Volume: 9 Issues: 53 [March, 2024] pp. 72 - 85
International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.ijafb.com
DOI: 10.55573/IJAFB.095308

COMPARISON OF DIVIDENDS ANNOUNCEMENT DURING TWO SLUGGISH ECONOMIC CONDITIONS: GLOBAL FINANCIAL CRISIS 2008 AND COVID-19 PANDEMIC OUTBREAK IN MALAYSIA

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Article history
Received date : 25-10-2023
Revised date : 26-10-2023
Accepted date : 18-3-2024
Published date : 31-3-2024

To cite this document:
Ishak, N., Jeffrey Nasah, C. R., & Mumin@Osman, N. (2024). Comparison of dividends announcement during two sluggish economic conditions: global financial crisis 2008 and Covid-19 pandemic outbreak in Malaysia. *International Journal of Accounting, Finance and Business (IJAFB)*, 9 (53), 72 - 85.

Abstract: *This study aims to investigate the difference in dividends performance during two sluggish economic conditions: the 2008 global financial crisis and the COVID-19 pandemic outbreak in Malaysia. Firstly, the study adopted an empirical analysis using the Market Model (MM) event study starting from 3-day (-1, 1) to 31-day (-15, 15) across 19 industries in Malaysia. The findings demonstrated the dividends performance during the 2008 global financial crisis for several industries namely: consumer product and service (1.62%), leisure goods and insurance (1.15%), real estate investment and service (2.09%), real estate investment trust (0.92), electricity and equity (5.82), healthcare equipment and services (2.59%), transport (0.30%), travel and leisure (0.5) generated from the 3-day (-1,1) to 31-day (-15, 15) event windows. Contrastingly, the dividends performance during COVID-19 are shown to be severely negative across all the 19 industries from the 3-day (-1,1) to 31-day (-15, 15) event windows. These findings provide several implications namely: i) insight on the positive reactions of opportunistic individuals and institutional investors and the negative reactions of pessimistic individuals and institutional investors towards dividend announcements during sluggish economic conditions, ii) better understanding among researchers regarding the responses of companies and investors towards economic shocks and uncertainties, and iii) better understanding among practitioners regarding the importance of dividend policies in corporate finance and their significance for the financial health and growth prospects of companies.*

Keywords: *Dividend announcement, event-study, Malaysia*

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Introduction

The Malaysian stock market suffered a dramatic downturn during the 2008-2009 financial crisis, with the FTSE Bursa Malaysia KLCI Index plummeting by more than 50%. Industries reduced dividends as a means for preserving cash, with the financial sector suffering the most (Che, Liebenberg, Liebenberg & Morris, 2018; Krieger, Mauck & Pruitt, 2021). Individual equities decrease when the entire stock market declines, as what occurred from 2007 to 2009, and investors may think it smart to liquidate all holdings during such times. The stock market may decline even further as a result of the ensuing massive outflow of capital from stocks (Khanal & Mishra, 2017). However, some industries including healthcare, consumer goods, and utilities remained relatively stable during this time, with some even increasing their dividends.

Malaysia has an extremely open economy with significant import and export GDP shares. The primary issue faced by Malaysia entails the transfer of the global financial crisis from the monetary sector to the real sectors of the main global economies, which had led to the decline in exports. As a result, Malaysia's banking industry held up well despite the decline in exports, drop in oil prices, and decrease in GDP in the initial two quarters of 2009, which saw little change in the stock and currency markets. From the third quarter of 2008 to the second quarter of 2009, Malaysia's overall global FDI inflows began to decline.

Additionally, the Malaysian stock market initially saw a significant decline during the COVID-19 pandemic, with the FTSE Bursa Malaysia KLCI Index dropping by more than 20% in March 2020 (Ishak, Shahar & Jiun, 2021a; Ishak, Shahar, Mohd, Japang, Jamil & Char, 2022b). Nevertheless, the market quickly bounced back and finished the year with a gain. Different economic sectors were affected differently by the pandemic; some like the healthcare and technology sectors, benefited from the rise in demand, whilst others like the tourism and hospitality sectors experienced major losses. Hence, the dividend yields of the various sectors differed over this time.

This paper's goal is to examine how dividend announcements affected company share prices during two significant economic crises: the Global Financial Crisis (GFC) and the COVID-19 pandemic. The study intends to determine if companies which declared dividends during these crises saw any appreciable differences in their stock values in comparison to those which did not. The study also intends to investigate how variables like market sentiments and industry sector may influence how announcements of dividends and share prices interact during such times of economic upheaval. Essentially, the study aims to offer perceptions into how investors react towards dividend announcements during economic uncertainties and how businesses should best manage their payout policy in such circumstances.

Rationale of the Study

For a number of reasons, it is crucial to investigate how dividend announcements affected stock prices during the global financial crisis and the COVID-19 pandemic. First off, dividends represent a significant source of income for the majority of investors, especially those who depend on their investments to fund their retirement or other long-run financial aims. Hence, for investors looking to maximise their returns, insight into how dividend announcements impact share prices can be extremely helpful (Maitra & Dey, 2012; Tamara, Munir & Maria, 2019; Pandey & Kumari, 2022).

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Second, the global financial crisis and the COVID-19 pandemic had affected the financial markets in major ways. Researchers can learn more about how businesses and investors react towards economic shocks and uncertainties by examining the effects of dividend announcements during such times. A number of studies had showed conflicting findings regarding shareholder returns during these two periods of weak economic growth namely Mitra and Dey (2012), Prakash and Yogesh (2021), and Pandey and Kumari (2022) in the context of the Indian market; Tamara, Munir and Maria (2019) which focused on the Japanese and Korean markets; Harbi and Bujang (2016) on the Malaysian market; Che, Liebenberg, Liebenberg and Morris (2018) on the US market; Berezinets, Bulatova, Ilina and Smirnov (2018) on the Russian market, and Sekula and Socha (2022) on the Polish market.

Third, dividend policies make up a crucial component of corporate finance with a potentially big impact on the financial stability and future prospects of a business (Sekula & Socha, 2022; Prakash & Yogesh, 2021; Pandey & Kumari, 2022). Comprehending the impact of dividend announcements on share prices could guide businesses in deciding on their dividend policy and the possible effects of those choices.

In general, research on how dividend announcements affected share prices during the global financial crisis and the COVID-19 pandemic is crucial for understanding how investors and businesses reach during economic uncertainties and can serve as a valuable resource for investors and financial experts.

Literature Review

It is important to note that details of the Malaysian stock market's response to "good" dividend announcements may be indicative of the market's overall inefficiencies. According to the Efficient Market Hypothesis, stock prices respond promptly to news concerning financial choices, adjustments to dividend policy and capital structure, and transactions involving corporate control rights transfer (Fama, 1991). Inefficient markets are also characterised by investors' tardiness in responding to news of dividend increases and, as a result, their disregard of the pertinent positive signal. Fama (1998) hypothesised that a lacklustre response to dividend announcements could be caused by the market undervaluing information about expected future earnings. Fama (1998) further pointed out research findings which state that dividends frequently have no predictive capacity with regards to future earnings.

In the context of the Indian stock market, Maitra and Dey (2012) looked into the impact of dividend announcements on company price using 24 businesses from all industries over the 2008-2010 period subjected to the Market Model (MM) and Capital Asset Pricing Model (CAPM). They discovered that under the MM model, investor reactions to announcements made before day-6 (1.768%) and after day-9 (1.967%) are highly negative. The results under the CAPM model are somewhat distinct, with investors earning better returns from day-3 (2.25%) prior to the announcement until day-5 (2.5%) following it. They stated that the CAPM model as opposed to the market model can approximate the majority of the better findings. Another finding showed that the Indian capital market does not absorb information very quickly following dividend announcement.

Following the 2008 global financial crisis, Tamara, Munir, and Maria (2019) looked at the dividend shares of pharmaceutical businesses over the 2012-2016 period. They used 90 pharmaceutical firms from Japan and South Korea and discovered that firms which did not

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declare their dividends prior to reporting close data had no unusual trading volumes on t-1 and on the event day. Additionally, only firms with a share of R&D/total revenue less than 3% are statistically significant for having a positive cumulative average abnormal return (CAAR), whereas firms with a share of R&D/total revenue greater than 3% demonstrated a negative return.

Che, Liebenberg, Liebenberg, and Morris (2018) looked into how the market responded to the news of 145 dividend cuts made around the time of the US financial crisis in 2008. Using event research techniques, the results show that the firms' response is noticeably unfavourable, with an average of -1.3% on the day of the announcement (0) and -3.8% over the course of the following three days (-1, 1). According to the report, 57 out of 145 dividend reductions had a favourable effect on the stock price on the event day (day 0), but the other 88 announcements had a negative effect. They contended that enterprises with stronger growth potential produce higher CAR and that dividend reduction is likely advantageous for the firms during financial crisis, supported by the fact that 40% of the firms have a positive abnormal return (CAR) surrounding the announcement date.

Berezinets, Bulatova, Ilina, and Smirnov (2018) sought to ascertain how the stock markets in India and Russia responded to dividend announcements during the 2008–2012 global financial crisis. The results, which were obtained by examining 67 Indian and 45 Russian firms, demonstrate that the CAAR for the Indian firms during a 21-day event window (-10, 10) generated positive returns of 0.83%, whereas the Russian firms saw negative returns of -2.10% during the positive dividend announcement. Meanwhile, the CAAR (-1, 1) during the negative dividend announcement saw the Indian and Russian stock markets reacting negatively at -2.46% and -5.57%, each. The Russian stock market specifically the oil, gas, and energy industries demonstrated negative and significant returns of 0.5% at the 3-day event window (-1,1). According to the authors, the contradicting findings for the Indian and Russian firms are caused by the differing investor expectations (optimistic and pessimistic) towards the dividend disbursements. The Russian market reacted negatively to the positive announcement during the financial crisis, indicating its lack of a strategic vision and poor capability in finding positive NPV projects.

Khanal and Mishra (2017) examined how the stock price responded to the announcement of a dividend during a period of weak economic growth in the United States. The sample research included daily stock prices and 60 announcements between 2006 and 2012. They discovered that the CAAR (-1, 1), (-2, 2), (-3, 3), and (-5, 5) yielded substantial positive increases from 1.06% to 1.97%. The authors claimed that the outcomes were influenced by market speculation regarding the management's stock dividend decision. They claimed that knowledgeable investors may have reacted to this speculative information by raising the stock price.

Harbi and Bujang (2016) looked into how dividend announcements affected stock market results for traditional and Shari'ah-compliant stocks in Bursa Malaysia. The study's time frame spans from 1990 to 2010, i.e., pre-, during, and post-crisis at both the Asian and global levels. The Market Model was used, and the selected event period started on the announcement day to two days afterwards. The findings indicate that, barring the Asian financial crisis, there is a positive but insignificant correlation between the unexpected changes in the dividends of conventional equities and CAR. Meanwhile, the stock market reacted favourably to the unexpected declaration of dividends for Shari'ah compliant stocks.

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With the exception of the current global financial crisis, the Shari'ah compliant stock poses a bigger impact on the Malaysian stock market, suggesting that Malaysian investors are sensitive to changes in dividends in the context of stocks that adhere to Shari'ah.

Pandey and Kumari (2022) investigated how 332 dividend announcements made between January 2019 and December 2020—during the COVID-19 outbreak—affected stock prices. The outcome demonstrates that the businesses' pre-pandemic cumulative average abnormal returns (CAARs) are substantial and positive during the event windows of (-5, -1), (-3, -1), (-1, -1) and (-3, 3) at 0.08%, 0.05%, 0.09%, and 0.08%, each. However, none of the CAAR generated any notable positive returns during the pandemic. The automobile, energy, and information technology, and media & telecommunications sectors all experienced positive significant returns post-pandemic on days -5, +1, and +2 at 2.9%, 1.9% and 2.3%, each. On the other hand, the healthcare sector saw a 1.6% negative return on day +1. Pre-pandemic, a number of industries including consumer discretionary goods & services (1.9%), finance (1.1%), fast-moving consumer goods (1.7%), healthcare (1.2%), and industrial (1.3%) yielded noticeably positive returns from day -5 to day +5. The authors concluded that whereas the dividend announcement during the pandemic had failed to produce any appreciable anomalous returns, the announcements made during the pre-pandemic period had a major impact on stock performance. As the pre-announcement period is characterised by positive, significant abnormal returns and the post-announcement period appears to be profit booking, they further claimed that the results during the pre-pandemic period may have been the result of information leaks in the Indian market.

Prakash and Yogesh (2021) looked at the impact of 174 dividend announcements during COVID-19 on the Indian stock market. Two different time periods were covered by the study: (1) the two years prior to the pandemic, and (2) the two years during COVID-19. According to the empirical findings, the pre-pandemic CAR generated considerable negative returns with respect to the manufacturing sector (0.16%), service sector (0.38%), and all other industries (0.99%). Meanwhile, during COVID-19, positive returns were recorded by all industries (2.53%), manufacturing sector (2.70%), and services sector (2.26%) at a minimum 1% level. The authors suggested that this may be accounted for by the investors' excitement over the dividend payout during the period of uncertainty. As dividends provide reassurance about a firm's prospects, the study supported the hypothesis that the market will react to dividend announcements when faced with uncertainty.

Sekula and Socha (2022) examined the effect of cash dividends on company value during COVID-19. They employed 132 dividend payments from Poland's Warsaw Stock Exchange. According to the results, the CAARs responded considerably positively and continuously increased from 1.45% in the 3-day (-1,1) event window to 4.01% in the 16-day (-8, 8) event window. Such reactions occurred because, in times of uncertainty, investors bought more stocks cum-dividends. Additionally, the pandemic forced investors to purchase more, leading to a positive AR for the short-run event windows during the cum-dividend period. This implies that market abnormalities can occur in times of crisis, including a pandemic.

Jaara and Dalou (2018) analyse the movement of dividend policy announcements impact on share prices, and the performance of all listed banks in Gulf are pre, during and post the financial crisis from year 2005 to 2013. They found that large bank tends to pay large dividends even in times of crisis, and this is shifting wealth from depositors to shareholder. For example, for (-5,5) window, the CAAR for large banks is 1.099% compared with -

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0.302% for small banks' dividend and 1.034% vs. -0.412% for (-3,3). They argue that banking industry in the GCC region is supported by oil prices and exports.

Robiyanto and Yunitaria (2022) examine the impact of COVID-19 pandemic on the dividend announcement effect in Indonesia Stock Exchange (ISE) by comparing the market volatility around the dividend announcement date of selected stocks in 2019 and 2020. They found that in the period 2019, event window -10, 10 (the t the range is from -0.083188 to -0.125405) show that there are no significant effects before and during the pandemic. In year 2020 exhibit mixed results are range from -3.236065 to -2.575491 and abnormal returns are found. They argue that ISE provides a sluggish response toward the event. Furthermore, increasing dividend can be a good signal for investor, since the market may react positive to the sentiment. However, the positive sentiment may not trigger significant reaction from the market due to very high uncertainty due to multiple interconnected problems of COVID-19.

Dahal and Das (2023) examined the reaction of the banking sector (both private and PSU banks) during the pre-COVID era (January 2015 to December 2019) and the COVID era (January 2020 to December 2021) in India. They found that in the pre-COVID era, PSU bank and private bank generate mixed results negative significant returns from AAR day-10 to day+10 while none significant effect of CAAR (-2,2), (0,2), (-10,10), (-1,0), (0,1) and (-1,1). As for private bank, CAAR (0,1) and (-1,1) are significantly negative return whereas CAAR for windows of (0,2) and (0,1) are significant return. The result during the COVID era, PSU and private banks show that no single effects of AAR, while as for CAAR all window show no significant effect but for private bank, positive and significant effect for window (-2,2), (-2,0) and (0,2) respectively. They argue that negative signal indicates that leakage of information causing a negative impact. The positive signal show that investor perceive positive information on the announcement of positive dividends by the private sector banks. Additionally, market is more sensitive toward the negative dividend announcement and the same impacts the market negatively entirely, whereas the market does not respond to positive dividend announcements as dividend announcements has no impact on the market.

Gemra, Kwestarz, Rogowski and Lipski (2022) examine the impact of unexpected change in the level of dividend caused by COVID-19 on share prices on the 140 companies listed in the Polish stock exchange. They found on the event day (0), companies that announced dividend cancellation or reduction was -1.35% statistically significant at 5% level. They argue that negative information about the distribution of profit announced during a situation of coronavirus risk is vital information for investors on the day of its announcement. On one hand, investors negatively perceived the reduction or complete resignation of dividend payments. Continue the payment weakens investors' hopes of maintain the growth dynamics, slowing down the growth or potential problems of the company in the future, thus reflected in the decline in the share price.

Eugster, Ducret, Isakov and Weisskopf (2022) investigate the impact of the COVID-19 pandemic on investors' trading behaviours around ex-dividend dates in Europe. They found that over 11-days (-5, 5) around the ex-dividend for both the COVID and pre-COVID are significantly positive until the ex-dividend and negative thereafter, as an investor buying a stock five (one) days before the ex-dividend date and selling it at the ex-day opening would have earned an average abnormal return of 2.14%(1.33%) during the COVID period, otherwise 1.09% (0.79%) previously. The result suggests that investor traded up stock paying dividends more intensely than in regular times to capture dividends where possible.

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Data/Sample size

The sample data was gathered from the Bloomberg platform whilst all the dividend announcements were derived from Bursa Malaysia. A total of 346 firms across 19 sectors were listed over the 2008-2020 period, including those from the electricity and equity sector; financial services sector; fixed line and telecommunication sector; forestry and paper sector; gas, water, and multiutilities sector; general industries; consumer product and services sectors; household goods and home construction sector; industrial engineering sector; industry metal and mining sector; industry transport sector; leisure goods and insurance sector; oil and gas producer; oil equipment and services sector; personal goods sector; real estate investment and service sector; real estate investment trust sector, and travel and leisure sector.

Average Abnormal Return (AAR)

Table 4(a) presents the average abnormal returns (AARs) for the 19 sectors observed over the event day (0) during the 2008 global financial crisis. The table demonstrates that three out of the 19 sectors showed mixed reactions towards the dividend announcement that period. Positive reactions were shown by the consumer product and services sector (1.36%) and the industrial engineering sector (0.14%). Meanwhile, the forestry and paper sector showed a negative reaction (0.99%). All the findings were significant at a 5% level, consistent with that of Che, Liebenberg, Liebenberg and Morris (2018).

Table 4(a): Average Abnormal Returns (AARs) for the 19 sectors during the 2008 global financial crisis

Sector	**Event-day (0) AAR (p-value)**
Electricity and equity	-0.0040 (0.3054)
Financial services	0.0011 (0.8018)
Fixed line and telecommunication	-0.0183 (0.6150)
Forestry and paper	-0.0099 (0.0278)**
Gas, water, and multiutilities	-0.0088 (0.1452)
General industries	0.0006 (0.9447)
Consumer product and services	0.0136 (0.0453)**
Healthcare equipment and services	0.0076 (0.1462)
Household goods and home construction	-0.0106 (0.1128)
Industrial engineering	0.0014 (0.0400)**
Industry metal and mining	-0.0081 (0.1824)
Industry transport	0.0017 (0.8889)

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Leisure goods and insurance	-0.0044 (0.2676)
Oil and gas producer	-0.0044 (0.5025)
Oil equips and service	0.0127 (0.3295)
Personal goods	0.0019 (0.6932)
Real estate investment and service	0.0003 (0.9654)
Real estate investment trust	0.0056 (0.1095)
Travel and leisure	-0.0054 (0.3466)

*, **, *** indicate significance levels of 10%, 5%, and 1%, respectively.

Some of the sectors demonstrated quick reactions during the 3-day event window namely the consumer product and services sector (1.62%), leisure goods and insurance (1.15%), real estate investment and services (2.09%), and real estate investment trust (0.92%). These sectors demonstrated positive returns with a minimum significance level of 5%, consistent with the findings of Khanal and Mishra (2017). However, the oil and gas producer sector showed negative returns of 0.56% at a 5% significance level. As for the 7-day (-3,3) event window CARs, some sectors showed positive returns namely the electricity and equity sector (5.82%), healthcare equipment and services (2.59%), and real estate investment and service (2.52%), all of which were at a minimum 10% significance level. As for the 11-day event window CARs, three sectors showed positive returns namely the industry transport sector (0.30%), real estate investment and service (3.96%), and travel and leisure (0.53%) whilst two sectors showed negative returns namely oil and gas producer (5.41%) and real estate investment trust (3.31%), all of which were at a minimum 1% significance level (Berezinets, Bulatova, Ilina, & Smirnov, 2018).

As for the 21-day (-10,10) and 31-day (-15,15) event windows, positive and significant returns were demonstrated by the industrial engineering sector, i.e., at 8.30% and 13.02% for each at a minimum 1% significance level. However, negative significant returns were recorded by the financial services sector (5.91% and 9.85%), household goods and home construction (5.39%), industry metal and mining (13.46% and 15.85%), leisure goods and insurance (13.01%), oil equipment and services (19.88%), personal goods (9.79%), and real estate investment trust (5.83% and 8.59%) at a minimum 1% significance level. Due to the uncertain period, dividend payments may have not significantly motivated investors in the context of the manufacturing industry. All significant at least at 5% level in the Table 4(b).

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Table 4 (b): Cumulative Abnormal Returns (CARs) based on different sectors

Sector	Cumulative Abnormal Return (CARs)				
	(-1,1)	(-3, 3)	(-5, 5)	(-10, 10)	(-15, 15)
Electricity and equity	0.0221 (0.1987)	0.0582 (0.0752)*	0.0738 (0.2162)	0.0432 (0.5354)	0.0540 (0.7102)
Financial services	0.0003 (0.9569)	-0.0155 (0.1367)	-0.0259 (0.1641)	-0.0591 (0.0441)**	-0.0985 (0.0061)***
Fixed line and telecommunication	-0.0242 (0.4682)	-0.0083 (0.8850)	0.0423 (0.5862)	0.0064 (0.9384)	-0.0866 (0.2391)
Forestry and paper	-0.0072 (0.2737)	0.0074 (0.6995)	0.0085 (0.6935)	-0.0499 (0.2129)	-0.0594 (0.1969)
Gas, water, and multiutilities	-0.0048 (0.4976)	0.0330 (0.3407)	0.0534 (0.1681)	0.0522 (0.1237)	0.0583 (0.3205)
General industries	-0.0051 (0.7826)	0.0582 (0.2638)	0.0503 (0.1489)	-0.0447 (0.2651)	-0.0696 (0.2973)
Consumer product and services	0.0162 (0.0444)**	0.0075 (0.4944)	-0.0123 (0.5996)	-0.0036 (0.9306)	-0.0284 (0.5587)
Healthcare equipment and services	0.0094 (0.1083)	0.0259 (0.0069)***	0.0002 (0.9968)	0.0174 (0.7500)	-0.0070 (0.9259)
Household goods and home construction	-0.0113 (0.1611)	-0.0203 (0.1090)	-0.0136 (0.3618)	-0.0539 (0.0607)*	-0.0499 (0.1542)
Industrial engineering	0.0025 (0.7885)	-0.0077 (0.7595)	0.0150 (0.6960)	0.0830 (0.0801)*	0.1302 (0.0051)***
Industry metal and mining	0.0016 (0.8507)	-0.0188 (0.2455)	-0.0236 (0.2477)	-0.1346 (0.0000)***	-0.1585 (0.0078)***
Industry transport	0.0215 (0.1959)	0.0327 (0.1983)	0.0300 (0.0246)**	0.0102 (0.7399)	0.0335 (0.4811)
Leisure goods and insurance	0.0115 (0.0227)**	0.0138 (0.1653)	0.0261 (0.2947)	-0.0744 (0.1452)	-0.1301 (0.0662)*
Oil and gas producer	-0.0056 (0.0523)**	-0.0414 (0.3233)	-0.0541 (0.0704)*	-0.0431 (0.4039)	-0.0920 (0.3613)
Oil equips and service	0.0164 (0.1727)	0.0178 (0.4584)	0.0045 (0.8774)	-0.0748 (0.1510)	-0.1988 (0.0502)**
Personal goods	-0.0216 (0.3225)	-0.0290 (0.3691)	-0.0305 (0.3660)	-0.0979 (0.0427)**	-0.0891 (0.1075)
Real estate investment and service	0.0209 (0.0044)***	0.0252 (0.0051)***	0.0396 (0.0038)***	0.0240 (0.1701)	0.0342 (0.2037)
Real estate investment trust	0.0092 (0.0546)**	-0.0054 (0.1770)	-0.0331 (0.0796)*	-0.0583 (0.0370)**	-0.0859 (0.0687)*
Travel and leisure	0.0050 (0.7396)	0.0324 (0.1878)	0.0533 (0.0549)*	-0.0080 (0.8250)	0.0060 (0.9215)

*, **, *** indicate significance levels of 10%, 5%, and 1%, respectively.

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Event 2: The COVID-19 outbreak

Table 5(a) presents the average abnormal returns (AARs) on event day (0) during the COVID-19 outbreak. On event day (0), a majority of the sectors demonstrated negative and significant returns including the financial services sector (1.57%), forestry and paper (4.30%), general industries (2.57%), healthcare equipment and services (4.54%), household goods and home construction (1.96%), industrial engineering (5.53%), industry metal and mining (3.89%), industry transport (2.32%), oil equipment and services (5.03%), real estate investment and services (3.81%), and travel and leisure (4.37%), all of which were at a minimum 5% significance level.

Table 5(a): Average Abnormal Returns (AARs) for the 19 sectors during the COVID-19 outbreak

Sector	**Event-day (0) AAR (p-value)**
Electricity and equity	-0.0511 (0.358)
Financial services	-0.0157 (0.0780)*
Fixed line and telecommunication	-0.0320 (0.2223)
Forestry and paper	-0.0430 (0.0048)**
Gas, water, and multiutilities	0.0129 (0.1082)
General industries	-0.0257 (0.0216)*
Consumer product and services	-0.0208 (0.4065)
Healthcare equipment and services	-0.0454 (0.0559)*
Household goods and home construction	-0.0196 (0.0960)*
Industrial engineering	-0.0553 (0.0972)*
Industry metal and mining	-0.0389 (0.0133)***
Industry transport	-0.0232 (0.0862)*
Leisure goods and insurance	-0.0157 (0.2993)
Oil and gas producer	-0.0274 (0.1907)
Oil equips and service	-0.0503 (0.0548)**
Personal goods	-0.0977 (0.2075)
Real estate investment and service	-0.0381 (0.0000)***

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Real estate investment trust	-0.0112 (0.2502)
Travel and leisure	-0.0437 (0.0427)**

*, **, *** indicate significance levels of 10%, 5%, and 1%, respectively.

Table 5(b) presents the reactions of the 19 sectors towards the dividend announcement made during the COVID-19 outbreak in the country. For the 3-day, 7-day, 11-day, 21-day, and 31-day event windows, a majority of the sectors showed negative returns at a minimum 1% significance level, i.e., financial services; forestry and paper; general industries; consumer product and services; household goods and home construction; industry engineering; industry metal and mining; industry transport; leisure goods and insurance; oil and gas producer; oil equips and service; personal goods; real estate investment and service; real estate investment trust, and lastly travel and leisure. This contrasts with the findings of Pandey and Kumari (2022), Sekula and Socha (2022), and Parkash and Yogesh (2021) which indicated that the behaviour of individual and institutional investors affects positive reactions in a sluggish economy. Furthermore, negative signal indicates that investors' non-acceptance, unwillingness and confused mindset concerning announcements' effect.

Table 5(b): Cumulative Abnormal Returns (CAR) based on different sectors

Sector	Cumulative Abnormal Returns (CARs)				
	(-1,1)	(-3, 3)	(-5, 5)	(-10, 10)	(-15, 15)
Electricity and equity	-0.0465 (0.4852)	-0.0887 (0.4052)	-0.1071 (0.4889)	0.0112 (0.8734)	-0.0093 (0.9049)
Financial services	-0.0397 (0.0356)**	-0.0914 (0.0013)***	-0.0787 (0.0069)***	-0.0788 (0.0018)***	-0.0656 (0.0178)**
Fixed line and telecommunication	-0.0756 (0.1056)	-0.1098 (0.1354)	-0.1098 (0.2174)	-0.1612 (0.2025)	-0.2240 (0.1984)
Forestry and paper	-0.0630 (0.0620)*	-0.1632 (0.0000)***	-0.2167 (0.0000)***	-0.1720 (0.0002)***	-0.2445 (0.0000)***
Gas, water, and multiutilities	-0.0447 (0.2827)	-0.0685 (0.1060)	-0.0714 (0.1878)	0.0161 (0.7489)	0.0100 (0.8421)
General industries	-0.1072 (0.0668)*	-0.2108 (0.0039)***	-0.2335 (0.0023)***	-0.2246 (0.0027)***	-0.2121 (0.0033)***
Consumer product and services	-0.0830 (0.1358)	-0.1935 (0.0345)**	-0.1552 (0.0466)**	-0.1842 (0.0057)***	-0.1951 (0.0075)***
Healthcare equipment and services	-0.0955 (0.2260)	-0.2454 (0.1251)	-0.1158 (0.3104)	-0.0652 (0.5641)	-0.0016 (0.9914)
Household goods and home construction	-0.0642 (0.0219)**	-0.1296 (0.0023)***	-0.1562 (0.0009)***	-0.1451 (0.0000)***	-0.1250 (0.0085)***
Industrial engineering	-0.0897 (0.1895)	-0.1882 (0.0489)**	-0.2604 (0.0216)**	-0.1707 (0.0193)**	-0.2127 (0.0110)**
Industry metal and mining	-0.1243 (0.0000)***	-0.1793 (0.0000)***	-0.1944 (0.0000)***	-0.1232 (0.0003)***	-0.1706 (0.0000)***
Industry transport	-0.0700 (0.0032)***	-0.1268 (0.0014)***	-0.1474 (0.00004)***	-0.1261 (0.0046)***	-0.1311 (0.0073)***

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Leisure goods and insurance	-0.0614 (0.0017)***	-0.1298 (0.0017)***	-0.1741 (0.0001)***	-0.1321 (0.0036)***	-0.0965 (0.0884)*
Oil and gas producer	-0.1089 (0.0282)**	-0.1070 (0.0989)*	-0.1502 (0.1851)	-0.0838 (0.1837)	-0.1194 (0.0751)*
Oil equips and service	0.0277 (0.6020)	-0.0169 (0.7762)	-0.1834 (0.0052)***	-0.2485 (0.0031)***	-0.4014 (0.0006)***
Personal goods	-0.2242 (0.0500)*	-0.2999 (0.0043)***	-0.2368 (0.0014)***	-0.2061 (0.0102)***	-0.2938 (0.0016)***
Real estate investment and service	-0.0807 (0.0000)***	-0.1190 (0.0000)***	-0.1273 (0.0000)***	-0.1033 (0.0000)***	-0.1167 (0.0000)***
Real estate investment trust	-0.0581 (0.0165)**	-0.1502 (0.0013)***	-0.1361 (0.0037)***	-0.1278 (0.0152)**	-0.1182 (0.0220)**
Travel and leisure	-0.1185 (0.0005)***	-0.1784 (0.0007)***	-0.2036 (0.0000)***	-0.1631 (0.0050)***	-0.1990 (0.0016)***

*, **, *** indicate significance levels of 10%, 5%, and 1%, respectively.

Discussion and Conclusion

Overall, it can be said that dividends performance during the COVID-19 pandemic and financial crisis in Malaysia had varied depending on the economic sector. While dividends fell in some industries, they continued to be stable or even increased in some others. To make wise investment decisions, it is crucial to analyse the performance of certain businesses and industries. Investors seemed to be more opportunistic during the 2008 global financial crisis, but more pessimistic during the COVID-19 outbreak. Following the dividend announcement during the 2008 global financial crisis, some of the sectors showed positive returns for the 3-day (-1,1) to 31-day (-15, 15) event windows, i.e., consumer product and services (1.62%), leisure goods and insurance (1.15%), real estate investment and service (2.09%), real estate investment trust (0.92), electricity and equity (5.82), healthcare equipment and services (2.59%), transport (0.30%), and travel and leisure (0.5). Contrastingly, during the COVID-19 outbreak, all the sectors showed negative returns for the 3-day (-1,1) to 31-day (-15, 15) event windows. Initially, Malaysia's stock market saw a severe slump, but it swiftly recovered thanks to government stimulus programmes and the nation's excellent healthcare system. But in order to conserve cash and preserve financial stability throughout the pandemic, many Malaysian companies had to cut back on or suspend their dividend payments. Future studies could consider taking two directions to improve this research. Firstly, they can incorporate dividend announcement performance for businesses which apply ESG principles to SDG objectives. Secondly, given that Malaysians have a concentrated ownership structure (Ishak et al., 2020), the analysis should take announcement dividend performance into account. It is noteworthy to identify which ownership pattern was more highly impacted by the two weak economic conditions.

Acknowledgment

This study was supported by University Malaysia Sabah Research Grant (Project Code: SBK0458-2021).

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International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.ijafb.com
DOI: 10.55573/IJAFB.095308

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