



**UNIVERSITI TEKNOLOGI MARA**

**DETERMINANTS OF DIVIDEND  
PAYOUT POLICY TOWARDS  
CONSTRUCTION SECTOR IN  
MALAYSIA BASED ON SHARIAH  
COMPLIANCE**

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Thesis submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
(Investment Management)**

**Faculty of Business Administration**

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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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## LETTER OF TRANSMITTAL

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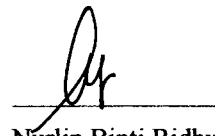
Dear Madam,

### SUBMISSION OF PROJECT PAPER

Attached is the research report title “Determinants of Dividend Policy towards Construction Sector in Malaysia based on Shariah Compliance” to fulfil the requirement as needed by the Faculty Business Management, Universiti Teknologi MARA, Johor Branch, Segamat Campus.

Thank you.

Yours sincerely



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## **ABSTRACT**

As people know, the dividend payout policy is one of the most debated topics within corporate finance. The purpose of the study is to determine the main factors that affect dividends policy decision in construction sector based on shariah compliance listed in Bursa Malaysia. We therefore reviewed previous studies to conclude which factors that potentially could have an impact on the companies' dividend payout ratio. The research paper examines determinants among dividend payout of non-financial firms listed on Kuala Lumpur Stock Exchange (KLSE). This study focuses on shariah compliance firms. The data have been taken from construction sector which are 14 listed shariah compliance firms in Bursa Malaysia from 2012 to 2016 on annual basis. Secondary data was collected from audited financial statements of companies from Bursa Malaysia website and the website of non-financial firm. This study is important to investors and manager of the firms. For investors, they should know first what the factors that make the firms give higher dividend payout. Dividend payout ratio was dependent variable while independent variables are profitability, liquidity and current earnings. The profitability was measured by return on equity (ROE) and earnings per share (EPS). Current ratio was used as indicator for liquidity. The proxy used for earnings is the ratio of company's operating earnings before interest and tax (EBIT) to total assets. Descriptive statistics and multiple regressions were used. Current earnings were found to be positively correlated to dividend payout. ROE was negatively significant to dividend payout, EPS was found negatively correlated to dividend payout ratio and current ratio positively insignificant to dividend payout ratio.

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