

A study on the effect of cash dividend policy on corporate value

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Abstract: Cash Dividend policy of listed companies is an important part of corporate financial management, and it is also an important part of corporate management function, the impact of corporate cash dividend policy on enterprise value is a very meaningful research topic. This paper studies the connotation of cash dividend policy and corporate value of listed companies, and expounds the two factors of the impact of cash dividend policy on corporate value, that is, the cash dividend payout ratio and the stability of the cash dividend per share and the cash dividend payout. In the company's financial management occupies an indispensable position and role.

1. Introduction

At present, in the trend of globalization and the new world economic structure, the rapid development of Chinese enterprises, enterprises need to control in any link, otherwise it will seriously affect the development of enterprises and the core competitiveness of the market. Referring to the company law, securities law and other laws, according to the principle of scientific handling of economic complex things as the basic research, this paper mainly discusses how to formulate dividend policy in favor of listed companies, an in-depth analysis of the effect of cash dividend policy on the amount of marketing of enterprise value will enable enterprises to adapt their decision-making to the economic environment, promote the sustainable and healthy development of enterprises in the intense market operating environment and ensure the stability of enterprise order, eliminate all the unfavorable factors that restrict the development of enterprises.

2. The connotation of cash dividend policy and enterprise value

2.1 The connotation of the company's cash dividend policy

Different scholars have different understandings and definitions of corporate cash dividend policy.

2.1.1 A collection of foreign scholars' opinions

The representative views of foreign scholars are: Lintner pointed out that from a signal transmission theory, rooted in the stability of corporate dividend policy, the paper points out the problems involved in the cash dividend policy: "Does the company maintain the current dividend level", and does the company have a surplus dividend policy? Is Investment more in favor of a steady dividend or a dividend payment policy in spite of profits? Are Dividend demands and attitudes the same for investors of different ages? And Stephen. A. Roth and other scholars believe that only the cash in profits to shareholders is a dividend, stock dividends are not paid by Dividend. Peter. According to atelier, the core issue involved in dividend policy research is which dividend policy will have an impact on the value of the enterprise and how it will be affected. According to the above three viewpoints, some scholars put forward more explicit management, enterprise dividend policy is an important component of enterprise financing decision, is to determine the reasonable distribution proportion of enterprise profit in paying dividends and increasing retained earnings. The stability of dividend involves three aspects and the factors of stock dividend, stock split, repurchase, management, etc. . Other scholars believe that there are three aspects to consider

when considering a company's income,^[1] the question of how much to distribute, whether to distribute cash dividends or to ensure the balance between dividends and the future achievements of the enterprise through stock repurchase and the guarantee of the stability of distribution.

2.1.2 From the point of view of domestic scholars

Lüchangjiang scholars think that dividend policy is the policy of the listed company's income distribution at the end of the period, and point out that whether and how the company distributes relates to the future operation and investment of the company. Scholar Li Changqing pointed out that dividends are profits, which should be distributed according to the amount of shareholders' investment, and the dividend policy must be based on the company's Development to ensure the stability of stock prices. The perfect market, Weygand argues, is a reasonable trade off between dividends paid and retained earnings. Scholar Wang Huacheng thinks that dividend policy is the attitude and policy to the distribution of net profit of enterprises.^[2]

2.2 The connotation of enterprise value

According to Golden's model, William holds that the value of the stock's memory is determined by the present value of the dividend income flow of infinite times. Morten Olsen put forward the theory of clean surplus, which involves four basic conditions: first, the future discount rate of the firm is constant, all the future state of the firm can be predicted, the result of the state can be observed, and the probability can be known objectively. DOMESTIC SCHOLARS POINT OF VIEW: Tang Gu Liang and other scholars use Rappoport's free cash flow discount to explain the value of the company. He Tao and other scholars put forward the calculation method of cumulative abnormal returns. Tang pointed out that the closing price and the average price of the closing price of the next year.^[3]

3. Research on the relationship between cash dividend policy and enterprise value

3.1 Agency theory, Cash Dividend Agency theory

It involves two aspects: First, cash distribution reduces managers' unreasonable application of cash flow, including unreasonable investment and internal departments of the enterprise in-service overconsumption. Second, when enterprises are short of funds to raise funds for development, external effective supervision to reduce agency costs.^[4]

3.2 The theory of embezzlement of cash dividend interest

Is contrary to the theory of agency, which holds that cash dividend has become a tool for large shareholders to cash out maliciously, and it is the behavior of large shareholders to transfer cash from listed companies to the detriment of small shareholders. Especially in the family business, they tend to get the maximum return on capital through irrational dividend distribution.

4. Third, the cash dividend policy and the enterprise value relations research discovery question

The lack of financial management budget system, the lack of a deep understanding of the dividend distribution policy laws and regulations, the depth of the study of the two, the cash dividend policy and the impact of enterprise value. Modern corporate governance is the sum of a management system and management functions. As the internal control of financial management to ensure the normal operation of enterprises, and the effectiveness of business activities, the security of the company's property, the feasibility of an important part of management. The financial management budget of an enterprise is the process of standardization and normalization of financial management. Strengthen the company's financial budget, planning, accounting and supervision, investment management, project management system, compensation management process, including big data management, financial reporting, and other series of accounting financial management. The budget of modern companies reflects some problems, such as the company's

business objectives and financial objectives can not accurately docking, in the face of increasing competition in the Red Sea, enterprises need to compete with many competitors for market share, and need the integrated attack of price, quality, service and various promotion methods to form their own characteristics and meet the diversified needs of consumers, in the face of corporate dividend policy issues related to how to allocate to ensure the longer-term development of enterprises need the construction of financial objective management system, the internal financial management personnel need to master the knowledge system of many aspects such as dividend policy, project management, capital interest rate and so on, form the big data system of the company, ensure the enterprise accurate decision-making, reduce the problem of fund waste, also to prevent the financial management situation and private small treasury, of course, the current financial management system is not sound, leading to the loss of assets or unreasonable use of resources from time to time, can Not Accurately measure the company dividend policy and the development of the relationship, there is no more reasonable big data system support.

5. Methods of promoting the benign development of cash dividend policy and enterprise value relation

5.1 To improve laws and regulations

The company shall base itself on the company law and the Securities Law. To increase the protection of the legitimate rights and interests of enterprises to minority shareholders, to introduce laws and regulations to protect minority shareholders, to strengthen supervision, and to establish strict norms and systems, we must attach great importance to them, we must speed up the improvement of the management system, improve the relevant laws and regulations, increase the enforcement of laws and regulations, resolutely crack down on the company's infringement of minority shareholders, once found, severely punished.

5.2 Strengthening financial system

Management by reforming the company's internal control management model, establishing the company's financial management balance mechanism, judging the relationship between the company's dividend policy and the company's development through accurate big data, doing a good job of big data analysis, optimizing dividend policy and optimizing project decision-making based on the principles of fairness, Justice and merit selection, and taking the development of the enterprise as the center, making comprehensive decisions based on dividend policy and enterprise's competitive advantage, strategic direction, project return rate, project situation and operating situation, etc. . Ensure scientific decision-making and standardized financial management.

5.3 Improving the quality of financial management personnel

In the aspects of consideration, supervision and evaluation of cash dividend policy requires continuous improvement of the business and competence levels as well as the core quality of financial management personnel of enterprises; It is necessary to strengthen the construction of standardized financial management system for the stable development of enterprises. We should learn a lot from the aspects of cost control, relevant laws, project information, financial management, cost control and equity investment, the cash dividend policy for each link, each system for training, improve the internal quality of enterprise managers. At the same time, through the establishment of cash dividend policy managers reward and punishment system, the formation of a competitive mechanism and reward and punishment mechanism to promote the positive development of financial work. It is the guarantee of the normal financial security management system.

5.4 Combing the process

Management of enterprises with the aim of promoting the development of enterprises and rationalizing dividend distribution policies, and testing the effectiveness of dividend distribution policies, strengthen financial internal control mode and process management through process

analysis, scientific resource allocation and benefit evaluation. Establish financial budget mechanism and early-warning mechanism, do a good job in big data management, strengthen supervision, consider cash flow and enterprise development, and through big data analysis, provide accurate decision-making data for enterprises.

6. Conclusion

With the development of globalization and market economy, the study of the relationship between cash dividend policy and enterprise value has become an important issue in the new situation. Enterprises must strengthen efforts to improve the corresponding system, establish management system, improve the quality of personnel, comb business processes, for the development of enterprises to provide effective protection.

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