BOARD COMPOSITION AND DIVIDEND POLICY: A CASE OF LISTED CONSUMER SERVICES FIRMS IN SRI LANKA

Tharsika, K.* and Sayanthan, B.

Department of Accounting, Faculty of Management Studies and Commerce, University of Jaffna, Jaffna, Sri Lanka

**tharsikrish6@gmail.com*

At the turn of the twenty-first century, the collapse of well-known companies all over the world has been identified as a result of governance malpractices and exposing the inevitability of good corporate governance. Dividends are the most effective way to resolve agency conflicts and increase shareholder wealth. As a result, the composition of corporate boards and dividend payout policies are contentious issues in emerging markets, particularly in Asian countries. Furthermore, existing empirical studies conclude that a company's dividend distribution policies are influenced by board characteristics in a mixed manner. Thus, the aim of this paper was to investigate the impact of board attributes on the dividend policy of listed companies in Colombo Stock Exchange in order to solve this puzzle in a unique way. Board size, independence, gender diversity, and meetings were used to measure the board attributes, and dividend per share is used to measure the dividend policy. This study employed a quantitative technique, with panel data gathered from the annual reports of listed companies of consumer services sector from 2016 to 2021. A sample of twenty-five listed consumer services companies were selected randomly for this study. Further, the study used descriptive and Ordinary Least Square with random effects model. The findings showed that board size has a positive significant relationship with dividend per share, whereas board independence, board gender diversity, and board meetings have no significant impact on dividend policy. The findings suggested that companies with strong board attributes have an impact on the dividend policy of publicly traded consumer services companies during the period.