



CHANGES IN DIVIDEND POLICY FOLLOWING PUBLIC OFFERING OF STATE SHARES: SHIFTING PRIORITIES

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KALIT SO'ZLAR

IPO, davlat mulki, dividend siyosati, rivojlanayotgan bozorlar, qayta moliyalash stavkasi, inflyatsiya.

КЛЮЧЕВЫЕ СЛОВА

IPO, государственное имущество, дивидендная политика, развивающиеся рынки, ставка рефинансирования, инфляция.

KEY WORDS

IPO, SOE, dividend policy, emerging markets, refinancing rate, inflation.

ANNOTATSIYA

Ushbu tadqiqot O'zbekistonda IPO muvaffaqiyatiga ta'sir etuvchi omillarni o'rganib, asosiy e'tiborni dividend siyosati va IPO natijalari o'rtasidagi bog'liqlikka qaratadi. Dividend siyosatini iqtisodiy ko'rsatkichlar bilan moslashtirish muhim xarid signali bo'lib, IPO aksiyalarining to'liq sotilishiga olib keldi. Natijalar shaffof dividend siyosatining muhimligini va ularning investorlar ishonchiga, xususan, O'zbekiston kabi rivojlanayotgan bozorlarga ta'sirini ta'kidlaydi. Binobarin, bunday bozorlarda IPO ni rejalashtirayotgan kompaniyalar muvaffaqiyatli natijani ta'minlash uchun dividend siyosatining investorlar manfaatlariga ta'sirini diqqat bilan ko'rib chiqishlari kerak.

АННОТАЦИЯ

This study examines the factors influencing the success of IPOs in Uzbekistan, focusing on the correlation between dividend policies and IPO outcomes. The alignment of dividend policies with economic indicators proved to be a significant buying signal, leading to the complete sale of IPO shares. The findings underscore the importance of transparent dividend policies and their impact on investor confidence, particularly in emerging markets like Uzbekistan. Consequently, companies planning IPOs in such markets should carefully consider the influence of dividend policies on investor interest to ensure a successful outcome.

ABSTRACT

В данном исследовании рассматриваются факторы, влияющие на успех IPO в Узбекистане, уделяя особое внимание взаимосвязи между дивидендной политикой и результатами IPO. Согласование дивидендной политики с экономическими показателями оказалось значимым сигналом к покупке, что привело к полной продаже акций, прошедших IPO. Результаты подчеркивают важность прозрачной дивидендной политики и ее влияние на доверие инвесторов, особенно на развивающихся рынках, таких как Узбекистан. Следовательно, компании, планирующие IPO на таких рынках, должны тщательно учитывать влияние дивидендной политики на интерес инвесторов, чтобы обеспечить успешный результат.

The privatization of state-owned enterprises via Initial Public Offerings (IPOs) marks a pivotal juncture in economic evolution, engendering profound alterations in corporate governance, operational efficiency, and market dynamics. IPOs serve as the gateway to privatization, facilitating the transition from government ownership to private hands. Among the myriad transformations catalyzed by privatization through IPOs, perhaps none is as scrutinized or impactful as the evolution of dividend policies within privatized entities. In this article, we delve into the intricate interplay between privatization, IPOs, and dividend policy, elucidating how these intertwined processes redefine the corporate finance landscape. We explore the motivations compelling companies to recalibrate their dividend strategies post-privatization through IPOs, examine the mechanisms

driving these adjustments, and analyze the implications for investors, markets, and broader economic growth.

This article encompasses an examination of academic literature authored by both foreign and local scholars regarding the subject, the principal methodological approaches employed in the study, an analysis of the dividend policies of companies that have undergone IPOs in Uzbekistan, as well as the corresponding findings and conclusions.

Over the past few decades, the privatization of state-owned enterprises through IPOs has been a prevalent economic phenomenon in Uzbekistan, reflecting the country's transition towards a market-oriented economy. Academic literature on this topic has highlighted the significance of understanding how these IPOs impact various aspects of corporate behavior, including dividend policy.

Several studies have examined the implications of IPOs on dividend policy in emerging markets, providing valuable insights into the factors influencing dividend decisions post-privatization. For instance, Meghna [1] conducted a comprehensive analysis of IPOs in India and found that companies often adjust their dividend policies following privatization to attract and retain investors in the newly liberalized market environment.

Moreover, research by Hitten et. al. [2] delved into the relationship between IPO characteristics and dividend policies, revealing that factors such as the size of the offering, the industry sector, and the ownership structure significantly influence dividend decisions post-IPO. These findings underscore the importance of considering various contextual factors when analyzing the dividend policies of companies following IPOs in Uzbekistan.

Furthermore, studies focusing specifically on the Uzbekistan context have shed light on the unique challenges and opportunities facing companies undergoing privatization and subsequent IPOs. For example, Khamidulin et. al. [3] explored the impact of privatization on corporate governance practices in Uzbekistan and highlighted the need for companies to adopt transparent and sustainable dividend policies to enhance investor confidence and foster economic growth. However, there remains a need for further qualitative research to explore the specific mechanisms through which privatization and IPOs influence dividend decisions and their implications for corporate performance and shareholder value in the Uzbekistan context.

The success of an IPO hinges on numerous factors, with the offering price of shares and the dividend structure being pivotal. In Uzbekistan, there have been five IPOs to date, each involving the sale of a percentage of state shares to investors via public offerings. Unfortunately, three out of these five IPOs (Kvarts JSC, Jizzakh Plastmassa JSC, Uzautomotors JSC) ended unsuccessfully, while the remaining two (Uzbektelecom JSC, Uzbekinvest JSC) were deemed successful. Several factors contribute to the outcome of an IPO, including:

1. Market conditions;
2. Company fundamentals;
3. Regulatory environment;
4. Investor sentiment; Timing.

Indeed, the state of the company is paramount in determining the success of an IPO. Investors are inherently interested in the fundamental health of the company, as it directly affects their potential returns. This includes crucial aspects such as the company's dividend policy and its ability to consistently pay dividends. In regions like Uzbekistan, where the secondary stock market is still developing, investors place significant emphasis on the company's financial stability and its potential to generate income through dividends. Therefore, a strong and transparent dividend policy can significantly influence investor confidence and interest in an IPO.

Analyzing the conducted IPOs, it appears that the correlation between their outcomes and the dividends announced by the companies played a pivotal role in the successful completion of these

IPOs. The positive results may be attributed to the confidence instilled in investors by the dividend policies and the commitment of the companies to dividend payments. Investors tend to favor companies that demonstrate a strong track record of dividend payments or have promising dividend prospects, as it provides them with a tangible source of income and reflects positively on the company's financial health. Consequently, the emphasis placed on dividends by these companies likely contributed significantly to the favorable reception of their IPOs:

Companies	The number of shares offered as part of the IPO	The number of shares sold to investors as part of the IPO	Percentage of shares sold, in %	The price of one share within the framework of the IPO, sums	Amount of dividend paid/declared after IPO (first year)
Kvarts JSC	4 574 934	2 475 449	56 %	3000-9100	Not paid/declared
Jizzakh Plastmassa JSC	1 140 246	397 659	34,9 %	3400	Not paid/declared
Uzautomotors JSC	2 700 000	785 700	29,1 %	72500-81500	N/A
Uzbektelecom JSC	5 542 046	5 542 046	100 %	6000-10000	N/A
Uzbekinvest JSC	14 100 000	14 100 000	100 %	1000-1500	Refinancing rate + 10

It's worth noting that in the last IPO, the dividend announcement was tied to the refinancing rate set by the Central Bank. This strategy served as a compelling buying signal for investors, prompting a notable response. All of the shares issued for the IPOs were swiftly sold to investors within the specified timeframe. This underscores the importance of aligning dividend policies with economic indicators, as it can enhance investor appeal and contribute to the successful completion of IPOs.

In conclusion, the success or failure of IPOs in Uzbekistan, as evidenced by past instances, is intricately tied to various factors, with the state of the company and its dividend policy playing crucial roles. While the state of the company reflects its overall health and prospects, a transparent and promising dividend policy can significantly bolster investor confidence and interest. The correlation between the results of IPOs and the dividends announced by the companies suggests that investors prioritize stable income sources, especially in emerging markets like Uzbekistan where the secondary stock market is still developing. Therefore, companies planning IPOs in such markets should carefully consider their dividend policies as a key factor in ensuring a positive outcome.

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