

Factors Influencing Dividend Policy Decisions of Nasdaq Firms

H. Kent Baker, E. Theodore Veit✉, Gary E. Powell

First published: 09 March 2005

<https://doi.org/10.1111/j.1540-6288.2001.tb00018.x>

Citations: 92

Abstract

This study reports the results of a 1999 survey of Nasdaq-listed firms. Respondents provided information about the importance of 22 different factors that influence their dividend policy. Our results suggest that many managers of Nasdaq firms make dividend decisions consistent with Lintner's (1956) survey results and model. The results also show significant differences between the manager responses of financial and non-financial firms on nine of the 22 factors. This finding implies the presence of industry effects on dividend policy decisions. In general, the same factors that are important to Nasdaq firms are also important to NYSE firms.

References

Alli, Kasim L., A. Qayyum Khan, and Gabriel G. Ramirez, 1993. Determinants of Corporate Dividend Policy: A Factorial Analysis, *Financial Review* 28:4 (November), 523–547.

[Google Scholar](#)

Ang, J. S., 1987. *Do Dividends Matter? A Review of Corporate Dividend Theories and Evidence*. Monograph Series in Finance and Economics, New York, Salomon Brothers Center for the Study of Financial Institutions, New York University.

[Google Scholar](#)

Asquith, Paul and David W. Mullins, 1983. The Impact of Initiating Dividend Payments on Shareholder Wealth, *Journal of Business* 56:1 (January), 77–96.

[Web of Science®](#) | [Google Scholar](#)

Bajaj, Mukesh and Anand Vijh, 1990. Dividend Clienteles and the Information Content of Dividend Changes, *Journal of Financial Economics* 26:2 (August), 193–219.

[Web of Science®](#) | [Google Scholar](#)

Baker, H. Kent, 1988. Relationship Between Industry Classification and Dividend Policy, *Southern Business Review* 14:1 (Spring), 1–8.

[Google Scholar](#)

Baker, H. Kent and Gail E. Farrelly, 1988. Dividend Achievers: A Behavioral Look, *Akron Business and Economic Review* 19:1 (Spring), 79-92.

[CAS](#) | [Web of Science®](#) | [Google Scholar](#)

Baker, H. Kent, Gail E. Farrelly, and Richard B. Edelman, 1985. A Survey of Management Views on Dividend Policy, *Financial Management* 14:3 (Autumn), 78-84.

[Web of Science®](#) | [Google Scholar](#)

Baker, H. Kent and Gary E. Powell, 2000. Factors Influencing Dividend Policy Decisions, *Financial Practice and Education* Forthcoming in Spring/Summer issue.

[Google Scholar](#)

Benartzi, Shlomo, Roni Michaely, and Richard Thaler, 1997. Do Changes in Dividends Signal the Future or the Past *Journal of Finance* 52:3 (July), 1007-1034.

[Web of Science®](#) | [Google Scholar](#)

Benesh, Gary A., Authur J. Keown, and John M. Pinkerton, 1984. An Examination of Market Reaction to Substantial Shifts in Dividend Policy, *Journal of Financial Research* 7:2 (Summer), 131-140.

[Google Scholar](#)

Bond, Michael T. and Mbodja Mougoue, 1991. Corporate Dividend Policy and the Partial Adjustment Model, *Journal of Economics and Business* 43:2 (May), 165-178.

[Web of Science®](#) | [Google Scholar](#)

Brittain, John A., 1964. The Tax Structure and Corporate Dividend Policy, *American Economic Review* 54:3 (May), 272-287.

[Web of Science®](#) | [Google Scholar](#)

Brittain, John A., 1966. *Corporate Dividend Policy*. (The Brookings Institution, Washington , D.C.).

[Google Scholar](#)

Damodaran, Aswath, 1999. *Applied Corporate Finance*. (John Wiley & Sons, Inc., New York , NY).

[Google Scholar](#)

DeAngelo, Harry, Linda DeAngelo, and Douglas J. Skinner, 1992. Dividends and Losses, *Journal of Finance* 47:5 (December), 1837–1863.

[Web of Science®](#) | [Google Scholar](#) |

Dobson, John, W. Tawarangkoon, and Uric Dufrene, 1996. The Pricing of Dividend Consistency, *Journal of Economics and Finance* 20:2 (Summer), 47–61.

[Google Scholar](#) |

Fama, Eugene F. and Harvey Babiak, 1968. Dividend Policy: An Empirical Analysis. *Journal of the American Statistical Association* 63:324 (December), 1132–1161.

[Web of Science®](#) | [Google Scholar](#) |

Farrelly, Gail E., H. Kent Baker, and Richard B. Edelman, 1986. Corporate Dividends: Views of the Policymakers, *Akron Business and Economic Review* 17:4 (Winter), 62–74.

[Web of Science®](#) | [Google Scholar](#) |

Farrelly, Gail E. and H. Kent Baker, 1989. Corporate Dividends: Views of Institutional Investors, *Akron Business and Economic Review* 20:2 (Summer), 89–100.

[Web of Science®](#) | [Google Scholar](#) |

Frankfurter, George M, 1999. What is the Puzzle in ‘the Dividend Puzzle’ *Journal of Investing* 8:2 (Summer), 76–85.

[Google Scholar](#) |

Frankfurter, George M. and Bob G. Wood, Jr., 1997. The Evolution of Corporate Dividend Policy, *Journal of Financial Education* 23:1 (Spring), 16–32.

[Google Scholar](#) |

Ghosh, Chinmoy and J. Randall Woolridge, 1988. An Analysis of Shareholder Reaction to Dividend Cuts and Omissions, *Journal of Financial Research* 11:4 (Winter), 281–294.

[Web of Science®](#) | [Google Scholar](#) |

Healy, Paul M. and Krishna G. Palepu, 1988. Earnings Information Conveyed by Dividend Initiations and Omissions, *Journal of Financial Economics* 21:2 (May/September), 149–176.

[Web of Science®](#) | [Google Scholar](#) |

Impson, Michael, 1997. Market Reaction to Dividend-Decrease Announcements: Public Utilities vs. Unregulated Industrial Firms, *Journal of Financial Research* 20:3 (Fall), 407–422.

[Google Scholar](#)

Lauenstein, Milton C., 1987. A New Look at Dividend Strategy, *Journal of Business Strategies* 8:1 (Summer), 80–88.

[Google Scholar](#)

Lease, Ronald C., Kose John, Avner Kalay, Uri Loewenstein, and Oded H. Sarig, 2000, *Dividend Policy: Its Impact on Firm Value*, (Harvard Business School Press, Boston , MA).

[Google Scholar](#)

Lintner, John, 1956. Distribution of Incomes of Corporations Among Dividends, Retained Earnings and Taxes, *American Economics Review* 46:2 (May), 97–113.

[Web of Science®](#) | [Google Scholar](#)

Michaely, Roni, Richard H. Thaler, and Kent L. Womack, 1995. Price Reactions to Dividend Initiations and Omissions: Overreaction or Drift *Journal of Finance* 50:2 (June), 573–608.

[Web of Science®](#) | [Google Scholar](#)

Michel, Allen, 1979. Industry Influence on Dividend Policy, *Financial Management* 8:3 (Autumn), 22–26.

[Web of Science®](#) | [Google Scholar](#)

Miller, Merton and Franco Modigliani, 1961. Dividend Policy, Growth, and the Valuation of Shares, *Journal of Business* 34:4 (October), 411–433.

[Web of Science®](#) | [Google Scholar](#)

Pruitt, Stephen W. and Lawrence J. Gitman, 1991. The Interactions between the Investment, Financing, and Dividend Decisions of Major U.S. Firms, *Financial Review* 26:3 (August), 409–430.

[Google Scholar](#)

Rozeff, Michael, 1982. Growth, Beta and Agency Costs as Determinants of Dividend Payout Ratios, *Journal of Financial Research* 5:3 (Fall), 249–258.

[Google Scholar](#)

Woolridge, J. Randall, 1983. Dividend Changes and Security Prices, *Journal of Finance* 38:5 (December), 1607–1615.

Citing Literature



[Download PDF](#)

ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)

[Terms of Use](#)

[About Cookies](#)

[Manage Cookies](#)

[Accessibility](#)

[Wiley Research DE&I Statement and Publishing Policies](#)

[Developing World Access](#)

HELP & SUPPORT

[Contact Us](#)

[Training and Support](#)

[DMCA & Reporting Piracy](#)

OPPORTUNITIES

[Subscription Agents](#)

[Advertisers & Corporate Partners](#)

CONNECT WITH WILEY

[The Wiley Network](#)

[Wiley Press Room](#)