Abstract This study comparatively examines the dividends behavior in state-controlled firms versus family-controlled firms. With the sample of large industrial firms listed on the Main Board of Hong Kong Stock Exchange, we investigate the dividends payment rates, stability of dividends payment, the effects of firm size, profitability and growth opportunity on likelihood to pay dividends, as well as the concentration of dividend in state-controlled versus family-controlled firms. Based on the findings, we derive some ethical implications of dividends policy regarding the differences in business ethical behavior, corporate social responsibility, corporate governance, business sustainability, and shareholder activism in state-controlled versus family-controlled firms, as well as the improvement in these respects through cross-listing in Hong Kong.

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