"DIVIDEND PAYER AND NON-DIVIDEND PAYER": THE RELATIONSHIP OF DIVIDEND AND FIRM VALUE

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ABSTRACT

The purpose of this study is to identify the relationship of dividend and firm value of the top listed company in Malaysia. In this study, the dummy variables has been estimate to analyze the how the dividend impact towards the firm value. The dummy variable represent the categories of the company who pay dividend or not. The firm value is proxied by the MA/A and ME/E. The results shown that there is no significant between dividend and firm value that proved by MA/A, which means whether the company pay dividend or not, there is no impact towards the market value of assets. But the ME/E shown the opposite results where the dividend has positively significant with the firm value. This prove the dividend has an impact towards the firm value, where the company who pay dividend will increase the market value of equity.

Keywords: dividend, firm value, dividend payer, non-dividend payer.