



THE EFFECT OF SPECIAL DIVIDEND ANNOUNCEMENT
ON THE STOCK PRICE : A CASE IN MALAYSIA

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TABLE OF CONTENT

	PAGE
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF FIGURES	viii
LIST OF TABLES	ix
LIST OF ABBREVIATIONS	x
ABSTRACT	xi
CHAPTER 1	Introduction
	1.1 Background of Study 1
	1.2 Problem Statement 3
	1.3 Objective of The Study 4
	1.4 Limitations of The Study 5
	1.5 Significance of The Study 5
	1.5.1 Researcher 6
	1.5.2 The Investor 6
	1.5.3 The Manager 6
	1.5.4 Future Researcher 6
CHAPTER 2	Literature Review
	2.1 Introduction 7
	2.2 Literature Review 7
	2.3 Theory 8
	2.4 Theoretical Framework 10
CHAPTER 3	Data and Methodology
	3.1 Overview of The Chapter 12
	3.2 Research Design 12
	3.3 Scope of Study 13
	3.4 Data Collection 14
	3.5 Sampling Design
	3.5.1 Population 15
	3.5.2 Sampling and Time Frame 15
	3.5.3 Sample Size 16
	3.6 Theory and Model Specification 16
	3.7 Estimation Procedure 18
	3.7.1 Empirical Model 18
	3.8 Data Analysis

3.8.1	Descriptive Analysis	19
3.8.1.1	Skewness	19
3.8.1.2	Kurtosis	20
3.8.2	Panel Unit Root Test	20
3.8.2.1	Levin, Lin and Chu (LLC) Test	21
3.8.2.2	Harris-Tsavalis Test	21
3.8.2.3	Breitung Test	21
3.8.2.4	Im, Pesaran and Shin (IPS) Test	21
3.8.2.5	Fisher-Type Test	22
3.8.2.6	Hadri LM Test	22
3.8.3	Diagnostic Testing	22
3.8.3.1	Serial Correlation	23
3.8.3.2	Heteroskedasticity Test	23
3.8.3.3	Multicollinearity Test	23
3.8.4	Beusch and Pagan Larangian Multiplier (LM) Test	24
3.8.5	Hausman Specification Test	24
3.8.6	Ordinary Least Square (OLS) Test	24
3.9	Measurement of Variable	
3.9.1	Independent Variable	25
3.9.2	Dependent Variable	25
3.10	Statistical Software	25
3.11	Flow of Research Methodology	
3.11.1	Flow of Cross Sectional Data Research Methodology	27
3.11.2	Flow of Panel Data Research Methodology	28
3.12	Hypothesis Testing and Development	29
CHAPTER 4	Findings and Analysis	
4.1	Overview of The Chapter	30
4.2	Descriptive Statistic	30
4.3	Panel Unit Root (Stationary) Test	31
4.4	Diagnostic Testing	
4.4.1	Heteroskedasticity	32
4.4.2	Serial Correlation	32
4.4.3	Multicollinearity	33
4.5	Breusch and Pagan Lagragian Multiplier (LM) Test	33
4.6	Hausman Specification Test	34
4.7	Simple Regression	35
CHAPTER 5	Conclusion and Recommendation	
5.1	Introduction	36
5.2	Conclusion	36

ABSTRACT

The method of distributing excess cash among investors is determined by dividend policies taken by each company. Usually there are three alternative of excess cash distribution : offering special dividend, initiating or increasing regular dividend and repurchase share. The purpose of this study is to investigate the effects of special dividend announcements on the stock price in Malaysia. The factors that been investigate is exchange rate, interest rate, and trading volume with the stock price. The data that been used in this study is daily data basis. The data is in Malaysia data and the data is from 2009 until 2012. The data will be test using unit root test, Bruesch and Pagan (LM) test, Hausman Specification test, and simple regression. Besides that, the diagnostic test also have been conducted in this study which is serial correlation, heteroskedasticity and multicollinearity. Based on this test, it shows that all the panel data doesn't have any problem or does not suffer with all these test. This study is conducted to test whether the dependent variable which is Abnormal Return in Malaysia (stock price in Malaysia) is effected by the announcement of special dividend. The findings of this result show that the special dividend announcement has negative relationship with the Malaysia stock price. When the special dividend increase the stock price decrease or vice versa.