

# **Impact of Earning Per Share and Dividend Policy on Share Price Volatility: A Study of Listed Beverage Food and Tobacco Companies in Sri Lanka.**

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## **Abstract**

Share price volatility is the platform for the investment decision of investors. Success of the investors depends on the information availability of the market. It is essential to identify the how share price volatility based on the earning per share and dividend policy. Thus, this study aims to investigate the impact of earning per share and dividend policy on share price volatility of listed beverage food and tobacco companies in Sri Lanka for the period of 2010 to 2016. For this purpose, the data was collected from the annual reports of the 15 listed companies in Colombo Stock Exchange by using random sampling method. in this study, Dividend per share and earning per share are considered as independent variable while Share price volatility is considered as dependent variables Whereas Firm size and leverage are considered as controlling variables. The outcome documents that earning per share and dividend per share has significant negative impact on Share price volatility. Based on the results, it is well evident that as a practical implication, the management could change the fluctuations of share price by adjusting their dividend policy. As a practical implication, the results recommend adopting companies' dividend policy in order to suit their target investors.

**Keywords:** Earning per share, Dividend policy, Share price volatility, Dividend per share, Beverage food and tobacco companies