# ENGINUITY TUTORIAL



**Shareholder Expectation** 



## Shareholder Expectation

As company performance (operating profitability) changes, the expectations of shareholders also change in respect of the level of dividend they expect.

If shareholder expectation is :-

- **Higher than during the History** more dividend will need to be paid to gain the same affect
- Lower than during the History less dividend will need to be paid to gain the same affect

The clues to this initially lie in the **Management Consultant Report** at the beginning of the period.



# Shareholder Expectation

Management Consultants Report

Navigate to "Main menu/Measuring performance/Assessing performance/Management consultants report"

#### CLICK ON A REPORT LINE TO SEE IF ADDITIONAL HELP IS AVAILABLE

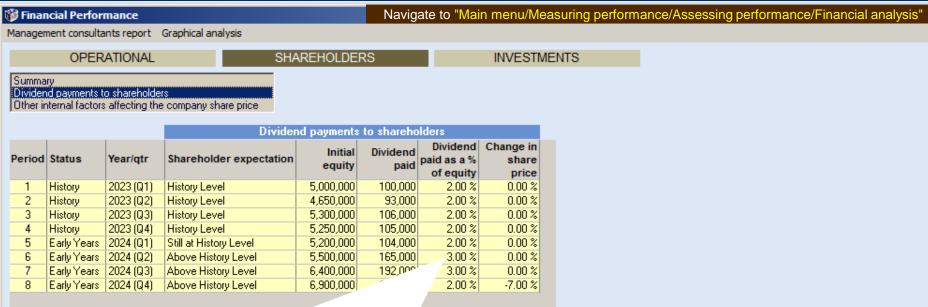
FIN ▼	6 -			[ALL] 🔽				[ALL]	[ALL]
Category	Per	Status	Year/qtr	Job	In	In Comment		Sub Category	Nature
FIN	6	Early Years	2024 (Q2)			Due to History	company performance the shareholder expectation is currently higher than during the	SHARE_PRICE	POSITIVE
FIN	6	Early Years	2024 (Q2)			St V	olders are content with the level of dividend paid	SHARE_PRICE	UNCLASSIFIED
FIN	6	Early Years	2024 (Q2)				easing company value has slightly improved industry confidence in the company	SHARE_PRICE	POSITIVE
FIN	6	Early Years	2024 (Q2)		7		sing future profitability has noticeably improved industry confidence in the company	SHARE_PRICE	POSITIVE

At the beginning of period 6 the **Management Consultant Report** indicates that due to company performance improving, the shareholder expectation is currently higher than during the history, and shareholders expect more dividend to achieve the same level of satisfaction.

So what did the Financial Manager do in period 6, if anything, to respond to this ?



## Shareholder Expectation



During the History a 2% dividend each period kept the shareholders content, 'content' having no negative or positive affect on the share price, with no change in the company share price due to dividend paid.

In period 6 the Financial Manager responded to the increasing expectation level of the shareholders by paying a 3% dividend to continue to keep them content, with again no increase in the share price.

If the Financial Manager had only paid the 2% dividend, as in the History, the share price would have fallen, as it did in period 8 when shareholder expectation was still above the History Level.