

**DIVIDEND POLICY AND EARNINGS MANAGEMENT:
AN EXPLORATORY STUDY BETWEEN PRE AND POST
CHANGING A COMPANY NAME THAT LISTED IN
BURSA MALAYSIA**

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**MASTER OF SCIENCE (FINANCE)
UNIVERSITI UTARA MALAYSIA
September 2010**

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By

NORFHADZILAHWATI RAHIM

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KOLEJ PERNIAGAAN
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ABSTRAK

Kertas ini mampu menentukan sama ada mengubah satu nama syarikat akan menjalankan dasar dividen. Kajian ini disiasat implikasi sebelum dan selepas syarikat-syarikat berubah nama syarikat mereka. Kemudian, kajian akan menumpukan terutamanya berkenaan tambahan dan susutan pada pengurusan pendapatan akan memberi kesan ke atas dasar dividen antara mengubah satu nama syarikat dan tidak berubah-ubah satu nama syarikat. Kajian menggunakan tempoh tahun 2003 sehingga tahun 2009 sebagai tempoh sampel ramalan dalam dasar dividen penentu dan pengurusan pendapatan. Nisbah Pembayaran Dividen ialah jumlah pembayaran dividen untuk pendapatan syarikat. Kadar Hasil Dividen didefinisikan sebagai kadar pendapatan semasa memperolehi pada pelaburan dolar. Selain itu, pengurusan pendapatan termasuk Pendapatan Bersih, Perolehan sesaham, Perolehan Tertahan, Margin Untung Bersih, Pulangan aset and Pulangan ekuiti. Dalam menggunakan maklumat dari pengumpulan data, kami boleh menilai kesan Pendapatan Bersih, Perolehan sesaham, Perolehan Tertahan, Margin Untung Bersih, Pulangan aset and Pulangan ekuiti untuk Nisbah Pembayaran Dividen and Kadar Hasil Dividen. Tambahan pula, kertas ini juga menganalisis kesan antara dasar dividen dan pengurusan pendapatan pada prestasi syarikat. Hasil menunjukkan yang Pulangan aset and Pulangan ekuiti secara positif berhubung kait dengan nisbah pembayaran dividend and Kadar Hasil Dividen.

Kata kunci: Dasar dividen, pengurusan pendapatan, sebelum dan selepas mengubah satu nama syarikat, Tidak Berubah-ubah satu nama syarikat.

ABSTRACT

This paper is able to determine whether changing a company name will give effect to the dividend policy. This study investigated the implication pre and post companies changed their company name. Then, the study will focus particularly on the increment and decrement on earnings management will give impact on dividend policy between changing a company name and non-changing a company name. The study uses the period of year 2003 until year 2009 as the forecast sample period in determining dividend policy and earnings management. Dividend Payout Ratio is the amount of dividend paid relative to the company's earning. Dividend Yield is defined as the rate of current income earned on the investment dollar. Besides that, the earnings management includes Net Income, Earnings per Share, Retained Earnings, Net Profit Margin, Return on Asset and Return on Common Equity. In using the information from the data collection, we can evaluate the effect of Net Income, Earnings per Share, Retained Earnings, Net Profit Margin, Return on Asset and Return on Common Equity to the Dividend Payout Ratio and Dividend Yield. Furthermore, this paper also analyzed the effect between dividend policy and earnings management on the company performance. The result indicated that Return on Asset and Return on Common Equity are positively correlated with dividend payout and yield.

Keywords: Dividend policy, Earnings management, Pre and post changing a company name, Non-changing a company name.

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LIST of ABBREVIATIONS

KLSE	Kuala Lumpur Stock Exchange
CAN	Changing a Company Name
NCAN	Non- Changing a Company Name
NI	Net Income
RE	Retained Earnings
NPM	Net Profit Margin
EPS	Earnings Per share
ROA	Return on Asset
ROE	Return on Equity
DPR	Dividend Payout Ratio
DY	Dividend Yield

CHAPTER ONE

INTRODUCTION

1.1 RESEARCH BACKGROUND

Non others information has discussion towards name company changes effect on the dividend policy. Many researchers have different event in relation with firm activities, others information was extended and many of the research have related to stock price changes. In addition, some researchers examined that payout ratios have no significant association with either the current, past or future net earnings, and the correlation between payout ratio and the company's future earnings growth, in general, is insignificant. Thus, we are going to study the impact of changing of company name on the dividend policy and earnings management. The process of changing a corporate name is painstaking, risky, and costly (Bosch and Hirschey, 1989).¹

The dividend policy and earnings management were the subject of many studies for many years from past to present. Since dividends have an effect on stock prices and company's future growth, corporate governance should have a suitable dividend strategy. There are several dividend approaches such as stable dividends, payout ratio, and cash availability. Corporate management needs to take different variables into account before taking the decision on the how and when of dividend payout.

¹ Share Price Reaction To Corporate Name Change: Evidence From An Emerging Economy

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