The Impact of Dividend Policy on Share Prices Volatility – Empirical Evidence from The GCC Stock exchanges

"الأثر السياسي لتوزيع الأرباح على تذبذب سعار الأسهم – دليل عملي من أسواق مجلس التعاون الخليجي"

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Abstract


The study aimed at investigating the impact of dividend policy on share prices volatility in the Gulf Cooperation Council stock exchanges. A sample consists of 64 financial and non-financial firms that are listed at the GCC stock exchanges during 2003-2012. To achieve the study objective, the researcher formulates the main hypotheses, which state that a significant relationship exists between both (dividend payout ratio, dividend yield) and share price volatility. Descriptive analysis, Correlation analysis and panel of multiple least square regression methods have been utilized to test the hypotheses. The results show a significant relationship between the dividend yield and share price volatility. However, when dividend payout ratio has been used as proxy for dividend policy, the results show that there is no significant between dividend payout ratio and share prices volatility. On the basis of the results, the study recommends that managers of corporation in GCC should pay attention to dividend policy in order to help stabilizing stock price.

Key words: Dividend Policy, GCC Stock Exchanges, Share Prices Volatility.