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### Impact of Firms' Earnings on Stock Prices: Special Reference to the S&P Sri Lanka 20 Companies

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#### ABSTRACT

Stock price plays a vital role in the financial markets in the business world. Investors are keen on stock price movements when they make investment decisions. Several studies in the international and the Sri Lankan context focus on identifying the firms' earnings impact on the stock price. This study investigates the impact of the firm's earnings on the stock price of the S&P SL20 companies listed in Colombo Stock Exchange (CSE) for the periods from 2014/15 to 2019/20. The firms' earnings are measured using Earnings Per Share (EPS), Dividend Per Share (DPS), and Dividend Payout Ratio (DPR). The required data were collected from the audited annual reports of respective companies. The study used multiple linear regression to analyze the impact of firms' earnings on the stock price. Results reveal that the impact of EPS and DPS on Stock Price is statistically significant. However, the Dividend Payout Ratio on Stock Price is statistically insignificant. Finally, the study concludes that firms' earnings impact the stock price in Sri Lankan S&P SL20 companies.

**Keywords:** Dividend payout, DPS, EPS, Share price, S&P SL20

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## 1. Introduction

The stock exchange plays a significant role in the country's economic development by promoting capital formation and flows. The stock exchange is a place for securities buyers and sellers, and it can be physical or virtual. Investors can buy shares in the primary or secondary market in the stock exchange. In the primary market, companies make securities and sell them to the public for the first time to raise money from the public. Most stock trading takes place on the secondary market. Investors buy and sell securities that they previously held from other traders. As a result, the company does not benefit from these trades. People living in Sri Lanka are more willing to buy shares through the stock exchange than using the primary market. Because knowledge and access to the primary market are limited (Velnampy and Pratheepkanth, 2011). The stock prices can play a significant role in the secondary market because investors can earn capital gains by using stock price movements in the short term rather than expecting dividends in the long run.

Earnings information is the most important factor in investment decisions. Investors are looking for a reward for their investment. Significant attention to the earnings information of a company and the stock price's behavioral patterns is essential to make a better investment decision. When investors are looking to gain profit, they have to pay attention to the share's market price fluctuation. According to Velnampy and Pratheepkanth (2011), although people want to invest in the companies listed on the stock exchange, they often lose the ability to earn because they do not have adequate knowledge of operations and stock price fluctuations in the stock market. The most important factor influencing investors' investment decisions is the market price of the stock. According to the theories, the stock market price is influenced by various factors, including Earnings Per Share (EPS), Dividends Per Share (DPS), Dividend Payout Ratio, firm size, and dividend yield, management, and diversification.

Many studies related to this topic have focused on one specific industry (Sharma, 2012). In the Sri Lankan context Velnampy and Pratheepkanth (2011) have studied the companies included in the Milanka Price index in the Colombo Stock Exchange. However, the Colombo Stock Exchange has decided to discontinue the Milanka Price Index and introduced the S&P Sri Lanka 20 Price Index from 2012. There is a gap in the existing literature that no study that tests the impact of firm earning on share price using presents or recent data comprising all sectors. Therefore, this study focuses on the S&P SL20 Companies' earnings on share price using data from 2014/15 to 2019/20. The companies included in the S&P Sri Lanka 20 price index are the study sample that does not limit to one particular industry. Therefore, the objectives of this study are as follows:

1. To measure the impact of EPS on the Stock Price of S&P SL20 companies in Sri Lanka
2. To measure the impact of DPS on the Stock Price of S&P SL20 companies in Sri Lanka
3. To measure the impact of Dividend Payout Ratio on Stock Price of S&P SL20 companies in Sri Lanka

## 2. Literature Review

Under the literature review of this study focused on the theoretical and empirical facts relating to the impact/association between shareholders' earnings and stock price. According to signaling theory, the informant controls what and how information is given, while the receiving party controls how the information

is perceived (Connelly et al., 2011). The information signals investors to evaluate and decide whether or not to buy their company shares. A good company may distinguish itself from a bad one by sending a reliable signal to the capital market about its quality. The signaling theory of Ross (1977) described how a business should signal prospective investors. According to signaling theory, it is essential to inform investors about how they see its future. The payment of dividends is expected to provide a signal to investors as they make investment decisions. Managers have access to confidential information about the company's characteristics that is not available to the general public. This information is useful if the current investments or potential investments have a favorable impact on the firm's future cash flows. The public will be surprised and information will be believed if the management can provide a strong signal, and this will be reflected in the performance.

Earnings per share (EPS) represents the company profit belongs to its one ordinary/equity share. Velankar et al. (2017) has investigated the impact of EPS and DPS on stock price in India's public sector banks. They state that the earnings per share show the company's earnings power and whether it has increased or not. Further, Velankar et al. (2017) note that EPS helps analysts to the company's valuation as a basis of valuation. Other than that, it has been stated that EPS facilitates determining the market price of a share and the company's dividend-paying ability.

According to Zafar et al. (2012), Dividend Per Share is the profit for a share received by the investor and has also suggested that DPS ignores the profit retain in the company. Al-Twajiry (2007) investigate that dividends affect stock prices and a company's future growth, and there must be an appropriate dividend policy. Sharma (2012) reveals that dividend payout indicates the percentage of earnings paid as dividends among the equity stockholders. According to Gill et al. (2010), dividend payout depends on cash flow, corporate profitability, tax, market to book value, sales growth, and debt to equity ratio of the firm. According to Abor and Bokpin (2010) profitability and stock market capitalization have also been identified as important factors influencing dividend payout policy. Corporate governance establishes a mechanism for determining how much to pay and when to pay dividends, considering various factors related to the company's current state, its future, and market and economic conditions.

Velankar et al. (2017) point out that stock price represents the purchasing cost of the share, and it depends on different factors such as EPS, DPS, DPR, firm size, and dividend yield. According to Hussainey et al. (2011), dividend policy significantly affects determining stock price changes. Furthermore, it showed a positive relationship between dividend yields and stock prices. According to Azhagaiah and Priya (2008), several factors affect the shareholders' wealth, such as sales growth, profit margin, capital investment decisions, capital structure decisions, and cost of capital. "Earnings per share is generally considered as the most important determinant of the share price" (Khan et al., 2014). The share price does not move in the same way that EPS move, and it has implied that there is an influence of micro and macroeconomic factors on share price movements of listed companies in Dhaka Stock Exchange (Islam et al., 2014). Kumar (2017) reveals a strong positive association between EPS and Stock price in listed companies in the Automobile sector of India. Pradhan et al. (2016) state that firm size is the most important determining variable that affects

the share price. It has a higher impact than the other variables such as EPS, DPS, and price to earnings ratio, book value per share, ROA in Nepalese commercial banks. Velankar et al. (2017) has done a study about the impact of EPS & DPS on stock price based on India's public sector banks and finds that EPS and DPS have a significant impact on the stock price.

Atchyuthan (2017) focuses on determinants of share prices in the Sri Lankan context and reveals a significant positive association of EPS and DPS with share price while the insignificant inverse association of debt to asset ratio with share price in the 25 selected manufacturing companies in Sri Lanka. According to the findings of Dewasiri et al. (2019), dividend premium has a beneficial effect on dividend policy. In addition, companies with greater investment possibilities and larger finance needs will pay smaller dividends to minimize their reliance on external capital. Companies in Sri Lanka may pay dividends from their earnings under Section 60 of the Companies Act No. 7 of 2007. According to Menike and Prabath (2014), financial ratios are critical in determining the share price. Their research findings on the effect of accounting variables on stock price in 100 firms listed on the CSE Sri Lanka indicate that DPS and BVPS have a substantial positive impact on stock price, whereas EPS has a lesser impact. Geetha and Swaminathan (2015) use a five-year sample of four automotive and IT companies listed on the BSE and NSE to investigate the impact of book value, EPS, and price-earnings ratio on the market price of the shares. According to their findings, EPS has a substantial impact on market price. However, the DPS has no impact on the market price, either positive or negative. The relationship between earnings, dividends, stock price, and stock return was investigated by Ebrahimi and Aghaei Chadegani (2011). The study suggests that dividends' impact was significant in the early years, but there was no meaningful connection between dividends and stock return in subsequent years.

The effect of EPS on the market value of equity shares was studied by Pushpa Bhatt and Sumangala (2012). They discovered a positive connection between EPS and the market value of equity shares using the correlation coefficient. They discovered a substantial effect of EPS on the market value of equity shares using regression analysis. They also said that EPS is just one of the variables that influence the market value of equity shares; other factors such as company-related factors, industry-related factors, and economic factors also affect the market value of equity shares. Garba (2014) investigated the effect of DPS on ordinary share returns of Nigerian Stock Exchange-listed manufacturing companies. The relationship between the dependent and independent variables was determined using multiple regressions and Pearson correlation. The Pearson correlation was significant, and regression analysis showed that DPS had a substantial effect on the common stock returns of the selected companies. Challa and Chala (2015) looked at the effect of book value, DPS, EPS, firm size, DPR, dividend yield, return on net worth, and Price Earnings Ratio on the stock price of BSE-listed companies. They discovered that book value and returns on net worth had a strong positive relationship with market share price using multiple regression analysis.

### 3. Methodology

#### Sample of the study

There are 283 listed companies represent 20 industries in Colombo Stock Exchange as at 30<sup>th</sup> April 2021. Therefore, all the 283 companies listed in CSE Sri Lanka represent the population of this study. This study examines the impact of shareholders' earnings on the stock price of the most liquid and largest companies in the CSE. Colombo Stock Exchange considers the S&P SL20 companies as the largest and most liquid companies. Therefore, the S&P SL20 companies in CSE Sri Lanka represent the sample of this study.

#### Data and Data Collection

Colombo Stock Exchange has published the annual reports of all its listed companies. The data included in the audited annual reports of selected S&P SL20 companies for the periods from 2014/15 to 2019/20 have been used to complete the study. Because the CSE has already collected the required data, the accuracy and reliability of those reports are high. Also, the data library provided by the Colombo Stock Exchange (CSE) has been used to complete the study.

#### Research methodology

There are several statistical techniques used to analyze the impact of shareholders' earnings on the stock price. The descriptive and regression analysis can be identified as the main statistical models used by similar empirical studies. Therefore, those methods have been used to execute the data analysis.

The model used in the Multiple linear regression

$$SP = \beta_0 + \beta_1EPS + \beta_2DPS + \beta_3DPR + \varepsilon$$

where:

SP = Stock Price

EPS = Earnings per Share

DPS = Dividend per Share

DPR = Dividend Payout Ratio

$\varepsilon$  = Error term

#### Hypothesis

##### *Earnings Per Share*

According to signaling theory, the company's Earnings Per Share (EPS) ratio in the income statement may offer investors the appropriate news signals (Khairudin, 2017). Price fluctuation and volume of shares provide valuable evidence and may be utilized in decision-making. The profitability ratio is calculated by multiplying earnings by the number of shares less corporate tax (Faleria et al., 2017). EPS are accounting-based measures primarily used to assess a company's financial performance (Albertini and Berger-Remy, 2019). As a result, EPS calculates the amount of income generated to keep a company afloat from each share it issues. The EPS ratio gives net income statistics for each share. The EPS, in particular, affects stock prices as it rises and falls. The EPS is a measure that may be used to get a quick overview of a financial performance while making investing decision. As a result, if the net income is large, investors will be satisfied.

H10: There is an impact of EPS on the Stock Price of S&P SL20 companies in Sri Lanka

H11: There is no impact of EPS on the Stock Price of S&P SL20 companies in Sri Lanka

#### *Dividend Per Share*

Dividends are a part of a business's earnings after taxes are paid to shareholders in exchange for their investment and risk in the firm. The amount of dividend given to shareholders is determined by a company's dividend policy. The consistent dividend policy aids in minimizing uncertainty from investors' thoughts, and it contributes to creating a favorable investment environment. A company's dividend rate has a major impact on its stock's market price. Dividends have been shown to positively impact stock prices in previous empirical studies (Nishat and Irfan, 2004).

H20: There is an impact of DPS on the Stock Price of S&P SL20 companies in Sri Lanka

H21: There is no impact of DPS on the Stock Price of S&P SL20 companies in Sri Lanka

#### *Dividend Payout Ratio*

The notice of dividend payment is a signal given by the company particularly to represent the company's future profitability expectations, according to signaling theory (Suganda and Sabbat, 2014). The Dividend Payout Ratio (DPR) is the proportion of earnings that shareholders receive in cash as a dividend (Lestari and Susetyo, 2020). The potential of a firm to distribute profit results is described by its DPR, and the higher the market demand, the higher the share price, the higher the willingness of investors to purchase the company's shares. DPR is a profitability measure that is also highly significant to investors in terms of investment considerations since it may explain the profit gained from a company.

H30: There is an impact of Dividend Pay-out on the Stock Price of S&P SL20 companies in Sri Lanka

H31: There is no impact of Dividend Pay-out on Stock Price of S&P SL20 companies in Sri Lanka

### **Data Analysis and Discussion**

#### *Demographic analysis*

The analysis illustrates the EPS variation of the S&P SL20s within periods from 2014/15 to 2019/20. Most companies show an upward trend of their EPS, and throughout the sample period, EPS fluctuates, but mostly it is a positive value. The DPS variation of S&P SL20s for the periods of periods from 2014/15 to 2019/20. According to the data, LOLC Holdings PLC has not paid any dividend in both years, and Expolanka Holding PLC, Hayleys PLC has not paid the year 2019/20. Except for those companies, most other companies have shown a declining trend in their DPS, while Teejay Lanka PLC and Dialog Axiata PLC show an increase in their DPS. Commercial Bank, Hatton National Bank and People's Leasing & Finance PLC maintain their DPS in constant value. Chevron PLC shows a considerable reduction in their DPS as well. The variation of the dividend payout of S&P SL20 companies for periods from 2014/15 to 2019/20. Hemas Holding PLC, Teejay Lanka PLC, Hayleys PLC increase their dividend payout ratio throughout the sample period. However, Hayleys PLC does not issue a dividend in 2019/20. Dipped product PLC and Expolanka Holdings PLC show an increase in their payout from 2014/15 to 2017/18 and its decrease in the next two years. Other companies show a declining trend of dividend payout. Furthermore, the variation of the stock price of S&P SL20

companies for the periods of periods from 2014/15 to 2019/20. According to the graph, most of the companies shows a declining trend in their stock price. Chevron PLC, DFCC Bank, NDB Bank, Distilleries Company, Hayleys PLC shows a significant reduction in 2014/15 to 2019/20. NDB Bank shows a significant price increase in 2016/17. It increased from 194.1 to 756. After that, it decreased continually; in 2019/20 the share price was Rs.100.

### Descriptive Analysis

This section presents the descriptive statistics of S&P SL20 companies for the periods from 2014/15 to 2019/20. EPS shows a mean value of 10.698 and EPS spreads between -19.39 and 56.060; the standard deviation of EPS equals 12.057. While DPS shows an average of 4.473 and a standard deviation of 4.724, DPS spreads between 0 and 23. Average Dividend Pay-out and Standard deviations are 45.68% and 31.29%, respectively. The minimum dividend payout is 36.14%, and the maximum is 178.57%. Nevertheless, Stock Price shows an average of 110.15 and a standard deviation of 105.58 while it spreads between 2 and 756.

**Table 1: Descriptive Statistics Analysis**

<b>Descriptive Statistics</b>				
	EPS	DPS	PAYOUT	SP
Mean	10.69881	4.4733	45.6799%	110.153
Std. Error of Mean	1.110003	.43491	2.88092%	9.7193
Median	6.03000	2.7500	40.2703%	87.200
Mode	2.160 <sup>a</sup>	.00	0.00%	6.0 <sup>a</sup>
Std. Deviation	12.057718	4.72435	31.29483%	105.5786
Variance	145.389	22.320	979.366	11146.833
Range	75.450	23.00	214.72%	754.0
Minimum	-19.390	.00	-36.14%	2.0
Maximum	56.060	23.00	178.57%	756.0
Sum	1262.459	527.85	5390.23%	12998.0

a. Multiple modes exist. The smallest value is shown

### Correlations Analysis

Pearson correlation analysis is carried out to analyze the strength of the relationship between EPS and Stock price. The results suggest that the relationship between EPS and Stock Price is positive and significant ( $r = 0.669$ ,  $n = 118$ ,  $p < 0.001$ ). Further, the correlation between DPS and Stock Price is 0.689, suggesting that DPS has a positive and significant association with Stock Price. ( $r = 0.689$ ,  $n = 118$ ,  $p < .001$ ). The correlation between DPR and Stock Price is 0.054 and it explains a weak positive insignificant relationship between DPR and Stock Price in S&P SL20 companies in Sri Lanka ( $r = 0.054$ ,  $n = 118$ ,  $p = 0.560$ ).

**Table 2: Correlation Analysis**

		Correlations			
		EPS	DPS	PAYOUT	SP
EPS	Pearson Correlation	1	.753**	-.111	.669**
	Sig. (2-tailed)		.000	.233	.000
	N	118	118	118	118
DPS	Pearson Correlation	.753**	1	.355**	.689**
	Sig. (2-tailed)	.000		.000	.000
	N	118	118	118	118
PAYOUT	Pearson Correlation	-.111	.355**	1	.054
	Sig. (2-tailed)	.233	.000		.560
	N	118	118	118	118
SP	Pearson Correlation	.669**	.689**	.054	1
	Sig. (2-tailed)	.000	.000	.560	
	N	118	118	118	118

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### Multiple Linear Regression Analysis

The R-value represents the correlation between the dependent and independent variables. A value greater than 0.4 is taken for further analysis. According to the table, the R-value is 0.731, which is good.

**Table 3: Regression Analysis: Model Summary**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.731 <sup>a</sup>	.534	.521	73.0423	1.799

a. Predictors: (Constant), PAYOUT, EPS, DPS  
b. Dependent Variable: SP

The total variance in the dependent variable that the independent variables might explain is shown by the R-square. A score of higher than 0.5 indicates that the model is capable of determining the connection. The R-square value in this instance is 0.534, which is a reasonable level. The adjusted R-square represents the findings' generalization. (In multiple regression, the variance of the sample derives from the population.) A minimal difference between R-square and Adjusted R-square is needed. In this case, the value is 0.521, which is not far off from 0.534, so it is also good. The Durbin Watson Test is a measure of residuals from autocorrelation regression analysis. In this case, the Durbin Watson value is 1.799, which is close to 2.0. However, the Durbin Watson value of this case is less than 2. So, there is a positive correlation between residuals.

P-value/sig value for most studies, a 95 percent confidence interval or a 5 percent threshold of significance is used. As a result, the p-value should be less than 0.05, which is in the above table at 0.000. As a consequence, the outcome is significant. The F value indicates an improvement in the variable prediction by fitting the model after considering the model's inaccuracy. The value in the table above is 43.483, which is satisfactory.



**Table 4: Regression Analysis: ANOVA Table**

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	695970.065	3	231990.022	43.483	.000 <sup>b</sup>
	Residual	608209.449	114	5335.171		
	Total	1304179.514	117			

a. Dependent Variable: SP  
b. Predictors: (Constant), PAYOUT, EPS, DPS

**Table 5: Regression Analysis: Coefficients Table**

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	49.614	15.022		3.303	.001
	EPS	2.194	1.079	.251	2.033	.044
	DPS	12.058	2.927	.540	4.120	.000
	PAYOUT	-.369	.292	-.109	-1.263	.209

a. Dependent Variable: SP

In table 5 interpretation, Beta values and the significant values are important to consider in the coefficients table. The Beta value expresses the relationship between independent variables and the dependent variable. The sig. value should be less than the study's acceptable threshold of significance. The null hypothesis is rejected or not rejected in this research based on the significant value below 0.05 for the 95 percent confidence interval. The null hypothesis is rejected if sig. is less than 0.05. When a null hypothesis is rejected, it indicates that there is a difference. If a null hypothesis is not rejected, it indicates that there is no effect. Earnings per Share has a substantial positive effect on the share price in this instance. The Beta and sig. values are 2.194 and 0.044, respectively. A significant positive impact can be identified as Dividend per Share towards Share Price. The Beta value is 12.058, and the sig. value is <0.000. When considering Dividend Payout Ratio, it has an insignificant negative impact on Share Price. The Beta value and the sig. values are -0.369 & 0.209 respectively. According to the above results regarding the regression analysis, the following regression model can be derived.

$$SP = \beta_0 + \beta_1 \text{EPS} + \beta_2 \text{DPS} + \beta_3 \text{DPR} + \epsilon$$

$$SP = 49.614 + 2.194 * \text{EPS} + 12.058 * \text{DPS} + (-0.369) * \text{DPR} + \epsilon$$

The intercept value is 49.614. It indicates how much the SP will be without any independent variables EPS, DPS & DPR. The Dividend Payout Ratio has a negative coefficient. The value is -0.369. These variables impact share price (SP) negatively. It means that if 1 unit increase in dividend payout ratio will decrease the Share Price (SP) by 0.369 respectively. Earnings per Share and Dividend per Share impact on Share Price (SP) positively. The values are 2.194 and 12.058, and it means that if 1 unit increase in Earnings per share and Dividend per Share will increase the Share Price (SP) by 2.194 and 12.058, respectively.

These findings imply that shareholders do have ownership rights. Therefore, they may set a limit on how much profit the company can make. As a result, manage the company to improve its ability to generate a net profit. Investors take the company's management seriously, and at the appropriate moment, they invest money by purchasing shares, causing the stock price to rise. The dividend payment indicates how much the business allocates in its operations. However, it also tells how much the firm allocates to each shareholder who has specific ownership rights. If the value of dividends increases, investors are happy. Because investors may reap the benefits of their investment in a short period. As a result, the business must produce net revenue and distribute it as dividends in real terms. Investors enhance their allocation of money by purchasing shares of the business at the appropriate moment, affecting the share price. The higher the investment value of the invested shares, the greater the likelihood of future profit.

#### **4. Data Analysis**

This study is carried out to investigate the impact of firms' earnings on stock price with special reference to the S&P SL20 companies. The main objective of this study is to measure the impact of EPS, DPS and Dividend Payout ratio on Stock Price. Three research questions and hypotheses followed these objectives. The study has been conducted by using a sample of 20 companies and secondary data available in the audited annual reports of S&P SL 20 companies. Data analysis has been done by using annual report data from 2014/15 to 2019/20. According to the key findings, there is a significant positive relationship between EPS and Stock Price. The impact of EPS on Stock Price is statistically significant for the study periods. These results support the Signaling Theory, which states that disclosing earnings information by a company's management to outside stakeholders or investors may impact the stock price. This study confirms earlier findings that EPS has a substantial impact on stock price Ebrahimi and Aghaei Chadegani (2011), Velankar et al. (2017), Geetha and Swaaminathan (2015), Challa and Chala (2015), Azhagaiah and Priya (2008), Khan et al. (2014), Atchyuthan (2017), and Pushpa Bhatt and Sumangala (2012). Also, there is a significant positive relationship between DPS and Stock price. These results support the Signal Theory, which states that dividend payment information may be used to affect stock prices. this finding is consistent with Hussainey et al. (2011), Al-Twaijry (2007), Kumar (2017), Atchyuthan (2017), Menike and Prabath (2014), Dewasiri et al. (2019), and Garba (2014). However, according to the findings, there is an insignificant negative association of Dividend Payout ratio with Stock Price. The impact of dividend Payout ratio on Stock Price is statistically insignificant for the periods. The findings of the study have several important implications. The study's findings recommend that investors give their first attention to EPS and DPS when making investment decisions. Also, it suggests that investors should not fully rely on Dividend Pay-out when making decisions.

#### **5. Discussion**

The current study investigated the impact of employer brand on job satisfaction of employees of Telecommunication sector in Sri Lanka. The findings of the present study confirm that the findings of some earlier studies and conflict with the findings of other studies. Hochwarter et al. (1999) defined Job satisfaction as "an attitude formed by both contextual variables and factors inherent in the individuals" is a central measure

of how well an organization satisfies employees' needs and fulfill their expectations. If organizations succeed in doing this, they increase the likelihood of retaining employees through satisfied workforce. Dorenzo and Greenhaus (2011) in their studies stated that job satisfaction is a prominent indicator of the desirability of movement, a key integral driver of individuals' inclination to leave or to stay with an employer in nearly all turnover theories. Tanwar and Prasad (2016) found that employer brand acts as a critical predictor of job satisfaction. Also, gender is found to have moderating effect on the relationship between employer brand dimensions and job satisfaction.

Berthon, et al. (2005) identified there are five dimensions of employer brand which are economic value, development value, social value, interest value and application value. Economic value is to what degree the individual is attracted to an employer that provides the average remuneration as well as the entire compensation package. Developmental value is to what degree employer embraces self-worth, recognition, and confidence, coupled with career-enhancing experiences and a base for possible future employability. Social value is the degree to which potential talent is attracted to an employer that provides a working environment that is fun, happy, and provides a supportive team atmosphere. Interest value as to what degree an employee is attracted to an employer that provides an exciting and challenging work environment, has original work practices and makes use of its employees' creativity to produce high-quality yet innovative products and services. Application value is the attractiveness of an employer that provides an opportunity for the employee to apply what they learned in the classroom or workplace and the opportunity of teaching others. Schlager et al. (2011) cited reputation value is similar to the dimension of Cable and Turban (2001), describe the employer's reputation as a job seeker's beliefs about how other people evaluate an employer. Good quality of products, Well-known products, Innovative products, good reputation of the company amongst friends and good brand to have on the resume.

Besides, when breaking down employer brand it was found that there is significant relationship between dimensions of employer brand and job satisfaction. It was supported with some earlier studies (Ash & Bendapudi, 1996; Cable & Graham, 2000; Cable & Turban, 2001; Backhaus & Tikoo, 2004; Judge et al., 2000; Malka & Chatman, 2003; Saari & Judge, 2004; Schnake et al., 2007; Schlager et al., 2011; Tansky & Cohen, 2001). But the findings not supported in relation with Application value which is not significant even though it has positive relationship. According to the findings of this study, Application value of the Telecommunication Sector does not a significant impact on Job satisfaction of employees in this sector. That means the employees feel that there are no opportunities to apply their knowledge and experiences in anywhere at society. Due to the current pandemic situation, people are started using telecommunication technology to work from home and to avoid unnecessary travelling. So, there is a workload for employees who are in the telecommunication industry. This may be the reason behind that they feel they cannot be able to apply their knowledge and experience in the society. Policy makers of this sector organizations need to design the brand based on applying knowledge, skills and experience of employees which they learn from the organization to the outside environment in order to keep satisfied workforce and to effectively retain them.

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