

The Impact Of Profitability On Economic and Market Value Added Indicators Of Jordanian Public Shareholding Industrial Companies

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Abstract

The aim of this study was to exploring the impact of profitability measured by ROE, GPM, OPM and ROA on the economic and market values added for the Jordanian public-shareholding industrial companies.

To achieve the study's objectives, data were collected from historical financial statement included within the annual reports of the targeted companies. For testing the study's hypotheses, appropriate statistical methods were used this includes: simple and multiple regression analysis using the statistical package (SPSS).

The study was applied to a sample consisting of the industrial sector that is related to manufacturing included only 13 industrial companies listed on the ASE during the period 2005-2018.

The study reached a set of results, one of the most important result of this study is that, there is a statistically significant impact of all profitability indicators proposed by the study on both economic and market values added, the degree of this impact has strongly positive impact as for each indicator or all.

The study recommends that there is a need to pay a dire attention in the magnitude and direction to the economic and Market values added indices by Amman Stock Exchange (ASE). Furthermore, companies are encouraged to disclose more indicators regarding value added in favor of economic and market aspects, alongside the traditional performance indicators for stakeholders to build their rational decision.

Keywords: Profitability, Economic value added, Market value added, Public Shareholding companies