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**DIVIDEND POLICY OF COMPANIES LISTED ON  
EUROPEAN AND AMERICAN CAPITAL MARKETS –  
COMPARATIVE ANALYSIS**

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**POLITYKA DYWIDEND SPÓŁEK NA EUROPEJSKICH  
I AMERYKAŃSKICH RYNKACH KAPITAŁOWYCH –  
ANALIZA PORÓWNAWCZA**

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**Summary:** This paper discusses the issue of the dividend distribution from the perspective of capital market investors and dividend distributing companies, listed on the largest stock exchanges. The goal of the study is to demonstrate the specificity of the dividend policy of companies functioning on the world's most developed capital markets – the USA and Western Europe. The study covers 150 companies, their dividend policy, as well as the regularity and dynamics of dividend distribution in the period 2011-2015. The results of the study indicate that in companies listed on the developed capital markets, systematic dividend distribution constitutes a stable element of remunerating investors. The analysis also pointed to the considerable differences between the dividend policy adopted by companies listed on the Warsaw Stock Exchange and the dividend policy of companies which are components of the S&P500, FTSE100, DAX, and CAC40 indices.

**Keywords:** dividend policy, dividend, investments, capital markets.

**Streszczenie:** Artykuł podejmuje problematykę wypłaty dywidend z punktu widzenia inwestorów rynku kapitałowego oraz spółek je wypłacających notowanych na największych giełdach papierów wartościowych. Celem badań jest ukazanie specyfiki polityki dywidendy spółek funkcjonujących na najbardziej rozwiniętych rynkach kapitałowych świata – USA i Europy Zachodniej. Badaniami objęto 150 spółek, ich politykę dywidend oraz regularność i dynamikę wypłaty dywidend w latach 2011-2015. Wyniki badań wskazują, że w przypadku spółek notowanych na rozwiniętych rynkach kapitałowych systematyczna wypłata dywidend jest stałym elementem wynagradzania inwestorów. Analiza wykazała również znaczne różnice między polityką dywidend stosowaną przez spółki notowane na Giełdzie Papierów Wartościowych w Warszawie a polityką dywidend spółek będących komponentami indeksów S&P500, FTSE100, DAX oraz CAC40.

**Słowa kluczowe:** polityka dywidend, dywidenda, inwestycje, rynki kapitałowe.

## 1. Introduction

Investors who invest excess cash on the capital market are driven by different strategies of selection of stock to their portfolios, making use of tools of technical and fundamental analysis. Indicators of the fundamental analysis that describe the attractiveness of a company in the area of the distributed dividend, demonstrate the entity's ability to generate regular or irregular cash flows to their shareholders. The stability of dividend distribution is particularly important for investors who, on the basis of the dividend policy declared by the issuer, make a choice to invest in an entity selected from amongst many companies listed on the capital markets. In doing so they are often guided by their habits and traditions, characteristic for the selected capital markets.

The goal of this paper is to present studies devoted to the specificity of the dividend policy of companies functioning on the world's most developed capital markets – the USA and Western Europe. The authors' intention was to identify the most important qualities of the dividend policy of such companies from the perspective of investors seeking entities that offer a stable return on investment.

The analysis covered selected companies belonging to the four indices of the developed capital markets: DAX, CAC40, FTSE100, and S&P500, and the largest companies listed on the Warsaw Stock Exchange in the period 2011-2015.

The study was carried out in the following stages:

1. Stage one – selection of the companies: companies with the highest capitalisation on the given market.
2. Stage two – comparative analysis of the implemented dividend policy of companies listed on different markets, in terms of the frequency (regularity) of payments, trends in changes in effecting payments, and indicators of the dividend dynamics.
3. Stage three – analysis of the provisions of the declared dividend policy and ways in which companies communicate with their investors in this respect.

## 2. Dividend policy of stock issuers

Companies listed on the European and American capital markets endeavour to reward the loyalty of their shareholders by the systematic distribution of the financial result and adding cash to their stock portfolios. Frequently these are international corporations, competing on a global scale, which have their headquarters in a given state, but make use of the developed chain of their branches and are able to benefit from the diversification of the sources of their revenues. In countries where they open their branches, they create new perspectives and additional opportunities for capital market investors to achieve profits. The effective use of such opportunities translates into the increase of the value of the wealth of the shareholders, who often obtain higher dividends.

This is connected with the problem of the transfer of funds to the mother company from its branches abroad. The most frequently encountered forms include dividend distribution, license fees, transfer prices, the effect on payment maturity dates, and forced reinvestments [Najlepszy 2013, p. 262].

The diversification of the activity of global entities, and – consequently – higher profit transfers to the mother company, for shareholders signifies the higher probability of achieving growing dividends. The distribution of growing dividends is popular in countries with developed capital markets. The main examples of such practices are issuers listed on the American market, members of the S&P500 index (listed on the New York Stock Exchange and NASDAQ), although more and more often companies listed on the French and German market are also mentioned in this context.

M. Skousen [2011, pp. 145-151] points out that a dividend is evidence to the fact that the company's management board duly performs the duties entrusted to it by developing the entity and acts in the interest of its shareholders, distributing the financial result accordingly. The author also observes that a regularly paid out dividend is a form of pressure upon the management board so as to force it to focus on projects which will most probably succeed. All too often managements of entities which have considerable cash reserves yield to the temptation to waste their capital on ineffective mergers or the implementation of the production of new, but not necessarily attractive, products. Hence there is often a conflict of interest in relations between the management board and the shareholder (the owner). The conflict can relate to the excessive debt of the company, which will limit the entity's ability to distribute growing dividends.<sup>1</sup> The decisions of the management board can also be dictated by its private interests (e.g. the short-term improvement of the financial results in order to obtain a bonus), and not necessarily the interests of the shareholders. This effect is often referred to as the authorisation (agency) conflict and it can be reduced by stricter supervision over the work of the management board [Cwynar, Cwynar 2007, pp. 140-141].

If the financial result distribution policy is adopted, the shareholders' expectations are particularly important in the relations between the board and the shareholders. They are interested in the predictable future performance of the company and the high degree of achieving the forecasts in this respect [Wróbel 2015, p. 354]. Therefore management boards of international companies, reacting to their shareholders' expectations, try not only to openly communicate their investment plans, but also to observe a policy of distribution of growing dividends. In particular, investors with a long time horizon will be interested in the reinvestment of the received dividends.<sup>2</sup> Hence, some companies develop dividend reinvestment plans (DRIP) and direct stock

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<sup>1</sup> See more: [Hawawini, Viallet 2007, pp. 445-446].

<sup>2</sup> See more: [Brigham, Houston 2015, pp. 582-583].

purchase plans (DSPP).<sup>3</sup> Such programmes are attractive for long-term investors, because they do not have to remember to reinvest the dividends. Additionally, the environment embraces the issuer who offers such solutions in a positive way as it signals its willingness to pay dividends continuously. The analysis of the literature and the results of the study indicate that if a company listed in the USA adopts a policy of dividend distribution in every year, (the payouts are often effected on a quarterly basis or every month – REIT), it pays them out in a stable way, and very often these dividends grow.

P. Asquith and D.W. Mullins Jr. [1983, pp. 77-96] in their paper point out that when investing in dividend companies, what is crucial is not only whether the company distributes dividends on a permanent basis, but also what the rate of its growth is. Issuers which distribute high dividends with a high growth rate are characterised – as the authors state – by stable stock quotations. H. Rubin and C. Spaht II [2011, pp. 11-19], on the other hand, point out that irrespectively of price fluctuations on the capital market, growing dividends received by investors constitute a protection against the depreciation of the stock portfolio. K.P. Fuller and M.A. Goldstein [Fuller, Goldstein 2011, pp. 457-473] observed that the differences are particularly evident in a period of the market slump, when the shares of dividend companies are characterised by smaller drops. On the basis of the studies performed, the authors stated that the difference of the investment profitability reached up to 2 percentage points to the benefit of companies that pay out dividends. The study carried out by A. Williams and M. Miller [2013, pp. 58-69] suggests that in the period of crisis on the market in the USA (2001 and 2008), returns on investments in companies belonging to the group of dividend aristocrats<sup>4</sup> were characterised by a higher return on investment from the S&P 500 index by 6.45 percentage points. As M. Lichtenfeld<sup>5</sup> observes, the index of the dividend aristocrats was characterised by an annual return on investment for the period 2001-2011 at 7.1% and a standard deviation at 18.4%. For the same period the S&P 500 index generated an annual return on investment in the amount of 2.9% with the standard deviation at 21.3%. According to the authors, the results are beneficial for dividend companies also when the investment period is divided into intervals of 3.5 and 10 years.

If the management board fears that it will be forced to lower the dividends in the future, then in the earlier period it pays out an unchanged dividend. Thanks to this the distributed dividends are stable over a long period. Nevertheless, such observations refer to the American market only. Regrettably, such a situation cannot be observed

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<sup>3</sup> See more: [Lichtenfeld 2015, pp. 215-222].

<sup>4</sup> Index S&P 500 Dividend Aristocrats – companies from the group of the S&P 500 index which according to the requirements of the Standard & Poor's Agency, simultaneously, for the last 25 years have been increasing the amount of the distributed dividend very year, as of the index update the capitalisation of which amounts to at least 3 billion dollars, and for 6 months preceding the index update the turnover of the shares of each of the companies amounted on average to 5 million dollars per day.

<sup>5</sup> See more: [Lichtenfeld 2015, p. 63].

in the majority of companies listed on the other capital markets, especially the ones classified as rising markets.

Management boards when offering growing dividends to their shareholders, by doing so try to influence the type of shareholders. Stable shareholders making long-term investments in a slump period on the capital market not only will not reduce the number of shares in the portfolio, but will use the price reduction to redeem them. They do not let themselves to be carried away by emotions and they see the broader background of the company's activities. They can use the distributed dividends for this purpose.

For the reasons referred to above the distribution of stable or growing dividends is beneficial for both parties in the relations between the management board and the shareholder. On one hand, the top level management can count on being re-appointed if the shareholders are satisfied with the distributed dividends and with smaller drops of the shares in a slump period. On the other hand, the shareholders themselves, receiving the dividends, can consume or invest them in order to increase the value of the portfolio. The latter also benefit from the mechanism of the compound interest, because the received dividends after investing them, along with the shares, will generate the next, higher dividends in the future. Repeating the reinvestment process over a long period, investors will achieve high values of the return on investment, even in situations where the growth of the share prices itself will not exceed the average rate of return in the index they are a component of. From this perspective, systematically distributed (and growing, if possible) dividends constitute the fundamental determinant for the choice of shares to portfolios for long-term investors. They pay attention, however, to the regularity of the dividend distribution, as well as to the adopted policy of the financial result distribution – the dividend policy.

### **3. Comparison of dividend policies of companies in selected capital markets – study results**

The study covered companies whose shares are taken into account in four indices on the most developed capital markets: DAX (Frankfurter Wertpapierbörse), CAC40 (Bourse de Paris), FTSE100 (London Stock Exchange), and S&P500 (New York Stock Exchange and NASDAQ). From each index, 30 companies with the highest capitalisation as of 1 September 2015 were selected. The decision on covering the largest companies with the study was a consequence of the analyses, which indicated that in the group of the largest companies there is the highest number of issuers which pay out dividends on a regular basis. For the sake of comparison, the study also covered 30 companies with the highest capitalisation listed on the Warsaw Stock Exchange, altogether, dividend policies of 150 entities were analysed.

When comparing the dividend policy of the largest companies from the Warsaw Stock Exchange and companies listed on the stock exchanges of developed capital

markets, one should remember that the difference between the compared groups of entities does not consist exclusively in their size. What is more important is the composition of the groups of companies selected in this way. Amongst the largest Polish companies there are as many as nine banks, whereas the total number of banks among the entire examined population of 120 companies from other indices is seven. Furthermore, in as many as eleven examined entities from the stock exchange, a considerable number is owned by the State Treasury, which undoubtedly has its effect on the dividend policy implemented by them. Therefore comparisons with companies from other markets must take these conditions into account.

**Table 1.** Dividends distributed in the period 2011-2015 (number of years with payouts) by the analysed companies from selected indices

Companies of the index	Number of years with payouts						Average
	0	1	2	3	4	5	
WIG	4	1	4	2	3	16	3.57
DAX	1	0	1	2	1	25	4.57
CAC40	0	0	0	1	1	28	4.90
FTSE100	1	1	0	0	0	28	4.70
S&P500	4	1	0	0	1	24	4.17

Source: the authors' compilation.

The largest companies from the world's main indices are in principle dividend companies.<sup>6</sup> The vast majority of them distribute dividends regularly, at least once a year (Table 1). This refers to 93% of the examined companies listed in the CAC40 and FTSE100. Thirty companies of the former index did not pay out dividends over the analysed period of five years only three times. This gives a factor of dividend distribution of 98%. The investor purchasing the shares of the largest companies of the CAC40 index can assume in its forecasts a certain income deriving from the dividend.

There is only a slightly lower share of dividend companies in the group belonging to the DAX and S&P500. It should be added that a significant number of them pay out dividends twice in a year. Their shareholders receive an advance payment towards the dividend at the beginning of the year, which obviously causes the growth of the actual return on investment in the company.

On the American market (companies from the S&P500 index) one can observe the adoption of a radical dividend policy. Companies either pay out dividends on a permanent basis, or they do not pay out dividends at all. Companies which do not distribute dividends are predominantly companies which generate income in the

<sup>6</sup> For the purposes of the presented studies it is assumed that dividend companies are companies which paid out the dividends without any interruptions throughout the entire period (2011-2015).

virtual world – like Amazon and Facebook, with considerable capitalisation growth. A similar situation occurs on the British stock exchange (FTSE100 index), although here the share of dividend companies is lower. On this market companies which do not distribute dividends derive from banking (Lloyds Banking Group and Royal Bank of Scotland Group). The least ordered in this respect are companies from the DAX index, where there is the greatest diversification in the regularity of payouts to investors. The only company in this group which does not distribute dividends is also a bank (Commerzbank).<sup>7</sup> However the analysis of the results of the companies indicates that the lack of dividends is not an effect of the dividend policy adopted, but of financial difficulty leading to a low stock exchange valuation. Examples here are the aforementioned Commerzbank and Lufthansa, whose shares were excluded from the index of the largest companies of the stock exchange in Frankfurt in November 2016. Furthermore, if one takes into account that one of the companies (Vonovia) was listed on the stock exchange for only three years in the analysed period, it turns out that the distribution of the dividend payouts by companies from the DAX index is not significantly different from their distribution in the other examined groups of companies.

Against the background of the markets described, the Warsaw Stock Exchange definitely stands out; regrettably, in a negative way – the number of its companies that distribute dividends on a permanent basis is distinctly lower (53% in the analysed years). If one assumes that regularity of dividend payouts is one of the indicators of market maturity, the Warsaw Stock Exchange appears to be an immature market. The low share of dividend companies on the stock exchange is not the only problem of the investors. What certainly attracts attention is the unpredictability of the companies' conduct in terms of the dividend distribution. This is most probably influenced by the aforementioned considerable share of banks among the largest companies on the stock exchange. Banks exhibit a lack of any consistent dividend policy. Out of the nine banks that belonged to the analysed group of companies from the stock exchange, only two paid out dividends throughout all the years of the analysis, and two (BGŻ and Alior) did not pay out dividends at all. Forecasts relating to the dividend policy of companies from other sectors are exposed to a considerable risk of inaccuracy, as well. Companies which do not pay out dividends or which do it irregularly represent different industries (e.g. Cyfrowy Polsat, Energa) and different levels of financial stability (e.g. Lotos and Amrest).

Companies which operate on developed markets not only pay out dividends regularly, but very often their dividend grows every year. The data provided in Table 2 relates exclusively to companies which were paying out dividends over all the years subjected to the analysis, that is to dividend companies. Entities which in the group presented above seem to be the most successful are American companies. The vast

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<sup>7</sup> In 2016, after a long break, Commerzbank paid out a dividend.

**Table 2.** Directions of changes in the dividends paid out\* in the period 2011-2015 by the analysed companies from different indices (exclusively companies that paid out dividends throughout the entire period of the analysis)

Companies of the index	Downward trend	No observable trend	Growth with an isolated drop	Constant dividend	Growth with 'intervals'	Constant growth	Weighted evaluation
	weight						
	0	1	2	3	4	5	
WIG	1	10	4	0	1	0	1.38
DAX	1	2	1	2	7	12	3.92
CAC40	0	8	4	0	6	10	3.21
FTSE100	0	7	6	0	3	12	3.25
S&P500	0	1	2	0	1	20	4.54

\* Omitting privileged payouts.

Source: the authors' compilation.

majority of those companies apply a policy of constant growth of their dividend.<sup>8</sup> There are over 84% of such companies, and if the general tendency of the dividend distribution is taken into account (disregarding certain periodical disturbances), this share increases to 95%. Companies from the CAC40 index, distinguished before thanks to the regularity of their dividend payouts, often turn out to be inconsistent as far as the amount of the distributed dividends is concerned. In 29% of them no trend in the fluctuations of the dividend value could be observed, and in another 14% the dividend was transitionally dropping. Similar observations pertain to companies from the FTSE100 index – a clear growing trend can be discerned in 50% of the companies.

The German stock exchange stands out in this respect once more. Nearly half (48%) of the companies which pay out dividends on a regular basis applied the growing dividend policy. If we add companies which for the five years subject to the examination did not observe any drop in the dividends, this percentage rises to 84%. These indicators are comparable with the indicators calculated for the S&P500 index, but companies listed on the American stock exchange were more consistent, maintaining unhindered growth of the dividend payouts much more often. Only amongst companies listed in Frankfurt there were companies which always paid out dividends in the same amounts per share (the producer of cosmetics Beiersdorf AG, and Deutsche Boerse).

The data provided in Table 2 clearly indicate that the stock exchange in Warsaw cannot really be compared with the world's stock exchanges. Whereas

<sup>8</sup> This concerns the constant growth of the dividends in terms of their value. The issue of the dividend yield is disregarded here.



in the comparison of the regularity of payouts the examined companies from the Warsaw Stock Exchange stood out in this classification distinctly, although not drastically, when one takes the regularity of changes in the distributed amounts into consideration, the Warsaw Stock Exchanges emerges as a market that does not correspond to developed markets. From amongst sixteen companies that in the period 2011-2015 paid out dividends on a regular basis only one indicates a stable growing tendency, and the next four a certain growing trend with an isolated drop. In 62.5% of the examined issuers from the Warsaw Stock Exchange, the distributed dividend amounts do not point to any tendency to changes.

By ascribing arbitrary weights (from 0 to 5) to the implemented dividend policies listed above, an indicator was calculated which illustrates the dividend policy on a given market. Companies from the S&P500 index clearly stand out in this group. The indicator calculated for them (4.54) clearly exceeds the indicators calculated for the other indexes. The highest indicator for the European stock exchanges is assigned to the DAX (3.92), and indicators for the British and French stock exchanges reach c. 70% of the value of the indicator calculated for the American stock exchange. This means a distinctly higher predictability of the dividend policy on the latter market. The indicator for the Polish stock exchange was calculated exclusively for statistics-related purposes, as the approach of Polish companies to the dividend policy described above does not provide any grounds for comparing this market with the developed markets.

The collected information describes two properties of the dividend policy implemented by companies of individual markets:

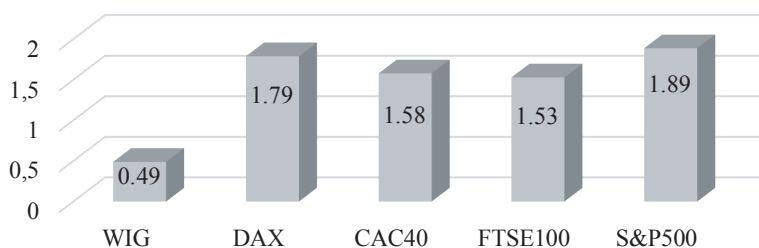
1. Inclination to pay out dividends, expressed in the frequency of the payouts.
2. Regularity of fluctuations in the distributed dividends.

In the area of each of these properties, the individual markets were evaluated differently. In the first case the French market received the highest assessment, in the second one the American market was the dominating one. In order to complete the performed analysis a simple indicator was calculated, allowing for a synthetic evaluation of the dividend policy of companies listed on individual markets from the investor's perspective. This indicator has the following form:

$$DPI = \frac{FDP_5 \times DDP}{100},$$

where:  $DPI$  – the dividend policy indicator,  $FDP_5$  – the average number of dividends paid out in a period of 5 years,  $DDP$  – the average weighed indicator describing the regularity of dividend payouts (in compliance with Table 2).

The indicator grants the same significance to both the distinguished qualities of the dividend policy. The highest indicators were calculated for companies from the S&P500 index (1.89) and the DAX index (1.79). Both markets gained an advantage thanks to their consistency in applying the adopted dividend policy. On both markets



**Fig. 1.** Value of the DPI indicator for the thirty largest companies of the selected indices in 2011-2015

Source: the authors' compilation.

investors can predict an increase of the dividend levels over subsequent years with high probability. Simultaneously, on both markets there are proportionally fewer companies that pay out dividends annually. Companies from the CAC40 index, from amongst which nearly all pay out dividends every year, came only third in the synthetic assessment (indicator value: 1.58), as the level of predictability of the amount of the dividends paid out by them is low. Obviously, companies listed on the Warsaw Stock Exchange fell behind companies listed on the developed markets in both categories.

**Table 3.** Indicators of the dynamics of the dividend growth in 2011-2015 of the analysed companies from different indices (exclusively companies that paid out dividends for the entire analysed period)

Companies from the index	Dividend dynamics indicator			
	geometric mean for the population	median for geometric means for the population	min. mean in the population	max. mean in the population
WIG	1.03	1.042	0.527	1.375
DAX	1.12	1.108	0.732	1.519
CAC40	1.11	1.064	0.784	1.586
FTSE100	1.11	1.082	0.841	2.241
S&P500	1.17	1.117	0.897	1.461

Source: the authors' compilation.

Since the second component of the DPI indicator described above is partially of a quality-related nature, the dynamics of the dividend payouts in the examined companies was also analysed. For each company a geometric mean of dividend dynamics indicators was calculated for five years. The same group of companies was taken into account here as in the calculations presented in Table 2, that is companies that paid out dividends every year throughout the entire period. The data calculated in this way confirm the results obtained on the basis of the DPI indicator.

The highest dynamics of the dividend distribution is exhibited by companies that are classified in the S&P500 index. If companies in the American market decide to pay out dividends, they do so consistently, providing their investors with stability and a growing income deriving from the dividends. The examined companies from this market every year pay out dividends which are 15% higher than the dividend paid out in the previous year. The median of the annual dynamics of the distributed dividend exceeds 11%. What is also remarkable is the small range of the mean dynamics indicator in this group of companies. Only one examined company from the American market (WalMart) exhibits dynamics lower than 1, which results from a high one-off drop (by 50%) of the dividend in 2015. In the previous years the dynamics indicator for this company was always higher than 1.

The average dividend growth indicator exceeding 10% is also exhibited by companies from the large European markets. Nevertheless, in companies from the CAC40 and the FTSE100 this results from the above average dynamics in individual companies. The median of mean indicators exceeds 10% exclusively for companies listed in Frankfurt. The range of average indicators is also rather small for companies from the DAX index. The only company for which the dynamics indicator is lower than 1 is RWE AG. In 2011-2015 this company was regularly reducing the dividends it distributed. Without this company the mean annual growth of the distributed dividend for the German market would reach as much as 14%.

The British market appears to be the most uniform. The range of fluctuations of the dividends paid out by individual companies is the largest here. The difference between the lowest and the highest dynamics indicator exceeds 140 percentage point. The relatively high average dividend growth rate on this market results from the significant influence of the company Glencore International with a high indicator of 2.241.

On the Warsaw stock exchange, one could hope for the absence of any drop in the dividend rather than its increase over the analysed years. The average dynamics indicator of several per cent constitutes merely the effect of the averaging of much different indicators, calculated for individual companies. The highest indicator, 1.375 for the company of Synthos, results from the low base in 2011 (a dividend of 7 groszy per share was paid out), whereas five out of the 16 analysed issuers from the Warsaw stock exchange exhibit an indicator value below zero.

Investors have two sources of information on the company's dividend policy at their disposal:

1. Provisions included in the official documents of the company and the company's announcements (declarative policy).
2. Breakdown of historical dividend payouts (implemented policy).

The analysis of the historical dividend in the examined population of companies is presented above. Another area of the study was the companies' declarative policy. Table 4 presents a synthetic account of messages sent by companies with reference to their dividend policy.

**Table 4.** Declarative dividend policy of the analysed companies from different indexes in the years 2011-2015

Companies of the index	Absence of the declarative policy	Policy with no specific indications	Indication of factors that determine the payouts	Payout stability declaration	Indication of the value or the range of values	Growth declaration (including the target value)	Weighed assessment
	weight						
	0	1	2	3	4	5	
WIG	3	6	1	0	10	1 (0)	2.52
DAX	2	4	1	2	11	8 (2)	3.43
CAC40	4	7	0	2	16	1 (1)	2.73
FTSE100	12	3	0	0	3	10 (0)	2.32
S&P500	10	6	3	1	0	5 (2)	1.60

Source: the authors' compilation.

The data presented in Table 4 comprise companies which paid out a dividend at least three times in the examined period of five years. They provide an image of two geographic areas of the approach to communicating the intentions referring to the profit distribution to investors. The first one is the continental area (Europe without the British Isles). The managements of the companies from this area assume that investors should be provided with information on the dividend policy. This is often information that is quite precise, parametric in nature. Companies usually declare the range of the dividend payout indicator, less frequently its minimum value. Sometimes (predominantly in companies from the DAX index), it is a declaration of the dividend growth, without any limitations or to a specific target value. In these cases the declarations are often accompanied with reservations pertaining to factors that condition the dividend payouts. In the worst situation a company sends out a notice that contains some general statements pertaining to the dividend payout, e.g. that the annual General Assembly of Shareholders decides about the dividend. Obviously, such a notice has no value whatsoever to the investors.

The second area distinguished in the table is the Anglo-American area. Companies from this area believe that their investors will be satisfied with information on historical dividend payouts, that is on the actually implemented dividend policy. Hence a considerable number of them do not provide their investors with any information concerning their dividend policy. Nevertheless, in this respect the British market is definitely closer to the continental companies. Whereas only 36% of companies from the S&P500 index communicate their dividend policy to their investors on their websites, there are only 46% of respective companies from the FTSE100 index. Considering the dividend policy only, expressing the predicted payouts in terms of parameters or directions (stable growth), this percentage is 20% for companies from the S&P500 index and 46% for companies from the FTSE100.

If companies from the British market communicate their dividend policy, they also present it very precisely (in terms of parameters or directions).

When summarising the studies devoted to this area of the dividend policy, individual markets were assessed and arbitrary weights were assigned to different types of the declared dividend policy. A clear advantage of continental companies is visible in this respect. The assessment of companies from the S&P500 index is very low. A realistic dividend policy is much more important to them than the declarations of their management boards, which are not always in line with the reality. A compromise in the approach to this issue is exhibited by companies listed in Frankfurt. They were relatively highly evaluated in terms of the implemented as well as the declarative dividend policy. It is worth observing that against the background of other markets, the stock exchange in Warsaw does not fall far behind. In combination with low indicators for the previous examined areas, this testifies, however, to the weak relation between the declarations and the acts of companies listed on the stock exchange in Warsaw.

#### **4. Conclusion**

The study demonstrated the considerable differences between the dividend policy adopted by companies listed on the Warsaw Stock Exchange and the approach to the dividend payouts in companies that operate on the world's more developed capital markets. The analysis of the latter group indicates that amongst the largest companies, it is a recognised standard to pay out dividends on a regular basis. Furthermore, these companies aim at providing their investors with the constant growth of the dividend-related income. Any disturbances in such growth usually result from objective reasons. At the same time there is an observable departure from such traditional principles of companies operating in the area of the virtual market, which could be a herald of a new approach to the dividend policy. Meanwhile, such a phenomenon is more and more frequently observed on the American market.

The American market is clearly different from the European market. It has more companies that refrain from paying out dividends. At the same time, companies that distribute dividends do so more consistently, providing their investors with stable growth of dividend-related income. Furthermore, companies from the American market pay much less attention to declarations referring to the dividend policy, focusing on its actual implementation. Investors read the dividend policy of American companies from historical data. Unlike companies from Europe, companies from the stock exchange in London are somewhere between the American and the continental companies as far as their approach to the dividend policy is concerned. In their declarations they are closer to the American market, whereas in the implementation of the dividend policy they exhibit more affinity with the European market.

The studies presented herein referred to a specific group of companies with the highest capitalisation values. Most probably this is not a fully representative group

for all companies from a given market, nevertheless the clear differences between the examined markets point to the existence of certain qualities of the business culture in the analysed area of the companies' operation.

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