

CONTENTS

Preface	xi
---------	----

PART I THE HISTORICAL EVOLUTION OF DIVIDENDS

CHAPTER 1	
Introduction	3

References	9
------------	---

CHAPTER 2 The Evolution of the Modern Corporation in the Netherlands and the United Kingdom

2.1 Early Joint Stock Companies: Origins to 1720	11
2.2 Revival of the Joint Stock Companies, 1800–1900	18
References	20

CHAPTER 3 The Evolution of the Modern Corporation in the United States of America

3.1 From the Revolution to the End of the 18th Century	21
3.2 The 19th Century	24
3.3 The Early 20th Century	29
3.4 The Origins of No-par Stock Issues	29
3.5 The Boom and the Bust	31
3.6 Post-World War II	34
References	37

CHAPTER 4
200 Years of Dividend Practices

4.1	Introduction	41
4.2	Dividend Patterns	44
4.3	Dividend Reinvestment Plans (DRIPs)	45
4.4	Conclusion	47
	References	47

CHAPTER 5
**Dividend Reinvestment Plans:
A Puzzle within the Puzzle**

5.1	Introduction	49
5.2	DRIPs Literature	53
	5.2.1 Event Studies	53
	5.2.2 Raising New Capital/Rights Offerings	54
5.2.3	Agency Costs/Problems	54
	5.2.4 Capital Structure	55
5.3	DRIP Characteristics	55
5.4	Conclusions	61
	References	61

CHAPTER 6
**Preferred Stock and Dividends:
A Revealing Divergence**

6.1	The Origins of Preferred Stock	64
6.2	The Maturation and Specialization of Preferred Stock	66
	References	68

PART II
**THE EVOLUTION OF ACADEMIC
RESEARCH ON DIVIDEND POLICY**

CHAPTER 7

	Early Academic Thinking and Research	71
	References	77

CHAPTER 8
Models of Symmetric Information
and Empirical Research

8.1	Theoretical Models	81
8.2	Empirical Investigation of the Tax Effect on Dividends	83
	References	87

CHAPTER 9
Models of Asymmetric Information
and Empirical Research

9.1	Signaling and “The Information Content of Dividend” Hypothesis	91
9.2	Formal Signaling Models and Their Empirical Tests	92
9.3	Empirical Tests of the Informational Content of the Dividend Hypothesis	97
9.4	Agency Cost Theory	100
9.5	The Free Cash Flow Hypothesis	101
	References	103

CHAPTER 10
*** Determinants of Dividend Policies**

10.1	Method of Analysis	108
	10.1.1 Time-Series Cross-Sectional Analysis	108
	10.1.2 Vector Autoregression Model (VAR)	109
10.2	Empirical Results	112
	10.2.1 Sample Characteristics	112
	10.2.2 Time-Series Cross-Sectional Regression Results	114
	10.2.3 VAR Results	120
	10.2.4 The Lagged Dividend Model	125
	10.2.5 Interpretation	128
10.3	Summary and Conclusions	132
	References	133
	Appendix A	135
	Appendix B: The Relationship Between DIV and FCASH	138

PART III
WHAT ACADEMIC RESEARCH PROVES
AND WHAT IT DOES NOT PROVE

CHAPTER 11
The “Balance Sheet” of Academic Research:
What It Does/Does Not Prove

11.1 Method of Analysis	144
11.2 Data	146
11.3 Results	147
11.4 Conclusions	153
References	155
Appendix A: Method of Analysis Abbreviations	163

PART IV
NEW WAYS OF THINKING
ABOUT DIVIDENDS AND
DIVIDEND POLICY

CHAPTER 12
Unconventional Explanations

12.1 Managerial Surveys	168
12.2 Theoretical Behavioral Models	169
References	171

CHAPTER 13
Dividend Policy of Regulated Industries

13.1 Dividend Policy and Corporate Monitoring	175
13.2 Real Estate Investment Trusts	183
13.3 Summary	183
References	185

CHAPTER 14

What if We Do Not Pay Dividends?	187
References	191

CHAPTER 15**Other Methods of Distribution**

15.1 Stock Dividends and Stock Splits	193
15.1.1 Prologue	193
15.1.2 Distribution–Liquidity	196
15.1.3 Volatility of Returns–Beta	196
15.1.4 Bid–Ask Spread and Market Microstructure	196
15.1.5 Target Price	197
15.1.6 Information Content and Signaling	197
15.1.7 Perceptions	198
15.2 Stock Repurchase	206
15.2.1 Prologue	206
15.2.2 Accounting Considerations	207
15.2.3 Tax Considerations	207
15.2.4 Motives of Stock Repurchase	208
15.2.5 Modes of Stock Repurchase	211
15.2.6 What Academia Has to Say about Stock Repurchase	212
15.2.7 Signaling Redux	215
15.3 Greenmail	220
References	220
Appendix A: Stock Dividend Survey	224

CHAPTER 16**Conclusions: Future Research and Thinking 229**

References	232
------------	-----

Index	233
-------	-----