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Dividend Policy and the Market Value of Stocks: Panel Data Evidence from Listed Companies on the Qatar Stock Exchange (2020–2025)

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Abstract
Dividend policy has long been recognized as a key corporate financial decision because of its potential implications for stock valuation and investors' wealth. However, empirical evidence on the relationship between dividend policy and the market value of stocks remains inconclusive, particularly in emerging capital markets. This study investigates the effect of dividend policy on the market value of stocks listed on the Qatar Stock Exchange using a balanced panel dataset of 15 listed companies covering the period 2020–2025. Panel data econometric techniques were employed to estimate the relationship after selecting the most appropriate model based on standard specification tests. The market value of stocks was proxied by the closing stock price, while dividend policy was represented by earnings per share, cash dividends per share, retained earnings, dividend payout ratio, bonus shares, and treasury shares. The empirical findings reveal that the fixed-effects model provides the best specification for the analysis. Furthermore, earnings per share and cash dividends per share have a positive and statistically significant effect on the market value of stocks, whereas retained earnings, dividend payout ratio, bonus shares, and treasury shares do not exert a statistically significant influence. These findings enrich the empirical literature on dividend policy by providing recent evidence from the Qatar Stock Exchange and suggest that profitability and cash dividend distributions are the principal determinants of stock market valuation in the sampled firms.

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Keywords: Dividend Policy; Market Value of Stocks; Earnings per Share; Cash Dividends per Share; Panel Data; Qatar Stock Exchange.

1.Introduction

Dividend policy is widely recognized as one of the most important corporate financial decisions, given its pivotal role in balancing shareholders' interests with a firm's financing needs. On the one hand, dividend distributions constitute a primary source of return for investors and convey valuable signals regarding a firm's financial performance and future prospects. On the other hand, retaining earnings may strengthen a firm's ability to finance future investments and sustain long-term growth. This trade-off has given rise to several financial theories that attempt to explain the relationship between dividend policy and the market value of stocks, including the Dividend Irrelevance Theory proposed by Modigliani and Miller (1961), the Bird-in-the-Hand Theory, the Signaling Theory, and the Agency Theory. Despite the extensive development of the corporate finance literature, the effect of dividend policy on the market value of stocks remains controversial, as empirical studies have produced mixed findings across different economic environments, capital markets, and econometric methodologies.

Emerging capital markets have attracted increasing scholarly attention because of their unique institutional and economic characteristics relative to developed markets. The Qatar Stock Exchange represents one of the leading financial markets in the Gulf Cooperation Council (GCC) region, characterized by continuous growth in trading activity, the number of listed companies, and improvements in corporate disclosure and governance practices. These characteristics make it an appropriate setting for examining the relationship between dividend policy and the market value of stocks. Furthermore, the period 2020–2025 witnessed several significant economic and financial developments, including the aftermath of the COVID-19 pandemic, fluctuations in energy prices, and changes in the investment environment, all of which may have influenced corporate dividend policies and investors' valuation of listed firms. Against this background, this study aims to examine and quantify the impact of dividend policy on the market value of stocks of companies listed on the Qatar Stock Exchange during the period 2020–2025. To achieve this objective, panel data econometric models are employed, allowing both the cross-sectional and time-series dimensions of the data to be incorporated and providing more reliable estimates of the relationship between the study variables.

Research Problem

Given the ongoing theoretical debate and the mixed empirical evidence regarding the effect of dividend policy on the market value of stocks, there is a need to further investigate this relationship in emerging capital markets, particularly the Qatar Stock Exchange, which has experienced remarkable development and plays a significant role within the Gulf region. Accordingly, this study seeks to address the following main research question:

To what extent does dividend policy, through its various indicators, affect the market value of stocks of companies listed on the Qatar Stock Exchange during the period 2020–2025?

Research Hypothesis

Dividend policy indicators have a statistically significant effect on the market value of stocks of companies listed on the Qatar Stock Exchange during the period 2020–2025.

Research Methodology

This study adopts both descriptive-analytical and econometric approaches. The descriptive-analytical approach is employed to establish the theoretical foundations of dividend policy and the market value of stocks, whereas the econometric approach is used to examine the relationship between the study variables and test the proposed hypotheses. To this end, panel data models are estimated using data from a sample of companies listed on the Qatar Stock Exchange over the period 2020–2025. The pooled ordinary least squares (Pooled OLS), fixed-effects, and random-effects models are estimated and compared using appropriate specification tests in order to identify the most suitable model for assessing the impact of dividend policy indicators on the market value of stocks.

2. Theoretical Framework

This section provides the theoretical foundation of the study by reviewing the main concepts and theories related to dividend policy and the market value of stocks. It discusses the definitions, objectives, determinants, and major theoretical perspectives that explain how dividend policy may influence stock valuation. This theoretical review establishes the conceptual basis for examining the relationship between dividend policy and the market value of stocks among companies listed on the Qatar Stock Exchange.

2.1.Concept of Dividend Policy

Dividend policy is widely recognized as one of the most important strategic financial decisions undertaken by corporate management. It refers to the decision regarding the allocation of a firm's net earnings between dividends distributed to shareholders and retained earnings reinvested to finance future investment opportunities and support long-term growth (Brealey, Myers, & Allen, 2023) (Brigham & Ehrhardt, 2022). Dividends represent the portion of corporate value distributed to shareholders in various forms, including cash dividends, stock dividends, or other asset distributions. Accordingly, dividend distributions involve either a transfer of corporate assets or changes in shareholders' equity through the distribution of accumulated earnings (Hasan, 2021).

Beyond serving as a mechanism for distributing corporate profits, dividend policy constitutes an important communication tool between firms and capital markets. Dividend decisions provide investors with valuable information regarding a firm's financial performance, future profitability, and long-term sustainability. Consequently, investors frequently interpret dividend announcements as signals of management's expectations concerning future cash flows and corporate performance, which may ultimately influence investment decisions and the market valuation of stocks (Lintner, 1956) (Miller & Rock, 1985).

The foundations of modern dividend policy research can be traced to the pioneering work of (Lintner, 1956), who demonstrated that firms generally pursue stable dividend policies and adjust dividend payments gradually in response to sustainable earnings, thereby avoiding negative signals that could adversely affect investors' perceptions. Lintner's findings continue to serve as a cornerstone of the contemporary dividend policy literature.

Despite decades of theoretical and empirical research, the rationale behind corporate dividend distributions remains one of the most debated issues in corporate finance. (Black, 1976) fa-

mously described dividend policy as the "dividend puzzle," highlighting the absence of a universally accepted explanation for why firms pay dividends and why investors value them despite differences in taxation, financing costs, and market conditions. More recent studies suggest that dividend policy is influenced by several firm-specific characteristics, including profitability, cash flow generation, growth opportunities, firm size, leverage, and liquidity. These factors collectively determine a firm's capacity to balance shareholder expectations with the financial resources required to sustain future investment and growth (Hasan, 2021) (Ed-Dafali, Patel, & Iqbal, 2024).

Accordingly, dividend policy can be defined as the corporate financial policy that determines the proportion of earnings distributed to shareholders relative to the portion retained within the firm, with the objective of maximizing shareholder wealth while preserving financial stability and supporting sustainable corporate growth (Brealey, Myers, & Allen, 2023) (Brigham & Ehrhardt, 2022).

2.2.Objectives of Dividend Policy

The primary objective of dividend policy is to maximize shareholders' wealth by establishing an appropriate balance between dividend distributions and retained earnings. An optimal dividend policy seeks to satisfy shareholders' expectations for current income while preserving sufficient internal funds to finance profitable investment opportunities and support sustainable corporate growth (Brealey, Myers, & Allen, 2023) (Brigham & Ehrhardt, 2022).

Another important objective of dividend policy is to maintain financial flexibility. By retaining an appropriate portion of earnings, firms reduce their dependence on costly external financing and enhance their capacity to undertake future investment projects, particularly when capital markets are imperfect or external funds are expensive (Ross, Westerfield, Jordan , Lim, & Tan, 2022). Consequently, dividend policy plays a crucial role in determining the firm's financing strategy and long-term capital structure.

Dividend policy also serves as an effective signaling mechanism in financial markets. According to signaling theory, dividend announcements convey management's private information regarding the firm's future earnings, financial stability, and growth prospects. Stable or increasing dividend payments are generally interpreted by investors as positive signals of strong future performance, whereas dividend reductions may generate negative market reactions and reduce investor confidence (Bhattacharya, 1979) (Miller & Rock, 1985).

Furthermore, dividend policy contributes to mitigating agency conflicts between managers and shareholders. Agency theory argues that distributing excess cash flows limits managerial discretion over free cash flow, thereby reducing the likelihood of inefficient investments and agency costs while improving corporate governance and shareholder protection (Jensen, Agency costs of free cash flow, corporate finance, and takeovers, 1986) (Jensen & Meckling, Theory of the firm: Managerial behavior, agency costs and ownership structure, 1976).

From a market perspective, dividend policy aims to enhance the market value of stocks by strengthening investor confidence and increasing the attractiveness of the firm's shares. Firms that adopt stable and transparent dividend policies are generally perceived as financially sound

and well managed, which may positively influence stock demand and market valuation, particularly in emerging capital markets (Baker, Kumar, & Singh, 2018) (Brealey, Myers, & Allen, 2023).

Overall, the objectives of dividend policy extend beyond the mere distribution of corporate profits. They encompass maximizing shareholder wealth, supporting corporate growth, maintaining financial flexibility, reducing agency conflicts, signaling financial strength, and ultimately enhancing firm value and stock market performance.

2.3 Theories of Dividend Policy

2.3.1 Dividend Irrelevance Theory

The Dividend Irrelevance Theory, developed by Modigliani and Miller (1961), represents one of the most influential theories in corporate finance. The theory argues that under the assumptions of perfect capital markets, no taxes, no transaction costs, symmetric information, and rational investors, a firm's dividend policy has no effect on either its market value or shareholders' wealth. According to this perspective, investors are indifferent between receiving returns in the form of dividends or capital gains because they can create their own desired income stream by buying or selling shares. Consequently, firm value depends solely on its investment decisions and earning power rather than on the manner in which earnings are distributed (Miller & Modigliani, Dividend policy, growth, and the valuation of shares, 1961) (Brealey, Myers, & Allen, 2023).

Although the assumptions underlying the theory rarely hold in practice, the dividend irrelevance proposition established the foundation for subsequent theoretical and empirical research by stimulating debate over whether dividend policy affects firm value in real-world capital markets.

2.3.2 Bird-in-the-Hand Theory

In contrast to the irrelevance proposition, the Bird-in-the-Hand Theory argues that investors prefer certain current dividends over uncertain future capital gains because dividends are perceived as less risky. Gordon (1963) and Walter (1963) contend that higher dividend payouts reduce investment uncertainty and increase investors' confidence, thereby lowering the required rate of return and enhancing the market value of the firm's shares. According to this theory, firms adopting stable and generous dividend policies are expected to enjoy higher market valuations than firms retaining a larger proportion of earnings.

The Bird-in-the-Hand Theory therefore considers dividend policy a value-enhancing mechanism, particularly in markets characterized by information asymmetry and investor uncertainty (Gordon, 1963) (Baker, Kumar, & Singh, 2018).

2.3.3 Signaling Theory

Signaling Theory emerged to explain dividend policy in the presence of asymmetric information between managers and investors. Since corporate managers possess superior information regarding the firm's future profitability and financial prospects, dividend announcements serve as credible signals to the market. An increase in dividend payments generally signals management's confidence in future earnings, whereas dividend reductions are often interpreted as indicators of financial weakness or declining profitability (Bhattacharya, 1979) (Miller & Rock, Dividend policy under asymmetric information, 1985).

Consequently, dividend policy influences stock prices because investors adjust their expectations according to the information conveyed by dividend changes. This theory is particularly relevant in emerging financial markets, where information asymmetry is often more pronounced.

2.3.4 Agency Theory

Agency Theory explains dividend policy from the perspective of conflicts of interest between managers and shareholders. Jensen and Meckling (1976) argue that managers may prefer retaining excess cash within the firm to pursue projects that maximize their own interests rather than shareholder wealth. Dividend payments reduce the amount of free cash flow available to managers, thereby limiting managerial discretion and mitigating agency conflicts (Jensen & Meckling, Theory of the firm: Managerial behavior, agency costs and ownership structure, 1976).

Jensen (1986) further argues that distributing excess cash to shareholders improves corporate governance by reducing agency costs associated with inefficient investment decisions. Therefore, dividend policy functions as an effective monitoring mechanism that aligns managers' interests with those of shareholders and contributes to enhancing firm value (Jensen, Agency costs of free cash flow, corporate finance, and takeovers, 1986).

Overall, these theories provide complementary explanations for the relationship between dividend policy and stock market value. While the Dividend Irrelevance Theory predicts no association between dividend policy and firm value, the Bird-in-the-Hand Theory, Signaling Theory, and Agency Theory all suggest that dividend decisions may significantly influence investors' perceptions and the market valuation of corporate stocks.

2.4 Market Value of Stocks

The market value of stocks represents the price at which a company's shares are traded in the stock market at a given point in time. It reflects investors' collective assessment of a firm's current financial performance, future growth prospects, risk profile, and expected cash flows. Unlike the book value, which is based on historical accounting information, the market value of stocks is determined by the interaction of supply and demand in financial markets and therefore changes continuously in response to new information and market expectations (Brealey, Myers, & Allen, 2023) (Ross, Westerfield, Jordan , Lim, & Tan, 2022).

From a corporate finance perspective, maximizing the market value of stocks is widely regarded as the primary objective of financial management because it reflects the maximization of shareholders' wealth. A higher stock market value indicates stronger investor confidence, improved corporate reputation, and enhanced access to external financing, whereas a decline in stock prices may signal deteriorating financial performance or unfavorable market expectations (Brigham & Ehrhardt, 2022).

The market value of stocks is influenced by a wide range of firm-specific and macroeconomic factors. At the firm level, profitability, earnings quality, dividend policy, growth opportunities, capital structure, liquidity, corporate governance, and financial performance are among the most important determinants of stock valuation. At the macroeconomic level, interest rates, inflation, economic growth, exchange rate movements, and investor sentiment also affect stock

prices by influencing expectations regarding future corporate earnings and investment risk (Brealey, Myers, & Allen, 2023).

Among these determinants, dividend policy occupies a prominent position in the corporate finance literature because dividend announcements provide valuable information to investors regarding firms' financial strength and future prospects. According to signaling theory, stable or increasing dividend payments may positively influence investors' perceptions, thereby increasing stock prices and enhancing market value. Conversely, dividend reductions may generate adverse market reactions due to concerns about future profitability (Miller & Rock, Dividend policy under asymmetric information, 1985).

In empirical research, the market value of stocks is commonly measured using the market price per share, particularly the closing stock price, because it reflects the equilibrium price determined by market participants after incorporating all publicly available information. Accordingly, the present study employs the closing stock price as a proxy for the market value of stocks, consistent with previous empirical studies examining the relationship between dividend policy and stock valuation.

In empirical finance research, the market value of stocks can be measured using several indicators, including market capitalization, Tobin's Q, the market-to-book ratio, and the market price per share. The choice of an appropriate proxy depends on the objective of the study and the nature of the available data (Damodaran, 2012). Since the present study seeks to examine how dividend policy affects investors' valuation of individual stocks, the closing stock price is adopted as the proxy for the market value of stocks. The closing price represents the final transaction price at the end of each trading session and is widely regarded as the market's consensus valuation after incorporating all publicly available information and investors' expectations. Compared with intraday prices, the closing price is less affected by temporary market fluctuations and is therefore considered a more reliable and stable measure of stock market value in empirical studies (Ross, Westerfield, Jordan , Lim, & Tan, 2022). Accordingly, the closing stock price provides an appropriate measure for evaluating the influence of dividend policy on stock market value among companies listed on the Qatar Stock Exchange.

3. Research Methodology

3.1 Research Context

The Qatar Stock Exchange (QSE) is the official securities market of the State of Qatar. Established in 1995 and operational since 1997, the QSE has evolved into one of the leading capital markets in the Gulf Cooperation Council (GCC) region. The exchange currently lists more than 50 companies representing a broad range of economic sectors, including banking and financial services, industrials, real estate, telecommunications, transportation, and consumer goods and services.

Over the past two decades, the QSE has implemented significant regulatory and technological reforms aimed at improving market efficiency, transparency, and corporate governance. These reforms include the modernization of its electronic trading infrastructure, the adoption of internationally recognized financial reporting and disclosure standards, and participation in global sustainability initiatives. Furthermore, the QSE has been upgraded to Emerging Market status by major international index providers, including MSCI, FTSE Russell, and S&P Dow

Jones Indices, reflecting its growing integration into global financial markets and its increasing attractiveness to domestic and foreign investors. These developments provide an appropriate institutional setting for examining the relationship between dividend policy and the market value of stocks.

The exchange maintained a positive market performance in 2025. The QSE General Index increased by 1.81%, closing the year at 10,762.51 points, while total market capitalization reached QAR 644.12 billion, representing an annual increase of 3.75% compared with 2024. Sectoral performance was generally favorable, with the telecommunications, banking and financial services, consumer goods and services, and transportation sectors recording positive growth. In contrast, the industrial and real estate sectors experienced modest declines. A summary of the QSE's key performance indicators for 2025 is presented in Table 1.

Table 1. Performance Indicators of the Qatar Stock Exchange in 2025

Indicator	Index Value	Change	Percentage Change
General Index	10,762.51	191.420	1.81%
Total Return Index	25,733.74	1,626.110	6.75%
All Share Index	4,058.80	283.320	7.50%
Banking and Financial Services Index	5,245.51	509.580	10.76%
Consumer Goods and Services Index	8,327.33	660.570	8.62%
Industrial Index	4,137.98	−108.440	−2.55%
Real Estate Index	1,529.20	−87.210	−5.40%
Telecommunications Index	2,229.06	430.370	23.93%
Transportation Index	5,468.07	303.380	5.87%

Source: Prepared by the author's based on data obtained from the Qatar Stock Exchange (2025).

As shown in Table 1, the Qatar Stock Exchange recorded an overall positive performance in 2025. The General Index increased by 1.81%, while the Total Return Index and the All Share Index rose by 6.75% and 7.50%, respectively, indicating favorable market conditions and improved investor returns. Sectoral performance was mixed, with the Telecommunications Index achieving the strongest growth (23.93%), followed by the Banking and Financial Services Index (10.76%) and the Consumer Goods and Services Index (8.62%). In contrast, the Industrial and Real Estate sectors experienced modest declines of 2.55% and 5.40%, respectively. Overall, these results suggest that the Qatari stock market maintained positive momentum during the study period, providing an appropriate environment for examining the relationship between dividend policy and stock market value.

3.2 Study Population and Sample

The study population consists of all companies listed on the Qatar Stock Exchange (QSE) during the period 2020–2025. Due to the unavailability of complete and consistent financial and market data for some listed companies throughout the study period, a purposive sample of 15 companies was selected for the empirical analysis. The selected firms represent six major economic sectors, ensuring adequate sectoral representation and enhancing the robustness of the empirical findings. The composition of the study sample is presented in Table 2.

Table 2. Sample of Companies Listed on the Qatar Stock Exchange

Sector	Company 1	Company 2	Company 3
Banking and Financial Services	Masraf Al Rayan (Rayyan Bank)	Al Ahli Bank	—
Industrials	Nebras Power	Qatar Aluminium Manufacturing Company (QAMCO)	Qatar National Cement Company (QNCD)
Consumer Goods and Services	Zad Holding Company	Widam Food Company	Meeza QSTP (MEZA)
Real Estate	Mazaya Real Estate Development	Barwa Real Estate Company	United Development Company (UDCD)
Telecommunications	Ooredoo Qatar	Vodafone Qatar	—
Transportation	Nakilat	Milaha (Qatar Navigation)	—

Source: Prepared by the authors

The sample was selected according to the following criteria:

- Companies must have been continuously listed on the **Qatar Stock Exchange** throughout the study period.
- Complete, reliable, and consistent financial and market data must be available for the entire period **2020–2025**.
- The sample should include companies from different economic sectors to improve the representativeness and balance of the analysis.
- The sample size should be sufficient to conduct reliable econometric analysis and obtain statistically significant results.
- The selected companies' shares must have been actively traded during the study period.

Accordingly, the final balanced panel dataset consists of **15 companies** observed over **six years (2020–2025)**, yielding a total of **90 firm-year observations** used in the empirical analysis.

3.3 Variable Measurement

The study employs one dependent variable and six independent variables to examine the impact of dividend policy on the market value of stocks. The variables and their measurement are described below.

Dependent Variable

The dependent variable is the Market Value per Share (MVS), which is measured by the annual closing stock price of each listed company. The closing price is widely used in empirical finance research because it reflects the market's valuation of a firm's shares after incorporating all publicly available information. Consequently, it serves as an appropriate proxy for the market value of stocks.

Independent Variables

The independent variables represent different dimensions of dividend policy and are measured as follows:

- **Earnings per Share (EPS):** Calculated as net profit after tax divided by the total number of outstanding shares. EPS reflects the profitability attributable to each ordinary share and is considered an important indicator of a firm's earning capacity.
- **Dividend per Share (DPS):** Measured as the total cash dividends distributed to ordinary shareholders divided by the total number of outstanding shares. DPS represents the amount of cash income received by shareholders for each share held.
- **Retained Earnings per Share (RES):** Calculated by dividing retained earnings, measured as net profit after tax less cash dividends distributed, by the total number of outstanding shares. This variable captures the portion of earnings retained by the company for future investment and growth.
- **Dividend Payout Ratio (DPR):** Measured as the ratio of total cash dividends to net profit after tax, expressed as a percentage. This ratio indicates the proportion of earnings distributed to shareholders rather than retained within the company.
- **Bonus Shares (BS):** Measured by the number of bonus shares issued during the fiscal year. Bonus shares result from the capitalization of retained earnings, reserves, or share premium and represent a non-cash method of rewarding shareholders.
- **Treasury Shares (TS):** Measured by the number of treasury shares repurchased by the company during the fiscal year. Treasury share repurchases constitute an alternative mechanism for returning value to shareholders and may influence investors' perceptions of firm value.

Table 3. Definition and Measurement of the Study Variables

Variable	Sym-bol	Measurement
Market Value per Share	MVS	Annual closing stock price
Earnings per Share	EPS	Net profit after tax ÷ Outstanding shares
Dividend per Share	DPS	Cash dividends ÷ Outstanding shares
Retained Earnings per Share	RES	(Net profit after tax − Cash dividends) ÷ Outstanding shares
Dividend Payout Ratio	DPR	(Cash dividends ÷ Net profit after tax) × 100
Bonus Shares	BS	Number of bonus shares issued during the year
Treasury Shares	TS	Number of treasury shares repurchased during the year

Source: Prepared by the authors

3.4 Data Sources and Econometric Methodology

3.4.1 Data Sources

This study relies exclusively on secondary data collected from publicly available sources. Financial and market information on the sampled companies was obtained from the Qatar Stock Exchange (QSE) database and the published annual reports of the listed companies. In addition,

previous empirical studies, academic books, and peer-reviewed journal articles were consulted to establish the theoretical foundation and support the interpretation of the empirical findings.

3.4.2 Econometric Methodology

To examine the impact of dividend policy on the market value of stocks, the study employs panel data analysis, which combines cross-sectional and time-series dimensions. Panel data techniques are particularly appropriate because they allow for controlling both firm-specific heterogeneity and time-specific effects while increasing the number of observations, improving estimation efficiency, and reducing potential estimation bias.

The empirical analysis is based on a balanced panel dataset comprising 15 companies listed on the Qatar Stock Exchange observed over the period 2020–2025, resulting in a total of 90 firm-year observations.

The following static panel regression model is estimated:

$$MVS_{it} = \alpha + \beta_1 EPS_{it} + \beta_2 DPS_{it} + \beta_3 RES_{it} + \beta_4 DPR_{it} + \beta_5 BS_{it} + \beta_6 TS_{it} + \mu_i + \gamma_t + \varepsilon_{it}$$

where:

- MVS_{it} = Market Value per Share of firm *i* in year *t*;
- EPS_{it} = Earnings per Share;
- DPS_{it} = Dividend per Share;
- RES_{it} = Retained Earnings per Share;
- DPR_{it} = Dividend Payout Ratio;
- BS_{it} = Bonus Shares;
- TS_{it} = Treasury Shares;
- α = intercept;
- μ_i = represents the unobserved firm-specific (cross-sectional) effects that vary across firms but remain constant over time.
- γ_t represents the unobserved time-specific effects that are common to all firms but vary over time.;
- ε_{it} = denotes the random error term, which is assumed to be independently and identically distributed with $\varepsilon_{it} \rightarrow IID(0 \ . \ \delta_\varepsilon^2)$ a zero mean and constant variance, i.e.

The primary objective of panel data modeling is to account for unobserved heterogeneity, including both cross-sectional and time-specific effects. Ignoring these unobserved effects may lead to biased and inconsistent parameter estimates. Accordingly, panel data models address this heterogeneity by treating these effects either as fixed effects through the Fixed Effects Model (FEM) or as random effects through the Random Effects Model (REM).

Fixed Effects Model (FEM)

In the Fixed Effects Model (FEM), the unobserved cross-sectional and/or time-specific effects are treated as fixed intercepts that capture individual heterogeneity across firms and/or time periods. Specifically, the model allows the intercept to vary across firms or across years (2020–

2025) in order to control for unobserved factors that may influence the market value of stocks but are not explicitly included in the model.

These firm-specific and time-specific effects are typically estimated by introducing dummy variables, with (N − 1) dummy variables representing firms and (T − 1) dummy variables representing time periods. The Fixed Effects Model assumes that these unobserved effects are correlated with the explanatory variables, or at least with one of them. In the present study, the explanatory variables correspond to the indicators of dividend policy.

Mathematically, this assumption can be expressed as:

$$\mathrm{Cov}(X_{it}.\mu_i \text{ and } \gamma_t) \neq 0$$

where μ_i denotes the unobserved firm-specific effect and X_{it} represents the vector of explanatory variables.

Random Effects Model (REM)

Unlike the Fixed Effects Model (FEM), the Random Effects Model (REM) treats the unobserved cross-sectional and/or time-specific effects as random variables rather than fixed parameters. This model assumes that these unobserved effects are independently distributed with a mean of zero and a constant variance and are incorporated into the composite error term. A key assumption of the Random Effects Model is that the unobserved individual and time-specific effects are uncorrelated with the explanatory variables included in the model. In contrast to the Fixed Effects Model, which allows each firm or each time period to have a different intercept, the Random Effects Model assumes that firms or time periods differ only through their random disturbance components.

When both cross-sectional and time-specific random effects are included simultaneously, the model is commonly referred to as the Error Components Model (ECM), as the unobserved effects are incorporated into the composite error term. Accordingly, the empirical model can be expressed as follows:

$$\text{i} / \quad \mu_i \rightarrow \mathrm{IID}\left(0 \quad . \quad \delta_\mu^2\right)$$

$$\text{ii} / \quad \gamma_t \rightarrow \mathrm{IID}\left(0 \quad . \quad \delta_\gamma^2\right)$$

$$\text{iii} / \quad \nu_{it} \rightarrow \mathrm{IID}\left(0 \quad . \quad \delta_\nu^2\right)$$

where the composite error term is defined as: $\varepsilon_{it} = \mu_i + \gamma_t + \nu_{it}$

with:

- μ_i representing the unobserved firm-specific random effects;
- γ_t representing the unobserved time-specific random effects;
- ε_{it} denoting the idiosyncratic error term.

Moreover, these components are assumed to be mutually independent and uncorrelated with the explanatory variables; that is, $\mathrm{Cov}(X_{it}.\mu_i \text{ and } \gamma_t \text{ and } \nu_{it}) = 0$

To determine the most appropriate estimation method for the panel data, the analysis typically begins by testing for the presence of unobserved heterogeneity. Specifically, this involves

examining whether significant differences exist across firms (cross-sectional effects) and/or over time (time effects). This step is necessary to justify the use of panel data estimators, namely the Fixed Effects Model (FEM) and the Random Effects Model (REM). Accordingly, the pooled regression model, which assumes a common intercept for all firms, is compared with the fixed-intercept model. The null hypothesis assumes homogeneity across cross-sectional units, implying a common intercept, that is: $H_0 : \mu_1 = \mu_2 = \cdots = \mu_N$ Similarly, for the time-specific effects, the null hypothesis is formulated as follows: $H_0 : \gamma_1 = \gamma_2 = \cdots = \gamma_T$
The null hypothesis is tested using the F-statistic, which is computed as follows:

$$F = \frac{\left(R^2_{FEM} - R^2_{CC}\right)/(N-1)}{\left(1 - R^2_{FEM}\right)/(NT - N - k)} \rightarrow F(N-1 . NT - N - k)$$

where:

- R^2_{FEM} : Coefficient of determination (R-squared) of the Fixed Effects Model (FEM).
- R^2_{CC} : Coefficient of determination (R-squared) of the Pooled Ordinary Least Squares (Pooled OLS) model.

If the Fixed Effects Model (FEM) is found to be statistically significant, it is subsequently compared with the Random Effects Model (REM) using the Hausman specification test. The Hausman test examines whether the unobserved effects are correlated with the explanatory variables. Specifically, the null hypothesis states that the Random Effects estimator is both consistent and efficient, whereas the alternative hypothesis states that the Random Effects estimator is inconsistent. The Hausman test is based on the χ^2 statistic with k degrees of freedom, which is computed as follows:
H0: The Random Effects estimator is consistent and efficient.
H1: The Random Effects estimator is inconsistent (the Fixed Effects estimator is preferred).

$$H = \left(\hat{\beta}_{FEM} - \hat{\beta}_{REM}\right)' \left[\mathrm{Var}\left(\hat{\beta}_{FEM}\right) - \mathrm{Var}\left(\hat{\beta}_{rem}\right)\right]^{-1} \left(\hat{\beta}_{FEM} - \hat{\beta}_{REM}\right) \rightarrow \chi^2_k$$

If the calculated test statistic exceeds the critical value, the difference between the Fixed Effects and Random Effects estimators is considered statistically significant. Consequently, the null hypothesis that the Random Effects estimator is consistent is rejected in favor of the Fixed Effects Model. Conversely, if the calculated test statistic is less than the critical value, the null hypothesis cannot be rejected, indicating that the Random Effects Model is the more appropriate specification.

4. Results and Discussion

To examine the impact of dividend policy on the market value of stocks, a panel data regression model was estimated using the sample of companies listed on the Qatar Stock Exchange. The Market Value per Share (MVS), measured by the annual closing stock price, was employed as the dependent variable. The explanatory variables representing dividend policy include Earnings per Share (EPS), Dividend per Share (DPS), Retained Earnings per Share (RES), Dividend Payout Ratio (DPR), Bonus Shares (BS), and Treasury Shares (TS).
Based on the theoretical framework and previous empirical studies, the following econometric model was specified:

$$MVS_{it} = \alpha + \beta_1 EPS_{it} + \beta_2 DPS_{it} + \beta_3 RES_{it} + \beta_4 DPR_{it} + \beta_5 BS_{it} + \beta_6 TS_{it} + \mu_i + \gamma_t + \varepsilon_{it}$$

4.1 Estimation of the Panel Data Models

To investigate the relationship between dividend policy and the market value of stocks, three alternative panel data specifications were estimated. The Pooled Ordinary Least Squares (Pooled OLS) and the Fixed Effects Model (FEM) were estimated using the Ordinary Least Squares (OLS) method, whereas the Random Effects Model (REM) was estimated using the Generalized Least Squares (GLS) estimator. The estimated results of these models are presented below.

4.1.1 Pooled Ordinary Least Squares (Pooled OLS) Estimation Results

The Pooled OLS model was first estimated under the assumption of a common intercept across all firms and time periods. The estimation results are reported in Table 6.

Table 4. Estimation Results of the Pooled OLS Model

Dependent Variable: MVS
Method: Panel Least Squares
Date: 07/13/26 Time: 18:17
Sample: 2020 2025
Periods included: 6
Cross-sections included: 15
Total panel (balanced) observations: 90

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.092037	0.519755	4.025047	0.0001
EPS	8.407438	1.711221	4.913122	0.0000
DPS	1.867900	2.000930	0.933516	0.3533
RES	0.193368	0.289983	0.666824	0.5067
DPR	-0.224824	0.504957	-0.445233	0.6573
BS	9.54E-09	2.25E-08	0.424325	0.6724
TS	-1.84E-07	1.83E-07	-1.003914	0.3183

R-squared	0.717549	Mean dependent var	5.678558
Adjusted R-squared	0.697131	S.D. dependent var	5.003480
S.E. of regression	2.753593	Akaike info criterion	4.938277
Sum squared resid	629.3290	Schwarz criterion	5.132707
Log likelihood	-215.2225	Hannan-Quinn criter.	5.016683
F-statistic	35.14268	Durbin-Watson stat	0.306134
Prob(F-statistic)	0.000000		

Source: *Prepared by the authors based on EViews 10 output.*

Based on the estimation results reported in Table 4, the estimated Pooled OLS regression model can be expressed as follows:

$$\hat{MVS}_{it} = 2.09 + 8.40 \cdot EPS_{it} + 1.86 \cdot DPS_{it} + 0.19 \cdot RES - 0.22 \cdot DPR_{it} + 9.54E-08 \cdot BS_{it} - 1.84E-07 \cdot TS_{it}$$
$$(4.02)\ (4.91) \qquad (0.93) \qquad (0.66) \qquad (-0.44) \qquad (0.42) \qquad (-1.00)$$
$$\bar{R}^2 = 0.6971 \qquad F-Statistic = 35.14 \qquad DW = 0.3061$$

4.1.2 Fixed Effects Model (FEM) Estimation Results

The Fixed Effects Model (FEM) was estimated using the Ordinary Least Squares (OLS) estimator while controlling for unobserved firm-specific heterogeneity. The estimation results are presented in Table 5.

Table 5. Estimation Results of the Fixed Effects Model (FEM)

Dependent Variable: MVS
Method: Panel Least Squares
Date: 07/13/26 Time: 18:24
Sample: 2020 2025
Periods included: 6
Cross-sections included: 15
Total panel (balanced) observations: 90

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.340293	0.573910	7.562676	0.0000
EPS	4.967135	1.069493	4.644383	0.0000
DPS	-0.504334	1.558258	-0.323652	0.7472
RES	-0.230399	0.334956	-0.687849	0.4939
DPR	0.113772	0.243020	0.468159	0.6411
BS	6.89E-09	9.54E-09	0.721724	0.4729
TS	7.63E-09	7.73E-08	0.098715	0.9217

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.964564	Mean dependent var	5.678558
Adjusted R-squared	0.954293	S.D. dependent var	5.003480
S.E. of regression	1.069708	Akaike info criterion	3.173612
Sum squared resid	78.95503	Schwarz criterion	3.756901
Log likelihood	-121.8126	Hannan-Quinn criter.	3.408829
F-statistic	93.90844	Durbin-Watson stat	2.021451
Prob(F-statistic)	0.000000		

Source: *Prepared by the authors based on EViews 10 output*

Based on the estimation results presented in Table 5, the estimated Fixed Effects Model (FEM) can be expressed as follows:

$$\hat{MVS}_{it} = 4.34 + 4.96 \cdot EPS_{it} - 0.50 \cdot DPS_{it} - 0.23 \cdot RES + 0.11 \cdot DPR_{it} + 6.89E-09 \cdot BS_{it} + 7.63E-09 \cdot TS_{it}$$

$$(7.56)\ (4.64) \qquad (-0.23) \qquad (-0.68) \qquad (0.46) \qquad (0.72) \qquad (0.09)$$

$$\bar{R}^2 = 0.9542 \qquad F-Statistic = 93.90 \qquad DW = 2.021$$

4.1.3 Random Effects Model (REM) Estimation Results

The Random Effects Model (REM) was estimated using the Generalized Least Squares (GLS) estimator. The estimation results are presented in Table 6.

Table 6. Estimation Results of the Random Effects Model (REM)

Dependent Variable: MVS
Method: Panel EGLS (Cross-section random effects)
Date: 07/13/26 Time: 18:33
Sample: 2020 2025
Periods included: 6
Cross-sections included: 15
Total panel (balanced) observations: 90
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.389608	0.825988	4.103700	0.0001
EPS	4.824510	1.039207	4.642493	0.0000
DPS	-0.225261	1.496152	-0.150560	0.8807
RES	0.247649	0.269357	0.919409	0.3605
DPR	0.237477	0.236429	1.004431	0.3181
BS	7.38E-09	9.50E-09	0.777008	0.4394
TS	-1.45E-08	7.69E-08	-0.188523	0.8509

Effects Specification	S.D.	Rho
Cross-section random	2.655681	0.8604
Idiosyncratic random	1.069708	0.1396

Weighted Statistics

R-squared	0.430552	Mean dependent var	0.921421
Adjusted R-squared	0.389388	S.D. dependent var	1.431045
S.E. of regression	1.118243	Sum squared resid	103.7887
F-statistic	10.45922	Durbin-Watson stat	1.122461
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.602818	Mean dependent var	5.678558
Sum squared resid	884.9612	Durbin-Watson stat	0.131643

Source: *Prepared by the authors based on EViews 10 output*

Based on the estimation results presented in Table 6, the estimated Random Effects Model (REM) can be expressed as follows:

$$\hat{MVS}_{it} = 3.38 + 4.82 \cdot EPS_{it} - 0.22 \cdot DPS_{it} + 0.24 \cdot RES + 0.23 \cdot DPR_{it} + 7.38E-09 \cdot BS_{it} - 1.45E-08 \cdot TS_{it}$$

$$(4.10)\ (4.64) \qquad (-0.15) \qquad (0.91) \qquad (1.00) \qquad (0.77) \qquad (-0.18)$$

$$\bar{R}^2 = 0.3893 \qquad F-Statistic = 10.45 \qquad DW = 1.1224$$

4.2 Model Selection Tests

4.2.1 Comparison between the Pooled OLS Model and the Fixed Effects Model

To determine whether the Pooled OLS or the Fixed Effects Model (FEM) provides a more appropriate specification for the panel data, the Likelihood Ratio (LR) Test (Redundant Fixed Effects Test) was performed. The null hypothesis states that the Pooled OLS model is adequate, implying the absence of significant individual fixed effects, whereas the alternative hypothesis supports the Fixed Effects Model, indicating the presence of significant firm-specific effects.

The hypotheses are stated as follows:

H0: The Pooled OLS model is appropriate.

H1: The Fixed Effects Model (FEM) is appropriate.

The test results are reported in Table 7.

Table 7. Likelihood Ratio (LR) Test Results

Redundant Fixed Effects Tests Equation: Untitled Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	34.355727	(14,69)	0.0000
Cross-section Chi-square	186.819817	14	0.0000

Source: *Prepared by the authors based on EViews 10 output*

The results presented in Table 7 indicate that:

$$F = \frac{\left(R^2_{FEM} - R^2_{CC}\right)/(N-1)}{\left(1 - R^2_{FEM}\right)/(NT-N-k)} = \frac{(0.9645-0.7175)/(15-1)}{(1-0.9645)/(15x6-15-6)} = 34.35$$

$$F^{5\%}_{(N-1.\,NT-N-k)} = F^{5\%}_{(15-1.\,15x6-15-6)} = F_{(14.69)} = 1.845$$

Based on the comparison between the calculated test statistic and the corresponding critical value, the null hypothesis is rejected. Therefore, the Pooled OLS model is not considered the appropriate specification for the study data, and the alternative hypothesis is accepted, indicating that the Fixed Effects Model (FEM) provides a more suitable specification for the panel data.

4.2.2 Comparison between the Fixed Effects Model and the Random Effects Model

After the previous test indicated that the Fixed Effects Model (FEM) provides a better specification than the Pooled OLS model, the Hausman specification test was conducted to determine whether the Fixed Effects Model (FEM) or the Random Effects Model (REM) is more appropriate for the study data. The null hypothesis states that the Random Effects Model

(REM) is the preferred specification because its estimator is consistent and efficient, whereas the alternative hypothesis favors the Fixed Effects Model (FEM), implying that the random effects estimator is inconsistent due to its correlation with the explanatory variables.
The hypotheses are formulated as follows:
H0: The Random Effects Model (REM) is appropriate.
H1: The Fixed Effects Model (FEM) is appropriate.
The results of the Hausman specification test are presented in Table 8.

Table 8. Hausman Test Results

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	13.702554	6	0.0331

Source: *Prepared by the authors based on EViews 10 output*

As shown in Table 8, the calculated Hausman test statistic $H = 13.70$ is greater than the critical chi-square value at the 5% significance level $\chi^2_6(5\%) = 12.59$. Consequently, the null hypothesis is rejected, and the Fixed Effects Model (FEM) is selected as the appropriate specification for the panel data. This result suggests that the unobserved firm-specific effects are correlated with the explanatory variables, rendering the Random Effects estimator inconsistent.

4.3 Discussion of the Empirical Results

Following the model selection process, the Fixed Effects Model (FEM) was identified as the most appropriate specification for the study data. Accordingly, the discussion focuses on the estimation results obtained from the selected model and their economic, statistical, and econometric interpretations. Based on the estimated coefficients, the Fixed Effects regression equation is expressed as follows:

$$\hat{MVS}_{it} = 4.34 + 4.96 \cdot EPS_{it} - 0.50 \cdot DPS_{it} - 0.23 \cdot RES + 0.11 \cdot DPR_{it} + 6.89E-09 \cdot BS_{it} + 7.63E-09 \cdot TS_{it}$$

$$(7.56)\quad (4.64)\qquad (-0.23)\qquad (-0.68)\qquad (0.46)\qquad (0.72)\qquad (0.09)$$

$$\bar{R}^2 = 0.9542 \qquad F-Statistic = 93.90 \qquad DW = 2.021$$

4.3.1 Economic Interpretation of the Estimated Coefficients

The estimated coefficients of the Fixed Effects Model provide important insights into the relationship between dividend policy indicators and the market value of stocks for the sampled companies listed on the Qatar Stock Exchange.

- Intercept (Constant Term): The estimated intercept coefficient is 4.34, indicating that, holding all explanatory variables constant, there exists a baseline market value per share that is not explained by the dividend policy indicators included in the model.
- Earnings per Share (EPS): The estimated coefficient of EPS is positive and statistically significant at the 5% significance level, indicating a positive relationship

between earnings per share and stock market value. Specifically, a one-unit increase in EPS is associated with an increase of approximately 4.96 units in the market value per share (measured by the annual closing stock price), ceteris paribus. This finding suggests that investors attach greater value to firms with higher earnings per share.

- Dividend per Share (DPS): The estimated coefficient of DPS is statistically insignificant at the 5% significance level, indicating that cash dividends per share do not have a statistically significant effect on the market value of stocks during the study period.
- Retained Earnings per Share (RES): The coefficient of RES is statistically insignificant, suggesting that retained earnings per share do not significantly influence stock market value for the sampled firms.
- Dividend Payout Ratio (DPR): The estimation results show that the coefficient of DPR is not statistically significant at the 5% significance level, implying that the dividend payout ratio has no significant effect on stock market value.
- Bonus Shares (BS): The coefficient of BS is statistically insignificant, indicating that the issuance of bonus shares does not significantly affect the market value of stocks during the study period.
- Treasury Shares (TS): The estimated coefficient of TS is also statistically insignificant, suggesting that treasury share transactions have no significant impact on the market value of stocks for the sampled companies.

4.3.2 Statistical Interpretation of the Model

- The results of Student's *t*-test indicate that most of the estimated coefficients of the Fixed Effects Model are not statistically significant at the 5% significance level. This conclusion is based on comparing the calculated *t*-statistics T_{cal} for the estimated coefficients with the corresponding critical *t*-value $T_{tab} = 1.96$.
- The results of the overall Fisher (F) test indicate that the Fixed Effects Model is statistically significant at the 5% significance level. This conclusion is based on comparing the calculated F-statistic (F_{cal}) with the corresponding critical F-value (F_{tab}) :

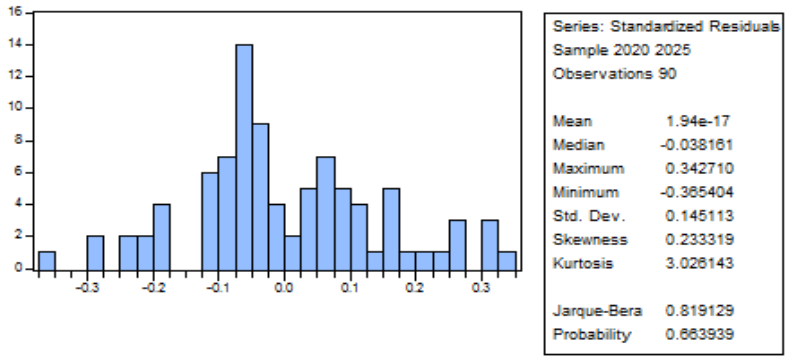
  $$F - Stat = 93.90 > F^{5\%}_{(6.83)} = 2.12$$

- The adjusted coefficient of determination ($\overline{R}^2 = 0.9542$) indicates that the Fixed Effects Model has strong explanatory power. Specifically, approximately 95.42% of the variation in the market value per share is explained by the dividend policy indicators included in the model, namely Earnings per Share (EPS), Dividend per Share (DPS), Retained Earnings per Share (RES), Dividend Payout Ratio (DPR), Bonus Shares (BS), and Treasury Shares (TS). The remaining 4.58% of the variation is attributable to other factors not included in the model.

4.3.3 Econometric Interpretation

The Jarque–Bera (J–B) test indicates that the residuals of the Fixed Effects Model are normally distributed, suggesting that the normality assumption of the regression residuals is satisfied.

Figure 1. Normality Test of the Residuals of the Fixed Effects Model



Source: *Prepared by the authors based on EViews 10 output*

The results show that the p-value is 0.6639, which is higher than the 5% significance level. This indicates that the residuals of the estimated model follow a normal distribution.

To detect the presence of serial correlation among the model residuals, the Breusch–Pagan Lagrange Multiplier (LM) test and the Pesaran Cross-sectional Dependence (CD) test are employed. The results of these tests are presented in the following table:

Table 9. Results of the Breusch–Pagan LM and Pesaran CD Tests

Residual Cross-Section Dependence Test
Null hypothesis: No cross-section dependence (correlation) in residuals
Equation: Untitled
Periods included: 6
Cross-sections included: 15
Total panel observations: 90
Cross-section effects were removed during estimation

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	51.55809	105	0.0702
Pesaran scaled LM	0.957841		0.1154
Bias-corrected scaled LM	1.712814		0.0867
Pesaran CD	0.183492		0.8544

Source: *Prepared by the authors based on EViews 10 output*

The results reported in the above table indicate that the probability values associated with the Breusch–Pagan LM and Pesaran CD statistics exceed the 5% significance level. Hence, the null hypothesis stating that there is no serial correlation in the residuals is accepted, confirming that the residuals of the Fixed Effects Model are free from autocorrelation issues.

5. Conclusion

Dividend policy represents one of the fundamental financial decisions that directly affects stock market value, as it reflects the firm's financial performance and its ability to generate returns for shareholders. The theoretical analysis conducted in this study highlighted that maintaining a balance between dividend distribution and earnings retention is an essential factor in maximizing firm value and achieving financing and investment objectives.

The empirical analysis, based on a sample of companies listed on the Qatar Stock Exchange during the period 2020–2025, revealed that dividend policy indicators have varying effects on stock market value. In particular, earnings per share and dividend per share were found to have a positive influence on stock market value, suggesting that regular dividend payments and improved profitability contribute to enhancing investor confidence and increasing stock

attractiveness. Conversely, retained earnings may generate a positive effect when they are efficiently allocated to profitable investment opportunities that support future corporate growth.

Therefore, the impact of dividend policy on stock market value depends largely on the firm's ability to adopt a balanced dividend strategy that satisfies shareholders' expectations while simultaneously supporting long-term growth and financial stability.

Main Findings of the Study

The main findings of the study can be summarized as follows:

- Dividend policy refers to the decision-making process regarding the allocation of corporate profits, either by retaining earnings for reinvestment purposes or distributing them to shareholders through different forms of dividends, including cash dividends and stock dividends.
- Stocks represent one of the most important and widely traded financial instruments in capital markets. They are issued by joint-stock companies through the division of corporate capital into equal units that represent shareholders' ownership rights.
- The market value of stocks is primarily determined by supply and demand forces and is influenced by corporate performance, financial indicators, and investors' expectations.
- The Fixed Effects Model (FEM) was identified as the most appropriate econometric approach for examining the impact of dividend policy on stock market value among companies listed on the Qatar Stock Exchange.
- At the level of the Qatar Stock Exchange, dividend policy has a positive effect on stock market value through Earnings per Share (EPS) and Dividend per Share (DPS).
- The remaining dividend policy variables, including retained earnings per share, dividend payout ratio, bonus shares, and treasury shares, do not have a statistically significant impact on stock market value during the study period.

Hypothesis Testing

This study aimed to test the hypothesis stating that dividend policy variables, represented by Earnings per Share (EPS), Dividend per Share (DPS), Retained Earnings per Share (RES), Dividend Payout Ratio (DPR), Bonus Shares (BS), and Treasury Shares (TS), have a statistically significant effect on the market value of stocks of the sampled companies.

Based on the estimation results of the Fixed Effects Model, the findings indicate that dividend policy has a positive and statistically significant impact on stock market value through EPS and DPS, while the other dividend policy indicators do not exhibit statistically significant effects. Therefore, the research hypothesis is partially supported.

Recommendations and Suggestions

Based on the findings of this study, the following recommendations can be proposed:

- Firms should adopt a balanced dividend policy that ensures shareholder satisfaction while preserving sufficient internal financing capacity to support sustainable growth and financial stability, given its positive impact on stock market value.

- Future research is encouraged to extend the analysis to other sectors and financial markets and to incorporate additional financial and macroeconomic variables in order to obtain more comprehensive and robust findings.

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