Dividend policy and its relationship to investment and financing policies: Empirical evidence using Irish data

Green, Peter; Pogue, Michael; Watson, Iain . Green, Peter; Pogue, Michael; Watson, Iain.

ABSTRACT

The relationship between dividend, investment, and financing decisions is investigated using empirical evidence based upon a questionnaire survey of those companies listed on the Irish Stock Market in 1989. Questionnaires were posted to the financial directors of all companies listed in the Irish Stock Market Handbook. Factors affecting the dividend decision include the following: 1. current profitability, 2. expectations of future profitability, 3. cash resources of the company, 4. taxation implications, 5. investment opportunities, and 6. legal restrictions. Overall, the weight of evidence tends to support the hypothesis that Irish companies do not pursue a residual dividend policy. The question of independence between dividend and investment policies is a more contentious issue. Although the evidence presented to support a simultaneous policy is relatively weak, it would appear that at least at the aggregate level, dividend decisions are taken with reference to the exogenous factor of dividend stability, but consideration is also given to investment and financing decisions.

FULL TEXT

INTRODUCTION

This paper investigates the relationship between dividend, investment and financing decisions. The empirical evidence is based upon a questionnaire survey of those companies listed on the Irish Stock Market in 1989. Recent research has concentrated on examining the dividend policies pursued by Irish companies by way of an analysis of published financial data (see, for example, Barrett and Cotter 1990 and Green and McIlkenny 1991). A questionnaire approach is adopted in this paper, so that the perceptions of those managers who actually formulate dividend policy can be examined. Furthermore, the relationship between dividend, investment and financing decisions can be explicitly investigated.

The results of the survey support the contention that the level of dividend payments is not residually determined, ie dividend levels are not totally dependent upon the values selected for investment and financing variables. The question of independence between dividend and investment policies is a more contentious issue. The empirical evidence presented here, however, does suggest that at least at the aggregate level, dividend decisions are taken with reference to the exogenous factor of dividend stability, but consideration is also given to investment and/or financing decisions. Thus it would appear that a simultaneous dividend policy, ie the dividend decision is neither totally residual nor totally independent, is pursued by Irish companies.

The remainder of this paper is organised as follows: First a brief review of previous literature is provided; second the sample and methodology employed in the study are then outlined; thirdly, the results and implications are evaluated; next, some of the limitations of the study are discussed; and the paper concludes with a brief summary of the main results of the study.

PREVIOUS LITERATURE

There have been previous surveys of dividend policy, although none have been conducted in Ireland. Lintner (1956) developed a model to explain the intertemporal behaviour of dividend levels as a result of interviews with the managements of 28 US firms. The model assumes that a firm's target dividend level in year t (Dt*) is related to the earnings in that year (E sub t) by a target payout ratio (r). This payout ratio is a function of the firm's borrowing and investment opportunities and shareholders' marginal tax bands:

(1) Dt* = rE sub t

Furthermore, it is argued that, in any given year, the firm will only partially adjust towards the target dividend level of the year. The extent of the adjustment is represented by the speed of adjustment factor (c), which reflects the degree of acceptance of the new target. Hence, the actual change in dividends from period t-1 to t is given by:

(2) D sub t -D sub t-1 =a + c(D sub t *-D sub t 1) + U sub t

The constant term (a) is introduced as a somewhat arbitrary way of reflecting the reluctance of management to reduce dividends. U sub t is an error term. Substituting equation (1) into equation (2) produces the familiar equation used in studies of dividend policy:

(3) D sub t -D sub t-1 =a + crE sub t -cD sub t-1 , + U sub t

Stewart (1987), Barrett and Cotter (1990) and Green and McIlkenny (1991) provide empirical evidence from an analysis of published financial data, both at the aggregate and individual firm level, which supports the contention that the Lintner (1956) model is descriptive of the dividend policies pursued by Irish companies. Green and McIlkenny (1991), however, find the constant term in the model to be statistically insignificant, whilst Barrett and Cotter (1990) suggest that there is a strong tendency for Irish companies to maintain dividends at constant levels. Such studies have provided a valuable insight into the dividend policies of Irish companies, but have provided relatively little information about the relationship between dividend, investment and financing decisions.

At the conceptual level, taking earnings as given, there are three major financial decision variables subject to management control; investment policy, dividend policy and financing policy. Three major types of dividend policy may thus be identified:

(a) A residual dividend policy, ie the level of dividend payments is determined by investment and financing policies, such that if there is a surplus of funds after the implementation of investment and financing policies, dividends will be paid.

(b) An independent dividend policy, ie the desired dividend payment is selected and either investment or financing policies, or both are adjusted. Clearly if this is the case, dividends will be determined by exogenous factors, such as the desire for dividend stability.

(c) A simultaneous dividend policy, ie the dividend decision is neither totally residual or totally independent, rather consideration is given to both exogenous factors and to investment and financing policies.

According to the Miller and Modigliani (1961) argument, under the assumptions of perfect capital markets, rational behaviour, no taxation and zero transaction costs, the choice between the three alternative dividend policies above is irrelevant, as only investment policy determines firm value. It has, however, been suggested that if external financing costs are recognised e.g. issue costs, then a residual policy is preferred as such costs are minimised (see, for example, West and Bierman, 1968 and Van Home and McDonald, 1971). Assuming that a firms' profitability and investment opportunities vary over time, a residual dividend policy would result in dividend levels which similarly fluctuate over time. The empirical evidence documented above is consistent with Irish companies having a policy of dividend stability and consequently does not support this view of dividend behaviour. Hence, it is a fundamental hypothesis of this paper that a residual dividend policy is not pursued by Irish companies.

An independent dividend policy implies that there is at least one motive for making dividend payments, other than to reduce surplus liquid funds. Within the framework of their stylised analysis, Modigliani and Miller (1959) recognise that management may use the change in dividend level to signal to investors expectations about the future economic performance of the company, but contend that this is a temporary phenomenon, as investors will be able to determine whether management's expectations are justified as information about future performance is obtained from other sources, such as realised earnings numbers (see Ross 1977, Bhattacharya 1979 and Miller and Rock 1985, for examples of signalling models).

A number of studies have investigated whether dividends convey information (see Taylor, 1979, for a good analytical review of early studies and, more recently, Aharony and Swary, 1980, Kwan, 1981, Riding, 1984, Lobo, Nair and Song, 1986) and in general have concluded that there is some evidence to support the contention that dividends have information content. Partington (1985) surveyed the perceptions of senior managers in 93 large Australian companies and found that managers did perceive dividends o be important in signalling their views on future company profitability.

Miller and Modigliani (1961), also recognise what has become known as the clientele effect. The argument proposed is that a firm will tend to attract a 'clientele' consisting of those shareholders who prefer the particular payout ratio of the firm. If all clienteles are satisfied, their demands for high or low dividends will have no effect on company valuation (see, Black and Scholes, 1974, Miller and Scholes, 1978 and Miller, 1986). The clientele effect does, however, provide a possible motive for paying dividends, ie to maintain shareholder loyalty (see Pettit 1977 and Partington 1985, for empirical evidence on clientele effects).

Although contrary to the Miller and Modigliani (1961) argument, Partington (1985) reports evidence to suggest that senior managers of Australian companies consider that dividend payments support or increase share price. Previous studies have investigated the relationship between firm value and dividend levels (see, for example, Friend and Puckett 1964, Black and Scholes 1974, Long 1978, Miller and Scholes 1982, Litzenberger and Ramaswamy 1982 and Poterba 1986). The empirical evidence tends to favour the Miller and Modigliani (1961) view.

If dividend levels are determined independently, then either investment, financing or both are adjusted. Further, if it is assumed that management act to maximise shareholder wealth and the Miller and Modigliani (1961) argument is accepted, then it would seem reasonable to hypothesise an independent investment policy, leaving external financing as the residual. Partington(1985) argues that, in comparison with a new equity issue, raising debt is usually quicker, more flexible and has lower transaction costs. Therefore it is likely that the debt component of external financing is residually determined. Miller and Rock (1985) argue that 'it would be uneconomic as well as pointless' for firms to pay dividends and raise capital simultaneously. Rozeff (1982) and Easterbrook (1984), however, both suggest an agency-cost explanation of dividend policy which is based upon the observation that firms pay dividends and raise capital simultaneously. They argue that this policy subjects the firm more frequently to intensive capital market monitoring and hence reduced agency costs (see Dhrymes and Kurtz 1967, Higgin 1972, Johar 1973, Fama 1974, Mc Donald, Jacquillet and Nussenbaum 1975, McCabe 1979 and Smirloff and Marshall 1983, for empirical evidence with regard to this view on dividend behaviour).

Partington, (1985) found that the most frequent pattern of responses from senior managers of Australian companies suggested that firms set desired dividends and desired investments and if internal funds were not sufficient to meet these needs then the shortfall was usually financed with debt.

A simultaneous dividend policy implies some degree of interdependency between dividend decisions and/or investment decisions and/or financing decisions, in addition to the existence of one, or more motives for paying dividends. Theoretically, it is difficult to support this view of dividend policy within the stylised world hypothesised by Miller and Modigliani (1961). Partington (1985) argues that given the observed stability of dividends, the relatively high explanatory power of the Lintner (1956) model and the fixed element of dividend policy arising from the reluctance of managers to cut dividends, a simultaneous dividend policy is less plausible.

In order to investigate this issue further it is necessary to relax some of the assumptions of the Miller and Modigliani (1961) analysis. A number of studies have relaxed the assumptions of no taxation (see, for example, Farrar and Selwyn (1967), Brennan (1970) and Miller and Scholes 1978). Masulis and Trueman (1986) model the investment and dividend decision in a world of differential personal income tax and a zero rate of capital gains tax. Two of the implications of the Masulis and Trueman (1986) model are:

(i) Firms with many profitable investment opportunities will use up all their internally generated funds without paying dividends, but older, more mature firms will pay dividends because not all internally generated funds will be exhausted by investment opportunities.

(ii) While a decrease in current earnings should leave unchanged the investment expenditures of externally financed firms, it is likely to decrease investment expenditures of firms that initially planned to internally finance all their investments. Such firms would be reluctant to raise external finance in order to meet planned investments. Thus the Masulis and Trueman (1986) model does recognise that interdependencies between dividend, investment and financing decisions may exist.

Indirect support for a simultaneous dividend policy is also found in the signalling literature. Bhattacharya (1988: 139) suggest that 'signalling models require us to modify several conventional notions about the firm's decision criterion and, possibly, the separation of different categories of financing and investment decisions. Foremost among these is the fact that maximization of current market value is no longer an adequate criterion for decision-making at the firm level'. This notion is by no means new. Theories of the 'satisficing' behaviour of managers are well established (see Simon, 1959, 1962). Gordon (1948: 270) notes that

in an important sense, the primary aim of a businessman is to stay in business. Given the fog of uncertainty within which he must operate, the limited number of variables his mind can juggle at one time, and his desire to play safe, it would not be at all surprising if he adopted a set of yardsticks that promised reasonably satisfactory profits in the long run...

Gordon (1948) also refers to the 'banker mentality' which in large firms leads to the sacrifice of probable profits for the sake of an impregnable financial position. Clearly a similar satisficing argument can be presented to explain why firms adopt a simultaneous dividend policy, albeit that this behaviour may be at the cost of underinvestment. Indeed Modigliani (1988: 157) states, 'I have become a bit disenchanted with the indiscriminate use of superrationality as the foundation for models of financial behaviour'.

In summary, arguments can be found in the literature to support all of the alternative dividend policies. Whilst there is some empirical evidence to support the fundamental hypothesis of this paper, that Irish companies do not pursue a residual policy, there is no evidence to support/reject either an independent policy or a simultaneous policy.

SAMPLE AND METHODOLOGY

Questionnaires were posted to the financial directors of all companies listed in the Irish Stock Market Handbook (1989). A total of 89 questionnaires were issued. Initially a total of 40 responses were obtained. Four of the returned questionnaires, however, indicated that either it was company policy not to divulge information regarding dividend, investment and financing decisions, or that the company was taken-over or delisted. A follow-up enquiry was conducted of nonrespondents via telephone, but no further responses were obtained. An analysis of the principal activities of all companies listed on the Irish Stock Market and of respondents, given in Table 1. (Table 1 omitted)

The responses appear to provide a reasonably representative sample across industry sectors. The overall response rate, based upon the number of firms listed in 1989, is 40 per cent.

An analysis of the dividend payments to equity shareholders in the period from 1981 to 1989, indicated that 58 (65 per cent) of the total number of companies listed in 1989, made at least one dividend payment. Six of the responding firms did not make any dividend payments in the period from 1981 to 1989. This represents 20 per cent of the total number of firms who did not make any dividend payments in this period. The remaining thirty responding firms represent 52 per cent of the total number of firms making dividend payments in the period from 1981 to 1989.

Attention is initially directed towards the fundamental hypothesis that Irish companies do not pursue a residual dividend policy. The implications of a residual dividend policy with regards to the factors affecting dividend levels, the stability of dividend levels, the motives for making dividend payments and the interaction of dividend, investment and financing decisions are investigated. Using the empirical evidence generated from the investigation of the fundamental hypothesis, attention is then directed towards the alternatives of an independent dividend policy and a simultaneous dividend policy.

RESULTS AND IMPLICATIONS

FACTORS AFFECTING THE DIVIDEND DECISION

Selected largely on the basis of previous mention in the literature, ten factors, which it may be hypothesised will affect dividend decisions, were examined. Financial directors were asked to indicate the importance of each factor on the following five point Likert scale; 1 not important, 2 slightly important, 3 moderately important, 4 important and 5 very important.

A summary of the responses is shown in Table 2. (Table 2 omitted) Using the Kendall coefficient of concordance the ten response distributions were analysed to determine the degree of agreement between respondents and the order in which the various factors ranked, according to the mean rank score. As reported at the foot of Table 2, the concordance statistic was highly significant, implying significant agreement between respondents. In order to test the significance of differences within the overall ranking, pairwise comparisons were made using the Wilcoxon matched-pairs signed-ranks test. Significance levels for the differences between adjacently ranked factors are shown in the second column of Table 2. (See Picconi et al 1993, for further explanation of the use of Kendal and Wilcoxon tests).

It would appear from the results reported in Table 2, that profitability (both current and expected future profitability), is considered to be the most important factor in the dividend decision. The previous period's dividend payment is considered important and the requirement to meet a target payout ratio is considered moderately important. This result is consistent with the Lintner (1956) model being descriptive of the dividend policies of Irish companies. Furthermore, it implies that the managers of Irish companies are concerned with the stability of dividend payments. In order to investigate this issue further, managers were asked, 'How would you react if there was a fall in company profits?' A number of alternative actions were stated, and respondents indicated their response by ticking the appropriate box/es. The responses are given in Table 3. (Table 3 omitted)

It would appear that the majority of managers are reluctant to reduce dividend payments. As a residual dividend policy implies that dividend levels will be permitted to fluctuate in accordance with investment and financing decisions, this result is inconsistent with Irish companies pursuing a residual policy. Table 2, however, also reports that the cash resources and the investment opportunities of the company are considered important and moderately important factors, respectively, in the dividend decision. This result is consistent with companies either pursuing a residual, or simultaneous dividend policy.

MOTIVES FOR MAKING DIVIDEND PAYMENTS

A residual dividend policy implies that companies have no motivation for making dividend payments other than to reduce surplus liquid funds, or due to a shortage of investment opportunities. Selected largely on the basis of previous mention in the literature, nine potential motives were examined. Financial directors were asked to indicate the importance of each motive on the same five point Likert scale as the factors affecting the dividend decision. The distribution of responses is shown in Table 4. (Table 4 omitted)

The Kendall coefficient of concordance, reported at the foot of Table 4, is highly significant, implying significant agreement between respondents about the order of ranking. A Wilcoxon test was performed to test the significance of differences within the overall ranking. The motivations of surplus liquidity and a shortage of profitable reinvestment opportunities were very clearly at the bottom of the ranking, with 30 and 28 of the respondents, respectively, considering these motives not important. The most important motivation would appear to be maintaining shareholder loyalty, closely followed by the support or increase in company share price.

It would appear that managers perceive dividend payments as a means of influencing the firm's standing in financial markets, facilitating future financing and reducing the threat of takeovers. Support for this argument may also be found in Table 2, with the requirement to meet a target dividend yield, being considered a moderately important factor in the dividend decision. In addition, dividend payments are perceived by managers as a mechanism for signalling expectations about future profitability.

INTERACTION OF DIVIDEND, INVESTMENT AND FINANCING DECISIONS

A residual dividend policy implies that companies will not raise external finance to pay dividends and will not restrict investment in order to pay dividends. Financial directors were asked to indicate, using the following six point Likert scale, the frequency with which various alternatives were adopted when external finance was not raised and when external finance was raised; 0 never, 1 very rarely, 2 rarely, 3 sometimes, 4 frequently, 5 very frequently.

Table 5 examines the relative priorities given to investment and dividend payments when no external finance is raised and Table 6, the relative priorities given to investment and dividend payments when external finance is raised. (Tables 5 and 6 omitted)

The Kendall coefficient of concordance given at the foot of Table 5 and 6, implies that whilst there is significant agreement between respondents when no external finance is raised, there is not significant agreement when external finance is raised, regarding the order of rankings. A Wilcoxon test was performed to test the significance of differences within the overall ranking in both Table 5 and 6.

Table 5 indicates that there is frequently sufficient internally generated funds to make both desired dividend payments and desired investments. Table 6, however, suggests that where external finance is raised, the most frequent policy is to raise sufficient finance to pay both desired dividends and make desired investments. Furthermore, both Tables 5 and 6 suggest that the next most frequent policy is to restrict both dividend payments and investments. The evidence presented is weak, particularly given that the Wilcoxon test indicates that there is not a significant difference between all adjacent ranks in Table 6 and two of the adjacent ranks in Table 5, but is consistent with the hypothesis that Irish companies do not pursue a residual dividend policy.

Overall the weight of evidence tends to support the hypothesis that Irish companies do not pursue a residual dividend policy. The question of independence between dividend and investment policies is a more contentious issue.

INDEPENDENT AND SIMULTANEOUS DIVIDEND POLICIES

As noted previously, Table 2 reports that the cash resources and the investment opportunities of the company are considered important and moderately important factors, respectively, in the dividend decision. This result is consistent with companies either pursuing a residual, or simultaneous dividend policy. If an independent dividend policy was pursued, neither of these factors would influence the dividend decision. Given that the analysis above indicates that a residual policy is not pursued by Irish companies, then it would appear on the basis of this evidence, that a simultaneous dividend policy is employed. Furthermore, if cash resources and investment opportunities are considered in setting desired dividend payments, then it would seem reasonable to expect that internally generated funds will frequently be sufficient to make desired dividend payments and desired investments (Table 5), whilst it will rarely be necessary to raise external finance (Table 6). Table 5 and 6 also suggest that the second most frequent policy is not to give priority to either dividend payments, or investments, albeit that this is rarely the case and there is not a significant difference between adjacent ranks.

Although the evidence presented to support a simultaneous policy is relatively weak, it would appear that at least at the aggregate level, dividend decisions are taken with reference to the exogenous factor of dividend stability, but consideration is also given to investment and/or financing decisions. Future research may be directed towards empirically testing the Masulis and Trueman (1986) model of dividend behaviour.

SOME LIMITATIONS OF THE STUDY

The problems associated with questionnaire design are well documented (see, for example, Moser and Kalton, 1977). Whilst every attempt has been made to ensure that the design of the questionnaire has not biased responses, there remains the possibility that bias exists. For example, the order in which the factors effecting the dividend decision were listed in the questionnaire, may have influenced the relative importance assigned for each factor, by respondents.

In addition, given that the overall response rate was 40 per cent, representing 52 per cent of those firms making dividend payments and 20 per cent of those firms not making dividend payments, it is likely that non-response bias exists. The relatively small population, together with the relatively small number of responses, did not permit any tests of non-response bias, such as those suggested by Wallace and Cooke, 1990.

SUMMARY

This paper investigates the relationship between dividend, investment and financing decisions. The empirical evidence is based upon 36 responses from a questionnaire survey of companies listed on the Irish Stock Market in 1989. The results of the survey support the hypothesis that the level of dividend payments is not residually determined. Dividend decisions would appear to be taken with reference to the exogenous factor of dividend stability, but consideration is also given to investment and/or financing decisions. This result supports the argument that Irish companies pursue a simultaneous dividend policy. The empirical evidence, however, is relatively weak and non-response bias may exist. Future research may be directed towards specifically investigating the Masulis and Trueman (1986) model of dividend behaviour.

REFERENCES

Aharony, J. and Swary, I. (1980), 'Quarterly Dividend and Earnings Announcements and Stockholders' Returns: An Empirical Analysis', Journal of Finance, March, pp 1-12.

Barrett, T. and Cotter, D. (1990),'The Dividend Strategy of Irish Manufacturing Companies', Irish Business and Administrative Research, Vol. 11, pp 77-90.

Bhattacharya, S. (1979), 'Imperfect Information, Dividend Policy and 'The Bird in the Hand' Fallacy', Bell Journal of Economics, Spring, pp 259-270.

Black, F. and Scholes, M. (1974), 'The Effects of Dividend Yield and Dividend Policy on Common Stock prices and Returns', Journal of Financial Economics, May, pp 1-22.

Brennan, M. (1970), 'Taxes, Market Valuation and Corporate Financial Policy', National Tax Journal, December, pp 417-427.

Dhrymes, P.J. and Kurtz, M. (1967), 'Investment, Dividend and External Finance Behaviour of Firms, Determinants of Investment Behaviour--A Conference', R. Feber (Editor), National Bureau of Economic Research.

Easterbrook, F.H. (1984), 'Two Agency-Cost Explanations of Dividends', American Economic Review, Vol. 74, No. 4, September, pp 650-659.
Fama, E. (1974), 'The Empirical Relationship Between the Dividend and Investment Decisions of Firms', American Economic Review, June, pp 304-318.
Farrar, D and Selwyn, L, (1967), Taxes, Corporate Financial Policy and Return to Investors, National Tax Journal, December, pp 444-454.
Friend, I and Puckett, M, (1964), Dividends and Stock Prices, American Economic Review, September, pp 656-682.
Gordon, R.A. (1948),'Short Period Price Determination in Theory and Practice', American Economic Review, June, pp 270-271.
Green, J.P. and McIlkenny, P. (1991), 'Intertemporal Dividend Models: An Empirical Analysis Using Recent Irish Data', Irish Business and Administrative Research, Volume 12, pp 124-135.
Higgins, R. (1972), 'The Corporate Dividend-Saving Decision', Journal of Financial and Quantitative Analysis, March, pp 1527-1541.
Johar, R.S. (1973),'Corporate Investment and Finance Behaviour in India', The Indian Journal of Economics, October, pp 203-252.
Kwan, C. (1981), 'Efficient Market Tests of the Informational Content of Dividend Announcements: Critique and Extension', Journal of Financial and Quantitative Analysis, June, pp 193-206.
Lintner, J. (1956), 'Distribution of Incomes of Corporations among Dividends, Retained Earnings and Taxes', American Economic Review, May, pp 97-113.
Litzenberger, R. and Ramaswamy, K. (1982), 'The Effects of Dividends on Common Stock Prices: Tax Effects or Information Effects?', Journal of Finance, May, pp 429-444.
Lobo, G.J., Nair R.D. and In Man Song (1986), 'Additional Evidence On the Information Content of Dividend', Journal of Business Finance & Accounting, Winter, pp 597-608
Long, J. Jr (1978), 'The Market Valuation of Cash Dividends: A Case to Consider', Journal of Financial Economics, June-September, pp 235-264.
Masulis, R. and Trueman, B. (1986), 'Corporate Investment and Dividend Decisions under Differential Personal Taxation', Working paper, Anderson Graduate School of Management, UCLA.
McCabe, G. (1979),'The Empirical Relationship between Investment and Financing: A New Look', Journal of Financial and Quantitative Analysis, March, pp 119-135.
McDonald, J.G., Jacquillat, B. and Nussenbaum, M. (1975), 'Dividend Investment and Financing Decisions: Empirical Evidence on French Firms', Journal of Financial and Quantitative Analysis, December, pp 741-755.
Miller, M.H. (1986), 'Behavioral Rationality in Finance: The Case of Dividends', Journal of Business, October, pp 451-468.
Miller, M.H. and Modigliani, F. (1961), 'Dividend Policy, Growth, and the Valuation of Shares', Journal of Business, October, pp 411-433.
Miller, M.H. and Rock, K. (1985), 'Dividend Policy Under Asymmetric Information', Journal of Finance, September, pp 1031-1051.
Miller, M.H. and Scholes, M. (1978), 'Dividends and Taxes', Journal of Financial Economics, December, pp 333-364.
Miller, M.H. and Scholes, M. (1982), 'Dividends and Taxes: Some Empirical Evidence', Journal of Political Economy, December, pp 1118-1141.
Modigliani, F. (1988), 'MM--Past, Present, Future', Journal of Economic Perspectives, Vol. 2, No. 4, Fall, pp 149-158.
Modigliani, F. and Miller, M.H. (1959), 'The Cost of Capital, Corporation Finance and the Theory of Investment: A Reply', American Economic Review, September, pp 655-669.
Moser, C.A. and Kalton, G. (1971), Survey Methods in Social Investigation, London, Heinemann Educational Books.
Partington, G.H. (1985), 'Dividend Policy and its Relationship to Investment and Financing Policies: Empirical Evidence', Journal of Business Finance & Accounting, Winter, pp 531-542.
Pettit, R.R. (1977), 'Taxes, Transaction Costs and Clientele Effects of Dividends', Journal of Financial Economics, December, pp 419-436.

Picconi, M., Romano, A., and Olson, C.L. (1993), Business Statistics: Elements and Applications, HarperCollins College.
Porterba, J., 'The Market Valuation of Cash Dividends: The Citizens Utilities Case Reconsidered', Journal of Financial Economics, March, pp 395-406.
Riding, A.L. (1984), 'The Information Content of Dividends: Another Test', Journal of Business Finance & Accounting, Summer, pp 163-176.
Ross, S.A. (1977), 'The Determination of Financial Structure: The Incentive-Signalling Approach', Bell Journal of Economics, Spring, pp 23-40.
Rozeff, M. (1982), 'Growth, Beta and Agency Costs as Determinants of Dividend Payout Ratios', Journal of Financial Research, Fall, pp 249-259.
Simon, H.A. (1959), 'Theories of Decision Making in Economics and Behavioral Science', American Economic Review, June.
Simon, H.A. (1962), 'New Developments in the Theory of the Firm', American Economic Review, papers and proceedings, May.
Smirlock, M .and Marshall (1983), 'An Examination of the Empirical Relationship between the Dividend and Investment Decisions: A Note', Journal of Finance, December, pp 1659- 1667.
Stewart, J.C. (1987), Corporate Finance and Fiscal Policy in Ireland, Avebury, Gower Publishing Company, Aldershot.
Taylor, P.A. (1979), 'The Information Content of Dividends Hypothesis: Back to the Drawing Board', Journal of Business Finance & Accounting, Winter, pp 495-526.
Van Home, J. and McDonald, J.G. (1971), 'Dividend Policy and New Equity Financing', Journal of Finance. May, pp 507-520.
Wallace, R.S.O. and Cooke, T.E. (1990), 'Nonresponse Bias in Mail Accounting Surveys: A Pedagogical Extension', British Accounting Review, Summer, pp 283-288.
West, R.R. and Bierman, H. (1968), 'Corporate Dividend Policy and Pre-emptive Security Issues', Journal of Business, January, pp 71-75.

DETAILS

Subject:	Studies; Policy making; Financing; Dividend distributions; Costs; Corporate profits; Investment policy; Stockholders; Securities markets; Dividend policy; Investments; Questionnaires; Capital markets
Business indexing term:	Subject: Dividend distributions Costs Corporate profits Investment policy Stockholders Securities markets Dividend policy Capital markets
Location:	Ireland
Classification:	9175: Western Europe; 9130: Experimental/theoretical treatment; 3400: Investment analysis; 3100: Capital & debt management
Publication title:	IBAR; Dublin
Volume:	14
Issue:	2
Pages:	69
Number of pages:	15
Publication year:	1993

Publication date:	1993
Publisher:	De Gruyter Brill Sp. z o.o., Paradigm Publishing Services
Place of publication:	Dublin
Country of publication:	Poland
Publication subject:	Business And Economics
ISSN:	03321118
Source type:	Scholarly Journal
Language of publication:	English
Document type:	Journal Article
Accession number:	00802220, 00442169
ProQuest document ID:	207640886
Document URL:	https://may.idm.oclc.org/login?url=https://www.proquest.com/scholarly-journals/dividend-policy-relationship-investment-financing/docview/207640886/se-2?accountid=12309
Copyright:	Copyright Irish Business and Administrative Research 1993
Last updated:	2024-11-29
Database:	ProQuest One Academic

LINKS