



**FACTORS INFLUENCING PERFORMANCE OF  
DIVIDEND BY BANK RAKYAT**

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## **ABSTRACT**

The objective of this study is to identify some factors that influence the stability of dividends rate during 1986 until 2011 in Bank Kerjasama Rakyat Malaysia. According to Bank Rakyat annual reports on financial statements, Bank Rakyat has achieved or maintaining its dividend rate up to 30% for 26 years consecutively. Bank Rakyat has been establishing as one of the largest Islamic cooperation bank in Malaysia with the total assets of RM72.48 billion. This might give a motivation to examine the influencing factors on the performance of Bank Rakyat dividend. A regression model of multiple linear regressions used to determine the result in this study. Researcher chose dividend rate as the dependent variable while gross domestic product (GDP), bank size, liquidity and return on assets as the independent variables. These factors include the external and internal factors. In determine the bank size, it was measured by using the total assets of Bank Rakyat. For measuring the liquidity value, researcher used the formula of current assets divide by current liabilities while in measuring the value of return on assets, researcher used earning after tax divide total assets. The result indicate that Gross Domestic Product were the most significant correlations factors that contribute to the performance of bank's dividend.

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 HISTORY**

Industrial Revolution during 18<sup>th</sup> century in Europe has triggered the idea of cooperation by using the principle of brotherhood and mutual assistance. This idea express due to the problems that faced by the people during the revolution. At the time, people lives in suppresses, all the resources gathered are distributed unfairly and the prices of goods increase drastically. In consequences, the standard of living began to decline and poverty among common people is increasing. These problems have led to the co-operative movement in Europe during 19<sup>th</sup> century. The first co-operative incorporated was The Rochdale Equitable Pioneers in Britain on 1844. Co-operative movement later spread to other countries as well as in Southeast Asia in various sectors.

In 1907, the local Malay community began to rebel when Sir Arthur Young express the idea of Co-operative within the Federated Malay States. At that time, Sir Arthur Young was the first person who introduced the idea. The idea was not accepted due to the elements of usury practiced. To satisfy all parties especially local Malay Community, Sir A. Cavendish has been sent to Burma to conduct a study on the cooperative movement in Malay States.

Local Malay Community starts to accept the Co-operative since it was establish to solved the problems of rural farmers who were oppressed by the middle man and also the problems of indebtedness of public servants in town.

In Malaysia, the co-operative company has been controlled by Co-operative Commission of Malaysia (SKM). SKM at first has been known as Co-operative