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# ARE THERE DIFFERENCES IN CAPITAL BUDGETING PROCEDURES BETWEEN INDUSTRIES? AN EMPIRICAL STUDY

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## Abstract

This study breaks down the use of capital budgeting procedures between industries. While it is easy to state that the use of capital budgeting analysis has become more sophisticated over the decades, the question remains as to whether different industries have followed the same pattern. Three hundred two Fortune 1,000 companies responded to a survey organized along industry lines. Chi-square independence of classification tests indicated that a null hypothesis of no significant relationship between industry classification and capital budgeting procedures could be rejected in a number of decision-making areas including goal setting, rates of return, and portfolio considerations. Just as industry patterns affect financing decisions (debt vs. equity), they also affect capital budgeting decisions, and this study emphasizes that point.

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