

Impact of Dividend Policy on Shareholders' Wealth of Listed Beverage Food and Tobacco Companies in Sri Lanka

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The crucial objective of the finance manager is to find out an ideal dividend policy because, that will boost the value of the shareholders. Dividend policy of corporate sector is commonly researched topic in finance however; it remains a controversial issue to decide what factors determine the dividend policy. The objective of this research is to establish the impact of dividend policy on shareholders' wealth in Listed Beverage Food and Tobacco Companies in Sri Lanka. The variables used in this investigation are Dividend Policy, Shareholders' Wealth. While, Dividend per Share and Dividend Yield are used to measure Dividend Policy. For Shareholders' Wealth, earning per Share and Market Value per Share are used as proxies. For this particular study data from 17 listed companies were collected on random basis to evaluate the impact of dividend policy on shareholders' wealth in the listed beverage food and tobacco companies listed on Colombo Stock Exchange in Sri Lanka for the period of 2015 to 2019. From the regression outcome, it is found out that dividend policy has positive significant influence on shareholders' wealth. This result supported dividend relevance theory, signaling effect theory, bird in hand theory and clientele-effect theory. This study therefore commends that, firms should function a dividend policy that tends to satisfy the need of the shareholders & investment need of the firm.

Keywords: *Dividend policy, Dividend per share, Dividend yield, Market Value per Share, Shareholders' wealth*

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