



Impact of Dividend Announcement on Stock Price: Empirical Evidence of Colombo Stock Exchange

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Abstract

Dividend deceleration is clearly important competent among the shareholders. With the dividend announcement investors treated with the dividend gain according to their investment. It has been identified that dividend deceleration has both signal in increase and decrease the share price. And also, reaction of share price depends on the market condition too. The present study is an attempt to study the price reaction of 161 dividend announcements by 19 companies during the period 2013 to 2017 among listed S & P 20 companies in CSE. The analysis had been developed using event study method. The study exposed the fact that stock prices do react to dividend announcements and dividend announcements made the difference between share price prior to the dividend announcement and share price after dividend announcement.