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Corporate Finance: A Simple Introduction - K.H. Erickson 2018-10-03

Corporate Finance: A Simple Introduction provides an accessible guide to the principles and methods of corporate finance, with equations and examples, empirical evidence, and diagrams to illustrate the analysis. Examine the traditional theory of optimal debt and equity financing, how Modigliani and Miller's theory on capital structure differs, and the impact corporate and personal taxes or market imperfections may have on the optimal capital structure. Understand dividend irrelevance theory, the factors driving the dividend decision, and why companies may prefer share repurchases to paying dividends. Explore option theory with long and short calls and puts explained, and the Black-Scholes option pricing model and the factors affecting it detailed. See the variety of ways traders may use options, as speculators make profits betting on price movements, hedgers eliminate risk, and arbitrageurs may make risk-free profits exploiting undervalued options. Look at why companies seek mergers & acquisitions, the merger process they undertake, how a firm can improve its chances of making an acquisition, and some takeover defences for resistant firms. Empirical evidence on merger performance is presented, and alternative explanations examined.

Finance - Nico van der Wijst 2013-01-17

By providing a solid theoretical basis, this book introduces modern finance to readers, including students in science and technology, who already have a good foundation in quantitative skills. It combines the classical, decision-oriented approach and the traditional organization of corporate finance books with a quantitative approach that is particularly well suited to students with backgrounds in engineering and the natural sciences. This combination makes finance much more transparent and accessible than the definition-theorem-proof pattern that is common in mathematics and financial economics. The book's main emphasis is on investments in real assets and the real options attached to them, but it also includes extensive discussion of topics such as portfolio theory, market efficiency, capital structure and derivatives pricing. Finance equips readers as future managers with the financial literacy necessary either to evaluate investment projects themselves or to engage critically with the analysis of financial managers. Supplementary material is available at www.cambridge.org/wijst.

Corporate Ownership, Dividend Policy, and Capital Structure Under Asymmetric Information - Upinder Singh Dhillon 1986

Abstract.

On the Interaction Among Corporate Risk Management, Dividend Policy and Capital Structure - Michael P. Ross 1998

Capital Structure and Dividend Policy Analysis of FU-WANG Food Limited and Rangpur Dairy and Food Limited - Sajjad Hossine Sharif 2020-11-16

Seminar paper from the year 2018 in the subject Business economics - Investment and Finance, , course: Corporate Finance, language: English, abstract: This report is prepared with an intention to make capital structure and dividend policy analysis of the assigned two firms which are FU-WANG food limited and Rangpur dairy and food limited who are the participants of food and allied sectors. In an effort to performed capital structure and dividend policy analysis the paper first consider a general overview of the food and allied sector based on some information and analysing the Porter's five competitive factors model. After that this report demonstrates company overview for both the selected firm. The company overview generally contains some basic information of the selected firms and briefly discusses the corporate goals of the firms. Then the capital structure analysis has been conducted based on the stock variable, flow variable and flow concept. Summarizing the result is like that - Under stock concept FU-WANG food has higher financial debt, D/E and financial leverage than those of Rangpur dairy. It indicates FU-WANG food is carrying more debt in its capital than Rangpur dairy. Under flow concept Rangpur dairy has greater cash flow coverage and interest coverage ratio whereas debt service coverage ratio is higher for FI-WANG food. Based on the checklist it has been found that tangibility is higher for Rangpur dairy. But in case of rest of the factors which are profitability (measured in both return on asset and return on operating asset), growth rate, financial slack and uncertainty of operating income is higher for FU-WANG food. This report also performed five factors extended DuPont analysis that reveals FU-WANG food has substantial higher return on equity than that of Rangpur dairy. This result occurs mainly due to the higher interest burden and financial leverage of the firm. In the analysis of dividend policy this report also demonstrates the trends of the earnings per share, dividend pay-out for the last five years. It has revealed that both of the firm is following residual dividend policy. In this policy investment is the major priority. If any amount of residual cash is available to the firm after making investment then the firm will distribute cash dividend. Both of the firms are not paying any cash dividend during the last five years so that it can be understood that the firms have no residual amount of cash is available to them after making investment to distribute cash dividend.

Corporate Capital Structures in the United States - Benjamin M. Friedman 2009-05-15

The research reported in this volume represents the second stage of a wide-ranging National Bureau of Economic Research effort to investigate "The Changing Role of Debt and Equity in Financing U.S. Capital Formation." The first group of studies sponsored under this project, which have been published individually and summarized in a 1982 volume bearing the same title (Friedman 1982), addressed several key issues relevant to corporate sector behavior along with such other aspects of the evolving financial underpinnings of U.S. capital formation as household saving incentives, international capital flows, and government debt management. In the project's second series of studies, presented at the National Bureau of Economic Research conference in January 1983 and published here for the first time along with commentaries from that conference, the central focus is the financial side of capital formation undertaken by the U.S. corporate business sector. At the same time, because corporations' securities must be held, a parallel focus is on the behavior of the markets that price these claims.

Industry Characteristics, Agency Theory, and the Interaction of Capital Structure and Dividend Policy - Gregory Mario Noronha 1990

Capital Structure and Dividend Policy Issues in Corporate Finance - Xiaoming Ding 2007

Capital Structure and Dividend Policy: Evidence from Emerging Markets -

This thesis aims to add empirical evidence to the corporate finance literature by looking at two main financing issues, namely firms payout policies and capital structure decisions, in the context of emerging markets. The thesis consists of seven chapters, including five main standalone research papers. After an introductory chapter, the first research paper reviews the existing literature on the dividend policy controversy with an emphasis on recent empirical work. The following two chapters consist of two research papers which look separately at the dividend and capital structure decisions of firms in India and in Mauritius. In the second research paper an agency model of dividend policy is estimated and tested on a sample of Indian firms using Weighted Least Squares methodology. The third research paper applies panel data procedures to estimate and test a model of the determinants of leverage, using the entire population of non-financial quoted firms in Mauritius. The last two empirical papers investigate how affiliation with an Indian Business House impacts on the dividend and capital structure decisions of firms. The impact of group-affiliation on the payout decision is tested by Maximum Likelihood qualitative and limited dependent variable techniques. The analysis of the impact of group-affiliation on the capital structure decision is conducted using Ordinary Least Squares methods and incorporates group-level characteristics as explanatory variables. While the main findings of these papers are on the whole consistent with the theory, there are new major insights that represent the special case of emerging markets. These main insights, as well as the main conclusions of the study, are summarised in Chapter 7, including some promising ideas for future research.

Capital Structure and Dividend Policy in Singapore - Fangqin Lin 1998

Pricing Derivatives the Martingale Way - Pierre Collin Dufresne 1998

Capital Structure, Ownership Structure, and Dividend Policy - M. D. Bromberg 1998

Modelling Capital Structure, Dividend Policy, and Corporate Governance - Basil Al-Najjar 2008

Essays on Capital Structure and Dividend Policy - Mark Allen Taranto 2001

Corporate Long Term Dividend Policy and Dynamic Capital Structure Policy Under the Danger of Corporate Takeovers - Mingsung Tang 1996

Impact of Intangible Assets on Profitability, Efficiency, Capital Structure and Dividend Policy, and Market Value of Technology Firms - Junaid Qureshi 2020

Purpose - The purpose of this study is to examine the degree to which intangible assets affect financial performance and policy of the technological sector.Design/methodology/approach - SEM analysis was used to ascertain the relationship among intangible assets, firm performance, firm policy, and firm value in the year 2015 to 2018 of 80 companies in the technology sector globally. The measure used in this study ROA, ROE, ROIC, ATO, profitability, debt to equity ratio, dividend payout ratio, price-earnings ratio, price to sales, and price to book value.Finding - The results from MGA revealed that there are differences (p

Selected Works of Merton H. Miller - Merton H. Miller 2002-06

Widely regarded as one of the founders of modern corporate finance, Merton H. Miller was awarded a Nobel Prize in 1990 for his work in the theory of finance and financial economics. Selected Works of Merton H. Miller gathers together in two volumes a selection of Miller's most influential contributions over more than fifty years of active research. A common theme running throughout both volumes is Miller's conviction about the utility of market-based approaches to topics as diverse as dividend policy, bank regulation, the structure of securities markets, and competition between research universities and teaching colleges. Miller was perhaps best known for a series of highly influential papers he cowrote in the 1950s and 1960s with fellow Nobel laureate Franco Modigliani that advanced a set of capital structure theorems later dubbed the "M and M propositions." In brief, the M and M propositions state that the actions of investors, firms, and capital markets will cause the market value of a firm to be independent of its capital structure. In other words, a corporation's value depends on its investments in people, ideas, and physical capital goods and not on the mix of bonds, stocks, and other securities used to finance the investments. Four of these papers are reprinted here, together with important later work by Miller in macroeconomics, corporate capital structure, management science, asset pricing, and the economic and regulatory problems of the financial services industry. Diverse and innovative, the papers in Selected Works of Merton H. Miller will interest students and practitioners of economics, finance, and business, as well as policymakers responsible for market regulation.

Corporate Governance and Performance of Peer Firms - Gul Rukh 2018-03-20

Project Report from the year 2014 in the subject Business economics - General, grade: A, , language: English, abstract: In this study we elaborate the effects of corporate governance practices which recently practiced in Pakistani firms and also examine the relationship among corporate governance mechanisms, capital structure, dividend policy and firm performance. Those researchers who could not find significant link between corporate governance and firm performance suggest that good corporate governance has at least indirect effect on performance. This research attempts to prove that corporate governance effects firm performance directly; relatively it exerts its effects on firm performance through other factors such as capital structure decisions and dividend policy. This research study develops a multilevel model linking corporate governance, capital structure, dividend policy and firm performance then proves it through structural equation modeling (SEM). Corporate governance has been measured and conceptualized through Board Size, Board Composition, CEO Duality, Audit Committee Size and Annual General Meetings. Capital structure has been measured through it standardized proxy that is debt to equity ratio, while dividend policy is measured by dividend payout ratio. Firm performance has measured by two ratios return on assets (ROA) and return on equity (ROE) both are used as accounting and financial measure in the literature review.

A Study of Capital Structure and Dividend Policy Determinants in Multinational and Domestic Corporations - Shumi Akhtar 2007

Increasing Shareholder Value - Harold Bierman Jr. 2012-12-06

Corporations earn incomes and amass wealth. There are many books offering advice how to increase the profitability of corporations by achieving excellence in operations and choosing the correct strategic path. Increasing Shareholder Value: Distribution Policy, A Corporate Finance Challenge is concerned with how the corporation should reward its shareholders after the incomes are earned. Investment decisions, capital structure, and dividend policy must be coordinated so that the well being of the firm's stockholders is considered in the planning process. The corporate planners should realize that the individual investors are also making plans, and the corporation can assist this planning process by making its own financial plans and strategies well known.

Dividend Policy and Capital Structure - Asad Abbas 2016

The study is aimed at exploring the relationship between dividend payout and capital structure, and to explore the determinants of dividend policy and capital structure of manufacturing sector of Pakistan. Penal data ranging from 2006 to 2011 of selected 100 manufacturing firms of Pakistan is used in this study. Dividend policy and capital structure have their own determinants. Firm's size, profitability, liquidity, growth opportunities, tangibility and capital structure are used as determinants of dividend policy, while determinants of capital structure which are used in this study are firm's size, profitability, liquidity, growth opportunities, tangibility, tax saving other than debt and income variability and dividend payout. Two stages least square is used for estimation. Size, profitability, liquidity and leverage are found to have a positive significant impact on dividend policy whereas growth opportunities is found to have a negative significant impact on dividend policy and tangibility has no impact. On the other hand growth opportunities, tangibility and income variability are found to have positive significant relationship with leverage (capital structure), whereas firm's Size, profitability, liquidity and tax saving other than debt are found to have negative significant relationship with leverage. This study concludes that dividend policy and capital structure are positively correlated with each other.

Does Corporate Performance Determine Capital Structure and Dividend Policy? - Michael W. Faulkender 2006

We present an integrated theory of capital structure and dividend policy in which both financial policy choices are driven by the same underlying factors and jointly determined as implicit governance mechanisms to allocate control over real (project choice) decisions between managers and investors. At one extreme is a very highly levered firm with very little equity. Such a firm puts the maximum control over project choice in the hands of investors. At the other extreme is an all-equity firm that pays no dividends. Such a firm puts maximum control in the hands of the manager. Between these two extremes is a continuum of control allocations determined by different debt-equity ratios and different dividend payout ratios. Higher debt-equity ratios and higher dividend payouts lead to greater investor control. Despite the absence of agency or asymmetric information problems, control matters because of a divergence of beliefs between the manager and investors that could lead to disagreement over the value-maximizing project choice. The extent of the potential disagreement depends upon the firm's prior performance. The manager sets the firm's dividend policy and capital structure to optimally trade off the value he attaches to being in control of project choice against the decline in stock price from taking control away from investors. We generate testable predictions from the theory and then test them empirically. These tests provide strong support for the theory.

Capital Structure and Dividend Policy - Ronny Manos 2008-07-01

The Impact of Imputation on Dividend Policy and Capital Structure of New Zealand Companies - Douglas Alexander Allan 1995

This paper considers the impact of dividend imputation on dividend policy and capital structure in New Zealand.

Effects of Capital Structure and Dividend Policy Decision on Corporate Performance: - 2012

Financial Constraints, Capital Structure and Dividend Policy - Ala'a Adden Awni Abuhommous 2013

The economic reforms in Jordan during the last two decades have highlighted and promoted the role that non-financial firms play within the Jordanian economy. The ability of firms to play this role is in major part determined by the structure of the financial system in which they operate, and in particular whether this financial system is able to make capital available efficiently to those firms that need it. Whether this is the case can be investigated by analysing the impact of firm characteristics on some of the most important financial decisions taken by these firms, and how these decisions are influenced by the presence of market imperfections. The thesis examines the relation between the financing and investment decisions, where the effect of financial constraints on the firm's investment decision is investigated. In particular, this thesis focuses on how financial constraints affect different firms by investigating the extent to which the reliance on internal cash flow is affected by firm characteristics such as size, age, dividend payout ratio, and market listing. We find that Jordanian firms are financially constrained, but that these constraints do not appear to be related to firm characteristics. Further, results show that Jordanian firms use debt rather than equity to finance their investment. The second empirical chapter focuses on the main determinants of firms' capital structure. Here the results show that Jordanian firms follow the pecking order theory, where profitability and liquidity have a negative impact on the level of debt. Size and market to book value have a positive impact, supporting the view that there are significant constraints on debt financing since indicators of the financial health of the firms affect their capital structure ratio. There is also evidence that ownership structure affects the firm's access to debt. The final empirical chapter examines the impact of firm characteristics on dividend policy, and shows that profitability and market to book value have a positive impact on dividend policy, implying that firms with better access to capital or credit pay dividends. This implies that firms retain earnings in order to ensure that they have sufficient capital to invest, confirming the initial result that Jordanian firms are financially constrained. There is also evidence of the impact of ownership structure, consistent with the predictions of agency cost theory, while institutional investors appear to follow the prudent-man restrictions, being positively associated with firms that pay dividends. This thesis confirms the presence of market imperfections that have a significant influence on the financial decisions taken by Jordanian firms. The consistent evidence of the importance of retained earnings shows that these firms face substantial constraints in terms of their access to external funds, despite the reforms to the Jordanian financial system over the last two decades.

Essays on Corporate Finance and Social Capital - Omar Al-Bataineh 2022

Capital Structure, Cost of Debt and Dividend Payout of Firms in New York and Shanghai Stock Exchanges - Komain Jiranyakul 2014

The Study collects panel data of listed firms in New York Stock and Shanghai Stock Exchanges during 1992 to 2008. The data are used to perform panel regression estimates for firms in each stock market. The main purpose is to compare the decision on dividend payout of listed firms in the two stock markets. The results from fixed effect estimates show that factors that can explain dividend payout of firms in New York Stock Exchange poorly explain dividend payout of firms in Shanghai Stock Exchange. This paper adds to the literature in that it provides an evidence of difference in dividend policy of firms between advanced and emerging stock markets. For policymakers in the Chinese economy, implementation of measures to enhance the advancement of bond market is necessary. Additionally, firms in Shanghai Stock Exchange should adjust their capital structure to provide room for investors to diversify and adjust their portfolios of stocks and bonds.

Corporate Finance - Michelle R. Clayman 2012-02-23

The book that fills the practitioner need for a distillation ofthe most important tools and concepts of corporate finance In today's competitive business environment, companies must findinnovative ways to enable rapid and sustainable growth not just tosurvive, but to thrive. Corporate Finance: A PracticalApproach is designed to help financial analysts, executives,and investors achieve this goal with a practice-orienteddistillation of the most important tools and concepts of corporatefinance. Updated for a post-financial crisis environment, the SecondEdition provides coverage of the most important issuessurrounding modern corporate finance for the new globaleconomy: Preserves the hallmark conciseness of the first edition whileoffering expanded coverage of key topics including dividend policy,share repurchases, and capital structure Current, real-world examples are integrated throughout the bookto provide the reader with a concrete understanding of criticalbusiness growth concepts Explanations and examples are rigorous and global, but makeminimal use of mathematics Each chapter presents learning objectives which highlight keymaterial, helping the reader glean the most effective businessadvice possible Written by the experts at CFA Institute, the world's largestassociation of professional investment managers Created for current and aspiring financial professionals andinvestors alike, Corporate Finance focuses on the knowledge,skills, and abilities necessary to succeed in today's globalcorporate world.

Does Capital Structure Decisions Determine Dividend Payout Policy in Indian Iron and Steel Industry? An Empirical Study - Arindam Banerjee 2019

This study is basically undertaken so as to investigate the independent variables on which the dependent variable i.e. the "Dividend Payout Ratio" depends upon for the firms belonging to the Indian Iron and Steel Industry. Multiple Regression Analysis has been carried out taking "Dividend Payout Ratio" as dependent variables and seven variables namely "Business Risk", "Size of the Firm", "Growth Rate", "Earning Rate ", "Financial Leverage", "Debt Service Capacity" and "Degree of Operating Leverage", as independent variables. The above independent variables influencing the Capital Structure Decisions of a firm has been taken into consideration after a thorough literature review. It is observed from the study that "Size of the Firm" and "Debt Service Capacity Ratio" are statistically significant to have an influence on Dividend Payout Ratio during the period under study. The result of the study has been validated by Factor Analysis approach.

The Impact of Ownership Structure and Free Cash Flow on Capital Structure and Dividend Policy of Japanese Listed Firms - □□□ 2005

Dividend Policy and Capital Structure - Oded H. Sarig 1985

Tests of Alternative Explanations for the Association Between the Firm's Capital Structure, Investment

Policy and Dividend Policy - Barry W. Hopkins 2001

Capital Structure and Dividend Policy in a Personal Tax Free Environment - Khamis Al Yahyaee 2006

Lessons in Corporate Finance - Paul Asquith 2016-03-28

A discussion-based learning approach to corporate finance fundamentals Lessons in Corporate Finance explains the fundamentals of the field in an intuitive way, using a unique Socratic question and answer approach. Written by award-winning professors at M.I.T. and Tufts, this book draws on years of research and teaching to deliver a truly interactive learning experience. Each case study is designed to facilitate class discussion, based on a series of increasingly detailed questions and answers that reinforce conceptual insights with numerical examples. Complete coverage of all areas of corporate finance includes capital structure and financing needs along with project and company valuation, with specific guidance on vital topics such as ratios and pro formas, dividends, debt maturity, asymmetric information, and more. Corporate finance is a complex field composed of a broad variety of sub-disciplines, each involving a specific skill set and nuanced body of knowledge. This text is designed to give you an intuitive understanding of the fundamentals to provide a solid foundation for more advanced study. Identify sources of funding and corporate capital structure Learn how managers increase the firm's value to shareholders Understand the tools and analysis methods used for allocation Explore the five methods of valuation with free cash flow to firm and equity Navigating the intricate operations of corporate finance requires a deep and instinctual understanding of the broad concepts and practical methods used every day. Interactive, discussion-based learning forces you to go beyond memorization and actually apply what you know, simultaneously developing your knowledge, skills, and instincts. Lessons in Corporate Finance provides a unique opportunity to go beyond traditional textbook study and gain skills that are useful in the field.

Impact of Ownership Structure on Dividend Policy and Capital Structure - Jan Khan 2016

This study primarily investigates the impact of ownership structure on capital structure and dividend policy in Pakistan. Data is drawn from 50 non-financial companies included in KSE 100 Index for the period 2006 to 2014. In this study leverage and dividend payout are used as dependent variables, while managerial ownership and institutional ownership are explanatory variables. Profitability, sales growth and size of firm are used as control variables. Results of this study reveal that institutional ownership has significant and negative impact on capital structure but significant and positive impact on dividend payout ratio. On the other hand results suggest that managerial ownership negatively affects dividend payout ratio. Moreover results reveal that both of these strategic decisions affect each other negatively.Most of the researchers in Pakistan analyzed the impact of ownership structure on these two strategic decisions separately. But in this study, an advanced empirical technique - two stage least square (2SLS) - is used to find out the impact of ownership structure on both of these strategic decisions (Capital structure and Dividend policy). This technique also helps to determine the two-way relationship between these two strategic decisions.

The Relationship Between the Share Price, Capital Structure and Dividend Policy - 2002

Shareholder Reward and its Impact on Capital Structure and Dividend Policy - Yatin N. Bhagwat 2003

The objective of this case is to make students realize the implications of various methods of shareholder rewarding available to a corporation. The corporation has to weigh the consequence of each alternative in context of expected sustainability of future earnings and their growth. The case discussion may center on corporate finance issues, agency issues, and ownership issues. EVA analysis adds rigor to the student understanding of income and cost of capital estimation.Hindustan Lever Limite (HLL) is a 51% owned subsidiary of Unolever (U.K.) and is listed on the Mumbai (Bombay) Stock Exchange. It recently announced a bonus debenture issue in the ratio of one debenture for every share held. the debentures will be redeemed in three years and bear interest rate of 9% per annum. The issue has wide implications on capital structure, dividend policy, and managerial incentives.

Investor Taxation, Firm Heterogeneity and Capital Structure Choice - S. Rünger 2019

This papers analyses the effect of investor level taxes, company ownership structure and dividend payout policy on a company's capital structure choice. The analysis is based on data for 10,003 companies from 11 Central and Eastern European (CEE) countries over the period 2002-2012. The results show a positive impact from the net tax benefit of debt on the debt ratio of a company.

Defining an Appropriate Capital Structure and Dividend Policy for Trans Australia Airlines - K. J. Harrison 1983