Jurnal Aplikasi Bisnis dan Manajemen (JABM), Vol. 12 No.1, January 2026
Permalink/DOI: http://dx.doi.org/10.17358/jabm.12.1.93

Available online
http://journal.ipb.ac.id/index.php/jabm

EX-DIVIDEND DATE AND STOCK PRICE ADJUSTMENT: A SYSTEMATIC LITERATURE REVIEW OF GLOBAL MARKET REACTIONS

Rinda Fithriyana[*))1], Tafdil Husni[**)], Rida Rahim[**)], Fajri Adrianto[**)], Wahyu FR Sudirman[***)]**

[*)]Faculty of Economics and Business, Universitas Pahlawan Tuanku Tambusai
Jl. Tuanku Tambusai No. 23 Bangkinang Kota, Kampar, Riau 28412, Indonesia
[**)]Faculty of Economics and Business, Universitas Andalas
Unand Limau Manis Campus, Padang, West Sumatra 2513, Indonesia
[***)]Syariah Banking Studi Program, Universitas Pahlawan Tuanku Tambusai
Jl. Tuanku Tambusai No. 23 Bangkinang Kota, Kampar, Riau 28412, Indonesia

Article history:
Received
28 July 2025

Revised
15 September 2025

Accepted
16 December 2025

Available online
31 January 2026

Abstract:

Background: The ex-dividend date anomaly remains relevant in modern finance because, despite the predictions of the Efficient Market Hypothesis (EMH) that such arbitrage opportunities should be eliminated, empirical studies consistently show their persistence across different markets and time periods. This endurance highlights the role of real-world frictions, such as taxation differences between dividends and capital gains, transaction costs, and short-sale constraints, which prevent the complete arbitrage of price discrepancies.
Purpose: This study aims to analyze the effect of the ex-dividend date on stock price adjustments using the Systematic Literature Review (SLR) approach to identify general patterns, empirical findings, and factors that influence this phenomenon.
Design/methodology/approach: This study uses the SLR method by systematically reviewing relevant academic literature from various countries and time periods. The analysis is based on three main theories: Signaling Theory, Efficient Market Hypothesis (EMH), and the Clientele Effect. From an initial 101 articles retrieved (2000–2024), a rigorous screening and eligibility review resulted in 10 studies meeting the inclusion criteria, all of which examined the relationship between ex-dividend dates and stock price adjustments.
Findings/Results: The results show that abnormal returns consistently occur around the ex-dividend date across different markets, indicating that price adjustments are not fully explained by dividend payouts. However, the magnitude, direction, and statistical significance of these abnormal returns are not uniform; they vary depending on market characteristics, such as the level of market development, the efficiency of trading systems, and the presence of dividend taxation rules. Company-specific conditions also play a role, with firms with higher liquidity tending to exhibit smoother price adjustments.
Conclusion: The findings show that although the efficient market theory states that dividend information is directly reflected in stock prices, there are market anomalies around the ex-dividend date. This indicates that psychological factors and market structure also influence stock price dynamics.
Originality/value (State of the art): This study offers originality by conducting a comprehensive global synthesis of research on ex-dividend dates and stock price adjustments, bridging insights from both classical finance theories, such as the Efficient Market Hypothesis and tax clientele effect, and behavioral perspectives that emphasize investor psychology and market frictions. Unlike earlier reviews that focused on single countries or limited periods, this study integrates evidence from diverse markets, including developed and emerging economies, and incorporates recent findings from periods of financial crises, thereby capturing how external shocks shape ex-dividend anomalies in the UK.

Keywords: abnormal return, dividend policy, efficient market, market anomalies, signaling theory

How to Cite:
Fithriyana, R., Husni, T., Rahim, R., Adrianto, F., & Sudirman, W. F. R. (2026). Ex-dividend date and stock price adjustment: A systematic literature review of global market reactions. Jurnal Aplikasi Bisnis dan Manajemen (JABM), 12(1). https://doi.org/10.17358/jabm.12.1.93

[1] Corresponding author:
Email: rindauniversitaspahlawan@gmail.com

INTROUCTION

The capital market is an important instrument for supporting a country's economic growth (Orlowski, 2020). Stocks are the most popular investment instruments because they can generate profits in the form of capital gains and dividends. Dividends are one of the most crucial aspects of a company's financial decisions and are the main concern of capital market investors. The ex-dividend date represents a critical point in the dividend distribution cycle, as it marks the cutoff when new investors purchasing shares are no longer eligible to receive declared dividends. In other words, only shareholders who hold the stock before this date retain the right to dividend payments, making it a key reference for understanding stock price behavior around dividend announcements (Kreidl, 2020; Weli & Handayani, 2024). This event is often of concern to market players because it is directly related to changes in stock prices. The phenomenon of stock price adjustments around the ex-dividend date has become a classic object of study in financial literature, because it is closely related to market efficiency, investor behavior, and short-term investment strategies (Ainsworth & Lee, 2023; Tamara et al. 2020). In theory, an efficient market will adjust stock prices directly and proportionally to the value of dividends distributed (Fama, 1970). However, in practice, many studies have found abnormal returns around the ex-dividend date, indicating market imperfections and short-term trading opportunities (Chowdhury & Sonaer, 2016; Dupuis, 2019). In addition, factors such as liquidity, ownership structure, tax policy, and investor characteristics also affect the magnitude of stock price reactions during that period (Amihud, 2002; Elton & Gruber, 1970).

In financial theory, it is assumed that stock prices will experience a downward adjustment by the value of the dividends distributed on the ex-dividend date. This is known as the dividend drop-off. However, in practice, the behavior of stock prices around this date does not always follow the theoretical predictions (Novak & Velušček, 2016). Factors such as taxes, liquidity, investor behavior, and market conditions can cause differences in stock price responses to dividend distribution (Chatterjee & Tiwari, 2022). Therefore, it is important to understand how stock prices behave around the ex-dividend date. Several studies have examined this phenomenon in both international and Indonesian capital markets, with varying results (Endri et al. 2024). Some studies show that there is a price decrease proportional to the amount of dividends distributed, while other studies show anomalies, such as stock prices that do not fully reflect the value of the dividends. These differences in results indicate the need for a more in-depth review through literature studies to summarize and analyze the findings of previous studies. Through this literature study, the researcher attempts to present a comprehensive understanding of stock price behavior around the ex-dividend date, including the factors that influence it and the various analytical approaches used in the literature. It is hoped that this study can contribute to the development of science in the field of capital markets and become a reference for investors, academics, and practitioners to make more appropriate investment decisions. This literature review aims to summarize, compare, and critically analyze the results of research related to stock price behavior around the ex-dividend date, both in terms of theory, cross-country empirical evidence, and determinants that have been identified in the latest financial literature. Furthermore, placing a particular focusing on emerging markets such as Indonesia adds value to the global discourse, as these markets are often characterized by lower liquidity, higher volatility, different tax regimes, and varying levels of investor sophistication compared to developed economies. Such conditions may amplify or alter the manifestation of ex-dividend anomalies, providing unique insights into how institutional structures, regulatory environments, and behavioral patterns shape stock-price adjustments. By examining Indonesia within this broader context, this study not only enriches global comparative analyses but also highlights region-specific dynamics that may inform tailored investment strategies and policy implications.

This research differs from previous studies by offering a comprehensive and up-to-date literature review that integrates classical theoretical perspectives, behavioral insights, and cross-country empirical findings in a manner that has not been systematically addressed before. Unlike much of the past literature, which has largely emphasized developed markets and the efficient market perspective (Agung and Widodo, 2023; Melia, Noholo and Mahmud, 2024). It combines classical theoretical perspectives, cross-country empirical findings, and an analysis of determinants that have not been widely explored in an integrated manner in prior research. Most previous studies have focused solely on the basic theory of efficient markets, which states that stock prices will decline proportionally to the dividend

amount on the ex-dividend date. However, in practice, many studies have shown results that deviate from this theory, such as abnormal returns, irrational stock price increases, and short-term trading patterns by certain investors. This study seeks to fill this gap by highlighting the factors that influence the discrepancy between theory and market reality, such as stock liquidity, ownership structure, dividend tax policy, individual and institutional investor behavior, and macroeconomic conditions. Furthermore, this research is novel in that it emphasizes the importance of the context of emerging markets, particularly Indonesia, which has a distinct investor structure, market regulations, and trading characteristics compared to developed markets.

To address the discrepancy between theory and reality regarding stock price behavior around the ex-dividend date, this study employs the Systematic Literature Review (SLR) method. The use of an SLR is justified because it enables a structured, comprehensive, and objective synthesis of prior studies, capturing insights from both global capital markets and local contexts such as Indonesia. Unlike narrative reviews, SLR allows the integration of diverse theoretical perspectives, ranging from efficient market theory and signaling theory to behavioral finance, while also comparing empirical findings across different market settings. By adopting this approach, this study seeks to identify consistent patterns and anomalies around the ex-dividend date and explain how contextual factors, such as investor structure, regulatory frameworks, and market efficiency, shape stock price dynamics. This provides a solid foundation for generating theoretical contributions and practical implications for investors, issuers, and policymakers.

This study aims to provide a comprehensive understanding of stock price behavior around ex-dividend dates by systematically and critically reviewing empirical findings from both international and Indonesian capital markets on stock price reactions to dividend distributions.

METHODS

This study uses the Systematic Literature Review (SLR) method, which is implemented through several stages: formulating research questions, searching and selecting relevant literature, data extraction, synthesizing findings, and evaluating study quality (Van Dinter et al. 2021). This data consists of information, findings, and analysis results published in various scientific sources related to stock price behavior around ex-dividend dates. The types of data analyzed include the results of quantitative and qualitative studies, such as event study data on abnormal returns, regression analysis related to factors influencing the drop-off ratio, and theoretical studies on market efficiency and investor behavior. The primary data sources in this study come from reputable scientific journal articles, both national and international, published in the Google Scholar database, Publish and Persih, Scopus, Web of Science, and national journal portals such as Garuda and Sinta. Source selection was based on certain criteria, such as the recency of the publication (last 5–10 years), relevance to the ex-dividend date theme, quality of the methodology used, and relevance to the context of emerging markets such as Indonesia.

The data collection technique in this study was conducted using a Systematic Literature Review (SLR) approach, which aims to identify, evaluate, and synthesize previous studies relevant to stock price behavior around the ex-dividend date. The overall stages of the SLR process adopted in this research follow the PRISMA method, as illustrated in Figure 1. The systematic flow of literature identification, screening, eligibility assessment, and final inclusion of articles used in this study.

The data collection process was systematically carried out in several stages. First, the researcher identified literature by compiling relevant search keywords, such as “ex-dividend date,” “stock price reaction,” “dividend announcement,” “dividend drop-off,” and “abnormal return.” These keywords were used in various reputable scientific databases, both national and international, published in the Google Scholar database, Publish and Persih, Scopus, Web of Science, and national journal portals such as Garuda and Sinta. Second, the initial search results were screened based on the inclusion and exclusion criteria.

The inclusion criteria were as follows: articles published within the last 5–10 years, relevant to the research theme, available in full text, using valid scientific methods, and discussing capital markets both generally and specifically in the context of ex-dividend dates. Articles that were irrelevant, duplicates, or did not meet scientific standards were eliminated. The findings were categorized and compared for thematic

and critical analysis. In the SLR process, 101 articles were initially retrieved, of which 89 were accessible for screening. Twelve were excluded for lacking full text or scholarly standards. After title and abstract screening, 50 more studies were removed as irrelevant, leaving 39 for full-text review. Of these, 29 were excluded 17 for not addressing ex-dividend dates in depth and 12 for focusing on unrelated topics. Ultimately, ten articles met all the criteria and were included in the final analysis, providing both theoretical and empirical insights into ex-dividend dates and stock-price adjustments. Furthermore, the relationship between the SLR results and the analytical direction of this study is conceptualized in the research framework presented in Figure 2.

The data analysis technique used in this study was a descriptive qualitative analysis approach based on a Systematic Literature Review (SLR). The purpose of this technique is to identify patterns, trends, gaps, and contributions from various previous studies related to stock price behavior on ex-dividend dates. The first step in the analysis process is data reduction, which involves selecting important information from each selected study based on the results of the search and filtering process. The reduced data included the research focus, study location, observation period, analysis method (such as event study, regression, or panel analysis), main results, and implications of the research. The second step was data categorization and grouping. The reduced literature was then classified based on several analytical dimensions, such as: Each article was evaluated based on its abstract, objectives, methods, and relevance to the research question. Articles that met the criteria were then classified based on theory used (signaling theory, EMH, clientele effect, liquidity, etc.), research method (event study, regression, panel data, etc.), market context (developed, developing, Asia, Indonesia, etc.), and main findings and variables analyzed.

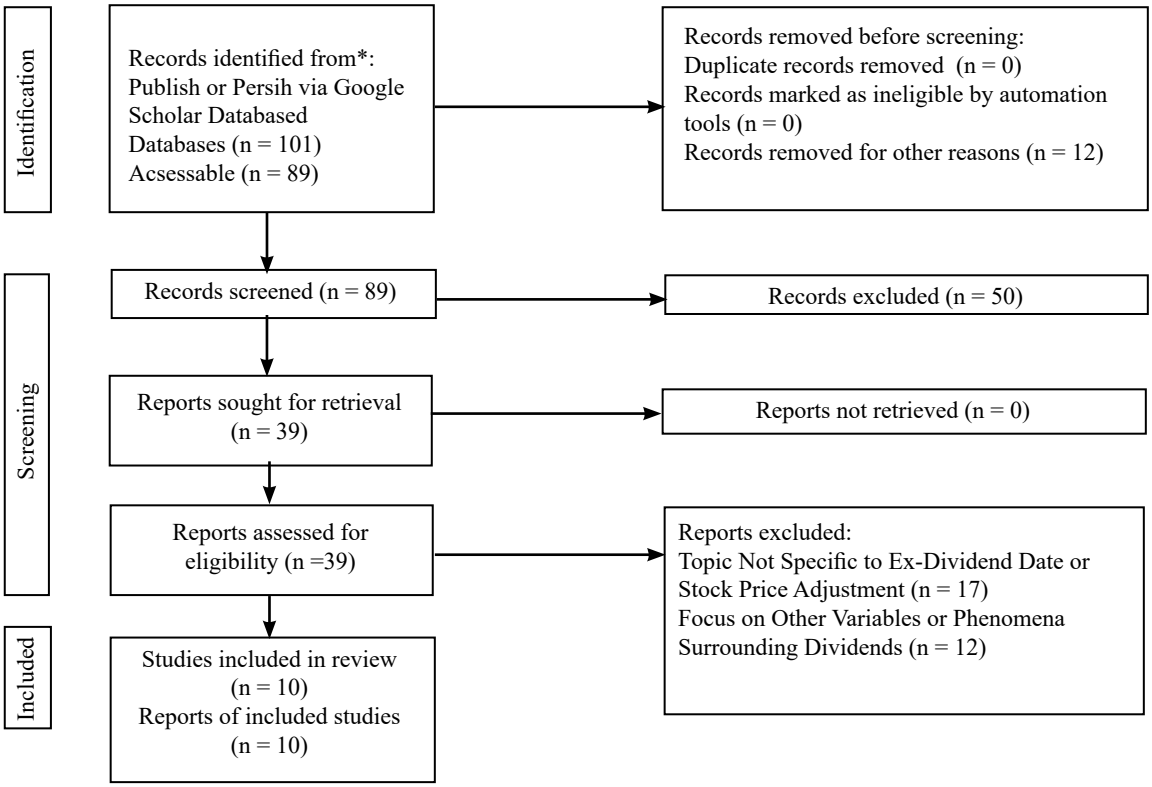

Figure 1. Image of the SLR Process with the Prisma Method

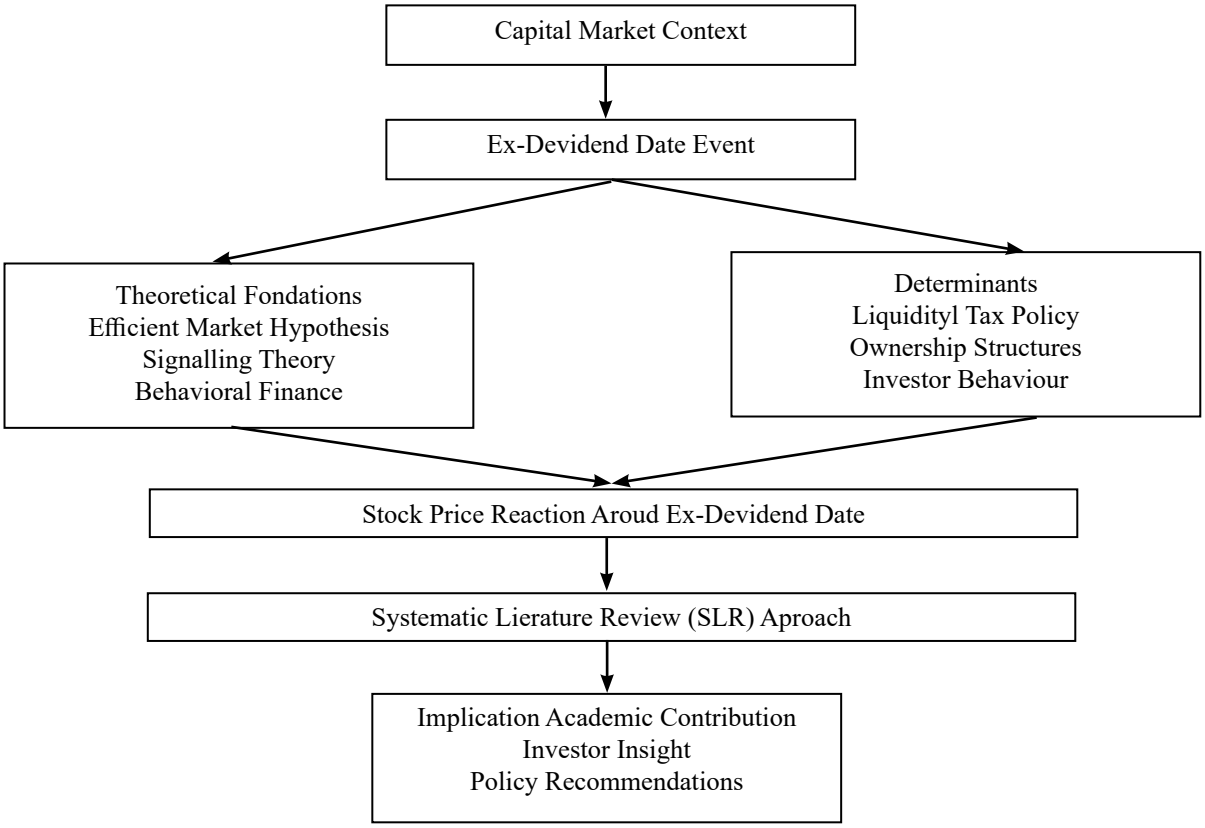

Figure 2. Research framework

The third step is thematic synthesis, which combines results with similar themes and compares the differences in findings between studies. This synthesis was conducted to identify common patterns, contradictions, and emerging trends in literature. This stage also analyzed the methodology and validity of the findings of each study. The final step is critical analysis and interpretation, in which researchers deeply assess the strengths, weaknesses, and contributions of each study and identify research gaps that have not been widely explored. This analysis was also used to formulate theoretical and practical implications that can be used by academics, investors and capital market regulators. This framework diagram illustrates the systematic flow of the study of stock price reactions around ex-dividend dates.

RESULTS

The findings from the reviewed studies, as summarized in Table 1, reveal both consistency and variation in how stock prices behave around the ex-dividend date across different markets and methodological approaches. High-quality studies published in Q1 journals, such as Ainsworth & Lee (2023), Dupuis (2019), Chuang (2020), and Daryaei & Fattahi (2022), generally employ rigorous econometric techniques like panel regression and event studies. These works consistently highlight that while the price drop on the ex-dividend date often reflects the dividend amount, market frictions such as taxes, liquidity, and investor clientele can lead to deviations from the theoretical prediction of a one-to-one drop. On the other hand, studies conducted in regional or emerging market contexts, including Bayu & Purbawangsa (2023), Priestyaloka & Suryanawa (2024), and Qadar (2023), tend to rely more heavily on event studies with paired t-tests. Their findings frequently show anomalies, such as disproportionate drop-off ratios and short-term abnormal returns, suggesting that local investor behavior and structural characteristics of these markets such as the dominance of retail investors in Indonesia play a critical role in shaping stock price reactions. Meanwhile, works like Tamara et al. (2020) and Chowdhury & Sonaer (2016), situated in mid-tier journals, provide useful insights by combining event studies with descriptive or regression-based analyses. They point to a mixed picture: in some cases, stock price reactions align with classical dividend theories such as dividend signaling, but in others, behavioral factors and tax asymmetries appear to drive observed deviations. Lastly, the study by Al-

Khasawneh et al. (2024), which specifically focuses on Islamic finance markets, brings an additional dimension by showing that institutional and regulatory contexts unique to Shariah-compliant environments also influence the magnitude and direction of stock price adjustments.

Theoretical Basis and Key Concepts

Signalling Theory

Signaling theory, when applied to dividend policy, highlights the role of information asymmetry between management and investors. Management generally has better knowledge of the firm's actual financial condition, cash flow stability, and growth prospects. Because outside investors cannot directly observe these factors, they rely on observable actions, such as dividend announcements, to infer management's private information about the firm. In this sense, dividends serve as a credible communication tool that reduces information asymmetry (Ross, 1977; Bhattacharya, 1979; Gumanti, 2009; Spence, 1973; Yasar et al. 2020). One of the key strengths of dividend signaling is its credibility. Because dividends represent tangible cash outflows, only firms with sustainable earnings and healthy liquidity can afford to maintain or consistently increase dividend payments. The costly nature of dividends enhances the reliability of the signal.

However, the interpretation of dividend signals is not always clear. Several scholars argue that dividends may not always be a reliable indicator of future performance due to factors such as changing taxation policies, regulatory environments, and the increasing popularity of alternative payout mechanisms, such as share repurchases. For instance, in some jurisdictions, firms may prefer stock buybacks over dividends because of tax efficiency, which could weaken the traditional dividend signaling effect (Al-Khasawneh et al. 2024; Yasar et al. 2020). The empirical evidence for dividend signaling remains mixed. Some studies confirm that stock prices tend to increase following dividend announcements, which is consistent with signaling theory (Bhattacharya, 1979; Yasar et al. 2020). However, other studies find weak or even insignificant reactions, suggesting that investors may also consider broader contextual factors such as industry trends, macroeconomic conditions, and global financial stability (Al-Khasawneh et al. 2024). In times of economic uncertainty, for instance, even a dividend increase may not generate a strong positive reaction, as investors could be more concerned about long-term sustainability than they are about short-term signals.

Table 1. Summary table of literature review

Author, Years	Method	Journal	Quartile
(Ainsworth & Lee, 2023)	Event study, Panel Regression	Journal of Financial Markets	Q1
(Tamara et al. 2020)	Event study, Descptive	The Singapore Economic Review	Q3
(Chowdhury & Sonaer, 2016)	Event study, t-test, regression	Journal of economics and finance	Q2
(Bayu & Purbawangsa, 2023)	Event study, Paired t-tes	European Journal of Business and Management Research	Non-Q
(Priestyaloka & Suryanawa, 2024)	Event study, paired t-test	American Journal of Humanities and Social Sciences Research	Non-Q
(Dupuis, 2019)	Event study, Regression	Emerging Markets Review	Q1
(Chuang, 2020)	Panel Regression	Empirical Economics	Q1
(Daryaei & Fattahi, 2022)	Panel Regression	Corporate Governance	Q1
(Qadar, 2023)	Event study, paired t-test	International Journal of Entrepreneurship	Q3
(Al-Khasawneh et al. 2024)	Event study	International Journal of Islamic and Middle Eastern Finance and Management	Q2

Implications for Stock Price Behavior

Dividend announcements are among the most observable corporate actions and often trigger immediate market reactions. From the signaling perspective, an increase in dividends reflects management's confidence in stable future earnings and cash flows, whereas a decrease or omission of dividends is usually interpreted as a warning sign of financial distress (Ross, 1977; Bhattacharya, 1979; Spence, 1973; Gumanti, 2009). The Efficient Market Hypothesis (Fama, 1970) challenges the strength of dividend signaling by arguing that prices in an efficient capital market should incorporate all publicly available information, including dividend announcements, instantaneously. Under strict market efficiency, the stock price drop on the ex-dividend date should equal the dividend amount. However, numerous empirical studies document abnormal returns around ex-dividend dates (Ainsworth & Lee, 2023; Tamara et al. 2020).

The clientele effect (Elton & Gruber, 1970) provides a compelling explanation for these deviations from the expected results. Different groups of investors self-select firms whose dividend policies match their tax positions and income preferences. For example, high-tax-bracket investors may avoid dividend-paying firms to reduce tax burdens, while retirees or institutions that rely on regular income flows may concentrate on dividend-paying stocks. This heterogeneity creates segmented markets, where stock price reactions around ex-dividend dates reflect the collective rebalancing of investor clientele rather than pure efficiency. Moreover, dividend capture strategies, where traders exploit short-term gains by buying before and selling after the ex-dividend date, further amplify abnormal returns (Ainsworth & Lee, 2023).

Liquidity and Institutional Ownership

Liquidity plays a critical role in shaping stock prices' responses to dividend announcements and ex-dividend dates. In highly liquid stocks, trading is more efficient, and information is absorbed quickly by the market, consistent with the predictions of the Efficient Market Hypothesis (Fama, 1970). Amihud (2002) and Amihud & Noh (2021) demonstrate that stocks with higher liquidity tend to experience faster and more accurate price adjustments, while illiquid stocks often exhibit stronger abnormal returns around the ex-dividend date due to trading frictions and slower information incorporation. From a signaling perspective, liquidity can also affect the credibility of dividends as a signal: in liquid markets, signals are transmitted and interpreted more effectively, whereas in illiquid markets, price reactions may be exaggerated or distorted, making it more difficult to distinguish between genuine information and noise.

Institutional investors also exert a significant influence on stock price behavior around the ex-dividend date. Chuang (2020) and Daryaei and Fattahi (2022) found that higher levels of institutional ownership are associated with lower price volatility and reduced abnormal returns. This outcome can be explained in several ways. From a signaling perspective, the presence of institutional investors reduces information asymmetry because these investors closely monitor management and are better equipped to evaluate firm fundamentals, thereby weakening the marginal impact of dividend signals on stock prices. According to the EMH framework, institutional investors enhance market efficiency by processing and acting on information more rationally and rapidly, thereby reducing opportunities for short-term anomalies.

Synthesis of Theory and Implications for Stock Price Behavior

Signaling theory, the efficient market hypothesis, and the clientele effect complement each other in explaining stock price behavior around the ex-dividend date. Dividend announcements are important signals for investors; however, market responses are not always perfect because of information asymmetry, investor preferences, and external factors such as taxes and liquidity. Liquidity and institutional ownership refine and extend the explanatory power of the three main dividend behavior theories. Dividend signaling remains relevant as a mechanism for conveying private information, but its impact is moderated by liquidity conditions and the investor structure. The EMH continues to provide a baseline for understanding price adjustments, but the persistence of abnormal returns, especially in illiquid and retail-driven markets, suggests deviations from full efficiency. The clientele effect highlights investor heterogeneity, whereas liquidity and institutional ownership determine the strength of the influence of these clienteles on price dynamics. In emerging markets such as Indonesia, where liquidity is often lower and institutional ownership is less dominant, dividend signals tend to be stronger but

also noisier, producing more pronounced abnormal returns around ex-dividend dates (Tamara et al. 2020; Gumanti, 2009). In contrast, developed markets with higher institutional participation and deeper liquidity exhibit weaker signaling effects and smaller anomalies because information is processed more efficiently.

Cross-country and Cross-period Empirical Evidence

Evidence from Developed Markets

Ainsworth and Lee (2023) show that even in developed markets characterized by high liquidity and strong institutional participation, individual investors still exert a significant influence on abnormal returns around the ex-dividend date. This suggests that retail investors' behavioral biases and tax-driven dividend capture strategies continue to shape short-term stock price dynamics, challenging the notion that institutional dominance fully eliminates inefficiencies. Efthymiou et al. (2021), focusing on the U.S., provide further evidence of market microstructure frictions by identifying a systematic limit order bias on ex-dividend days, which amplifies intraday stock price volatility. This finding highlights that inefficiencies do not only arise from investor heterogeneity but can also be rooted in the structural design of trading systems. In Europe, Kreidl and Scholz (2021) document a dividend month premium in Germany, showing that stocks that distribute dividends during specific calendar months tend to yield higher abnormal returns. This evidence underscores the clientele effect, where investor behavior may be influenced by seasonal liquidity needs, tax planning, or predictable institutional trading cycles, adding a temporal dimension to dividend-related anomalies in the stock market. Eugster and Isakov (2019) complement this in Switzerland by linking family ownership structures to return patterns around dividend events.

Evidence from Emerging Markets and Asia

Chowdhury and Sonaer (2016) examined several emerging markets and found significant abnormal returns on ex-dividend days; however, the magnitude and direction of the effects differed depending on the type of dividend distributed (cash vs. stock) and the market's institutional characteristics. Their study shows that dividend-related anomalies are not uniform but are shaped by structural market factors, such as regulatory frameworks, taxation systems, and investor composition. This finding implies that dividend signaling is interpreted differently depending on how credible dividend payments are perceived in specific market environments. Tamara et al. (2020), focusing on Asian markets, found significant price fluctuations and changes in trading volumes around the ex-dividend date, which suggests that dividend distributions are not merely accounting events but trigger substantive trading reactions.

In Indonesia, Bayu and Purbawangsa (2023) provide more granular evidence by comparing LQ45 stocks with non-LQ45 stocks. Their findings show significant differences in abnormal returns, with larger and more liquid LQ45 stocks experiencing more efficient price adjustments than smaller and less liquid firms. This result highlights the role of liquidity and market capitalization as critical moderators of how dividend announcements are absorbed by the market. Similarly, Priestyaloka and Suryanawa (2024) found notable differences in abnormal returns and trading volume activity on the cum-dividend date, reinforcing the notion that the Indonesian market remains sensitive to dividend distribution events. These findings suggest that in Indonesia, dividend announcements retain strong informational value, but the efficiency of the market's response is contingent on stock-specific characteristics of the company. Cross-country studies in South Asia further confirm the persistence of abnormal returns around dividend events in South Asia. Qadar (2023) reported that abnormal returns around the ex-dividend date remain a robust feature of market behavior (Table 2).

Managerial Implications

The findings of this study yield several critical managerial implications that can guide firms in shaping their strategic dividend policies. First, signaling remains the most immediate priority for management, as investors consistently interpret dividend announcements as indicators of financial health and prospects. Therefore, managers must ensure that dividend decisions align with actual financial performance to avoid sending misleading signals that could erode market trust. Once signaling credibility is established, liquidity management becomes the next crucial factor, as firms with illiquid stocks face greater price volatility around the ex-dividend date. To address this, managers can enhance liquidity through stock splits, share buybacks,

or increasing the free float of shares, thereby facilitating smoother price adjustments and reducing abnormal fluctuations. In parallel, management should pay close attention to the clientele effect by aligning dividend policies with investor preferences, particularly in relation to liquidity needs and taxation, so that firms attract and retain the right investor base. Moreover, maintaining stable institutional ownership through strong investor relations is essential, as institutions tend to dampen excessive market reactions with a long-term perspective. In times of crisis or external shocks, such as the COVID-19 pandemic, management must be proactive in communicating transparent and consistent dividend signals, reinforcing investor confidence when uncertainty is at its peak.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the results of the Systematic Literature Review, it is evident that the abnormal return phenomenon around the ex-dividend date represents a consistent global pattern, yet its magnitude and direction vary across markets depending on factors such as stock liquidity, dividend yield, institutional ownership, and firm-specific characteristics. Theoretically, this finding not only reinforces the explanatory power of Signalling Theory and the Clientele Effect but also refines the Efficient Market Hypothesis (EMH). While the EMH assumes that dividend information should be rapidly absorbed into prices, the persistence of abnormal returns demonstrates that market efficiency is conditional and may be weaker in emerging markets, where information asymmetry, regulatory gaps, and investor heterogeneity are more pronounced. This nuance advances the literature by highlighting the need to consider the market structure and institutional context when applying the EMH to dividend events. From a practical standpoint, the results have significant implications for investors, issuers, and policymakers. Investors are advised to incorporate abnormal return patterns into their short-term trading strategies while remaining cautious of post–ex-date price adjustments and liquidity risks. Issuers should recognize that dividend policy communicates more than cash distribution; it serves as a credibility signal that shapes investor trust and market stability.

Table 2. Summary theory explanation of Ex-Devidend Date

Determinant	Key Empirical Evidence	Direction/Impact
Liquidity	(Amihud, 2002; Amihud & Noh, 2021; Zhang et al. 2021) – High liquidity leads to efficient price adjustments. (Marozva, 2019, 2020) – Liquidity index moderates' dividend–return relationship.	High liquidity → faster & more efficient adjustments; Low liquidity → larger abnormal returns.
Institutional Ownership	(Chuang, 2020; Daryaei & Fattahi, 2022) Higher institutional ownership reduces volatility and overreaction.	More institutional investors → more rational, moderate price reactions.
Dividend Yield & Amount	(Bayu & Purbawangsa, 2023; Marisetty & Babu, 2021) – High yields → larger stock price corrections. (Asem & Alam, 2021) – Consecutive dividend increases → stronger abnormal returns.	Higher yield/amount → larger ex-date adjustments; Consistent increases → stronger signaling.
Market Risk & External Factors	(Batra et al. 2023; Sunardi et al. 2023) – Volatility and macro shocks affect dividend reactions. (Kotcharin et al. 2023) – Government policy responses moderate dividend impacts.	High volatility → stronger price swings; Policy supports cushions negative impact.
Ownership Structure & Governance	(Aiello et al. 2024; Franzoi & Mietzner, 2021) – Ownership concentration, firm age, and governance quality shape market responses.	Strong governance/ longer firm age → more credible signals; Weak governance → weaker/divergent reactions.

Recommendations

This study had several limitations that should be considered when interpreting the findings. First, the literature analyzed was restricted to studies available in academic databases within a defined publication window, which may have created a selection bias and excluded relevant unpublished or regional research. Second, the heterogeneity of methods and variables across studies prevented the use of a quantitative meta-analysis, thereby limiting the ability to statistically aggregate the results and measure effect sizes with precision. Third, because this study does not incorporate primary empirical data, the conclusions drawn are entirely dependent on existing research, which may not fully capture evolving market dynamics. Nevertheless, the main scientific contribution lies in the comprehensive synthesis of diverse empirical findings related to price adjustments around the ex-dividend date, offering a theoretical bridge between dividend policies and market behavior.

Based on these limitations, several recommendations for future research can be made. First, methodological advancements should be pursued, such as employing event study designs combined with cross-country panel data to test abnormal returns under varying institutional contexts or adopting behavioral experiments to capture the psychological biases of retail investors during dividend events. Second, researchers are encouraged to apply interdisciplinary perspectives by integrating corporate governance frameworks, behavioral finance insights, and legal and taxation studies to better explain cross-market variations in investor reactions. Third, while this study could not implement a formal meta-analysis due to data heterogeneity, future research should explore the feasibility of a quantitative meta-analysis once standardized measures of abnormal returns and consistent methodological criteria are available.

FUNDING STATEMENT: This research did not receive any specific grant from funding agencies in the public, commercial, or not - for - profit sectors.

CONFLICTS OF INTEREST: The author declares no conflict of interest.

REFERENCES

Agung, D. and Widodo, H. (2023) 'Examining Dividend-Related Abnormal Returns and Trading Volume in IDX Manufacturing 2016-2020: Analisis Kenaikan Abnormal dan Aktivitas Volume Perdagangan Sebelum dan Sesudah Tanggal Ex-Dividend pada Sektor Manufaktur yang Terdaftar di IDX Periode 2016-20', Academia Open, 8(1). doi: 10.21070/acopen.8.2023.4019.

Aiello, F., Cardamone, P., Mannarino, L., & Pupo, V. (2024). Networks, ownership and productivity does firm age play a moderating role? Journal of Economic Studies, 51(9), 212–231.

Ainsworth, A., & Lee, A. D. (2023). Sharing the dividend tax credit pie: The influence of individual investors on ex-dividend day returns. Journal of Financial Markets, 62, 100740. https://doi.org/10.1016/j.finmar.2022.100740

Al-Khasawneh, J. A., Ali, H., & Hassanein, A. (2024). How do stock markets react to dividend announcements during the COVID-19 pandemic? Evidence from the GCC markets. International Journal of Islamic and Middle Eastern Finance and Management, 17(4), 746–769.

Amihud, Y. (2002). Illiquidity and stock returns: Cross-section and time-series effects. Journal of Financial Markets, 5(1), 31–56.

Amihud, Y., & Noh, J. (2021). Illiquidity and stock returns II: Cross-section and time-series effects. The Review of Financial Studies, 34(4), 2101–2123.

Asem, E., & Alam, S. (2021). The abnormal return associated with consecutive dividend increases. The European Journal of Finance, 27(3), 222–238. https://doi.org/10.1080/1351847X.2020.1801482

Batra, S., Saini, M., & Yadav, M. (2023). Mapping the intellectual structure of corporate governance and ownership structure: A bibliometric analysis. International Journal of Law and Management, 65(4), 333–353. https://doi.org/10.1108/IJLMA-01-2023-0001

Bayu, I. G. A. N. B., & Purbawangsa, I. B. A. (2023). Comparative Study of Abnormal Return on Dividend Distribution in Companies in the Indonesia Stock Exchange. European Journal of Business and Management Research, 8(1), 168–172.

Bhattacharya, S. (1979). Imperfect information, dividend policy, and" the bird in the hand"

fallacy. The Bell Journal of Economics, 259–270.

Chatterjee, C. and Tiwari, S. (2022), «Dividend reduction and stock price reaction in Indian market: is there a role of share repurchase?", Journal of Indian Business Research, Vol. 14 No. 4, pp. 447- 471. https://doi.org/10.1108/JIBR-11-2020-0348.

Chowdhury, J., & Sonaer, G. (2016). Ex-dividend day abnormal returns for special dividends. Journal of Economics and Finance, 40(4), 631–652. https://doi.org/10.1007/s12197-015-9317-7

Chuang, H. (2020). The impacts of institutional ownership on stock returns. Empirical Economics, 58(2), 507–533. https://doi.org/10.1007/s00181-018-1519-3

Daryaei, A. A., & Fattahi, Y. (2022). Stock liquidity and stock return: An asymmetric impact of institutional ownership approach. Corporate Governance: The International Journal of Business in Society, 22(4), 781–797.

Dupuis, D. (2019). Ex-dividend day price behavior and liquidity in a tax-free emerging market. Emerging Markets Review, 38, 239–250. https://doi.org/10.1016/j.ememar.2019.02.001

Efthymiou, V. A., Episcopos, A., Leledakis, G. N., & Pyrgiotakis, E. G. (2021). Intraday analysis of the limit order bias on the ex-dividend day of U.S. common stocks. International Review of Economics & Finance, 72, 405–421. https://doi.org/10.1016/j.iref.2020.11.017

Elton, E., & Gruber, M. (1970). Marginal Stockholder Tax Rates and the Clientele Effect. The Review of Economics and Statistics, 52, 68–74. https://doi.org/10.2307/1927599

Endri, E., Fauzi, F., & Effendi, M. S. (2024). Integration of the Indonesian stock market with eight major trading partners' stock markets. Economies, 12 (12), 350.

Eugster, N., & Isakov, D. (2019). Founding family ownership, stock market returns, and agency problems. Journal of Banking & Finance, 107, 105600.

Fama, E. F. (1970). Efficient market hypothesis: A review of theory and empirical work. Journal of Finance, 25(2), 28–30.

Franzoi, F., & Mietzner, M. (2021). Family affairs–Corporate governance involvement of families and stock market returns. Investment Management and Financial Innovations, 18(2), 350–364.

Gorenc Novak, M., & Velušček, D. (2016). Prediction of stock price movement based on daily high prices. Quantitative Finance, 16(5), 793-826.

Gumanti, T. A. (2009). Teori sinyal dalam manajemen keuangan. Manajemen Usahawan Indonesia, 38(6), 4–13.

Kotcharin, S., Maneenop, S., & Jaroenjitrkam, A. (2023). The impact of government policy responses on airline stock return during the COVID-19 crisis. Research in Transportation Economics, 99, 101298.

Kreidl, F. (2020). Stock-Market Behavior on Ex-Dates: New Insights from German Stocks with Tax-Free Dividend. International Journal of Financial Studies, 8(3), 58. https://doi.org/10.3390/ijfs8030058

Kreidl, F., & Scholz, H. (2021). Exploiting the dividend month premium: Evidence from Germany. Journal of Asset Management, 22(4), 253–266. https://doi.org/10.1057/s41260-021-00215-3

Marisetty, N., & Babu, M. S. (2021). Dividend Announcements and Market Trends. International Journal of Economics and Finance, 13(10). https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3891332

Marozva, G. (2019). Liquidity and stock returns: New evidence from Johannesburg Stock Exchange. The Journal of Developing Areas, 53(2), 79–90.

Marozva, G. (2020). Liquidity mismatch index and banks' stock returns. https://ijeba.com/journal/641/download/Liquidity+Mismatch+Index+and+Banks%E2%80%99+Stock+Returns.pdf

Melia, Noholo, S. and Mahmud, M. (2024) 'Analisis Abnormal Return dan Trading Volume Activity Sebelum dan Sesudah Ex-Dividend Date: Studi Kasus pada Perusahaan High Dividend 20 yang Terdaftar di Bursa Efek Indonesia Tahun 2023', Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah, 6(9), pp. 6633–6647. doi: 10.47467/alkharaj.v6i9.2767.

Orlowski, L. T. (2020). Capital markets integration and economic growth in the European Union. Journal of Policy Modeling, 42(4), 893-902.

Pandey, D. K., Kumari, V., & Tiwari, B. K. (2022). Impacts of corporate announcements on stock returns during the global pandemic: Evidence from the Indian stock market. Asian Journal of Accounting Research, 7(2), 208–226.

Priestyaloka, A. A. D. A., & Suryanawa, I. K. (n.d.).

The Differences of Abnormal Return and Trading Volume Activity in Cum-Dividend Date Events. Retrieved July 20, 2024, from https://www.ajhssr.com/wp-content/uploads/2023/08/Q23708172180.pdf

Qadar, A. (2023). An Examination of Stock Price Behavior and Trading Volume around Ex-Dividend Day: Empirical Evidence from Pakistan. 3(1).

Spence, M. (1973). Job market signaling the quarterly journal of economics, 87 (3). MIT Press, August, 355, 374.

Sunardi, S., Noviolla, C., Supramono, S., & Hermanto, Y. B. (2023). Stock market reaction to government policy on determining coal selling price. Heliyon, 9(2).

Tamara, T., Munir, Q., & Maria, K. (2020). The ex-dividend-day behavior of stock prices and volume: the case of pharmaceutical dividend aristocrats. The Singapore Economic Review, 65(04), 889–915. https://doi.org/10.1142/S0217590819500243

Tauseef, S., & Dupuy, P. (2022). Pakistan: A study of market's returns and anomalies. Journal of Economics, Finance and Administrative Science, 27(54), 344–363.

Van Dinter, R., Tekinerdogan, B., & Catal, C. (2021). Automation of systematic literature reviews: A systematic literature review. Information and software technology, 136, 106589.

Weli, W., & Handayani, C. (2024). The Relationship Between Dividend Announcements And Ex-Dividend Dates On Stock Prices Before And During The Pandemic In The Indonesian Stock Market. Jurnal Akuntansi, 14(3), 229-240.

Yasar, B., Martin, T., & Kiessling, T. (2020). An empirical test of signalling theory. Management Research Review, 43(11), 1309–1335.

Zhang, X., Zhao, X., & Qu, L. (2021). Do green policies catalyze green investment? Evidence from ESG investing developments in China. Economics Letters, Query date: 2023-01-03 15:15:50.