

Abstract

The objective of this research is to study the factors affecting the dividend policy of electronic companies listed on the Shanghai Stock Exchange. These factors include cash flow, corporate tax ratio, profitability, debt-to-equity ratio, market-to-book value, and sales.

This study is based on previous literature on the determinants of dividend payout ratio in various countries: Greece, India, Ghana, Jordan, and USA. The theoretical basis of this research are Bird in the hand, M&M irrelevance, Residual dividend theory, Clientele effect, Information asymmetry theory, Agency costs, Expectations theory, and Tax preference.

The data is collected from annual report of companies on Shanghai Stock Exchange over the fiscal year from 2003-2007. There are 24 electronic companies listed on the Shanghai Stock Exchange be chosen as research samples.

The data analysis methodology used is multiple regression along with goodness of fit, correlation analysis, Durbin-Watson Statistic, multicollinearity tests is conducted and the results interpreted. All analysis is done by SPSS and Excel program.

The results show that only corporate tax ratio value and profitability are significant independent variables effecting the dividend policy of listed electronic companies on the Shanghai Stock Exchange during the fiscal 2003-2007 period.

Finally, this writer gives some suggestions to electronic companies listed on the Shanghai Stock Exchange, investors and the government.