

The Impact of Capital Expenditure and Financial Structure on the Operational Performance of Jordanian Industrial Public Shareholding Companies

By

Ameera Fawzan Sa'ad Al Ajalin

Supervised By

Prof. Abdul Razzaq Qasim Al Shehada

Abstract

The study aimed to show the effect of capital expenditure and the financing structure on the operational performance of Jordanian food companies. The applied methodology was based on the data published by the nine Jordanian companies listed at the Amman Stock Exchange through using the annual financial reports issued by these companies during the period (2005-2017) with 117 observations

The study found that there is a statistically significant effect of the capital expenditure on the assets turnover rate, profit margin and EPS of Jordanian food companies. In addition, there is a statistically significant effect of the financial structure on the assets turnover rate and EPS of the Jordanian public food companies, while there is no statistically significant effect of the financing structure on the profit margin of Jordanian food companies.

The study recommended that Jordanian public food companies should pay attention to the quantity and quality of capital expenditure due to its contribution on corporate profitability, especially the profit margin, which is considered one of the most important financial indicators of the company's achievement through its capital expenditure. Jordanian Food Companies have to work on using the finance structure through long-

term financing to invest its assets in a systematic manner that helps increase their efficiency and effectiveness by increasing the turnover of its assets.

Key words: Capital expenditure, financing structure, operating performance, Jordanian food companies