

Abstract

This research examines the relationship between dividend policy and stock price volatility, employing a mixed-methods approach to gain a comprehensive understanding of how dividend distribution decisions impact the stability of stock prices. The study explores whether firms with different dividend policies experience varying levels of stock price volatility and seeks to determine if these policies can serve as a signal to investors about the firm's financial health and future prospects.

In the quantitative phase, the study analyzes historical stock price data and dividend payout ratios of firms across different sectors to assess the correlation between dividend policy and stock price volatility. Statistical models, including regression analysis, are used to identify patterns and measure the strength of the relationship. The research further investigates whether high or low dividend payouts contribute to greater stock price stability or increased volatility, considering factors like industry type and market conditions.

The qualitative component involves interviews with financial managers, investors, and analysts to gather insights into how dividend policies are formulated and their perceived impact on market behavior. These interviews provide a deeper understanding of the psychological and informational aspects of dividend decisions. By combining quantitative and qualitative data, this study aims to offer actionable recommendations for firms seeking to manage stock price volatility through strategic dividend policy choices.