



INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



The Impact of Dividend Policy on Firm Performance in Public Listed Company in Malaysia

Jee Kim Foong, Nurul Izza Abd. Malek

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v12-i1/11008>

DOI:10.6007/IJARBSS/v12-i1/11008

Received: 09 November 2021, **Revised:** 12 December 2021, **Accepted:** 29 December 2021

Published Online: 17 January 2022

In-Text Citation: (Foong & Malek, 2022)

To Cite this Article: Foong, J. K., & Malek, N. I. A. (2022). The Impact of Dividend Policy on Firm Performance in Public Listed Company in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 12(1), 640 – 660.

Copyright: © 2022 The Author(s)

Published by Human Resource Management Academic Research Society (www.hrmars.com)

This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: <http://creativecommons.org/licences/by/4.0/legalcode>

Vol. 12, No. 1, 2022, Pg. 640 – 660

<http://hrmars.com/index.php/pages/detail/IJARBSS>

JOURNAL HOMEPAGE

Full Terms & Conditions of access and use can be found at
<http://hrmars.com/index.php/pages/detail/publication-ethics>



INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



www.hrmars.com

ISSN: 2222-6990

The Impact of Dividend Policy on Firm Performance in Public Listed Company in Malaysia

Jee Kim Foong, Nurul Izza Abd. Malek

Faculty of Economics and Business, Universiti Malaysia Sarawak (UNIMAS)

Email: amnizza@unimas.my

Abstract

The aim of this study is to investigate the relationship between dividend policy and firm performance in Public listed company in Malaysia. The sample collected for this study covered 8 years from 2011 to 2018. This study will focus one of the subsectors from consumer product and service sector which listed in Bursa Malaysia. The total observation was 200. This study used two measurements for firm performance which are return on equity (ROE) and return on asset (ROA). The measurement of dividend policy is earning per share (EPS), dividend pay-out ratio (DPR) and price earnings ratio (PER). Based on the findings, there is significant relationship between EPS with ROE and ROA. For PER, there is an insignificant relationship with ROE but it has significant relationship with ROA. However, DPR has insignificant relationship with ROE and ROA. The result from this study will brings advantage and usefulness for investor as well as policy marker for in Malaysia because it provides better understandings and knowledge on dividend policy on firm performance for consumer product and service sector in Malaysia.

Keywords: Dividend Policy, Firm Performance, Earnings Per Share, Dividend Pay-Out Ratio, Price Earnings Ratio

Introduction

Recently, the Malaysian financial market has remained stable and continues to work effectively throughout an unpredictable global economic environment of the Covid-19 disease outbreak. Financial markets are assumed as a core and vital component and are the primary means of communication between businesses and consumers of accounting information. Economic growth is helped by investors who mobilise savings and turn it into investments. This provides the economy with a stable foundation. As stated by Khan et al (2016) that the attractiveness of dividend policy increased in recent years. This increases due to the investors preferred a firm that does released dividend to the public as it gives a promising return to investors on their investment. Globally, people believe that dividend policy has a substantial effect on firm performance.

Firm performance is defined by way of how good a firm is in enhances the wealth of shareholder and efficiency of a firm to generate income from the shareholder investment (Ajanthan, 2013). This is because the key goal of firm is to enhance the shareholders wealth