

Dividend Policy: Evidence From Public Listed Companies In Malaysia

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This paper examines the dividend policy of 100 Malaysian public listed companies. The characteristics of the dividend-paying companies are identified, such as profitability, growth opportunities, firm risk, size, leverage and share distribution. Using coefficient of correlation method, dividend-paying companies are found to be relatively more profitable, less risky, matured and stable as compared to non dividend-paying companies. The information conveyed by dividend policy reflects the historical performance of the companies and not future performance prediction as suggested by signalling theory. Dividend policy of Malaysian public listed companies is rigid and sticky as managers are reluctant to cut or avoid omitting dividend even when the performance of the companies is deteriorating.

Field of Research: Dividend Policy, Public Listed Companies, Malaysia

1. Introduction

Firms are always searching for an optimal dividend policy, one that strikes a balance between current dividends and future growth and maximizes the firm's stock prices. Dividend policy is needed as erratic dividend policy would mean surprises to market participants which will result in a drop in the firm's stock price when there is selling-off. Thus, a well-planned dividend policy could prevent these surprises and preserve or even enhance stock price. Dividend policy of a firm has implications for various stakeholders such as investors, managers and lenders. For investors, dividends are not only a means of regular income, but also an important input in valuation of a firm. As for managers, the more dividends paid would mean fewer funds available for investment. Lenders may also have interest in the amount of dividend a firm declares, as more dividend means less money available for servicing and redemption of their claims.

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Nevertheless, the impact of a firm's dividend policy on its value is an unresolved issue. Modigliani and Miller (1961) have shown that investors may be indifferent about the amount of dividend as it has no influence on the value of a firm. Black (1976) found no convincing explanation of why companies pay cash dividends to their shareholders. The lack of information on dividend policy of public listed companies in Malaysia provides the motivation of this study.

In Malaysia, there is no standard policy or procedure governing dividend payments. As such, companies are free to decide when and how much to pay out in dividends for a specific financial business year as long as they comply with Companies Act, 1965. Section 365 of the Act states that "No dividend shall be payable to the shareholders of any company except out of profits or pursuant to Section 60." In other words, the Act requires that dividends of a company can only be distributed from the profits of the company except pursuant to Section 60 of the Act. Since there is a dearth in the academic literature that describes the dividend policy for Malaysian companies, this paper is set to fill the gap by examining the dividend policy for public listed companies in Malaysia. Thus, the objectives of this study are:

- i. To identify the dividend-paying company and non dividend-paying company listed on the main board, second board, Malaysian Exchange of Securities Dealing & Automated Quotation (MESDAQ) and their various industries.
- ii. To observe the trend of dividend distribution of Malaysian public listed companies by looking at the dividend yield and dividend payout ratio.
- iii. To distinguish the characteristics of dividend-paying companies and non dividend-paying companies by analysing their financial and performance factors.
- iv. To analyse the relationship of financial and performance factors with dividend distribution.
- v. To test the validity of signalling theory of dividend determinant for Malaysian public listed companies by analysing the relationship of dividend and earning over times.

This paper is divided into five sections. Section two below, is a review of relevant literature. Section 3, details our data and methodology. The following section, Section 4, presents the results and analysis. The final section, Section 5 concludes and discusses some recommendations.

2. Literature Review

How firms determine their dividend policy has been a puzzle to financial economists for many years. Miller and Modigliani's (1961) irrelevance theorems form the foundation for modern corporation finance theory. In their seminal paper, Miller and Modigliani showed that under certain assumptions (perfect capital market, rational behaviour, and perfect certainty), dividends are irrelevant. All that matters is the

firm's investment opportunities. They show that under certain assumptions, the payment of a cash dividend should have no impact on a firm's share price. According to Lease et. al (2000), some of Miller and Modigliani simplifying assumptions, especially those involving perfect markets, require modifications. Important market imperfections, which include asymmetric information, agency costs, taxes, transaction costs, flotation expenses, and behavioural factors, also exist and are necessary to be taken into considerations.

In Malaysia, there is not much academic literature that describes the dividend policy for Malaysian companies, except for a survey conducted by Minority Shareholder Watchdog Group and University of Technology MARA (MSWG, 2006). They examine top 100 companies as per market capitalisation on 31 December 2005. The survey examines the companies' behaviour on dividend distribution over a three-year period of 2002-2004. The market value of the top 100 public-listed companies ranged from RM983 million to RM41,972 million as at 31 December 2005. The survey found that most of the companies paid dividends in the three-year period. By examining the characteristic of the dividend payers and non-dividend payers, the survey proposed that profitability and liquidity are two essential ingredients for a healthy, dividend-paying public listed company. Companies with these two healthy components send out signals that they are able to sustain their dividend payment in the future.

Researchers have tried to explain the importance of dividends by looking for "imperfections" that can undermine the irrelevance position. Among these, the most important ideas are smoothing hypothesis and signalling hypothesis, which are at odds over the predictive power inherent within dividends. The role of dividends in conveying useful information about the future performance of the firms is a contentious issue in dividend policy research. As for smoothing hypothesis, it suggests that the dividend decision is influenced by past and current earnings, and this hypothesis was initiated by Lintner (1956). He finds that managers believe that stable dividends lessen negative investor reactions. The reluctance to change the dividend was evident in a study carried out by DeAngelo and DeAngelo (2000). They find that for 80 New York Stock Exchange (NYSE) firms in financial crisis, managers are more willing to cut the level of dividend than to omit the dividend altogether. They also reported that the longer the company has been paying dividends the stronger is the reluctance of the managers to reduce dividends. DeAngelo et al. (1996) have also documented managerial aversion to cut and omit dividends for US companies.

Signalling hypothesis on the other hand suggests that dividend have predictive power for future earnings and prices. Signalling theory is based on the idea that the assumption of perfect information may be unrealistic, and that dividends can be used as signal of firm's quality. The signalling models as proposed by Bhattacharya (1979) provide an explanation for the positive stock price reaction to the announcement of dividend increases or initiation. Various empirical studies of signalling theory has been tested by Asquith and Mullins (1983), Healy and Palepu (1988), Michaely, Thaler, and Womack (1995), DeAngelo et al (1996) and Stacescu (2006). The empirical results on signalling are, however, inconsistent and ambiguous. To conclude, despite decades of studies, researchers have not come with a common consensus on the rational of dividend payment by firms.

3. Methodology and Research Design

3.1 Data Collection Procedure

This study uses data of listed companies in Bursa Malaysia sourced from Perfect Analysis, an online database of worldwide stock information. Annual reports, which are obtained from Bursa Malaysia's website, have also been used as supplementary source (for instance, to get information on the main shareholder). 100 proportional stratified samples are randomly selected from companies listed on the Main Board, Second Board and MESDAQ of Bursa Malaysia. For a firm to be included in the sample, several criteria had to be met. First, the firm had to be listed on the Bursa Malaysia for the period under consideration (2002-2005). Besides that, it must not be listed as company under Practice Note (PN)3, PN4, PN17 or Amended PN17 of the Bursa Malaysia. This is to avoid sample bias, as the companies under public reprimand by Bursa Malaysia might face regulated market constraints. The financial data they submit to the Bursa Malaysia may also be incomplete. Real Estate Investment Trust (REIT), closed-end fund and exchange traded fund have also been excluded from the sample. This is a current practice in empirical literatures, since it is generally assumed that the different regulatory environment of these companies would influence dividend policy (Short et al. 2002, Baker et al., 2006).

There are 1032 companies listed in Bursa Malaysia as at 31 December 2005. 64% (660) of them are listed on the Main Board, 26% (269) are listed on the Second Board, and about 10% (103) are listed on the MESDAQ. The main industries listed on the Bursa Malaysia are consumer products, industrial products, construction, infrastructure project, trading/services, finance, properties, plantation, technology, hotel and mining. After excluding the companies which are publicly reprimanded by Bursa Malaysia, closed-end fund, exchange traded fund, and REITS companies, there are 990 listed companies available for the sampling. 100 samples selected from the Bursa Malaysia are allocated based on the weighted proportion of the various boards and industries. The 100 companies studied in this research come from industrial products (28 firms), trading and services industry (19 firms), consumer products industry (13 firms), properties industry (11 firms), MESDAQ (8 firms), finance (5 firms), plantation (5 firms), construction industry (5 firms), technology industry (3 firms), and 1 from each of hotel, mining and infrastructure industries.

3.2 Selection of Measures

The characteristics that influence Malaysian public listed companies' dividend policy is discussed first. To distinguish between companies that pay dividend and companies that do not pay dividend, dividend-paying companies are defined as companies that have at least one dividend payment over the 4-year period of study 2002 – 2005. On the other hand, non dividend-paying companies are defined as companies which had not make any dividend payment during the period of study. The trend of dividend distribution of Malaysian public listed companies is observed through their dividend yield and dividend payout ratio. Dividend yield of a company's stock is the company's annual dividend payments divided by its market capital. As

for dividend payout ratio, it provides an idea of how well earnings support the dividend payment and it is calculated as the ratio of dividend per share to earnings per share.

The analysis of dividend yield and dividend payout ratio uses yearly observation and is carried out over the 4-year period of 2002-2005. Subsequently, the relationship between the variables that are considered in the cross-sectional comparisons and the dividend yield and dividend payout ratio are examined using the simple analysis of correlation. Both dividend yield and dividend payout ratio are used as dividend variables. To examine the factors that cause the variations in dividend policy across firms, several groups of variables are used. The comparisons are based both on averages for the 2002-2005 periods (to investigate their general influence on a firm's dividend policy) and on data for the single year 2005 (to ensure the consistency of the average 4-year data with the most recent single year data). The variables that are considered in the cross-sectional comparisons are:

- i. Market to book ratios, as a proxy for growth opportunities
- ii. Return on assets and return on equity, as measures of firm profitability
- iii. Total revenue, as proxy for firm size
- iv. The firms' beta, as proxy for firm risk
- v. Equity to debt ratio, as measure of leverage in book terms
- vi. Ownership structure of these companies.

All these variables are selected in accordance with previous studies carried out by Chen et al. (2005), Collins and Kothrai (1989), Chung and Charoenwong (1991), Stacescu (2006) Grullon et.al. (2002), La Porta et al. (2000), Ghosh (2006), Gugler (2003) and Fama and French (2001). After distinguishing the characteristics of dividend-paying companies and non dividend-paying companies, we will examine how strong are the relationship of the financial variables with dividend policy. Coefficient of correlation of the various financial variables against the dividend yield and dividend payout ratio will be calculated to determine the relationship as mentioned.

We now turn to test the validity of signalling hypothesis in dividend policy of Malaysian public listed companies. To test for signalling hypothesis, the relationship between dividends and earning over time will be examined. We will look at the changes in dividend per share over changes in earning per share of Malaysian public listed companies over a period of 10 years from 1996-2005. Earnings per share and dividend per share are used to analyse the relationship between earnings and dividend policy. Both have been widely used in previous study of dividend changes, for example in Beaver and Morse (1978) and Gul and Kealey (1999). This relationship between changes of current year earnings, changes of past year earnings and the changes of future earnings with the changes of dividend will be observed. The year when dividend payment is made is defined as year y , the past year of the dividend payment is defined as year $y-1$ and the future after the year dividend payment made is year $y+1$. The result of the calculation will be used to correlate the relationship of dividend per share with the current, past and future earnings per share. Linear relationship of the two variables, or more specifically, how

well they are related to each other, is investigated using their coefficient of correlations.

4. Discussion of Findings

This section presents the findings of the paper. Each sub-section is structured to reflect each of five objectives of the study.

4.1 Dividend Payers and Non-Dividend Payers

Dividend payer is defined as company that had at as least one dividend payment in one of the 4 years under study (2002-2005). This definition of dividend payer has been used throughout the analysis. Table 4-1 below shows the number of dividend payers and non-dividend payers in the sample, as per board and industry. 79% of the 100 samples are dividend payers over 2002-2005. Of these, 54 dividend payer companies are listed on the main board, 20 dividend payers companies on the second board and 5 dividend payers are from the MESDAQ. Most industries show that there are more dividend payers over non-dividend payers except construction and plantation industries from Second Board. The finding is consistent with the survey by MSWG (2005) which reported that out of the 100 top companies in Malaysian public listed companies, plantation sector paid the highest dividend per share while the lowest dividend-paying sector was infrastructure industry.

It is common perception that there is an industry norm for dividend policy. Firms just follow the fashion or their dividend policy is governed by some special characteristic in a particular industry. The relationship of dividend payout patterns according to industry have been studied by Chin-Bun Tse (2005) based on UK listed companies featured in the FTSE. However, he finds no strong evidence that payout patterns are affected by industry. He argues that dividend policy is very much decided at individual firm level.

Table 4-1: Analysis of Dividend Payers and Non-Dividend Payers against Boards and Industries

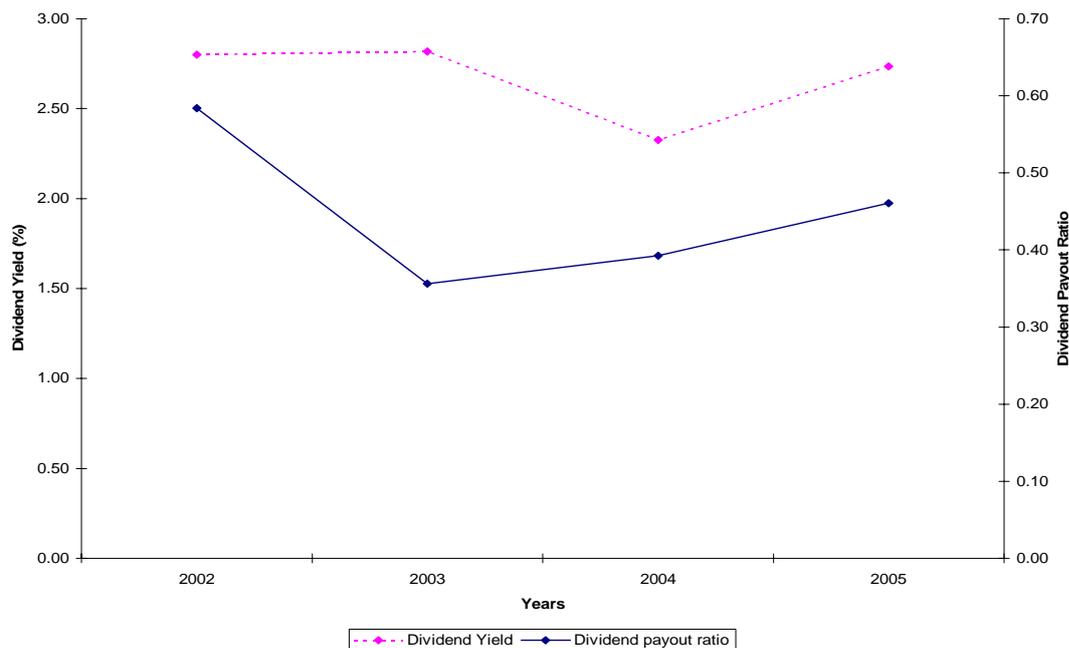
BOARD	INDUSTRY	DIVIDEND PAYER	NON-DIVIDEND PAYER
Main Board	Consumer product	8	0
	Industrial products	11	4
	Construction	4	0
	Infrastructure project	1	0
	Trading/services	10	4
	Finance	4	1
	Properties	8	2
	Plantations	4	0

	Technology	2	0
	Hotel	1	0
	Mining	1	0
Second Board	Consumer products	4	1
	Industrial products	9	4
	Construction	0	1
	Plantations	0	1
	Properties	1	0
	Technology	1	0
	Trading/services	5	0
MESDAQ		5	3
	TOTAL	79	21

4.2 Dividend Yield and Dividend Payout Ratio

Figure 4.1 below presents the average dividend yield and dividend payout ratio over the 2002-2005 periods for all the sample companies. The mean for the dividend yield over the 4 years is 2.67%, and the mean for the dividend payout ratio over the 4 years is 0.40. Dividend payout ratio has a decreasing trend over the 2002-2003, and an increase trend from 2003-2005. On the other hand, the dividend yield shows constant trend for 2002-2003, decreasing trend for 2003-2004 and increasing trend for 2004-2005. The dividend yield shows a relatively volatile trend as its variation is influenced by both changes in dividends and movements in share prices.

Figure 4-1: Dividend Yield and Dividend Payout Ratio From 2002 - 2005



4.3 Comparison of Financial and Performance Variables for Dividend-Paying and Non-Dividend-paying Companies

The financial and performance variables of growth opportunities, firm size, firm risk, leverage, and firm profitability are compared between dividend-paying companies and non dividend-paying companies. The analysis shows that there are several features that distinguish dividend-paying companies and non dividend-paying companies. The comparisons are based on the averages (mean) of the variables for 2002-2005. Table 4.2 summarises the variables that distinguish dividend-paying companies and non dividend-paying companies.

Table 4-2: Comparison Between Dividend-Paying and Non Dividend-Paying Companies

Variables	Dividend Paying Companies (Mean for 2002-2005)	Non-Dividend Paying Companies (Mean for 2002-2005)
Market to Book Ratio (growth opportunities)	1.11	1.18
Annual Revenue (normalised with total asset) (Firm Size)	0.59	0.55
Beta (Firm Risk)	0.84	1.47
ROA (Firm Profitability)	5.65	2.75
ROE (Firm Profitability)	4.43	3.25
Debt over Equity Ratio (Leverage)	0.51	0.96

The variable used to measure the growth opportunities is market to book ratio. Over the years 2002 – 2005, the study shows that non-paying companies have a higher market to book ratio of 1.18 as compared 1.11 for dividend-paying companies. Higher market to book ratio indicates that company has higher growth opportunities than their counterparts. With regard to this, it is concluded that dividend-paying companies which have lower market to book ratio would have lower growth opportunities. This phenomenon can be explained, as a company has much room to grow and expand, it tends to use its resources to fuel it, rather than limiting this opportunity by paying dividend to its stockholders. This is consistent with the studies done by Stacescu (2006) and Smith (1992).

Non dividend-paying companies have lower annual revenue (normalised by total assets) as compared to dividend-paying companies, although the difference is not significant (0.59 for dividend-paying companies, 0.55 for non dividend-paying

companies). We argue that annual revenue does not differ significantly between dividend payer and non-dividend payer companies of Malaysia. Companies that do not pay dividend during 2002-2005 also carry higher betas, therefore, higher risks. The values for dividend-paying companies and non dividend-paying companies are 0.84 and 1.47, respectively. The finding of growth opportunities, size of the companies and the firm risk are supported by the maturity hypothesis suggested by Grullon et al. (2002). This hypothesis suggests that riskier, smaller and younger firms tend to retain earnings and pay lower dividend as compared to matured, established and stable firms.

The variables used to measure companies' profitability are Return of Asset (ROA) and Return on Equity (ROE). The study shows that dividend-paying companies have a higher ROA and ROE, amounted to 5.65 and 4.43, respectively, as compared to 2.75 and 3.25, respectively, for non dividend-paying companies over 2002-2005. It is also observed that dividend-paying companies have greater profitability than those do not pay dividend during 2002-2005. This finding is consistent with MSWG survey, Fama and French (2001), Grullon et al (2002), DeAngelo and DeAngelo (2000). The debt over equity of dividend-paying companies is significantly lower than the non dividend-paying companies for 2002-2005. The mean for debt over equity for dividend-paying companies over the 4 years is 0.51 as compared to 0.96 for non dividend-paying companies. The finding is supported by Stacescu (2006), who noted that highly leveraged firms find additional debt very expensive and tried to increase their retained earnings. Thus high leverage firms tend to pay lower dividends as compared to low leverage firms.

In summary, dividend-paying companies of Malaysian public listed companies for 2002-2005 have lower market to book ratio, lower beta factor and lower debt to equity ratio as compared to non dividend-paying companies; and dividend-paying companies have higher return on asset and return and equity, and higher annual revenue as compared to non dividend-paying companies. The findings show that dividend-paying companies have lower growth opportunities, facing lower firm risk and have lower firm leverage as compared to non dividend-paying companies; and dividend-paying companies achieve higher profitability and bigger firm size as compared to non dividend-paying companies.

4.4 Relationship Between Dividend Distribution and Financial and Performance Variables

This part focuses on the relationship between dividend yield and dividend payout ratio with the financial and performance variables as mentioned in above section for four years over 2002-2005 for dividend-paying companies.

Table 4-3: Coefficient of Correlation for Dividend Payout Ratio and Financial and Performance Variables

Financial and Performance Variables	Coefficient of Correlation (average 2002-2005)	Coefficient of Correlation (2005)
Market to Book Ratio	0.0836	0.2226
Return of Assets	0.1976	0.1309
Return of Equity	0.2028	0.1551
Total Revenue	0.0040	0.0279
Debt over Equity	-0.2289	-0.1185
Beta	-0.2628	-0.3097

Table 4.3 shows that market to book ratio, return of assets, return of equity and total revenue have positive coefficient of correlation with dividend payout ratio over 2002-2005. Return of assets and return of equity show relatively stronger linear relationship with dividend payout ratio over the four years with 0.1976 and 0.2028 respectively. However, total revenue and market to book ratio show little or no linear relationship with dividend payout ratio over the four years with 0.0836 and 0.0040, respectively. Debt over equity and beta show negative linear relationship with dividend payout ratio over 2002-2005 with -0.2289 and -0.2628. The analysis of single year data on 2005 shows similar result as the average data of 2002-2005, except for market to book ratio and total revenue which show stronger linear relationship as compared to average data of 2002-2005 with 0.2226 and 0.0279 respectively.

Table 4-4: Coefficient of Correlation for Dividend Yield and Financial Variables

Financial Variables	Coefficient of Correlation (average 2002-2005)	Coefficient of Correlation (2005)
Market to Book Ratio	0.0091	0.2196
Return of Assets	0.3500	0.2199
Return of Equity	0.3382	0.1661
Total Revenue	0.1546	0.2823
Debt over Equity	-0.04758	0.0762
Beta	-0.2009	-0.5866

Table 4.4 above summarises the coefficient of correlation for dividend yield and financial variable. This result is similar to the result of dividend payout ratio. Market to book ratio, return of assets, return of equity, total revenue have positive coefficient of correlation with dividend yield ratio over 2002-2005, debt over equity and beta have negative linear relationship with dividend yield. Similar to dividend payout ratio, market to book ratio and total revenue show little linear relationship with the dividend yield.

The analysis of single year data on 2005 shows different result as compared to the average data of 2002-2005. Other financial variables except beta have positive linear relationship with dividend yield for year 2005. Even though debt to equity shows positive linear relationship with dividend yield, the linear relationship is only 0.0762, which is very small. The results show that both dividend payout ratio and dividend yield are positively correlated to growth opportunities, profitability and firm size. Among the financial variables tested, profitability shows the highest linear relationship with dividend payout ratio and dividend yield. This is consistent with the consensus that as a company is making a lot of profit, it distributes the profit to its shareholders as dividend. The other financial variables are positively correlated to the dividend payout ratio and dividend yield, however the linear relationship is very small or insignificant. On the other hand, a company's leverage and risk tend to put a dampening effect on its dividend policy. A risky or debt-burdened company generally omits dividend. Baker (2006) has similar finding in his research on Norwegian companies.

4.5 Signalling Theory: Relationship of Dividends and Earnings over Times

We also test the validity of signalling theory of dividend policy determinant for Malaysian publicly listed companies by analysing the relationship of dividend and earnings over times.

Table 4-5: Coefficient of Correlation for Changes of DPS and Changes of Past, Current and Future EPS

% Changes of EPS	Coefficient of Correlation (average 10 years)
Past Year EPS	0.6024
Current Year EPS	0.0903
Future EPS	-0.5630

It is found that DPS has higher positive linear correlation with the past year EPS with coefficient of correlation of 0.6024. The relationship between DPS and the current year EPS is insignificant, as the coefficient of correlation between the two is only 0.0903. The future EPS however has a negative coefficient of correlation -0.5630 with DPS. The findings that DPS has a linear relationship with the past year EPS suggests that the dividend policy of Malaysian public listed companies shows greater influence by past earnings than current and future earnings. This finding is supported by partial adjusted model proposed by Lintner (1956), which suggests that firm adjusts its future dividend payout to some target level, which in turn depends upon current earnings.

The findings of DPS having negative correlation with future EPS suggest that DPS and the EPS move in opposite direction. When DPS increases, the EPS in the future declines. This finding can be interpreted that managers in Malaysian public listed companies are reluctant to reduce or omit dividend payment even when the performance of the companies deteriorate. Detailed analyses of the DPS and the EPS for each samples over 10 years reveal that Malaysian public listed companies

will try to pay dividend even when the profitability of the companies declined. In short, it can be said that dividend payment has a positive correlation with past earnings, little or no correlation with current earning, and is negatively correlated with future earnings. In some cases, companies try to avoid dividend decrease or omission even when there is decline in earnings or even when there is loss. This indicates that managers of those companies try to maintain investors' confidence and use dividend as a tool for this purpose, hinting a correlation to the theory of dividend rigidity. This sticky characteristic is suggested by Lintner (1956), Fama and Babiak (1968) and DeAngelo (1996). The findings also suggest that dividend policy does convey some information of the performance of the companies for Malaysian public listed companies, although it is not consistent with signalling theory, which suggests that dividends have significant predictive power for future earnings. The information conveyed by dividend policy just reflects the historical performance of the companies.

5. Conclusion

This paper examines the dividend policy for public listed companies in Malaysia by identifying the financial and performance factors that influence the dividend policy of Malaysian listed companies. It also studies the different characteristics of dividend-paying companies and non dividend-paying companies. Besides that, it also tests whether the dividend policy of Malaysian public listed companies contain information as suggested by signalling theory. We find that there are more dividend-paying companies than non dividend-paying companies in Malaysian public listed companies over 2002-2005. This is true for most industries during that period. In years 2002 – 2003, dividend distribution of Malaysian public listed companies is shown to be volatile. The trend becomes upward after 2003 till 2005. This paper concludes there are different characteristics between dividend-payer and non-payer for Malaysian public listed companies. The former are companies that have relative lower growth opportunities, lower firm risk and lower firm leverage as compared to non dividend-paying companies. They tend to achieve higher profitability and are bigger, in term of revenue, as compared to non dividend-paying companies. Profitability, as measured by ROA and ROE, shows stronger positive linear relationship with dividend yield and dividend payout ratio as compared to growth opportunities factor and firm size. On the contrary, firm leverage and firm risk show negative relationship with both dividend yield and dividend payout ratio.

With regards to the testing of signalling theory on the determinant of dividend policy for Malaysian public listed companies, we find that dividend payment has a positive correlation with the past earnings, little or no correlation with current earning, and is negatively correlated with future earnings. The finding suggests that dividend policy for Malaysian public listed companies is influenced by their past performance more than their current and future performances. The dividend policy for Malaysian public listed companies is rigid and sticky as managers are reluctant to cut or avoid omit dividend even when the performance of the companies are deteriorating. As for limitations of this study, this study observes the dividend-paying companies and non dividend-paying companies according to boards and industries. However, we do not study further whether there is any relationship between industry and dividend policy. It is commonly perceived that there is an industry norm for dividend policy, and the

company's dividend policy might be greatly influenced by such macro factor. It is recommended that the relationship of dividend policy and industries' macro factors to be analysed in future study.

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