

# Journal of Global Information and Business Strategy

Year : 2014,

Volume: 6,

Issue: 1

First Page: (46)

Last Page: (49)

**Print ISSN: 0976-4925**

Impact of Dividned Policy on Shareholder's Wealth Creation

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**Published on 2014**

## **Abstract**

The Present paper is aimed to analyze the impact of dividend policy on shareholders' wealth. Indian companies, which are paying high and consistent dividend, has been selected for the time period of 2004 – 2014. To measure the impact of dividend policy on shareholders' wealth, multiple regression analysis by taking DPS (dividend per share), RE (retained earnings per share), PER (price earnings ratio) and EPS (earning per share) as independent variables, and MPS (Market price per share) as dependent variable. To determine the proportion of explained variation in the dependent variable, the co-efficient of determination ( $R^2$ ) has been computed with the help of F value. The study proved that the wealth of the shareholders is greatly influenced mainly by four variables i.e., dividend per share, Earning per share, retained earnings per share and price earnings ratio.

## **Keywords**

Dividend Paying Companies, Dividend per share, Earning per share, Market price per share, Retained Earnings per share.