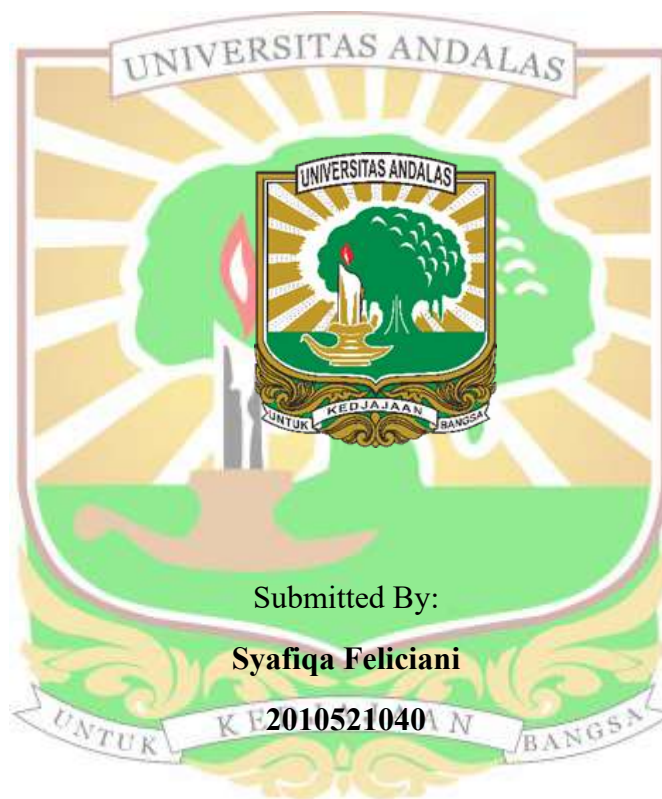


**THE EFFECT OF DIVIDEND POLICY
TO THE STOCK PRICES MOVEMENT AT THE EX-DIVIDEND DAY
(EVIDENCE FROM THE INDONESIAN STOCK MARKET)**

THESIS

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ABSTRACT

This study aims to examine the influence of dividend policy to the stock prices movement at the ex-dividend day in the Indonesian stock market. The research sample includes companies listed on KOMPAS 100 Index with the data gathered from 2018 to 2022. The analysis is conducted using E-views 12, resulting the negative and significant impact of dividend yield to the stock prices movement at the ex-dividend day. However, other independent variables including dividend growth, firm board, and free float, are found to have no significant influence on the stock prices movements at the ex-dividend day. Furthermore, the market index is found to moderate the relationship between dividend yield and dividend growth toward the stock prices movement at the ex-dividend day. This research indicates a large presence of short-term investors in the Indonesian stock market, supporting the Bird in Hand Theory from Gordon (1959) which asserts that investors prefer to the dividend payment over a potential capital gain.

Keywords: Dividend Policy, Stock Prices Movement, Ex-Dividend Day, KOMPAS 100 Index

