

IMPACT OF COMPANY DIVIDEND POLICY ON STOCK PRICE VOLATILITY IN FOOD AND BEVERAGE INDUSTRY IN MALAYSIA

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Abstract

Investor expectations are greatly shaped by a company's dividend policy, which also has an impact on stock price volatility. This study attempts to investigate how corporate dividend policies affect stock price volatility in Malaysia's food and beverage sector. This research aims to provide light on the dynamics of dividend decisions and their impacts on market behavior by examining the relationship between dividend policy and stock price volatility. Utilizing secondary data gathered from publically accessible sources, including financial statements and stock market data, the study uses a quantitative research design. For the analysis, a sample of 30 food and beverage companies that are listed on the Bursa Malaysia stock exchange is chosen and 16-years period (2005-2020) been analyzed. To allow for a comparison examination, the sample contains both dividend-paying and non-dividend-paying enterprises. Regression analysis and descriptive analysis are two statistical methods that are used to analyze the link between dividend policy and stock price volatility. The results show that food and beverage stock price volatility is most significantly impacted by dividend yield and payout. The findings shall improve knowledge of the relevance of dividend policy choices and their possible impacts on stock market dynamics among investors, policymakers, and market players.

Keywords: Malaysia, Financial performance, Market behavior, Stock price volatility, Food and beverage industry.

INTRODUCTION

The food and beverage (F&B) sector in Malaysia is rapidly expanding, and the nation is one of the top two exporters in the world thanks to its top-selling fats and oils, particularly products made from palm oil. Multinational corporations (MNCs) with manufacturing operations in Malaysia, both domestic and foreign, are also noteworthy. Malaysia is a net importer of food due to the high demand for imported F&B products for domestic consumption. In general, all sizes of individual and institutional investors could view the new media to learn about changes in stock prices. Share prices are the most important variables that investors consider when deciding whether or not to invest in a specific share. Their main objective when investing in the stock market is to maximize projected return with the least amount of risk. Psychological factors affect the volatility or price fluctuations.

The method by which dividends are paid to shareholders, according to Sirvastav (2022), depends on the dividend policy of the company, which specifies the proportion of the dividend amount paid to shareholders and how frequently it is paid to the company. The primary objective of a shareholder is typically to generate a profit, or a specific rate of return on investment, and profit from the difference between the selling price and the purchase price of the shares.

It is difficult to apply the patterns of stock returns during these times because this industry does not always advance consistently on weekends, during holidays, and during other times of the year. In order to produce a clear picture of the company's position within the food

and beverage industry, a new mechanism is therefore required to measure stock price volatility in the market with the impact of company dividend. Issues with dividend policy range from Black's (1976) conundrum to Miller's irrelevance and Modigliani's (1961), and DeAngelo (1996). The choice of whether to distribute the company's profits as dividends to shareholders or to invest them in new business ventures is one of the most crucial ones in corporate finance. What portion should be given back to the business? Management should think about a dividend strategy that maximizes shareholder wealth in order to respond to this question. Since investors are by nature risk averse, the level of investment volatility is significant to them as a gauge of the level of risk they are exposed to.

Singh and Tandon (2019) claim to have examined the effect of dividend policy on the share price of stocks listed on the US National Stock Exchange from 2008 to 2017. For their analysis, Singh and Tandon used panel data and pooled regression models with fixed and random effects. The random-effects model was determined to be the best model to analyze the relationships between these variables using the Hausman test, which was used to choose an appropriate model. According to a study by Singh and Tandon, dividend policy significantly affects stock prices. The main issue with dividend policy is that it could lead to a drop in the company's stock price as a result of high dividend payments to shareholders. However, Andiani & Gayatri (2018) assert that if the dividend payment's value rises, the business will eventually generate profits, which will raise the stock price (Erfiana and Ardiansari, 2016).

In-depth research in this area is scarce, particularly in Malaysia's food and beverage industry. Therefore, it is important to keep an eye on the variables that affect share price volatility for companies listed on the Malaysian Stock Exchange. Western Governors University (2021) claims that the way dividend policies are typically portrayed communicates a company's financial health and value, fosters loyalty among shareholders, and increases demand for shares. Previously, a sample of 35 publicly traded companies that paid dividends and non-dividends listed companies that stated in the manufacturing of chemicals, household goods, and consumer goods between 2008 and 2017 on the Malaysian stock exchange (Hassan and Neelanja, 2019). However, no other studies have examined the effect of dividend policy on stock price volatility in the Food and Beverage sector listed on Bursa Malaysia. According to Herawati and Putra (2018), investors should analyze fundamental analysis that drives stock prices. Usually, fundamental analysis predicts future stock prices that consider estimating the values of fundamental factors that will affect future stock prices in stock market. Therefore, the objective of the study to examine the impact of dividend policy on stock price volatility in Malaysia particularly in food and beverage firm listed in Bursa Malaysia. The study shall have implication to investor industries, and policy maker.

LITERATURE REVIEW

The concept of dividend policy was first brought to light in 1956 by the work of (Lintner, 1956). Lintner demonstrated that most American businesses tend to raise their dividends when they anticipate steady net income growth. Then, assuming a perfect capital market, Miller and Modigliani published their no-dividend theory in 1961. They clarified that shareholders have no bearing on the dividend policy. Therefore, the stock price is automatically decreased by the dividend per share a shareholder receives on the ex-dividend date if a company elects to distribute profits as dividends. According to their argument (Miller and Modigliani 1961), the dividend policy would not affect shareholder returns in a perfect market.

Dividends are generally paid by a company to its shareholders on a regular basis. However, funds that could otherwise be used to pay dividends are often reinvested in the

development and overall growth of the company by companies that do not pay dividends on stock, resulting in an increment in the company's stock price. According to Lau (2022), the company must generate enough profit to cover the dividend payment. As shareholders who want more dividends each year, the company needs to generate higher net income. The effect of corporate dividend policies on stock price volatility has been examined in a number of studies. However, little research has been done on the effect of corporate dividend policies on industry share price volatility because the sector experiences strong economic growth in the majority of other nations. By utilizing various methodologies and a variety of variables, including dividend payout, earning volatility, dividend yield, and others, several studies came to very different conclusions.

There has been a lot of discussion about the potential impact of dividend policy on share price volatility, particularly in more recent literature. Data shows that, when looking at the level of dividend policy by sector from 2014 to 2017, consumer goods had the highest at 43.2% and the highest yield at 28.5%. 2019 (Dang et al. It demonstrated how management can affect changes in stock prices. application of various dividend policies in the context of emerging nations like Vietnam. Further support for these directions is provided by Camilleri, Grima, and Grima (2018) findings that the dividend yield and payout ratio in our estimates do not match (coefficient direction and significance). Additionally, it implies that the relationship may alter over time and is susceptible to anomalous observations and improper application of sampling methods. Azzam (2010) provided an example of how institutional ownership has an effect on dividend policy. Analysis reveals that management, private equity, and private equity ownership have an adverse effect on payout rates because of their own advantages. Concentration of ownership by three major private companies at the same time will become blockholders that prefer to receive dividends in large-cap stocks, thus will increasing payout rates stock.

According to Suwanhirunkul, Prachaya, and Masih, Mansur (2018), dividend policy is not a crucial factor in the explanation of SPV. For both all stocks and Islamic stocks, dividend variables have no appreciable or negligible impact on the SPV estimated from the GMM model. As a result, the findings are consistent with the MM framework, and the EMH exhibits the general trend of irrelevant over-dividends and US-listed companies. People in the technology industry are more likely to seek growth than dividends. Despite this, the quantile regression results for all stocks are also in line with his GMM model; however, for Muslim stocks, DY and SPV have a notable and strongly positive relationship. The dynamics of investors' preferences for corporate dividend policies may be revealed by this result. Researchers discovered that while investors are apathetic toward other stock classes, they may exhibit discriminatory biases when selecting Islamic stocks and low-leverage stocks. We found that there's a chance that each Islamic stock's share class also experiences the "crowd effect."

Another study by Kumaraswamy, Ebrahim, and Mohammad (2019) found that dividends influence stock price volatility in India and are favored by the bird-in-hand and dividend signal theories. Dividends demonstrate relevance in influencing Indian stock prices during the sample period, in contrast to the M&M preposition. Due to the erratic nature of the market, Indian investors favor requesting higher dividend payments from businesses over holding on to retained earnings for future investment. Share prices fluctuate as companies adopt smoother dividend policies because investors interpret this as a sign of the company's potential for future success.

Al-Shawawreh (2014) found a weakly positive relationship between corporate dividend payout ratios and stock price volatility and a significant negative relationship between those two variables. This is in line with Allen and Rachim's (1996) findings. The RTP results, however, did not match those of Baskin (1989). This finding generally implies that price

volatility is inversely correlated with dividend payout ratio. The main factor influencing the volatility of stock prices is this payout rate. With larger companies having lower share price volatility and a negligible relationship between share buybacks and price volatility, size is one of the control variables that has a very low positive value related to price volatility. Harshapriya (2016) supported the shareholders' theory as well. Additionally, dividend payments can lower corporate risk and price volatility. In fact, the findings for LCBs listed in the CSE are consistent with the agency cost theory. According to research, price volatility and dividend yield are positively correlated.

According to Kam (2022), dividend policies are based on returns, and each dividend rate has a significant negative correlation with price. The Hong Kong Stock Exchange changes in related common shares. This has a higher yield or payout ratio, which can make common stocks less erratic. The study also demonstrates a negative correlation between firm size and overall stock price volatility. Positively, changes in the prices of common stocks are significantly influenced by earnings volatility. Leverage and asset growth, however, had little impact on HKEX common stock's price volatility.

In a different study, price volatility was linked to dividend policy, which is represented by dividend yields, payments, and share buybacks. These dividend policy indicators all move in different directions and with varying levels of volatility. This holds true for the subcategories of a country as well as the subsample time period taken, and the results are resistant to alternative panel estimates. Burak Pirgaip, Mehmet Baha Karan, and Esen Aktürk (2022)

Previously, Ahmad, Alrjoub, and Alrabba (2018) assumed that the lower the stock price volatility, the higher the dividend yield and payout ratio. The duration effect theory is in agreement with this. A company's cash flows and outcomes are less uncertain when its dividend yields are high, which also takes interest rate volatility and price stability into account. Furthermore, since high dividends are a sign of firm stability, the negative relationship between high dividend yields and high payout rates is consistent with signal theory.

Khan, Amir, Qayyum, and Nasir (2011) point out that positive dividend yields and retention rates are negatively related to stock prices and are significant in both fixed and random effects cases. This further explains that investors want the dividends offered. This is a signal about the company's future prospects. Both the tax variable return and his after-tax earnings per share models are positively correlated with the stock price, but the return on equity is positive. The fixed effects model has a negative relationship to inventory, while the random effects model has a positive relationship.

Numerous empirical studies have discovered that dividend policy has an impact on stock price volatility. (2019), regression results using panel data from 33 Nepali companies listed on NEPSE, with 357 observations for the years 2000/01 to 2018/19. Earnings per share (EPS) is significant at the 1% level of significance with a slope coefficient of 30.8022 and a t-score of 6.70. This demonstrates that the market price of common shares of Nepalese companies is significantly positively impacted by EPS.

According to Phan and Tran (2019), Vietnamese stock volatility is also characterized by dividend yields, with companies offering higher dividend yields typically being less risky in the face of price volatility. Price movements in emerging markets like Vietnam are driven by dividends rather than dividend payment yields, contrary to empirical evidence for developed markets (Allen & Rachim, 1996; Hussainey et al., 2011). This fundamental discovery by Baskin (1989) is similar to the negative relationship between dividend yield and price volatility, which is supported by all theoretical hypotheses. Executives in emerging markets should also be aware of how dividend policies affect corporate policy equity risk. Risk diversification strategies for market investors and adaptive dividend policies for corporate governance are affected by this.

Nurhasanah, Husaini, Arliansyah, and Syahputra (2020) claim that dividend policy had a small but positive impact on the volatility of mining company stock prices on the Indonesian Stock Exchange. The Indonesian Stock Exchange share prices of mining companies are positively impacted by earnings volatility, albeit not significantly. Trading volume has a significant positive impact on the volatility of mining company share prices on the Indonesian Stock Exchange. However, Das and Masswae (2018) showed a weak negative relationship between dividend purchases (dividend yield) as measured by standard deviations and stock price volatility, although dividend yield as a measure of volatility. There is no correlation between β and beta. From a theoretical point of view, the results support the basic assumption of dividend irrelevance theory that dividends have no effect on shareholder value (Miller & Modigliani, 1961). The negative relationship between stock volatility and dividend buying means that dividend buying is non-existent or insignificant on the Stockholm Stock Exchange. This means that investors are not seeing arbitrage opportunities to buy dividends.

Sultana (2021) discovered that the DSE-listed manufacturing companies' share price volatility is most influenced by a company's dividend yield and dividend payout ratio, also known as dividend policy. Dividend yields have the biggest effect on stock price volatility, according to both models (FE and SEM), and in Bangladesh, companies with high dividend yields are more vulnerable to manufacturing volatility than companies with low dividend yields. It can be easily swayed. There are supposedly few. Higher dividend rates may be linked to lower share price volatility in the Bangladesh manufacturing sector, according to a significant correlation between share price volatility and dividend payments. Size and growth rate are among the controls that have a significant positive relationship with stock price.

Another study of Putri et al. (2021) pointed out that dividend policy has a negative impact on stock price volatility. In other words, the higher the dividend, the lower the volatility of the stock price. Conversely, lower dividends can lead to higher share price volatility. The firm size control variable has no effect on stock price volatility. This means that companies are classified as large companies, but the size of the company does not affect VHS, but the volatility of the stock price remains constant. Earnings volatility has a positive impact on stock price volatility. This means that if a company produces stable (constant) profits, investor confidence in the company increases, the company's stock price stabilizes, and the VHS chances decrease. Leverage does not affect VHS. This means that the amount of debt a company owes to finance its operations, whether large or small, has no effect on the volatility of its share price. A company is profitable if it can get a return on its debt greater than the interest it has paid.

Separately, Dasman and Gunawan (2022) demonstrated how firm-specific factors and dividend policy affect share price volatility in the mining industry, which is listed on the Indonesian Stock Exchange, from 2016 to 2020. The results of the dividend policy are not related to share price volatility. The volatility of the stock price is unaffected by increased leverage, and it is unrelated to growing the size of the company.

METHODOLOGY

Data Description

Variables included in this study are dividend policy, company variables, and share price volatility in the Malaysian food and beverage industry. Furthermore, an exogenous empirical model was introduced to capture structural changes in shock duration. The data collection period is from 2005 to 2020, and about 30 companies from the food and beverage industry were selected to conduct this study. The data used in this study comes from various sources such as the Malaysian Bursa Market, Food and Beverage Company Reports, Malaysian Bureau of Statistics. All variables are transformed to natural logarithms for estimation.

Table 1: List of Companies used in the Study

NO	COMPANY NAME
1	THREE-A RESOURCES BERHAD
2	AJINOMOTO (MALAYSIA) BERHAD
3	APOLLO FOOD HOLDINGS BERHAD
4	HEINEKEN MALAYSIA BERHAD
5	REX INDUSTRY BERHAD
6	PPB GROUP BERHAD
7	C .I. HOLDINGS BERHAD
8	COCOALAND HOLDINGS BERHAD
9	DUTCH LADY MILK INDUSTRIES BERHAD
10	EKA NOODLES BERHAD
11	FRASER & NEAVE HOLDINGS BHD
12	GUAN CHONG BERHAD
13	CARLSBERG BREWERY MALAYSIA
14	GREEN OCEAN CORPORATION
15	HUP SENG INDUSTRIES BERHAD
16	HWA TAI INDUSTRIES BERHAD
17	KHEE SAN BERHAD
18	MAG HOLDINGS BERHAD
19	CCK CONSOLIDATED HOLDINGS BERHAD
20	HARRISONS HOLDINGS (MALAYSIA) BERHAD
21	KAWAN FOOD BERHAD
22	LOTUS KFM BERHAD

23	QL RESOURCES BHD
24	BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD
25	NESTLE (MALAYSIA) BERHAD
26	OCB BERHAD
27	ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD
28	BTM RESOURCES BHD
29	SPRITZER BHD
30	POWER ROOT BERHAD

Model Specification

Using panel data analysis, we examine the connection between stock price volatility and dividend practices of Malaysian food and beverage industries. Panel data has the ability to accurately depict the widespread effects of temporal variations on the link between dividend policy and share price since it combines time-series and cross-sectional dimensions. It is commonly acknowledged that the panel data model format has various benefits for cross-sectional and time-series models. To improve the explanatory power of the samples and raise the reliability of the results, it can, for instance, collect a larger amount of economic and social information, control potential heteroscedasticity, and greatly reduce biased estimates produced by ignoring factors.

Before researcher emphasize on the usage of the variable in model specification, we would like give brief explanation regarding the specific variable that been utilize for this study. As this research regarding Impact of Company Dividend Policy on Stock Price Volatility in Food and Beverage industry in Malaysia, it usually associates with the company size of each company that involve. The term "company size" refers to the scope or extent of an organization's operations, which is frequently determined by elements like total assets, market capitalization, or revenue. It reveals the relative scale of a company within its market or industry. In comparison to smaller organizations, larger companies typically have more resources, a wider market reach, and possibly different financial features (Saw, 2012). Apart from that, utilizing debt or borrowed money to fuel a business' operations or investments is referred to as leverage. Financial ratios like the debt-to-equity ratio, debt ratio, or interest coverage ratio are frequently used to measure it. Leverage refers to the percentage of debt that makes up a company's capital structure and can have an impact on a firm's risk profile, cost of capital, and financial stability.

According to Hooy and Law (2010), the term "liquidity" describes a company's capacity to quickly transform its assets into cash without suffering large losses. Ratios like the current ratio, quick ratio, or cash conversion cycle are frequently used to measure it. A company's liquidity indicates its operational effectiveness, short-term solvency, and capacity to fulfill its short-term obligations. Next, opportunities for growth refer to a business's potential to grow its operations, penetrate new markets, or roll out new goods or services. They can be assessed using a variety of metrics, including goals for market expansion, R&D spending, and industry trend analysis. Growth prospects can affect a company's price and risk profile and are frequently linked to its potential for future earnings (Zhang, 2015).

Pooled OLS and Fixed Effect Model

In order to calculate the association between share price volatility and dividend policy, this study used a panel data approach. In order to account for certain factors that might also affect both dividend policy and price volatility, we have added additional variables as the control variables: earnings volatility (EV), financial leverage (LEV), firm size (SIZE), and firm's growth (GRTH). The regression model relates share price volatility with the two main measures of dividend policies (dividend yield and dividend payout ratios), as in equation (3.3.1.1). The relationship between the independent and dependent variables is then estimated using the models listed below:

$$PVOL_{jt} = \alpha_i + \beta_1 LDY_{it} + \beta_2 LDP_{it} + \epsilon_{it} \dots\dots\dots(1)$$

$$PVOL_{jt} = \alpha_i + \beta_1 LDY_{it} + \beta_2 LDP_{it} + \beta_3 LSIZE_{it} + \beta_4 EV_{it} + \beta_5 LEV_{it} + \beta_6 GRTH_{it} + \epsilon_{it} \dots\dots(2)$$

Where PVOL_{it} is Share price volatility for firm i for time t; LDY_{it} is Dividend Yield for firm i for time t; LDP_{it} is Dividend Payout for firm i for time t; EV_{it} is Return on Assets (earning volatility) for firm i for time t; LEV_{it} is Financial Leverage for firm i for time t; LSIZE_{it} is Market Value for i for time t; GRTH_{it} is Growth in Total Assets for firm i for time t, and ϵ_{jt} is the error term.

EMPERICAL RESULT

Descriptive Statistics

The descriptive statistics of the factors influencing the price volatility of the food and beverage firms listed on Bursa Malaysia from 2005 to 2020 are shown in table below. The dependent variable for the model, price volatility, has a range of 0.58 to 1.15, a mean value of 0.92, and a standard deviation of 0.11. Since a large sample is used, a normality test is performed to determine whether the stock price exhibits a normal distribution pattern. The normality test's p-value is less than 0.05, which leads to the conclusion that price volatility is not normally distributed.

Table 2: Descriptive Statistics

	PVOL	DY	DP	SIZE	LEV	EV	GRTH
Mean	0.92	16.57	0.44	21.27	0.13	0.61	-5.20
Maximum	1.15	22.13	7.09	27.84	8.67	73.90	1.00
Minimum	0.58	13.71	-0.62	16.55	-1.26	1.71	-1137.24
Std. Dev.	0.11	1.44	0.85	1.78	0.51	4.25	65.64
Observations	480	480	480	480	480	480	480

According to table above, the mean value for company size is the greatest among the variables at 21.27327, and the mean value for growth is the lowest at -5.227160. With a value of 65.81335, growth also has the highest standard deviation of the variables, while price volatility has the lowest standard deviation at 0.105236. With a value of 1138.241, growth also has the variable with the largest range (maximum-minimum) among others.

Table 3: Correlation by Pearson correlation between the variables

	DY	DP	LEV	SIZE	EV	GRTH
VIF	1.64	1.20	1.14	1.15	1.20	1.24

Results of the Pooled OLS Model

Based on equation (1), the results of panel least square regression showing the relationship between share price volatility and dividend yield and payout are shown in table below. The findings confirm the hypothesis, demonstrating a significant negative correlation between share price volatility and dividend payout. On the other hand, albeit it is not statistically significant, there is a negative correlation between price volatility and dividend yield.

Table 4: Pooled OLS Model 1

	Coefficients	Std.Error	t-stat	Sig.
(Constant)	1.01	0.051	19.793	0.000
DY	-0.00	0.003	-1.497	0.135
DP	-0.03	0.005	-5.092	0.000

R2= 0.056; Adj.
R2= 0.053; F-
stat.= 16.443;
F-prob.= 0.000.

Using equation (4.2), we then add four additional control variables to the regression model. We can observe that a strong correlation between price volatility and dividend payout persists when these four control factors (size, earning volatility, leverage, and growth) are included in the regression model. Additionally, there is still a considerable negative correlation between price volatility and dividend yield. Additionally, Table below demonstrates that there is a strong positive correlation between share price volatility and business size and growth. However, there is a negligible negative correlation between leverage and earning volatility and price volatility.

Table 5: Pooled OLS Model 2

	Coefficients	Std.Error	t-stat	Sig.
(Constant)	0.942	0.058	16.162	0.000
DY	-0.012	0.004	-3.100	0.002
DP	-0.027	0.006	-4.913	0.000
SIZE	0.009	0.003	2.921	0.004
EV	-0.001	0.001	-1.209	0.227
LEV	-0.006	0.009	-0.702	0.483

GRTH	0.000	7.15E-05	2.026	0.043
R2=0.085422; Adj. R2=0.075445; F-stat.= 8.561759; F-prob.= 0.000000.				

Wooldridge (2015) claims that pooled OLS is used when a different sample is chosen for each year or period of panel data. Since we are using pooled OLS, we are ignoring the cross-sectional and time-series structure of the data while seeing the same samples throughout periods of time where the effect of this time is significant. The main issue with pooling in this model is that we downplay the diversity or uniqueness of these 30 organizations. Fixed effects or random effects, according to (Wooldridge 2015), are more applicable when watching the same sample of nations, people, states, or businesses throughout time. Due to this, we estimate the equation in the following step using both a Fixed Effect and a Random Effect model. After that, a Hausman test is run to determine whether approach is accurate. The null hypothesis that the random effect is more appropriate is rejected if the p-value is greater than 0.05. We reject the null hypothesis and come to the conclusion that the Fixed Effect Model is more acceptable if the p-value is less than 0.05 (Wooldridge 2015). Given that the likelihood of the Chi-Sq. statistic in this case is 0.0000, the Hausman Test results indicate that the Fixed Effect Model is better suitable.

Results of the Fixed Effect Model

The outcomes of the Fixed Effect Model based on equation (4.2) are shown in table below. High coefficients and higher explanatory power are seen here (R2 raised from 9% to 20%). At a significance threshold of 1%, we can see that dividend yield and dividend payout are both inversely correlated with share price volatility. It is exactly what was predicted. It implies that the share price volatility of Malaysian food and beverage companies listed on Bursa Malaysia has a substantial impact on dividend policy. The companies with greater dividend yields and dividend payout ratios should have lower share price volatility on Bursa Malaysia. Therefore, little price volatility is predicted for higher revenue enterprises in Malaysia

The table also demonstrates, with a significance level of 1%, that firm size has a positive and substantial link with share price volatility. It suggests that the share price of Bangladeshi manufacturing companies listed on Bursa Malaysia strongly depends on a firm's size. From the viewpoint of Malaysia, we may say that larger manufacturing companies face higher share price risks than smaller manufacturing firms. And the reason for this is that the larger companies have a wider range of products and offer the markets access to more public information. The company might not wish to disclose to its investors certain market facts regarding debt or other delicate matters. Small businesses can conceal this knowledge from investors more easily, lowering the risk.

Table below also demonstrates a negligible negative correlation between earning volatility and financial leverage and price volatility. Growth of the company is tangentially positively correlated with price volatility. It suggests that the debt-to-asset ratios, stock market return risk, and firm's development have little bearing on the performance of Malaysian food and beverage companies listed on Bursa Malaysia.

Table 6: Panel Regression (Fixed Effect Model)

	Coefficients	Std.Error	t-stat	Sig.
(Constant)	0.864	0.092	9.371	0.000
DY	-0.030	0.006	-4.864	0.000
DP	-0.020	0.006	-3.474	0.001
SIZE	0.027	0.004	6.317	0.000
EVOL	-0.002	0.001	-1.424	0.155
LEV	-0.012	0.010	-1.196	0.232
GRTH	0.000	6.94E-05	1.730	0.084
R2=0.208; Adj. R2=0.147; F-stat.= 3.397; F-prob.= 0.000.				

The dividend payout is removed from the regression equation due to its association with dividend yield. We see a substantial inverse relationship between price volatility and dividend yield, which suggests that dividend yield has a significant inverse relationship with the share price volatility of Malaysian food and beverage businesses that are listed on Bursa Malaysia.

CONCLUSION

The purpose of this study is to ascertain how dividend policy affects the stock price volatility of Malaysia Food and Beverage Industry that listed in Bursa Malaysia. Here, we offer a comparison of the 16 years of time series data from 30 food and Beverage enterprises listed on the Bursa Malaysia using the pooled OLS, and FE model. The descriptive statistics for the data indicate that all of the variables' means are low, with the exception of dividend payment and business size. The standard deviation of increase is also relatively high when compared to other variables, indicating that the total assets of the chosen enterprises in Malaysia's Food and Beverage industry fluctuate significantly. The Hausman test results indicate that the FE model is more suitable in the first phase of our investigation.

Furthermore, a company's cost of capital may be impacted by its dividend policy. Investors may conclude that a company with a high dividend payout ratio has few chances for growth and may not be able to produce high enough returns on their investments. This view may result in greater capital costs for the business, which may have a detrimental effect on its profitability and stock price. In contrast, a low dividend payout ratio may indicate to investors that a company has significant room for growth and is reinvesting its profits to fuel future expansion. This perception may result in the company's cost of capital being reduced, which may enhance its profitability and stock price.

After rigorous analysis of the data, we discover that the Bursa Malaysia Food and beverage listed businesses' stock price volatility is most significantly impacted by dividend yield and payout, collectively referred to as the firm's dividend policy. The dividend yield has the greatest impact on share price volatility, according to fixed-effects model which suggests that Malaysia companies in the food and beverage sector should be less volatile than those with lower dividend yields. A larger payout ratio results in less volatility in the stock price among Malaysia Food and Beverage sector, according to the significant correlation between share

price volatility and dividend payout. We find that the explanatory variables of price volatility structure include company size and growth, stock market return, dividend yield, and dividend payout. Similar to price volatility, firm size, tangibility, stock market return, and dividend 30 yield are the explanatory variables. The criteria that explain the dividend payout policy are return on assets, financial leverage, earning volatility, growth, and size of the company.

Apart from that, maintaining a stable dividend policy may be a priority for several businesses in the food and beverage sector, even in times of crisis. The theory behind this strategy is that regular dividend payments signify financial stability and draw investors. Businesses with robust business strategies, dominant market positions, and solid cash flows may have a higher likelihood of keeping their dividends steady. Nevertheless, during a financial crisis, stock price volatility can still happen as a result of more general market conditions. Furthermore, government Interventions. In the wake of a financial crisis, governments may put legislation into place and offer assistance to businesses in the food and beverage sector. These interventions might take the form of stimulus packages, tax breaks, and industry-specific assistance programs. The scope and success of such interventions may have an effect on a company's financial stability, which may then have an impact on its dividend practices and stock price volatility.

It is crucial to remember that depending on the specifics of each firm, its financial situation, and market dynamics, the effect of dividend policy on stock price volatility in Malaysia's food and beverage sector during a financial crisis might vary. It is advised to read industry studies, financial news, and professional analyses that are specific to the Malaysian market and the Food and Beverage sector within it to get a more precise and up-to-date view of the present situation.

In conclusion, a firm in Malaysia's food and beverage sector may experience significant stock price volatility depending on its dividend policy. Investor expectations, sentiment, and the company's cost of capital can all be affected by the choice to pay dividends, the amount paid, and the frequency of dividend payments.

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