

## **ABSTRACT**

*The purpose of this research is to analyze the relationship between dividend policy and stock price volatility. This research is using stock price volatility as a dependent variable. As a proxy of dividend policy, dividend payout ratio and dividend yield are used as a independent variable. Then, firm size and earning volatility are added as a control variable.*

*The population of this research is manufacturing companies listed on the Indonesia Stock Exchange and has never been delisted during the period 2014 – 2019. By purposive sampling method, 42 manufacturing companies were obtained as the sample of this research. The analytical method used in this research is multiple regression analysis.*

*The results of this research indicate that dividend yield has a negative and significant effect on stock price volatility. Meanwhile, dividend payout ratio has insignificant effect on stock price volatility of manufacturing companies in Indonesia.*

**Keywords** : *Dividend Policy, Dividend Payout Ratio, Dividend Yield, Stock Price Volatility*