



**An-Najah National University
Faculty of Graduate Studies**

**THE MEDIATING EFFECT OF INVESTMENT AND
FINANCING DECISIONS ON THE RELATIONSHIP
BETWEEN CAPITAL STRUCTURE AND CORPORATE
PERFORMANCE: THE CASE OF PALESTINIAN AND
JORDANIAN LISTED COMPANIES**

**By
Majd Rasem Abdulfattah Al-Mallah**

**Supervisors
Dr. Ghassan Daas
Dr. Muiz Abu Alia**

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This Thesis was Defended Successfully on 22/09/ 2022 and approved by:

Dr. Ghassan Daas

Supervisor

Signature

Dr. Muiz Abu Alia

Co-Supervisor

Signature

Dr. Firas Barakat

External Examiner

Signature

Prof. Abdul Naser Nour

Internal Examiner

Signature

الإهداء

بسم الله الرحمن الرحيم

﴿ وَقُلْ أَعْمَلُوا فَسَيَرَى اللَّهُ عَمَلَكُمْ وَرَسُولُهُ ﴾

صدق الله العظيم

إلهي لا يطيب الليل إلا بشركك ولا يطيب النهار إلا بطاعتك ... ولا تطيب الآخرة إلا بعفوك ... ولا تطيب

الجنة إلا برويتك ... الله جل جلاله

إلى من بلغ الرسالة وأدى الأمانة ... ونصح الأمة ... إلى نبي الرحمة ونور العالمين سيدنا محمد صلى الله

عليه وسلم

إلى مصدر قوتي وسندي.. إلى من أحمل اسمه بكل فخر .. إلى من حصد الأشواك عن دربي ليمهد لي

طريق العلم .. إلى القلب الكبير.. والدي العزيز

إلى مصدر سعادتي ونور حياتي.. إلى ينبوع الحب والحنان .. إلى شمعة متقدة تنير ظلمة حياتي.. إلى

القلب الناصع بالبياض ... أمي الغالية

إلى رفيق الروح.. وصديق الأيام جميعًا بحلوها ومرّها.. إلى من أخذ بيدي نحو ما أريد، وأعاد إليّ ثقتي

بقدرتي على التقدّم.. زوجي العزيز

إلى من حلّت بركة وجودها في حياتي، ومن ملأت ضحكاتها الجميلة عمري.. إلى زينة حياتي وبهجتها ..

ابنتي الغالية

إلى القلوب الطاهرة .. والنفوس البريئة .. إلى سندي ورفقاء دربي.. إلى رياحين حياتي ..

اخوتي الأحباء

إلى من استقيت منهم الحروف.. وتعلّمت كيف أنطق الكلمات.. إلى الذين مهّدوا لنا طريق العلم

أساتذتي الكرام

أهدي إليكم رسالة الماجستير...

داعية المولى - سبحانه وتعالى - أن تُكلَّل بالنجاح والقبول من جانب أعضاء لجنة المناقشة الموقرين.

الشكر والتقدير

بسم الله الرحمن الرحيم

﴿ رَبِّ أَوْزِعْنِي أَنْ أَشْكُرَ نِعْمَتَكَ الَّتِي أَنْعَمْتَ عَلَيَّ وَعَلَىٰ وَالِدَيَّ

وَأَنْ أَعْمَلَ صَالِحًا تَرْضَاهُ وَأُدْخِلْنِي بِرَحْمَتِكَ فِي عِبَادِكَ الصَّالِحِينَ ﴾

سورة النمل الآية 19

اللهم لك الحمد كما ينبغي لجلال وجهك وعظيم سلطانك، اللهم صلِّ وسلِّم وبارك على سيدنا محمد، أما بعد، يشرفني ويسعدني أن أتقدم بالشكر الجزيل إلى كلِّ الذين حملوا أقدس رسالة في الحياة، إلى جميع أساتذتنا الأفاضل، وأخصّ بالذكر مشرفي رسالتي الدكتور غسان دعاس والدكتور معز ابو عليا لدعمهما المستمر خلال فترة دراستي، ولصبرهما وتحفيزهما الدائمين، وخبرتهما الكبيرة التي استفدت منها في كتابة هذه الأطروحة.. فجزاكما الله عنا كلَّ خير، فقد كنتما خير الموجه والمعلم.

كما أتقدم بالشكر الجزيل لكل طاقم برنامج ماجستير المحاسبة، وأخصّ بالذكر أساتذتي الأفاضل; الدكتور سائد الكوني، الدكتور سامح عطوط، الدكتور عبد الناصر نور، والدكتور إسلام عبد الجواد لما بذلوه من تعب وجهد في سبيل تعليمنا وإنارة عقولنا.

واسأل الله العليّ القدير أن يجزي الجميع عني خير الجزاء، وأن أكون قد وفّقت في إعداد هذه الرسالة بإتقان وإحسان.

Declaration

I, the undersigned, declare that I submitted the thesis entitled:

**THE MEDIATING EFFECT OF INVESTMENT AND
FINANCING DECISION ON THE RELATIONSHIP
BETWEEN CAPITAL STRUCTURE AND CORPORATE
PERFORMANCE: THE CASE PALESTINIAN
JORDANIAN LISTED COMPANIES**

I declare that the work provided in this thesis, unless otherwise referenced, is the researcher's own work, and has not been submitted elsewhere for any other degree or qualification.

Student's Name:

Majd Rasem Abdulfattah Al-Mallah

Signature:

Majd Al-Mallah

Date:

22/09 /2022

Table of Contents

| | |
|---|-----------|
| الإهداء..... | ii |
| الشكر والتقدير | iv |
| Declaration..... | v |
| Table of Contents..... | vi |
| List of Tables | viii |
| List of Apendcies | xi |
| Abstract..... | xii |
| Chapter One: Study Introduction | 1 |
| 1.1 Introduction..... | 1 |
| 1.2 Research Problem and Questions | 2 |
| 1.3 Research Objectives..... | 3 |
| 1.4 Research Importance..... | 4 |
| Chapter Two: Theoretical Framework and Literature Review | 6 |
| 2.1 Theoretical Framework..... | 6 |
| 2.1.1 Investment Decision | 6 |
| 2.1.2 Financing Decsion | 6 |
| 2.1.3 Capital Structure | 7 |
| 2.1.4 Corporate Performance | 8 |
| 2.1.5 The Relationship Between Capital Structure and Corporate Performance..... | 9 |
| 2.1.6 The Effect Of Investment And Financing Decisions On The Relationship Between Capital Structure And Firm Performance..... | 12 |
| 2.2 Literature Review and Hypothese Development | 13 |
| 2.2.1 Investment and Financing Decision and Corporate Performance | 14 |
| 2.2.2 Capital Structure and Corporate Performance | 15 |
| 2.3 Hypotheses..... | 16 |
| Chapter Three: Research Methodology | 18 |
| 3.1 Introduction..... | 18 |

| | |
|---|-----------|
| 3.2 Research Approach | 18 |
| 3.3 Research Design | 18 |
| 3.4 Data Collection Methods | 19 |
| 3.5 Population of the Study..... | 19 |
| 3.6 Identification and Measurement of Study Variables | 20 |
| 3.6.1 Mediating Variables..... | 20 |
| 3.6.2 Identification and Measurements of Dependent Variable (Corporate Performance) | 24 |
| 3.6.3 Identification and Measurements of Independent Variable (Capital Structure) 25 | |
| 3.7 Empirical REsearch Model (Model Specification)..... | 27 |
| 3.8 Statistical Methods and Tests | 30 |
| Chapter Four: Empirical Results and Discussion | 31 |
| 4.1 Introduction..... | 31 |
| 4.2 Testing Multicollinearity Effect..... | 31 |
| 4.3 Empirical Models Estimation | 34 |
| 4.3.1 Panel data estimation | 34 |
| 4.3.2 Hypotheses Testing..... | 34 |
| 4.3.2.1 Testing the effect of the investment decision of the financial performance in listed companies in Palestine and Jordan | 34 |
| Chapter Five: Conclusions & Recommendations | 47 |
| 5.1 Conclusion | 47 |
| 5.2 Recommendations..... | 49 |
| List of abbreviations | 51 |
| References..... | 52 |
| Appendices..... | 62 |
| الملخص..... | ب |

List of Tables

| | |
|--|----|
| Table (4.1): Pearson-Correlation Coefficients for all listed companies in Palestine..... | 32 |
| Table (4.2): Pearson-Correlation Coefficients for all listed companies in Jordan..... | 33 |
| Table (4.3): Coefficients for the effect of the investment decisions measured by Tobin`s Q | 35 |
| Table (4.5): Effect of the investment decisions measured by PER | 36 |
| Table (4.6): Coefficients for the effect of the investment decisions measured by PER. | 36 |
| Table (4.7): Coefficients for the effect of the financing decisions measured by Tobin`s Q | 37 |
| Table (4.9): Effect of the financing decisions measured by PER..... | 38 |
| Table (4.10): Coefficients for the effect of the financing decisions measured by PER | 62 |
| Table (4.11): Effect of the capital structure measured by Tobin`s Q | 62 |
| Table (4.12):Coefficients for the effect of the capital structure measured by Tobin`s Q | 62 |
| Table (4.13): Effect of the capital structure measured by PER | 63 |
| Table (4.14): Coefficients for the effect of the capital structure measured by PER..... | 63 |
| Table (4.15): Effect of the Market to book asset ratio as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance..... | 63 |
| Table (4.16): The effect of the Market to book value of equity ratio as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance | 64 |
| Table (4.17): The effect of the CATARas a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance | 64 |
| Table (4.18): The effect of the CAP / BVA as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance | 64 |
| Table (4.19): The effect of the Market to book asset ratio as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance..... | 65 |
| Table (4.20): The effect of the Market to book value of equity ratio as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance | 65 |

| | |
|--|----|
| Table (4.21): The effect of the CATARas a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance | 65 |
| Table (4.22): The effect of the CAP / BVA as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance | 66 |
| Table (4.23): The effect of the market to book asset ratio as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance..... | 66 |
| Table (4.24): The effect of the Market to book value of equity ratio as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance | 66 |
| Table (4.25): The effect of the CATARas a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance | 67 |
| Table (4.26): The effect of the CAP / BVA as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance | 67 |
| Table (4.27): The effect of the Market to book asset ratio as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on PER (PER) as a proxy of the financial performance..... | 67 |
| Table (4.28): The effect of the Market to book value of equity ratio as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on PER (PER) as a proxy of the financial performance | 68 |
| Table (4.29): The effect of the CATARas a proxy of investment decision as mediating variable the effect of the TDR as a proxy of capital structure on PER (PER) as a proxy of the financial performance | 68 |
| Table (4.30): The effect of the CAP / BVA as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on PER (PER) as a proxy of the financial performance | 68 |
| Table (4.31): The effect of the STDTA as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance | 69 |
| Table (4.32): The effect of the long-Terms debts to total Assets as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance..... | 69 |
| Table (4.33): The effect of the Retaining earnings as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance..... | 69 |

| | |
|--|----|
| Table (4.34): The effect of the STDTA as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance | 70 |
| Table (4.35): The effect of the long-Terms debts to total Assets as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance..... | 70 |
| Table (4.36): The effect of the Retaining earnings as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on PER as a proxy of the financial performance | 70 |
| Table (4.37): The effect of the STDTA as a proxy of financing decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance | 71 |
| Table (4.38): The effect of the long-Terms debts to total Assets as a proxy of financing decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance..... | 71 |
| Table (4.39): The effect of the Retaining earnings as a proxy of financing decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance..... | 71 |
| Table (4.40): The effect of the STDTA as a proxy of financing decision as mediating variable on the effect of the TDR as a proxy of capital structure on PER (PER) as a proxy of the financial performance | 72 |
| Table (4.41): The effect of the long-Terms debts to total Assets as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance..... | 72 |
| Table (4.42): The effect of the Retaining earnings as a proxy of financing decision as mediating variable on the effect of the TDR as a proxy of capital structure on PER as a proxy of the financial performance | 72 |
| Table (5.1): Investment Decision /Corporate Performance (Tobin`s Q) | 73 |
| Table (5.2): Investment Decision /Corporate Performance (PER) | 73 |
| Table (5.3): Financing Decisions /Corporate Performance (Tobin`s Q) | 73 |
| Table (5.4): Financing Decisions /Corporate Performance (PER) | 73 |
| Table (5.5): Capital Structure /Corporate Performance (Tobin`s Q)..... | 74 |
| Table (5.5): Capital Structure /Corporate Performance (PER)..... | 74 |

List of Apendcies

| | |
|---|----|
| Appenidix (A): Tables | 62 |
| Apendix (B): The Analysis Result..... | 73 |
| Apendix (C): List of Companies excluded from the sample | 75 |

THE MEDIATING EFFECT OF INVESTMENT AND FINANCING DECISIONS ON THE RELATIONSHIP BETWEEN CAPITAL STRUCTURE AND CORPORATE PERFORMANCE: THE CASE OF PALESTINIAN AND JORDANIAN LISTED COMPANIES

By

Majd Rasem Abdulfattah Al-Mallah

Supervisors

Dr. Ghassan Daas

Dr. Muiz Abu Alia

Abstract

Background: Capital structure is one of the most crucial decisions in corporate finance. It has to do with how a company funds its assets through a combination of liabilities and equity. However, maximizing shareholder value is not an easy task as it requires balancing debt versus equity and careful weighing of costs and benefits.

Objectives: To investigate the mediating role that financing, and investment decisions play in the link between business success and capital structure in publicly traded Palestinian and Jordanian companies.

Methods: Data for this study was collected from publicly traded Palestinian and Jordanian companies between 2010-2019. Additionally, the study made use of annual reports of Amman Stock Exchange (ASE) and the Palestine Securities Market (PSE). After its collection, the researcher analyzed the data, using SPSS and multivariate regression analysis and Pearson - correlation to identify the link and impact on parameters.

Results: Investment decisions had a significant effect on the company's performance as measured by Tobin's Q for listed Jordanian and Palestinian firms. The investment decisions, however, had a significant effect on company performance as measured by PER for listed companies in Jordan. Pertaining to the financing decisions for firms listed on ASE and PSE, it was found that they had a major impact on company performance as indicated by Tobin's Q. However, the financing decision had no significant impact on corporate performance as measured by PER for the publicly listed companies in Palestine,

but it had a significant impact on corporate performance as measured by PER for the listed companies in Jordan. The capital structure had a major impact on the company performance as evaluated by Tobin`s Q for the listed companies in Palestine but the capital structure had no significant impact on corporate performance as measured by Tobin`s Q for the listed companies in Jordan. The capital structure had no appreciable impact on the financial performance by PER for publicly listed companies in both countries.

Conclusion: The capital structure and corporate performance of companies listed on ASE and PSE were significantly and favorably impacted by the financing and investment decisions, which served as a partial mediator.

Keywords: Financial decision; financial statement; capital structure; company performance.

Chapter One

Study Introduction

1.1 Introduction

One of the most crucial decisions in corporate finance is capital structure and relates to how a company funds its assets through a combination of liabilities and equity (Nguyen & Nguyen, 2020). Generally, management's responsibility is to choose the capital structure in a way that maximises shareholder wealth. However, maximizing shareholder value is not an easy task as it requires balancing debt versus equity and carefully weighing their costs and benefits. A wrong stock picking decision can leave the company in financial trouble and eventually lead to bankruptcy. Furthermore, during the past few decades, a lot of research has been done on the link between capital structure choices and company performance. Different capital structure theories have nevertheless been created over time to identify the ideal capital structure (Sheikh & Wang, 2011).

Investment decisions are very important and caution should be exercised as they involve vast, scarce and hard - earned resources. Additionally, they are inherently irreversible, risky, and have long - term implications that no investor wants to face when adverse outcomes materialize (Amahalu, 2020). Mursalim et al. (2015) stated that a company's investment choices might be seen in the sorts of assets in which it has invested which is most commonly seen in the assets section of the company's financial statements showing what makes up current assets and fixed assets. Because the structure of the company's assets is determined by the mix of current assets and fixed assets, this is significant.

Financing decisions imply determining the sources of financing needed to fund the investments. In fact, there are two sources a company can use for financing: internal sources and external sources. The former comes from the company's operating results (e.g. retained earnings) while the latter is generated from outside the company, e.g. through issuing securities, including shares and debt instruments (Santoso, 2019).

Also, the capital structure is the consequence of balancing equity capital with borrowed capital. To establish an ideal capital structure that may reduce capital costs and increase

firm value, businesses must be able to identify effective sources of finance (Afzal & Rohman, 2012).

After the release of Miller and Modigliani's (1958) landmark essay, renowned for his "Capital Structure Irrelevance Theory," in which they contended that capital structure is unrelated to business performance, capital structure has been a hot issue of discussion. After then, a great discussion and a tonne of research-both completed and recurring conducted in this area (Saif Ul Islam et al., 2022).

Accordingly, El-Maude (2016) said that whether investors choose to invest in debt or equity ultimately determines the investment's additional value, particularly for equity investors. This is crucial because stock investors demand more returns in the form of rising dividends and capital. Based on this expectation, shareholders will sell their stakes, which may cause the company's stock price to fall. This is an indicator to potential investors of the company's Poor performance, as a result, potential investors are deterred from buying company stock and debt.

Therefore, the current research's goal is to investigate how investments and financing choices made by Palestinian and Jordanian businesses affect the relationship between their corporate performance and capital structure. In fact, the study's initial phase is to look at how the capital structure of Palestinian and Jordanian enterprises relates to their financial performance. After that, it makes an assessment of how investment and finance choices affect the relationship between capital structure and company success.its results can help business leaders to effectively develop business strategies to improve the financial performance of companies.

1.2 Research Problem and Questions

Today, a growing number of businesses use debt or other forms of financing to finance their operations when they need to grow the size of their company or reinvest their profits. However, the realities of the competitive world are more complex than they appear in theory (Abutawahina, 2015). Researchers have been investigating the link between financial structure and business success for a long time, but despite the existence of the Modigliani-Miller theorem (M&M), they have been unable to agree on the size of this

effect. Additionally, they have done so without taking the impact of investment and financing decisions.

Regarding to previous studies, especially those studies in Palestine and Jordan there a rare studies about capital structure and the influence on corporate performance. Moreover, they concentrate in banking sector in Palestine or Jordan without take in consideration another sectors.

It is crucial to investigate how capital structure affects company performance in Palestine and Jordan by taking into account the mediated influence of investment and finance choices. The purpose of this research is to fulfill a gap in the literature that currently exists about the main question:

Do investment and financing decision considerably mitigate capital structure's effecton the operating results of publicly listed companies in Jordan and Palestine?

The above main question can be categorized into many sub-questions as follows:

1. Does the capital structure of publicly listed companies in Palestine and Jordan have an impact on their performance directly?
2. Does the link between both the capital structure and performance of the publicly listed companies in Jordan and Palestine have a mediating influence on investment and decisions?
3. Does the corporate performance of the publicly listed companies in Jordan and Palestine have an indirect impact on investment and financing decisions?
4. Do the outcomes between the Jordanian and Palestinian businesses differ?

1.3 Research Objectives

This study's main goal is to objectively investigate how investment and financing decisions affect the link between Performance and capital structure bothof firms in Palestine and Jordan. Actually, the following exact goals are what this study aims to accomplish:

1. To investigate the effect of capital structure directly on the business performance of publicly listed companies in Palestine and Jordan.
2. To distinctly define the degree to which the financing and investment choices explain how the capital structure of the publicly traded companies in Palestine and Jordan affects their corporate performance.
3. To investigate the indirect impact of finance and investment choices on the operational success of publicly listed companies in Jordan and Palestine.
4. To have a proper understanding of capital structure, its significance, and its varieties.
5. To emphasise the significance of investment decision and financing decision for firm and theoretical backgrounds addresses all investment and financing decision related issue.
6. To present and discuss the measurement available for the capital structure, the investment decision, the financing decision and corporate performance.
7. To compare the results in Palestine with those in Jordan.

1.4 Research Importance

According to investigations discussed in the literature review, it is noted that the paucity of studies that worked to summarize the financing decision and the investment decision as a mediating effect. Several studies have been conducted in various related fields and disciplines. However, some people took into account how capital structure affects a company's success (Adesina et al., 2015; San & Heng, 2011; Salim & Yadav, 2012; Goyal, 2013), without considering the underlying of investment and financing choices when choosing the right financial mix (capital structure) to maximise corporate success, other researchers (Murniati et al., 2019; Shahwan, 2018; Chaleeda et al., 2019; Triani & Tarmidi, 2019) studied how investment and finance decisions affected financial success.

The goal is to increase the number of research on the mediating impact of investment and finance decisions on capital structure's effect on corporate relevance for company. Similarly, there are typically very few studies on this issue conducted globally.

The created model is utilised to ascertain the mediating impact of finance and investment choices on capital structure's effect on the growth of publicly listed companies in Palestine and Jordan. This study is significant because it is the first one to look at the mediating role that finance and investment choices have in the connection between business success and capital structure in listed Palestinian and Jordanian companies.

Chapter Two

Theoretical Framework and Literature Review

The theoretical framework of the study, a review of prior research on the research issue, the creation of research hypotheses, and the major concept relevant to the study's subject matter are discussed in this chapter.

2.1 Theoretical Framework

In addition to defining the conception of capital structure, this part starts by outlining the key concepts connected to the study's issue, including those of investment choice, finance decision, and company performance. Following that, relevant ideas are discussed and the link between capital structure and company performance is explored (MM theory and agency costs). Finally, using related theories like the pecking order theory and the trade-off theory, the interpretation of the influence of finance and investment decisions on the link between capital structure and company performance is addressed.

2.1.1 Investment Decision

Investment decisions relating to the deployment of resources across different investment opportunities with the goal of achieving the highest possible return. It simply helps businesses choose the right type of assets to deploy their funds. These decisions are made by senior managers who carefully analyze each opportunity before committing funds (Murniati et al., 2019) Long - term and short - term investments are the two sorts of investments. An example of the former is the purchase of machines for production. This is important as it affects the company's long - term profits. As for the latter, they relate to cash holdings, inventory levels, etc. These decisions have an impact on the day - to - day operations of the company (Drobetz et al., 2019).

2.1.2 Financing Decision

The financial manager makes a critical decision on financing, the decision impacting an organization's financing mix. The focus of the financing decision is the procurement of the necessary funds for the investment decisions of the company. There are two sources of financing. The first is internal, from which own funds such as equity and retained

earnings can be raised. Second, by borrowing external funds in the form of debentures, loans, bonds, etc. from outside the company. The aim of the financial decision is to balance an optimal capital structure (Fowowe, 2017).

Abu-Rub (2012) stated a company's financial decision is critical to determining the optimal capital structure mix. Measuring the company's business and financial capabilities in order to adjust and direct its multiple leverages to maximize its value, growth and the generation of optimal returns. Companies have varying degrees of leverage, determining the best mix to enhance manager performance remains a mystery to be solved in corporate finance theory and financial literature. The capital structure includes long-term debt, specific short-term debt, common stock, preferred stock and retained earnings. Company performance is calculated based on their ability to generate optimal returns from their assets and maximize shareholder value and wealth. Corporate financing decisions vary depending on the riskiness of each financing option and the risk/return trade-off.

2.1.3 Capital Structure

The capital structure of a corporation refers to the many sources of financing that it employs to support its operations and development in general. It is an economic position and method of supporting a company's total Assets by determining the appropriate mix of debt (both short and long term) and equity (common and preferred). It also became a major topic after the landmark study by Miller and Modigliani (1958), famous for the notion of capital structure irrelevance, proved that capital structure is independent of company performance. As a result, a serious debate has erupted in this field, and much study has been conducted and continues to be conducted (Shahar & Shahar, 2015).

Chang et al. (2019) stated that a company's capital structure is critical as it relates to the company's ability to meet the needs of its stakeholders. A company's board of directors or financial manager should always strive to develop a capital structure that is particularly beneficial to shareholders, as well as other stakeholders such as employees, customers, creditors and society in general. In other words, financial managers should use the capital

structure to reduce financial risk and increase profitability. The creation of value and the constant maximization of shareholders' wealth are the most important goals of companies.

2.1.4 Corporate Performance

The ability of a corporation to benefit from its assets, equity, and liabilities is demonstrated by its performance (Nguyen & Nguyen, 2020). According to Pham (2020), financial performance is the consequence of a company's capital mobilisation, utilisation, and management. Companies' business performance is a macroeconomic statistic that represents the degree to which manufacturing process elements are utilised. Business efficiency is thus an integrated economic indicator that shows the extent to which a company's material and financial resources are used to maximise efficiency. Business performance may be measured in a variety of ways and with various approaches. Profitability measures are often utilised as significant indications of a company's efficiency and overall success in financial research. Any firm's ultimate aim (Saif Ul Islam et al., 2022).

Corporate performance is the result of the work that management does across multiple dimensions, including the company's net cash flow from investment decisions, growth, and the cost of capital. Enterprise value is an important concept for investors because enterprise value is an indicator of how the market perceives the company. High company values lead to good company performance. Creditors see the value of the company clearly. For the creditor, the value of the company is related to the liquidity of the company, i. H. whether the company is able to repay the loan made by the creditor or not. If the implied value of the company is not good, the investor will rate the company as low (Rahman, 2012). Also Ayuba et al. (2019) stated corporate performance means the company's ability to maximize shareholder wealth. It is an indicator that future investors would use to find the company they are investing in attractive. In finance, enterprise value refers to an economic measure of business performance that reflects the value of the business as a whole, thereby enabling efficient and effective use of economic resources to be identified. It represents the company's assets, which are readily provided by the investors (equity shareholders and lenders). The enterprise value describes the company's willingness to grow, which is translated into the investors' willingness to invest. A good

company value attracts investors to the company. Since the doctrine of separation of management and ownership in modern business practice, corporate values have served as a benchmark for managers' efforts from the perspective of external stakeholders. As opposed to financial performance, which reflects managers' efforts from their own internal perspective.

In the field of finance, many arguments have been made about what constitutes corporate performance, as it is distinct from the company's financial performance. It is observed that there is some confusion as to what makes the difference. Enterprise value is of course a function of the manager's ability to run the business in a way that maximizes the wealth of the owners, but this is explained by outsider (investor) perceptions. It shows the future cash flow of the company. However, the financial performance of the company serves as a function of the manager's ability to run the company in order to maximize the wealth of the owners from the management perspective. It is a reflection of past historical information reported by the company to demonstrate management responsibility. This position shows that the company's financial performance is a product of accounting measures relating to the company's past earnings and as such may not reflect expectations about the company's future and hence the level of risk assessment. It is argued that the company's financial performance could be sensitive to inflation (Adeyemi et al., 2017).

2.1.5 The Relationship Between Capital Structure and Corporate Performance

Many research have been carried out to investigate capital structure theory. Modigliani and Miller (1958) did a significant research in this field. According to Ogebe et al. (2013), the Modigliani and Miller (MM) theory demonstrates that, under certain essential hypotheses, the capital structure of a corporation has no effect on its value. The capital market is intended to be ideal in Modigliani and Miller's scenario, with open access to information for both insiders and outsiders; there are no transaction costs, bankruptcy fees, or taxes. The distinction between equity and debt becomes meaningless, and equity and debt may be completely swapped.

According to the MM hypothesis, a company's value should not be determined by its capital structure. It further maintained that a company's market value and weighted

average cost of capital should be the same at all degrees of the capital structure since a company's worth should be determined by the returns and risks of its activities, not how it funds operations.

In the 1960s and 1970s, research shifted to how companies achieve a balance between the expenses of bankruptcy with the benefits of borrowing tax advantages. This paper was categorised as "Trade - off Theory," which discovered that corporations set a goal leverage ratio that they are attempting to accomplish. Theoretically, positive correlation exists between leverage and company performance (Salim & Yadav, 2012).

The study of the fulfillment of firm financing sources is often referred to as capital structure theory. The capital structure theory deals with the composition of long-term debt with ideal stocks in order to obtain an optimal capital structure. An optimal capital structure is reflected in the improvement in the welfare of business owners, but there is still no common agreement on how to achieve an optimal capital structure. An examination of capital structure is to maximize the use of debt up to a certain level in order to achieve tax savings due to interest payments. This theory is often referred to as the trade-off theory. There are several factors that can be considered when applying the trade-off theory, such as sales stability, asset structure, leverage, growth rate, taxes and management attitude (Oktavina et al., 2018).

Also Uzliawati, et al. (2018) said The trade-off theory explains that when the capital structure's position is below an optimal point, any additional debt increases the company's value. Trade-off theory refers to the idea that companies choose how much debt and how much equity to use by weighing costs and benefits. The trade-off theory can basically balance the cost of debt and the debt benefits received by the company. This theory explains that companies are generally financed by equity and debt. Gomez et al. (2014) say that an important purpose of trade-off theory is to explain the fact that firms are typically financed partly with debt and partly with equity.

Similarly, IQBAL (2022) argued that a corporation selects an ideal capital structure by balancing the costs and advantages of borrowing and financial hardship, ultimately maximising shareholders wealth. According to this idea, the value of a firm with debt is

equal to the worth of the company without debt plus tax benefits after deducting the expenses of financial emergencies. Companies that use the trade - off approach prefer to tailor their capital structure to each company's unique features.

Midway through the 1970s, agency cost theory became the focus of study, which then centred on two types of conflicts of interest: those between managers and shareholders and those between creditors and shareholders. The cost of financial hardship, agency charges, and interest rate advantages are thought to be traded off to get the best capital structure. Therefore, it is reasonable to anticipate that increasing leverage in combination with decreased agency costs will boost efficiency and thereby improve business performance (Panda & Leepsa, 2017).

Agency theory proposed by Jensen and Meckling (1976) and Myers (1977) examines the impact of capital structure from a new perspective of corporate governance. Because the theory was developed based on previous models, it shows consistent results with the trade-off theory. In general, agency problems involve the involvement of three parties, including managers, shareholders and creditors. The first type of conflict (agency issues between shareholders and managers) takes root when the managers own less than 100% interest in the company's assets, creating less motivation behind their actions to maximize the company's value in the shareholders' best interest. Indebtedness gives managers more freedom to spend the company's free cash flows, and so they easily take on low-return projects and acquire unnecessary physical assets to increase company size, presumably reflecting their own reputation. Due to such reasons, managers increase the agency's cost of equity, which is detrimental to the company's performance. On the contrary, if the company is funded through higher leverage, the obligation to meet interest payments leaves managers less freedom to allocate cash flows; Therefore, they need to be more efficient in selecting investments and improve business performance in general. The second conflict (agency problems between shareholders and creditors) arises when two groups of investors prefer different risk behaviors. In particular, shareholders may have incentives to either take on significantly risky projects or to move towards under-investment (Ross et al., 2013). Regarding the former motive, in which shareholders participate in risky investments, they should receive an additional return if the projects

are successful and, if the projects fail, share the losses with their counterpart. Regarding the second incentive, if a company is excessively leveraged, the significant likelihood of bankruptcy would discourage shareholders from making new investments despite positive NPVs; hence the firm is underinvested (Dao et al., 2020).

2.1.6 The Effect Of Investment And Financing Decisions On The Relationship Between Capital Structure And Firm Performance

The pecking order hypothesis was developed within the first half of the 1980s as a consequence of the focus on asymmetric information between investors and businesses. According to the idea, there is a hierarchy in how corporations choose to finance their investments, and adhering to the hierarchy is the best financing plan. Managers would prefer to fund investments using internal sources as issuing additional shares would be detrimental to existing shareholders (i.e. retained earnings). In the event that this source is insufficient, the board of directors will look for outside financing, first through debt financing and later by the sale of additional shares.

Therefore, in accordance with the pecking order hypothesis, the more successful businesses produce more income that may be utilised to fund themselves allowing them to choose to finance with less leverage. In contrast, less profitable companies don't have the same opportunities despite being compelled to incur debt in order to finance their continuous activities. As a result, the hypothesis contends that debt levels and company performance are negatively correlated (Ting et al., 2021; Chen & Chen, 2011; Ahmadimousaabad et al., 2013).

Based on pecking order theory, Yapa Abeywardhana, (2017) claim that capital structure decisions serve to remove the inefficiency caused by information asymmetry. Information asymmetry between insiders and outsiders and ownership segregation explain why companies avoid capital markets and explain that a company's debt issuance gives the market a signal of confidence that the company is a great company, that its management is not afraid of leverage. and demonstrate that a pecking order can occur due to agency conflict between managers and owners and outside investors. Studies on the pecking order theory have failed to demonstrate the importance of this theory in determining the capital

structure of firms. Flaws in this theory urged the further development of theories of capital structure to solve the puzzle of capital structure.

Factors that drive the pecking order theory's perspective are that if companies make profits by using debt as a source of corporate funds, it is not the primary one. The relationship between the level of profit or profitability of the company and the level of debt, based on the pecking order theory, has a negative direction. It can be interpreted that when profitability increases, the company's debt decreases, on the contrary, when profitability decreases, debt increases (Wardianto,2013)

By referencing strategic industrial and company organisational factors, financial theories developed in the late 1980s explain the structure of corporate finance. The method is centred on how leverage affects strategic factors (price and quantity) as well as the interaction between suppliers and customers.

These theories acknowledge that the corporate objective is to maximise shareholder wealth as opposed to the goal of profit maximisation established in the industrial organisation literature (Tudose, 2012). Disjunctive hypothetical thinking was emphasised in studies done in the 1990s in an effort to support or refute the two hypotheses that were put out, namely compensation theory and order theory. They opposed the then - proposed notion, which has since directed research at the empirical analysis level, that there is no one, all - encompassing theory of how to decide between debt and equity and that there is also no good reason to anticipate one (Johnsson et al., 2002; Margaritis & Psilaki, 2010; Chadha and Sharma, 2015).

2.2 Literature Review and Hypothese Development

The earlier research on the connection between investment and finance choices is presented in this part. Along with presenting earlier research on the link between capital structure and business success Finally, based on the previously described investigations, hypotheses are developed.

2.2.1 Investment and Financing Decision and Corporate Performance

Da Silva et al. (2013) studied the association between company investment and firm profitability using a range of various statistical models. According to their study's findings, profitability and continuous investments have a good association. The findings of a study done by Gabow (2017) on investment choices and corporate success demonstrate a strong and favorable correlation between these two variables. The study demonstrates that businesses that have made significant real estate investments outperform other businesses.

Few studies have concentrated on how financial decisions are related to corporate performance, even though the literature experimentally analyses how financial decisions are determined. The majority of the research now in existence has empirically investigated how capital structure decisions are made and shown how the choice of financing has a considerable influence on business performance, such as Bahshs & Sentis (2008), Song (2005), Chen (2004), Omet & Mashharawe (2003), Crnigoj & Marmor (2009).

However, some research, including those by Abor (2005), Zeitun & Tian (2007), Rao et al. (2007), Muradoglu & Sivaprasad (2012), and others have concentrated on financing decisions related to firm performance and found that this case caused an insignificant impact on the company's capital structure policies and performance.

However, The decision of leverage by the firm is not the only element affecting the success of the firm. It is also thought that the maturity structure of corporate debt influences compan firm performance (Ozkan, 2001). Chen (2004) discovered that Chinese businesses have substantially less LTD and prefer short- term financing.

As a result, this data has to be carefully evaluated and understood in light of how China's economy is changing. The pecking order hypothesis, often known as the compensation model, was shown to be ineffective in explaining the capital structure preferences of Chinese enterprises, according to Chen (2004).

Therefore, both financing decisions and investment decisions must be considered in an organization's efforts to evaluate and select the efficient capital mix that will allow the business to get the financing needed for its profitable projects (Song et al., 2018).

2.2.2 Capital Structure and Corporate Performance

Empirically, many studies (e.g. Ahmad et al., 2012; Saeed et al., 2013; Sagara, 2015) have discovered that capital structure has a major influence on business performance. While some studies do not show a significant influence of capital structure on company performance (Salim & Yadav, 2012; Chinaemerem & Anthony, 2012; Zeitun, 2014).

Abdabi & Abu-Rub (2012) analysed the capital structure's impact on firm performance for a sample of 28 businesses listed on the Palestine Stock Exchange (PEX) between 2006 and 2010 using a panel data technique. The findings showed that the capital structure of the firm had a favorable effect on company performance.

In turn, Shubita & Alsawalhah (2012) (during a six-year period) looked at the capital structure's impact on the profitability of industrial enterprises listed on the Amman Stock Exchange (2004-2009). The findings demonstrate a blatant inverse link between profitability and debt. This implies that profitable businesses are more dependent on equity as their main source of capital. This implies that profitable businesses are more dependent on equity as their main source of capital.

Renoh & Ntoiti (2015) examined the impact of capital structure on the financial performance of listed commercial banks in Kenya and found that capital structure had a negative impact on commercial banks' financial performance. Ramadan & Ramadan (2015) examined the impact of capital structure and financial performance on Jordanian companies, and their findings suggest that negative impacts of capital structure on returns on investments were observed in their study. These results were refuted with the results of the Al-Taani study. Taani (2013) conducted a study to examine the relationship between capital structure and profitability. However, the results showed that there was no correlation between the leverage ratio and the return on investments. In any case, these results were consistent with Ebaid's (2009) study, which assessed the relationship

between capital structure and performance based on 64 firms in Egyptian firms over the period 1997-2005.

Recently, Siddik et al. (2017) conducted a study to examine the impact of the capital structure and financial performance of banks in Bangladesh. They focused on 22 banks for a 10-year period starting in 2005. Return on capital, return on equity and earnings per share were considered as key performance indicators. The results of their study showed that capital structure has an inverse impact on bank performance. As such, mixed results have been reported in the literature on the relationship.

2.3 Hypotheses

Based on the arguments presented above, related to the studies on the topic, the following hypotheses were developed:

H01: The capital structure has an impact on the corporate performance of publicly listed companies in Palestine and Jordan.

Capital Structure \longrightarrow Corporate Performance

H02: The corporate performances of publicly listed companies in Jordan and Palestine are impacted by investment decisions.

Investment Decisions \longrightarrow Corporate Performance

H03: The capital structure and corporate performance in publicly listed companies in Palestine and Jordan are largely mediated by the investment choice.

Capital Structure \longrightarrow Investment Decisions \longrightarrow Corporate Performance

H04: The decision of financing has an impact on the financial performance of publicly listed companies in Jordan and Palestine.

Financing Decisions \longrightarrow Corporate Performance

H05: The decision of financing mediates the important link between the capital structure and the financial results of publicly listed companies in Jordan and Palestine.

Capital Structure \longrightarrow Financing Decisions \longrightarrow Corporate Performance

Chapter Three

Research Methodology

3.1 Introduction

The research methodology described in this chapter is explained in detail, together with your queries, in order to meet the goals of the study. This chapter demonstrates the research methodology, research design, data collecting strategies, study data collection method, and finally employs statistical techniques.

3.2 Research Approach

There are two different sorts of research methodologies: quantitative and qualitative. However, a combination of the two types can be addressed to avoid their shortcomings (Bryman, 2006). The researcher in this study followed the quantitative research approach by numerically analyzing the study data to measure the correlation between the study variables.

3.3 Research Design

There are two types of research designs; the first is inductive and the second deductive. While inductive research design builds a specific theory using collected and perceived data and information, deductive research implements a specific theory by collecting and analyzing data and information to test the specific theory (Saunders et al., 2003). According to the inductive research approach, theory would follow data. Whereas in the deductive data research approach, the data follows the theory (Hyde, 2000). Therefore, a deductive research design is generally used in quantitative studies. But when conducting qualitative research, inductive research methodology is used.

The deductive research approach was used in this investigation to investigate explore how capital structure affects the performance of publicly listed companies in Palestine and Jordan by mediating the impact of investment and financial decisions.

3.4 Data Collection Methods

Data is primary or secondary. Primary data is first - hand information, and the data is obtained by the researcher in their study, whether through the use of surveys, interviews, focus groups, observation, or other tools. On the other hand, secondary data are the available data obtained by other parties for other current research purposes or the data published by the census organizations and the information disclosed by the listed companies or other authorities and institutions (Zohrabi, 2013).

Due to the objective of the study, secondary data sources are considered in this research, the required data come from the annual accounts of companies listed in Palestine and Jordan.

The researcher used the annual reports because these reports contain all the information and data needed to achieve the study's objectives. In addition, the annual reports of listed companies are easily accessible as they are published on the websites of the companies studied (Baroma, 2013).

3.5 Population of the Study

Taking into account all companies registered on the Palestine Stock Exchange in this study (PEX) and Amman Stock Exchange (ASE) that published annual reports throughout the period 2010-2019. Therefore, these societies were considered as a study unit. Therefore, the researcher excluded public firms without data for the time frame specified in the study. In addition, the researcher excluded companies that did not consistently publish financial statements during the period studied.

In 1995, the Palestine Stock Exchange, or PEX, was established to encourage investment in Palestine. The PEX was the first Arab exchange to launch with complete automation. The Palestinian Capital Markets Authority is responsible for overseeing the operation of the PEX. With 49 publicly publicly listed companies and a market valuation of over \$3.74 billion (as of 2021), the Palestine Exchange Stock (PEX) is home to five key economic sectors: banking and financial services, insurance, investments, industry, and services.

The Amman Stock Exchange (ASE) was established in March 1999 as a separate, non-profit organisation with the right to function as Jordan's recognised regulated exchange for dealing in securities. In February 2017, ASE is a publicly traded firm that the government owns entirely. As of 2021, there are 171 firms listed on the ASE with a market valuation of around JD15.5 billion, with the financial, services, and industrial industries being the three primary economic sectors.

3.6 Identification and Measurement of Study Variables

The researcher here defines the variables of the study and presents for the measurements of these variables.

3.6.1 Mediating Variables

As established earlier, two mediators are considered in this study (Investment decision and financing decision).

1 - Investment Decision (Mediating Variable)

Following the previous studies (e.g., Adam & Goyal, 2008; Efni, 2017), four indicators are used as metrics for calculating the investment decision:

1. Market - to - book assets ratio (M / BAR).
 2. The ratio of market - to - book equity (MBVE).
 3. The ratio of current assets to total Assets(CATAR ratio).
 4. The capital expenditures to book value ratio (CAP / BVA ratio) of plant, property, and equipment
- The following is an overview of the indicators:

1. Market to Book Asset Ratio (M / BAR)

This ratio demonstrates the connection in between the market value of the capital and the book value of the assets. The share price affects the shares market value. Due to the rise in equity value as the share price rises, an asset's market value likewise rises (Efni, 2017). One of the metrics frequently used to estimate investment choice is the MBAR (Kallapur & Trombley, 1999; Adam & Goyal, 2008). The market book ratio (M/ BAR), according to Adam & Goyal (2008), is determined as follows:

Share price*Outstanding Shares+ Preferred stock+ Current Liabilities - Debt +

(Long- term Liabilities - Deferred Tax and Investment Tax Credits/Asset's Book Value)

Or, MBAR = Asset's Mrket Value/ Asset's Book Value

Consequently, a higher MBAR ratio shows that a company has a lot of investment prospects compared to its current assets.

2. Market Book Value of Equity (MBVE)

The present value of all future cash flows to shareholders, both among current assets and from future investment possibilities, is calculated by the market value of shares. The book value of shares, on the other hand, indicates the total value derived purely from existing assets. As a result, the MBVE index gauges the cash flows from existing assets as well as prospective investment prospects (Adam & Goyal, 2008). The MBVE is determined based on (Shahwan, 2018), wherein he explains how MBVE might help investors analyse the scale of investment decisions. MBVE is then determined as follows:

$$\text{MBVE} = \text{Market Value of Equity} / \text{Book Value of Equity}$$

Therefore, a high market - to - book value of equity (MBVE) indicates a company with good prospects for the future, allowing investors to assume that an investment in the company will yield a more profitable return.

3. Current Asset to Total Asset Ratio (CATAR)

It describes the optimal level of current assets that must be kept in the company, taking into account the concept of liquidity and profitability. And it clarifies the connection between working capital and total fixed capital expenditure: the greater the working capital investment, the greater the liquidity of a company, but profitability also decreases. (Mohamad & Saad, 2010).

Consequently, CATAR is determined with:

$$\text{CATAR} = (\text{Current Assets} / \text{Total Assets}) * 100$$

The higher CATAR ratio reflects a better investment decision as it shows the availability of cash, accounts receivable, and inventories, which are the most liquid short - term assets compared to the company's total Assets (Firmansyah et al., 2018).

4. Capital expenditure to book value asset (CAP/BVA)

The whole cost of purchasing a new fixed asset or updating an organization's current fixed assets, including the price of purchasing property, facility, and equipment, is referred to as capital expenditure (PP&E) (Adam & Goyal, 2008). Saifi (2017) stated that capital expenditures are generally used to supplement fixed assets to modify asset costs for tax purposes. It is typically disclosed on the balance sheet and cash flow statement of the business. According to Saifi (2017), The expenses associated with capital expenditures include:

1. Expenditures of purchasing fixed assets and sometimes the cost of intangible assets.
2. Expenditures of renovation an current asset.
3. Expenditures of improvement an current asset.
4. Expenditures of buy, sell or rent property etc.

Thus, accordingly, the following formula could be used to determine CAP / BVA:

Total Capital Expenditure =(Total Asset Market Value / Asset Current Price)

The company's incremental cash flows are calculated using the investment book value of assets (CAPBVA). Through this extra equity, the firm may make more investments in profitable assets, increasing its potential as a growing firm. In contrast to the ratio of investments to the asset's book value, the higher the CAP /BVA ratio, the greater the investment potential that the company holds in connection to the asset (Andaswari et al., 2017).

2 - Financing Decision (Mediating Variable)

In this study, three indicators are used to measure financing decision following the previous works (e. g. Nurlela et al., 2019; Taani, 2013; Siam et al., 2005) including:

1. STDTA
2. Long term debts to equity

3. Retaining earnings (retention Ratio)

1. Short – Term Debt Total Assets (STD / TA)

This parameter measures the degree to which assets have been financed using current debt (Mboi et al., 2018). According to Legesse & Guo (2020), the ratio of trade payables to total assets is used to determine short-term debt financing. Short-term debt includes bank loans, short-term financial debt, and a portion of long-term financial debt that is due in the year.

The following is how the STD/TAR is calculated:

$$\text{STD / TA} = (\text{Short Term Debt / Total Assets}) * 100.$$

2. Long – Term Debt to Equity(LTD/E)

It is primarily used to assess the degree to which long - term debt has been invested in the company's total equity. The index indicates the level of business risk related to the repayment of its debts, it includes paying interest and principal. As a result, creditors are often reluctant to finance a company with a higher leverage ratio (Khrawish & Khraiweh, 2010).

The following is how LTD /E is calculated:

$$\text{LTD/Eq} = (\text{Long-Term Debt/Total Equity}) * 100.$$

The greater this ratio, the better the firm's capability to pay interest and the higher its chances of getting a loan(Efendi et al., 2019).

3. Retaining Earnings (retention Ratio) (RE)

The retention ratio is also known as the firm's proportion of retained earnings. It is the fraction of the remaining profit that remains in the firm. On the other hand, it is the percentage sum of retained profits that is used to develop the firm rather than sending them out as dividends to shareholders (Efni, 2017). The following is how RE is calculated: Retained Earnings Ratio = [Net Income Dividend / Net Income]* 100.

A higher retained earnings ratio indicates that the company is using its own funds to fuel growth and expansion plans. A lower retention rate indicates that the company is paying more dividends than it is retaining (Sasaki & Fujita, 2012).

3.6.2 Identification and Measurements of Dependent Variable (Corporate Performance)

Various indicators are used to measure company performance, including accounting metrics and market metrics. Accounting - based metrics use data from financial statements such as return on equity, return on assets, earnings per share, and net income margin, while return on shares is a market metric (Abor, 2005). Tobin's Q performance measurement is also used in some studies that are a combination of market performance and accounting measurement (Zeitun & Tian, 2007). Two indicators are used in this study to measure firm performance following previous work (Ghosh, 2007; Efni, 2017), including:

1. Tobin's Q

James Tobin first mentioned Tobin's Q in 1977. Tobin's Q was defined as a company's market value divided by the replacement cost of the company's assets. Tobin's Q - ratio is primarily used to calculate a company's assets compared to the market value of those assets. The greater value of Tobin's Q encourages companies to invest more money when there is a large return on the funds invested relative to the costs incurred relative to the capital acquired (Eluyela et al., 2018).

Tobin's Q, its formula:

$$\text{Tobin's Q} = \text{Firm's Total Market Value} / \text{Firm's Total Asset Value}$$

2. PER(PER)

PER is the ratio or comparison between the stock price and the company's earnings. Investors count the value of profit reflected in the share price, on the other hand, the company calculates and analyzes how long it will take to return funds at the level of share prices and profits made by the company (Foo et al., 2015). The PER of is calculated as the share price divided by earnings per share. Also known as price

earnings multiples, it demonstrates how much investors are prepared to pay for each dollar of earnings generated by a firm (Gama & Galvão, 2012).

This is how PER is calculated:

$$\text{Earnings Per Share} / \text{Market Value Per Share} = \text{PER}.$$

A high PER indicates that the company's performance is improving. However, if the PER ratio is too high, it may indicate that the offered share price is too high and unreasonable (Badruzaman, 2020)

3.6.3 Identification and Measurements of Independent Variable (Capital Structure)

Capital structure is the amalgamation of debt and equity that a company uses to fund its operations. One of the parameters used to measure capital structure is leverage. Generally, it is a ratio of total debt and liability to total assets. However, it's still a good measure of capital structure. Studies also suggest not relying on a single measurement as a proxy for capital structure, as this can lead to incorrect conclusions about the company's capital structure. Therefore, it is common among the previous studies to use the combination of total debt to total assets, short-term debt to total assets, and long-term debt to total assets to represent the capital structure (Abor, 2005; Chen et al., 2016).

A company's capital structure is described as the particular mix of debt and equity that it utilizes to finance its activities. As explained in the literature Review, in this analysis, the following variables were chosen to calculate the capital structure (Bevan & Danbolt, 2002; Soumadi & Hayajneh, 2012; Efni, 2017).

1. TER (TER)

The TER is an investing lever that estimates the percentage of assets (owner investments) that are used to fund Shareholder Equity (Jadah et al., 2020). Ramadhan (2021) found that this ratio also indicates the availability of funds to preserve liquidity (protection function) and company sustainability to protect shareholders from insolvency or

bankruptcy as such, the TER measures the degree to which investments have been used to fund a company's assets. This is how the TER is calculated:

$$TR = \text{Total Equity} / \text{Total Assets}.$$

A higher TER denotes that the firm is using less debt to fund its assets. This makes the company less risky as it Relies less on debt to fund its operations. A lower TER indicates that the company is using more debt to fund its assets. This makes the company riskier as it Relies more on debt to fund its operations (Ramadhan, 2021).

2. TDR (TDR)

According to Rahman (2017), to measure the solvency of a company, solvency is the ability of the company to meet all of the company's obligations, including short and long - Terms liabilities, whether the company is still in operation or in a state of liquidity. (dissolved), also an index that measures the extent to which a company finances itself with debt capital.

TDR used a company's total Assets and total liabilities to determine how often the company owed money versus its assets. When this ratio calculates to a greater percentage, the firm is more Reliant on debt, that is to say more leverage to sustain routine activities. Another perspective of the debt index says that the higher the index, the greater the company's risk, this is an index for potential investors (Farfán et al., 2017). The equation used is the following:

$$\text{TDR} = \text{Total Liability (both Long - and Short - Terms Debt)} / \text{Total Assets(Both Fixed and Current Assets)}$$

The below table show the variables and measurements:

Table (3.1)

Variable and Measurements

| Variables | Measurement | References |
|---|--|----------------------------|
| | Investment Decision (Mediating Variable) | |
| The Market - to - Book Assets ratio (M / BAR) | Share Price*Shares Outstanding + Preferred Stock + Debt in Current Liabilities + (Long Terms liabilities - Deferred Tax and Investment Tax Credits /Asset's BookValue) | Adam & Goyal ,2008 |
| MBVE | Market Value of Equity / Book Value of Equity | Shahwan, 2018 |
| CATAR | (Current Assets / Total Asset)*100 | Mohamad &Saad, 2010 |
| CAP / BVA | Total Capital Expenditure / (Asset's Market Value / Asset Current Price) | Saifi, 2017 |
| | Financing Decision (Mediating Variable) | |
| STD / TA | Short Terms Debt / Total Assets*100 | Legesse & Guo, 2020 |
| LTD / E | Long - Terms Debt / Total Equity * 100 | Khrawish & Khraiwesh, 2010 |
| RE | Net Income - Dividends / Net Income* 100 | Efni, 2017 |
| | Corporate Performance (Dependent Variable) | |
| Tobin`s Q | Firm`s Total Market Value / Firm`s Total Assets value | Eluyela et al., 2018 |
| PER | Market Value per Share / Earnings per Share | Gama & Galvão, 2012 |
| | Capital Structure Independent Variable | |
| TER | Total Equity / Total Assets | Ramadhan, 2021 |
| TDR | Total Liability / Total Assets | Farfan et al., 2017 |

3.7 Empirical REsearch Model (Model Specification)

The linear model is assessed using the following multiple equations:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 M_1 + \beta_3 M_3 + e_3 \text{-----Eq 1}$$

Where:

X1 = Capital Structure (Independent Variable).

Y = Corporate Performance (Dependent variable).

M1 = Investment Decision (First Mediating Variable)..

M₃ = Financing Decision (Second Mediating Variable).

β₀ = Interception.

β₁ to β₃ = Coefficient of The Explanatory Variables.

e₁ = Error Terms / Residual.

$$Y = \beta_0 + \beta_1 X_1 + e_3 \dots \dots \dots \text{Eq2}$$

X₁ = Capital Structure (Independent Variable).

Y = Corporate Performance (Dependent variable).

$$Y = \beta_0 + \beta_2 M_1 + e_3 \dots \dots \dots \text{Eq3}$$

Y = Corporate Performance (Dependent variable).

M₁ = Investment Decision (First Mediating Variable)..

$$Y = \beta_0 + \beta_3 M_2 + e_3 \dots \dots \dots \text{Eq4}$$

Y = Corporate Performance (Dependent variable).

M₂ = Financing Decision (Second Mediating variable).

$$M_1 = \beta_0 + \beta_4 X_1 + e_1 \dots \dots \dots \text{Eq5}$$

M₁ = Investment Decision (First Mediating Variable)..

X₁ = Capital Structure (Independent Variable).

$$M_2 = \beta_0 + \beta_5 X_1 + e_2 \dots \dots \dots \text{Eq6}$$

M₂ = Financing Decision (Second Mediating variable).

X₁ = Capital Structure (Independent Variable).

Consequently, all model variables are explicitly observed, and symbols such:

Y = Corporate Performance (Dependent variable).

$$Y = \Sigma (\text{Tobin's Q} + \text{PER})$$

Tobin's Q = Total Market Value of Firm / Total Asset Value of Firm.

PER = PER.

X1 = Capital Structure (Independent Variable)

$$X_1 = \Sigma (\text{Total Equity Ratio} + \text{Total Debt Ratio})$$

M1 = Investment Decision (First Mediating Variable).

$$M_1 = \Sigma (\text{M/BAR} + \text{CPE/BVA} + \text{CATAR} + \text{M/BVE})$$

M / BAR = Market to book asset ratio.

CPE / BVA = Capital expenditure to book value asset.

CATAR = Current asset to total asset ratio.

M / BVE = **Market** to book value of equity.

M2 = Financing Decision (Second Mediating variable).

$$M_2 = \Sigma (\text{STDTA} + \text{LTD/Eq} + \text{RE})$$

STDTA = Short - Terms debts to total assets.

LTD / E = Long Terms debts to equity.

RE = Retaining earnings (retention Ratio).

3.8 Statistical Methods and Tests

The Researcher uses inferential analysis in this study. Inferential statistics using Pearson's correlation to find the correlation between each pair of variables studied. In addition, multivariate analysis is used to measure the effect of the independent variable (capital structure) on the dependent variable (financial performance) by mediating the effect of investment and financing decisions.

Before assessing the study model, the Researcher conducted exploratory data analysis tests to make sure that the fundamental form the basis was met, allowing the Results and implications of the thesis to be applied. According to Skiera et al. (2022), before carrying out the estimation, the Researcher should look at a number of tests to make sure that the fundamental premises of the model are upheld, notably tests for outliers, multicollinearity, heteroscedasticity, and auto correlation analysis.

Chapter Four

Empirical Results and Discussion

4.1 Introduction

Based on information gleaned from the annual Reports of the publicly listed companies in Palestine and Jordan, this chapter gives the study's conclusions through a statistical analysis of the factors.

Basically, this chapter covers the following main sections. Section (4.2) shows Pearson - Correlation Results to present the Relationship between each pair of model variables. Section (4.3) is the estimation of the study models.

4.2 Testing Multicollinearity Effect

Using Pearson's connection among capital structure , company performance, investment decisions, and the degree and strength of the link between the model's investigated variables to inform financial decisions. Additionally, the model's investigated variables are checked for multivariate Regression using the Pearson - Correlation matrix.

The findings of the Kolmogorov -Simonov test, a well -known test of normality, are shown in Tables (4.1) and (4.2) that is used when the size of the sample is large to estimate (Mishra and Pandey, 2019).

Table (4.1)*Pearson - Correlation Coefficients for all listed companies in Palestine*

| | | MBAR | MBVE | CATAR | CAPBVA | STD / TA | LTD / TE | RE | Tobin`s Q | PER | TER | TDR |
|------------------|------------------------------|-------------|-------------|--------------|---------------|-----------------|-----------------|-----------|------------------|------------|------------|------------|
| MBAR | Pearson - Correlation | 1 | | | | | | | | | | |
| MBVE | Pearson - Correlation | .586** | 1 | | | | | | | | | |
| CATAR | Pearson - Correlation | -.125** | 0.043 | 1 | | | | | | | | |
| CAPBVA | Pearson - Correlation | .280** | 0.020 | -.232** | 1 | | | | | | | |
| STD / TA | Pearson - Correlation | -.397** | -0.003 | .515** | -.341** | 1 | | | | | | |
| LTD / TE | Pearson - Correlation | -.204** | .106* | -0.091 | -.218** | -0.047 | 1 | | | | | |
| RE | Pearson - Correlation | 0.052 | 0.036 | -0.088 | 0.000 | -0.035 | 0.031 | 1 | | | | |
| Tobin`s Q | Pearson - Correlation | .883** | .516** | -.182** | .306** | -.527** | -.301** | 0.033 | 1 | | | |
| PER | Pearson - Correlation | 0.043 | 0.040 | -0.032 | -0.035 | -0.023 | 0.001 | -.138** | 0.034 | 1 | | |
| TER | Pearson - Correlation | .386** | -0.066 | -.342** | .348** | -.822** | -.467** | 0.008 | .603** | 0.003 | 1 | |
| TDR | Pearson - Correlation | -.386** | 0.066 | .342** | -.348** | .822** | .467** | -0.008 | -.603** | -0.003 | -1.000** | 1 |

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The Pearson - Correlation matrix is shown in Table (4.1). It demonstrates that the mediating variable (M /BAR) and the dependent variable Tobin`s Q have a significant correlation coefficient (0.883) at the 0.01 level. furthermore, a high correlation between short - Terms debt to total Assets and the total Assets ratio (0.822) at the 0.01 level. Likewise, there is a high correlation between the TDR and the TER (1.00) at the 0.01 level.

Table (4.2)

Pearson - Correlation Coefficients for all listed companies in Jordan

| | MBAR | MBVE | CATAR | CAPVA | STD / TA | LTD / TE | RE | Tobin`s Q | PER | TER | TDR |
|------------------|---------------|-------------|--------------|--------------|-----------------|-----------------|-----------|------------------|------------|-----------------|------------|
| MBAR | 1.000 | | | | | | | | | | |
| MBVE | .663** | 1.000 | | | | | | | | | |
| CATAR | 0.048 | .081** | 1.000 | | | | | | | | |
| CAPVA | .360** | .320** | .117** | 1.000 | | | | | | | |
| STD / TA | -.358** | .180** | .197** | .133** | 1.000 | | | | | | |
| LTD / TE | 0.064 | .115** | 0.036 | -0.021 | -.086* | 1.000 | | | | | |
| RE | -.075* | -.250** | -0.031 | -.194** | -.077* | 0.018 | 1.000 | | | | |
| Tobin`s Q | .803** | .561** | .096** | .274** | -.357** | -.393** | -.075* | 1.000 | | | |
| PER | .175** | .284** | .102** | .261** | 0.033 | 0.001 | -.367** | .171** | 1.000 | | |
| TER | .283** | -.185** | 0.006 | -0.054 | -.667** | -.647** | .119** | .635** | 0.043 | 1.000 | |
| TDR | -.283** | .185** | -0.006 | 0.054 | .667** | .647** | -.119** | -.635** | 0.043 | -1.000** | 1.000 |

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

According to Table (4.2), the correlation matrix demonstrates that there is a perfect negative correlation among TER and TDR (-1.00) at the 0.01 level. Tobin`s Q and MBAR do, however, have a positive perfect correlation (0.803) at the 0.01 level.

4.3 Empirical Models Estimation

The Researcher analyses the theses models in this area of the study by demonstrating how the capital structure affects a firm's performance by acting as a mediator between the finance and investment decisions. Panel Regression analysis was utilized by the Researcher to assess the validity and accuracy of the thesis model.

4.3.1 Panel data estimation

The Results of the Regular least squares Regressions are displayed in this section (OLS). The link between capital structure, financial performance, the investment choice, and the financing decision is examined using the following Regression models.

The Regression model is evaluated based on the multiple equations developed below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 M_1 + \beta_3 M_3 + e_3 \text{-----Eq 1}$$

Where:

X_1 = Capital Structure (Independent Variable).

Y = Corporate Performance (Dependent variable).

M_1 = Investment Decision (First Mediating Variable)..

M_3 = Financing Decision (Second Mediating Variable).

β_0 = Interception.

β_1 to β_3 = Coefficient of The Explanatory Variables.

e_1 = Error Terms / Residual.

4.3.2 Hypotheses Testing

4.3.2.1 Testing the effect of the investment decision of the financial performance in listed companies in Palestine and Jordan

The Researcher used the multivariate Regression analysis to investigate the impact of the investment decision in Terms of financial performance (Tobin`s Q and PER)

Table (4.3)*Effect of the investment decisions measured by Tobin's Q*

| | R | R Square | Adjusted R Square | F | Sig. |
|------------------|--------------------|-----------------|--------------------------|--------------|--------------------|
| Palestine | 0.879 ^a | 0.773 | 0.770 | 366.870 | 0.000 ^b |
| Jordan | 1.000 ^a | 1.000 | 1.000 | 82723619.063 | 0.000 ^b |

a. Predictors: (Constant), CAPBVA, MBVE, CATAR, MBAR

b. Dependent Variable: Tobin's Q

The model is essential to investigate the influence of the investment decision on Tobin's Q for both the publicly listed companies in Palestine and the listed companies in Jordan, according to the Results of Table (4.3).

Table (4.4)*Coefficients for the effect of the investment decisions measured by Tobin's Q*

| Model | Coefficients^a | | | T | Sig. |
|-----------------------|--|-------------------|---|----------|-------------|
| | Unstandardized Coefficients - B | Std. Error | Standardized Coefficients - Beta | | |
| (Constant) | - 0.027 | 0.029 | | - .941 | 0.347 |
| MBAR | 0.848 | 0.029 | 0.847 | 29.124 | 0.000 |
| Palestine MBVE | 0.007 | 0.015 | 0.013 | 0.448 | 0.654 |
| CATAR | - 0.116 | 0.044 | - 0.063 | - 2.649 | 0.008 |
| CAPBVA | 0.088 | 0.040 | 0.054 | 2.176 | 0.030 |
| (Constant) | - 0.186 | 0.012 | | - 15.700 | 0.000 |
| MBAR | 1.000 | 0.000 | 1.000 | 4181.601 | 0.000 |
| Jordan MBVE | 8.009E - 5 | 0.000 | 0.000 | 0.465 | 0.642 |
| CATAR | 0.104 | 0.025 | 0.000 | 4.109 | 0.000 |
| CAPBVA | 0.008 | 0.023 | 0.000 | 0.356 | 0.722 |

In the companies listed in Palestine and based on the statistical Results and as demonstrate in (Table 4.4), a positive and significant effect of MBAR and CAPBVA on Tobins Q. However, there is a major but negative effect of CATAR on Tobins Q While for Jordan listed companies there is a positive and important effect of CAPBVA and MBAR on Tobins Q. Finally, there is a significant but negative effect of CATAR on Tobin's Q.

Based on the study by (Da Silva et al., 2013) investing in a business has an impact on how profitable it is. The Results of their study show that when the Researchers used Tobin's Q -Return, there is a positive Relationship between investment and Return. The

Results of table (4.4) clarified above that for listed companies in Palestine and Jordan there is an important effect on investment decisions as determined by Tobin's Q.

Table (4.5)

Effect of the investment decisions measured by PER

| Model Summary ^b | | | | | |
|----------------------------|--------------------|----------|-------------------|--------|--------------------|
| Model | R | R Square | Adjusted R Square | F | Sig. |
| Palestine | 0.094 ^a | 0.009 | - 0.001 | 0.945 | 0.083 |
| Jordan | 0.487 ^a | 0.237 | 0.234 | 79.456 | 0.000 ^b |

a. Predictors: (Constant), CAPBVA, MBVE, CATAR, MBAR

b. Dependent Variable: PER

According to the Results of table (4.5), the model is insignificant for examining the impact of investment decisions on PER for publicly listed companies in Palestine. However, the approach is crucial for Jordan's listed firms.

Table (4.6)

Coefficients for the effect of the investment decisions measured by PER

| Model | Unstandardized Coefficients | | Standardized Coefficients - Beta | t | Sig. | |
|------------------|-----------------------------|-----------|----------------------------------|--------|---------|-------|
| | B | Std.Error | | | | |
| Palestine | (Constant) | 39.026 | 439.160 | .089 | 0.929 | |
| | MBAR | - 52.509 | 8.846 | - .706 | - 5.936 | 0.000 |
| | MBVE | 61.462 | 6.377 | 1.147 | 9.638 | 0.000 |
| | CATAR | - 175.768 | 939.676 | - .005 | - .187 | 0.852 |
| | CAPBVA | - 91.319 | 864.022 | - .003 | - .106 | 0.916 |
| Jordan | (Constant) | 25.799 | 18.984 | 1.359 | 0.175 | |
| | MBAR | 14.887 | 19.352 | .047 | .769 | 0.442 |
| | MBVE | 6.269 | 9.808 | .038 | .639 | 0.523 |
| | CATAR | - 29.476 | 29.038 | - .051 | - 1.015 | 0.311 |
| | CAPBVA | - 31.526 | 26.875 | - .061 | - 1.173 | 0.241 |

In the companies listed in Palestine and by the statistical Results and as displayed in Table (4.6), a negative but important effect of MBAR on financial performance as measured by PER. However, a favourable and strong impact of MBVE on financial performance as measured by PER. Although the table shows that there is a positive but insignificant effect of MBAR and MBVE on PER in companies listed in Jordan. However, there is a negligible but negative effect of CATAR and CAPBVA on PER.

Based on a study by (Gabow, 2017), They demonstrate a highly substantial and favorable Relationship between investment decisions and firm performance. According to the Result of table (4.6), the hypothesis that "there is a significant Relationship between investment decision and company performance in Palestinian and Jordanian listed companies" is accepted.

4.3.2.2 Testing the Effect of The Financing Decision of The Financial Performance in Listed Companies in Palestine and Jordan

The Researcher used the multivariate Regression to explore the impact of the financing decision on financial performance (Tobin`s Q and PER)

Table (4.7)

Effect of the financing decisions measured by Tobin`s Q

| Model Summary ^b | | | | | |
|----------------------------|--------------------|----------|-------------------|--------|--------------------|
| Model | R | R Square | Adjusted R Square | F | Sig. |
| Palestine | 0.620 ^a | 0.385 | 0.379 | 67.961 | 0.000 ^b |
| Jordan | 0.556 ^a | 0.309 | 0.305 | 80.449 | 0.000 ^b |

a. Predictors: (Constant), RE, LTD / TE, STD / TA

b. Dependent Variable : Tobin`s Q

The model is statistically significant to investigate the Effect of financing decisions assessed by Tobin`s Q for both the publicly listed companies in Palestine and the listed companies based on the Results of table (4.7).

Table (4.8)

Coefficients for the effect of the financing decisions measured by Tobin`s Q

| Model | Unstandardized Coefficients - | | Standardized Coefficients - | T | Sig. | |
|-----------|-------------------------------|-----------|-----------------------------|---------|---------|-------|
| | B | Std.Error | Beta | | | |
| Palestine | (Constant) | 0.909 | 0.028 | | 32.679 | 0.000 |
| | STD / TA | 0.050 | 0.070 | 0.035 | 0.706 | 0.481 |
| | LTD / TE | - 0.002 | 0.005 | - 0.011 | - 0.292 | 0.770 |
| | RE | - 0.013 | 0.008 | - 0.053 | - 1.724 | 0.085 |
| Jordan | (Constant) | 0.934 | 0.033 | | 28.414 | 0.000 |
| | STD / TA | - 0.762 | 0.207 | - 0.468 | - 3.684 | 0.000 |
| | LTD / TE | - 0.081 | 0.023 | - 0.283 | - 3.463 | 0.001 |
| | RE | 0.003 | 0.005 | 0.024 | 0.642 | 0.521 |

In the companies listed in Palestine and using the statistical Results and as shown in table (4.8) there is a negligible effect and negative effect of LTD / TE and RE on Tobin`s Q and there is a negligible effect and STD positive STD / TA in Tobin`s Q . However, for companies listed in Jordan, the table shows that has a substantial and negative impact STD / TA and LTD / TE on Tobin`s Q .

The findings in table (4.8) support Abor's (2005) conclusion that the ratio of current liabilities to total Assets has a considerable positive link with business success. However, a negative association was shown between the long -Terms debt and business development. to total Assets ratio.

Table (4.9)

Effect of the financing decisions measured by PER

| Model | Model Summary ^b | | | | |
|------------------|----------------------------|----------|-------------------|--------|--------------------|
| | R | R Square | Adjusted R Square | F | Sig. |
| Palestine | 0.154 ^a | 0.024 | 0.015 | 2.626 | 0.034 ^b |
| Jordan | 0.248 ^a | 0.061 | 0.056 | 11.794 | 0.000 ^b |

a. Predictors: (Constant), RE, LTD / TE, STD / TA

b. Dependent Variable: PER

Through the outcomes of table (4.9) the model is suitable to examine the Effect of the financing decisions measured by PER for both the listed companies in Palestine and the listed companies.

For both the Palestine - listed companies and the Jordan - listed companies, and through the outcomes and as shown in Table (4.10) [see appendix (A)], there is a Relevance effect and a negative effect of RE on the Results measured by the PER. The finding on Palestine - listed companies, supported by Mouamer (2011), notes in his study that the usage of debt capital is unaffected significantly, either overall, LTD or STD between companies in companies listed in Palestine.

Regarding the listed companies in Jordan, the finding, supported by the Results of the Kasasbeh study (2021), showed that corporate performance in firms listed on the Jordan Stock Exchange is significantly and negatively impacted by the impact of total debt on total Assets and short -Terms debt on total assets. Table (4.10) [see appendix (A)] it is

concluded that the general model is appropriate at the 0.05 level if the model level is less than 0.05.

Therefore, the hypothesis that “for publicly traded Palestinian and Jordanian companies, there is a significant correlation between the financing decision and company Results” is accepted.

4.3.2.3 Testing the effect of the capital structure of the financial performance in listed companies in Palestine and Jordan

The Researcher used the multivariate Regression analysis to examine the effect of the capital structure (TDR and TER) on the financial performance (Tobin`s Q and PER).

Effect of the capital structure measured by Tobin`s Q

Through the outcomes of table (4.11) [see appendix (A)], the model is not significant to explore the effect of the capital structure on Tobin`s Q for the listed companies in Jordan. However, the model is significant for the listed companies in Palestine.

Table (4.12) [see appendix (A)] shows that there is significant but negative effect of the TDR on the Tobin`s Q in listed companies in Palestine. While there is a significant but negative effect of the TER on the Tobin`s Q in listed companies in Jordan.

Effect of the capital structure measured by PER

Through the Results of table (4.13) [see appendix (A)], for both the listed companies in Palestine and the listed companies, the model is not significant to investigate the impact of the PER -measured capital structure.

Table (4.14) [see appendix (A)] demonstrates how negligible but negative effect of TDR and TER on financial performance measured by PER for both listed companies in Jordan and Palestine. The negative Results are in agreement with (Salim & Yadav, 2012; Zeitun, 2014; ChinaemeREm & Anthony, 2012) although these Research demonstrate that capital structure has no discernible impact on the performance of corporations. Thus, the hypothesis that states “There is a significant positive Relationship between capital

structure and the corporate performances in Palestinian and Jordanian Listed Companies” is Rejected.

4.3.2.4 Analysis of the Mediating Variables

“The Investment decision mediates significantly the positive Relationship between the capital structure and the corporate performances in Palestinian and Jordanian Listed Companies”.

Multivariate Regression analysis was employed by the Researcher to examine the validity of this hypothesis in listed companies in Palestine and Jordan

The TER as a proxy of capital structure, Tobin`s Q as a proxy of the financial performance

According to the Results of table (4.15) [see appendix (A)], and the statistical Results, the Market to book asset ratio as a proxy of investment decision mediates the effect of the TER as a proxy of capital structure on Tobin`s Q as a proxy of the economic performance in listed companies in Palestine. However, the Market to book asset ratio as a proxy of investment decision does not mediate the effect of the TER as a proxy of capital structure on Tobin`s Q as a proxy of the economic performance in listed companies in Jordan.

The Results of the table (4.16) [see appendix (A)], and the statistical Results showed that the market value of the capital ratio as an indirect indicator of the investment decision does not convey the effect of the total capital ratio. Also, an indirect indicator of the capital structure in Tobin AS`s Q is an approximation of the financials as there is a negligible effect of the total capital ratio on the market on the book value of the capital ratio in companies listed in Palestine.

Likewise, the analysis shows that the market book value of the capital ratio as a proxy for the investment decision does not convey the effect of the total capital ratio as a proxy for the capital structure in Tobin`s Q as a proxy for financial performance. at listed companies in Jordan.

According to table (4.17) [see appendix (A)], and the statistical Results, the CATAR as a proxy of investment decision does not mediate the effect of the TER as a proxy of capital structure on Tobin's Q as a proxy of the financial statement in the listed companies in Palestine and in the listed companies in Jordan.

The Results of table (4.18) [see appendix (A)] and the statistical Results showed the capital expenditure on the book value of fixed assets (CAP/BVA) as a proxy for the investment decision conveys the effect of the capital index total as a proxy for capital structure in Tobin's Q as an indicator of the financials of listed companies in Palestine.

Likewise, the use of capital on the book value of assets (CAP/BVA) as a proxy for the investment decision averages the effect of the total capital index as a proxy for the capital structure in Tobin's Q as a proxy for the business statements of listed companies in Jordan.

The TER as a proxy of capital structure, PER as a proxy of the financial performance

According to the Results of the table (4.19) [see appendix (A)] and the statistical Results, the market - to - book ratio as an indirect indicator for the investment decision does not measure the effect of the total capital ratio as an indirect capital measure structure of the PER as a measure for the financial statement of listed companies in Palestine and listed companies in Jordan.

As for the Results of the table (4.20) [see appendix (A)] and the statistical Results, the market value of the capital ratio as an indirect measure of the investment decision does not convey the effect of the total capital ratio as an indirect measure of the investment decision. the capital structure in the price - earnings ratio. (PER) as a measure of the business statements of listed companies in Palestine and listed companies in Jordan.

Concerning the Results of the table (4.21) [see appendix (A)] and the statistical Results, the ratio between current assets and total Assets (CATAR) as a Representative of the investment decision does not convey the effect of the stock index as a whole as Representative of the capital structure. on the price - earnings ratio (PER) as a measure

of the financial performance of listed companies in Palestine and listed companies in Jordan.

The Results of table (4.22) [see appendix (A)] and the statistical Results showed that CAP / BVA as a proxy of the investment decision mediate the effect of the total capital index as a proxy of the capital structure in PER as a measure of the financial performance of listed companies in Palestine and listed companies in Jordan.

The TDR as a proxy of capital structure, Tobin`s Q as a proxy of the financial performance

From the Results of the table (4.23) [see appendix (A)] and the statistical Results, the index of market assets at book values as an indirect measure of the investment decision averages the effect of the total debt index as an indirect measure on the capital structure in Tobin`s Q as an indirect index. The financial success of listed companies in Palestine. However, the ratio of market assets to book value as a proxy for the investment decision does not measure the impact of the ratio of total debt as a proxy for capital structure in Tobin`s Q a proxy for the financial performance of listed companies in Jordan.

The Results of table (4.24) [see appendix (A)] and the statistical Results showed that the market book value of the capital ratio as a proxy for the investment decision mediates the impact of the TDR as a proxy for the capital structure on Tobin`s Q as an indirect measure of the financial situation. Performance in Palestinian and Jordanian companies.

The Results of table (4.25) [see appendix (A)] and the statistical Results showed that the ratio of current assets to total Assets (CATAR) as an indirect measure of the investment decision mediates the impact of the TDR as an indirect measure of the structure capital in Tobin`s Q as a measure of the financial performance of companies listed in Palestine and in Jordan.

The Results of table (4.26) [see appendix (A)], and the statistical Results showed that the investments in book value assets (CAP/BVA) as a proxy for the investment decision mediate the impact of the overall debt index as a proxy for the capital structure in Tobin`s Q as a proxy for the financial performance of companies listed in Palestine and in Jordan

listed companies. The TDR as a proxy of capital structure, PER as a proxy of the financial performance.

According to the Results of table (4.27) [see appendix (A)] and the statistical Results, the ratio of market to book assets as an indirect measure of the investment decision does not measure the impact of the total leverage ratio as an indirect measure of capital structure in price - earnings (PER) as a measure of financial performance from companies listed in Palestine and from companies listed in Jordan.

According to the Results of table (4.28) [see appendix (A)] and the statistical Results, the market value of the capital ratio as an indirect measure of the investment decision does not convey the impact of the TDR as an indirect measure of the capital structure on the price. PER is considered as a measure of the financial performance of Palestine - listed and Jordan - listed companies.

According to the Results of Table (4.29) [see appendix (A)] and the statistical Results, CATAR is a proxy for the investment decision does not convey the impact of the Total Leverage Ratio as a proxy for the capital structure in the price. PER is considered as a measure of the financial performance of listed companies in Palestine and listed companies in Jordan.

The Results of the table (4.30) [see appendix (A)] and the statistical Results showed that the CAP / BVA as a proxy of the investment decision conveys the impact of the index of the total debt as a proxy for the capital structure over the PER as a measure of the financial performance of listed companies in Palestine and listed companies in Jordan.

"The financing decision conveys a significant positive Relationship between capital structure and company performance in listed companies in Palestine and Jordan". The Researcher used multivariate Regression analysis to examine the validity of this hypothesis for companies listed in Palestine and Jordan.

The TER as a proxy of capital structure, Tobin`s Q as a proxy of the financial performance

The Results of Table (4.31) [see appendix (A)] and the statistical Results showed that short - Terms debt over total Assets as a proxy for the financing decision quoted the impact of the total capital ratio as a proxy for the capital structure in Tobin`s Q as a proxy for the mediate financial performance of companies listed in Palestine and Jordan Company.

The Results of Table (4.32) [see appendix (A)] and the statistical Results showed that long - Terms debt to total Assets as a proxy for the financing decision mediates the impact of the total capital ratio as a proxy for the capital structure in Tobin`s Q as a proxy for the financial performance of listed companies in Palestine and listed companies in Jordan.

The Results of the table (4.33) [see appendix (A)], and the statistical Results presented that earnings retention as an indirect measure of the financing decision does not mediate the impact of the total capital index as an indirect measure of the capital structure in Tobin`s Q as an indirect measure of the financial performance of companies listed in Palestine. and in companies listed in Jordan.

It is clear from the Results of table (4.34) [see appendix (A)] and the statistical Results that the short - Terms debt to total Assets ratio as a proxy for the financing decision does not mediate the impact of the total capital ratio as a proxy of the capital structure in price. PER is a measure of the financial performance of listed companies in Palestine and listed companies in Jordan.

From the Results of Table (4.35) [see appendix (A)] and the statistical Results, it is clear that long - Terms debt to total Assets as a proxy for the financing decision does not mediate the impact of the total capital ratio as a proxy of the capital structure Price - Earnings Ratio (PER) as a measure of the financial performance of listed companies in Palestine and listed companies in Jordan.

The Results of table (4.36) [see appendix (A)] and the statistical Results showed that earnings retention as a proxy for the financing decision does not convey the impact of the

total capital ratio as a proxy for the capital structure in the price - earnings ratio (PER) as a proxy for the financial performance of listed companies in Palestine and listed companies in Jordan.

The Results of Table (4.37) [see appendix (A)] and the statistical Results showed that the current debt to total Assets ratio as a proxy for the financing decision mediates the impact of the total leverage ratio as a proxy for the capital structure in Tobin`s Q as a proxy for the financial performance of publicly traded companies in Palestine and listed companies in Jordan.

The Results of the table (4.38) [see appendix (A)], and the statistical Results showed that long - Terms debt over total Assets as a proxy for the financing decision mediates the impact of the TDR as a proxy for capital structure in Tobin`s Q as a proxy for financial performance in publicly traded companies. in Palestine and in listed companies in Jordan.

According to the Results of the table (4.39) [see appendix (A)] and the presented statistical Results, the accumulation of profits as an indirect measure of the financing decision does not convey the impact of the TDR as an indirect measure of the capital structure in Tobin`s Q as an indirect measure of the financial performance. in listed companies in Palestine and in listed companies in Jordan.

The Results of the table (4.40) [see appendix (A)] and the statistical Results showed that the short - Terms debt over the total Assets as a proxy for the financing decision to convey the impact of the total leverage ratio as a proxy for the capital structure in the PER as a measure for the financial performance of listed companies in Palestine. Likewise, short - Terms debt over total Assets as a proxy for the financing decision does not convey the impact of the TDR as a proxy for the capital structure on the PER as a proxy for the financial performance of companies listed in Jordan.

The Results of the table (4.41) [see appendix (A)] and the statistical Results showed that long - Terms debt over total Assets as a proxy for the financing decision mediates the impact of the total capital ratio as a proxy for the capital structure in the Price - to - Equity Ratio Earnings. PER is a measure of the financial performance of companies listed on the

stock exchange in Palestine. Likewise, long - Terms debt over total Assets as a proxy for financing decisions conveys the impact of the total capital ratio as a proxy for the capital structure on the PER as a proxy for the financial performance of companies in Jordan.

According to the Results of table (4.42) [see appendix (A)] and the statistical Results presented, retained earnings as a proxy for financing decisions do not convey the impact of the total leverage ratio as a proxy for the capital structure in the PER as a measure of the financial performance of listed companies in Palestine. Similarly, retaining earnings as a proxy for financing decisions does not convey the impact of the leverage ratio as a proxy for capital structure on the PER of as a proxy for the financial performance of listed companies in Jordan.

The Research findings have demonstrated that financing and investment decisions have a considerable and advantageous influence on the link between both capital structure and firm performance in publicly listed companies in Palestine and Jordan. The outcomes concur with Shahwan's findings (2018).

Chapter Five

Conclusions & Recommendations

5.1 Conclusion

The purpose of this Research is to investigate how investment and financing decisions affect the link between business success and capital structure in listed Palestinian and Jordanian companies.

The investment decision and the financing decision were mediating effects with four indices as proxies for the investment decision: the M / BAR, the MBVE, CATAR and the ratio of investments to net book value of property, CAP / BVA and with three metrics to approximate the financing decision: the STD / TA, the LTD / E and retention ratio.

Additionally, capital structure was the independent variable with two metrics as proxies: it uses TER and TDR. Finally, company performance was the dependent variable with two indices as indicators: Tobin`s Q and SPSS were used to analyze the study data with Pearson's correlation and multivariate Regression analysis to find the Relationship and effect between variables for all listed companies in Palestine and Jordan over the period 2010-2019.

The main finding of this study is as follows:

1. Investment decisions have a significant influence on the company's performance as measured by Tobin`s Q for both Jordanian and Palestinian firms listed (M/BAR and CAP/BVA have a significant impact, but MBVE and CATAR have no significant impact for Palestinian firms listed, while CATAR and MBAR have a major impact on Tobin`s Q). In addition, Tobin`s Q for Jordanian publicly listed companies are not significantly impacted by MBVE or CAP/BVA. This Result is consistent with the result of the previous study (Da Silva et al., 2013) investing in a business has an impact on how profitable it is. The Results of their study show that when the Researchers used Tobin`s Q-Return, there is a positive Relationship between investment and Return.

2. For companies listed in Palestine, there is no significant correlation of investment decisions on corporate performance as measured by PER (MBAR and MBVE have a significant impact on PER, but CATAR and CAPBVA do not have a significant impact on PER from companies listed in Palestine take. Although there is a significant effect of investment decisions on company performance as measured by PER for listed companies in Jordan (the CAPBVA and the MBAR have a significant impact on the PER, also the MBVE and the CATAR have no significant impact on the PER of the Jordan - listed companies. This result is supported by previous study (Gabow, 2017), They demonstrate a highly substantial and favorable Relationship between investment decisions and firm performance
3. For firms listed in Palestine and Jordan, financing decisions have a major influence on company performance as indicated by Tobin`s Q (STD/TA, LTD/TE, and RE have no major impact on Tobin`s Q). for firms with a Palestine listing When it comes to corporations listed in Jordan, STD/TA and LTD/TE have a considerable influence on Tobin`s Q, but RE does not.this result consistent with previous study which, Abor's (2005) conclusion that the ratio of current liabilities to total Assets has a considerable positive link with business success. However, a negative association was shown between the long -Terms debt and business development. to total Assets ratio.
4. There is no significant effect of the financing decision on corporate performance as measured by PER for the publicly listed companies in Palestine. This finding supported by Mouamer (2011), notes in his study that the usage of debt capital is unaffected significantly, either overall, LTD or STD between companies in companies listed in Palestine. Whereas there is a significant effect of the financing decision on corporate performance as measured by PER for the listed companies in Jordan, supported by the Results of the Kasasbeh study (2021). (The RE significantly effects on the PER for the listed companies in Palestine and Jordan).
5. The capital structure has a major impact on the company performance as evaluated by the Tobin`s Q for the listed companies in Palestine whereas there is no significant effect of the capital structure on corporate performance as measured by Tobin`s Q for the listed companies in Jordan. (The TDR has a significant effect on the Tobin`s

Q for the listed companies in Palestine and The TER has a significant effect on the Tobin's Q for the listed companies in Jordan).

6. The capital structure has no appreciable impact on the financial performance by PER. The TDR and PER in the publicly listed companies in Palestine and Jordan do not correlate, as shown by the value of the r_2 , which is (0.00). TDR and TER do, however, have a negligible but adverse impact on financial performance as assessed by PER. The negative Results are in agreement with (Salim & Yadav, 2012; Zeitun, 2014; Chinaeme RE & Anthony, 2012) although these Research demonstrate that capital structure has no discernible impact on the performance of corporations.
7. The capital structure and corporate performance of publicly listed companies in Palestine and Jordan are significantly and favorably impacted by the financing and investment decisions, which serve as a partial mediator and this result concur with Shahwan's findings (2018).

5.2 Recommendations

The Researcher proposes the following Recommendations based on the Results of the study:

1. Capital structure is a combination of debt and corporate capital that has a major impact on the financial performance and financial risk of companies. Therefore, Jordanian and Palestinian companies need to be involved in decisions to create the optimal capital structure to increase business performance. In addition, they must determine the optimal level of corporate debt, since increasing corporate debt will increase the cost of doing business and will limit business more.
2. According to the study's findings, the decision of financing is crucial in capital structure's effect on business success as it helps to evaluate and select a desirable financing source at lower cost and / or minimal risk. Therefore, it is suggested that Palestinian and Jordanian companies consider financial decisions when making investments. The lack of proper financial decisions increases corporate risk in investments, which in turn affects the performance of companies.
3. It was also noted that selecting investments is an important decision in financial planning since it necessitates allocating limited resources to profitable investments.

The projects must be assessed on a variety of variables, including value (NPV), internal rate of return (IRR), and payback period (PBP), among others, before investing resources in them. It is with good Reason that Palestinian and Jordanian companies are advised to Reconsider their investment decisions as failure to make informed and rational investment choices may subject businesses to financial risk that actually impact their ability to succeed.

4. Future studies may consider macroeconomic and microeconomic factors that, in some situations, affect the connections among capital structure and company performance in Palestine and Jordan. Inflation, interest rates, cost of capital, investment risks, dividend policy, etc. are only a few of these factors.

List of abbreviations

| Phrase | Abbreviations |
|---|---------------|
| The Q Ratio | Tobin`s Q |
| Price Earnings Ratio | PER |
| Total Equity Ratio | TER |
| Total Debt Ratio | TDR |
| Market To Book Asset Ratio | M / BAR |
| Market Book Value of Equity | MBVE |
| Capital Expenditure to Book Value Asset | CAP / BVA |
| Current Asset to Total Asset Ratio | CATAR |
| Debt To Total Assets | DTA |
| Short - Terms Debts to Total Assets | STD / TA |
| Long Terms Debts to Equity | LTD / E |
| Retaining Earnings (retention Ratio) | RE |
| Palestine Exchange Stock | PEX |
| Amman Exchange Stock | ASE |

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Appendices

Appendix (A): Tables

Table (4.10)

Coefficients for the effect of the financing decisions measured by PER

| Model | | Unstandardized Coefficients - | | Standardized Coefficients - | t | Sig. |
|-----------|------------|-------------------------------|-----------|-----------------------------|---------|-------|
| | | B | Std.Error | Beta | | |
| Palestine | (Constant) | 42.566 | 19.395 | | 2.195 | 0.029 |
| | STD / TA | 31.946 | 49.113 | 0.037 | 0.650 | 0.516 |
| | LTD / TE | - 0.484 | 3.783 | - 0.006 | - 0.128 | 0.898 |
| | RE | - 36.207 | 5.334 | - 0.245 | - 6.788 | 0.000 |
| Jordan | (Constant) | 21.768 | 12.788 | | 1.702 | 0.089 |
| | STD / TA | - 116.267 | 79.969 | - 0.233 | - 1.454 | 0.147 |
| | LTD / TE | - 10.525 | 9.025 | - 0.121 | - 1.166 | 0.244 |
| | RE | - 8.123 | 2.768 | - 0.140 | - 2.935 | 0.004 |

Table (4.11)

Effect of the capital structure measured by Tobin`s Q

| Model Summary ^b | | | | | |
|----------------------------|--------------------|----------|-------------------|---------|--------------------|
| Model | R | R Square | Adjusted R Square | F | Sig. |
| Palestine | 0.603 ^a | 0.364 | 0.363 | 250.763 | 0.000 ^b |
| Jordan | 0.056 ^a | 0.003 | 0.002 | 3.300 | 0.070 ^b |

a. Predictors: (Constant), TDR, TER
b. Dependent Variable: Tobin`s Q

Table (4.12)

Coefficients for the effect of the capital structure measured by Tobin`s Q

| Model | | Unstandardized Coefficients - | | Standardized Coefficients - | T | Sig. |
|-----------|------------|-------------------------------|-----------|-----------------------------|----------|-------|
| | | B | Std.Error | Beta | | |
| Palestine | (Constant) | 0.986 | 0.030 | | 32.802 | 0.000 |
| | TDR | - 0.897 | 0.057 | - 0.603 | - 15.835 | 0.000 |
| | TER | - 0.128 | 0.213 | - 0.086 | - 0.603 | 0.547 |
| Jordan | (Constant) | 19.504 | 5.720 | | 3.410 | 0.001 |
| | TDR | - 20.854 | 11.479 | - 0.056 | - 1.817 | 0.070 |
| | TER | - 0.841 | 0.076 | - 0.570 | - 11.048 | 0.000 |

Table (4.13)*Effect of the capital structure measured by PER*

| Model Summary b | | | | | |
|------------------|-------------------|----------|-------------------|------|-------------------|
| Model | R | R Square | Adjusted R Square | F | Sig. |
| Palestine | .003 ^a | .000 | -.002 | .004 | .952 ^b |
| Jordan | .010 ^a | .000 | -.001 | .101 | .751 ^b |

a. Predictors: (Constant), TDR, TER
b. Dependent Variable: PER

Table (4.14)*Coefficients for the effect of the capital structure measured by PER*

| Model | | Unstandardized Coefficients | | Standardized | T | Sig. |
|------------------|-------------------|-----------------------------|-----------|---------------------|-------|------|
| | | B | Std.Error | Coefficients - Beta | | |
| | (Constant) | 23.718 | 11.585 | | 2.047 | .041 |
| Palestine | TDR | - 1.305 | 21.866 | -.003 | -.060 | .952 |
| | TER | - 11.318 | 82.333 | .245 | 1.352 | .677 |
| | (Constant) | 465.894 | 426.241 | | 1.093 | .275 |
| Jordan | TDR | - 271.733 | 855.426 | -.010 | -.318 | .751 |
| | TER | - 9.361 | 53.115 | -.011 | -.176 | .860 |

Table (4.15)*Effect of the Market to book asset ratio as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin's Q as a proxy of the financial performance*

| | | R Square | F | Sig. | B | Sig |
|------------------|---------------------------------------|----------|---------------|-------------------|--------|------|
| Palestine | Effect of TER on MBAR | .149 | 76.647 | .000 ^b | .574 | .000 |
| | Effect of TER on Tobin's Q | .364 | 250.763 | .000 ^b | .897 | .000 |
| | Effect of MBAR and TER on Tobin's Q . | .861 | 1356.917 | .000 ^b | .458 | .000 |
| Jordan | Effect of TER on MBAR | .003 | 3.194 | .074 ^b | 20.514 | .074 |
| | Effect of TER on Tobin's Q | .003 | 3.300 | .070 ^b | 20.854 | .070 |
| | Effect of MBAR and TER on Tobin's Q . | 1.000 | 222499360.563 | .000 ^b | .338 | .000 |

Table (4.16)

The effect of the Market to book value of equity ratio as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|-----------|---------------------------------------|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TER on MBVE | .004 | 1.945 | .164 ^b | -.195 | .164 |
| | Effect of TER on Tobin's Q | .364 | 250.763 | .000 ^b | .897 | .000 |
| | Effect of MBVE and TER on Tobin's Q . | .675 | 454.254 | .000 ^b | .952 | .000 |
| Jordan | Effect of TER on MBVE | .001 | 1.358 | .244 ^b | 18.593 | .244 |
| | Effect of TER on Tobin's Q | .003 | 3.300 | .070 ^b | 20.854 | .070 |
| | Effect of MBVE and TER on Tobin's Q . | .948 | 9374.984 | .000 ^b | 7.832 | .003 |
| | | | | | .700 | .000 |

Table (4.17)

The effect of the CATAR as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|-----------|--|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TER on CATAR | .117 | 57.826 | .000 ^b | -.271 | .000 |
| | Effect of TER on Tobin's Q | .364 | 250.763 | .000 ^b | .897 | .000 |
| | Effect of CATAR and TER on Tobin's Q . | .365 | 125.462 | .000 ^b | .911 | .000 |
| Jordan | Effect of TER on CATAR | .010 | 10.451 | .001 ^b | .083 | .001 |
| | Effect of TER on Tobin's Q | .003 | 3.300 | .070 ^b | 20.854 | .070 |
| | Effect of CATAR and TER on Tobin's Q . | .024 | 12.908 | .000 ^b | 15.452 | .176 |
| | | | | | 64.753 | .000 |

Table (4.18)

The effect of the CAP / BVA as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|-----------|---|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TER on CAPBVA | .121 | 59.745 | .000 ^b | .306 | .000 |
| | Effect of TER on Tobin's Q | .364 | 250.763 | .000 ^b | .897 | .000 |
| | Effect of CAPBVA and TER on Tobin's Q . | .414 | 153.261 | .000 ^b | .867 | .000 |
| Jordan | Effect of TER on CAPBVA | .031 | 32.238 | .000 ^b | .155 | .000 |
| | Effect of TER on Tobin's Q | .003 | 3.300 | .040 ^b | 20.854 | .030 |
| | Effect of CAPBVA and TER on Tobin's Q . | .004 | 1.947 | .043 ^b | 23.143 | .021 |
| | | | | | - | |
| | | | | | 8.471 | .026 |

Table (4.19)

The effect of the Market to book asset ratio as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|-------------------------------|-----------------|-------------|-------------------|------------------------|--------------|
| Palestine | Effect of TER on MBAR | .149 | 76.64 7 | .000 ^b | .574 | .000 |
| | Effect of TER on PER | .000 | .004 | .952 ^b | 1.305 | .952 |
| | Effect of MBAR and TER on PER | .002 | .457 | .634 ^b | - 7.509 15.189 | .752 .341 |
| Jordan | Effect of TER on MBAR | .003 | 3.194 | .074 ^b | 20.514 | .074 |
| | Effect of TER on PER | .000 | .101 | .751 ^b | 271.733 | .751 |
| | Effect of MBAR and TER on PER | .168 | 104.8 00 | .000 ^b | - 355.022 30.552 | .650 .000 |

Table (4.20)

The effect of the Market to book value of equity ratio as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|-------------------------------|-----------------|----------|-------------------|---------------------|--------------|
| Palestine | Effect of TER on MBVE | .002 | .703 | .402 ^b | .000 | .402 |
| | Effect of TER on PER | .000 | .004 | .952 ^b | 1.305 | .952 |
| | Effect of MBVE and TER on PER | .002 | .357 | .700 ^b | 2.569 6.279 | .907 .399 |
| Jordan | Effect of TER on MBVE | .003 | 3.194 | .074 ^b | 20.514 | .074 |
| | Effect of TER on PER | .000 | .101 | .751 ^b | 271.733 | .751 |
| | Effect of MBVE and TER on PER | .211 | 138.769 | .000 ^b | - 186.270 24.633 | .807 .000 |

Table (4.21)

The effect of the CATARas a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|---------------------------------|-----------------|----------|-------------------|--------------------|--------------|
| Palestine | Effect of TER on CATAR | .117 | 57.826 | .000 ^b | - .271 | .000 |
| | Effect of TER on PER | .000 | .004 | .952 ^b | 1.305 | .952 |
| | Effect of CATAR and TER on PER. | .001 | .234 | .792 ^b | - 4.171 - | .858 .496 |
| Jordan | Effect of TER on CATAR | .010 | 10.451 | .001 ^b | .083 | .001 |
| | Effect of TER on PER | .000 | .101 | .751 ^b | 271.733 | .751 |
| | Effect of CATAR and TER on PER. | .005 | 2.424 | .089 ^b | 85.052 2237.961 | .921 .030 |

Table (4.22)

The effect of the CAP / BVA as a proxy of investment decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|----------------------------------|-----------------|----------|-------------------|-----------|------------|
| Palestine | Effect of TER on CAPBVA | .121 | 59.745 | .000 ^b | .306 | .000 |
| | Effect of TER on PER | .000 | .004 | .032 ^b | 1.305 | .042 |
| | Effect of CAPBVA and TER on PER. | .001 | .309 | .034 ^b | 6.982 | .005 |
| | | | | | - 20.910 | .032 |
| Jordan | Effect of TER on CAPBVA | .031 | 32.238 | .000 ^b | .155 | .000 |
| | Effect of TER on PER | .000 | .101 | .031 ^b | 271.733 | .041 |
| | Effect of CAPBVA and TER on PER. | .000 | .071 | .021 ^b | 322.124 | .016 |
| | | | | | - 160.177 | .022 |

Table (4.23)

The effect of the market to book asset ratio as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|---------------------------------------|-----------------|---------------|-------------------|----------|------------|
| Palestine | Effect of TDR on MBAR | .149 | 76.647 | .000 ^b | - .574 | .000 |
| | Effect of TDR on Tobin`s Q | .364 | 250.763 | .000 ^b | - .897 | .000 |
| | Effect of MBAR and TDR on Tobin`s Q . | .861 | 1356.917 | .000 ^b | - .458 | .000 |
| | | | | | .764 | .000 |
| Jordan | Effect of TDR on MBAR | .003 | 3.194 | .074 ^b | - 20.514 | .074 |
| | Effect of TDR on Tobin`s Q | .003 | 3.300 | .070 ^b | - 20.854 | .070 |
| | Effect of MBAR and TDR on Tobin`s Q . | 1.000 | 222499360.563 | .000 ^b | - .338 | .000 |
| | | | | | 1.000 | .000 |

Table (4.24)

The effect of the Market to book value of equity ratio as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin`s Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|-------------------------------------|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TDR on MBVE | .004 | 1.945 | .034 ^b | .195 | .034 |
| | Effect of TDR on Tobin`s Q | .364 | 250.763 | .000 ^b | - .897 | .000 |
| | Effect of MBVE and TDR on Tobin`s Q | .675 | 454.254 | .000 ^b | - .952 | .000 |
| | | | | | .283 | .000 |
| Jordan | Effect of TDR on MBVE | .001 | 1.358 | .044 ^b | - 18.593 | .044 |
| | Effect of TDR on Tobin`s Q | .003 | 3.300 | .004 ^b | - 20.854 | .004 |
| | Effect of MBVE and TDR on Tobin`s Q | .948 | 9374.984 | .000 ^b | - 7.832 | .003 |
| | | | | | .700 | .000 |

Table (4.25)

The effect of the CATAR as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|--|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TDR on CATAR | .117 | 57.826 | .000 ^b | .271 | .000 |
| | Effect of TDR on Tobin's Q | .364 | 250.763 | .000 ^b | -.897 | .000 |
| | Effect of CATAR and TDR on Tobin's Q . | .365 | 125.462 | .000 ^b | -.911 | .000 |
| Jordan | Effect of TDR on CATAR | .010 | 10.451 | .001 ^b | -.083 | .001 |
| | Effect of TDR on Tobin's Q | .003 | 3.300 | .030 ^b | -20.854 | .030 |
| | Effect of CATAR and TDR on Tobin's Q . | .024 | 12.908 | .000 ^b | -15.452 | .006 |
| | | | | | 64.753 | .000 |

Table (4.26)

The effect of the CAP / BVA as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|---|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TDR on CAPBVA | .121 | 59.745 | .000 ^b | -.306 | .000 |
| | Effect of TDR on Tobin's Q | .364 | 250.763 | .000 ^b | -.897 | .000 |
| | Effect of CAPBVA and TDR on Tobin's Q . | .414 | 153.261 | .000 ^b | -.867 | .000 |
| Jordan | Effect of TDR on CAPBVA | .031 | 32.238 | .000 ^b | -.155 | .000 |
| | Effect of TDR on Tobin's Q | .003 | 3.300 | .020 ^b | -20.854 | .020 |
| | Effect of CAPBVA and TDR on Tobin's Q . | .004 | 1.947 | .003 ^b | -23.143 | .045 |
| | | | | | -8.471 | .026 |

Table (4.27)

The effect of the Market to book asset ratio as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|-------------------------------|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TDR on MBAR | .149 | 76.647 | .000 ^b | -.574 | .000 |
| | Effect of TDR on PER | .000 | .004 | .952 ^b | -1.305 | .952 |
| | Effect of MBAR and TDR on PER | .002 | .457 | .634 ^b | 7.509 | .752 |
| Jordan | Effect of TDR on MBAR | .003 | 3.194 | .074 ^b | -20.514 | .074 |
| | Effect of TDR on PER | .000 | .101 | .751 ^b | -271.733 | .751 |
| | Effect of MBAR and TDR on PER | .168 | 104.800 | .000 ^b | 355.022 | .650 |
| | | | | | 30.552 | .000 |

Table (4.28)

The effect of the Market to book value of equity ratio as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|-----------|---------------------------------------|-----------------|----------|-------------------|-----------|------------|
| Palestine | Effect of TDR on MBVE | .004 | 1.945 | .164 ^b | .195 | .164 |
| | Effect of TDR on Tobin`s Q | .000 | .004 | .952 ^b | - 1.305 | .952 |
| | Effect of MBVE and TDR on Tobin`s Q . | .006 | 1.372 | .255 ^b | .202 | .154 |
| Jordan | Effect of TDR on MBVE | .001 | 1.358 | .244 ^b | - 18.593 | .244 |
| | Effect of TDR on Tobin`s Q | .000 | .101 | .751 ^b | - 271.733 | .751 |
| | Effect of MBVE and TDR on Tobin`s Q . | .211 | 138.769 | .000 ^b | 186.270 | .807 |
| | | | | | 24.633 | .000 |

Table (4.29)

The effect of the CATARas a proxy of investment decision as mediating variable the effect of the TDR as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|-----------|--|-----------------|----------|-------------------|-----------|------------|
| Palestine | Effect of TDR on CATAR | .117 | 57.826 | .000 ^b | .271 | .000 |
| | Effect of TDR on Tobin`s Q | .000 | .004 | .952 ^b | - 1.305 | .952 |
| | Effect of CATAR and TDR on Tobin`s Q . | .001 | .234 | .792 ^b | 4.171 | .858 |
| Jordan | Effect of TDR on CATAR | .010 | 10.451 | .001 ^b | - .083 | .001 |
| | Effect of TDR on Tobin`s Q | .000 | .101 | .751 ^b | - 271.733 | .751 |
| | Effect of CATAR and TDR on Tobin`s Q . | .005 | 2.424 | .089 ^b | - 85.052 | .921 |
| | | | | | 2237.961 | .030 |

Table (4.30)

The effect of the CAP / BVA as a proxy of investment decision as mediating variable on the effect of the TDR as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|-----------|---|-----------------|----------|-------------------|-----------|------------|
| Palestine | Effect of TDR on CAPBVA | .121 | 59.745 | .000 ^b | - .306 | .000 |
| | Effect of TDR on Tobin`s Q | .000 | .004 | .002 ^b | - 1.305 | .002 |
| | Effect of CAPBVA and TDR on Tobin`s Q . | .001 | .309 | .034 ^b | - 6.982 | .005 |
| Jordan | Effect of TDR on CAPBVA | .031 | 32.238 | .000 ^b | - .155 | .000 |
| | Effect of TDR on Tobin`s Q | .000 | .101 | .021 ^b | - 271.733 | .031 |
| | Effect of CAPBVA and TDR on Tobin`s Q . | .000 | .071 | .031 ^b | - 322.124 | .016 |
| | | | | | - 160.177 | .022 |

Table (4.31)

The effect of the STDTA as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|--|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TER on STDTA | .676 | 912.306 | .000 ^b | -.750 | .000 |
| | Effect of TER on Tobin's Q | .364 | 250.763 | .000 ^b | .897 | .000 |
| | Effect of STDTA and TER on Tobin's Q . | .367 | 126.671 | .000 ^b | .781 | .000 |
| Jordan | Effect of TER on STDTA | .495 | 1010.415 | .000 ^b | -.612 | .000 |
| | Effect of TER on Tobin's Q | .003 | 3.300 | .030 ^b | 20.854 | .030 |
| | Effect of STDTA and TER on Tobin's Q . | .006 | 2.917 | .022 ^b | 39.268 | .016 |
| | | | | | 29.571 | .014 |

Table (4.32)

The effect of the long - Terms debts to total Assets as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|---|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TER on long - Terms debts to total assets | .218 | 121.910 | .000 ^b | -2.427 | .000 |
| | Effect of TER on Tobin's Q | .364 | 250.763 | .000 ^b | .897 | .000 |
| | Effect of long - Terms debts to total Assets and TER on Tobin's Q | .365 | 125.353 | .000 ^b | .880 | .000 |
| Jordan | Effect of long - Terms debts to total Assets and TER on Tobin's Q | .365 | 125.353 | .000 ^b | -.007 | .017 |
| | Effect of TER on long - Terms debts to total assets | .121 | 100.875 | .000 ^b | -3.878 | .000 |
| | Effect of TER on Tobin's Q | .003 | 3.300 | .040 ^b | 20.854 | .040 |
| | Effect of long - Terms debts to total Assets and TER on Tobin's Q | .315 | 167.270 | .000 ^b | .852 | .000 |
| | | | | | -.003 | .009 |

Table (4.33)

The effect of the Retaining earnings as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|-------------------------------------|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TER on RE | .000 | .026 | .872 ^b | .092 | .872 |
| | Effect of TER on Tobin's Q | .364 | 250.763 | .000 ^b | .897 | .000 |
| | Effect of RE and TER on Tobin's Q . | .365 | 125.518 | .000 ^b | .896 | .000 |
| Jordan | Effect of RE and TER on Tobin's Q . | .365 | 125.518 | .000 ^b | .003 | .464 |
| | Effect of TER on RE | .000 | .013 | .909 ^b | .017 | .909 |
| | Effect of TER on Tobin's Q | .003 | 3.300 | .070 ^b | 20.854 | .070 |
| | Effect of RE and TER on Tobin's Q . | .003 | 1.763 | .172 ^b | 21.529 | .064 |
| | | | | | -.758 | .756 |

Table (4.34)

The effect of the STDTA as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|--------------------------------|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TER on STDTA | .676 | 912.306 | .000 ^b | - .750 | .000 |
| | Effect of TER on PER | .000 | .004 | .952 ^b | 1.305 | .952 |
| | Effect of STDTA and TER on PER | .001 | .280 | .756 ^b | - 22.096 | .564 |
| Jordan | Effect of TER on STDTA | .495 | 1010.415 | .000 ^b | - .612 | .000 |
| | Effect of TER on PER | .000 | .101 | .751 ^b | 271.733 | .751 |
| | Effect of STDTA and TER on PER | .001 | .516 | .597 ^b | 1101.546 | .365 |
| | | | | | 1344.507 | .336 |

Table (4.35)

The effect of the long - Terms debts to total Assets as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|---|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TER on long - Terms debts to total assets | .218 | 121.910 | .000 ^b | - 2.427 | .000 |
| | Effect of TER on PER | .000 | .004 | .952 ^b | 1.305 | .952 |
| | Effect of long - Terms debts to total Assets and TER on PER | .000 | .003 | .997 ^b | 1.811 | .942 |
| Jordan | Effect of TER on LTD / TA | .121 | 100.875 | .000 ^b | - 3.878 | .000 |
| | Effect of TER on PER | .000 | .101 | .751 ^b | 271.733 | .751 |
| | Effect of LTD / TA and TER on PER | .000 | .144 | .866 ^b | - 9.925 | .774 |
| | | | | | - 1.628 | .600 |

Table (4.36)

The effect of the Retaining earnings as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on PER as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|-----------------------------|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TER on RE | .000 | .026 | .872 ^b | .092 | .872 |
| | Effect of TER on PER | .000 | .004 | .952 ^b | 1.305 | .952 |
| | Effect of RE and TER on PER | .019 | 4.183 | .016 ^b | 1.293 | .952 |
| Jordan | Effect of TER on RE | .000 | .013 | .909 ^b | .017 | .909 |
| | Effect of TER on PER | .000 | .101 | .751 ^b | 271.733 | .751 |
| | Effect of RE and TER on PER | .000 | .056 | .945 ^b | 287.020 | .740 |
| | | | | | - 8.851 | .961 |

Table (4.37)

The effect of the STDTA as a proxy of financing decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|--|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TDR on STDTA | .676 | 912.306 | .000 ^b | .750 | .000 |
| | Effect of TDR on Tobin's Q | .364 | 250.763 | .000 ^b | -.897 | .000 |
| | Effect of STDTA and TDR on Tobin's Q . | .367 | 126.671 | .000 ^b | -.781 | .000 |
| Jordan | Effect of TDR on STDTA | .495 | 1010.415 | .000 ^b | .612 | .000 |
| | Effect of TDR on Tobin's Q | .003 | 3.300 | .020 ^b | -20.854 | .020 |
| | Effect of STDTA and TDR on Tobin's Q . | .006 | 2.917 | .005 ^b | -39.268 | .006 |
| | | | | | 29.571 | .014 |

Table (4.38)

The effect of the long - Terms debts to total Assets as a proxy of financing decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|---|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TDR on long - Terms debts to total assets | .218 | 121.910 | .000 ^b | 2.427 | .000 |
| | Effect of TDR on Tobin's Q | .364 | 250.763 | .000 ^b | -.897 | .000 |
| | Effect of long - Terms debts to total Assets and TDR on Tobin's Q . | .365 | 125.353 | .000 ^b | -.880 | .000 |
| Jordan | Effect of TDR on long - Terms debts to total assets | .121 | 100.875 | .000 ^b | 3.878 | .000 |
| | Effect of TDR on Tobin's Q | .003 | 3.300 | .030 ^b | -20.854 | .030 |
| | Effect of long - Terms debts to total Assets and TDR on Tobin's Q . | .315 | 167.270 | .000 ^b | -.852 | .000 |
| | | | | | -.003 | .009 |

Table (4.39)

The effect of the Retaining earnings as a proxy of financing decision as mediating variable on the effect of the TDR as a proxy of capital structure on Tobin's Q as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|-------------------------------------|-----------------|----------|-------------------|----------|------------|
| Palestine | Effect of TDR on RE | .000 | .026 | .872 ^b | -.092 | .872 |
| | Effect of TDR on Tobin's Q | .364 | 250.763 | .000 ^b | -.897 | .000 |
| | Effect of RE and TDR on Tobin's Q . | .365 | 125.518 | .000 ^b | -.896 | .000 |
| Jordan | Effect of TDR on RE | .000 | .013 | .909 ^b | -.017 | .909 |
| | Effect of TDR on Tobin's Q | .003 | 3.300 | .070 ^b | -20.854 | .070 |
| | Effect of RE and TDR on Tobin's Q . | .003 | 1.763 | .172 ^b | -21.529 | .064 |
| | | | | | -.758 | .756 |

Table (4.40)

The effect of the STDTA as a proxy of financing decision as mediating variable on the effect of the TDR as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|--|-----------------|----------|-------------------|--------------------|--------------|
| Palestine | Effect of TDR on STDTA | .676 | 912.306 | .000 ^b | .750 | .000 |
| | Effect of TDR on Tobin`s Q | .000 | .004 | .032 ^b | - 1.305 | .002 |
| | Effect of STDTA and TDR on Tobin`s Q . | .001 | .280 | .004 ^b | 22.096 - 31.329 | .004 .014 |
| Jordan | Effect of TDR on STDTA | .121 | 100.875 | .000 ^b | 3.878 | .002 |
| | Effect of TDR on Tobin`s Q | .000 | .101 | .751 ^b | - 271.733 | .314 |
| | Effect of STDTA and TDR on Tobin`s Q . | .000 | .144 | .866 ^b | 9.925 - 1.628 | .456 .952 |

Table (4.41)

The effect of the long - Terms debts to total Assets as a proxy of financing decision as mediating variable on the effect of the TER as a proxy of capital structure on PER (PER) as a proxy of the financial performance

| | | R Square | F | Sig. | B | Sig |
|------------------|---|-----------------|----------|-------------------|------------------------|--------------|
| Palestine | Effect of TDR on long - Terms debts to total assets | .218 | 121.910 | .000 ^b | 2.427 | .000 |
| | Effect of TDR on Tobin`s Q | .000 | .004 | .012 ^b | - 1.305 | .022 |
| | Effect of long - Terms debts to total Assets and TDR on Tobin`s Q . | .000 | .003 | .017 ^b | - 1.811 .207 | .042 .005 |
| Jordan | Effect of TDR on long - Terms debts to total assets | .495 | 1010.415 | .000 ^b | .612 | .000 |
| | Effect of TDR on Tobin`s Q | .000 | .101 | .001 | - 271.733 | .001 |
| | Effect of long - Terms debts to total Assets and TDR on Tobin`s Q . | .001 | .516 | .022 ^b | - 1101.546 1344.507 | .035 .033 |

Table (4.42)

The effect of the Retaining earnings as a proxy of financing decision as mediating variable on the effect of the TDR as a proxy of capital structure on PER as a proxy of the financial performance

| | R Square | F | Sig. | B | Sig |
|-----------------------------|-----------------|----------|-------------------|----------------------|--------------|
| Effect of TDR on RE | .000 | .026 | .872 ^b | - .092 | .872 |
| Effect of TDR on PER | .000 | .004 | .952 ^b | - 1.305 | .952 |
| Effect of RE and TDR on PER | .019 | 4.183 | .016 ^b | - 1.293 - 7.997 | .952 .004 |
| Effect of TDR on RE | .000 | .013 | .909 ^b | - .017 | .909 |
| Effect of TDR on PER | .000 | .101 | .751 ^b | - 271.733 | .751 |
| Effect of RE and TDR on PER | .000 | .056 | .945 ^b | - 287.020 - 8.851 | .740 .961 |

Appendix (B)

The Analysis Result

Table (5.1)

Investment Decision /Corporate Performance (Tobin`s Q)

| | Model | M/BAR | CAP/BVA | CATAR | MBVE |
|-----------|--------------|--------------|----------------|--------------|-------------|
| Palestine | + | + | + | - | - |
| Jordan | + | + | - | + | - |

Table (5.2)

Investment Decision /Corporate Performance (PER)

| | Model | M/BAR | CAP/BVA | CATAR | MBVE |
|------------------|--------------|--------------|----------------|--------------|-------------|
| <i>Palestine</i> | - | + | - | - | + |
| <i>Jordan</i> | + | + | + | - | - |

Table (5.3)

Financing Decisions /Corporate Performance (Tobin`s Q)

| | Model | STD/TA | LTD/TE | RE |
|-----------|--------------|---------------|---------------|-----------|
| Palestine | + | - | - | - |
| Jordan | + | + | + | - |

Table (5.4)

Financing Decisions /Corporate Performance (PER)

| | Model | STD/TA | LTD/TE | RE |
|------------------|--------------|---------------|---------------|-----------|
| Palestine | - | - | - | + |
| Jordan | + | - | - | + |

Table (5.5)*Capital Structure /Corporate Performance (Tobin`s Q)*

| | <i>Model</i> | <i>TDR</i> | <i>TER</i> |
|------------------|--------------|------------|------------|
| <i>Palestine</i> | + | + | - |
| <i>Jordan</i> | - | - | + |

Table (5.5)*Capital Structure /Corporate Performance (PER)*

| | <i>Model</i> | <i>TDR</i> | <i>TER</i> |
|------------------|--------------|------------|------------|
| <i>Palestine</i> | - | - | - |
| <i>Jordan</i> | - | - | - |

Appendix (C)

List of Companies excluded from the sample

| Palestinian Listed Companies | |
|-------------------------------------|---|
| 1 | Palestine Securities Exchange |
| 2 | Tamkeen Palestinian Insurance |
| Jordainian Listed Companies | |
| 1 | The Jordan Worsted Miles |
| 2 | Sheba Metal Casting |
| 3 | Assas for Concrete Products CO. LTD |
| 4 | Al-Quds Ready Mix |
| 5 | Ready Mix Concrte and Construction Supplies |
| 6 | Afaq Holding for Investment & Real Estate Development Co. P.L.C |
| 7 | Northern Cement Co. |
| 8 | Jordan Steel |
| 9 | The Arab Potash |
| 10 | Jordan Phosphate Mines |
| 11 | Intermediate Petrochemicals Industries Co. Ltd. |
| 12 | The Arab Pesticides & Veterinary Drugs Mfg. Co. |
| 13 | Jordan Industrial Resources |
| 14 | Premier Business and Projects Co.Ltd |
| 15 | The Industrial Commercial & Agricultural |
| 16 | Jordanian Duty Free Shops |
| 17 | Jordan International Trading Center |
| 18 | Jordan Petroleum Refinery |
| 19 | National Petrouleum |
| 20 | Afaq For Energy Co. P.L.C |
| 21 | Irbid District Electricity |
| 22 | Injaz For Development & Projects |
| 23 | Comprehensive Leasing Company Plc |
| 24 | Nopar For Trading And Investment |
| 25 | Bindar Trading & Investment Co . P.L.C |
| 26 | Specialized Trading & Investment |
| 27 | Offtec Holding Group Plc |
| 28 | Jordan National Shipping Lines |
| 29 | Salam Internationl Transport & Trading |
| 30 | Jordan Investment & Transport Co. |
| 31 | Transport& Investment Barter Company |
| 32 | Masafat For Specialised Transport |



جامعة النجاح الوطنية
كلية الدراسات العليا

التأثير الوسيط لقرارات الاستثمار والتمويل على
العلاقة بين هيكل رأس المال وأداء الشركات:
دراسة على الشركات الفلسطينية والأردنية المدرجة

إعداد
مجد راسم الملاح

إشراف
د. غسان دعاس
د. معز أبو عليا

قدّمت هذه الرسالة استكمالاً لمتطلبات الحصول على درجة الماجستير في المحاسبة بكلية الدراسات العليا في جامعة النجاح الوطنية في نابلس، فلسطين.

2022

التأثير الوسيط لقرارات الاستثمار والتمويل على العلاقة بين هيكل رأس المال وأداء الشركات: دراسة على الشركات الفلسطينية والأردنية المدرجة

إعداد

مجد راسم الملاح

إشراف

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د. معز أبو عليا

الملخص

المقدمة: أحد أهم القرارات في تمويل الشركات هو هيكل رأس المال ويتعلق بكيفية تمويل الشركة لأصولها من خلال مجموعة من المطوبات وحقوق الملكية. ومع ذلك، فإن تعظيم قيمة المساهمين ليس بالمهمة السهلة لأنه يتطلب موازنة الديون مقابل حقوق الملكية والموازنة بعناية بين التكاليف والفوائد.

الأهداف: تهدف هذه الدراسة إلى فحص التأثير الوسيط لقرارات الاستثمار وقرارات التمويل على العلاقة بين هيكل رأس المال وأداء الشركات في الشركات الفلسطينية والأردنية المدرجة.

الطريقة: حيث تم جمع البيانات من القوائم المالية للشركات الفلسطينية والأردنية المدرجة في سوق فلسطين المالي وبورصة عمان م عام 2010-2019، تم تحليل بيانات الدراسة في SPSS باستخدام تحليل الانحدار متعدد المتغيرات و Pearson-Correlation لتحديد الارتباط والتأثير بين المتغيرات.

النتائج: يوجد تأثير جوهري لقرارات الاستثمار على أداء الشركات كما تم قياسه بواسطة Tobin's Q لكل من الشركات الفلسطينية والأردنية المدرجة، بينما لا يوجد تأثير جوهري لقرارات الاستثمار على أداء الشركات كما تم قياسه بواسطة نسبة سعر السهم إلى عائد الشركات المدرجة في فلسطين، وبالنسبة للشركات المدرجة في الأردن، هناك تأثير جوهري لقرارات الاستثمار على أداء الشركات كما تم قياسه بواسطة نسبة سعر السهم إلى عائدته. أما بخصوص قرارات التمويل هناك تأثير جوهري على أداء الشركات مقاسة بمقياس Tobin's

Q لكل من الشركات المدرجة في فلسطين والأردن، ولا يوجد تأثير معنوي لقرارات التمويل على أداء الشركات كما تم قياسه بواسطة نسبة سعر السهم إلى عائده للشركات المدرجة في فلسطين، حيث يوجد تأثير جوهري لقرار التمويل على أداء الشركات كما تم قياسه بواسطة نسبة سعر السهم إلى عائده للشركات المدرجة في الأردن. كما أنه هناك تأثير جوهري لهيكل رأس المال على أداء الشركات المقاس بمقياس Tobin's Q للشركات المدرجة في فلسطين، كما لا يوجد تأثير جوهري لهيكل رأس المال على أداء الشركة كما تم قياسه بواسطة Tobin's Q للشركات المدرجة في الأردن، ومع ذلك لا يوجد تأثير جوهري لهيكل رأس المال على الأداء المالي المقاس بواسطة نسبة سعر السهم لكل من الشركات الفلسطينية والأردنية المدرجة.

الخلاصة: النتيجة الرئيسية لهذه الدراسة أن القرار الاستثماري وقرار التمويل توسطان جزئياً في إحداث تأثيرات جوهريّة وإيجابية على العلاقة بين هيكل رأس المال وأداء الشركات في الشركات الفلسطينية والأردنية المدرجة.

الكلمات المفتاحية: القرار المالي؛ القوائم المالية؛ هيكل رأس المال؛ أداء الشركة.