

**THE RELATIONSHIP BETWEEN DIVIDEND PAYOUT AND  
FINANCIAL PERFORMANCE OF THE LISTED COMPANIES IN  
COLOMBO STOCK EXCHANGE**

By

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## ABSTRACT

Financial performance of firms at the Colombo Stock Exchange has been essential interest to investors and firm managers. No trader or investor wishes to incur losses. Good financial performance is a primary indicator of the sustenance of a company. This research sought to establish the relationship between dividend payout ratio and financial performance among listed firms in the Colombo Stock Exchange. All the firms listed in Colombo Stock Exchange formed the study population for this study. 20 companies were selected four from Beverage Food & Tobacco Sector, five from Hotel & Travels Sector, five from Bank & Finance sector, six from Manufacturing Sector .Exchange for the period 2014-2018. These companies were selected based on availability of data. Correlation was done to establish the type of relationship between the dividend payout and the financial performance of the listed companies. Descriptive analysis was done to measure the level of dependent and independent variables. Simple regression analysis was carried out to establish the relationship between dividend payout and the financial performance of the companies. The data was obtained from the Colombo Stock Exchange and was analyzed using SPSS. Dividend payout is measured by dividend payout ratio and financial performance is measured by ROA, ROE. The findings indicated that statistically insignificant negative relationship exists between dividend payout and Return on Assets and statistically significant positive relationship between dividend payout and Return on Equity. The study conclude that there is a positive and negative relationship with the dependent variable.

**Keywords:** Dividend payout, Return on Assets, Return on Equity, Return on Assets, Financial performance

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