THE DETERMINANTS OF DIVIDEND POLICY:

(A STUDY OF COMPANIES LISTED IN MALAYSIA)

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ABSTRACT

Dividends are payment to shareholders from firm's earnings. Dividend policy is the determinant of which portion of cash earnings that should be retained in the firm for purpose of reinvestment and which funds are paid to investors from either current or accumulated retained earnings. Meanwhile, market capitalization is an estimation of the value of a business that obtained by multiplying the number of shares outstanding by the current price of a share. The study sought to establish the determinant of dividend policy on 10 large market capitalization firms in Malaysia. This study was collected quantitative data. Secondary data was used in this study. The secondary data resources were obtained from online Data Streams and Bursa Malaysia market listed companies where 10 companies has been chosen based on their high in market capitalization in various sectors and industries and the observation is over a period of 15 years (2002-2016). The data was collected based on the information about the variables. Quantitative data was analyzed by descriptive analysis, while qualitative data through content analysis. The study may provide information to scholar or academicians and investor on determinant of dividend policy on 10 large market capitalization companies in Malaysia. From the findings, the study concluded that only size of firm has significantly relationship with dividend per share. The other variables, cash flow and current ratio shows a positive relationship between dividend per share. Another variable is total debt shows negative relationship between dividends per share. The study recommends that the firm need to stabilize their size of firm in the future so that the dividend payment for shareholder is high or in maintain position. Furthermore, the management of the firm should conduct a research on the difference dividend policies to identify the one that helps to maximize their firm's market capitalization.

Keyword: Total asset, Cash flow, Total debt, Current ratio

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