

5/2023,
sentabr-
oktabr
(№ 00067)



PRINCIPLES AND ORGANIZATION OF DIVIDEND POLICY DEVELOPMENT IN JOINTSTOCK COMPANIES

Shermukhamedov Akmal Komiljonovich

Senior Lecturer, Department of Corporate Governance, Tashkent State University of Economics a.shermuxamedov@tsue.uz

DOI: https://doi.org/10.55439/EIT/vol11_iss5/a16

Abstract

The purpose of dividend policy is to determine the optimal ratio between the consumed and capitalized parts of profit, which ensures the future strategic development of the joint-stock company, maximizes its market value and consists of shares that determine specific measures aimed at increasing market value.

Key words: dividend, company, share, shares, term, investment, fairness.

AKSIYADORLIK JAMIYATLARDA DIVIDEND SIYOSATINI ISHLAB CHIQISHINING PRINSIPLARI VA TASHKIL ETILISHI

Shermuhamedov Akmal Komiljonovich

Toshkent davlat iqtisodiyot universiteti "Korporativ boshqaruv" kafedrasida katta o'qituvchisi

Annotatsiya

Dividend siyosatining maqsadi foydaning iste'mol qilingan va kapitallashtirilgan qismlari o'rtasidagi optimal nisbatni aniqlashdan iborat bo'lib, bu kelajakda aktsiyadorlik jamiyatining strategik rivojlanishini ta'minlaydi, uning bozor qiymatini maksimal darajada oshiradi va bozor qiymatini oshirishga qaratilgan aniq chora-tadbirlarni belgilaydigan ulushlardan iborat.

Kalit so'zlar: dividend, kompaniya, ulush, aktsiya, muddat, investitsiya, adolatlilik.

ПРИНЦИПЫ И ОРГАНИЗАЦИЯ РАЗРАБОТКИ ДИВИДЕНДНОЙ ПОЛИТИКИ В АКЦИОНЕРНЫХ ОБЩЕСТВАХ

Шермухамедов Акмаль Комильжонович

Старший преподаватель кафедры корпоративного управления Ташкентского государственного экономического университета

Аннотация

Целью дивидендной политики является определение оптимального соотношения между потребляемой и капитализируемой частями прибыли, которое обеспечивает будущее стратегическое развитие акционерного общества, максимизирует его рыночную стоимость и состоит из акций, определяющих конкретные меры, направленные на увеличении рыночной стоимости.

Ключевые слова: дивиденд, компания, доля, акции, срок, инвестиции, справедливость.

Introduction

The level of corporate governance quality influences the decision on the possibility of investing in a company and is a characteristic of its capitalization. In 2023, the shares of the 10 largest companies and commercial banks will be publicly and transparently traded. In his message to the Oliy Majlis, the President of the Republic of Uzbekistan Sh.Mirziyoyev said: “Today I want to openly tell you about one intention in my heart.

My great intention is that hundreds of thousands of owners and shareholders will appear among our compatriots. Let our people invest their savings and earn high incomes. I believe that this will be a real People’s IPO (IPO),” says the head of state. [1] It is known that dividend policy is an integral part of the company's management decisions in the field of financing. The most important aspect of a company's dividend policy is the search for the optimal ratio of profit distribution between the payment of dividends and the part that remains in the company for its development.

Literature review

Tereshina N. P., Sorokina A. V. Corporate governance: textbook. - M.: MGUPS (MIIT), 2014. The textbook reveals the main issues of corporate governance: its formation, formation, application and evaluation. The principles of corporate governance in the country are considered on the basis of current legislation. The assessment of the quality of corporate governance of both commercial companies and companies with state participation is considered in detail. Introduced a system of corporate social responsibility.

Ashurov Z.A. Modern corporate management (foreign experience): Textbook. Tashkent: “Innovative development of publishing houses and printing houses”, 2021. This book reflects modern corporate management of the company, aimed at achieving the strategic and tactical goals of the company’s activities in the market. The main issues of modern corporate governance are related to the formation of the company's capital and ensuring its most effective use.

Research Methodology

The dividend payment policy of joint-stock companies of the Republic of Uzbekistan remains unstable and does not reflect the financial condition of the companies and investment opportunities. In companies with concentrated ownership, the dividend policy depends on the majority of shareholders, whose interests are shaped by the uncertainty of the external environment, weak protection of property rights and underdevelopment of institutions.

The current financial turmoil has forced us to focus on corporate governance issues. The level of corporate governance quality influences the decision on the possibility of investing in a company and is a characteristic of its capitalization. An important element of corporate governance is the dividend policy aimed at optimizing the ratio of consumed and capitalized profits to maximize the company's market value. When studying the practice of corporate governance of companies from the point of view of the right of shareholders to receive income, the following aspects are analyzed:

- the presence of an approved dividend policy and the definition in internal documents of the principles for calculating the minimum share of net profit allocated for the payment of dividends and the payment of dividends;
- the practice of paying dividends on ordinary and preferred shares;

- dividend history.

Formalization of the company's dividend policy allows shareholders to predict dividend payments. In the course of the study, the presence of documents regulating the dividend policy at enterprises was positively assessed. Since the main goal of the dividend policy is to establish the necessary balance between the current consumption of profits and its future growth, it provides financing for investments, therefore, with the help of a dividend policy, the market value of the enterprise can be maximized. and strategic development can be achieved.

Based on the purpose of the dividend policy, it is understood as an integral part of the overall financial policy of the enterprise, which consists in optimizing the ratio between consumed and capitalized profit in order to maximize the market value of the enterprise.

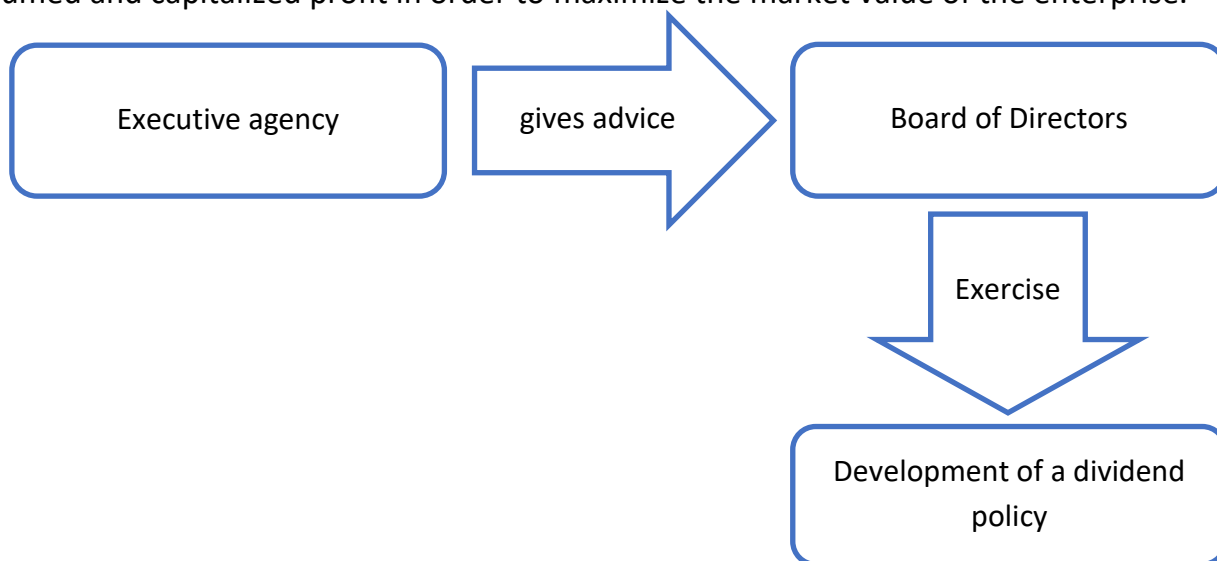


Figure 1. Work of the Board of Directors on the formation of dividend policy

The information in the figure shows that the development of a dividend policy is an important task for the Board of Directors, with the executive body in general and the financial manager in particular playing a key role in advising on it.

Analysis and results

The company's dividend policy is based on the following key principles:

- the principle of transparency, i.e. determination and disclosure of information on the obligations and responsibilities of the parties involved in the implementation of the dividend policy, including the procedure and conditions for making a decision on the payment and amount of means to achieve dividends;

- the principle of timeliness implies the establishment of the timing of payment of dividends;

- the principle of fairness, which provides that a decision on the payment and amount of dividends can be made only upon achieving a positive financial result, taking into account development plans and investment programs, based on the actual financial position of the company;

- the principle of fairness provides for ensuring equal rights of shareholders when receiving information about the decisions made on the payment of dividends, their amount and payment procedure;

- the principle of consistency, which implies strict compliance with the rules and principles of the dividend policy;
- the principle of development, which provides for continuous improvement of the dividend policy as part of the improvement of corporate governance procedures and the revision of its rules in connection with changes in the strategic goals of the Company;
- The principle of stability means the Company's desire to ensure a stable level of dividend payments.

At the same time, the dynamics of paid dividends and net profit may not coincide. There are cases when they exceed it for a certain period and can be paid even if there are losses due to retained earnings (the creation of reserves for the latter ensures the stability of the company's dividend policy). Since dividends are paid regularly, with no direct connection to the financial condition of the corporation and its profits, in the mind of the investor, they are determined by wages. A dividend strategy is a concept of a mechanism for distributing profits between the current consumption of owners (according to their contribution to capital) and investments in the development of the company and reserve funds, i.e. between its expenditure and capitalized parts. An increase in the share of profits paid to shareholders in the form of dividends reduces its reinvested part and vice versa.

Dividend strategy:

First, it builds relationships with investors (shareholders have a negative attitude towards companies that reduce dividends, believe that this is due to financial difficulties, and therefore may throw out their shares, which leads to a decrease in their market price).

Secondly, it largely determines financial programs and investments, increases or decreases them.

Thirdly, it affects the volume of attracted external sources of financing (growing dividends increase the number of people who want to buy company shares).

Fourth, it can have the effect of reducing the firm's equity, as dividends are paid out of retained earnings (resulting in an increase in the debt-to-equity ratio).

A rational dividend strategy allows maximizing the welfare of the corporation's shareholders and at the same time financing its activities. Regular, stable, inflation-adjusted dividend payments reduce investor uncertainty and indicate good corporate health.

At the same time, an increase in the level of dividends is possible if it can be maintained in the future. If there is no such confidence, it is recommended to declare the payment of additional dividends.

Understanding the nature of a dividend strategy and the problem of its development requires determining the nature of dividends.

The owners are regularly paid dividends in proportion to their share in the authorized capital of the company, cash income for the use of their capital, the source of which is net profit (current or past years), but in no case the capital itself. For ordinary shares, they are usually determined annually as a percentage of the par value of the security or in absolute terms. For preferred shares, the amount or method of determining dividends is determined at the time of their issue. Shares owned by a corporation do not pay dividends. [2]

The main types of dividend policy and methods of dividend payment are listed below.

Table 1

Main types of dividend policy and methods of paying dividends

№	Types of dividend policy	Dividend payment methods
1.	Aggressive policy	A. Profit distribution method at a constant percentage B. Methodology for constant growth of dividend payments
2	Moderate politics	Payment Method of Guaranteed Minimum and Additional Dividends
3	Conservative politics	A. Methodology for calculating residual dividends B. Fixed payment methodology

It can be seen from the information in the table that the main types of dividend policy are aggressive, moderate and conservative. This type of policy has certain types of dividend payments. Let's take a closer look.

An aggressive policy assumes a constant method of distributing interest. The essence of this method: $\text{Dividend yield} = \text{const}$. Refers to a stable percentage of net income over an extended period of time that is used to pay dividends on common stock. It does not increase due to an increase in the market price of a share. fluctuations in the amount of dividends received are possible. But this is convenient for stable industries where earnings per 1 ordinary share fluctuate little.

The second method is called the constant growth of dividend payments. Increase the dividend per share to the planned level of dividend production. This ensures a high market value of shares and a positive image among potential investors, as well as stable growth in dividends per share.²

Moderate policy uses the method of guaranteed minimum and additional dividends. $\text{Dividend per share} = \text{const}$, premium for regular dividends. It is based on the following principles: constant, regular payment of dividends in a fixed amount for each share; in the most successful working period - the payment of an extraordinary dividend in addition to fixed dividends. This is the most balanced method, since it ensures the stability of dividend payments and allows them to increase in value during periods of economic growth, thereby motivating shareholders. This helps smooth out fluctuations in the market value of the stock.

When evaluating a company's dividend payment practices, consideration is given to the timing of dividend payments and how well companies meet their dividend obligations when they are declared.

An additional dividend is a premium accrued in addition to the payment of regular dividends, not related to a change in the specified rate. This payment is a one-time payment. His role is to maintain a stable market value of shares, create positive information about the activities and development prospects of JSC.

The conservative policy provides for the following types of dividend payments:

1. Method of dividend balance. The essence of this method is as follows: Annual dividend payments $t = \text{Net income} - \text{retained earnings}$ required to finance investment programs. It is used during a period of increased investment activity, at the initial stages of a corporation's life cycle. This means that the payment of dividends will be made after the financing of effective investment projects. If the project's internal rate of return is higher than the WACC or financial rate of return, it is recommended to use it. The application of

this technique ensures high rates of economic growth of the joint-stock company, increases its market value.

2. The disadvantages of this technique are a wide range of dividend payouts, uneven dividend payouts, and a low market share price.

3. The specified payment method. Dividend per share = const. Regardless of the dynamics of the share price, this ensures the regularity of payment of dividends per 1 ordinary share for a long time. It is usually used by low-risk corporations that rely on investments from various financial institutions.

The advantages are the smoothing of share price fluctuations, stable quotation on the stock market, high share liquidity, current permanent income for shareholders and stable market value of JSC.

The disadvantages of this technique are a weak correlation with the financial performance of the corporation, the possibility of a significant deterioration in liquidity in the event of a sharp decline in profits.

A joint-stock company has no right to declare and pay dividends, as well as make a decision on the payment of dividends, if:

☒ the authorized capital has not been paid in full;

☒ if the value of the net assets of the joint-stock company is less than the size of its authorized fund and reserve funds or less than their size as a result of the payment of dividends.

The shareholders of the company, investing in the movement of their financial resources, on the one hand, are rationally interested in the dividend policy to receive the desired dividend amount, and on the other hand, the production development policy is consistent with the goal of maximizing your investment income.

The search for optimal ratios in all corporate structures, profit distribution, dividends and development are defined as follows:

☒ on the one hand, the need to direct income to the development of production;

☒ on the other hand, the desire of shareholders to maximize their income.

The joint-stock company considers the growth of capitalization as the main way to satisfy the property interests of shareholders when receiving income from the shares of the company. The content of the stages of the procedure for implementing the dividend policy for the Republic of Uzbekistan can be seen in the table 2.

Table 2

Stages of the procedure for implementing the dividend policy in the Republic of Uzbekistan

Stages	Contents of the procedure at a certain stage
1	Determining the investment opportunities of the company, assessing the level of solvency of the company, the level of dividend payments of competing companies, etc.
2	Selecting the type of dividend policy (conservative, moderate, aggressive)
3	Profit distribution according to the selected type of dividend policy.
4	Determining the level of dividend payment and the amount of dividends paid per share
5	Determining the form of dividend payment (money, other property or purchase of own shares)
6	Analysis of dividend policy based on indicators of the company's market activity (net earnings per share, dividend payout ratio, dividend yield per share, etc.)

Dividend policy is to optimize the ratio of consumed and capitalized parts of the profit received by the company in order to increase the market value of shares.

The solution to the issue of dividend policy of a joint stock company is based on solving the main problem of payment or non-payment of dividends. The problems of dividend policy and production development policy depend on the amount of net profit remaining at the disposal of the enterprise. Net profit is the financial source of entrepreneurial, including investment, activity of an enterprise.

An important element of corporate governance is the dividend policy, aimed at optimizing the ratio of consumed and capitalized profits in order to maximize the company's market value.

Dividend policy, as well as capital structure management, significantly influence the company's position in the capital market, in particular, the dynamics of the price of its shares. Dividends represent a cash return for shareholders and, to some extent, serve as an indicator to them that the company in which they have invested their money is doing well. According to the dividend policy of the joint-stock company, the procedure for paying dividends and determining their source is regulated by the legislation of the Republic of Uzbekistan. The source of payment of dividends is the net profit of the joint-stock company for the past period. In case of insufficient net profit, dividends on preferred shares can be paid from funds specially created for this purpose from the profits of previous years.

It is known that dividends are part of the company's net profit and are distributed among shareholders depending on the number and type of shares they own. In other words, dividends are part of the profit that shareholders receive from their shares.

According to the Law of the Republic of Uzbekistan “On the Protection of Joint-Stock Companies and the Rights of Shareholders,” a dividend is understood as any income received by a shareholder (participant) in the distribution of profit received from an organization after taxation (including in a joint-stock company). in the form of interest on preferred shares owned by a shareholder (participant), shares (shares), other obligatory payments, reinvestments distributed by other shareholders.

The essence of dividend policy is to choose the optimal ratio between the share of profit received from turnover and paid in the form of dividends, and the share allocated for business expansion. The following groups of factors influencing the company's dividend policy can be distinguished:

1. Legal restrictions.
2. Restrictions of a contractual nature.
3. Restrictions due to insufficient liquidity.
4. Restrictions associated with the expansion of production.
5. Restrictions arising from the interests of shareholders.
6. Advertising and financial restrictions.

Dividends are calculated at regular intervals and, in the minds of the average investor, are usually associated with the profits earned by the company. The timing and procedure for paying dividends are determined by the company's charter or a decision of the general meeting of shareholders. The period for payment of dividends should not exceed 60 days from the date of such decision.

The dividend policy is formulated by the Board of Directors. Depending on the company's goals and the current projected situation, the company's profits may be reinvested in the company's assets, written off as retained earnings, or paid out as dividends.

Dividend policy is considered from the point of view of the company's overall financial goal, that is, maximizing shareholder wealth. This means that any decision on dividend policy must be based on what is best for shareholders.

In the scientific literature, three main models for the formation of dividend policy have become widespread and very popular. The choice of one or another model of dividend policy is determined by the goals and objectives of the company's development. Let's look at the main theories of dividend policy.

1. The theory of calculating dividends using the residual principle. According to the theory of dividend balance or the theory of irrelevance of dividends, the dividend policy does not affect either the price of a share, or the value of its authorized capital, or the value of the company. The creators of this theory were Nobel laureates Merton Miller and Franco Modigliani. They argue that the value of a company is determined only by the ability of its assets to generate cash flows and the level of business risk, and not by how the company distributes the profit from the use of assets between payments, dividends and reinvestment.

- Modigliani and Miller studied the relationship between dividend policy and firm value under ideal conditions:

- perfection of the market (absence of taxes, capital raising costs, transaction costs; fair use of information for all participants, etc.);

- indifference to the choice between dividends or capital gains;

- financial independence of the organization's investment policy, etc. The authors of the theory believed that investors in a perfect market are only interested in total income, and not in its specific forms. Thus, any dividend policy leads to the same results without affecting the value of the company and the welfare of its owners.

- In particular, it is well known that the wealth of owners consists of the return on their capital and current dividend payments. If the company has enough cash and pays dividends, the wealth of the owners increases by the amount received. At the same time, the "Cash" item in the balance sheet of assets and the "Capital" section of the liability are reduced by exactly the same amount. Thus, the owners' total wealth does not change. If new shares are issued to finance the dividend payment, their sale increases the capital and value of the company.

- At the same time, the payment of dividends reduces the value of the organization by the same amount. If the company does not pay dividends at all, and the owners do not have enough money, they sell part of the shares to other investors, which is the equivalent of "household" dividends. F. Modigliani and M. Miller put forward several hypotheses of this theory, in particular:

- no taxes;

- Equality of dividends and capital gains for investors;

- absence of emission and transaction costs;

- equal use of information, etc.

According to the analysis conducted by F. Modigliani and M. Miller, the size of dividends does not affect the change in the total wealth of shareholders, and the total wealth of shareholders is determined by the company's ability to make a profit, and largely

depends on the ratio of the division of income into investments and dividends, and not on the correctness investment policy.

According to the theory of optimal dividend policy, there are no factors that increase the value of a corporation.

Based on the above, we can draw the following conclusion: dividends should be calculated on a residual basis after financing all eligible investment projects.

In our opinion, the authors did not take into account that the initial premises are not true, for example,

- in many countries dividends and income from capitalization are taxed at different rates;

- raising capital through additional issue of securities is more expensive than reinvesting profits received from the cost of issuing, etc.

2. The theory of dividend preferences or "Titmouse in hand".

This theory, developed by authors Myron Gordon and John Lintner, is the opposite of the previous one. The authors argue that the cost of capital declines as the dividend payout ratio increases because investors view capital returns as riskier than dividends: the former can be obtained in a relatively uncertain future and under favorable conditions in the general stock market, while the latter. - after the shareholders make a corresponding decision.

Essentially, theorists believed that investors value each dollar of expected dividends more than they value capital gains because the dividend component represents the required rate of return on their stock. The essence of this principle is well described in the famous proverb: "a bird in the hand is better than a pie in the sky" [3].

Dividend policy affects the value of shareholders' total wealth. Based on the principle of risk minimization, investors always prefer current dividends to capitalized income, which can only be received if shares are sold.

Current dividend payments reduce the level of investor uncertainty about the feasibility and profitability of investing in this company. Therefore, shareholders are satisfied with the low level of return on investment, which is used as a discount factor, which leads to an increase in the market value of their capital.

3. The theory of tax incentives.

This theory suggests that dividends are taxed immediately upon receipt, while capital gains tax is only payable on the sale of shares or shares. Thus, capital gains tax could theoretically be deferred indefinitely.

Given this fact, the authors R. Litzenberger and K. Ramaswami proposed a theory according to which a company should pay a lower level of dividends if dividends are taxed at a higher rate than capital gains. In other words, according to this theory, the priority for shareholders is capitalized income, not dividends, since capitalized income is taxed at a lower rate than dividends received.

Therefore, if two companies differ only in the distribution of profits, shareholders of the company paying relatively high dividends must demand higher earnings per share to offset the losses due to higher taxation.

Thus, it is unprofitable for the company to pay high dividends, and its market value is maximized at a relatively low share of dividends in profits. For example, in joint-stock companies until 1982, the income tax rate on dividends was 70%, and on capital gains - 50%.

After 1982, tax rates decreased (50% and 20% respectively), and since 1986 they have become equal (28%). In the Republic of Uzbekistan, the tax rate on dividends for residents was 10 percent until 2002, and 5 percent since 2018.

According to the theory of the client effect, a company should pursue a dividend policy that meets the expectations and preferences of its shareholders and future investors. In turn, investors usually choose the company whose dividend policy best suits their investment goals.

In particular, some groups of investors who use dividends for current consumption purposes prefer that the management of the company allocate a large part of the profits to pay dividends. At the same time, other groups of shareholders and investors may prefer to reinvest profits if they do not have enough cash in a given period, and for them, receiving dividends will only result in an increase in the tax burden. Thus, when choosing a dividend policy, the company's management should take into account the differences in the interests of its shareholders. If the main shareholders are interested in receiving dividends, then the company's management must decide on the payment of dividends and formulate the dividend policy accordingly. At the same time, a minority of shareholders who do not agree with the accepted practice of paying dividends will reinvest their capital in other companies, while the composition of shareholders will remain the same.

4. Dividend policy in stable the amount implies the payment of their unchanged amount over a long period of time, which creates confidence among shareholders that the amount of current income will not change regardless of various circumstances. The price of shares in the stock market determines stability. At the same time, the implementation of this policy may lead to a decrease in the company's investment activity during a period of low income. To avoid these negative consequences, the stable volume of dividend payments is set at a relatively low level, which qualifies this type of dividend policy as conservative, minimizing the risk of a decrease in financial stability due to insufficient capital growth.

5. Policy "Additional Dividends" or a stable dividend policy with a premium over a certain period. This policy is a development of the previous one, which assumes that the company pays fixed dividends on a regular basis, but usually, in case of successful performance, additional dividends (additional dividends) are paid to shareholders from time to time, and payments in the current period do not mean their future payments. In addition, it is recommended to use the psychological effect of the bonus - it should not be paid frequently, because in this case it will be expected, and the policy of paying additional dividends will be meaningless. This dividend policy has the greatest impact on companies with volatile earnings patterns that combine less significant growth and less decline.

Stable dividend policy in relation to the amount of profit. The implementation of this type of dividend policy can only be carried out by mature companies with stable income, since the size of profit depends on many factors and is therefore difficult to predict, which can lead to sharp changes in the value of shares in the market. y preventing the maximization of the company's market value.

6. The policy of constantly increasing the amount of dividends ensures a stable growth in the level of dividends paid per share. When implementing such a policy, an increase in dividends, as a rule, occurs within a set percentage of growth in their size in the remaining period and ensures a high market value of shares, a positive image among potential investors when additional income appears. creates. At the same time, the

implementation of this policy leads to a constant increase in financial stress: if the growth rate of the dividend payout ratio increases (i.e. if the dividend payout fund grows faster than the profit margin), then the investment activity of the company will decrease and financial strength ratios will decrease (with other things being equal). Therefore, only truly less prosperous companies can implement such a dividend policy.

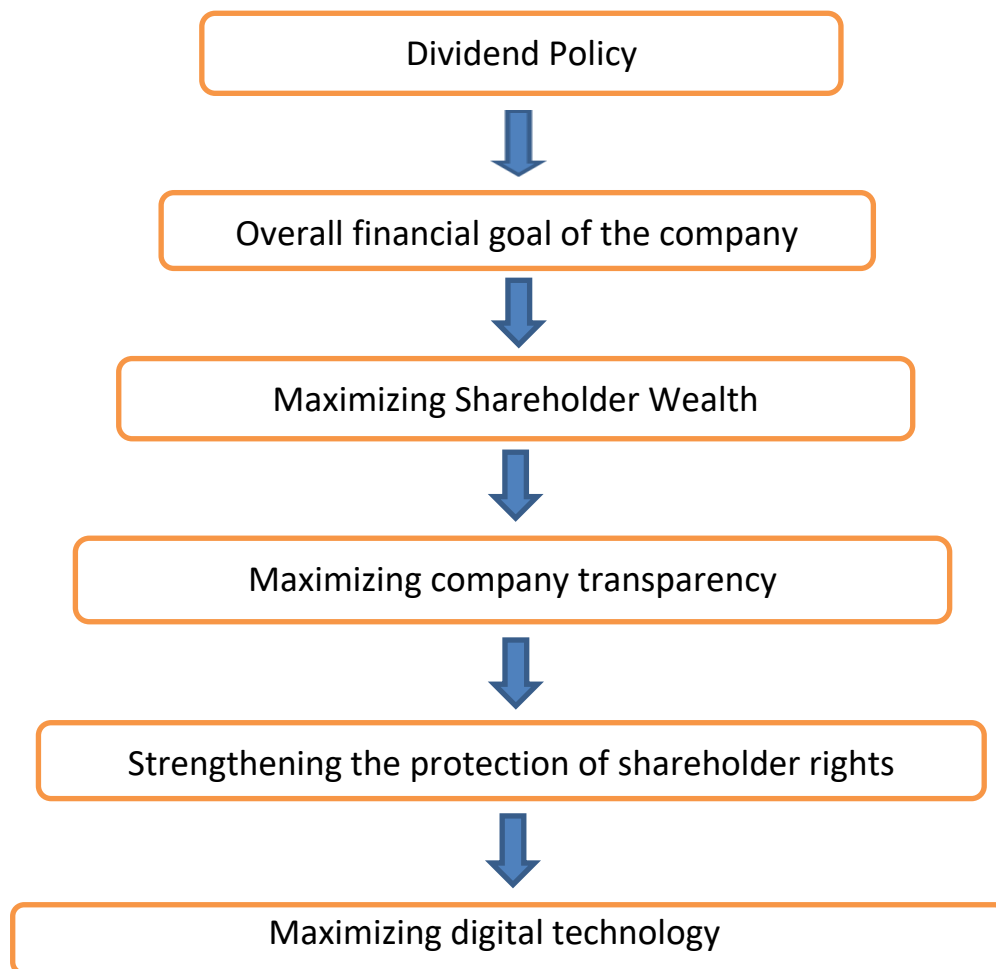


Figure 2. Shareholders of the company's dividend policy impact on well-being⁴

This does not always mean paying the maximum dividend out of profits, as shareholders may be better off using the dividends in the company itself. Dividend policy is even more important for companies that want to list their shares on the stock exchange because of their information value. In this case, the policy signals to potential shareholders what benefits they can receive and how.

If a joint stock company develops dynamically, it will require more resources. In most cases, the company will experience some shortfall, if not chronic shortfall, but periodic large withdrawals of funds in the form of dividend payments require the search for alternative sources of financing.

At the same time, capitalization of net profit means its use for the development of production, reinvestment of net cash flow from investments, payment of dividends in the form of new shares, allocation of interest on the deposit to increase the deposit, etc. It

should be noted that reinvesting profits is a relatively cheap form of financing a company compared to issuing new shares, which allows maintaining the existing system of control of owners over its activities. An increase in the amount of capitalized profit indicates an increase in the property position of the enterprise and an increase in equity capital.

When determining the ratio of consumed and capitalized parts of profit, the following factors are taken into account:

- ☒ normative documents regulating the procedure for payment of dividends;
- ☒ availability of free cash;
- ☒ the possibility of attracting funds from other sources and their cost;
- ☒ interests of shareholders.

The part of the profit not withdrawn by the owners is an internal source of financing for the company's activities, so it is obvious that the dividend policy has a significant impact on the volume of external sources of financing attracted by the company.

Recommendations

After the conclusion of the main negotiations on membership in the World Trade Organization, the harmonization of domestic legislation and the introduction of new standards will be accelerated.

In general, in 2023, for the first time in our history, the volume of exports will increase from \$23 billion (in 2018 it was \$14 billion).

There are 612 joint-stock companies left in Uzbekistan, but the volume of issued shares is 178.3 trillion. increased to the sum.

The dividend policy is an integral part of the overall financial policy of the enterprise, which consists in optimizing the ratio between consumed and capitalized profits in order to maximize the market value of the enterprise. Dividend policy is viewed from the point of view of the overall financial goal of the company, that is, maximizing the wealth of shareholders. This means that any dividend policy decision must be based on what is best for shareholders. This does not always mean paying the maximum dividend out of profits, as it may be more beneficial for shareholders to use dividends in the company itself.

The purpose of the dividend policy is to determine the optimal ratio between the consumed and capitalized parts of the profit, ensuring the strategic development of the company in the future, maximizing its market value, as well as determining specific measures aimed at increasing the market value. . In other words, the main goal of the dividend policy is to distribute profits for the payment of dividends and reinvestment, which allows maximizing the value of the company.

The dividend payment policy of joint-stock companies of the Republic of Uzbekistan remains unstable and does not reflect the financial condition and investment opportunities of companies. Dividend policy in companies with a single ownership depends on the majority of shareholders, whose interests are associated with the uncertainty of the external environment, weak protection of property rights and underdevelopment of institutions.

According to the Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022, the Development Strategy of New Uzbekistan for 2022-2026 dated April 24, 2015 "Measures to introduce modern methods of corporate governance in joint-stock companies" companies "Resolution No. PF-4720 dated 21 September 2018, dated December 21, 2015 No. PF-5544 dated December 21, 2015. The study of this thesis serves to a certain extent the implementation of the tasks set. in decision PQ-2454 "On additional

measures to attract foreign investors to joint-stock companies" and other legal documents related to this area.

In recent years, Uzbekistan has undergone a wide range of changes in approaches to the corporate governance system, adherence to internationally recognized management principles such as fairness, responsibility, transparency and accountability, widespread attraction of foreign investment, strengthening the country's competitiveness, accelerating improvement processes, and significant reforms are being implemented.

At the same time, the dynamics of paid dividends and net profit may not coincide. There are cases when they exceed it for a certain period and can be paid even if there are losses due to retained earnings (the creation of reserves for the latter ensures the stability of the company's dividend policy). Since dividends are paid regularly, with no direct connection to the financial condition of the corporation and its profits, in the mind of the investor, they are determined by wages. A dividend strategy is a concept of a mechanism for distributing profits between the current consumption of owners (according to their contribution to capital) and investments in the development of the company and reserve funds, i.e. between its expenditure and capitalized parts. An increase in the share of profit paid to shareholders in the form of dividends reduces its reinvested part and vice versa.

Dividend strategy

First, it builds relationships with investors (shareholders have a negative view of companies that reduce dividends, they believe that this is due to financial difficulties, and therefore they can throw away their shares, which leads to a decrease in their market price).

Secondly, it largely determines financial programs and investments, increases or decreases them.

Thirdly, it affects the volume of attracted external sources of financing (growing dividends increase the number of people who want to buy company shares).

Fourth, it can have the effect of reducing the firm's equity, as dividends are paid out of retained earnings (resulting in an increase in the debt-to-equity ratio).

A rational dividend strategy allows maximizing the welfare of the corporation's shareholders and at the same time financing its activities. Regular, stable, inflation-adjusted dividend payments reduce investor uncertainty and indicate good corporate health.

At the same time, an increase in the level of dividends is possible if it can be maintained in the future. If there is no such confidence, it is recommended to declare the payment of additional dividends. Understanding the nature of a dividend strategy and the problem of its development requires determining the nature of dividends.

The owners are regularly paid dividends in proportion to their share in the authorized capital of the company, cash income for the use of their capital, the source of which is net profit (current or previous years), but in no case the capital itself. For ordinary shares, they are usually determined annually as a percentage of the par value of the security or in absolute terms. For preferred shares, the amount or method of determining dividends is determined at the time of their issue. Shares owned by a corporation do not pay dividends.

List of used literature

1. Mirziyoev Sh.M. We will build our great future together with our brave and noble people. – T.: O'zbekiston, 2017. – 488p. <https://sputniknews-uz.com/20221220/shavkat-nirziyoev-30885939.html> [1].

2. Vesnin V.R. Managing a modern corporation. Tutorial. – ООО “Проспект”, Moscow. 2020. 168 p. [2].
3. Temirov A. A. Dividendlar va dividend siyosati: O’quv qo’llanma. – TOSHKENT. TGEU 2021. –167 p. [3].
4. Tereshina N.P., Sorokina A.V. Corporate governance: Textbook.–M.: МГУПС (МИИТ), 2014. – 218 p.
5. Burkov V.N., Dorokhin V.V., Tikhomirov E.F. Financial management: Financial management of an enterprise. Study guide. M.: Academia, 2013. 309 p.
6. Tom Bethell. The Noblest Triumph: Property and Prosperity Through the Ages. Jun 1998. (ISBN-13: 978-0312223373).
7. Bob Tricker. CORPORATE GOVERNANCE Principles. Policies. and Practicies. Third edition, OXFORD Westminster International University 2019. 520.
8. Paul A.Samuelson, William D. Nordhaus.-19th ed. ECONOMICS (The McGraw-Hill series economics) 2019. 715 p.
9. Jesse Ryan Blair. The No-Nonsense Guide to Dividend Growth Investing. Copyright, 2021.157 p.
10. Muxtorxon Tashxodjayev, Muyassar Umarxodjayeva, Akmal Shermuxamedov, Kayumova Mekhribonu. Korportiv madaniyat: O’quv qo’llanma. - "Innovatsion rivojlanish nashriyoti - matbaa uyi" 2022. – 221 p.
11. F.A.Djalilov. Xulq atvor iqtisodiyoti: O’quv qo’llanma.- "Innovatsion rivojlanish nashriyoti - matbaa uyi", 2022. – 124 p.
12. Z.A. Ashurov. Modern corporate governance (Foreign experience) Textbook. – "Innovatsion rivojlanish nashriyoti - matbaa uyi", Tashkent. 2021. –222 p.
13. D.N.Xusanov, A.J.Xo’jamuradov, B.N.Urinov. Birjalar va strategiyalar: O’quv qo’llanma. – TOSHKENT. TGEU 2022. –232 p.
14. V.S. Stupakov G.S. Tokarenko, Risk management. Moscow "Finance and statistics" 2015. 284 p.
15. Marc Lichtenfeld. Get Rich with Dividends.Second edition.AGORA.2015. 220 p.
16. Shermuxamedov, Akmal. "MECHANISM FOR MANAGEMENT OF AGRICULTURAL CLUSTERS IN UZBEKISTAN." Архив научных исследований (2021).
17. Shermukhamedov A.K. Introduction to corporate governance. study guide. – "Innovatsion rivojlanish nashriyoti - matbaa uyi", Tashkent. 2022. – 357 с.
18. Shermukhamedov, A. K. (2018). Factors Affecting the Cluster Management Mechanism Agriculture. Экономика и финансы (УКРАИНА), (9), 132-136.
19. Durmanov, A., Madumarov, T., Abdulkhayeva, G., Shermukhamedov, A., & Baltashov, S. (2023). Environmental aspects and microclimate in greenhouses in the republic of Uzbekistan. In E3S Web of Conferences (Vol. 389, p. 04002). EDP Sciences.
20. Shermuxamedov A. The need for digital valuation of company shares in a pandemic state //Архив научных исследований. – 2020. – Т. 35.