



THE DETERMINANTS OF DIVIDEND POLICY IN LISTED COMPANIES  
ON TRADING AND SERVICES SECTOR IN MALAYSIA

KHOIRUNNISA BINTI MOHD NAZARI  
2015237834

BACHELOR OF BUSINESS ADMINISTRATION  
WITH HONOURS (FINANCE)  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
TERENGGANU

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## ABSTRACT

The dividend policy is a great important issue in all companies. Therefore, many previous studies have been conducted to determine the determinants of dividend policy. However, the research about this study are still unclear and still cannot solve the problems exist. Thus, the aim of the study is to determine the determinants of dividend policy in listed companies on trading and services sectors in Malaysia. Using panel data analysis, the study considered 107 companies out of 215 listed firms on trading and services sector at the bursa Malaysia in the period 2007 until 2016. Secondary data was used and the data collected from Datastream Professional and regression results was analyzed using Stata10. In this research, a few of analysis was conducted and fixed effect model (FEM) is chosen as a best model to use in this research. Dividend payout ratio was considered as dependent variable while liquidity, leverage, profitability and firm size as independent variables. The findings revealed that the dividend payout policy is positively affected by liquidity whereas profitability and leverage has negative relationship with dividend payout ratio and firm's size shows insignificant impact. The study found that profitability is the most significant determinant in influencing dividend payout ratio. Thus, the results suggest that listed firms on trading and services sectors prefer to retain their earnings to grow rather than to pay more dividends.

Keywords: Dividend Policy, Profitability, Liquidity, Leverage, Firm Size, Fixed Effect Model, Trading and Services Sector, Malaysia