

Figure 4: Share Price Performance of Each IPO at the Start of the Next IPO

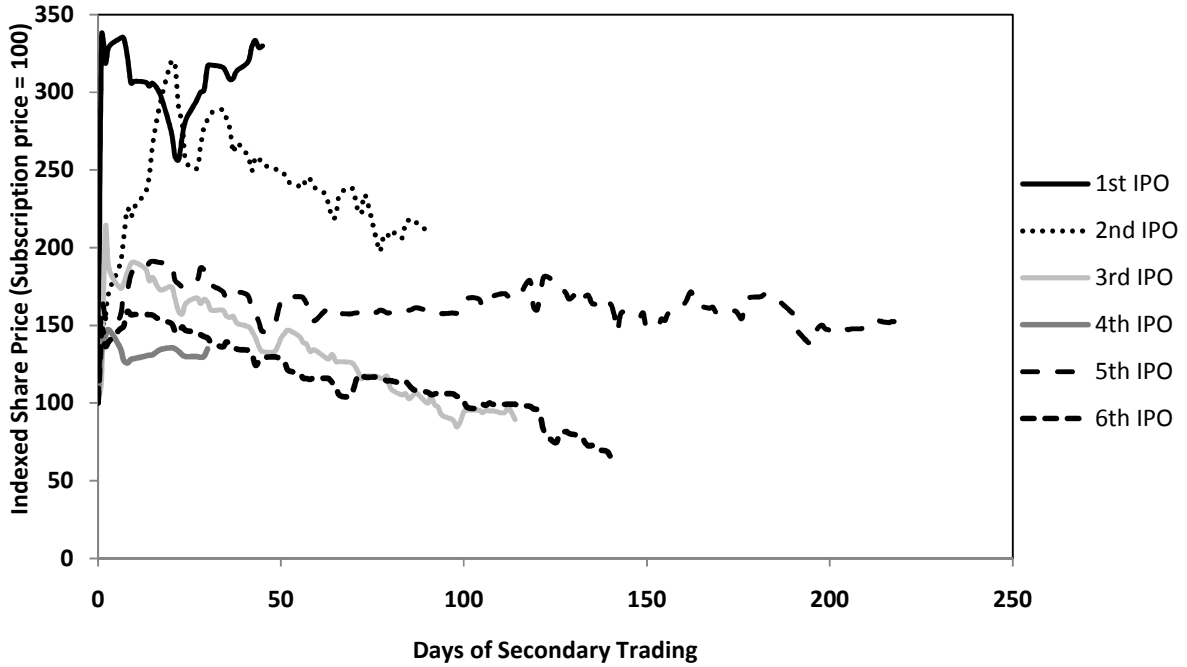


Figure 5: Estimated Change in New Investor Recruitment at Given Levels of Peer Profit (t-1) and Ethnic Homogeneity

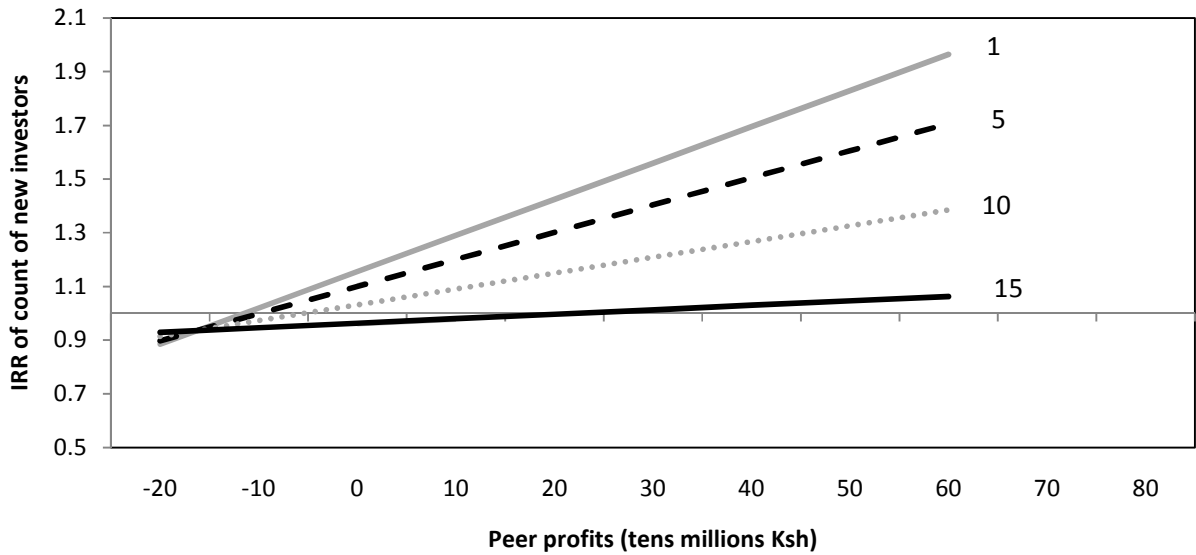


Table 1

Descriptive Statistics and Correlation Matrix of all Variables in the Analysis (N=3,378)

Variable	Mean	S.D.	Min	Max	1	2	3	4	5	6	7	8	9
1 No. new investors	198	3,822	0	205,614									
2 Town profit (Tens mill. Ksh)	0.15	19.63	-783	814	0.172								
3 Geographic peer profit (Tens mill. Ksh)	1.65	16.50	-77.83	88.47	0.001	0.024							
4 Ethnic peer profit (Tens mill. Ksh)	0.08	0.48	-2.30	3.09	0.001	0.063	0.696						
5 Hybrid profit (geography and ethnicity; Millions Ksh)	0.16	1.58	-6.87	7.87	0.001	0.025	0.997	0.724					
6 No. of investors in previous IPO (000's)	0.39	6.43	0	313	0.325	-0.320	-0.019	-0.022	-0.020				
7 Distance of town to nearest major city (km)	69.26	66.58	0	637	-0.037	-0.005	-0.019	-0.009	-0.018	-0.045			
8 Town's at risk population (000's)	5.76	75.19	0	1,864	0.586	0.057	-0.001	0.001	-0.001	0.784	-0.064		
9 SES high (%)	4.49	1.08	0	54.96	0.128	0.012	0.007	0.015	0.002	0.171	-0.236	0.200	
10 SES medium (%)	32.39	14.36	0	88.20	0.010	-0.005	-0.012	0.007	-0.008	0.019	-0.412	0.039	0.105
11 Use of formal financial products (%)	78.34	18.38	0	100	0.001	-0.013	-0.137	-0.144	-0.141	0.021	-0.384	-0.008	0.031
12 Advertising exposure in town (Millions Ksh)	16.41	3.47	0	205	0.138	-0.007	-0.089	-0.149	-0.093	0.029	-0.092	0.041	0.095
13 Ethnic homogeneity	8.69	5.34	1.03	34.34	-0.034	-0.005	0.010	-0.051	0.008	-0.042	0.120	-0.066	-0.294
14 English (%)	6.93	7.28	0	39.40	0.098	0.001	-0.028	-0.033	-0.034	0.144	-0.315	0.156	0.776
15 Swahili (%)	46.46	3.60	0	100	0.013	0.003	-0.187	-0.065	-0.191	0.024	0.084	0.049	0.114
16 Kikuyu (%)	13.78	29.17	0	94.64	0.003	0.003	0.124	0.122	0.130	-0.004	-0.039	-0.024	0.054
17 Luhya (%)	2.77	7.79	0	32.44	-0.015	-0.002	-0.018	0.053	-0.014	-0.019	-0.115	-0.023	-0.144
18 Kalenjin (%)	3.75	1.22	0	68.58	-0.010	-0.001	0.016	0.053	0.022	-0.017	-0.029	-0.018	-0.121
19 Meru (%)	5.27	19.04	0	98.41	-0.005	-0.001	0.028	-0.009	0.028	-0.012	-0.122	-0.018	-0.047
20 Kamba (%)	8.28	22.08	0	77.79	-0.016	-0.002	0.105	-0.046	0.099	-0.020	0.004	-0.024	-0.118
21 Kisii (%)	2.47	1.53	0	65.37	-0.009	-0.002	-0.010	-0.022	-0.009	-0.011	0.016	-0.016	-0.090
22 Somali (%)	1.50	11.49	0	100	-0.006	-0.001	-0.006	-0.012	-0.007	-0.008	0.530	-0.009	-0.058

Variable	10	11	12	13	14	15	16	17	18	19	20	21
11 Use of formal financial products (%)	0.216											
12 Advertising exposure in town (Millions Ksh)	0.036	0.001										
13 Ethnic homogeneity	-0.254	-0.016	-0.064									
14 English (%)	0.255	0.124	0.078	-0.301								
15 Swahili (%)	0.002	-0.347	0.058	-0.595	0.111							
16 Kikuyu (%)	0.032	0.319	-0.025	-0.124	0.064	-0.504						
17 Luhya (%)	-0.267	-0.265	0.020	0.120	0.034	0.180	-0.167					
18 Kalenjin (%)	0.101	0.032	0.057	0.003	-0.034	0.114	-0.140	-0.119				
19 Meru (%)	0.008	0.262	-0.032	0.321	-0.143	-0.269	-0.093	-0.098	-0.102			
20 Kamba (%)	0.139	-0.139	-0.018	0.250	-0.252	-0.218	-0.169	-0.133	-0.138	-0.079		
21 Kisii (%)	-0.129	0.067	-0.002	0.355	-0.032	-0.079	-0.110	-0.083	-0.031	-0.065	-0.087	
22 Somali (%)	-0.267	-0.466	-0.058	0.404	-0.118	-0.155	-0.062	-0.046	-0.048	-0.036	-0.049	-0.031

Table 2

Negative Binomial Estimates of Count of New Investors in Each Town in Each IPO

Control variable	1	2	3	4	5	6	7	8	9
Distance to nearest major city	-.002** (.001)	-.003*** (.001)	-.003*** (.001)	-.003*** (.001)	-.006*** (.002)	-.003*** (.001)	-.003*** (.001)	-.003** (.001)	-.003*** (.001)
At risk population	.000 (.000)	.000 (.000)	.001 (.000)	.000 (.000)	.420*** (.069)	.000 (.001)	.000 (.000)	.000 (.000)	.038*** (.006)
SES high	-.003 (.004)	-.023*** (.005)	-.022*** (.005)	-.013* (.005)	-.016* (.006)	-.010 (.005)	-.012* (.005)	-.012* (.005)	-.017** (.006)
SES medium	.003 (.002)	.003 (.002)	.003 (.002)	.005* (.002)	-.000 (.003)	.005* (.002)	.006** (.002)	.007** (.002)	.000 (.003)
Use of formal financial products	.005** (.002)	.007** (.002)	.007** (.002)	.008** (.002)	.006* (.003)	.008** (.003)	.008*** (.002)	.008** (.002)	.007** (.003)
Advertising exposure	-.000 (.001)	.000 (.001)	-.000 (.001)	-.000 (.001)	.001 (.001)	-.001 (.001)	-.000 (.001)	-.000 (.001)	.000 (.001)
No. of investors in previous IPO	-.009 (.006)	-.009 (.006)	-.012* (.006)	-.011 (.006)	-.124 (.106)	-.007 (.006)	-.011 (.006)	-.011 (.006)	-.073* (.030)
English		.038*** (.006)	.038*** (.006)	.030*** (.006)	.028*** (.007)	.029*** (.006)	.028*** (.006)	.029*** (.006)	.029*** (.006)
Swahili		.010*** (.003)	.009*** (.003)	.007** (.003)	.006 (.003)	.005 (.003)	.006* (.003)	.006* (.003)	.004 (.003)
Kikuyu		.013*** (.002)	.013*** (.002)	.010*** (.002)	.013*** (.002)	.010*** (.002)	.010*** (.002)	.010*** (.002)	.009*** (.002)
Luhya		-.003 (.006)	-.003 (.006)	.004 (.006)	.008 (.007)	.003 (.006)	.008 (.006)	.007 (.007)	.008 (.007)
Kalenjin		-.005 (.004)	-.005 (.004)	-.003 (.004)	-.003 (.005)	-.002 (.004)	-.002 (.004)	-.003 (.004)	.000 (.004)
Meru		.005 (.002)	.005 (.002)	.004 (.002)	.005 (.003)	.002 (.002)	.005* (.002)	.005* (.002)	.005* (.003)
Kamba		.006* (.003)	.006* (.003)	.003 (.003)	.006* (.003)	.002 (.003)	.005 (.003)	.004 (.003)	.005 (.003)
Kisii		-.004 (.005)	-.004 (.005)	-.002 (.005)	-.001 (.006)	.002 (.005)	.001 (.005)	-.000 (.006)	.001 (.005)
Somali		.020*** (.006)	.020*** (.006)	.021*** (.006)	.019* (.009)	.028*** (.005)	.022*** (.006)	.052* (.022)	.023*** (.006)
Ethnic homogeneity		.013 (.012)	.013 (.012)	.005 (.012)	.011 (.017)	-.002 (.013)	-.007 (.014)	-.002 (.015)	-.008 (.014)
Predictive variable									
Town profit			.003*** (.001)	.003*** (.001)	.101 (.073)	.002*** (.001)	.003*** (.001)	.003*** (.001)	.028** (.010)
Geographic peer profit				.010*** (.002)	.007*** (.002)	.010*** (.002)	.014*** (.002)	.013*** (.002)	.013*** (.003)
Geographic peer profit * ethnic homogeneity							-.001** (.000)	-.001* (.000)	-.001* (.000)
Constant	-.26 (.197)	-1.22** (.386)	-1.22** (.386)	-1.41*** (.382)	-1.34** (.492)	-1.26** (.388)	-1.27** (.388)	-1.33** (.417)	-.963* (.405)
Log likelihood	-9392	-9344	-9343	-9327	-6549	-8310	-9324	-9175	-8362
Chi-squared	22838	24793	24896	25205	18398	23078	25288	24955	23780
Deg. of Freedom	12	22	23	24	24	24	25	25	25
No. obs	3372	3372	3372	3372	2850	2428	3372	3287	3114

* p<.05 ** p<.02 *** p<.001

Robust standard errors are in parentheses

Note: Estimates of IPO period dummies not displayed

Table 3

Negative Binomial Estimates of New Investors in Each Town in Each IPO

Control variable	4	10	11	12	13	14	15
Distance to nearest major city	-.003*** (.001)	-.003*** (.001)	-.006*** (.002)	-.003*** (.001)	-.003*** (.001)	-.006*** (.002)	-.003*** (.001)
At risk population	.000 (.000)	.000 (.000)	.413*** (.069)	.000 (.000)	.000 (.000)	.420*** (.069)	.000 (.001)
SES high	-.013* (.005)	-.012* (.005)	-.014* (.006)	-.009 (.005)	-.013* (.005)	-.016* (.006)	-.010 (.005)
SES medium	.005* (.002)	.005* (.002)	-.001 (.003)	.005* (.002)	.005* (.002)	-.001 (.003)	.005* (.002)
Use of formal financial products	.008** (.002)	.008** (.002)	.007* (.003)	.008** (.003)	.008** (.002)	.006* (.003)	.008** (.003)
Advertising exposure	-.000 (.001)	-.000 (.001)	.001 (.001)	-.001 (.001)	-.000 (.001)	.001 (.001)	-.001 (.001)
No. of investors in previous IPO	-.011 (.006)	-.011 (.006)	-.147 (.106)	-.007 (.006)	-.010 (.006)	-.117 (.106)	-.007 (.006)
English	.030*** (.006)	.028*** (.006)	.024*** (.007)	.027*** (.006)	.030*** (.006)	.027*** (.007)	.029*** (.006)
Swahili	.007** (.003)	.006 (.003)	.004 (.003)	.003 (.003)	.007* (.003)	.006 (.003)	.005 (.003)
Kikuyu	.010*** (.002)	.010*** (.002)	.012*** (.003)	.009*** (.002)	.010*** (.002)	.013*** (.002)	.010*** (.002)
Luhya	.004 (.006)	.005 (.006)	.009 (.007)	.004 (.006)	.005 (.006)	.008 (.007)	.003 (.006)
Kalenjin	-.003 (.004)	-.002 (.004)	-.003 (.005)	-.001 (.004)	-.003 (.004)	-.003 (.005)	-.002 (.004)
Meru	.004 (.002)	.004 (.002)	.005 (.003)	.002 (.002)	.004 (.002)	.005 (.003)	.002 (.002)
Kamba	.003 (.003)	.004 (.003)	.007* (.003)	.003 (.003)	.003 (.003)	.006* (.003)	.002 (.003)
Kisii	-.002 (.005)	-.001 (.005)	.000 (.006)	.003 (.005)	-.002 (.005)	-.001 (.006)	.002 (.005)
Somali	.021*** (.006)	.021*** (.006)	.020* (.009)	.028*** (.005)	.021*** (.006)	.019* (.009)	.028*** (.005)
Ethnic homogeneity	.005 (.012)	-.001 (.013)	.004 (.017)	-.007 (.013)	.004 (.012)	.011 (.017)	-.002 (.013)
Predictive variable							
Town profit	.003*** (.001)	.003*** (.001)	.092 (.074)	.002** (.001)	.003*** (.001)	.098 (.074)	.002*** (.001)
Geographic peer profit	.010*** (.002)	.009*** (.002)	.006** (.002)	.009*** (.002)			
Ethnic peer profit		.197** (.083)	.234** (.097)	.186* (.083)			
Hybrid profit (geography and ethnicity)					.107*** (.018)	.082*** (.025)	.113*** (.018)
Constant	-1.41*** (.382)	-1.45*** (.385)	-1.37** (.495)	-1.29*** (.390)	-1.42*** (.382)	-1.35** (.492)	-1.27** (.388)
Log likelihood	-9327	-9324	-6546	-8308	-9326	-6549	-8310
Chi-squared	25205	25284	18494	23177	25181	18378	23051
Deg. of Freedom	24	25	25	25	24	24	24
No. obs	3372	3372	2850	2428	3372	2850	2428

* p<.05 ** p<.02 *** p<.001

Robust standard errors are in parentheses

Note: Estimates of IPO period dummies not displayed