



Effect of Profit Volatility, Dividend Policy, And Company Size on Stock Price Volatility in Banking Companies Listed On IDX in 2018-2022 Period

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Abstract

This research set out to ascertain the impact of firm size, dividend policy, and earnings volatility on stock price volatility in banking companies listed on the Indonesian Stock Exchange (IDX). All banking businesses listed between 2018 and 2022 on the IDX are included in the research population. Using the purposive selection approach, the sample was selected based on the requirement that the corporation paid cash dividends and released financial reports during the study period. Nine firms were selected as a sample using the predetermined criteria. Secondary data is utilized. Multiple linear regression is the data analysis technique with a significance level of 0.05. The study's findings show that (1) earnings volatility does not influence stock price volatility. Dividend policy influences the volatility of stock prices. (3) Stock price volatility is unaffected by the company's size. (4) The simultaneous influence of Earnings Volatility, Dividend Policy, and Company Size on Stock Price Volatility is null. (5) The R-squared adjustment is 0.34. This indicates that 34% of the dependent variable's explanation may be attributed to independent factors, with the other 66% coming from variables not included in this research.

Keywords: Stock Price Volatility, Earnings Volatility, Dividend Policy, Company Size

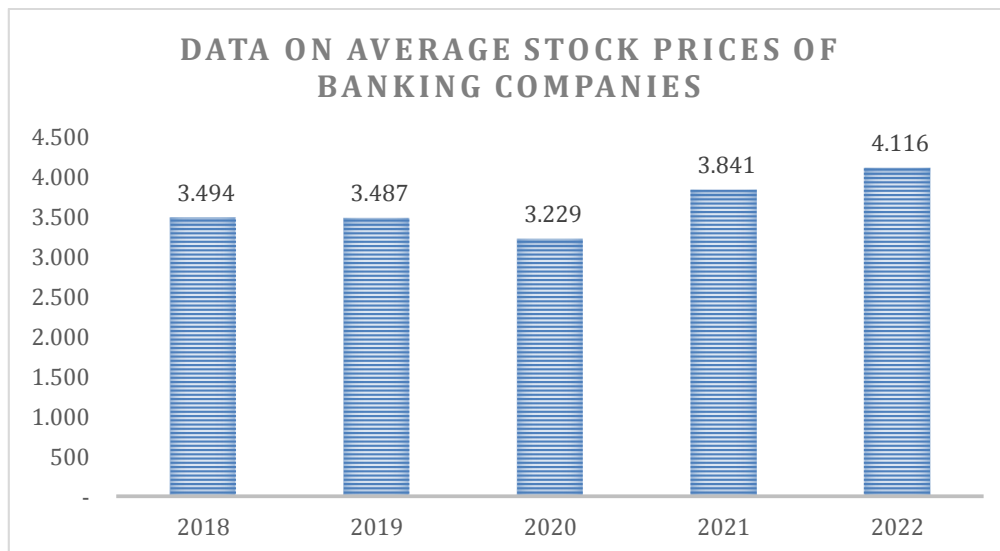
Introduction

The firm needs funding to carry out its operational operations, and this funding may come from the business owner directly and from other sources like creditors and investors. One may use the capital market to invest in stocks, bonds, mutual funds, derivatives, and other financial products or get cash. Among the most widely traded financial products are stocks (Andiani & Gayatri, 2018). A numerical assessment of price swings beyond a specific time period is called volatility (Waluyo, 2016).

This metric illustrates price fluctuations over a short period and tracks the rate of change in prices from one period to the next rather than the overall level of prices. The general public sees stock price volatility as a gauge of risk. The likelihood of an abrupt rise or fall in stock prices increases with more volatility. A circumstance on the stock exchange where prices fluctuate is called stock price volatility (Artati & Laeli Wahyuni, 2023).

Volatility in stock prices is the ups and downs in price. Stocks that may be used to gauge a stock's risk and the speed at which prices can change. High volatility readings may be used to suggest return uncertainty. Consequently, to maximize returns on their assets, investors need to have a plan to manage them. Investors take certain steps, one of which is to understand stock price volatility since doing so may assist them in avoiding expensive errors when selecting which companies to purchase (Rachmawaty & Afridayani, 2023). The average data for banking stock prices from 2018 to 2022 is shown below, which is derived according to the Indonesia Stock Exchange (IDX) 's official website:

Figure 1. Average Stock Price Data of Banking Companies Listed on the IDX for the Period 2018-2022



According to Figure 1. 2019 saw a slight decrease in stock prices; 2020 saw a powerful decline; 2021 saw a fairly significant gain in stock prices after three years of declines; and 2022 saw the greatest stock price increase. Many factors contributed to the rise and fall of stock prices. One such factor was the corona virus outbreak that struck Indonesia in 2020, which forced many businesses to scale back or cease operations altogether. This resulted in a decline in people's income as they found it difficult to save or set aside a portion of their income in banks, or vice versa. As a result, banking stock prices in 2020 saw a fairly sharp decline. As stated by Adelin (2020) on the South Kalimantan News Portal. There has been a sharp drop in stock values between January and March 2020 in several industries. Bank BCA (BBCA) had a 30% decrease in share price from IDR 34,000/lot to IDR 23,675/lot. Bank BRI (BBRI) saw a 37% decrease in share price from IDR 4,500/lot to IDR 2,810/lot, while Bank BNI (BBNI) saw a 60% decrease in share price from IDR 9,000/lot to IDR 3,600/lot. Both global and micro

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Variables affect the volatility of stock prices. Examples of macro variables include expansion, trade exchange rates, and Indonesia's foreign exchange balance. Conversely, micro variables immediately impacting the company include profit, debt levels, management changes, and asset expansion (Josua Sirait et al., 2021).

In addition to being impacted by the aforementioned elements (Yanti, 2019), A number of other factors, including firm size, dividend policy, and earnings volatility, can affect stock price volatility. The consequence of dividend policy on stock prices is related to earnings volatility, as per the study conducted by (Rachmawaty & Afridayani, 2023). However, according to a study (Josua Sirait et al., 2021), earnings volatility positively impacts stock price volatility but is unaffected by dividend policy. A metric called earnings volatility helps to demonstrate how consistent the money received year over year is. By dividing the entire EBIT by the total assets, one may get the standard deviation of earnings volatility (Yanti, 2019). According to a study (Andiani & Gayatri, 2018), earnings volatility negatively impacts stock price volatility. According to studies, earnings volatility is unaffected by stock price volatility (Utami & Purwohandoko, 2021).

Contrary to what has been shown in studies, earnings volatility positively impacts stock price volatility (Josua Sirait et al., 2021). The relationship between dividend policy and signal theory stems from the fact that this information signals to investors the long-term profitability of a business and may entice them to put money into the stock, increasing demand for stocks and, eventually, their value. This suggests that a company's success is signaled more strongly by a higher dividend payout, which lowers investor risk and results in low stock price volatility (Selpiana & Badjra, 2018). The following findings from several research on dividend policy have been reported. According to the research (Khairunisa & Nazir, 2022), dividend policy somewhat reduces stock price volatility. However, the study (Marini & Sutrisna Dewi, 2019) demonstrates that dividend policy affects stock price volatility in two ways: partly negatively and concurrently.

Contrary to both findings, (Josua Sirait et al., 2021) claimed that stock price volatility is unaffected by dividend policy. The amount of stock, net sales, or total assets of a corporation are used to classify its size. A corporation's size is directly correlated with its total assets or net sales; the higher these numbers are, the bigger the firm, and conversely, the smaller the company (Sulistyo Rahayu et al., 2020). big businesses (big firms), medium companies (middle firms), and small companies (small firms) are the three categories of company size (Marini & Sutrisna Dewi, 2019). Research on the impact of business size on stock price volatility is anticipated by (Marini & Sutrisna Dewi, 2019) and (Andiani & Gayatri, 2018), with findings indicating the company's size and the stock price volatility are negatively correlated. However, the study (Yanti, 2019). Claimed there is a negative correlation and a substantial impact of firm size on stock price volatility. According to (Selpiana & Badjra, 2018) research, a company's size significantly impacts stock price volatility negatively.

The three (3) significant banks in the Republic of Indonesia are BCA, BRI, and Bank Mandiri. According to a phenomenon involving stock prices (Zefanya, 2023), cited in CBNN Indonesia, they did not see an increase in share prices despite achieving higher profits. The parent business and subsidiaries of Bank Central Asia (BCA) achieved a net profit of IDR 36.4 trillion at the end of the third quarter of 2023. Compared to the results from the same period

last year, the profit record shows a significant rise of 25.8 percent. This sum includes a 21.3% yearly rise in net interest revenue to IDR 55.9 trillion and a 9.7 percent growth in non-interest income to IDR 18.3 trillion. At 11.50 a.m. on Tuesday, October 31, 2023, the first trading session for BBKA shares was adjusted, with a 0.85% increase to 8,775 shares per share. BRI, whose acronym is "PT Bank Rakyat Indonesia (Persero) Tbk.," had a successful third quarter of 2023. According to financial figures published in the media, BRI's net profit for the current period was IDR44.21 trillion, representing an increase of 12.46% year-on-year. Interest income, which grew by 14.43% to IDR131.89 trillion in the third quarter of 2023, is essential to this accomplishment. In addition to this rise, BRI's interest expenditure jumped from IDR18.74 trillion to IDR30.69 trillion in the preceding year. BRI's net interest income for the first nine months of this year was IDR101.19 trillion, a 4.85% rise over IDR96.50 trillion in the previous year.

Adjusted to a price of 4,960 pence per share, BBRI shares were registered at 11.50 in trading session I on Tuesday, 10/31/2023. PT Bank Mandiri (Persero) Tbk. Achieved a net profit of IDR39.1 trillion, representing a 27.4% year-on-year increase up to September 2023, when the financials were aggregated. The rapid expansion of assets and the credit portfolio is to blame for this. According to Darmawan Junaidi, president and director of Bank Mandiri, the expansion of loans and third-party funds drove the rise in total assets. September 2023 saw a consolidated basis growth of 12.71% in the amount of credit that Bank Mandiri was able to disburse, amounting to IDR 1,315.92 trillion. At 11.50 a.m. on Tuesday, October 31, 2023, BMRI shares were 0.44% down, at 5,700 a share. In light of the foregoing, the following data table summarizes information from IDX's official website for 2018 to 2022. It shows that many direct and indirect factors contribute to the growth and decline of stock prices for banking companies: average profit volatility, dividend payout ratio, company size, and stock price volatility.

Table 1. Average Data on Profit Volatility, Dividend Payout Ratio, Company Size, and Stock Price Volatility of Banking Companies Listed on the IDX for the Period 2018-2022

Research Variables	Research Year				
	2018	2019	2020	2021	2022
Earnings Volatility (%)	0.027	0.028	0.020	0.022	0.287
Dividend Payout Ratio	0.322	0.379	0.727	0.379	0.487
Company Size	20,273	20,371	20,441	20,559	20,626
Stock Price Volatility (%)	0.367	0.028	0.322	0.047	0.044

Source: Data processed by researchers

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Table 1 shows that earnings volatility is steady in 2018 and 2019, declines in 2020 and 2021, and rises in 2022, whereas stock price volatility is high in 2018 and 2020 and falls in 2019, 2021, and 2022. The dividend payment ratio increases from 2018 to 2020, falls in 2021, and rises again in 2022, although stock price volatility tends to decrease from 2018 to 2022. Despite a growth in the firm's size and assets from 2018 to 2022, stock price volatility is expected to reduce over this time.

The findings of studies examining the variables that affect stock price volatility have shown conflicting conclusions. Variability in profits, dividend policy, and firm size are the variables that will be investigated in this study. Using data from the IDX for 2012–2016, this study draws on the work of (Selpiana & Badjra, 2018), which examined LQ45-indexed businesses. The author focused on financial institutions since their services are essential to almost everyone. Indonesian banking issuers are in a prime position to attract substantial investment because of the country's booming economy and expanding population.

Based on the background that has been presented, the author intends to conduct more in-depth and specific research with the title "The Effect of Profit Volatility, Dividend Policy, and Company Size on Stock Price Volatility in Banking Companies Listed on the Indonesian Stock Exchange from 2018 to 2022."

Literature Review

TheoryMarket Efficiency

According to Fama's (1970) idea, shareholders can see all the information given to them just by looking at the stock price. The stock price will reflect new and important information instantly. An efficient market does not function on the assumption that the financial market has all the answers. The assumption that prices are known in advance is also not made by an efficient market. However, market efficiency explains how much information reflects the available prices and how quickly prices adjust to new information by finding a new equilibrium point.(Josua Sirait et al., 2021).

Agency Theory

Agency Theory the early proponents of agency theory were Jensen and Meckling (1976). According to their theory, two economic actors compete in any business: principals and agents. The business owner is the principal, while the manager is the agent. The interaction between shareholders and managers and between shareholders and creditors (bondholders) can give birth to agency theory in the context of financial management (Safrani & Kusumawati, 2022). The basis for analyzing stock price volatility is the agency dilemma between shareholders (owners), managers (agents), and the separation of ownership and control. This theory explains how managers can reduce information asymmetry by providing signals or instructions. Stock price volatility is then involved by corporate reports and is responded to by investors.(Khairunisa & Nazir, 2022).

Stock Price Volatility

Stock Price Uncertainty: Stock price volatility is defined as the current stock price level movement over a specific time, as measured by the magnitude of stock value fluctuations relative to other markets (Jasselyn & Edi, 2021). Stocks are characterized as volatile when there are large and significant fluctuations and as non-volatile when there are simple and insignificant changes (Theresia & Arilyn, 2015). At the highest and lowest price levels, these shifts are visible. One way to determine stock price volatility is to use Parkinson's extreme value technique (Selpiana & Badjra, 2018). According to the method proposed by Parkinson (2014), stock price volatility is given as a percentage:

$$PV = \frac{H_{it} - L_{it}}{(H_{it} + L_{it})/2}$$

Information:

PV = Price Volatility

H_{it} = Highest stock price for company i in period t

L_{it} = Lowest stock price for company i in period t

Earning Volatility

Profit volatility describes the fluctuations in a business's bottom line. Investors look at its profit potential before putting their money into a business. Investors are alerted to the high risk associated with a firm when there are fluctuations in its profitability within a specific time frame. Profit volatility makes potential backers wary of putting money into the business (Josua Sirait et al., 2021), (Rowena & Hendra, 2017) cite research by Chaudry, Iqbal, and Butt (2015) in their article on profit volatility:

$$E.Vol = \frac{\text{Operating Profit}}{\text{Total Aset}}$$

Information:

$E.Vol$ =Earnings volatility

Dividend Policy

A company's dividend policy may help close the knowledge gap between management and investors about the company's status and expectations (Marini & Sutrisna Dewi, 2019). Those interested in the company's long-term prospects may learn more about its dividend policy. Choosing where to put their money will undoubtedly entice investors. One measure of a company's efficiency in distributing profits to shareholders is the dividend payout

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Ratio.Source: (Artati & Laeli Wahyuni, 2023). The dividend payout ratio (DPR) is used in the subsequent way to determine dividend policy (Wahiddirani Saputri et al., 2022):

$$E.Vol = \frac{Cash\ Dividens}{Net\ Profit}$$

Company Size

(Khairunisa & Nazir, 2022) Reports that the size of a company may be determined by applying a scale that considers its market capitalization, net revenue, and assets. A company's size may be ascertained by adding together all of its assets. One way to calculate a company's size is to multiply its total assets by the natural logarithm (ln). The following is the mathematical formula for determining the size of a company:

$$Firm\ Size = Ln (total\ aset)$$

Research Method

This research uses mathematical approaches to examine the potential ties between stock price volatility, earnings volatility, dividend policy, and business size. Secondary data is used and sourced from the BEI website, namely www.idx.co.id. This inquiry's population consists of financial institutions listed on the IDX between 2018 and 2022. That brings the entire quantity of firms included in this research to 47. Researchers used purposive sampling to choose study participants based on the following criteria:

No.	Sample Criteria	Amount
1.	banking companies listed on the Indonesian stock exchange for the 2018-2022 period	47
2.	Banking companies that have not published financial reports for 5 consecutive years (2018-2022)	3
3.	banking companies that did not distribute dividends during the observation period (2018-2022)	35
Total Sample		9

Hypothesis Development

The Influence of Earnings Volatility on Stock Price Volatility

Since earnings volatility is a gauge of how stable a firm's yearly profits are, investors will be cautious of companies exhibiting high earnings volatility since it suggests that the

company is risky. As stated by (Safrani & Kusumawati, 2022). Consistent with other studies, this one finds that earnings volatility boosts stock price volatility (Josua Sirait et al., 2021). The following theory may be developed from the above description and prior study findings:

H₁: Earnings volatility has a positive effect on stock price volatility

The Influence of Dividend Policy on Stock Price Volatility

When a highly valuable corporation distributes dividends to its shareholders, the stock market price of that company goes up. Investors are generally more eager to purchase a company before its expiry date if its dividend payout ratio is high. Shares are sold by investors beyond the deadline. This will affect the volatility of stock prices (Josua Sirait et al., 2021).

A study has shown that dividend policy partly reduces stock price volatility (Marini & Sutrisna Dewi, 2019). The study's findings (Khairunisa & Nazir, 2022) corroborate this. Contrary to what was shown in the two research, dividend policy does have a detrimental impact on stock price volatility. According to one study (Artikanaya & Gayatri, 2020), dividend policy reduces stock price volatility, whereas another inquiry (Selpiana & Badjra, 2018) found the opposite. This is a working hypothesis based on the above description and prior research:

H₂: Dividend policy has a positive effect on stock price volatility

The Effect of Company Size on Stock Price Volatility

A company's size may be determined using market capitalization, total assets, and net sales (Marini & Sutrisna Dewi, 2019). Research has shown that the size of a company has a substantial clout on the volatility of its stock price (Selpiana & Badjra, 2018), (Andiani & Gayatri, 2018) found that larger companies had less volatile stock prices. Therefore, this goes against that. The following theory may be advanced according to the above description and the invention of prior investigations: This is a working hypothesis based on the above description and prior research:

H₃: Company size has a negative effect on stock price volatility

The Influence of Earnings Volatility, Dividend Policy and Company Size on Stock Price Volatility.

A number of variables may influence stock price volatility. These include earnings volatility, dividend policy, and the firm's size. The unstable stock price fluctuation impacts investors and the public's perception of the firm. Because of this, keeping the stock price steady is crucial so that owners and prospective investors can rely on it as a benchmark for making the correct choice. According to the study's findings, a more prominent firm is associated with lower stock Price volatility (Jasselyn & Edi, 2021). Stock price volatility is unaffected by dividend policy outcomes or profit volatility. A number of factors can influence stock price volatility; however, according to one study (Safrani & Kusumawati, 2022), company size has a strong negative effect. Another study (Khairunisa & Nazir, 2022) found that dividend policy and company size significantly impact stock price volatility. In light of the above and the findings of earlier research, the following theory may be advanced:

H₄: Earnings volatility, dividend policy, and company size simultaneously affect stock price volatility.

Result/Findings

Descriptive Statistical Analysis

	Descriptive Statistics				
	N	Minimu m	Maximu m	Mean	Std. Deviation
Volatilitas Laba	45	.01	.07	.0260	.01156
Kebijakan Dividen	45	.03	1.76	.4700	.34615
Ukuran Perusahaan	45	17.20	21.41	19.6402	1.29012
Volatilitas Harga Saham	45	-.10	.68	.2156	.14885
Valid N (listwise)	45				

Source: SPSS 26

Considering the outcomes of the preceding list, the sequel of the descriptive statistical examination is:

- a. The known range of stock price volatility is from 0.10 at the low end to 0.68 at the high end. Based on these findings, we can deduce that the stock price volatility of the investigated banking businesses falls somewhere between 0.10 and 0.68, with a standard deviation of 0.2156 on average. 0.14885 euros. With an average of $0.2156 > 0.14885$, we can see that the distribution of stock price volatility values is satisfactory.
- b. The known range of profit volatility is from a low of 0.01 to a high of 0.07. According to these findings, the profit volatility of the banking organizations studied here varies from 0.01 to 0.07, with a standard deviation of 0.0260 on average 0.01156 was the value. Good distribution of profit volatility values is indicated by an average value larger than the standard deviation ($0.0260 > 0.01156$).
- c. According to the data, the dividend policy of the banking businesses under study falls somewhere between 0.03 and 1.76, with a standard deviation of 0.4700. The dividend policy of these companies is known to have a minimum amount of 0.03 and an upper limit of 1.76.334,615 pixels. With an average value of $0.4700 > 0.34615$, the standard deviation is less than this number. Indicates that dividend policy values are being distributed in a good way. In 2020, PT Bank Danamon Indonesia reached a maximum dividend policy ratio (DPR) value of 1.76; in 2018, the business reached a minimum DPR distribution.
- d. The range of possible values for the size of a firm is from 17.20 to 21.41. Based on these findings, the variables' magnitudes in the banking organizations that made up the study's samples vary between 17.20 and 21.41, with a standard deviation of $19.6402 > 1.29012$. With an average value of $19.6402 > 1.29012$, we can say that the (Persero) Tbk had the most market value of any corporation. In 2018, PT Bank Woori Saudara Indonesia Tbk had the lowest corporate size value at 21.41.

Classical Assumption Test Results

Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		45
Normal Parameters^{a,b}	Mean	.0000000
	Std. Deviation	.14120244
Most Extreme Differences	Absolute	.092
	Positive	.092
	Negative	-.057
Test Statistic		.092
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

Source: SPSS 26

Kolmogorov-Smirnov tests showed that the information followed a normal distribution: a ks value of 0.092 and an Asymp. Sig. (2-tailed) amount of 0.200 were both larger than 0.05.

Multicollinearity Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.290	.341		.853	.399		
	Volatilitas Laba	1.122	1.976	.087	.568	.573	.932	1.073
	Kebijakan Dividen	.141	.066	.329	2.125	.040	.918	1.089
	Ukuran Perusahaan	-.009	.018	-.075	-.482	.633	.899	1.112

a. Dependent Variable: Volatilitas Harga Saham

Source: SPSS 26

According to the statistical findings of the multicollinearity test in Table 7, none of the independent variables had a tolerance value less than or equal to 0.1. The absence of independent variables with a VIF value > 10 in this study's regression model indicates that it is appropriate for this research model and rules out multicollinearity, as confirmed by the VIF value.

Heteroscedasticity Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.325	.216		1.503	.140
	Volatilitas Laba	-1.444	1.253	-.176	-1.153	.256
	Kebijakan Dividen	.059	.042	.217	1.407	.167
	Ukuran Perusahaan	-.011	.011	-.147	-.942	.352

a. Dependent Variable: ABRESID

Source: SPSS 26

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None of the independent factors were found to be statistically significant, according to Table 8. The likelihood of significance being greater than the 0.05 confidence threshold demonstrates this. So, we may accept H0 (no heteroscedasticity) and infer that the regression modeling does not exhibit heteroscedasticity.

Autocorrelation Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.316 ^a	.100	.034	.14628	1.762

Source: SPSS 26

The test results yielded a Durbin-Watson value 1.762, as shown in Table 9 above. A comparison is made between the Durbin-Watson value, du, and 4-du. The Durbin-Watson table is used to get the du value, which is 1666, with n = 45 and k = 3. Then, the condition $DL < DW > DU$ ($1383 < 1.762 > 1.666$) is applied. As a result, we may accept H0 or conclude that the independent variables do not exhibit autocorrelation, making the regression model workable.

Hypothesis Test Results

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.290	.341		.853	.399
Volatilitas Laba	1.122	1.976	.087	.568	.573
Kebijakan Dividen	.141	.066	.329	2.125	.040
Ukuran Perusahaan	-.009	.018	-.075	-.482	.633

a. Dependent Variable: Volatilitas Harga Saham

Source: SPSS 26

Referring to the test outcomes in the table 10, the following regression equation is produced:
 $Y = 0.290 + 1.122 (X1) + 0.141 (X2) + (0,009) (X3) + e$

a. First Hypothesis Test

The likelihood of earnings volatility is 0.573, and its t-value is 0.568. Since the predicted threshold of significance is less than $0.573 > 0.05$, the first hypothesis is rejected, explaining that earnings volatility has no influence on stock price volatility in banking businesses listed on the IDX for 2018-2022.

b. Second Hypothesis Test

A t-value of 2.125 and a p-value of 0.040 indicate that dividend policy is likely. Since the expected level of significance is larger than the significance value ($0.040 < 0.05$), the second hypothesis is accepted, indicating that the dividend policy variable positively affects stock price volatility in banking companies listed on the IDX from 2018 to 2022.

c. Third Hypothesis Test

The t-count for company size is (0.482) and the probability is 0.633. Rejecting the third hypothesis, we find that the business size variable has no effect on the stock price volatility of banking firms listed on the IDX from 2018 to 2022. This conclusion is reached because the significance value is bigger than the predicted threshold of significance ($0.633 > 0.05$).

Simultaneous Test Results (F Test)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.098	3	.033	1.521	.223 ^b
Residual	.877	41	.021		
Total	.975	44			

a. Dependent Variable: Volatilitas Harga Saham

b. Predictors: (Constant), Ukuran Perusahaan, Volatilitas Laba, Kebijakan Dividen

Source: SPSS 26

Stock price volatility is unaffected by earnings volatility, dividend policy, or firm size, as seen in Table 11. The table shows that the computed F-value is 1.521, larger than 0.05, and the significance value is 0.223. Banking businesses listed on the IDX from 2018 to 2022 will not be affected by earnings volatility, dividend policy, or company size regarding stock price volatility.

Results of the Determination Coefficient Test (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.316 ^a	.100	.034	.14628

a. Predictors: (Constant), Ukuran Perusahaan, Volatilitas Laba, Kebijakan Dividen

b. Dependent Variable: Volatilitas Harga Saham

Source: SPSS 26

In this investigation, an adjusted R2 test result was obtained, 0.34. Earnings volatility, dividend policy, and firm size explain 34% of the variation in stock price, whereas other variables not examined here account for the remaining 66%.

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Discussion

Findings from statistical tests with a t-value of 0.568 and a probability of 0.573 are associated with the earnings volatility variable. According to the first hypothesis, the earnings volatility variable does not impact the stock price volatility of banking businesses listed on the IDX for the 2018-2022, as the significance value is more than the predicted threshold of significance ($0.573 > 0.05$). The result of the study demonstrates that, due to variations in research objectives, periods, and settings, not all theoretically relevant factors impact research (Andiani & Gayatri, 2018).

According to this study's findings, profit volatility does not affect stock price volatility, which aligns with earlier studies by (Theresia & Arilyn, 2015) and (Jasselyn & Edi, 2021). A t-value of 2.125 and a probability of 0.040 were the outcomes of the statistical analysis of the factors related to dividend policy. We can accept the second hypothesis because the significance of the value is less than the expected statistical significance ($0.040 < 0.05$), which means that the dividend policy variable positively affects the stock price volatility of banking companies listed on the IDX 2018 to 2022. Investors will get a signal about the long-term performance possibilities from information concerning dividend policy (Marini & Sutrisna Dewi, 2019).

Investors will be enticed to make an investment choice based on this, which will impact the volatility of stock prices. Previous research (Utami & Purwohandoko, 2021) has shown that dividend policy affects stock price volatility, which is consistent with the conclusions of this inquiry. t-count of 0.482 and a probability of 0.633 were found in the statistical analysis of firm size variables. Rejecting the third hypothesis, we find that the business size variable does not affect stock price volatility in banking firms registered on the IDX from 2018 to 2022. This conclusion is reached because the significance value is bigger than the predicted threshold of significance ($0.633 > 0.05$).

Because investors primarily look at dividend distribution over the last decade when making investment choices, stock price volatility is unaffected by business size (Ardiansyah & Isbanah, 2017). According to this inquiry's findings, company size does not impact stock price volatility, which complies with those of (Ardiansyah & Isbanah, 2017) and (Khairunisa & Nazir, 2022). According to the aforementioned simultaneous test results, the computed F has a significance level of 1.521 and a probability of 0.223. The results show that stock price volatility is unaffected by earnings volatility, dividend policy, and firm size when compared to the predicted threshold of significance ($0.223 < 0.05$). R² (also called the coefficient of determination) has been adjusted to a value of 0.34. The stock price volatility variable is 34%, explained by profit volatility, dividend policy, and firm size (with a coefficient of determination value of 0.34 or 34%). The remaining 66% is explained by factors other than those provided in this research.

Conclusion

The above description leads one to believe that disclosure is unaffected by profit volatility, volatility in stock prices, and dividend policy influences stock price volatility positively. At the same time, the firm's size is an independent variable that does not impact stock price volatility. At the same time, neither variable X nor Y has any bearing on the other.

This analysis has several limitations because it just considers financial institutions listed on the IDX between 2018 and 2022. As a result, the results will not be applicable to other IDX industries. Adjusted R²-value demonstrates how the variables utilized in this research only account for 34% of the total variance, while other factors account for the remaining 66%.

Recommendation: Future studies should include other variables, such as stock trading volume, inflation, and a larger sample size. Stock price volatility on the IDX may be better explained if the sample firms include more than only banking companies listed on the IDX. This includes mining companies, manufacturing companies, and others.

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