



اُونِيُوَرَسِيْتِي تِيكْنُولُوْجِي مَارَا
UNIVERSITI
TEKNOLOGI
MARA

**DIVIDEND POLICY INFLUENCE STOCK PRICE VOLATILITY OF
TELECOMMUNICATION INDUSTRY IN MALAYSIA**

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BBA FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

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DECLARATION OF ORIGINAL WORK

SHAHIRIN BINTI ABD LATIP (2013389079)

Hereby, declare that,

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

Signature: _____

Date: 5 JAN 2017

LETTER OF SUBMISSION

MR. WAN MOHD FAEZ WAN IBRAHIM

Faculty of Business Management

Universiti Teknologi MARA

85009 SEGAMAT

JOHOR DARUL TAKZIM

5 Jan 2017

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled **Dividend Policy Influence Stock Price Volatility of Telecommunication Company in Malaysia** to fulfill the requirement as needed by the Faculty of Business management, Universiti Teknologi MARA.

Thank you.

Yours sincerely

(SHAHIRIN BINTI ABD LATIP)

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Bachelor of Business Administration
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Last but not least, I remain indebted to my parents, lecturers and professors, classmates and to everyone who providing me the means to learn and understand. By having this research paper, I hope that I will be able to complete the requirement for the last semester and able to do done study as a Bachelor student. May all things that I have done will be blessed by Allah SWT.

ABSTRACT

Share prices are the most important indicators used by investors to invest or not to invest on a particular share. The main objective of the investing is to maximize the expected return at the low level of risk. There are many factors contributed to the price changes of share include investor's reaction towards earnings, dividend or other news. According to the efficient market hypothesis, when there is new information either good or bad news are available to the public, they will affect share price of the company. Thus, aim of this study is to determine the effect of dividend policy towards share price of the Telecommunication companies in Malaysia. We look into five Telecommunication companies that are listed in Bursa Malaysia. The data for this study is a secondary data that collected from DataStream. The duration of this study will be from 2010 until 2015. Panel Data analysis has been applied and various methods in order to test the significant of the variables towards the price volatility of Telecommunication companies. The finding of this study shows that there is a significant positive relationship between the DPR of a firm and share price volatility. This result is consistent with (Zakaria, Muhammad, & Zulkifli, 2012). DY is insignificant and positively related to the movement of stock prices. Thus, this finding suggests that, higher DPR will lead to a more volatile share prices. Among the control variables, only firm size (NI) and leverage (DER) showed high correlation with the changes of the firm share prices. The larger the size of the company, the greater the company needs to face with the volatility of share prices. The results show all variables are significant except variable DY on the changes of the company share prices. The contradiction could be because of the different economics and business environments of the countries.