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PAPER

**An Empirical Study on the Determinants of Dividend Policy of Listed Beverage Food and Tobacco Companies in Sri Lanka**

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Dividend policy is one of the most controversial and the most debatable issues in the corporate finance literature and still keeps its prominent place in developed and emerging markets. This research aims to examine the factors which affect dividend policy for listed Beverage food and Tobacco companies in Sri Lanka. In particular, the research examines the extent to which firm characteristics affect corporate dividend policy for the period from 2008 to 2011. This study explains the impact of Firm characteristics such as firm size, profitability, leverage and tangibility on dividend policy. Pearson's correlation and multiple regression models are used to analyze the data.

Based on the sample of 10 listed Beverage Food and Tobacco companies, it is found that some of the Firm characteristics have influenced more on the dividend policy decision among listed Beverage Food and Tobacco companies in Sri Lanka. The results reveal that firm size and profitability have a positive impact on dividend policy. Further, leverage has a negative impact on dividend policy.