The Impact of Dividend policy on Stock price volatility: Evidence from Egypt

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Abstract

The study aims to investigate the impact of dividend policy including dividend pay-out and dividend yield on stock price volatility (SPV) for Egyptian listed firms. The study used data from companies listed on the Egyptian Stock Exchange, specifically the EGX 100. The researcher used a sample of 64 companies, for seven-year period from 2017 to 2023. The study utilized a quantitative approach, drawing on secondary data and employing feasible generalized least square model to test the hypotheses using the Stata 17- software.

The results of the study revealed that both Dividend payout and Dividend yield have a significant impact on Stock price volatility.

Keywords: Dividend policy, Stock price volatility, dividend pay-out, dividend yield, Egyptian Listed Companies.

المستخلص:

تهدف الدراسة إلى دراسة تأثير سياسة توزيع الأرباح بما في ذلك نسبة توزيع الأرباح وعائد توزيعات الأرباح على تذبذب اسعار الأسهم (SPV) للشركات المصرية المدرجة. استخدمت الدراسة بيانات من الشركات المدرجة في البورصة المصرية، وتحديداً (EGX 100). حيث تتكون عينة البحث من ٦٤ شركة، لمدة سبع سنوات متتالية لفترة تتراوح من ٢٠١٧ إلى ٢٠٢٣. استخدمت الدراسة منهجًا كميًا، استنادًا إلى البيانات الثانوية وتوظيف نموذج المربعات الصغرى المعممة الممكنة لاختبار الفرضيات باستخدام برنامج Stata 17. وقد كشفت نتائج الدراسة أن كلاً من توزيعات الأرباح وعائد التوزيعات لهما تأثير كبير على تذبذب أسعار الأسهم.

الكلمات الرئيسية: سياسة توزيع الأرباح، تذبذب أسعار الأسهم، نسبة توزيع الأرباح، عائد توزيعات الأرباح، الشركات المصرية المدرجة

1. Introduction

Dividend policy is a major financing decision which considers the payment to shareholders in return of their investments. It is an outstanding financial indicator of the firm. As such, the demand of the firm's share depends on the dividend policy managed by that firm **(Masum, 2014).** According to **Baskin (1989),** dividend policy is a direct cause of common stock price volatility. It is assumed that announcement of dividend is a significant factor regulating stock price movement and it gives a signal to investors about the company. Indeed, dividend policy involves the decision whether to pay out earnings or retain for reinvestment in the business **(Ali et al., 2023).** Investors consider how their total returns are divided between dividends

and market price appreciation **(Khan, 2010).** As such, managers must choose the dividend policy that maximizes the wealth of shareholders and concentrate on the impact of their decision on stock price **(Hashemijo et al., 2012)** because an optimal dividend policy can balance between current dividends and future growth so as to maximize stock price of the firm.

The dividend distribution policy is a crucial financial decision made by the firm as it directly affects shareholders and influences stock price fluctuations **(Zulkifli, 2024).** The distribution of corporate profits between dividends and retained earnings is considered withheld; to meet the company's objective of stabilizing and maximizing the market value of shareholders' wealth **(Naz & Siddiqui, 2020).** Recent crises have impacted corporate decisions, particularly regarding the dividend policy. Some companies were unable to distribute a fixed percentage of profits during this period, prompting them to adjust their distribution policy to align with their current circumstances. This adjustment increased the company's risk and consequently the volatility of its share prices. The dividend policy is a crucial issue for shareholders and firms as it has the ability to manage fluctuations in equity prices **(Renaldo et al., 2024).**

Stock price volatility is one of the most important issues for shareholders, companies, and financial markets; It is a measure of the dispersion of equity returns, indicating the amount of variability and uncertainty in forecasting changes in share prices

(Hussaine et al., 2011), as this volatility is a concern for someone dealing with money, especially investors; Investors prefer to know how much fluctuations or risks they are exposed to; They pay great attention to their dividends "because they are a reflection of the level of high risk, because investors are inherently concerned with risk, and the risk of their investments has affected the long-term valuation of the company's shares.

Therefore, the main research objective is to study the impact of dividend policy including dividend yield and dividend payout ratio on the stock price volatility of Egyptian firms listed on EGX 100.

2. Literature Review and Hypothesis Development

This part discusses the most significant earlier studies that are related to the current study, which investigated the Relationship between Dividend policy (Dividend yield & Dividend payout) and Stock price volatility (SPV). To achieve this, the researcher will categorize it into the following two groups, as follows:

2.1 Studies focused on the relationship between Dividend policy and stock price volatility.

Dividend policy and stock price is the area of study where various scholars have written and come up with contradicting results. This part exposes the results and conclusions from various studies in different countries in the world to establish a knowledge gap. The following part reviews previous studies on the relationship between Dividend policy (Dividend yield and Payout ratio) and stock price volatility as follows:

The research conducted by **(Joshi & Birla, 2024)** examined how dividend policies influenced share price volatility in commercial banks located in Kathmandu, Nepal. It underscored the importance of dividend policy as a critical element of financial management that affected investor perceptions and market behavior. The study utilized a quantitative approach, drawing on secondary data and employing regression analysis to assess the relationship between dividend policies and fluctuations in share prices. The results found that the independent variables examined in the study were found to have a positive effect on the dependent variable, which was the variation in share prices.

In contrast, the study of **(Gyeke & Kwame, 2024)** investigated the impact of dividend policies on stock return volatility among financial firms listed on the S&P 500, utilizing panel least squares regression for analysis. It examined a sample

of sixteen U.S. financial companies from 2015 to 2022. Key findings included a weak negative correlation between price volatility (PVOL) and dividend per share (DPS). Additionally, lower stock price volatility was associated with higher dividend yields, and larger firms tended to experience less volatility. The research concluded that there was an inverse impact of dividend yield and payout on stock price volatility.

While the study of **(Ali et al., 2023)** intended to test the impact of dividend policy on the volatility of stock prices of companies listed on the Pakistan Stock Exchange (PSX). The gathered data gathered from 15 organizations spanning 15 years (2004-2019) on three variables, used a secondary technique and a quantitative research design. The study's variables consisted of price share volatility on the left side and dividend payout ratio, dividend yield, and DPR on the right side. The E-Views program was used to analyze regression and correlation procedures. The report found that dividend policy had a significant impact on share price volatility, with DY positively impacting price volatility and DPR had a negative impact.

Unlike, the research of **(Khan & Hameed, 2023)** aimed to analyze the correlation between dividend policy and stock price volatility in pharmaceutical firms listed on the Pakistan Stock Exchange, employing data from 2009 to 2022. The study examined the impact of different aspects of dividend policy,

including dividend yield, dividend per share, and payout ratio, on stock price volatility, while controlling for variables such as earnings per share (EPS), return on equity (ROE), and profit after tax (PAT). The results indicated a significant positive relationship between dividend per share and payout ratio and stock price volatility, whereas dividend yield shown an insignificant relationship.

Also, the study of **(Kathad & Zala, 2023)** examined the relationships between share market prices and dividend policies, focusing specifically on a sample of the top five fast-moving consumer goods companies listed on the National Stock Exchange of India over a five-year period from 2019 to 2023. Utilizing a quantitative research methodology, the study analyzed how various financial variables, including dividends per share (DPS), earnings per share (EPS), earnings retention ratio (ERR), and profit after tax (PAT), influenced the market price of shares (MPS). The results revealed significant correlations among these variables, indicating a robust positive relationship between dividends, earnings, and market prices.

However, the study of **(Hardin & Kadri, 2023)** aimed to examine the impact of corporate dividend policy on stock price volatility in Malaysia's food and beverage sector and to investigate the relationship between dividend policy and stock price. The study utilized a quantitative research design and collected secondary data from publicly available sources such as

financial statements and stock market data. A sample of 30 food and beverage firms listed on the Bursa Malaysia stock exchange was evaluated over a 16-year period from 2005 to 2020. Regression analysis and descriptive analysis were employed to examine the relationship between dividend policy and stock price volatility. It was found that higher dividend yields, and payout ratios were associated with lower stock price volatility.

Otherwise, the study of **(Tharsika, 2023)** aimed to investigate the impact of dividend policy on stock price volatility (SPV) of listed firms on the Colombo Stock Exchange (CSE) between 2018 and 2022. It employed quantitative techniques and a deductive approach, analyzing data from 50 randomly selected companies listed on the CSE. The study found a significant negative relationship between DPS and SPV. Neither DPO nor DY showed a significant impact on SPV.

On the contrary, the study of **(Koleosho et al., 2022)** investigated the impact of dividend policy on the share price volatility of selected businesses listed on the Nigerian Exchange. The research employed an ex-post facto design using EGARCH for measuring volatility. A random sample of 49 firms was selected among 162 companies listed on the Nigerian Exchange during the study period from 2010 to 2020 for the panel data analysis. The study found that an increase in the dividend payout ratio leads to an increase in share price volatility but dividend

yield, dividend per share, and financial leverage are associated with a decrease in share price volatility.

Whereas the paper of **(Kayode et al., 2022)** investigated the correlation between dividend policies and movements in share prices, utilizing data from companies registered on the Nigerian Stock Exchange. A systematic literary strategy for data analysis involved panel regression analysis and the Generalized Method of Moments (GMM). We acquired panel data covering the years 2011 to 2020 from the financial statements of twenty enterprises registered on the Nigerian Stock Exchange. The results demonstrated a negative correlation between dividend yield and share price movements and a positive significant correlation between the size of enterprises and stock price volatility.

Also, the study of **(Putri et al., 2022)** aimed to explore the impact of dividend policy on stock price volatility in manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2020. The study also analyzed other factors thought to influence dividend policy and stock price volatility, including firm size, earning volatility, and leverage. The research employed a quantitative methodology and utilized secondary data obtained from the company's annual financial report and utilized purposive sampling method. The sample consisted of 62 firms, totaling 124 observations. The study employed the multiple regression approach. The study's empirical

results showed that dividend policy had a negative impact on stock price volatility.

Based on the above discussion the researcher can confirm the existence of a relationship between these two variables by formulating the following hypothesis:

H_1: There is a significant impact of dividend payout on stock price volatility.

H_2: There is a significant impact of dividend yield on stock price volatility.

3. Research Design and Methodology

3.1Research Conceptual Framework

The following figure shows the conceptual framework of the research which clarifies the relationship between the independent variables and the dependent variable:

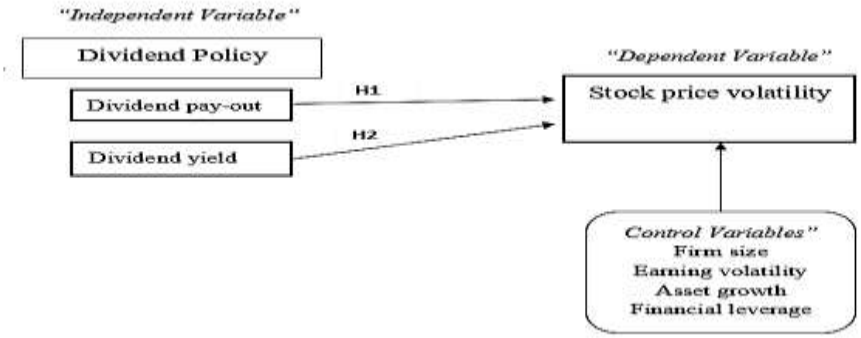

Figure 1: The relationship between Dividend payout, Dividend yield and Stock price volatility.

3.2 Data Collection and Study Sample

The research data was collected from Mubashir Egypt website (https://www.mubasher.info/countries/eg/stock-prices) and the Egyptian Stock Exchange website (https://www.egx.com.eg/en/ListedStocks.aspx), and the company websites. The data was gathered using the company's annual reports including financial statements. The research population consists of EGX100 from 2017 to 2023. The study sample includes 64 Egyptian companies that are listed on the Egyptian Stock Exchange and the total number of observations is 448 observations. However, the other companies have been excluded due Banks, insurance companies, and businesses in the financial services industry are not included in the study sample due to the unique nature that regulates their institutions; they must adhere to certain criteria and regulatory regulations. The study will use feasible generalized least square model to analyze the data.

3.3 Research Model

The following equations will represent the relationship between the independent and dependent variables:

Model (1) to test the effect of DP and DY on SPV (H1) & (H2):

$$SPV_{it} = \alpha + \beta_1 DY_{it} + \beta_2 DP_{it} + \beta_3 SIZE_{it} + \beta_4 AG_{it} + \beta_5 EV_{it} + \beta_6 LEV_{it} + \varepsilon_{it}$$

As;

β0: refers to the estimated constant term. AG: Asset growth

β_1, β_2, β_3: Parameters to be estimated, namely Beta

SIZE: Firm size

DY: Dividend yield EV: Earning volatility

DP: Dividend payout LEV: Financial leverage

t: refers to the year. i: refers to the company.

3.4 Variables Measurement

Table (1): clarifies the measurement of the variables as follows:

Variables	*Abbreviation*	*Measurement*	*References*
The Independent variable: Dividend Policy			
Dividend Yield	DY	Dividend per share / Share price.	*(Tharsika, 2023)*
Dividend Pay-out Ratio	DPO	Dividend per share / Earning per share.	*(Zulkifli, 2024)*
The Dependent Variable: Stock Price Volatility			
Stock Price Volatility	SPV	*Baskin 's model, (1989)*	*(Baskin, 1989)* *(Almanaseer, 2019)*
The Control Variables			
Firm Size	SIZE	Natural log of total assets	*(Ali & Rounok, 2019)*
Asset Growth	AG	Change in total assets in a year.	*(Ali & Rounok, 2019)*
Earning Volatility	EV	$EV = \sqrt[2]{\frac{\sum_{i=1}^{n}(Ri-\bar{R})^2}{n-1}}$ $\bar{R} = \sum_{i=1}^{n}\frac{Ri}{n}$	*(Ali & Rounok, 2019)* *(Almanaseer, 2019)*
Debt-to-Equity	DE	Total liabilities / Total equity	*(Budi et al., 2024)* *(Zulkifli, 2024)*

Source: by the researcher

3.5 Results and Discussion

The main study variables will be analyzed in order to determine measures of central tendency like mean, maximum and minimum values, and their measures of dispersion, and standard deviation for each variable.

3.5.1 Descriptive Statistics

Table (2): Descriptive Measures for the variables in phenomenon

Variable	Mean	Std. dev.	Min	Max
Stock Price Volatility	-0.2109258	0.2081714	-0.8220991	0.125599
Yield	-3.383306	1.874137	-10.87047	1.669785
Pay out	-0.9162983	1.434514	-7.063914	6.456743
Firm Size	2.16E+01	1.377435	1.70E+01	25.03136
Asset growth	0.2043546	0.9313394	-1	14.23672
Earning Volatility	3.64E+08	5.78E+08	2189662	2.82E+09
Financial Leverage	1.478081	1.911386	-8.751993	20.01901

Sources: Calculations based on sample of 64 firms for years 2017-2023 using Stata 17

The descriptive statistics provide insights into the variables in the dataset. On average, stock prices experienced a slight negative change -0.21 with high variability, and the values ranged from -0.82 to 0.13, indicating a slight downward trend overall. Yield was also negative on average -3.38 with relatively high variability and a range from -10.87 to 1.67, reflecting that most firms faced negative returns, though a few achieved positive outcomes. Similarly, pay out levels were negative on average -0.92, with moderate variation and a wide range -7.06 to 6.46,

suggesting significant differences in dividend or retained earnings policies among firms.

Firm size had a mean value of 21.6, reflecting relatively large firms with low variability, and ranged from 17 to 25.03, indicating concentration within a narrow band. Asset growth was slightly positive on average 0.20, with variability and a range from -1 to 14.24, suggesting most firms had modest growth, while a few experienced exceptional increases. Earnings volatility was notably high, averaging 364 million with substantial variability, and ranged from 2.19 million to 2.82 billion, highlighting considerable disparities across firms. Financial leverage had a mean value of 1.48, reflecting moderate leverage on average, with a wide range from -8.75 to 20.02, suggesting some firms had more equity than liabilities, while others were highly leveraged.

3.5.2 Correlation analysis

To understand further the relationships between the variables, the Pearson correlation coefficients were computed. The Pearson correlation coefficient range between -1 and 1. It is noticeable. If it ranges from 0.1-0.3, then it is a weak relationship. If it ranges from 0.4-0.6, then it is a moderate relationship and if it ranges 0.7-0.9, there might be a strong relationship. It is considerably an important step to understand

further, how the variables could interact and whether multicollinearity would exist or not.

Table (3): Pearson Correlation Coefficient for the phenomenon

Variables	log stock price	log Yield	log Pay out	Firm size	Asset growth	Earning Volatility	Financial Leverage
log stock price	1						
p-value							
log Yield	0.2778	1					
p-value	0						
log Pay out	-0.1013	0.523	1				
p-value	0.0948	0					
Firm size	-0.1995	0.3513	0.0978	1			
p-value	0	0	0.1076				
Asset growth	-0.0598	-0.0319	0.029	0.0371	1		
p-value	0.2522	0.6244	0.6637	0.4814			
Earning Volatility	-0.0242	0.2684	0.1436	0.5211	0.0047	1	
p-value	0.6098	0	0.0176	0	0.9278		
Financial Leverage	0.0909	-0.0965	-0.0673	0.0827	0.0752	-0.0308	1
p-value	0.06	0.1072	0.269	0.0871	0.1532	0.525	

Sources: Calculations based on sample of 64 firms for years 2017-2023 using Stata 17

The Pearson correlation coefficients highlight several relationships among the variables in the dataset. The correlation between log stock price and log yield is moderate and positive (0.2778, $p < 0.001$), indicating that higher yields tend to be associated with higher stock prices. However, log stock price has a weak negative correlation with firm size (-0.1995, $p < 0.001$), suggesting that larger firms may experience slightly lower stock price changes. Financial leverage had positive weak (0.0909, $p < 0.1$) relationship with the stock prices changes. This suggests that firms with higher financial leverage might have higher stock prices.

Correlations with other variables, such as asset growth (-0.0598, p = 0.2522) and long-term debt (0.0072, p = 0.8819), are very weak and not statistically significant. Log yield shows a strong positive correlation with log pay out (0.523, p < 0.001), indicating that firms with higher yields are likely to have higher pay outs. Similarly, log yield has a moderate positive relationship with firm size (0.3513, p < 0.001) and earning volatility (0.2684, p < 0.001). Weak or insignificant correlations are observed between log yield and other variables, such as asset growth (-0.0319, p = 0.6244) and long-term debt (-0.0986, p <0.1). Earning volatility exhibits a strong positive correlation with firm size (0.5211, p < 0.001), implying that larger firms tend to experience greater earnings volatility. Additionally, it has a weak positive correlation with log pay out (0.1436, p < 0.05) significant relationships with log stock price, asset growth, or long-term debt.

Although, the Pearson correlation coefficient can give an indication about the relationships, it still does not give an accurate result. Modelling provides a better opportunity for analysing the effect simultaneously. However, modelling would require a few assumptions to be satisfied. One of the most important assumptions is the absence of multicollinearity. In terms of multicollinearity, no variable pairs exhibit extremely high correlations (above 0.7 or below -0.7), which suggests that severe multicollinearity is unlikely in this dataset. However, the

moderate correlations, such as between log yield and log pay out (0.523), and between firm size and earning volatility (0.5211), might cause issues while building up the model. Variance inflation factors (VIF) or condition indices could be further assessed to confirm the absence of multicollinearity.

3.5.3 Model Building

Further testing of the hypotheses requires the running of a model, taking other model assumptions into account. It is clear that correlations can be helpful in providing information about the relationships between the variables, but more modelling needs to be done to determine whether the variable has a meaningful impact on the dependent variable. First, it was established that the model suffers from heteroscedasticity; therefore, robustness in standard errors had to be applied to give the model the best fit. This was expected when the p-value for the Breusch Pagan test became below 0.05 as put by (Abdul-Hameed & Matanmi, 2021). Therefore, as far as the model errors are concerned, constant variance existed. Because of this, the model had to address this assumption violation.

The Hausman test p-value is less than 0.01; hence, generalised least square regression turns out to be a better model compared to others. It is quite obvious that the fixed effect model turned out to be better as compared to the random effect model. As the model is an extension of the generalised least square

regression model with the purpose of handling model heteroscedasticity, the development of feasible generalized least square regression followed it in 2023 by González Coya Sandoval. It has already been said earlier that feasible generalised least square regression comes under generalised least square regressions. With its help, one can deal with heteroscedasticity as well as a serial correlation within assumptions.

Table (4): Feasible generalized Least Square Model without interaction using phenomenon

Log Stock Price	Coefficient	Std. err.	z	P>z	[95% conf. interval]	
Log Yield	0.0577278	0.002082	27.73	0	0.0536471	0.0618085
Log Payout	-0.0451072	0.003713	-12.15	0	-0.0523846	-0.0378299
Firm Size	-0.0387069	0.0029387	-13.17	0	-0.0444666	-0.0329473
Asset growth	-0.0215681	0.0104711	-2.06	0.039	-0.0420911	-0.0010452
Earning Volatility	3.85E-11	7.74E-12	4.97	0	2.33E-11	5.37E-11
Financial Leverage	0.0124154	0.0026344	4.71	0	0.0072521	0.0175786
_cons	0.7427376	0.0661236	11.23	0	0.6131378	0.8723374
Wald chi2(6)	**804.7**					
Prob > chi2	**0**					

Sources: Calculations based on sample of 64 firms for years 2017-2023 using Stata 17

The Feasible Generalized Least Squares (FGLS) model was employed to analyze the determinants of stock price volatility using data from 64 firms over the period 2017–2023. The results show that the model is significant at 99% confidence level. The model is explained based on including Yield, Pay-out,

firm size, asset growth, earning volatility and financial leverage. As it provides best model fits for the violation of the homoscedasticity.

Yield exhibits a positive and statistically significant relationship with stock prices volatility at 99% confidence level. A 1% increase in yield is associated with a 5.77% increase in stock price, holding other variables constant. Thus, the higher yields would be perceived by investors in contrast to Miller and Modigliani theorem who believe that in case of perfect competition the yield have no significant impact on stock price volatility. In contrast, Pay-out shows a negative and statistically significant relationship with the stock price volatility. The result suggests that a 1% increase in the pay-out ratio is associated with a 4.51% decrease in stock price volatility. The signalling effect explains that phenomenon suggesting that a company with higher dividend payments would reduce its stock volatility, as this signals a good prediction and reduce the ignorance of any situations between its investors.

Regarding the control variables in the study, some had no significant role in the effect on the stock price volatility as the asset growth and earnings volatility at 5% significance level. This indicate that there is no meaningful influence on stock price volatility. On the other hand, firm size had a negative significant impact on the stock price volatility at 99% confidence level. This

shows that if firm size increases by one unit, the stock price volatility would decrease by 0.0387. Similarly, Financial Leverage shows a positive and marginally significant relationship, indicating that higher leverage is associated with slightly higher stock prices. However, this is important, thus, the financial leverage can be a moderating effect in the model. Lastly, if all the variables tend to be equal to zero, this would result in a non-existing companies

3.5.4 Summary of Hypotheses

Table (5): The Results of Hypotheses Testing

No.	Hypotheses	Independent	Dependent	Relationship	Result
H_1	There is a significant impact of dividend pay-out on stock price volatility.	Pay-out	SPV	Negative significant	Accepted
H_2	There is a significant impact of dividend yield on stock price volatility.	Yield	SPV	Positive significant	Accepted

3.5.5 Final model

$$\begin{aligned}\log \widehat{stock\ price}_{it} &= 0.742738 + 0.057728 logYield_{it} \\ &- 0.04511 logPayout_{it} - 0.03871 Firm\ Size_{it} \\ &- 0.02157 Asset\ Growth_{it} \\ &+ 0.0000000000385 Earning\ Volatility_{it} \\ &+ 0.012415 Financial\ leverage_{it}\end{aligned}$$

3.6 Conclusion

This research investigated the impact of Dividend policy on stock price volatility (SPV). The study used a sample that consists of 64 Egyptian companies that are listed on the Egyptian stock exchange for seven years from the year of 2017 and 2023 with 448 observations.

The study empirical findings of H1 indicate that dividend payout has a significant negative impact on stock price volatility that are consistent with the results of **(Ridloah et al., 2022; Kadri & Stephen Hardin, 2023; Gyeke & Kwame, 2024)** studies. Whereas the results of **(Fiorenza et al., 2022; Amirthalingam & Rajaratnam, 2022; Kathad & Zala, 2023; Joshi & Birla, 2024)** studies contradicted the research findings as they indicated that dividend payout positively affects stock price volatility. In contrast, the studies of **(Tharsika, 2023)** explored that dividend payout and stock price volatility are insignificantly related.

Additionally, the study findings of the H2 show a significant positive relationship between dividend yield and stock price volatility. The findings consistent with the results of **(Ali et al., 2023)** studies. Unlike the results of **(Koleosho et al., 2022; Alajekwu et al., 2020)** studies revealed that dividend yield negatively affects stock price volatility **(Hameed, 2023)** indicated that there is an insignificant impact of dividend yield on stock price volatility.

3.7 Research Limitations

The research has several limitations that could be presented as follow:

- The study focused only on two measurements of dividend policy including dividend payout and yield due to their popularity and their influence on SPV and doesn't include other measurements of dividend policy such as (Retention Ratio (RR), Dividend per Share (DPS), Dividend Coverage Ratio).
- The research is limited to a sample of listed non-financial companies on the Egyptian Stock Exchange during the period from 2017 to 2023 to achieve research objectives.

3.8 Recommendations

Based on the research findings, and taking into consideration the objectives of the study, the researcher recommends the following:

- Company management should pay attention to their dividend policy to enhance investment decisions for stakeholders, as the study reveals a relationship between dividend policy and stock price volatility, which can help stabilize stock prices by reducing yields or increasing payouts.
- Company management should also focus on financial leverage ratios, company size, and earning volatility, due to their impact on stock price volatility.
- Recommend that companies distribute dividends regularly to shareholders to reduce their tax burden and encourage them to retain shares rather than sell them, contributing to the stability of companies.

3.9 Future Research

Because every research paves the way for future research. Therefore, the researcher suggested the following areas to be investigated in future research:

- Conduct a similar study using a different model for each sector individually and with a different time period, which may help in revealing different results.
- Conduct a study on the behavior of Egyptian investors and the preferences of shareholders regarding dividend policy decisions.

- Future researchers also can test the impact of debt to asset on the relationship between dividend policy and stock price volatility.

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