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Research Article

ASSET LIQUIDITY, STOCK LIQUIDITY AND INVESTMENT DECISIONS

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ABSTRACT
Risk of stock liquidity can be known as one of the factors intervened in determining the expected return of investors. Determining a criterion based on characteristics of the firm which can help for determining the stock liquidity can result in suitable decision making of investors. The main purpose of the present research is to examine the relationship between asset liquidity, stock liquidity and effect of investment policies and financing decisions on this relationship in firms listed in Iran Capital Market. The present research is a descriptive correlation. The sample group consists of 99 firms listed in Tehran stock exchange that their data were collected and analyzed for an 8-year period (2006-2013). Zero return criterions have been used to measure stock liquidity. Asset liquidity has been calculated via weighted liquidity of assets. The research hypotheses have been tested via regression models and the results from hypotheses testing indicate that there is a significant and direct relationship between asset liquidity and stock. Further, results indicate that there is less significant relationship between asset liquidity and stock liquidity in the firms with higher growth opportunities and there is more significant relationship between asset liquidity and stock liquidity in the firms with higher financing limitation.

Keywords: *Asset Liquidity, Stock Liquidity, Investment Decisions*

INTRODUCTION
Liquidity has been mentioned as one of the favorable features of competitive markets. Liquidity implies the ability to trade large amounts of securities quickly without affecting their price appreciably. Low price effect implies that no change occurs in asset price during order to purchase (Gopalan *et al.*, 2009). Liquidity in financial texts means asset liquidity and stock liquidity. An asset is cash if it enables to be transformed to cash flow with low cost and speed.

According to what mentioned above, a company is going to be liquidated if it has high ratio of cash assets such as cash flows in its balance sheet. The second concept refers to stock liquidity traded in company. According to this concept, a company is going to be liquidated when its stock enjoys a high liquidity (Salavati & Rasaeian, 2007). Role of liquidity factor is of great importance in pricing stock; because investors put a huge emphasis on this point that whether a suitable market exists for them when they decide to sell their stock (Choi *et al.*, 2010).

The less liquidity of a stock, the stock will be less attractive to investors (Yahyazadeh & Khoramdin, 2008). In the past, indirect evidences on effect of asset liquidity on stock liquidity have been obtained in several studies. Specifically, these studies propose the studies on how the asset liquidity affects the costs of financial crisis and reduces information asymmetry.

They argue that asset liquidity with reducing information asymmetry reduces the dealer's bid-ask spread. They argue that asset liquidity with reducing information asymmetry causes a reduction in the dealer's bid-ask spread and as a result an increase in stock liquidity. Liquid assets such as cash flow and its equivalent can be simply evaluated, in which little information asymmetry has been witnessed. Yet, less liquid assets including investments and growth opportunities can be hardly evaluated, in which the probability for potential transactions and as a result information asymmetry is more (Aboody and Lev, 2000).

Since stock of a company is a claim to its real assets, it can deduce that stock liquidity of company must reflect liquidity of its fundamental assets. With regard to what mentioned above, the main question of research is as follow: whether asset liquidity affects stock liquidity?

Research Article

Literature Review

Understanding and examining liquidity by means of its role and effects in capital market is of great importance. Liquidity besides the factors such as information asymmetry and disclosure can play a major role in quality of a market especially stock market (Grecuhina and Timofejeva, 2008). On the other hand, liquidity as an important feature of securities is of great importance from different perspectives, because lack of liquidity affects stock liquidity risk and as a result the expected rate of return, whereby liquidity plays a major role in determining the cost of business capital. The more liquidity power exists in stock of a firm, the return from lack of stock liquidity decreases, resulting in lower capital cost and higher market value (Moghadas, 2011). Further, liquidity can affect decisions in capital structure. Therefore, firms with more liquid equity are more motivated to issue equity than that less liquid equity. As a result, capital structure choices are likely influenced by liquidity (Udomsirikul, 2011). There are evidences showing that liquidity of stock market predicts growth and accumulation of capital and improvement of productivity, and stock markets with high liquidity power provide the infrastructures for economic growth (Jun *et al.,* 2003). Liquidity has been regarded as the most important determinant for future stock function. In addition, degree of stock liquidity indicates friction in market and sensitivities of companies relying on it (Bohemi and Colak, 2012). Liquidity through reducing transaction costs serves as incentive for engaging in transactions, which ability of the individuals in market in access to potentials from transactions directly relies on liquidity levels (Verrier, 2010). Increasing liquidity can have an increasing effect of financial risk through reducing portfolio costs and investors' motivation in their transaction decisions. With increasing liquidity, transaction cost will reduce to a large extent; as a result liquidity through reducing transaction costs serves as a transaction incentive (Morad *et al.,* 2010). Further, liquidity plays a major role in process of price discovery. The theoretical models proposed by Amihud and Mendelson (1986) reveal that liquidity is considered as a pricing risk factor. Illiquidity is followed by price return premium (Moghadas, 2011). On the other hand, the shocks existing in different sectors of capital market can have severe effects on illiquidity, such that if liquidity had been considered as a pricing risk, these shocks might influence price of assets and expected return by means of fluctuations in liquidity. Hence, evaluation and examination of secondary market liquidity have been regarded as a significant issue for the managers, investors, exchanges, market participants and legal entities (Verrier, 2010). A large part of theoretical research indicates that two factors have a potential role in stock liquidity including insecure evaluation of firm assets and informed stock transactions. Structure of company's assets plays a key role in extent of uncertain assessment and transaction with confidential information. For instance, the assets such as cash and cash equivalents can be simply evaluated and cause reduction in the transactions based on confidential information. On the other hand, growth opportunities and investments are evaluated harder causing an increase in the transactions based on confidential information. Since stock of firms is a claim to the cash flows generated through the assets under control of that firm, we predict that asset liquidity of firm directly associate to stock liquidity of that firm (Gopalan *et al.,* 2012). Assets of a firm keep constantly changing with management decisions, thus the relationship between asset liquidity and stock liquidity depends on the market's expectations about management decisions. Gopalan *et al.,* (2012) indicated that when high asset liquidity diminishes uncertainty regarding valuation of existing assets, future investments and uncertainty associated to it increases. Further, it was specified that asset liquidity improves stock liquidity in the firms in which there is little probability for reinvestment of their liquid assets. Their model indicated that there is a positive relationship between asset liquidity and stock liquidity of firm. This relationship gets stronger in the companies with the opportunity for low growth and financial limitation. For this, in these companies, more cash flow is seen in balance sheet and less investment is seen in new projects. Shen (2003) has been the first one who examines the relationship between two concepts of liquidity. He linked two concepts to each other using the concept of information asymmetry. The gap between purchase price and selling price of shares has been the criterion for stock liquidity and ratio of market value to book value, fixed asset ratio and ratio of tangible assets to total assets have been the criteria for asset liquidity. He indicated that stock of the companies with lower liquid assets has higher liquidity. Gopalan *et al.,* examined the relationship between bid-ask spread and asset

liquidity of American firms during 1964-2006. They argued that such relationship depends on market's expectations about arrangement of firm's liquid assets. In their research, the assumption has been grounded on this fact that stock liquidity associates to the management decisions such as investment and financing which change asset liquidity of firm. After controlling fixed effects, firms deduced that increasing standard deviation in cash flow as a ratio of book value to sum of firm's assets per unit causes increasing about 12.5% stock liquidity (Copeland *et al.*, 2008). Gopalan *et al.*, (2009) in another research proposed a model for the relationship between investment decisions, asset liquidity and stock liquidity. They deduced that high asset liquidity increases future investments, associated to uncertainty. They showed that increasing asset liquidity per unit is followed by increase of firm's stock liquidity to 15%. Their model indicated that asset liquidity has more positive effect on stock liquidity of firms with lower growth opportunity. Further, they perceived that one dollar cash flow for the firms with low stock liquidity has a value more than one dollar. Gopalan *et al.*, (2009) in another research examined the relationship between asset liquidity and liquidity of financial claims on these assets, during which they linked financial decisions of firm to stock liquidity. Their model indicated that when high liquidity of assets diminishes uncertainty regarding valuation of existing assets, future investments and uncertainty increase. Further, it was specified that asset liquidity improves stock liquidity in the firms in which there is little probability for reinvestment of liquid assets, that is, the firms which have lower growth opportunity faced with financial constraint. Their model indicated that there is a huge positive relationship between asset liquidity and stock liquidity of firm, which such relationship gets stronger in the firms with low growth opportunity and high financial constraint. Gopalan *et al.*, (2009) depicted the relationship between asset liquidity and stock liquidity in a model. They considered theory of valuation uncertainty and theory of investment uncertainty in their model. Their model indicated that the relationship between asset liquidity and stock liquidity is ambiguous due to two competing theories. However, their empirical study indicated that there is a positive relationship between asset liquidity and stock liquidity in United States' business units. In second hypothesis, using ratio of market value to book value and capital expenditure to identify the growing business units, they perceived that there is a positive relationship between asset liquidity and stock liquidity at business units with positive growth opportunities. In examining their third hypothesis, they perceived that such relationship is more positive for smaller business units. Mehrani & Rasaeian (2009) conducted an article entitled "stock liquidity and asset liquidity". The main purpose of this article is to examine the relationship between bid-ask spread as the criterion for firms' stock liquidity and ratio of sum of cash flow to sum of assets as the criterion of asset liquidity in Tehran stock exchange. Results indicate that there is a negative insignificant relationship between bid-ask spread and asset liquidity of firm, that is, despite existing literature, change in asset liquidity of firms listed in Tehran stock exchange does not justify the changes in their bid-ask spread. Results of this research are inconsistent with results of research by Gopalan *et al.*, (2008) indicating a positive relationship between stock liquidity and asset liquidity.

Masjed (2010) in a research examined the relationship between asset liquidity and stock liquidity using three criteria of turnover ratio of transaction volume, illiquidity and zero return as the stock market liquidity indicators. It should be noted that the statistical population consisted of non-financial firms listed in Tehran stock exchange during 2004-2008. Results of research indicate that there is a significant relationship between asset liquidity and stock liquidity. Firouzi *et al.*, (2012) evaluated the relationship between asset liquidity and stock liquidity. This research has examined the relationship between asset liquidity and stock liquidity of firm in the Pharmaceutical Industry firms listed in Tehran stock exchange during 2008-2009, in which the criterion of turnover ratio of transaction volume as the indicator of liquidity index. Results of research indicate that there is a significant relationship between asset liquidity and stock liquidity. This relationship depends on market's expectations in relation to development of liquid assets of business units. Hence, hypotheses of this research link the stock liquidity to those management functions (investment, financing, payment of dividends) that change asset liquidity of business units. According to the prediction, result indicates that increasing asset liquidity increases stock liquidity after controlling fixed factors in business unit. This relationship will be stronger when there is

little probability for transforming liquid assets to illiquid assets by management and when there is more annual dividend payment.

Research Hypotheses

The present research formulates the research hypotheses below aiming at examining the relationship between asset liquidity and stock liquidity and effect of investment policies and financing decisions on this relationship.

1-There is a significant relationship between asset liquidity and stock liquidity.
2-There is little relationship between asset liquidity and stock liquidity in the firms with higher growth opportunities.
3-There is more relationship between asset liquidity and stock liquidity in the firms with more financing constraint.

Statistical Population and Sample Group

In the present research, the stratified and audited financial data of the firms listed in Tehran stock exchange are used to test the research hypotheses. The statistical population above has been limited regarding the conditions and considerations below, of which the sample group is extracted.

1-financial year of the firm must be ended in the last month of the year.
2-the firm must involve in stock exchange during 2006-2013.
3-there must be no change in financial year in the firm in the period under study.
4-the firm must not be among the banks, financial, investment, leasing and insurance firms.
5-the financial information of firm must be available in the period under study.

As a result, 99 firms were selected among the statistical population using elimination selection.

MATERIALS AND METHODS

Research Method

Descriptive correlation has been used as the research method. The research method is descriptive as it aims to describe the conditions or phenomena under study considered for recognition of existing conditions and correlation as the relationship between variables is considered. In these studies, there is a significant relationship between variables which aims to examine this relationship. The present research examines the relationship between variables, seeking to approve this relationship under current conditions based on historical data. On the other hand, it can consider it as the prospective research. The present research is an applied research in sake of aim, in which the relationship between asset liquidity and stock liquidity is examined in the firms listed in Tehran stock exchange. On the other hand, the present research intends to examine effect of investment policies and financing decisions on the aforementioned relationship. After collecting data which is required for conducting research, selection of suitable instruments to analyze the information pertaining to variables is of great importance. Calculations on data are made via software Excel and research hypotheses are tested via software Eviews and Stata. In the present research, zero return is used to calculate stock liquidity. This criterion which has been introduced by Lesmond *et al.,* (1999) and Gopalan *et al.,* (2012) is as follow:

$Zero_{it} = Zeroreturn_{it}/Tradingday_{it}$

$Zeroreturn_{it}$ represents number of days with zero return for stock i in year t and $Tradingday_{it}$ represents number of transaction days of stock i in year t. to transform the equation above to a liquidity index, this relationship is used in form of $1\text{-}Zero_{it}$. In the present research, measurement of asset liquidity is an independent variable. Using method of Gopalan *et al.,* (2012), firstly rank of assets of any company is made based on different degrees of liquidity and allocation of score of liquidity is made in the range of 0-1 per each asset class so as to measure asset liquidity. Then, calculating the weighted average is made from liquidity scores in different assets for each firm. In this measurement, score 1 is given to cash inventory, 0.75 is given to non-cash assets, 0.5 is given to tangible fixed assets and 0 is given to intangible assets.

$$Wal_{it}=\frac{Cash}{TotalAssets}\times 1+\frac{Non\text{-}Cash\ Ca}{TotalAssets}\times 0/75+\frac{Tangible\ Fa}{TotalAssets}\times 0/5+\frac{OtherAssets}{TotalAssets}\times 0$$

In equation above, Wal, Cash, non-cash Ca, tangible Fa, other assets and total assets are attributed to asset liquidity, cash inventory, non-cash assets, tangible fixed assets, other assets and total assets.
Control variables include accruals, return on assets and the logarithm of the market value which are calculated as follows:
Accruals: Accruals are considered for controlling difference in quality of profit assumed as a proxy for information asymmetry in connection with firm's revenue which is acquired through subtracting operating cash flow from profit.
Roa: it is called to return on asset which is acquired from dividing profit into sum of total assets.
LNMV: logarithm of market value.
The model below has been used to test the first hypothesis.

$$Liq_{it} = \beta_0 + \beta_1 wal_{it} + \beta_2 Accrual_{it} + \beta_3 Roa_{it} + \beta_4 LNMVit + \varepsilon_{it}$$

Liq: this represents stock liquidity.
The second hypothesis of the present research states that there is little relationship between asset liquidity and stock liquidity in the firms with higher growth opportunities. To test this hypothesis, firstly the firms in the sample group are divided into two groups with high and low growth and then the model above is fitted for each group. In the present research, ratio of market value to book value is used as the index of firm growth.
The third hypothesis of research states that there is more relationship between asset liquidity and stock liquidity in the firms with higher financing constraint. To test this hypothesis, firstly the firms in the sample group are divided into two groups with high financing constraint and low financing constraint and then the model above is fitted for each group. In the present research, ratio of debt to total asset is used as the index of financing constraint. In the present research, multivariate regression model using compositional data has been used to test hypotheses. F-Limer test is used so as to panel data method in estimation of models. Since p-value is greater than error level (5%), null hypothesis is not rejected and panel data method is used. F Fisher statistical test is used for significance of research and t-test is used for significance of each of variables to the dependant variable. The autocorrelation between error terms is identified via durbin-watson method. Lack of autocorrelation is shown in case durbin-watson statistics is in range of 1 to 3, indicating that error terms occur in random appeared as the real results, yet durbin-watson statistics out of this range indicates unreal results. First-order autoregressive (AR(1)) is used to resolve autocorrelation problem. Likelihood ratio tests (LRTs) is used to test equality of variances in panel data. According to this test, if the significance level is under 5%, null hypothesis will be rejected based on homogeneity of variance of residuals, as a result the model enjoys heterogeneity of variance. Hence, generalized least squares (GLS) are used to resolve the heterogeneity of variances.

RESULTS AND DISCUSSION

Research Findings

The research hypotheses are tested via regression models as follow.

Testing the First Hypothesis

This hypothesis aims to determine the relationship between asset liquidity and stock liquidity in the firms listed in Tehran stock exchange. F-Limer test must be made to examine this relationship. As shown in table 1, value of probability for F-Limer test is greater than 5%, thus the first hypothesis is tested via compositional data. Results of Likelihood ratio test indicate that there is heterogeneity of variance which GLS has been used to resolve it.
With regard to the results from table 1, it can deduce that there is a positive significant relationship between asset liquidity and stock liquidity. Concerning control variables, it can say that accruals, logarithm of firm's market value and return on asset have a positive significant relationship with dependant variable. The results in table above indicate that the calculated f value is greater than f value in table, thus it can say that the model is significant at probability 95%. In other words, this model enjoys a high validity. In this regards, null hypothesis is rejected and alternative hypothesis under the relationship between asset liquidity and stock liquidity is accepted.

Table 1: Results of the first hypothesis testing

$$Liq_{it} = \beta_0 + \beta_1 wal_{it} + \beta_2 Accrual_{it} + \beta_3 Roa_{it} + \beta_4 LNMVit + \varepsilon_{it}$$

Variable	Coefficient	Standard deviation	t-statistics	Sig
Width of origin	-1.2329	0.0256	-48.0581	0.0000
Asset liquidity	0.0369	0.0034	10.5874	0.0000
Accruals	0.0055	0.0005	10.2524	0.0000
Logarithm of firm's market value	0.0688	0.0009	73.3219	0.0000
Return on asset	0.0947	0.0085	11.1132	0.0000
Adjusted determination coefficient 0.5924 :			durbin-watson1.9766 :	
F18598.20 :			sig0.0000 :	
F-Limer 0.0000 :freedom degree98.7375 :			sig1.0000 :	
LR177.93 :			sig0.0000 :	

Second Hypothesis Testing

The second hypothesis of the present research states that there is little relationship between asset liquidity and stock liquidity in the firms with higher growth opportunities. To test this hypothesis, firstly the firms in the sample group are divided into two groups with high and low growth and then the model above is fitted for each group. In the present research, ratio of market value to book value is used as the index of firm growth.

As shown in tables 2 and 3, the probability value for F-Limer test is greater than 5%, thus second hypothesis is tested via compositional data. Results of Likelihood ratio test indicate that there is heterogeneity of variance which GLS has been used to resolve it and there is not heterogeneity of variance for the samples with low growth opportunity. Results of test have been represented in tables 2 and 3.

Table 2: Results of second hypothesis testing based on high growth opportunity

$$Liq_{it} = \beta_0 + \beta_1 wal_{it} + \beta_2 Accrual_{it} + \beta_3 Roa_{it} + \beta_4 LNMVit + \varepsilon_{it}$$

Variable	Coefficient	Standard deviation	t-statistics	Sig
Width of origin	-0.8828	0.0596	-14.8058	0.0000
Asset liquidity	0.0304	0.0063	4.7683	0.0000
Accruals	0.0583	0.0145	3.9983	0.0001
Logarithm of firm's market value	0.0559	0.0021	26.1677	0.0000
Return on asset	0.0548	0.0173	3.1641	0.0016
Adjusted determination coefficient 0.4314 :			durbin-watson2.1880 :	
F1953.893 :			sig0.0000 :	
F-Limer 0.0000 :freedom degree98.2563 :			sig1.0000 :	
LR177.90 :			sig0.0000 :	

Table 3: Results of second hypothesis testing based on low growth opportunity

$$Liq_{it} = \beta_0 + \beta_1 wal_{it} + \beta_2 Accrual_{it} + \beta_3 Roa_{it} + \beta_4 LNMVit + \varepsilon_{it}$$

Variable	Coefficient	Standard deviation	t-statistics	Sig
Width of origin	-1.7192	0.0357	-48.0902	0.0000
Asset liquidity	0.0370	0.0055	6.6796	0.0000
Accruals	0.0044	0.0005	8.4294	0.0000
Logarithm of firm's market value	0.0870	0.0013	65.4354	0.0000
Return on asset	0.0713	0.0138	5.1401	0.0000
0.6178 :Adjusted determination coefficient			2.0026 :durbin-watson	
11651.83 : F			0.0000 :sig	
98.2563 :freedom degree 0.0000 :F-Limer			1.0000 :sig	
73.38 : LR			0.8986 :sig	

Results of table 2 indicate that asset liquidity enjoys coefficient equal to 0.0304. Since significance level of the variable above is under 5%, as a result it can say that there is a positive significant relationship between asset liquidity and stock liquidity in the firms with high growth opportunity. Concerning control variables, it can say that accruals, logarithm of firm's market value and return on asset have a positive significant relationship with dependant variable. As shown in table, significance level of f-statistics is under 5%, indicating significance of model.

Results of table 3 indicate that asset liquidity has the coefficient equal to 0.0370. Since the significance level of the variable above is under 5%, as a result it can say that there is a positive significant relationship between asset liquidity and stock liquidity in the firms with low growth opportunity. Concerning control variables, it can say that accruals, logarithm of firm's market value and return on asset have a positive significant relationship with dependant variable. As shown in table, significance level of f-statistics is under 5%, indicating significance of model.

Table 4: Results of third hypothesis testing based on high financing constraint

$$Liq_{it} = \beta_0 + \beta_1 wal_{it} + \beta_2 Accrual_{it} + \beta_3 Roa_{it} + \beta_4 LNMVit + \varepsilon_{it}$$

Variable	Coefficient	Standard deviation	t-statistics	Sig
Width of origin	-1.1792	0.0431	-27.3432	0.0000
Asset liquidity	0.1258	0.0057	22.0531	0.0000
Accruals	0.1200	0.0111	10.7528	0.0000
Logarithm of firm's market value	0.0637	0.0016	39.8528	0.0000
Return on asset	0.0557	0.0181	3.0765	0.0021
Adjusted determination coefficient 0.5258 :			durbin-watson2.0311 :	
F5841.590 :			sig0.0000 :	
F-Limer 0.0000 :freedom degree98.3524 :			sig1.0000 :	
LR132.92 :			sig0.0000 :	

Since asset liquidity coefficient equals to 0.0304 and 0.0370 in the firms with high growth opportunity and low growth opportunity, as a result it can say that such findings are consistent with the claim proposed in the second hypothesis; as a result this hypothesis is accepted at confidence level (95%). In

other words, null hypothesis is rejected and alternative hypothesis under "there is little relationship between asset liquidity and stock liquidity in the firms with higher growth opportunities" is accepted.

Third Hypothesis Testing

The third hypothesis of research states that there is more relationship between asset liquidity and stock liquidity in the firms with higher financing constraint. To test this hypothesis, firstly the firms in the sample group are divided into two groups with high financing constraint and low financing constraint and then the model above is fitted for each group. In the present research, ratio of debt to total asset is used as the index of financing constraint. In the present research, multivariate regression model using compositional data has been used to test hypotheses. Results of Likelihood ratio test indicate that there is heterogeneity of variance which GLS has been used to resolve it. Results of test have been represented in tables 4 and 5.

Table 5: Results of third hypothesis testing based on low financing constraint

$$Liq_{it} = \beta_0 + \beta_1 wal_{it} + \beta_2 Accrual_{it} + \beta_3 Roa_{it} + \beta_4 LNMVit + \varepsilon_{it}$$

Variable	Coefficient	Standard deviation	t-statistics	Sig
Width of origin	-1.2816	0.0356	-35.9135	0.0000
Asset liquidity	-0.0445	0.0060	-7.3454	0.0000
Accruals	0.0044	0.0005	8.8265	0.0000
Logarithm of firm's market value	0.0734	0.0012	56.9213	0.0000
Return on asset	0.0663	0.0126	5.2660	0.0000
Adjusted determination coefficient 0.6417 :			durbin-watson2.0109 :	
F10323.78 :			sig0.0000 :	
F-Limer 0.0000 :freedom degree98.3840 :			sig1.0000 :	
LR125.36 :			sig0.0004 :	

Results of table 4 indicate that asset liquidity has the coefficient equal to 0.1258. Since the significance level of the variable above is under 5%, as a result it can say that there is a positive significant relationship between asset liquidity and stock liquidity in the firms with high growth opportunity. Concerning control variables, it can say that accruals, logarithm of firm's market value and return on asset have a positive significant relationship with dependant variable. As shown in table, significance level of f-statistics is under 5%, indicating significance of model.

Results of table 5 indicate that asset liquidity has the coefficient equal to -0.0445. Since the significance level of the variable above is under 5%, as a result it can say that there is a negative significant relationship between asset liquidity and stock liquidity in the firms with low growth opportunity. Concerning control variables, it can say that accruals, logarithm of firm's market value and return on asset have a positive significant relationship with dependant variable. As shown in table, significance level of f-statistics is under 5%, indicating significance of model.

Since asset liquidity coefficient equals to 0.1258 and -0.0445 in the firms with high financing constraint and low financing constraint, as a result it can say that such findings are consistent with the claim proposed in the third hypothesis; as a result this hypothesis is accepted at confidence level (95%). In other words, null hypothesis is rejected and alternative hypothesis under "there is little relationship between asset liquidity and stock liquidity in the firms with higher financing constraint" is accepted.

Discussion and Conclusion

Three hypotheses have been proposed in the present research. The first hypothesis seeks to find the relationship between asset liquidity and stock liquidity. The results from the first hypothesis testing indicate that the asset liquidity has had a positive and favorable reaction on stock liquidity of firms in sample group. These findings are consistent with the theoretical background of research and the claim

proposed in the first hypothesis. The aforementioned findings are inconsistent with the results from research by Shen (2003), Mehrani & Rasaeian (2009). This is in a way that the results from this research are consistent with the results from research by Gopalan *et al.*, (2012) (2009), Masjed (2010), Firozi *et al.*, (2012). The second hypothesis states that there is little relationship between asset liquidity and stock liquidity in the firms with higher growth opportunities. Results from testing this hypothesis are consistent with the theoretical background of research and the claim proposed in second hypothesis. The aforementioned findings are inconsistent with the results from research by Gopalan *et al.*, (2012) (2009). The third hypothesis states that there is more relationship between asset liquidity and stock liquidity in the firms with higher financing constraint. The results from testing this hypothesis are consistent with the theoretical background of research and the claim proposed in third hypothesis. The aforementioned findings are consistent with the results from research by Gopalan *et al.*, (2012) (2009). With regard to results of this research, it can say that since there is a significant relationship between asset liquidity and stock liquidity, thus it is suggested to the shareholders to pay more attention to this point in their investment. Further, with regard to the results from testing the second research hypothesis, since a poor relationship has been witnessed between asset liquidity and stock liquidity in the firms with high growth opportunities, it is suggested to the managers of firms to pave the way for investors' more trust with disclosure of information. On the other hand, with regard to the results from the third hypothesis testing, it is suggested to the investors to pay attention to structure of firm's assets and status of financial leverage in evaluation of stock liquidity.

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