

THE EFFECT OF CORPORATE GOVERNANCE
ON DIVIDEND POLICY: TRADING/SERVICES
SECTOR IN MALAYSIA

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DECLARATION

We hereby declare that:

- (1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.
- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the research project.
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LIST OF ABBREVIATIONS

ACMF	ASEAN Capital Markets Forum
ADB	Asian Development Bank
AGM	Annual General Meeting
ASEAN	Association of Southeast Asian Nations
BI	Board Independence
BOD	Board of Directors
BS	Board Size
CEO	Chief Executive Officer
CEOD	CEO Duality
CEOO	CEO Ownership
CEOT	CEO Tenure
CG	Company Growth
CP	Company Profitability
CS	Company Size
DY	Dividend Yield
FEM	Fixed Effects Model
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GLS	Generalized Least Squares
IRRC	Investor Responsibility Research Center
JB	Jarque-Bera
KSE	Karachi Stock Exchange

LOG_BS	Natural Logarithm of Board Size
LOG_CEOT	Natural Logarithm of CEO Tenure
LOG_CS	Natural Logarithm of Company Size
MCCG	Malaysian Code on Corporate Governance
MSWG	Minority Shareholder Watchdog Group
NSE	Nairobi Securities Exchange
NYSE	New York Stock Exchange
OECD	Organization for Economic Co-operation and Development
OLS	Ordinary Least Square
REM	Random Effects Model
ROA	Return on Assets
SCM	Securities Commission Malaysia
WLS	Weighted Least Squares

PREFACE

This research project is submitted in partial fulfillment of the requirement for Bachelor of Business Administration (HONS) Banking and Finance. In this research project, Dr. Zuriawati Binti Zakaria is the project supervisor. This final year project is made solely by the authors however it is based on the researches of others and sources are quoted in references.

There are many of researchers and studies conclude their research on the corporate governance but only few researchers do their research on the variables that affect the corporate governance on dividend policy in Malaysia's trading/services of public listed company. Researcher is interested to have deep understanding and knowledge about the variables that influences the dividend policy of corporate governance. So, the title that has chosen is "The Effect of Corporate Governance on Dividend Policy: Trading/Services Sector in Malaysia".

This research has been done successfully due to researchers curiosity and motivation from many parties. It has been conducted so that researcher can be gain more knowledge about the dividend policy in the trading/services sector in Malaysia. Besides that, it will be helpful in the future career.

ABSTRACT

This thesis aim is to investigate impact of corporate governance on dividend policy in trading/services sector. It is to study the relationship between the board size, board independence, CEO ownership, CEO duality, CEO tenure to the dividend yield. Furthermore, company size, company profitability and company growth is act as the control variables to test the correlation that affect the dividend policy in the Malaysia's trading/services of public listed company.

In this research, secondary data has been collected from the company annual report and data stream. This paper has used 182 out of 196 public listed companies Malaysia as the sample size from the year 2009 to year 2013. By using E-Views 7, the variables of board size, board independence and CEO tenure are positive significant to company's dividend policy. However, CEO ownership and CEO duality are negative insignificant to company's dividend policy.

On the other hand, this paper can contribute to the investor, shareholder, policy maker, future researchers and academician to understand the variables that influence on the company dividend policy. Moreover, agency issues able to solve when have the knowledge on the relationship between the board size, board independent and CEO tenure. Therefore, level of the corporate governance can be improved and the confident level of shareholder will be increase.

CHAPTER 1: RESEARCH OVERVIEW

1.0 Introduction

This research investigates on the effect of corporate governance on dividend policy for trading/services sector in Malaysia. For this section include the background of research, the problem statements, research objectives and research questions, research hypotheses and also the significance of research.

1.1 Research Background

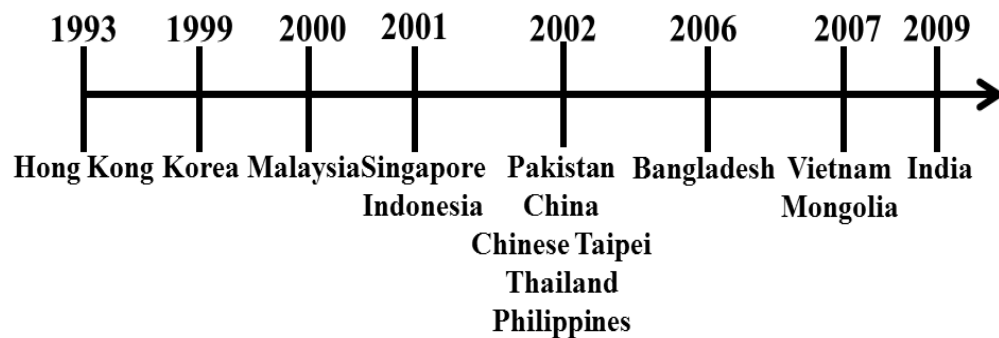
1.1.1 Corporate Governance

Corporate governance is one of the key elements of a company to attain and achieve successful in management and performance. Corporate governance is a process and procedure to direct and control a company, the structure of corporate governance include distribution of responsibility and right among board, manager, shareholder and stakeholder in decision making (OECD, 2005; Thomson, 2009). Corporate governance is currently applied by many countries to control and direct their company and each country has their own corporate governance code.

In Asia, corporate governance starts to be valued and pay attention on year 1997 due to the Asian Financial Crisis. The crisis becomes an inspired point for Asian companies and policy maker to review on the importance and regulations on corporate governance. Many weaknesses in Asian companies been exposure during the crisis on year 1997 and this force and become a motion to improve existing corporate governance or apply it in companies after have an Asian Roundtable with Organisation for Economic Co-operation and Development (OECD) in year 1999. The report from OECD in year 2014 also summarized that countries in Asia

had some achievements over the last 15 years in improving corporate governance. The corporate governance start to be emerge and global standards of corporate governance is widely been implemented.

Figure 1.1: Timeline for First Implement of Corporate Governance Code in Asian Country



Adapted from: Organisation for Economic Co-operation and Development (2014)

As shown in Figure 1.1, Hong Kong come to the first country in Asia to implement the corporate governance code on the year 1993 (Revised 2004, 2012). After the financial crisis on the year 1997, countries in Asia start to realize the importance of corporate governance and implement the code. Korea first to implement the code on year 1999 (Revised 2003) and follow by Malaysia on year 2000 (Revised 2007, 2012). Singapore implement corporate governance code on following year 2001 (Revised 2005, 2012) and same goes to Indonesia (Revised 2006). In the year of 2002, most of the countries in Asia that are developing start to implement their first corporate governance code. Those countries are Pakistan (Revised 2012), China, Chinese Taipei (Revised 2006, 2012), Thailand (Revised 2006) and Philippines (Revised 2009). Bangladesh start implement after four years compare to those developing countries on year 2006 (Revised 2012). On the year of 2007, the country of Vietnam and Mongolia start to implement the code. India was the latest country in Asia that implements the code on year 2009. After the first implementation of corporate governance code, many countries found weaknesses on their code, and some countries do

improve and rearrange their code of governance, and replaced their previous version of code to new code that more advances.

1.1.1.1 OECD Principles of Corporate Governance

OECD Principles of Corporate Governance is first released in May 1999 by the OECD and had a revised version on year 2004 and currently are under review for 2014-2015 (OECD, 2015). It is one of the important key standards that used by worldwide policy makers, companies and investors as a benchmark on corporate governance. There were six main principles that listed down in OECD Principles of Corporate Governance 2004 as show in Table 1.1.

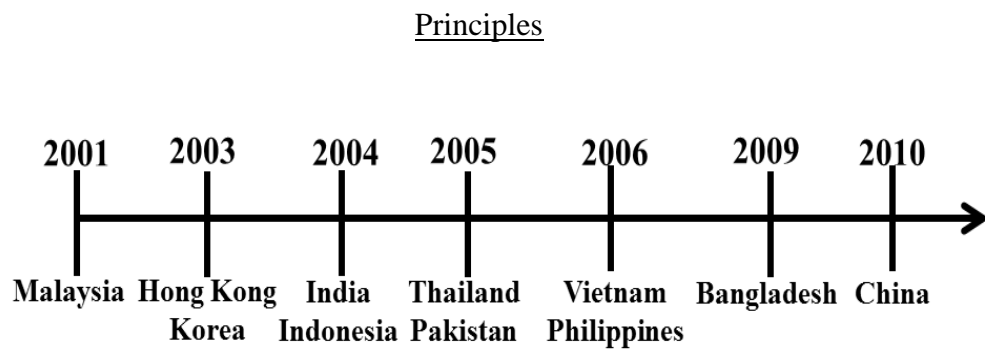
Table 1.1: Six Main Principles of OECD Principles of Corporate Governance

Principle 1	Ensuring the basis for an effective corporate governance framework
Principle 2	Rights of shareholders and key ownership functions
Principle 3	Equitable treatment of shareholders
Principle 4	Role of stakeholders
Principle 5	Disclosure and transparency
Principle 6	Responsibilities of the board

Sources: OECD Principles of Corporate Governance (2014)

Those principles been use as a reference and benchmark of the countries in Asia to develop and improve on their corporate governance code, rules and regulations and also score card that use to evaluate company corporate governance performance. Figure 1.2 shows the timeline of countries that used OECD principles to assess their corporate governance performance.

Figure 1.2: Timeline for Asia Country assessments using the OECD



Adapted from: OECD Principles of Corporate Governance (2014)

Malaysia was the first country in Asia used OECD principles to assess the corporate governance performance (OECD, 2015). However, China is the latest country that used it as benchmark although the country already implemented the code on the year 2002 and is similar to Bangladesh, Philippines, Thailand, Pakistan, Indonesia, Korea and Hong Kong. Those countries used it as benchmark and improve their code after the year they first implement corporate governance code. Malaysia, India and Vietnam are those countries that implement their first corporate governance code after refer to the OECD principles as the benchmark.

1.1.1.2 Malaysian Code on Corporate Governance (MCCG)

Similar with other countries in Asia (e.g. Korea, Singapore, Indonesia and Thailand), Malaysia start to realize the importance of corporate governance after the year 1997. Asian Financial Crisis cause the confident level of investor is been influence during the period. The companies and policy maker start focus their attention after experience the lessons and decided to improve the standard of corporate governance framework and standard in Malaysia by first time set up of Malaysian Code on Corporate Governance (MCCG) on March 2000 by Securities Commission Malaysia (SCM).

This Code was revised two times during October 2007 and the latest March 2012 (SCM, 2012). The main purpose of MCCG 2000 was to set out principles and best practices on structures and processes for companies in their operations to achieve the optimal governance framework. This code was made a significant milestone effect in reforming Malaysia's corporate governance system (SCM, 2012). The principles were focus for directors, director's remuneration, shareholders, accountability and audit as show in Table 1.2.

Table 1.2: Main Principles Focus in MCCG March 2000

Principles	Areas
Directors	The Board Board Balance Supply of Information Appointments to the Board Re-election
Director's Remuneration	The Level and Make-up of Remuneration Procedure Disclosure
Shareholders	Dialogue between Companies and Investors The Annual General Meeting
Accountability and Audit	Financial Reporting Internal Control Relationship with the Auditors

Sources: Malaysian Code on Corporate Governance (2000)

To enhance the responsibilities and roles of company, the code was later been revised in 2007. In the version of 2007, the key amendments are the last principles which are the accountability and audit. The main principles focus in MCCG is remaining the same in year 2000 and year 2007. But in the newer version, the board of directors and audit committees is been strengthen to ensuring that the board of directors and audit committees done their roles and responsibilities effectively (SCM, 2007).

Furthermore, this code been revised again in year 2012 and it focus more on enhancing board composition and board structure. However, before formal introduce the MCCG 2012, the Corporate Governance Blueprint 2011 (Blueprint) was set up in July 2011 and the MCCG 2012 been introduce later to implement most of the suggestion and recommendation in that Blueprint (SCM, 2015).

MCCG code is related to a company dividend payout policy because the principles to guide on the key indicators such as board independency, board duality, board size and others more that included in corporate governance will tend to influence the decision making for paying dividend to shareholder. Table 1.3 shows the main key areas that have been strengthened in the MCCG 2012.

Table 1.3: The Main Key Areas that have been strengthened in the MCCG 2012

Principle 1	Establish clear roles and responsibilities
Principle 2	Strengthen composition
Principle 3	Reinforce independence
Principle 4	Foster commitment
Principle 5	Uphold integrity in financial reporting
Principle 6	Recognize and manage risks
Principle 7	Ensure timely and high quality disclosure
Principle 8	Strengthen relationship between company and shareholders

Sources: Malaysian Code on Corporate Governance (2012)

MCCG 2012 principles are related to corporate governance and dividend policy. For instance, as in principle one, board director and CEO should establish clear responsibilities and roles, besides, part of the board director should be independence and improve on composition in setting dividend policy. Principle five to eight is deriving from MCCG 2000 under principle accountability and audit to improve on the CEO internal control in setting dividend policy.

1.1.1.3 Others Corporate Governance Regulatory Framework in Malaysia

Other than MCCG, there were a number of regulatory frameworks in Malaysia used as a guide for corporate governance, including the Securities Commission (Amendment) Act 2011, the Companies Act (Amendment) 2007, Malaysian Code for Institutional Investors and Bursa Malaysia Corporate Governance Guide.

In the Securities Commission (Amendment) Act 2011, under subsection 31EA stated Audit Oversight Board is needed to regulate over external auditors and enhance the independence of auditors. Independence auditors will provide fairness in evaluating and opinion on company financial position, operation and cash flow which will influence the board decision to establish their dividend payout policy for shareholders.

The Division II: Directors and Officers under the Companies Act (Amendment) 2007 stated several rules and regulations regarding corporate governance. For example, Section 131A: Interested director not to participate or vote; Section 131B: Functions and powers of the board and Section 132: As to the duty and liability of officers. These acts will strictly direct directors to not abuse their right to develop the dividend policy that will harm the shareholder rights to receive a fair dividend.

In June 2014, Malaysian Code for Institutional Investors was introduced by Minority Shareholder Watchdog Group (MSWG) together with Securities Commission Malaysia. The aim is to manage conflict of interests and set out a set of board principles of effective guidelines by investors (SCM, 2012). For example, under the fourth principle, a robust policy on managing the conflicts of interest which should be publicly disclosed must be adopted by institutional investors. The fifth principle stated that the investment decision-making process should incorporate corporate governance and sustainability considerations by the institutional investors.

Bursa Malaysia Corporate Governance Guide is issued by Bursa Malaysia Berhad for boards of director's references to have more understanding while applying the principles and recommendations of the MCCG 2012. Bursa Malaysia had done some amendment and improvement on the guide in the latest second version of Bursa Malaysia Corporate Governance Guide. This guide gives some suggestions and ideas on how the boards can fulfill the governance obligations of companies listed on Bursa Malaysia.

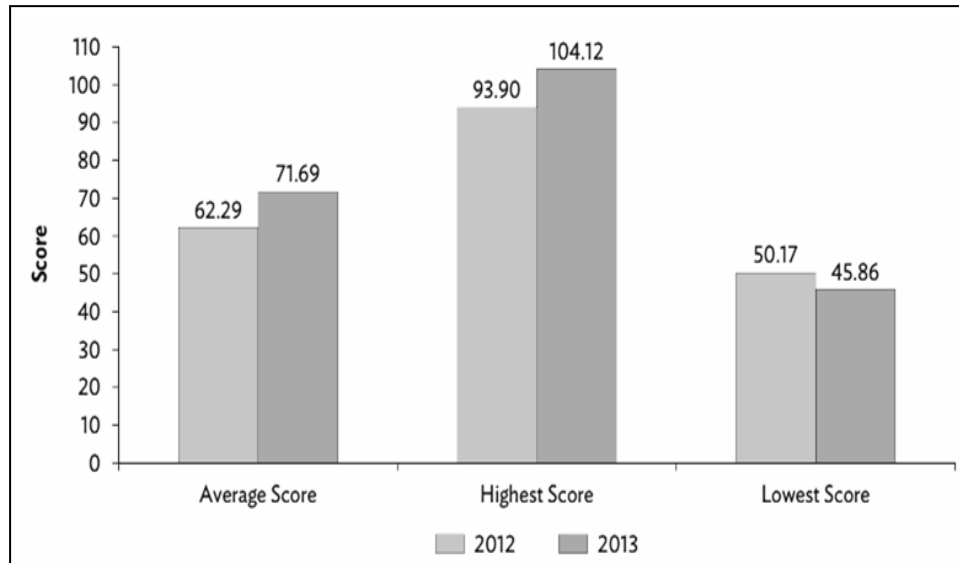
1.1.1.4 ASEAN Corporate Governance Scorecard

The ASEAN Corporate Governance Scorecard is managing under the Association of Southeast Asian Nations (ASEAN). This system been introduce in the ASEAN Capital Markets Forum (ACMF) Implementation Plan in year 2011 for enhance the capital market development and as an initiative of corporate governance (Asian Development Bank, 2014).

In Malaysia, Securities Commission Malaysia led this project and supported by the Asian Development Bank (ADB). This scorecard aims to improve the corporate governance standards of ASEAN public listed companies and increase their visibility to worldwide investors (Asian Development Bank, 2014). Policy makers, public listed companies and investor or shareholder can have a review and comparison on the performance on corporate governance in ASEAN countries. Only the top 100 public listed companies under Bursa Malaysia will be assess under this scorecard system.

There are two levels of score to be evaluated in scorecard. Level one consists of five major sections that corresponding to the OECD principles and level two is the bonus for company reach minimum and penalty for poor performance company in corporate governance. Figure 1.3 shows that the overall corporate governance scores of top 100 public listed companies in Malaysia.

Figure 1.3: The Overall Corporate Governance Score of Top 100 Public Listed Companies in Malaysia



Sources: ASEAN Corporate Governance Scorecard – Country Reports and Assessments 2013–2014

This result was based on data presented in companies' published annual reports on 31 July 2013. The all information is available on company websites and Bursa Malaysia announcements as of end October 2013. In the year 2012, out of 100 companies, one company has highest score of 93.90 points and it is increase to 104.12 points or 10.88% in the year of 2013. The average score of the top 100 Malaysian Public Listed Companies is increase to 71.69 points in the year of 2013 compared to 62.29 points in 2012, which show an increase of 15%.

This can prove that the corporate governance is exercise properly and orderly in Malaysia over the 2012 and 2013 period. This means that companies in Malaysia had appear to have ability to enhance and improve their corporate governance standards to meet the higher expectations in own country or even worldwide standard. This increase trend possible is due to the new revised of the MCCG 2012 in Malaysia and companies are able to implement it well in own company and satisfy the shareholder wealth.

However, the lowest score obtain is decrease from 50.17 points in the year 2012 to 45.86 points or 8.59% in the year 2013. Some companies seen to be unable implement the new revised MCCG 2012 in setting dividend policy and lead to the decrease. It shows an issue on certain companies is improving in their corporate governance standard, whereas some companies corporate governance is become worst compare to previous year. Therefore, a question arise on how this gap will be happen is it because of the unable to adopt the newest MCCG code that cause the shareholder unsatisfied on their wealth.

1.1.2 Overview of Dividend

Corporation will make a payment which usually as a distribution of profits that decided by the board of directors to its shareholder which calls as dividend (O'Sullivan & Sheffrin, 2003). Large country such as United Kingdom, Canada and Japan, company that earn high profits and have larger retained earnings among total equity will pay higher dividend among others. In the other words, dividend policy is the financial policies regarding the payment of dividend in term of amount and type of dividend need to paid out and at the same time maintain the company profit and take care of shareholder's welfare (Brunzell, Liljeblom, Löflund, & Vaihekoski, 2014).

To pay a dividend, there were many ways such as cash dividends which normally distribute in currency through electronic funds transfer or a cheque; stock dividends that paid out through additional stock or shares; stock dividend distributions which is the issues of new shares between partnership; property dividends that paid out in the form of assets between corporation and interim dividends that paid out before a company's Annual General Meeting (AGM) and final financial statements (Black & Scholes, 1974).

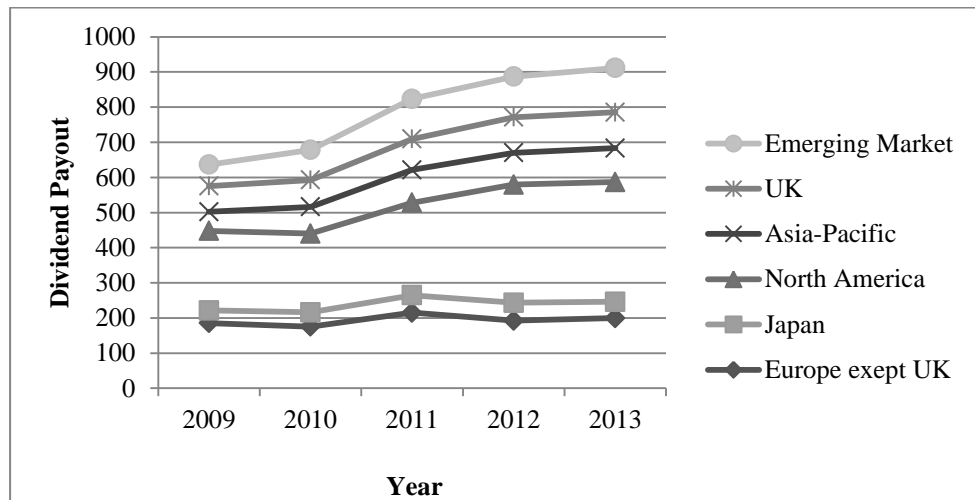
Dividend policy will influence by the decision making of the boards of company whether how much to pay and how the boards decide and set the overall goal of the company either to maximize the shareholder wealth or to maximize the corporate wealth (Da, Goergen, & Renneboog, 2004). The decision of a company CEO or managing director in setting their goal will influence the dividend policy either to pay dividend for shareholder wealth or declare no dividend and keep it as retained earnings for corporate wealth (Hirschey, John, & Makhija, 2005).

The dividend policy set by the boards will influence the perception on the company by the investors or shareholders and also the whole financial markets. Dividend policy will be setting up depends on the current and future situation of the company and also the preferences of investor and shareholder (Da et al., 2004; Low, 2002). Therefore, to balance the both shareholder and corporate wealth, board of a company play important role in set up the company dividend policy.

1.1.2.1 Global Dividend Trend

According to Henderson Global Investors (2014), global dividends trend had reach \$1.03 trillion in year 2013 as a record for equity income which had a growth of 43% or payouts of \$717 billion since the year 2009. In the other words, the average annual dividend growth over the last five years from the year 2009 to year 2013 is 9.4%. Figure 1.4 below shows the global dividend trends from year 2009 to year 2013.

Figure 1.4: Global Dividends from 2009 to 2013



Sources: Henderson Global Dividend Index (2014)

By viewing the global dividends trend in regional point of view, Emerging Market, UK, Asia-Pacific and North America show the continuously increasing trend from year 2009 to year 2013. Between year 2009 and year 2011, those rapid growths in dividend payout is possibly due to the post-crisis global commodity boom. Over that period, mining and oil companies began to make huge payouts to their shareholders as the increase of earnings especially for emerging market countries that contribute major of dividend in global payout. The trend estimate will be continue increase whereby Asia and the Emerging Markets countries have potential to become dividend payers and will continue to grow over the long term (Henderson Global Dividend Index, 2014).

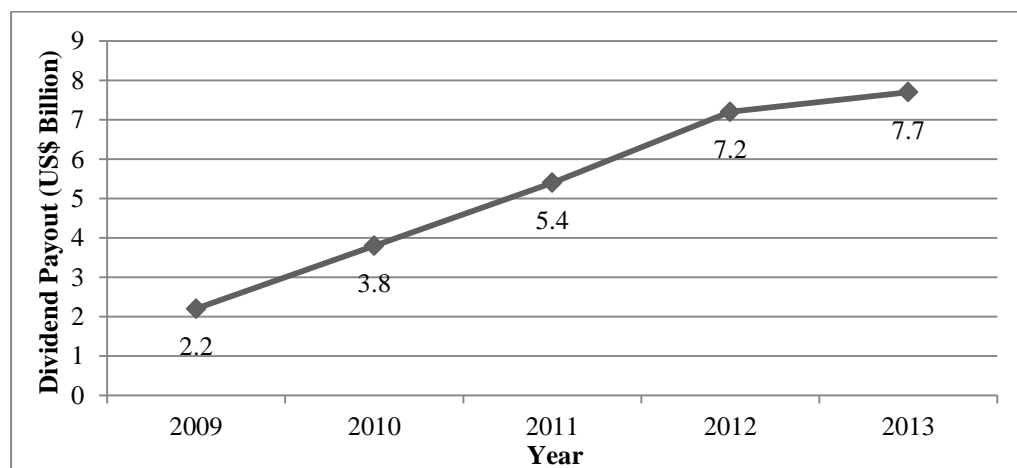
Europe except UK was the second large region in the world which supposed to have higher dividend payout. However, it show fluctuate trend with low dividend payout over the five years. This may due to the Euro exchange rate is volatile and Eurozone crisis is happened over the five years. Japan dividend payout trend show similar pattern with Europe except UK which is fluctuate over the five years period and even lower dividend payout compare to other region. This mostly is because the sharp decline of the yen against the dollar that due to the weakness of the US

dollar. Dividend trends are changing over time and different in each country. Corporate dividend policies will be difference across countries and possible will due to the behavioral preference parameters of boards such as loss aversion, ambiguity and patience (Breuer, Rieger, & Soypak, 2014).

The global trend show that decision to pay a dividend will influence by the profitability and returns earn by a company. However, there will some study found that profitability changes does not means that dividend will changes in same direction and dividend will change is due to the corporation's past performance and current financial performance (Fairchild, Guney, & Thanatawee, 2014). Board of director will refer to profit, past and current position of company to decide the dividend payout. Hence, these had driven the study to examine the effect of corporate governance on dividend policy.

1.1.2.2 Dividends Trend in Malaysia

Figure 1.5: Malaysia Dividend Payout from 2009 to 2013



Sources: Henderson Global Dividend Index (2014)

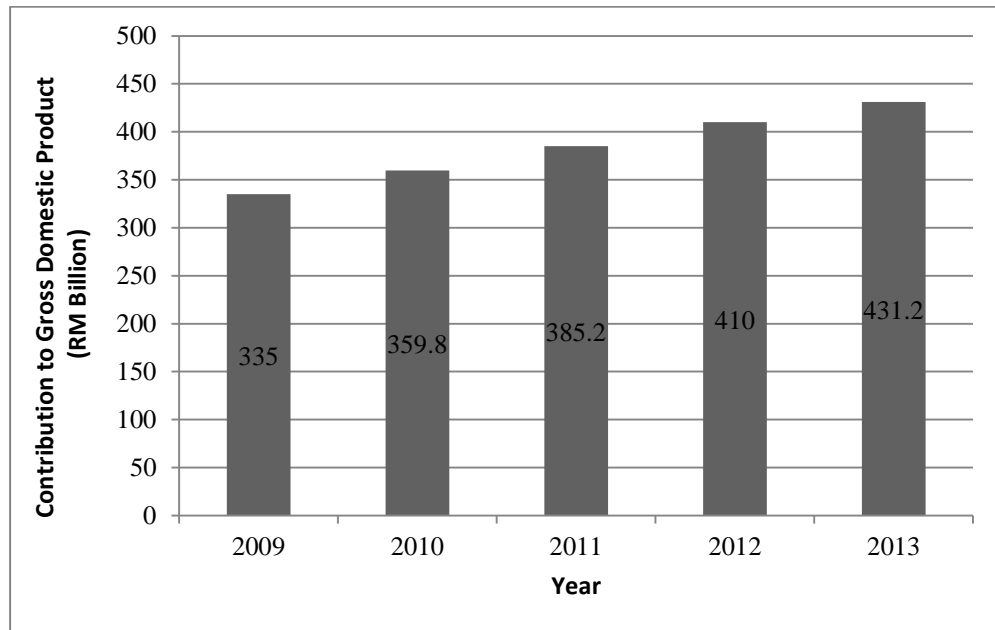
Figure 1.5 shows that dividend payout trend of Malaysia over the period of year 2009 to year 2013. Malaysia has a rapid increase trend in dividend payout from year 2009 of US\$ 2.2 billion increase to US\$ 7.7 billion in year 2013. It shows a 250% of increase on dividend payout during the period. Malaysia is one of the emerging market country, therefore, the rapid growth on dividend payout in Malaysia can be explain by the reason in the growth of emerging market where it is due to the post-crisis global commodity boom (Henderson Global Dividend Index, 2014).

As an oil and gas exporter, Malaysia has get high profit from high world energy prices and those oil and gas companies in Malaysia had supplies major part of government revenue over the period. Therefore, as Malaysia is the country that launch shareholder wealth maximization model in company, hence, those companies began to make huge payouts to their shareholders and result the dividend payout trend increase during the five years period (Panigrahi, Zainuddin, & Azizan, 2014).

1.1.3 Trading/Services Sector in Malaysia

Trading/services sector is one of the main sectors out of the total 15 sectors that listed down in Bursa Malaysia main market. Companies where the main business is provide or distribute of products and provision of services are include under trading/services sector excluding financial services. This sector is said that to be play a greater role for Malaysia which is still a developing country to reach a more mature and stable economy (Ministry of International Trade and Industry, 2015). According to the Ministry of Trade and Investment Industry (2015), there are 12 sub-sectors that classify under trading/services sector. Those sectors are business, communication, construction and related engineering, distribution, cultural and sporting services, education, environment, financial services, health related and social services, tourism and related travel, transport, recreational, and other services.

Figure 1.6: Contribution of Trading/Services Sector in Malaysia's Gross Domestic Product from year 2009 to 2013



Source: Department of Statistics, Malaysia. (2014)

As shown in Figure 1.6, Malaysia trading/services sector contributed the largest contribution towards Malaysia Gross Domestic Product (GDP) compare to other industry. The contribution of trading/services sector to GDP shows a continuous increasing trend from year 2009 to year 2013. It increases from RM 335 billion in year 2009 to RM 431.2 billion in years 2013. There were 28.72% increases during the period. This is possible due to the increase of Gross National Income where the export and import increase during the five years period. Demand of products and services increase inside and outside Malaysia cause the supply of products and services to be increase also. Hence, this causes the revenue of the companies that under trading/services to be increase.

1.1.4 Dividend Policy and Corporate Governance in Trading/Services Sector of Malaysia

Theoretically, trading/services companies in Malaysia that generate high revenue will give high dividend payout to the shareholder. Besides, theoretically state that high corporate governance company's means high satisfaction of shareholder to company which high dividend will be pay. In the other word, companies that under trading/services sector in Malaysia that have high revenue and good corporate governance should pay high dividend to their shareholder. However, practically those theories are not applied by the companies under trading/services sector in Malaysia as shown in Table 1.4.

Table 1.4: The Trading/Services Companies with Corporate Governance Range of Scores, Total Dividend and Profit Margin for the year 2013

Publicly Listed Company Name	Total Dividend (cents)	Profit Margin at year 2013 (%)
Companies with Scores of 90 points and above		
Axiata Group	22.00	13.90
Maxis	40.00	19.40
Telekom Malaysia	26.10	9.50
Tenaga Nasional	25.00	12.40
Companies with Scores of 80–89 points		
Malaysia Airports Holdings	11.78	9.50
Malaysia Marine and Heavy Engineering Holdings	5.00	8.20
Media Prima	14.00	12.40
Sime Darby	34.00	7.90
Companies with Scores of 70–79 points		
Bumi Armada	3.25	20.80
Dialog Group	3.30	8.60
Genting	50.00	10.20

Genting Malaysia	8.20	19.20
KPJ Healthcare	6.00	4.40
Media Chinese International Limited	46.15	11.90
MISC	5.00	23.20

Sources: Scores: ASEAN Corporate Governance Scorecard – Country Reports and Assessments 2013–2014 and Total Dividend and Profit Margin: MalaysiaStock.Biz. (2015)

Table 1.4 shows the trading/services companies in Malaysia with their range of scores under ASEAN Corporate Governance Scorecard. There are 15 of public listed companies in Malaysia under trading/services sector scores 70 points and above out of top 50 companies in the scorecard assessment for the year 2013. From the 15 of public listed companies in Malaysia under trading/services sector, four companies scores of 90 points and above, other four companies with scores of 80–89 points and remain seven companies with scores of 70–79 points. It is 30% of trading/services companies have high score of corporate governance out of 50 top companies.

The high number of companies scored higher mark possibly due to the large exposed in the industry compare to other industries. From the point of view of corporate governance, the sector is assumed to have high disclosure and paying higher dividend to their shareholder. Improvement and good practice of corporate governance is applied in the companies and lead they have higher scores in scorecard compare to other sectors companies (Asian Development Bank, 2014). From the Table 1.4, three main patterns can be classified from those companies. The first pattern is where the company that has high corporate governance score pays a high dividend on their high profit margin. For instance, Maxis that have corporate governance score of 90 points and above, and the company pays a high dividend of 40 cents from the high profit margin of 19.40% compare to others. Maxis are match with the theoretical review in their dividend policy.

The second pattern is company that has lower corporate governance score pay a lower dividend, whereby the company earns high profit. Both Bumi Armada and MISC have scored lower score between 70 points to 79 points. They pay low dividend to their shareholder which is 3.25 cents for Bumi Armada and 5.00 cents for MISC. However, both companies have high profit margin of 20.80% and 23.80% respectively. Therefore, it comes an argument to the previous pattern that match with theoretical view. The company that earns high profit didn't pay a high dividend to shareholder and cause the corporate governance score lower compare to others.

The third pattern is lower corporate governance code but pay high dividend to shareholder on their low profit margin. In real world practical, companies such as Sime Darby, Genting and Media Chinese International Limited were not following the theoretical base. On the other hand, they pay a high dividend compare to others companies to shareholder although the company earns low profit. Besides, even the dividend payout is high, those companies have lower corporate governance score compare to others. This pattern differs with previous two patterns. First, those companies didn't follow theoretical to pay high dividend on their high profit, but they pay high dividend even lower profit such as Genting that have low profit margin of 10.20% but pay highest dividend of 50 cents among those 15 companies. Second, although those companies pay higher dividend compare to others, their corporate governance score is only between 70 points to 79 points which consider lower than other.

Therefore, it come to another argument to the both previous pattern where the company that earns low profit pay a high dividend to shareholder but the corporate governance score lower compare to others. Hence, those arguments driven to this thesis that keen to investigate the issues of corporate governance in influencing the dividend payout in Malaysia.

1.2 Problem Statement

Different boards have difference composition of skills. An effective board is the mix of professional experience and skills director and get together to form a team that able to have healthy debate on shareholder wealth and corporate wealth. Normally, it didn't have a specify standard to evaluate a professional experience and skills director in the Malaysian company (Low, 2002). Moreover, some director is chosen due to family appointments and some are remain as ageing director that driven company for over a decade. This exactly shows why the board size has become a problem in Malaysia. Talents are everywhere to choose for, it comes to a problem that how big should a board have since talent director is in need. Small board that full with high skill, high degree and professional experience should have more experience on setting dividend policy; or a large board that will contribute on more ideals will give a high efficient and effective of dividend policy that will meet shareholder wealth and corporate wealth become a problem in limiting the board size of company in Malaysia.

Independent director is need and currently restrict by rules to have them in a board. In Malaysia, from the boards, at least two or 33% out of the total board size must is independent directors (SCM, 2012). Independent director responsible to monitor the decision of chief executive manager, give independent opinion to board of director or shareholder to ensure the wealth of shareholder didn't been abuse while setting dividend policy. Independent director is assuming to bring more contribution towards good corporate governance and performance of company. However, it come to an criticism that independent director that didn't have been a member of company before will not able to get a proper view and analysis on company business in order to come out a fair decision or opinion on dividend policy. This lead to a problem that independent director should be prove to be useful or not useful board member in making decision on dividend.

In the most corporate governance principles, it is suggest having separation on chairman and chief executive officer (CEO) which will ensure an appropriate balance of power and make independent decision making on setting policy on

dividend payout. However, not all the company is follow the principle to have separation but the company CEO is hold dual position. Besides, in current market, a family-owned and family-controlled company is a hot trend and captures a large percentage of the total in the market. In Malaysia, there was about 70 percentage of Bursa Malaysia listed companies is family-owned company (Amran & Ahmad, 2010). Therefore, appoint a company manager or family member for family-owned company as director is important because they know well and is the acquaintance with the company operations compared to an outsider. The problem arise is where the family member hold dual post as company Chairman and CEO. This concentration of power will lead to problem of corruption and unfair in company due to the abuse of power of chairman and CEO including the influences on company's dividend payout policy.

Most of the CEO of company hold company share and become the major shareholder of company. They hold majority of company shares and have voting right in any decision of company (Hirschey et al., 2005; Low, 2002). This reduces the agency problem whereby the CEO goals are same with the shareholder to receive more dividends. However, a problem rises on CEO that has different goals with shareholders. CEO that seeks for long term performance will keep their investment in company for longer periods. They will make decision and support decision that will contribute to company long term performance in generate more revenue to increase company wealth, instead of declare the revenue as dividend and distribute to shareholders. Besides, CEO that holds their post for longer tenure will influence the decision making too. As holding the post longer in period, reputation and power of influence of the CEO will be higher. Although CEO that longer tenure will make more accurate decision and understand more depend on past experience, but chances and risk for the CEO to abuse their right will become the problem on issue the dividend policy. Therefore, holding shares by CEO and the tenure of holding CEO post become a problem that will influence the company policy in distributing of dividend to shareholders.

Hence, those problems and criticisms had driven this thesis as to investigate how corporate governance will influence the dividend policy in a company.

1.3 Research Objectives

1.3.1 General Objectives

To investigate and study on how the corporate governance influences the dividend policy for trading/services sector's companies in Malaysia.

1.3.2 Specific Objectives

- i. To investigate the relationship between board size and company's dividend yield.
- ii. To investigate the relationship between board independence and company's dividend yield.
- iii. To investigate the relationship between CEO ownership and company's dividend yield.
- iv. To investigate the relationship between CEO duality and company's dividend yield.
- v. To investigate the relationship between CEO tenure and company's dividend yield.

1.4 Research Question

- i. Is board size significantly influence company's dividend yield?
- ii. Is board independence significantly influence company's dividend yield?
- iii. Is CEO ownership significantly influence company's dividend yield?
- iv. Is CEO duality significantly influence company's dividend yield?
- v. Is CEO tenure significantly influence company's dividend yield?

1.5 Hypotheses of the study

- H₁*: There is a relationship between board size and company's dividend yield.
- H₂*: There is a relationship between board independence and company's dividend yield.
- H₃*: There is a relationship between CEO ownership and company's dividend yield.
- H₄*: There is a relationship between CEO duality and company's dividend yield.
- H₅*: There is a relationship between CEO tenure and company's dividend yield.

1.6 Significance of study

This thesis gives a clear and better knowledge and understanding of the effect of the corporate governance of dividend policy for trading/services sectors in Malaysia. This thesis brings benefit and contribution to certain parties such as the policy maker and regulator, individual investors, companies, future researchers and academician.

Firstly, this study might able to contribute to the policy maker and regulator in the field of corporate governance on the dividend policy of the trading/services companies. Thus, policy maker and regulator can identify the factors that affect the company's dividend yield such as CEO ownership, board size, board independence and others factor especially in trading/services companies in Malaysia.

Apart from that, this study can help them to build up more effective corporate governance's legislation, rules, and procedures by improving Malaysia Code of Corporate Governance 2012. Therefore, this may create a favorable Malaysian investment environment for the investors to invest in. Besides, policy maker and

regulator can encourage trading/services companies to apply appropriate policies in order to manage individual investor to make the investment in companies.

Furthermore, this research will provides benefit to individual investors who are favors on cash dividends which categorized as current income to have a better and a clearer understanding of the effect of corporate governance on company's dividend payout behavior (Shefrin & Statman, 1984). Dong, Robinson, and Veld (2005) indicated that investors have a strong preference to receive dividends either in the form of cash dividends or stock dividends. From this research, individual investors can get a clear picture on the variables influence dividend yield decision of the companies under trading/services sector in Malaysia.

In addition, Malaysia companies are also one of the beneficiaries of this study. This is because the Malaysia trading/services sector companies can have a better understand on the variables such as board size, board independence, CEO ownership, CEO duality, CEO tenure, company size, company growth and company profitability that will bring influence to the dividend yield. Therefore, the companies will concentrate and improve on those variables that influence the dividend yield. By this, companies are able to serve the shareholders' dividend to attract more investors to invest their money in the companies and companies can use to maximize the shareholder wealth.

Moreover, this research can also bring the benefit to academician and future researcher for reference. Not only that, academician and future researcher can use this for guideline for further study. Besides, there is very few research that regarding corporate governance on dividend policy of trading/services sector companies in Malaysia. Therefore, academician and future researcher can understand and gain more knowledge about this topic whether how the board size, board independence, CEO ownership, CEO duality, CEO tenure, company size, company growth and company profitability will influence the company dividend policy.

1.7 Chapter Outlay

Chapter One

In chapter one, research background on the dividend policy and corporate governance is presented and also the problem statement, the research objectives and research questions, the hypotheses of research and significance of research

Chapter Two

In chapter two, theoretical model review, literature review on the relationship between the dependent variables and the independent variables based on prior study, theoretical framework and hypotheses development is discussed.

Chapter Three

In chapter three, the process of research which including research design, data collection method, data analysis method and sampling design will be described.

Chapter Four

In chapter four, the data been use to run analysis by using E-Views 7 and information collected and pattern of the results will then be analyzed along with further explanations.

Chapter Five

In chapter five, the major findings, implications of policy, limitations and recommendations for future research will be covered.

1.8 Conclusion

An overview on the global and local dividend policy, corporate structure and trading/services sector is presented as well as the problem statement, research objectives, research questions, hypotheses of research, significance of research and chapter outlay also covered in this chapter one. Next chapter literature review will give further theoretical review on this thesis including the answer for those research questions.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

In chapter two, this study has discussed on the literature review which included the study from previous researchers. In this section, it include the past authors finding between dividend payout and independent variables like board size, board independent, CEO ownership, CEO duality, CEO tenure and control variables such as company size, company profitability, and company growth. Moreover, this chapter also discuss about theoretical model, empirical review, proposed theoretical framework, hypothesis development, and conclusion.

2.1 Review of Relevant Theoretical Models

2.1.1 Agency Theory

Berle and Means (1991) is the researchers who discover the situation of agency theory. They have studied the separation of company ownership and having power on the management in the large company. They have stated that ownership and control over a company will affect to the company performances.

Jensen and Meckling (1976) are the researchers that analyzed on the agency theory. They forecast that there is positive relationship between the level of management ownership structure and the company performance which is cause by the company incentive.

Agency theory is the theory that explained the connection between principals and agents in a company (Mitnick, 2013). For example of the principals is the shareholders while agents represent by the administrative supervisor of the company. Principals are the party who provide job to the administrative team by investing in the company in order to gain profit or dividend. On the other hand, agents are the party who receive the job and manage the company in order to achieve the company's goal.

Adjaoud and Ben-Amar (2010) used 714 of Canadian companies which listed in the Toronto Stock Exchange between 2002 until 2005. In their research, they have stated that corporate governance has positive relationship with the dividend policy. They argue that increase dividend will create few situation like increase agency cost, reduce free cash flow, possibility of manager own benefit and increase supervise in capital market. On the other hand, they have found out that efficient of the corporate governance will solve the agency issues between the shareholder and executives, limit the control of executives to the dividend payout and continuously support the dividend payout.

2.1.2 Signaling Theory

There are some issues of imperfection information in company profitability and capital gains have lower tax rate compare with cash dividends (Bhattacharya, 1979). In the research, the author have stated that the dividend payout have effect on the investor planning period.

Talmor (1981) study the issues regards to the asymmetry information, signaling and financial decision. By comparing company manager and investor, manager tends to receive advanced information about the company future cash flow which lead to the problem of asymmetry information.

In 2005 until 2011, 47 of industrial companies in Jordan which listed in Amman Stock Exchange as the sample size (Al-Amarneh & Yaseen, 2014). The authors indicate that the signaling theory is a sign to provide information about the price of the company to the shareholders. Shareholders have negative correlation in the dividend payment decisions and collecting information.

Basoglu and Hess (2014) have stated that signaling theory giving a structure to the both parties (shareholders and executives) so they can understand each other by exchanging information that they have or improve in their relationship. Besides that, this theory also reducing received the incorrection information for investing intention. This signaling theory have been apply in many sectors like finance, marketing, administrative, information system and accounting literature. Dionne and Quederni (2011) said that signaling theory is able to modify in the dividend policy when receiving the information that talks about the movement in future cash flow. They believed that dividend signaling will give positive correlation between the inequality of information and dividend policy.

Signaling theory is a theory that executive of the company will providing 'good information' to the market so that shareholders expect that their status of share will be in good price (Inchausti, 1997). There will be inverse correlation between profitability and the level of information that going to be revealed. Moreover, it also shows the quality of the company when the information has been disclosed. Company that give low dividend will need to clarify on the limitation of dividend policy which leads to higher reveal of information.

2.1.3 Stewardship Theory

Stewardship theory is maximizing the benefits of shareholders by considering the share that they own (Donaldson & Davis, 1991). The authors argue that profits of return on equity to shareholders becoming better by combining the shareholder and CEO position instead of separate it.

According to Eddleston and Kellermanns (2007), stewardship theory is that stewards try to maximize company profit by using their own resources in order to achieve the company objectives. In their research, they have found out that there is negative correlation between the bond conflict and family company performance in negative direction. On the other hand, there is positive relationship in the participative strategy development and family company performance.

Muth and Donaldson (1998) reveal that stewardship theory is another substitution of the agency theory and contrasting forecast about the effective board composition. This theory reported that the attitude of managers is non-financial movement. For example, the goal to be accomplish, satisfaction of performance, being recognize by others, respect by the board and work ethic. Besides, changing the proportion of company power from owners to expert managers will gives positive impact when organizing complexity of the modern company.

Stewardship theory has been created due to the self-interest of agents and the interest conflict between the principals and agents (Schillemans, 2013). Moreover, managers are not an individual that maximize their own benefits but they strive for the goal of the organization. Researcher also stresses that steward basically desires to make excellent work and become a superior to control of the company assets.

2.2 Review of the Literature

Dependent variable for this research is dividend payout while board size, board independence, CEO ownership, CEO duality and CEO tenure are independent variables. For control variables there are company size, company profitability and company growth.

2.2.1 Independent Variables

2.2.1.1 Board Size and Dividend Payout Policy

From the research of Mansourinia, Emamgholipour, Rekabdarkolaei and Hozoori (2013), it can be said that there is a relationship between board size and dividend payout policy. They find board size has significantly positive relationship with dividend policy by using 140 Tehran listed companies over the period 2006-2010. Similarly, Uwuigbe (2013) by using regression analysis method finds that there is a positive relationship between company board size and dividend payout policy. The reason is that the bigger the board, more dividend will be distributed and followed.

Furthermore, Subramaniam and Susela (2011) reported positive relationship between board size and dividend payout. The findings suggested that large board size companies and family controlled companies tend to pay higher dividends. It is due to the higher stake of family in the business which forces managers to distribute earnings among the family in the form of dividend. Another study by Uwalomwa, Olamide, & Francis (2015) also reported positive relationship between board size and dividend payout by investigating the data sample of Nigerian companies.

Yermack (1996) also empirically investigated the relationship between board size and dividend on the data of 792 companies from the period 1984 to 1991. Results showed that there is a significant negative relationship between board size and dividend. The study also explained that reducing the number of directors of board may make the corporate governance better. Guest (2009) presented three reasons as to why large board will not perform better; free-riders problem (Eckel, Grossman, & Johnston, 2005), decreasing cohesiveness (Casey-Campbell & Martens, 2009) and communicational issues (Guest, 2009). CEO of a company possibly controls the board of directors, which might increase the agency cost (Lipton & Lorch, 1992). Guest (2009) tried to conclude those findings and explained that smaller boards may perform better. The author further explains that board and dividend are substitute to each other to control agency cost and when the board is large the higher dividends will be paid.

According to Kiel and Nicholsan (2003), large boards can monitor the resources in a better way, which ultimately improves the performance of a company. This is because the different people may have various backgrounds and knowledge. However, by limiting the board size makes it easier to monitor every member, which helps to make decisions quickly and efficiently (Haniffa & Hudaib, 2006). Moreover, a smaller board size efficiently takes the decisions regarding dividend payout policy. Both small and large boards have advantages and disadvantages. However, it does not justify that size of the board matters when coming to deciding about dividends.

According to Jensen (1993), the optimal board size should be seven to eight, and according to Lipton and Lorsch (1992), it should be eight to nine. Therefore, it is assumed that if the number of directors will increase, it will also increase the dividend payouts (Van Pelt, 2013). When there are several directors, it becomes difficult for CEO to manage and will create problems in monitoring the business.

Hence, by looking at the previous studies, this study also expects the positive relationship between board size and dividend payout.

2.2.1.2 Board Independence and Dividend Payout Policy

Fama and Jensen (1983) explain that in controlling agency cost, significant role is played by board of directors. Board effectiveness is increased by including independent directors to monitor the managers and exercise control. According to Mansourinia et al. (2013), there is no significant relationship between board independence and dividend policy among the companies listed on Tehran Stock Exchange. It shows that the board members of 140 companies during 2006 – 2010 such as executive and unbound manager have no influence on the dividend payments to shareholders.

Al-Shabibi and Ramesh (2011) reported that there are several determinants which affect the corporate governance but board independence is among the important ones, which drives a company to pay dividend. The study further explains that there are some company characteristics (e.g. company size, profitability, growth, ownership structure, financial leverage, liquidity, etc) which influence the non-financial UK companies regarding dividend policy. According to Batool and Javid (2014), board independence did not affect the dividend policy. The study explained that as compare to other emerging economies Pakistani companies pay lesser dividends because companies in Pakistan depend upon the external financing. Mehar (2005) also reports the same kind of results and explains that dividend policy in Pakistan is regularized in favor of managers instead of favoring shareholders.

Furthermore, weak positive relationship has been found between board independence and dividend policy by Sharma (2011). Another study by Hu and Kumar (2004) also find the similar results but statistically significant. Consistently, Jiraporn and Ning (2006) also reported positive association

between dividend yield and board independence. It shows that the greater independence of the board helps in mitigating the agency cost problems by enabling shareholders get more dividends.

Belden, Fister, and Knapp (2005) indicate that when the board comprises of outside directors, it tries to reduce agency cost in the company. They further explain that shareholders are effectively represented and secured by outside directors, and their rights in company are properly ensured in the company. They conclude that the more the outside directors the more dividends will be paid by the company. It means the board independence has positive relationship with dividend payout. Those findings are also consistent with Kowalewski, Stesyuk, & Talavera (2007), they report that shareholders demand more dividends when the board of directors consists of inside directors as they are worried about the decisions by board made regarding earnings. By examining the literature of board independence, this study also expects the positive relationship between board independence and dividend payout policy.

2.2.1.3 CEO Ownership and Dividend Payout Policy

CEO (chief executive officer) ownership is defined as the sum of the proportion of shares outstanding held by a CEO plus the proportion of shares outstanding in options held by the CEO times the Black–Scholes hedge ratio which is the delta (Tong, 2010).

According to study Wen and Jia (2010), they did research on 137 bank holding companies on the data of 15 years (i.e. 1993 to 2008). They find that there is a negative relationship between CEO ownership and dividend payout. They further explain that managerial ownership, institutional ownership and dividend can be substituted for one another to minimize the problems of agency cost.

Furthermore, study conducted by Haye (2014) based on 120 financial services companies trading on NASDAQ, NYSE and AMEX during the year 2011. He finds that companies with low CEO ownership pay higher dividends to the shareholders. Therefore, it can be said that there is negative association between CEO ownership and dividend payout policy. Executive stock ownership may serve as an important device in reducing agency friction in situations in which information asymmetries prevent the board from effectively monitoring the company's cash management and capital spending activities.

Another study conducted by Maury and Pajuste (2002) based on 164 listed companies trading on Helsinki Stock Exchange in Finland during the year 1999. They documented that the company pay lower dividends when the CEO also is the large shareholders. The result is consistent with previous study of Schooley and Barney (1994), they did research on 235 companies in U.S. They find that CEO stock ownership has a significant negative relationship with dividend payout. Companies in which the CEO owns shares should have less agency problems of equity, therefore, less of a need to use the dividend as a disciplining mechanism. Moreover, the research did by Gohar and Lone (2007) also show the negative impact between the CEO ownership and dividend payout policy on 38 companies listed in KSE-100 index list in Pakistan for period of five years from 2006 to 2010. He stated that there are many opportunities for investment in the market. Thus, compare to make a dividend payout decision, the CEO's prefer to use the earnings for the investment purposes.

By examine the effect of CEO ownership on the dividend policy, the result do not show any significant impact of CEO share ownership on dividend payout policy publicly listed companies from the UK, Germany, France, Italy, the Netherlands, and Spain, over the period from 2002 to 2009 (Cesari & Ozkan, 2013).

In conclusion, this study believes that there is a negative relationship between the CEO ownership and the dividend payout policy.

2.2.1.4 CEO Duality and Dividend Payout Policy

This research examines the relationship between the CEO duality and dividend payout. According to Krenn (2014), CEO duality is chief executive officer also hold the function of the chairman of the board.

By examine the effect of CEO duality on the dividend policy a sample of 140 companies over the time span of 2006-2010 was chosen for this study, Mansourinia et al. (2013). They find that the relationship of variable of CEO duality with dividend policy of companies has not been observed. Therefore, there is no significant relationship between them indicates that existence of CEO and chairman of the board posts for one person in companies has no effect on dividend.

Besides that, Chen, Lin and Kim (2011) find that 1056 companies in Shanghai and Shenzhen stock markets is less likely to pay out dividends when the CEO holds dual positions as a Chairman in the company. This indicated that there is negative correlated with CEO duality and cash dividend policy. When CEO is the president on the board of directors (BOD), the BOD cannot perform their key function, as well as internal control system will invalidated. CEO gets more power to control the BOD and this will affect the independence of BOD. It will be more possible for CEO to pursue his own interests but not all shareholders' interests.

Based on study of Pan (2009), he finds that 74 Chinese companies in Hong Kong and Taiwan are also less likely to pay out dividends when the CEO holds dual positions as a Chairman in the company during the year 2005-2008. The reason is when CEO is also the chairman of board, they have more power to direct the company the way they want. Moreover, a dominant CEO may disagree with outside directors which may impede effective monitoring.

Schen and Suffian (2014) try to evaluate relationship between the CEO duality and dividend policy of listed oil and gas companies on Bursa

Malaysia over the period 2009 to 2013. The authors find that the execution of CEO duality can be used to align the interest of managers and shareholders and eventually reduce the agency cost. If the Chairman of the board is also the CEO of a company, he or she can control the managerial activities of the company. Thus, CEO duality company prefers to distribute lower dividend payout as dividends are not an effective agency control device. Another study by Arshad, Akram, Amjad, and Usman (2013) reported that there was a negative relationship between CEO duality and dividend policy in Pakistan.

However, Obradovich and Gill (2012) argue that CEO duality is positively and significantly influenced dividend policy by studying 296 United States (U.S.) listed companies in New York Stock Exchange (NYSE) from the period 2009-2011. Successful companies make profit which is distributed among shareholders and used for future growth and prosperity. When board of directors also the CEO, he or she required to make decisions related to earned income accumulated in retained earnings. He or she has options to invest earned income in operating assets, to acquire securities, or to distribute to shareholders in the form of cash dividends.

As a conclusion, this study believes that there is a negative relationship between the CEO duality and the dividend payout policy.

2.2.1.5 CEO Tenure and Dividend Payout Policy

CEO tenure defined as the number of years the CEO has retained his or her title as a CEO. If CEO tenure is longer, then they can gain more knowledge on how to operate the company well (Pan, 2009).

According to Ben Mohamed, Souissi, Baccar, and Bouri (2014) argument, they stated CEO tenure has positive correlated on dividend payout in 475 large manufacturers American companies traded at the NYSE stock market. CEO with long tenure can increase the sensitivity of corporate

investment to internal financing because internal financing sources are less costly than issuing new equity or concluding a debt contract. On the other hand, long tenure allows them to harmonize the board members and other sources of control.

Pan (2009) finds that there is a positive relationship between CEO tenure and dividend payout during the year of 2005-2008 in 74 Chinese companies in Hong Kong and Taiwan. They gain more knowledge on how to operate the company well when tenure becomes longer. Therefore, CEO experience may help companies overcome difficulties and increase profits, which is beneficial to shareholders.

Abed, Suwaidan and Slimani (2014) reported that there is positive association between CEO tenure and dividend payout in 266 industrial companies listed on the Amman Stock Exchange during the year of 2005-2010. They find that the higher the CEO tenure the higher the dividend payout because CEO with high tenure may able to affect the board of directors. The result is consistent with previous study of Van Pelt (2013). The CEO with a longer tenure will have more expertise and greater commitment. Therefore, they will put more effort in the company and lead to better monitoring. Another study done by Fagerland and Nilsen (2012) also stated that there is a positive relationship between CEO tenure and dividend payout. They found that CEO long tenure can gives them superior knowledge about the company's technology, which may improve the monitoring process.

However, the research of Boumosleh (2012) documented that there is a negative relationship between CEO tenure and dividend payout in all companies listed on the Investor Responsibility Research Center (IRRC) between the years 1996 and 2005. He found that the longer tenure and influential CEO prefer lower dividends because longer tenure are more entrenched and therefore are less likely to advocate lower dividends.

Conclusion, this study believes that there is a positive relationship between the CEO tenure and the dividend payout policy.

2.2.2 Control Variables

2.2.2.1 Company Size and Dividend Payout Policy

It is generally accepted that the larger companies have better access to the capital markets due to their capability of raising fund with less cost and with less complications as compared to smaller companies (Al-Malkawi, 2008). The study used the sample of Jordanian public listed companies for 15 years (e.g. 1989-2003) unbalanced data with 1137 observations and concluded that there is a positive relationship between company size and dividend payout. It is further explained by the study that it shows that large companies depend more on internal funds to pay dividends. Therefore, previous researches such as Barclay, Smith, and Watts (1995); Fama and French (2001) consider company size as the main element of dividend policy and found a positive relationship between company size and dividend payout policy.

Redding (1997) conducted research on 1958 U.S. companies from 1992 to 1993 and reported that large companies pay the more dividend as compare to smaller companies. This shows the positive association between company size and dividend payout. Consistently, Rafique (2012) examined the relationship between company size and dividend payout and found positive association by applying Multivariate Regression Analysis on 53 non-financial companies listed on Karachi Stock Exchange (KSE-100 Index) from the period 2005 to 2010. Furthermore, Malik, Gul, Khan, Rehman, and Khan (2013) conducted research on 100 non-financial and financial companies listed on Karachi Stock Exchange of Pakistan from the period 2007-2009 and reported that there is a positive relationship

between company size and dividend payout. Another study by Arshad et al. (2013) also conducted research on public companies listed on Karachi Stock Exchange from the period of 2007 to 2011 and found same result. The reason is that large company tends to send positive message to the market by paying more dividends, and tries to show that company expects future earnings and positive business activities.

On the other hand, Farinha (2003) finds significantly negative relationship between company size and dividend payout by investigating on 1302 public listed UK companies from the period 1991 to 1996. Kowalewski et al. (2007) and Ullah, Fida, and Khan (2012) also found the same results. Ullah et al. (2012) explained that company manager's planning to reinvest in business will be affected by reduced retained earnings after the company pays more dividend.

In addition, company size was found to be positively related to dividend payout by Adjaoud and Ben-amar (2010) while investigating the sample of 714 Canadian companies that were listed on Toronto Stock Exchange from the period of 2002 to 2005. It shows that the large companies heavily rely on internal funds rather than on external debt financing to finance their investment projects and those companies are capable to pay higher dividends to their shareholders. Same results are obtained from a study by Maldajian and El Khoury (2014) conducted research on the sample of Lebanese banks listed on Beirut Stock Exchange from the period of 2005 to 2011 and reported that there is a positive relationship between company size and dividend payout policy.

Most of the studies mentioned above support the positive relationship between company size and dividend payout policy (Fama & French, 2001; Aivazian, Booth, & Cleary, 2003; Maldajian & El Khoury, 2014). Therefore, this study also expects positive relationship between both variables.

2.2.2.2 Company Profitability and Dividend Payout Policy

To pay the dividend or not, is often decided after looking at the profitability of the company (Al-Malkawi, 2008). The authors revealed that dividend is paid after looking the annual profits of the company, which actually shows the strength of the company to pay dividends.

According to DeAngelo, DeAngelo, and Skinner (2004), Amidu and Abor (2006), profitability is considered as an important determinant of dividend policy. They found that the company profitability have positive relationship with the dividend payout. Maldajian and El Khoury (2014) examined Lebanese banks listed on Beirut Stock Exchange from the period of 2005 to 2011 and finds that there is a negative relationship between company profitability and dividend payout policy because sometimes profitable companies tend to pay fewer dividends to shareholders and invest the earnings in business.

Another study by Al-Malkawi (2008) used the sample of Jordanian public listed companies for 15 years (e.g. 1989-2003) unbalanced data with 1137 observations and concluded that companies with growing profitability pay more dividends. His finding is in line with the argument of Aivazian et al. (2003) who reported signaling theory of dividend policy; companies with higher profits tend to pay more dividends to the shareholders to send a message of good financial performance of the companies.

Performance of a company is primarily measured on the basis of profitability of a company. Aivazian et al. (2013) studied the relationship between dividend behavior and company performance among emerging markets and public listed companies of United States and reported that profitability of company affects dividend behavior positively. In addition, Amidu and Abor (2006) by investigating the sample of 22 companies listed on Ghana Stock Exchange from the period 1998 to 2003 reported that there is a positive relationship between company performance and

dividend behavior. This explains that higher profitable companies tend to pay higher dividends.

In addition, Gupta and Banga (2010) included 150 Indian companies that were listed on Bombay Stock Exchange for the period of seven years. The result showed that there is significantly negative relationship between company performance and dividend payout, which is also consistent with other studies (Aurangzeb & Dilawer, 2012; Kania & Bacon, 2005). This shows that the profitable companies prefer to pay fewer dividends to their shareholders. It is explained by Rozeff (1982) that companies with higher profitability tend to invest in future projects to expand the business if they notice more growth opportunities. Therefore, this study also expects positive relationship between company's profitability and its dividend payout because higher the profitability higher will be the dividend payout.

2.2.2.3 Company Growth and Dividend Payout Policy

As stated by Zhou and Wit (2009), company growth is an important indicator of a thriving economy. Growth is an organizational outcome resulting from the combination of company-specific resources, capabilities and routines. A company's growth opportunities are related to its current organizational production activities.

Based on study of Hellström and Inagambaev (2012), Ordinary least square (OLS) and Tobit regression methods are used to determine the relationship between the company growth and the dividend payout ratio during a time period of five years, between 2006 and 2010. There is a negative relationship between company growth and dividend payout because the fact that growing companies rather choose to retain earnings internally instead of paying dividends to shareholders. A company able to grow usually has to increase the investments. However, the investments are expensive; therefore a company has to reduce other cash outflows since dividends are a type of cash outflows. Consistent with early study by

Rozeff (1982), he found that the companies create lower dividend payout ratios when they experiencing higher revenue growth because this growth involve higher investment expenditures. This evidence supports the view that dividend policy influences by the investment. The reason of investment policy influences the dividend policy is that external finance is costly.

Based on 48 manufacturing companies in U.S. during the year 1994-2003, Juma'h and Olivares Pacheco (2008) documented negative relationship between company growth and dividend payout. There is consistent study done by Higgins (1972) and Lloyd (1985).The reason is companies that are experiencing higher rate of growth will need to maintain minimum dividends payout to avoid the external financing costs.

There is negative association between company growth and dividend payout in 30 Kenya non-financial companies for period of 2007 to 2011 (Musiega, Alala, Douglas, Christopher & Robert, 2013). This is because the higher the company growth, the more the need for funds to finance expansion and the more likely the company is to retain earnings than pay them as dividends.

However, contrarily with previous study by Murekefu and Ouma (2012), the author reported that there is a positive relationship between company growth and dividend payout in 58 companies are listed in the Nairobi Securities Exchange (NSE) in Kenya during the year 2012. They stated that managers should contribute adequate time in designing a dividend policy that will enhance company growth and shareholder value. Several researches have been documented on dividend policy. Many authors come up with different findings from their studies on the dividend policy. Overall, this study believes that there is a negative relationship between the company growth and the dividend payout policy.

2.3 Proposed Theoretical Framework

Figure 2.1: The effect of corporate governance on dividend policy for trading/services in Malaysia from year 2009 to year 2013

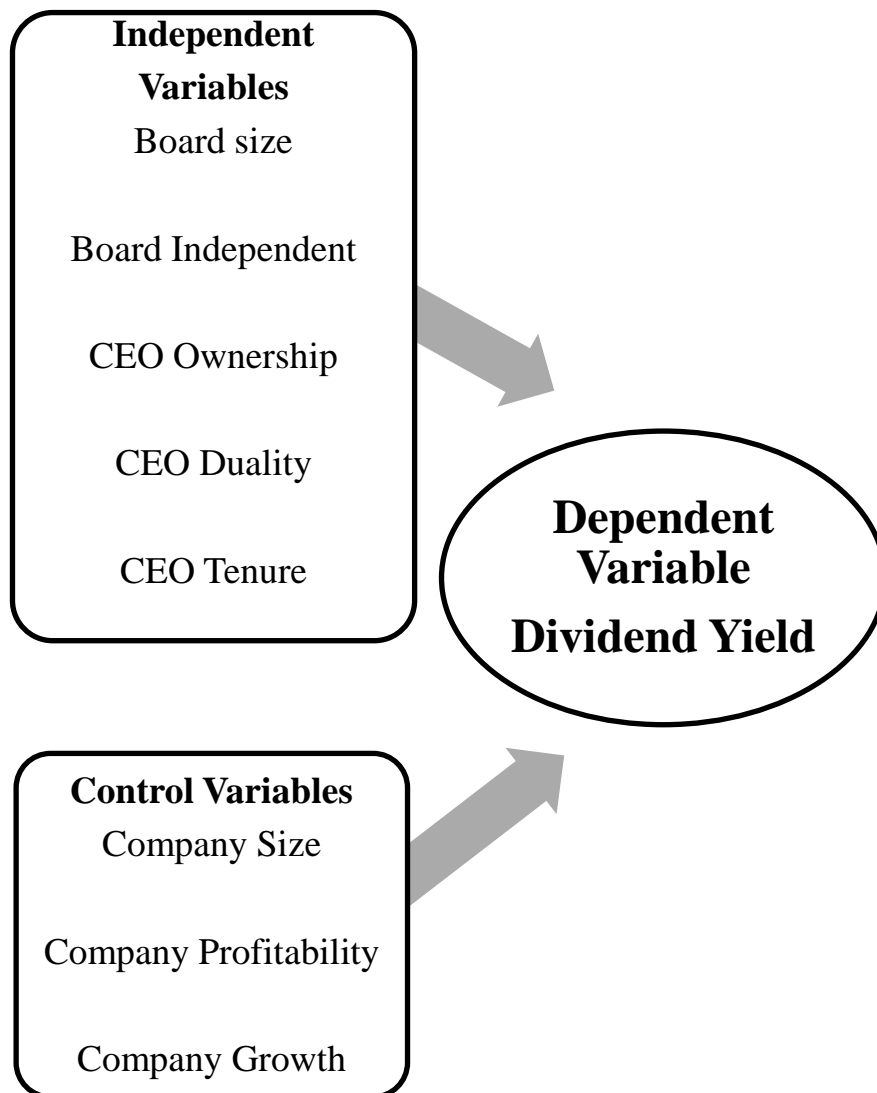


Figure 2.1 shows the theoretical framework of independent variables (board size, board independence, CEO ownership, CEO duality, CEO tenure) and control variables (company size, company profitability, company growth) in influencing the dependent variable of dividend yield.

2.4 Hypotheses Development

2.4.1 Board Size and Dividend Payout Policy

It is assumed that if the number of directors will increase, it will also increase the dividend payouts (Van Pelt, 2013). From the research of Mansourinia et al. (2013), it can be said that there is a relationship between board size and dividend policy. Findings by Uwuigbe (2013) also show the same result of board size affects the dividend payout positively. Therefore, this study also expects the positive relationship between dividend payout and board size.

H_1 : There is a positive relationship between board size and company's dividend yield.

2.4.2 Board Independence and Dividend Payout Policy

By examining the literature on the relationship between dividend payout and board independence, it can be said that there is positive association between board independence and dividend payout, which has also been found by Uwuigbe (2013).

H_2 : There is a positive relationship between the board independence and company's dividend yield.

2.4.3 CEO Ownership and Dividend Payout Policy

According to the studies of Schooley and Barney (1994), Maury and Pajuste (2002), Gohar and Lone (2007), Wen et al. (2010) and Haye (2014) they find that the CEO ownership has a negative effect with dividend payout policy.

H₃: There is a negative relationship between the CEO ownership and company's dividend yield.

2.4.4 CEO Duality and Dividend Payout Policy

Mansourinia et al. (2013), Chen et al. (2011), Pan (2009), Schen and Suffian (2014) and Arshad, et al. (2013) find that company is less likely to pay the dividends when the CEO holds dual positions as a Chairman in the company. Therefore, this indicated there is a negative correlated with CEO duality and cash dividend policy.

H₄: There is a negative relationship between the CEO duality and company's dividend yield.

2.4.5 CEO Tenure and Dividend Payout Policy

According to Ben Mohamed et al. (2014), Pan (2009), Abed et al. (2014), Van Pelt (2013) and Fagerland and Nilsen (2012), they find that the greater the number of CEO sitting on the board, dividend payout of the company will increase. This indicated there is a positive relationship between the CEO tenure and dividend payout.

H₅: There is a positive relationship between the CEO tenure and company's dividend yield.

2.5 Conclusion

Chapter two consists of literatures reviews from previous researchers on the variables employed in this study. Five hypotheses are then developed and the expected sign of the variables had been shown based on the result from past researchers. This chapter also includes the review of relevant theoretical models which include signaling theory, agency theory and stewardship theory.

CHAPTER 3 METHODOLOGY

3.0 Introduction

In this chapter, the methodology of this research employed will be presented. A total of five main corporate governance factors: board size, board independence, CEO ownership, CEO duality and CEO tenure are examined to study the effect on dividend yield of company in Malaysia trading/services industry. There are total of 183 companies to be observed for those variables from the year 2009 to the year 2013. Secondary data is used in this study and the method of research design, data collection method, sampling design, data processing and data analyses are described.

3.1 Research Design

Quantitative research is use in this study to investigate the relationship between dependent variable, independent variables and control variables. This methodology is widely used by previous researchers to quantify the data and run for statistical analysis (Malhotra, 2007). There were total 196 trading/services companies listed under Bursa Malaysia. 13 companies under Ace Market which is sponsor-driven had been excluded and remaining 183 companies under Main Market been choose.

A five years range of period used to examine the relationship between variables from year 2009 to year 2013 which is the closest to the year of this research taken whereby the lacking of data for certain companies in year 2014. During this range of period, the global financial crisis (GFC) happen in US market in year 2008 had affect Malaysia economic and cause Malaysia share prices fell sharply. However, Malaysia is recovery fast from the crisis on year 2009 and this driven this thesis choose to investigate from the year 2009 (Ibrahim, 2011).

Panel data been used and total of 915 observations from each 183 companies for five years period will be observed to run the analysis. The secondary data are collected from the DataStream and company's annual report that available from Bursa Malaysia. The research analysis design included panel data analysis: pooled OLS model, fixed effects model (FEM), random effect model (REM), poolibility hypothesis test, Hausman test; and diagnostic test on normality, multicollinearity, autocorrelation, heteroscedasticity and unit root test. E-Views 7 software is used as a tool to run this quantitative research.

3.2 Data Collection Method

This research is aims to examine the factors that will affect the dividend policy of Malaysia public listed companies in trading/services sector. The variables been chosen to used are dividend yield, board size, board independence, CEO ownership, CEO duality, CEO tenure, company size, company profitability and company growth. Therefore, secondary data is used to conduct this research.

The data are collected from DataStream and companies' annual report from Bursa Malaysia and companies website for the sample period of year 2009 to year 2013. Data collected will therefore apply into variables formula that will discuss in 3.4 data processing section. Table 3.1 shows the data sources and method of collection of variables.

Table 3.1: The Data Sources and Method of Collection of Variables

Type of Variables	Variables	Unit of Measurement	Sources and Method
Dependent Variable	Dividend Yield	Percentage (%)	Data stream
Independent Variables	Board Size	Natural Logarithm	Companies' Annual Reports
	Board Independence	Percentage (%)	
	CEO Ownership	Percentage (%)	
	CEO Duality	1 : CEO & Chairman 0 : CEO only	
	CEO Tenure	Natural Logarithm	
Control Variables	Company Size	Natural Logarithm	Data stream
	Company Profitability	Percentage (%)	
	Company Growth	Percentage (%)	

3.3 Sampling Design

3.3.1 Target Population

Population targeted for a research can be defined as the group of units a researcher interested and focused to study (Patton, 1990). This research intends to examine the influence of corporate governance of Malaysia trading/services industry towards its dividend policy by focusing the public listed company from the year of 2009 to year 2013. In this research, the population targeted is the trading/services sector in Malaysia. As mentioned in the data collection method, trading/services sector in Malaysia consists of total 196 trading/services companies listed under Bursa Malaysia, where 13 companies listed under Ace Market which is sponsor-driven and it had been excluded and remaining 183 companies under Main Market been choose. After that, the 183 companies been used

to examine the relationship on how corporate governance influence the dividend policy.

The reason inspired this study choosing trading/services industry is because fewer previous researchers do the same research in this industry. For the evidence in Malaysia, Esfahani and Jaffar (2013) examined the impact of corporate governance on dividends payout of all Malaysian listed companies for the year of 2009 and year 2010. Subramaniam and Susela (2011) take the sample that consists of 300 of the highest capitalized companies listed on Bursa Malaysia for the years 2004 until year 2006 to investigate the relationship between dividend policy and board size and board composition. Chaghadari (2011) randomly selected 30 companies from main market of Bursa Malaysia under construction and materials industry where collected from year 2007 fiscal year.

Besides, from the report of National Production and Expenditure Accounts for the year 2005 to 2013, it shows there were a continuously increase trend of the contribution in gross domestic product by the trading/services sector which increase from RM 254,322 million in year 2005 to RM 507,875 million in year 2013. This increase trend would prove that the expansion of this sector in Malaysia and possible increase the interest of investor or shareholder to invest in this sector. Therefore, it becomes a need to investigate the dividend policy and corporate governance in the companies of trading/services sector.

Moreover, there were previous companies in Malaysia trading/services sector that faced corporate governance failure and cause those companies had been bankrupt or been de-listed under Bursa Malaysia, for instance, Technology Resources Industries Berhad, Transmile, Megan Media and Malaysia Airline Systems (Norwani, Mohamad, & Chek, 2011). This driven the study to investigate the reason that cause those companies that under trading/services sector fail in corporate governance that cause bad distribution of dividend policy.

3.3.2 Sampling Technique

3.3.2.1 E-Views

In this paper, the sampling technique used is Electronic Views or former known as E-Views. E-Views 7 software been use to run the regression analysis for the study. This software is widely used by previous econometrics research with it function of predict, forecast and provide analysis of data. E-Views 7 software been used in this study to run diagnostic checking of normality, multicollinearity, heteroscedasticity, autocorrelation. Besides, it also use to run panel data analysis of poolibility test, fixed effects model test, random effect model test, Hausman Test and others. Empirical results also have been collect by using this software for T-Test, F-Test, R statistic, R^2 statistic and also adjusted R^2 statistic.

3.3.2.2 Panel Data

In this study, panel data been collect and use to run the analysis. Panel data or the other name, cross-sectional time series data or longitudinal data, are the data where multiple cases such as country, company and others that were observed at more than two periods of time. Hence, the observation will involve minimum of two dimensions which one is cross-sectional and the other one is time series. In this study, cross sectional will be the companies which indicate by N , and time series will be time period from year 2009 to year 2013 which indicate by t (Gujarati, 2003).

The process to collect panel data is costly and spend much more time compare to others data, however, the panel data is easily been collect from DataStream due to it is widely available worldwide (Hsiao, 2007). Panel data is seen to provide more accurate and simplify computation on parameters of model, and have great ability and capacity to capture

complexity of human behaviour compare to other type of data (Hsiao, 2007).

3.3.3 Sampling Size

Trading/services sector in Malaysia consists of total 196 trading/services companies listed under Bursa Malaysia, where 13 companies listed under Ace Market which is sponsor-driven and it had been excluded and remaining 183 companies under Main Market been choose. Time period been choose is five year period from year 2009 to year 2013. Therefore, this research paper initially include 183 companies ($N = 183$) from year 2009 to year 2013 ($t = 5$), total initial observations will be 915 (183×5). However, due to the missing of data, lastly 162 companies to be use in this research. At the end, 162 companies from year 2009 to 2013 been choose and final observations of 810 will be use to run the analysis to determine the relationship between dependent, independent and control variables. Table 3.2 shows the details of data filtration process.

Table 3.2: Data Filtration Process

	Number of Company (N)	Time Period from year 2009 to year 2013 (t)	Total (N x t)
First Stage			
Main Market	183	5	915
Ace Market	13	5	65
Total	196	5	980
Second Stage			
Main Market	183	5	915
Third Stage			
Main Market	183	5	915
Missing Data	21	5	105
Final Observations	162	5	810

3.4 Data Processing

3.4.1 Dependent Variable

3.4.1.1 Dividend Policy

$$\text{Dividend Yield (DY)} = \frac{\text{Dividend Per Share (DPS)}}{\text{Price Per Share (PPS)}} \times 100$$

To measure dividend policy, dividend yield is used to examine it by taking dividend per share and dividing it by price per share. This indicator is widely used by previous studies to measure dividend policy (Ho, Lam & Sami, 2004; Abdul Wahab, How, & Verhoeven, 2008; Sulong & Nor, 2010; Huang, Chen, & Kao, 2012; Hashemijoo, Ardekani, & Younesi, 2012). Dividend yield is suitable to measure dividend policy because it is a market measurement that uses share price as compared to the dividend payout ratio that uses accounting measurement that uses net income to compute (Sulong & Nor, 2010). Besides, dividend yield can prevent from the problem of getting a negative result whereby share price won't be negative in value but earnings will be negative in value if the companies are getting lost (Schooley & Barney, 1994).

3.4.2 Independent Variable

3.4.2.1 Board Size

$$\text{Board Size} = \text{Log} (\text{Total Number of Director on the Board})$$

According to Germain, Galy, and Lee (2014), Huang and Wang (2014), Chen (2014) and Aggarwal, Evans, and Nanda (2012), size of the board has been calculated by summing up all the number of board directors.

However, there are some researchers who have used other methods to measure board size. Chen and Al-Najjar (2012) applied the natural logarithm of the number of directors on the board to measure the size of board and the square of the number of board directors is also the measurement for board size that is applied by Romano and Guerrini (2014). This study also measures board size by taking log of number of directors. The reason is that the number of directors is the non-zero number; therefore, the variable might be skewed. According to Manning and Mullahy (2001), skewed variable will produce unbiased results. Therefore, natural logarithm is used to address this issue, which has also been adopted by previous studies (Farinha, 2003; Garg, 2007).

3.4.2.2 Board Independence

$$\text{Board Independence} = \frac{\text{Number of Independent Non-Executive Directors}}{\text{Board Size}} \times 100$$

To measure board independence, Muniandy and Hillier (2014) used number of independent non-executive directors divided by board size. On the other hand, the researchers measured board independence by including percentage of outside directors, CEO-Chairman separation and nominating committee independence (Lu & Wang, 2015). Besides, the board independence acts as dummy variable so when the total number of non-executive directors is above the sample median, the board independence is equal to one and vice versa when equal to zero (Amran & Manaf, 2014). This study will choose to use number of independent non-executive directors divided by board size as the measurement for board independence, which methodology is used by many previous studies (Germain et al., 2014; Chau & Gray, 2010; Chen & Al-Najjar, 2012).

3.4.2.3 CEO Ownership

$$\text{CEO Ownership} = \frac{\text{Number of Shares Held by CEO}}{\text{Number of Shares Outstanding}} \times 100$$

To measure CEO ownership, Kim and Lu (2011) indicated use the percentage of outstanding common shares held by CEO divide by common stocks outstanding. This indicator is supported by previous researches to measure CEO ownership (Ghosh, Moon, & Tandon, 2007; Mehran, Taggart, & Yermack, 1999; Chung, & Pruitt, 1996). They also found out that this indicator is the most appropriate and significant to measure CEO ownership. Therefore in this study will use this approach to measure CEO ownership.

3.4.2.4 CEO Duality

CEO Duality = Dummy variable that equals 1 if the CEO is Chairman and 0, otherwise

To measure CEO duality, Davidson, Goodwin-Stewart and Kent (2005) stated that duality status is only two categories which is 'yes' or 'no'. If CEO hold dual position (CEO is chairman), its dummy variable value is one, otherwise hold CEO only, the value is zero. According to the finding of Hashim and Devi (2008), Mohamad and Sulong (2010) stated that the similar method was used to measure CEO duality. Besides that, Chen et al. (2011) documented CEO duality is whether have CEO duality or not as the index, if have CEO duality, it is equal to one, otherwise, it is equal to zero.

3.4.2.5 CEO Tenure

CEO Tenure = Log (Number of years that the CEO has served as CEO)

CEO tenure represents the number of years that the CEO has served as a CEO (Linck, Netter & Yang, 2007). Moreover, from the research of Pan (2009), he also found that CEO tenure is the numbers of years the CEO retained his or her title as a CEO. He documented CEO can gain more knowledge on how to operate a company well if the CEO tenure is longer. Thus, CEO experience can help the companies to solve difficulties and increase the profit which is beneficial to the shareholders. Abed, et al. (2014), Zheng (2010) also support that the CEO tenure is the length of period in whole accounting years since the CEO was on the position.

3.4.3 Control Variables

3.4.3.1 Company Size

Company Size = Log (Total Assets)

According to Dalbor, Kim, and Upneja (2004) justified that there was several ways such as use natural logarithm of sales, natural logarithm of total assets and the number of owners and number of employees to compute the company size. Dogan (2013) also supported use three indicators to measure company size. On the others hand, Niresh and Velnampy (2014) suggested that use two indicators including natural logarithm of total assets and total sales to measure company size. While for the researchers of Pervan and Visic (2012) resulted that measure company size can use this two indicators such as natural logarithm of total assets and number of employees.

However, Xie (2014) use the natural logarithm of annual sales to measure company size. Many previous studies also use sales indicator to measure company size (Lu, Xu, & Liu, 2009; Mehran et al., 1999; Sheikh, & Wang, 2011). Huang and Song (2006) indicated that company size measure use sales rather than total assets because if use both will highly correlated and want to avoid probability fraudulent correlation. Apart from that, Abor and Fiador (2013) stated that use natural logarithm of total assets to measure company size. Many previous studies also use this indicator to measure company size (Rafique, 2012; Jiraporn, & Ning, 2006; He, & Sommer, 2011; Kouser, Bano, Azeem, & Hassan, 2012; Sahudin, Mahmood, Ismail, Pardi, Aziz, & Sahudinet, 2011).

There are various ways to measure company size, for example natural logarithm of total assets, natural logarithm of sales, or number of employees. But, the number of employees is not suitable to compute company size this is due to the lack of employment data in the companies (De & Nagaraj, 2014). Samuels and Smyth (1968) indicates the most suitable approach is use natural logarithm of total assets to measure company size this is because most of the companies have to release asset's amount in the balance sheet and this may provide the advantage to easily get the amount for compute the company size. Therefore, in this study will use natural logarithm of total assets to compute company size.

3.4.3.2 Company Profitability

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

When calculate the ROA, researchers need to use the company net income divided by the company total assets. According to Soutes and Schvirck (2006), they have realized that there are three types of ways to measure the company income and favorable in applying to the ROA formula, for example, operating income, comprehensive income and net income. The

author suggested net income is the most suitable to use when calculating ROA. This is because net income only includes activities which directly influences the company result and continue triggers the management team actions. Besides that, there is evidence show that the ROA ratio is more suitable in measuring the profit of the company (Almazari & Almumani, 2011). They also have conducting experiment in their study to prove the statement by comparing the ratio of ROA and operating income-size.

3.4.3.3 Company Growth

$$\text{Revenue Growth} = \frac{R_t - R_{t-1}}{R_{t-1}} \times 100$$

R_t =Revenue this year
 R_{t-1} =Revenue last year

This research has used the revenue growth formula to measure the company growth. Formula of revenue growth is equal to company revenue earned by this year (R_t) minus company revenue earned by previous year (R_{t-1}), then divided by the company revenue earned by previous year (R_{t-1}). This measurement is supported by Deo (2013), Jang and Park (2011), Bei and Wijewardana (2012). They also found out that this ratio is able to give significant to the company growth.

3.5 Data Analysis

This paper examine the relationship between dividend yield, board size, board independence, CEO ownership, CEO duality, CEO tenure, company size, company profitability and company growth in Malaysia trading/services companies. The regression model for this research is regressed as below:

Model:

$$DY_{it} = \beta_0 + \beta_1 LOG_BS_{it} + \beta_2 BI_{it} + \beta_3 CEOO_{it} + \beta_4 CEOD_{it} + \beta_5 LOG_CEOT_{it} + \beta_6 LOG_CS_{it} + \beta_7 CP_{it} + \beta_8 CG_{it} + \varepsilon_{it}$$

Where,

β_0 = Intercept for the regression model

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7, \beta_8$ = Partial regression coefficients

DY = Dividend Yield

LOG_BS = Natural Logarithm of Board Size

BI = Board Independence

CEOO = CEO Ownership

CEOD = CEO Duality (Dummy Variable)

LOG_CEOT = CEO Tenure

LOG_CS = Natural Logarithm of Company Size

CP = Company Profitability

CG = Company Growth

ε = Error terms of the regression model

3.5.1 Panel Data Techniques

3.5.1.1 Pooled OLS Model

Pooled ordinary least square (OLS) is used to estimate the regression model (San & Heng, 2011), because it helps to minimize the errors. OLS is the time invariant where the slopes and intercepts are constant. This model consists of the characteristics that are constant over time. Therefore, the analysis and interpretation of the result becomes easier. Besides, there are also some disadvantages of this model, i.e it doesn't distinguish between the various observations over time. The relationship between dependent variable and independent variable can be mathematically represented as follows:

$$Y_{i,t} = \alpha + \beta X_{i,t} + \varepsilon_i$$

Where:

Y = Dependent variable of company *i* at time *t*

α = intercept

β = Coefficient of X

X = Independent variable of company *i* at time *t*

ε = error term

The relationship is described by using the equation above between *Y* and *X* where α (intercept) indicates dependent variable's (*Y*) value when the independent variable (*X*) is zero. β indicates the regression coefficient that explains the change in dependent variable (*Y*) linked with the change in independent variable (*X*).

3.5.1.2 Fixed Effects Model (FEM)

Fixed effects model ignores the correlation between lagged dependent variable and error term (Nickell, 1981). In this model, slopes are constant but intercepts and time invariant are different. In addition to this, there are some drawbacks of this model, for example if several dummy variables are included in the model then it will affect the degree of freedom and therefore it might lose some important information. Moreover, if the model consists of several independent variables then there can be the problem of multicollinearity. The model can mathematically be presented as follows:

$$Y_{i,t} = \alpha + \beta X_{i,t} + \mu_i + \varepsilon_i$$

Where:

Y = Dependent variable of company *i* at time *t*

α = Intercept

β = Coefficient of X

X = Independent variable of company *i* at time *t*

μ = Company fixed effect

ε = Error term

3.5.1.3 Random Effect Model (REM)

Random Effect Model is also known as the error components model. Random Effect Model assuming the intercept of an individual unit is a random drawing from a much larger population with a constant mean value (Gujarati & Porter, 2009). Random error terms can determine the different of personality for different observations in a period of time. REM does not include the dummy variables. When comparing between FEM and REM, the number of unknown parameter in REM has been decrease. Since the numbers of independent variables have been reduced, it reduces the probability of the multicollinearity problem (Laird & Ware, 1982).

$$Y_{it} = \beta_{1i} + \beta_2 X_{it} + u_{it}$$
$$Y_{it} = (\beta_1 + \varepsilon_i) + \beta_2 X_{it} + u_{it}$$
$$Y_{it} = \beta_1 + \beta_2 X_{it} + \varepsilon_i + u_{it}$$

Where

β_1 = Mean for intercept

β_2 = Slope of independent variable X

X_{it} = Independent variable X

ε_i = Cross-section or individual-specific error component is random or not constant

u_{it} = Combination between time series and cross sectional error component

3.5.1.4 Poolability hypothesis test

The poolability test or called Likelihood Ratio Test is used to examine either the panel data are poolable and the slopes of regressor are same across the time periods (Park, 2011). It is used to test which empirical model between Pooled OLS or FEM is most suitable for estimating the equation. The null and alternative hypothesis as:

H_0 : There is a common intercept on all the companies.

H_1 : There is no common intercept on all the companies.

The test statistics for poolability test is Restricted F test, and the formula as:

$$F = \frac{(R_{FEM}^2 - R_{POOL}^2) \div (K_{FEM} - K_{POOL})}{(1 - R_{FEM}^2) \div [n - (K_{FEM} + 1)]}$$

Let,

R_{FEM}^2 = R-squared of fixed effects model,

R_{POOL}^2 = R-squared of pooled model,

K_{FEM} = Number of independent variable of fixed effects model,

K_{POOL} = Number of independent variable of pooled model,

n= Number of observation

The decision rule is reject null hypothesis if the probability value of F-statistic is less than significant level, otherwise, do not reject null hypothesis. Reject null hypothesis mean that pooled OLS model is not valid and FEM is more appropriate.

3.5.1.5 Hausman Test

Hausman test was developed by Hausman in 1978 to test the empirical model between FEM or REM is suitable for estimating the equation and to determine the reasonableness of the fixed and random effects models (Gujarati, 2003; Bollen & Brand, 2008). The null and alternative hypothesis as:

H_0 : FEM and REM estimators do not differ substantially.

H_1 : FEM and REM estimators differ substantially.

The test use is H-test and the formula as:

$$H = (\hat{\beta}^{FE} - \hat{\beta}^{RE}) [Var(\hat{\beta}^{FE}) - Var(\hat{\beta}^{RE})]^{-1} (\hat{\beta}^{FE} - \hat{\beta}^{RE})$$

The decision rule is reject null hypothesis if the probability value of H- test statistic is less than significant level, otherwise, do not reject null hypothesis. Reject null hypothesis means FEM is more appropriate than REM whereby REM is correlated with any of the explanatory variables.

3.5.2 Diagnostic Test

3.5.2.1 Normality of Residual Test

Normality of error term is using a set of data to measure how likely the data is normally distributed. Abugri (2008) stated that Jarque-Bera test has been used to calculate the normality of residual test. Jarque-Bera test is the most preferable test to evaluate the goodness-of-fit tests (Gel & Gastwirth, 2008). Research will use E-Views 7 to determine the value of Jarque-Bera. Hypothesis has been set as:

H_0 : The residuals are normally distributed.

H_1 : The residuals are not normally distributed.

The decision rule is reject null hypothesis if the probability value of Jarque-Bera test statistic is less than significant level, on the other hand, do not reject null hypothesis.

Jarque-Bera (JB) formula:

$$JB = \frac{n - k}{6} \left[S^2 + \frac{1}{4} (K - 3)^2 \right]$$

Where,

n= Number of observation

k= Number of regressors

S= Sample of skewness

K= Sample of kurtosis

3.5.2.2 Multicollinearity

Gujarati and Porter (2009) documented that multicollinearity arises when more than one of the independent variables are highly correlated with one another. If yes, the regression model has difficulty telling which independent variables are influencing the dependent variables.

According to Gujarati and Porter (2009), multicollinearity may bring some effects to OLS estimators. OLS estimators are still BLUE despite multicollinearity because collinearity does not destroy the property of minimum variance. From the all linear unbiased estimators, OLS estimators are still the best and efficient due to they have minimum variance. Besides that, multicollinearity is essentially a sample phenomenon.

Therefore, even if the X variables are not related in population, it may be have influence in the particular sample. Moreover, unbiasedness is a multiple sample or repeated sampling property. If one obtains repeated samples, maintain the X value fixed and computes the OLS estimators for each of these samples. The average values will converge to the true value of population of the estimators when the number of samples increases.

There are two types of multicollinearity which are perfect and imperfect multicollinearity. Perfect multicollinearity represents a perfect linear relationship between the independent variables. Imperfect multicollinearity indicates when the independent variables in an equation are correlated. However, this correlation is less than perfect (Gujarati, 2003).

There is no one unique method to detect multicollinearity or measure its strength. However, there are some rules of thumb as high R-squared but few significant t-ratio. R-square is high. Thus, in most of the cases, F-test will reject the null hypothesis and the partial slope coefficients are equal to zero at the same time. However, the individual t-test will show none or few partial slope coefficients are statistically different from zero. Based on

the research of Gujarati (2003), Pearson correlation test is use to obtain pair-wise correlation coefficient to test the degree of multicollinearity between the explanatory variables. If correlation coefficient is larger than 0.8, the model is considered to have serious multicollinearity problem.

3.5.2.3 Autocorrelation

Autocorrelation means that the error term for any observations is related to the error term of other observations. No autocorrelation indicates that the error term between two periods is not correlated. $Cov(\mu_i, \mu_j) = 0$, $i \neq j$ and i and j are two different time period. Autocorrelation is the violation of this assumption (Gujarati & Porter, 2009). According to the study of Box and Jenkins (1976), autocorrelation is a correlation coefficient between two values of the same variable at times X_i and X_{i+k} .

Gujarati and Porter (2009) stated that autocorrelation may bring some effects to the OLS estimators. The OLS estimators are consistent and unbiased because both consistency and unbiasedness do not depend on assumption of no autocorrelation of error term. Moreover, the OLS estimators will be inefficient in the sense that will be able to obtain estimator with lower variance (underestimate). Hence, underestimated variance of estimator tends to produce a larger t-statistic and lead to the variables which are insignificant maybe considered as significant. Therefore, hypothesis testing is invalid.

There are two types of autocorrelation, pure autocorrelation and impure autocorrelation. Pure correlation is due to underlying distribution of error term of the true specifications of an equation that cannot be changed. Impure correlation means serial correlation dues to a specification error that always can be corrected such as omitted variable (Gujarati & Porter, 2009). For the decision rule, non-rejection range of null hypothesis is fall within 1.5 to 2.5 and would not reject null hypothesis if Durbin-Watson

test statistic fall within this range (Aga & Safakli, 2007; Hunsinger & Smith, 2008; Vogt & Johnson, 2011).

In order to overcome the autocorrelation problem, Gujarati and Porter (2009) suggest Durbin Watson d test.

H_0 : There is no autocorrelation.

H_1 : There is autocorrelation.

The decision rule is non-rejection range of null hypothesis fall within 1.5 to 2.5 and if H_0 is rejected, the regression model is faced autocorrelation problem.

3.5.2.4 Heteroscedasticity

Gujarati and Porter (2009) had specified that heteroscedasticity can separate the term to “hetero” which means difference and “scedasticity” which means spread and combine it will comes out “different variances”. In other words, heteroscedasticity problem happens when the variance of the error term is not constant. Researchers run heteroscedasticity diagnostic checking in order to examine the constant variance of error terms.

Long and Ervin (2000) stated that heteroscedasticity is common in cross-sectional data. Not only that, the researchers also mentioned that when heteroscedasticity occurs, it may bring few effect to the OLS estimators such as the OLS estimators still unbiased, but no longer efficient and no longer the best and therefore the OLS estimators no longer BLUE due to the error variance no longer achieve the optimal. Gujarati and Porter (2009) also supported this effect and noticed that the OLS method would underestimate the variances. If heteroscedasticity happen, variance of estimated slope coefficient will decrease and the standard error of

estimated slope coefficient will decrease as well. This will the value of t-test statistic and F-test statistic increase, therefore the hypothesis testing will become invalid.

There are several methods can be used to detect the presence of heteroscedasticity, which included Park test, Glejser test, White test, Breusch-Pagan Godfrey test, Goldfeld-Quandt test and ARCH test (in times series data).

Therefore, Gujarati and Porter (2009) stated that there are some methods can be applied, in order to overcome the heteroscedasticity problem. For instance, by using the Generalized Least Squares (GLS), which mean divide the whole model with variance, could restrain the heteroscedasticity problem. Besides GLS method, Weighted Least Squares (WLS) also one of the remedy that may use to overcome the heteroscedasticity problem, which it is just multiply a certain number with whole model, this can make the variance become constant. In this research, the panel regression model's results will be adjusted for White's heteroscedasticity consistent covariance estimator (White, 1980) by adopting White's cross-section coefficient covariance method or by using E-Views.

H_0 : The model is homoscedasticity.

H_1 : The model is heteroscedasticity.

The decision rule is reject null hypothesis if the probability value of test statistic is less than significant level, otherwise, do not reject null hypothesis. Thus, if H_0 is rejected, then the regression model is facing heteroscedasticity problem.

In this study, to correct for the heteroscedasticity bias from the panel regression model's results, White's cross-section coefficient covariance method been adopted to adjusted for White's heteroscedasticity consistent covariance estimator (White, 1980).

3.6 Conclusion

The dependent variable, independent variables and control variables are mainly obtained from company's annual report and DataStream for the observation period of year 2009 to year 2013. Two empirical tests which are Poolability Hypothesis Test and Hausman Test will be run to determine the suitable model to be applied for the panel data collected. E-Views 7 software is used to run the diagnostic checking. The results and analysis of each test will be further discussed in next chapter four.

CHAPTER 4 DATA ANALYSIS

4.0 Introduction

Panel data analysis for 162 companies under Bursa Malaysia public listed trading/services sector has been run for five years between year 2009 to year 2013. Panel data fixed effect model been use to examine the significance between the variables of dependent and independent. This chapter include descriptive analysis, scale measurement for poolability test, hausman test, normality test, multicollinearity and autocorrelation, inferential analysis on r-squared, F-test and empirical result.

4.1 Descriptive Analysis

Table 4.1 shows the summary of descriptive statistics for all variables of dividend yield, board size, board independence, CEO ownership, CEO duality, CEO tenure, company size, company profitability and company growth used in the study over the period of year 2009 to year 2013.

Dividend yield, DY has an average (median) of 2.610457 (1.895000) which represent that the average dividend per share is about 2.61% of the price per share for 162 Malaysia trading/services companies. The average is lower than average of 3.81% reported by Hashemijoo et al. (2012) that use 84 Malaysian consumer product public listed companies for a period of six years from year 2005 to year 2010. However, it is higher than the average of 2.27% reported by Abdul Wahab, et. al. (2008) by using panel analysis of 434 Malaysian listed companies during years 1999 to 2002. It also relatively close to average of 2.81% reported by Sulong and Nor (2010) that using a panel data analysis of 403 Malaysian public listed companies from years 2002 to 2005. Hence, it shows that, trading/services sector is pay lower dividend compare to consumer product sector, but as compare to overall sectors in Malaysia, it reach similar average around 2%. Besides, this

study shows that out of 162 companies from trading/services sector, there were company pay a maximum dividend yield of 25.91% and there were company that didn't pay dividend which the result show a minimum dividend yield of 0%. This means that some company didn't declare dividend to its shareholder on certain accounting year based on the dividend policy which the board decided.

The log of board size, LOG_BS has a maximum of 1.230449, and an average (median) of 0.867332 (0.845098). Both of the result is relatively close to result reported by Abidin, Kamal, and Jusoff (2009) that have a maximum log of board size of 1.11394 and an average log of board size of 0.894316 from a randomly selected sample of 75 Malaysian public listed companies. However, the sample of this study have lower minimum of 0.477121 compare to Abidin et al. (2009) that have minimum of 0.698970. Besides, Sulong and Nor (2010) reported a higher average log of board size of 2.038. Moreover, Rashid, Nor, and Ibrahim (2013) reported an even higher average log of board size of 7.7961 for the sample of 361 Malaysian public listed companies from year 2002 to 2007. It also similar to both maximum and minimum log of board size that is higher than this study which is twenty and three, respectively. It can observe that public listed companies have average board size around seven but trading/services just have lesser around 6.3 of board size.

The board independence, BI has an average (median) of 43.89336 (42.85714). In Malaysia, from the boards, at least two or 33% out of the total board size must is independent directors (SCM, 2012). Hence, the sample has an average of board independence of 43.89% that fulfill the requirement of at least 33% of board size is independent. It is lower than the average board independence of 49% reported by Khan, Bajuri, Rehman, Lee, and Khan (2014) that use a sample of 178 Malaysian industrial public listed companies from the year 2002 to year 2011. On the other hand, it is higher than study of Subramaniam and Susela (2011) that have an average board independence of 41.2% which that use 300 Malaysian public listed companies for the years ended 2004 till 2006 as sample. In this study, the sample has maximum board independence of 100%. This means that there were some companies under trading/services sector, the board of directors is all independent directors. On the other hand, the minimum of 12.50% shows that

there was company that didn't fulfill the requirement standard of board independent of 33% out of the total board size.

The CEO ownership, CEOO has an average (median) of 11.43999 (1.280952). This means that from the sample, the CEO of companies holding an average of 11.44% of share out of the total share outstanding. Out of the sample of this study, there were some companies CEO didn't hold any company share that show by the minimum of 0%. However, the maximum 310.57% is shows by Pharmaniaga Berhad in the year of 2013. This outcome is relative near to the average obtain from the report of Abidin et al. (2009) of 11.69% and also 11.50% reported by Chin and Abdullah (2013) that use the sample of 100 Malaysian public listed companies from year 2000 to year 2007. However, it is higher than the average CEO ownership reported by Zakaria, Purhanudin,, and Palanimally (2014) of 4.81% for sample using balance panel data of 73 Malaysian trading/services public listed companies for period of year 2005 to year 2010. This outcome show the average CEO ownership has been increase during the sample periods from years 2009 to 2013.

In this study, result shows there were CEO that hold dual position of CEO and chairman, and also some CEO only act as CEO only. Out of 162 companies in five years periods, the average of companies CEO hold dual position is 17.65% which show from the CEO duality, CEOD has an average (median) of 0.176543 (0.000000). However, the study of Sulong and Nor (2010) have higher average on CEO duality of 29.4% of CEO of dual position out of it sample. Besides, the study of Schen and Mohd Suffian (2014) reported an even high average of 50.77% of CEO hold dual position out of the sample of 13 Malaysian oil and gas public listed companies from year 2009 to 2013. This result show in the same sample periods, oil and gas sector CEO that hold dual position is higher than trading/services sector.

From the result, this study have maximum log of CEO tenure of 1.583959 and an average (median) of 0.656364 (0.709080). It is lower than reported by Azar, Rad, and Botyari (2014) that using the sample of 201 Malaysian public listed companies from year 2007 to year 2012 reported a lower average log of CEO

tenure of 0.979388. However, the maximum log of CEO tenure of 1.583959 is relatively close to the maximum of Azar et al. (2014) of 1.633468. Both study show a similar near of CEO tenure. Besides, it is relative close to average log of CEO tenure reported by Rachagan, Jane Lai, Terpstra, and Mahenthiran (2014) of 0.644443 out of the sample of 94 Malaysian public listed companies from year 2010 to year 2012.

In this study, the highest log of company size is 10.99575 and the lowest is 6.578066. The log of company size, LOG_CS has an average (median) of 8.667457 (8.545487). This average relative close to the average log of company size of 8.46 that reported by Ramasamy, Ong, and Matthew Yeung (2005) that use 30 Malaysian plantation-based public listed companies as sample over the period of year 2001 to year 2003. Similar to the minimum of 6.520 that close to this study but the maximum log of company size of 12.872 is slightly higher than the result of this study. Moreover, this study has lower log of company size in maximum, minimum and also average compare to result reported by Borhanuddin and Ching (2011) that use 276 Malaysian public listed companies from six main industries from year 2002 to year 2005 which are 16.690, 8.216 and 12.51, respectively. Besides, compare to this study, Liew, Alfian, and Devi (2015) that use 379 Malaysian public-listed family companies as sample from year 2007 to year 2009 reported an even higher result which maximum of 24.4960, minimum of 16.9470 and mean of 19.6350.

From the results, there were company has high ability to have return on their total assets which has maximum of 47.12%. However, there was a company that unable to get a positive return but suffer huge losses on the total assets which have a minimum of company profit of negative 554.33%. The company profitability, CP has an average (median) of 3.068836 (4.546917). This means the sample companies will have average 3.07% return on their total assets. This outcome is relatively close to the average company profitability of 3.23% reported by Liew et al. (2015). Besides, it is more than the study of Irene Ting, Kweh, and Chan (2014) that use 240 Malaysian public listed companies as sample for period from year 2001 to year 2010 that reported average company profitability at 1.60%. However,

it is lower than the studies of Ramasamy et al. (2005), Chin and Abdullah (2013) that reported the average of 4.65% and 4.70% respectively.

From the sample, out of 162 trading/services companies from year 2009 to year 2013, there was company that has high growth which reaches a maximum of 7219.51%. It is higher than maximum company growth of 670.55% reported by Ramasamy et al. (2005). On the other hand, there was company has negative growth of minimum 99.11% and it is relative close to minimum company growth of negative 100% reported by Chin and Abdullah (2013). The company growth, CG has an average (median) of 18.84155 (4.601375). This means that the sample has average company growth of 18.84% during the periods. This statistic is higher than the average company growth of 8.27% reported by Ramasamy et al. (2005). However, this average relative close to the statistic reported by Chin and Abdullah (2013) that have average company growth of 18.9% and it is lower than the average of 34.1% of company growth reported by Irene Ting et al. (2014).

Table 4.1: Summary descriptive statistics of all variables

<i>N x t</i>	<i>Mean</i>	<i>Median</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Std. Dev.</i>
DY	2.610457	1.895000	25.91000	0.000000	3.045801
LOG_BS	0.867332	0.845098	1.230449	0.477121	0.115562
BI	43.89336	42.85714	100.0000	12.50000	12.74419
CEOO	11.43999	1.280952	310.5662	0.000000	22.49754
CEOD^a	0.176543	0.000000	1.000000	0.000000	0.381517
LOG_CEOT	0.656364	0.709080	1.583959	-1.070931	0.488187
LOG_CS	8.667457	8.545487	10.99575	6.578066	0.773670
CP	3.068836	4.546917	47.11845	-554.3310	22.50178
CG	18.84155	4.601375	7219.507	-99.11837	259.0922

Notes: 1. ^a denotes dummy variable; 2. The data runs for five years period, from years 2009 to 2013. N = 162 companies. Number of panel data observations for five years = 810; 3. DY = Dividend yield, LOG_BS = Log board size, BI = Board independence, CEOO = CEO ownership, CEOD = CEO duality, LOG_CEOT = Log CEO Tenure, LOG_CS = Log company size, CP = Company profitability, CG = Company growth.

4.2 Scale Measurement

4.2.1 Poolability Test

Table 4.2 Likelihood Ratio Test Result

Models	Cross-Section Chi Square	Decision
Model	557.091436***	Proceed to Hausman Test

Notes: *** represent significant at 1%; ** represent significant at 5%; * represent significant at 10%.

The poolability test that based on likelihood test is to investigate whether the regression model is a pooled OLS model or the fixed effect model (FEM). The full data model's cross-section chi-square value of 557.091436 is significant at 1% significance level. In this study the probability value is 0.0000 which is less than 1% significant level therefore will reject the null hypothesis (H_0) which represent that there is no common intercept on all the companies. So in this research, FEM is more appropriate in the regression model rather than pooled OLS model. Thus the study will proceed to Hausman Test to carry out further confirmation in selecting either FEM or REM as the most suit model for this research panel data.

4.2.2 Hausman Test

Table 4.3 Hausman Test Result

Models	Chi-Squares Statistics	Decision
Model	24.173201***	Fixed Effect Model

Notes: *** represent significant at 1%; ** represent significant at 5%; * represent significant at 10%.

Hausman Test is used to determine whether the model is Fixed Effects Model or Random Effects Model. The result in Hausman Test shows that the full data model chi-squares statistics value of 24.173201 which is significance at 1% significant level. In this research, the probability of 0.0021 which is less than 1% significant level and therefore reject the null hypothesis (H_0) which indicates that the Fixed Effects Model is appropriate in the regression. FEM model will be use to run following test and analysis.

4.2.3 Normality Test

Table 4.4 Normality Test Result

Models	Jacque-Bera Test	Decision
Model	10493.37***	Not normally distributed

Notes: *** represent significant at 1%; ** represent significant at 5%; * represent significant at 10%.

Jarque-Bera test is used to determine the normality of the error terms. Based on the result, the full data model Jarque-Bera value is 10493.37 which are significant at 1% significance level. The probability value in this Jarque-Bera test is 0.0000 which is less than 1% significant level and therefore rejects the null hypothesis (H_0) which the error term is not normally distributed.

However, based on the theory of Central Limit Theorem, if the research consists of the large sample size which is more than 100 observations, the sample tends to be normally distributed (Gujarati & Porter, 2009). The sample size of this study consists of 810 observations which have fulfilled the assumption of Central Limit Theorem. Hence, this model is normally distributed.

4.2.4 Multicollinearity

Table 4.5 Correlation Matrix for the Variables

	DY	LOG_BS	BI	CEO	CEOD	LOG_CEOT	LOG_CS	CP	CG
DY	1.000000								
LOG_BS	0.144726	1.000000							
BI	-0.079598	-0.329345	1.000000						
CEO	0.022101	-0.205324	0.001826	1.000000					
CEOD ^a	-0.084445	-0.222955	0.097888	0.201901	1.000000				
LOG_CEOT	0.070031	0.008249	-0.147007	0.038359	0.091963	1.000000			
LOG_CS	0.101940	0.404605	0.012886	-0.189624	-0.136048	0.008139	1.000000		
CP	0.099852	0.084167	-0.060634	0.016513	-0.129078	-0.002395	0.114229	1.000000	
CG	-0.039969	-0.002748	0.085180	-0.016929	-0.020433	0.008804	0.003067	0.037511	1.000000

Notes: 1. ^a denotes dummy variable; 2. The data runs for five years period, from years 2009 to 2013. N = 162 companies. Number of panel data observations for five years = 810; 3. DY = Dividend yield, LOG_BS = Log board size, BI = Board independence, CEO = CEO ownership, CEOD = CEO duality, LOG_CEOT = Log CEO Tenure, LOG_CS = Log company size, CP = Company profitability, CG = Company growth.

Multicollinearity test is used to detect the existence of linear relationship among some or all of the independent variables (Gujarati & Porter, 2009). The Pearson correlation is to identify whether the multicollinearity problem is serious that exist in each pair of explanatory variables Gujarati (2003); and the results are based on the benchmark of 0.80 or 80%. According to Table 4.5 above, the highest pair wise correlation coefficient is LOG_BS and LOG_CS which is 0.404605 or 40.46% and the lowest pair wise correlation coefficient is BI and CEOO which is 0.001826 or 0.18%. Therefore, the result concludes that there is no serious multicollinearity problem exists in each pair of explanatory variables because highest pair wise of 40.46% is less than benchmark of 80%.

4.2.5 Autocorrelation

Table 4.6 Autocorrelation Result

Models	Durbin-Watson stat	Decision
Model	1.522077	No Autocorrelation

Notes: Non-rejection range of null hypothesis fall within 1.5 to 2.5.

According to the Table 4.6 above, Durbin-Watson Statistic is having a value of 1.522077 in the model. Therefore, do not reject the null hypothesis since the value 1.522077 is falling between the ranges of 1.5 to 2.5 that indicated that no autocorrelation in the model (Aga & Safakli, 2007; Hunsinger & Smith, 2008; Vogt & Johnson, 2011).

4.3 Inferential Analysis

4.3.1 R-Squared

Table 4.7 Result of R-squared

Models	R-squared	Adjusted R-squared
Model	0.519118	0.392135

The coefficient of determinant, R^2 is used for examining the degree of variation in the dependent variable can be explained by the independent variables. The degree of variation is between the ranges of 1% to 100%. Lower range represents the variation in dependent variable which is less likely due to changes the independent variables. Nevertheless, if the R^2 equal to zero, it shows there are none of the variation in dependent variable can be illustrated with the independent variables variation. The result in Table 4.7 shows that R^2 is 0.519118 which indicates that 51.91% of total variation in dividend yield is explained by variation in board size, board independence, CEO ownership, CEO duality, CEO tenure, company size, company profitability and company growth.

Adjusted R^2 is used to adjust for the number of the variable in the model which means modification of R^2 . The result in Table 4.7 shows 0.392135 for adjusted R^2 that illustrates that 39.21% of total variation in dividend yield can be explained by variation in board size, board independence, CEO ownership, CEO duality, CEO tenure, company size, company profitability and company growth taking into account of sample size and number of independent variables in the model.

4.3.2 F-Test

Table 4.8 Result of F-Test

Models	F-Test	Decision
Model	4.088087***	At least one independent variable explains the dependent variable.

Notes: *** represent significant at 1%; ** represent significant at 5%; * represent significant at 10%.

F-statistic is used to measure whether there is any independent variables affect the dependent variable. The H_0 will be none of the independent variables is important in explaining the dependent variable and the H_1 is at least one of the independent variables is important in explaining the dependent variable. As decision, H_0 will be rejecting if probability value less than significant level. The model has an F-test statistics of 4.088087 that significant at 1% significant level. The P-value is 0.0000 which is less than 1% significant level. So, the H_0 is rejected. The result showed that there is at least one significant relation between independent variables and dependent variable in explaining the relationship of corporate governance in influencing dividend policy of Malaysian trading/services companies from year 2009 to year 2013.

4.3.3 Empirical Result

Table 4.9 shows the regression results using panel fixed effect estimation incorporating the independent variables on dividend yield. In the model, board size (BS) and dividend yield (DY) is significant at the 5% significant level. It is positive relationship between BS and DY. The coefficient of BS is 3.723410. This indicates that board size increase, the dividend yield increase and vice versa. If board size increase by 1%, on averages, dividend yield will increase by 3.723410%, by holding other variables constant. This result is consistent with the hypothesis that there is a positive relation between dividend payout and board size.

Besides, board independent (BI) and dividend yield (DY) is positive and significant at the 1% significant level. The coefficient of BI is 0.014932. When the board independent rises up, the dividend yield will increase and vice versa. If board independent increase by 1%, on averages, dividend yield will increase by 0.014932%, by holding other variables constant. This result is consistent with the hypothesis that there is a positive relation between dividend payout and board independent.

Moreover, CEO ownership (CEO) and dividend yield (DY) is negative insignificant at all significant level. The coefficient of CEO is -0.001666. CEO owns the shares in a company does not influence dividend yield. If CEO ownership increases by 1%, on averages, dividend yield will decrease by 0.001666%, by holding other variables constant. This result is inconsistent with the hypothesis that there is a positive relation between dividend payout and CEO ownership and the hypothesis is rejected.

In the model, CEO duality (CEOD) and dividend yield (DY) is insignificant at the all significant level and have negative relationship. The coefficient of CEOD is -0.511925. Dividend yield does not control by the variable whether the CEO is equal to the chairman of a company. If CEO is equal to chairman, on averages, dividend yield will decrease by

0.511925%, by holding other variables constant. This result is consistent with the hypothesis that there is a negative relationship between dividend payout and CEO duality.

On the other hand, CEO tenure (CEOT) and dividend yield (DY) is positive and significant at the 10% significant level. The coefficient of CEOT is 0.432937. The longer the period of CEO serve in a company; the dividend yield is increase, vice versa. If CEO tenure increases by one year, on averages, dividend yield will increase by 0.432937%, by holding other variables constant. This result is consistent with the hypothesis that there is a positive relation between dividend payout and CEO tenure.

In addition, company size (CS) and dividend yield (DY) is positive relationship and insignificant at the all significant level. The coefficient of CS is 0.461883. Dividend yield do not manipulate by the variables of company size. If company size increases by 1%, on averages, dividend yield will increase by 0.461883%, by holding other variables constant.

Furthermore, company profitability (CP) and dividend yield (DY) is significant at the 1% significant level. It is negative relationship between CP and DY. The coefficient of CP is -0.007217. Company profitability increases, the lower the dividend yield, vice versa. If company profitability increases by 1%, on averages, dividend yield will decrease by 0.007217%, by holding other variables constant.

Additionally, company growth (CG) and dividend yield (DY) is negative insignificant at the all significant level. The coefficient of CG is -0.000110. Dividend yield do not control by the company growth. If company growth increases by 1%, on averages, dividend yield will decrease by 0.000110%, by holding other variables constant.

Table 4.9 Regression results for FEM estimation (dependent variable = DY)

Variables	Dependent Variable: Dividend Yield (DY)
	Coefficient
Constant	-5.428234* (3.110393)
Independent Variables	
LOG_BS	3.723410** (1.780828)
BI	0.014932*** (0.005580)
CEO	-0.001666 (0.001106)
CEOD^a	-0.511925 (0.388832)
LOG_CEOT	0.432937* (0.249740)
Control Variables	
LOG_CS	0.461883 (0.490126)
CP	-0.007217*** (0.001861)
CG	-0.000110 (0.000101)
R-squared	0.519118
Adjusted R-squared	0.392135
F-statistic	4.088087***
Poolability-statistic	557.091436***
Hausman-statistic	24.173201***
Durbin-Watson stat	1.522077

Notes: 1. ^a denotes dummy variable 2. The reported results are adjusted for White's heteroscedasticity consistent covariance estimator (White, 1980) to correct for heteroscedasticity; 3. The asterisks ***, **, and * denotes significant at 1% (p<0.01), 5% (p<0.05), and 10% (p<0.1) confidence levels, respectively; 4. Figures in parentheses are standard errors; 5. The sample company's panel data runs for five years period, from years 2009 to 2013. N= 162 companies. Number of panel data observations for five years = 810. 6. DY = Dividend yield, LOG_BS = Log board size, BI = Board independence, CEO = CEO ownership, CEOD = CEO duality, LOG_CEOT = Log CEO Tenure, LOG_CS = Log company size, CP = Company profitability, CG = Company growth.

4.4 Conclusion

As conclusion, with the total of 810 observations which 162 trading/services companies from year 2009 to year 2013, the results show that fixed estimation model (FEM) is fit to the model and model is normally distributed. Although multicollinearity is detected, but amendment would not be make due to the overall regression is fit and no problem of autocorrelation. The regression result also show that board size, board independence, CEO tenure and company profitability is significant to dividend yield, whereas others variables is insignificant to influence the dividend yield.

CHAPTER 5 DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0 Introduction

In this chapter, conclusion will be made on research objectives, research question and hypothesis in chapter one and relevant theoretical models and literature review on chapter two. This chapter include of the summary of statistical analyses and major findings discussion. Besides, implications and limitations of this research and recommendations for future research were including in this chapter. Lastly, conclusion will be made to end for this study.

5.1 Summary of Statistical Analyses

Table 5.1 shows the summary of major findings. Dividend yield is positive significant with board size, board independence and CEO tenure, which are consistent with expectation of H_1 , H_2 and H_5 , respectively and the decision is reject the H_0 . However, dividend yield is negative insignificant with CEO ownership and CEO duality which are inconsistent with previous expectation of H_3 and H_4 of negative significant, hence, decision is do not reject H_0 .

Table 5.1 Summary of Major Findings

Hypothesis of the Study	Expectation	Result	Consistency	Decision
H ₁ : There is a positive relationship between board size and company's dividend yield.	Positive significant	Positive significant	Consistent	Reject H ₀
H ₂ : There is a positive relationship between the board independence and company's dividend yield.	Positive significant	Positive significant	Consistent	Reject H ₀
H ₃ : There is a negative relationship between the CEO ownership and company's dividend yield.	Negative significant	Negative insignificant	Inconsistent	Do not reject H ₀
H ₄ : There is a negative relationship between the CEO duality and company's dividend yield.	Negative significant	Negative insignificant	Inconsistent	Do not reject H ₀
H ₅ : There is a positive relationship between the CEO tenure and company's dividend yield.	Positive significant	Positive significant	Consistent	Reject H ₀

5.2 Discussions of Major Findings

5.2.1 Board Size and Dividend Yield

H₁: There is a positive relationship between board size and company's dividend yield.

From the result, dividend yield and board size has positive significant relationship which is consistency with the H_1 of there is a positive relationship between dividend yield and board size.

This result is consistent with the study of Subramaniam and Susela (2011), Mansourinia et al. (2013), Uwuigbe (2013), and Uwalomwa et al. (2015). According to those previous studies, this study is expected that board size will positive influence the dividend policy due to the reason of large number of board size will tend to have high dividend yield because contribution towards company performance will be more. Large board size means the board will tend to manage the company resources more effective and efficient due to different board directors have different skills and knowledge, therefore, when the board size increase, it will increase the dividend payout (Kiel & Nicholsan, 2003; Van Pelt, 2013).

Besides, the other reasonable causes of positive significant relationship between dividend yield and board size is consistent with Subramaniam and Susela (2011) that company pay high dividend normally have high board size and is family-owned or family-controlled company which will forces to distribute high dividend towards family boards. Amran and Ahmad (2010) found that they will 70% of Bursa Malaysia listed companies is family-owned companies and this high percentage will increase the probability of the companies in this study is family-owned companies.

In the sample of this study, the maximum log of board size is 1.230449 or in the other word board size are 17 board directors for Telekom Malaysia Bhd on year 2010. By comparing to the suggestion of eight to nine board directors in board by Lipton and Lorsch (1992), and Jensen (1993) that suggest of seven to eight as optimal board size; this study have high board size of maximum 17 board directors in a board.

However, the result is inconsistent with the study of Yermack (1996) that found significant negative relationship between both variable due to less number of board director will tend to make a better decision towards company. Besides, small board size will make the control of member become easier and help making decision on dividend policy quickly and efficiently. Moreover, it will reduce the problems of communicational issues, free-riders problem and decrease of cohesiveness (Haniffa & Hudaib, 2006; Guest 2009).

Other than that, the result also inconsistent with the studies of Subramaniam and Susela (2011), Arshad, et al. (2013) found that the board directors give the more power of making decision on dividend policy to the company manager or CEO and this make the board size is irrelevant to dividend policy. The other reason where this study result is inconsistent with those findings is compare to foreign country companies where those result investigate on, board size is play a more important and significant role in influence the dividend policy of Malaysian trading/services companies.

However, this result is consistent with agency theory as large board size will increase the number of high skill, knowledge, expertise and experience board director which will reduce the agency relationship problem whereby the directors will take a balance consideration on both shareholder and company executives wealth.

Same goes to signaling theory, the result is consistent with the theory whereby the larger the board size, the chances to get inequality

information or asymmetry information between shareholders and company executives will be less or in the other word, the chances of a party to get insider information and have arbitrage opportunity is lesser (Düztaş, 2008; Yatim, 2011).

Moreover, the result that shows larger board size will contribute to high dividend is also consistent with stewardship theory. This because the larger the board size, the control or empower of manager by directors will be more effective and hence, the manager will launch fully the responsibility to improve company performance and maximize shareholder wealth.

Lastly, it can conclude and proven that the significant positive relationship between board size and dividend policy of Malaysia trading/services sector companies.

5.2.2 Board Independent and Dividend Yield

H₂: There is a positive relationship between the board independence and company's dividend yield.

Result of this study shows that board independence and dividend yield have positive significant relationship with each other, which is consistent with the earlier expectation of positive and significant relationship. This finding supports the *H₂* which is related to the association between dividend yield and board independence.

Significant positive result is consistent with previous studies of Hu and Kumar (2004), Belden et al. (2005), Jiraporn and Ning (2006), Al-Shabibi and Ramesh (2011), and Sharma (2011). According to these studies, the independent directors in board represent and secure the shareholders and ensure that their rights in the company as the independent directors try to

help in mitigating and reduce the agency cost problems that happen in the company. So, more board independence will drive company to pay more dividend and enable the shareholders receive more dividends.

However, the result of this study inconsistency with Kowalewski et al. (2007), which explains that when the board of directors include more dependent directors instead of independent directors, it makes shareholders worried that the decisions related to earnings will be made in favor of investments, and not in declare more dividends. Therefore, shareholder will request for high dividend when independent director is less in board. On the other hand, Maher (2005), Mansourinia et al. (2013), Batool and Javid (2014) find that board independence does not affect dividend policy because dividend distribution is depending on external financing. Besides, dividend policy influence by nature of regulation where favoring manager is more concern than favoring shareholder.

The inconsistency of result compare to those study is due to Malaysia is a country that launch shareholder wealth maximization model in most of the companies (Panigrahi et al., 2014). Hence, those factor of external financing and favoring manager regulation will not influence dividend policy in Malaysia trading/services companies.

This result is consistent with agency theory where independent director will reduce the agency problem between shareholder and board director. Independent director will secure the right and wealth of shareholder. The more the independent director in the board, the higher the right to vote during board meeting and will help the board in making a fair decision that will benefit both company and shareholder.

This result is also consistent with the signaling theory. The more the independent director in board, the lesser the chances of a dependent or inside director to get an insider information. The possibilities of board get inequality and asymmetry information will be less and reduce the problem

of company abuse shareholder wealth by getting arbitrage opportunity from shareholder by paying fewer dividends (Düztaş, 2008; Yatim, 2011).

Furthermore, this result consistent with the theory of stewardship whereby the higher the number of independent director in board, the higher the effectiveness and efficiency of board in monitor the manager or CEO in distribute dividend payout policy where company profit and shareholder wealth been consider in a fair way.

Lastly, result of this study shows that the board independence positively correlated to dividend yield which explains that board independence plays positive role in context of Malaysian trading/services companies to mitigate the conflicts related to agency cost theory between board directors and shareholders.

5.2.3 CEO Ownership and Dividend Yield

H₃: There is a negative relationship between the CEO ownership and company's dividend yield.

The result finds that the dividend yield has insignificant negative relationship with CEO ownership which is inconsistent with the earlier expectation of significant and negative relation.

The negative result is consistent with other studies which are Schooley and Barney (1994), Maury and Pajuste (2002), Gohar and Lone (2007), Wen and Jia (2010), and Haye (2014) which argue that if CEO ownership increase, it will lower the dividends. However, the result of this study remained insignificant. Those studies indicate that the higher the CEO owns the company share, the larger the right for making decision. The larger the CEO ownership will drive the CEO to make decision to distribute lower dividend because they tend to make more return from

investment to increase the share price they holding instead of distribute dividend.

In addition, the result of this study remained consistent with Dewenter and Warther (1998), Cesari and Ozkan (2013), Vo and Nguyen (2014) who investigated the relationship between CEO ownership and dividend that do not show any significant impact to each other. Those studies explained in context of controlling that manager's role could be substitute for dividend and debt financing in the mechanism of controlling agency conflicts.

The result shows that the higher a CEO hold company share will tend to pay fewer dividends where agency relationship problem arise, however, the result from this study is insignificant between both variables; therefore, it is not supported by agency theory. Other than that, according to signaling theory when a CEO hold higher share, signals on certain information about the company future performance can be get by shareholder (Ehsan, Shahrokh, & Martin, 2007). However, this theory is not supported because the insignificant of result. Furthermore, stewardship theory suggest that purpose of both shareholder and executive is same to maximize company profit and distribute low dividend, however, it is not supported in this study because the insignificant between both dividend yield and CEO ownership.

The findings on the relationship between CEO ownership and dividend are in scarce in literature. However, the result of this study shows that in context of Malaysian trading/services companies, the relationship remained negative insignificant.

5.2.4 CEO Duality and Dividend Yield

H₄: There is a negative relationship between the CEO duality and company's dividend yield.

This study shows the result that the CEO duality and dividend yield has negative insignificant association which is inconsistency with the earlier expectation and the *H₄* of there is negative relationship between the CEO duality and company's dividend yield.

The negative result is consistent with the finding of Asamoah (2011). In addition, the research that did by Kyereboah-Coleman (2007) also supports this negative result. According to previous researches, the result is expected that the CEO duality will has negative impact on dividend yield due to the reason when CEO also hold the position of president in the board of directors. CEO cannot perform their capability well and cause the internal control system loses effectiveness. They said that separated position can empower the supervision of board of directors to company and lead to improve the company performance. Therefore, the dividend payout will decrease when there is CEO duality in the company (Chen et al., 2011).

Furthermore, the result between dividend yield and CEO duality insignificant is consistent with the study of Baliga, Moyer and Rao (1996), Brickley, Coles and Jarrell (1997), Chang (2007), Nazir, Aslam and Nawaz (2012), and Mansourinia et al. (2013). They find that no evidence on dividend yield changes surrounding changes in CEO duality due to the board director is effectively done their role in the control and governance of management internally and externally make the duality status of CEO is not influence the dividend policy. Besides, they suggest that insignificant due to the CEO has large job consumption causes the CEO is reluctant to declare dividends and lacked of the skills to enhance profits.

According to agency theory, if the CEO holds duality position, dividend payout will be lower but the theory is not support because it shows insignificant relationship between dividend yield and CEO duality. Besides, stewardship theory suggest that CEO that hold dual position as chairman too will have more effectiveness and efficiency to manage the company and tend to serve shareholder more better by distribute more dividend is also not support by this theory because is insignificant.

Lastly, it can conclude that insignificant negative relationship between dividend payout policy and CEO duality in Malaysian trading/services sector companies.

5.2.5 CEO Tenure and Dividend Yield

H₅: There is a positive relationship between the CEO tenure and company's dividend yield.

The result of this study in Table 5.1 shows that the CEO tenure and dividend payout are positively significant influence each other. The positive result is consistent with the early expectation and the *H₅* of there is a positive relationship between dividend yield and CEO tenure.

The result is consistent with the finding of Buchanan (1974), Chung and Pruitt (1996), Vafeas (1999), and Pan (2009) that supports this positive result of CEO tenure may have positive effect on dividend payout. The author find that CEO tenure is positive related to dividend payout because the longer the tenure, CEO not only can obtain new knowledge or information, he or she can also gain more experiences on solve the problems that facing by the company and increase the profits. Hence, when the tenure of CEO increases, it will increase the dividend payout.

This research shows that the CEO tenure is positive significant influence on company decisions towards dividend payout in Malaysia. The result is consistent with the study of Buchanan (1974). The credibility and commitment of the company in the market will improve due to longer term of CEO participation. Besides, Abed et al. (2014) find that the higher the tenure of CEO, the higher the bonus because they may better in influencing the board of directors.

However, the result is inconsistent with the study of Canavan, Jones and Potter (2004) that found negative significant between both variables. They reported that long tenure may harm CEO ability in the company. The changes to the business or policies of the company might be failed to keep up due to the long tenure of CEO. This is because sometimes long tenure CEO keep supported in the past and they lack of new insights for the company to improve or further develop.

Agency theory suggest that agency relationship problems between board and shareholder can be reduce if CEO tenure is longer which will tend to pay higher dividend to shareholder. Therefore, the result from this study is consistent and support by agency theory. Moreover, the result shows that the longer tenure of CEO will contribute to high dividend are consistent with the signaling theory whereby the longer the tenure of CEO, the chances to receive the incorrect information for investing are reducing. CEO may have power to control over the procedures and information systems and able to withhold the relevant information.

Similar to the stewardship theory, the result is consistent with the theory whereby the longer the participation of CEO, the companies' profits will be maximize in order to achieve the company goals. The long tenure CEO may have expert knowledge and skills in company specific and lead to increase the company performance.

As a conclusion, there is significant positive relation between dividend yield and CEO tenure in Malaysian trading/services sector companies.

5.3 Implication of the Study

Through this study, it provides a better understanding on the effect of the corporate governance in influencing dividend yield by those independent variables which the board size, board independence, CEO tenure and company profitability that show significant result. The result of this research provides the important information about trading/services company's dividend yield to the public. Therefore, in this research will contribute greatly to the various parties such as policy makers and regulators, individual investors, companies, academician and future researchers.

5.3.1 Policy Makers and Regulators

The result of this research shows that CEO ownership, CEO duality, company size and company growth is not contributing to company dividend policy decision on the trading/services companies in Malaysia. This finding can give a guideline to policy maker to further address the issue regarding the CEO ownership and CEO duality.

Besides, board size, board independence, CEO tenure and company profitability is found to be significantly affecting trading/services company's dividend yield. Thus, policy maker and regulator should take this into account and emphasize on developing corporate governance policies in future to prove that higher dividend payout in good corporate governance (Bhagat & Bolton, 2008).

Therefore, the correct and suitable policies implementation will succeed to promote not only trading/services sector but also other sectors such as property sectors, technology sectors, and industrial product sectors and so on as well as support in Malaysia economic growth.

Each sector has its own features and characteristics and also culture therefore the set of policies and regulations might not appropriate to all sectors. Thus, this research can provide guidelines for policy makers and regulators to set better rules or revise their existing regulations.

5.3.2 Individual Investors

Besides, this research provides guidance to individual investors to understand and get a clearer picture on the variables influence dividend yield of the companies under trading/services sector in Malaysia. When they intend to make any investment, they can take consideration on this research as a basic reference to make the correct investment decision (Joel & Romuald, 2012).

This research shows that board size, board independence, CEO tenure and company profitability are significant to the dividend yield, hence individual investors should take consideration on those independent variables especially in trading/services sector when making investment decision. Not only that, individual investor can use this result to compare with dividend distribution of the companies in other sectors in Malaysia.

The result on this study shows that CEO ownership, CEO duality, company size, and company growth are insignificant to the dividend yield which means thoroughly it does not have effect on dividend yield in trading/services companies in Malaysia. Therefore, if individual investors want to invest in trading/services companies, they can use the result of this research to verify on which variables will significantly influence on dividend payout decision which can maximize their wealth.

5.3.3 Malaysian Companies

The result of this thesis shows that increase in the board size and board independence will result increase in dividend yield. Apart from that, the longer the CEO tenure, the higher the dividend yields. On the others hand, higher dividend yields will influence by the higher the company profitability. Therefore, in order to reduce the agency cost and agency problem in company, the number of board size and the number of board independence from the board should be taken in to consideration.

Besides, companies in Malaysia will employ dividend policy as one of the mechanisms to reduce the agency cost arises from conflict between manager and shareholders. Therefore, in this study can bring guidance for the company to put more concentrate and improve on those independent variables that will influence the dividend yield.

Besides, managers will have a better understanding on the best dividend approach they could apply. Thus, company is able to pay the higher dividend yield to increase shareholders' confidence for the stock and they are willing to invest in the particular company.

5.3.4 Academician and Future Researchers

Lastly, this study also contributes to academician and future researchers with some beneficial and useful educational knowledge in the field of corporate governance's dividend policy. They would be able to understand the factors that affecting the dividend payout in trading/services sector in both theoretically and empirically. Since there are very few researchers who had conducted research in corporate governance of Malaysia trading/services sector, this study would necessarily be a helpful guidance for their future research.

5.4 Limitations of the Study

There are some limitations that this research faces during this research. Issue that appears is this research applies balance panel data. In this research, it is need to collect five years of annual report in the company of trading/services from the year 2009 to year 2013. However, some companies do not have adequate annual report listed in the Bursa Malaysia. So, it has difficulty to increase the sample size. The sample size has been decrease from 183 companies to 162 companies. According to Pudney (2013), there is some disadvantage of balance panel data like sequencing in time does not necessary reflect causation and variation over time may be inflated by measurement error. Additionally, balance panel data enforce fixed timing structure which is less informative compare with continuous-time survival analysis.

Besides that, companies in trading/services have different closing date of financial statement in annual reports. For example, some company (Ipmuda Berhad, Nagamas International Berhad) closing date is June, and others company (NCB Holdings Berhad, Mega First Corporation Berhad) closing date is April. This problem encounter because it will affect the company profit and growth. This research has been conducted by combining different year of the company annual report. Therefore, data collection might be slightly inefficient.

Moreover, another limitation is this research only study the trading/services sector company in Malaysia instead of includes other sectors like technology sector and consumer sector. Throughout the research, researches have learned on the variables that affect the dividend yield, reason and consequences that effect by the variables. However, result from this research only shows how dividend payout is affected in trading/services sector in Malaysia. There will be a doubt that whether result from other sector consistent with trading/services sector. This will make the result less attractive to attract the future research to consider.

5.5 Recommendations for Future Research

This research suggests that the future research should increase the sample size by considering the unbalanced panel. Unbalanced panel will include the company which do not have sufficient annual report and ultimately will boost up the number of company in trading/services of the research. There are some advantages of imbalanced panel data, for instance, inference of model parameters will be more accurate, the impact of omitted variables will be control and producing more correct predictions for individual outcome (Hsiao, 2007). When the research has been enlarging, sample size will increase, can avoid heterogeneity problem and eventually will increase the accuracy of the research.

Furthermore, the study proposes to the future research to use the same closing date of financial statement in annual report. This can be done by standardizing the data collection of the annual report in the companies. This will make the result of the research more accurate and efficient to be considered by other prospect researcher.

On the other hand, future research would include other sectors like technology sector, consumer product sector, manufacturing sector and real estate sector so that able to make comparison with other sectors. Future researcher should study and compare the company of trading/services sector with other sectors to learn the reason and consequences that affect other sectors. This will make their research more attractive and have competitive advantage against other researcher. In addition, it will increase the sample size and accuracy of the data collection.

Future researcher should include the variable of CEO education. According to Amel and Abdelfettah (2013), they have find out that CEO education have positive relationship with the dividend payout. Next, researcher may include the variables of CEO marital status. CEOs that are married and have children, they tend to sustain a high dividend yield and like to increase the dividend payout (Nicolosi, 2013).

5.6 Conclusion

The general objectives of this study are to examine and study on how the corporate governance influences the dividend policy for 162 trading/services sector's companies in Malaysia from year 2009 to year 2013. As a conclusion, board size, board independence, CEO tenure is significantly positive influence the dividend policy. Unfavorably, both CEO ownership and CEO duality are insignificantly negative influence on dividend policy. This study provided some implications to policy makers, regulators, individual investors, companies, future researchers and academician. However, this study has some limitation and recommendations are suggested.

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APPENDICES

Appendix I: List of 162 Malaysia's Public-listed Trading/Services Companies

1. Advance Synergy Berhad
2. Aeon Company (Malaysia) Berhad
3. AHB Holdings Berhad
4. AirAsia Berhad
5. Alam Maritim Resources Berhad
6. Amway (Malaysia) Holdings Berhad
7. Analabs Resources Berhad
8. Asia Media Group Berhad
9. AWC Berhad
10. Axiata Group Berhad
11. AYS Ventures Berhad
12. Barakah Offshore Petroleum Berhad
13. Berjaya Corporation Berhad
14. Berjaya Food Berhad
15. Berjaya Land Berhad
16. Berjaya Media Berhad
17. Berjaya Sports Toto Berhad
18. BHS Industries Berhad
19. Bintai Kinden Corporation Berhad
20. Bintulu Port Holdings Berhad
21. Borneo Oil Berhad
22. Brahims Holdings Berhad
23. Bumi Armada Berhad
24. Century Logistics Holdings Berhad
25. Cheetah Holdings Berhad
26. CME Group Berhad
27. CNI Holdings Berhad

28. Complete Logistic Services Berhad
29. Compugates Holdings Berhad
30. Cypark Resources Berhad
31. Dagang NeXchange Berhad
32. Daya Materials Berhad
33. Dayang Enterprise Holdings Berhad
34. Deleum Berhad
35. Destini Berhad
36. Dialog Group Berhad
37. DKSH Holdings (Malaysia) Berhad
38. Eastland Equity Berhad
39. EcoFirst Consolidated Berhad
40. Edaran Berhad
41. Eden Incorporation Berhad
42. Efficient E-Solutions Berhad
43. Engtex Group Berhad
44. Esthetics International Group
45. Fiamma Holdings Berhad
46. Fitters Diversified Berhad
47. Freight Management Holdings Berhad
48. Frontken Corporation Berhad
49. FSBM Holdings Berhad
50. GD Express Carrier Berhad
51. Genting Berhad
52. Genting Malaysia Berhad
53. George Kent (Malaysia) Berhad
54. Hai-O Enterprise Berhad
55. Handal Resources Berhad
56. Hap Seng Consolidated Berhad
57. Harbour - Link Group Berhad
58. Harrisons Holdings (Malaysia) Berhad
59. HCK Capital Group Berhad
60. Hubline Berhad
61. Innity Corporation Berhad

62. Integrated Logistics Berhad
63. Ipmuda Berhad
64. Jiankun International Berhad
65. JobStreet Corporation Berhad
66. Kamdar Group (Malaysia) Berhad
67. KBES Berhad
68. Kejuruteraan Samudra Timur Berhad
69. Kelington Group Berhad
70. Knusford Berhad
71. Konsortium Transnational Berhad
72. KPJ Healthcare Berhad
73. KPS Consortium Berhad
74. KUB Malaysia Berhad
75. Kumpulan Fima Berhad
76. Kumpulan Perangsang Selangor Berhad
77. LFE Corporation Berhad
78. Luxchem Corporation Berhad
79. M-Mode Berhad
80. Magnum Berhad
81. Malayan United Industries Berhad
82. Malaysia Airports Holdings Berhad
83. Malaysia Marine and Heavy Engineering Holdings Berhad
84. Malaysian Bulk Carriers Berhad
85. Marco Holdings Berhad
86. Masterskill Education Group
87. Maxis Berhad
88. MBM Resources Berhad
89. Media Chinese International Limited
90. Media Prima Berhad
91. Mega First Corporation Berhad
92. MESB Berhad
93. Metronic Global Berhad
94. MISC Berhad
95. MMC Corporation Berhad

96. Mulpha International Berhad
97. My E.G. Services Berhad
98. Naim Indah Corporation Berhad
99. Nationwide Express Courier Services Berhad
100. NCB Holdings Berhad
101. OCB Berhad
102. Olympia Industries Berhad
103. Oversea Enterprise Berhad
104. Pansar Berhad
105. Pantech Group Holdings Berhad
106. Parkson Holdings Berhad
107. PBA Holdings Berhad
108. PDZ Holdings Berhad
109. Perak Corporation Berhad
110. Perdana Petroleum Berhad
111. Peterlabs Holdings Berhad
112. Petra Energy Berhad
113. Petrol One Resources Berhad
114. Petronas Dagangan Berhad
115. Pharmaniaga Berhad
116. Pjbumi Berhad
117. Pos Malaysia Berhad
118. Prestariang Berhad
119. Progressive Impact Corporation
120. Reliance Pacific Berhad
121. RGB International Berhad
122. Salcon Berhad
123. Samchem Holdings Berhad
124. Scicom (MSC) Berhad
125. Scomi Energy Services Berhad
126. See Hup Consolidated Berhad
127. SEG International Berhad
128. Seni Jaya Corporation Berhad
129. Shin Yang Shipping Corporation Berhad

130. Sime Darby Berhad
131. Star Media Group Berhad
132. StemLife Berhad
133. Suiwah Corporation Berhad
134. Sumatec Resources Berhad
135. Sunzen Biotech Berhad
136. Suria Capital Holdings Berhad
137. Symphony House Berhad
138. Taliworks Corporation Berhad
139. Tanjung Offshore Berhad
140. Tasco Berhad
141. Telekom Malaysia Berhad
142. Tenaga Nasional Berhad
143. Tex Cycle Technology (Malaysia) Berhad
144. Texchem Resources Berhad
145. TH Heavy Engineering Berhad
146. The Nomad Group Berhad
147. The Store Corporation Berhad
148. Tiong Nam Logistics Holdings Berhad
149. TMC Life Sciences Berhad
150. Transocean Holdings Berhad
151. Turbo-Mech Berhad
152. UMS Holdings Berhad
153. Unimech Group Berhad
154. Utusan Melayu (Malaysia) Berhad
155. Uzma Berhad
156. Voir Holdings Berhad
157. Warisan TC Holdings Berhad
158. Widetech (Malaysia) Berhad
159. YFG Berhad
160. Yinson Holdings Berhad
161. Yong Tai Berhad
162. YTL Corporation Berhad

Appendix II: List of Company's Annual Reports

1. Advance Synergy Berhad. (2009-2013). *Annual Report*. Shah Alam, Selangor.
2. Aeon Company (Malaysia) Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
3. AHB Holdings Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
4. AirAsia Berhad. (2009-2013). *Annual Report*. Sepang, Selangor.
5. Alam Maritim Resources Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
6. Amway (Malaysia) Holdings Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
7. Analabs Resources Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
8. Asia Media Group Berhad. (2009-2013). *Annual Report*. Puchong, Selangor.
9. AWC Berhad. (2009-2013). *Annual Report*. Subang Jaya, Selangor.
10. Axiata Group Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
11. AYS Ventures Berhad. (2009-2013). *Annual Report*. Klang, Selangor.
12. Barakah Offshore Petroleum Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
13. Berjaya Corporation Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
14. Berjaya Food Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
15. Berjaya Land Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
16. Berjaya Media Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
17. Berjaya Sports Toto Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.

18. BHS Industries Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
19. Bintai Kinden Corporation Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
20. Bintulu Port Holdings Berhad. (2009-2013). *Annual Report*. Bintulu, Sarawak.
21. Borneo Oil Berhad. (2009-2013). *Annual Report*. Wilayah Persekutuan Labuan, Malaysia.
22. Brahims Holdings Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
23. Bumi Armada Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
24. Century Logistics Holdings Berhad. (2009-2013). *Annual Report*. Port Klang, Selangor.
25. Cheetah Holdings Berhad. (2009-2013). *Annual Report*. Seri Kembangan, Selangor.
26. CME Group Berhad. (2009-2013). *Annual Report*. Subang Jaya, Selangor.
27. CNI Holdings Berhad. (2009-2013). *Annual Report*. Shah Alam, Selangor.
28. Complete Logistic Services Berhad. (2009-2013). *Annual Report*. Port Klang, Selangor.
29. Compugates Holdings Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
30. Cypark Resources Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
31. Dagang NeXchange Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
32. Daya Materials Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
33. Dayang Enterprise Holdings Berhad. (2009-2013). *Annual Report*. Miri, Sarawak.
34. Deleum Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.

35. Destini Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
36. Dialog Group Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
37. DKSH Holdings (Malaysia) Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
38. Eastland Equity Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
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40. Edaran Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
41. Eden Incorporation Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
42. Efficient E-Solutions Berhad. (2009-2013). *Annual Report*. Shah Alam, Selangor.
43. Engtex Group Berhad. (2009-2013). *Annual Report*. Sungai Buloh, Selangor.
44. Esthetics International Group. (2009-2013). *Annual Report*. Shah Alam, Selangor.
45. Fiamma Holdings Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
46. Fitters Diversified Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
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48. Frontken Corporation Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
49. FSBM Holdings Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
50. GD Express Carrier Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
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52. Genting Malaysia Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
53. George Kent (Malaysia) Berhad. (2009-2013). *Annual Report*. Puchong, Selangor.
54. Hai-O Enterprise Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
55. Handal Resources Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
56. Hap Seng Consolidated Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
57. Harbour - Link Group Berhad. (2009-2013). *Annual Report*. Bintulu, Sarawak.
58. Harrisons Holdings (Malaysia) Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
59. HCK Capital Group Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
60. Hubline Berhad. (2009-2013). *Annual Report*. Kuching, Sarawak.
61. Innity Corporation Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
62. Integrated Logistics Berhad. (2009-2013). *Annual Report*. Subang Jaya, Selangor.
63. Ipmuda Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
64. Jiankun International Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
65. JobStreet Corporation Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
66. Kamdar Group (Malaysia) Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
67. KBES Berhad. (2009-2013). *Annual Report*. Kamunting, Perak.
68. Kejuruteraan Samudra Timur Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
69. Kelington Group Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.

70. Knusford Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
71. Konsortium Transnational Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
72. KPJ Healthcare Berhad. (2009-2013). *Annual Report*. Shah Alam, Selangor.
73. KPS Consortium Berhad. (2009-2013). *Annual Report*. Klang, Selangor.
74. KUB Malaysia Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
75. Kumpulan Fima Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
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77. LFE Corporation Berhad. (2009-2013). *Annual Report*. Seri Kembangan, Selangor.
78. Luxchem Corporation Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
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80. Magnum Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
81. Malayan United Industries Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
82. Malaysia Airports Holdings Berhad. (2009-2013). *Annual Report*. Sepang, Selangor.
83. Malaysia Marine and Heavy Engineering Holdings Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
84. Malaysian Bulk Carriers Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
85. Marco Holdings Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
86. Masterskill Education Group. (2009-2013). *Annual Report*. Cheras, Selangor.

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89. Media Chinese International Limited. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
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94. MISC Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
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96. Mulpha International Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
97. My E.G. Services Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
98. Naim Indah Corporation Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
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102. Olympia Industries Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
103. Oversea Enterprise Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
104. Pansar Berhad. (2009-2013). *Annual Report*. Sibu, Sarawak.

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106. Parkson Holdings Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
107. PBA Holdings Berhad. (2009-2013). *Annual Report*. Georgetown, Pulau Pinang.
108. PDZ Holdings Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
109. Perak Corporation Berhad. (2009-2013). *Annual Report*. Ipoh, Perak.
110. Perdana Petroleum Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
111. Peterlabs Holdings Berhad. (2009-2013). *Annual Report*. Nilai, Negeri Sembilan.
112. Petra Energy Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
113. Petrol One Resources Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
114. Petronas Dagangan Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
115. Pharmaniaga Berhad. (2009-2013). *Annual Report*. Shah Alam, Selangor.
116. Pjbumi Berhad. (2009-2013). *Annual Report*. Shah Alam, Selangor.
117. Pos Malaysia Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
118. Prestariang Berhad. (2009-2013). *Annual Report*. Cyberjaya, Selangor.
119. Progressive Impact Corporation. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
120. Reliance Pacific Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
121. RGB International Berhad. (2009-2013). *Annual Report*. Penang, Malaysia.

122. Salcon Berhad. (2009-2013). *Annual Report*. Subang Jaya, Selangor.
123. Samchem Holdings Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
124. Scicom (MSC) Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
125. Scomi Energy Services Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
126. See Hup Consolidated Berhad. (2009-2013). *Annual Report*. Butterworth, Pulau Pinang.
127. SEG International Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
128. Seni Jaya Corporation Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
129. Shin Yang Shipping Corporation Berhad. (2009-2013). *Annual Report*. Miri, Sarawak.
130. Sime Darby Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
131. Star Media Group Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
132. StemLife Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
133. Suiwah Corporation Berhad. (2009-2013). *Annual Report*. Bayan Baru, Pulau Pinang.
134. Sumatec Resources Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
135. Sunzen Biotech Berhad. (2009-2013). *Annual Report*. Shah Alam, Selangor.
136. Suria Capital Holdings Berhad. (2009-2013). *Annual Report*. Kota Kinabalu, Sabah.
137. Symphony House Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
138. Taliworks Corporation Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.

139. Tanjung Offshore Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
140. Tasco Berhad. (2009-2013). *Annual Report*. Shah Alam, Selangor.
141. Telekom Malaysia Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
142. Tenaga Nasional Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
143. Tex Cycle Technology (Malaysia) Berhad. (2009-2013). *Annual Report*. Puchong, Selangor.
144. Texchem Resources Berhad. (2009-2013). *Annual Report*. Penang, Malaysia.
145. TH Heavy Engineering Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
146. The Nomad Group Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
147. The Store Corporation Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
148. Tiong Nam Logistics Holdings Berhad. (2009-2013). *Annual Report*. Johor Bahru, Johor.
149. TMC Life Sciences Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
150. Transocean Holdings Berhad. (2009-2013). *Annual Report*. Butterworth, Pulau Pinang.
151. Turbo-Mech Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
152. UMS Holdings Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
153. Unimech Group Berhad. (2009-2013). *Annual Report*. Butterworth, Penang.
154. Utusan Melayu (Malaysia) Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
155. Uzma Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.

156. Voir Holdings Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
157. Warisan TC Holdings Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
158. Widetech (Malaysia) Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.
159. YFG Berhad. (2009-2013). *Annual Report*. Shah Alam, Selangor.
160. Yinson Holdings Berhad. (2009-2013). *Annual Report*. Johor Bahru, Johor.
161. Yong Tai Berhad. (2009-2013). *Annual Report*. Petaling Jaya, Selangor.
162. YTL Corporation Berhad. (2009-2013). *Annual Report*. Kuala Lumpur, Malaysia.