

**The Impact Between Business Firm Characteristics and Dividend Distribution:  
Evidence from Colombo Stock Exchange**

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**ABSTRACT**

**Introduction** – In Sri Lankan context there are numerous studies conducted on this field of examining the impact between business firm characteristics and dividend distribution but results of those researchers have provided contradictory conclusions. Therefore, the main objective of the current study is to identify Sector wise “impact between business firm characteristics and dividend distribution decisions of firms in Sri Lanka”.

**Design/Methodology/Approach** - This study incorporated dividend distribution decision generated through dividend payout ratio as dependent variables and as business firm characteristics such as, financial leverage, firm size, profitability, liquidity, and ownership of a firm as explanatory variables. E-Views package was used to process the secondary data collected from 2015-2020 related to 10 sectors classified under GICS based on data availability. Researcher used panel least square model as the main analysis of the study.

**Findings** - Test statistics indicate that, there is significant effect from business firm characteristics on dividend distribution decision in material sector, capital goods sector, healthcare sector, and utility sector, retailing sector and diversified finance sectors, consumer service and food and beverage sector respectively. Furthermore, result also indicate that there was not any effect to consumer durable sector and real estate sector from the selected study variables.

**Conclusion** – This study fulfils the existing research gap in business firm characteristics impact on dividend distribution in Sri Lanka. These finding will help for future studies related to the similar subject area

**Keywords:** *Business, Dividend distribution, Dividend payout ratio, Financial Leverage, Size, Profitability, Liquidity, Ownership of a firm, GICS, Panel least square.*