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IMPACT OF DIVIDEND POLICY ON THE SHAREHOLDERS' WEALTH: SHARIAH VS NON-SHARIAH COMPANIES LISTED IN BURSA MALAYSIA

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AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This dissertation has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

The purpose of this study is to examine the impact of dividend policy on the shareholders' wealth of Shariah and non-Shariah compliance companies listed in Bursa Malaysia main market. A sample of 274 Shariah compliance companies and 129 non-Shariah compliance companies listed on Bursa Malaysia for the period of 2004 to 2013 has been selected for this study. The results are obtained through two-way fixed-effect Generalized Least Squares (GLS) regression for Shariah compliance companies and random-effect GLS regression for non-Shariah compliance companies. The identified determinants are dividend per share (DPS), retained earnings per share (REPS), return on equity (ROE), lagged price earnings ratio (PER_{t-1}), financial leverage (DTE) and firm's size (lnTA). The results indicates that the measurements for dividend policy (DPS and REPS) are significant determinants of shareholders' wealth for both Shariah and non-Shariah compliance companies. On the other hand, it is revealed that financial leverage is an influential determinant of shareholders' wealth for Shariah compliance companies but not for non-Shariah companies.

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