

## **Impact of dividend policy on Stock Return; Evidence from listed Companies in Colombo Stock Exchange**

**Anupama, R.R.M.L.<sup>1</sup> and Tilakasiri, K.K.<sup>2</sup>**

*<sup>1</sup>lashinianupama@gmail.com; <sup>2</sup>ktilakasiri@kln.ac.lk*

### **Abstract**

The major concern of this study was the impact of dividend policy on stock return of listed Companies in Colombo Stock Exchange. This research relies on secondary data which was collected from annual reports of listed companies in CSE. Data was collected from a sample of 30 companies under Listed Companies over five consecutive financial years from 2016 to 2020. Descriptive analysis and correlation analysis were used to perform the data analysis while regression model was expanded by adding two control variables named earnings per share, and size of the firm. While confirming the empirical results, the findings of this study showed a negative insignificant relationship between dividend payout ratios and stock return and a positive insignificant relation between dividend yield ratio and stock return. Moreover, there is a positive association between stock return and earnings per share, but a negative correlation between stock return and firm size and book value. Based on the finding of this study, dividend payout ratio and dividend yield have negative impact on stock return.

**Keywords:** Colombo Stock Exchange, Dividend policy, Multiple Regression model, Stock Return