Research on the Influence of Fiscal Policy on Enterprise Value

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Abstract. Expansionary fiscal policy is an important means for many countries to cope with economic crisis and promote economic development in recent years. The expansion of fiscal policy may lead to the increase of government debt and the expansion of money supply, which will lead to inflation and economic imbalance, and will also have an impact on enterprise value. By selecting A-share listed companies in Shanghai and Shenzhen stock markets from 2013 to 2021 as samples, this paper explores the influence of expansionary fiscal policy on enterprise value and the intermediary role of financing constraints. The research results show that expansionary fiscal policy has a negative impact on enterprise value, and through analyzing the impact of expansionary fiscal policy on enterprise value by alleviating the financing constraints of enterprises, the influence mechanism of fiscal policy on enterprise value is discussed. At the same time, it is found that compared with state-owned enterprises, the expansionary fiscal policies of non-state-owned enterprises will have a more significant impact on enterprise value. This paper is helpful for enterprise decision makers to adjust their financial strategies and business strategies according to this conclusion to avoid potential risks, and also provides reference value for the government to formulate fiscal policies.

Keywords: Expansive fiscal policy; Enterprise value; Financing constraint.

1. Introduction

The key to contemporary economic development lies in how to achieve sustained and stable growth. As one of the important means for the state to regulate the economy, fiscal policy has a noticeable influence on the operation and development of enterprises. In recent years, with the transformation and upgrading of China's economic structure and the accelerating process of globalization, the role of fiscal policy has become increasingly prominent. At the same time, enterprises are also facing more and more fierce competition. How to use fiscal policy to optimize enterprise management and improve enterprise value has become the focus of many researchers. Fiscal policy is an important part of the national macroeconomic policy, and its regulatory role is very significant in the national economy. The adjustment scope of fiscal policy covers a wide range, including fiscal revenue and expenditure, tax policy, debt policy and so on. Enterprise is the main component of national economy. In traditional economic theory, the value of enterprise is directly related to productivity. However, the value of an enterprise is also influenced by many other factors. Among them, fiscal policy is an important influencing factor. Therefore, it is an important subject to study the influence of fiscal policy on enterprise value.

Enterprise value is extremely important for an enterprise, which is the fair market value of the whole enterprise. The business behavior of an enterprise will be reflected in the financial statements of the enterprise, and will eventually be reflected in the changes of enterprise value. With the continuous development of economy and society, the goal of most enterprises has also changed from profit maximization and shareholder wealth maximization to enterprise value maximization. As one of the national macro-control policies, fiscal policy is an important external factor for the development of Chinese enterprises, which plays an extremely important role in creating value for enterprises and plays an irreplaceable role in the vigorous development of market economy.

By studying the influence of fiscal policy on enterprise value, we can effectively deal with the enterprise risks brought about by changes in economic environment. At the same time, the research results can provide reference for the government to formulate corresponding fiscal policies, and

promote the healthy development of the national economy and the promotion of enterprise value. In addition, for investors, studying the extent to which enterprise value is affected by fiscal policy can help them evaluate the value level of enterprises more scientifically and accurately in investment decision. Therefore, it is of great practical significance and popularization value to study the influence of fiscal policy on enterprise value. The purpose of this paper is to deeply analyze and expound the influence of fiscal policy on enterprise value.

2. Literature review

Fiscal policy has always been an important external factor in the development of Chinese enterprises, and it plays an extremely important role in creating value for enterprises. Therefore, the research on the influence of fiscal policy on enterprise value is an important research in the economic field. This research focuses on the relationship between government fiscal policy and enterprise value, so as to reveal the essence and law of this relationship in actual economic life. Scholars at home and abroad have made many meaningful explorations and discoveries in this field.

Liu Qi and Shi Xianwang (2018) said that fiscal policy and monetary policy are important means for the country to carry out macroeconomic regulation and control, and they are the macroeconomic environment on which micro-enterprises depend, and their fluctuations will inevitably have an important impact on the value creation of micro-enterprises [1]. Duan Xiaocun, Feng Zhenghe and Liu Qing (2018) also said that fiscal policy has always been an important external factor for the development of Chinese enterprises and plays an extremely important role in creating value for enterprises [2].

Some scholars believe that there is a positive correlation between expansionary fiscal policy and enterprise value. For example, Zhang Ying and Wang Lei (2016) found that the investment structure caused by tax incentives can increase enterprise value through empirical tests, and the income tax reform in 2008 further strengthened the impact of tax incentives on the value effect of investment structure [3]. Tang Decai and Ma Tingyu (2016) conducted an empirical study by constructing a regression model, and found that the company's subsidy income growth rate is high, which is equivalent to providing continuous external financing for the company, which can reduce the company's financing cost and external financing demand. Therefore, the subsidy income obtained by the company is held in the form of cash assets, which enables the company to fully grasp investment opportunities and enhance the company's value [4]. Lv Minkang (2017) found that fiscal policy, as the external environment of business operation, has an important influence on business behavior and value creation of enterprises. Through theoretical analysis and empirical test, it was found that expansionary fiscal policy generally increased the value of enterprises, especially in enterprises with lower sales growth rate, better operating cash flow and lower return on net assets [5]. Lin Fang and Yang Haiyan (2019) also found that the higher the degree of fiscal policy expansion in the region where the company is located, the higher its enterprise value [6]. Lv Pin (2019) said that fiscal policy has a significant regulatory effect on the relationship between deleveraging and corporate value, which is embodied in the fact that adopting a proactive fiscal policy can better promote corporate deleveraging and thus enhance corporate value. Under the active fiscal policy, reducing the negative corporate income tax is more conducive to enterprise deleveraging than reducing the value-added tax burden, expanding fiscal expenditure can effectively promote the deleveraging of state-owned steel enterprises by alleviating financing constraints, and increasing the proportion of purchase expenditure in fiscal expenditure can promote the deleveraging of state-owned steel enterprises, thus promoting enterprise value [7]. Zeng Qi (2021) took 68 biomedical listed enterprises in Shanghai and Shenzhen stock markets from 2013 to 2018 as samples, and made an empirical study on the relationship between financial subsidies and tax incentives and the value of biomedical enterprises. It was found that financial subsidies and tax incentives with a lag period had a significant positive impact on the value of biomedical listed enterprises, and the impact of tax incentives on enterprise value was more significant than financial subsidies [8].

However, some scholars believe that expansionary fiscal policy will have a negative impact on enterprise value. For example, research by Xu Jiayun and Mao Qilin (2016) shows that the future value of listed companies in China may decrease when they receive more financial subsidies, which will increase the risk of companies withdrawing from the market, that is, only moderate government subsidies can significantly extend the business duration of enterprises, while high-level subsidies will increase the risk rate of enterprises withdrawing from the market [9].

Some scholars also believe that the relationship between expansionary fiscal policy and enterprise value is more complicated. For example, Wang Lichen and Tan Yunqing (2016) found that the impact of financial subsidies on enterprise value is inverted "U", that is, the marginal effect of financial subsidies on enterprise value increases first and then decreases [10].

Generally speaking, the impact of fiscal policy on enterprise value has not reached a unified conclusion, involving policies, enterprises, markets and other aspects, which need in-depth study and analysis. Future research can further deepen the understanding of the impact of different types of fiscal policies on enterprise value, and study the value change trend of representative enterprises.

3.   Theoretical analysis and research hypothesis

Expansionary fiscal policy usually means that the government will increase expenditure or reduce taxes to stimulate economic growth and employment. However, this policy may have a negative impact on enterprise value, because: firstly, the debt pressure increases; expansionary fiscal policies often require the government to increase borrowing, which may lead to an increase in debt level and an increase in interest rates. High interest rates may lead to an increase in the borrowing costs of enterprises, which in turn will lead to the deterioration of the company's financial situation. Secondly, inflation: expansionary fiscal policy may also lead to inflation, which will increase the production cost of enterprises and squeeze the profit space of enterprises. In addition, inflation may also lead to currency depreciation, which will adversely affect the overseas business of enterprises. Finally, tax increase: although expansionary fiscal policy may mean reducing corporate tax burden, the government may take measures to make up the fiscal deficit in some cases, such as increasing other taxes or additional fees. An increase in the tax burden of an enterprise may reduce the company's profits, which in turn will reduce the value of the enterprise. Some scholars, such as Xu Jiayun and Mao Qilin (2016), have shown through research that when listed companies in China receive more financial subsidies, their future value may decrease, increasing the risk of their withdrawal from the market [11].

Expansionary fiscal policy refers to stimulating economic growth by increasing government expenditure and reducing taxes. However, this policy will also produce crowding-out effect. Crowding-out effect means that the expansion of government fiscal expenditure (deficit) leads to the decrease of private investment and weakens the increasing effect of enterprise value, which is not conducive to economic growth (Wu Hongpeng and Liu Lu, 2007) [12].

The crowding-out effect of expansionary fiscal policy may make the investment opportunities and capital resources of the private sector be squeezed by government departments, leading to the reduction of private investment, and may also make the government borrow from the public, thus causing competition between the government and the private sector in the demand for borrowing funds, reducing the supply of funds in the private sector, worsening the investment environment of the private sector, and thus reducing private sector investment; At the same time, the expansion of fiscal expenditure may lead to an increase in interest rates, which will lead to an increase in financing costs for enterprises and further curb private investment. Based on this, hypothesis H1 is proposed:

H1: Expansive fiscal policy will have a negative impact on enterprise value.

Expansive fiscal policy may reduce the financing constraints of enterprises. Lin Fang and Yang Haiyan said that in the capital market, loose fiscal policy may cooperate with loose monetary policy to play a role in reducing the financing constraints of enterprises, reducing the investment cost of enterprises and increasing the possibility of investment [13]. First of all, the expansionary fiscal policy

can increase the domestic market demand and improve the sales income and profitability of enterprises. This helps to improve the credit value and credit rating of enterprises, thus reducing the financing cost of enterprises. When the credit rating of enterprises is improved, they can usually get lower borrowing rates and reduce financing constraints. Secondly, the expansionary fiscal policy can also increase the government's expenditure on infrastructure construction and provide more business opportunities for enterprises. This can promote the development of enterprises, improve their production capacity and efficiency, thereby increasing the profitability of enterprises and reducing financing constraints. In addition, expansionary fiscal policy may also lead to inflation, thus reducing the real interest rate (that is, the inflation rate minus the borrowing rate). This will make the borrowing cost lower, thus reducing the financing cost of enterprises and easing the financing constraints. Therefore, hypothesis H2 is proposed：

H2: Expansive fiscal policy has an impact on enterprise value by easing the financing constraints of enterprises.

It is found that non-state-owned enterprises usually do not have the same policy support and resource advantages as state-owned enterprises, and rely more on market economic environment and government policy regulation. First of all, in terms of financial support, state-owned enterprises can enjoy preferential policies and financial subsidies from the government in terms of funding sources, while non-state-owned enterprises need to obtain financial support through competition and market mechanisms. Therefore, for non-state-owned enterprises, the adjustment of government fiscal policy has a more direct and important impact on their fund raising, capital structure and financial situation. Secondly, in terms of tax policy, state-owned enterprises usually have tax concessions or reductions, while non-state-owned enterprises need to pay various taxes and fees according to the actual situation. The government's tax policy has a direct impact on the profitability and cost of non-state-owned enterprises, thus further affecting their enterprise value. Finally, in terms of monetary policy, state-owned enterprises are relatively stable and easier to obtain bank loans and financing support, while non-state-owned enterprises need to face a more severe financing environment and high financing costs. In terms of monetary policy, the government's loan quota and interest rate for non-state-owned enterprises will also have a significant impact on the profitability and competitiveness of enterprises. Therefore, compared with state-owned enterprises, fiscal policy has a greater impact on the enterprise value of non-state-owned enterprises. By adjusting fiscal policy, the government can stimulate the development of non-state-owned enterprises, improve their profitability and competitiveness, and further enhance their enterprise value. Based on this, hypothesis H3 is proposed:

H3: Compared with state-owned enterprises, the expansionary fiscal policy of non-state-owned enterprises will have a more significant impact on enterprise value.

4. Research design

4.1 Sample selection and data source

This paper takes A-share listed companies in Shanghai and Shenzhen stock markets from 2013 to 2021 as samples, excluding ST companies. The data of listed companies come from the national Taian database, and provincial data such as general budget revenue of local finance, general budget expenditure of local finance, gross domestic product and national consumer price index come from the website of China National Bureau of Statistics.

4.2 Variable definition

Explained variable-return on equity

The explained variable in this paper is Return On Equity, or ROE for short, which usually refers to the rate of return obtained by dividing the company's net profit by the total amount of shareholders' equity. It is an important index to evaluate the business ability and value creation ability of an

enterprise. The higher the index, the higher the return brought by investment. The lower the index, the weaker the profitability of enterprises, and the lower the income of investors.

Explanatory variable-fiscal deficit ratio

The explanatory variable of this paper is fiscal deficit ratio. This paper draws lessons from the method of Xu Xiongqi and others (2006) and uses the formula: fiscal deficit ratio = (fiscal expenditure-fiscal revenue) /GDP * CPI [14], which reflects the index of national fiscal balance. The deficit ratio indicates the extent to which the government mobilizes social resources in a certain period and reflects the influence of financial allocation tools on economic operation.

Intermediary variable-financing constraint

The intermediate variable in this paper is financing constraint (KZ), which refers to an intermediate variable between two variables. The financing constraint of enterprises refers to the phenomenon that enterprises need to pay higher financing costs or cannot meet the financing needs in time when they are financing externally.

Control variable

The control variables in this paper are company size, operating leverage, growth, ownership concentration and ownership nature. The increase of the company's Size can bring about the accumulation of resources, the progress of technology, the stability of operation and the expansion of the market, thus enhancing the enterprise value. Operating leverage (DOL) can increase enterprise value, but the extensive use of leverage may also lead to uncertainty and risk, thus affecting enterprise value. Growth can reflect the development potential of an enterprise, and higher growth can attract investors' attention, thus improving the value of the enterprise. The higher the ownership concentration (OC) of an enterprise, the greater the control of minority shareholders over the company, which has an important influence on the company's decision-making and planning, thus affecting the enterprise value. The Equity of enterprises is divided into state-owned enterprises and non-state-owned enterprises. Among them, state-owned enterprises usually have a monopoly position in key industries and important resources, while non-state-owned enterprises face more market competition, but they can adapt to market changes more flexibly, which will also affect enterprise value. Therefore, this paper avoids the interference of other factors by controlling this series of variables that can be changed by dependent variables.

The definition and explanation of the research variables are shown in Table 1:

Table 1 Variable definition

Variable type	Variable name	Variable symbol	Variable definition
Explained variable	Rate of Return on Common Stockholders' Equity	ROE	Net profit/net assets
Explanatory variable mediator variable	Financial deficit ratio	Defet	(fiscal expenditure-fiscal revenue) /GDP * CPI
	Financing constraint	KZ	Absolute value of KZ index
Control variable	Company size	Size	Ln (total assets +1)
	operating leverage	DOL	Earnings before interest and tax change rate/change rate of production and marketing business volume
	Growth	Growth	Operating income growth/total operating income in the previous year
	Ownership concentration	OC	The shareholding ratio of the largest shareholder

Nature of equity	Equity	State-owned enterprises assign 1, and non-state-owned enterprises assign 0.

4.3 Model setting

Based on the above assumptions, this paper constructs the following model to verify the influence of fiscal deficit ratio on ROE and the intermediary role of financing constraints. Model 1 studies the influence of fiscal deficit ratio on ROE, model 2 explores the influence of fiscal deficit ratio on financing constraints, and model 3 explores the influence of fiscal deficit ratio and financing constraints on ROE.

$$ROE_t=\beta_0+\beta_1Defet_t+\beta_2Size_t+\beta_3DOL_t+\beta_4Growth_t+\beta_5OC_t+\beta_6Equity_t+\sum Year+\sum Industry+\varepsilon_t \quad (1)$$

$$KZ_t=\beta_0+\beta_1Defet_t+\beta_2Size_t+\beta_3DOL_t+\beta_4Growth_t+\beta_5OC_t+\beta_6Equity_t+\sum Year+\sum Industry+\varepsilon_t \quad (2)$$

$$ROE_t=\beta_0+\beta_1Defet_t+\beta_2KZ_t+\beta_3DOL_t+\beta_4Growth_t+\beta_5OC_t+\beta_6Equity_t+\beta_7Size_t+\sum Year+\sum Industry+\varepsilon_t \quad (3)$$

In formula (1), ROE represents the return on net assets of a T-stage enterprise, which can reflect the profitability and enterprise value of an enterprise. The CPI in the formula is the annual consumer price index, which is an important indicator to measure the inflation rate in the region where the enterprise is located. Defet is the financial deficit ratio of the region where T-stage enterprises are located, which reflects the degree of expansionary fiscal policy in this region and is the explanatory variable of this paper. As for the control variables, the model controls the company size, operating leverage, growth, equity concentration, equity nature and other factors. The variable Size represents the size of the company, which is equal to the natural logarithm of the total assets at the end of the year; DOL is the operating leverage of the enterprise, which is equal to the change rate of earnings before interest and tax/the change rate of production and sales volume; Growth is the growth of the enterprise, which is equal to the growth of the enterprise's operating income/the total operating income of the previous year; OC is the concentration ratio of corporate equity, representing the shareholding ratio of the largest shareholder; Equity is the nature of enterprise equity, with state-owned enterprises assigned 1 and non-state-owned enterprises assigned 0. In addition, the model also controls the effects of Year and Industry; $\beta 0$ is a constant term.

5. Empirical analysis

5.1 Descriptive statistical analysis

Descriptive statistical results of main variables are shown in Table

Table 2 Descriptive statistic

Variable	Number	Mean	Media	SD	Min	Max
ROE	1,539.000	0.102	0.079	0.089	0.001	0.912
Defet	1,539.000	7.085	4.618	5.854	1.373	37.358
Size	1,539.000	23.517	23.367	1.551	20.544	28.502
DOL	1,539.000	1.071	1.000	0.476	1.000	16.467
Growth	1,539.000	0.240	0.063	2.345	-0.995	66.350
OC	1,539.000	60.066	59.890	16.503	20.940	101.160
Equity	1,539.000	0.815	1.000	0.389	0.000	1.000

In the above table, the fiscal deficit ratio is positive during the sample inspection period, indicating that China has a fiscal deficit every year during this period, and it has become a normal state for the

state to adopt expansionary fiscal policies to carry out macro-control on the economy, which proves to some extent that expansionary fiscal policies have a positive pulling effect on economic growth [15]. Growth The average value is 0.063, which shows that the enterprise has a slow growth in operating income; The average concentration of equity is 60.066, indicating that the concentration of equity in enterprises is high, with the standard deviation of 16.503, the minimum value of 20.940 and the maximum value of 101.160, which indicates that there are great differences in the concentration of equity in enterprises.

5.2 Correlation test

Table 3 shows the correlation analysis of the main variables.

Table 3   Correlation analysis

	ROE	Defet	Size	DOL	Growth	OC	Equity	
ROE	1.000							
Defet	-0.003	1.000						
Size	0.127***	-0.118***	1.000					
DOL	-0.073***	0.060**	-0.042*	1.000				
Growth	0.026	-0.034	0.004	-0.016	1.000			
OC	0.166***	-0.066**	0.544***	0.009	0.012	1.000		
Equity	-0.071***	-0.179***	0.161***	-0.022	0.025	0.245***	1.000	0.000

Note: *** p<0.01, ** p<0.05, * p<0.1

In Table 3, it can be seen from the above table that most of the control variables are significantly correlated with the return on net assets of the explained variables without considering other variables, and the largest correlation coefficient in the table is 0.544 < 0.6, so there is no significant multicollinearity.

5.3 Regression analysis

Benchmark regression analysis

Table 4 shows the benchmark regression of major variables. As shown in the first model of the above table, the financial deficit ratio is negatively correlated with the return on equity at the level of 5%, with a correlation coefficient of 3%, indicating that the lower the fiscal deficit ratio, that is, the higher the degree of expansionary fiscal policy and the lower the return on equity, the lower the enterprise's ability to create value, and the H1 hypothesis is established.

Table 4 Benchmark regression

VARIABLES	(1) ROE	(2) KZ	(3) ROE
Defet	-0.003**		-0.004***
	(-2.21)		(-2.96)
Size		0.006	0.010**
		(1.40)	(2.28)
DOL		-0.006*	-0.007**
		(-1.68)	(-2.01)
Growth		0.002**	0.002**
		(2.24)	(2.27)
OC		-0.001**	-0.001**
		(-2.38)	(-2.43)
Equity		-0.015	-0.015

		(-1.26)	(-1.26)
Constant	0.122***	0.024	-0.048
	(13.26)	(0.23)	(-0.46)
N	1539	1539	1539
R-squared	0.004	0.011	0.017

Analysis of intermediary effect

Table 5 shows the intermediary utility analysis of the main variables. From column (1) of the above table, financial deficit ratio is negatively correlated with ROE at 1%; from column (2), financial deficit ratio is negatively correlated with financing constraint at 5%; from column (3), financial deficit ratio and financing constraint are negatively correlated with ROE at 1%, that is, complete intermediary. Analysis shows that expansionary fiscal policy will lead to the decline of enterprise value, while expansionary fiscal policy will lead to the reduction of financing constraints, which will lead to the increase of enterprise value. However, the impact of financing constraints on enterprise value is less than that of expansionary fiscal policy, so it is assumed that H2 is established.

Table 5 Intermediary effect analysis table

VARIABLES	(1) Defet	(2) KZ	(3) Defet
Defet	-0.004***	-0.067**	-0.005***
	(-2.96)	(-2.43)	(-3.71)
KZ			-0.013***
			(-9.98)
Size	0.010**	0.035	0.011**
	(2.28)	(0.37)	(2.46)
DOL	-0.007**	0.159**	-0.005
	(-2.01)	(2.17)	(-1.49)
Growth	0.002**	0.026*	0.002***
	(2.27)	(1.81)	(2.83)
OC	-0.001**	0.005	-0.001**
	(-2.43)	(0.81)	(-2.30)
Equity	-0.015	0.221	-0.012
	(-1.26)	(0.89)	(-1.06)
Constant	-0.048	-0.542	-0.055
	(-0.46)	(-0.26)	(-0.55)
N	1539	1539	1539
R-squared	0.017	0.012	0.084

Heterogeneity analysis

Table 6 shows the heterogeneity analysis of the nature of equity.

Table 6 Heterogeneity Analysis Table

VARIABLES	(1) Non-state enterprises	(2) state enterprise
Defet	0.001*	-0.000
	(1.72)	(-0.60)
Size	-0.014***	0.006***
	(-2.61)	(3.08)
DOL	-0.026**	-0.010*
	(-2.31)	(-1.96)

Growth	0.029*	0.001
	(1.85)	(0.92)
OC	0.002***	0.001***
	(5.84)	(3.21)
Constant	0.339***	-0.056
	(2.84)	(-1.45)
N	1539	1539
R-squared	0.140	0.039

Item (1) of the above table lists the influence of financial deficit ratio on enterprise value when the equity nature is non-state-owned. The results show that there is a significant positive correlation between financial deficit ratio and enterprise value at the level of 10% when the enterprise is non-state-owned; (2) It is listed as the influence of financial deficit ratio on enterprise value when the ownership is state-owned enterprises. The results show that there is no significant correlation between financial deficit ratio and enterprise value when the enterprises are state-owned, so there is heterogeneity. The reason may be that non-state-owned enterprises usually do not have the same policy support and resource advantages as state-owned enterprises, and rely more on market economic environment and government policy regulation. So suppose H3 holds.

5.4 Robustness test

Table 7 shows the robustness test of main variables.

Table 7 Robustness Test Table

	(1)	(2)	(3)
VARIABLES	y	y	y
Defet	-0.003***	-0.067**	-0.003***
	(-2.92)	(-2.43)	(-3.83)
KZ			-0.009***
			(-11.72)
Size	0.006**	0.035	0.007**
	(2.14)	(0.37)	(2.36)
DOL	-0.004*	0.159**	-0.003
	(-1.95)	(2.17)	(-1.35)
Growth	0.001***	0.026*	0.002***
	(3.10)	(1.81)	(3.82)
OC	-0.001***	0.005	-0.001***
	(-3.34)	(0.81)	(-3.25)
Equity	-0.016**	0.221	-0.014*
	(-2.09)	(0.89)	(-1.91)
Constant	-0.006	-0.542	-0.011
	(-0.09)	(-0.26)	(-0.17)
N	1539	1539	1539
R-squared	0.024	0.012	0.114

In order to ensure the robustness, this paper also carried out robustness tests, and found that the basic conclusions remained unchanged. In this paper, by replacing the explained variables, that is, replacing ROE with ROA, and then regression again, the benchmark and mediation effect are tested. The analysis shows that (1) fiscal deficit ratio is still significantly related to ROE, (2) fiscal deficit ratio is still significantly related to financing constraints, and (3) fiscal deficit ratio and financing constraints are also significantly related to ROE, so it can be shown that the research results are robust to some extent.

6. Research conclusions and suggestions

6.1 Research conclusion

This paper mainly studies the influence of expansionary fiscal policy on enterprise value, and then uses the A-share listed companies in Shanghai and Shenzhen stock markets from 2013 to 2021 as samples to study the intermediary effect of fiscal deficit ratio and financing constraints on enterprise value. The research shows that expansionary fiscal policy will have a negative impact on enterprise value, and expansionary fiscal policy will have an impact on enterprise value by alleviating the financing constraints of enterprises. That is, the higher the expansion degree of fiscal policy in the region where the enterprise is located, the lower the value of the enterprise, and the higher the expansion degree of fiscal policy, which will lead to the reduction of financing constraints of the enterprise and the increase of enterprise value, thus reducing the negative impact of expansionary fiscal policy on enterprise value. Through comparative analysis, compared with state-owned enterprises, the expansionary fiscal policy of non-state-owned enterprises will have a more significant impact on enterprise value. The reason may be that non-state-owned enterprises usually do not have the same policy support and resource advantages as state-owned enterprises, and rely more on market economic environment and government policy regulation.

6.2 Relevant suggestions

Fiscal policy is the external environment of enterprise operation, and expansionary fiscal policy will have a negative impact on enterprise value, because on the one hand, expansionary fiscal policy may lead to inflation and increase enterprise costs; On the other hand, the government may adjust the economy by increasing taxes, resulting in a decrease in corporate profits.

Therefore, enterprises should pay attention to the changes of economic policies, especially the changes of fiscal policies, and carry out risk management in time. At the same time, we will strengthen tax reduction and fee reduction measures to reduce the burden on enterprises and enhance their profits. In view of the changes in relevant policies and regulations, enterprises need to carry out continuous monitoring and analysis in order to make timely adjustments and decisions. To sum up, enterprises need to pay close attention to the changes of macroeconomic policies, and try their best to reduce the negative impact of policies, while maintaining their profitability by improving their competitiveness.

For the government, for the expansionary fiscal policy, it is necessary to clarify its purpose and implementation method. When the government implements the expansionary fiscal policy, it needs to ensure that the fiscal policy adopted can promote economic development and will not have a negative impact on society. Therefore, it is suggested that the government should make full investigation and study before implementing the expansionary fiscal policy, and formulate a perfect implementation plan to avoid adverse effects on enterprise management and national finance.

Secondly, it is necessary to increase financial support for enterprises. The government can improve the opportunity and success rate of enterprises to obtain loans by providing financial guarantees to banks or other means, thus reducing the impact of financing constraints on enterprises.

In addition, the government can encourage and guide enterprises to raise funds in various ways, including issuing additional shares and bonds, to help enterprises effectively solve the financing problem. Finally, the government can also strengthen the supervision and risk control of fiscal policy to avoid adverse events such as abuse and waste of funds.

Through research, it is found that the expansionary fiscal policy of non-state-owned enterprises will have a more significant impact on enterprise value than that of state-owned enterprises. Therefore, non-state-owned enterprises should establish effective risk management system. Before formulating expansionary fiscal policy, non-state-owned enterprises should evaluate their existing financial situation, determine their capital structure and debt level, and formulate corresponding risk management plans to avoid excessive risks caused by expansionary fiscal policy. Secondly, non-state-owned enterprises should improve their corporate governance. Non-state-owned enterprises should strengthen corporate governance, set up reasonable internal control and risk management systems,

and improve financial transparency and information disclosure. This will help improve the credibility and reputation of enterprises and provide more choices for financing and expansion. In short, the expansionary fiscal policy will have a greater impact on the value of non-state-owned enterprises, so we must pay attention to the balance between risks and benefits, and at the same time strengthen internal risk management and governance.

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