



**A STUDY ON DETERMINANTS OF DIVIDEND POLICY IN MALAYSIA LISTED
COMPANIES FOR TRADING AND SERVICES SECTOR**

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LETTER OF SUBMISSION

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Dear Sir/Madam,

SUBMISSION OF PROJECT PAPER (FIN 667)

Attached is the project paper titled '**A STUDY ON DETERMINANTS OF DIVIDEND POLICY IN MALAYSIA LISTED COMPANIES FOR TRADING AND SERVICES SECTOR**' 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,

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Bachelor of Business Administration with Honors (Finance)

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ABSTRACT

The dividend policy explains the strategy in the organizations about the payments amount which they announce to investors as profit on shares. This paper seeks to identify the determinants that influences the dividend policy decision by the management for selected company under trading and services sector in Malaysia and to determine whether past dividend, profitability, revenue and liquidity of the company influence the dividend policy on trading and services sector. This study was conducted on Malaysian companies over 3-years period from 2009-2011. The sample was taken from the 50 companies listed on the main board of Bursa Malaysia in trading and services sector. Public listed companies are chosen as a sample study because companies listed in KLSE issue shares publicly to all the investors where dividend payments will normally be declared by the companies to their shareholders. The changes of dividend is used as a proxy of past dividend, earning per share is used as a proxy for profitability, variability of revenue is used as a proxy for size and cash flow as proxy for liquidity of company. The results show positive relationship and significant between dividend payout and dependent variables. The correlation between past dividend and profitability are higher compared to revenue and liquidity position. In this study confirm that there are relationship between dividend policy and past dividend, profitability, revenue and liquidity position. Lastly, the study confirms that fact that past dividend and profitability were the important determinants of dividend payment.