



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF DIVIDEND
PAYMENTS IN EMERGING AND
DEVELOPED MARKETS**

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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. 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.

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ABSTRACT

Malaysia is seeing an increase in shareholder activism and loyalty to the stocks that they buy. Therefore, the role of dividends as a source of investment income has become more prominent. Knowing this, investors should be aware of the forces that affect their dividend income. Recently, due to the advancement of equity trading technology it is also possible to invest in foreign countries that not only possess more developed markets but also a different a different set of economic and trading environment. Understanding the effects of a different market on dividend payments can lead investors to broaden their portfolios to include not only local but international stocks. This study mainly focuses on companies that have the largest market capitalization in each market because these types of companies have the most consistent dividend payments compare to mid cap or small cap companies. To measure the differences or similarities between emerging and developed markets, a set of independent variables including profitability, financial leverage, firm size, liquidity and sales growth are used. This study aims to identify the relationship between these variables and dividend payments in emerging and developed markets. The findings obtained from this study aim to further inform investors of important variables to observe when investing in dividend yielding common stocks as well as identify any different responses of these variables in different types of markets.

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