

## **The Impact of Board Composition and Ownership Structure on Dividend Policy: Evidence from Sri Lanka**

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### **ABSTRACT**

**Purpose:** The Impact of Board composition and Ownership structure on Dividend policy is one of the major concerns in Sri Lanka. The main objective of the study is to examine the impact of Board composition and ownership structure on firm's Dividend policy of 41 listed companies on the Colombo Stock Exchange of Sri Lanka, over the period from 2016 to 2021.

**Design/Methodology/Approach:** This study is used three indicators under the Board composition such as Board size, Board meetings and Board independence and used three indicators under the Ownership structure such as Managerial ownership, Institutional ownership, and foreign ownership. Furthermore, this study considers three control variables such as Firm size, Firm leverage, and Firm profitability. This study employed the Descriptive statistics analysis, Ordinal Logistic regression method and Multinomial Logistic regression method to estimate the regression models.

**Findings:** The major contribution of this study is exploring the impact of Board composition and Ownership structure on the main three dividend policies such as Zero dividend policy, Irregular Dividend policy and Stable Dividend policy. Considering the overall model, the results revealed that Board size, Board meetings and Managerial ownership have a significant impact on the Firm's Dividend policy. Then the parameter Estimates results are relative to the reference category of the Multinomial logistic regression. Under that Board Size, Managerial ownership and foreign ownership indicated a positive impact and Board meetings, Board independence and Institutional ownership indicated a negative impact on the Irregular dividend policy relative to the Zero dividend policy. On the other hand, Board size, Board Independence, Managerial ownership, and Institutional ownership indicated a positive impact and Board meetings, and foreign ownership indicated a negative impact on the Stable dividend policy relative to the Zero dividend policy.

**Originality:** From the results of this study, practitioners can enhance their ability to make dividend decisions under the main three dividend policies.

**Keywords:** *Board Composition, Ownership Structure, Dividend Policy, Logistic Regression, Colombo Stock Exchange*