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Introduction

Global conglomerates like Unilever rely heavily on International Financial Management. This paper will examine Unilever's general dividend policy, the efficiency of markets, and the company's evaluation of projects through the lens of international financial management (IFM). Because of its global reach, Unilever must adjust to different economies, governments, and legal systems across the world. IFM helps Unilever navigate the complexities of conducting business on a global scale by managing the company's financial resources, reducing risk, and increasing profitability (Madura, 2020). This study examines how much of a financial toll Unilever's dividend policy has had on the conglomerate. Finally, we will look at how Unilever uses IFM to assist evaluate projects and make better investment choices. The study will focus on how IFM has contributed to Unilever's overall performance as an MNC.

Dividend Distribution Policy of Unilever

Unilever's dividend distribution policy is essential to the company's long-term viability in today's global market. Many investors are drawn to Unilever because of its consistent dividend payments and its status as one of the biggest global merchants in the world (Baker and Weigand, 2015). To better understand the effect of international financial management (IFM) on the success of MNCs, we will analyse and assess Unilever's dividend distribution plan.

Historically, Unilever has paid dividends to its owners, and the company's dividend policy is geared at continuing to do so forever. Between 40-50% of Unilever's yearly net revenue will be returned to shareholders in the form of dividends (Bettencourt, 2022). Thanks in large part to this technique, Unilever has remained a popular investment option during economic turbulence. As the stock price of Unilever has been relatively stable in recent years, some have contended that the company's dividend payments do not accurately represent the company's financial performance.

International financial management (IFM) has been crucial to Unilever's success as a worldwide company. Unilever's worldwide presence subjects company to a wide variety of financial, political, and legal laws that must be managed (Eun and Resnick, 2015). One of Unilever's greatest difficulties is the danger of fluctuating currency rates due to the company's

use of several currencies in its global operations. Unilever uses hedging tactics including futures contracts and options to protect against fluctuations in foreign currency rates. To further expand internationally, Unilever must also handle local regulatory compliance. When doing business on a worldwide scale, it may be difficult to decipher the tangle of local norms and regulations. Unilever's dedicated compliance team monitors the company's actions to make sure they do not violate any rules or laws.

The dividend policy of Unilever has significant implications for the business. A large amount of Unilever's net revenue is distributed to shareholders, compensation and distribution method that has drawn criticism from certain quarters (Bettencourt, 2022). Successful IFM is crucial to the success of multinational firms, and Unilever's dependence on it illustrates the value of doing business on a worldwide scale (Madura, 2020). Maintaining its position as a global leader in retail requires Unilever to mitigate risks including fluctuating currency values and noncompliance with local laws.

Challenges in International Financial Markets

International financial management (IFM) may be used to assess Unilever's approach to financial management as it applies to the several countries in which it operates. The method by which Unilever disperses dividends has significant implications for the business. Unilever pays dividends to its investors, with the pay-out ratio for dividends ranging from 40% to 50% of net income (Bettencourt, 2022). By showing that it intends to maintain dividend payments over time, Unilever has become more appealing to investors thanks to this strategy.

Unilever's worldwide financial approach may also be seen through the lens of transaction cost theory. It is hypothesised that the added expenses of expanding into new areas would reduce a company's profit margin (Rindfleisch, 2020). Due to its international scope, Unilever must balance the varied transaction fees imposed by each jurisdiction in which it does business. Unilever has taken measures to protect itself against this risk, such as consolidating its treasury department to reduce transaction costs.

Challenges comparable to those faced by other multinational firms exist for Unilever's dividend distribution plan and financial management. Professionals in global accounting and finance are essential to Unilever's success in helping to control costs, limit losses, and increase returns in foreign markets (Carney, 2019). However, Unilever confronts a number of risks to its financial performance in different international countries, including currency rate

risk and regulatory compliance worries. Concepts from IFM, such as transaction cost theory and efficient market theory, may help you make sense of these difficulties and find out effective ways to deal with them.

Market hypothesis theory of Unilever

Financial markets are efficient, according to the efficient market hypothesis (EMH), and prices fairly represent all relevant data (Brown, 2020). The EMH might have far-reaching effects for Unilever, especially on its investments. According to the efficient market hypothesis (EMH), investors who trade Unilever stock based on public information cannot reliably beat the market. Therefore, the stock price of Unilever already fully reflects all important facts (Bouattour and Martinez, 2019). Based on the facts now available, investors will have a hard time deciding if Unilever is underpriced or overpriced.

However, EMH's detractors maintain that the theory does not work for every market. Investors are assumed to have access to and the cognitive capacity to make sense of all material information. But this is seldom the case, particularly in international securities financial markets, where shareholders may lack the knowledge necessary to make informed decisions or may be unable or unwilling to effectively absorb the information provided (Bouattour and Martinez, 2019). The political, economic, and legal environments in which Unilever operates as a global company might have an impact on the company's bottom line. Stock prices don't always represent the whole picture of a company across all markets. If Unilever were to make an announcement in France but nowhere else, it may not cause an instant shift in the stock price. Traders in other countries may not have instantaneous access to the news, therefore this is necessary.

The EMH operates on the assumption that all investors are knowledgeable, rational decision-makers (Brown, 2020). It is possible that the price of Unilever stock might be affected by differences in investor access to information. As a result, certain stockholders may benefit greatly by trading in their shares. Ultimately, the EMH offers a framework for assessing how stock prices in financial markets represent common knowledge. However, data management and accessibility may be influenced by political, economic, and legal systems in international financial markets, so this may not be the case everywhere (Brown, 2020). Disparities in Unilever's stock price between markets may result from difficulties in collecting and

assessing data. Concepts from IFM, such as transaction costs and agency, help provide the groundwork for understanding and overcoming such difficulties.

Unilever's Methods of appraising projects

Unilever uses many metrics, including the net present value (NPV) technique, internal rate of return (IRR) calculations, and payback durations calculated using the project-based pricing (PBP) framework. The strategies provide a framework for evaluating the potential rewards and risks of different investment options.

Net Present Value (NPV): The net present value (NPV) formula is often used by financial experts to forecast the present value of expected future income (Shapiro and Hanouna, 2019). Unilever uses the NPV calculation to determine the present value of projected earnings. Future cash flows are discounted to their present value as part of this method, which takes into account the time value of money (Shapiro and Hanouna, 2019). Unilever can calculate the profitability of future investments by looking at their net present value.

Internal rate of return (IRR): Internal rate of return (IRR) analysis is another typical approach to project valuation. Find out how fast you can anticipate income to grow to cover your original investment. A greater internal rate of return (IRR) indicates a better investment opportunity (Brigham and Houston, 2021). Unilever calculates the rate at which the project's predicted cash flows will cover the original expenditure.

To estimate how long it will take for an attempt to create enough cash flows to reimburse its original investment, the payback time method is employed in PBP. More rapid cash flows and lower risk make investment options with a faster return on investment more appealing (Brigham and Houston, 2021). Theories of financial management with global relevance underpin these techniques. Investment prospects may be assessed in terms of their potential return and risk with the use of a framework provided by capital planning. The principle of managing risks may be used to better handle a wide variety of situations, including those in the banking industry, the workplace, and the financial markets (Shapiro and Hanouna, 2019)..

Above all, the framework provided by Unilever's project evaluation techniques allows for the analysis and ranking of investment possibilities based on projected returns and degrees of risk. The relevant IFM theories support these methods because they give a framework for comprehending and managing investment-related risks.

Conclusion

Unilever, like many other multinational corporations, relies significantly on global financial leadership so that it can overcome challenges in a variety of markets and make sound financial decisions. The dividend policy of Unilever might also provide light on the company's growth prospects and financial stability. Although the efficient market hypothesis provides a theoretical framework for analysing the impact of news on stock prices, complicated international financial markets may not always follow the hypothesis' predictions. The transaction cost idea and the agency theory are two examples of international finance management concepts that may be used to make sense of the complexities and ambiguities of the world's financial markets.

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