

Accounting Conservatism and Stock Liquidity: Evidence from Frontier Markets

Muath Asmar¹ and Majd abu Hijleh²

ABSTRACT

This study aimed to examine the effects of accounting conservatism on the stock liquidity of 204 companies listed on the Palestine Stock Exchange and the Amman Stock Exchange between 2009 and 2022. This study employed an econometric model, specifically the Generalized Method of Moment (GMM) model, to estimate data. The results indicate that accounting conservatism positively affects the stock liquidity of companies in Palestine and Jordan, meaning that using conservative accounting methods helps improve stock liquidity in developing markets. More precisely, the application of conservative accounting techniques correlates with higher stock liquidity. These findings advance both the theoretical understanding and practical implications of financial reporting practices, addressing a gap in the literature regarding the relationship between accounting conservatism and stock liquidity in developing markets. The study's results offer crucial information to policymakers in developing countries, enabling them to enhance stock liquidity by formulating regulatory policies on accounting conservatism.

ملخص

تهدف هذه الدراسة إلى فحص آثار التحفظ المحاسبي على سيولة الأسهم لدى 204 شركات مدرجة في بورصة فلسطين وبورصة عمان خلال الفترة الممتدة من عام 2009 إلى عام 2022. واعتمدت الدراسة نموذجاً اقتصادياً قياسياً، ويتعلق الأمر بنموذج العزوم المعمم (Generalized Method of Moments - GMM)، لتقدير البيانات وتحليلها. وتبرز النتائج أن التحفظ المحاسبي يؤثر إيجاباً في سيولة أسهم الشركات في فلسطين والأردن، مما يعني أن استخدام الأساليب المحاسبية المتحفظة يساهم في تحسين سيولة الأسهم في الأسواق النامية. وبصورة أكثر دقة، يرتبط تطبيق

¹ Debarment of Finance, Faculty of Business & Communications, An-Najah National University, Nablus, Palestine (Corresponding Author) E-mail: asmar@najah.edu

² Master of Finance, Faculty of Graduate Studies, An-Najah National University, Nablus, Palestine E-mail: hosammajd412@gmail.com

تقنيات التحفظ المحاسبي بارتفاع مستوى سيولة الأسهم. وتسهم هذه النتائج في تعزيز الفهم النظري والتطبيقات العملية لممارسات إصدار التقارير المالية، كما تسد فجوة في الأدبيات المتعلقة بالعلاقة بين التحفظ المحاسبي وسيولة الأسهم في الأسواق النامية. كما توفر نتائج الدراسة معلومات مهمة لصانعي السياسات في الدول النامية، بما يمكنهم من تعزيز سيولة الأسهم من خلال وضع سياسات تنظيمية وتشريعية تتعلق بالتحفظ المحاسبي.

RÉSUMÉ

Cette étude avait pour objectif d'examiner les effets du conservatisme comptable sur la liquidité boursière de 204 sociétés cotées à la Bourse de Palestine et à la Bourse d'Amman entre 2009 et 2022. Elle a utilisé un modèle économétrique, plus précisément la méthode des moments généralisés (GMM), pour estimer les données. Les résultats indiquent que le conservatisme comptable a un effet positif sur la liquidité des actions des sociétés en Palestine et en Jordanie, ce qui signifie que le recours à des méthodes comptables conservatrices contribue à améliorer la liquidité des actions sur les marchés en développement. Plus précisément, l'application de techniques comptables conservatrices est corrélée à une plus grande liquidité des actions. Ces conclusions font progresser à la fois la compréhension théorique et les implications pratiques des pratiques d'information financière, comblant ainsi une lacune dans la littérature concernant la relation entre le conservatisme comptable et la liquidité des actions sur les marchés en développement. Les résultats de l'étude fournissent des informations cruciales aux décideurs politiques des pays en développement, leur permettant d'améliorer la liquidité des actions en élaborant des politiques réglementaires sur le conservatisme comptable.

Keywords: Accounting Conservatism, Stock liquidity, Generalized Method of Moment (GMM), Developing Markets.

JEL Classification: M4, G1

1. Introduction

The stock market needs a number of qualities, with liquidity being one of the most crucial, in order to carry out its function effectively and efficiently. The capacity to swiftly purchase or sell assets at a known price, typically near the most recent transaction price, provided that no new market information becomes accessible, is reflected in liquidity (Al-Jazzar and Al-Baramawi, 2022). To reduce excessive price volatility, trading rules and system developers work to provide a high degree of liquidity for listed securities. According to Amihud et al. (2006), this high

liquidity may help to expand the buying and selling opportunities, making stocks a more appealing investment.

Information asymmetry has been found to be one of the major variables influencing stock liquidity, and researchers have directly connected the two. This is clear from a study by AL-Jazzar and Al-Baramawi (2022), which found that when information asymmetry rises, investors become less inclined to invest in financial markets, which lowers stock liquidity. Accounting conservatism is a strategy that has arisen as a solution to the issue of information asymmetry. It aims to reduce the knowledge gap between management, stakeholders, and investors while providing accurate information to investors and decision-makers. When problems with agency theory emerged, accounting conservatism became necessary because managers want to maximize their personal gains at the expense of shareholders, which undermines the reliability and caliber of financial reporting. Accounting conservatism, according to Isnawati et al. (2018), is one of the core ideas of financial accounting that aims to offer recommendations on how to accurately disclose a company's assets and liabilities. In Gantowati et al., (2022) Notably, the accounting conservatism policy considers the lower values of assets and revenues and the higher values of liabilities and expenses, preventing the company's stock prices from being overvalued and promoting the efficiency of financial markets. which prevents the company's management from engaging in opportunistic actions that prioritize its interests over the interests of other parties. As a result, investors and stakeholders obtain more information as a result of this degree of disclosure, which is then examined to determine investment choices and impacts share liquidity. In Isnawati et al. (2018) These findings imply that accounting conservatism lowers stock prices by swiftly exposing bad news, hence reducing firms' information risk. As a result, there is a greater demand for stocks, which improves stock liquidity due to faster trading.

The findings of earlier research on the relationship between accounting conservatism and stock liquidity have been mixed. For example, some studies Gantowati et al., (2022) have proposed that accounting conservatism increases stock demand, which in turn improves market liquidity. However, as Khan & Watts, (2009) point out, some scholars contend that accounting conservatism may lower stock liquidity because it promotes a pessimistic view and early disclosure of losses and expenses. In light of these conflicting results, we raise the following primary query:

What effect does accounting conservatism have on the stock liquidity of publicly traded companies in Jordan and Palestine?

This study enhances the literature by offering empirical evidence from frontier markets, particularly those in the Middle East, where such studies has been limited (Asmar & Brahmana, 2012). In addition, this study was carried out in Palestine, a country that is characterized by its own distinct political and economic circumstances (Asmar, 2018) as well as high rates of unemployment (Abed & Asmar, 2023). In Addition, this study was carried out in Jordan which has faced considerable challenges and economic difficulties due to various factors, including regional instability, reliance on aid and remittances from other countries, pressure on natural resources, and elevated unemployment rates (Alabdullah & Asmar, 2022). Despite the remarkable progress in economic and human development in the world, are considered as impoverished nations within the developing world (Dabour, 2000). The differences in financial systems and investment practices among countries influence firm behavior and capital market responses (Ibrahim & Shirazi, 2020). The significance of this study is its focus on these countries, which is achieved through research in their frontier markets. This emphasis addresses a gap in the existing literature and offers valuable insights that can assist investors and policymakers in making informed decisions. This study addresses a deficiency in current research by concentrating on underexamined markets and employing a comprehensive 14-year and 204 companies' dataset. The research advances theoretical comprehension of how conservative financial reporting enhances market transparency and liquidity. It provides guidance for policymakers, investors, and corporate executives on the advantages of fostering accounting conservatism to improve stock market efficiency and bolster investor confidence.

The remainder of this study is structured as follows: Section 2 provides a comprehensive review of the relevant literature. Section 3 outlines the data sources and research methodology employed. Section 4 presents the empirical results and discusses the key findings. Finally, Section 5 concludes the study and offers implications and suggestions for future research.

2. Literature Review

Stock liquidity represents the ease with which shares can be traded without significantly affecting their price, serving as a crucial indicator of market efficiency and well-functioning markets. Stock liquidity is very important to investors and issuing corporations. Increased stock liquidity immediately impacts a company's market value by allowing investors to sell at greater prices. By increasing the amount raised as a result of increased stock liquidity, it can indirectly lower the cost of capital (Nguyen et al., 2016). The use of information and the implementation of earnings management techniques are the most crucial elements (Chung et al., 2009; Ascioglu et al., 2012; Lafond et al., 2007; Goodyear et al., 2010). According to these research, firms' greater use of profits management strategies, which take advantage of information asymmetry and the managerial role it plays, is to blame for the decline in stock liquidity. Thus, it could be indicated that that information asymmetry has a negative effect on stock liquidity since it has been discovered that earnings management tactics have a negative effect on information asymmetry. These studies demonstrate that the usage of earnings management strategies rises as information asymmetry increases, which helps to explain the detrimental effects of these activities on stock liquidity. The use of information and the application of earnings are the two most crucial elements found in this research. As information asymmetry spreads, it may strengthen and incentivize management to use earnings management techniques, which in turn creates information asymmetry and opens the door for earnings management. Information asymmetry is the main reason why profit management strategies aim to maximize management interests at the expense of other stakeholders (Chang et al., 2017; Rani et al., 2018; Han and Zhou, 2007). Because they lack the necessary information to effectively control management, opposing stakeholders find it harder to detect earnings manipulation by management the more information asymmetry there is in a company. A larger information asymmetry gap could result from the high level of earnings management methods, which could have a detrimental impact on trading volume and stock liquidity. According to a study by Matoussi and Chakroun (2008), the existence of information asymmetry may result in fewer market participants, a sign of a lack of trust in the accounting data that businesses present in their financial reports. The inferior quality of accounting data resulting from creative accounting, profits management, or other exploitative tactics that take advantage of the

knowledge asymmetry between management and other stakeholders may be the cause of this. According to a study by Obeid (2008), the growing state of information asymmetry and its effects may discourage some ignorant investors from entering the market because they are afraid of losing money when they trade with more knowledgeable investors. They may also decide to only invest in businesses they are familiar with, especially if they cannot afford the expense of obtaining and analyzing information about other businesses. To level the playing field between those with and without private information, they can also depend on brokers and financial analysts to provide the required analysis for them. Several studies have (e.g., Huang et al., 2017; Li et al., 2014; Fang et al., 2014) demonstrated that in contrast to what we previously discussed, there is a negative causal association between stock liquidity and information asymmetry. In other words, stock liquidity may have a bigger impact on information asymmetry within businesses. Increased stock liquidity might persuade knowledgeable investors to gather more personal data and use it to inform their investing choices. The information asymmetry issue may be resolved and the information environment improved if more information is made available to investors and market participants.

One of the key elements that can persuade institutional investors to purchase a larger portion of these companies' shares and become major shareholders is increased share liquidity. They are so motivated to obtain confidential knowledge about the business in order to thwart any opportunistic actions taken by management. Block holders can thus increase the efficacy of corporate governance by enacting the threat of market exit if they find management engaging in opportunistic practices like earnings management or putting forth little managerial effort that could jeopardize the company's interests and market stock liquidity. This could compel management to enhance managerial effort and restrict earnings management tactics (Edmans and Manso, 2011).

Other studies focused on the function of accounting conservatism and its impact on stock liquidity, including a research by Lalbar et.al, (2013). The purpose of their study was to look into the connection between stock liquidity and financial reporting conservatism. The study's findings and the broad consensus indicate that there is no meaningful correlation between stock liquidity metrics and financial reporting conservatism. This indicates that the company's information risk is unaffected by

conservative reporting of income and expense items, and that stock liquidity is not significantly impacted either. Thus, it can be said that management's method to reporting financial statement items have little effect on stock flow in the Iranian capital market. Furthermore, the study of Jamil, (2022) which uses unconditional accounting conservatism as an intervening variable to quantify how financial analysts' coverage affects stock liquidity.. A direct relationship between liquidity and the convergence of investors' expectations regarding the stock's future is evident from the study's findings that there is an optimal level of the relationship between financial analysts' coverage and the liquidity index and trading volume. Any deviation from this level will have a negative impact on the stock's liquidity as measured by these metrics. The degree of unconditional accounting conservatism is positively impacted by the coverage of financial analysts; hence, the more financial analysts cover a firm, the more secret reserves it maintains as a measure of accounting conservatism. Lastly, all liquidity metrics are significantly impacted indirectly by unconditional accounting conservatism as determined by market value to book value. The study of Al-Hussein et al., (2023) which was carried out on a sample of 80 companies listed on the Egyptian Stock Exchange between 2012 and 2021, aims to measure the impact of financial conservatism on investment efficiency on the one hand and investigate the impact of financial conservatism on investment efficiency through stock liquidity as an intervening variable on the other. The findings of the study demonstrated that the use of financial conservatism policies by companies has a significant positive effect on stock liquidity, and stock liquidity has a significant positive effect on investment efficiency, in addition to the existence of a significant positive effect of companies' use of financial conservatism policies on investment efficiency through stock liquidity.

3. Data and Methodology

3.1. Data

This study includes annual data for 204 companies listed on the Palestine Stock Exchange and Amman Stock Exchange from 2009 to 2022. The study uses secondary sources to gather data, such as the annual reports of businesses listed on the Amman and Palestine Stock Exchanges. In addition to stock liquidity as a dependent variable, this study concentrate on accounting conservatism as an independent variable, which is calculated by dividing the market value by the book value because it

indicates the conservative accounting stance. To lower the mistake rate, a other factors were considered to be controlled, such as the company's size and liquidity, financial leverage, return on assets, nationality, and type of the company.

3.2. Study Variables and Empirical model

3.2.1. Stock Liquidity

The study's dependent variable is stock liquidity, measures how easily and extensively stocks can be traded on the financial market. A number of metrics and indicators are used to gauge stock liquidity, such as Gopalan et al., (2012). Trading volume, which is expressed in shares per year, is the total number of shares exchanged over a given time period.

3.2.2. Accounting Conservatism

The independent variable is accounting conservatism, which Basu (1997) defines as a collection of accounting practices or policies that cause the net value of accounting assets to be skewed downward in comparison to the net value of economic assets.

Several approaches and models have been proposed to evaluate accounting conservatism. The most crucial techniques consist of:

Market Value/Book Value Model

This technique was created by Ohlson (1995) to evaluate accounting conservatism. This approach highlights that in conservative businesses, market value exceeds book value. This model states that the goal of accounting conservatism is to lower the company's book value and profits rate. As a result, conservative measures are taken to lower the company's book value. Consequently, the company's market value will surpass its book value (Jeffrey and Dan, 2005).

A technique for assessing accounting conservatism based on the Book-to-Market Ratio was introduced by Ryan and Beaver in 2000. The more accounting conservatism is used, the lower this ratio is than one. By figuring out the market value to book value ratio, the idea may be used in reverse. In this instance, the company's level of accounting conservatism increases with the Market-to-Book Ratio (Beaver and Ryan, 2005).

This method's capacity to evaluate the level of accounting conservatism throughout a time period or in a particular year is one of its noteworthy qualities. According to a study by Alia et al. (2020), this assessment approach considers both forms of conservatism. But this approach is criticized because higher monopolistic returns and growth opportunities—future profits not recorded in accounting but represented in the market's rise in market value—can drive market value to surpass book value.

To improve the study's capacity to explain the dependent variable, stock liquidity, a number of control factors have been included. The control variables are as follows:

3.2.3. Return on Assets

Profitability reflects the ability of a company to yield returns from its assets, thereby affecting investor perception, risk evaluation, and trading behavior. More profitable companies are frequently perceived as financially secure and garner increased trading interest, leading to enhanced stock liquidity. Bao Dinh and Tran (2024) incorporate ROA as a control variable in their analysis of stock liquidity in Vietnam, highlighting its significance in indicating the firm's operational efficiency and its influence on liquidity. (Sahu et al., 2025) identify ROA as a crucial variable influencing liquidity, owing to its association with firm performance and informational transparency. Thus, the firm profitability measured by ROA (Asmar et al., 2025) is included in this study as control variable.

3.2.4. Assets Liquidity

Asset liquidity shows a company's capacity to turn its assets into cash fast and cheaply. This lowers investor anxiety about financial flexibility and boosts investor confidence. According to Acharya and Pedersen (2005), companies with greater asset liquidity are typically seen as less risky, which can improve stock liquidity and trading activity by reducing bid-ask spreads. This relationship is supported by empirical research, for example, according to Fang et al. (2009) companies with more liquid asset positions, have more stock liquidity, especially during times of market stress. According to Gopalan et al. (2012), asset liquidity has a positive impact on stock liquidity, especially for businesses with limited financial resources and growth prospects. In a similar vein, Tayem et al. (2016)

demonstrate that asset liquidity has a positive impact on stock liquidity using data from the Amman Stock Exchange. Adjusting for asset liquidity in this study guarantees that differences in firms' short-term liquidity buffers are unlikely to bias the estimated impact of accounting conservatism on stock liquidity. Following, Alia et al., (2023) assets liquidity is measured by current ratio.

3.2.5. Financial Leverage

Financial leverage, measured by debt-to-equity (Asmar et al., 2023), is a control variable because it may affect stock liquidity. Debt increases financial risk and default risk, which may lower investor confidence and reduce liquidity by reducing trading activity. According to Umar and Sun (2016), BRICS nations with lower leverage have lower stock liquidity. Stock liquidity reduces total debt and secured debt use, but it has little effect on unsecured debt because companies replace secured debt with unsecured debt in response to liquidity (Armanious & Zhao, 2024).

3.2.6. Firm Size

The relationship between firm size and stock liquidity varies by market conditions and firm characteristics. Narayan et al. (2015) found no evidence of size effects on liquidity in Chinese markets, indicating market-specific variations. Stereńczak and Kubiak (2023) Stereńczak and Kubiak (2023) revealed that firms with lower share liquidity favor debt financing, especially impacting smaller enterprises where stock liquidity may serve as a substitute for debt in mitigating information asymmetry. Furthermore, firm size interacts with liquidity to affect market outcomes, including return persistence surrounding M&A announcements (Kyei-Mensah, 2019). Tus the firm size is controlled in this study measured by the natural logarithm of the company's total assets is used to calculate this variable (Asmar, et al., 2024; Rashwan, 2019).

3.2.7. Firm Nationality

Research on the Amman Stock Exchange (ASE) and Palestine Exchange (PEX) shows significant market differences and progression. The ASE has advanced institutional involvement, with domestic institutional ownership improving liquidity commonality (Alsaad et al., 2025). While the PEX is smaller and less active (Al-Khazaleh et al., 2025). Both exchanges are developing markets with different regulations (Mohammad et al., 2024). This study uses a dummy variable to measure firm

nationality as a control variable (Asmar & Farhood, 2024). This attribute allows us to identify if the company is Palestinian or Jordanian.

3.2.8. Firm Type

Financial institutions follow Basel regulations, use fair-value accounting and provisioning standards, and have high leverage and macroprudential responsiveness. Structure and regulation affect reporting, investor risk perceptions, and liquidity. Nonfinancial companies value operational assets and follow different accounting rules. Controlling for firm type ensures that institutional and regulatory differences do not confound our conservatism–liquidity estimates. Thus, this study controls for firm type using a dummy variable (Asmar et al., 2024).

3.2.9. Coved 19

COVID-19 began in Wuhan, China, in December 2019 and spread worldwide, affecting economic and social life (Al Samman & Akkas, 2021). Chebbi et al. (2021) identify a negative correlation between COVID-19 and stock liquidity among S&P 500 companies. Zarembo et al. (2021) similarly illustrate that COVID-19 closures, negatively impacted global stock market liquidity, especially in emerging markets. Incorporating COVID-19 into our model ensures that we isolate the impact of accounting conservatism on stock liquidity from the significant effects of the pandemic. Thus, following Setiawan & Septiani (2025), COVID-19 is measured by using the number 1 for the years 2021 and 2020, and the rest of the years are zero.

The effects of the accounting conservatism on the Stock Liquidity will be examined as the following model (1)

$$SLit = B0i + B1ACit + B3ROAit + B4CLit + B5Lit + B2FSit + B6COVit + B7FLit + B8TTit + E$$

(1)

Where AC, SL, ROA, CL, FS, COV, FT, L and FL are defined in table 1;

i represents the company and t represents time, E is the error term.

Table 1: Summary variables and the adopted measurement methods

Variable	Variable Type	Measure	References
Accounting conservatism(AC)	Independent	Market Value/Book Value Mode	Ohlson)1995(
Stock Liquidity (SL)	Dependent	Trading Volume	Gopalan et al.,) (2012
Return On Assets) ROA)	Control	Total / Profits Assets	Asmar et al.,) (2025
Company Liquidity (CL)	Control	Current Assets/ Current Liabilities	(Alia et al., 2023)
Financial Leverage (L)	Control	Total Liabilities / Total Equity	Asmar et al.,) (2023
Firm Size (FS)	Control	LOG(Total Assets)	(Asmar, et al., 2024)
Corona(COV)	Control	The number is 1 for the year 2021 and 2020 and the rest of the years are zero.	(Setiawan & Septiani, 2025)
Firm Nationality (FL))	Control	Dummy variables (1 if Jordanian, 0 Palestinian firm)	Asmar &) (Farhood, 2024
Firm Type (FT)	Control	Dummy variables (1 if non financial, 0 financial)	Asmar et al.,) (2024

4. Results and Discussion

The analysis and findings derived from secondary data are presented in this chapter. Accounting conservatism is the independent variable, stock liquidity is the dependent variable, and return on assets, company liquidity, financial leverage, and company size, in addition to the Corona variable, are the control variables. The study's objective is to empirically analyze the impact of accounting conservatism on the stock liquidity of companies listed on the Palestine Stock Exchange and the Jordan Stock Exchange between 2009 and 2022. The first segment, which covers descriptive statistics, reflects the chapter's structure, while the second section covers regression analysis along with the Generalized Method of Moments (GMM) test.

4.1. Descriptive Statistics of the study variables

Table 2 shows the descriptive statistics of the study variables from 2009 to 2022 for the sample companies, which were listed on the Palestine and Amman stock exchanges. AC ranges from 22.7 to 0.002, with an arithmetic mean of 1.33 and a standard deviation of 1.107. High percentages suggest significant variation in conservative policies among listed companies, and Jarque-Bera test P-value suggests non-normal distribution. The (SL) ranged from 359,000,000 to 0, with an arithmetic mean of 7,098,373 and a standard deviation of 22,132,054. The liquidity of companies can vary widely due to trading volume and investment interest. The Jarque-Bera test P-value indicates a non-normal distribution of the variable. The ROA ranged from 3.82 to -4.83, with an arithmetic mean of 0.0122 and a standard deviation of 0.14. The Jarque-Bera test P-value indicates a non-normal distribution of the variable. The (CL) ranged from 934.1 to 0.007, with an arithmetic mean of 6.32 and a standard deviation of 36.04. According to Jarque-Bera test P-value probability, the variable is not normally distributed. The range (L) was 584.7–0, the arithmetic mean 2.07, and the standard deviation 15.7. The Jarque-Bera test P-value indicates a non-normal distribution of the variable. The FS ranged from 24.64 to 11.82, with an arithmetic mean of 17.4 and a standard deviation of 1.87. The Jarque-Bera test P-value indicates a non-normal distribution of the variable. It ranged from 1 to 0, with an arithmetic mean of 0.79 and a standard deviation of 0.40. The Jarque-Bera test P-value indicates a non-normal distribution of the variable. FT ranged from 1 to 0, with an arithmetic mean of 0.66 and a standard deviation of

0.47. According to Jarque-Bera test P-value probability, the variable is not normally distributed. COV ranged from 1 to 0, with an arithmetic mean of 0.14 and a standard deviation of 0.35. The Jarque-Bera test P-value indicates a non-normal distribution of the variable.

Table 2: Descriptive analysis of the study variables

	AC	SL	ROA	CL	L	FS	FN	FT	COV
Mean	1.335585	7098373	0.012288	6.321934	2.078023	17.4552	0.793474	0.660363	0.144234
Median	1.103159	281523	0.01345	1.600069	0.473773	17.23643	1	1	0
Maximum	22.73825	359000000	3.824032	934.1964	584.7513	24.64723	1	1	1
Minimum	0.002751	0	-4.83283	0.007751	0	11.82809	0	0	0
Std. Dev.	1.107872	22132054	0.146132	36.04625	15.74452	1.872798	0.404887	0.473674	0.351392
Skewness	7.019019	7.15048	-7.3704	17.83692	33.87445	0.714131	-1.44993	-0.67723	2.025267
Kurtosis	105.8666	77.11754	623.7727	385.4121	1208.484	3.706302	3.102291	1.458641	5.101706
Jarque-Bera	1.21E+06	640304.6	43329104	1.66E+07	1.64E+08	285.297	946.1557	473.1383	2340.096
Probability	0	0	0	0	0	0	0	0	0
Observations	2697	2697	2697	2697	2697	2697	2697	2697	2697

4.2. Results of linear correlation matrix analysis

To detect multicollinearity and measure relationship strength and direction, we used correlation analysis. Table 3 shows variable correlations. Correlation coefficients over 80% indicate serious multicollinearity (Gujarati, 2003). Table 3 shows that all ratios were below 80%, indicating no multicollinearity. We observe that the correlation between (AC) and (SL) is positive, meaning that the more (AC) increases, the more (SL) increases, and that the larger (FS), the higher the (SL). FN, SL, and company type are also positively related to (SL). When (ROA) rises, (SL) falls. All controlling variables—CL, L, and COV—are negatively correlated with (SL). Due to the correlation matrix's direction (positive or negative), these results were drawn.

Table 3: Correlation matrix analysis of study variables

	AC	SL	ROA	CL	L	FS	FN	FT	COV
AC	1								
SL	0.08673	1							
ROA	-0.04448	-0.07653	1						
CL	0.012774	-0.02434	0.004191	1					
L	-0.05916	-0.01395	-0.06208	-0.01842	1				
FS	-0.01632	0.055583	0.129981	-0.15153	0.108548	1			
FN	0.092142	0.073213	-0.05528	0.046273	-0.00726	-0.10076	1		
FT	0.023989	0.021449	0.031348	-0.01174	-0.05503	-0.27736	-0.01582	1	
COV	-0.00499	-0.12256	-0.01541	-0.02254	0.033695	0.011824	-0.01737	0.004721	1

4.3. Results of The Regression Model

The Panel Least Squares results in Table 4 indicate that accounting conservatism (AC) has a positive and significant impact on stock liquidity, supporting the hypothesis that more conservative reporting improves market transparency and trading activity. Profitability (ROA) exhibits a significant and negative relationship with liquidity, whereas firm size (FS), firm type (FT), and firm nationality (FN) exert a positive influence on liquidity. The COVID-19 pandemic adversely affected liquidity. Additional variables, including company liquidity (CR) and financial leverage (L), are statistically insignificant. Despite the model's low R-squared value (0.0399), the F-statistic indicates that the overall model is significant. The low Durbin-Watson statistic (0.598) indicates possible positive autocorrelation, underscoring the necessity for dynamic panel methods such as GMM to mitigate endogeneity and persistence in stock liquidity.

Table 4: Panel Least Squares Estimation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-16332191	4606288	-3.54563	0.0004
AC	1506076***	380331.6	3.959902	0.0001
ROA	-12913962***	2909302	-4.43885	0.0000
CL	-10595.06	11771.27	-0.90008	0.3682
L	-24553.01	26873.6	-0.91365	0.3610
FS	1049822***	240610.7	4.363155	0.0000
FT	2218238**	924336.1	2.399817	0.0165
FN	3814555***	1045125	3.649856	0.0003
COV	-7769894***	1191639	-6.52035	0.0000
R-squared	0.039913	Prob(F-statistic)	0.000	
Durbin-Watson stat	0.598334			

Notes: Dependent variable: SL (Stock Liquidity). Significance levels: * p<0.1; ** p<0.05; *** p<0.01.

4.4. Results of the GMM

The GMM is a versatile estimation technique that relies on moment conditions rather than distributional assumptions, making it robust to non-normality (Wooldridge, 2001). GMM can be more efficient than ordinary least squares (OLS) and weighted least squares (WLS) in heteroskedastic settings (Lu & Wooldridge, 2020) and can handle a continuum of moment conditions (Carrasco & Florens, 2000). Recent advancements include GMM estimators for panel data with errors in variables (Racicot, 2015) and analyses of GMM inference in settings with partial identification or weak instruments (Poskitt, 2024). Thus, as the result of the Jarque-Bera test suggests that the variable isn't normally distributed, so the GMM panel model is used in this study, which is robust to non-normality as it relies on moment conditions rather than distributional assumptions. In addition, utilizing the GMM estimator is useful to address potential endogeneity between accounting conservatism and stock liquidity. We employed lagged values of the independent variables as instruments. This approach is suitable because past values of conservatism are correlated with current conservatism while remaining uncorrelated with contemporaneous error terms. This characteristic fulfills the relevance and exogeneity conditions required for valid instruments (Blundell & Bond, 2000). Table No. (5) shows the results of the GMM panel model, compared with the results of the regression model in Table No. (4). The results of the GMM only agreed with the result of accounting conservatism in that its effect is statistically significant, in addition to the Corona variable, while the rest of the variables are not statistically significant. According to this model, the results are shown in Table No. (5) Estimates of GMM model results.

The diagnostic statistics of GMM estimation, presented in Table No. (5), confirm the model's reliability. The Hansen test for over-identifying restrictions provides a p-value of 0.3305, indicating that the null hypothesis of instrument validity remains unrefuted, thus confirming the validity of the selected instruments. The Durbin–Watson statistic of 2.25 indicates a lack of significant autocorrelation in the residuals. An R-squared value of 0.446 indicates that roughly 44.6% of the variation in stock liquidity is accounted for by the independent variables. The explanatory variables reveal that stock liquidity demonstrates significant persistence, evidenced by the positive and highly significant coefficient of its lagged value (0.603, $p < 0.01$). Accounting conservatism exerts a

positive and statistically significant influence on stock liquidity ($p < 0.05$), corroborating the assertion that conservative reporting augments market transparency and diminishes information asymmetry, consequently enhancing liquidity. In contrast, the COVID-19 pandemic (COV) exerts a negative and significant impact ($p < 0.05$), indicating detrimental disruptions to trading activity and market confidence during the crisis. Additional firm-level controls, such as profitability (ROA), company liquidity (CL), leverage (L), firm size (FS), and firm nationality (FN), exhibit statistically insignificant effects, indicating that their impact on stock liquidity is diminished when accounting conservatism and macroeconomic shocks are considered. These findings underscore the pivotal role of accounting conservatism in enhancing stock market liquidity, especially within frontier markets.

Table 5: Panel GMM Estimation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SL(-1)	0.602621***	0.014298	42.14607	0
AC	2085776**	897693	2.323485	0.0202
ROA	-3042193	14006512	-0.2172	0.8281
CL	-3151.77	11580.25	-0.27217	0.7855
L	308222.6	212283.2	1.451941	0.1466
FS	-63338.1	107637.5	-0.58844	0.5563
FN	-21561.2	744547.8	-0.02896	0.9769
FT	495993.9	682728.6	0.726488	0.4676
COV	-5570655*	2219948	-2.50936	0.0122

Model Diagnostics: R-squared = 0.446; Adjusted R-squared = 0.444; Root MSE = 14,722,722; Durbin–Watson = 2.25; J-statistic (Hansen/Sargan) = 0.947, Prob(J) = 0.3305; Number of instruments = 10. Dependent variable: SL (Stock Liquidity). Significance levels: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

The results highlight the significance of accounting conservatism as a means of improving stock market liquidity through the enhancement of financial information quality and reliability. The findings indicate that promoting conservative reporting practices can enhance investor confidence and diminish information asymmetry, especially in emerging markets. The evidence indicates that conservatism serves as a significant indicator of transparency and diminished trading risk for investors. For corporate managers, the findings suggest that implementing conservative

accounting policies may enhance adherence to regulatory standards and foster greater stability and liquidity in equity markets. The substantial adverse impact of the COVID-19 shock underscores the necessity for resilient market strategies to alleviate the effects of external crises on liquidity.

5. Conclusions of the Study

In order to ascertain the degree of agreement or disagreement between the findings of earlier investigations, this section of the research attempts to supply rational explanations and arguments in favor of the conclusions drawn. Al-Hussein et al. (2023) found that accounting conservatism has a statistically significant positive impact on stock liquidity. This means that the higher the AC, as determined by the market value to book value ratio, the higher the stock liquidity. This study supports the positive moral impact of accounting conservatism on stock liquidity. This indicates that the more accounting conservative laws are implemented, the more preparation is impacted because it is a cautious response to make sure that required risks and uncertainty are adequately considered, which affects the preparation of financial statements and increases investor confidence, thus affecting stock liquidity by increasing. The signal theory confirmed that companies may use financial conservatism policies in order to send certain signals to the market and related parties, which may attract investors to trade in the company's shares, which works to enhance stock liquidity, in addition to the agency theory, as this theory confirmed that there is always an incentive for managers to reserve cash and retain to achieve personal interests and positively affect stock liquidity and trading.

The results of the study revealed that the ROA measured by dividing net profit by total assets has a negative effect on SL, but it is not statistically significant. (L), which was measured by dividing total liabilities by total equity, is negatively related to stock liquidity. In addition, the association between current liabilities (CL), measured by dividing current assets by current liabilities, and stock liquidity is negative but not statistically significant, while the association between firm size and stock liquidity is positive but not statistically significant.

5.1. Implication of the Study

The aim of this study is to investigate the effect of accounting conservatism on the liquidity of stocks of companies listed on the

Palestine Stock Exchange and the Amman Stock Exchange. This study works to fill the gap in the literature, especially in Palestine and Jordan, because there is a lack of studies at the level of Palestine and Jordan. The study provides comprehensive investigations, as it searches for the effect of accounting conservatism on stock liquidity and considers several controlling variables. Therefore, this study has great importance in contributing by focusing on accounting conservatism policies, especially in Palestine and Jordan. In addition, the study provides a clear vision of stock liquidity, its characteristics, and its importance for various parties. The study enhances the importance of using different accounting conservatism methods because of their positive impact on stock liquidity, which makes companies more conservative to obtain greater liquidity and thus attract the attention of investors. It is important for investors in terms of emphasizing the impact of accounting conservatism on stock liquidity, thus directing investors to invest in companies that follow more conservative policies than others. As for regulatory bodies, this study emphasizes the importance of enacting the necessary laws and instructions to follow accounting conservatism policies.

5.2. Study Limitations

The results of the study support the various evidence and theories about the positive impact of accounting conservatism on stock liquidity. However, there are many limitations that must be considered when drawing conclusions. This study measures accounting conservatism using the market-to-book ratio, a proxy that has been widely employed in prior research (Ahmed & Hussainey, 2017). However, this measure has a known limitation, as it may also capture firms' growth opportunities (Hertzel & Li, 2010) rather than purely reflecting conservative accounting practices. Consequently, the interpretation of the results should be made with caution, since part of the observed effect may be attributable to growth factors. Further, this study focused exclusively on firms listed on the Palestine and Amman Stock Exchanges. While these markets provide valuable insights into developing economies, the results may not be generalizable to other countries with different institutional, cultural, or regulatory environments.

5.3. Conclusion

This study aims to examine the effect of accounting conservatism on the liquidity of stocks for companies listed on Palestine and Amman Stock

Exchanges for the years 2009–2022. The analysis found that accounting conservatism increases stock liquidity during the study period, in addition to the coronavirus's significant impact. For all control variables, financial leverage and quality Company nationality, liquidity, and return on assets. Each of these variables does not significantly affect stock liquidity.

Because of their impact on stock liquidity, this study suggests corporations increase accounting conservatism. Authorities also enforce an accounting conservatism policy on businesses to reduce knowledge asymmetry, which undermines accounting conservatism. organizing training sessions to teach small investors how to preserve stock liquidity and understand stock exchange-traded equity information. Market regulators must educate businesses and financial market participants about stock liquidity and its impact on information asymmetry and opportunistic manager behavior to achieve accounting conservatism.

5.4. Recommendations for Future Research

Building on the limitations of this study, future research is encouraged to employ alternative measures of accounting conservatism, in order to validate and compare results obtained using the market-to-book ratio. Second, expanding the scope of analysis to include firms from other developing and developed economies would provide greater insights into whether the relationship between conservatism and stock liquidity is context-specific or generalizable across markets.

References

- Abed, H., & Asmar, M. (2023). E-Recruitment in Palestine: A study into applicant perceptions of an online application system. *An-Najah University Journal for Research-B (Humanities)*, 37(6).
- Acharya, V. V., & Pedersen, L. H. (2005). Asset pricing with liquidity risk. *Journal of Financial Economics*, 77(2), 375-410.
- Ahmed, A. H., & Hussainey, K. (2017). Is Egyptian corporate financial reporting becoming more conservative? *Journal of Financial Reporting and Accounting*, 15(3), 333-346.
- Al Samman, H., & Akkas, E. (2021). Assessing the Effects of COVID-19 on Stock Markets in the GCC Countries: Evidence from Sector-wise Panel Data Analysis. *Journal of Economic Cooperation & Development*, 42(3), 133-166.
- Alabdullah, T. T. Y., & Asmar, M. (2022). Under COVID-19 Pandemic Impact: Do Internal Mechanisms Play Fundamental Role in Corporations' Outcomes. *Business Ethics and Leadership*, 6(1), 83-91.
- Al-Hussein, D., Salem, M., & Awad, M. (2023). Measuring the impact of financial conservatism on stock liquidity, and its reflection on investment efficiency: An applied study on companies listed on the Egyptian Stock Exchange. *Academic Journal of Contemporary Business Research*, 3(4), 87-109.
- Alia, M. A., Asmar, M., & Ali, F. H. (2023). The Relationship Between Disclosure Quality and Firm Performance: Evidence from Companies Listed in Palestine Exchange. *International Conference on Business and Technology*,
- Alia, M., Ismail, R., Taha, B., & Takroui, N. (2020). The relationship between the level of accounting conservatism and earnings management in companies listed on the Palestine Stock Exchange. *Journal of Al-Aqsa University for Humanities*, 24(2), 55-97.
- Al-Jazzar, F., & Al-Baramawi, A. (2022). The effect of asymmetric exchange rate shocks on the rate of inflation using the NARDL model. *Journal of the Faculty of Economics and Political Science*, 23(2), 7-34.

Al-Khazaleh, S. M., Badwan, N., Saleh, Q., Almashaqbeh, M., & Qubbaj, I. S. (2025). Corporate financial trends, dynamics of FinTech impact and financial regulation: joint evidence from Jordan and Palestine. *Digital Policy, Regulation and Governance*.

Alsaad, M., Khatatbeh, I. N., & Saif-Alyousfi, A. Y. H. (2025). Institutional ownership and commonality in liquidity: the case of Amman Stock Exchange, Jordan. *Journal of Islamic Accounting and Business Research*.

Amihud, Y., Mendelson, H., & Pedersen, L. H. (2006). Liquidity and asset prices. *Foundations and Trends® in Finance*, 1(4), 269–364.

Armanious, A., & Zhao, R. (2024). Stock liquidity effect on leverage: The role of debt security, financial constraint, and risk around the global financial crisis and Covid-19 pandemic. *International Review of Financial Analysis*, 92, 103093.

Ascioglu, A., Hegde, S. P., Krishnan, G. V., & McDermott, J. B. (2012). Earnings management and market liquidity. *Review of Quantitative Finance and Accounting*, 38(2), 257–274.

Asmar, M. (2018). Effects of bank-specific factors on the net interest margin of working banks in Palestine. *Journal of Economics & Management*, 33, 5-24.

Asmar, M., & Brahmana, R. (2012). The role of energy commodities in Middle East stock market integration. *Energy Studies Review*, 19(2).

Asmar, M., & Farhood, H. (2024). Financial Distress Determinants: Empirical Evidence from Insurance Companies Operating in Palestine and Jordan. In A. M. A. Musleh Al-Sartawi & A. I. Nour (Eds.), *Artificial Intelligence and Economic Sustainability in the Era of Industrial Revolution 5.0* (pp. 619-632). Springer Nature Switzerland.

Asmar, M., Abu Alia, M., & Ali, F. H. (2024). Do Board Characteristics Affect the Financial Performance of the Companies Listed on the PEX? In A. M. A. Musleh Al-Sartawi & A. I. Nour (Eds.), *Artificial Intelligence and Economic Sustainability in the Era of Industrial Revolution 5.0* (pp. 849-861). Springer Nature Switzerland.

Asmar, M., Al-Thaher, M., & Shraim, O. (2023). Ownership Structure Effect on The Stock Returns for Companies Listed in Palestine Exchange. *Jordan Journal of Business Administration*, 20(1).

Asmar, M., Khalaf, I. A., & Hamad, D. S. (2025). Impact of Board Characteristics on the Profit Management in Industrial Companies listed on the Palestine Exchange. *An-Najah University Journal for Law and Economics*, 1(1), None-None.

Bao Dinh, N., & Tran, V. N. H. (2024). Institutional Ownership and Stock Liquidity: Evidence From an Emerging Market. *SAGE Open*, 14(1), 21582440241239116.

Basu, S. (1997). The conservatism principle and the asymmetric timeliness of earnings. *Journal of Accounting and Economics*, 24(1), 3–37.

Beaver, W., & Ryan, S. (2005). Conditional and unconditional conservatism: Concepts and modeling. *Review of Accounting Studies*, 10, 269–309.

Blundell, R., & Bond, S. (2000). GMM Estimation with persistent panel data: an application to production functions. *Econometric Reviews*, 19(3), 321-340.

Carrasco, M., & Florens, J.-P. (2000). GENERALIZATION OF GMM TO A CONTINUUM OF MOMENT CONDITIONS. *Econometric Theory*, 16(6), 797-834.

Chang, X., Chen, Y., & Zolotoy, L. (2017). Stock liquidity and stock price crash risk. *Journal of Financial and Quantitative Analysis*, 52(4), 1605–1637.

Chebbi, K., Ammer, M. A., & Hameed, A. (2021). The COVID-19 pandemic and stock liquidity: Evidence from S&P 500. *The Quarterly Review of Economics and Finance*, 81, 134-142.

Chung, H., Sheu, H. J., & Wang, J. L. (2009). Do firms' earnings management practices affect their equity liquidity? *Finance Research Letters*, 6(3), 152–158.

Dabour, N. M. (2000). Eradication of poverty in the least developed and low-income OIC member countries. *Journal of Economic Cooperation*, 21(1), 57-96.

Edmans, A., & Manso, G. (2011). Governance through trading and intervention: A theory of multiple blockholders. *The Review of Financial Studies*, 24(7), 2395–2428.

Fang, V. W., Noe, T. H., & Tice, S. (2009). Stock market liquidity and firm value. *Journal of Financial Economics*, 94(1), 150-169.
<https://doi.org/https://doi.org/10.1016/j.jfineco.2008.08.007>

Fang, V. W., Tian, X., & Tice, S. (2014). Does stock liquidity enhance or impede firm innovation? *The Journal of Finance*, 69(5), 2085–2125.

Gantowati, E., Rohman, A., Achmad, T., & Setiawan, D. (2022). Reputation-based disclosure and cost of capital: The role of controlling ownership. *International Journal of Business and Society*, 23(1), 359–370.

Goodyear, R. J., Forge, A., Legan, P. K., & Richardson, G. P. (2010). Asymmetric distribution of cadherin 23 and protocadherin 15 in the kinocilial links of avian sensory hair cells. *Journal of Comparative Neurology*, 518(21), 4288–4297.

Gopalan, R., Kadan, O., & Pevzner, M. (2012). Asset Liquidity and Stock Liquidity. *Journal of Financial and Quantitative Analysis*, 47(2), 333-364.

Gujarati, D. (2003). *Basic econometrics*. McGraw-Hill.

Han, S., & Zhou, H. (2007). Nondefault bond spread and market trading liquidity. *Federal Reserve Board Working Paper*.

Hertzel, M. G., & Li, Z. (2010). Behavioral and Rational Explanations of Stock Price Performance around SEOs: Evidence from a Decomposition of Market-to-Book Ratios. *Journal of Financial and Quantitative Analysis*, 45(4), 935-958.

Huang, K., Lao, B., & McPhee, G. (2017). Does stock liquidity affect accrual-based earnings management? *Journal of Business Finance & Accounting*, 44(3), 417–447.

Ibrahim, A.-J., & Shirazi, N. S. (2020). The Role of Islamic Finance in Fostering Circular Business Investments: the Case of OIC Countries. *Journal of Economic Cooperation & Development*, 41(1).

Isniawati, A., Rahmawati, R., & Gunardi, A. (2018). Information asymmetry and accounting conservatism: Does analyst coverage moderate the results? *Journal of International Studies*, 11(3), 176–190.

Jamil, R. (2022). The impact of financial analysts' coverage on stock liquidity in light of the accounting conservatism policy: An applied study on companies listed on the Egyptian Stock Exchange. *Scientific Journal of Accounting Studies*, 4(2), 462–547.

Jayaraman, S., & Milbourn, T. T. (2012). The role of stock liquidity in executive compensation. *The Accounting Review*, 87(2), 537–563.

Jeffrey, C., & Dan, S. (2005). Empirical tests of the Feltham–Ohlson (1995) model. *Review of Accounting Studies*, 10(1), 409–429.

Khan, M., & Watts, R. L. (2002). Estimation and empirical properties of a firm-year measure of accounting conservatism. *Journal of Accounting and Economics*, 48(2), 132–150.

Kyei-Mensah, J. (2019). Stock liquidity, firm size and return persistence around mergers and acquisitions announcement. *Investment Management & Financial Innovations*, 16(2), 116.

LaFond, R., Lang, M. H., & Skaife, H. A. (2007). Earnings smoothing, governance and liquidity: International evidence. *Governance and Liquidity: International Evidence (March 2007)*.

Lalbar, A., Teymori, J., Nabilou, A., & Arghavani, H. (2013). The study of the relationship between conservatism in financial reporting and stock liquidity. *European Online Journal of Natural and Social Sciences*, 3(1), 1–10.

Lambert, R., Leuz, C., & Verrecchia, R. E. (2007). Accounting information, disclosure, and the cost of capital. *Journal of Accounting Research*, 45(2), 385–420.

Li, B., Fu, Y., Xia, H., & Wang, X. (2014). High-performance asymmetric supercapacitors based on MnFe₂O₄/graphene nanocomposite as anode material. *Materials Letters*, 122, 193–196.

Lu, C., & Wooldridge, J. M. (2020). A GMM estimator asymptotically more efficient than OLS and WLS in the presence of heteroskedasticity of unknown form. *Applied Economics Letters*, 27(12), 997–1001.

Matoussi, H., & Chakroun, R. (2008). Board composition, ownership structure and voluntary disclosure in annual reports: Evidence from Tunisia. *Laboratoire Interdisciplinaire de Gestion Université-Entreprise (LIGUE)*, 1–28.

Mohammad, R., Nour, A. I., & Al-Atoot, S. M. (2024). Risk and reward: unraveling the link between credit risk, governance and financial performance in banking industry. *Journal of Islamic Marketing*.

Narayan, P. K., Zhang, Z., & Zheng, X. (2015). Some Hypotheses on Commonality in Liquidity: New Evidence from the Chinese Stock Market. *Emerging Markets Finance and Trade*, 51(5), 915–944.

Nguyen, T., Duong, H. N., & Singh, H. (2016). Stock market liquidity and firm value: An empirical examination of the Australian market. *International Review of Finance*, 16(4), 639–646.

Obeid, A. (2008). The role of published financial reports in reducing the state of information asymmetry in the capital market: A theoretical and field study on the Egyptian market. *Journal of Accounting, Management and Insurance*, 47(7), 213–280.

Ohlson, J. A. (1995). Earnings, book values, and dividends in equity valuation. *Contemporary Accounting Research*, 11(2), 661–687.

Poskitt, D. S. (2024). ON GMM INFERENCE: PARTIAL IDENTIFICATION, IDENTIFICATION STRENGTH, AND NONSTANDARD ASYMPTOTICS. *Econometric Theory*, 40(4), 875–925.

Racicot, F.-É. (2015). Engineering robust instruments for GMM estimation of panel data regression models with errors in variables: a note. *Applied Economics*, 47(10), 981–989.

Rani, S., Susetyo, D., & Fuadah, L. L. (2018). The effects of the corporate's characteristics on tax avoidance moderated by earnings management (Indonesian evidence). *Journal of Accounting, Finance and Auditing Studies*, 4(3), 149–169.

Rashwan, A. (2019). The effect of accounting conservatism on reducing information asymmetry and the cost of capital in the framework of international standards (IFRS). *Research Files in Economics and Management*, 8(1), 12–38.

Sahu, A. K., Debata, B., & Gherghina, Ș. C. (2025). Does Corporate Policy Risk Affect Stock Liquidity? Panel Data Evidence from Listed Companies in a Major Emerging Market. *Economies*, 13(2), 30.

Setiawan, M., & Septiani, B. A. (2025). Firm Performance and the Determinants in the Textile and Textile Product Industry of Indonesia Pre- and Post-COVID-19 Pandemic. *Journal of Risk and Financial Management*, 18(1), 35.

Stereńczak, S., & Kubiak, J. (2023). The choice of external financing source: The role of company size and stock liquidity. *Economics and Business Review*, 9(3).

Tayem, G., Tayeh, M., & Bino, A. (2016). Asset liquidity, stock liquidity, and ownership concentration: Evidence from the ASE. *Corporate Ownership & Control*, 14(1), 48–58.

Umar, M., & Sun, G. (2016). Bank leverage and stock liquidity: evidence from BRICS countries. *Journal of Financial Economic Policy*, 8(3), 298–315.

Wooldridge, J. M. (2001). Applications of Generalized Method of Moments Estimation. *Journal of Economic Perspectives*, 15(4), 87–100.

Zaremba, A., Aharon, D. Y., Demir, E., Kizys, R., & Zawadka, D. (2021). COVID-19, government policy responses, and stock market liquidity around the world: A note. *Research in International Business and Finance*, 56, 101359.

192 Accounting Conservatism and Stock Liquidity: Evidence from
 Frontier Markets