FACULTY BUSINESS MANAGEMENT

BACHELOR BUSINESS OF ADMINISTRATION (HONS) FINANCE

INDUSTRIAL TRAINING REPORT

TENAGA NASIONAL BERHAD (TNB)

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PROGRAM   : **RBA242**

SUBJECT   : **MGT666 INDUSTRIAL TRAINING**

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EXECUTIVE SUMMARY

This report is about my 6-month of internship training that I had successfully completed at Tenaga Nasional Berhad (TNB) Batu Gajah from 1st March 2023 until 15th August 2023, where this place is a whole game-changer to make myself expose and ready in working industry phase. Every hour spent at the TNB Batu Gajah provided me with valuable experience. TNB is divided into several main divisions, mainly TNB Generation, TNB Transmission, TNB Distribution, and TNB Retail, which serves the end-user customers. I was assigned to the department of Business Support Operations (BSO) for the first 2 months and then gained experience at the department of retail for the rest of the month. The main functions of BSO department are more to administration work meanwhile the retail department is related to credit management, billing, and finance.

In this comprehensive report, the major purpose of an internship is to know the working environment in the real-world situation in order to enhance the capabilities and problem-solving skills related to work. It also observed how TNB Batu Gajah managed their organization and work, as well as corporate and employee relations, time management, and few more. It also discussed more specifically about this company as well as every aspect that I observed during my internship programme. I was put under the direction of Puan Norazua, a Pembantu Tadbir, for the duration of this program's internship. Despite gaining knowledge about working in an office scenario, I also managed to polish my soft skill, communication skills by engaging with customers, data analysis skills by mastering new skills in excel, and a lot of things that bring benefit to myself throughout this training period.

There are 5 main parts discussed in this industrial training report. The first part consists of the preliminary page, which includes the executive summary, table of contents, and acknowledgement. The second section is the details of the student's profile, which shows the latest resume. The third section is the firm profile, which includes the name, address, history, vision, mission, and objectives, as well as the organisational structure and services. The fourth and final section of the article discusses training reflection, including the length, department-specific information, duties and responsibilities, assignments, tasks, and benefits such allowance experience, among other things. In addition, part five contains SWOT analysis with discussion and recommendation. Lastly, the report has finished with the conclusion following by appendices.

ENDORSEMENT OF OURIGINAL REPORT

Document Information

Analyzed document	REPORT INTERN MAISARAH FARISHA.docx (D171425377)
Submitted	2023-06-28 04:08:00
Submitted by	Dr. Nor Anis Shafai
Submitter email	anis448@uitm.edu.my
Similarity	2%
Analysis address	anis448.UiTM@analysis.ouriginal.com

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TABLE OF CONTENT

1.0 INTRODUCTION OF THE COMPANY

1.1 COMPANY'S NAME

Tenaga Nasional Berhad, TNB for short, is a leading electricity utility company in Malaysia. It was established in 1949 and is headquartered in Kuala Lumpur. TNB provides electricity to over 9 million customers across the country, making it the largest electricity provider in Malaysia. The company generates, transmits, distributes, and sells electricity to residential, commercial, and industrial customers. TNB also operates in a few international locations such as India, Pakistan, and the Middle East. TNB is committed to providing reliable and affordable energy to its customers while also practicing sustainable and responsible business practices that are environmentally friendly. With a mission to power the nation's progress, TNB continues to be a major player in Malaysia's energy industry and a leading example of excellence in the region.

According to Tenaga Nasional Berhad (2021), the history of power generation in Malaysia was first discovered by the owners of a miner enterprise, Loke Yew and Thamboosamy Pillai in 1894. They invented an electric generator and electric pump to make the mining process become a lot easier and less time consuming. In addition to that, the electricity supply started to evolve in a few areas such as in Rawang town and railway in Kuala Lumpur in the same year where the street supplied with streetlamps. 6 years after the electricity was discovered by two entrepreneurs, in 1900 Raub Australian Gold Mining Company established Sempam Hydroelectric Power Station in Raub which officially became the first power station in Malaysia. Later on, 1 September 19949, the demand for electricity became larger which required larger scale planning, foreign workforce such as technical experts to run the operation. Hence, to grab the opportunity the Central Electricity Board (CEB) was established to fulfill the demand of electricity in Malaysia. CEB is responsible for 34 power stations including steam power station, hydroelectric power station and diesel in Bangsar and Ulu Langat with a total capacity of 39.88 Mega Waltz (MW).

Aside from providing reliable and affordable electricity to its customers, TNB also offers a wide range of related services such as smart metering, energy management, and energy efficiency solutions. The company has also been at the forefront of innovation, conducting research and development in areas such as energy storage and electric vehicles.

TNB is not just a leader in Malaysia's energy industry, but also a responsible corporate citizen. The company has a strong commitment to sustainability and corporate social responsibility, focusing on areas such as education, environment, and community development. TNB also supports Malaysia's national agenda, particularly in the area of economic growth, environmental sustainability, and social progress.

1.2 COMPANY VISION

TNB's vision is to be a leading provider of sustainable energy solutions and a key player in the global energy transition. The company aims to lead the way in adopting new technologies and business models to meet the evolving needs of its customers, while reducing its environmental impact and contributing to a more sustainable future.

1.3 COMPANY MISSION

TNB's mission is to provide safe, reliable, and affordable energy to meet the needs of its customers and support Malaysia's economic and social development. The company is committed to providing excellent customer service, promoting energy efficiency and conservation, investing in new technologies and renewable energy sources, and operating in a responsible and sustainable manner. On the other hand, TNB's goal is to improve the world by illuminating lives through sustainable, creative solutions.

In summary, TNB is focused on providing value to its customers and stakeholders, while contributing to a more sustainable future for Malaysia and the global community.

1.4 PURPOSE

TNB's purpose is to provide reliable, affordable, and sustainable energy to power Malaysia's growth and development. The company is committed to delivering value to its stakeholders, including customers, employees, shareholders, and the wider community.

The first objective of TNB that will be highlighted is to reduce Customer Average Interruption Duration Index (CAIDI) Reducing CAIDI is related to the TNB's system

performance. TNB system performance for Distribution Network (DN) has been monitored using SAIDI. Annualized CAIDI for financial year 2018 is showing a downtrend with 11%lower than financial year 2017. A sustained customer interruption's average length is measured by the Customer Average Interruption Duration Index (CAIDI) during the course of the measurement period. This metric's relatively high value is often caused by a few common elements, such as frequent breaker or re-closure actions.

1.5 CORE VALUES

TNB or Tenaga Nasional Berhad, is a utility company in Malaysia. Their core values are an important part of their corporate culture and help to guide their decision-making and actions. The three core values of TNB are firstly **customer focus**. TNB is committed to putting their customers' needs first and delivering excellent customer service. They strive to understand and meet the needs of their customers, and to provide reliable and affordable electricity to help improve their quality of life. Next, TNB is **integrity** 1965 They have a zero-tolerance policy towards corruption and are committed to upholding the highest standards of integrity in all of their operations. Also, TNB is committed to **innovation** and continuous improvement in order to stay competitive and meet the changing needs of their customers. They encourage creativity and new ideas and are always looking for ways to improve their processes and services.

By living these core values, TNB is able to provide high-quality electricity services to their customers while also contributing to the sustainable development of Malaysia.

1.6 BACKGROUND OF ESTABLISHMENT

TNB's establishment in 1949 marked a significant milestone in Malaysia's history, as it was the first time that a centralized electricity supply was made available to the people of Peninsular Malaysia. Prior to this, electricity was only available in certain areas, such as Kuala Lumpur and Penang, and was mainly used for street lighting and other public services. The establishment of TNB made it possible for electricity to be supplied to homes, businesses, and industries across the country, paving the way for economic growth and development.

Over the years, TNB has undergone a number of changes and transformations, reflecting the changing needs of the country and the energy industry. In 1965, the

company was renamed as the National Electricity Board, reflecting its expanded role in the energy sector. In 1990, the company was restructured as Tenaga Nasional Berhad, a publicly listed company that is majority-owned by the Malaysian government.

Today, TNB is one of the largest power utilities in Southeast Asia, with a strong focus on sustainability and innovation. The company is committed to reducing its carbon footprint and has set ambitious targets to increase its renewable energy generation capacity. In addition, TNB is investing in new technologies, such as smart grids and energy storage, to improve the efficiency and reliability of its operations. The company is committed to reducing its carbon.
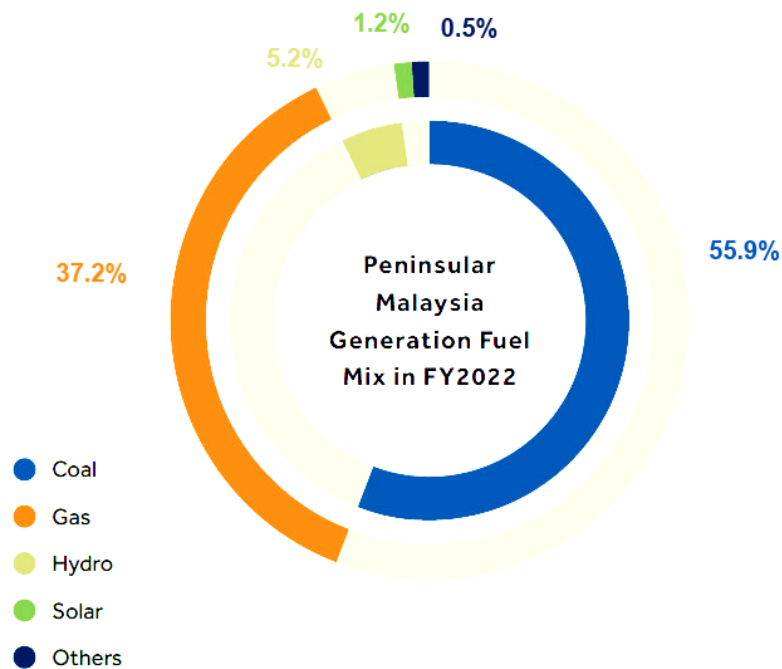

Figure 1: Percentage supply of electricity of TNB
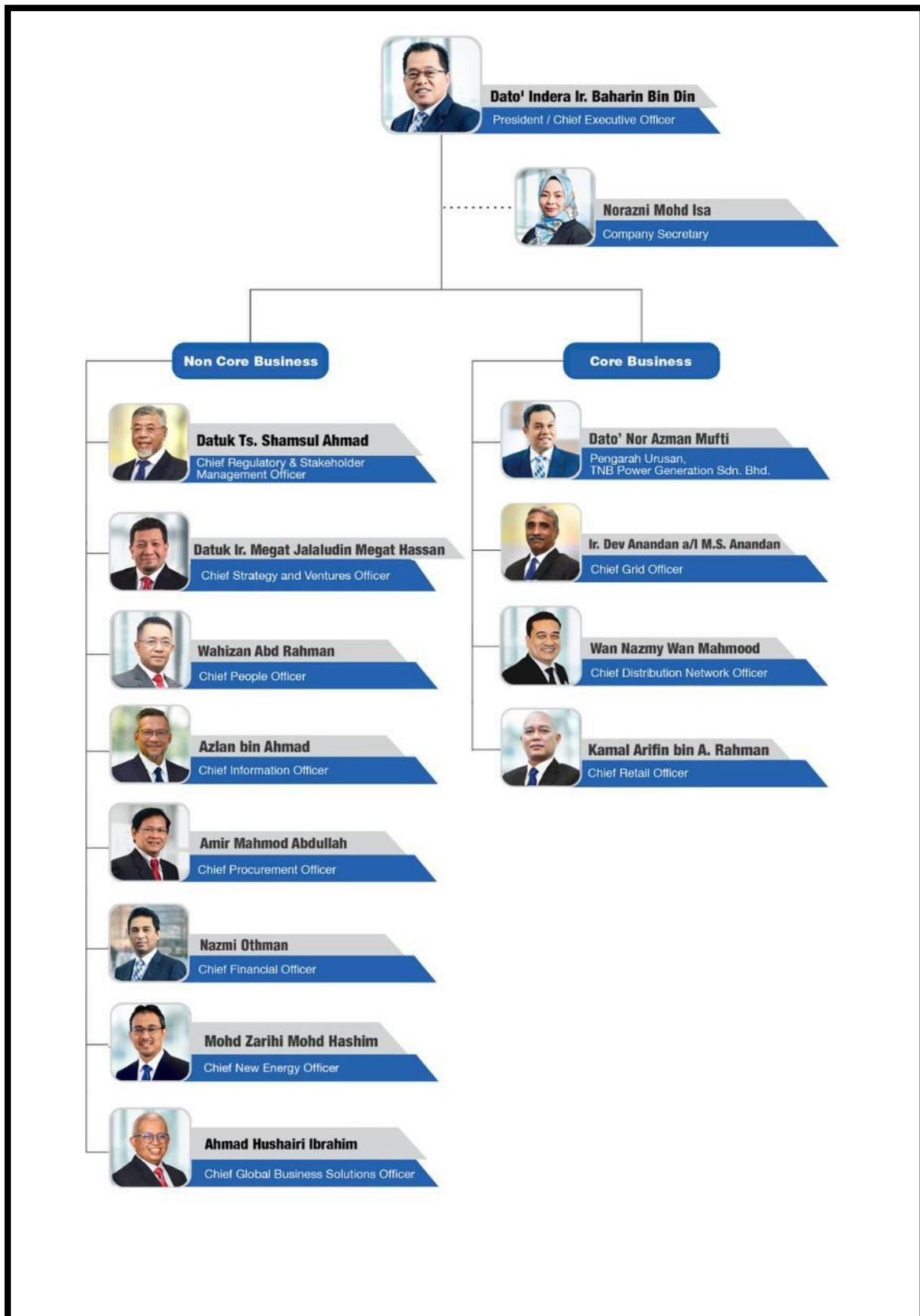
1.7 ORGANIZATIONAL STRUCTURE

Figure 2: Organizational Structure of Tenaga Nasional Berhad

2.0 PRODUCTS OR SERVICES OFFERED

Tenaga Nasional Berhad (TNB) is Malaysia's premier electricity company, providing a wide range of products and services related to the power supply industry. As a trusted and reliable company, TNB has been serving Malaysians for decades and has continued to innovate in order to meet the growing needs and demands of its customers. Firstly, TNB provides electricity supply to both residential and commercial customers in Malaysia. The company delivers electricity through a vast network of transmission and distribution lines that span across the country. With TNB, customers can be assured of a reliable and consistent supply of electricity for their daily needs.

Secondly, TNB offers renewable energy solutions such as solar and hydroelectric power, which help reduce the carbon footprint of the country and promote sustainable development. With TNB's renewable energy solutions, customers can generate their own electricity and reduce their reliance on fossil fuels, thus contributing to a cleaner and greener environment. Thirdly, TNB offers energy efficiency services to assist clients in lowering their energy usage and lowering their electricity costs. Energy audits, which aid in locating places where energy can be saved, and the installation of energy-efficient goods like LED lights and energy-efficient air conditioners are among a few of the services provided.

TNB is Malaysia's leading electricity utility company. They offer a range of products and services to their customers, including:

2.1 TNB GENERATION

In Malaysia, Tenaga Nasional Berhad (TNB) is the biggest provider of power. TNB generates electricity from various sources such as hydro, thermal, and gas power plants. They ensure a consistent supply of electricity to residential, commercial, and industrial customers throughout Malaysia.

TNB also provides power, which is another service. The network system that links TNB customers to the thermal and hydroelectric power facilities is made up of transmission lines, substations, and distribution lines. TNB uses this system to reliably and consistently provide power to clients, maintaining a stable balance between supply and demand.

2.2 TNB GRID

TNB Grid is the network of transmission lines, substations, and other components that make up the electricity grid managed by Tenaga Nasional Berhad (TNB) in Malaysia. The TNB Grid covers the entire country and plays a critical role in delivering electricity generated by TNB's power plants to homes, businesses, and industries across Malaysia.

TNB operates and maintains the national transmission grid system, which allows for the efficient and reliable transmission of electricity across long distances to different parts of the country. It also incorporated advanced technologies such as smart meters, which enable TNB to monitor and manage the flow of electricity more efficiently.

2.3 TNB DISTRIBUTION NETWORK

TNB Generation and TNB Distribution Network are two separate entities within Tenaga Nasional Berhad (TNB), the national electricity utility company in Malaysia. TNB distributes electricity to the end-users through its extensive distribution network of power lines, substations, and transformers. They ensure that electricity is delivered safely and efficiently to homes, businesses, and other facilities.

TNB Generation is responsible for generating electricity from various sources such as coal, gas and hydro, while TNB Distribution Network is responsible for distributing the electricity to homes and businesses throughout the country.

2.4 TNB RETAIL

TNB Retail is the division of Tenaga Nasional Berhad (TNB) responsible for managing electricity retail services in Malaysia. TNB is committed to providing excellent customer service to its customers. They offer a range of services such as bill payments, service enquiries, and maintenance and repair services.

Through TNB Retail, customers can choose from different pricing plans and energy-saving programs to help manage their electricity consumption and costs. TNB Retail also offers services such as online bill payment and track usage through its web portal.

3.0 TRAINING'S REFLECTION

Duration

- 6 months (24 weeks)

Specific Date

- 1st March 2023 until 15th August 2023

Working day and time

- Monday until Friday
- 8:00 am to 5:15 pm

Specific Department

- Business Support Office Department
- Retail Department
- Tenaga Nasional Berhad (Batu Gajah), Distribution Network TNB, 29 Jalan Dewangsa, 31009 Batu Gajah, Perak.

Figure 3: Tenaga Nasional Berhad Batu Gajah Perak

Figure 4: The department of Business Support Office

Figure 5: The department of Retail

About Department

I was assigned to the Business Support Office Department during my first 2 months internship at TNB Batu Gajah. My official training supervisor, Puan Norazua Binti Mohd Aziz, is the Senior Assistant of BSO. The division is related to the administration work and staff benevolent. After I completed the training duration at the BSO department, I was assigned then at the Retail department to assist the team. This department is in charge of matters which consist of billing, credit management, CSO and counter. The retail division plays an important role in helping TNB's business activities to run smoothly as the division will make sure every customer among residential, commercial, and industry is satisfied with the products and services offered by them.

Roles and responsibilities

My role in this department was an administration and financial internship where I will help all the Administration Assistant's staff, especially in the Business Support Office when they need my help. Also, I am experienced in assisting the staff in retail divisions to smoothen the process especially regarding customers' financial problem and credit management. As a trainee, my responsibilities are based on the department that I have been assigned to. I was assigned by Puan Norazua Binti Mohd Aziz as a Senior Assistant of BSO during my training period at BSO department and transferred to retail department under supervision of Puan Shamsu Haili Binti Mohamad @ Shamsuddin.

Tasks

- **Assigned to receive incoming letters and record the invoice.**

  For daily tasks, I was assigned to receive incoming letters at the receptionist. When an operational assistant from another department wanted to send letters to customers or clients, I would receive the letter and stamp on their receipt followed by signing the confirmation. Then, the letter will be recorded in the postage report and handed over to the Pos Laju. Also, I need to assist in doing reporting regarding the usage of stamps and the invoice will be recorded every month to ensure the usage is in total with the balance.

- **Dealing with the credit management and collections of customers for bad debts involved**

  This task has been assigned to me during my training in the credit management divisions. I need to assist my leader to prepare the list of consumers that have bad debts. The list of the consumers has been prepared in one document as a reference in order to contact for giving the cut notice beforehand. I also experienced going to the bad debt operation where the TNB staff have to go to the consumers premises that have overload bad debt to make electricity cut. At the end of the mission, I have to calculate the collections and make the report. The report has to consist of the target percentage of the total collection and a list of consumers that did not settle their debt.

- **Attending and preparing meetings**

  As a trainee, my supervisor has exposed me to the atmosphere of the meeting which includes small and large meetings. I usually attend a meeting with my supervisor whether in the same or other departments. The purpose of this task is to give me

exposure to the meeting flows, how the decision in the meeting has been made and the communications in changing opinion and discussion among participants. So, it can give me more knowledge and experience for my future. Besides, when the meeting is held in the meeting room of my department, I will prepare the google form beforehand and prepare the meeting room. When the meeting was almost over, I had to do the minute meeting to record everything that have been discussed.

- **Dealing with customer service**

For certain cases, I experienced dealing with customers problem and it is more related to customers' service. Firstly, if the customers are making a call, I need to assist them and transfer the call to the responsible party. Besides, the incoming and outgoing call had to be recorded in the report for the audit purpose. With that, I need to know the number to transfer and have to acknowledge how to entertain the customers well. Also there needs to be sufficient knowledge to help customers to avoid misinformation.

Gains: Intrinsic & Extrinsic Benefits

- **Allowances**

As I am doing my internship at TNB Batu Gajah, I get no allowances, but a lot of benefits provided that is indescribable. Surrounded by kind-hearted colleagues and supervisors, they always treat me for breakfast and lunch almost every day. On the other hand, the sharing tips and knowledge from them are the most needed that I am very grateful for these 6 months. They always share their experiences and endless support for me as a trainer.

- **Experiences**

Basically, when the internship begins, I have achieved a new experience that I never had before, especially about the cooperation as an office team in discussion and solving any issues and problems faced. As I usually join the meeting discussion, I can see the flow of the meeting discussion including the opinion session, presentation of work session, cooperation among team and few more. Besides, I also have experience in attending big meetings with the Director which I can learn how to be a leader, how to brainstorm the idea to solve an issue or problem, and how to manage the flow of work according to the right track. This will help me to enhance my leadership skills, teamwork, willingness to listen to other's opinion and a few more. Two weeks before the end of internship, my department implemented a team building program. This team

building gives me the experience that I never felt before where the activities involved bring me to the first experience I got. In this program, I can learn that teamwork is one of the spirits that is important to achieve goals and targets.

- **Knowledge**

This internship makes me increase my knowledge in the working environment as it exposes me to the real work area which gains a broader understanding as a daily interaction with colleagues that result in perspective exchange with opposing viewpoints. In this department, I gained new knowledge on how to handle and deal with work, legal, and decision making. I also get some knowledge regarding the policy that the government practices. Every aspect has its own legal, Standard Operation procedure (SOP) and guidelines. I have gained new knowledge about the way of administration in the state of Perak in various aspects.

- **Skills**
1. **Communication skills**

Throughout my internship period, I can improve and enhance my confidence in communication as I have communicated with the employees and customers every day. When I am involved in an outside meeting, I communicate in order to gain confidence when meeting people. During the beginning phases of my internship, I was really nervous and always felt afraid to approach customers. After 6 months here, I've developed my communication skills and gained a lot more confidence in speaking. Besides, my soft skills also improved when I had to deal with quotations from customers and make phone calls to other departments asking for some information.

2. **Technology skills**

My participation in industrial training also has improved my technology skills. This is because daily work tasks are computer-based and computer literacy. From the basics of computer literacy, it improved my efficiency and abilities when I completed several tasks. For instance, I am able to practice my study in Excel and apply my skill into the real-world working environment. Next, I am able to explore and use TNB portal and system better as everything is required to use system based nowadays. Other than that, most of the company's products and services are available in the portal and applied there.

4.0 RESEARCH REPORT

Determinants of Dividend Policy: Public Listed Firms in Malaysia

4.1 INTRODUCTION

To acknowledge shareholders for achieving their goal of maximising their wealth, a company may distribute a portion of its profits as a dividend. The definition of a dividend policy is "the procedure that management uses to determine the amount and pattern of cash distributions over time to shareholders (Lease, 2010). The ideal amount of earnings to be given as a dividend, the competing priorities of using earnings for shareholder payments or investments in anticipated successful initiatives, and the appropriate manner of dividend payment are all well-known contentious issues surrounding dividend policy. Understanding the influencing variables of dividend policy is crucial in the long run to address the challenges that have been found (Yusof & Ismail, 2016).

The company's policies and regulations that determine whether to pay dividends to shareholders are known as the dividend policy (Nissim & Ziv, 2001). The decision of a dividend policy is crucial because it determines how much money will be distributed to investors and how much money will be kept back by the company for future investments. The dividend policy also informs stakeholders about the company's success. The option of a dividend is a key corporate function because it essentially represents a gain for shareholders. Different aspects of a company, including funding limitations, firm size, shareholder pressure, investment opportunities and options, and regulatory frameworks, all play a role in this decision.

Thus, the company has a variety of options for distributing profits to shareholders, including cash dividends, share splits, share buybacks, and stock dividends. Since the dividend is paid directly to the shareholder, cash dividends are the preferred method among several others (Wong M. N., 2012). Furthermore, a company's dividends are not the only way to pay out cash to shareholders they also give information about the company's performance (Foong & Abd Malek, 2022). The management decision regarding how much of the company's earnings should be distributed to shareholders as dividends versus retained for reinvestment in new prospects is also known as the dividend policy (Zainudin et al., 2018).

4.2 LITERATURE REVIEW

The dividend's nuance can be portrayed as a difficult puzzle piece to fit together. One of the main reasons the dividend was regarded as a puzzle was that a company's choice to pay or not pay, increase or decrease the dividend would have a significant impact on the company's financial position and performance (Nilssen, 2019). Besides that, based on (Bakri et al., 2019b) the dividend could be used to compensate for poor governance in order to maintain a positive relationship with shareholders. This suggested that governance or corporate governance could, to some extent, affect a firm's dividend policy. For instance, it has been claimed that good governance has a significant impact on a company's decision to increase dividend payments (Mitton T., 2014b).

4.3 DEPENDENT VARIABLE

4.3.1 Dividend Payout Ratio

The dividend's nuance can be portrayed as a difficult puzzle piece to fit together. One of the main reasons the dividend was regarded as a puzzle was that a company's choice to pay or not pay, increase or decrease the dividend would have a significant impact on the company's financial position and performance (Nilssen, 2019). Besides that, based on (Bakri et al., 2019b) the dividend could be used to compensate for poor governance in order to maintain a positive relationship with shareholders. This suggested that governance or corporate governance could, to some extent, affect a firm's dividend policy. For instance, it has been claimed that good governance has a significant impact on a company's decision to increase dividend payments (Mitton T., 2014b).

4.4 INDEPENDENT VARIABLE

4.4.1 Leverage

According to (Rozeff, 2004), Companies with a high level of financial leverage have low pay-out ratios in order to minimize the transaction costs related to external financing. Otherwise, an inverse correlation between the financial leverage ratio, defined as the ratio of total short-term and long-term debt to total shareholders' equity (DER), and dividends is expected.

However, (Chang & Rhee, 1990) points out that earnings volatility is connected both for leverage and dividend ratios. With higher earnings stability, the company can incur a higher fixed charge of debt obligation without subjecting itself to an unhealthy level

of default risk. Electric utilities, for example, have been able to obtain more than other industries due to their stable earnings. In terms of dividend policy, a company with consistent earnings can more accurately predict its future revenues. As a result, such a company can pledge to pay a greater chunk of its earnings as dividends with little possibility of future dividend cuts.

Moreover, when a company obtains debt financing, it commits to fixed financial fees in the form of interest instalments and principal, and failure to fulfil these commitments may result in the company's liquidation. Because firms must maintain their internal cash flow to pay their obligations rather than disbursing the money to shareholders, the risk associated with significant levels of financial leverage may lead to low dividend pay-outs (Nizar Al-Malkawi, 2007).

On corporate finance, several metrics were used, such as financial leverage, external funding, and debt maturity. The connection between the dividend pay-out and every corporate finance metric is positive. (Abor & Bokpin, 2010) findings, however, do not reveal any discernible connection between these metrics and dividend pay-out. This may imply that corporate finance is not a significant factor in the dividend behaviour of new market companies. Therefore, it could indicate that dividend decisions are made separately from those affecting corporate financial policy.

4.4.2 Firm Size

Firm Sizes a large, well-established company can easily access capital markets, whereas a small, new company cannot. A large company can afford to possess a higher dividend pay-out ratio than a small firm because easy access to capital markets provides greater flexibility and the potential to secure funding on urgent basis. Another dividend determinant is risk size, with large firms assumed to be less risky. A few theoretical rebuttals, some of which are not entirely independent of one another (Ben-Zion & Shalit, 2002).

Moreover, (Dyl & Weigand, 2010) discovered that the company's risk is substantially lower immediately after the first dividends are declared. The change in risk is more noticeable in bigger corporations than in smaller corporations. As per (Juma' et al., 2008) The size of the company is an important aspect when explaining cash dividends. Larger companies typically have easier access to capital markets. This is accomplished

by reducing reliance on cash generated internally and allowing for the pay-out of higher dividend rates.

Previous research has shown that firm size may affect dividend payment. According to the agency cost theory, stockholders in larger firms are less likely to keep an eye on the company's internal and external financing activities, which results in more asymmetric information and higher agency costs. A notion to lessen the issue is dividend payment. To put it another way, larger companies typically pay higher dividends than smaller ones (Yusof & Ismail, 2016b).

4.4.3 Profitability

A firm's past earnings should be a major determinant of its asset base. When a company has a large sum of retained earnings, it may favour retained earnings financing to borrowing. Profitability also has an important bearing on the firm's dividend policy. A profitable firm tends to pay a larger portion of its earnings as dividends. To measure the profitability attribute, the average of the return on assets (ROA) is computed.

(Lintner, 1956b) study is one of the early research projects on dividend policy that resulted in the creation of the Lintner model. An empirical analysis on American companies discovered that present profitability and the previous year's dividend (lagged dividend) are crucial factors that influence change in the current dividend.

(Pruitt & Gitman, 1991) believes that current and previous year revenues, year-to-year revenue variability, and earnings growth are all vital effects on the dividend pay-out by respondents' companies Also evident, and fully consistent with Lintner's.

Apart from that, based on (Brittain, 1966), he claims that after 1941, corporations were more inclined to use cash flow (net income plus depreciation) as an indicator of their capability to pay dividends, or to utilize net income and depreciation separately, probably paying out a lower share of the latter because true amortisation of capital is included in the measured depreciation figure.

4.4.4 Liquidity

Liquidity has also been researched as a factor influencing dividend policy. (Lintner, 1956b) recognises liquidity as a lesser-known variable in his qualitative study of 28 corporate managers.

Companies that have fewer liquid stocks—stocks with low trading activity, a high percentage of days without trading, and a high price effect of order flow—are more inclined to pay dividends. These results continue even after they consider the firm characteristics that were previously discussed, directly supporting their hypothesis. As in (Fama & French, 2001) they discover that firm size, growth prospects, and profitability are insufficient to fully account for the drop in dividend payers in more recent years when they use the cross-sectional estimates for 1963–1977 to forecast the portions of dividend payers in subsequent years. (Banerjee et al., 2007)**.**

Same goes in (Sharma & Bakshi, 2019) study, he found that liquidity is another significantly associated variable that has a negative relationship with dividends (DPR1). It means that a company with more liquidity prefers to pay a lower dividend, whereas a company with less liquidity tends to pay a larger dividend.

4.5 METHODOLOGY
4.5.1 Introduction

In this study, there are a total of 949 public listed firms and sector companies under Bursa Malaysia. However, out of the 949 companies, only a sample of 704 companies had been chosen as the target population in this research, after filtering those with incomplete data. This study determines the impact of the dependent variable which is dividend payout ratio on the independent variables which include leverage, firm size, profitability, and liquidity.

This study makes use of data collected over time from listed Malaysian companies. Using panel data can increase the sample size and deliver more trustworthy results. The current study chooses to use an unbalanced panel data analysis due to the frequent problem of missing data. Due to the annual reports and the lengthier study period, this study works with more than one independent variable, and issues with missing data are frequently encountered. Additionally, this study includes the explanatory variables that

are well supported in these countries based on the results on the relationship between the variables and dividend payout of each selected companies.

4.5.2 Theoretical Framework

Figure 3.1 shows the diagrammatic demonstration of the theoretical framework investigated in this study.

Figure 3.2.1 Diagram of Relevant Theoretical Framework
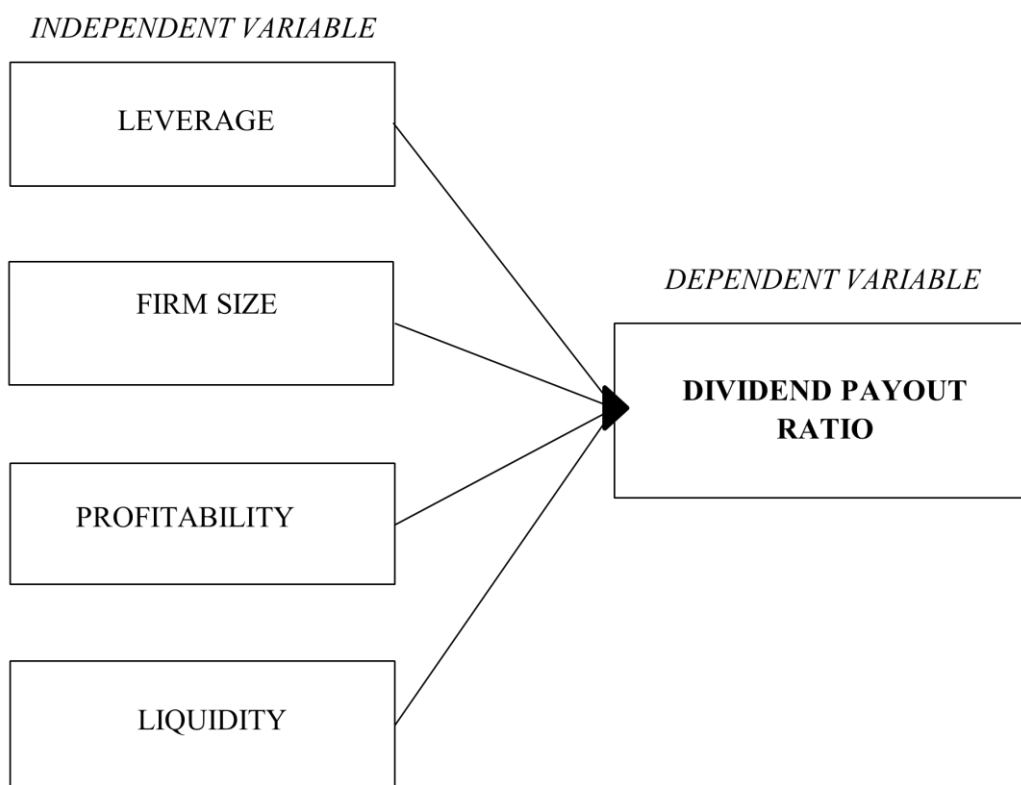
4.5.3 Sampling Design

The present study used a public listed firm sample which was made available in DataStream within Malaysia. The reason the present study has elected to exclude a firm within banks and in non-financial sectors was because of the issue of the high leverage and industry regulations (Dewasiri et al., 2019). Thomson Reuters Eikon and company annual reports are used as data sources to ensure data accuracy and uniformity. Since the dynamic panel model requires a minimum of five years of data observation, 10 conservative years between 2011 and 2021 are chosen. Due to the data's restricted availability beyond 2021, the investigation concludes in 2021. Any information that

does not exist before a firm is listed is regarded as missing data as the data information is only accessible after the date a firm is first listed. As a result, the study lost some firm-year observations. The variables that are used in this research were derived from previously collected data and were obtained from DataStream for the time period of the study, which runs from 2011 to 2021.

4.5.4 Data Analysis

Research equations can be developed based on a research framework. It specifies the relationship between independent variables, Dividend Pay-out Ratio (DPR) and dependent variables in an equation which are leverage, firm size, profitability, and liquidity. To test the impact of potential determinants on propensity to pay dividends, we employ pooled OLS, random effect model and fixed-effect model in the regression technique and the data were extracted using Stata version 14. The formula can be expressed as follow:

$$DPR_{it} = \beta_0 + \beta_1 \ LEV_{it} + \beta_2 \ FSIZE + \beta_3 \ PROF_{it} + \beta_4 \ LIQ_{it} + \mathcal{E}$$

Where,

DPR	=	*Dividend Pay-out Ratio*
LEV	=	*Leverage*
FSIZE	=	*Firm Size*
PROF	=	*Profitability*
LIQ	=	*Liquidity*
$\mathcal{E}$	=	*Epsilon (Error Term) or other factors*

4.5.5 Panel Data

The data were analysed using Stata (version 14). More specifically, pooled OLS, random effect model and fixed-effect model were used in the regression technique. The study also ran a few diagnostic tests on the data before the analysis to make sure there were no issues with multicollinearity or heteroscedasticity. The correlation matrix analysis and the study of the variance inflation factors were both parts of the diagnostic test to find problems with multicollinearity. To further guarantee that the data were devoid of heteroscedasticity concerns, the study additionally conducted a robust standard errors computation analysis.

Table 2: The variables, proxy, symbol and expected sign used.

Variables	Proxy	Symbol	Expected sign
Dependent variable			
Dividend Payout Ratio	Dividend Per Share	DPR	N/A
Independent variable			
Leverage	Total Debt	LEV	Negative
Firm Size	Total Asset	FSIZE	Positive
Profitability	Net Income	PROF	Positive
Liquidity	Current Asset	LIQ	Positive

4.6 FINDING

Descriptive analysis is a sort of data analysis that helps in effectively describing, showing, or summarizing data points so that patterns might emerge that are appropriate for each stage of the data. We examined data of public listed firm from 2011 through 2021 for our analysis. This data was gathered using Refinitiv Eikon DataStream, and using Stata14, we performed the appropriate tests to determine whether our data passed them all. Using Stata14 yields accurate findings for descriptive, correlation, and regression statistics.

Table 4.1 Descriptive Statistic for Key Variables

Variables	Obs	Mean	Std. Dev	Min	Max
DPR	7,140	21.7251	27.0812	0	99.99
LEV	7,140	50.8876	132.3515	-1081.74	5146.49
FSIZE	7,140	3696.669	114786.4	1	4478641
PROF	7,140	3.6949	66.876	-3280.66	822.4
LIQ	7,140	3.8084	10.0535	-41.4	329.98

Note: All the explanatory variables in the model are DPR (Dividend Payout Ratio), LEV (Leverage), FSIZE (Firm Size), PROF (Profitability) and LIQ (Liquidity)

As we can see in table 4.1, the total number of observations is 7,140 of public listed firms. The average value (mean) for firm size is the highest one among the other variables which is 3696.669 with a standard deviation of 114,786.4. It shows that the value of standard deviation is generally far from the mean. While the minimum and maximum value of firm size is 1 and 4478641 respectively.

In this study, we also got to generate the smallest average value which is profitability with an average of 3.6949 and standard deviation of 66.8760. This indicates that the public listed firm is inefficient in generating profit. Meanwhile, the minimum and maximum value for profitability is -3280.66 and 822.4 respectively. It is the lowest minimum value of all variables.

The next step is to determine which panel data such as pooled ordinary least squares (POLS), fixed effects (Fe), and random effects (Re) models estimator, is the most suited for this research. As shown in Table 4, the results of the F-test (p-value 0.0431) suggests that it is <0.05, the BP-LM (p-value 0.0000) suggests that it is less than 0.05 and Hausman test (p-values 0.001) also suggests the same figure. As a result, the panel specification tests resulted that the fixed effects (Fe) that using the Hausman test model is the most appropriate analytical because the p-value is 0.0010 which is <0.0500 follow by the rules of thumb.

Table 4: Panel Specification Test

	p-value of the tests			
Models	**F-Test**	**BP-LM**	**Hausman**	**Technique**
Model 1	0.0431	0.0000	-814.33	Fixed Effect

Like standard ordinary least squares (OLS) regression, pooled regression does not include any cross-sectional or time effects. Regarding RE, it is a form of mixed model known as a random effects model (RE). The Pooled OLS regression model, along with the Fixed Effects, Random Effects, and Random Coefficients models, is a well-liked option for panel data sets. In fact, when evaluating the performance of various models, the Pooled OLSR model is widely used as the reference or baseline model in many panel data sets.

Table 4.3: Statistic for Key Variable Pooled OLS vs RE

DPR	Coef.
LEV	-0.0055*** (0.0023)
FSIZE	0.0000*** (0.0000)
PROF	0.0128 (0.0042)
LIQ	0.0289 (0.0310)
Constant	23.5055
No of Obs	7,140

Notes: *** < 1% (strong significant), ** < 5% (medium significant), * < 10% (weak significant), level of significant

5.0 CONCLUSION

In conclusion, the main objective of this study is to determine the determinants of dividend policy in Malaysia. This study determines the impact of the dependent variables which is dividend pay-out ratio (DPR) on the independent variables which are leverage, firm size, profitability and liquidity. In this study, there are a total of 949 public listed firms and sector companies under Bursa Malaysia. However, out of the 949 companies, only a sample of 704 companies had been chosen as the target population in this study, after filtering those with incomplete data. This analysis used the current data from the year 2011 to 2021, which include all the public listed firms.

Based on the findings, it can be concluded that leverage has a negative and significant correlation with the Malaysian public listed firms' dividend payment ratio of 0.0055. For the firm size, it indicates that among public listed firms in Malaysia, firm size has the strongest significant relationship and zero standard error for dividend pay-out ratio. The firm size coefficient, as seen in the result above, is 0.0000. Next, the impact of leverage on dividend policy can be significantly and positively mediated by profitability. It is abundantly evident that there is a moderately strong and positive correlation between profitability and dividend pay-out ratio, with a value of 0.0128. Same goes to liquidity, where it was found as the medium significance of 0.0289, where it is above 1% and has a positive coefficient with dividend pay-out ratio.

As a recommendation, since our study is only for Malaysia, the future studies may examine the determinants of dividend policy in other countries and compare the results with Malaysia. Another incentive is they may also take into account and compare non-public listed companies with public listed companies to determine whether both of these types have a difference in dividend policies. Moreover, a comparison can be done in different industries to examine the industry effect on dividend policy in public listed companies. It is recommended that future researchers do more research about the determinant of dividend policy within different sectors of the company. One way to do this is to collect all the data with different sectors of the company. Additionally, to decrease error and improve the quality of the results, larger sample size can be used in future studies. Because it has smaller error margins and lower standard deviations, the larger research produces stronger and more reliable results. At the same time, the researchers can control the risk of reporting false-negative or false-positive results.

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7.0 APPENDICES

Appendix 1: Dealing with daily tasks and work
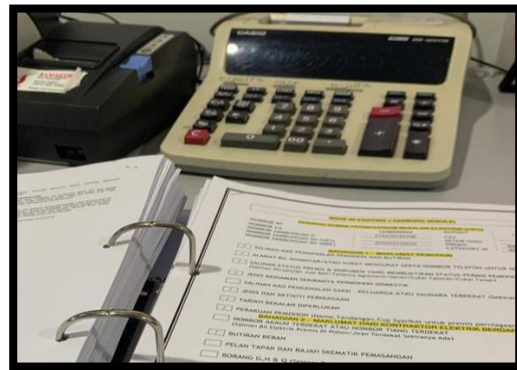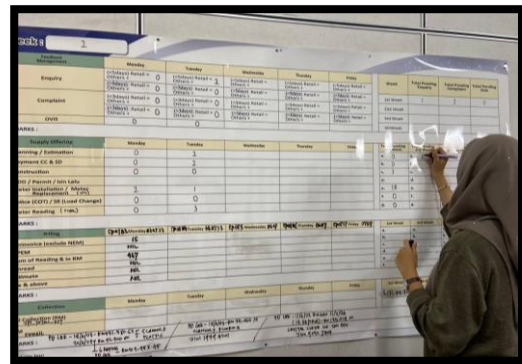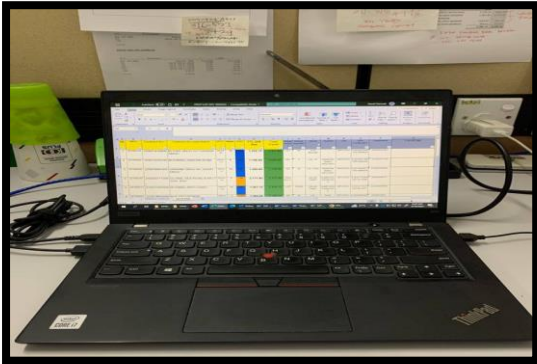
Appendix 2: Attending and handling some events and activities by TNB Batu Gajah

Appendix 3: Handling the activities for charity in conjunction with the month of Ramadhan

Appendix 4: Attending meetings and discussions with the team

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