

06 JUL 2017
EASTERN UNIVERSITY

**THE IMPACT OF CORPORATE GOVERNANCE ON FIRMS'
DIVIDEND POLICY OF LISTED S&P SL20 COMPANIES IN THE
COLOMBO STOCK EXCHANGE**

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Project Report
Library - EUSL

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2016



ABSTRACT

The concept of corporate governance is one of the issues that have attracted the attention of researchers and organization around the world. Corporate governance is measured by board size, ownership structure, board independence and CEO duality. The purpose of this study is to identify the impact of corporate governance on firms' dividend policy for the listed S&P SL20 companies in the Colombo Stock Exchange. Twenty listed S&P SL20 companies were analysed for a period of six years from 2010 to 2015. Annual reports were used to collect the data and Statistical Package for Social Science (SPSS 19.0) was applied to present, analyze and evaluate data. Multiple regression and correlation analyses are used to explore the association between board size, ownership structure, board independence and CEO duality and firms' dividend policy. A positive impact is found on CEO duality and firms' dividend policy and negative impact is found on ownership structure and firms' dividend policy. The impact of board size and board independence deemed to be insignificant. In addition, it is shown that firm size and profitability explain firms' dividend policy. The study supports the fact that corporate governance is relevant in determining the dividend policy for listed S&P SL20 companies in the Colombo Stock Exchange.

Keywords: Board Size, Ownership Structure, Board Independence, CEO duality, Dividend Payout

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