Article Title
Financial features of dividend-paying firms in the hospitality industry: A logistic regression analysis

Citation

Abstract
The purpose of this study was to identify the financial features that distinguish dividend-paying firms from non-dividend-paying companies in the U.S. hospitality industry.

Methods
The study sample consisted of hospitality firms traded in U.S. capital markets in 2005, the most recent year for which financial information was available from the COMPUSTAT database. The single-year data were used to control for the macro impacts of economic or market cycle, if any, on hospitality firms' dividend decisions. The sample was determined based on the availability of financial data from the COMPUSTAT database. Among the 69 firms, 25 firms were drawn from the restaurant industry, and the other 44 firms were hotel firms which include both regular hotels (14 firms) and casino hotels (30 firms).

Results
The results showed that the dividend payout decision of hospitality firms is significantly influenced by firm size. The positive sign of TA in logistic regression model suggests that a large hospitality firm tends to have a larger logit (y) value and thus a higher probability of paying dividends. The finding supports the argument by Holder et al. (1998) that it is easier and cheaper for large firms to raise external funds, making them less dependent on internal funds and able to pay dividends to shareholders.

Conclusion
The logistic regression model shows that firm size and profitability are significant drivers of dividend payout, whereas investment opportunities deter dividend payout. In the U.S. hospitality industry, larger hospitality firms with higher profitability but fewer investment opportunities are more likely to pay out dividends to their shareholders.