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Determinants of dividend divided policy of listed companies in Vietnam stock exchange market

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ABSTRACT

Background: Beside sponsored resolution and invested resolution, stock dividend policy is significant resolution in financial management. Divided policy dramatically affects to operation, existence and development of a company in many respects. Objectives: The main objective of this research is to measure determinants of divided policy of listed companies in Viet Nam Stock Exchange (VNSE) in order to enrich empirical evidences related to this field. Data used in the study is collected from financial statement of 100 listed companies in Ha Noi and Ho Chi Minh Stock Exchange in 2015. Results: The research result shows that earning per share, financial leverage ratio and current solvency influence divided policy of listed companies in VNSE. Conclusions: Based on the findings, possible solutions for the operation of companies have been considered in order to enrich and improve their efficiency and effectiveness.

INTRODUCTION

VNSE is an extremely effective channel for capital mobilization of joined stock companies. In stock exchange market, investors are often interested in their value being received in the present or in the future, while listed companies always want to maximize the value of its assets. In terms of profitability, the viewpoint of the companies and investors are similar. And in terms of period, the two points resemble because of the dividend policy.

In facility, investors are interested in the value received from the investment capital spent. In the present of asymmetric information, the understanding of investors about the market is limited. Besides, the management and executive market policy are inadequate; investors have not mastered the investment knowledge in VNSE. Therefore, investment decisions are mainly based on operation results of companies, profit sharing policy, or decision of dividend policy. Among them, dividend policy is most concerned because it represents to receivable profit line of investors when investing to the company.

Dividend policy reflects how the profit of the company was distributed; profits will be retained for reinvestment or will be paid to shareholders. According to the model signals Pettit (1972), Aharony & Swary (1980), Asquith & Mullins (1983) and Ghosh & Woolridge (1988), dividend contains personal information. Therefore, it is used as a signaling device to affect the stock price. When the stock price changes, then it directly influence in the benefit of shareholders. Thus, the study about the factors affects in the dividend policy is significantly meaningful to help the managers selecting the appropriate dividend policy to enhance the value of the company as well as to attract investors. For given reason, a study on “Determinants of dividend divided

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policy of companies listed in Vietnam exchange stock market" to enrich the empirical evidences relevant to this issue is needed.

2. Theoretical Foundations – Research Method:
2.1. Concepts:
2.1.1. Concept of dividend:

Dividend is the profit after tax of the company devoted to paying for shareholders. In other words, it is money divided to shareholders per ordinary share, based on the income result from production and business operations of the company. (Tran Ngoc Tho, Modern Corporate Finance).

Dividend per share (DIV) is the after-tax net income minus preferred dividends minus retained earnings then divides to common stock circulating.

2.1.2. Concept of dividend policy:

Dividend policy is a policy to prescribe distribution between retained earnings for reinvestment and dividend payments to shareholders. It defines the level of how company after tax profit will be distributed, how much percentage is retained to reinvest and how much used to pay dividend to shareholders. Dividend payout ratio: reflects the proportion of dividends that shareholders are received compare to income the company generated and measured as follows:

Dividend payout ratio = Dividend per share / Earning per share

Earnings per share (EPS): is the after-tax net income minus preferred dividends then divide to common stock circulating.

2.1.3. Dividend payout process:

The decision of dividend payout is hand over to the Board of the company. When the dividend was announced, it becomes a financial liability for the company and the company could not easily change, there are few major time milestones in the process to pay dividend. We will consider an example follows:

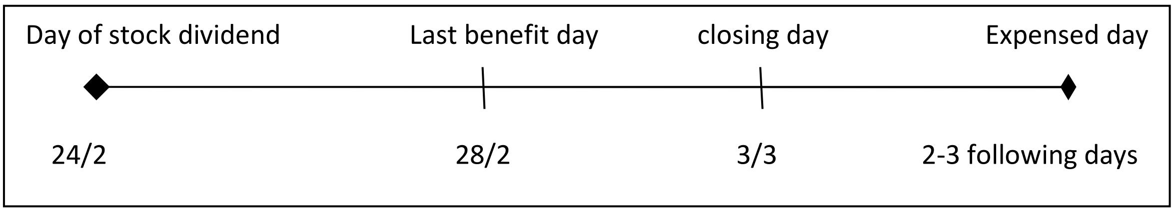

Fig. 1: Dividend payout process

Source: from http://www.vinacorp.vn

The announced dividend date (24/2): dividend is decied by the Board of company through and announced the level of dividend paid per share.

The last right day (28/2): the last day be entitled to the dividend of holders, on this day, investors buy share will be entitled to dividend. Following that day, the investors buy the shares will not be entitled to the dividend.

The ex-right day is the day that the investors buy the share will not be entitled to the dividend? Therefore, the reference price of the stock usually decrease by the corresponding dividend to ensure equality betwee sharehoders, which means the shareholders benefit of dividend will lose about price and vice versa.

The record day (3/3) company finalize the list of all of the shareholders are entitled to dividends. The investors buy the stock after this date will bot be entitled to the dividend. Becauses transaction regualtion is T+3, the record date of shareholders usually after 3 days compared to the last right day. The reference price of the ex-right day is equal to the closing price of last right day minus dividend.

The dividend payment date the date on which the sharehoders will receive dividend (typically 2-3 weeks after shareholder list finalised.

2.1.4. Dividend payment policies:
Passive retained earning policy:

The policy says that a company should hold profits when there are promising investment opportunities higher yielding rate than expected return rate that shareholders require. In other words, the company dividends payment should change from year to year depending on available investment opportunities. In addition, the passive profits retained in companies in the growth period often lead to lower dividend payment rate compared to companies in the stage of affluence (saturation). However, most companies usually try to maintain a stable dividend level over time because dividend can be sustained stable if the company annual profits retained with a high rate in years of high capital requirements. If the unit continues to grow, the Director may continue to implement this strategy without necessarily reducing dividend. To avoid reducing dividends in some cases, companies may also borrow funds to meet investment demand and thereby increasing the level of debt to equity temporarily as in the case of companies with more good investment opportunities during a given year, the borrowing policy would be more appropriate than a dividend cut-off. Then, in the following years, the company needs to retain profits to push the debt ratio on equity back to the appropriate level.

Stable cash dividend policy:

Most of the companies and shareholders prefer relatively stable dividend policy. Stability is characterized by a reluctance to reduce the amount of cash dividend payment from this period to another period. Similarly, the increase in the dividend rate is usually delayed until the Chief Financial Officer announced that the future profits high enough to satisfy a bigger dividend. Thus, the dividend rate tends to follow an increase in profits and also often delayed in a certain extent. The Chief Financial Officers believe that a stable and growth dividend policy tends to reduce investor uncertainty about the future stream of dividend. They are convinced that investors will pay a higher price for the shares of a company with stable dividend payments.

Other dividend policies:

besides passive retained earning and stable cash dividend policy, the company may also apply some other dividend policies, such as:

- Dividend policy with a unchange payout ratio.
- Policy of paying a small quarterly dividend and plus share bonus at the end of the year. This policy is particularly suitable for companies with earnings or cash requirements fluctuate between this year and other year. Even when companies have lower profit margins, investors can still expect in their regular dividend payment; in the case of high profits and there is no demand for immediate usage of this excess fund, the company will announce a dividend at year-end bonus. This policy can help executives flexibly retained profit in necessary condition and still satify the demand of investors who want to receive a guaranteed amount of dividend.

Therefore, there are many dividend policies for the company to choose depending on cash flow condition and investment opportunities of the company. After selecting dividend payout policy, the next step of shareholders as well as business managers must consider is the selection of the dividend payment forms.

2.1.5. Dividend payment form:

Cash dividend:

Most dividends are paid in cash. Cash dividend is paid per share, calculated as a percentage of par values. When paying dividends, cash and retained earning decrease on the accounting balance sheet.

Share dividend:

Dividend payment in shares is a form that companies offer additional shares according to proportion decided by the General Shareholders. This dividend payment is the same as the stock split. Both cases have increased the number of shares and value of shares have decreased. Share dividend make holder account increased and profit decreased. Meanwhile stock split reducing the par value of each share. Share dividend payment form is applied when the company intends to keep profit for other investment purposes.

Besides, dividend payment can be paid by assets: company paid dividends to shareholders by finished products, sale products, immovables or stocks and bonds of other companies owned by the company as stipulated in company regulations. This form is very rare (in 2009, Massan Food decided to pay devidend by asset – asset is bonds of its parent company).

In fact, join stock company can use separately or in combination the above dividend payment forms.

2.2. The theory in term of research content:

2.2.1. Static equilibrium theory of Modigliani và Miller (M&M theory) in 1961:

This is one of the initial researches on dividend policy involving forecast the impact of dividend policy to enterprise value. According to this theory, dividend policy absolutely does not affect value of enterprise, in the condition of perfect capital market assumption. Changes observed in value of enterprise as a result of dividend decision is actually information or signaling effect of dividend policy, which means change in dividend payment is a signal for investors about evaluation of executive board in terms of profitability and future cash flows of the company.

Modigliani and Miller based on customer effect argument to protect their conclusions. Company dividend policy changes may lose some shareholders because they choose to invest in other companies with more attractive dividend, therefore shares plunge temporarily. However, there will be other investors prefer new dividend policy of the company. These investors reckon that company shares are being sold below cost and they will buy more shares. According to perfect capital market assumption, this transaction takes place immediately without transaction cost so the value of shares remains unchanged.

2.2.2. Theory of Gordon 1963 and theory of Lintner 1956:

With an opposite viewpoint, Gordon and Lintner said that the assumption of perfect market of M & M theory does not exist, dividend policy becomes more important and have significant impact on enterprise value:

- With high cash dividend policy (Bird-in-the-hand), Gordon argues that existance of relationship between dividend policy and corporate values are due to the risk aversion of investors. Specifically, Gordon affirmed that the shareholders dislike the risk in investment and they will prefer a stable level of dividend rather than promising capital gains in the future because dividend is regular and certain income, while capital gain in the future is less certain. According to Gordon, dividends reduce the uncertainties in the shareholder's income, allow to discount corporate profits with a lower rate, thereby increasing corporate value and vice versa.
- Tax: in the tax environment, the higher dividend payment will reduce the value of the enterprise. This argument is based on the impact of taxes on income from dividend and capital gain, namely tax imposed in income from dividend higher than income from capital gain.
- Transaction cost: in fact, the occurrence of transaction cost make investors concernted in they receive dividend in cash or capital gain. The brokerage fee make the sale of shares expensive and imperfectly replaceble for the payment of regular dividend.
- Flotation cost: the presence of the flotation cost when selling new shares also tend to make companies prefer to retain profit. Simply, with investment opportunity and the company mobilizes capital from outside, they have to pay issuing costs, thereby increase the capital cost which reduces the value of the company.

2.3. Sumary the documentation related to dividend policy:

Dong Loc Truong and Phat Tien Pham (2015), the study of factors affecting to the dividend payout ratio of listed companies in HCM stock exchange.They used panel data of 236 listed companies in the period from 2010 to 2012, and used Hausman test to select the most appropriate model from two models: fixed-effects model (FEM) and random effect model (REM). The study results showed that the average rate of dividend payment of the companies listed in the study period ranged from 9.5% - 17.9%, in addition to the regression results using FEM model shows earning per share, the control ability (company management) and dividend payment forms are factors affecting the dividend payout ratio.

Dong Loc Truong (2013), the study of determinants affecting the dividend payout ratio of companies listed on the Ha Noi stock exchange (HNX). Research data collected from financial statements in 2010 of 62 listed companies. Results showed that the dividend payment rate of the company depends on the following factors: earning per share (1); operation time of the companie (2); debt ratio over total capital (3); percentage of the State shares (4).

Ahmed and Javid (2009), this study examined the dynamics and determinants of dividend payment policy of 320 non-financial companies listed in the Karachi stock market during 2001 to 2006. The research surveyed determinants of dividend amount based on the dividend regression model of Lintner (1956). Results showed that the highly profitable company with a stable income have greater free cash flow, should they pay greater dividends. Moreover, companies want to attract investors with a high and stable dividend ratio. The concentration of ownership in the company and the market liquidity represented a positive impact on the dividend payment policy.

Chen and Dhiensiri (2009), this study analyzed the factors that influenced the dividend decision of companies by using samples as companies listed on the stock market in New Zealand stock exchange (NZSE). Survey researched determinants of dividend by using OLS model. Research results show that a dividend payment ratio is positively related to the level of dispersive ownership and negatively related to the level of internal ownership, and the company in the nearly saturation stage tend to pay lower dividend.

Al - Malkawi (2007) used data from all publicly traded companies on the stock market in Amman, Jordan between 1989 and 2000. Research developed eight theories used to explain the factors affecting the dividend policy of the company basing on the theory abut corporate dividend. Al-Malkawi approached model from generally to specifically to choose among competative hypotheses. Research surveyed determinants of dividend amount by using Tobit model. The results showed that the percentage of internal and state ownership significantly affectted the amount of dividends to be paid. Size, age, and corporate profit seem to be determinants of dividend policy of the companies in Jordan.

Lintner (1956), have studied the ways in which companies determined dividend policy. Some issues can be summarized: Enterprises set target dividend payment by deciding profit rate they were willing to pay dividends in the long term. In condition of relatively stable income, growth businesses paid for dividend, saturation enterprises usually owned high dividend payout ratio. They changed dividend depend on long-term target and acceptable profit fluctuation, but they only increase dividends if they believethat they can sustain a higher dividend level. Companies often avoid reducing dividend, which is depending on profit. The extensive studies of Miller (1961), Fama and Babiak has confirmed this hypothesis. Managers are more concerned about the change in the dividend ratio than the dividend amount, which meant they were interested in the relative percentage rather than the money payments.

Until the present time, the theme of analysis of factors affecting dividend distribution of listed companies is still controversial. Each study showed different factors affect dividend policy decisions. These factors can be divided into three main groups:

(1) Features, business situation of the company: profitability, uptime, financial leverage.

(2) Corporate management: development strategic, control ability, the composition of ownership, etc

(3) The level of the stock market development: the market liquidity, transparency of information,

3. Research Method:

3.1. Method of data collection:

The data used in this study mainly collected from financial statement in 2015 and the minutes of the annual general shareholder meeting of listed companies in VNSE. The financial statement is currently available at the website of the stock companies and VNSE.

Sample size: 100

Sample selection method: Random

3.2. Data analysis method:

Descriptive statistics is the method involving collection, summarry, presentation, calculation and describtion in different respects of data to reflect generally the research issue.

Regression in econometric is the Ordinary Least Square model (OLS) to analyze the factors affecting the dividend policy decision of companies listed in VNSE.

Regression analysis method refers to study the dependence of the dependent variable in one or many other variables called independent variable. This method aims to find estimate or predict the average value (overall) of dependent variable basing on fixed or known value of independent variable.

Applying this method, we use the model as follow:

$Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \alpha_4 X_4 + \alpha_5 X_5 + \alpha_6 X_6 + u_t$

In which:

Y (dependent variable): Tỷ lệ chi trả cổ tức của công ty.

We have the below hypothesis:

+ H_0: $\alpha_i = 0$ All variables included in the model does not affect the dividend payout ratio over par value.

+ H_1: $\alpha_i \neq 0$ At less one variable included in the model affect the dividend payout ratio over par value.

X_1, X_2, X_3, X_4, X_5, X_6: The independent variables are described in detail in Table 1.

Table 1: Explain the independent variables used in the model.

Variables	Description	Unit	Expected sign
Earning per share – EPS (X_1)	(After-tax income - preffer stock)/ common stock circulating	VNĐ	+
Uptime (X_2)	Calculatting from the year of company’s establishment up to now	Year	+
Rate of debt-to-capital ratio	(Total Debt/Total capital) x 100%	%	-
Revenue growth (X_4)	(Revenue at present year – Revenue last year) x 100% / Revenue last year	%	+
State ownership rate (X_5)	(Number of share owned by the State/total number of issued share) x 100%	%	-
Curent solvency (X_6)	Short-term assets/short-term debt	Times	+

Earning per share (EPS):

is calculated by net income after tax minus preffered dividend then divide to number of common share. Then company will use a part or whole ESP to allocate for shareholders. Infact, EPS is share holder income, so shareholder dividend is significantly depended on EPS.

According to M&M theory, a high-increasing company needs a big capital to sponsor for its investment oppoturities, instead of paying much for dividend and then try to sell shares to mobilize capital, the company often keeps a large part of profit and try to avoid selling new shares to public which is both costly and inconvenient.

Company uptime:

M&M theory said that the more a company can access to outside capital the more it can be able to pay for dividend. Because of reaching capital easily, investment opportunities and ability to cope with finnacial problems are higher, it does not need to keep too much income. The big companies with long-time operations always have chance to reach the capital by selling negotiable, issuing bonds or borrowing debt directly. It is much better than the new and small companies. Long uptime offer good chance to built their prestige in the market.

Rate of debt-to-capital ratio:

is one of the most important factor because of high debt that will descrease number of income before taxes; however, borrowings is a good tax shield for enterprises. Therefore, debt rate is one of main factor effecting to EPS then dividend recieved by shareholders.

Revenue growth:

a company with high revenue growth often need much capital for its investiment chances; therefore, insted of paying dividend much and trying to sell its new shares to mobilize capital, the company oftens keep a large profit and try to avoide new shares to public.

State ownership rate:

according to some recent researches, this rate abundantly affects to payment dividend decision. Clearly, it should be put the percentage of goverment-owned capital into model.

Curent solvency:

we know that devidend payment is a flow-out money, so higher solvency lead to more ability to pay dividend. On the other hand, a comany has past reinvest performace with high profit and have large retained profit, but the company may not be capable to pay dividend if it does not own enough valid assets, especially cash.

RESULT AND DISCUSSION

The number of this research is taken from the finance statement in 2015 and relating information to 100 listed companies in HOSE and HNX.

Sample characteristics of this study are showed on table 2.

Table 2: The statistics shows relating standards to reaserched samples

Standards	Maximum	Minimum	Average	Standard Deviation
Earning per share (EPS)	6,817.0	278.8	3,270.7	1,618.5
Company uptime	22.00	7.00	12.50	2.90
Debt rate over total captial	0.90	0.10	0.50	0.20
Revenue growth	0.90	0.00	0.30	0.20
State ownership rate	6.90	0.40	2.40	1.50
Current solvency	6.90	0.40	2.40	1.50

Sources: primary data in 2016

The recurrent result of the Ordinary Least Square -OLS with 100 observations is showed on table 3.

Table 3: The regression result

Objects	Variables	Effected coefficient	p-value
Constant		0.019	0.946
Earning per share (EPS)	X1	-0.001	0.008
Company uptime	X2	0.009	0.56
Debt-to-capital ratio	X3	0.473	0.033
Revenue growth	X4	-0.024	0.806
State ownership rate	X5	-0.001	0.997
Current solvency	X6	0.084	0.016
Observations		100	
R-square		15.06%	

R^2 =0.1506 means 15.06% the change of dividend payout ratio of listed companies is explained from the relationship between dividend payout ratio and effected factors in the model. The rest 84.94% change of dividend payout ratio of listed companies will be explained by other factors, not including on the model.

Hypothesis:

- H_0: $\alpha_i = 0$ All variables in the model do not affect on dividend payout ratio.
- H_1: $\alpha_i \neq 0$ At less one variable in the model affects on dividend payout ratio.

The regression result shows that only EPS variable is significant at 1%, debt-to-capital ratio and solvency are significant at 5%, the three remained factors as operation time, revenue growth and state-own ratio are not significant.

Explaning the effects of single variables on dependent variables in the model:

Eearning per share - EPS (X1):

The regression analysis result shows that EPS interrelates in a inverse ratio with company dividend payment ratio. It means that companies having more EPS will set smaller dividend payment ratio. The correlation coefficient of this variable is -0.001. The result is opposite expected tend with 1% meaning, explaining that as other factors unchange, EPS increases (descreases) 1 dong, dividend ratio will be descrease (inscrease) 0.001 dong. In this research, relationship between EPS and dividend payment ratio is in a inverse ratio opposite with the results of previous reasearches. This finding confirms for the studies of Dong Loc Truong (2013), Ahmed and Javid (2009),

Chen and Dhiensiri (2009) and Al - Malkawi (2007).

EPS is calculated as net income minus preffered dividend then divide number of common shares. Then, company will pay a part or whole EPS for shareholders. In fact, EPS is shareholders' income; therefore, the ratio that shareholders get is affected by EPS.

However, the regression result of this research is opposite to above theory and researches in th past. It means as ESP increases, dividend payment ratio descreases and vice versa. We can explain diffirence that in recent years companies in VNSE pursue stable dividend policy based on par value (stable year-to-year). Therefore increasing of EPS makes dividend payment ratio desrease. However, in fact, money paid for dividens per share keeps unchange.

Debt-to-capital ratio (X3):

The regression analysis result shows the correlation coefficient of this variable is 0.4731175 and gets statistic significance at 5%. Explaining that as other factors are unchange, debt-to-capital rate inscreases (descreases) 1% leading to and inscrease (descrease) in dividend 0.4731175%. It is opposite to exspectiation as well as Al-Malkawi research in 2007 that debt-to-capital ratio and dividend payout ratio are in a inverse relatioship, but it can be explained as follow:

According to collected data, most companies that have got high debt ratio over their capital and high paid dividend ratio are interested in using financial leverage. These companies own good reputation and efficient operation that are capable to create a high profit ratio as investor requirement despite high debt rate. And companies want to satisfy theirs shareholders and use dividend policy as a tool to make reputation. Borrowing is also a useful tax shield of enterprises. The finding is familiar with the studies of Ahmed and Javid 2009) and Chen and Dhiensiri (2009),

Current solvency (X6):

The regression analysis result shows solvency is correlated to dividend ratio (the same as the tend of expectation). The interrelating coefficent of this variable is 0.0838323 and is meaningfull at 5%. Explaining as other factors keep unchange, as current solvency inscreases (descreases) 1%, dividend payment ratio will inscrease (descrease) 0.084 %. the tendency of the result is the same with expectation and satisfy with the previous research of Ahmed (2009).

Is is widely recognized that dividend payout is cash flow out, so solvency of company is higher and more dividend payout. It implies that a company has moved fast and reinvested with high profit leading to remained profit high, but it does not mean that this company is capable to pay dividend if they do not have much valid assets, especially cash. The regression result shows solvency of listed companies in VNSE is at the same tend with dividend payout ratio.

5. Conclusions And Recommendation:

5.1. Conclusions:

The main content of this research is to analy factors affecting to dividend divided policy of listed companies in VNSE, the research uses the data collected from 100 list companies in HOSE and HNX. According to the result, factors affecting to dividend payout policy of companies listed in VNSE are ESP, debt-to-capital ratio and current solvency. Enterprise has increasing EPS, dividend payment ratio will descrease since many listed companies pursue stable dividend policy based on par value. And an enterprise is capable to payment highly, its dividends will inscrease. It is not an issue that a company has a high debt ratio in total capital, enterprises still pay dividends highly as a trend in stock exchange market.

Due to limitation of times and people, it has got significant result about the status of dividend payout policy of listed companies in VNSE and determinants to board of director decisions. As a result, the findings offer some short and long term solutions in chosing suitable dividend policy of listed companies in VNSE.

In addition, the small observations are not sufficiency to reach the proper findings for the dividend policy for the companies listed in VNSE. Possible study with larger observations with multiple industrial sectors contained may attract researchers and policy makers in coming time.

5.2. Recommendations:

5.2.1. Listed companies:

Companies have to give the solutions to allocate their profit suitable with their business situation and development; cosidering factors about capital structure or capital demand at each development stage is always put on top before cosidering to divided dividend ratio. We have to mention in the role of managers, board of directors. Moreover, we have to consider the conflict between managers and shareholders, personal and enterprise profit. Of course, shareholders like to be divided much while board of directors want to have money flow to reinvestment. To suit with profit of investors and enterprise, ratio dividing dividend is decided by shareholders but with limit ratio suggested by board of directors. So, board of directors should be more lucid to decide dividend policy to balance between aim of ensuring shareholder rights and enterprise long-term rights at each stage of business cycle.

To built suitable dividend policy logically and effectively, senior managers, finace director, finance department have to be knowledgable about modern financial and stock exchange market:

- Deploy programs, long-term training plan for young managers, specialists, intermedicated and high-class officers though sending them to study and practice in domestic and developed nations.
- Manage officers in enterprises should be arranged in appropriate speciality and capacity. By chosing talents through operating training classes combined with reality demand at each development stage and developing market trend, operating examinations for professional officers to choose the tallent ones.

Completing the information publication of the company : To consider compliance regulations about corporate management is one of the mandatory requirements before listing in VNSE . The listed companies in the VNSE must regularly report about compliance of corporate management and report to the stock exchange any changes in the company humance resource timely. Enhance the role of corporate governance in the publication of information in VNSE.

5.2.2. Investors:

Investors take part in the conference or classes realting to stock to raise the knowleage of investment and ability to analyse stock.

Investors need to know what is their invested aims, what they invest and what they buy stock for. They need to decide that investment is long-term not short-term profit.

As investors have enough knowleage and decide their aims clearly, they can avoid some cases as “herd mentality” or “the crowd effects” that are uncertain and able to harm for both investors and enterprises. If investor psychology is stable, it participates in ensuring a substainable developed market.

5.2.3. Management departments, State and Goverment:

Transparency in publishing finacial situation of enterprise: there is weakness in rules and goverment oversee structures. Therefore, management depertment in VNSE need to give more tight rules ; exapmle giving rough punishment with breaks, avoid making puzzled psychology to investors as well as investors believe in “rumour” in market. Goverment ever-perfect the rules and oversee structures to ensure transparency and justice for invested participants.

Establishing departments analyse professionally the market with prestige to orient market and reduce the bad outside effects. It should operrates courses or market researches for investors to join.

Policy of personal income tax for a long time gives a big different in rate between tax on cash dividend and tax on capital interest that is unlogicial and loses justice rules about taxes and not orient in forming optimal captial structure. Therefore, goverment needs to give tax grade more justify between tax on cash dividend and tax on capital interest to ensure the justice in national policy.

State and Goverment need to give common macroscopic rules which are stable and long-term to orient economy development and offer good opportunity to enterprises development. Goverment has to push stragery of stock exchange development in a long term and process it timely; at once, public it for all investors to know and implement.

In reality, applying theories, policies and solutions is not easy. Objectively, there is not the best solution, we have suitable solution to enterprise as that enterprise knows to choose the most suitable solution for themselves. There is a common rule to decide dividend policy is that we could not built a common dividend policy for all companies at the every period. Each company has particular characteristics about finance, capacity,...., operate in the different business fields and bears to be affected by different factors. Companies have to consider to choose a suitable dividend level themselve at different stages on development process.

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