The relationship Between the Liquidity of the Stock and Stock Returns in Terms of Restrictions on the Financing of the Companies Listed in Tehran Stock Exchange

Tahereh Zandi¹, Marzieh Bayat², Yavar Mir Abbasi³

1. MSc in Accounting, Faculty of Humanities, Hamadan Branch, Islamic Azad University, Hamadan, Iran.
2. Prof. Scientific Board Limb of Management Administration, Faculty of Management, Hamadan Branch, Islamic Azad University, Hamadan, Iran.
3. Management Dept, Hamadan Branch, Islamic Azad University, Hamadan, Iran.

Corresponding Author email: t.zandi66@gmail.com

ABSTRACT: Lack of liquidity causes The shareholders at the time of purchase or sale of shares bearing face charges That is When investors buy stocks, stocks with high liquidity are demanding higher returns. The objectives of this study was to investigate the relationship between stock liquidity And stock return with an emphasis on restrictions on the financing of listed companies Tehran is in stock and OTC securities. In this study, 91 samples of companies listed on Tehran Stock Exchange and OTC Exchange in the period 2009-2014 has been used for 5 years. In this study, measures of breadth, depth and intermediation market, cash flow, the ratio of long-term debt, The size and growth of the company's sales and industry sales growth and return on equity of independent variables, moderator, and affiliates is used. In this study, multiple linear regression model and analysis pooled results from software Eviews7 is used. The new outcome data extraction software is used. The study hypothesis significance testing more than 0.05 and less original hypothesis. After running the above hypothetical models to the conclusion that, The gap between market breadth, depth market and by market index The stock returns of companies with financial constraint, there is no significant relationship. But the lack of market depth and intermediation market indicators and stock returns In companies without restrictions on financing there is a significant positive relationship.

keywords: The extent of the market, direct marketing, market depth, stock returns.

INTRODUCTION

Accounting Research focuses That several factors, including internal factors (or factors relating to the Company), economic factors, psychological factors, political factors, etc. can The behavior of investors and creditors in exchange Bhadartht impact. But one of the most important factors in stock market liquidity, which is The ability to buy and sell stocks with minimal cost and minimal time. This criterion as one of the factors is The shareholders are to consider when purchasing its shares. Liquidity in financial markets and securities available at the lowest cost and lowest price applies. Because of lower liquidity (illiquidity) contributions, Implying high investment risk for investors And consequently higher expected rate of return on shareholders The reduced liquidity or increased illiquidity relatively unfavorable financing through the share issue makes In other words, the lack of liquidity causes The shareholders at the time of purchase or sale of shares bearing the costs to be met That is When investors buy stocks, stocks with high liquidity are demanding higher returns. As studies show Increased return on equity from investors is decreasing liquidity We continue to examine issues related to the main subject of research.

And Theoretical Research

The liquidity of a stock sheet mean it is possible to sell fast The shares can be sold faster and at a lower cost, We can say that the liquidity of the share more. Securities that are traded on a daily basis and repeatedly To
the securities that are traded on a daily basis and to low frequency. The more liquidity and ultimately lower risk (Baker and Stein, 2003). The role of liquidity in asset valuation is important. Because investors and creditors are paid special attention to this topic And if they apply for financing economic unit Special attention will have liquidity of its shares. As the liquidity of the stock is less, Its share will be less attractive for accreditation, Unless the creditor earn greater returns (Kiel et al., 2003). Liquidity is a function of the ability to quickly deal with high volumes of securities and the cost is low. This means that asset prices in the interval between order to buy, not much has changed (Liu, 2006). On the other hand the issue of liquidity as a determining factor in stock returns since the mid-1980s has been proposed. Some investors may Investment funds are needed quickly In such cases, the liquidity of assets that can be Be important (Sheikh and Safarpur, 2006). Assets (securities) that are traded on the Stock Exchange was welcomed by the encounter, May indicate the speed of their liquidity (Abrzy, 2005). Some researchers such as Baker and Stein (2003) positive relation between stock returns and liquidity Have been And some like life, have announced losses and negative Lvkyl However, this has not stopped studying in the field The results of this study indicate that factors affecting liquidity is the return on assets And has always been of interest to investors (Miguel, 2005).

Due to the effect of liquidity on the expected return, cost of capital, company values, results obtained That the liquidity of financial constraint and there is a significant relationship between stock returns And can the results for managers, investors and researchers capital market analyst, Iran is helpful and important. RvhdF this study examines the relationship between stock liquidity and stock return with an emphasis on the financial constraint. In this study, the research is the question Whether the liquidity of the stock and stock returns in terms of restrictions on financing In companies listed in Tehran stock exchange and OTC securities there is a significant difference? Huge Yancheshmeh (2015) studied the relationship persistence of accruals and stock returns payments. If investors do not predict lower earnings persistence, This may lead to mispricing stock. Findings show that there is a significant negative relationship between accruals and stock returns.

Ghorbani et al (2014), the effect on the quality of financial reporting unusual volatility stocks In companies listed on the Tehran Stock Exchange During a ten-year period from 2000 to 2010 were studied. The results indicate that the quality of financial reporting unusual volatility stocks have the opposite effect.

Small gesture (2011) concludes The relationship between trading volume and market efficiency, there is no market disruption; So evidence of bias was observed cross-confidence among investors Tehran Stock Exchange. Dukakis et al (2014), our results indicate that a strong negative correlation between stock returns and future profitability.

Jones and colleagues (2010) examined the relationship between stock returns and liquidity strength of it. Use standard Myhvd illiquidity and Liu, the Tokyo stock market's illiquidity measure And finally concluded that A negative correlation (positive), strong liquidity (illiquidity) and stock returns there. Weiss (2004), four dimensions of liquidity in its study has identified the species
1) time of the transaction, that transaction as the ability for instant defined at the current market price;
2) strength, as a potential asset sales in nearly a defined cost and time;
3) depth, the ability to buy or sell a certain amount of an asset is defined without affecting the price and
4) reversibility as a fast return to previous levels after the change in price is defined with great deals.

Myhvd (2002) announced The expected market illiquidity have a positive relationship with the anticipated return surplus stocks. He proved in his research Expected return part of the surplus can be expressed by mere illiquidity.

TOOLS AND METHODS

The purpose of applied research is the correlation method. Also, because the study to describe what it is Or describe the current situation without manipulation (and not specific to the requirements and recommendations) And according to the judgments of value in this study is light, Among the research is descriptive study accounting. In addition, given that historical information will be used in hypothesis testing The experimental research groups are classified. The study in terms of empiricist epistemology, Inductive reasoning in terms of the type of system and library, field study Using historical data for the Rueda (using past data) is. Community research on listed companies in Tehran Stock Exchange is on. After collecting the data needed to conduct research, Choose the right tools to calculate and analyze data related to the variables, is very important. In order to perform calculations and preparing data And information needed for research and In their analysis, the software Eviews (version 7) is used.

Hypothesis

The main hypothesis : The liquidity of shares of stock in companies with limited efficiency In finance there is a significant positive relationship.
Hypothesis: The liquidity of shares and stock returns in companies without restrictions in finance there is a significant positive relationship.

Findings

normality test data
The first step to begin the process of testing hypotheses, Check the normality of the data. To check data normality assumptions have been formulated as follows:

Normal distribution:
Data distribution is not normal
To test the hypothesis of Kolmogorov–Smirnov test was used. The results in table (4-4) is provided.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sample</th>
<th>Z</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock returns</td>
<td>RET</td>
<td>1.063</td>
<td>0.224</td>
</tr>
<tr>
<td>Market expansion slot</td>
<td>SPREAD</td>
<td>0.881</td>
<td>0.420</td>
</tr>
<tr>
<td>Indicators of market depth</td>
<td>DEPTH</td>
<td>9.305</td>
<td>0.000</td>
</tr>
<tr>
<td>Index intermediation market</td>
<td>IMMEDIACY</td>
<td>5.225</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The results of the test (K-S) shows The distribution of the dependent variable (return on equity) does not follow a normal distribution (For a significance level of 5% K-S) Regarding the dependent variable is normally distributed Parametric statistical methods are used.

The main hypothesis test results
The main hypothesis: Between stock liquidity and return on shares in companies with financial constraint there is a significant positive relationship.
To test this hypothesis, the hypothesis of zero and one are defined as follows:
Between stock liquidity and return on shares in companies with financial constraint, there is a significant positive relationship.
Between stock liquidity and return on shares in companies with financial constraint there is a significant positive relationship.
To test this hypothesis the following model is used:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sample</th>
<th>Regression t</th>
<th>sig</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market expansion slot</td>
<td>SPREAD</td>
<td>2.433</td>
<td>0.582</td>
<td>0.560</td>
</tr>
<tr>
<td>Indicators of market depth</td>
<td>DEPTH</td>
<td>19.678</td>
<td>1.767</td>
<td>0.078</td>
</tr>
<tr>
<td>Index intermediation market</td>
<td>IMMEDIACY</td>
<td>0.170</td>
<td>1.050</td>
<td>0.294</td>
</tr>
<tr>
<td>Constant</td>
<td>C</td>
<td>0.201</td>
<td>2.583</td>
<td>0.010</td>
</tr>
<tr>
<td>F statistic</td>
<td></td>
<td></td>
<td>1.770</td>
<td>Durbin-Watson statistic</td>
</tr>
<tr>
<td>(The significance level)</td>
<td></td>
<td></td>
<td>(0.153)</td>
<td>Jarkko statistics (level of significance)</td>
</tr>
<tr>
<td>(The coefficient of determination)</td>
<td>0.023</td>
<td></td>
<td></td>
<td>(0.108)</td>
</tr>
<tr>
<td>Godfrey</td>
<td></td>
<td>2.700</td>
<td>Prob.0.108</td>
<td></td>
</tr>
<tr>
<td>ARCH</td>
<td></td>
<td>0.028</td>
<td>Prob.0.865</td>
<td></td>
</tr>
</tbody>
</table>

According to the first hypothesis test results in the table (2) is provided. Given that the population into two companies with financial constraint And enterprises lack financial constraint divided And the level of significance is less than 05/0. So obviously Pooled data to the panel data method method is preferred. According to statistics, as well as the significant level of ARCH, 865/0 and, Variance heterogeneity is not a regression. Godfrey was tested at a later stage statistics The significance level was 108/0 Godfrey statistics, it shows that Regression serial correlation is not your problem. Then, according to the statistic F (153/0) with a significance level of 5 percent, So no explanatory power of the regression. Determining model suggests That 3.2% of the variability of stock returns can be explained by the variables in the model. It also reviews the assumptions of the classical regression test results indicate that Jarkvbra Residues resulting from the model are 95% of the normal distribution Indeed, the significance level for this test is larger than 05/0.(\cdot1\cdot\cdot\cdot\cdot\cdot). Also according to the value of between 5/1 and 5/2 is the
Durbin-Watson statistic model (540/1) It can be Said the model, There is no residual autocorrelation problem. Finally, given the significant level of liquidity of stock items(Gap wide of the mark, market depth and intermediation market index) (Independent variables) is over 05/0 Therefore, the liquidity of stock items(Gap wide of the mark, market depth and intermediation market index) There is no significant relationship with stock returns. Finally, co-linearity test of the research variables value and VIF(Variance inflation factor) For all the variables that represent the smaller 10 There is no problem of severe co-linearity between variables.

**sub-hypothesis test results**

Subhypotheses: The liquidity of shares and stock returns in enterprises lack financial constraint there is a significant positive relationship. To test this hypothesis, the hypothesis of zero and one are defined as follows:
The liquidity of shares and stock returns in enterprises lack financial constraint, there is a significant positive relationship.

The liquidity of shares and stock returns in enterprises lack financial constraint there is a significant positive relationship.

To test this hypothesis the following model is used:

\[
RET_{i,t} = \beta_0 + \beta_1 \text{Spread}_{i,t} + \beta_2 \text{Depth}_{i,t} + \beta_3 \text{Immediacy}_{i,t} + \epsilon_{it}
\]

<table>
<thead>
<tr>
<th>Table 3: results of the first sub-hypothesis test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Market expansion slot SPREAD</td>
</tr>
<tr>
<td>Indicators of market depth DEPTH</td>
</tr>
<tr>
<td>Index intermediation market IMMEDIACY</td>
</tr>
<tr>
<td>Constant C</td>
</tr>
<tr>
<td>F statistic</td>
</tr>
<tr>
<td>(The significance level)</td>
</tr>
<tr>
<td>(The coefficient of determination)</td>
</tr>
<tr>
<td>Godfrey</td>
</tr>
<tr>
<td>ARCH</td>
</tr>
</tbody>
</table>

According to the second hypothesis test results in the table (4-8) is provided, Given that the population into two companies with financial constraint And enterprises lack financial constraint divided Therefore, it is obvious that Pooled data to the panel data method method is preferred. According to statistics, as well as the significant level of ARCH, 694/0 and, Variance heterogeneity is not a regression. Godfrey was tested at a later stage statistics The significance level was 297/0 Godfrey statistics, This indicates that Regression serial correlation is not your problem. Then, according to the statistic F (000/0) with a significance level of 5 percent, The explanatory power of the regression. Determining model suggests that17.5% of the variance in stock returns is explained by variables in the model. It also reviews the assumptions of the classical regression test results suggest that Jarkvbra The remaining 95% of the results of the model are normal distribution indeed, the significance level for this test is larger than 05/0 (108/0). Also according to the value of between 5/1 and 5/2 is the Durbin-Watson statistic model (951/1) Therefore, we can say that the model, there is no residual autocorrelation problem. Finally, given the significant level of liquidity of stock items( Depth market with a significance level of 0.000 and a significant level of market intermediation index 005/0) (independent variables) Which is under 05/0 So between items stock liquidity (market depth and intermediation market index) Positive and significant correlation with stock returns in enterprises lack financial constraint there. Finally, co-linearity test of the research variables value and VIF (variance inflation factor) For all the variables than 10 smaller and Indicates that There is no problem of severe co-linearity between variables.

<table>
<thead>
<tr>
<th>Row</th>
<th>Independent variables</th>
<th>Companies with financial constraint</th>
<th>Enterprises lack financial constraint</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Market expansion slot</td>
<td>No significant relationship</td>
<td>No significant relationship</td>
</tr>
<tr>
<td>2</td>
<td>Indicators of market depth</td>
<td>No significant relationship</td>
<td>A significant positive correlation</td>
</tr>
<tr>
<td>3</td>
<td>Index intermediation market.</td>
<td>No significant relationship</td>
<td>A significant positive correlation</td>
</tr>
</tbody>
</table>


DISCUSSION AND CONCLUSION

Lack of liquidity of the stock causes. At the time of the purchase or sale of shares bearing the costs are Rvbhvr The cause When investors buy shares, Are demanding greater returns than stocks with high liquidity. Finally, with regard to the liquidity impact on expected return, cost of capital, And the value of the company, The aim of this study was to investigate the relationship between stock liquidity and Stock returns of companies listed on the Stock Exchange of Tehran. In addition to the theoretical foundations mentioned. The findings show that The gap between market expansion, market depth and intermediation market index Stock returns in companies with financial constraint there is no significant relationship But the market depth and intermediation market index In companies with stock returns without restrictions on financing there is a significant positive relationship. The results of the research can be said, Companies that are faced with constraints on financing The company further evidence of market liquidity, Stock returns are significant and can not be seen And this means that These companies with financial constraint, which leads to a lack of economic development, are facing. But on the positive relationship between stock liquidity and return on equity in companies without restrictions The financing also can be said that With regard to the shares with high liquidity The demand for such stocks, there is usually Accordingly, this case led to rising prices of these stocks are The difference is that the price increase stock returns.

Practical suggestions resulting from findings

According to the results of the practical recommendations made following is recommended:

According to the results of the first test, Because there is no significant relationship between stock liquidity and stock returns Restrictions financing in companies listed and OTC securities Tehran, To government officials and others involved in the financing of companies in the country influence is suggested The appropriate solution to the situation in order to create a stable and appropriate financing and Reduction in the number of companies that do have restrictions on financing Search to find the best way to reduce restrictions are financing companies. Because, despite the limitations of volatile and unpredictable liquidity And high-yield companies limit is impossible.

According to the results of hypothesis testing, That there is a significant relationship between stock liquidity and return on equity financing without limitation, It is recommended that decision-makers and economic policy, Time monetary and fiscal policy at the macro level, Consider the impact of liquidity on stock selection. Considering that the aim of winning the trust of the owners of the company's managers, After Bashndkh should consider increasing stock liquidity will lead to increased stock returns, And this can result in companies without restrictions In financing to the transfer of debt to equity capital structure will be more.

According to the results of the second hypothesis, That there is a positive correlation between stock liquidity and stock returns In companies without restrictions on financing, It is recommended to exchange organization, Laws and regulations that Company structural cause More stock liquidity and less restricted to financing, benefit.

REFERENCES


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