

Expansionary Fiscal Policy, Corporate Governance and Corporate Value

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Abstract. Among expansionary fiscal policy, corporate governance and corporate value, fiscal policy plays a unique influencing factor in the social organization as well as internal structure of countries with different levels of economic development. Such as the nature of different equity and governance characteristics, macro policy efficiency for firms and fiscal deficits. To measure the combined impact of fiscal policy expansion on corporate value, the governance structure of a firm is inextricably linked to the value of the firm itself if it is to be effective. The value of the company is reflected in the nature of equity and the management structure of the management. It is found that the higher the degree of fiscal policy expansion in the region to which the company belongs, the higher the value of the company itself. In terms of the marginal effect of fiscal policy, non-state owned companies are significantly stronger than state owned companies. State-owned enterprises are relatively weak and deficient in the efficiency of using funds to create valuable. Thus, analyzing the moderating role of corporate governance factors, it is clearly known that corporate management and corporate equity checks and balances can better ensure that companies can efficiently accomplish fiscal policy and create a reasonable value system.

Keywords: Expansion; fiscal policy; corporate governance; enterprise value.

1. Introduction

Regarding fiscal policy, in the existing theoretical studies, fiscal policy is an important direction for the government to regulate the macroeconomic instruments of a country. The strength of fiscal policy is expressed in the degree of fiscal deficit. Fiscal deficit can be judged from a certain point of view as a criterion for the government to implement expansionary fiscal policy, such as whether the policy is effective in promoting economic growth. However, the effectiveness of fiscal deficits on economic growth is clearly controversial, and our macroeconomics believes that its fiscal deficit policy is harmful. However, scholars in developed Western countries argue that fiscal deficits are not directly disruptive to economic development through effective government control measures. For example, it depends mainly on the size of the deficit and its structure, as well as its fit with the country's social operating dynamics. In the analysis of micro subjects as well as fiscal policy, enterprises need to ensure their own governance characteristics, to be able to guarantee their own development and improve their interests, they need to clarify the future analysis of the objectives and operating dynamics under the micro structure, so that the integration between the two is higher.

2. Analysis on fiscal policy on the value of the company

In the analysis of the research on fiscal policy on firm value, our country has its own unique conclusions on the behavioral motives of macroeconomic policies affecting firms. Macroeconomists focus on the output relationship between macroeconomics and our economy in general, while microeconomics research focuses on the direction of whether there is an output relationship between the behavior of micro firms and the economy of firms, and thus the phenomenon of fragmentation between the two [1]. And whether the emergence of the phenomenon of fragmentation has an impact on the microscopic behavior of the firm. However, there are some differences in the direction of research on this issue among academics, which leads to the inability of relevant academics in China to cognize the behavior of enterprises and to formulate more targeted macroeconomic policy measures. Macroeconomic policies for micro enterprises have a new study of the impact of behavior, not only to help assess their own policy effects, but also from the macroeconomic theory, to help

enterprises better understand the behavior of micro enterprises to assess the policy effects. Understanding the transmission process of economic policy on the behavior of enterprises helps micro enterprises to make a reasonable response. For example, with studies such as the analysis of the impact of monetary policy on the micro behavior of firms as a benchmark, there is a paucity of research on the micro behavior of firms in terms of its component environmental policies. Thus, fiscal policy can be regarded as one of the external policy environments for business operations, and combined with China's unique institutional background, the analysis of the impact of business behavior is the basic starting point for a comprehensive examination of the extent of fiscal policy expansion. For state-owned enterprises as well as non-state-owned enterprises the impact effect between the two, and elaborate the structural model of the enterprise itself. The subsequent study will reveal the effect of corporate governance factors, such as its equity and the management role of management, on influencing the value of the firm. Whether there is a significant enhancing effect of both if they have the desired value at the same time. The difference in the nature of the company's equity in terms of its corporate governance structure can lead to significant differences in the company's own utilization of, and responsiveness to, fiscal policy [2]. This variability can be macro or micro differences. Depending on the actual situation of the company and the current macroeconomic policy, this variability is mainly manifested in the use of fiscal policy by different subjects. Although expansionary fiscal policy can promote the development of enterprises and economic growth, differences in the direction and the choice of the subject of implementation can also affect the final outcome. Therefore, the analysis of fiscal policy on the value of the company consists of three main points:

1. Broad-based fiscal policy. It can better inform the macroeconomic policy and complete the micro-analysis of the enterprise. The effects and incentives of macroeconomic policies are extended to the microscopic sphere of the enterprise, thus bringing into play its own uniqueness [3].

2. To clarify the effect of fiscal policy on enterprise value from a new microscopic perspective. We also analyze the impact of corporate governance on the value of the firm's use of fiscal policy from two levels: equity structure and principal-agent.

3. From a macroeconomic perspective, the research evidence shows that, in addition to the scale and structure of fiscal policy implementation, the differences in the implementation agents also lead to differences in the efficiency of implementation. Thus, it is important to enrich the existing theoretical knowledge of fiscal policy.

3. Relevant theoretical analysis and assumptions

In macroeconomic analysis, it is important to understand the governance structure of expansionary fiscal policy and whether firms experience pull-down and crowding-out effects under expansionary fiscal policy. For example, the most common is the expansionary fiscal policy, which refers to the external environment in which firms operate. Through pull and crowding out, it can act on the business structure and management structure of the firm. In addition, the pull-out effect can also refer to the expansionary fiscal deficit of a company, whether the deficit is beneficial to national income and private investment, etc. Regarding the crowding-out effect, our country believes that the crowding-out effect occurs in the government and leads to a reduction in private investment and weakens the effectiveness of the enterprise itself. It interferes with economic growth and has a negative impact. On the pull-out effect of expansionary fiscal policy, mainly according to our research, can be reflected in the following three aspects.

1. An overall increase in the market's own opportunities to create direct social purchasing power. If the government thinks in terms of consumers in the regulation of the market, it can bring direct business income for enterprises, which in turn increases the value of the enterprises themselves.

2. Drive the investment demand of enterprises. The government can mobilize the production enthusiasm of enterprises through the policy of tax reduction, so that enterprises can reduce the tax burden and increase investment. On the other hand, through fiscal spending, enterprises as well as the

government can also increase the construction of facilities at the same time, to enhance the quality of demand for industry. And the private investment should be able to form a promotion to create a new system of economic vitality [4].

3. Reduce the financing constraints of enterprises themselves. For the capital market, its loose fiscal policy as well as monetary policy will reduce the binding force of enterprises in terms of capital.

The crowding out effect of expansionary fiscal policy, on the other hand, is mainly reflected in two aspects.

1. direct government spending replaces the investment that will be generated by the original private sector, such as taking investment in a certain field as an example. The investment would have been made by the private sector, but it was crowded out by the government sector, which led to the private sector's access to financial resources by the government, and the crowding out effect between the two for investment.

2. Financing crowding out effect. The government borrows from the public to complete the investment. However, this approach may cause competition between the government and the private sector in financing, but the government has its own uniqueness. This competition will potentially deteriorate the investment environment of the private sector, thus leading to an overly constrained trend of private sector investment returns, which in turn passively reduces the efficiency of private sector investment. The expansion of fiscal spending may also lead to an increase in interest rates, making it more expensive for firms to raise capital. This effect result, in turn, further inhibits the behavior of private investment.

Thus, through analysis, the pull effect as well as the logic of the expansionary fiscal policy of enterprises must be stronger than the crowding out effect, taking into account the institutional context of our country and the future trend of economic development [5]. The main reasons for this are contained in the demand side, and the supply side. Among them, on the demand side, the expenditure of fiscal policy for the government expands the demand for social products as well as services, better prospers the enterprises' own product market, increases their own investment as well as product sales, and guarantees the increase of their own value. The expansionary fiscal policy in the field of economics in China is considered by the public to increase the value benefits of enterprises themselves, which essentially relies on the advancement and effectiveness created by fiscal policy tools. The pulling effect of bringing about the enterprises themselves is the expansionary fiscal policy market as well as the value of the enterprises. Therefore, it essentially relies on the market opportunities created by fiscal policy instruments, focusing on the pulling effect on enterprises. Through expansionary fiscal policy and the lesser degree of impact. Standing on the demand side for analysis, the demand-side expansionary fiscal policy, the crowding-out effect on investment opportunities must remain weak. Thus promoting government investment to complete the pull effect directly or indirectly to create a new policy system.

In contrast, when the expansionary fiscal policy is implemented on the supply side, the government finances and obtains social capital from the society and operates accordingly, but this may lead to a financing crowding-out effect. This crowding out effect is significantly higher than the government's prediction, so our monetary policy has been more accommodating in the past 16 years. The government's limited investment in factor supply, such as human factors, science and technology factors, and resource factors, has led to a relatively weak supply side of expansionary fiscal policy. From its logical analysis, it is known that the direction of the use of fiscal policy and the cooperation of monetary policy should be weaker for both the pull side as well as the crowding out effect [6]. Combining the analysis of the two main perspectives of the demand side as well as the supply side, it is judged that in the context of the unique socialist system in China, the expansionary fiscal policy tends to increase the fiscal expenditure in a way. In the product market, it can create more market opportunities for enterprises, improve their performance as well as value, and complete the regulation of macroeconomic model by means of investment as well as increasing sales.

4. Analysis of the degree of expansion of fiscal policy--an enterprise as an example

In order to better understand the direct impact of the expansion of fiscal policy on enterprises, an enterprise can be used as an example for analysis. As in the context of our system, the difference in the nature of equity is a decisive factor in distinguishing state-owned enterprises from non-state-owned enterprises. At the same time, it is even more important to analyze the value of their shareholding and the difference in the judgment of economic resources. In terms of educational resources, state-owned enterprises have universal ownership characteristics [7]. The organizational structure of state-owned enterprises is very different compared to private enterprises, where the relationship between the board of directors and management and government personnel directly determines the innate advantages of fiscal policy. For fiscal market opportunities, SOEs are not only able to take advantage of these opportunities at the lowest cost, but also have an absolute dominant advantage. Second, the quality of SOEs' products has obvious public goods attributes. Therefore, from the perspective of the public nature of the products, this can also determine the policy market opportunities that SOEs need for people's livelihood. When the fiscal market opportunities come, SOEs will get better development opportunities, and the emergence of more economic market opportunities in terms of economic resources, etc., will lead to the appropriation of the fiscal market opportunities for enterprises with lower benefit value creation. It will safeguard the enterprise investment and whether the sales revenue can be increased, and whether the enterprise value can be preserved. However, the appropriation of policy-based market opportunities will not necessarily increase the value-creating efficiency of enterprises. In macro analysis, the allocation of resources by government fiscal spending is a lower process for the economic resources allocated by the market. Firms occupy more market-based decision-making opportunities, which means that they must have a comprehensive understanding of fiscal policy implementation strategies. If state resources are allocated to accomplish value creation, their original benefits are lower than fiscal policy. For the role of the allocation of funds, it shows that the original efficiency of state-owned enterprises is higher than the efficiency of fiscal policy, which has more policy-based market opportunities, pulling down its original value creation rate of state-owned enterprises. From the theoretical analysis, part of the resource allocation of SOEs is the original market demand, while the inspired resource allocation emerges from the policy market opportunities [8].

This shows that government investment efficiency is lower than private sector investment efficiency, while partial resource allocation efficiency is higher than policy allocation efficiency. In our research analysis, the resource allocation efficiency of SOEs is considered higher than the allocation efficiency of fiscal policy. In a layman's perspective, SOEs should be more likely to be pulled down to a greater extent if they participate in policy-based market opportunities in terms of the marginal effect of value creation. In the micro-analysis, SOEs are likely to have certain deficiencies for the corporate governance level. Such defects, if not effectively prevented, can make SOEs motivated to increase the marginal effect of enterprise value, but there is also the possibility of diminished effectiveness. This is reflected in the sensitivity to market opportunities and the degree of operation. The end result is that SOEs have significantly weaker marginal value creation than non-SOEs. In summary, the marginal value creation effect of SOEs is lower than that of non-SOEs at the two levels of corporate occupancy and capital. The deep involvement of SOEs in fiscal policy and more inefficient resource allocation process would make the marginal effect of value creation of SOEs smaller than that of non-SOEs [9].

5. Analysis of the three factors of equity nature, equity governance, and management incentives

The nature of equity, equity governance, and management incentives are the biggest direct factors in whether the value of the enterprise itself can be reflected, and after clarifying the effect of the

nature of equity, the intuitive impact on the value of the enterprise has the advantage of research. How the equity governance factors of state-owned enterprises and non-state-owned enterprises ensure the fiscal policy effect of state-owned enterprises will be combined with the differences between the two, in terms of the equity incentive level as well as the management level. In the equity governance level, the shareholding ratio of major shareholders will directly affect the final decision of the enterprise and also the factor of maximizing the value of the enterprise. The higher the shareholding of the majority shareholder, the stronger the willingness and motivation of the other shareholders to ensure that the company can maximize its value. As the shareholding ratio increases, the interests of the majority shareholder are also improved and symbiotic with the value of the firm [10]. Therefore, corporate equity governance will eventually become a majority shareholder governance effect. On the other hand, the increase in the shareholding ratio of the majority shareholder will be a contribution to the development of the company's own development staff as well as its development characteristics and economic market. For competing large shareholders, it will be possible to take actions that encroach on the interests of small and medium shareholders and increase their own interests without damaging the overall interests of the enterprise, and this behavior is called the tunnel effect. The resulting absence of the true owners of SOEs leads to a reduction in the importance of the governance effect of large shareholders. The ultimate benefit of increasing the shareholding of SOEs by however much is not as great a deviation for the majority shareholder as that brought by non-SOEs. Instead, the equity checks and balances improve the science of decision-making of the share board, and the tunnel effect is more significant for non-SOEs, with the highest possible impact of equity quality.

As for management equity incentives, the principal-agent hierarchy is the most important factor that affects corporate value creation. Regarding the core of the principal-agent problem, how to ensure that the interests of management and owners remain consistent, achieve management structure as well as benefit incentives through management shareholding, reduce agency costs, and ensure increased comprehensive corporate profits. There is no significant positive relationship between management shareholding and enterprise value. Between executive shareholding and enterprise value, there are many institutional barriers to equity incentives in state-owned enterprises under market role economic conditions. The use of equity incentives is less common, and the value-enhancing effect of equity incentives in SOEs has received focused attention from academia as well as from the practice community. Thus, it is clear that in the sample of SOEs, the management shareholding ratio is self-evident in regulating how firms use fiscal policies. In contrast, the shareholding ratio of non-SOEs must have a significant moderating effect.

Through relevant model analysis, the sample of SOEs and their increased equity checks and balances can better help SOEs scientifically and effectively achieve decision making and reduce the over-investment that occurs in SOEs when policy-based market opportunities arise. Ensuring that SOEs take advantage of expansionary fiscal policies to create new market opportunities plays a significant role in moderating their subsequent positive corporate value relationships. The increase in the management shareholding ratio can help the management to better make its own efforts to maximize the enterprise value. The use of fiscal policy to create market opportunities, greater efforts and lower associated costs. This situation contributes to the cost of the SOE economy and improves the utilization of economic resources.

6. Summary of Related Research

In the study, the impact of fiscal policy on the creation of firm value is analyzed in terms of the economic factors of fiscal policy and the fit between the two, as well as the impact on the value of the firm. We also study the relationship between the degree of fiscal policy expansion in a company's region and the corresponding enterprise value by incorporating new data on the underlying mechanisms. The moderating effects of the nature of corporate equity, equity checks and balances, and management incentives are incorporated. The study shows that the more fiscal the company is located, the higher the value of the company. And state-owned enterprises and non-state-owned

enterprises, in the utilization of fiscal policy. The marginal effect of the value of the firm can be used as a benchmark. By comparing the study, it is known that the marginal effect of the utilization of fiscal policy by non-state enterprises to increase the value of the firm is significantly higher than that of state-owned enterprises. This reason can be mainly reflected in the higher efficiency of non-SOEs in utilizing policy market opportunities, so the two levels of equity governance as well as principal-agent governance are analyzed in the context of China's unique socialist system, and the moderating effect of equity checks and balances as well as managerial shareholding on firms' utilization of fiscal policy to achieve value creation is tested. The results of the study show that managerial shareholding can better improve the interest rate of corporate fiscal policy and achieve enhanced marginal effects. And the marginal effect of equity checks and balances on the enhancement of fiscal policy is more significant in state-owned enterprises. As a result, three conclusions are drawn from the research insights:

1. On the theoretical side, expansionary fiscal policy is used as the starting point of the problem, and the environment of fiscal policy is included in the analysis of the factors influencing firm value creation. The influential role of fiscal policy is extended to the field of micro enterprises and combined with the unique socialist background system of China. Examine different micro levels, analyze the fiscal policy differences of micro subjects, and reveal whether fiscal policy can influence the micro behavior of enterprises to create a new development path.

2. In the governance practices of micro enterprises, analyze the components of corporate governance mechanisms in the current institutional context of China through management incentives as well as state-owned equity checks and balances. The data enable companies to improve their own governance standards and play an important tool.

3. In terms of macro policy practices, the study reveals the ability of firms to implement expansionary as well as fiscal matching efficiency when there is insufficient effective social demand. In the subsequent development, the coordination of monetary and fiscal policies is analyzed in conjunction with the research data and whether it leads to increased constraints in corporate financing that offset the pulling effect of fiscal policy. At the level of fiscal implementation agents, enterprises can rely on the regulation model of state-owned enterprises for the implementation of expansionary fiscal policy. If fiscal policy is implemented to a greater extent through non-SOEs, it will improve the efficiency of fiscal policy in allocating funds.

7. Conclusion

In summary, among expansionary fiscal policy, corporate governance and corporate value, fiscal policy plays a unique role in influencing factors in the social organization and internal structure of countries with different levels of economic development. Examples include the nature of the different characteristics of justice and governance, the effectiveness of macro policies and the fiscal deficit of firms. In assessing the overall impact of fiscal policy making on the value of the firm, the management structure of the firm is inextricably linked to its own value if it is to grow effectively. Therefore, by analyzing the regulatory role of corporate governance factors, it is clearly understood that the balance between corporate governance and corporate equity can better ensure that the company can effectively accomplish its fiscal policy and create a reasonable value system.

In the study of this paper, a multi-dimensional and multi-level analysis is conducted based on the micro impact benefits of macro policies and the corresponding mechanisms. The conclusions allow to draw the corresponding practical effects. At present, however, the issues under study are extremely complex. In this paper, there is still much room for improvement in the study. The micro-analysis on fiscal policy needs to be further deepened in conjunction with the subsequent literature. Second, the degree of expansion of fiscal policy, measured using fiscal deficit has a certain singularity. Although there is a convergence of multiple factors, it also leads to a more difficult micro-incentive analysis as well as validation, which in turn leads to deeper analytical barriers. In the future development, based on the internal composition of fiscal expenditure as well as fiscal revenue, understanding this issue,

refining the relevant indicators, taking the data as the benchmark, better making the problem clear and thorough, effectively playing its role, and providing reasonable reference value for the subsequent growth of China's economic sector.

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