

The Impact of Earnings Quality on Activity Ratios. "An Empirical Study on Jordanian Industrial Public Shareholding Companies "

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ABSTRACT

This study aimed to test the effect of earning quality on activity ratios (asset turnover rate, working capital turnover rate, inventory turnover rate, account receivable turnover rate, and account payable turnover rate), "An applied study on Jordanian public joint-stock companies listed on the Amman Stock Exchange (Amman Stock Exchange) The study relied on a sample consisting of (41) companies out of (56) public industrial joint stock companies listed on the Amman Stock Exchange during the period (2014-2018) and was chosen by matching the conditions of the company's continuity and disclosing the necessary data for this The study used during the study period The study also used the quality of the earning measured using the jones model, 1991 modified by Dechow, et al., 1995 as an independent variable and activity ratios dependent variables in addition to the company size variable as a control variable for the effect relationship between the independent variable and the dependent variables. A simple linear regression model was also used to test the study's hypotheses based on the E-views Financial Analysis Program. The study reached the results, the most important of which is the presence of a positive effect of the quality of earning on the stock turnover. A positive impact on the account receivable turnover rate and a negative impact on the working capital turnover rate, and also concluded that there is no statistically significant effect of the effect of the size of the company on the impact of earning quality on the activity ratios of the company except for the effect of earning quality on account receivable turnover where the study found that there is The effect of the company's size on the impact on the relationship. Based on the results of the study, the researcher put several recommendations, the most important of which is the necessity of strengthening the government

role in monitoring listed companies and taking appropriate legal requirements to prevent these companies from tampering with the quality of their profits that may lead to misleading users of financial data or tax evasion, improving the negotiating ability of companies Industrial with companies supplying it and benefiting from commercial credit with easy terms and a long repayment period, studying reducing the average collection period and transferring cash from debtors, seeking to reduce the average commodity storage period as possible.

Key words activity ratios,earning quality, public shareholding companies, Amman Stock Exchange.