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To Examine the Relation between Liquidity under Two Pattern, MT, MLR and Firms Capital Structure Decisions

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ABSTRACT

Stock liquidity risk assessment for investors as one of the best examples is considered desirable. They determined their expected output ratio according to risk .companies require issue of shares to finance their projects. So stock liquidity lowering lead to financing lowering through the issue of shares. For this reason , funding is limited to borrowing.in the present study the relation between stock liquidity and capital structure decisions with to patterns: Modified (turnover and liquidity ratio) was evaluated . during the study period (2004-2010) ,70 Tehran stock Exchange member Firms were selected by screening Regression model and this was done via combination of data of test of assumptions. Findings show that there was negative and meaningful relation between liquidity (Modified turnover and liquidity ratio) with financial leverage to book value and there wasn't found significant evidences about meaningful relation between financial leverage and marketing value.
KEYWORDS: stock liquidity , capital structure, Modified turnover ,Modified liquidity ratio

INTRODUCTION

In considering the investment opportunities , it had paid attention to two subjects risk and return inside each other and this logical thesis propounded constantly that investors often avoided risk and if they recognize any risk , they will adjust their expected return rate proportionate with amount of risk . there are different definitions and explanations for risk and phenomena and different factors are considered as affective elements in it. One of the definitions which exists in financial markets involves difference between investment actual return with expected return(Jones,2011) . there are different kinds of risk and investor have to take risk for bearing any of them . one of the risks that investors face with it in buying financial assets in securities market is the risk of liquidity absence . according to the definition, liquidity absence risk consists of possibility that con't turn out financial asset to cash with out bearing its loss in the demanded time of investor . this risk has different degree and amount , depending on presence or absence of secondary market of securities and efficiency of above markets(yahyazadefaret al , 2008) . as capital structure points to mixture of firm debts and holders stock , it can be said that capital structure decisions relates with debts volume and shares of holders . any means of financial securing has its special advantages and disadvantages. Using the equity source of stock holders often leads to decreasing stock return and the way of debt making – despite can increases firm value initially – but too much of it leads to financial risk increasing , investors and lenders expected return , effective rate of debt and firm financial costs. according to traditional view of capital structure , we can increase firm value by using leverage and it is proposed to firms. To increase their debt in order to decrease capital cost .however with increasing debt, risk amount increases too and therefore market will demand a higher interest rate. Modern theories of capital structure begin with famous theory of moodlyani and miler in 1958. They considered that in what circumstances, forms capital optimum structure basically. During next years , many researchers had tested their theories experimentally and had proposed new theories which hierarchical theories and reconciliation are amony of these theories(Lesmond,2008) . in different papers including Titman and Wessels (1988) , Rajan and Zingales (1995). And Harris and Raviy (1991), there was considered the effect of numerous elements as industry type , growth and development opportunities, firm size and profitability on capital structure . the results of some recent researches including lipson and mortal (2009) and a domserical (2011) suggest that stock liquidity can be affective on firms capital structure decisions . in this paper according to this issue that capital structure of every firm is a primary warning about firm hardship amount and it must pay attention to determining affective factors on firms financial securing efficiency factors on firms financial securing efficiency for carrying out strategic planning and other hand it should consider liquidity effect , Modified turnover and Modified liquidity ratio on capital structure decisions because liquidity plays an important role on discovering stock price ,financial risk distribution and deals price decreasing.

2. Theoretical basics and paper background

2. 1.theoretical basics of capital structure

Hampton defined capital structure meaner: capital structure is combination of debt and equity of stock holders that firms secure their financial assets by them. Theory of parallel of capital structure: this theory knows that there is relationship between capital structure decisions and net benefit of tax of loan receiving. If bankruptcy costs be more than tax shield and other benefits from loan using, it will receive less loan. Theory of hierarchical of capital structure: this theory that is proposed by myres suggests that firms prefer to secure their new capital from inside the firm by accumulated interest initially and them by debt and loan and finally by publishing new stock. According to this theory, the firms with higher profitability rate should have lower leverage and short time debt and loan . Delegation theory: this belief that intra organization financial securing managers are better than extra organization financial securing managers. Its supporting traditional logic is that extra organization financial securing, obligate managers to reveal details of current plans for extra organization investors and investors can control them. managers don't agree with this procedure

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certainly . so they prefer financial securing managers from the site of accumulated interest than extra organization financial securing managers .but so far there is no evidence of preference any options of borrowing and publishing shares while extra organization financing. (Khaleghi Moghadam et al, 2006)

2.2.liquidity

one of the main functions of secondary markets – in addition to preparing accoutrements for discovering fair price – is helping to create platform for dealing securities in order to provide liquidity trading conditions for these securities . buying a stock and impossibility of its changing to cash will decrease investment on that stock certainly . from other hand , people will think investment in other grounds or markets. Dealings in securities market involves two types of costs :

a)explicit costs which involve broker fees and taxes ,b) hidden (implicit) costs which are related with liquidity subject. Liquidity is a complex issue that isn't directly visible .vernimen defines liquidity as: " liquidity is ability to change quickly and without reducing price of a financial instrument as cash , liquidity presence provides trading possibility of a financial instrument at a price (market price) and in large volume without causing disruption in the market " (Udomsirikul et al , 2011).

2. 3. relationship between liquidity and capital structure decisions

Investors in firms stock expect return , either for the risk that they may bear in firm stock and for trading costs that they assume during stock buying and selling . so stocks with lower liquidity will have higher capital cost and makes financing desired via debt –in such mass that it preserve equilibrium and balance between advantage of debt using and increasing delegations cost- lower stock liquidity should lead to more debt using.in addition, stock publication firms take publication fixed costs as part of financing costs by stock publishing and new evidence show that firms which their stock have lower liquidity will pay more fixed costs during stock publishing (Hansi and wited (2004) presented model and Geralon and wetson (2004) found experimental evidences). Since higher liquidity decreases publication fixed costs, firm which want to preserve their optimum capital structure, may publish their stock more and periodically. Mortal, and Lipson,2009)

2. 4.research back ground

Frieder and Martell (2006) studied interaction of stock liquidity and capital structure of listed firms in Newyork stock Exchange during 1988-1998 . stock liquidity criterion in their research is difference between stock trading suggested prices. The results of thesis test show that with decreasing stock liquidity, financial leverage will increase(Frieder and Martell, 2006)

Lesmond et al (2008) studied capital structure and stock liquidity . their findings had shown that debt using will lead to decreasing stock liquidity . thus firms that have greater debt than capital – because they finance by debt- probably have more information asymmetry . to them , though financial leverage selection affect on financial leverage selection . (Lesmond,2008)

Mortal, and Lipson(2009) had studied the relationship between stock liquidity and capital structure . they had used three criteria of dealing volume of Amihood and Gibz to assess stock liquidity. Their research had shown that firms with higher stock liquidity have lower leverage and during increasing capital, they prefer financing by stock publishing to other financing ways. (Mortal, and Lipson,2009)

Udomsirikul and et al (2011) considered the relationship between stock liquidity and capital structure of firms. After the research , they found that firms which their stock is more liquidity , will experience lower capital cost and their motivation to publish stock in contrast with debt is more in their capital structure . (Udomsirikul et al , 2011)

Fayez SalimHadad (2012) considered the relationship between stock liquidity and capital structure in 38 firms of Amman stock exchange during 2000-2009. Findings had shown that due firms ownership concentration and reliance on bank loans in Jordan , stock liquidity hasn't effect on capital structure decisions yet .(SalimHadad, ,2012)

Lang and Maffet(2011)during considering relationship between information transparency and uncertainty of liquidity in times of financial crisis , by testing a world sample stated that firms with more information transparency (based on accounting standards, auditor selection,…) will have liquidity fluctuation and lack of liquidity in this firms will have less relation ship with market liquidity and market return. (Lang,2010)

Kanagaretnam and et al (2011) by considering the relationship between validity of public and private information and market liquidity around declaration date of interest and dividend found the conclusion that increasing validity of public information lead to decreasing information asymmetry between informed and uninformed investors and subsequently increase liquidity (decreasing price gap) and vice versa . (Kanagaretnam et al,2011)

Salavatian and resaian (2007) considered the relationship between difference of price of buy and sell shares as stock liquidity and capital structure criteria in listed firms in Tehran stock Exchange. To meet this goal, 60 firms were selected among statistical population that needed data for a 4 year period was available in case they were chosen .the research results had show that there is no meaningful relation between capital structure and stock liquidity in 95% reliability level. (Salvati, and. Rsayyan, 2007)

Soltani and bahrami (2012) considered the relationship between capital structure changes and stock liquidity changes in listed firms in Tehran stock Exchange during 1383-87 .the liquidity criteria in that research was difference of price of buy and sell of shares .findings shown that capital structure changes have meaningful and negative effect on stock liquidity changes but liquidity changes haven't meaningful effect on capital structure changes . (Soltani and Bhramy,2012)

IzadiniaandResaian (2010) had tested a thesis which was based on presence of meaningful relation between liquidity and property scattering . the results of research thesis test suggested that there isn't meaningful relation betweestock liquidity (that its criteria is difference of priceof buy and sell of shares) and property scattering (that its criteria is percent of stock district proprietorship),i.e change in property scattering (proprietorship focus)

cant justify changes in difference of price of buy and sell of shares of listed firms in Tehran stock Exchange. (Ayzdnya, and rsayyan, 2010)

Tehrani and et. al (2011) had considered the effect of shares public offering of public firms on stock liquidity in Tehran stock Exchange .they used liquidity degree of Tehran stock Exchange as dependent variable and via two measuring criteria of liquidity , computed trading turning ratio and Amihood liquidity absence to computation . result had shown that privatization through offering public firms in Tehran stock Exchange has meaningful and significant effect on development and liquidity of this market. (Tehrani et al, 2011)

3. RESEARCH METHODOLOGY

3. 1. Research Hypotheses

3.1.1.there is meaningful relationship between liquidity (model of Modified turnover)and financial leverage to book value .
3.1.2.there is meaningful relationship between liquidity (model of Modified liquidity ratio)and financial leverage to book value .
3,1.3.there is meaningful relationship between liquidity (model of Modified turnover)and financial leverage to market value .
3.1.4.there is meaningful relationship between liquidity (model of Modified liquidity ratio)and financial leverage to market value .

3.2. Community and Statistical Samples

2.1. Research community is firmslisted in Tehran Stock Exchange they also were filteredby following criteria:
They have issued their financial statements and these data wereavailable from 19 Mars 2004.
They have not changed their fiscal year, and their end fiscal year is leading upto date 19 Mars of each year.
They have trading deadlock will not be more than five month that , this is because of fair market valueof shares.
They have not belonged to investment, leasing, banking and insurance firms.
2.2. Research sample includes 70firmsin15 industries from community in the period 2004 – 2010.

3. 3.Model to test hypothesis

In this model , all research variables were tested via multiple regression model.

$$_3SIZE_{i\,t-1}+\alpha_4TANG_{i\,t-1}+\alpha_5PROF_{i\,t-1}+\alpha_6OWN_{it}$$
$$\alpha LIQ_{it}+\alpha_2GROW_{it}+\alpha_0+\alpha_1\ CSD=$$
$$+\alpha_7NDTS_{i\,t-1}+\alpha_8PRC_{it-1}+\varepsilon_{it}$$

Table 1

Variable symbol	Definethe variable
CSD:BLEV,MLEV	dependent variable:Capital StructureDecisions
$ILIQ_{it}$: MT_{it} , MLR_{it}	Independent variable:Stock liquidity

3.4.Definition of Variables

Table 2: Operation definition of study Variables

Definethe variable	variable formula	Variable symbol	variable name
Book value of debt to book value of assets	$\frac{TD}{TA}$	BLEV	book leverage
book debt divided by market value of assets	$\frac{TD}{TD + MVE}$	MLEV	Market leverage
return on stock i on day d of year y	$\frac{(1+\alpha+\beta)Pt-(Pt-1+c\alpha)+D}{Pt-1+c\alpha}$	R_{ivd}	returns
absolute difference between the annual percentage change in earnings before interest and taxes (EBIT) and the average of this change over the sample period	-	VOLATILITY	earnings variability
ratio of the each year number of shares traded to the total number of shares outstanding divided by the volatility of earnings	$\frac{volMT}{Nit * VOLATILITY}$	MT	Modified turnover
annual of share traded	-	VOL_{MT}	Volume
total number of shares outstanding	-	N_{it}	
ratio of the sum of daily trading volume to the sum of absolute stock return divided by the volatility of earnings	$\frac{\sum_t volMLR}{\sum_t \lvert Ri,t \rvert * VOLATILITY}$	MLR	Modified liquidity ratio
Rial volume of transactions during the year	-	$VOL_{MLR,i}$	Volume
market-to-book ratio	$\frac{MVE}{BVE}$	GROW	Growth opportunities
natural log of assets	$\ln(TA)$	SIZE	size
ratio of net property, plant, and equipment to total assets	$\frac{TFA}{TA}$	TANG	tangibility
The ratio of earnings before interest and taxes to total assets	$\frac{EBIT}{TA}$	PROF	profitability
percentage of shares held by the five largest shareholders	-	OWN	ownershipconcentration
ratio of depreciation to total assets	$\frac{D}{TA}$	NDTS	non-debt tax shields
average trading price during the fiscal year	$\ln(MV)$	PRC	price level

3. 5.descriptive statics and analyzing research results
3.5.1. Descriptive Statistics

Table 3 is presented descriptive statistics relevant to the study var

Table3: Descriptive Statistics

BLEV	MT	PRC	NDTS	OWN	PROF	TANG	SIZE	GROW	MLR	MLEV	
0.626	0.504	8.392	0.024	50.23	0.173	0.252	13.08	2.808	0.461	0.565	Mean
2.755	8.838	10.99	0.155	95.34	0.654	0.888	16.314	34.478	3.903	0.96	Maximum
0.074	0.0004	6.048	0.001	0.660	-0.285	0.000	9.797	-31.786	0.001	0.135	Minimum
0.205	0.685	0.934	0.019	20.427	0.126	0.182	1.147	3.795	0.626	0.168	Std. Dev.
490	490	490	490	490	490	490	490	490	490	490	Observations

MLEV(Market leverage), MLR(Modified liquidity ratio), GROW(Growth opportunities), SIZE(size), TANG(tangibility), PROF(profitability), OWN(ownershipconcentration), NDTS(non-debt tax shields), PRC(price level), MT(Modified turnover), BLEV(book leverage)

As observed , core parameters and scattering parameters are calculated distinctively for all variables .during considering descriptive statics of independent variable of Modified liquidity , it is observed that there is min 0.0007 and max 3.903 fluctuation in amplitude and it has mean ratio about 0.461. descriptive statics of independent variable of modified trading volume shown that has 0.504 mean , minimum ratio of 0.0005 and maximum ratio of 8.838 .so all samples mean is close to minimum , i.e samples scattering is more at minimum side .

Observations	Minimum	Maximum	Middle	Std. Dev.	Skewness	Elongation	
490	4.57	15.43	10.40	1.88	0.055	-0.051	VOL_{MLR}
490	10.68	21.26	15.65	1.65	0.037	0.060	VOL_{MT}
490	15.42	21.13	18.15	0.97	-0.049	0.288	N_{it}

3. 5.2. Hypothesis test results

F Limer test was done for detecting that current data are compound or combined .Hasman test was done to determine whether regression model with fixed or accidental effect is fair for the test or not. Since there is less that 5% meaningful level in in all F Limer and Hasman statistical models, so appropriate adjustment of compound data will have fixed effects. Watson statistic in all models will be between 1.5 and 2.5 .therefore there is no meaningful correlation between variance of independent of each other in these models. F statistic rate in all models had shown linear fit of current model and its meaningful level had confiremed model linearity in 99% confidence level. Therefor linear interpretation of independent variable effect on dependent variable is verifiable in all models.

Hypothesis 1:there is meaningful relationship between liquidity (model of Modified turnover)and financial leverage to book value .

$$BLEV=\alpha_0+\alpha_1 MT_{it}+\alpha_2 GROW_{it}+\alpha_3 SIZE_{i\,t-1}+\alpha_4 TANG_{i\,t-1}+\alpha_5 PROF_{i\,t-1}+\alpha_6 OWN_{it}+\alpha_7 NDTS_{i\,t-1}+\alpha_8 PRC_{it-1}+\varepsilon_{it}$$

Table :4

Hypothesis 1								Variable
Prob		t -statistics		Regression Coefficients				
	0.000		4.298		1.575			C
	0.027		-2.216		-0.019			MT
	0.000		7.712		0.019			GROW
	0.024		-2.263		-0.062			SIZE
	0.723		0.354		0.022			TANG
	0.000		-5.587		-0.412			PROF
	0.41		-0.825		-0.001			OWN
	0.585		0.546		0.292			NDTS
	0.944		-0.071		-0.001			PRC
	0.000		13.53		0.821			C
Prob Hausman statistics	Hausman statistics	Prob (F-leymer statistics)	F-leymer staistics	Prob(F-statistic)	F-statistics	Adjusted R-squared	R-squared	Durbin-Watson
0	40.02	0	5.912	0	13.747	0.704	0.759	1.991

According to table (4) there is meaningful and negative relation between independent variable of liquidity (modified trading volume model) and dependent variable of financial leverage to book value , so that liquidity effect rate about 0.019 has eight effect on book value of financial leverage . this effect is verifiable in 95% confidence level . this model Adjusted R-squared about 0.704 implies that 70% of dependent variable changes of financial leverage to book value expressed by extant variables of mentioned model.

Hypothesis 2:there is meaningful relationship between liquidity (model of Modified liquidity ratio)and financial leverage to book value .

$$BLEV=\alpha_0+\alpha_1 MLR_{it}+\alpha_2 GROW_{it}+\alpha_3 SIZE_{i\,t-1}+\alpha_4 TANG_{i\,t-1}+\alpha_5 PROF_{i\,t-1}+\alpha_6 OWN_{it}+\alpha_7 NDTS_{i\,t-1}+\alpha_8 PRC_{it-1}+\varepsilon_{it}$$

Table5

Hypothesis 2			Variable
Prob	t -statistics	Regression Coefficients	
0.0192	2.352483	1.568049	C
0.0038	-2.916790	-0.020920	MLR
0.0022	3.088252	0.019575	GROW

	0.2214	-1.225109		-0.060278		SIZE		
	0.8126	0.237216		0.021996		TANG		
	0.0015	-3.199493		-0.404470		PROF		
	0.3536	-0.928958		-0.000425		OWN		
	0.1278	1.526530		0.306536		NDTS		
	0.8401	-0.201873		-0.004012		PRC		
	0.0004	3.546060		0.818058		AR(1)		
Prob Hausman statistics	Hausman statistics	Prob (F-leymer statistics)	F-leymer staistics	Prob(F-statistic)	F-statistics	Adjusted R-squared	R-squared	Durbin-Watson
0	39.619	0	5.877	0	13.698	0.703	0.758	1.994

According to table (5) there is meaningful and negative relation between independent variable of liquidity (Modified liquidity ratio model) and dependent variable of financial leverage to book value , so that liquidity effect rate about 0.020has eight effect on book value of financial leverage . this effect is verifiable in 95% confidence level . this model Adjusted R-squared about 0.703 implies that 70% of dependent variable changes of financial leverage to book value expressed by extant variables of mentioned model.

Hypothesis 3:there is meaningful relationship between liquidity (model of Modified turnover)and financial leverage to market value .

$$MLEV=\alpha_0+\alpha_1 MT_{it}+\alpha_2 GROW_{it}+\alpha_3 SIZE_{i\,t-1}+\alpha_4 TANG_{i\,t-1}+\alpha_5 PROF_{i\,t-1}+\alpha_6 OWN_{it}+\alpha_7 NDTS_{i\,t-1}+\alpha_8 PRC_{it-1}+\varepsilon_{it}$$

Table 6

Hypothesis 3								Variable
Prob		t -statistics		Regression Coefficients				
	0.0034		-2.949606		-0.463694			C
	0.3042		1.028944		0.004188			MT
	0.0005		-3.501334		-0.003963			GROW
	0.0000		14.42498		0.172679			SIZE
	0.2832		1.074892		0.030190			TANG
	0.0331		-2.139909		-0.073225			PROF
	0.4479		-0.759723		-0.000212			OWN
	0.0178		2.381343		0.557289			NDTS
	0.0000		-19.32726		-0.151609			PRC
	0.0000		16.21085		0.657372			AR(1)
Prob Hausman statistics	Hausman statistics	Prob (F-leymer statistics	F-leymer staistics	Prob(F-statistic)	F-statistics	Adjusted R-squared	R-squared	Durbin-Watson
0	50.145	0	10.562	0	51.922	0.904	0.922	2.156

According to table (6)there is investigated liquidity relation (modified trading volume model) with market value of firms financial leverage and final results had shown that there isn't meaningful relation between modified trading volume model and market value of firms financial leveragein 95% reliability level and this hypothesis rejects. this model Adjusted R-squared about 0.904 implies that 92% of dependent variable changes of financial leverage to book value expressed by extant variables of mentioned model.

Hypothesis 4:there is meaningful relationship between liquidity (model of Modified liquidity ratio)and financial leverage to market value .

$$\alpha MLR_{i\,t}+\alpha_2 GROW_{it}+ =\alpha_0+\alpha_1 M\ LEV\ {}_3 SIZE_{i\,t-1}+\alpha_4 TANG_{i\,t-1}+\alpha_5 PROF_{i\,t-1}+\alpha_6 OWN_{it}+\alpha_7 NDTS_{i\,t-1}+\alpha_8 PRC_{it-1}+\varepsilon_{it}$$

Table7

Hypothesis4								Variable
Prob		t -statistics		Regression Coefficients				
	0.0036		-2.934640		-0.461045			C
	0.2836		-1.073859		-0.005294			MLR
	0.0005		-3.518945		-0.003983			GROW
	0.0000		14.36701		0.172078			SIZE
	0.2840		1.073004		0.030188			TANG
	0.0405		-2.056610		-0.070619			PROF
	0.4258		-0.797293		-0.000223			OWN
	0.0266		2.227034		0.521420			NDTS
	0.0000		-19.19418		-0.150233			PRC
	0.0000		15.99442		0.652782			AR(1)
Prob Hausman statistics	Hausman statistics	Prob (F-leymer statistics	F-leymer staistics	Prob(F-statistic)	F-statistics	Adjusted R-squared	R-squared	Durbin-Watson
0	45.339	0	10.424	0	51.937	0.904	0.922	2.154

According to table (7)there is investigated liquidity relation (modified liquidity ratio model) with market value of firms financial leverage and final results had shown that there isn't meaningful relation between modified model of liquidity ratio and market value of firms financial leverage in 95% reliability level and this hypothesis rejects. This model Adjusted R-squared about 0.904 implies

that 90% of dependent variable changes of financial leverage to book value expressed by extant variables of mentioned model.

4.Conclusions &propositions

Investors in firms stocks expect return and this is because the risk that they bear with investment in firms stocks and because trading costs which they accept during transaction. so stocks with less liquidity will have more capital cost and as lower liquidity of stock means implicitly more cost and makes beneficial financing via debt – provided that retain the balance and equilibrium between benefit of debt using and delegation costs increasing –lower liquidity of stock should lead to relatively more using of debt . in the current paper , there is investigated liquidity effect on firms capital structure with designing four hypothesis. In hypothesis (1), there is investigated liquidity relation (modified model of trading volume) with book value of firms financial leverage and results had shown that there is meaningful relation between modified model of trading volume and book value of firms financial leverage in 95% reliability level . furthermore with attention to negative mark of final coefficient, this result was acquired that this relation is negative and this hypothesis confirms . in hypothesis (2) , there is investigated liquidity relation (modified liquidity model) with book value of firms financial leverage and results had shown that there is meaningful relation between modified liquidity model and book value of financial leverage in 95% reliability level . furthermore with attention to negative mark of final coefficient , this result was at acquired that this relation is negative and this hypothesis confirms . the results of hypotheses (1)and (2)are consistent with results of below researches:
Udomsirikul (2011), Frieder and Martell(2006) Mortal and Lipson(2009) . in hypothesis(3) there is investigated liquidity relation (modified model of trading volume) with market value of firms financial leverage and final results had shown that there isn't meaningful relation between modified model of trading volume and market value of firms financial leverage in 95% reliability level and this hypothesis rejects .hypothesis(4)) there is investigated liquidity relation (modified liquidity model)with market value of firms financial leverage and final results had shown that there isn't meaningful relation between modified model of trading volume and market value of firms financial leverage in 95% reliability level and this hypothesis rejects .the results of hypotheses (3)and (4)are consistent with results of below researches: Fayez Salim Hadad, (2012), salavati and resaiyan (2007), soltani and bahrami (2012).

5. Application Recommendations

1.it is recommended that modified (turnover (MT) And liquidity ratio (MLR)) use as stock Exchange applications to evaluate stock liquidity in determining capital structure (financial leverage to book value).

6. **Recommendations for future research**

1.studing the effect of upper and lower level of liquidity on firms financial structure
2 .studing the effect of stock liquidity absence on firms financial risk.

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