

The New Asset Management Regulation and Shareholder Payout Policies of Private Firms: Empirical Evidence from the Financing Constraint Channel

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Abstract

The issuance of the New Asset Management Regulations in 2018 aimed to prevent systemic financial risks. However, it objectively creates a financing shock for private enterprises that have long relied on non-standard financing channels. This article is based on the introduction of the new regulations on asset management. According to the sample of Chinese A-share listed companies from 2013 to 2024. Take private enterprises as the processing group and state-owned enterprises as the control group. The double difference model is used to empirically test the impact of strong financial supervision on the payment behavior of shareholders of private enterprises and its inherent mechanism. The study found that the new regulations on asset management reduce the probability of shareholder payment of private enterprises. After the implementation of the policy, the probability of cash dividends or active share buyback by private enterprises has decreased by 7.7 percentage points compared with that of state-owned enterprises. Mechanism test shows that the above effects are gradually transmitted through two paths: The narrowing of non-standard financing channels has exacerbated the degree of financing constraints of private enterprises. The intensification of financing constraints has led to an increase in short-term debt pressure. Together, the two compress the cash space that the enterprise can use for shareholder returns. Heterogeneity analysis shows that the above inhibitory effect is more prominent in high-leverage enterprises and high-equity pledge enterprises. Further research found that while the overall shareholder's payment was shrinking. The proportion of share buybacks in the total payment of shareholders has increased, which coincides with the expectations of the alternative hypothesis. The findings of this article provide empirical evidence from emerging markets to understand how regulatory policies affect the return behavior of enterprise shareholders through financing channels.

Keywords

the New Asset Management Regulation, stringent financial regulation, private firms, cash dividends, share repurchases

1. Introduction

The intrinsic tension of overall development and security is specifically reflected in the field of financial supervision. As the core mechanism of investor protection, dividend policy has an implicit premise for its effective operation: Enterprises can obtain external financing relatively smoothly. Once this premise is broken, the trade-off between shareholder returns and liquidity retention will change. In April 2018, *the People's Bank of China and other five ministries and commissions jointly issued the Guidance on Standardizing the Asset Management Business of Financial Institutions* (hereinafter referred to as *the New Regulations on Asset Management*), Implement comprehensive rectification of non-standard financing channels such as trust loans and entrusted loans. After the policy was introduced, the size of the shadow banking sector shrank rapidly. From January to August 2018, the combined share of entrusted loans, trust loans, and undiscounted bank acceptance bills within the aggregate social financing scale declined to -16.5%. A sudden reversal compared to the previous period. (Source: People's Bank of China, Statistics on Aggregate Financing to the Real Economy). Unlike state-owned enterprises, private enterprises have long been unable to obtain sufficient funds in the formal credit market. Non-standard products such as trust loans and entrusted loans are more flexible in approval and have relatively lenient collateral requirements. Become a vital channel for private enterprises to secure external funding. The sudden narrowing of non-standard channels leading to a marked increase in the level of financing constraints faced by private enterprises and a significant rise in their financing costs [1], Objectively, this has resulted in an asymmetric shock to the financing environments of enterprises with two distinct types of property rights.

The academic value of this issue is that it reveals an external interference mechanism that has been neglected for a long time in the dividend policy literature. Jensen [2]'s free cash flow hypothesis regards cash dividends as an important tool to restrain management and protect external investors. The effective performance of this mechanism is implicitly based on the premise that enterprises have sufficient financing flexibility. When the external financing channel narrows systematically. Research by Fazzari et al. [3] shows that enterprises with limited financing will give priority to using limited internal funds to maintain operations and pay off debts, and shareholder returns will be squeezed as a result.

The vision of the existing dividend policy literature is basically concentrated on the internal governance level of the company. From agency theory, equity structure to institutional environment, there is rich accumulation. [2,4,5,6] But the causal identification of how the impact of external financing supervision affects shareholders' return behavior is still insufficient. The existing empirical research involving the new regulations on asset management mainly focuses on enterprise entity investment [7] and interest rate transmission efficiency [8], There is no systematic investigation of how this policy affects the payment decision-making of shareholders of private enterprises through financing constraint channels. This article is a direct response to this gap.

This article takes China's Shanghai-Shenzhen A-share listed companies from 2013 to 2024 as a research sample. Regard the introduction of the new regulations on asset management as a quasi-natural experiment, take private enterprises as the processing group and state-owned enterprises as the control group. Taking 2019 as the boundary point of policy shock, the double difference method is used to empirically examine the impact of the new regulations on the payment behavior of shareholders of private enterprises and its intrinsic mechanism. The study found that the new asset management regulations significantly reduced the probability of shareholder payment of private enterprises. After the implementation of the policy, the probability of cash dividends or active share buyback by private enterprises decreased by 7.7 percentage points compared with that of state-owned enterprises; The above effect is transmitted through two paths: the intensification of financing constraints and the rise of short-term debt pressure. And it is more prominent among high-leverage and high-equity pledge enterprises. While the overall scale of distribution is shrinking, the proportion of share buyback in the total payment of shareholders has increased.

Compared to the existing literature, the marginal contribution of this paper is primarily reflected in the following three aspects: Causal identification can be achieved by leveraging the exogenous policy event of the new asset management regulations. Expanding the research perspective in the dividend literature from internal corporate governance to external financing and regulatory shocks; This reveals the transmission mechanism of increased financing constraints, rising short-term debt pressure, and consequently, reduced shareholder payment space. This echoes the findings of Jiang Min et al. [1] regarding the micro-level financing effects of

the new asset management regulations; Supplementary evidence from the perspective of payment structure reveals that the proportion of share buybacks increased after cash dividends by private enterprises were suppressed. This corroborates the alternative hypothesis of Grullon & Michaely [9], as well as the assessment regarding share repurchase flexibility by Jagannathan et al. [10].

2. Institutional Background and Theoretical Analysis

2.1 Institutional Background

In April 2018, the People's Bank of China and other five ministries and commissions jointly issued new regulations on asset management. It is clearly required to break rigid payment, strictly restrict non-standardized debt asset investment, and prohibit multi-layer nesting and channel business. After the introduction of the policy, the financing scale of shadow banks shrank rapidly. From January to August 2018, the proportion of entrusted loans, trust loans, etc. in the scale of social financing decreased to -16.5% (statistics on the scale of social financing of the People's Bank of China).

This policy has had a significant asymmetric impact on private enterprises. Non-standard products such as trust loans and entrusted loans are an important channel for private enterprises to obtain external funds for a long time due to their flexible approval and relatively relaxed mortgage requirements; After the implementation of the policy, the above channels suddenly narrowed. The financing constraints of private enterprises have intensified significantly, and the financing cost has risen significantly [1]. In contrast, state-owned enterprises have a natural advantage in the formal credit market with implicit government credit endorsement [11], and the impact is relatively limited. The asymmetric impact of the financing environment of two types of property rights enterprises [7]. Considering the time lag in the transmission of policies at the micro level, this article sets 2019 as the boundary point of policy impact.

Figure 1: Annual Trends in the Implementation Ratio of Shareholder Payouts between Private Firms and State-Owned Enterprises before and after the New Asset Management Regulation

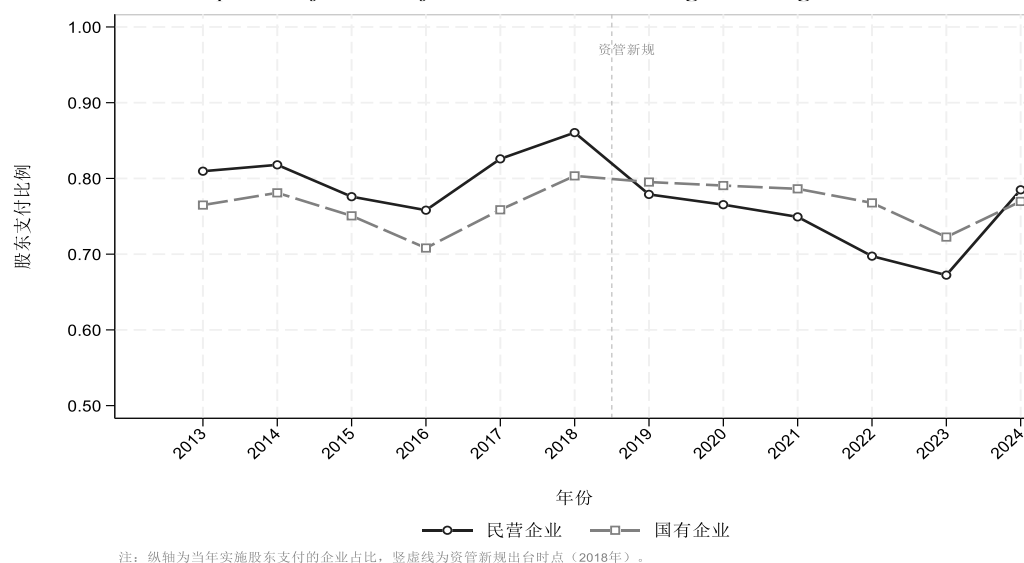


Figure 1 reports the annual trend of private enterprises and state-owned enterprises in 2013-2024, the proportion of companies that implemented cash dividends or active share buybacks to the total number of samples in each group. The trend of shareholder payment implementation ratio of the two types of enterprises before the policy implementation is generally the same. It shows obvious parallel characteristics; After 2019, the proportion of shareholder payments of private enterprises has continued to decline compared with that of state-owned enterprises, while the side of state-owned enterprises is relatively stable. This differentiation feature initially coincides with the research hypothesis of this article, and also provides intuitive graphic support for the identification strategy of the following double difference model.

2.2 Theoretical Analysis

The inhibitory effect of the new asset management regulations does not directly affect shareholders' payment decisions. It is gradually transmitted through the two intermediate links of financing constraints and debt structure. Jensen [2]'s free cash flow hypothesis implies that enterprises have sufficient financing flexibility; When the external financing environment is systematically tightened. The study by Fazzari et al. [3] indicates that financially constrained firms prioritize allocating their limited internal funds to maintaining operations and servicing debt, resulting in shareholder returns being squeezed.

Specifically, the non-standard financing channels suddenly narrowed. This directly reduces the availability of external financing for private enterprises. The degree of financing constraints, as captured by the WW index constructed by Whited & Wu [12], rises accordingly. With financing constraints intensifying, companies are forced to rely more on short-term debt to maintain daily operations. Diamond [13] points out that the concentrated maturity of short-term debt, in and of itself, constitutes significant liquidity pressure. Liu Xiaoguang and Liu Yuanchun [14] also found that using short-term debt for long-term purposes significantly worsened firms' financial conditions. The accumulation of short-term debt repayment pressure forces companies to prioritize using their limited cash reserves for debt repayment. Consequently, both cash dividends and share buybacks have been squeezed. Based on this, it is proposed that:

H1: Following the implementation of the new asset management regulations, the probability of private enterprises making shareholder payments declined significantly compared to state-owned enterprises.

Highly leveraged companies already had a heavy debt burden and weak creditworthiness before the shock. When non-standard financing channels contract, it is difficult to rapidly pivot to formal credit to bridge the gap [15]. Zhong Ninghua et al. [16] also pointed out that highly leveraged enterprises face significantly greater difficulty in obtaining new financing. Amidst the compounding shocks, the liquidity gap has widened further, and the propensity to utilize cash for debt repayment has become more pronounced. Therefore, it can be proposed that:

H2: The suppressive effect of the New Asset Management Regulations on shareholder payouts by private enterprises is more pronounced among highly leveraged firms.

When the share pledge ratio of a controlling shareholder is high, a decline in stock price that triggers the liquidation threshold poses a risk of loss of control [17,18]. Causing controlling shareholders to prioritize using corporate cash to support the share price rather than distributing it to external shareholders [5]; Xie et al. [19] further found that the higher the pledge ratio, the more active the controlling shareholders' intervention in financial decision-making to maintain share prices. After the new asset management regulations tightened financing options. With the dual pressures of market support and liquidity constraints compounding, the incentive to retain cash becomes even stronger. Based on this, it is hypothesized that:

H3: The inhibitory effect of the New Asset Management Regulations on shareholder payouts by private enterprises is more pronounced in firms with high levels of equity pledging.

3. Research Design

3.1 Data Sources and Sample Construction

This article uses Chinese A-share listed companies from 2013 to 2024 as a sample. Excluding financial companies, companies that were designated as ST or *ST during the sample period, and companies listed after 2019. Obtained unbalanced panel data for non-financial listed companies. Financial and corporate governance data are sourced from the CSMAR database. All continuous variables were winsorized at the 1% and 99% quantile levels.

3.2 Variable Definition

This article sets two levels of interpreted variables. In terms of shareholders' willingness to pay, the construction of payout tendency virtual variable (payout_dummy): If the enterprise implements cash dividends or active share buyback in the same year, take 1, otherwise take 0; Among them, the active repurchase refers to the CSMAR repurchase announcement, and the passive repurchase is excluded through text analysis and

retained. For the payment structure, refer to the processing methods of Fama and French [20] and Floyd [21]. Construct the repurchase payment ratio (repurchase_ratio) to measure the relative proportion of repurchase by the ratio of the repurchase amount to the total payment amount of shareholders. This indicator only calculates the sample payments of substantial shareholders in that year.

The core explanatory variable is $DID = Post \times Private$, and Post is the policy time dumb variable (take 1) in 2019 and later. Existing research shows that there is a significant asymmetry in the impact of the new asset management regulations on enterprises with different property rights [7,24], This provides a basis for the group design of private enterprises as the processing group and state-owned enterprises as the control group in this article. So private is a dumb variable of property rights (private enterprises take 1, state-owned enterprises take 0). The control variable refers to the practice of Wei Gang [22] and Liao Ke [5], combined with the control variable setting of Liu Chong and others [23], The selection of enterprise size (Insize), asset-liability ratio (Lev), cash holding level (Cash), profitability (EPS) and the largest shareholder shareholding ratio (Largestholderrate) are all delayed in the first phase [7]. The specific definition of each variable is shown in Table 1.

Table 1: Variable Definitions

Category	Variable	Definition and Construction
Dependent Variable	payout_dummy	Equals 1 if the firm conducts either a cash dividend payout or an active share repurchase in year t , and 0 otherwise
	repurchase_ratio	Repurchase amount / (repurchase amount + cash dividend amount), calculated only for firms that implemented substantive shareholder payouts in the current year
Core Explanatory Variables	DID	Interaction term between Post and Private, i.e. $Post \times Private$
	Post	Policy period dummy variable, equal to 1 for 2019 and thereafter, and 0 otherwise
	Private	Ownership dummy variable, equal to 1 if the ultimate controller is privately owned, and 0 for state-owned enterprises
Mechanism Variables	WW	WW financing constraint index
	DebtPressure	Short-term debt pressure, measured as (short-term borrowings + long-term borrowings due within one year) / total assets. A larger value indicates greater short-term debt repayment pressure
Heterogeneity Variables	HighLev	High leverage dummy variable, equal to 1 if the asset-liability ratio in 2017 exceeds the sample median, and 0 otherwise
	HighPledge	High equity pledge dummy variable, equal to 1 if the controlling shareholder's equity pledge ratio in 2017 exceeds the sample median, and 0 otherwise
Control Variables	Insize	Firm size, measured as the natural logarithm of total assets at year-end
	Lev	Leverage ratio, measured as total liabilities / total assets
	Cash	Cash holdings, measured as cash and cash equivalents / total assets
	EPS	Profitability, measured as basic earnings per share
	Largestholderrate	Ownership concentration, measured as the shareholding ratio of the largest shareholder (%)

3.3 Measurement Model Setting

In order to empirically test the inhibitory effect of the new asset management regulations on the payment behavior of shareholders of private enterprises, this paper constructs the following multi-phase double differential benchmark regression model:

$$Y_{i,t} = \alpha_0 + \alpha_1 DID_{i,t} + \sum \gamma_k Controls_{i,t-1} + \mu_i + \delta_t + \varepsilon_{i,t} \quad (1)$$

Among them, μ_i is the company's fixed effect, δ_t is the year's fixed effect, and the standard is mistaken for cluster adjustment at the industry level [25]. When the explained variable is payout_dummy, it is expected that α_1 is significantly negative; When replaced by repurchase_ratio, it is expected that α_1 is significantly positive.

3.4 Descriptive Statistics

Table 2 reports the descriptive statistical results of the main variables. During the sample period, about 77% of the company's annual observations implemented cash dividends or active share buybacks. The average ratio of repurchase payments is only 0.061, indicating that cash dividends are still the dominant payment method. There are significant individual differences between the WW financing constraint index and short-term debt pressure among sample enterprises. It provides sufficient cross-sectional variation for the latter mechanism test.

Table 2: Descriptive Statistics of Main Variables

	Mean	Standard Deviation	Minimum	Median	Maximum	Sample Size
<i>payout_dummy</i>	0.770	0.421	0	1	1	30,600
<i>repurchase_ratio</i>	0.061	0.204	0	0	1	25,557
WW	-1.025	0.073	-1.233	-1.021	-0.865	33,825
DebtPressure	0.104	0.104	0	0.077	0.440	34,532
<i>lnsize</i>	22.361	1.358	19.885	22.172	26.426	34,532
<i>Lev</i>	0.430	0.203	0.061	0.421	0.905	34,532
<i>Cash</i>	0.176	0.121	0.014	0.144	0.599	34,532
<i>EPS</i>	0.388	0.693	-1.765	0.281	3.362	33,876
<i>Largestholderrate</i>	34.059	14.982	8.040	31.990	74.660	34,057

4. Empirical Results

4.1 The Impact of the New Asset Management Regulation on Corporate Shareholder Payout Behavior

4.1.1 Baseline Results

Table 3: The Impact of the New Asset Management Regulation on Shareholder Payout Behavior of Private Firms

	<i>payout_dummy</i>
<i>DID</i>	-0.077***
	(0.012)
<i>lnsize</i>	0.098***
	(0.008)
<i>Lev</i>	-0.434***
	(0.032)
<i>Cash</i>	0.160***
	(0.030)
<i>Largestholderrate</i>	0.003***
	(0.001)
<i>EPS</i>	0.200***
	(0.010)
<i>cons</i>	-1.426***
	(0.173)
N	30183
Firm FE	Yes
Year FE	Yes
Cluster	Industry
AdjustedR ²	0.471

Note: Standard errors are reported in parentheses; ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively; standard errors are clustered at the industry level.

Table 3 reports the baseline regression results regarding the impact of the New Asset Management Regulations on the shareholder payout behavior of private enterprises. The coefficient of the core explanatory variable DID is -0.077, which is significantly negative at the 1% significance level. This indicates that after controlling for characteristics such as company size, leverage level, cash holdings, profitability, and equity structure. Following the implementation of the new asset management regulations, the probability of private enterprises making shareholder payments declined significantly by 7.7 percentage points compared to state-

owned enterprises. H1 has been validated. The results are consistent with the theoretical expectations of this paper: The new asset management regulations, by restricting non-standard financing channels, have significantly exacerbated financing constraints for private enterprises. Amid rising liquidity pressures, companies tend to retain internal cash flow to meet debt repayment needs. Reduce cash returns to shareholders.

The estimation results for the control variables also exhibit plausible economic interpretations. The coefficient for firm size (Insize) is significantly positive. This indicates that larger enterprises possess stronger profitability and more diversified financing channels, and are better positioned to sustain stable shareholder payouts. The debt-to-equity ratio (Lev) is negative. This indicates that highly leveraged companies face a heavy debt burden. Tend to prioritize retaining cash for debt repayment rather than distributing it to shareholders. The coefficients for both cash holdings (Cash) and profitability (EPS) are significantly positive. This indicates that enterprises with sound financial conditions and abundant cash resources possess a stronger capacity and willingness to make payments to shareholders. The majority shareholder's shareholding ratio coefficient is positive, which reflects that when the equity concentration is high, the controlling shareholder has a stronger incentive to promote shareholder returns out of their own interests.

4.2 Robustness Tests

4.2.1 Parallel Trend Test

Table 4: Parallel Trend Test for the Impact of the New Asset Management Regulation on Shareholder Payout Behavior of Private Firms

	payout dummy
t-6	0.013 (0.019)
t-5	0.023 (0.018)
t-4	0.012 (0.017)
t-3	0.023 (0.017)
t-2	0.023 (0.016)
t	-0.045*** (0.015)
t+1	-0.056*** (0.014)
t+2	-0.083*** (0.019)
t+3	-0.098*** (0.018)
t+4	-0.083*** (0.020)
t+5	-0.010 (0.020)
N	30183
Firm FE	Yes
Year FE	Yes
Cluster	Industry
AdjustedR ²	0.471

Note: The standard error in parentheses is the standard error; ***, ** and * indicate that it is significant at 1%, 5% and 10% levels respectively; the standard error is clustered and adjusted at the industry level.

This article takes the previous phase of policy implementation (t-1) as the reference period to build an event research model. The results are shown in Table 4 and Figure 2. Prior to the implementation of the policy, the coefficients for all periods were insignificant; But starting from the period of implementation, they became consistently and significantly negative, while gradually increasing in magnitude. This confirms the validity of

the parallel trends assumption, indicating that the suppressive effect exhibits dynamic and cumulative characteristics.

Figure 2: Parallel Trends Test of the Impact of the New Asset Management Regulations on Shareholder Payment Behavior in Private Enterprises

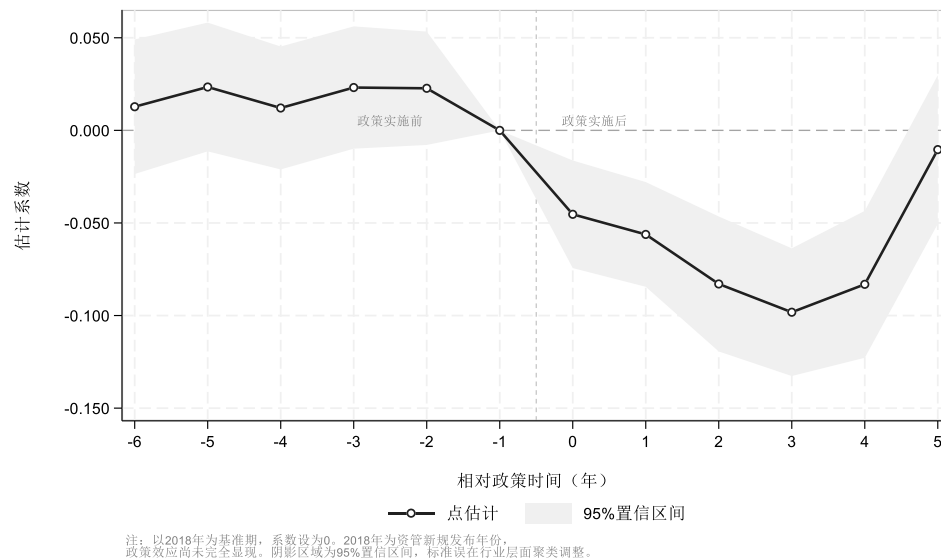


Figure 2 intuitively presents the above-mentioned period-by-phase estimation results in the form of an event research diagram. The estimated coefficients of each period before the implementation of the policy fluctuated around zero, and the confidence interval covered the zero value. After the implementation of the policy, the coefficient continued to deviate significantly from the zero axis and the direction was consistent, and the parallel trend hypothesis was further visually confirmed.

4.2.2 Time Placebo Test

Table 5: Time Placebo Test for the Impact of the New Asset Management Regulation on Shareholder Payout Behavior of Private Firms (Pseudo Policy Shock in 2017)

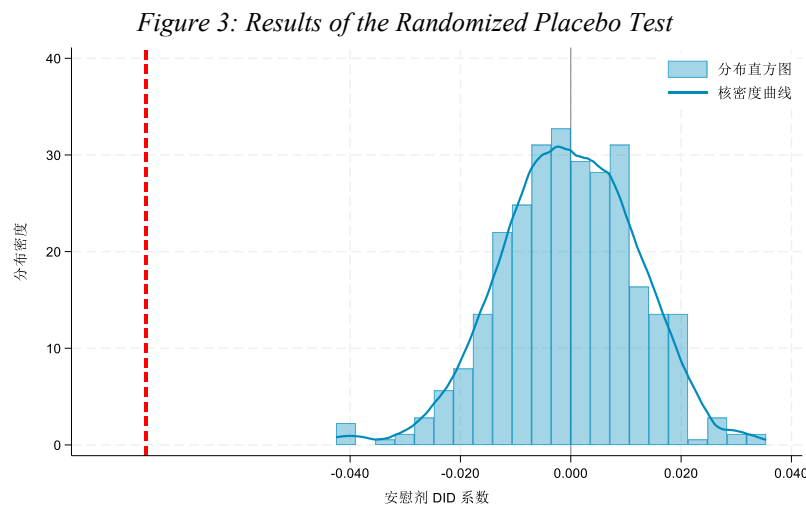
	payout_dummy
PlaceboDID	-0.022
	(0.014)
Controls	Yes
Firm FE	Yes
Year FE	Yes
Cluster	Industry
N	13209
AdjustedR ²	0.453

Note: Standard errors are reported in parentheses; ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively; standard errors are clustered at the industry level.

In order to further exclude the possibility that the conclusion of this article is affected by the shock of other years or random time trends. This article sets 2017 as the time of false policy for time placebo testing. And only keep the samples before the implementation of the real policy for estimation. The results in Table 5 show that the regression coefficient of the core explanatory variable "PlaceboDID" at the time of false policy is -0.022. But it has not reached the statistically significant level. It shows that there is no significant negative policy effect similar to that identified in the benchmark regression before the implementation of the real policy.

The results show that the inhibitory effect of the benchmark return to the new regulations on the distribution behavior of private enterprises is not driven by the existing trend before the policy or the shock of random years. It further supports the robustness of the benchmark conclusion of this article.

4.2.3 Randomized Placebo Test



In order to further eliminate the potential interference of unobservable random factors to the baseline conclusion. Under the premise of keeping the sample size of the real processing group unchanged, this paper randomly selects an equal number of samples to construct the pseudo-processing group. Generate pseudo-interaction items and repeat the simulation regression 500 times. The result is shown in Figure 3. The average value of the estimated coefficient obtained by random simulation is close to 0, and the overall distribution is approximately normal. The real estimated coefficient of the benchmark regression (-0.077) is located at the left tail of the random distribution, deviating from the center position. The empirical P value obtained by 500 simulated regressions is close to 0, which shows that the probability of observing negative results equivalent to the intensity of the real effect under the assumption of random grouping is extremely low. The results prove that the policy effect identified by the benchmark regression is not driven by random noise, and the conclusion is relatively robust.

4.2.4 Alternative Policy Timing

Table 6: The Impact of the New Asset Management Regulation on Shareholder Payout Behavior of Private Firms (Using 2018 as the Policy Cutoff Year)

	payout dummy
<i>DID</i>	-0.071***
	(0.012)
<i>lnsize</i>	0.098***
	(0.008)
<i>Lev</i>	-0.439***
	(0.032)
<i>Cash</i>	0.158***
	(0.029)
<i>Largestholderrate</i>	0.003***
	(0.001)
<i>EPS</i>	0.200***
	(0.010)
<i>_cons</i>	-1.429***
	(0.174)
<i>N</i>	30183
<i>Firm FE</i>	Yes
<i>Year FE</i>	Yes
<i>Cluster</i>	Industry
<i>Adjusted R²</i>	0.470

*Note: Standard errors are reported in parentheses; ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively; standard errors are clustered at the industry level.*

Given that this article sets 2019 as the effective date of the policy shock, it may raise questions about the subjectivity of the chosen timeframe. This paper adjusts the policy timeline to 2018 to conduct a robustness check. The results are shown in Table 6. The coefficient of the core explanatory variable DID is -0.071, which is still significantly negative at the 1% significance level. The result is highly consistent with the baseline regression estimate (-0.077) in direction, magnitude, and significance. This indicates that the benchmark conclusions are insensitive to the choice of policy timing.

4.3 Mechanism Verification: Financing Constraints and Short-Term Debt Pressure

The theoretical analysis of this article shows that the inhibitory effect of the new asset management regulations on the payment behavior of shareholders of private enterprises does not occur directly. It is gradually realized through the transmission chain from the intensification of financing constraints to the rise of short-term debt pressure. This article takes the WW financing constraint index and short-term debt pressure as the explained variables respectively. Test whether the new regulations on asset management have an impact on private enterprises through the above path. The model setting is consistent with the benchmark regression.

For the construction of financing constraint indicators, this paper refers to the research methods of Whited and Wu [12], Kuang Xuewen et al. [26] and Liu Lia et al. [27] to construct the WW financing constraint index. The meaning and calculation method of each variable are consistent with the above literature. The larger the WW financing constraint index, the higher the financing constraint faced by the enterprise. In terms of short-term debt pressure indicators, this paper defines it as the ratio of the sum of short-term loans and long-term loans maturing within a year to total assets. The larger the indicator, the heavier the short-term debt repayment pressure enterprises face.

Table 7 reports the results of the mechanism test. In column (1), with the WW index as the explained variable, the coefficient of DID is 0.011, which is significantly positive at the 1% significance level. This indicates that after the implementation of the new asset management regulations, the financing constraints on private enterprises have significantly increased compared to state-owned enterprises. The narrowing of non-standard financing channels has directly undermined private enterprises' access to financing in external capital markets. Column (2) uses short-term debt pressure as the dependent variable. The coefficient of DID is 0.005, which is significantly positive at the 5% significance level. This indicates that the intensification of financing constraints has triggered a passive adjustment in the debt structure of private enterprises, resulting in a consequent rise in short-term debt pressure. Combined with the significant inhibitory effect of the new regulations on the payment probability of shareholders of private enterprises. As a result, it is believed that the new regulations on asset management trigger the transmission chain of rising short-term debt pressure through the intensification of financing constraints. Finally, the shareholder payment space of private enterprises has been compressed, and the mechanism path of H1 has been supported.

Table 7: Mechanism Test—Financing Constraints and Short-Term Debt Pressure

	(1) WW	(2) DebtPressure
DID	0.011*** (0.002)	0.005** (0.002)
lnsize	-0.028*** (0.001)	0.009*** (0.002)
Lev	0.017*** (0.004)	0.215*** (0.008)
Largestholderrate	-0.000*** (0.000)	0.000 (0.000)
EPS	-0.012*** (0.001)	-0.015*** (0.001)
Cash	-0.006 (0.004)	-0.051*** (0.006)
N	30475	30490
Firm FE	Yes	Yes
Year FE	Yes	Yes
Cluster	Industry	Industry
Adjusted R ²	0.784	0.711

Note: Standard errors are reported in parentheses; ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively; standard errors are clustered at the industry level.

4.4 Heterogeneity Analysis

The benchmark regression results show that the new regulations on asset management have a significant inhibitory effect on the payment behavior of shareholders of private enterprises. There may be differences between enterprises with different financial characteristics. This article conducts heterogeneity testing from the two dimensions of leverage level and equity pledge respectively. Both subgroups are based on the data of 2017, and grouping the data of the year before the policy implementation can effectively avoid the interference of the grouping standards by policy shocks.

4.4.1 Heterogeneity in Leverage Levels

Table 8 reports the results of the test for heterogeneity in leverage levels. Column (1) presents the results without control variables. Column (2) presents the results after the inclusion of control variables. The coefficients of $DID \times HighLev$ in both columns are negative. After adding control variables, the coefficient is -0.052, which is significant at the 1% level. Maintain the same direction as when no control variable is added. This demonstrates that the results are not driven by the selection of control variables. Private enterprises with high leverage ratios before the policy implementation experienced a more significant decrease in the probability of shareholder payments under the impact of the new asset management regulations. H2 has been validated. Highly leveraged enterprises were already bearing a heavy debt burden prior to the narrowing of non-standard financing channels. Relatively weak creditworthiness. It is difficult to make up the funding gap by quickly shifting to the formal credit market. The scope for alternative financing was already limited. The combined impact of the new asset management regulations has further compressed new financing sources and widened its liquidity gap. This makes highly leveraged companies, in balancing debt repayment pressure and shareholder returns, more inclined to use limited cash resources for debt repayment. Consequently, the decline in the probability of shareholder payouts is even more significant.

Table 8: Heterogeneity Test by Leverage Level

	(1) payout dummy	(2) payout dummy
DID	-0.143*** (0.020)	-0.053*** (0.014)
DID×HighLev	-0.033 (0.022)	-0.052*** (0.018)
N	29640	29254
Controls	No	Yes
Firm FE	Yes	Yes
Year FE	Yes	Yes
Cluster	Industry	Industry
Adjusted R ²	0.375	0.462

Note: Standard errors are reported in parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. Standard errors are clustered at the industry level.

4.4.2 Heterogeneity Analysis of Equity Pledges

Table 9 reports the results of the test for equity pledge heterogeneity. Column (1) shows the results without control variables, and Column (2) shows the results after including control variables. The coefficients for $DID \times HighPledge$ in both columns are negative. After including the control variable, the coefficient is -0.043, which is significant at the 5% level. The direction and significance of the coefficients remain consistent before and after controlling for the variable, indicating that the conclusions are robust. The dampening effect is particularly pronounced for private enterprises where the controlling shareholder has a high proportion of shares pledged, confirming H3. The controlling shareholders of companies with high levels of pledged shares are already facing significant financing pressure due to their share pledges. The equity held by highly leveraged companies is deposited with the pledgee as collateral; if the stock price falls to the liquidation threshold, these companies face the risk of losing control. Potential threats give controlling shareholders a stronger incentive to intervene in the allocation of the company's financial resources. The company tends to prioritize using its cash to stabilize the stock price and repay debt rather than distributing it to external shareholders. The impact of the new asset management regulations has further restricted the overall financing options available to companies with high levels of pledged collateral. The combined pressure to prop up the market and liquidity

constraints have made companies even more eager to hold onto cash. The deterrent effect on shareholder payments is even more pronounced.

Table 9: Test for Heterogeneity in Share Pledges

	(1) payout dummy	(2) payout dummy
DID	-0.132*** (0.016)	-0.063*** (0.012)
DID×HighPledge	-0.079*** (0.022)	-0.043** (0.018)
HighPledge	0.000 (.)	0.000 (.)
N	29640	29254
Controls	No	Yes
Firm FE	Yes	Yes
Year FE	Yes	Yes
Cluster	Industry	Industry
Adjusted R ²	0.376	0.462

Note: Figures in parentheses represent standard errors; ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively; standard errors are cluster-adjusted at the industry level.

4.5 Further Research: the Impact of the New Asset Management Regulations on the Repurchase Payment Ratio of Private Enterprises

Building upon the verification that the new asset management regulations significantly curbed shareholder payout behaviors in private enterprises, this paper further examines whether the modes of shareholder payouts underwent structural adjustments. Using the repurchase payout ratio (*repurchase_ratio*) as the dependent variable. To examine whether private enterprises increased the share of stock buybacks in their total shareholder payouts when aggregate cash dividends were suppressed. The buyback payout ratio is calculated only for samples that implemented substantial shareholder payouts during the current year; consequently, the sample size decreases to 23,321.

The regression results in Table 10 show that the coefficient of DID is 0.064, which is significantly positive at the 1% significance level. Following the implementation of the new asset management regulations, private enterprises—compared to state-owned enterprises—increased the proportion of share buybacks within their total shareholder payouts. This result corroborates the alternative hypothesis of Grullon and Michaely [9]: When a company's capacity for cash dividends is constrained, the more flexible mechanism of share buybacks assumes a portion of the function of shareholder returns. Compared to cash dividends, share buybacks do not carry the negative signaling effect of dividend reductions. Exhibits greater operational flexibility against the backdrop of intensifying financing constraints [10]. The results describe relative changes in payment structure and do not imply an improvement in shareholder returns for private enterprises. Based on the findings of the benchmark regression, the overall scale of cash dividend payouts by private enterprises remains in a state of contraction following the policy shock.

Table 10: Further Analysis—The Impact of the New Asset Management Regulations on the Share Repurchase Payout Ratio of Private Enterprises

	<i>repurchase_ratio</i>
DID	0.064*** (0.007)
lnsize	0.044*** (0.006)
Lev	-0.073*** (0.022)
Cash	0.044*** (0.014)
Largestholderrate	-0.003*** (0.000)
EPS	-0.051***

	<i>repurchase_ratio</i>
	(0.006)
cons	-0.803***
	(0.131)
N	23321
Firm FE	Yes
Year FE	Yes
Cluster	Industry
AdjustedR ²	0.1766

Note: Standard errors are reported in parentheses; ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively; standard errors are clustered at the industry level.

5. Conclusion and Implications

This article takes China's A-share listed companies from 2013 to 2024 as a sample. The introduction of the new regulations on asset management in 2018 was regarded as a quasi-natural experiment, and the double difference model was used to examine the impact of strong financial supervision on the payment behavior of shareholders of private enterprises and its intrinsic mechanism. The new regulations on asset management have significantly inhibited the willingness of shareholders of private enterprises to pay. After the implementation of the policy, the probability of cash dividends or active share buyback by private enterprises decreased by 7.7 percentage points compared with that of state-owned enterprises; The aforementioned effects are transmitted through two channels—exacerbated financing constraints and heightened short-term debt pressure, and are particularly pronounced in enterprises characterized by high leverage and extensive equity pledging. While the overall cash dividend payout scale decreased, the proportion of share buybacks increased. The payment structure exhibits a pattern of adjustment shifting from cash dividends toward share buybacks.

This paper offers the following policy implications: The evaluation of the effects of macroprudential policies should take into account their potential impact on micro-level investor protection mechanisms such as dividend policies. For private enterprises that occupy a relatively weak position within the formal credit market, the scope of applicability for complementary financing support instruments should be prudently assessed; The dynamic changes in the short-term debt structure of private enterprises may serve as an early indicator of the micro-level effects of financing regulatory policies. Provides a reference for the timely intervention of structural monetary policy instruments; The information disclosure system for share buybacks needs to appropriately distinguish between genuine shareholder return motives and other motives such as market stabilization. To guide share buybacks in better fulfilling their functions of serving shareholders and stabilizing the market.

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Conflicts of Interest

The authors declare no conflict of interest.

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