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Krzysztof Jajuga
Wanda Ronka-Chmielowiec

Contents

Streszczenia

Aleksandra Pieloch-Babiarz

University of Lodz

e-mail: apieloch@uni.lodz.pl

DIVIDEND INITIATION AS A SIGNAL OF SUBSEQUENT EARNINGS PERFORMANCE – WARSAW TRADING FLOOR EVIDENCE

Summary: The aim of this paper is to present the results of own empirical studies concerning the initiation of cash dividends paid by companies listed on the Warsaw Stock Exchange. The purpose of this study was achieved by empirical verification of the main research hypothesis stipulating that the commencement of dividend payment should be treated as a signal of an improvement of subsequent earnings of the company. The empirical verification of research hypotheses was conducted on a group of 33 companies listed on the Warsaw trading floor. To be included into the research sample the company had to initiate dividend or start paying it again after at least five years of break. The author uses the methodology of market event analysis, profitability analysis and deviation analysis. Studies have shown that: a) the market reacts positively to the announcement of dividend initiations in the third and second day before the event, b) the companies are profitable for a few years before and after the first dividend payment, c) the average dividend level increases in the subsequent years in relation to event year.

Keywords: dividend initiation, market reaction, signalling theory, earnings information.

1.   Introduction

The main aim of this article is to present the results of own empirical studies concerning the initiation of cash dividends paid by companies listed on the Warsaw Stock Exchange. This objective should be considered as a particularly important from the point of view of signalling theory [Ross 1977] and asymmetric information theory. The board of directors (agents) – familiar with the financial situation of the company and its investment opportunities – uses a diverse range of financial tools to communicate to the shareholders (principals) information regarding the company's plans and future performance. One of the financial tools used by the board for sending signals to the market is dividend payment. An announcement of changes in dividend policy (i.e. dividend initiations, dividend omissions and changes in the dividend

level) can cause a certain reaction of the capital market and affect the market share price. Shareholders treat dividend payment as information regarding not only the future financial performance of the company but also the ability to gain profits from capital investment.

The purpose of this study was achieved by empirical verification of the main research hypothesis stipulating that the commencement of dividend payment should be treated as a signal of an improvement of subsequent earnings of the company. This hypothesis was operationalized by two auxiliary hypotheses:

- hypothesis H1 states that after the announcement of initial dividend the market share price increases,
- hypothesis H2 stipulates that there is an increase in the profitability level both for several years prior to the payment of the first dividend and for a few years following the dividend initiation.

Positive verification of these research hypotheses may indicate that: a) the market interprets the announcement of dividend decisions as managers' forecasts of future earnings changes, and b) dividend initiation decisions reflect both past and future earnings performance.

An empirical verification of the research hypotheses was conducted on a group of 33 companies listed on the Warsaw Stock Exchange between 2000 and 2013. To be included into the research sample the company had to initiate dividend or start paying it again after at least five years of break. Due to the necessity of gaining financial data for a period of five years before and four years after the payment of the first dividend, the survey involved companies that initiated dividend payments no earlier than in 2003, and no later than in 2009. The study included only those companies which continued dividend payments for at least five years and did not belong to the financial sector.

The principal method of empirical verification of the presented research hypotheses was the market event analysis, profitability analysis and deviation analysis. Moreover, the research was based on an analysis of financial reports published by Notoria Service SA. The market share prices were derived from GPWInfoStrefa. Data on the level of dividend payment and the date of annual general meeting of shareholders came from the Stock Exchange Yearbooks for the period between 2001 and 2014.

2. Dividend initiations, information content and market reaction – a brief literature review

Initial dividend could be defined as the first payout of funds deriving from the net profit that was generated in the previous financial years. Considering dividend payments that were conducted by the companies listed on the stock exchange it must be noted that the initial dividend should be understood as a dividend which

was paid after the initial public offering provided that no dividend has been paid before the company came public or the certain time has passed since the last dividend was paid.[1]

Initial dividend may be used by the board of directors to inform the market about subsequent financial performance and company's investment projects. This information content of dividend was indicated already in the 50s and 60s of the 20th century. Any change in the dividend policy (its initiation, increase, reduction or omission) may be perceived by the capital market as a signal given by the managers that concerns the future financial situation of the company.

The first research on the information content of dividend was conducted by Lintner [1956]. This author argued that – in the opinion of managers – the majority of shareholders prefer a stable dividend policy denoting that annual dividend per share is constant or dividend unit is gradually increasing. In the case of such dividend policy shareholders accept the additional premium in the market share price. Lintner noted that the dividend policy is based on two parameters: the target payout ratio and the pace at which current dividend adjust to the target. The dividend level should be changed only if the managers' decision will be considered by the market to be reasonably justified. One of the factors justifying the change in the dividend policy is a permanent change in the level of net profit.[2]

Miller and Modigliani are other authors who pointed to the information content of dividends [Miller, Modigliani 1961]. They proved that under the conditions of perfect capital market and the absence of taxation, dividends do not affect the market value of the company. However, they claimed that dividends may have the information content if managers have some additional information in regard to the investors' knowledge about the company's future earnings and they use this kind of information to set the level of dividends. That is, a dividend change may indicate a change in board's expectations of future earnings. Thus, dividend changes can be treated as managers' forecasts of future earnings changes.

The hypothesis on the information content of dividend changes has been formalized by other authors. Some of them confirmed that the dividend may be treated as a financial tool used by the managers to communicate to the market the information about expected earnings and reduce the asymmetry of information [Miller, Rock 1985]. However, signalling to the market in the form of dividend is determined by

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[1] The number of years that have passed since the last dividend payment that allows for treating the payout as an initial dividend has not been uniquely determined. In the literature, initial dividend is considered to be paid after 10 years without any dividend payments [Asquith, Mullins 1983; Healy, Palepu 1988].

[2] Along with a gradual change in the level of net profit managers should pursue a policy of gradual adjustments of dividends. When earnings growth is stable the changes in the dividend level should be stable as well. If an abnormal profit is generated only in one financial year managers should pay a dividend at the level of that from the previous year, exceeding it by a so-called additional dividend.

a certain cost. Bhattacharaya argues that the costs of issuing new shares should be treated as the costs of signals [Bhattacharaya 1979]. In contrast, John and Williams perceive the costs of signals in higher taxation of dividends in relation to taxation of capital gains [John, Williams 1985].

In the subject literature you can find numerous publications on a reaction of capital market to the changes in dividend policy. Such studies have been carried out, among others, by Aharony and Swary who observed a significant increase in the market share price after the announcement of dividend growth and a significant decrease in the market share price in those companies that announced reduction in the dividend level. According to the authors, such capital market reaction confirms the hypothesis of information content of dividends [Aharony, Swary 1980].

Asquith and Mullins studied, in turn, changes in the market shares price after the company decided to pay an initial dividend. They proved that the announcement of dividend payment results in an increase of the market share price. Two days after the declaration of a dividend payment average abnormal rate of return reached the level of 3.7% [Asquith, Mullins 1983].

Healy and Palepu focused on examining the investors' reaction to the information about the dividend initiations and omissions. They showed that in the case of companies paying a dividend for the first time there was an abnormal increase in the market share price by approx. 4%. However, in the case of companies which have ceased dividend payments, market share prices dropped on average by approximately 9.5%. It is worth noting that after the payment of initial dividend the companies' profits increased rapidly over the next few years. In contrast, after dividend omissions profits declined within the next year. The results of their study seem to confirm the statement that the change in dividend policy should be treated as an announcement of company's subsequent earnings [Healy, Palepu 1988].

Similar research was conducted by Michaely, Thaleri and Womack [1995]. Their study showed that in the case of the dividend initiations abnormal rate of return was positive and increased by 3.4% in the three-day event window. However, in the case of dividend omissions abnormal rate of return decreased by 7% in a three-day post-announcement window.

Interesting research results were presented by Jin. The author proved that initial dividend announcement meets with a negative reaction of the capital market in 35.2% of cases. The average abnormal rate of return for the entire study group was equal to 2.98%. In the case of enterprises for which a positive capital market reaction was observed average abnormal rate of return was equal to 6.16%. If the investors' reaction was negative, average abnormal rate of return reached the level of –2.88% [Jin 2000].

One of the most important assumptions of the dividend signalling hypothesis is that dividend changes are positively correlated with the future changes in earnings. Watts, in his one of the early empirical studies on the information content of divi-

dends, examined two issues: First, the relationship between unexpected current dividends and future earnings; second, abnormal rate of return for the companies that announced unexpected increases and decreases in dividend level. He concluded that current dividends provide little information on future earnings and there are no abnormal returns in months surrounding the dividend announcements [Watts 1973].

Results of research that were carried out by Watts were confirmed by the other authors (see [Gonedes 1978; Penman 1983; DeAngelo, DeAngelo, Skinner 1996; Benartzi, Michaely, Thaler 1997]). They found little or no evidence that dividend changes predict abnormal increases in earnings. Moreover, Grullon, Michaely, Benartzi and Thaler showed that dividend changes contain no information about future earnings changes. They also proved that dividend changes are negatively correlated with future changes in the profitability of the company [Grullon et al. 2005].

Different research results were presented, among others, by Lipson, Maquieira and Megginson [1998]. The results of their studies showed that managers do not initiate dividends until they believe those dividends can be sustained by future earnings. Similar conclusions were also reached by other authors. Kao and Wu proved that the dividends convey information for the subsequent permanent earnings even in the case of regular dividend changes [Kao, Wu 1994]. Moreover, Ho and Wu found that dividend changes are positively correlated to both past and contemporaneous earnings changes. Dividend initiations are often preceded by significant earnings increases whereas dividend decreases are precipitated by previous earnings drops [Ho, Wu 2001].

The studies of the capital market reaction to the changes in the dividend policy were also conducted on the Warsaw Stock Exchange. However, they are still incomplete and need to be extended. Gurgul and Majdosz proved that capital market reacts positively in the days surrounding the dividend announcement. On the first day after dividend announcement the abnormal rate of return was positive (0.79%) and statistically significant [Gurgul, Majdosz 2005].

Czerwonka examined the shareholders reaction on the two certain days, i.e. on the day of the first information about the initial dividend payment and on the day of the dividend resolution that was adopted by the annual general meeting of shareholders. In the first case, the average abnormal rate of return for the time interval (–15, +15) reached the level of 2.6%. In the second case, the average abnormal rate of return for the time interval (–5, +5) was slightly lower and reached 1.4% [Czerwonka 2010]. A similar tendency of market reaction to the changes in dividend policy was observed by the other Polish authors [Słoński, Zawadzki 2012; Perepeczo 2013].

Brycz and Pauka proved, in turn, that companies which initiate dividend payments increase the level of assets and revenues from sales. Moreover, an increase in the net profit was observed in the majority of enterprises. However, as the authors noticed, the information content of initial dividend was not strong enough to allow the investors to base on it their expectations of subsequent earnings performance [Brycz, Pauka 2013].

3.   Initial dividend as an announcement of subsequent changes in earnings – the results of empirical research

The analysis of the average abnormal rate of return (AR_t) which was conducted in days surrounding the announcement of initial dividend payments showed that on the event day AR_t was negative and reached the level of –0.39%. However, the average abnormal rate of return was not statistically significant on this day.[3] On the day preceding the event day and on the first day following the announcement of initial dividend payment the average abnormal rate of return was also negative and amounted respectively to –0.81% and –0.71% (statistical significance at a significance level α = 0.05). It is worth noting that positive and statistically significant AR_t was observed in the third and second day preceding the announcement of dividend initiation (respectively 0.20% and 0.03%). This situation may be related to the information regarding the commencement of dividend payments that was given to the capital market a few days earlier (e.g. this information could be given in the form of draft resolutions of the general meeting of shareholders and cause the immediate reaction of the capital market after that information became available) (see Table 1).

Table 1. Abnormal rate of return (AR_t) for dividend initiations in Poland [in %]

t	AR_t	t	AR_t	t	AR_t	t	AR_t	t	AR_t
–20	0.02	–11	–0.70**	–2	0.03**	7	0.27	16	–0.62
–19	–0.58***	–10	–0.50	–1	–0.81**	8	0.16	17	–0.30
–18	0.17	–9	–0.10	0	–0.39	9	0.13	18	–0.59***
–17	–0.43	–8	–0.94**	1	–0.71**	10	0.16	19	–1.21*
–16	–0.49	–7	–0.41	2	0.16	11	–0.36	20	0.09
–15	–0.06***	–6	–0.27	3	–0.12	12	–0.77**		
–14	–0.70**	–5	0.43	4	0.09	13	–0.66**		
–13	–0.10	–4	–0.23	5	–0.26	14	–0.53***		
–12	0.02	–3	0.20**	6	–0.69**	15	0.17		

* Significant at α = 0.01; ** significant at α = 0.05; *** significant at α = 0.1.

Source: own study on the basis of [Notoria Serwis 2014; GPW 2014; GPWInfostrefa 2014].

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[3] The methodology of event analysis that was used in this study is a capital market model. The author conducted regression analysis. The dependent variable was the daily rate of return on shares and the explanatory variable was WIG index (see [Pieloch 2012]). The estimation window accounted for 100 trading sessions i.e. time interval (–120; –21). The length of event window was set at 41 days (–20; +20). The length of estimation and event windows are shorter than in the other studies. The reason for that was the need to extend the research sample for the largest number of companies.

A minimal average abnormal rate of return on shares paying the initial dividend was negative on the days surrounding the dividend announcement. The highest negative AR_t was observed on the event day (–2.74%). A maximal average abnormal rate of return was positive on each day of time interval (–3; +3). The lowest maximal AR_t was noticed on the day of announcement of initial dividend decision that was made by the annual general meeting of shareholders (2.52%), but the highest average abnormal rate of return was observed in the three days before the event (7.36%). The median was also the highest on this day and reached the level of 0.09%. In the case of 25% of the examined population AR_0 was negative and stood at less than –1.54%. What is more, in 75% of companies AR_0 was lower 0.58% (see Table 2).

Table 2. Descriptive statistics on the average abnormal rate of return (AR_t) in the time interval (–3; +3) (in %)

Specification	Days						
	–3	–2	–1	0	1	2	3
AR_t	0.20	0.03	–0.81	–0.39	–0.71	0.16	–0.12
Minimum	–3.48	–3.74	–4.94	–2.74	–8.66	–3.44	–3.71
Maximum	7.36	6.89	3.91	2.52	4.25	4.11	6.32
Median	0.09	–0.33	–0.45	–0.26	–0.42	0.08	–0.09
1st quartile	–0.88	–1.53	–2.36	–1.54	–1.83	–1.17	–1.37
3rd quartile	0.91	0.98	0.17	0.58	0.86	1.51	0.51
Standard deviation	2.30	2.35	2.30	1.42	2.83	1.85	2.38

Source: own study on the basis of [Notoria Serwis 2014; GPW 2014; GPWInfostrefa 2014].

While analysing the cumulative average abnormal rate of return[4] it should be noted that CAR_t was negative in the majority of chosen time intervals. Cumulative average abnormal rate of return was equal to 0 only once, i.e. in the time interval (–4; –2). In the other studied periods CAR_t was negative. During the first days following the announcement of initial dividend payments the cumulative average abnormal rate of return was negative. In the time interval (+1; +3) CAR_t was equal to –0.06%, in period (+1; +5) it reached the level of –0.84% and in period (+1; +10) CAR_t stood at –1.17%. In the symmetrical five-day event window (–2; +2) CAR_t shaped at the level of –1.63%, and in the seven-day event window (–3; +3) cumulative average abnormal rate of return reached the level of –1.71%. It should be added that all results were statistically significant at the significance level of 0.01 with the exception of $CAR_{(+1; +3)}$ which was statistically significant at the level of 0.05 (see Figure 1).

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[4] CAR_t was calculated as the sum of average abnormal rate of returns on day t.
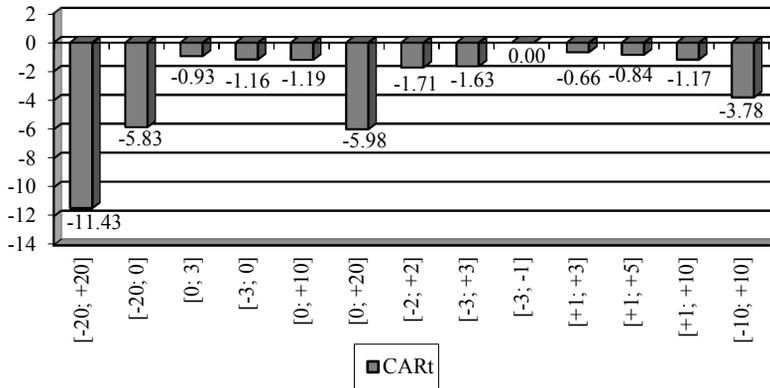
Figure 1. Cumulated abnormal rate of return (CAR$_t$) in chosen time intervals (in %)

Source: own study on the basis of [Notoria Serwis 2014; GPW 2014; GPWInfostrefa 2014].

A preliminary analysis of the companies' profitability that was conducted among enterprises which made the decision to initiate the dividend payments indicates that in the year *n* (i.e. in the first year of dividend payment) the levels of return on equity and return on assets were – in the majority of companies – lower than in year *n* – 1 (i.e. in the year when the company generated the net profit from which initial dividend was paid). The value of ROE was lower in the year *n* (in comparison to the previous year) in 54.55% of enterprises.

In contrast, the value of ROA decreased in the case of 60.61% of companies. For the next two years of dividend payments, the discussed profitability ratios were higher in relation to their values from the year *n* – 1. This situation occurred in more than a half of the companies. In the year *n* + 1, an increase in ROE (in relation to the base year) was observed in 50.00% of companies. In the year *n* + 2, return on equity exceeded that one of the year *n* – 1 in 51.52% of the surveyed enterprises. In the majority of companies the ratios of return on equity and return on assets were lower in the fourth and the fifth year of dividend payments in relation to the year *n* – 1, as well as the level of return on sales. Moreover, it should be noticed that in the first four years of dividend payments the level of ROS was decreasing in a growing number of companies.

Considering the level of return on share capital it must be said that this ratio was higher in each year of dividend payments in relation to the level of ROSC that was calculated in the year *n* – 1. This situation occurred in 54.55–62.50% of companies from the research group (see Table 3).

Dividend initiations were usually started by profitable companies. High profitability of the enterprises was observed four years before the initial dividend, as well as a few years after the event. The highest mean value of ROE and ROA were observed

Table 3. The percentage of the companies in which the profitability level changed in regard to the year $n-1$ (in %)

Specification	Years				
Profitability	n	$n+1$	$n+2$	$n+3$	$n+4$
Return on equity (ROE)					
Increase	45.45	50.00	51.52	42.42	30.30
Decrease	54.55	50.00	48.48	57.58	69.70
Total	100.00	100.00	100.00	100.00	100.00
Return on assets (ROA)					
Increase	39.39	43.75	42.42	30.30	33.33
Decrease	60.61	56.25	57.58	69.70	66.67
Total	100.00	100.00	100.00	100.00	100.00
Return on sales (ROS)					
Increase	57.58	56.25	51.52	39.39	48.48
Decrease	42.42	43.75	48.48	60.61	51.52
Total	100.00	100.00	100.00	100.00	100.00
Return on share capital (ROSC)					
Increase	57.58	62.50	57.58	54.55	54.55
Decrease	42.42	37.50	42.42	45.45	45.45
Total	100.00	100.00	100.00	100.00	100.00

Source: own study on the basis of [Notoria Serwis 2014; GPW 2014; GPWInfostrefa 2014].

before initial dividend payments, i.e. in the year $n-4$ (36.32 and 11.62%, respectively) and in the year $n-2$ (25.31 and 11.08%, respectively). In the year n (i.e. the year in which the first dividend was paid out of the net profit generated in the previous year) the average level of return on equity and return on assets declined. This may be related to the initial dividend payments and a reduction in the amount of own funds which serves the company to conduct the business, develop itself and become more competitive, and thus enable the company to generate the profit. In the year $n+1$, the average values of return on equity and return on assets increased but in the subsequent years they declined. The lowest average value of ROE and ROA were observed in year $n+3$ (12.40 and 6.60%, respectively) (see table 4).

The highest average value of ROS occurred in the year $n-1$ (16.66%), while the highest median reached the level of 9.36% and was observed in the year n. The average values of the return on share capital were very high. However, it is worth noting that the standard deviation reached very high values. The levels of the first and third quartiles are presented in Table 4.

Table 4. Descriptive statistics on profitability of dividend companies (in %)

Specification	Years									
	$n-5$	$n-4$	$n-3$	$n-2$	$n-1$	n	$n+1$	$n+2$	$n+3$	$n+4$
Return on equity (ROE)										
Mean	14.05	36.32	23.37	25.31	16.87	13.75	15.55	13.37	12.40	13.65
Median	10.70	23.73	21.42	21.56	14.25	13.47	15.27	11.34	10.03	10.14
1st quartile	5.36	9.12	6.61	8.26	9.19	8.66	8.98	7.47	4.98	7.02
3rd quartile	16.34	46.73	36.94	34.73	19.78	18.56	20.02	19.52	19.12	18.39
St. deviation	13.74	45.30	19.30	21.25	11.78	7.01	8.43	7.55	8.25	11.02
Return on assets (ROA)										
Mean	4.98	11.62	8.94	11.08	9.32	8.15	8.65	7.75	6.60	7.03
Median	4.28	5.49	5.88	8.58	8.13	7.99	8.27	6.26	5.84	6.62
1st quartile	1.61	2.95	1.78	4.77	4.64	4.67	4.86	3.40	3.00	3.68
3rd quartile	7.71	16.92	14.40	15.95	10.81	10.58	12.01	10.57	8.87	9.32
St. deviation	4.23	11.45	7.71	9.51	6.14	4.51	4.43	5.13	4.34	4.66
Return on sales (ROS)										
Mean	2.27	4.68	5.35	12.86	16.66	13.72	11.77	19.25	16.78	11.70
Median	2.03	3.51	5.15	8.07	7.56	9.36	8.23	7.72	8.74	8.75
1st quartile	1.34	1.40	1.42	3.67	3.67	4.13	4.80	2.69	3.67	4.33
3rd quartile	6.09	9.83	9.44	13.70	16.34	14.84	14.66	17.34	17.86	17.99
St. deviation	5.27	6.04	6.81	23.55	41.29	21.88	11.78	38.06	33.90	16.14
Return on share capital (ROSC)										
Mean	30.82	699.65	425.50	902.85	655.53	690.85	464.58	492.66	346.14	462.90
Median	23.03	94.63	114.68	102.82	139.04	152.95	177.27	207.65	148.94	179.72
1st quartile	9.98	17.25	7.07	20.21	35.86	29.47	76.89	43.01	58.58	57.84
3rd quartile	50.72	249.57	294.83	325.53	428.54	565.67	731.41	621.99	474.41	577.45
St. deviation	25.50	2131.57	1203.66	2339.26	1688.21	2092.60	566.94	728.57	454.35	615.04

Source: own study on the basis of [Notoria Serwis 2014; GPW 2014; GPWInfostrefa 2014].

The average dynamics of profitability ratios in the four years preceding the first dividend payment was higher than 100% and at the same time higher than in the majority of years in which the dividend was paid. It could be concluded that the profitability of studied companies was increasing faster in the years before the initial dividend was paid. The highest dynamics of profitability (noticed after the initial dividend payment) was observed in the year $n+1$. In that year, the dynamics of ROE

amounted to 157.91%, the dynamics of ROA stood at 153.19%, the dynamics of ROS was equal to 122.57% and the dynamics of ROSC reached the level of 167.47%. The average dynamics of profitability ratios was lower than 100% in the year $n + 2$ and in the year $n + 3$ (see Figure 2).
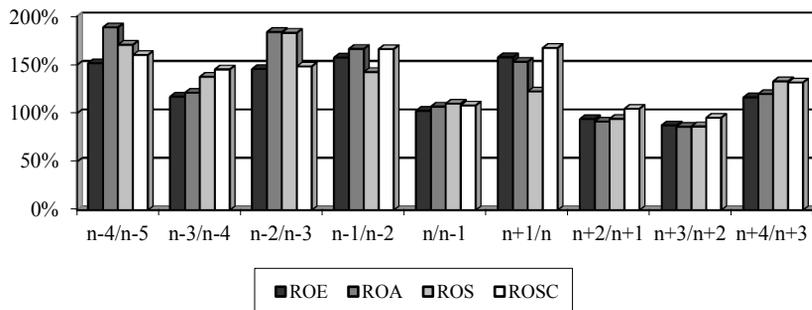
Figure 2. Average dynamics of profitability ratios (year-to-year; in %)

Source: own study on the basis of [Notoria Serwis 2014; GPW 2014; GPWInfostrefa 2014].

The slowdown in the growth of the companies' profitability and even its decline in some years after the payment of initial dividend tend to find the answers to the following question: should the initial dividend be treated as the announcement of the subsequent shareholders' earnings?[5]

In the first three years of dividend payments the value of dividend per share increased in relation to the year n in 78.08% of cases. In the year $n + 1$ DPS decreased only in 15.38% of the enterprises and did not change at all in 11.54% of the analysed cases. While analysing dividend payout ratio (DPR) in the subsequent years it was noted that the majority of the enterprises decided to increase the payout of net profit. In the years $n + 1$, $n + 2$ and $n + 4$ this situation occurred in 65.38% of the enterprises. Moreover, dividend yield (DY) was higher in the year $n + 1$ (in regard to the dividend initiation year) in only 46.15% of companies. In the two subsequent years, the relationship between dividend per share and the market share price increased in 69.23% of enterprises (see Table 5).

The average values of DPS, DPR and DY were rising for the first three years of dividend payments. The highest average value of the dividend per share was observed in the year $n + 2$ (it reached the level of 2.89 PLN). The median was also the highest in the year $n + 2$ and amounted to 0.85 PLN. In the year $n + 2$, first quartile reached the level of 0.33 PLN and the third quartile was equal to 1.45 PLN. The av-

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[5] The study assumes that investors' expectations are described by the so-called naive model (i.e. shareholders expect a consistent level of dividends in subsequent years, so $D_1 = D_2 = \ldots = D_t$).

Table 5. Changes in the dividend policy in regard to year n (in %)

Specification	Years			
	$n + 1$	$n + 2$	$n + 3$	$n + 4$
Dividend per share (DPS)				
Increase	73.08	73.08	73.08	69.23
Decrease	15.38	23.08	26.92	30.77
No changes	11.54	3.84	0.00	0.00
Sum	100.00	100.00	100.00	100.00
Dividend payout ratio (DPR)				
Increase	65.38	53.05	65.38	65.38
Decrease	34.62	46.95	34.62	34.62
No changes	0.00	0.00	0.00	0.00
Sum	100.00	100.00	100.00	100.00
Dividend yield (DY)				
Increase	46.15	69.23	69.23	61.54
Decrease	50.00	30.77	30.77	38.46
No changes	3.85	0.00	0.00	0.00
Sum	100.00	100.00	100.00	100.00

Source: own study based on the basis [Notoria Serwis 2014; GPW 2014; GPWInfostrefa 2014].

Table 6. Descriptive statistics on dividend payout policy

Specification	Years				
	n	$n + 1$	$n + 2$	$n + 3$	$n + 4$
1	2	3	4	5	6
Dividend per share (DPS) [PLN]					
Mean	1.35	1.37	2.89	1.54	1.90
Median	0.37	0.42	0.85	0.77	0.84
First quartile	0.15	0.23	0.33	0.34	0.32
Third quartile	1.00	1.20	1.45	1.09	1.35
Standard deviation	1.66	2.32	3.67	2.66	2.17
Dividend payout ratio (DPR) [%]					
Mean	60.69	73.75	84.12	69.84	74.03
Median	32.33	50.70	57.03	40.55	75.63
First quartile	21.45	27.20	26.41	29.03	27.21
Third quartile	66.65	83.90	76.95	72.51	94.25

1	2	3	4	5	6
Standard deviation	35.67	68.03	54.89	56.57	43.45
Dividend yield (DY) [%]					
Mean	4.15	4.47	6.59	6.51	6.26
Median	2.30	2.80	3.20	3.15	3.10
First quartile	1.38	1.60	1.90	2.03	1.90
Third quartile	4.33	3.95	7.00	6.40	6.10
Standard deviation	2.97	2.44	4.24	3.93	4.14

Source: own study based on the basis [Notoria Serwis 2014; GPW 2014; GPWInfostrefa 2014].

erage value of the dividend payout ratio was the highest in the year n + 2. In the third year of dividend payments the shareholders received on average 84.12% of the net profit. In this year, the median reached the level of 57.03%, the first quartile was equal to 26.41% and the third quartile amounted to 76.95%. The average value of the dividend yield was also the highest in the year n + 2 and amounted to 6.59%, while the median reached the level of 3.20% (see Table 6).

4. Conclusions

The empirical studies conducted among the companies listed on the Warsaw Stock Exchange that decided to initiate the dividend payments confirmed the main research hypothesis. The studies showed that:

a)   the average abnormal rate of return was positive and statistically significant in the third and second day before the announcement of dividend initiations. This situation may indicate a positive response of the capital market to the announcement of initial dividend payments but without further research this cannot be clearly stated;

b)   the companies which began to pay dividends were usually profitable for a few years before the initial dividend, as well as a few years after the first dividend payment. However, in the first year after initial dividend the average profitability of the companies decreased.

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INICJACJA WYPŁATY DYWIDEND JAKO SYGNAŁ PRZYSZŁYCH DOCHODÓW SPÓŁEK NOTOWANYCH NA WARSZAWSKIM PARKIECIE

Streszczenie: Celem artykułu jest przedstawienie wyników własnych badań empirycznych dotyczących inicjacji wypłaty dywidendy przez spółki notowane na GPW w Warszawie. Cel opracowania został osiągnięty przez weryfikację głównej hipotezy badawczej stanowiącej, iż rozpoczęcie wypłaty dywidendy należy traktować jako sygnał świadczący o polepszeniu przyszłych wyników finansowych przedsiębiorstwa. Empiryczna weryfikacja hipotezy badawczej dokonana została na grupie 33 spółek. Warunkiem włączenia spółki do próby badawczej była inicjacja dywidendy lub jej ponowna wypłata po co najmniej pięciu latach przerwy. W artykule wykorzystano metodologię rynkowej analizy zdarzeń, przeprowadzono analizę rentowności przedsiębiorstw oraz analizę odchyleń. Badania wykazały, że: a) na ogłoszenie pierwszej wypłaty dywidendy rynek reaguje pozytywnie w trzecim i drugim dniu przed zdarzeniem, b) spółki są rentowne zarówno na kilka lat przed, jak i kilka lat po pierwszej wypłacie dywidendy, c) w kolejnych latach wypłat dywidendowych średnia wysokość dywidendy rośnie.

Słowa kluczowe: dywidenda inicjalna, reakcja rynku kapitałowego, teoria sygnalizacji, informacja o wynikach finansowych przedsiebiorstw.