The effect of illiquidity, risk, beta and company size towards stock returns: ASEAN stock exchanges

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Abstract

The previous research regarding return and relationship with other variables has a contradicting finding. Return always become part of investors goals beside holding period and risk. This study investigates the effect of factors related to the stock return, such as liquidity, company size, risk, and beta of companies listed on ASEAN Exchanges for 2011-2019. This study uses a quantitative approach by using multiple linear regression method with extensive observations. The dependent variable is stock return, while the independent variables used are liquidity, company size, risk, and beta. This research uses 14,580 observations of 1,620 wide-spread companies across Indonesia, Malaysia, Thailand, Vietnam, Singapore, and Philippine in nine years. The study finds that illiquidity, risk, and size positively influence stock return significantly, while beta has an insignificant positive effect on stock return. This study also finds that there are country-effect towards stock return in each country. Asian's investors very concern about liquidity because short-term holding period and the market is growing. While beta is not considered major factors in investment decision because of their short-term investment horizon.
Keywords: illiquidity, risk, return, beta, ukuran perusahaan

Introduction

The capital market is an alternative investment instrument that can generate profits for investors. In investing, investors must have enough knowledge to make decisions with the right fundamentals. Some factors must be considered, such as illiquidity, risk, beta, and company size (Amihud, 2002). Nanlohy et al. (2018) argue that it will be easy to sell liquid assets to the market. On the other side, it will be more challenging to sell illiquid assets, thus posing a risk to their owners. Amihud and Mendelson (1991) in Nanlohy et al. (2018) stated that one of the essential things in determining asset prices is liquidity. The lower the asset's liquidity, the higher the expected return as a premium of difficulties in selling the illiquid asset, which leads to a decline in value that is detrimental to investors. That is why liquidity is an important factor in determining the price of an asset.

Several studies have conducted and still have inconsistent results with each other. Amihud and Mendelson (1989) in Nanlohy et al. (2018) researched the relationship between independent variables of illiquidity, beta, company size, and

risk towards stock return as the dependent variable. Amihud and Mendelson (1989) in Nanlohy et al. (2018) found that illiquidity and beta positively affect stock returns, while company size and risk have a negative effect on stock returns. Amihud (2002) researched the effect of illiquidity on stock returns. Amihud (2002) conducted his research using a sample of stock data on the New York Stock Exchange during 1964-1997. Amihud (2002) uses the stock return as the dependent variable. The independent variables are illiquidity, company size, risk, beta, and dividend return. Amihud (2002), through his research, found that illiquidity and beta have a positive effect on returns, while company size, risk, and dividend return have a negative effect on stock returns.

Cao and Petrasek (2014) conducted an event study research on the factors that influence stock returns during a financial crisis. The purpose of Cao and Petrasek (2014) study is to find and test the determinants of cross-sectional returns on stocks returns during the liquidity crisis in America. The dependent variable used is return. The independent variable used is market beta, liquidity beta, ownership of investment institutions, bank ownership, other ownership, ownership concentration, and the probability of informed trading (PIN). Control variables used are illiquidity (Amihud), market capitalization, bid-ask spread, standard deviation, momentum, leverage, and book to market value (B / M). Cao and Petrasek (2014) from the results of his research found that the results are: (1) Market beta has a significant negative effect on return; (2) Illiquidity has a significant negative effect on returns; (3) PIN has a significant negative effect on return; (4) Institutional ownership has a significant negative relationship to return; (5) Bank ownership has a significant positive effect on returns; (6) Other ownership has insignificant negative effect on returns; (7) Ownership concentration has a significant positive effect on returns; (8) Bid-ask spread has insignificant positive effect on return; (9) Amihud illiquidity (control variable) has a negative and insignificant effect on return (10) The momentum has a negative and insignificant effect on return; (11) Standard deviation has a significant negative effect on return; (12) Leverage has a negative and insignificant effect on return; (13) Book-to-market equity (B/M) has a positive and insignificant effect on return; (14) Market capitalization variable has a significant negative effect on return.

Amihud et al. (2015) carried out the development of their previous research by examining the illiquidity of premiums on stock exchanges in 45 countries consisting of 19 developing countries and 26 developed countries during the period 1990 - 2011. The objective of a study done by Amihud et al. (2015) was to expand the coverage of previous research in Amihud (2002), which included only America. The dependent variable used is stock returns, while the independent variables are illiquidity, risk, book to market value (B/M) and company size. Amihud et al. (2015) found that the results of their research were (1) Illiquidity has a significant positive effect on returns; (2) Risk has a negative effect on returns; (3) Company size has an insignificant negative effect on return.

Fauzi and Wahyudi (2016) researched stock characteristics' effect on stock returns during the economic crisis. The purpose of Fauzi and Wahyudi (2016) research is to determine the effect of stock characteristics on returns during a market crash in Indonesia. The sample used is companies listed on the Indonesia Stock Exchange from 1983-2014. Fauzi and Wahyudi (2016) research uses

return as the dependent variable. The independent variables are illiquidity, beta, company size, market-to-book value, cash flow per share, liquid assets ratio, basic earning power, and leverage. The research results of Fauzi and Wahyudi (2016) state that: (1) Illiquidity has an insignificant positive impact on returns; (2) Company size has a significant negative impact on returns; (3) Beta has a significant negative impact on returns; (4) Risk has a significant negative impact on returns; (5) Market to book value (MVBV) has an insignificant positive impact on returns; (6) Leverage has a significant negative impact on returns; (7) Liquid asset ratio has a significant positive impact on returns; (8) Cash flow per share has a significant positive impact on returns; (9) Basic earning power has a significant positive impact on returns.

Nanlohy et al. (2018) researched the effect of stock characteristics on share returns in 25 consumer goods companies listed on the Indonesia Stock Exchange (IDX) during the 2011-2015 period. Nanlohy et al. (2018) looked at the impact of stock characteristics as a determinant of the return. The dependent variable used is stock return, while the independent variable used is illiquidity, company size, beta, risk, and dividend return. In their research, Nanlohy et al. (2018) found that: Illiquidity has an insignificant positive impact on returns; company size has a positive and insignificant effect on returns; Beta has a significant positive impact on returns; Risk has a significant negative effect on returns; Dividend return has a significant negative effect on return.

Harris and Amato (2002) replicated the model made by Amihud (2002) using an updated data sample that aims to see and test previous research's consistency. The dependent variable is return, while the independent variable used is illiquidity, company size, beta, risk, and dividend return. Harris and Amato (2002) found that: Illiquidity has a significant negative effect on returns; Company size has an insignificant positive effect on returns; Beta has an insignificant positive effect on return; risk has an insignificant negative effect on returns.

Cao and Petrasek (2014) and Harris and Amato (2019) state that illiquidity has a significant negative impact on returns. These results contradict the research results of Amihud et al. (2015) and Fauzi and Wahyudi (2016), and Nanlohy et al. (2018) which states that illiquidity has a significant positive impact on returns. Fauzi and Wahyudi (2016) and Nanlohy et al. (2018) found that the effect was insignificant. In the context of the effect of risk on returns, research from Amihud et al. (2015), Fauzi and Wahyudi (2016), Nanlohy et al. (2018), as well as Harris and Amato (2019) have the same research results, namely that risk has a negative effect on returns. Harris and Amato (2019) and Amihud et al. (2015) had insignificant results, different from the research results of (Fauzi & Wahyudi 2016; Nanlohy et al., 2018).

Cao and Petrasek (2014) and Fauzi and Wahyudi (2016), in their research, stated that beta has a significant negative effect on return. In contrast with Nanlohy et al. (2018), Harris and Amato (2019) found that beta has a significant positive effect. Amihud et al. (2015) and Fauzi and Wahyudi (2016) in their research stated that company size has a significant negative effect on company returns. Meanwhile, Nanlohy et al. (2018) and Harris and Amato (2019) state that company size has an insignificant positive effect on return.

Most studies such as Amihud (2002), Amihud (2015), Harris and Amato (2019), Cao and Petrasek (2014) are often conducted in America (US). America

is a developed country where the level of trading activity is higher than the stock exchange in developing countries (Kang & Zhang, 2014). Kang and Zhang (2014) also stated that the average trading day with zero value in developing countries is 14.56%, which is much higher than the average of the G7 member countries at 6.10%. Based on these conditions, the level of liquidity in developing countries tends to be lower, which creates liquidity risk, supported by (Lee 2011; Kang & Zhang, 2014).

There is a special attraction for emerging markets, especially Southeast Asia, which consists of Thailand, Vietnam, Cambodia, Singapore, Indonesia, Thailand, Malaysia, the Philippines, Brunei, and Laos. This condition is caused by the high economic growth rate marked by the growth of ASEAN's Gross Domestic Product (GDP) at 4.4% which is higher than the world average of 3.5% (IMF, 2020). This condition implies that the prospect of development and progress in the ASEAN is higher than in developed countries. Therefore, further research is needed to determine the characteristics of stocks in developing countries. In this case, ASEAN is an extension of the research conducted by Nanlohy et al. (2018) conducted in Indonesia.

Based on the previous explanation, there is a difference between previous studies' consistency, which is a theoretical gap in this research which will then be tested again. The author wants to develop a causal analysis of the factors that affect stocks' returns and widen the research scope by adding coverage to ASEAN. Companies used as the target population of this study are all companies listed on the ASEAN stock exchange during the 2011-2019 period. One of the objectives of selecting the author's object is to expand the observations from research conducted by (Nanlohy et al., 2018).

This research discusses the factors that are determinants of returns. The dependent variable is return, while the independent variable used is illiquidity, risk, beta, and company size. This research was conducted on an active stock market in the scope of ASEAN. It used data on all stocks listed on ASEAN's stock exchanges, namely the stock exchanges of Indonesia, Malaysia, Singapore, Philippines, Thailand, and Vietnam from January 2011 - December 2019.

Amihud (2002) conducted a study and found that market illiquidity expectations will positively influence return expectations. Murhadi (2013) states that in general high liquidity is said to be a measure of an investor's ability to sell an asset without experiencing a significant loss of its fair value. Logically, illiquid assets will be more difficult to sell. Amihud et al. (2015) stated that illiquidity would positively affect returns because the more illiquid a share, the more return the investor expects as compensation for the risk of the stock's illiquidity. Fauzi and Wahyudi (2016) and Marozva (2019) also support their opinion that illiquid stocks are more difficult for investors to sell their shares. Therefore, investors have higher return expectations in exchange for higher risks. Based on existing research, it can be concluded that illiquidity is one of the proxies of risk that will have a positive effect on returns. The higher the level of illiquidity, the higher the returns investors expect as a premium for the risk of impairment or failure to sell an asset. It can be concluded that illiquidity is one of the proxies of risk that will positively affect returns. The higher the level of illiquidity, the higher the returns investors expect as a premium for the risk of impairment or failure to sell an asset. It can be concluded that illiquidity is one of the proxies of risk that will positively

affect returns. The higher the level of illiquidity, the higher the returns investors expect as a premium for the risk of impairment or failure to sell an asset.
H1: Illiquidity will affect positively towards stock returns.

In general, risk and return have a linear relationship. The higher the risk, the higher the expected return. This relationship is also supported by the research of Malkiel and Xu (2002) stated that risk has a positive relationship with returns. Chen (2015), in his research on the relationship between risk and return, states that risk and return have a positive relationship. This condition can occur due to compensation for the investor's risk profile to avoid arbitrage opportunities that impact market injustice. Investors are assumed to have an adverse risk profile so that they need to be compensated for any additional risks taken.
H2: Risk will affect positively towards stock returns.

Black et al. (1972) in Nanlohy et al. (2018) stated that beta positively influences return. Murhadi and Irawan (2012) state that the systematic risk inherent in the market cannot be avoided by undertaking diversification efforts can be measured by beta. The amount of the beta number shows the amount of change in the stock return on a market's return. The systematic risk will influence the size of the return in the market, which is denoted by beta. Harris and Amato (2019) supported by Amihud (2002) also stated that beta has a significant positive effect because the systematic risk is inherent in beta. The higher the systematic risk or, the higher the market return, the higher the expected return expected by investors.
H3: Beta will affect positively towards stock returns.

Amihud (2002) in stating that company size has a negative effect on expected returns. Amihud (2002) states that there is a small firm effect, which means that small companies will produce greater returns than large companies. Amihud et al. (2015) and Fauzi and Wahyudi (2016) found that company size negatively influences returns. Fauzi and Wahyudi (2016) said that large companies would respond quickly to information in a crisis. Therefore, large companies will experience losses faster so that small companies will have higher returns. Amihud et al. (2015) stated that company size is associated with liquidity. Therefore, from various studies, it can be concluded that company size has a negative effect on returns.
H4: Company size will affect negatively towards stock returns.

Research methods
This research is categorized as basic research. This research aims to develop existing research. This research is causal research because it examines the influence of independent variables, namely illiquidity, risk, beta, company size, and the country dummy variable towards the stock return of companies listed on ASEAN stock exchanges 2011-2019. This study uses a quantitative approach with secondary data sources.
The variables used in this study consisted of 4 independent variables, five country dummy variables, and one dependent variable. The independent variables used in this study are illiquidity, company size, risk, and beta.

Meanwhile, the dependent variable studied was the return. The following is an explanation of the variables to be examined in this research.

The analysis will use a panel data model so that the type of data used is secondary quantitative data involving all issuers listed on ASEAN's stock exchanges during the 2011-2019 period whose data was obtained through Thompson Reuters Refinitiv Eikon. The data taken is historical price data, a historical volume, and financial report data during the 2011-2019 period.

This research will use the ratio as the measurement for the independent variable and nominal as the dummy variable's measurement. The ratio level can help analysis because it illustrates the actual value of an object of research, namely all issuers listed on ASEAN's stock exchanges during the 2011-2019 period. At the same time, the nominal level aims to group research objects into specific categories. In this study, there is a grouping of countries of origin of each issuer.

This study's population comprises all companies listed on the stock exchange in ASEAN during the 2011-2019 period. The population criteria that must be owned are as follows: (1) Is an issuer that has been listed consecutively on the stock exchange in ASEAN during the 2011-2019 period; (2) Is an issuer that has data on historical prices and volumes that are entirely available for the period 2011 to 2019 in the Thompson Reuters Refinitiv Eikon database; (3) Is an issuer that has never experienced a suspension, or it can be said that an issuer that is not classified as sleeping shares; (4) All issuers whose dependent and independent variables are available at Thompson Reuters Refinitiv Eikon.

This study uses multiple linear regression to determine the effect of the independent variable on the dependent variable. Based on the explanation of the previous variables, it is described as the regression equation as follows:

$$RETURN = \alpha + \beta_1 ILLIQ + \beta_2 SDRET + \beta_3 BETA + \beta_4 SIZE + D_1 SINGAPORE + D_2 VIETNAM + D_3 MALAYSIA + D_4 FILIPINA + D_5 THAILAND + e \dotso (1)[1]$$

Results and Discussion

Table 3.1 shows the target population's descriptive statistical characteristics that have met the research characteristics representing the conditions of the data used. The number of observations analysed was 14,580. This number includes 1,620 issuers distributed on ASEAN Exchanges during the 2011-2019 period. Data is processed using Eviews 11, and StataMP14.

Table 1 shows that the RETURN variable, the maximum value is 0.022396, while the minimum value is -0.02029. In the ILLIQUIDITY variable, the maximum value is 0.019260, while the minimum value is -0.018443. In the SDRET variable, the maximum value is 0.106932, while the minimum value is 0.000246. In the BETA variable, the maximum value is 8.027907, while the minimum value is -6.329051. In the SIZE variable, the maximum value is 34.345310 while the

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[1] RETURN: share returns
*ILLIQ*UIDITY: *illiquidity*
*S*DRET: risk
BETA: *beta*
SIZE: company size
Singapore, Vietnam, Malaysia, Philippines, Thailand: country dummy
β: regression coefficient
e: error

minimum value is 10.878050.

Table 1. Descriptive Statistics of Target Population

	RETURN	ILLIQUIDITY	SDRET	BETA	SIZE
Mean	0.000520	-0.000004	0.006829	0.855471	22.545510
Median	0.000220	0.0000003	0.004749	0.752364	21.687590
Maximum	0.022396	0.019260	0.106932	8.027907	34.345310
Minimum	-0.020299	-0.018443	0.000246	-6.329051	10.878050
Std. Dev.	0.002357	0.001039	0.007735	1.382535	3.961921
Skewness	1.527789	-1.035126	5.055223	0.331557	0.548151
Kurtosis	14.717860	133.403200	41.241250	6.330936	2.451500
Jarque-Bera	89,087	10,333,143	950,503	7,007	913
Probability	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	7,587	-0.057	99,568	12,472,770	328,713,600
Sum Sq. Dev.	0.081	0.016	0.872	27,866,350	228,843,900
Observations	14,580	14,580	14,580	14,580	14,580

The results of the regression analysis are as follows:

Table 2. Panel Data Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Hypothesis
C	-0.005500	0.000281	-19,559	0.0000 ***	
ILLIQUIDITY	0.153693	0.016611	9,252	0.0000 ***	Positive
SDRET	0.135859	0.002460	55,233	0.0000 ***	Positive
BETA	0.000014	0.000013	1,081	0.2799	Positive
SIZE	0.000181	0.000009	19,119	0.0000 ***	Negative
SINGAPORE	0.001191	0.000108	11,075	0.0000 ***	
THAILAND	0.001110	0.000086	12,941	0.0000 ***	
VIETNAMESE	0.000334	0.000072	4,660	0.0000 ***	
MALAYSIA	0.001582	0.000103	15,313	0.0000 ***	
PHILIPPINES	0.001011	0.000093	10,825	0.0000 ***	
R-squared			0.1773		
Adjusted R-squared			0.1768		
F-statistic			348,8289		
Prob (F-statistic)			0.0000 ***		

***: significance at α = 1%

Based on Table 2, the regression equation found is:

RETURN = -0.0055 + 0.153693 ILLIQUIDITY + 0.135859 SDRET + 0.000014 BETA + 0.000181 SIZE + 0.001191 SINGAPORE + 0.001110 THAILAND + 0.000334 VIETNAM + 0.001582 MALAYSIA + 0.001011 PHILIPPINES

The RETURN variable is the dependent variable. The ILLIQUIDITY, SDRET, BETA, and SIZE variables are independent variables. Meanwhile, the SINGAPORE, THAILAND, MALAYSIA, VIETNAM, and PHILIPPINES variables are independent dummy variables that explain country differences. This regression equation has a constant variable of -0.005500.

Table 2 shows that the illiquidity variable as an independent variable has a coefficient value of 0.153693. At the same time, the probability value that is owned is 0.0000. It can be said that the illiquidity variable has a significant positive

effect on the dependent variable on returns on companies listed in ASEAN Exchanges during the 2011-2019 period. The results of this study are in accordance with the formulated hypothesis.

These results are consistent with research conducted by Amihud et al. (2015), Fauzi and Wahyudi (2016), and Nanlohy et al. (2018) which states that illiquidity is one of the determinants that affect returns. Nanlohy et al. (2018) supported by Amihud et al. (2015), explains that liquidity is one of the proxies of risk so that stocks with low liquidity are considered to have a higher risk because it will be more difficult to sell so that investors have higher return expectations and vice versa. Fauzi and Wahyudi (2016), consistent with Marozva (2019) state that illiquid stocks make it more difficult for investors to sell assets. Hence, there is a risk of failing to sell which must be compensated with higher returns. As a reference, Loukil et al. (2010) examined the effect of liquidity on the Tunisian stock exchange and found that investors need a premium to compensate for the value of spreads, low volume, and price impact of illiquid stocks. With the consistency of various research results, it can be concluded that liquidity is one of the determinants of returns. The more illiquid a stock is, the higher the expected returns; therefore, this research can strengthen previous research results.

Referring to Table 2, the risk as an independent variable has a coefficient value of 0.135859. At the same time, the probability value is 0.0000. This condition indicates that risk has a significant positive effect on the dependent variable returns on listed companies in ASEAN Exchanges during the 2011-2019 period. Thus, the results of the research are by the formulated hypothesis.

The research results follow the general theory, which states a positive relationship between risk and return. Malkiel and Xu (2002) and Mendonca et al. (2012) stated that risk has a positive relationship with returns. Chen (2015), in his research on the relationship between risk and return on Chinese exchanges, stated that risk and return have a significant positive relationship. However, it should be noted that several studies have reversed results driven by (1) The difference in research time; (2) Data discrepancies; (3) Different market conditions; (4) There is a dynamic relationship between risks and returns due to differences in financial behavior and information asymmetry.

Based on Table 2, the independent variable beta has a coefficient value of 0.000014 and a probability value of 0.2799. This result shows that beta has a positive and insignificant effect on the dependent variable on returns on listed companies in ASEAN Exchanges during the 2011-2019 period. The study results are by the formulated hypothesis that beta has a positive effect on return. Thus, it can be concluded that the hypothesis can be accepted.

These results are consistent with research by Nanlohy et al. (2018) supported by Murhadi (2013), which states that beta positively influences returns. BETA is a tool for measuring the systematic risk of a market that cannot be diversified. The size of the beta determines the degree of sensitivity of stock returns to the market. In the end, the return is influenced by the systematic risk of the market. The higher the beta value, the greater its systematic risk so that investors' returns will also be higher. Theriou et al. (2010) found that beta has a positive but insignificant effect on returns due to investors' different risk preferences.

The data processing results in Table 2 state that the independent variable

company size has a coefficient value of 0.000181. At the same time, the probability value is 0.0000. This condition shows that the variable company size has a significant positive effect on the dependent variable on returns on listed companies in ASEAN Exchanges during the 2011-2019 period. Thus, it can be concluded that the results of the study are not in accordance with the formulated hypothesis.

The positive relationship between company size and return is in line with the research results from Nanlohy et al. (2018) and Harris and Amato (2019), which found company size has a positive and insignificant effect in their research. Nanlohy et al. (2017) argue that the difference between the research results and previous research is that the company does not consistently generate a premium on its size. From year to year, the results can differ either positive or negative.

As a supporting reference, Lin and Wang (2003) and Astakhov et al. (2019) states that within a certain period there is a reverse size effect on stock returns, which causes shares with large company sizes to be associated with greater returns when compared to stocks with small company sizes. The negative effect company size has on return is due to extreme observations at the 1% percentile. The premium on company size is concentrated on stocks with tiny company sizes. So, it can be concluded that this research has a significant positive company size result due to the omission of outlier values.

The Singapore dummy variable has a coefficient value of 0.001191 with a probability value of 0.0000. The Thailand dummy variable has a coefficient value of 0.001110. At the same time, the probability value is 0.0000. The Vietnamese dummy variable has a coefficient value of 0.000334 with a probability value of 0.0000. The Malaysian dummy variable has a coefficient value of 0.001582 with a probability value of 0.0000. The Philippine dummy variable has a coefficient value of 0.001011 with a probability value of 0.0000. This condition shows that all the dummy variable has a significant positive effect on the returns on listed companies in ASEAN Exchanges during the 2011-2019 period, assuming the other variables are fixed. This condition can occur because of the influence of the heterogeneity characteristics of the population in each country. Under these conditions, this study successfully described the heterogeneity between countries using dummy variable coefficients to produce a more comprehensive value and depict the actual conditions.

Based on Table 2, the F statistical value is at 348.8289 with a probability of 0.0000 which means that it is significant with a confidence level of 5% so that the dependent variable is illiquidity, risk, beta, company size and the dummy variables of Singapore, Malaysia, Vietnam, Philippines, and Thailand together has a significant influence on returns.

In Table 2, the coefficient of determination R^2 is 0.1773 on the return as the dependent variable. With a value of 0.1773 or 17.73%, it can be said that the dependent variable return is affected by 17.73% by the dependent variable illiquidity, risk, beta, company size and the dummy variables of Singapore, Malaysia, Vietnam, Philippines, and Thailand while the remaining 82.27% is not described in this study. These results are consistent with the adjusted R^2 value of 0.1768 or 17.68%, which is not much different from R^2, so it can be concluded that this study is consistent in explaining the determinants of return of ~ 17.

Conclusion

The first result of this study found that the illiquidity variable affected the return variable positively and significantly. The higher the company's illiquidity, the higher the returns investors expect as a premium on liquidity. The second result found in this study shows that the risk variable has a significant positive impact on returns. It can be said that the higher the risk borne by investors, the higher the returns expected by investors as a form of compensation for the risks borne. The third result of this study shows that the beta variable has an insignificant effect, so it can be said that the size of the beta variable does not affect the return so that the large or small value of the beta value will not affect the return.

The fourth research result is that the company size variable measured using the natural logarithm of market capitalization has a significant positive effect on return. The bigger a company, the greater the returns the company will get. The model in this study produces the coefficient of determination R2 and adjusted R2 of 17.73% and 17.68% so that it can consistently be interpreted that the independent variables illiquidity, risk, beta, and company size, as well as the dummy variables of Singapore, Thailand, Vietnam, Malaysia, The Philippines, can explain the dependent variable returns of ~ 17%. In comparison, the remaining ~ 83% is explained by variables or other factors not discussed in this research model.

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