

Impact of Earnings per Share and Dividend per Share on Share Price: Evidence from Sri Lanka

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This research was aimed to analyze the relationship between earning per share and dividend per share on share price using a sample of listed companies in Colombo Stock Exchange (CSE) over the period of 2008 to 2012. To accomplish this purpose, three objectives were developed and to achieve the objectives two (02) hypotheses were developed and tested. The first objective was tested to identify the relationship between the earning per share and share price of selected companies in Sri Lanka. Accordingly one hypothesis was developed based on the above objective. The results obtained for the hypothesis was significant. Thus, the proposed high positive link between earning per share and share price in listed company in Sri Lanka. Second Objective was to identify the relationship between dividend per share and share price in listed companies in Sri Lanka. One hypothesis was tested and it was significant to confirm the positive relationship between dividend per share and share price. Third objective was to examine the combined impact of dividend per share and earnings per share on share prices of selected companies in Sri Lanka. The results obtained for first and second objectives, confirmed the impact of earnings per share and dividend per share on share price in listed companies in Sri Lanka. This research identified positive relationship between Earning per Share and dividend per share towards the share market price. It is also found that the Earning per Share has been highly affected to the share prices than the Dividend per share in listed companies in Sri Lanka.

Keywords: Earning per share, Dividend per share, share price, Colombo stock exchange

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