



IMPACT OF BOARD CHARACTERISTICS ON DIVIDEND POLICY: A STUDY OF LISTED COMPANIES IN SRILANKA

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Corporate governance is about putting in place the structure, processes and mechanism that ensure that the firm is being directed and managed in a way that enhances long term share holder value through accountability of managers and enhancing organizational performance. As a strategic resource, the board is responsible to develop and select creative options in advancement of the firm. The main objective of this study is to find out the Impact of Board Characteristics on Dividend Policy of listed companies in Sri Lanka. In a way, the present study is initiated with the samples of 50 listed companies out of 297 companies listed in Colombo Stock Exchange (CSE) using the data representing the periods of 2009 – 2013. Board Size, Board Independence and CEO Duality were used as the characteristics of Board Structure whereas Dividend per Share (DPS) and Dividend Yield were used as the measures of Dividend Policy. The statistical techniques were used includes: descriptive statistics, Pearson's correlation and regression analyses. The study found that Board Characteristics has weak negative significance relationship with Dividend per share as well Board Characteristics except Board Independence negatively impact on Dividend per share but those variables are insignificant with Dividend Yield as the measure of Dividend policy. The study contributes to literature in Sri Lanka. Furthermore, the finding of the paper can be considered as helpful for managers and users that are anxious to develop financial description quality and practices of corporate governance.

Keywords: Corporate Governance, Dividend Policy, Board Size, Board Independence, CEO Duality