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Interrelation between dividend policy and corporate reputation in Russian companies

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Abstract. The paper analyses the formation and development of dividend payment procedures in Russian companies and explores the content of corporate reputation and its components. According to the dividend signaling hypothesis, dividends, being an indicator of profitability and financial stability, act as determinants of a company's sustainable development. This affects its stock price and forges corporate reputation for investors. The authors examine the dynamics of dividends paid out by the leading Russian companies highlighting the phases of emergence and formation of dividend policy in Russia, industry-specific nature and the dominant type of dividend policy. The authors apply the classification of the types of dividend policy (conservative, moderate and aggressive) and use the methods of analysis and synthesis, econometric modeling (regression model building). The source data include the ratings and statistical evidence provided by the Russian Institute of Directors (RID) as well as statistical data retrieved from online resources. The authors conclude that, since 2001, Russian companies have been paying dividends to win investment attractiveness in the eyes of foreign investors. We suppose, therefore, that the emerging dividend policy is becoming one of the indicators of corporate reputation of Russian companies. The analysis shows no statistically significant dependence of stock prices of Russian companies on the size of dividends paid out, but there is some evidence that dividend signaling hypothesis is being implemented in the Russian economy. The study reveals that aggressive dividend policy prevailing in companies partly owned by the state is due to the specificity of rules and regulations in Russia and ambitions of other companies to improve their reputation among investors.

Keywords: corporate governance; corporate reputation; dividend policy; stock price.

JEL Classification: L14, G34, G35

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INTRODUCTION

Under modern conditions, attraction and costs of investment inherently associated with such notions as image and reputation of companies are the pressing problems in the Russian economy. Since the middle of the twentieth century, the concepts of image and reputation, that used to be personal categories, have gained an economic denotation. The evolution of corporate governance as a specific domain of management science and the formation of large corporations have expanded an entrepreneur's image and a company's business reputation to corporate ones. Consequently, the main components of investment attractiveness of modern companies are their corporate ranking and formidable corporate reputation.

The *purpose of the research* is to establish the development level of dividend policy in Russian companies at the current stage and reveal whether dividends paid out by Russian corporations indicate their strong corporate reputation. To accomplish the stated aim, the authors tackle the following *objectives*: to analyse the dividend history of Russian companies; to discuss its specificity; to determine the stages of dividend policy formation; to examine the effect of dividend signaling hypothesis in the Russian practice; to investigate the dependence of stock price of the leading Russian companies on the size of dividends paid out; to establish the dominant type of dividend policy.

In the course of the study, the authors analyse the *hypothesis* of practical implementation of the dividend signaling theory [Brigham, Ehrhardt, 2005], which implies that rising dividend payments automatically increase the market

value of Russian companies' shares which provide shareholders with additional revenue. Within the framework of dividend signaling theory, dividend payments are viewed as an information signal to the market that allows shareholders to estimate a company's prospects. Hence, dividends are one of the indicators of corporate reputation.

DIVIDEND POLICY AND CORPORATE REPUTATION: THEORETICAL APPROACHES

From the standpoint of stakeholder theory [Freeman, 1984], while operating, a corporation forms certain obligations to both their shareholders and various groups of stakeholders, such as employees, customers, suppliers, creditors, the state and society at large. Focusing on various signals coming from a company, stakeholders receive and accumulate information about the fulfillment of these obligations. According to Brammer and Pavelin [2004, p. 704], this information creates the company's reputation. Among market signals, researchers put a special emphasis on marketing indicators; among strategic signals, they stress mission, objectives, types of strategy and innovation activity; the most significant institutional signal is corporate social responsibility and crucial financial signals embrace dividend policy and financial indicators.

As a result, a company's reputation, being evaluated by numerous stakeholders, is transformed into corporate reputation. According to Boldyreva [2017, p. 30], corporate reputation is a collective judgement on the company that is formed over time in the minds of target groups based on

expert assessments of economic, social and environmental aspects of its activities.

A corporation should undoubtedly build a positive reputation for all its stakeholders, but we believe that investors and shareholders are the most important of them, since they usually invest lots of resources to set up the company and help it exist as a legal entity. The probability of attracting investment throughout the business lifecycle predetermines its sustainable development [Tkachenko, Zlygostev, 2018].

Thus, the key signals of strong goodwill for investors and stakeholders are return on investment, return on equity, dividend yield, dividend policy and dividend history.

An organization's dividend policy can be viewed as a type of managerial decisions regarding the following parameters: the share of net profit intended for paying dividends to shareholders; the choice of the dividend policy type, as well as the nature, form and frequency of dividend payments; the degree of adaptability. Dividend decisions are an integral part of the corporate governance system, since the market value of companies depends on meeting shareholders' expectations.

DIVIDEND POLICY: RESEARCH AND EXPERIENCE

Foreign studies on the cause-and-effect relationship of dividend policy in the framework of corporate governance and market development are quite diverse. Burgeoning overseas publications deal with the way how professional attributes of board members influence corporate financial policy and dividend policy, in particular. Scholars prove that firms with accounting experts sitting on their audit committees demonstrate stronger accounting conservatism and maintain lower dividend payment level, which are less sensitive to earnings volatility [Qiao, Chen, Hung, 2018]. Some researchers look at the condition under which the stockholders in a levered firm will be unaffected by the dividend policy [Galai, Wiener, 2018]. Duygun, Guney and Moin [2018] examine the factors affecting dividend policy of Indonesian firms paying special attention to agency costs and ownership structure. The study found that firms with higher conflicts of interest among managers and shareholders pay lower dividends. Conflicts between major and minor shareholders would exert little effect on dividend payments. Corporations with higher state ownership are associated with larger dividend payments. Chintrakarn, Chatjuthamard and Torn [2018] suggest that CEOs view dividends unfavorably because dividend payouts deprive them of the free cash flow they could otherwise exploit. The authors demonstrate that there is an inverse correlation between CEO power and the probability of paying dividends. Shumi Akhtar [2018] explores whether the determinants of dividend payout ratios between multinational and domestic corporations vary across Australia, U.S., Japan, U.K. and Malaysia. Syed, Zainir and Isa [2018] analyse reputational considerations of firms and factors of dividend payments and examine the extent to which the asymmetric information and agency costs theories explain dividend smoothing. Dockner, Elsinger and Gaunersdorfer [2018] ar-

gue that the incentive to collude is driven by limited liability and the dividend policy of the firm. Farooq, Shehata and Nathan [2018] state that informativeness of reported earnings, measured by earnings–return relation, is an increasing function of dividend payout ratio in the Middle East and North Africa region during the period between 2003 and 2014. According to the authors, higher dividends reduce agency conflicts. Anh Ngo et al. [2018] examine the effects of ownership structure on dividend policy, specifically the role of controlling shareholders in shaping dividend policy. The results of the study show that managers in weakly governed firms are more likely to initiate customized dividends to meet outside large shareholders' needs while simultaneously using costly external capital to finance new investment projects.

The research studies on practical implementation of signaling hypothesis of dividend policy are devoted to developed markets such as the US., the United Kingdom and Germany. The vast majority of studies highlight that an increase in dividend payments causes an increase in stock price, and vice versa – a decrease in dividend payments leads to a decrease in stock price [Bhattacharya, 1979]. However, there are some works proving the opposite to be true [Vieira, 2011]. At the same time, everyone agrees that dividend policy is a tool which a company's management uses to transmit a signal to investors. Developing markets, not to mention Russia, do not enjoy such popularity among scientists.

Analysts at the financial company Ned Davis Research have categorized organizations included in the S&P 500 index into several groups according to the dynamics of dividend payments – growing, stable, declining and zero – comparing these groups by quotations growth over a 30-year period. As a result, the average growth of the most generous companies was 11 % yearly. Issuers sticking to conservative policy grew by 7.2 %, those reducing payouts – by 3.6 % and the companies that did not pay dividends to their shareholders – by 2.4 % [Bocharova, 2011, p. 5]. The analysis clearly confirms the practical implementation of signaling effect: dividend policy influences the change in the stock price and, if the stock price in the market falls, the company's market capitalization decreases thereby damaging its reputation.

In support of Graham's statement [Graham, Zweig, Buffet, 2009] that the only reason for the company to exist is to pay dividends to its stakeholders, within the framework of implementing corporate governance best practices in the USA there is the special index of Dividend Aristocrats which encompasses companies that have increased their dividend payouts for 25 consecutive years or more. One failure to increase the payout is enough to get eliminated from the top-class list. By 2010, 43 companies from the S&P 500 index annually increased dividends over the past 25 years. These included the companies for which the special index of Dividend Aristocrats is calculated – The 3M Company, Coca-Cola, ExxonMobil, Johnson&Johnson, Kimberly-Clark, McDonald's, PepsiCo, Procter&Gamble, Wal-MartStores. The American Dividend Aristocrats are widely diversified and represent 10 different sectors of economy. The consumer sector has

the largest number of representatives. The S&P Europe 350 included 48 companies that have increased dividend payments over the past 10 years [Bocharova, 2011, p. 4].

Stability is an important characteristic of foreign companies' dividend policy. Stable dividends testify to the development of the company and broaden investors' focus instead of concentrating solely on speculative earnings from changes in the market share price. In addition, foreign companies have long been using a stimulating dividend policy which provides for paying a significant part of the company's net profit mainly in the form of quarterly dividends.

When addressing the historical aspect of the ratio between dividend yield and the gain in the market (exchange) stock price, it was noted that recently the increase in stock prices has played the major role in total return [Danilova, 2017].

Table 1 shows that in the 19th century an immense share in total return was accounted for dividends which gave 90 % of the total profitability. In the second half of the 20th century until the beginning of the 21st century, dividend yield produces approximately 30 % of earnings, and about 70 % of investors' income was due to an increase in the market stock price.

According to signaling hypothesis, a fall in dividend payouts leads to a decrease in stock prices, which, in turn, results in a decline in capital gain and total stock return. Historical changes in the ratio between the returns do not exclude the signal effect in action.

The level of dividend taxes is one of the most significant factors determining dividend policy and strategy of investors. Different countries apply different approaches to establishing income tax rates for certain categories of taxpayers. For example, in Germany and Japan, the dividend tax rate is lower than corporate tax rate, whereas in France, Canada, United Kingdom and Australia, the rates of corporate tax and dividend tax are at the same level. In some countries, e.g. the United States, dividend taxation is more burdensome for a shareholder than capital gains, but despite this, companies pay dividends.

EFFECTS OF DIVIDEND POLICY ON CORPORATE REPUTATION IN RUSSIAN COMPANIES

In the 1990s, due to the emergence of "insider capitalism" as a model of corporate governance based on ownership rights concentrated in the hands of one or more majority shareholders, Russian enterprises did not have dividend policy. This period was characterized by the dominance of non-dividend methods for generating earnings, or the so-called "schemes". The "business" in Russia was basically a combination of several companies united by a single ultimate owner. Oftentimes the majority holder directly or indirectly owned a controlling stake in a manufacturing enterprise and a 100% stake in a supply and distribution company. As a result of transfer pricing, profit was accumulated in the accounts of supply and distribution companies located in offshore zones. From the standpoint of the major owner, dividend payment was a waste of funds.

Even today, some organizations in Russia pay the so-called "hidden" dividends. To do so, the major shareholder concludes agreements with a controlled company to provide consulting and other services as part of the company's operational management. The cost of these services is either not fair or the company does not need them. From the viewpoint of foreign investors, such practice is unacceptable.

The few cases of insignificant dividend payments could not be considered as companies' dividend history, and net profit distribution was first mentioned in official documents of Russian companies in the late 1990s, primarily as one of the sections of their charters. From the perspective of the evolution of Russian companies' dividend policy, the period of 1994–1998 is referred to as "birth" [Lukasevich, 2016, p. 113].

The formation of dividend policy began in 2001, when many large corporations had a need to attract capital from financial markets. To improve their reputation in the eyes of foreign investors, companies commenced paying dividends. However, these payouts were characterized, and still are, by industry imbalances, which is illustrated in the study of 227 largest Russian companies carried out by the Analytical Credit Rating Agency (ACRA) (Fig. 1).

Table 1 – Ratio of dividend yield and gain in market stock price, % [Danilova, 2017, p. 32]
Таблица 1 – Соотношение дивидендной доходности и прироста курсовой стоимости, % [Данилова, 2017, с. 32]

Country	Period	Total return	Including	
			Dividend yield	Gain in market stock price
USA	1802–1900	5.89	5.18	0.71
	1900–1995	9.78	4.84	4.94
	1950–2005	12.1	3.8	8.3
United Kingdom	1800–1900	4.69	3.91	0.79
	1900–1995	8.86	4.94	3.92
	1950–2005	12.7	5.1	7.6
Germany	1870–1913	6.92	5.59	1.33
	1900–1995	5.8	1.91	3.91
	1950–2005	12.3	3.3	9.0

Fig. 1. Industry dynamics of dividend growth of the Russian major companies¹

Рис. 1. Отраслевая динамика роста дивидендов российского крупного бизнеса

Oil and gas sector, metallurgy and telecommunications demonstrated the most considerable growth, since companies in these industries were the first ones that undertook IPO to enter the international financial markets, which forced them to improve the quality of corporate governance. Rights of shareholders, including their right to receive dividends, are one of the areas of corporate governance.

Over time, companies prepared the documents specifying the essence of their dividend policy. Businesses entered the “growing up” stage in 2008, when the adoption of dividend policy in the form of an independent document available to all stakeholders became the norm in business practice.

Hence, the early 2000s can be regarded as the starting point for the formation of Russian companies’ dividend history, although in 2006 almost 90% of joint-stock companies refrained from paying dividends on a regular basis. In 2007–2009, major shareholders of Russian companies received 80 % of 1 trillion rubles of accrued dividends, whereas minor shareholders and the state earned less than 200 billion rubles [Bocharova, 2011, p. 6].

Having analysed 146 public companies that had implemented at least one payout of dividends and whose shares were traded on Moscow Exchange, Abramov, Radygin and Chernova [2018, p. 52] found that prior to the crisis of 2008, the largest public companies started paying quite significant dividends for that time. The amount of dividend payments in 2006 accounted for 974 billion rubles, which is comparable to the amount of dividends (1277 billion rubles) paid in 2016. The financial crisis of 2010 encouraged companies to increase the sum of regular dividend payments, which had gone into a gradual decline during 2007–2009: by 2016, the amount of dividends increased 5.3 times in comparison with 2009 when dividend payments amounted to 242 billion rubles.

¹ Growth of dividends paid by Russian major companies is curbed by negative cash flow. Available at: <https://www.acra-ratings.ru/research/845>.

Russian companies operate under the conditions of aggressive information environment, and when entering the market, they turn into a source of information for stakeholders. Recently, macroeconomic factors, such as oil prices and Western sanctions against the Russian Federation, have had a bearing on stock prices of Russian companies. In 2014, because of the sanctions, capitalization of the 100 largest Russian companies from the end of 2013 to the end of 2015 dropped by more than half [Santalova, 2018, p. 85].

Along with macroeconomic factors, managerial decisions of the board of directors, including those about dividend payments, also exert an effect on the company value. Within the framework of signaling theory, the parameters of a company’s dividend policy serve as an information signal for shareholders while forming a corporate reputation in their eyes, which influences stock prices.

Amid economic sanctions, it is of high importance to enhance the effectiveness of investor relations management. Despite political and economic difficulties, companies try to maintain shareholder value. PAO NOVATEK is one of the sanctioned Russian enterprises that altered its dividend policy to sustain interest of investors: in 2015, dividend growth on an annualized basis amounted to 31 % (about 30 % of net profit) [Santalova, 2018, p. 87].

Thus, we can assume that leading Russian companies have lately seen dividend policy as a way to compensate for the stock price crash risk due to reasons unrelated to the company’s activities and now boost dividend payments. For instance, in 2007–2016 the amount of dividends for all public companies increased from 346 to 1,277 billion rubles, or by 270 %. In addition, a number of companies pay dividends even if they suffer losses (Table 2) [Yafizova, 2017, p. 5].

Turaev [2016] has examined the signaling hypothesis through the analysis of 170 dividend announcements about dividend payments made by 50 Russian companies whose

Table 2 – Dividend payments of Russian companies in 2015–2016
Таблица 2 – Дивидендные выплаты российских компаний в 2015–2016 гг.

Company	2015		2016	
	Dividends, rubles per share	Net profit, billion rubles	Dividends, rubles per share	Net profit, billion rubles
PAO ALROSA	1.5	–16.8	2.1	224.5
PAO Severstal	73.7	–61.6	20.3	37.1

shares are listed on Moscow Exchange. Having applied an event study to test the hypothesis about the information component of dividends, the author arrived at the conclusion that the announcements of Russian companies in 2010–2014 about the reduced dividend amount resulted in the occurrence of negative excess return on their shares, whereas the announcement about increased dividends did not entail the occurrence of belated negative excess return on shares. Thus, signaling theory for most of the hypotheses put forward by Turaev was confirmed.

To test out signaling theory and exact relationships between stock prices and the amount of dividends of Russian companies, we use econometric models of linear and power regressions:

$$P = a + b \times D + \varepsilon;$$

$$P = a \times D^b \times \varepsilon;$$

where P denotes the stock price in the market, rubles; D is the amount of dividends, rubles per share; a , b are the model's

constants; ε denotes random element of the model reflecting the influence of other factors.

We utilize the dynamics of stock prices and the amounts of dividend payments of several Russia's leading public joint stock companies (PAOs) as the basis for statistical analysis (Table 3).

The following models were obtained for PAO Mechel (Table 4).

Based on the data from Table 4, we can conclude that both models demonstrate a positive relationship between the dynamics of dividend payouts and the stock prices of PAO Mechel in the respective years. The coefficient of determination R^2 in the power function model turned out to be slightly higher than that in the linear function model. Its value 0.36 means that only 36 % of the spread in stock prices around their average values are attributed to the dynamics of dividends, while the remaining 64 % are associated with the influence of other factors. From the standpoint of statistical significance, these coefficients were insignificant in both

Table 3 – Dividends and stock prices of the leading PAOs in Russia in 2014–2018¹
Таблица 3 – Дивиденды и цены акций ведущих ПАО России в 2014–2018 гг.

PAO	Indicator	2014	2015	2016	2017	2018
Mechel	Stock price, rubles	16.36	40.15	147.3	132.05	135.75
	Dividend amount, rubles per share	0.05	0.05	0.05	10.28	16.66
Aeroflot	Stock price, rubles	32.23	56.1	152.85	138.45	140
	Dividend amount, rubles per share	–	–	–	17.48	12.81
Bashneft	Stock price, rubles	1250	1988	3588.5	2274	1758.5
	Dividend amount, rubles per share	211	113	164	148.41	158.95
MTC	Stock price, rubles	169.05	210	259	276	288
	Dividend amount, rubles per share	18.6	19.56	14.01	15.6	23.4
Rostelecom	Stock price, rubles	87.01	90.55	84	63.9	74.9
	Dividend amount, rubles per share	4.85	4.05	5.92	5.39	5.05
Sberbank	Stock price, rubles	54.9	101.26	173.25	225.2	191.5
	Dividend amount, rubles per share	3.2	0.45	1.97	6	12
Gazprom	Stock price, rubles	130.31	135.09	154.55	1230.5	145.31
	Dividend amount, rubles per share	7.2	7.2	7.89	8.04	8.04
Norilsk Nickel	Stock price, rubles	8080	9150	10122	10850	11398
	Dividend amount, rubles per share	248.48	670.04	230.14	446.1	607.98
ALROSA	Stock price, rubles	63	55.94	97.43	75.06	106
	Dividend amount, rubles per share	1.47	1.47	2.09	8.93	5.24
Moscow Exchange	Stock price, rubles	59.06	91.4	125.59	108.97	123.06
	Dividend amount, rubles per share	3.87	7.11	7.68	7.96	5.47

¹ Dividends of Russian companies in 2018. Available at: <https://letmoney.ru/company/dividends/russian>.

Table 4 – Results of econometric modeling for PAO Mechel
Таблица 4 – Результаты эконометрического моделирования для ПАО «Мечел»

	Linear function model	Power function model
Model	$P = 6.97 + 4.45D$	$P = 81.3D^{0.19}$
Coefficient of determination	$R^2 = 0.32$	$R^2 = 0.36$
F-test	$F = 1.396$	$F = 1.664$
Standard error of coefficient a	$m_a = 32.99$	$m_a = 0.42$
Standard error of coefficient b	$m_b = 3.77$	$m_b = 0.15$
t-statistic	$t_a = 2.11$	$t_a = 10.5$
	$t_b = 1.18$	$t_b = 1.29$

models, since F -test is lower than its critical values even for a 5 % significance level. As for the coefficients, only the coefficient $b = 0.19$ in the power model turned out to be significant at a significance level of 0.1 %.

Coefficients of determination for the other companies are less than 0.1 and F -test takes on low values, which indicates the absence of statistical significance of the models under study. The lack of statistical significance of the models is due to the limited statistical base (data for a 5-year period), which is explained by the short dividend history of Russian companies, as well as the influence of other factors, e.g. macroeconomic ones, on stock prices.

Nevertheless, some examples of the implementation of the dividend signaling theory in the Russian economy can be given. At the conference on tariff regulation in 2017, Pavel Levinsky, the head of PAO Rosseti, proposed exempting the holding from paying dividends, which caused a considerable drop in Rosseti stock price on Moscow Exchange. Common stocks fell 4.65 % and a decline in preferred stocks was 2.1 %. A drop in IDGC¹ stocks was more dramatic [Grebennikova, Khablieva, 2017, p. 232].

On May 22, 2018, at the shareholders meeting, the Board of Directors of PAO Rospadskaya recommended not to pay dividends for 2017. As a result, Rospadskaya stock price on Moscow Exchange fell 10% in one day (from 115 rubles to 103 rubles per share). Over the next week, the company's stocks decreased to 95 rubles. Thus, the overall decline amounted to 17.4 %. In addition, after the announcement of omitted dividends for 2017 and redirecting profits to the development of the company, most of the investors withdrew from shareholders [Gvozdz, 2018, p. 21].

The positive relationship between the parameters under examination for PAO Mechel [Turaev, 2016] and the given examples do not allow rejecting the hypothesis about the effect of signaling theory on Russian companies, since they show that stock prices of Russian companies respond to a certain extent to their dividend policy, especially in terms of falling stock quotes if dividend payments are reduced or omitted.

Due to the practical implementation of signaling theory, investors attitude towards a company's reputation is directly dependent on dividend payouts. The role of dividend signal-

ing is strengthening over time. If the share of net profit spent by Russian companies on dividend payments in 2012–2013 was 22–26 %, in 2015–2017, this indicator rose to 33–34 %. According to the analysts' estimates, the total dividend payments in 2017 accounted for 1.5 trillion rubles [Tropin, 2018, p. 90]. At the same time, the majority of Russian companies pursuing an active dividend policy pay dividends either quarterly or semi-annually. This payment practice allows improving corporate governance and smoothing stock volatility.

It is noteworthy that adopting a certain type of dividend policy can also affect the formation of a company's corporate reputation. Dividend policy can be of three types: conservative, moderate and aggressive. In the case of a conservative policy, a company's management team does not view dividends as a significant factor affecting the company's performance and pays out the minimal amount of dividends on residual basis. Within the framework of a moderate approach, the amount of dividend payments is fixed. If a company's policy is aggressive, dividends are regarded as one of the major factors affecting the company value, since dividend payments are somewhat dependent on the amount of profit.

Based on this approach, it is possible to analyse companies with the highest corporate governance rating from the perspective of the Russian Institute of Directors, and companies with rather high capitalization (Table 5).

An analysis of the dividend policy provisions posted on the official websites of the companies allowed us to arrive at the following conclusions. Firstly, all companies presented in the rating have dividend policy provisions, which indicates that these organizations care about their reputation. Secondly, most of these provisions contain aspects of aggressive dividend policy, according to which dividends are considered as a tool to influence the company value. Corporations following the aggressive approach pay dividends as part of a stable dividend policy, according to which there is a certain part of net profit reserved for paying out a steady dividend every given period. For example, PAO Severstal pays at least 50 % of net profit as quarterly dividends. At that, net profit is calculated in accordance with IFRS provided that Net Debt/EBITDA ratio is 1.0 or less. If Net Debt/EBITDA ratio is higher than 1.0, the company will pay dividends in the amount of 25 % of net profit. Dividends paid out by PAO NOVATEK and PAO LUKOIL amount to 30 and 25 % of net profit respectively. Moreover, LUKOIL aims to provide annual growth of ruble-

¹ PAO Interregional Distribution Grid Company (IDGC) is a subsidiary of PAO Rosseti.

denominated dividend per share at least in line with ruble inflation calculated on the basis of the Consumer Price Index. PAO Norilsk Nickel pays dividends in the amount of 60 % EBITDA if Net Debt/EBITDA ratio is less than 1.8, and 30 % EBITDA if the ratio is higher than 2.2. As for PAO NLMK, if Net Debt to EBITDA is 1.0 or less, then the amount of dividends falls within the range of 50 % of net profit and 50 % of free cash flow; if Net Debt/EBITDA exceeds 1.0, then dividends are to be paid with the payout in the range of 30% of net profit and 30 % of free cash flow.

Table 5 – Types of dividend policy practiced in Russian companies¹
Таблица 5 – Типы дивидендной политики российских компаний

Company	Rating	Type of policy
PAO ALROSA	8	Aggressive
PAO RusHydro	8	Aggressive
PAO Sistema	8	Conservative
PAO Sberbank	8	Conservative
PAO TransContainer	8	Conservative
PAO Aeroflot	7++	Aggressive
PAO VTB Bank	7++	Conservative
PAO Magnitogorsk Iron & Steel Works	7++	Aggressive
PAO Rosseti	7++	Aggressive
PAO Rostelecom	7++	Aggressive
PAO Federal Grid Company of Unified Energy System (FGS UES)	7++	Aggressive
PAO RUSS INVEST	7++	Aggressive
PAO IDGC of Volga	7++	Aggressive
PAO IDGC of Center	7++	Aggressive
PAO IDGC of Center and Volga Region	7++	Aggressive
PAO Gazprom	–	Conservative
PAO LUKOIL	–	Aggressive
PAO NOVATEK	–	Aggressive
PAO URALKALI	–	Conservative
PAO Rosneft	–	Aggressive
PAO MegaFon	–	Aggressive
PAO Norilsk Nickel	–	Aggressive
PAO Severstal	–	Aggressive
PAO NLMK Group	–	Aggressive

As shown in Table 5, 75 % of the companies under study employ aggressive dividend policy. This type of policy indicates that the companies care about their shareholders' right to receive dividends which increase as the companies' profit grows. We believe that implementing such a dividend policy improves a company's reputation in the eyes of their shareholders.

¹ Official website of the Russian Institute of Directors. Available at: <http://rid.ru/nacionalnyj-rejting/rezultaty-nrku>.

State-owned enterprises have to stick to this kind of policy due to the Resolution of the RF Government of November 12, 2012 No. 2083-r. In accordance with the Resolution, joint-stock companies (PAOs) spend at least 25 % of their net profit on dividend payments, unless otherwise provided by government acts. In 2016–2017, due to a number of legislative amendments, state-owned companies (including those operating in the sectors of infrastructure, oil and gas, and military-industrial complex) faced the challenge of transitioning to spending 50 % of their annual net profit (calculated in accordance with IFRS) on dividends. Consequently, proceeding from their provisions, such state-owned companies as PAO ALROSA, PAO Rosseti and PAO FGC UES are to spend 50 % of their net profit on dividend payouts, whereas PAO Aeroflot – only 25 %, even though the share of total dividends from the company's net profit in 2017 amounted to 52 %.

Despite this fact, PAO Gazprom and PAO Sberbank follow conservative dividend policy proceeding from the necessity to finance large investment projects and keep financial indicators stable. The other companies adhering to an aggressive policy are clearly aimed at using the dividend payment tool to build a positive corporate reputation among their shareholders.

CONCLUSION

We suppose that dividend policy, having gone through the stages of emergence and formation, is now in the maturity phase for those companies that consider dividend payments as an effective tool for forging their corporate reputation, as well as a factor in setting stock prices within the framework of the dividend signaling hypothesis. The analysis of a number of examples and studies allows us to conclude that the reaction of the market to negative news about dividend payouts is immediate and straightforward.

As for the dependence of stock prices on the amount of dividend payments, which turned out to be statistically insignificant due to a small sample, the result does not exclude the presence of signaling hypothesis for Russian companies. According to Chirkova and Sukhanova [2013, p. 38], the practice of publishing financial forecasts in Russia became widespread only in 2010, and solely a small part of companies issue press releases that allow studying the market reaction. With the development of the dividend history and more extensive publication of the amount of dividend payments by issuers, such studies can be continued, expanded and deepened. Such research works will undoubtedly be of scientific interest, since there is a lack of them regarding emerging markets. This is especially true of the Russian market, where there are mainly mature companies, and due to their life phase, shareholders expect to receive dividends.

Legislation amendments have undoubtedly contributed to the development of Russian enterprises' dividend policy. The legal framework in this area is constantly being improved to gradually be in line with world standards and practice of developed countries. In 2014–2016, significant amendments to the Russian legislation were made. These changes were

aimed at protecting shareholders' rights and defined the basis and terms for announcing and paying dividends, as well as established the rights of holders of common and preferred stocks. However, this is still a company's decision what type of dividend policy (conservative, moderate or aggressive) to

adhere to. The fact that most companies increase dividend payments as their profit grows testifies to their tendency to satisfy shareholders' demands and improve their corporate reputation. ■

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Взаимосвязь дивидендной политики и корпоративной репутации в российских компаниях

А.В. Вавилина, Л.Н. Леванова, И.Н. Ткаченко

Аннотация. В статье анализируется становление и развитие процедуры выплаты дивидендов в российских компаниях. Рассматривается содержание корпоративной репутации и ее составляющих. Будучи индикатором прибыльности и финансовой стабильности, дивиденды согласно сигнальной теории выполняют роль детерминанты устойчивого развития компании. Это отражается на цене ее акций и формирует корпоративную репутацию для инвесторов. Исследуется динамика выплат дивидендов ведущими российскими компаниями, выделяются этапы зарождения и формирования дивидендной политики в России, отраслевая специфика и господствующий тип дивидендной политики. Применена классификация типов дивидендной политики: консервативная, умеренная, агрессивная. В работе использовались методы анализа и синтеза, эконометрического моделирования – построения регрессионных моделей. В качестве исходного материала для анализа послужили статистические данные и результаты рейтингов российского института директоров (РИД); статистика интернет-сайтов. Результаты исследования показывают, что российские компании начиная с 2001 г. выплачивают дивиденды с целью формирования инвестиционной привлекательности для иностранных инвесторов. Данное обстоятельство позволяет предположить, что зарождающаяся дивидендная политика становится одним из индикаторов корпоративной репутации российских компаний. Не обнаружена статистически значимая зависимость цен акций отечественных компаний от размеров выплачиваемых дивидендов, но выявлены отдельные доказательства реализации сигнальной теории в экономике России. Определено, что агрессивная дивидендная политика, господствующая в компаниях с государственным участием, обусловлена спецификой нормативно-правовой базы страны и стремлением остальных компаний повысить свою репутацию в глазах инвесторов.

Ключевые слова: корпоративное управление; корпоративная репутация; дивидендная политика; цена акций корпорации.

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