Sherkuzieva Nasiba Abrorovna (December 2023). DIVIDEND PAYOUTS AND DIVIDEND POLICY
***International Journal of Economic Perspectives*, *17*(12) 48-53**
ISSN: 1307-1637 UGC CARE GROPU II
Retrieved from https://ijeponline.com/index.php/journal

DIVIDEND PAYOUTS AND DIVIDEND POLICY

Sherkuzieva Nasiba Abrorovna,

PhD, Associate Professor,
Tashkent Institute of Finance, Uzbekistan
Email id: nsh272707@gmail.com

ABSTRACT

This article studies the views of different scientists on the specific aspects of dividend payments in companies, the regularity of dividend payments, dividend profitability and etc. In studying the characteristics of dividend payments in companies, companies belonging to different industries in the USA, Great Britain are analyzed. Moreover, the indicators of stocks with the highest dividend yield in the USA are studied. Based on the conducted analysis, appropriate conclusions and proposals are given.

KEYWORDS: *Dividend, Dividend Payouts, Dividend Policy, Stock Price, Dividend Yield, Investment Attractiveness.*

INTRODUCTION

Making dividend payments in companies is an important part of dividend policy. The formation of various financial indicators of the company based on the paid dividends shows how important the dividend policy is in the company's activity. In addition, the role of dividend policy in increasing the investment attractiveness of companies causes companies to develop effective profit distribution mechanisms. In our national practice, issues such as the lack of effective formation of the dividend policy in joint-stock companies, lack of attention to the specific aspects of dividend payment implementation, low profitability of the stock market, and the lack of corporate governance in joint-stock companies in accordance with international requirements show the urgency of studying the specific aspects of the implementation of dividend payments in companies.

Literature Review

Due to the fact that dividend policy is an activity that corporate structures pay special attention to in international practice, many economists have conducted research on this issue. News on profitable income, i.e. high positive financial results of the company, provides an opportunity to make high dividend payments, increase the reputation of shareholders and the company, engage in internal financing of projects and share buybacks. Therefore, companies constantly strive to achieve positive financial results and increase their annual profit.

In order to prevent the additional risk caused by the uncertainty of dividends, increasing dividend payments can affect the optimal portfolio demand and profitability level of investors. Therefore, dividend payments have a great impact on the formation of investors' portfolios.

Dividend-paying companies exhibit higher corporate social responsibility scores in the following year than non-dividend-paying companies. This effect can be explained by managing the relationship between stakeholders through corporate social responsibility, because paying dividends reflects the conflict between shareholders and stakeholders. It is one of the important aspects that the effective organization of the dividend policy serves the formation of corporate social responsibility.

© 2023 by The Author(s). ISSN: 1307-1637 International journal of economic perspectives is licensed under a Creative Commons Attribution 4.0 International License.
Corresponding author: **Sherkuzieva Nasiba Abrorovna**
Submitted: 27Oct 2023, Revised: 09 Nov 2023, Accepted: 18 Nov 2023, Published: Dec 2023

The theory of dividend tax is important in the organization of dividend policy in companies. For this reason, researchers pay special attention to the theory of dividend tax. Dividend tax theory is a theory that describes the response of firms to changes in dividend tax rates, subject to various accepted assumptions about the characteristics of these firms. For example, a key assumption in one branch of dividend tax theory is that firms can easily attract external capital.

The main goal of the dividend policy is to increase the profitability of shareholders. If the company has profitable investment projects with a high rate of return, the company must retain profits for the investment, otherwise, these profits must be paid out as dividends. In the first situation, the company and the company's shareholders get high returns if they have strategic investment projects that include a specific time period and amount of money. If the company does not have such a plan, it is better to give the money as a dividend. This helps the company to increase the confidence of shareholders and attract other potential investors. At the same time, this leads to an increase in the share price in the market. Taking into account the multifaceted benefits of dividend policy encourages companies to effectively organize dividend policy.

When organizing roadshows for potential investors, it is necessary to take into account the level of taxation in the country where the potential investors operate, because if the potential investor pays high taxes for the expected dividend in the future, he will be less interested in receiving income through shares. When establishing the dividend policy, the company should take into account the tax policy of the country. Because the tax policy has become one of the factors that play an important role in attracting foreign investors to the country.

In many cases, the development of the dividend policy chosen by companies is influenced by factors such as legal factors, contractual conditions, liquidity, production expansion, and others. Therefore, when forming a reasonable dividend policy in the company, it is necessary to pay attention to the internal and external factors related to the company and its activities.

Research methodology

This article uses methods such as scientific abstraction, selective analysis, comparative analysis, observation, statistical analysis, induction, deduction in researching specific aspects of dividend payments in companies.

Analysis and results

The volume of dividend payments is one of the main aspects in the organization of dividend policy in companies. Earnings per share and earnings per share metrics can predict investors' returns.

If the US capital market is analyzed, it can be observed that companies pay different attention to the dividend policy. Also, different companies have different dividend policies and dividend yield is different. Below we analyze the best dividend-paying stocks in the US as of October 2023 (Table 1).

Table 1 Analysis of the best US dividend paying stocks as of October 2023

Companies	Annual Dividend Yield
Texas Instruments Inc. (TXN)	3.3 %
Lockheed Marchin Corporation (LMT)	3.0 %
Merck & Company, Inc. (MRK)	2.8 %
Air Products and Chemicals, Inc. (APD)	2.5 %
The Hershey Company (HSY)	2.5 %

© 2023 by The Author(s). ISSN: 1307-1637 International journal of economic perspectives is licensed under a Creative Commons Attribution 4.0 International License.
Corresponding author: Sherkuzieva Nasiba Abrorovna
Submitted: 27Oct 2023, Revised: 09 Nov 2023, Accepted: 18 Nov 2023, Published: Dec 2023

Broadcom Inc. (AVGO)	2.2 %
Automatic Data Processing, Inc. (ADP)	2.0 %
Tractor Supply Company (TSCO)	2.0 %
Microchip Technology Incorporated (MCHP)	1.9 %
Rockwell Automation, Inc. (ROK)	1.6 %

An analysis of the best dividend-paying stocks in the US as of October 2023 shows that the highest dividend yield belongs to Texas Instruments, which is 3.3 percent. Also, companies such as Lockheed Marchin Corporation, Merck & Company, Air Products and Chemicals, The Hershey Company, Broadcom, Automatic Data Processing, Tractor Supply Company, Microchip Technology Incorporated, Rockwell Automation were also included in this list.

If attention is paid to the company's dividend policy in US practice, it can be seen that quarterly dividend payments are made in most cases (Table 2).

Table 2 Analysis of dividend payments in US companies

№	Dividend payment date	Dividend Payment (in USD)	Dividend payment date	Dividend Payment (in USD)	Dividend payment date	Dividend Payment (in USD)
Apple			**General Electric Company (GE)**		**Chevron Corporation (CVX)**	
1	2023, august	0.24	2023, July	0.08	2023, august	1.51
2	2023, may	0.24	2023, march	0.08	2023, may	1.51
3	2023, February	0.23	2022, December	0.062451	2023, February	1.51
4	2022, November	0.23	2022, September	0.062451	2022, November	1.42
5	2022, august	0.23	2022, June	0.062451	2022, august	1.42
6	2022, may	0.23	2022, march	0.062451	2022, may	1.42
7	2022, February	0.22	2021, December	0.062451	2022, February	1.42
8	2021, November	0.22	2021, September	0.062451	2021, November	1.34
9	2021, august	0.22	2021, June	0.062451	2021, august	1.34
10	2021, may	0.22	2021, march	0.062451	2021, may	1.34
11	2021, February	0.205	2020, December	0.062451	2021, February	1.29
12	2020, November	0.205	2020, September	0.062451	2020, November	1.29
13	2020, august	0.205	2020, June	0.062451	2020, august	1.29

Based on the study of dividend payments in US companies, it can be noted that in 2020-2023, as large companies, Apple, General Electric Company and Chevron Corporation tried to increase dividend payments from year to year. Apple paid $0.205 per share in the period from 2020 to the first quarter of 2021, and by 2023 this payment was $0.24. It can be observed that the dividend

© 2023 by The Author(s). ISSN: 1307-1637 International journal of economic perspectives is licensed under a Creative Commons Attribution 4.0 International License.
Corresponding author: **Sherkuzieva Nasiba Abrorovna**
Submitted: 27Oct 2023, Revised: 09 Nov 2023, Accepted: 18 Nov 2023, Published: Dec 2023

payments in 2023 compared to 2020 have also increased in General Electric Company and Chevron Corporation (Table 2).

When analyzing the activities of UK companies, Tesco, Barclays and Sainsbury's companies in most cases made half-yearly dividend payments. Although these companies also tried to increase dividend payments, a decrease in dividend payments was observed during the pandemic (Table 3).

Table 3 Analysis of dividend payments in UK companies

№	Dividend payment date	Dividend Payment (in USD)	Dividend payment date	Dividend Payment (in USD)	Dividend payment date	Dividend Payment (in USD)
Tesco PLC			**Barclays PLC**		**Sainsbury PLC**	
1	2023, may	0.263	2023, august	0.14	2023, June	9.2
2	2022, October	0.13	2023, February	0.244	2022, November	3.9
3	2022, may	0.296	2022, august	0.108	2022, June	9.9
4	2021, October	0.131	2022, march	0.217	2021, November	3.2
5	2021, may	0.252	2021, august	0.111	2021, June	7.4
6	2020, October	0.157161	2021, February	0.055	2020, November	7.3
7	2020, may	0.307985	2020, February	0.312	2019, November	3.3
8	2019, October	0.124208	2019, august	0.145	2019, June	7.9

Among the analyzed companies, the highest rate in 2023 belonged to Sainsbury's (Table 3). However, it should be noted that the nominal value of shares plays an important role in this case.

CONCLUSIONS

Based on the study of specific aspects of dividend payments in companies, the following conclusions were formed.

First, effective organization of dividend policy in companies serves to prevent conflict of interests and agency conflicts between minority and majority shareholders, as well as between shareholders and company managers.

Secondly, the regular implementation of dividend payments by the company helps to prevent investors' doubts about the company's prospects, as well as the formation of a positive share price.

Thirdly, in our national practice, the transition of joint-stock companies to the practice of quarterly and semi-annual dividend payment serves to increase the interest of investors in the stock market and increase the investment attractiveness of the joint-stock company.

© 2023 by The Author(s). ISSN: 1307-1637 International journal of economic perspectives is licensed under a Creative Commons Attribution 4.0 International License.
Corresponding author: **Sherkuzieva Nasiba Abrorovna**
Submitted: 27Oct 2023, Revised: 09 Nov 2023, Accepted: 18 Nov 2023, Published: Dec 2023

Fourthly, there are many problematic situations regarding the regularity of dividend payments in local joint-stock companies. Therefore, in this case, it is necessary to form profit distribution mechanisms in joint-stock companies based on the experiences of foreign companies.

REFERENCES

1. Rahmedova M. et al. REDISTRIBUTION OF FUNDS FROM SOVEREIGN EUROBONDS AND THEIR EFFICIENCY //International Finance and Accounting. – 2020. – Т. 2020. – №. 3. – С. 17.
2. Botirov PhD A., Omonov S., Turobkhonov S. FEATURES OF PUBLIC-PRIVATE PARTNERSHIP PRACTICE //International Finance and Accounting. – 2021. – Т. 2021. – №. 1. – С. 17.
3. Ruzibayevich A. H., Nursulton Qo'ldosh o'gli D. FOND BOZORIDA DAVLAT KORXONALARI VA ULARNING FAOLIYATINING AYRIM JIHATLARI //Gospodarka i Innowacje. – 2023. – С. 92-97.
4. Abdurakhimova D. INFLUENCE OF FINANCIAL INCLUSION ENCLOSED BY DIGITAL BANKING PRODUCTS ON UZBEKISTANS ECONOMY //International Finance and Accounting. – 2021. – Т. 2021. – №. 4. – С. 11.
5. Ботиров А. А., Бафоева Ш. З. АКЦИЯДОРЛИК ЖАМИЯТЛАРИДА ДИВИДЕНД СИЁСАТИНИ САМАРАЛИ ТАШКИЛ ЭТИШ ВА ТАКОМИЛЛАШТИРИШ МАСАЛАЛАРИ //Экономика и финансы (Узбекистан). – 2020. – №. 3 (135). – С. 15-20.
6. Абдуллаева, Н. (2020). Способы использования страховых инструментов при первичном публичном размещении (IPO) акций на фондовом рынке. Экономика И Образование, 1(1), 175–180. извлечено от https://inlibrary.uz/index.php/economy_education/article/view/4261
7. Jindal L. et al. A machine learning method for predicting disease-associated microRNA connections using network internal topology data //Healthcare Analytics. – 2023. – С. 100215.
8. Shah, A., Pandya, H., Soni, M., Karimov, A., Maaliw, R.R., Keshta, I. (2023). PUF-Based Lightweight Authentication Protocol for IoT Devices. In: Balas, V.E., Semwal, V.B., Khandare, A. (eds) Intelligent Computing and Networking. IC-ICN 2023. Lecture Notes in Networks and Systems, vol 699. Springer, Singapore. https://doi.org/10.1007/978-981-99-3177-4_29
9. Fayzullokh S. et al. Analyzing the Relationship Between Public Debt and Poverty Reduction in Developing Countries: an Empirical Study //Revista de Gestão Social e Ambiental. – 2023. – Т. 17. – №. 7. – С. e03257-e03257.
10. Абдуллаева , Н. А. (2022). Insurance and securities market. *Архив научных исследований*, *4*(1). извлечено от https://journal.tsue.uz/index.php/archive/article/view/2608
11. Жўрабекович Қ. Ж. и др. Халқаро IPO амалиётлари таҳлили: ташкилий хусусиятлари ва институционал инвесторлар иштироки //Экономика и финансы (Узбекистан). – 2021. – №. 1 (137). – С. 53-61.
12. Omonov S. KAPITAL BOZORIDA MOLIYAVIY TEXNOLOGIYALARDAN FOYDALANISHDA ROBOMASLAHATCHILARNING O'RNI //Приоритетные направления, современные тенденции и перспективы развития финансового рынка. – 2023. – С. 313-315.

© 2023 by The Author(s). ISSN: 1307-1637 International journal of economic perspectives is licensed under a Creative Commons Attribution 4.0 International License.
Corresponding author: **Sherkuzieva Nasiba Abrorovna**
Submitted: 27Oct 2023, Revised: 09 Nov 2023, Accepted: 18 Nov 2023, Published: Dec 2023

13. Abdikarimova D. BANK KREDITLARI GAROV TA'MINOTINI BAHOLASH MASALALARI //Приоритетные направления, современные тенденции и перспективы развития финансового рынка. – 2023. – С. 125-127.

14. Karimov A. I. THE EXPERIENCE OF INVOLVING THE POPULATION'S FREE MONEY IN THE DEVELOPMENT OF THE SECURITIES MARKET //International Finance and Accounting. – 2020. – Т. 2020. – №. 6. – С. 18.

15. Shavkatov N., Rakhmedova M., Bozorov U. ISSUES OF ATTRACTING THE PRIVATE SECTOR IN PUBLIC-PRIVATE PARTNERSHIP THROUGH INFRASTRUCTURE BONDS //International Finance and Accounting. – 2021. – Т. 2021. – №. 1. – С. 23.

16. Akhmedov, Khasan, Financial Planning and Business Performance: Evidence from Private Sector of Uzbekistan (April 1, 2016). European Journal of Business and Management Vol. 8 No.9, Available at SSRN: https://ssrn.com/abstract=2825040 or http://dx.doi.org/10.2139/ssrn.2825040

17. Abdurakhimova P. D. D. THEORETICAL AND PRACTICAL FOUNDATIONS OF BANKING INNOVATIONS'IMPACT ON ECONOMIC DEVELOPMENT OF COUNTRIES.

18. Elmirzaev S., Omonov S. MERGERS AND ACQUISITIONS IN DEVELOPED COUNTRIES: PRACTICE AND ANALYSIS //MERGERS AND ACQUISITIONS. – 2019. – Т. 4. – С. 1-2019.

© 2023 by The Author(s). ISSN: 1307-1637 International journal of economic perspectives is licensed under a Creative Commons Attribution 4.0 International License.

Corresponding author: **Sherkuzieva Nasiba Abrorovna**

Submitted: 27Oct 2023, Revised: 09 Nov 2023, Accepted: 18 Nov 2023, Published: Dec 2023