

**UNIVERSITI TEKNOLOGI MARA**

**THE IMPACT OF DIVIDEND  
POLICY ON SHAREHOLDERS'  
WEALTH IN TOP 100 MALAYSIAN  
PUBLIC LISTED COMPANIES**

**NUR ATIQAH BINTI JAAFAR**

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## ABSTRACT

Dividend policy has been maintained as the top ten financial puzzles. Dividend distribution and earnings become one of the concerns of the company's shareholders. In the corporate world, the dividend distribution decision is subject to management team decision and consideration for the future prospect of the company. This research is thus aimed at determining the impact of dividend policy on the wealth of shareholders specializing in Malaysian top 100 listed public companies. In this research topic, there are many studies area online. There have been a couple of previous studies in Malaysia, including specialization in certain industries. Large businesses are always an example for small businesses as a developing country. Thus, this research is conducted to deliver meaningful results and broaden the company's prospects for Malaysian knowledge. Moreover, this research is useful and gives advantage to the policy makers, managers, investors and academicians to enhance their understanding of the company's decision on earning distribution to shareholders. There are various types of information provided in this research that emphasize on dividend policy and the wealth of shareholders. In addition, this research also addresses the background of dividend policy in Malaysia, research goal, independent variables that have a significant impact on the shareholders' wealth, empirical results, major findings as well as recommendations for future research. The aim of this research paper is to determine the impact of dividend policy on shareholders' wealth in the Malaysian public listed companies. The independent variables used in this research are the dividend payout ratio, volatility earnings, and long-term debt ratio. Shareholders' wealth is a dependent variable that presented by earnings per share. Secondary data was used in this research and data from the panel was used to perform the model of regression. In this research, which began from 2012 to 2017, the total observation of 35 companies is taken into account. The model was used by the method of random effect. From the regression result, it found out that the dividend payout ratio is not significant with shareholders' wealth. Earning volatility and long-term debt ratio is positively significant with shareholders' wealth and earning volatility is the major independent variables that contribute to the shareholders' wealth.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Preamble

It is important for researchers to study the persistence and the nature of the research project before leading research. It is also important for the researcher to know the significance of studies before conducting the research. In this chapter, the researcher gives an overview of the directions in this study which is “The Impact of Dividend Policy on Shareholders’ Wealth in Top 100 Malaysian Public Listed Companies”. Therefore, this chapter provided a few divisions which consist of an introduction, background study, problem statement, research question, research objectives, and scope of the study, the significance of proposed study and definition of terms, terminology and concepts. The background of the study explained the shallow of description and evaluation of study which showing the needs of investigation in research and the current scenario that lead the researcher to conduct the study. In addition, the researcher includes both important and relevant studies to support the research objectives. This section is continued by problem statement which enlightened the significant of study which the researcher comes out with problem; issue and debate arise on the topic study. While, the research question emphasizes on the aspect of the design of the research objective. The research objectives clearly define the learning outcomes or objectives that help the researcher to construct the study activities. Next is the scope of study. In this section, the researcher explained the entire scope subject covered in the study. It defines clearly the area of study where researcher is regulated to the scope of the study. The significant of proposed study gives more explanation to support the topic and any term, terminology and concept in this research also have been explained. The conclusion is supporting statement from all section in this chapter. Thus, this chapter would further explain the knowledge about the dividend policy, shareholders’ wealth and public listed companies in Malaysia.