

**MINISTRY OF EDUCATION
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**THE DIVIDEND POLICY OF LISTED SEAFOOD COMPANIES
ON VIETNAMESE STOCK MARKET**

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SUMMARY OF THE DOCTORAL THESIS

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INTRODUCTION

1. Research Motivation

Dividend policy of a joint stock company determines the after-tax profit paid to shareholders and the retained profit for reinvestment. The dividend policy, along with the investment and the sponsorship policy is one of three strategic financial policies that have an enormous influence on the value of the business as well as the existence and development of the company. The importance of the dividend policy has attracted attention of many economists, it is not coincidence that many theoretical doctrines of dividend policy have been formed worldwide. The debates concerning dividend policy are still ongoing. This shows the richness and complexity of the dividend policy theories. However, these theories have laid the foundation and provided suggestions for the formulation of dividend policy of joint stock companies in countries around the world. The major dividend policies commonly applied by joint stock companies in other countries are: stable dividend policy, residual dividend policy, constant dividend policy, stable rupee dividend with extra dividend, etc. Along with the development of the economy, joint stock companies in many countries gradually found solutions for improving their dividend policy to balance their existing dividends to shareholders with the future growth of the company, in order to maximize their corporate value.

During recent years, the fisheries sector in Vietnam has been actively contributing to the transformation of the agricultural and rural economic structure, while playing an important role in protecting the national maritime security. Therefore, the development of the seafood companies will be one of the driving forces boosting the Vietnamese economy. The listed seafood companies played a leading role in this development. In VNR500 – the Top 500 largest companies in Vietnam in recent years, there are listed companies in the seafood industry such as Vinh Hoan Corporation (VHC), Hung Vuong Corporation (HVG), Angiang Fisheries Import Export JSC (AGF), etc.

In recent years, the listed seafood companies have paid more attention to building a reasonable dividend policy. However, to achieve this goal in the best way is not easy. Even the shareholders of the company are not of a

homogeneous group. The level of investors' interest varies with different dividend policies, so one single dividend policy can hardly meet all the requirements of the shareholders. On the other hand, the companies also experienced economic ups and downs, leading to passive payments of dividends, etc. Besides, many managers still lacked the qualifications and visions required for formulating the dividend policy. Therefore, forming a reasonable and long-term strategic dividend policy remains a very important issue for the development of the listed seafood companies in Vietnam.

To fulfil the aforementioned theoretical and practical requirements, I chose the topic: "**The Dividend Policy of Listed Seafood Companies on Vietnamese Stock Market**" as the research topic for my doctoral thesis.

2. Thesis Research Purposes

General Purposes

Based on the theoretical research on dividends and dividend policies of joint stock companies analysis, combined with an assessment of the status of the dividend policy of seafood companies listed on the Vietnamese stock market during the recent period, the study proposed solutions for improving the dividend policy of the listed seafood companies.

Specific Purposes

In order to achieve the above general objectives, the thesis aimed to fulfil the following specific purposes in turn:

First, systematizing and contributing to clarify the theoretical foundation of dividends and the dividend policy of joint stock companies. Examining the experience of developing the dividend policy of some joint stock companies in foreign countries and drawing lessons from those for the listed seafood companies on the Vietnamese stock market.

Second, analyzing and evaluating the current situation of the dividend policy in the listed seafood companies on the Vietnamese stock market in recent years, consequently showing the limitations of their dividend policy and the corresponding reasons. Using the econometric model to evaluate the effects of factors determining the dividend policy and the impacts of the dividend policy on company value.

Third, proposing a system of solutions to improve the dividend policy in seafood companies listed on the Vietnamese stock market.

3. Research Questions

To achieve the research objectives of the thesis, the following research questions needs to be answered:

- The dividend policy of the listed seafood joint stock companies on the Vietnamese stock market?

- The successes and limitations in the dividend policy of the listed seafood joint stock companies on the Vietnamese stock market? The corresponding causes of the limitations in the dividend policy?

- The solutions for improving the dividend policy for the listed seafood companies on the Vietnamese stock market?

4. Objects and Scope of the Study

- *Objects*: The dividend policy of the joint stock companies

- *Scope of the Study*:

- + *Spatial Scope*: The thesis researched the dividend policy of 14 seafood companies listed at the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange.

- + *Temporal Scope*: The thesis used data from the financial statements and the annual reports of 14 seafood companies listed on the Vietnamese stock market during the period from 2010 until 2018.

5. Methodology

The thesis adopted a combination of qualitative methods, quantitative methods and survey methods to tackle the research problems:

Qualitative research method: The thesis used a combination of research methods such as deductive and inductive approach, statistical analysis, comparing and contrasting, synthesis, etc. to review, analyze and evaluate the dividend policy of the seafood companies listed on the stock market in Vietnam. Moreover, the qualitative research method was applied to select variables in the research model of factors determining corporate dividend policy and the impact of dividend policy on corporate values.

Quantitative research method: The thesis used the Stata software for Pannel Data, built regression models to identify factors determining

dividend policy of companies and the impact of the dividend policy on the firm value of the seafood companies listed on the Vietnamese stock market.

Survey method: The thesis used a questionnaire survey method on the implementation and formulation of the dividend policy of seafood companies listed on the stock market in Vietnam.

6. Theoretical and practical significance of the thesis

Theoretical significance of the thesis: (i) The thesis systematized and contributed to clarifying the theoretical issues about dividends and dividend policy; (ii) identifying factors determining the corporate dividend policy; (iii) identifying the impacts of the dividend policy on company's value.

Practical significance of the thesis: The thesis examined and analyzed the current status of the dividend policy of the seafood companies listed on the Vietnamese stock market, thus pointing out the achieved results and the limitations of the dividend policy, as well as the corresponding causes. The thesis proposed solutions to improve the dividend policy of the seafood companies listed on the Vietnamese stock market.

7. Literature Review

There have been many domestic and foreign researches on dividend policy. Although the existing research examines different aspects of the dividend policy, in general, there are three main issues that economists often go into depth: content of the dividend policy, the factors determining the dividend policy, and the effects of the dividend policy on the performance and values of joint stock companies.

7.1. Research on dividend policy in foreign countries

Many economists focused on researching the following aspects of dividends and dividend policy of joint stock companies: Content and development trend of dividend policy, factors determining dividend policy, etc. Some important studies are George M. Frankfurter et al (2003); H. Kent Baker (2009); H. Kent Baker et al (2011), etc.

In addition, there are many studies on the impact of dividend policy on firm value, such as Miller and Modigliani (M&M) (1961), or Fischer Black and Myron Scholes (1974) stating that "dividend policy does not affect stock prices". However, there are many scientists who believed that "Dividend policy has a certain effect on company value, thus affecting

stock prices" like Dyl and Weigand (1993), Amihud and Murgia (1997), Kanwal, Arslan, Nasir & Maryam Khan (2011), Sajid Gul et al. (2012), etc.

In addition to the above studies, other researchers had many in-depth studies to explore the factors determining the dividend policy of joint stock companies. Some important examples of that are Lintner (1956); H. Kent Baker, E. Theodore Veit (2001); Horace Ho (2003); Attiya Yasmin (2011), etc.

7.2. Domestic research on dividends and dividend policy

In Vietnam, there have been many studies on the dividend policy. Each study looked at different aspects of the dividend policy. Some examples of this are the doctoral thesis of Vu Van Ninh (2008), the doctoral thesis of Bui Thi Ha Linh (2018). Furthermore, Vietnamese researchers were particularly interested in the impacts of dividend policy on corporate value or stock prices. There were some major studies such as: the ministry-level research project by Dao Le Minh (2002), Phung Tat Huu (2015), the study of Nguyen Ngoc Huy, Truong Thi My Tram (2016), the research of Pham Ngoc Toan and Pham Xuan Quang (2017), etc. Many domestic scientists also examined factors determining the dividend policy of joint stock companies. Some works such as: Dinh Bao Ngoc, Nguyen Chi Cuong (2014), Ministry-level science and technology project "Dividend policy for joint stock companies listed on Ho Chi Minh Stock Exchange" by author Nguyen Thi Minh Hue (2015), Truong Dong Loc and Pham Phat Tien (2015), Economic Doctoral Thesis by Ngo Thi Quyen (2016), etc.

The studies on dividend policy in the world and in Vietnam, with multiple spatial and temporal scope and different perspectives, have made significant theoretical and practical contributions.

However, the dividend policy is a complex and diverse topic with a wide research scope. Therefore, although there have been many studies on dividend policy, several research gaps still remain. It shows in:

First, each research on the dividend policy had certain limitations in scope of research, they examined the research object from different viewpoints and adopted different approaches. Therefore, new studies on dividend policy of joint stock companies can enrich the perception of dividend policy, clarify theoretical issues and offer empirical evidences.

Second, there have been a number of studies so far on the dividend policy of joint stock companies in Vietnam. However, studies often focused on reviewing dividend policies of all firms listed on the HOSE and HNX, whereas there are few researches on the dividend policy of companies in specific industries.

In Vietnam, there are currently no studies on the dividend policy for joint stock companies in the seafood industry. Therefore, a research on the dividend policy for listed seafood companies would make significant practical contribution to the sustainable development of businesses in the fisheries sector in Vietnam.

The above reasons showed that there was a gap left open for the author to choose the research topic "*The dividend policy of Listed Seafood Companies on Vietnamese stock market*".

8. Research Findings and Contribution

This thesis produces significant results and makes theoretical and practical contributions as follows:

First, the thesis systematizes and partly clarifies the general theory about dividends and dividend policies of joint-stock companies. The study has gone from examining the concept of dividends and the process of paying dividends in joint-stock companies. On such basis, the thesis conducts in-depth research on the dividend policies of joint-stock companies. While examining and reviewing the concepts, objectives and content of the dividend policy; the thesis also looks into its impacts on firm value, sustainable growth rate... and factors that affect this policy in joint-stock companies. Those aforementioned theoretical issues are presented with scientific and systematic explanations.

Second, the thesis has examined some previous experience of forming dividend policy of joint-stock companies in some countries around the world, including the United States, Australia, South Korea, and Japan. As a result, the thesis draws lessons about planning the dividend policies for joint-stock companies in Vietnam in general and listed seafood companies in particular.

Third, based on the overview of the formation and the development process of the listed seafood companies on the Vietnamese stock market,

the thesis has conducted an in-depth analysis and evaluation of the current dividend policies in these companies. The main content of the mentioned analysis and evaluation include: achievements, limitations and their corresponding causes.

Fourth, in order to better evaluate the dividend policies of the listed seafood companies, the thesis adopts a regression model to examine the impacts of factors on the dividend policy. It also assesses the impact of the dividend policy on firm value and the sustainable growth rates of those companies.

Fifth, along with development orientation of the fisheries sector and relevant theories, the thesis proposes a system of solutions to enhance the effectiveness of the dividend policy of the listed seafood companies in Vietnamese Stock Exchanges in the next period.

9. Thesis Outline

Besides the chapters of introduction and conclusion, the list of tables and the appendices, the content of the thesis includes three chapters as follows:

Chapter 1: Theories about dividends and dividend policy of joint stock companies

Chapter 2: Current situation of the dividend policy in seafood companies listed on Vietnamese stock market

Chapter 3: Solutions to improve the dividend policy in seafood companies listed on Vietnamese stock market

CHAPTER 1

THEORIES ABOUT DIVIDENDS AND DIVIDEND POLICY OF JOINT STOCK COMPANIES

1.1. JOINT STOCK COMPANY, CORPORATE PROFIT AND DIVIDEND

1.1.1. Joint stock company and profit

A joint stock company is an enterprise in which, the charter capital is divided into equal parts called shares. The legal owner of at least one share of a joint stock company is a shareholder of the company. Shareholders can

be organizations and individuals. Joint stock company is a type of company with complex organizational structure, complete capital structure and high level of socialization.

From a firm's point of view, the firm's profit is the difference between its revenue or income and the costs it must spend to achieve that amount of revenue or income in a given period.

1.1.2. Dividends of joint stock companies

- The concept of dividend: A dividend is a part of after-tax profit paid to the existing shareholders of the company.

+ The source of dividends that the company pays to existing shareholders is part of the after-tax profit that includes the profit after tax in the current year or period of the company and the undistributed profit accumulated until the previous period.

+ The dividends of joint stock companies depend greatly on the business results of the company. However, the dividend of a joint stock company not only depends on the business results, but also depends on the company's dividend policy.

+ Dividends are rewards for shareholders who are entrepreneurs. When a company with good business performance makes more profits, the shareholders receive higher dividends and vice versa. Here, we can see that dividends are considered as rewards for investors who are shareholders and venture their money on the company.

1.2. DIVIDEND POLICY OF JOINT STOCK COMPANIES

1.2.1. Definitions and objectives of dividend policy

Researchers currently have different definitions of corporate dividend policy. Based on theoretical and empirical research, the author believes that: dividend policy defines the relationship between the amounts of after-tax profit allocated to dividends and to reinvestment of a joint stock company.

The goal of the dividend policy is to create a balance between the current dividends for shareholders and the future growth of the company, in order to maximize the share price of the company.

1.2.2. The importance of dividend policy

First, the dividend policy directly affects the interests of the shareholders. The majority of shareholders who invest in the company want to receive dividends.

Second, the dividend policy affects the financing policy.

Third, the dividend policy has a certain impact on the investment policy.

Fourth, the dividend policy is also an indicator of a company's performance to the market, thereby affecting investors' decisions as well as the share price of the company.

1.2.3. Content of dividend policy

The main content of the dividend policy involves solving the following problems: Types of dividend policy, forms of dividend payment, rate of dividend payment, dividend payout ratio.

❖ Types of dividend policy

- Stable dividend policy
- Residual dividend policy
- Constant dividend policy
- Stable rupee dividend plus extra dividend.

Each type of dividend policy has certain advantages and limitations. It is important for a company to choose a dividend policy that matches the company's characteristics and situation.

❖ Forms of dividend payment

Joint-stock companies may pay dividends to shareholders in the forms of cash dividends, stock dividends or property dividends. Each form of dividend payment has different advantages and disadvantages.

1.2.4. Criteria of dividend policy

The dividend policy of a joint stock company is reflected through the following criteria:

- Dividend per share
- Dividend payout ratio
- Dividend yield

1.2.5. Impacts of dividend policy

- Impact of dividend policy on firm value
- Impact of dividend policy on cost of capital

- Impact of dividend policy on the sustainable growth rate of the company
- Impact of dividend policy on corporate solvency
- Impact of dividend policy on the relationship between shareholders and creditors
- Impact of dividend policy on corporate internal relationships

1.2.6. Factors determining dividend policy

External factors: Legal regulations, tax policies, inflation and interest rates, economic growth, investor sentiment, stock issuance costs.

Internal factors: Profitability, cash flow and solvency of the company, stability of profitability, growth prospects and investment opportunities, company control, financial leverage, firm size and field of business.

1.3. EXPERIENCE OF DIVIDEND POLICY OF JOINT STOCK COMPANIES IN SOME FOREIGN COUNTRIES AND LESSONS FOR VIETNAM

1.3.1. Experience of dividend policy of joint stock companies in other countries

The thesis has researched experiences on dividend policy of joint stock companies in some countries around the world such as in the United States, Australia, Japan and Korea.

1.3.2. Lessons for Vietnam

From researching the dividend policy of joint stock companies in some countries, the thesis draws relevant lessons for joint stock companies in Vietnam: *First*, companies should maintain stable dividend payments at a low level, in order to seize investment opportunities. *Second*, joint stock companies should not make sudden changes in dividend rate, but maintain a stable dividend policy. *Third*, the factors that determine the dividend policy of a joint stock company are business sector and sectoral business cycle. *Fourth*, instead of paying dividends in cash, companies can consider share repurchase. *Fifth*, tax policy has a certain impact on dividend policy.

CHAPTER 2 CURRENT DIVIDEND POLICIES OF LISTED SEAFOOD COMPANIES ON VIETNAMESE STOCK MARKET

2.1. OVERVIEW OF THE FISHERIES SECTOR AND LISTED SEAFOOD COMPANIES ON VIETNAMESE STOCK MARKET

2.1.1. Overview of the fisheries industry

- The formation and development of the fisheries industry in Vietnam
- The characteristics of business operations of seafood companies will have a great impact on the dividend policy: (i) high business risks; (ii) high working capital demand; (iii) low value-added, low margin products; (iv) Small capital scale, low levels of investment in self-contained manufacturing process and application of modern science and technology.

2.1.2. Overview of listed seafood company on Vietnamese stock market

- The thesis selected a sample of 14 seafood companies listed on the Ho Chi Minh City Stock Exchange (HOSE) and on the Hanoi Stock Exchange (HNX).

- Based on the size criteria, it is possible to divide companies in the sample into 2 groups: large-scale company (7 companies), medium-sized company (7 companies). Based on the criteria of business performance, it can be divided into 2 groups: High business efficiency companies (6 companies), low business efficiency companies (8 companies).

2.1.3. Overview of financial position of listed seafood companies on Vietnam stock market

- Business capital scale: showed upward trend. In the period between 2010 and 2018, the average business capital of the listed seafood companies climbed from VND 1,086 billion to VND 1,990 billion, with an average growth rate of 10% per year.

- Asset structure: The assets of seafood companies mainly comprised short-term assets. The annual average proportion of short-term assets of companies was always maintained at over 67% of total assets.

- Capital structure: In favor of liabilities. In the period of 2010 - 2015, to finance company's growth, the debt ratio of the listed seafood companies continuously increased from 0.53 in 2010 to 0.65 in 2015; from 2016 until 2018, the debt ratio decreased and the equity ratio increased.

- Solvency ratios: the current ratios and the quick ratios of listed seafood companies gradually declined in the period 2010-2015 and rose

again in the period 2016-2018. The instantaneous solvency coefficient tends to fluctuate in contrast to the two above factors.

- Profits and profitability ratio: Between 2011 and 2017, the after-tax profits of most listed seafood companies decreased. In 2018, due to the favorable factors in the business environment, the profitability of most listed seafood companies increased significantly. The profitability rates of most listed seafood companies (ROA, ROE) fluctuated in the same direction with the fluctuation of after-tax profit.

2.2. CURRENT DIVIDEND POLICIES OF LISTED SEAFOOD COMPANIES ON VIETNAM STOCK MARKET

2.2.1. Overview of dividend payment at listed seafood company

The number of listed seafood companies paying dividends decreased while the number of companies that did not pay dividends increased.

- In the period of 2010-2011, twelve out of fourteen companies paid dividends to shareholders, the remaining two companies only earned modest profits, so they did not pay dividends and retained the full profits for reinvestment.

- In the period of 2012-2015, there were 11 listed seafood companies that paid dividends to shareholders, 3 companies only earned small profits, so they did not pay dividends and retained the full profits for reinvestment. In 2013, in addition to the mentioned 3 companies, there was one firm that suffered heavy losses and did not pay dividends to shareholders.

- In the period of 2016 and 2017, most notably in 2017, only 6 companies paid dividends and 8 companies did not pay dividends. There were 3 companies that kept the low profits for reinvestment; but the number of companies that suffered losses, leading to no dividend payment, was 5 companies.

- In 2018, there were 7 companies, accounting for 50% of the companies paying dividends to shareholders and there are also 7 companies accounting for 50% of the companies that do not pay dividends. Among companies that do not pay dividends, there are 4 companies due to low profit so they do not pay dividend but keep for reinvestment, but there are still up to 3 companies losing money, leading to no dividend payment to shareholders.

2.2.2. Forms and number of dividend payments

- *Forms of dividend payment:* The form of dividend payment is a component of the dividend policy of a joint stock company. In the period of 2010 - 2018, the popular form of dividend payment among the listed seafood companies was cash dividends; Some companies paid dividends in the form of stocks, such as Vinh Hoan Corporation (VHC), which paid stock dividends in 2010 and 214, Camimex Group JSC (CMX) also paid stock dividends in 2011. Some companies paid both cash dividends and stock dividends. In 2010, Bentre Aquaproduct Import And Export JSC (ABT) paid cash dividends at the rate of 50% and share dividends at the rate of 10: 2; in 2012 VHC mad cash dividend payments at the rate of 10% and share dividend payments at the rate of 10: 3, etc.

- *Frequency for dividend payments:* In the period from 2010 until 2018, the adopted frequency of dividend payments varied among the listed seafood joint stock companies. The majority of the companies paid dividends twice a year; some companies announced up to 3 or 4 dividend payments a year. Some companies did not pay dividends in some of those years for certain objective and subjective reasons.

2.2.3. Dividend per share

In general, the divided rates of the listed seafood companies were quite modest. Dividend rates of these companies in the period of 2010-2018 commonly ranged from 500 VND to 1,500 VND.

- A group review showed:

+ Large-scale listed seafood companies have higher dividend rates than medium-sized companies.

+ The group of seafood companies with high business efficiency had a significantly higher annual dividend rate than the group of companies with low business efficiency.

2.2.4. Dividend Payout Ratio

- The average dividend payout ratio for the 2010-2018 period of the listed seafood companies was 0.711. This was a high dividend payout ratio. Thus, a large part of the after-tax profits of seafood companies was distributed to the shareholders, only a small portion of the after-tax profits was kept.

The big companies had higher average dividend payout ratio than medium-sized companies, but such difference was moderate. Business size was not a major factor determining the the dividend payout ratios of the listed seafood companies.

- The listed seafood companies with high business efficiency had a significantly higher dividend payout ratio, compared to the listed seafood companies with low business performance. Business performance was a crucial factor that determined the dividend payout ratios of the listed seafood companies.

2.2.5. Types of dividend policy

In the period 2010 - 2018, the majority of listed seafood joint stock companies built and adopted an initial type of dividend policy: stable dividend policy, residual dividend policy, or stable rupee dividend plus extra dividend.

- The group of companies followed the stable dividend policy included: Aquatex Ben Tre (ABT), Nam Viet Corporation (ANV), Hung Hau Agriculture Corporation (SJ1), Mekong Fisheries Joint Stock Company (AAM), Angiang Fisheries Import Export Join Stock Company (AGF), Hung Vuong Corporation (HVG).

- Group of companies adopted the residual dividend policy included: Vinh Hoan Corporation (VHC), Bac Lieu Fisheries Joint Stock Company (BLF).

- The company followed the stable rupee dividend plus extra dividend policy was Sao Ta Food JSC (FMC).

- Some companies had not formed a clear dividend policy such as Cuu Long Fish Joint Stock Company (ACL), Ngo Quyen Export Seafood Processing JSC (NGC), Seafood JSC No4 (TS4), Camimex Group JSC (CMX), Investment Commerce Fisheries Corporation (ICF).

2.2.6. Impacts of dividend policy

❖ *Impacts of the dividend policy on values of the seafood companies listed on the Vietnam stock market*

- Forming research hypothesis

- Research model

$$\text{Tobin } Q_{it} = \alpha + \beta_1 * \text{DY}_{it} + \beta_2 * \text{SIZE}_{it} + \beta_3 * \text{LEV}_{it} + \beta_4 * \text{EPS}_{it} + \beta_5 * \text{ROA}_{it} + \varepsilon_1$$

- General conclusion:

+ Dividend policy affected the value of seafood companies listed on the stock market in Vietnam in the period of 2010 - 2018.

+ Firm size was a factor with positive impact on the firm values of these companies. The larger the company was, the higher value it had, and vice versa.

❖ *Effects of the dividend policy on sustainable growth rates of the seafood companies*

Calculation and analysis showed that the average sustainable growth rate of the listed seafood companies was still quite low, companies used most of their profits to pay dividends to shareholders. The remaining accumulated profits were not enough to support sustainable growth. Many companies raised more capital from other sources such as borrowing loans or issuing new shares for business expansion.

2.2.7. Factors determining dividend policies of the seafood companies listed on the Vietnam Stock Market

- Forming research hypothesis

- Research model

$$DPS_{it} = \beta_0 + \beta_1 * ROE_{it} + \beta_2 * SIZE_{it} + \beta_3 * HSTT_{it} + \beta_4 * PE_{it} + \beta_5 * T_{it} + \beta_6 * CPI_{it} + \beta_7 * GDP_{it} + \varepsilon_1$$

- General results:

+ Dividend policy of listed seafood companies depended on profitability (ROE), solvency ratios (HSTT), market price/earnings per share (PE), firm size (SIZE), inflation (CPI) and corporate income tax (T). Among the factors that strongly and decisively determined a firm's dividend per share (DPS) at the 1% level, ROE and HSTT were positively correlated, while PE was negatively correlated to DPS. Besides, the factors SIZE, CPI and T also had certain effects and positively correlated with DPS at the significance level of 5%. The results also showed that in the studied period, the remaining factors, i.e. financial leverage (LEV) and state of the economy (GDP) did not have much effect on the dividend policy of the listed seafood companies.

2.3. ASSESSMENT OF THE CURRENT DIVIDEND POLICY OF LISTED SEAFOOD COMPANIES ON VIETNAMESE STOCK MARKET

2.3.1. Achieved results

First, the majority of listed seafood companies chose and adopted a certain model of dividend policy.

Second, there is diversity in the types of dividend policy implemented by the listed seafood companies.

Third, many listed seafood joint stock companies maintained the implementation of annual dividend payments, gaining shareholders' faith and a good company image.

Fourth, a few companies did well in combining cash dividends and stock dividends.

Fifth, a number of listed seafood joint stock companies initially achieved a reasonable balance between dividend payments for shareholders and retained earnings for investment.

2.3.2. Limitations in the dividend policy of the listed seafood joint stock companies

First, a few listed seafood joint stock companies had not formed a clear dividend policy.

Second, the planning of the dividend policy in some companies was done passively and improperly.

Third, the high dividend payout ratio of some companies adversely affected the retained earnings for investment.

Fourth, some companies did not combine the three strategic financial policies: investment policy, financing policy and dividend policy.

Fifth, the dividend policies of most listed seafood companies did not take into account the characteristics of each stage of the business cycle.

Sixth, the majority of joint stock companies did not diversify their forms of dividend payments.

2.3.3. Causes of Limitation

❖ *Objective Reasons*

First, the time from business establishment and listing was not sufficient for the seafood joint stock companies to accumulate enough experience of corporate governance.

Second, the issuance of legal document system for corporate governance was slow, joint stock companies lacked experience of corporate governance, financial management and financial policy planning.

Third, the difficulties in business environment and natural conditions.

❖ *Subjective Reasons*

First, some listed seafood joint stock companies were not fully aware of the importance of dividend policy.

Second, the management capacity of leaders in some companies was still limited, the professional qualifications of some Accounting-Finance staff members need to be improved.

Third, the quality of corporate governance in some companies was limited.

Fourth, the low business performance of most listed seafood companies greatly affected the implementation of their dividend policy.

CHAPTER 3

SOLUTIONS FOR IMPROVING THE DIVIDEND POLICY OF LISTED SEAFOOD COMPANIES ON VIETNAMESE STOCK MARKET

3.1. SOCIO – ECONOMIC CONTEXT, OPPORTUNITIES, CHALLENGES AND DEVELOPMENT ORIENTATION FOR THE FISHERIES INDUSTRY IN VIETNAM IN THE PERIOD 2020 - 2030

3.1.1. International and domestic socio-economic context

3.1.2. Opportunities and challenges for the fisheries industry in Vietnam

3.1.3. Development orientation of the fisheries industry in the period 2020-2030

3.2. PRINCIPLES OF IMPROVING THE DIVIDEND POLICY FOR LISTED SEAFOOD COMPANIES ON VIETNAMESE STOCK MARKET

- (1) Dividend policy must serve the interests of shareholders;
- (2) Dividend policy must be formulated considering the balance between immediate benefits and long-term benefits;
- (3) Dividend policy must be formulated considering the company's actual profit and cash flow;
- (4) Dividend policy must be in line with the economic-technical characteristics of the business industry sector.

3.3. SOLUTIONS TO COMPLETE THE DIVIDEND POLICY OF THE LISTED SEAFOOD COMPANIES ON THE STOCK MARKET IN VIETNAM

3.3.1. Completing the selection of a suitable dividend policy model

The dividend policy is one of the strategic financial policies of a joint stock company. The seafood joint stock companies should consider adjustments in their adopted dividend policy to adapt to the business characteristics and conditions of the company. To choose a suitable type of dividend policy for each listed seafood joint stock company, the author proposed the necessary conditions to follow each type of dividend policy:

- Required conditions for selecting and implementing the stable policy model.
- Required conditions for selecting and implementing the residual dividend policy.
- Required conditions for the selection and implementation of the stable rupee dividend plus extra dividend policy.

3.3.2. Completing the process of developing a dividend policy

To make the dividend policy really one of the strategic financial policies of the company, the companies should complete the process of developing dividend policy. The author believed that the seafood companies should follow the following steps in the process of completing dividend policy:

Step 1: Collect and gather information

- External information

- Internal information

Step 2: Analyzing and evaluating factors determining dividends and dividend policy of the company

- Analyzing and defining investment plans in each period

- Analyzing and defining the funding plan in each period

- Analyzing and evaluating the solvency, capital structure and profitability of the company.

- Preliminarily assessing shareholders' psychology and their dividend expectations.

Step 3: Selecting the type of the dividend policy

Step 4: Selecting a dividend rate for the initial stage of policy implementation

3.3.3. Combining closely the investment policy and the financing policy with the dividend policy

One of the limitations in the dividend policy of many listed seafood joint stock companies was the lack of an integrating financial policy combining investment policy, financing policy and dividend policy. Therefore, in order to complete the dividend policy of these companies, it is necessary to focus on incorporating the three policies in the planning and the implementation of the dividend policy.

The thesis raises some issues in combining investment policy, financing policy and dividend policy with the general aim of maximizing the business value.

3.3.4. Adjusting the dividend policy to be aligned with each stage of the business life cycle

The business life cycle is usually divided into four stages: startup, growth, maturity and decline. Each stage has different characteristics in levels of activity, investment and investment capital needs; in terms of risk level and rate of return. Therefore, when planning or completing the dividend policy, one should take into account the characteristics of each stage to build a good dividend policy.

The majority of the listed seafood joint stock companies were in their growth stage. Therefore, companies need to consider their stage when completing the dividend policy in the future. In particular, it is necessary to

reduce the dividend payment ratio accordingly to increase the retained after-tax profit. It is also possible to combine this suggestion with determining when to use stock dividends to increase investment capital.

3.3.5. Diversifying the forms of dividend payment

The company can choose between cash dividends, stock dividends or a combination of both forms. Each form of payment has its own advantages and disadvantages. It is important to choose a form of dividend payment that suits the characteristics and situation of the company in each stage. The listed seafood companies should choose the form of cash dividends under the following conditions:

- The company has an abundant source of money.
- The company has limited chance to make good investments in the future, so the demand for investment capital is low.
- Most of the shareholders want cash dividends to earn real income immediately.
- The company's stock price is on a downward trend. Cash dividends could stir up interest in the company among investors.

In addition to paying cash dividends, the listed seafood companies should consider using stock dividends under the following main conditions:

- The company is witnessing a period of high growth and has a large demand for capital investment.
- The company has good business prospects and promising business results.
- Stock prices could move up.

3.3.6. Determining the appropriate frequency for dividend payout in the year

This study analysed and found that the frequency of dividend payments for the listed seafood joint stock companies should be as follows:

- The listed seafood companies paying low dividends with a dividend per share ratio of 10% or less should make one payment per year.
- Except the above group, listed seafood joint stock companies should pay dividends twice a year: advance dividend for the first time; settlement of dividend for the second time.

3.3.7. Applying share repurchase programs instead of paying dividends

Share buy-back (or share repurchases) is considered as indirect payment of cash dividends to shareholders. In order to repurchase shares instead of paying dividends, the company needs to meet certain conditions:

- The company has a relatively abundant source of cash to afford the plan.
- Stock prices are on a downward trend. Share buybacks can help transfer money to shareholders and affects the share price at the same time.
- Share repurchase should be considered as an alternative to enrich the ways companies transfer money to its shareholders, not as a regular practice.

Some listed seafood companies may use share repurchase instead of paying dividends to attract new investors who are potential shareholders of the company.

When implementing the plan to buy back shares instead of paying dividends, according to the thesis author, the company needs to perform the following main tasks:

- Step 1: Preparing
- Step 2: Getting approval at the General Meeting of Shareholders
- Step 3: Implementing
- Step 4: Reviewing and evaluating

3.3.8. Developing a cash flow plan to ensure successful implementation of a company's dividend policy

A cash flow plan for dividend payments should be included in the overall cash flow plan of a company. For management purposes, the cash flow plan should be made for each year, quarter and month. When estimating and planning the cash flow, it is necessary to consider the following:

- + Managing and estimating all the money the company can collect and the money to spend in the period - in other words, estimating the full cash inflow and cash outflow.
- + Estimating the times of cash receipts and cash payments.

3.4. Conditions required for implementing the solutions

- (1) Promoting transparency and disclosure of information about listed joint-stock companies
- (2) Implementing extra preferential corporate income tax for seafood companies
- (3) Improving business efficiency

CONCLUSION

Dividend policy, investment policy and financing policy are the three strategic financial policies that enormously influence the business value and the existence and development of the companies. However, in reality, many corporates have not fully realized the importance of the dividend policy in corporate financial management.

The thesis studied the dividend policy of seafood companies listed on the Vietnamese stock market with the aim of analyzing the current status of the dividend policy in listed seafood companies, in order to propose solutions for improving the dividend policy for these businesses. The thesis used a combination of qualitative research methods such as deductive and inductive approach, statistical analysis, comparing and contrasting, synthesis, etc. to examine, analyze and evaluate the dividend policy at the seafood companies listed on the stock market of Vietnam. Quantitative research method was adopted through regression models to study data on the listed seafood companies, in order to identify factors affecting firms' dividend policy and impacts of the dividend policy on corporate value.

While the dividend policy in listed seafood companies in recent years has achieved certain results, there are still limitations such as: *a few listed seafood joint stock companies had not formed a clear dividend policy, the planning of the dividend policy in some companies was done passively and improperly, the high dividend payout ratio of some companies adversely affected the retained earnings for investment, etc.* The thesis has pointed out the reasons for limitations in the dividend policy of listed seafood companies.

The thesis clarified the factors affecting the dividend policy in listed seafood companies in Vietnam. Profitability, solvency, market price/income per share were the factors that impact and determine the dividend payout ratio of the companies. Firm size, inflation, and corporate income tax also affected the dividends payout ratio. In addition, the thesis showed the impact of the dividend policy on corporate value through variables like dividend yield, company size, earnings per share and debt ratio.

On the basis of analyzing and clarifying the current situation of dividend policy, the author proposed a system of solutions to complete the dividend policy in the listed seafood companies in Vietnam. The solutions followed a system of basic principles for building dividend policy; the opportunities, challenges and development orientations for the fisheries sector in the period 2020 - 2030.

The achieved research results contributed and partially supplemented the research on dividend policy of joint stock companies. For the listed seafood companies in Vietnam, the thesis helps business managers to have a complete and comprehensive view of the dividend policy, while contributing to improve the dividend policy in order to enhance business efficiency and corporate value. However, due to the limits of research capacity, time, data, analytical techniques as well as resources that the author can offer, some issues were not examined closely within the framework of the thesis, The author is looking forward to receiving the comments of other researchers on the topic. Issues that have not been thoroughly and fully studied in the thesis will be the basis for the subsequent new research ./.

LIST OF RELEVANT PUBLICATIONS

I. Research Articles:

1. Bach Thi Thu Huong (2019), “Factors affecting the dividend policy of listed seafood companies”, *Journal of Finance*, No. 4/2019 (703), pp. 67-70.
2. Bach Thi Thu Huong (2019), “Impacts of dividend policy on share prices - Research on listed seafood enterprises stock in Vietnam”, *Journal of Finance and Accounting*, No. 7 (192) 2019, pp. 13-16.
3. Bach Thi Thu Huong (2019), “Financial policy mechanisms to support start-ups experience from a number of countries”, *International conference for young researchers in economics and business (ICYREB 2018)*, pp. 134-138.
4. Bach Thi Thu Huong (2019), “Financial solutions to ensure growth at Bao Viet Finance-Insurance Group”, *Journal of Finance and Accounting*, No. 3(188) 2019, pp. 62-65.

II. Research Projects:

1. Academy-level Research Project: “*Factors affecting the dividend policy of the listed seafood companies in Vietnam*”, 2019 – Co-PI.
2. Academy-level Research Project: “*Research on dividends and dividend payouts at the listed construction material joint stock companies in Vietnam*”, 2018 – Researcher