

**The Effect of Firm Characteristics on Dividend Policy and Firm Value:
Evidence from Listed Diversified Companies in Sri Lanka**

D. G. A. Piumi

Department of Finance, University of Kelaniya, Sri Lanka

achala.piumi95@gmail.com

ABSTRACT

Introduction - The purpose of this study is to identify the impact of firm characteristics on the dividend policy and firm value.

Design/ Methodology/ Approach - The population is Diversified Holding Companies listed in Colombo Stock Exchange (CSE) in Sri Lanka and eighteen companies were selected as the sample based on the purposive sampling method. The data was analyzed using ordinary least squares method.

Findings - The firm size and managerial ownership have a significant impact on the dividend policy. The financial leverage, firm size and profitability have a significant impact on the firm value of the listed diversified holdings companies in Sri Lanka.

Conclusion - The firm size and managerial ownership are the most important factors to be considered when formulating dividend policies, as well as the financial leverage, firm size and profitability are more important when making policies on firm value.

Keywords: *Firm Value, Dividend Policy, Firm Characteristics*