

Ownership Concentration and Payout Policy: Evidence from France

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Abstract : This paper investigates the effect of ownership concentration and especially the presence of controlling shareholders on the firm's payout decisions. Using a sample of 870 French companies during 2007 to 2012, we find that the share of dividends in total payout is negatively correlated with the size of cash flow held by controlling shareholder, and positively related to the divergence between voting rights and cash flow rights of largest shareholders. We also document that controlled firms tend to prefer dividends over repurchases to mitigate conflicts between controlling shareholders and minority shareholders related to the presence of control enhancing devices.

Keywords : ownership, payout policy, dividend, minority expropriation

Conference Title : ICEBFM 2015 : International Conference on Economics, Business, Finance and Management

Conference Location : Rome, Italy

Conference Dates : September 17-18, 2015