

Dividend policy at Linear technology

Introduction

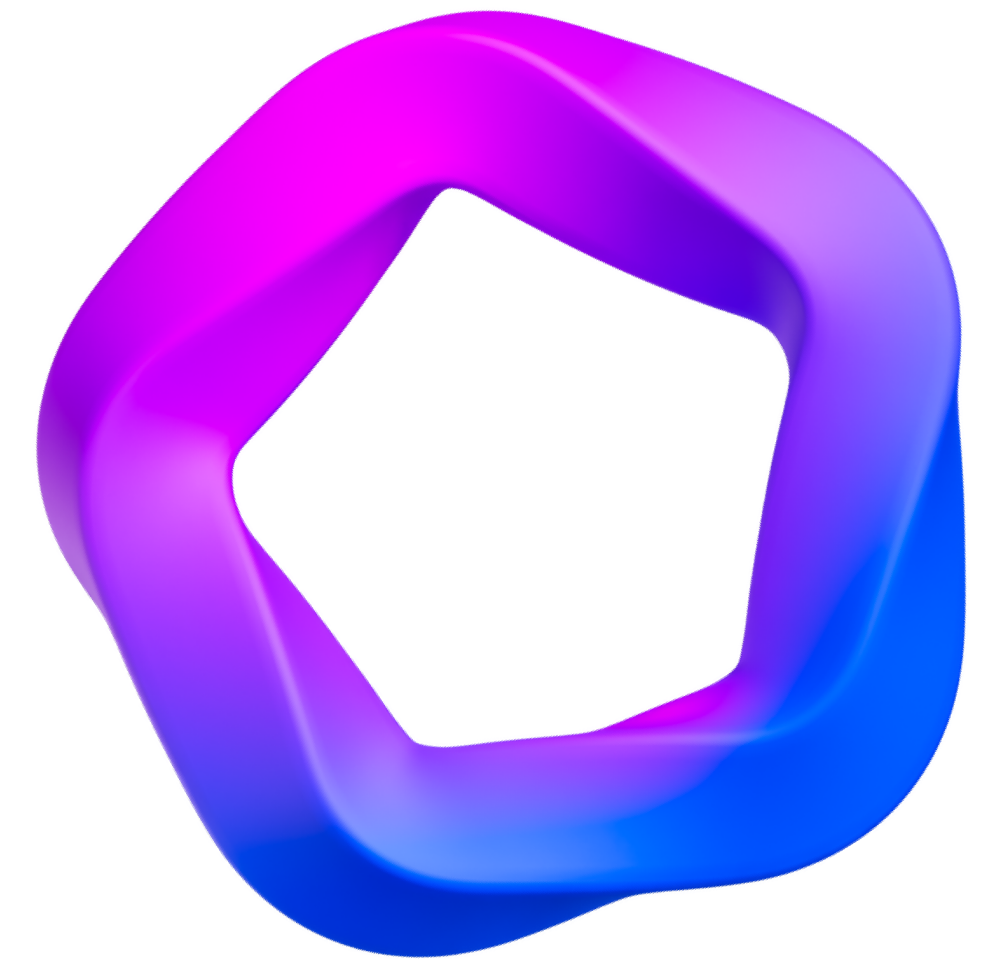
Linear Technology Corporation provides analog integrated circuits, and the company stood before a choice on the dividend policy. As a company, recognized for intense frugality in its financial management, the issue that emerged as critical was how to manage the cash reserves, high profitability as well as the shareholders.

Shareholder Expectations

The Linear Technology Company's shareholders needed constant returns and dividends formed a part of this return component. An expectation that the company has to pay and ideally increase the regular dividend established itself since it has been in business with such practices.

Future Growth and Expansion

Another factor that has affected the decision making regarding the dividend policy is the competition factors that the company has. Linear Technology could remit more resources to investment in innovative processes, research and development or acquisitions through decrease in dividend distribution.



Conclusion

Linear Technology serves as an example of how careful companies need to be when deciding over dividends. While shareholders demand their returns, sustainable overall growth may entail a cut in the dividend so that, in a sense, the dividend policy becomes closely integrated with corporate planning.



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