



**UNIVERSITI TEKNOLOGI MARA**

**DIVIDEND CHANGES AND FUTURE  
PROFITABILITY FIRMS LISTED ON  
BURSA MALAYSIA**

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**BBA (Hons) Business Administration  
Investment Management**

**December 2017**

## LETTER OF SUBMISSION

21 December 2017

Madam Rohanizan Md.Lazan.  
Faculty of Business Management  
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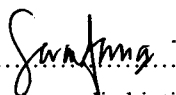
Dear Madam,

### SUBMISSION OF PROJECT PAPER

Attached here is the research report titled “Dividend Changes and Future Profitability Firms Listed on Bursa Malaysia” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA Johor Branch, Segamat Campus.

Thank you.

Sincerely,

  
.....

Sara Azmeelia binti Aminudin

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Bachelor of Business Administration (Hons) Investment

## ABSTRACT

This paper sought to examine whether there is a relationship between dividend changes and future profitability. The major source of data were collected using secondary database records of publicly companies obtained from the Bursa Malaysia Stock Exchange. The study focused on listed firms at Bursa Malaysia and used 20 firms over the period 2012-2016 that are listed from different sectors in Bursa Malaysia Stock Exchange. The research questions used in the study were; (i) what is the significant relationship between earnings per share and return on asset, (ii) what is the significant relationship between earnings per share and return on equity, (iii) what is the relationship between earnings per share and dividend payout ratio. The research method used in the study was Ordinary Least Square (OLS) technique to perform regression analysis between the dependent and independent variable as the study aimed at finding a relationship that exists between dividends and firm performance. Research of the relationship between dividend changes and future profitability advantage stock market investors in Malaysia demonstrating whether dividend changes could be used as an indicative component for future profitability of firms. Therefore, firms could use this as a contraption for proficient investment decisions. The results of the relationship between dividends and firm performance showed that there exists a relationship between dividends and future profitability. There is a positive relationship between earnings per share and return on equity. Meanwhile, negative relationship between earnings per share and independent variable, dividend payout ratio and return on asset as shown by the negative coefficients. The results also demonstrate that the extent of the significant relationship between return on asset and return on equity and firm future profitability. While, insignificant relationship between dividend payout ratio and future profitability. Other than that, results indicate that current dividend changes are greatly related to current earnings changes. The study came to a conclusion that there is a relationship between dividend and future profitability for firms listed on Bursa Malaysia.

**Keywords:** EPS, ROA, ROE, DPR

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## **AUTHOR'S DECLARATION**

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA, Johor Branch, Segamat Campus. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, Johor Branch, Segamat Campus regulating the conduct of my study and research.

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