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The External Factors Affecting the Dividend Policy: The Case of Listed Companies on the Hanoi Stock Exchange

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This paper is conducted to investigate the impact levels of external determinants on the dividend policy of listed companies on the Hanoi Stock Exchange (HNX). Data was collected from getting 155 questionnaires from listed companies on the HNX. Based on the data collected, we use Cronbach's Alpha, EFA and run regression model to find the impact levels of each independent variable on the dependent variable of the dividend policy. The results show that three external determinants, including tax policy (TP), inflation and interest rates (IIR) and legal environment (LE) have relationships with the dividend policy. Based on the findings, some recommendations are given for improving the dividend policy of listed companies on the HNX to ensure sustainability.

Key words: *External factors, dividend policy, shares, profit, stock market..*

Introduction

Vietnam's stock market has been in operation for 20 years. During these 20 years, the Vietnamese stock market has become increasingly developed. The Hanoi Stock Exchange (HNX) marked its 15-year journey of establishment and development on March 8, 2020 (2005-2020). Over 15 years of operation, the HNX has continuously developed and affirmed its important role in the development of Vietnam's stock market. Up to June 30, 2019, there were 366 firms listed on the Hanoi Stock Exchange with a listing value of 124.59 trillion dong and a market capitalisation of 185 trillion dong. Each company has its dividend policies with the aim of attracting investors, adapting and integrating into the economy.

During these 15 years (2005-2020), through HNX, the companies listed on it have raised more than 109,677 billion dong for investment, production, business and created wealth for the society through issuing shares on the stock market. This figure is especially meaningful in the context that many firms depend on bank loans and in the period that interest rates are very high and loans are difficult to access. Many firms have increased their sizes many times after listing, some of which have increased their scale more than a dozen times through the issuance on HNX (Minh Phuong, 2020).

Dividend is the net profit paid for each share in cash or other assets by distributing the net profit of the joint-stock company after it fulfils financial obligations (National Assembly, 2014).

Dividend policy is one of the ten controversial topics in finance. So far, there is no unified solution (Brealey & Myers, 2002).

Dividend policy is one of the most important decisions of corporate financial management besides investment decisions, financing decisions. Dividend policy is the decision about distributing the profits of the firms. Dividend policy acts as a signal to attract investors, thereby helping businesses access medium and long-term capital at lower costs. Dividend policy has a significant impact on the operation process, existence, and development of businesses in many aspects. Identifying the factors that affect dividend policy will help enterprises develop a reasonable dividend policy (Do et al., 2016).

The objective of this study is to measure the external factors affecting the dividend policy of listed companies on HNX to (i) enrich the empirical evidence related to this issue; (ii) help listed companies to enhance dividend policy, thereby contributing to improving business performance and expanding scale.

Literature Review

Previous studies focus on three factors that affect dividend policy, namely: (i) tax policy, (ii) inflation and interest rates and (iii) legal environment.

Tax Policy

The difference in the tax rate applied to dividend income and capital gains resulted in a difference in the dividend policy of companies to meet shareholder requirements (Miller & Scholes, 1978).

The tax preference theory claims that investors prefer lower payout companies for tax reasons long-term capital gains allow the investor to defer tax payment until they decide to sell the stock. Because of time value effects, tax paid immediately has a higher effective capital cost than the same tax paid in the future (Litzenberger & Ramaswamy, 1982).

Typical studies on the impact of personal income tax on dividend policy are: When raising (reducing) tax on dividends, companies would reduce (raise) dividends to shareholders (Poterba & Summers, 1984). Ho (2000) conducted research comparing the dividend policy of companies in Australia and Japan. In Australia, the preferential tax system for dividends is divided over capital gains, so the dividend payout ratio is higher in Australia than in Japan.

The corporate income tax policy affecting the dividend policy of companies has also been analysed by many researchers: Masulis & Trueman (1988); Amidu & Abor (2006) concluded there was a positive relationship between corporate income tax and dividend payout ratio. Companies with high tax liability had higher dividend payout ratios. Gill et al. (2010) asserted that, for firms of the manufacturing industry in the US, the dividend payment rate depended on factors: profit margin, tax and market price ratio on the book.

Nguyen (2008) & Duong (2012) affirmed that tax policy affected the dividend policy of listed companies, but the authors had not quantified and not measured the impact of tax policy on dividend policy.

The theory about the customer effect stated that the dividend policy of the company always aimed to satisfy the interests of shareholders, especially the group of shareholders holding a majority of the company's shares. The researchers said that when deciding dividend policy, the company must consider the difference between the tax rate calculated on capital gains and the tax calculated on the dividend income. When the personal income tax on the dividend income was higher than the capital income tax, companies tended to keep the dividend low so shareholders could increase the after-tax return on capital (Rehman & Takumi, 2012).

From the perspective of the board of directors, corporate income tax is one of the factors that need to be considered when deciding dividend policy. Tax rates are low, profit after tax will increase, meaning the company can increase dividend payments. Conversely, if the corporate income tax rate is high, the after-tax profit is reduced, the company needs to calculate more when paying dividends.

Inflation and Interest Rates

As inflation changes, companies' costs and revenues will change. This may change the capital and dividends that shareholders are entitled to. If inflation rose, it was likely that investors would require a larger discount rate and vice versa (Schwert, 1989; Vo & Truong, 2017).

Le (2011) asserted that inflation also affected market interest rates and would affect the company's dividend policy. As interest rates rise, firm's cost of capital increases, firms tend to retain more profits, whereas when firms are able to borrow large amounts of capital at a reasonable interest rate, they can then reasonably devote most of its money to dividend payments to shareholders.

Nguyen (2008) & Duong Kha (2012) said that macroeconomic factors such as inflation and interest rates affected the dividend policy of listed companies, but the authors have not measured the effect of inflation, interest on dividend policy.

In an inflationary environment, the investment capital for fixed assets recovered through the depreciation fund was not enough to reinvest in new fixed assets when they become obsolete. In this case, the board was forced to retain more profits to maintain the company's operational capacity. At the same time, inflation also raised the price of input goods and services, increasing the demand for working capital. Thus, inflation could force the company to retain more profits to meet the working capital needs before the effects of inflation, ensuring the company's operations were normal (Ngo, 2016).

Legal Environment

Nguyen (2008) confirmed that, the legal environment affected the dividend policy of listed companies, but the authors had not quantified and not measured the impact of the legal environment on dividend policy.

Case studies on the national legal system affected the dividend policy of companies, such as Lopez-de-Silanes et al. (2000) analysed dividend policy of about 4,000 companies from 33 countries around the world. The research results showed that companies operating in countries with better shareholder protection laws often paid higher dividends; in these countries, companies with high growth rates are often paid lower dividends than companies with slow growth rates.

Al-Kuwari (2009) examined the determinants of dividend policies for firms listed on Gulf Co-operation Council (GCC) country stock exchanges. Seven hypotheses theories were investigated using a series of random effect Tobit models. The models considered the impact of government ownership, free cash flow, firm size, growth rate, growth opportunity, business risk, and firm profitability on dividend payout ratios. He has approved that the firms in which the government-owned a proportion of the shares, paid higher dividends compared to the firms entirely owned by the private sector. Furthermore, the results illustrated that the firms chose to pay more dividends when firm size and profitability were high. Also, his study indicates that the leverage ratio is an additional variable affecting the dividend payout ratios of firms.

Ngo (2016) stated that to ensure the interests of shareholders, creditors and employees, countries had to ensure that they have a legal system to regulate the dividend payment of the company, limiting the company paying profit accumulation. The dividend distribution had to comply with certain legal provisions. Companies had to consider the following legal principles:

(i). Limiting profit after tax: The company must generate profit before being allowed to pay cash dividends. In other words, dividends must be paid from profit after tax of the current year and previous years, in order to prevent the owner from withdrawing initial investment capital and weakening the safety position of creditors. If the company is losing money but still paying dividends to its shareholders, it means that the company is using equity to redistribute to shareholders.
(ii). Limiting capital weakness: The company cannot use capital (including par value of shares and capital surplus) to pay dividends to shareholders.
(iii). Limiting insolvency: The company may not pay dividends when it is in insolvency situation (debt size is greater than the value of the company's assets), dividend payment will reduce privileges of the creditors' first payment to the company's assets.

Nguyen (2018) said that the legal environment was the state's regulations on procedures and issues related to the scope of business and production activities of firms, requiring each enterprise to participate in the environment where they need to research, learn and comply with those regulations. The legal environment consisted of 6 attributes: (i) The system of legal documents on accounting; (ii) System of tax legal documents; (iii) Legal framework for business activities; (iv) Business ethics and corporate social responsibility; (v) State management of business activities and (vi) Relationship between legal documents and the company's charter, rules and regulations.

The above analyses have identified the main external factors that influence the dividend policy of listed companies on HNX. However, some studies only use qualitative research methods, the scope of research on time from 2016 onwards. No research has been conducted so far to analyse and measure the impact of external factors influencing the dividend policy of listed companies on HNX. In addition, theories related to this research topic included: Lintner's dividend policy theory (1956); Gordon theory (Gordon et al. 1962); Gordon et al. (1962) argued that taxes were one of the factors influencing dividend policy: Abolishing the assumption of no taxes would also affect shareholders, since capital gains without taxes would also have effects on shareholders, due to non-taxable capital gains until selling shares; agency cost theory (Jensen & Meckling, 1976); M&M theory (Miller & Modigliani, 1961), etc. By inheriting those previous studies, this research by selecting appropriate research methods continues to expand and develop a new model to analyse, evaluate and measure the influence of external determinants on the dividend policy of listed companies on HNX.

Research Methodology

We collected both secondary and primary data for research purposes. Primary data was collected using questionnaires while secondary data was collected from semi-structured research and interview documents. We were based on qualitative research results, to adjust and add observation variables to the questionnaire for conducting quantitative research.

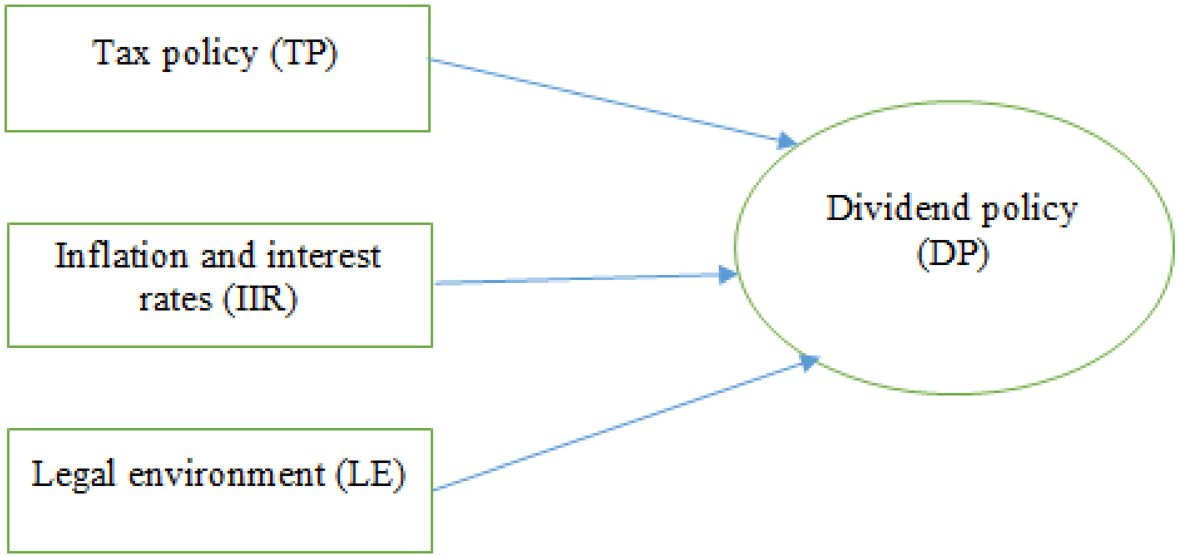
Inheriting the results of previous studies and using qualitative research approach through interviews with experts to perform quantitative research, we identify three external determinants that affect the dividend policy, i.e. (i) tax policy, (ii) inflation and interest rates and (iii) legal environment.

Then, we conducted a questionnaire consisting of 11 observation variables with a 5-point Likert scale. Independent variables are measured from 1 "without effect" to 5 "strongly". The method of data collection was done through the survey, and subjects are chief accountants; general accountants and board of manager of listed companies on HNX.

We sent 200 questionnaires to non-financial companies listed on HNX and received the feedback of 170. After checking the information on the votes, there are 155 questionnaires with full information for data entry and analysis, the size of this sample is consistent with the study of Hair et al. (2006) ($n = 50 + 8 \times m = 50 + 8 \times 3 = 74$). Therefore, the rest of the observations for model 1 are 155 surveys. Participants mostly have a bachelor degree or higher. As can be seen, all participants have a high quality of accounting knowledge, and this makes surveys' answer are reliable.

Data analysis was conducted. We entered the responses into SPSS software 22.0. This software allowed us to perform reliability analysis, factor analysis and regression analysis.
Research model:

Figure 1: Research model



Dependent variable: Dividend policy:

Dividend policy consisted of attributes: Dividend per share (DPS), the rate of dividend (RD) (Ngo & Nguyen, 2019); dividend yield (DY), the rate of dividend (RD) (Pham & Vu, 2018); the rate of dividend (RD) (Do et al., 2016); dividend yield (DY), the rate of dividend (RD) and method of dividend payment (Dang & Pham, 2016).

Independent variable: The independent variables are described as follows.

Table 1. Independent Variables

Code	Variables	Sources
Tax policy (TP)		
TP1	Personal income tax	Gordon et al. (1962), Poterba & Summers (1984), Ho (2000), Nguyen (2008); Duong (2012), Rehman & Takumi (2012)
TP2	Corporate income tax	Gordon et al. (1962), Masulis & Trueman (1988), Amidu & Abor (2006), Gill et al. (2010), Nguyen (2008); Duong (2012)
TP3	Change of tax rate	Miller & Scholes (1978), Nguyen (2008); Duong (2012)
Inflation and interest rates (IIR)		
IIR1	Inflation affects the dividend policy through interest rates	Nguyen (2008), Nguyen (2008), Duong (2012), Le (2011)
IIR2	Inflation forces the company to retain more profit	Nguyen (2008), Duong (2012), Le (2011), Ngo (2016)
IIR3	Inflation affects the production and business situation of listed companies	Nguyen (2008), Duong (2012), Le (2011), Pham (2011)
IIR4	Inflation affects investors' sentiment and the value of investments in the stock market	Nguyen (2008), Duong (2012), Le (2011), Pham (2011)
Legal environment (LE)		
LE1	The company pays dividends in accordance with the law	Nguyen (2008), National Assembly, 2014, Ngo (2016)
LE2	Relationship between legal documents and regulations of the firm	Nguyen (2008), Nguyen (2018)
LE3	Legal framework for business activities	Nguyen (2008), Nguyen (2018)
LE4	Business ethics and corporate social responsibility	Nguyen (2008), Nguyen (2018)

Research Results

Descriptive Statistics

Table 2: Respondents by gender, job description, business sector and work experience

	Frequency	Percent	Cumulative Percent
Gender			
Male	97	62.6	62.6
Female	58	37.4	100.0
Job position			
Board of manager	48	31.0	31.0
General accountants	59	38.1	69.0
Chief accountants	48	31.0	100.0
Business sector			
Manufacturing	88	56.8	56.8
Trade and services	35	22.6	79.4
Construction	32	20.6	100.0
Seniority work			
Less than 3 years	53	34.2	34.2
Over 5 years	41	26.5	60.6
From 3 to 5 years	61	39.4	100.0
Total	**155**	**100.0**	

Table 2 shows that among the 155 respondents, about 62.6% were male, while the remaining 58 (37.4%) were female. Among the respondents, the board of manager accounted for 31.0%, general accounting accounted for 38%, while the remaining 31% or 48 respondents were chief accountants. 88 of them (or 56.8%) are working at manufacturing enterprises, 35 of them (or 22.6%) are working at trade and services enterprises, and 20.6% of the participants are working at construction enterprises. Of these, 34.2% of the participants have worked for 3 years or less, 39.4% of the participants have worked from 3 to 5 years and those who had worked for over 5 years accounted for 26.5%.

Quality Scale Analysis Result

By using scale analysis, it can eliminate inconsistent variables and reduce errors in the research model. Therefore, only variables which have total correlation coefficients (Corrected Item – Total Correlation) greater than 0.3 and Cronbach's Alpha coefficients equal or greater than 0.6 are accepted (Hoang & Chu, 2008; Hair et al. 2009). Analyzing Cronbach's Alpha analysis of external determinants has shown their influence on the dividend policy (3 determinants with 11 observed variables), and the result is presented in Table 3.

Table 3: Results of analysis of Determinants Confidence of Scales in the Model

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Tax policy (TP): Cronbach's Alpha = 0.735				
TP1	7.87	1.477	.552	.657
TP2	7.79	1.386	.589	.612
TP3	7.78	1.718	.545	.671
Inflation and interest rates (IIR): Cronbach's Alpha = 0.682				
IIR1	11.70	3.145	.556	.658
IIR2	11.84	3.175	.449	.627
IIR3	11.82	2.954	.675	.649
IIR4	12.04	3.050	.329	.771
Legal environment (LE): Cronbach's Alpha = 0.872				
LE1	10.46	5.471	.742	.830
LE2	10.72	5.241	.761	.822
LE3	10.72	5.711	.698	.847
LE4	10.74	5.482	.706	.845

The result shows that all Cronbach's Alpha coefficients of population are above 0.6; all Corrected Item – Total Correlation of observed variables are above 0.3. So, all variables of the research model are suitable for the next analyses (Hair et al, 2006).

Exploratory Factor Analysis

EFA was conducted, and we used the method of extracting coefficients. The results of Component Analysis and Varimax, yields 11 attributes for the independent variables.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.863
Bartlett's Test of Sphericity	Approx. Chi-Square	833.905
	Df	55
	Sig.	0.000

The results of factor analysis in Table 4 show that 0.5<KMO = 0.863 < 1. Bartlett's testimony shows sig. = 0.000 < 0.05. It means variables in the whole are interrelated. After implementing the rotation matrix, 3 determinants with factor load factor are greater than 0.5; Eigenvalues are greater than 1; the variance explained is 70.801%, which demonstrates that research data analysing factor discovery is appropriate. Through the quality assurance of the scale and the test of the EFA model, we have identified 3 determinants influencing the dividend policy.

Regression Model Analysis Result

Based on the adjusted model after the exploratory factor analysis, we have a multiple regression model:

$DP = \alpha + \beta_1 TP + \beta_2 IIR + \beta_3 LE$

Table 5: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.572[a]	.521	.212	.553204	1.823

a. Predictors (Constant): TP, IIR, LE
b. Dependent Variable: DP

Table 6: Anova[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.714	3	.246	.821	.002[b]
	Residual	47.024	151	.339		
	Total	47.738	154			

a. Dependent Variable: DP
b. Predictors: (Constant): TP, IIR, LE

Table 7: Coefficients[a]

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.451	.263		12.345	.000		
TP	-.104	.027	-.144	-3.584	.000	.397	1.742
IIR	-.152	.031	-.231	-5.426	.002	.296	1.731
LE	.332	.075	.124	1.352	.019	.476	1.823

a. Dependent Variable: DP

Results of the Table 5, 6, 7 show that:

Multicollinearity testing: all variance inflation factor (VIF) of independent variables are under 2, so multicollinearity of the model is low (Hoang & Chu, 2008; Hair et al., 2009).

Therefore, this regression model does not have any violation of the CLRM basic assumption. Durbin – Watson statistic which is used to test the autocorrelation of residuals presents the model does not violate when using multiple regression method because Durbin – Watson value is 1.823 (in the interval of 1 and 3). In other words, the model is indicated no autocorrelation of residuals (Hoang & Chu, 2008; Hair et al., 2009).

ANOVA testing result: Level of significant (Sig.) = 0.002 implies that multiple regression model is suitable with data.

Coefficient of R^2 (R Square) = 0.521, which means the regression model will explain 52.1 % of the total variation in the dividend policy.

Research model result indicates that all independent variables tax policy (TP), inflation and interest rates (IIR) and legal environment (LE) are significant (because of Sig. < 0.05) to the dividend policy.

External determinants have influences on the dividend policy are presented in the following standardised regression model:

$DP = - .144 \times TP - .231 \times IIR + .124 \times LE$

Discussion

Tax policy

The current system of tax legal documents in our country is also very diverse, including specific contents: tax registration, tax declaration, sanctioning of administrative violations of tax, value-added tax, personal income tax, corporate income tax, special consumption tax, import and export tax, natural resource tax, environmental protection tax, land use tax, etc. Tax policy for each content has its own documents on laws, decrees and circulars, etc. There are, however, many contents on the tax law that are difficult to understand, which affects the application and implementation of tax policy of enterprises.

The healthy legal environment will create favourable conditions for businesses to conduct their business activities while adjusting macroeconomic activities in the direction of paying attention to other members of society and other goals than profit targets. In addition, policies related to tax forms, calculations, and tax collection have a great influence on the business performance of enterprises (Nguyen, 2018). Therefore, tax policy affects corporate profits and dividend policy.

Pham & Ngo (2019) confirmed that taxes are used to adjust inflation and stabilise the market. By reducing taxes on input factors, enterprises will be able to stimulate production and business; on the other hand, raising taxes will reduce consumption demand. An appropriate tax system plays an important role in ensuring the national budget, creating a fair, competitive environment and favourable conditions for business operations, which helps firms grow. Thanks to this development, businesses are responsible for paying taxes to the state agencies, thereby helping to maintain the operation of the state agency and redistribute income to the society. Taxes and businesses interact with each other. However, if the tax policy that the state has issued is unreasonable, some problem may occur. If the tax policy is too high, it will increase the tax burden for businesses, causing difficulties and hindrance for the development of enterprises; if the tax policy is too low or unfair, it will cause the lack of competition between businesses. Therefore, the formulation of reasonable tax policies will help encourage businesses to produce, thereby promoting the development of the economy.

In recent years, regulations on corporate income tax incentives have been improved to better suit the practical situation in order to improve management efficiency, ensure equity and support enterprise development. However, in the process of implementing the policies on corporate income tax incentives, there are still some limitations, which requires further improvement of tax administration regulations system.

Over many amendments and supplements, up to now, the contents of Vietnam's current personal income tax policy have basically been in line with international practices, which ensure the fairness in regulating income. People with income from the average level will pay personal income tax, and higher incomes will have to pay more tax.

Inflation and Interest Rates

In the context of rising inflation, investors will limit their transactions and wait for new information on policy execution.

Interest rates are a sensitive economic variable; changes in interest rates will lead to the changes in social production and consumption behaviours as well as output and prices such as consumption and investment, income redistribution, etc. (Nguyen, 2008).

Inflation is a manifestation of the increase and prolongation of the average price level in the economy, and one of the reasons for rising inflation is the raise of costs. Rising inflation often means that input costs for production and business activities of enterprises increase (Pham, 2011).

Inflation affects the interest rates, and commercial banks raise deposits rates to ensure the interests of depositors; raising deposits rates leads to the increase in lending rates. At that time, interest expenses of businesses will increase, which increase the production and services costs. In order to maintain production and business outcomes, enterprises will have no choice but to increase selling prices. However, the number of products and services consumed of businesses will decrease due to high selling prices; customers will buy alternative products. Therefore, the profitability of businesses changes in the downward direction. As a result, the dividend policy of businesses will change.

According to Pham (2011), rising inflation is one of the economic instability indicators. Therefore, high inflation may lead to a crisis of confidence. In this environment, the psychology of investors in the stock market is also seriously affected, and the stock market will no longer be a place that attracts investment. The stock market will become less attractive than other forms of investment such as savings because interest rates have been increased to ensure real interest in the banking system or when compared to investing in gold. In addition, rising inflation will affect the stock market through the implementation of tight monetary policy which aims at curbing inflation.

Legal Environment

The legal environment includes laws, bylaws, processes, technical regulations, etc. All technical production and business regulations have a direct impact on the efficiency and results of production and business activities of firms (Ngo, 1997).

The legal environment creates equality of all types of business. All firms have the same rights and obligations within their scope of activities. In an open market economy, large, competitive firms will inevitably acquire small businesses. The state stands out to protect the interests of "weak" enterprises so that they can maintain their production and business activities and adjust production fields to suit the general economic mechanism and pathway of the whole society (Nguyen, 2018).

The conditions for dividend payment at listed joint-stock companies are stipulated in Article 132 of the Law on Enterprises No. 68/2014 / QH13 (National Assembly, 2014) as follows:

First: Dividends paid on preference shares shall be in accordance with the respective conditions applicable to each class of preference shares.

Second: Dividends paid on ordinary shares shall be determined based on the realised net profit and payment for dividends shall be sourced from profit retained by the company. A shareholding company may pay dividends for ordinary shares only when the company satisfies all the following conditions:

(i). The company has fulfilled its tax obligations and other financial obligations in accordance with law;
(ii). The company has made an appropriation for all funds of the company and has made up fully for previous losses in accordance with the law and the charter of the company;
(iii). After payment of all intended dividends, the company will still be able to satisfy its debts and other property obligations which become due.

Third: Dividends may be paid in cash, by shares of the company or by other assets as stipulated in the charter of the company. Where payment is made in cash, it must be made in Vietnamese Dong and may be made by cheque, bank transfer or money order mailed to the permanent residential address or contact address of shareholders.

***Fourth*:** Dividends must be paid in full within six months from the date of closing of the annual General Meeting of Shareholders. The Board of Management shall prepare a list of shareholders to be paid dividends and shall determine the rate of dividend paid for each share and the time-limit and method of payment no later than thirty (30) days prior to each payment of dividends. The notice on payment of dividends shall be sent by a method guaranteed to reach the shareholders at the addresses registered in the register of shareholders no later than fifteen (15) days prior to the actual payment of dividends.

Fifth: Where shares are assigned between the time of completion of the list of shareholders and the time of payment of dividends, the assignor shall receive the dividends from the company.

Sixth: In the case of payment of dividends by shares, the company is not required to carry out the procedures for an offer to sell shares in accordance with articles 122, 123 and 124 of this law. The company must register an increase of its charter capital corresponding to the total par value of shares used to pay for dividends, within ten (10) days from the date of completion of payment of dividends.

Conclusions and Recommendations

Types of dividend payments at companies are quite diverse, including cash dividend, stock dividend, or the combination of cash and stock dividend. Based on the regulation of the law, the current state of the company's financial status, solvency, demand for reinvestment capital, expected levels of shareholders, companies will choose the appropriate form of dividend payment in order to satisfy shareholders and promote the development of the company.

Many factors affect the company's dividend policy: external factors (tax policy, inflation and interest rates, and the legal environment); internal factors (company size, business sector, profitability, etc.).

Recommendations for listed companies: Dividend policy should be combined with investment policy and sponsorship policy: it must be based on investment and financing policies in a long-term plan. It can base on the business project life cycle in the five-stage investment policy, in which at each stage, the dividend policy must ensure harmony with the financing policy to ensure the target capital structure. When the recession period comes, businesses are forced to look for new investment policies and new projects, at which time they can maintain a moderate dividend policy to accumulate capital to start deploying new projects and completing the life cycle of the old project. The company can start a new project with a low dividend policy at the beginning stage but higher than that at the beginning stage of the previous project, then shows that the company has a progressive, stable and sustainable development (Le et al., 2020).

Listed companies need to be very careful when using information about inflation when revising dividend policy.

Recommendations to State Agencies

(i): Inflation: Policymakers need to develop and improve appropriate policies to curb inflation with a view to protecting the stability of the stock market, thereby contributing to the completion of the dividend policy of enterprises.

(ii): Tax policy: The study and planning of tax policies need to be considered in many aspects to ensure the harmony among different goals, for the common development of society, to ensure the harmony of benefits of taxpayers and the state. The state needs to reduce the cooperate income tax rate, simplify and clarify tax incentive policies in order to create conditions for businesses to have more financial resources, develop production and business activities, increase profits. As a result, the dividend policy of businesses will also improve.

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