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# The Effect of Dividend Policy, Earnings Volatility, and Leverage on Stock Price Volatility

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**Abstract**

**Purpose:** This study aims to measure the effect of dividend policy, earnings volatility, and leverage on the stock price volatility of retail companies during the period 2020-2024.

**Methodology/approach:** The study utilizes secondary data obtained from the financial statements of retail companies listed on the Indonesia Stock Exchange (IDX) from 2020-2024. The sample was selected using purposive sampling, and multiple regression analysis was conducted using SPSS 26 software test the hypotheses

**Results/findings:** The study shows that dividend payout ratio, dividend yield, earnings volatility, and leverage simultaneously influence stock price volatility. The adjusted $R^2$ value of 0,127 indicated that the four independent variables explain 12,75 of the variation in stock price volatility.

**Conclusions:** Stock price volatility of retail companies is influenced by earnings volatility and leverage. However, the dividend payout ratio and dividend yield do not have a significant effect on stock price volatility.

**Limitations:** This study only covers dividend policy, earnings volatility, and leverage variables, without considering external factors such as macroeconomic condition or industry characteristics.

**Contribution:** These findings are useful for companies in evaluating financial performance, for investors in assessing investment risk, and for academics as a reference regarding the relationship between financial structure and stock price volatility.

**Keywords:** *Dividend Payout Ratio, Dividend Yield, Earnings Volatility, Leverage, Stock Price Volatility.*

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## 1. Introduction

The capital market serves two main functions—economic and financial. Economically, the capital market acts as a medium for allocating investors' funds to companies in support of business development. Financially, it provides funding to companies sourced from investors without requiring direct involvement in the ownership of real assets. Trading activities in the capital market involve three key parties: issuers, stock exchanges, and investors. The level of capital market activity is often used as an indicator of a country's economic progress. An increase in trading activity and transaction volume reflects economic growth, whereas a decline indicates potential economic slowdown (Dewi Lubis dkk., 2024).

Investment products available in the capital market include bonds and stocks (Handini & Astawinetu, 2020). Stocks are more popular than bonds because they offer higher potential returns, despite carrying greater investment risk (Paningrum, 2022). Investment risk arises from uncertainty in future returns; therefore, investors must evaluate both the expected gains and associated risks before making investment decisions. Investors with a low-risk profile should ensure that their investments exhibit low volatility. High stock volatility indicates significant price fluctuations, making future price movements

difficult to predict. Consequently, investors face uncertainty risks in the capital market, as stock prices can rise or fall sharply and unpredictably (Rosihan dkk., 2022).

The subject of this study is the retail industry listed on the Indonesia Stock Exchange (IDX) during 2020–2024. Retail companies listed on the IDX are included in the retailing subsector under the consumer non-cyclicals and consumer cyclicals sectors. For retail companies, high market volatility presents a major challenge in financial risk management (Rasyid dkk., 2025).

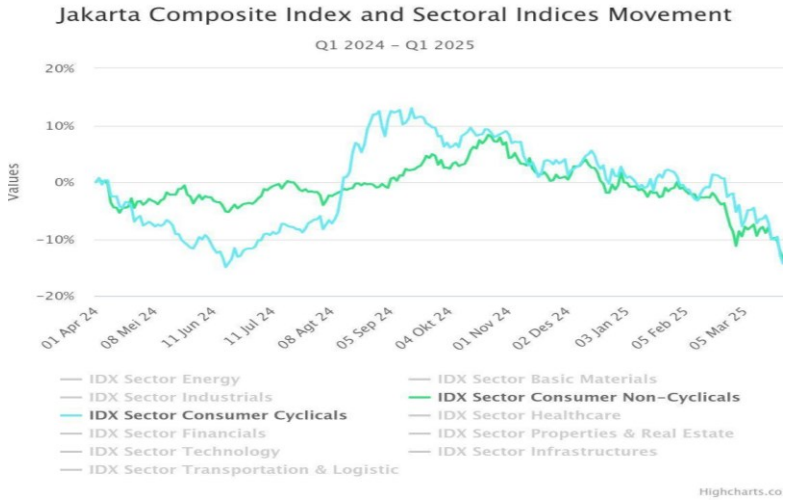


Figure 1. Stock Price Index Movement in 2024–2025
Source: www.idx.co.id

The figure illustrates a more stable stock price movement in the consumer non-cyclicals sector, showing slow yet consistent growth. This sector exhibits lower volatility, with a slight upward trend toward the end of the observed period. In contrast, the consumer cyclicals sector is more vulnerable to volatility, likely influenced by consumer dependence and broader economic conditions. These fluctuations are driven by changing trends, shifts in consumer purchasing power, and macroeconomic factors affecting company performance. As of now, declining retail activity in shopping centers has led to reduced profits, consequently impacting stock prices.

According to CNBC Indonesia, LPPF (PT Matahari Department Store Tbk) recorded a decline in gross profit in 2024, amounting to Rp4.268 trillion, lower than in 2023 and 2022 (Rp4.313 trillion and Rp4.401 trillion, respectively), due to weakened consumer purchasing power. Meanwhile, MAPI (PT Mitra Adiperkasa Tbk) experienced a drop in net profit attributable to owners of the parent entity—from Rp1.89 trillion (2023) to Rp1.76 trillion (2024). This decline resulted from global political conflicts that led to a boycott of several food and beverage products under one of its subsidiaries. Two main factors influence stock price volatility: macroeconomic factors, such as global economic conditions, and microeconomic factors, including internal company management aimed at maximizing profits (Herman & Rahma, 2012). Management-related aspects may include dividend policy, corporate earnings, and leverage ratios. Previous studies have produced mixed findings depending on the research context.

Cahyawati & Miftah (2022), revealed that dividend policy can increase stock price volatility, while Fadila & Rahmawati (2024) dan Lotto (2021), found a negative relationship between dividend policy and stock price volatility. The effect of earnings volatility has also been inconsistent: some studies reported a negative impact Cahyawati & Miftah (2022) while others found a positive impact on stock price volatility (Josua Sirait dkk., 2021; Saribu, 2024). Furthermore, leverage has been shown to increase stock price volatility (Fadila & Rahmawati, 2024; Josua Sirait dkk., 2021; Lotto, 2021). However, most previous research has focused on stock indices, non-financial companies, or mining firms, leaving limited exploration of the retail sector. Therefore, this sectoral analysis provides additional insights into competitive business strategies among retail companies in facing economic challenges.

The study period aims to capture the growth trajectory of retail companies in the post–COVID-19 era, a phenomenon that significantly affected the economy and corporate performance. During the pandemic, the Indonesian Rupiah depreciated, and hoarding large sums of cash became ineffective (Lorenza dkk., 2022). Leading to reduced retail sales. Hence, this study seeks to assess investment risk before investors make decisions and to understand how dividend policy, earnings volatility, and leverage influence stock price volatility, thereby helping the retail industry develop better strategies to attract investors.

## 2. Literature Review and Hypothesis Development

### *2.1 Signaling Theory*

The signaling theory, introduced by (Spence, 1973), explains that companies provide information to external parties—particularly investors—to reduce information asymmetry. This asymmetry causes investors to face uncertainty due to differences in the information they receive (Binus University, 2021). Corporate management seeks to present accurate information to investors regarding current industry performance and future business prospects. According to, Astuti dkk. (2021), investors analyze company information and interpret it as either a positive or negative signal. A positive signal is expected to trigger a favorable market reaction when the information is disclosed.

### 2.2 *Bird in The Hand Theory*

Gordon (1959), formulated the bird-in-the-hand theory, which posits that investors prefer dividends paid in the present over potential future capital gains (profits from the difference between buying and selling prices of shares). This is because there is an element of uncertainty associated with expected future returns, whereas dividends provide a more certain and immediate benefit (Darmawan, 2018).

### *2.3 Stock Price Volatility*

Volatility refers to the extent of fluctuations in stock prices or other asset values (Febrian dkk., 2023). In the context of stock prices, volatility indicates significant price movements—either upward or downward—within a certain period. Stocks with high volatility offer the potential for higher returns but also come with greater risk of losses. Herman & Rahma (2012), identify two main factors influencing stock price volatility: Macroeconomic factors, which affect the overall economy, including inflation, high interest rates, national productivity levels, and political conditions. Microeconomic factors, which directly affect a company's business performance, such as productivity, costs and availability of raw materials, management techniques, and other internal operational aspects.

### *2.4 Dividend Policy*

According to Asnawi & Wijaya (2015), dividends represent the portion of profit distributed by a company to its shareholders as a return on their invested capital, while retained earnings refer to the portion of profit that is not distributed. Dividend policy relates to the company's decision on whether to retain earnings for business operations or distribute a portion of them to shareholders in the form of dividends. Darmawan (2018) defines dividend policy as the percentage of profit that management decides to distribute to shareholders in the form of stock dividends or cash dividends.

Dividend policy is commonly represented by two ratios: the Dividend Payout Ratio (DPR) and the Dividend Yield (DY). The DPR indicates the proportion of the company's earnings distributed to investors, which can also be analyzed through the retention ratio, representing the portion of net profit retained by the company instead of being distributed as dividends (Triyonowati & Maryam, 2022). Meanwhile, the DY shows how much dividend is paid annually relative to the stock price (Darmawan, 2018). A high Dividend Yield reflects the company's strong ability to generate profit (Fadila & Rahmawati, 2024)

### *2.5 Earnings Volatility*

Earnings volatility is a parameter used to measure the stability of a company's earnings from year to year (Khurniaji & Raharja, 2013). Fluctuating earnings make it difficult for companies to obtain external funding due to perceived financial instability (Fadila & Rahmawati, 2024). Companies with high earnings volatility are considered less stable in generating profits. Conversely, companies with low

earnings volatility are more predictable, allowing investors to estimate stock returns more accurately than those with unstable earnings.

### *2.6 Leverage*

Leverage reflects the proportion of debt to equity used in financing a company's operations. The level of leverage varies among companies, depending on business characteristics and the diversity of cash flows (Kasmir, 2021). Corporate debt indicates the company's commitment to growth and meeting its obligations. However, the amount of debt used must be carefully managed. A well-managed capital structure can attract investors to purchase company shares, leading to an increase in stock prices (Farhan dkk., 2024). Conversely, high debt levels raise concerns among external stakeholders, including investors, due to the increased risk of default. The degree of leverage is influenced by several factors, such as business risk, corporate tax conditions, financial flexibility, and whether management adopts a conservative or aggressive financial approach (Heryaman & Anasta, 2024).

### *2.7 Previous Studies*

The following previous studies present diverse findings regarding stock price volatility:

1. Cahyawati & Miftah (2022) found that dividend policy and leverage have a positive and significant impact on stock price volatility, while earnings volatility has a negative effect.
2. Fadila & Rahmawati (2024), found that both dividend payout ratio and dividend yield have a negative impact on stock price volatility, while the control variable leverage influences volatility.
3. Saribu (2024) discovered that dividend policy, earnings volatility, and trading volume have a positive effect on stock price volatility.
4. Utami & Purwohandoko (2021), found that dividend payout ratio and dividend yield affect stock price volatility, whereas leverage, earnings volatility, and trading volume do not.
5. Lotto (2021), reported that dividend payout ratio and dividend yield have a negative impact on stock price volatility.
6. Josua Sirait dkk. (2021), found that earnings volatility and financial leverage have a positive effect on stock price volatility, while price-to-book value has a negative effect. However, dividend policy showed no significant impact on stock price volatility.
7. Astuti dkk. (2021), found that firm size has a positive influence on stock price volatility, while earnings volatility has a negative effect. On the other hand, dividend policy and leverage showed no effect on volatility.
8. Dzulfikar & Hermi (2023), concluded that dividend payout ratio and dividend yield have no effect on stock price volatility, while firm size influences it.
9. Harish & Amaroh (2024) found that dividend payout ratio and trading volume affect stock price volatility, whereas asset growth does not.

Based on these studies, the present research contributes by providing specific insights into the factors influencing stock price volatility within retail companies, which have different characteristics compared to other sectors. Furthermore, most previous studies used data collected before 2020, which does not reflect market dynamics influenced by the COVID-19 pandemic and the subsequent global economic recovery phase.

### *2.8 Hypothesis Development*

Dividend policy represents a management strategy to determine the proportion of profits to be distributed to shareholders in order to maximize investor welfare. An increase in dividend policy value may lead to either a rise or a decline in stock price volatility. Dividend policy is proxied by Dividend Payout Ratio (DPR) and Dividend Yield (DY). A high DPR indicates that the company has sufficient capacity to reward shareholders through dividend distribution. Information regarding a company's DPR can generate diverse investor reactions, potentially triggering stock price volatility. Companies with a high DPR are often perceived as financially strong, capable of funding both investment and expansion activities while maintaining dividend payments (Harish & Amaroh, 2024).

This condition tends to increase investor confidence, encouraging them to retain their shares. Consequently, stock price stability is maintained, reducing volatility. This argument is supported by

Fadila & Rahmawati (2024) and Lotto (2021), who found a negative effect of DPR on stock price volatility. However, a high DPR may also increase stock demand, leading to greater price volatility, as found by Cahyawati & Miftah (2022), Saribu (2024), Utami & Purwohandoko (2021), who observed a positive impact of DPR on stock price volatility.
*H1: Dividend payout ratio affects stock price volatility in retail companies during the 2020–2024 period*

A high Dividend Yield (DY) reflects the company's ability to generate profit efficiently and distribute it as dividends. Fadila & Rahmawati, (2024) and Lotto (2021), reported a negative relationship between DY and stock price volatility, suggesting that higher DY values can suppress volatility. However, Utami & Purwohandoko (2021) found a positive relationship between DY and stock price volatility.
*H2: Dividend yield affects stock price volatility in retail companies during the 2020–2024 period*

Earnings volatility represents the degree of fluctuation in a company's profits over a given period. Companies with unstable earnings face greater risks, as inconsistent profits can lead to investor uncertainty or loss of confidence. High earnings volatility can increase both opportunities and risks, influencing stock price volatility since most investors tend to avoid high-risk investments. However, high earnings volatility can also attract investors seeking capital gains during market peaks (Sunaryo, 2022). Josua Sirait et al.. (2021) and Saribu (2024), found that higher earnings volatility leads to greater stock price volatility. While, Astuti dkk. (2021) and Cahyawati & Miftah (2022) found a negative relationship between the two variables.
*H3: Earnings volatility affects stock price volatility in retail companies during the 2020–2024 period*

Leverage refers to the use of debt to finance corporate activities (Kasmir, 2021). High debt levels can create investor concern because they increase financial risk. A company with high leverage tends to heighten investors' perception of investment risk, prompting share sell-offs that raise stock price volatility. This explanation aligns with findings from Cahyawati & Miftah (2022) dan Josua Sirait dkk. (2021), which confirmed that leverage significantly affects stock price volatility.
*H4: Leverage affects stock price volatility in retail companies during the 2020–2024 period.*

## 3. Research Methodology

### *3.1 Population and Sample*

The sample selection was carried out using a purposive sampling technique from a population of 45 retail companies, based on the following criteria:
1. Retail companies listed on the Indonesia Stock Exchange (IDX).
2. Retail companies that published financial statements during the 2020–2024 period.
3. Retail companies that recorded consecutive profits throughout 2020–2024.

Based on these criteria, 13 companies met the requirements, resulting in a total of 65 observations

### *3.2 Data Analysis Technique*

This study adopts a quantitative research approach, in which statistical methods are used to process and analyze data. Therefore, all collected data and research findings are presented in numerical form (Sahir, 2021). Using SPSS version 26, the study applies multiple linear regression analysis to examine the effect of the independent variables—Dividend Payout Ratio (DPR), Dividend Yield (DY), Earnings Volatility, and Leverage—on the dependent variable, Stock Price Volatility, among retail companies during the 2020–2024 period. The regression model used in this study is formulated as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + e$$

Explanation:
Y = Stock Price Volatility
α = Constant
β = Regression Coefficient
X1 = Dividend Policy
X2 = Earnings Volatility
X3 = Leverage
e = Standard error

### *3.3 Operasional Variabel*

Table 1. Operational Definition of Research Variables

| No | Operational Variable | Definition | Indicators | Description |
|---|---|---|---|---|
| 1 | Dividend Policy | Dividend refers to the distribution of profits granted by a company to investors as shareholders, serving as a reward for their capital contribution (Martani dkk., 2019) | DPR ($X_1$) = 1 – Retention Ratio (1) (Triyonowati & Maryam, 2022)<br><br>DY ($X_2$) = (Dividend Per Share/ Price Share) x 100%.....(2) | Retention Ratio = Retained Earnings / Net Income |
| 2 | Earnings Volatility (X2) | Earnings volatility is a parameter used to assess the consistency of a company's profits over time (Khurniaji & Raharja, 2013) | Model Bradley (1984)<br>$E.VOl = \frac{\sqrt{\sum_{i=1}^{n} (Xi-X)^2)}}{n-1}$.....(3) | E.Vol = Earnings Volatility<br>Xi = EBIT/Total Asset<br>X = Mean of Xi<br>N = Number of data observations |
| 3 | Leverage (X3) | The leverage ratio measures the extent to which a company values or depends on debt (Josua Sirait dkk., 2021) | $DER = \frac{Total\ Debt}{Total\ Equity} x100\%$.....(4)<br>(Kasmir, 2021) | - |
| 4 | Stock Price Volatility (Y) | Volatility refers to the degree of fluctuation in stock prices (Febrian dkk., 2023). Stock price volatility can be understood as the extent of price changes over a specific period. | Model Baskin (1989)<br>$PriceVOl = \frac{\sqrt{\sum_{i=1}^{n} \{(Hi-Li)/(\frac{Hi+Li}{2})\}^2}}{n}$...(5) | σi,t = Stock price volatility of stock *i* in year *t*<br>Hi,t = Highest stock price of stock *i* in year *t*<br>Li,t = Lowest stock price of stock *i* in year *t*<br>n = Number of months |

## 4. Results and Discussion

### *4.1 Descriptive Statistics*

**Descriptive Statistics**

| | N | Range | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|---|
| DPR | 65 | 2.9041 | .0000 | 2.9041 | .339963 | .4454427 |
| DY | 65 | .5610 | .0000 | .5610 | .042771 | .0967960 |
| EVOL | 65 | .07716 | .00414 | .08130 | .0276671 | .01685885 |
| LEVERAGE | 65 | 5.1522 | .1199 | 5.2721 | 1.246590 | 1.2631683 |
| VOL. HARGA SAHAM | 65 | .51466 | .01754 | .53220 | .1486607 | .10309715 |
| Valid N (listwise) | 65 | | | | | |

Figure 2. Descriptive Statistical Results
*Source: Data Processed Using SPSS 26 (2025)*

Figure 2 presents the characteristics of the 65 observational data points, which can be explained as follows:

1. Dividend Payout Ratio (DPR), which serves as a proxy for dividend policy, shows a maximum value of 2.9041 and a minimum value of 0.0000, with a range of 2.9041. The mean is 0.339963, and the standard deviation is 0.4454427, indicating that the standard deviation is lower than the mean. According to Ghozali (2021), when the standard deviation is smaller than the mean, the data distribution is considered narrow; however, based on this study's findings, the DPR data distribution appears relatively wide due to the substantial range.
2. Dividend Yield (DY), another proxy for dividend policy, has a maximum value of 0.5610 and a minimum value of 0.0000, giving a range of 0.5610. The mean is 0.042771, and the standard deviation is 0.0967960, meaning that the standard deviation exceeds the mean, which indicates a wide dispersion of DY data.
3. Earnings Volatility (E.Vol) shows a maximum value of 0.08130 and a minimum value of 0.00414, with a range of 0.07716. The standard deviation is 0.011685885, and the mean is 0.0276671. Since the standard deviation is lower than the mean, it indicates that E.Vol has a narrow data distribution.
4. Leverage shows a maximum value of 5.2721 and a minimum value of 0.1199, resulting in a range of 5.1522. The mean is 1.2465590, and the standard deviation is 1.2631683, meaning the standard deviation exceeds the mean, which suggests that leverage data are widely dispersed.
5. Stock Price Volatility has a maximum value of 0.53220 and a minimum value of 0.01754, yielding a range of 0.51466. The standard deviation is 0.10309715, while the mean is 0.1486607. Since the standard deviation is lower than the mean, this indicates that the distribution of stock price volatility data is relatively narrow.

### *4.2 Classical Assumption Test*

*4.2.1 Normality Test*

To determine whether the dependent and independent variables are normally distributed, a normality test was conducted (Sahir, 2021). The initial test results showed a significance value of 0.000 < 0.05 (or 0% < 5%), indicating that the data did not pass the normality test. To resolve this issue, a data exploration process was performed to identify and remove outliers (Ghozali, 2021). A total of 8 outliers were removed from the dataset, reducing the number of observations from 65 to 58. The results of the normality test using the remaining 58 observations are shown below:

**One-Sample Kolmogorov-Smirnov Test**

| | | Unstandardized Residual |
|---|---|---|
| N | | 58 |
| Normal Parameters[a,b] | Mean | .0000000 |
| | Std. Deviation | .06093521 |
| Most Extreme Differences | Absolute | .089 |
| | Positive | .089 |
| | Negative | -.073 |
| Test Statistic | | .089 |
| Asymp. Sig. (2-tailed) | | .200[c,d] |

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Figure 3. Kolmogorov–Smirnov Normality Test Results (56 Observations)
*Source: Data Processed Using SPSS 26 (2025)*

Figure 3 shows an Asymp. Sig. value of 0.200, which means 0.200 > 0.05 (or 20% > 5%). This result indicates that the data passed the normality test and are normally distributed.

*4.2.2 Multicollinearity Test*

A good regression model should show no high correlation among independent variables (Sahir, 2021). The results of the multicollinearity test are presented in the following table:

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | Collinearity Statistics | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | Tolerance | VIF |
| 1 | (Constant) | .126 | .027 | | | |
| | DPR | -.075 | .034 | -.311 | .746 | 1.340 |
| | DY | -.188 | .261 | -.100 | .780 | 1.283 |
| | EVOL | 1.362 | .524 | .353 | .815 | 1.227 |
| | LEVERAGE | .026 | .009 | .456 | .624 | 1.603 |

a. Dependent Variable: VOL. HARGA SAHAM

Figure 4. Multicollinearity Test Results
*Source: Data Processed Using SPSS 26 (2025)*

Figure 4 shows that all independent variables have tolerance values greater than zero and Variance Inflation Factor (VIF) values below 10, indicating that there is no high correlation among the independent variables. These results confirm that the data passed the multicollinearity test.

*4.2.3 Autocorrelation Test*

Autocorrelation testing was conducted on time series data to determine whether there were deviations between one observation and another (Sahir, 2021). The results of the autocorrelation test are presented in the table below:

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .434[a] | .189 | .127 | .06319283 | 1.910 |

a. Predictors: (Constant), LEVERAGE, DPR, EVOL, DY

b. Dependent Variable: VOL. HARGA SAHAM

Figure 5. Autocorrelation Test Results
*Source: Data Processed Using SPSS 26 (2025)*

The figure shows a Durbin–Watson (DW) value of 1.910, with 56 data points (N) and four independent variables (k = 4). The corresponding upper limit (dU) is 1.7259, and 4 – dU = 2.2741. Thus, the test yields the relationship dU < DW < 4 – dU = 1.7259 < 1.910 < 2.2741. This result indicates that the data passed the autocorrelation test, meaning there is no autocorrelation present in the regression model

*4.2.4 Heteroscedasticity Test*

To determine whether there is a variation in variance among observations, a heteroscedasticity test was conducted (Sahir, 2021). The results of the heteroscedasticity test in this study are presented below:

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .052 | .015 | | 3.499 | .001 |
| | DPR | -.041 | .029 | -.285 | -1.414 | .163 |
| | DY | .038 | .245 | .032 | .157 | .876 |
| | EVOL | .243 | .344 | .102 | .708 | .482 |
| | LEVERAGE | -.003 | .005 | -.096 | -.650 | .519 |

a. Dependent Variable: abs_res

Figure 6. Results of the Heteroscedasticity Test Using the Glejser Method
*Source: Data Processed Using SPSS 26 (2025)*

Figure 6 shows that all independent variables have significance values greater than 0.05. This indicates that the observational data do not exhibit heteroscedasticity and are normally distributed.

### *4.3 Multiple Linear Regression Analysis*

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients |
|---|---|---|---|---|
| | | B | Std. Error | Beta |
| 1 | (Constant) | .083 | .023 | |
| | DPR | .017 | .044 | .071 |
| | DY | -.444 | .372 | -.231 |
| | EVOL | 1.217 | .522 | .314 |
| | LEVERAGE | .019 | .008 | .333 |

a. Dependent Variable: VOL. HARGA SAHAM

Figure 7. Multiple Regression Equation Table
*Source: Data Processed Using SPSS 26 (2025)*

Based on Figure 7, the multiple linear regression equation can be formulated as follows:

$$Y= 0{,}083 + 0{,}17X1 - 0{,}444X2 + 1{,}217X3 + 0{,}019X4 + e$$
$$Y= 0{,}083 + 0{,}17X1 - 0{,}444X2 + 1{,}217X3 + 0{,}019X4 + e$$

The constant (α) has a positive value of 0.083, indicating that if DPR, DY, earnings volatility, and leverage are assumed constant, the stock price volatility of retail companies during the 2020–2024 period would be 0.083 units.

The regression coefficient of DPR is 0.017 (positive), meaning that for every 1-unit increase in DPR, stock price volatility increases by 0.017 units. The regression coefficient of DY is –0.444 (negative), indicating that for every 1-unit increase in DY, stock price volatility decreases by 0.444 units. The regression coefficient of earnings volatility is 1.217 (positive), implying that a 1-unit increase in earnings volatility causes stock price volatility to rise by 1.217 units. The regression coefficient of leverage is 0.019 (positive), meaning that a 1-unit increase in leverage leads to a 0.019-unit increase in stock price volatility. The term e represents the error component, which suggests that there are other independent variables outside the study that may also influence the dependent variable

### *4.4 Simultaneous Test (F-Test)*

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .049 | 4 | .012 | 3.079 | .024[b] |
| | Residual | .212 | 53 | .004 | | |
| | Total | .261 | 57 | | | |

a. Dependent Variable: VOL. HARGA SAHAM

b. Predictors: (Constant), LEVERAGE, DPR, EVOL, DY

Figure 8. ANOVA Variance Table (F-Test Results)
*Source: Data Processed Using SPSS 26 (2025)*

Based on Figure 8, the analysis results show a significance value of 0.024, while α = 0.05 (5%). Since 0.024 < 0.05, the result is considered statistically significant. Therefore, it can be concluded that the stock price volatility of retail companies during the 2020–2024 period is significantly influenced by dividend policy (represented by DPR and DY), earnings volatility (E.Vol), and leverage (DER).

### *4.5 Partial Test (t-Test)*

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | .083 | .023 | | 3.694 | .001 |
| | DPR | .017 | .044 | .071 | .379 | .706 |
| | DY | -.444 | .372 | -.231 | -1.192 | .238 |
| | EVOL | 1.217 | .522 | .314 | 2.332 | .024 |
| | LEVERAGE | .019 | .008 | .333 | 2.413 | .019 |

a. Dependent Variable: VOL. HARGA SAHAM

Figure 9. Results of the Partial Test (t-Test)
*Source: Data Processed Using SPSS 26 (2025)*

From Figure 9, the output of the partial test shows that the significance value of the DPR variable is 0.706, which is greater than the significance level of 0.05 (0.706 > 0.05); therefore, H1 is rejected. The significance value of the DY variable is 0.474, which is also greater than 0.05 (0.474 > 0.05); hence, H2 is rejected. The significance value of the earnings volatility variable is 0.012, which is less than 0.05 (0.012 < 0.05); thus, H3 is accepted. Meanwhile, the significance value of the leverage variable is 0.019, which is less than 0.05 (0.019 < 0.05); therefore, H4 is accepted.

### *4.6 Coefficient of Determination*

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .434[a] | .189 | .127 | .06319283 |

a. Predictors: (Constant), LEVERAGE, DPR, EVOL, DY

b. Dependent Variable: VOL. HARGA SAHAM

Figure 10. Coefficient of Determination
*Source: Data Processed Using SPSS 26 (2025)*

The Adjusted R Square ($R^2$) value in Figure 10 shows a result of 0.127 or 12.7%. This means that the independent variables — Dividend Payout Ratio (DPR), Dividend Yield (DY), Earnings Volatility, and Leverage — collectively contribute 12.7% to the variation in stock price volatility. Therefore, these variables can explain the increase or decrease in stock price volatility by 12.7% in retail companies during the 2020–2024 period.

### *4.7 Discussion*

*4.7.1 The Effect of Dividend Payout Ratio (DPR) on Stock Price Volatility*

The study results show a significance value of 0.706, which is higher than 0.05, indicating that the Dividend Payout Ratio (DPR) has no effect on stock price volatility in retail companies during the 2020–2024 period. This finding contradicts Signaling Theory (Spence, 1973), which posits that dividends act as positive signals of a company's performance. Investors are expected to interpret dividend changes as indicators of company performance, influencing stock price volatility. It also contrasts with the Bird-in-the-Hand Theory (Gordon, 1959), which suggests that investors prefer dividends over potential capital gains. Thus, DPR should theoretically affect investor preferences and stock price volatility

However, the results reveal that investors focus more on business fundamentals and long-term growth strategies rather than the size of dividends—especially during and after the COVID-19 pandemic. Investor optimism was directed toward retail companies that maintained growth through expansion and operational efficiency, even if they did not distribute dividends. These findings are consistent with Astuti dkk. (2021), Jeet et al.l Sirait dkk. (2021), et al. Lestari dkk. (2025) who also found that dividends do not affect stock price volatility. Practical Implication is to maintain stock price stability, companies

should prioritize expansion, product innovation, and operational efficiency. Investors, on the other hand, can use these indicators to assess long-term investment potential based on business growth rather than dividend size.

*4.7.2 The Effect of Dividend Yield (DY) on Stock Price Volatility*

The findings show a significance value of 0.238, which exceeds 0.05, indicating that Dividend Yield (DY) has no significant effect on stock price volatility in retail companies during the 2020–2024 period. This contradicts Signaling Theory (Spence, 1973), which states that dividend policy—including DY—serves as a positive signal regarding a company's stability and growth prospects. A higher DY should signal to investors that the company has strong cash flow, influencing perceived investment risk and thus stock volatility. It also opposes the Bird-in-the-Hand Theory (Gordon, 1959), which suggests that investors favor dividends over capital gains. A high DY should attract investors, reduce uncertainty, and decrease stock price volatility.

However, the study indicates that investors prioritize long-term business prospects over dividend yield, particularly amid the uncertainty of the pandemic and post-pandemic periods. Investors focused on companies with resilient business models, operational efficiency, and sustainable strategies, rather than those offering high DY. This aligns with Dzulfikar & Hermi (2023), who also found that DY had no significant impact on stock price volatility. Practical implication is Since DY does not significantly affect volatility, companies may determine their dividend policies more flexibly. They can focus on business growth, operational efficiency, and strengthening financial structure, which are key considerations for investors evaluating long-term investments.

*4.7.3 The Effect of Earnings Volatility on Stock Price Volatility*

The study results show that earnings volatility has a significance value of 0.012 (less than 0.05) with a positive beta coefficient of 1.362, indicating a positive relationship. This means that higher earnings volatility leads to greater stock price volatility in retail companies during the 2020–2024 period.

This supports Signaling Theory (Spence, 1973), which argues that financial information—such as earnings—acts as a signal to investors regarding a firm's prospects and risk. High earnings volatility reflects unstable profit levels, perceived as increased risk by the market. As earnings become more unpredictable, investors adjust their return expectations and trade more actively, resulting in higher stock price volatility. These results are consistent with Josua Sirait dkk. (2021) and Saribu (2024), which proves that a company's earnings volatility contributes to the increase in stock price volatility. The practical implication of this study is that investors should pay attention to a company's earnings volatility as an indicator of its financial stability and use it as a basis for portfolio diversification, especially in sectors that are sensitive to economic cycles, such as the retail sector.

*4.7.4 The Effect of Leverage on Stock Price Volatility*

The study results show that leverage has a significance value of 0.005 (less than 0.05) and a positive beta coefficient of 0.026, indicating a positive effect on stock price volatility in retail companies during the 2020–2024 period. This suggests that the higher the leverage, the greater the stock price fluctuations, and vice versa. This finding supports Signaling Theory (Spence, 1972), which posits that financial structure—including leverage—conveys performance information to investors. High levels of debt relative to equity indicate that operational expenses are heavily financed by debt, raising concerns about financial distress. When investors perceive a risk of default or declining earnings quality due to high interest burdens, they adjust their portfolios, thereby increasing stock price volatility. These results are consistent with (Cahyawati & Miftah (2022) and Josua Sirait dkk. (2021) who also reported a positive relationship between leverage and stock price volatility. Practical implication is investors should pay close attention to a company's capital structure as part of their risk assessment. High leverage not only reflects financing strategy but also serves as a risk signal affecting market perception. Declining profit quality, dependence on external financing, and potential default risk are key factors strengthening the link between leverage and stock price volatility.

## 5. Conclusion and Practical Implications

### *5.1 Conclusion*

Based on the results and discussion regarding the effect of dividend policy, earnings volatility, and leverage on stock price volatility in retail companies during the 2020–2024 period, the following conclusions can be drawn:

1. The Dividend Payout Ratio (DPR) variable has no effect on stock price volatility, indicating that an increase or decrease in dividends does not influence stock price fluctuations.
2. The Dividend Yield (DY) variable has no effect on stock price volatility, implying that the level of return on dividends does not significantly impact the degree of volatility.
3. The earnings volatility variable affects stock price volatility, meaning that fluctuations in earnings contribute to variations in stock price movements.
4. The leverage variable affects stock price volatility, suggesting that changes in leverage levels correspond with changes in the level of stock price volatility.

### *5.2 Practical Implications*

The practical implications of this study are as follows:

1. Although dividend policy (DPR and DY) does not directly affect stock price volatility, strong business growth enhances investor confidence in retail companies. Therefore, retail firms are encouraged to focus on improving business performance and sustainable growth. Companies should also design strategies to maintain earnings stability to demonstrate reliable business prospects to investors. Additionally, firms must manage their debt prudently to prevent excessively high leverage ratios and ensure transparency in debt utilization. These measures can help maintain stock price stability and strengthen investor trust.
2. For investors, it is advisable to consider the factors influencing stock price volatility before making investment decisions. By doing so, investors can better assess the risks and potential returns of their investments. They are encouraged to invest in companies with consistent profitability and moderate leverage levels, such as *Diamond Food Indonesia Tbk*, *Mitra Pinasthika Mustika Tbk*, and *Putra Mandiri Jembar Tbk*.
3. For academics, this study can serve as a reference for future research by incorporating additional factors that directly impact company performance or macroeconomic indicators such as exchange rate and interest rate, as well as other variables not included in this study. Future research may also focus on other sectors that are more sensitive to economic cycles

## Limitations and Future Research

This study is limited to analyzing dividend policy, earnings volatility, and leverage, without considering other variables that may influence stock price volatility, such as macroeconomic conditions or industry-specific factors. The study only includes retail companies listed on the stock exchange, meaning that the findings may not be generalizable to other sectors with different business characteristics. Future studies are encouraged to include additional variables that directly affect company performance and broader economic factors, such as exchange rate fluctuations and interest rate changes. Subsequent research could also focus on sectors more affected by economic cycles.

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