THE EFFECT OF DIVIDEND YIELD ON THE VOLATILITY OF STOCK PRICES OF IDX30 INDEX COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2019-2023 PERIOD

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ABSTRACT
This study investigates the influence of Dividend Yield on Stock Price Volatility in companies included in the IDX30 index on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. Utilizing secondary data from annual reports of IDX30 companies, panel data regression analysis was conducted to examine the relationship between the variables. The findings reveal that Dividend Yield positively affects Stock Price Volatility, contradicting the initial hypothesis. The results indicate that an increase in Dividend Yield leads to higher Stock Price Volatility, while a decrease in Dividend Yield results in lower Stock Price Volatility. This research provides valuable insights for investors in understanding the dynamics between dividend policies and stock price fluctuations.

KEYWORDS	Dividend Yield, Stock Price Volatility, IDX30, Panel Data Regression, Indonesia Stock Exchange

INTRODUCTION

Companies are basically established with the aim of obtaining as much profit as possible and later being able to develop the company to a larger scale. However, to achieve this goal, the company must have a considerable amount of capital. One of the ways companies can obtain capital is by issuing shares in the capital market. The capital market itself is a place to buy and sell financial instruments. Financial instruments that are traded can be in the form of stocks, bonds, mutual funds, warrants, and rights. The capital market also plays an important role in advancing

a country's economy. The presence of the capital market in Indonesia is very beneficial for investors and companies that finance their operational activities by issuing securities or securities in the capital market. Basically, the capital market is a medium that brings together those who lack funds (investors) with those who lack funds. Investors here will later invest their funds in companies that need funds.

Investment itself is a commitment to sacrifice consumption in the present with the aim of increasing consumption in the future (Selpiana & Badjra, 2018). Expected future profits are compensation for the time and risks associated with expected profits (Listed & Exchange, 2013). Investment is divided into two groups, namely investment in financial assets and investment in real assets. Investing in financial assets can be done in the capital market and money market, while investing in real assets is done by buying or establishing real assets such as buying land or setting up factories (Fajrihan, 2013). The main goal of investing is to obtain a return or income that is greater than the amount of resources invested. Investments can be made in various forms of assets, such as stocks, bonds, mutual funds, and others.

One of the most common forms of investment traded in the capital market is stock investment. According to Fahmi (2012:85) in Selpiana & Badjra (2018), shares are paper or proof of ownership of capital or funds in an institution or company that clearly states the face value, the name of the institution, accompanied by the rights and obligations explained to each shareholder. There are two factors that are considered by investors when investing in stocks, namely the return factor and the risk factor. Stock investment is known as a capital market investment that has a high liquidity value and provides more returns than investments in other sectors (Marriage and Punishment, 2022). Stock investment is more suitable for investors who target long-term investment because it has a high rate of return in the future, both in the form of capital gains and dividends.
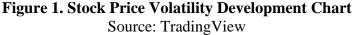
Capital gain is the difference between the stock price at the time of purchase and the share price at the time of sale. Capital gains are formed by trading activities in the secondary market. Meanwhile, the dividend itself is the distribution of profits given by the issuing company on the profits generated by the company, where the distribution of dividends is given after receiving approval from shareholders at the General Meeting of Shareholders (GMS) to determine the amount of dividends per share (Fajrihan, 2013). The dividends distributed by the company can be in the form of cash dividends, which are dividends paid in the form of cash to shareholders according to the number of shares owned by shareholders or can also be in the form of stock dividends, namely profits given to investors in the form of additional shares instead of cash.

The decision to invest will be influenced by the investor's assessment of the stock price of a company. The amount of demand and supply of stocks that continue to fluctuate will be affected by this decision. Similarly, in the law of supply and demand, if the demand is high, the price will go up, on the other hand, if the supply is high, the price will go down (Hidayati & Sukmaningrum, 2021). This fluctuating stock price is what then causes stock price volatility. Stock price volatility is the movement of stock prices up and down in the stock exchange that can be used to determine stock risk and how quickly stock prices can fluctuate (Aten & Nurdiniah, 2020). The uncertainty of return can be indicated by the high volatility value

(Rachmawaty & Afridayani, 2023). Therefore, investors must have the right strategy in managing their investments in order to receive maximum returns. Understanding stock price volatility can be one of the actions that investors can take, as it can help investors avoid costly mistakes when choosing which stocks to buy.

The development of stock price volatility on the IDX30 from 2012 to 2019 has always experienced rapid increases and decreases, as illustrated in the following chart.

Figure 1. Stock Price Volatility Development Chart
Source: TradingView

Based on the news issued by the Indonesia Stock Exchange, the condition of the capital market in 2013 is in a dark period, where investor sentiment is shaken by the problem of slowing economic growth in the first quarter of 2013 and the news that Indonesia is facing a trade balance deficit that resulted in an increase in fuel prices, which has a real impact on stock price volatility in 2013. In early 2014, the volatility of the IDX30 stock price decreased, which means that the stock price did not experience large fluctuations. For 2015 itself, the capital market tends to weaken, which results in higher volatility in the IDX30 share price. This phenomenon occurred due to an uncertain increase in the United States interest rate, even though this interest rate was set in December 2015 by the Federal Reserve.

In 2016, the volatility of IDX30 stock prices tended to be stable, due to an increase in JCI of 193.36% in the closing year, which is the highest figure for the last 10 years recorded by the Indonesia Stock Exchange. In addition, there was an increase in the number of new investors in the capital market, where data from the Indonesia Stock Exchange (IDX) and the Indonesia Central Securities Depository (KSEI) recorded the number of new investors in the capital market until the end of December 2016 increased to 535,994 SID from the previous year only 434,107 SID. Similar to 2016, the volatility of IDX30 stock prices in 2017 also tends to be stable. This is because the global economy is experiencing a recovery period which has a good impact on commodity prices. The increase in IDX30 stock price volatility in

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2018 was due to a decline in JCI performance. In addition to the decline in JCI performance, there are also negative sentiments from investors related to the trade war between the United States and China and the economic situation of the United States also participating in influencing the stock market. In 2019, the IDX30 share price experienced a not too high increase so that the volatility of the stock price tends to be stable.

In the rise or fall of the stock price there is always a mistake called overreaction or mispriced. Overreaction occurs because they are too optimistic or pessimistic in responding to an event that is expected to affect the company's performance in the future. Both attitudes accelerate the increase or decrease in stock prices so that there is an element of mispriced, as a result of which there will be a backflow to correct the mispriced (Maskur, 2009). Therefore, investors should be careful of stock price movements that rise too quickly or fall too quickly sharply (stock price volatility).

Stock price volatility is a reference for investors before making an investment decision. Many factors affect stock price volatility, one of which is the dividend policy. Dividend policy is a factor that affects changes in stock prices, where before investing, capital owners (investors) conduct an analysis related to dividend percentages, risks, company policies in dividend distribution and conduct fundamental analysis (Utami & Purwohandoko, 2021). According to Fauziah (2017) the dividend policy is the result of profit placement, whether the profit obtained by the company will be given to investors as dividends or will be held in the form of retained earnings aimed at financing investments in the coming period. This of course involves two interested parties and both are in conflict with each other, namely the interests of shareholders with their dividends and the interests of the company with their retained earnings (Arilaha, 2009).

Each company has a different dividend policy. Dividend policy is defined as the decision taken by the company regarding the distribution of dividends, such as how much, the form of dividends distributed, and the date of distribution (Aten & Nurdiniah, 2020). Dividend policy is measured using two measurements, namely Dividend Yield (DY) and Dividend Payout Ratio (DPR). In this study, the dividend policy is proxied with Dividend Yield (DY). Dividend Yield describes the amount of profit or rate of return on investment value distributed by the company to shareholders. Dividend yield is one of the factors that investors consider before investing (Aten & Nurdiniah, 2020). Meanwhile, the Dividend Payout Ratio itself shows the amount of value taken from the company's net profit for dividend payments. Investors will observe the dividend payout ratio idend payout ratio because it also determines how much a company can hold as a source of funding (Yugisvuri, 2016).

In 1958, Miller & Modigliani (MM) believed that dividend policy theory was irrelevant because in an ideal capital market, the value of a company and its shareholders had nothing to do with dividend payments. However, the value of a company depends on the company's ability to generate profits from its assets and the company's freedom to determine investments or distribute dividends. The theory put forward by Miller & Modigliani is challenged by the "bird in hand" theory put forward by Gordon (1956) and Lintner (1962). Gordon and Lintner argue

that investors prefer cash dividends over promised capital gains in the future, because receiving cash dividends is a definite form of risk reduction. This theory is also supported by the dividend signal theory put forward by (Ross, 1977) and (Bhattacharya, 1979) which states that the use of dividends as a tool to send real signals to the company about the company's future work is the right method. The theory is based on the assumption that the announcement of a change in cash dividends contains information that causes the stock price to react (Pramuji, 2021).

In addition, Baskin (1989) also explained the fundamental theory that connects the volatility of stock prices in dividend policy where investors are more interested in stocks that distribute dividends stably to reduce the risks that may be faced. (Camilleri et al., 2019) In his research, he said that the relationship between dividend policy and stock price movements has proven to provide benefits for managers and shareholders in the capital market to help in the decision-making process. As for according to (Lotto, 2021) which states that dividend distribution shows management's commitment to maximizing investment from shareholders and dividends carry information that can provide signals that can increase or decrease the stock price which then causes volatility of the stock price.

Research conducted by (Fajrihan, 2013), Selpiana & Badjra, (2018), Dewi & Paramita, (2019)and Silaban, (2023) which states that the dividend policy proxied with Dividend Yield (DY) has a positive and significant effect on stock price volatility. The same results were also shown by Andiani & Gayatri, (2018) who said that dividend yield has a positive effect on stock price volatility. This shows that the increase in dividend yield can affect the high and low interest of investors to invest their capital in the capital market and have an impact on shareholders. An increase in dividends paid can be considered a favorable signal for investors and shareholders, thus causing a positive stock price reaction.

Different results were shown in a study conducted by(Zainudin et al., 2018), (Christy & Azhari, 2019), (Ridloah et al., 2022), (Sarai & Pangestuti, 2021)and (Tong Kam, 2021) which states that the dividend policy proxied with Dividend Yield (DY) has a significant negative effect on stock price volatility. Dividend yield is able to have a significant influence on stock price volatility because dividend yield is the return that investors receive on the price of the shares they buy. This research is also supported by (Angelina et al., 2023) which states that dividend yield has a negative effect on stock price volatility. This means that low stock price volatility is due to the company's high dividend yield.

Based on the description of the phenomenon, research gaps, and several previous studies that have been described, the author feels that further research is needed to see the influence of dividend policy on stock price volatility in companies included in the IDX30 index of the Indonesia Stock Exchange (IDX) for the 2018-2022 period.

RESEARCH METHOD

The type of data used in this study is secondary data. Secondary data is data obtained from existing sources. Meanwhile, the data source in this study was obtained from the official website of each company sampled in this study, namely in the form of an annual report for 2019-2023.

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The data collection technique in this study is carried out by studying research-related journals, as well as the annual financial statements of IDX30 companies on the Indonesia Stock Exchange (IDX) obtained from the official website of the IDX, namely the www.idx.co.id and the official website of each company.

The variable processing in this study uses panel data regression analysis, because the data used by the researcher is included in time series data and cross section data. The time series data in this study is in a research time period of five years, namely 2018 to 2022. Meanwhile, the cross section data in this study is on companies included in the IDX30 index on the Indonesia Stock Exchange (IDX), where there are 15 companies as observation samples. The software used to conduct the test is the Eviews program.

RESULT AND DISCUSSION

Overview of Research Objects

The object of this study is companies included in the IDX30 index on the Indonesia Stock Exchange in 2019-2023. The IDX30 index measures the price performance of 30 stocks that have high liquidity and large market capitalization and are supported by good company fundamentals. The data source used in this study is secondary data in the form of annual reports from each company that is a sample for the 2019-2023 period. The sampling method used in this study is the purposive sampling method which can be seen in the following table 1.

Table 1. Sample Selection Process Based on Criteria

It	Criterion	Sum
1	Companies that are actively listed in the IDX30 Index during the period 2019-2023	16
3	IDX30 companies that did not publish annual reports during the 2019-2023 period	0
4	IDX30 companies that use currencies other than rupiah	(2)
5	IDX30 companies that did not distribute dividends during the 2019-2023 period	0
Samples that meet the criteria		**14**
Number of research observations (14 x 5)		**70**

In table 1, it can be seen that during the 2019-2023 period, the total number of companies that are active in the IDX30 index is 30 companies. However, not all of the 30 companies meet the existing criteria. There are 14 companies that have been delisted during the 2019-2023 period and 2 companies that use currencies other than rupiah. Based on the sample selection process, only 14 companies met the criteria, and in the end there were 70 observations using data balance.

Descriptive Statistical Analysis

According to Ghozali (2018), descriptive statistics are statistics that describe the general characteristics of a data seen from the mean value, maximum value, minimum value, and standard deviation. In order to get an overview and explanation related to the description of each research variable, it can be seen in the following table 2.

Table 2. Results of Descriptive Statistical Analysis

	Mean	Maximum	Minimum	Std.Dev	Observations
			Descriptive Statistics		
SPV	0.066990	0.896038	0.000200	0.126765	70
DY	0.040135	0.447079	0.001459	0.057399	70

Source: Eviews Output 12, data processed by researchers (2024)

From the results of the descriptive statistical analysis in table 2, it is explained that the Stock Price Volatility variable (Y) has a mean value (average) of 0.066990 with a maximum value of 0.896038 for Aneka Tambang Tbk in 2020 and a minimum value of 0.000200 for Bank Mandiri (Persero) Tbk in 2021, and has a standard deviation value of 0.126765. The magnitude of the standard deviation value compared to the mean value shows that the variable data of Stock Price Volatility is heterogeneous (scattered).

The Dividend Yield variable (X) has a mean value (average) of 0.040135 with a maximum value of 0.447079 for Bukit Asam Tbk in 2023 and a minimum value of 0.001459 for Aneka Tambang Tbk in 2020, and has a standard deviation value of 0.057399 where this standard deviation value is greater than the mean value, which means that the Dividend Yield variable data is heterogeneous (scattered).

Model Conformance Test Results

Chow Test

The chow test is used to compare two linear regressions, in order to determine which model is right between the Common Effect Model (CEM) or the Fixed Effect Model (FEM). This can be seen in the Chi-Square Cross-section values as seen in the following table 3.

Table 3. Chow Test Results

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	0,972538	-13,55	0,4891
Cross-section Chi-square	14,483.744	13	0,3407

Source: Output Eviews 12, secondary data processed by researchers (2024)

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Based on table 3. above, it can be seen that the Cross-section of Chi-Square has a value of 0.3407 or it can be said that the value > 0.05. This means that the most appropriate model to use is the Common Effect Model (CEM).

Hausman Test

The Hausman test is used to see which model is the most appropriate between the Fixed Effect Model (FEM) or the Random Effect Model (REM). This can be seen through the following Chi-Square probability value of the Hausman test.

Table 4. Hausman Test Results

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0,663888	1	0,4152

Source: Output Eviews 12, secondary data processed by researchers (2024)

From table 4. above, the results of the hausman test above, show that the probability of Chi-Square has a value of 0.4152 or it can be said > 0.05. This means that the most appropriate model to use is the Random Effect Model (REM).

The Lagrange Multiplier Test

The Lagrange Multiplier test is used to determine which model is right between the Random Effect Model (REM) or the Common Effect Model (CEM). To see which model is the most appropriate, it can be seen through the Breusch-Pagan values in the following table 5.

Table 5. Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects			
Null hypotheses: No effects			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided			
(all others) alternatives			
	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0,070059	4,827889	4,897948
	(0,7913)	(0,0280)	(0,0269)

Source: Output Eviews 12, secondary data processed by researchers (2024)

From table 5. of the results of the lagrange multiplier test above, it shows that the Breusch-Pagan Cross-section has a value of 0.7913 or it can be said > 0.05. Thus, the most appropriate model to use is the Common Effect Model (CEM).

In the results of the chow test, the Common Effect Model (CEM) was obtained as the most appropriate model to be used. After that, another Hausman test was carried out which obtained the result that the Random Effect Model (REM) was the most appropriate model to use. Due to the unequal results between the chow test and the hausman test, this lagrange multiplier test was carried out again and the

Common Effect Model (CEM) was obtained as the most appropriate model to be used. Thus, it can be concluded that the best model to use is the Common Effect Model (CEM).

Classical Assumption Test
Heteroscedasticity Test
The heteroscedasticity test aims to test whether in the regression model there is a variance inequality from one residual observation to another. If the variant from the residual of one observation to another remains constant, then homoscedasticity occurs and if heteroscedasticity occurs. A good regression model is homoscedasticity or no heteroscedasticity.

This test was carried out by the glacier test, which is regression of each independent variable with absolute residual as the dependent variable. If the result of the confidence level of the glacier test is >0.05, then heteroscedasticity does not occur.

Table 6. Heteroscedasticity Test Results

Heteroskedasticity Test: Glees

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0,055513	0,015868	3,498.406	0,0008
DY	0,085251	0,227653	0,374479	0,7092

Source: Output Eviews 12, secondary data processed by researchers (2024)

In table 6, it can be seen that the probability value of the X variable is 0.7092 where the number is greater than 0.05. Therefore, it can be concluded that in this model there is no heteroscedasticity.

Panel Data Regression Analysis
In the following table, the researcher will present the results of data processing using panel data regression using the Pooled Least Square (PLS) estimation method. The use of panel data regression is based on the research data obtained, namely the merger of time series data (2019-2023) and cross section data (company). The following table 6 will present a summary of the research findings to find the value of the regression coefficient, the direction of the regression coefficient, the probability of t-calculation, the probability of F-calculation, the adjusted determination coefficient, and the selection of the regression estimation technique of the panel data.

The statistical summary of the results of the study comes from a research model that has been made previously, namely $SPV = \alpha + \beta_1 DY + \varepsilon$, it is known that SPV is the volatility of stock prices; DY is Dividend Yield; ε is residual. This research model is processed using the Common Effect Model approach and overall the model tests in table 6 are also equipped with testing of two research sub-samples, namely testing on low-paid dividends and high-paid dividends.

Estimation Model Common Effect
The data regression panel with a common effect approach assumes that the data behavior between companies is the same over time. This model is the simplest

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technique in estimating panel data with PLS estimation because only by combining time series and cross section data can this model be run directly using software such as Eviews. Based on the data processing results in table 4.7 for the data regression model, the common effect model panel shows that the independent variable is statistically significant, where the α value is 5%. The interpretation of the common effect model explained that all samples in this study were homogeneous, there was no difference in stock price volatility (SPV) characteristics between one company and another during the observation period (2019-2023). The t-calculation probability value in the Dividend Yield variable is 0.0472 or less than the value of $α = 5\%$, so it can be seen that there is a real influence of the Dividend Yield variable on stock price volatility (SPV) in the direction of a positive coefficient. In accordance with the results of the data processing that has been summarized, the regression results of the data panel can be rewritten in the form of equations from the common effect model, which are as follows.

$$SPV = 0.0459 + 0.5258DY + ε$$

The regression equation has an intercept value of 0.0459, where this value shows that if all independent variables in the model are insignificant or have a constant value (0), then the average stock price volatility of all companies is 0.0459. The slope of the independent variable Dividend Yield is +0.5258 with a significance level of 0.0472, where this value is smaller than the value of α=5%. The Dividend Yield Coefficient of +0.5258 shows that if the dividend yield rises (decreases) by 1%, it will be followed by an increase (decrease) in stock price volatility of 0.5258 (52.58%). The direction of the dividend yield coefficient that shows a positive (unidirectional) direction is the opposite of the predetermined hypothesis. In theory, dividend payments are considered by investors as a signal of the company's future prospects. If there is an increase in dividends, it will be considered as good news which means the company has good prospects, so it shows a positive stock price reaction. On the other hand, if there is a decrease in dividends, it will be considered a negative signal (bad news) which means that the company has poor prospects, thus causing a negative stock price reaction.

After analyzing the coefficient value and coefficient direction, the next step is to evaluate the R-Squared value of this research model, where the value of the determination coefficient R^2 is 0.0567. The value of this determination coefficient indicates that as many as 5.67% of the stock price volatility variables can be explained by the dividend yield variable, while as many as 94.33% of the stock price volatility can be influenced or explained by other variables that are not included in this study.

Estimation of Sub Sample Model for Dividend Yield

The model estimate for dividend yield is further divided into the estimation of the model of the group of companies that pay low dividends and the estimate of the model for the group of companies that pay high dividends. The following will describe the estimated value of the model for both groups of companies.

Estimated Dividend Model Low Paid

The description of the data processing results has been presented in the previous table 4.7. In accordance with the results of the data processing that has been summarized, the regression results of the panel data can be rewritten in the form of an equation from the low-paid dividend model, which is as follows.

$$SPV = 0,0621 + 0,5392DY + \varepsilon$$

From the above equation, it can be seen that the intercept value in the low-paid dividend model is 0.0621 with a t-calculated profitability value less than 10%, where this term means that if the independent variable in the model is insignificant or has a constant value (0), then the average stock price volatility of all companies will increase by 0.0621. For the slope of the independent variable is a dividend yield of +0.5392 with a t-calculation probability less than alpha 10%. The value of this dividend yield slope shows that if the dividend yield rises (decreases) by 1%, then the average predicted stock price volatility will increase (decrease) by 53.92%. The direction of the variable coefficient indicates a positive direction which means that if the dividend is low, then the volatility of the stock price is down. This is because in some cases companies that pay low dividends have low stock price volatility if they have low leverage and low profit volatility.

This low-paying dividend model has a determination coefficient value of R2 of 0.0599. The value of this determination coefficient indicates that as much as 5.99% of stock price volatility can be explained by the dividend yield variable, while as much as 94.01% of the stock price volatility variable can be explained by other variables that are not included in this study. This model has a probability value of F-Statistics of 0.1050, where this value is less than the alpha of 10% which shows that together the independent variable of dividend yield and its constant affect the dependent variable of stock price volatility.

High paid Dividend Model

The description of the results of data processing from the estimate of the high-paid dividend model has been presented in table 4.7. This panel data regression model can be rewritten as an estimate in the following equation.

$$SPV = 0.0308 + 0.1318DY + \varepsilon$$

From the equation, it can be seen that the intercept value in the high-paid dividend model is 0.0308 with the t-calculation probability value less than $\alpha=10\%$, which means that if the independent variable in the model is insignificant or has a constant value (0), then the average stock price volatility of all companies increases by 3.08%. For the variable slope, the dividend yield is +0.1318 with a t-calculation probability greater than alpha 10%. This fairly high probability shows that the dividend yield is not a meaningful information in the sub-sample of high paid dividends. This indicates that dividend yield does not provide signals or information for investors when they are going to invest because in the end investors will reinvest or reinvest their funds using the dividends they receive(Novita, 2017)

The estimated dividend yield model in the sample of high-paid dividends has a determination coefficient value of R2 0.0078. The value of this determination coefficient indicates that only 0.78% of the stock price volatility variable can be explained by the dividend yield variable, while the remaining 99.22% of stock price

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volatility is explained by other variables that are not included in this study. The probability value of the F-Statistic is 0.6746, where this value is greater than the alpha of 10% which shows that together the independent variables with their constants do not affect the dependent variable of stock price volatility.

Hypothesis Testing

Summary of Hypothesis Testing Results

Furthermore, the discussion for hypothesis testing, in addition to being based on the results of common effect model (CEM) data processing, the discussion is also based on the research results of the full sample model for Dividend Yield and sub-sample for Dividend Yield. The sub-sample for dividend yield is divided into low-paid dividends and high-paid dividends. The following is table 7. which presents a summary of the results of hypothesis testing:

Table 7. Summary of Hypothesis Testing Results

| It | Hypothesis | Arah Hypoplant | Research Results | | | | Information |
| | | | CEM | Full Sample | Sub Sample | | |
					Lower Div.	Div. High	
1	Dividend Yield affects Stock Price Volatility.	(-)	(+)*	(+)*	(+)**	(+)	The results of the study are different from the hypothesis presented, so the hypothesis **is rejected** and in the sub-sample of high dividends paid, the dividend yield becomes insignificant.

Ket: Discussion of hypothesis testing with data panel model. CEM for Common Effect Model. Dividend Yield is tested using a full sample and a sub-sample (low paid dividends and high paid dividends). The (+) symbol is for positive, the symbol (*) is for a 5% significance level, the symbol (**) is for a 10% significance level.

Based on table 7., the hypothesis proposed previously with the results obtained from the panel data processing process from the common effect model (CEM) model, full sample mode, low-paid dividend model, high-paid dividend model using the OLS estimator. The common effect model (CEM) model is the best model used in this study because the Chow test value and the Lagrange Multiplier (LM) value show that the common effect model is the best model in testing the stock price volatility behavior of 14 companies.

Discussion

The Effect of Dividend Yield on Stock Price Volatility

The results of hypothesis testing from this study show that Dividend Yield has a positive effect on stock price volatility. This explains that when the dividend yield rises, the volatility of the stock price will increase. Likewise, if the dividend yield decreases, it will decrease. The rise and fall of stock prices is determined by market forces, which are influenced by high demand from investors which results in fluctuations or volatility. Volatility can also be said to be a change or movement in stock prices that is influenced by several factors, one of which is the dividend policy.

Dividend policy is the decision whether the profits earned by the company will be distributed to shareholders as dividends or will be retained in the form of retained earnings which will later be used for future funding (Selpiana & Badjra, 2018). Both dividend and capital gains investors both need information about dividend policies. Information about dividend policy is important because dividend policy is one of the determining factors for investors in investing, whether to invest their funds or not. This is because the dividend policy contains information related to the prospect of profits that investors will get in the future. The indicator used to measure dividend policy in this study is dividend yield.

Basically, dividend yield describes how much income return investors will get for the amount of money they have invested (Greetings, 2018). Where this dividend yield is measured through a comparison between the dividend per share and the share price per share. Dividend yield will be responded to well by investors, if a company produces good information or good news. This means that a company has good prospects and a high level of liquidity so that it gains the trust of investors which then results in the market tending to react positively.

The results of this study are in accordance with the Efficiency Market Hypothesis theory which says that whenever new information related to a stock appears, it will change the expectations of investors which then results in a rapid change in the equilibrium price of the stock (Novius, 2017). This is because the increase in the company's ability to generate high profits accompanied by the increasing amount of dividends distributed to shareholders will be responded to quickly by investors, causing an increase in the stock price. So many investors are interested in buying shares of companies that have good ability to generate profits, making the demand for these stocks increase and in the end the volatility of stock prices will also increase.

Each company will pay dividends in different amounts, for example, Semen Indonesia (Persero) Tbk paid dividends per share of Rp. 207.64 in 2019 while one of the companies in the financial industry, namely Bank Central Asia Tbk paid dividends per share of Rp. 340.00 in 2019. After determining how much dividends will be paid in the GMS, the company then announces it publicly. The amount of dividends distributed to shareholders is in accordance with the amount of their ownership, where the value of the dividend can signal to the market about the company's prospects (Hadady, 2018). The amount of the dividend will then be responded to by the market, so that there is a pattern of stock price changes.

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The logical thinking for the value of dividend yield in this study is that if dividends are paid low is bad news and dividends paid high are good news. In estimating price changes due to the entry of information (dividend announcements), investors in the stock market will be faced with two possibilities that they will obtain whether the change in stock prices is in accordance with the predicted or not. If what the investor predicts is much greater than the actual value obtained, the investor will suffer losses which then becomes bad news. But on the other hand, if what the investor gets is much greater than the predicted value, then the investor will certainly get a profit and then it will be good news information (Hadady, 2018).

Based on that thought, we can see from the number of observations of error/residual data in the panel data regression process as many as 70 observations. Of the 70 observations, it was divided into 45 low-paid dividend observations and 25 high-paid dividend observations. The reality shown from the results of data processing (see appendix 2), where it can be seen that as many as 45 observations (9 companies) with low dividends are paid so that they contain more information with bad news than 25 observations (5 companies) with high paid dividends (good news).

This research is in line with research conducted by Andiani & Gayatri (2018), Dewi & Paramita (2019), Utami & Purwohandoko (2021), and (Keeping Up With Kardashian, 2022) which shows that the dividend yield has a positive effect on stock price volatility. However, the results of this study are different from the research conducted by Zainudin et al., (2017) and Angelina et al., (2023) which found that dividend yield has a negative effect on stock price volatility as well as research conducted by Aten & Nurdinian (2020) and (Jasselyn & Edi, 2021) which found that dividend yield had no effect on stock price volatility.

CONCLUSION

This study aims to determine the effect of Dividend Yield on Stock Price Volatility in IDX30 index companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period. Based on the results of the analysis and discussion of the research data, the Dividend Yield (X) variable has a positive effect on Stock Price Volatility (Y) so that the hypothesis that Dividend Yield has a negative effect on Stock Price Volatility is rejected. This shows that the higher the Dividend Yield level, the higher the Stock Price Volatility will increase. Likewise, the lower the Dividend Yield, the lower the Stock Price Volatility will decrease.

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