

## FACTORS AND LIMITATIONS INFLUENCING THE DEVELOPMENT OF ENTERPRISE DIVIDEND POLICY: EXPERIENCE OF RUSSIA

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### ABSTRACT

The mystery of dividends has been worrying the researchers of foreign capital markets for many years, but an active process of studying the practice and the features of dividend policy creation among public companies only starts. The maximization of business value for owners is the main goal of management. Therefore, financial relationships with owners, whether they are represented by sole proprietors or by the millions of shareholders of a large corporation, make a significant impact on the development strategy of any firm. In economic practice, the adoption of management decisions in this area is carried out within the framework of the dividend policy. Theoretical aspects of dividend policy are very multifaceted, however, the following issues are the main ones: do the payment decisions to owners affect the value of a firm and what should be an optimal value of payments? Despite numerous studies in this field abroad, these issues remain the subject of debate among scholars and practitioners. In this article we examined the factors and limitations that influence the development of dividend policy among Russian enterprises.

**Keywords:** Dividends, dividend policy, dividend policy theories, market value of a company, factors, stock market, shareholder, organization reserves, authorized capital, dividend corridor

### INTRODUCTION

Dividends represent some part of a company net profit paid to the owners based on the reporting period results in accordance with the number and the type of shares available to shareholders. The Tax Code of Russian Federation determines a dividend as any income received by a shareholder (a participant) from a company during the distribution of profits remaining after taxation on shares owned by a shareholder (a participant). At that, the source of dividend payment is the net profit of a company, that is, the profit remaining after taxation. For some types of preferred shares, the source of dividend payments can be represented by company reserves specially created for these purposes.

Dividend policy is one of the important elements for an enterprise management structure. Dividend policy means a set of methods and the methods for net profit distribution between the owners of an enterprise in accordance with their contribution to the authorized capital.

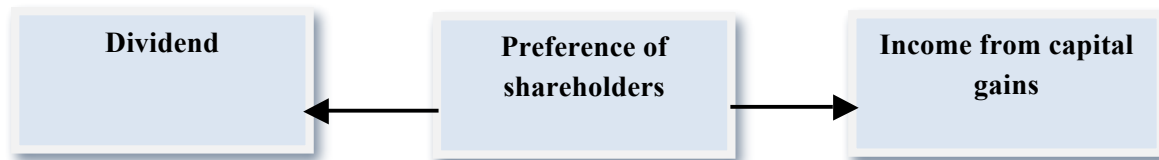
## 1. REVIEW OF MODERN THEORIES USED TO EXPLAIN THE ROLE OF COMPANY DIVIDEND POLICY

In economics, the basis of dividend policy was represented by the study published by J. Lintner in 1956. The author analyzed 28 companies and came to the conclusion that a large propensity to the payment of dividends is demonstrated by large enterprises, whose growth potential is significantly limited. They regularly pay dividends, and their magnitude is adjusted from year to year insignificantly [1]. In the future, various theories of dividend policy are developed, which consider various approaches to its creation from the position of influence on a company market capitalization and the growth of shareholders' well-being.

Nowadays, three approaches are specified in the theory of dividend policy and its impact on a company market value:

- 1) the irrelevance of dividends (Modigliani and Miller) [2];
- 2) the theory of "a bird in hand" (Gordon and Lintner) [3];
- 3) the theory of tax differentiation (Lietzenberger and Ramaswamy) [4].

The theory by Modigliani and Miller about the irrelevance of dividends is based on the notion that shareholders do not care whether they receive income from dividends or the income from capital gains. Schematically, this can be represented as follows (Figure 1):

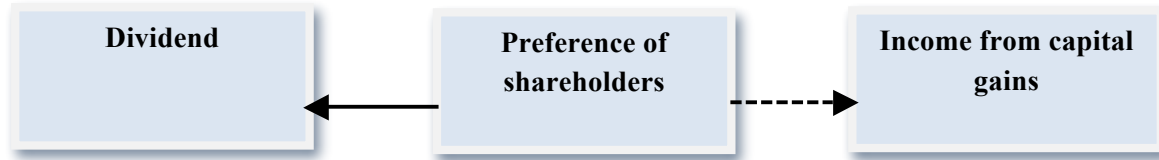


**Figure 1** - The behavior of shareholders in the theory of dividend irrelevance

The authors of this theory believe that the mechanism of dividend payment does not affect the market value of a company, the main goal of a company is to generate revenue. Besides, Modigliani and Miller believe that the determining factor of a company development is its investment policy, and it does not matter which part of a profit is paid in the form of dividends, and which part is reinvested. However, the theoretical justification for the authors' position concerning "the irrelevance of dividends" is not applied in practice, because it is based on ideal constraints (the absence of profit tax, the full availability of information about a company work to shareholders, the subjective preferences of investors), which are impossible in the real work of a company.

At the same time, the theory of "a bird in hand" by Gordon and Lintner suggests that dividend policy has a significant impact on capital gains. That is, the reinvestment of income is more

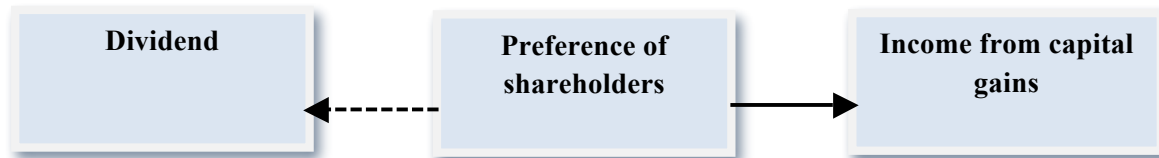
preferable than the payment of dividends to shareholders. Shareholders choose companies with less risky current dividend payments taking into account the fact that the earning income now is more important for investors than the earning of income after (Figure 2).



**Figure 2** - The behavior of shareholders within the theory of "a bird in hand"

Under this theory, the ruble of expected dividends is worth more than the ruble of the expected capital gain, since the future yield is riskier than the dividend component.

According to existing tax effects, Litzenberger and Ramaswamy proposed their approach to dividend policy - the theory of tax differentiation, according to which the dividend policy is determined by the current taxation practice of shareholders' income. If shareholders receive tax preferences in the sphere of capital investment, then, most likely, they will prefer future income from a company value increase to dividend payments (Figure 3).



**Figure 3** - The behavior of shareholders within the theory of tax differentiation

The choice of a dividend policy based on tax differentiation is explained by the greater profitability from the capitalization of dividends than from their payment.

### 1. DIVIDEND POLICY OF COMPANIES IN RUSSIA

In accordance with the Federal Law No. 208-FL (as amended on 03.07.2016) "On Joint Stock Companies" (as amended and supplemented, effective from 01.01.2017) issued on December 26, 1995, dividends may be paid both by cash and in other property. Under the current legislation, a payment decision must be taken within three months after the end of a reporting period. At the same time, the accounting period may be represented not only by a financial year, but also by the first quarter, six months and nine months. The information on the number of dividend payments during a financial year is stipulated in the charter of a relevant company [8].

It should also be noted that the capitalization of net profit implies its sending in the internal capital investments, that is, in the development of production, the reinvestment of the net cash flow from investment, the issuance of new shares and bonds, etc. The increase of capitalized profit testifies to the growth of a company property and its own funds. At that, capitalized profits are a relatively cheap source of investment and, at the same time, the most affordable one.

Legislative regulation makes a great influence on the creation of a company dividend policy. First of all, it is expressed in the principles inherent for the norms of law, which are characterized by a binding character. The regulatory and legal framework determines the periodicity, the procedure and the sources of dividend payments, while a company Charter establishes the regularity and the procedure of dividend calculation [5].

The legislative regulation of dividend policy has several levels in Russia:

Federal Law No. 208-FL (as amended on 03.07.2016) "On Joint Stock Companies" issued on 26.12.1995 is the main document that addresses the main issues in the field of dividends and dividend policy. In particular, Chapter V of this law establishes the specifics of payment and the limitations of dividend payment. The features of dividend obtaining from shares in cash and some other issues are regulated by Federal Law No. 39-FL "About Security Market" issued on April 22, 1996 (as amended on 03.07.2016).

The provisions of the Bank of Russia, the Orders of ministries and departments, the Orders of the Government, the Decrees of Russian Federation President in the relevant spheres are developed and approved to regulate the dividend policy in the priority sectors of the economy of Russia, as well as at the enterprises with state participation. The goal of all these normative acts is to attract additional funds to the real economy of the state with simultaneous observance of investor interests.

Based on the legislation of the state and taking into account other various factors, the organization develops its dividend policy, which is approved by the Board of Directors and is recorded in the Charter of a relevant organization and in the Regulation on dividend policy at an enterprise.

Thus, during the development of a dividend policy, an enterprise is based on the following factors: the provisions of regulatory documents on the payment of dividends, the interests of shareholders, the availability of own free funds, as well as the availability of funding from other sources. In addition to the factors, various kinds of restrictions affect the dividend policy, which can be classified into groups (Figure 4).



Организационно-управленческого характера - Organizational and managerial character

Правового характера - Legal nature

Ограничения для выплаты дивидендов - Restrictions on the payment of dividends

Связанные с финансовым положением организации - Associated with a company financial state

Инвестиционного характера - Investment character

Рекламно-финансового характера - Advertising and financial character

**Figure 4** – Restrictions on dividend payment

The restrictions of legal nature are related to certain features of our state legislation. Thus, an organization has no right to pay dividends in the following circumstances:

- 1) an authorized capital of an organization is not fully paid;
- 2) own shares are not redeemed from an enterprise, while their owners have the right to demand their repayment;
- 3) at the time of dividend payment, an organization has the signs of bankruptcy or these signs will appear as the result of dividend payment;
- 4) the value of a company net assets is less than its authorized capital and reserve fund or will become less than their size as the result of dividend payment.

The limitations of organizational and managerial nature presuppose the accounting of the shareholders' interests for the dividend policy and are associated with the policy of dividend reduction or increase. At that, the prerequisites for the reduction of dividends are the emergence of new shareholders with an additional issue of shares and a high level of shareholders' income.

The investors with high incomes prefer the reinvesting of profits to an enterprise, trying to reduce the taxation of their income and lay the foundation for future revenues. The reasons for dividend increase policy performance appear to be the need to maintain the stability of a company, since a low level of dividends leads to an outflow of shareholders and a company capitalization reduction, and insufficiently accurate information from shareholders about a company state of affairs.

An important group of restrictions for the payment of dividends is the group associated with the financial situation of a company. This includes the restrictions related to liquidity, financial stability and a stable development of an organization. At that, a company with a weak financial position is the company characterized by a number of the following characteristics:

- the absence of a stable income;
- high cost of invested capital;
- the absence of funds for timely and full payment of dividends;
- high level of activity risk;
- the absence of access to external sources of funding.

Investment constraints involve the need to attract additional profits with a possible reduction of dividend payments. These restrictions are aimed at the solution of the following tasks:

- the maintenance of a perspective company further stable growth;
- the implementation of investment projects under favorable market conditions and the provision of their effective operation;
- the maintaining of a company during the early stages of development;
- an active implementation of capital investments.

And, finally, the limitations of advertising and financial nature are characterized sometimes by a forced maintenance of the dividend policy at a stable level, regardless of the stock market fluctuations. The non-payment of dividends, the reduction in their volume, the negative deviations from the long term practice are perceived by the market as the reduction of share price and overall capitalization of a company, since the stability of dividend policy is the sign of a company success for many shareholders.

## **2. STAGES AND IMPLEMENTATION OF RUSSIAN DIVIDEND POLICY**

Taking into account the existing restrictions, the development of a company dividend policy can be represented as follows:

I<sup>st</sup> stage - The analysis of factors influencing the choice of dividend policy.

II<sup>nd</sup> stage - The selection of the dividend policy that corresponds to a company strategy.

III<sup>rd</sup> stage - The determination of profit distribution mechanism.

IV<sup>th</sup> stage - The evaluation of the chosen dividend policy efficiency.

Initially, a company analyzes the factors that influence the preference of a dividend policy. At that it is customary to distinguish four main groups of factors (Table 1):

**Table 1-** The factors influencing a dividend policy choice

Item №	Group of factors	Main factors of a group
1.	The factors characterizing the investment opportunities of a company	<ul style="list-style-type: none"> <li>- the stage of an enterprise life cycle;</li> <li>- the need to expand the investment programs by a company;</li> <li>- the level of readiness to implement the most effective investment programs.</li> </ul>
2.	The factors showing the possibility of investments from alternative sources	<ul style="list-style-type: none"> <li>- the degree of a company satisfaction with equity reserves and the retained earnings of previous years;</li> <li>- the cost of additional investment capital attraction;</li> <li>- the availability of additional capital.</li> </ul>
3.	The factors related to objective limitations	<ul style="list-style-type: none"> <li>- current taxation of dividends;</li> <li>- current taxation of a company property;</li> <li>- an achieved effect of financial leverage;</li> <li>- an actual amount of the profit received and the level of return on equity.</li> </ul>
4.	Other factors	<ul style="list-style-type: none"> <li>- the processes taking place at the company product market;</li> <li>- the dividend policy of competing companies;</li> <li>- the urgency of payments on previously received credits and loans;</li> <li>- the possibility of control redistribution over a company.</li> </ul>

The factors are also classified into internal and external ones concerning a company. In this case internal factors include stability, profit level and the financial stability of a company. External factors are represented by the level of social-economic development in a country, the degree of business activity, inflation, as well as the effectiveness of security market operation.

The decision making on the type of dividend policy and the methodology of dividend payments that would be in line with the strategy and the objectives of a company, based on the assessment of the abovementioned factors, constitute the second stage of dividend policy development.

During the third stage of the organization it is necessary to develop a profit sharing mechanism that would take into account both the interests of shareholders and the interests of a company. At that, the sequence of actions during the determination and the payment of dividends is the following one (Figure 5):



**Figure 5** – The mechanism of a company net profit distribution

Чистая прибыль - Net profit / Обязательные отчисления в резервные и иные обязательные фонды, предусмотренные Уставом организации - Mandatory payments to reserve and other obligatory funds provided by a company Charter / "дивидендный коридор" - "dividend corridor" / Капитализируемая часть прибыли - capitalized part of profit / Потребляемая часть прибыли - Consumable part of profit / Фонд дивидендных выплат - Dividend payment fund / Фонд потребления персонала - Personnel consumption fund

Thus, the dividend policy implemented by a company is carried out within the so-called "dividend corridor", which is the difference between the amount of net profit and mandatory contributions to reserve and other mandatory funds provided by the Charter of a company. At this stage they determine which part of the profit will be refinanced into a company, and which one will be sent to the payment of dividends and will stimulate the employees of an enterprise.

And the final stage of a company dividend policy development is the evaluation of its effectiveness by the calculation of indicator system:

- 1) earnings per share (EPS);
- 2) nominal dividend rate ( $H_{нд}$ );
- 3) actual dividend rate ( $\Phi_{нд}$ );
- 4) total return on share ( $D_{АО}$ );
- 5) pay-back period of investments ( $T_{ок}$ );



- 6) "dividend yield" ratio ( $K_{дв}$ );
- 7) the ratio of the market value of shares and the earnings per share ( $K_{фр}$ );
- 8) the ratio of market and nominal value of one share ( $K_A$ ).

One of the important indicators characterizing the dividend policy of an enterprise is the profit per share (Earning per share - EPS). It shows the share of net profit attributable to one ordinary share in circulation and is calculated as follows:

$$EPS = \frac{\text{Чистая прибыль} - \text{Сумма дивидендов по привилегированным акциям}}{\text{Число обыкновенных акций в обращении}} \quad (1)$$

чистая прибыль / сумма дивидендов по привилегированным акциям / число обыкновенных акций в обращении - net profit / amount of dividends from preferred shares / number of ordinary shares in circulation

At that ordinary shares in circulation are the difference between issued ordinary shares and the ordinary shares owned by a company. The EPS indicator determines the investment attractiveness of an organization, since it reflects the amount of net profit accounted for 1 ruble of invested capital. The larger this amount, the higher the probability of additional funds attraction through the issue of shares and the higher the market value of a company.

The nominal rate of a dividend ( $H_{нд}$ ) is the ratio of the paid dividend amount to the nominal value of a share:

$$H_{нд} = \frac{\text{Сумма выплаченного дивиденда}}{\text{Номинальная стоимость акции}} \quad (2)$$

Сумма выплаченного дивиденда - Amount of paid dividend / Номинальная стоимость акции - Nominal value of a share

This indicator determines the investment attractiveness of a company on the primary security market, whereas the actual dividend rate ( $\Phi_{нд}$ ) characterizes the current yield of a share and is used to assess a company attractiveness on the secondary market. The actual dividend rate is related to the total return of a share and is calculated taking into account its exchange rate and the exchange rate difference according to the formula:

$$\Phi_{нд} = \frac{\text{Сумма выплаченного дивиденда}}{\text{Рыночная стоимость акции}} \quad (3)$$

Сумма выплаченного дивиденда - Amount of paid dividend / Рыночная стоимость акции - Market value of a share

Comparison of the nominal and the actual dividend rate allows to talk about the development of a company and its attractiveness for investors.

In order to assess the effectiveness of investing in the shares of a company they use the indicator of a share total return ( $D_{АО}$ ), which reflects the amount of income per 1 rub. of investment received from the entire period of investment:

$$D_{АО} = \frac{\text{Сумма дивидендов} + (\text{Рыночная цена акции} - \text{Цена покупки акции})}{\text{Цена покупки акции}} * 100\% \quad (4)$$

сумма дивидендов / рыночная цена акции / цена покупки акции - dividend amount / market price of a share / purchase price of a share

At that the total income consists of interest income (the amount of dividends received for the entire period of share ownership) and the growth of the share price (the difference between the purchase price and the sale price of a share).

The reverse indicator to the total return on shares is the payback period of capital investments ( $T_{ок}$ ):

$$D_{AO} = \frac{\text{Цена покупки акции}}{\text{Сумма дивидендов} + (\text{Рыночная цена акции} - \text{Цена покупки акции})} * 100\% \quad (5)$$

Цена покупки акции / Сумма дивидендов / Рыночная цена акции - Share purchase price / Dividend amount / Market price of a share

This indicator shows the period of time during which the amount of the received income will be equal to the sum of the invested funds. In other words, it will show the time necessary for an investor to return the invested money and begin to make a profit.

The share of net profit paid to shareholders is characterized by the coefficient "dividend yield" ( $K_{де}$ ), otherwise referred to as the dividend share ratio ( $K_{дд}$ ). It can be calculated in two ways:

$$1) \quad K_{де} = \frac{\text{Сумма дивидендов}}{\text{Чистая прибыль}} * 100\% \quad (6)$$

$$2) \quad K_{дд} = \frac{\text{Дивиденд на 1 акцию}}{\text{Чистая прибыль на 1 акцию}} * 100\% \quad (7)$$

сумма дивидендов / чистая прибыль / дивиденд на 1 акцию / чистая прибыль на 1 акцию - Dividend amount / net profit / dividend per share / net profit per share

At that, the higher the percentage of profits paid to shareholders, the lower the capitalization of a company. The value of this coefficient should not exceed one, since this will indicate not only an ineffective dividend policy, but also the work of an organization at a loss.

The ratio of a share market value and the profit per share ( $K_{фр}$ ) shows a company future dynamics at a stock market. The higher the cost of its shares sell while maintaining the actual level of profit, the higher the investor interest in this organization, who expects a big profit in subsequent periods. The coefficient is calculated as follows:

$$K_{фр} = \frac{\text{Рыночная цена акции}}{\text{Чистая прибыль на 1 акцию}} \quad (8)$$

Рыночная цена акции - Share purchase price / чистая прибыль на 1 акцию - net profit per share

At the same time, the market value of a company capital in dynamics is represented by the ratio of the market and the nominal value of one share ( $K_A$ ):

$$K_A = \frac{\text{Рыночная цена акции}}{\text{Номинальная стоимость акции}} \quad (9)$$

Рыночная цена акции - Share purchase price / Номинальная стоимость акции - Nominal value of a share

Using this coefficient, the sensitivity of the stock market to this organization and its reaction to a company development prospects are assessed. The higher the value of the indicator, the better for an organization.

All considered indicators of a company dividend policy efficiency form a system which allows one to assess the correctness of the course taken by a company comprehensively during the operation with shareholders. The evaluation of dividend policy effectiveness is necessary for an organization to determine whether it succeeded in the attraction of a required amount of money to achieve the goals and tasks or not. After all, often with the establishment of low dividends, investors do not seek to purchase the shares of this organization, and shareholders want to get rid of non-yielding securities in their portfolio. This may cause serious damage to the financial condition of a company. In order to avoid negative consequences an organization is required not only to adhere to an optimal dividend policy, but also to analyze its effectiveness systematically.

### 3. ANALYSIS OF THE DIVIDEND POLICY AMONG RUSSIAN ENTERPRISES DURING 2012-2016

Often a dividend income is also called a dividend rate, which is understood as the ratio of the paid dividend amount to the value of a share. Taking into account the fact that the share price can be nominal and market one, they distinguish between nominal and actual dividend rates. These indicators are very useful from the point of view of the dividend policy effectiveness determination for a particular enterprise. Thus, the nominal rate of a dividend characterizes the attractiveness of a firm within the primary security market and takes into account the total return on a share, taking into account the exchange rate and the exchange rate difference that an owner can receive in the event of a share sale, while an actual dividend rate assesses the interest to a firm being on a secondary market. The positive difference between the nominal and the actual dividend rate indicates a successful capitalization of a company.

Let's compare the nominal and the actual dividend rates of the enterprises under consideration, having taken the average arithmetic values of the corresponding indicators in 2012-2016 as the base of comparison (table 2).

**Table 2** - Comparison of the nominal and the actual dividend rate among leading Russian enterprises, rubles.

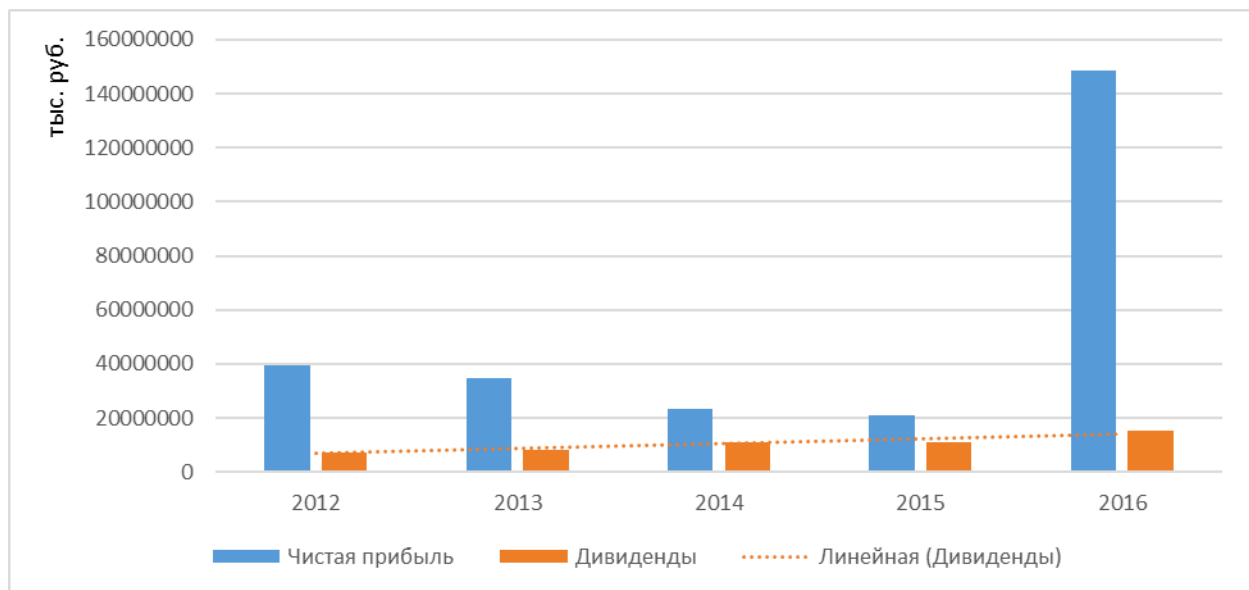
Enterprise	Average nominal dividend rate	Average actual dividend rate	Deviation of an actual dividend rate from a nominal one
1	2	3	4
PJSC Gazprom	1,31	0,05	1,26
PJSC "Irkut Corporation"	0,15	0,06	0,09
PJSC "MosEnergo"	0,03	0,03	0,00
PJSC "HimProm"	211,30	314,84	-103,54
PJSC "ALROSA"	2,85	0,03	2,82
PJSC "Meridian"	0,01	0,01	0,00

PJSC "Rostelecom"	1769,45	0,05	1769,41
PJSC Aeroflot	0,89	0,02	0,87
PJSC "Nauka-Svyaz"	1,60	0,01	1,59
PJSC "Magnit"	19529,40	0,02	19529,38

Thus, we observe a significant difference in the nominal and an actual dividend rate at PJSC "Rostelecom" and PJSC "Magnit". However, this is due not to the success of the companies, but rather relatively small nominal value of these companies shares (for PJSC "Rostelecom" the nominal value of 1 share equals 0.0025 rubles, and for PJSC "Magnit" it makes 0.01 rubles).

Let's pay attention to the company PJSC "KhimProm", the growth rate of the nominal and actual dividend rate of which was 1659.45% and 1559.64% respectively in 2012-2016. This happened mainly due to an aggressive type of dividend policy adopted by the company and the increase of dividend payments to shareholders. Thus, during the period under review, the market value of the company shares increased by 2 times, and the company profit increased by 184.8%.

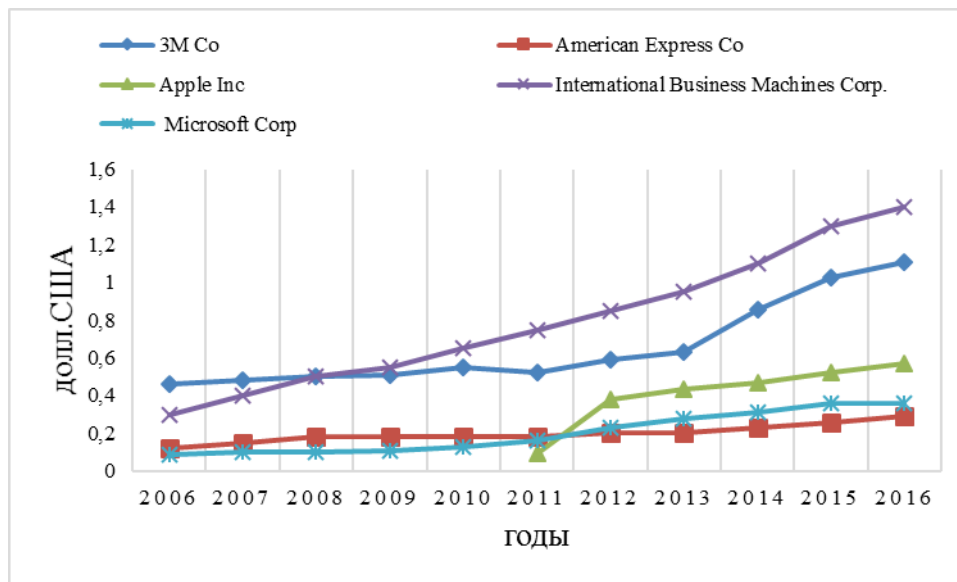
The group of companies PJSC "ALROSA", representing the industry "Metals and mining", also increased the gap between the nominal and the actual dividend rates due to the increase of the company share market value. Just like PJSC "KhimProm", PJSC "ALROSA" conducted a consistent aggressive dividend policy. Despite the decline in net profit during certain years, the company has never lowered dividend payments to shareholders, which led to the increase in its investment attractiveness for investors and a significant increase in profits (Figure 6).



Чистая прибыль – net profit, дивиденды – dividends, линейная – linear, тыс. руб. – thous. rub.

**Figure 6** – The ratio of PJSC "ALROSA" net profit and dividends

If you consider the experience of the United States in terms of dividend payments non-reduction in dynamics, then there is a special index of "dividend aristocrats", which includes the companies that consistently increase payments to shareholders for 25 years. It is enough to skip the promotion once, to exclude the company from a top list (Figure 7).



ДОЛЛАРЫ США – USA DOLLARS / ГОДЫ - YEARS

**Figure 7** – Dividend policy of American companies

Thus, US companies conduct a predictable dividend policy to minimize the likelihood of payment decrease or the non-payment of set dividends.

An important indicator to assess the dividend policy of Russian enterprises is the "dividend yield" ratio, which characterizes the share of net profit paid to shareholders. At the same time, the greater the amount of the net profit is paid as dividends, the less its capitalized component. For the companies under consideration, the coefficient "dividend yield" took the following values in 2012-2016 (Table 3).

**Table 3** - Value of "dividend yield" coefficient for leading Russian companies, RUB

	2012	2013	2014	2015	2016	Темп роста, %
PJSC Gazprom	0,22	0,21	0,88	0,41	0,45	201,64
PJSC "Irkut Corporation"	0,50	0,49	0,58	0,17	0,35	68,63
PJSC "MosEnergo"	0,15	0,15	1,14	0,06	0,20	134,72
PJSC "HimProm"	1,98	7,05	47,75	0,01	9,78	494,86
PJSC "ALROSA"	0,19	0,24	0,46	0,51	0,10	55,57

PJSC "Meridian"	0,32	0,65	0,00	0,00	0,00	0,00
PJSC "Rostelecom"	0,56	0,25	0,31	0,47	1,62	288,95
PJSC "Aeroflot"	0,39	0,11	0,14	0,00	0,00	0,00
PJSC "Nauka-Svyaz"	0,00	0,00	0,32	0,86	0,00	-
PJSC "Magnit"	0,49	0,65	0,43	0,94	0,97	200,57

According to Table 3, we conclude that such companies as PJSC "Gazprom", PJSC "MosEnergo", PJSC "KhimProm", PJSC "Rostelecom" and PJSC "Magnit", which increased the share of net profit sent for dividend payments, take care of shareholder interests and their investment attractiveness, which means they think about future development. A negative example in this context is PJSC "Aeroflot", which, amid a net profit growth (the growth rate makes 619.86%), reduced the payments to shareholders to 0. At the same time, such a policy of the company did not affect the market value of its shares, which increased its price more than 3 times in 2012-2016. This means that investors hope to make profit in the future.

A promising dynamics of the company position at the stock market is estimated by the ratio of a share market price and the earnings per share (Table 4). The higher selling price of the company shares (while maintaining the same actual profit) characterizes their attractiveness for investors who bet on subsequent financial periods. The growth of this coefficient indicates the confidence in the company and the stability of its development from an investor's point of view, therefore, not all enterprises can count on a positive dynamic of this indicator.

**Table 4** - Coefficient of the share market price and the profit per share of the leading Russian companies, rubles

	2012	2013	2014	2015	2016	Темп роста, %
PJSC Gazprom	6,05	5,47	17,92	8,01	8,62	142,56
PJSC "Irkut Corporation"	7,09	6,41	6,97	7,48	6,11	86,16
PJSC "MosEnergo"	7,87	4,11	18,43	5,31	10,11	128,48
PJSC "HimProm"	0,02	0,13	3,56	0,02	0,01	31,73
PJSC "ALROSA"	5,55	7,79	24,63	21,53	5,24	94,31
PJSC "Meridian"	12,93	13,90	21,31	11,50	-9,11	-70,44
PJSC "Rostelecom"	11,80	9,55	7,80	10,99	21,30	180,44
PJSC "Aeroflot"	12,03	8,31	3,23	-2,96	6,32	52,50
PJSC "Nauka-Svyaz"	17165,17	735,08	7,94	2620,43	8919,29	51,96
PJSC "Magnit"	68,93	60,72	26,99	28,97	30,64	44,45

Among the analyzed enterprises, only three have some increase in the ratio of a share market price and the earnings per share: PJSC "Gazprom", PJSC "MosEnergo" and PJSC "Rostelecom". However, it is worth paying attention to the fact that at PJSC "Rostelecom" the increase of this

ratio is conditioned by the decrease in the market price of a share with a simultaneous decrease in the earnings per share (Table 5), which is regarded as a negative phenomenon.

**Table 5** - Financial indicators of PJSC "Rostelecom"

	2012, rub.	2013, rub.	2014, rub.	2015, rub.	2016, rub.	Growth rate, %
Profit per share	10,25	11,58	11,11	7,85	3,92	38,24
Market value of a share	120,99	110,57	86,61	86,29	83,49	69,0

At the same time, the dividend policy of PJSC "Gazprom" and PJSC "MosEnergo" seeks to return these companies to the financial indicators of the pre-crisis period. That is why these companies try to increase their investment attractiveness by choosing the methods of stable development and growth and thus adhering to a moderate type of dividend policy.

In order to assess the market value of the company capital, the ratio of market and nominal value of shares is used in dynamics (table 6). Using this indicator, one can characterize the sensitivity of the stock market in relation to the company in question, its reaction to the prospects of the company development.

**Table 6** - Coefficient of market and nominal value of shares, rubles.

	2012	2013	2014	2015	2016	Growth rate, %
PJSC "Gazprom"	28,42	29,03	28,76	27,32	29,96	105,43
PJSC "Irkut Corporation"	2,03	1,92	2,04	3,17	3,67	180,33
PJSC "MosEnergo"	1,55	0,82	0,65	0,85	2,83	182,60
PJSC "HimProm"	0,63	0,78	0,64	0,81	0,67	106,40
PJSC "ALROSA"	59,80	73,00	156,98	123,46	211,40	353,51
PJSC "Meridian"	40	34,00	27,90	31,90	56,00	140,00
PJSC "Rostelecom"	48396,00	44228,00	34644,00	34516,00	33396,00	69,01
PJSC "Aeroflot"	53,55	83,00	38,25	50,50	174,17	325,25
PJSC "Nauka-Svyaz"	200	179,86	199	205	386	193
PJSC "Magnit"	564000	839500	1059000	1150000	965000	171,1

## CONCLUSIONS

Thus, in the issue of dividend policy Russia has its own evolutionary path, conditioned by the legacy of the past. Russia is characterized by dynamic rates of economic growth, but with a significant depreciation of fixed assets to 70% in 2016 [6]. A relatively high return on invested capital is compared to the high cost of borrowed capital, while natural monopolies and a high share of the public sector in market economy stimulate the high investment capacity of entire industries and complexes. In these conditions, Russian enterprises tend to conduct a conservative dividend policy with the payments on the residual principle [7]. That is, when dividends are paid, an optimal investment budget is drawn up first, an optimal structure of investment financing

sources is determined, within which the amount of equity necessary for budget execution is revealed, and only then the dividends are paid. Such a principle leads to the volatility of dividends, but at the same time allows for an active investment policy based on its own sources of financing.

## SUMMARY

A correctly selected dividend policy allows the company to achieve its main goal, which is to determine the rational relationship between the consumed and the used parts of profit. Moreover, the achievement of this goal should ensure the strategic development of the organization, the maximization of its market value, and determine a specific mechanism whose operation is aimed at the market value of shares increase. The result of an effective dividend policy is the financial stability of a company provision at a sufficient level, the creation of a reliable foundation for its further development, as well as the investment attractiveness of an organization increase.

## CONFLICT OF INTEREST

The authors confirm that the presented data do not contain a conflict of interest.

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