PROBLEMS IN THE DIVIDEND POLICY OF JOINT-STOCK COMPANIES

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Abstract: This article aims to study the main problems associated with dividend policy in joint-stock companies. The study identified the financial stability of the enterprise, liquidity, regulatory and legal requirements, investment plans and shareholder expectations as the main constraints on dividend policy. Issues such as limited financial capabilities, imbalance in dividend payments, regulatory and legal complexities, impact on investment plans, market and tax factors, and different expectations of shareholders were analyzed. At the same time, the development of a sustainable dividend policy, strengthening financial planning, making legislation understandable, and effective communication with shareholders were recommended as ways to solve the problems.

Keywords: Investment plan, company, dividend policy, financial stability, problems.

Introduction:

Joint-stock companies are one of the main subjects of corporate governance in the modern economy, and their financial policy determines not only the stable functioning of the company, but also the confidence of investors. Dividend policy plays an important role in the financial management system of joint-stock companies, as it determines the income distributed to shareholders from the company's profits and serves as a means of attracting investors and attracting their interest in the company's activities. However, in practice, many joint-stock companies face a number of problems in the process of determining and implementing dividend policy. Limited financial capabilities, volatility of net profit, complexity of regulatory and legal requirements, conflict of investment plans with dividend payments, as well as different expectations of shareholders are considered the main problems in dividend policy. These circumstances impede the stable distribution of shareholders' income and can lead to a decrease in the market value of the enterprise. The purpose of this article is to identify problems in dividend policy in joint-stock companies, analyze their causes and consequences, and develop recommendations for solving problems. The study examines the financial condition of the enterprise, the process of determining dividend policy, the regulatory and legal framework, and shareholders' expectations from a theoretical and practical perspective.

Literature review:

The issue of dividend policy has been studied in corporate financial management for many years. Foreign and domestic scholars have analyzed the impact of dividend policy on shareholders and the financial stability of the enterprise based on different approaches. Modigliani and Miller (1961) put forward the theory that dividend policy does not affect shareholder value, while Lintner (1956) noted that enterprises determine dividend policy in accordance with net profit and shareholder expectations. These theoretical foundations allow us to study the issue of dividend policy within the framework of two main approaches - “irrelevant” and “relevant” theories. In recent years, Munzhelele et al. (2022) studied the pay-out model of dividend policy in emerging market conditions. Also, Raven Booker et al. (2023) analyzed the relationship between dividend policy and shareholder value. These studies show that dividend policy directly affects not only net profit, but also the market value of the enterprise and investor satisfaction. In the conditions of Uzbekistan, Shermukhamedov (2024), Ubaydullayev (2024) and Omonov (2025) studied the practical issues of dividend policy in joint-stock companies and identified the problems of net profit, liquidity and regulatory and legal restrictions. Shokirov (2019) analyzed the financial accounting of profit and dividend distribution in enterprises. These works confirm the relevance of dividend policy problems in local conditions.

Research results and discussion

According to the research results, dividend policy in Uzbek joint-stock companies faces a number of problems related to financial, regulatory and market factors. The results of empirical analysis showed that the main problems are limited financial capabilities, imbalance in dividend payments, regulatory and legal complexities, conflict of investment plans with dividend policy, as well as different expectations of shareholders. Financial constraints are associated with insufficient net profit or low liquidity of the enterprise, which reduces the dividend paid to shareholders and negatively affects the market value of the enterprise. The imbalance in dividend payments, in turn, makes it difficult to establish a stable dividend share due to the volatility of net profit during the year. Regulatory and legal complexities complicate the implementation of dividend policy, since laws and regulations lead to confusion in practice. At the same time, the conflict of investment plans requires maintaining a balance between financing the enterprise's development plans and paying dividends. Tax and market factors also affect dividend policy; for example, high tax burdens reduce net profit paid to shareholders, resulting in a lower dividend yield. The differences in expectations of different shareholders create additional difficulties in developing a dividend policy. Some shareholders prefer a high dividend, while others prefer to develop the company's capital. In the example of a practical analysis, according to the financial statements of JSC "X" for 2025, net profit was 10 billion soums. According to the dividend policy, 40% of net profit was distributed to shareholders as dividends. At the same time, the amount of dividend per share was calculated as follows: 4,000,000,000 ÷ 20,000,000 = 200 soums. This example shows the need to make dividend payments in accordance with net profit and the financial capabilities of the enterprise. The discussion shows that the problems in dividend policy are interconnected, and financial and regulatory constraints become more complex when combined with shareholder expectations. Therefore, it is important to formulate a stable and long-term dividend policy, strengthen financial planning, work with regulatory documents in a clear manner, and establish effective communication with shareholders. When comparing theoretical and practical results, the Modigliani-Miller and Lintner theories find their application in practice. Setting dividend policy in accordance with net profit and shareholder expectations increases the market value of the enterprise and ensures shareholder satisfaction. At the same time, harmonizing investment projects and dividend policy serves to maintain financial stability. As a result, the study showed the importance of systematically identifying problems in dividend policy and developing recommendations for their resolution. A stable dividend policy increases the investment attractiveness of the enterprise, protects the financial interests of shareholders, and contributes to the long-term financial stability of society.

Conclusion:

This article studies the problems of dividend policy in Uzbek joint-stock companies from both theoretical and practical aspects. According to the results of the study, the main problems of dividend policy are financial constraints, imbalance in dividend payments, regulatory and legal complexities, conflicting investment plans, tax and market factors, and different expectations of shareholders. Financial constraints are associated with insufficient net profit and low liquidity, which reduces the dividend paid to shareholders. The imbalance of dividend policy makes it difficult to determine the dividend share stably due to the volatility of net profit throughout the year. Regulatory and legal complexities create confusion in practice, and conflicts with investment projects affect the development strategy of the enterprise. At the same time, different expectations of shareholders create additional difficulties in forming a dividend policy. Practical analysis has shown that the correct determination of the relationship between the dividend share and net profit plays an important role in ensuring the financial stability of the enterprise and shareholder satisfaction. Developing a long-term sustainable dividend policy, strengthening financial planning, making regulatory and legal requirements understandable, and establishing effective communication with shareholders are effective ways to reduce problems. When comparing theoretical and practical studies, determining the dividend policy in accordance with net profit and shareholder expectations increases the market value of the enterprise and strengthens investor confidence. At the same time, the coordination of dividend policy and investment projects serves the long-term development of the enterprise.

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