



BACHELOR OF BUSINESS ADMINISTRATION

(HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

JOHOR

DECLARATION OF ORIGINAL WORK

AHMAD FAROUK BIN ZULKIFLI

I/C NUMBER: 910820-04-5259

Hereby, declared that,

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for these degrees or any other degrees.
- This project-paper is the results of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

LETTER OF SUBMISSION

Date: 26 December, 2016

Ms Sharazad Binti Haris
Faculty of Business Management
Universiti Teknologi Mara, Segamat
Johor

Dear Miss,

SUBMISSION OF PROJECT PAPER (FIN 668)

Enclosed here is the research entitled “**FACTORS THAT INFLUENCE DIVIDEND PAYMENT: PROFITABILITY & LIQUIDITY**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

I hope this report will fulfill the requirement of Bachelor of Business Administration with Honors and also achieved the objective of this study.

Thank you.

Yours sincerely,

.....
AHMAD FAROUK BIN ZULKIFLI
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ACKNOWLEDGEMENT

Alhamdulillah, thanks to ALLAH S.W.T, the Most Gracious and the Most Merciful for giving me strength on successfully completing this project paper. All the praises and thanks to Him for giving me the times, wills, guidance and strengths during the period of this project. This project paper will not successfully complete without cooperation from many parties. They have contributes a lots in preparing this project paper. I am thankful to people whom provide me kind assistance or had contributed immensely to the success completion of this project paper in due time.

I wish to express my sincere gratefulness and gratitude to **Miss Sharazad Binti Haris** who act as my advisor for her patients, supports and guidance through-out the process of completing this project paper.

Special thanks dedicated to my fellow classmates and friends for their helps, concerns, morals and materials support. I would like to grab this opportunity to express my deepest appreciation for those who had contributed a great deal towards the completion of this project paper. I have learnt much about this subject. I wish to extend my appreciation to my family, especially to my parent for their moral support in completion this project paper. In conclusion, I am grateful to ALLAH S.W.T for his guidance and the continuous good health and wealth which without His blessed I might have not complete this project paper. Thank you.

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This study is carried out to study the relationship of profitability and liquidity toward dividend payment of public listed companies in Malaysia. The study is carried out by analyzing the relationship between earning per share, return on equity and cash flow per share toward dividend per share. Data for this study were obtained from relevant databases and annual reports of the sampled companies. The study determines 20 dividend paying companies listed in Bursa Malaysia for the year 2006 to 2015. Starting the year 2006, the Federal Government of Malaysia announced a series of five economic corridors in an attempt to stimulate global and domestic investment in traditionally rural areas to create balanced development throughout the country. The data of this research starting from 2006 to 2015 is being observed in order to foresee the impact of the economy corridors parallel with the factors that influence dividend payment of dividend paying companies. The results proved that the three factors which are return on equity, earning per share, and cash flow per share have a relationship with dividend payment, with return on equity, earning per share and cash flow per share revealed to have a significant relationship. The findings from this research are useful to the board of directors and management team of companies in deciding an appropriate dividend payment for the company. The results will also benefits shareholders in making investment decisions. The study adds factual evidence on factors of dividend payment which are currently reported to be inconclusive. Moreover, the study improvise the existing literature by focusing on the issue of factors of dividend payment in the context of Malaysia.

CHAPTER 1 : INTRODUCTION

1.1 INTRODUCTION

This research paper is conducted to study the relationship between liquidity and profitability toward dividend payment in public listed companies in Malaysia. A total of four variables are selected to conduct this research namely dividend per share, return on equity, earning per share and cash flow per share. The frequencies of the variables chosen are on yearly basis from the year 2006 to 2015 of 20 dividend paying companies listed in Bursa Malaysia.

Beginning the year 2006, a series of five corridors trying to fortify worldwide and household interest in traditionally rural territories has been declared by the Federal Government of Malaysia to make adjusted advancement all through the nation. Amid the period 2006-2007, the initial 3 corridors which are the Northern Corridor Economic Region (NCER), Iskandar Malaysia (IM) and the East Coast Economic Region (ECER) were defined and started. The provincial improvement of Sabah and Sarawak, to be specific Sabah Development Corridor (SDC) and Sarawak Corridor of Renewable Energy (SCORE) were concluded and started in middle 2009.

Kelantan, Terengganu and Pahang, and also the district of Mersing in Johor were stimulated by The East Coast Economic Region (ECER). The ECER covers the greater part of Peninsular Malaysia with a region measuring more than 66,000 sq km. 14.5% of the aggregate populace of Malaysia is showed by ECER's populace of around 3.9 million. To direct the improvement of this district throughout the following 12 years where it will be changed into a noteworthy