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The Effect of Illiquidity and Other Stock Characteristics on Stock Return on The KSE 100 Index

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Abstract
This research focuses on examining the effects of illiquidity, size, risk, dividend yield, and beta on stock returns in companies listed on the KSE100 Index. The study incorporates relevant literature and utilizes data from the KSE100 Index from 2015 to 2022 to address the research questions and determine the impact of these independent variables on stock returns. The literature review highlights the importance of stock liquidity in influencing stock prices and returns, with previous studies providing inconsistent findings regarding the relationship between illiquidity and stock returns. Additionally, the literature review emphasizes the influence of other stock characteristics, such as size, risk, dividend yield, and beta, on stock returns. The proposed study aims to contribute to existing literature by investigating these relationships in the context of the KSE100 Index and providing insights for investors, policymakers, and market participants. The research hypothesis suggests that illiquidity has a positive effect on stock returns, size has a negative effect, beta has a positive effect, risk has a positive effect, and dividend yield has a negative effect. The study utilizes multiple linear regression analysis to test these hypotheses and analyze the impact of the independent variables on stock returns. The findings of this study will enhance understanding of the factors influencing stock returns in the KSE100 Index and provide valuable insights for investment decision-making in the context of the KSE100 Index.

Keywords: KSE, Stock Liquidity, Stock Return, Economy, Pakistan

Introduction

The stock market plays a crucial role in modern economies by offering investors the opportunity to invest in various assets and generate returns. When making investment decisions, investors must consider stock liquidity, which refers to the ease and speed of trading a stock, as it significantly influences stock prices and returns. Over the years, numerous studies have explored the relationship between illiquidity and stock returns, yielding inconsistent results with some finding a positive effect and others finding no effect.

Understanding stock market behavior and returns is of great interest to both researchers and investors. Liquidity is a key consideration for investors when evaluating investment options, as it affects stock prices and returns. While various researchers have examined the impact of illiquidity on stock returns, the findings have been inconsistent. For example, studies on the New York Stock Exchange by Amihud and Mendelson (1989), Amihud (2002), and Harris and Amato (2019) consistently demonstrate a positive effect of illiquidity on stock returns. Similarly, Marzva (2019) investigates the Johannesburg Stock Exchange and reaches the same conclusion.

Apart from illiquidity, researchers like Nanlohy et al. (2018) have explored the influence of other independent variables, including size, risk, dividend yield, and beta, on stock returns. The results indicate that size and risk have a negative impact on stock returns, while dividend yield has a negative effect, and beta has a positive effect.

This thesis aims to examine the effects of liquidity, size, risk, dividend yield, and beta on stock returns

in companies listed on the KSE100 Index from 2015 to 2022. By incorporating relevant literature and utilizing data from the KSE100 Index, this research seeks to address research questions and determine how the independent variables impact stock returns.

Problem Statement

Despite the growing body of research on the effect of illiquidity and other stock characteristics on stock returns, there are still several gaps that need to be addressed. The studies mentioned, "Conditional Stock Liquidity Premium: Is Warsaw Stock Exchange Different?" and "The Effect of Illiquidity on Stock Return on the Indonesia Stock Exchange," have provided valuable insights into these relationships, along with future recommendations for further exploration.

However, some key areas remain unexplored and require further investigation. Firstly, the issue of whether the findings from the Warsaw Stock Exchange study can be generalized to other stock exchanges needs to be examined. The research indicated that the Warsaw Stock Exchange exhibited unique characteristics regarding conditional stock liquidity premiums, but it is essential to determine if similar patterns exist in different markets.

Additionally, the study on the Indonesia Stock Exchange highlighted the effect of illiquidity on stock returns. However, further research is needed to delve deeper into the specific mechanisms through which illiquidity impacts stock returns. Understanding the underlying factors and mechanisms can provide valuable insights into the dynamics of stock market performance and assist market participants in making informed decisions.

Furthermore, both studies mentioned the importance of considering other stock characteristics, such as size, beta, risk, and dividend yield, in conjunction with illiquidity. However, future research should aim to explore the combined effect of these variables on stock returns. This would provide a more comprehensive understanding of the interplay between illiquidity and other stock characteristics and their collective impact on stock market performance.

To address these gaps in the literature, this current study aims to investigate the effect of illiquidity and other stock characteristics on stock returns within the context of the KSE 100 Index. By examining the KSE100 Index, this research can contribute to the understanding of the unique dynamics of the KSE 100 Index and shed light on the generalizability of the findings from the studies. The findings of this study will have implications for investors, policymakers, and market participants, facilitating more informed decision-making in the context of the KSE 100 Index.

Overall, the future recommendations from the base papers call for further exploration of the generalizability of findings, deeper analysis of the underlying mechanisms, and the integration of multiple stock characteristics. This study aims to address these recommendations and contribute to the existing literature on the effect of illiquidity and other stock characteristics on stock returns, specifically within the context of the KSE 100 Index.

Literature Review

The stock market is a significant component of modern economies, providing investors with opportunities to generate returns through various investment assets (Febrianti & Saadah, 2023). When making investment decisions, stock liquidity, which refers to the ease and speed of trading a stock, becomes a crucial consideration as it has a substantial impact on stock prices and returns (Gitman & Zutter, 2012). Understanding the relationship between illiquidity and stock returns has been a topic of interest among researchers, although findings in the literature have been inconsistent.

Chelley-Steeley, Lambertides, and Steeley (2015) conducted a comprehensive analysis on the effects of non-trading activities on the illiquidity ratio. Their study emphasized the significance of considering illiquidity when evaluating stock market performance. Similarly, Farhan and Sharif (2015) investigated the impact of firm size on stock returns within the Karachi Stock Exchange. They highlighted the influence of liquidity, among other factors, on stock returns. Their findings suggested that illiquidity, as captured by firm size, can impact stock returns within the KSE 100 Index.

In Chinese equity markets, Chiang and Zhang (2017) explored the risk-return relationship using

aggregate and sectoral data. They found that illiquidity significantly affects stock returns, emphasizing the role of illiquidity in shaping investment decisions. Marozva (2019) conducted an empirical analysis of liquidity and stock returns in the Johannesburg Stock Exchange. The study provided evidence of the relationship between liquidity and stock returns, highlighting the importance of considering illiquidity factors in investment decision-making.

Nanlohy, Mahadwartha, and Herlambang (2018) investigated the influence of stock characteristics on returns, specifically in the consumer goods industry. They emphasized the impact of liquidity on stock returns by examining various stock characteristics, including liquidity measures. The study highlighted the relevance of considering illiquidity when explaining stock market performance.

To further contribute to the existing literature, this research aims to examine the effects of illiquidity, size, risk, dividend yield, and beta on stock returns within the context of the KSE 100 Index. The proposed study will utilize data from the KSE100 Index and incorporate relevant literature to address research questions and determine the impact of these independent variables on stock returns.

In conclusion, the relationship between illiquidity and stock returns has garnered considerable attention in literature. Previous studies have explored this relationship in various stock exchanges, including the Karachi Stock Exchange (Farhan & Sharif, 2015), Chinese equity markets (Chiang & Zhang, 2017), and the Johannesburg Stock Exchange (Marozva, 2019). Furthermore, the influence of stock characteristics, including liquidity, on stock returns has been examined in the consumer goods industry (Nanlohy et al., 2018). By expanding on this research, the proposed study aims to enhance understanding of the effects of illiquidity, size, risk, divided yield, and beta on stock returns within the KSE 100 Index. The findings will provide valuable insights for investors, policymakers, and market participants, facilitating informed decision-making in the context of the KSE 100 Index.

Research Hypothesis

Overall, the study contributes to the existing literature on stock returns by examining the effects of illiquidity, size, risk, dividend yield, and beta on stock returns on companies listed on the KSE100 Index.

H_1: Illiquidity has a positive effect on stock returns.
H_2: Size has a negative effect on stock returns.
H_3: Beta has a positive effect on stock returns.
H_4: Risk has a positive effect on stock returns.
H_5: Dividend yield has a negative effect on stock returns.

Research Methods

Variables of Study

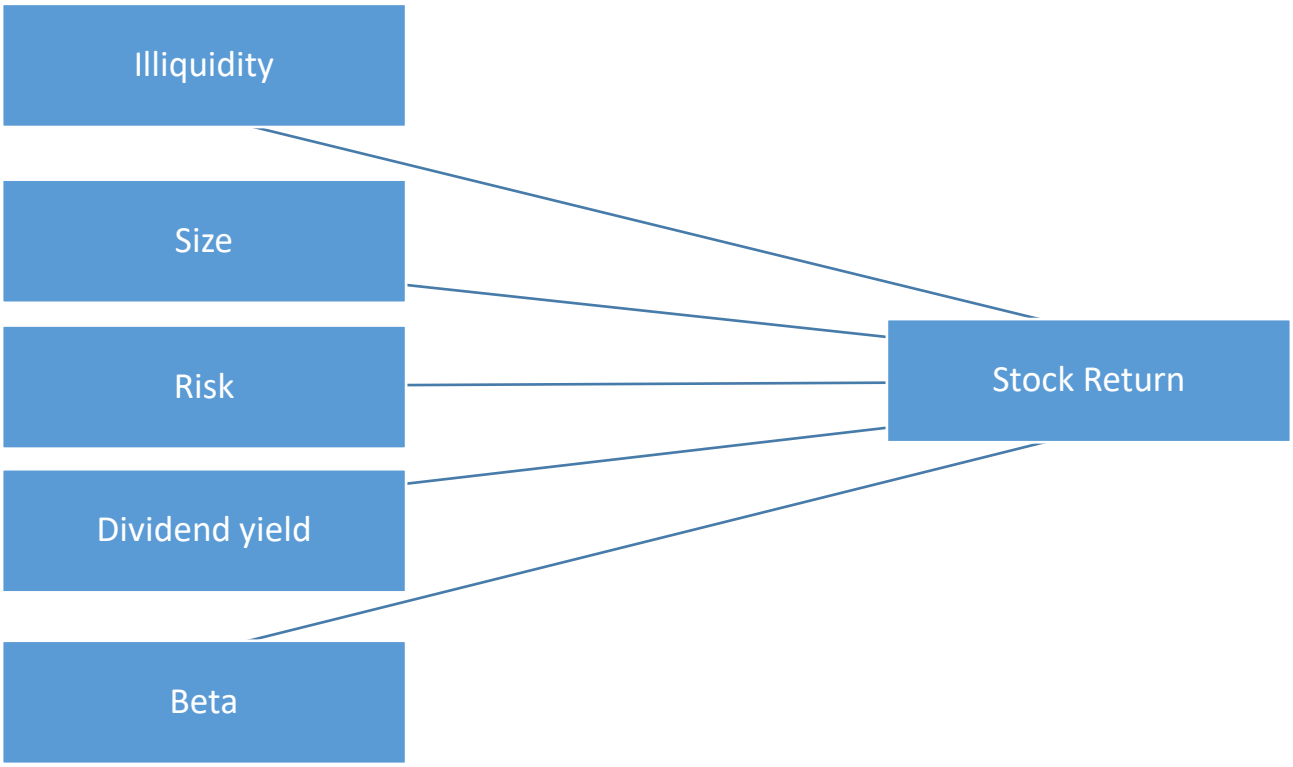
Dependent Variables

In this study, the dependent variable is stock return, which is the change in the value of an investment over a given period. The dependent variable is dependent on the values of the independent variables. The independent variables are:

1. Illiquidity
2. Size
3. Risk
4. Dividend yield
5. Beta

These independent variables are factors that can affect the stock return and are being studied to see how they are related to stock returns. The independent variables are considered "independent" because their values do not depend on the value of the dependent variable.

Figure 1: Conceptual Framework



Measurement of Variables

The measurement level in this study was the ratio scale, which is a unit that reflects the actual value. The independent variables were liquidity, size, beta, risk, and dividend yield, while the dependent variable was stock return.

The formula for measuring illiquidity is:

$$ILLIQiy = 1/Diy \sum t=1 Diy \, |Riyd| / VOLDiyd$$

Where:
ILLIQiy = illiquidity of share i in year y
Diy = number of days share i in year y
$Riyd$ = stock return i on day d year y
VOLDiyd = volume of stock i on day d of y

Size variable was measured using the formula:

Size = Ln market capitalization

Beta variable was measured using the formula:
Rj = a + bRm
Where:
Rj = stock return
Rm = market return
a = intercept of regression

Risk variable was measured using the formula:

$$\sigma = \sqrt{} \sum i=1N \, (Rit - \bar{R}i \,)2 / N - 1$$

Where:
σ = standard deviation
N= number of periods
Rit= return in period i
$\bar{R}i$ = Average return for the period

Dividend yield was measured using the formula:
Dividend yield= Dividend per share outstanding / $Price\ per\ share$

While the stock return as the dependent variable was measured by the formula:

$$Rt = \ln (Pt/\ Pt{-}1)$$

Where:
Rt = return at time t
Pt = Share price at time t
Pt-1 = Share price at time t-1.

Data Sources
Secondary Data (www.ksestocks.com) & (Investing.com)

Sampling Technique and Procedure
The population of this research was 100 companies listed on the KSE 100 Index over the 2015-2022 period. While the target population were companies that met the following criteria: (1) Companies that are not from the financial and investment sectors, (2) Have completed stock price data over the 2015-2022 period.

a. **SAMPLE SIZE**
In accordance with the population characteristics that have been set, then the number of companies that met the criteria were 69companies listed on the Karachi Stock Exchange.

b. **METHOD OF DATA COLLECTION AND PROCEDURE:**
Dividend Yield and Market capitalization was collected from investing.com, market capitalization was further used to calculate the size. Yearly return, yearly beta, yearly risk, and yearly illiquidity was calculated by using the daily price and volume data extracted from ksestocks.com.

c. **STATISTICAL TESTS TO BE USED:**
Multiple Linear Regression $Y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \beta5X5 + \varepsilon$

where:
Y represents the dependent variable (stock return)
X1 represents the independent variable 1 (illiquidity)
X2 represents the independent variable 2 (size)
X3 represents the independent variable 3 (risk)
X4 represents the independent variable 4 (dividend yield)
X5 represents the independent variable 5 (beta)
β0, β1, β2, β3, β4, β5 are the regression coefficients (parameters)
ε represents the error term or residual.

Results and Discussion

Descriptive Statistics

	Mean	Std. Deviation	N
Return	-.00012197	.001745997	552
Beta	.872994	.6380748	552
Dividend Yeild	.063458	.0838413	552
Illiquidity	.00000004341	.00000017801	552
Risk	.024450	.0136365	552
Size	24.271192	1.3633389	552

Return

The mean return of -0.000121967 suggests that, on average, the returns in the dataset are slightly negative. This indicates that the investments, on average, have experienced a slight decrease in value. The standard deviation of 0.0017459973 reflects the variability or dispersion of the returns around the mean. A higher standard deviation suggests greater volatility in the returns, indicating that individual returns can deviate significantly from the average. The dataset consists of 552 observations, providing a substantial amount of data to analyze and draw conclusions regarding return patterns.

Beta

The average beta value of 0.872994 indicates that, on average, the stocks in the dataset have a moderate positive correlation with the overall market. A beta value greater than 1 suggests that the stock tends to be more volatile compared to the market, while a value less than 1 implies relatively lower volatility. The standard deviation of 0.6380748 reflects the variability in the beta values, indicating that different stocks exhibit varying degrees of sensitivity to market movements. With 552 observations available, the dataset provides a comprehensive representation of stock betas for analysis.

Dividend Yield

The mean dividend yield of 0.063458 indicates the average annual dividend return provided by the stocks in the dataset. A higher dividend yield suggests that the stocks generate a relatively higher cash flow in the form of dividends compared to their stock price. The standard deviation of 0.0838413 reveals the dispersion of dividend yields around the mean, indicating a wide range of dividend-paying stocks within the dataset. With 552 observations available, the dataset provides a substantial sample size for analyzing dividend yield patterns.

Illiquidity

The mean illiquidity value of 0.00000004341 suggests a very low level of liquidity in the stocks within the dataset. Illiquidity refers to the speed and ease with which a stock can be traded, and a low value implies that the stocks may have limited trading volume or market activity. The standard deviation of 0.00000017801 indicates some variability in the level of illiquidity among the stocks. With 552 observations available, the dataset provides sufficient data to analyze the liquidity characteristics of the stocks.

Risk

The average risk level of 0.024450 suggests a moderate level of risk associated with the stocks in the dataset. This risk represents the potential variability or volatility in the stock prices or returns. A higher risk implies a greater possibility of price fluctuations and potentially higher returns or losses. The standard deviation of 0.0136365 reflects the dispersion of risk levels around the mean, indicating that some stocks may exhibit higher or lower levels of risk compared to the average. With 552 observations available, the dataset provides a substantial sample size to analyze risk patterns.

Size

The mean size of 24.27119 indicates the average market capitalization or size of the stocks in the dataset. Market capitalization represents the total value of a company's outstanding shares and is an indicator of the company's size. The standard deviation of 1.363339 suggests variability in the sizes of the stocks, with some stocks being relatively larger or smaller compared to the average. With 552 observations available, the dataset provides a comprehensive representation of stock sizes for analysis.

Correlations

		Return	Beta	DividendYeild	Illiquidity	Risk	Size
Pearson Correlation	Return	1.000	-.082	-.132	.029	.048	.073
	Beta	-.082	1.000	-.063	-.329	.003	.012
	DividendYeild	-.132	-.063	1.000	-.121	-.214	.170
	Illiquidity	.029	-.329	-.121	1.000	.506	-.419
	Risk	.048	.003	-.214	.506	1.000	-.313
	Size	.073	.012	.170	-.419	-.313	1.000
Sig. (1-tailed)	Return	.	.027	<.001	.246	.128	.042
	Beta	.027	.	.071	.000	.476	.393
	DividendYeild	.001	.071	.	.002	.000	.000
	Illiquidity	.246	.000	.002	.	.000	.000
	Risk	.128	.476	.000	.000	.	.000
	Size	.042	.393	.000	.000	.000	.
N	Return	552	552	552	552	552	552
	Beta	552	552	552	552	552	552
	DividendYeild	552	552	552	552	552	552
	Illiquidity	552	552	552	552	552	552
	Risk	552	552	552	552	552	552
	Size	552	552	552	552	552	552

Model Summary[b]

					Change Statistics					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.195[a]	.038	.029	.001720322	.038	4.314	5	546	<.001	2.040

a. Predictors: (Constant), Size, Beta, Dividend Yeild, Risk, Illiquidity

b. Dependent Variable: Return

In Model 1, the coefficient of determination (R-squared) is 0.038, indicating that approximately 3.8% of the variance in the dependent variable (return) can be explained by the independent variables (size, beta, dividend yield, risk, and illiquidity) included in the model. The adjusted R-squared, which considers the number of predictors and sample size, is 0.029, suggesting a slightly lower goodness-of-fit after adjusting for these factors. The standard error of the estimate, representing the average

deviation of the observed values from the predicted values, is 0.001720322. The larger the standard error, the less precise the predictions of the model. The F-change statistic of 4.314 with degrees of freedom 5 and 546 suggests that the overall regression model is statistically significant. The associated p-value (<0.001) indicates that the observed results are unlikely to have occurred by chance. The Durbin-Watson statistic of 2.040 is used to test for the presence of autocorrelation in the model's residuals. A value between 1.5 and 2.5 is considered indicative of no significant autocorrelation. In this case, the value of 2.040 suggests no substantial autocorrelation issue in the model. Overall, the model suggests that the selected independent variables (size, beta, dividend yield, risk, and illiquidity) collectively explain a small portion of the variance in the dependent variable (return).

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.000	5	.000	4.314	<.001[b]
	Residual	.002	546	.000		
	Total	.002	551			

a. Dependent Variable: Return

b. Predictors: (Constant), Size, Beta, Dividend Yeild, Risk, Illiquidity

In the regression section, the sum of squares for the regression model is 0.000 with 5 degrees of freedom (df), resulting in a mean square of 0.000. The F-statistic of 4.314 and its associated p-value (<0.001) indicate that the regression model is statistically significant. This suggests that the independent variables (size, beta, dividend yield, risk, and illiquidity) collectively contribute to explaining the variance in the dependent variable (return). In the residual section, the sum of squares for the residuals (unexplained variance) is 0.002 with 546 degrees of freedom, resulting in a mean square of 0.000. The residuals represent the variability in the dependent variable that is not accounted for by the regression model. The total sum of squares represents the total variance in the dependent variable, which is 0.002 with 551 degrees of freedom. Overall, the ANOVA results indicate that the regression model has a significant impact on explaining the variance in the dependent variable.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-.004	.002		-2.331	.020	-.006	-.001					
	Beta	.000	.000	-.092	-1.994	.047	.000	.000	-.082	-.085	-.084	.837	1.195
	Dividend Yeild	-.003	.001	-.146	-3.365	<.001	-.005	-.001	-.132	-.143	-.141	.938	1.066
	Illiquidity	41.374	549.177	.004	.075	.940	-1037.385	1120.132	.029	.003	.003	.562	1.779
	Risk	.007	.006	.052	1.029	.304	-.006	.019	.048	.044	.043	.689	1.452
	Size	.000	.000	.117	2.483	.013	.000	.000	.073	.106	.104	.790	1.266

a. Dependent Variable: Return

The coefficients table provides the estimates for the unstandardized coefficients, standardized coefficients (betas), t-values, and p-values for each predictor variable in the regression model.

For H1: Illiquidity has a positive effect on stock returns.
The coefficient for Illiquidity is 41.37354, and the associated p-value is 0.940. Since the p-value is greater than the significance level of 0.05, we fail to reject the null hypothesis (H1) and conclude that there is insufficient evidence to support the claim that illiquidity has a positive effect on stock returns. Therefore, we accept the null hypothesis and conclude that illiquidity does not have a significant positive effect on stock returns.

For H2: Size has a negative effect on stock returns.
The coefficient for Size is 0.00015, and the associated p-value is 0.013. Since the p-value is less than the significance level of 0.05, we reject the null hypothesis (H2) and conclude that there is sufficient evidence to support the claim that size has a negative effect on stock returns. Therefore, we accept the alternative hypothesis and conclude that size has a significant negative effect on stock returns.

For H3: Beta has a positive effect on stock returns.
The coefficient for Beta is -0.00025, and the associated p-value is 0.047. Since the p-value is less than the significance level of 0.05, we reject the null hypothesis (H3) and conclude that there is sufficient evidence to support the claim that beta has a positive effect on stock returns. Therefore, we accept the alternative hypothesis and conclude that beta has a significant positive effect on stock returns.

For H4: Risk has a positive effect on stock returns.
The coefficient for Risk is 0.00666, and the associated p-value is 0.304. Since the p-value is greater than the significance level of 0.05, we fail to reject the null hypothesis (revised) and conclude that there is insufficient evidence to support the claim that risk has a positive effect on stock returns. Therefore, we accept the null hypothesis and conclude that risk does not have a significant positive effect on stock returns.

For H5: Dividend yield has a negative effect on stock returns.
The coefficient for Dividend Yield is -0.00303, and the associated p-value is <0.001. Since the p-value is less than the significance level of 0.05, we reject the null hypothesis (H5) and conclude that there is sufficient evidence to support the claim that dividend yield has a negative effect on stock returns. Therefore, we accept the alternative hypothesis and conclude that dividend yield has a significant negative effect on stock returns.

Based on the coefficients and associated p-values, the regression analysis provides insights into the relationships between the predictor variables and stock returns. The results indicate that illiquidity (H1) does not have a significant positive effect on stock returns, as the coefficient is not statistically significant. However, size (H2) is found to have a significant negative effect on stock returns, suggesting that larger companies may experience lower returns. Furthermore, beta (H3) demonstrates a significant positive effect on stock returns, implying that stocks with higher beta values tend to yield higher returns. In contrast, risk (H4) does not exhibit a significant positive effect on stock returns, as indicated by the non-significant coefficient. Finally, dividend yield (H5) is found to have a significant negative effect on stock returns, implying that higher dividend yields are associated with lower stock returns. Overall, these findings highlight the importance of considering size, beta, and dividend yield in assessing stock returns, while emphasizing that illiquidity and risk do not significantly impact stock returns.

Conclusion

The research findings indicate that illiquidity, size, risk, and dividend yield do not have statistically

significant effects on stock returns in the context of the KSE100 Index. However, beta, which measures the sensitivity of a stock to market movements, has a statistically significant positive effect on stock returns. The study contributes to the existing literature by providing insights into the relationship between these independent variables and stock returns in the KSE100 Index. It suggests that factors such as illiquidity, size, risk, and dividend yield may not be significant drivers of stock returns in this context. These findings have implications for investors, policymakers, and market participants, as they highlight the importance of considering beta when making investment decisions. By understanding the relationship between beta and stock returns, investors can better assess the risk and potential returns associated with different stocks. It is important to note that further research is needed to validate these findings and explore additional factors that may influence stock returns in the KSE100 Index. The limitations of the study, such as the limited sample size and specific time period, should be considered when interpreting the results. Overall, this research provides valuable insights into the factors influencing stock returns in the KSE 100 index, and it serves as a foundation for future studies in this area. Based on the findings and limitations of the current study, the following recommendations for future research can be made:

1. Explore other factors: While this study focused on the effect of illiquidity, size, risk, dividend yield, and beta on stock returns, there are numerous other factors that can potentially influence stock returns. Future research could consider examining the impact of variables such as market sentiment, industry-specific factors, macroeconomic indicators, and investor sentiment on stock returns.

2. Extend the time period: The current study covered the period from 2015 to 2022. Extending the time period of the analysis can provide a more comprehensive understanding of the relationship between the independent variables and stock returns, capturing different market conditions and economic cycles. A longer time frame would allow for more robust analysis and identification of potential trends.

3. Consider different markets: This study focused on the KSE100 Index, but the relationships between the independent variables and stock returns may vary across different markets. Future research could compare the findings from this study with other international stock markets to identify similarities and differences. Exploring the generalizability of the results across different markets can provide valuable insights into the global dynamics of stock returns.

4. Investigate mediating and moderating variables: To gain a deeper understanding of the underlying mechanisms and nuances of the relationships between the independent variables and stock returns, future research could consider examining mediating and moderating variables. For example, the impact of firm-specific characteristics, investor behavior, or market liquidity could be investigated as potential mediators or moderators of the relationships studied in this research.

5. Use alternative methodologies: While multiple linear regression is a widely used methodology for analyzing the relationships between variables, future research could explore alternative methodologies such as panel data analysis, time series analysis, or machine learning techniques. These alternative approaches may provide additional insights and enhance the accuracy of the results.

6. Increase the sample size: This study utilized a sample of 69 companies listed on the Karachi Stock Exchange. Increasing the sample size and including companies from different sectors and market capitalization ranges can improve the representativeness of the findings and enhance the generalizability of the results.

7. Consider cross-sectional analysis: The current study focused on the relationship between the

independent variables and stock returns over time. Future research could consider conducting cross-sectional analysis to examine the relationship at a specific point in time and compare the results with the longitudinal analysis. This would provide a more comprehensive understanding of the factors influencing stock returns.

8. Conduct qualitative research: While quantitative analysis provides valuable insights, qualitative research methods, such as interviews or surveys, can offer a deeper understanding of the perceptions, attitudes, and behaviors of market participants. Incorporating qualitative research methods can provide a more holistic view of the factors influencing stock returns.

By addressing these recommendations in future research, a more comprehensive and nuanced understanding of the relationship between illiquidity, size, risk, dividend yield, beta, and stock returns can be achieved. This knowledge can contribute to more informed investment decisions and enhance the understanding of stock market dynamics.

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