



Finance and Economics Discussion Series: Corporate Payout Policy and Managerial Stock Incentives

By George W Fenn, Nellie Liang

Bibliogov, United States, 2013. Paperback. Book Condition: New. 246 x 189 mm. Language: English . Brand New Book ***** Print on Demand *****.We examine how corporate payout policy is affected by managerial stock incentives using data on more than 1100 nonfinancial firms during 1993-97. We find that management share ownership encourages higher payouts by firms with potentially the greatest agency problems--those with low market-to-book ratios and low management stock ownership. We also find that management stock options change the composition of payouts. We find a strong negative relationship between dividends and management stock options, as predicted by Lambert, Lannen, and Larcker (1989), and a positive relationship between repurchases and management stock options. Our results suggest that the growth in stock options may help to explain the rise in repurchases at the expense of dividends.



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