

## **Impact of Dividend Policy on Firm Performance: Empirical Evidence from Sri Lanka**

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### **Abstract**

This study aims to investigate the relationship between the dividend policy and firm performance of manufacturing companies listed in CSE. Data is collected from all manufacturing companies listed in CSE that has issued dividend during last five (05) years. The data from annual reports of sample companies are the evidences for the research. While Return on Equity, Return on Assets are used to measure firm performance Dividend Payout Ratio and Earning per Share will measure the dividend policy. These data are proceed with statistical tests; regression model, correlation model and descriptive statistics using e-views and turned into the final output.

Correlation and Regression model is used to analyse data and the finding of this study is important in making decisions with an insight of the relationship between dividend policy and firm performance. This study is subject to the limitations of sample base and it uses data only from manufacturing companies listed in CSE. The findings may be vary if the sample is large. This study contributes to extant literature in Sri Lanka and managers can use the findings in making decisions to satisfying shareholders expectations and balance firm's profitability at the same time.

**Keywords:** Firm Performance, Dividend Policy, Return on Equity, Dividend Payout