

**Earnings Quality Models and their Effect on Excess Cash Holdings: An  
Empirical Study on the Industrial Public Shareholding Companies Listed on  
Amman stock Exchange**

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**Abstract**

The aim of this study was to investigate the impact of earnings quality models on excess cash holdings on the industrial public shareholdings companies listed on Amman Stock Exchange (ASE), through the use of three models, Dechow model, Kothari model, and CFO model as independent variables and excess cash holdings as dependent variable. Size, leverage, liquidity and dividends, were used as control variables. The annual financial reports of 60 sample companies out of 71 industrial companies listed on the ASE were used. The study covered data for the period from 2010 to 2017.

OLS multiple regressions analysis was used to test hypotheses. The results of the study showed there are statistically significant effects of each earnings quality model on excess cash holdings. There is also statistically significant effect of the aggregate earnings quality model on excess cash holdings.

The Study recommends to conduct a periodical evaluation of the practices of earnings quality in Jordanian companies, investigating other sectors would be useful in order to generalize the results of the present study, future studies should have an access to predictive data rather than historical data in order to test earnings quality and excess cash holdings.

**Keywords: Dechow model, Kothari model, CFO model, Earnings Quality, Excess cash holdings, Amman Stock Exchange, Jordan.**