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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. **Related Research Data** Divisional Cost-of-Capital Estimation for Multi-Industry Firms Source: Financial Management CAPITAL BUDGETING PRACTICES IN LARGE AMERICAN FIRMS: A RETROSPECTIVE ANALYSIS AND SYNTHESIS Source: Financial Review A SURVEY OF MULTINATIONAL CAPITAL BUDGETING Source: Financial Review REVIEW OF SURVEYS ON USE OF CAPITAL INVESTMENT EVALUATION TECHNIQUES Source: The Engineering Economist Divisional Cost of Capital: A Study of Its Use by Major U.S. Firms Source: The Engineering Economist An Application of the Capital Asset Pricing Model to Divisional Required Returns Source: Financial Management Past and Present Methods of Manufacturing Investment Evaluation: A Review of the **Empirical and Theoretical Literature**

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