



**THE DETERMINANT OF DIVIDEND PAYOUT RATIO
HEALTHCARE SECTOR IN BURSA MALAYSIA**

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ABSTRACT

The purpose of this study is to evaluate the determinant of dividend pay-out ratio from healthcare sector companies listed in Bursa Malaysia. Healthcare sector have played significant role during this pandemic. The independent variables use to conduct the study is current ratio, return on equity, market to book ratio, debt to equity ratio and size of the company. The panel data is used for the determinant dividend pay-out ratio based on 10 years data selected from 2011-2020 in assessing the relationship between the dependent and independent variables. The financial data is taken from an annual report company, Eikon and Bursa Market Place. The result for dividend pay-out ratio in this study shows that debt to equity ratio (DTER) are the significant variables toward the dividend pay-out ratio as it has a p-value that is lower than 5 percent significant level. However, for the rest of the independent variables like current ratio (CR), market to book ratio (MTBR), return on equity (ROE) and size of the company (SIZE) are insignificant towards dividend pay-out ratio.

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CHAPTER 1

INTRODUCTION

1.0 INTRODUCTION

Total number of dividends paid to the shareholders by taking out a portion from net income is called the dividend pay-out ratio. Companies listed in the stock exchange usually choose to distribute some of their earnings to the shareholder called as dividend said by Ken Little (2021). Decision dividend for the investor and firm is very crucial because it tells how much is allocated to shareholders and how much for expanding the business study by Yong, Mazlina (2016). Some of the company is using the balance amount after paying dividend to the shareholders by paying off debt or reinvesting to expand their company. Usually, small companies use it to expand the business while big companies use it for the operation.

Total number of sectors in Bursa Malaysia is 13 sectors. The focus of this research is on the Malaysian healthcare industry. The international economy, especially the healthcare sector, has recently been impacted by the COVID-19 outbreak. The significant business opportunities that have developed as a result of the pandemic have piqued the interest of investors in this industry. As a result, it's important to recognise the elements that influence healthcare companies' dividend pay-out in a developing market like Malaysia (Ruziah, 2021).

Bursa Malaysia, which acts as a stock exchange in Malaysia, was founded in 1964. It was earlier known as Kuala Lumpur Stock Exchange. This is the place for the trader and investor to buy and sell their stock. The main objective in this study is to determine which independent variable affected the dividend pay-out ratio for the stock in the healthcare sector in Bursa Malaysia. There are several factors that contribute in determining the dividend pay-out ratio, which is current ratio, market to book ratio, return on equity, debt to equity ratio and size of the firm.