidence. The interviews also obtained that a company access larger pool of fund when it is listed on stock market than anywhere else.

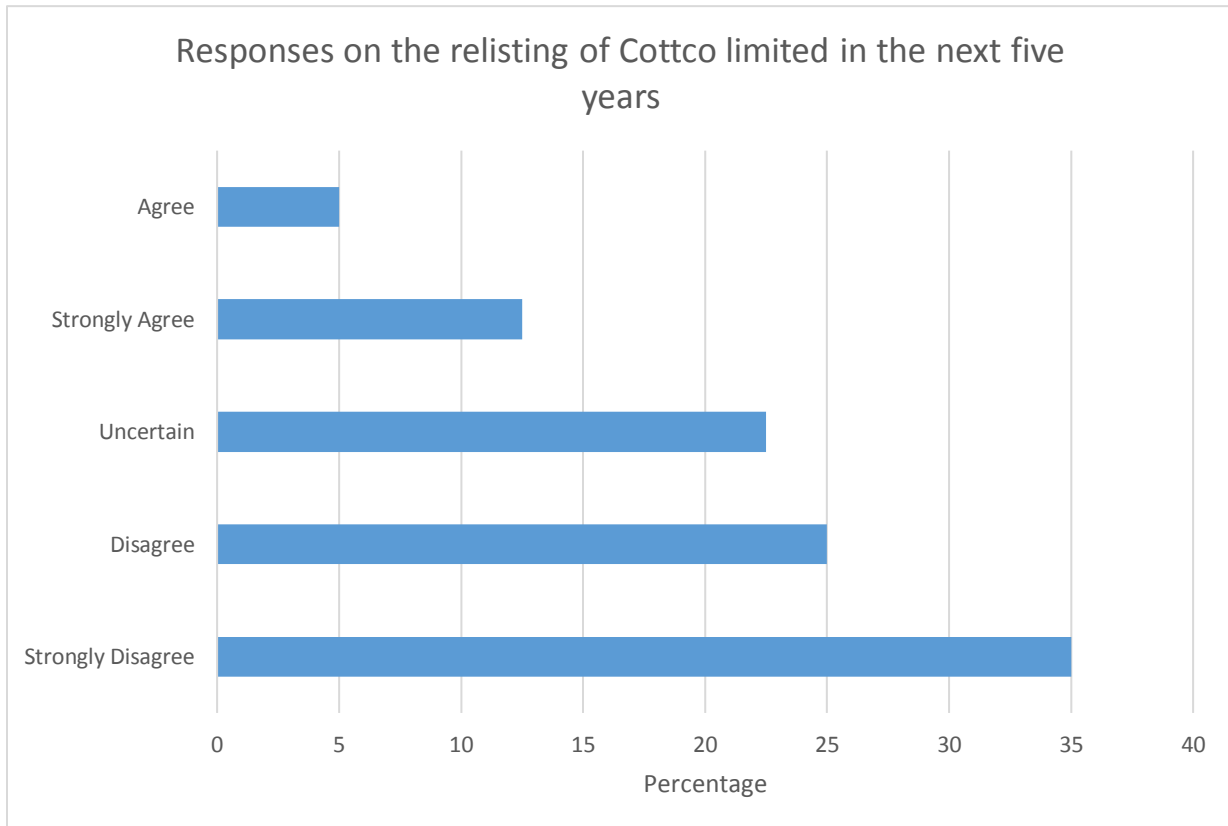
According to Bharath (2010) relisting a company on the stock market allows the company to have access to large pools of funds through the numerous investors who invest in listed instruments.

4.6.4 Question 18. Cottco limited can relists its shares on the stock market in the next five years.

Table 4.19: Responses on the relisting of Cottco limited in the next five years.

Strength of the feeling	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total
Number of respondents	5	2	9	10	14	40

Figure 4.13: Responses on the relisting of Cottco limited in the next five years.



Thirty five percent (35%) of the targeted population strongly disagree that Cottco limited can relist its shares in the next five years and twenty five percent (25%) disagree on this issue of relisting. Altogether 60% of the research population disagree that Cottco limited can relist its shares in the

next coming 5 years. However twenty two and half percent of the research population were uncertain about the relisting of the company on the stock market whilst twelve and half percent (12.5%) strongly agree and five percent (5%) agree on the relisting of Cottco limited in the next five years and also another twenty five percent disagree on the relisting of Cottco limited in the next five years. According to the interviews, the company can relists its shares on Zimbabwe Stock Exchange as soon as it goes back to the normal capacity however the years expected was not clear.

4.7 Interviews

The researcher managed to interview the targeted population of four respondents, among the respondents there was the Managing Director, Finance Director, Company Secretary and the Accountant of the Cotton Company of Zimbabwe. Equal time was given to every interviewee to express their views on the questions asked. For the purpose of obtaining further clarifications on other areas the researcher used face to face interviews with the respondents. The researcher managed to interview all the targeted population representing a response rate of 100%.

4.7.1 Question 1. What are the causes of delisting of a Cottco limited from Zimbabwe Stock Exchange?

One hundred percent of the targeted population admitted the causes of the delisting of the Cotton Company of Zimbabwe from the Zimbabwe Stock exchange. The respondents acknowledged that the delisting of the of Cottco limited was as a result of failing to document the financial results of the company with the Zimbabwe Stock Exchange within a specified period of 90 days after the financial year end. They claimed that the delay of the submission of financial statements to Zimbabwe Stock Exchange was caused by failure of accounting system which results in data lost in 2013 so the data took time to be recovered. The first warning was given in 2013 and in 2014 the company also delayed to submit the financial results to ZSE and suspended then later involuntarily delisted from the Zimbabwe Stock Exchange. According to the questionnaires 62.5% agree that the main cause for the delisting of Cottco limited from Zimbabwe Stock Exchange was the failure of the company to file financial statements with ZSE within 90 days after the financial year end whilst 20% of the research population was uncertain and 17.5% disagree on the failure of the company to file the financial statements with ZSE.

The company secretary also added that the application of judiciary management of the company in 2014 were the secondary causes of the delisting of Cottco limited. The company applied for

judicial management and the application was rejected by the High Court citing the dialogue with the creditors and the company was delisted from the stock market.

4.7.2 Question 2. What are the effects of delisting of the company from the Stock Market?

All the respondents admitted that the delisting effects are now identified within the company. The main effect that was described by all respondents was lack of funding and withdrawal of support from investors. According to the questionnaires all the respondents (100%) agree that delisting effects are identified within the organization. The other effect of delisting obtained from all four interviews is the loss of key management without replacement. Key management are leaving the company due to non-payment of salaries, they added that what motivates an employee is salary , if the employee do not receive anything for more than four months the employee feel demotivated and leave the job however the organization is not in a position to replace them leaving the company with unskilled labour.

All the respondents also contended that delisting leads to decline in the value of the company, increase in fraud cases that is lack of transparency, withdrawal of support from suppliers, reduces the competitive advantage of the company, loss of company's property as a result of being attached by the sheriff of the High court after failing to settle financial obligations of the company and overreliance on short term borrowings.

4.7.3 Question 3. How has share prices in agro-processors determined in Zimbabwe?

Half of the respondents contended that the share prices of the agro-processors are determined by the performance of the company. If the company perform well and seems promising in the future its share price is likely to be high. The data gathered from questionnaires reveals that 95% of the respondents agree that company performance determine the company's share price. Twenty five percent (25%) of the respondents argued that the determinant of the share price of agro-processors is the stability of the economy. In 2014 the Zimbabwean economy was not stable which resulted in the decline of Cottco Limited share price by ninety percent (90%) however 75% of respondents on questionnaires agree on the decline of the share price by 90% in the year 2014. They also added that it was not only Cottco limited which faces a decline in share prices but all companies faced this problem. The other twenty five percent of the respondents was uncertain of what determines the share price of agro processors.

4.7.4 Question 4. What recommendations do you (respondent) provide to the company on either to relist or remain unlisted?

All the respondents interviewed recommended that the company should relist its shares on the Zimbabwe Stock Exchange. The respondents contended that the company is suffering because of delisting from ZSE as it has no access to funds, withdrawal of support by suppliers loss of competitive advantage among others so if the company relists its shares it will have access to a large pool of funds and improvement on the on the competitive advantage would result. One of the respondents added that the recommendation is to relist but the question is how and when the company is going to rectify the challenges which led to the delisting of Cottco from the stock market. According to questionnaires all respondents advise the company to relist its shares on the Zimbabwe Stock Exchange.

4.2.5 Question 5. What other data do you (respondent) think might be relevant to add on this research?

Twenty five percent of respondents thought that the researcher should also pay attention to the intervention of the Government to the operations of Cottco limited. The emphasis was given on measuring the stake which the government is acquiring in Cottco limited. If the government obtained the total control of Cottco limited, Cottco limited will be a parastatal and remain delisted however if it acquires a certain percentage the chances of listing might be there.

4.3 Summary

This chapter provide the analysis of primary data obtained in the research in line with the sub research questions. The data obtained from questionnaires and interviews was analyzed and presented in the form of tables, pie charts and graphs. The next chapter will look at the summary of the study, conclusions and recommendations on the investigation of the delisting of Cottco limited from the Zimbabwe Stock Exchange and its effects. The conclusions and recommendations will be discussed in Chapter 5.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter provides the summary of the study and matches the results obtained from the study to the research objectives, research questions and the subject matter. It goes on to provide the research conclusions and recommendations on the investigation of the delisting of Cottco limited from Zimbabwe Stock Exchange and its effects. This chapter will close by providing suggestions for further research.

5.1 Summary of the Study

The research study was conducted to investigate the delisting of the Cotton Company of Zimbabwe from the Zimbabwe Stock Exchange and its the effects. The mismanagement of funds at the Cotton Company of Zimbabwe led the company become unattractive to the investors as indicated by the recurring losses and decrease in share price for the past three years as well as failing to file the financial results with the Zimbabwe Stock Exchange within a given deadline of 90 days after the financial year end creating a path to the delisted of the company from ZSE. More so, issues relating to profitability, restructuring breaching of contract and continuing obligations might also result in the company being suspended. The delisting of the Cottco Limited from ZSE result increased the rate of frauds, untimely disclosure of corporate information, lack of transparency, withdrawal of support from investors, losing the credibility of the company, inability to raise further capital and poor corporate image.

Chapter 2 provides the literature review of the study giving the detailed analysis of the objectives of the research. The research was set to investigate the delisting of the company from the stock market and its effects, findings by different scholars across the world were reviewed and analyzed in study. The theoretical framework reviewed was on the causes of delisting, effects of delisting, determination of the share price, relisting and relisting effects. The leading authors in chapter 2 were Shiroshita (2016), Park (2014), Kashefi (2013), Dorsey (2014), Pompilo(2011), Toni (2012), Hardril(2016) Lomas (2016) and Almumani (2014).

Chapter 3 presents the research methodology used in this study. The research design which was used in this study was a case study which was descriptive. The research methodology goes on to

outline the research population, sample size and design(67 % of the total population at Cottco Limited head office in Harare) , sampling procedure and the sample constituted mainly directors and the management of the company, research instruments such as interviews and questionnaires were used to gather data used for the research. Attention was given to the reliability and validity of data gathered as well as ethical considerations.

The results obtained from questionnaires and interviews were presented and analyzed in Chapter four. The responses from respondents were analyzed according to the research instrument used in gathering data. Tables, pie charts and graphs were used to present quantitative data obtained from questionnaires

5.2 Major findings

To investigate the causes of the delisting of Cottco Limited from the Zimbabwe Stock Exchange.

The researcher found out that the non-compliance of Cottco limited with the Zimbabwe Stock Exchange regulations led to the delisting of the company from the Zimbabwe Stock Exchange. The rule which the company failed to comply with, is that, the company listed on the Zimbabwe Stock Exchange should submit its financial results after ninety days after of its financial year. Responses from questionnaires and interviews confirmed that the main cause of delisting of Cottco was non-compliance with stock market regulations.

To investigate the effects of delisting a company from Zimbabwe Stock Exchange.

The researcher found out that the major effect of delisting from the stock market include withdrawal of support from investors resulting in lack of funding within the organization, withdrawal of support from suppliers due to failure to pay them within given deadlines, increased fraud cases that is lack of transparency within the organization and reduced competitive advantage.

The analysis of data obtained from questionnaires and interviews showed that a sudden shock penetrated the company following delisting, the way the company was used to operate started changing from the day the company was delisted evidenced by withdrawal of support from banks providing funds to the company .

To identify the determinants of the share price of agro processors on the Zimbabwe Stock Exchange.

The major finding from the research on the determination of the share price of agro-processors on the Zimbabwe Stock Exchange reviewed that the company performance determines the share price of the company. If the company is performing well and is promising that it will do so in future the share price of the company increases.

An analysis of responses from questionnaires and interviews reviewed that the share price of Cottco Limited dropped when the performance of the decreased. Interviews revealed that the performance declined following the economic crisis within the country.

To identify the areas which need to be rectified for the company to relist its shares on ZSE.

The researcher found out that the company have to first rectify on the time it should finish preparing its financial statements. All respondents from questionnaires and interviews revealed that the company have to publish its financial results in time to permit the informed decisions to be made by users of financial statements.

To provide the effects of relisting to a company which was once delisted from the stock exchange.

The researcher found out that if Cottco limited relist its shares the operational efficiency will improve and the company can have access to larger pool of funds from different investors.

5.3 Conclusions

Summing it all, the researcher concludes that The Cotton Company of Zimbabwe failed to comply with the Zimbabwe Stock Exchange regulation regulations and delisted from the stock market. The research was very successful and all objectives of the study were achieved and all sub research questions were answered.

5.4 Recommendations

Basing on the conclusions discussed above the research come up with the following recommendations

- The company should prepare and provide the financial statements to the users in time to enable the financial information to influence the decisions to be made. Information is relevant when it influence the decisions made by users of financial statement.

Sheroshita(2016) contended that timely disclosure of financial information is very crucial in the operations of the business. All listed companies should disclose its financial information within given deadlines to permit informed decisions to be made by the users of financial statements. Sunde (2011) asserts that all issuers of equity should publish its audited financial statements after 90 day of every financial year.

- The company should also rectify its problems which caused it to be delisted to enable it to get listed again. The advantages the company enjoy during listing outweighs those enjoyed during delisting. Lomas (2016) supported that if the company is listed on a stock market it enjoys more benefits than those companies whose equity are not sold on the stock market.

- Cottco limited has a total of nine ginneries, of which three ginneries are working. I recommend that the company should dispose six other idle non performing ginneries to help them to pay suppliers within given deadlines because the time shall come when no supplier will be willing to provide his goods or service to Cottco limited.

- Good Corporate governance practices between directors and managers should be exercised and enhanced so as to align with the objectives of the company to avoid the mismanagement or misuse of financial resources within the entity with the purpose of increasing the performances of the company. Beaver (2016) contented that the regulatory boards from customers and investors are driving companies to be more accountable and being transparency in handling the finances of the company. Lack of transparency within the organization drives away investors from extending their funds in the organization.

5.5 Suggestions for Further Research

The further research can be done on the effects of government intervention in the operations of a delisted company which aims at relisting its shares on the Stock market and the effects of relisting shares which was once delisted due to non-compliance with the stock market regulations. The further studies can also be done on the effects of delisting on the capital structure of the company.

REFERENCE LIST

Books

Bharath, K. (2010) “**Why Do Firms Use Private Equity to Opt Out of Public Markets? Effects of Going Public**”, University of California: San Diego.

Beaver, W. (2016) “**Driving Corporate Transparency: Who are you doing business with**”, Canada: Thompson Reuters.

Creswell, J (2012) “**Educational Research: Planning Conducting and Evaluating Quantitative and Qualitative Research**”, Upper Saddle River: Prentice Hall.

Robert, K. (2014) **Case Study Research :Design and Methods: 5th edition**, California :Sage publications.

Taylor, D. (2016) **The Literature Review: A Few Tips on Conducting Literature Review**, Canada :University Toronto.

Journals

Ahmad, A.(2015) “**The real effects of delisting**” European journal of Business Management, volume 7 no 12.

Bakke, T.et al (2012) “**The real effects of delisting: Evidence from a regression discontinuity design**”, Finance Research Letters.

Bhattarai, Y. (2016)“**Determinants of Share Price of Nepalese Commercial Banks**”, Economic Journal of Development Issues.

Chen, J. et al (2015) “**Predicting Stock Prices from News Articles**”, The Undergraduate Statistics Association - Project Committee journal.

Grubisic, M. (2015) **“Mandatory Shares listing effecton further Capital raisin in Crotian Capital Market from 2002- 2010”**, Economic Research-Ekonomska Istraživanja Vol. 28, Iss. 1.

Kashefi, E. (2015) **"IPO survival and CEOs' decision-making power: The evidence of China"**, Research in International Business and Finance journal.

Loman, N.(2012) **"High-throughput bacterial genome sequencing: an embarrassment of choice, a world of opportunity"**, Nature Reviews Microbiology journal.

Mudzuura et al (2013), **Factors Influencing ZSE performance**, Annals of the University of Petrosani, Economics journal vol 2.

Nirmala, P. S., Sanju, P. S., Ramachandran, M. (2011). **Determinants of Share Prices in India**, Journal of Emerging Trends in Economics and Management Sciences, vol. 2, Issue 2’

Norman, A. (2010) **Journal of International Business management**, volume 4 page 222 -228.

Park, J. Posang L. and Yun W. (2014). **"Information effect of involuntary delisting and informed trading"**, Pacific-Basin Finance Journal.

Pompilio et al (2011) **Down and Out in the Stock Market: The Law and Economics of the Delisting Process**, 51 (4) J. L.Econ. 683-713 .

Rahman,A.(2015) European journal of Business Management Volume 7, No 12,

Tandon, K.et al (2013). **‘Determinants of Stock Prices: Empirical Evidence from NSE 100 Companies**,International Journal of Research in Management & Technology`, Vol. 3(3).

Toni et al (2012) **The Real effects of Delisting: Evidence Regression Discontinuity Design**.

Samuel, G, et al (2011) **Why should investors invest in Kenya now**, NIC publishers: Nairobi.

Sheroshita et al (2014) **Information Effect of Delisting and Change of ownership: Evidence from Japanese Market**, Imundong : Hankuk University.

Shen,S. and Carsten, P (2016) **China regulator studying impact of overseas-listed firms relisting in China**, Shanghai: Beijing.

Sunde, T, and Abel S. (2011) "**A Review of the Determinants of Share Prices**", Journal of Social Sciences.

Websites

<http://www.explorables.com> accessed 24 September 2016, 1400hrs

www.businessstandards.com accessed September 6, 2016, 1600hrs

<http://www.cottcoholdings.com> accessed 16 August 2016,1620hrs

<http://www.delisted.com.au> accessed 5 September 2016, 2100hrs

<http://www.dealstreetasia.com> accessed 5 September 2016, 2000hrs

<http://www.fma.org> accessed 4 September 2016, 1800hrs

<http://www.lc.unsw.edu.au> accessed 5 September 2016, 1100hrs

Other

Cottco internal audit report (2015) **Monthly Control review** – 31 September 2015 published by Cottco limited

Cottco management report (December 2014) published by Cottco limited

Debois, S. (2016) 9 **Questionnaires Pros and Cons** retrieved 04.06 16 published by Princess hall

Dorsey, J.(2014) **What happens to a shareholder when delisting occurs**,published by NIC publishers

Gadzikwa, G (2015) "**Zimbabwe Stock Exchange Manual**", Harare : Zim publishers.

Hardril et al (2014) **Law Project in Listing and Delisting of a company**, California :Sage publications.

Harmon et al (2014) “**The State of BusinessProcess Management: Business Process Trends** published by economics time, Canada.

Jersey (2015) **Relisting Effects and Roles**, Upper Saddle River: Prentice Hall.

Kuepper, J. (2016) **Digging for Profitable Delistings** , Beijing : Veto publishers.

Morgan, L. (2013) **When a Company Gets Delisted What will happen to its Shares**: Singapore. Newsday published 9 November 2014’

Penny, S. (2012) **What is Stock and How do Stocks affects the economy**, Canada: University of Ottawa.

Shuttleworth,M.(2015) **The Case Study Research Design** published by SAAP publishers, Nairobi.

APPENDICES

Appendix 1

Midlands State University
P.Bag 9055
Gweru

16 September 2016

The Cotton Company of Zimbabwe Limited
P.O Box 2697
Harare

Dear Sir

REF: RESEARCH PROJECT ASSISTANCE

I am a final year student at the Midlands State University, pursuing a Bachelor of Commerce (Honors) Degree in Accounting. It is a requirement that I must carry-out a research during the final year, to be issued to the faculty for approval. The research project is a partial fulfillment for the granting of the Bachelor of Commerce (Honors) Accounting Degree. My research topic is entitled:-

“The Delisting of a company from the Zimbabwe stock exchange and its effects. [A case of The Cotton Company of Zimbabwe Limited]”

I particularly desire to obtain responses from executive directors, executive managers, middle, and lower level managers. It will be greatly appreciated if the relevant respondents complete the attached questionnaires. I am looking forward to your assistance in data gathering in respect of the above stated issue by answering the attached questionnaires. The information provided will be solely used for this research and will be treated as confidential.

Thank you for your co-operation.

Yours sincerely

.....

Paul Mazengera

Approved

Signature.....

For Managing Director



Appendix 2

Questionnaire

Midlands State University
Department of Accounting
P. Bag 9055,
Gweru

15 September 2016

Dear respondent

Ref: Questionnaire requesting data from respondent

My name is Paul Mazengera. I am a final year student of the above-mentioned institution doing Bachelors of Commerce (Honours) Degree in Accounting. My topic is entitled

“The delisting of the Company from the Zimbabwe Stock Exchange and its effects” A case of the Cotton Company of Zimbabwe Limited.

I am kindly asking you to help me by filling in the questionnaire by ticking the right answer. All the data provided will be treated with strictest confidentiality.

Please tick on the place provided

Key

1	Agree
2	Strongly Agree
3	Uncertain
4	Disagree
5	Strongly Disagree

Job Title

Gender

M	F
---	---

Number of Years in the Organization

1-5 years	5 – 10 years	10 – 15 years	15 – 20 years
-----------	--------------	---------------	---------------

1.0 Causes of Delisting of Cottco limited from the Zimbabwe Stock Exchange

		1	2	3	4	5
1	Cottco limited involuntarily delisted from the Zimbabwe Stock Exchange.					
2	Cottco limited failed to file its financial results with the Zimbabwe Stock Exchange within 90 days and delisted.					
3	The non-compliance of Cottco limited with ZSE regulations started from previous years before it was delisted.					
4	Economy contributed to a higher extend to the delisting of Cottco limited from the Zimbabwe Stock Exchange.					
5	Cottco limited was able to meet its financial obligations with ZSE before delisting.					

2.0 Effects of Delisting of Cottco from Zimbabwe Stock Exchange

		1	2	3	4	5
6	Delisting effects are now identified within the organization.					
7	Cottco is still operating as it was used to do before delisting.					
8	Cottco is paying its suppliers within specified period of 30 days after the occurrence of the transaction.					
9	Fraud cases increased following the delisting company of the company from ZSE.					
10	Benefits gained by Cottco Limited during delisting period outweighs the benefits it enjoyed during the listing period.					

3.0 Share Price Determinants

11	The share price of Cottco Limited went below the expected share price on ZSE and delisted.	1	2	3	4	5
12	Cottco limited share price was affected by lack of credibility of the company and dropped by 90% in 2014 which made the company to be delisted from ZSE.					
13	Company performance determine the share price of Cottco limited before it was delisted from ZSE.					

4.0 Relisting and its effects to the company.

		1	2	3	4	5
14	The company has rectified its problems which led to its delisting.					
15	Cottco limited is ready to relist its shares on the Zimbabwe Stock Exchange.					
16	Cottco limited will improve its efficiency if the company relist its shares on ZSE.					
17	The company will have access to a larger pool of funds from various investors if it relists On ZSE.					
18	Cottco Limited can relist its shares on the stock market in the next five years.					

Interview guide

1. What are the causes of delisting of a company from the Stock Market?
2. What are the effects of delisting of the company from the stock market?
3. How has share prices in agro processors companies determined in Zimbabwe?
4. What recommendations do you provide on either to get listed or remain unlisted?
5. What other data do you think might be relevant to add on this research?