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Effect of Foreign Direct Investment on Performance of the Central Bank In Terms of Accounting for the Period (1980-2012)

By Mohammad Naser Mousa Hamdan & Mohammad Abdulmajeed Alrgaibat

Al Albayt University, Jordan

Introduction- The foreign direct and indirect investment has aroused attention of a lot of governments, organization, companies and individuals. The argument arises over feasibility of this type of investment and the burdens and advantages resulting from it, especially in relation to motives of the foreign companies to make investment, determinants of these foreign investments and methods of organization and management in the foreign companies.

Success of any government in general or any business organization in particular in solving the economic problems or being able to achieve a certain goals is undoubtedly an indicator to quality of their decisions and rationality of their plans and policies. Achievement of the economic and social benefit to the community members is not confined to reaching a certain degree of self-sufficiency or internal social welfare, rather it can be provided through opening doors to the foreign investments.

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Strictly as per the compliance and regulations of:

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Mohammad Naser Mousa Hamdan [α] & Mohammad Abdulmajeed Alrgaibat [σ]

Theoretical Framework

I. Introduction

The foreign direct and indirect investment has aroused attention of a lot of governments, organization, companies and individuals. The argument arises over feasibility of this type of investment and the burdens and advantages resulting from it, especially in relation to motives of the foreign companies to make investment, determinants of these foreign investments and methods of organization and management in the foreign companies.

Success of any government in general or any business organization in particular in solving the economic problems or being able to achieve a certain goals is undoubtedly an indicator to quality of their decisions and rationality of their plans and policies. Achievement of the economic and social benefit to the community members is not confined to reaching a certain degree of self-sufficiency or internal social welfare, rather it can be provided through opening doors to the foreign investments. This requires a country to make special decisions to select and direct these investments, the ability of a country to achieve the economic and social benefit as well as develop the suitable policies and prepare appropriate climate for these investments. Jordan has been one of the countries that has realized significance of the foreign direct investments as a key tool for correction and economic openness. To achieve desired objectives from these foreign investments, the Jordanian government have taken a lot of corrective actions, and enacted laws and legislation with the aim of providing the suitable investment climate to attract the foreign investments, in light of severe competition of the neighboring countries.

The new concept of the foreign investment emerged in the twentieth century. This concept developed greatly after the World War II; during the period between the Korean War (1950-1953) and the First Oil Crisis (1973-1974). The American investments gained the largest proportion, where most of the foreign investments were indirect. While Japan had intermediate position, where its investments in the seventies were direct, while in the eighties it tended to the indirect foreign investments. Advantages of the foreign direct investments cannot be denied. The most important advantages include the increase of competitiveness and production capacity, increase of employment opportunities, increase of foreign currencies reserves and other advantages which will be detailed in context of this research.

Author α σ: Faculty of finance and business administration-Department of accounting Al Albayt University. e-mail: mohd_naser78@yahoo.com

II. Significance of the Study

This study is significant due to the benefits gained by the developing countries by reason of these foreign investments. There are goals and motives the foreign countries seek to achieve through making foreign investments, and because of this there have been different opinions about trends of the foreign investments. There are three main opinions- the first of which absolutely supports all types of foreign investments. the second opinion completely disagrees with the foreign investments, while the third opinion supports the foreign investments but with some controls and criteria to regulate such investments and place them in the developing countries.

Further, reliance of a country on this type of investments contributes to process of economic growth, increasing incomes of a country's imports, utilizing the modern technology, employing labor force, elimination of unemployment, and keeping up with all aspects of urban development. Also, the foreign investments contribute to increase of foreign currency flows that are added to account of the capital transactions in the balance, and through the potentials provided by companies to enter the export markets, supporting balance of payments, decreasing possibility of the financial crises and deficit in repaying the foreign debts, and increasing the national income; since the foreign investments are considered an important source of tax paid to the country by the foreign companies.

Most countries need the foreign investments since they can play a key role in development of the host country and increasing its economic growth rate.

These foreign investments help a country utilize its natural resources, and contribute to development of its infrastructure like projects of energy, renewable energy, water, communications, tourism, and other vital infrastructure projects. Further they contribute to training local labor force, developing different types of industry through the variety of assets provided by them like the capital, technology, administrative abilities and skills and access to the foreign markets.

This is why this research is significant, where this point will be detailed below.

III. Objectives of the Study

The objectives of the study can be explained through the following points:

1. Identifying quality, quantity and size of the foreign investments in Jordan.
2. Identifying the factors that limit flow of the foreign direct investments in Jordan.
3. Evaluating the positive and negative effects of the foreign direct investments in Jordan.
4. Identifying the required actions to be taken by the host country to offer the suitable climate in order to attract more foreign investments and avoid their burdens.

The Bank also aims to increase its financial activity which leads to maximizing the share value in the stock market which in turn leads to maximizing wealth of the property owners. This can be achieved through maximizing the revenues or reducing the expenses, or both.

IV. Problem of the Study

After providing the significance and objectives of the study, we provide the problem of the study, which is:

To identify impact and ability of the foreign investment on profits of the Central Bank in terms of accounting for the period 1980-2012 through studying determinants of attraction of foreign investment and defining the best appropriate formulas to broaden the foreign direct investments base and attract them to Jordan.

V. Hypothesis of the Study

Main Hypothesis: is there a statistically significant effect between size of the foreign investment and net profits of the Jordanian Central Bank in terms of accounting according to the data listed in Amman Stock Exchange for the period (1980-2012).

The following sub-hypotheses branch out from the main hypothesis:

First hypothesis H0: there is no statistically significant effect for the trading volume on the net profit in the Jordanian banks according to the financial statements listed Amman Stock Exchange for the period (1980-2012).

Alternative hypothesis H1: there is statistically significant effect for the trading volume on the net profit in the Jordanian banks according to the financial statements listed Amman Stock Exchange for the period (1980-2012).

Second hypothesis H0: there is no statistically significant effect for number of subscribed shares on the net profit in the Jordanian banks according to the financial statements listed Amman Stock Exchange for the period (1980-2012).

Alternative hypothesis H1: there is a statistically significant effect for number of subscribed shares on the net profit in the Jordanian banks according to the financial statements listed Amman Stock Exchange for the period (1980-2012).

VI. Methodology of the Study

The study uses SPSS method to analyze the data listed in Amman Stock Exchange with the aim of studying effect of the dependent variables on the independent variables for the period (1980-2012).

VII. Literature

a) Arabic Studies

(Elias, 2005), "Foreign Direct Investment Structure for the period 2000" applied study in Jordan).This study deals with concepts, forms and effects of foreign direct investment, and it takes up some global development experiences (Ireland, India and China) that led to advancing their development. The study aims to use the Jordan's experience in attracting the foreign direct investment as an applied case for effect of these flow on economics of the developing countries.

The study concludes that the media has played a key role in promoting the Jordanian investment environment regionally and globally through showing advantages of the investment climate in Jordan which lead to increasing size of the foreign direct investment and continuous provision of the financial, tax and customs incentives. Further, the study concludes that the bureaucracy and the complicated governmental procedures should be eliminated. *Adnan Qadoumi (2004)* [1] This study aims to identify size and nature of foreign direct investments (in kind) in Jordan and the factors affecting them for the period (1995-2004). The

[1] Adnan Qadoumi " Analytical Study, the Factors Affecting the Attraction of the Foreign Direct Investments to Jordan for the period (1995-2004), Department of Financial and Banking Sciences, Faculty of Economics, University of Applied Sciences.

study examines size of the foreign direct investments (dependent variable) and their annual change rate, and define the factors affecting these investments (independent variables), and identify strength and nature of the relation between the independent variables and the dependent variable using firstly the horizontal financial analysis (trend analysis) for all variables of the study, and the statistical analysis to identify the correlation coefficient (R) to find out type and degree of the relation between the independent variables and the dependent variable as well as the coefficient of determination (R^2) in order to firstly analyze effect of each independent variable on the dependent variable, and effect of all independent variables on the dependent variable, and then to measure the correlation coefficient (B) to define amount of change in the dependent variable resulting from the change in the independent variable in amount of one unit. The study concludes a set of results including: the effect of the independent variables as a whole on the size of foreign direct investment is very strong. The study provides some recommendations including: it is necessary to provide the suitable factors and investment climate in order to attract more foreign direct investments, where provision of this climate is the responsibility of the government in addition to the role of Jordan Investment Board in this regard.

Barbour (2003) " Analysis of Sources of Income of the Jordanian Commercial Banks- a standard study for the period 1980-2000" [2]This study aims to define sources of income of the commercial banks in Jordan for the period 1980-2000, and indentify the factors that affect determination of these sources and ways of these incomes. The study is divided into two parts: the first one is the theoretical aspect, while the second one focuses on the statistical analysis of sources of these incomes at the banks in question. The study includes 7 Jordanian banks out of 9 banks, where this study examines sources of incomes of the banks for the period 1980-2000.

The study concludes that:

1. Traditional sources of incomes form the most important banks' sources of incomes and that size of these sources suit size of sources of theses incomes.
2. The profits of banks are affected by revenues of the payable interests and the size of the bank that is measured by size of deposits.
3. The liquidity size affects profits of the banks from their traditional sources.
4. Weak effect of the payable commissions, securities portfolio, number of services and liquidity size on profits of banks from non-traditional sources.

The study provides recommendations, including:

A. The Jordanian banks should diversify their investments and reduce reliance on generating revenues from the traditional sources.
B. The Jordanian banks should improve their revenues from the non-traditional sources, rely on the new quality of services, and keep pace with the banking innovations and the financial creativity to face competition.
C. To face competition, the Jordanian banks should seek to merger and increase expenses on the technological development and long-term strategic planning. *(Azzam, 1994)* "Determinants of Demand to the Foreign Investment in Jordanian Economy". [3]

This study aims to analyze determinants of demand to the foreign investments in 1994, and examine the aspects related to the foreign investment in Jordan in 1972, how to attract this investment, and the factors that limit demands to this type of investment in Jordan. The study concludes that the gross domestic product, the political stability, local exchange rates, and the trade conditions have a great significance in attracting the foreign investments. It is also concluded that the effect of the foreign investments in developing the Jordanian economy are limited, and when the standard model is used, it is found that it has a positive effect on actual rate of the economic growth and growth of the local market in attracting the foreign investments and their flow to the Jordanian economy. It is also found that they have negative effect on the financial stability.

b) Foreign Studies

M.M. Metwally (2004)" Effect of EU. Foreign Direct Investment In the Middle East"[4], where this study analyzes nature of the relation between the foreign investments and the economic growth & exportation on Jordan, Egypt and Oman, since most of the foreign investments in these countries come from the European Union. This study identifies effect of both the economic growth rate and interest rates on the foreign investments flow using regression equation. This study concludes that both the growth rates and interests have positive effect on the foreign investments flow, but at different degrees, and that the increased flow of the foreign capital increases the exports of goods and services to the host countries, and accordingly the domestic product. This means attracting additional foreign investments. Andrew Gilmore and Others (2003) [5] " Factors Influencing Foreign Direct Investment and

[2] Barbour (2002), " Analysis of Sources of Income of the Jordanian Commercial Banks-"a standard study.

[3] Al-Azzam, Nedal (1994), Determinants of Demand to the Foreign Investment in Jordanian Economy, unpublished master thesis, Yarmouk University, Irbid, Jordan.

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[5] Gilmore, Andrew, Donell, Aodheen,Carson, David and Cummins, Daryl (2003),Factors Influencing Foreign Direct Investment and International Joint Venture , International Marketing Review , Vol. 20 , No. 2 , Northern Ireland , P.P. 195 – 215 .

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International Joint Venture". This is a comparative study between Bahrain and Northern Ireland. It aims to identify the incentives provided and the satisfaction level as to the foreign investments from the general managers' point of view, and the reasons beyond preference of a country over another in establishing projects, whether a full or joint foreign investment. The study concludes that all projects in Bahrain are joint ventures, while in Ireland most of the projects are not joint ventures; (4) projects only are joint ventures. It also concludes that the main factors that help in flow of the foreign investments are the tax rates, infrastructure, and the political stability, which are existing in both countries in different forms. It is noted that the low wages are not one of the main factors for attracting the foreign investments and that the cultural level has no significant effect in attracting the foreign investments. Alvin & Densil (2002) [6] "Attracting Foreign Direct Investment In Developing Countries". This study identifies the efforts made by the developing countries to develop their economics with the aim of attracting the foreign investments through adopting a set of promotional procedures and activities. The researchers have designed a statistical model consisting of several explanatory factors that influence flow of the foreign investments, like interest rate, growth rate in the country, per capita income, position of balance of payments of the host country, and the culture level. The study concludes that the per capita income is considered the main factor for attracting the foreign investments, in addition to the interest rate and the cultural level. The study recommends that the developed countries should help the developing countries to increase the foreign investments.

c) Concept, objectives and forms of the foreign investment

i. *Concept of foreign investment*

There are many definitions for this type of foreign investments, the most important definitions given to this concept are provided by the international organizations and bodies:

a. International Money Fund (IMF) [7]. IMF defines the foreign investment as "a company or an organization that makes investment in foreign projects where the investor's share is (10%) or more of the project's capital, provided such ownership has a power to influence the organization's management".
b. United Nations Conference on Trade and Development (UNCTAD):According to UNCTAD, the foreign direct investment is " a type of the international investment, in which a foreign investor owns at least (10%) of the company's capital or the voting power in its Board of Directors"
c. Organization for Economic Cooperation and Development (OECD) According to OECD, the foreign direct investment is "any stable investment activity in the country of origin that has assets in the host country with the aim of investment and profits".

ii. *Objectives of the Foreign Investment*

1. To increase production and productivity which leads to increasing the national income and higher per capita income, and accordingly improving people's living standard.
2. To provide services to citizens and investors.
3. To provide employment opportunities and reduce unemployment.
4. To increase capital formation rates of the country.
5. To provide different specializations like technicians, administrators, and skilled labor.
6. To produce goods and services that satisfy the citizens' needs, and export the surplus which provides necessary foreign currencies to purchase machines and equipments and increase the capital formation. [8] In its policy to attract the foreign investments, the Kingdom uses various methods such as encouraging the joint ventures, or establishing economic projects fully owned by the foreign investor, and allowing the multinational corporations to open branches in the Kingdom or through allowing these companies to enter into agreements with the local companies for the purpose of being granted licenses on rights of use of a certain technology and marketing it in the local market. Further, the Kingdom provides several legislative, legal, administrative and technical incentives and facilities as well as the excellent infrastructure to attract these types of investments. This has led to establishing a lot of investment projects that have made Jordan an important center for attracting the foreign investments in the Middle East. The legal incentives an facilities represent a variety of legislation and laws that provide a suitable climate to establish the foreign investment projects. The most noticeable provisions in these law include adopting of principle of equality between the national investor and the foreign investor before the law, free movement of capital, and conformity of laws of tax and customs, as well as the free economy policy adopted by the Kingdom.

As to the administrative and technical incentives and facilities, they include providing the necessary information and data to the investors to enable them to prepare economic feasibility studies on the projects they wish to establish in Jordan, providing infrastructures and the required services to establish the investment

[6] -Wint,Alvin and Densil Williams(2002),Attracting Foreign Direct Investment In Developig Countries , The International Journal Of Public Sector Management , Vol. 15 No. 5 , P.P. 361-374

[7] Hassan Khader " Foreign Direct Investment: Detentions and Issues" Selselat Jesr Atanmiah, issue 22, Arab Planning Institute/Kwait, 2004, p.3.

[8] Wikipedia " text of the Creative Commons License" 13.10.2013

projects, and providing lands and energy necessary to the investment projects and other necessary low cost facilities compared to the global prices.

Undoubtedly, the measures taken by Jordan to open doors of investments to the Arab and foreign investors are considered positive steps for attracting capitals that serve in the comprehensive economic development in the country. The " foreign investments" have been a key factor for the economic growth and boom in a number of countries like the United States, states of Western Europe, China, India, etc, and for raising and improving living standards of their citizens. [9]

iii. *Forms of Foreign Investment*

The foreign direct investments are considered the most important foreign source of funding for the host countries in developing their economics, and they have become an indicator to degree of economic openness and globalization through the multinational companies that invest through their branches worldwide and in different industrial sectors.

a. *Nature of Foreign Investment* [10]

The foreign investments have become a tool to reduce the gap between size of domestic sources and requirements of economic growth. The most important definition of the foreign investment is provided by IMF which defines it as " a fixed share for the investor who resides in another country and participates in a project". According to the criterion provided by IMF, the investment is not considered direct unless the foreign investor owns 10% or more of capital of a business company and 10% of the voting rights in such company, and this share should be sufficient so that the investor can express his opinion in the Board of Directors. Also, IMF considers the foreign investor " a type of the international investment that reflects the objective of having a permanent interest in a company existing in another country". This interest shows a long relationship between the direct investor and the company, in addition that the direct investor enjoys high degree of influence in management of the company.

b. *Different Forms of Foreign Direct Investment*

(Wickham, 1989) argues that the foreign direct investment represents the final phase that leads to increased production capacity abroad through a branch, and granting the investors the right to seek room in managements for the purpose of having a permanent interest in the business of a company in the host country with the aim of effectively influencing the managements of the company.

According to Joffre, the current preference of the western companies including the startups at the international level is this form of foreign direct investment. This is attributed to four reasons: speed, risks, decreased capital of companies, and the necessity to overcome the big obstacles that prevent entry.

According to Bouyeure, the reasons beyond the foreign direct investment are:

1. *Searching for the economic cooperation*

The increased competitiveness in the international environment, where the companies are necessarily required to define the weaknesses in knowledge and skills and how to be planned rapidly. The fastest way to address these defects is formation of strategic alliances.

According to Folta, the economic diversity may drive a client to invest in different activities and skills away from the origin domain. This technological distance shows the case of uncertainty faced by the companies.

Cooperation will lead to increasing the partner's sources through collecting the integrated skills, especially that it reduces obstacles of size and risk; and this is why it will become the best solution for companies.

2. *Strategic Alliances*

Strategic alliances is a form of organization-interrelations in which the competitors exert their efforts in their business in part or in whole. Alliances means the concreted projects selected by different parties, and the desire to approach toward common goals or the goals that require alliance.

Alliance is authorization of selection

The aim of the strategic alliances is mingling between the competition and cooperation, where they are difficult to manage from the third parties' point of view; various cultures and personal interests. Sensitivity of this management drives us to determine the administrative constants in the midst of permanent instability. The increased trade exchanges at the global level, the need to propose products, and the increasingly invented technical expertise which force the executive managers in the industrial and service companies to carry out the operation mechanisms that require cooperation, networks and alliances among companies. [11]

VIII. Inception and Establishment Conditions of the Jordanian Central Bank

The Jordanian Monetary Council, established on 20th July 1949, was responsible for the money affairs

[9] Sawsanah Newspaper, 2013

[10] Dr. Hamdani Mohammad, Bolender Bashir " Fact of Foreign Direct Investments and Economic Growth Events in the Arab Countries", Oran University, Algeria, Journal of Studies and Research, Djelfa Univesrity, Algeria, Vol.5, issue 11, (2013).

[11] Ibid

in the Kingdom, like issuance of currency, reservation of the sterling reserves, and investing these reserves in treasury bonds and bills issued in sterling [12] . This council consisted of a chairman and four members appointed by the Council of Ministers; three English members and two Jordanian members. The principal office of the Council was in London where it designated a representative in Jordan who was called (Money Controller).

In 1957, the principal office was moved to Amman, and it was reformed to increase the Jordanian representation, where it consisted of four Jordanians including the chairman and one non-Jordanian members.

The most important decision of the new council was to maintain a principal office in London, form the investment committee, and implement instructions of the council concerning sale and purchase of the British governmental bonds and controlling the British treasury bonds owned by the council. [13]

While the Jordanian Monetary Council was exercising its business, in 1951the currency control department was established after being separated from the investment department. This department was responsible for controlling the currency affairs. Accordingly, the number of the bodies controlling the monetary affairs got increased, and thus there was a need for a comprehensive monetary policy in the Kingdom that helps in the economic growth and bloom.

The World Bank Mission that visited Jordan in 1955 to study its economic conditions was the body that indicated to the necessity of establishment of a central bank in Jordan. In 1957, The World Bank Mission published its report on the economic growth in Jordan. Though the World Bank Mission indicated to the necessity of establishment of a central bank in Jordan, it recommended to wait for a while due to lack of appropriate banking environment, lack of trained staff, and lack of sufficient and accurate statistics on the banking activity in Jordan. But In 1956, the Minister of Finance and Economy had announced that the government intended to establish a central bank in Jordan as soon as possible regardless of recommendations of the World Bank as to the delay. In 1959, Law No. (4) was issued which provided for establishment of a central bank in the Kingdom to be responsible for assurance of currency, reservation of reserves for currency stability purposes, and regulation of credits, and to work as representative of the government. In the same year, another two laws were issued; Law No (5) of 1959 on Control of Foreign Currency. [14]

In 1960, the Government made the first amendment to the Central Bank Law where this amendment provided for preventing the individuals and companies from dealing with the Central Bank, and exempting the profits of the Central Bank from taxes and fees.

In 1962, the Government requested the Monetary Council to take necessary practical steps to accelerate establishment of a central bank. Accordingly, the Council sent six employees to London for the purpose of training on the banking and trade business, and it closed the Council Office in London to be located in Amman. Also, the Council decided to cancel the Investment Committee and to transfer its powers to Amman. In 1963, the Council allocated 300 thousand J.D to establish a new building to be the principal office of the central bank, and it sent 12 employees to London for training purposes. [15]

On 07.09.1963, the Council of Ministers issued a decision on opening the first section of the Central Bank Law concerning formation of the independent legal personality, and the second section concerning appointment of the governor, vice-governor, board members, and their powers. [16]

IX. Results

This section contains an analytical presentation of the results of the study that aims to indentify effect of the foreign direct investment (trading volume and subscribed shares) on profits of the Jordanian Central Bank for the period (1980-2012). The results are presented according to the hypotheses of the study.

X. Hypotheses Testing

First hypothesis: there is no statistically significant effect at the significance level (a $\leq$0.05) for trading volume on net profit of the Jordanian Central Bank according to the financial statements listed in Amman Stock Exchange for the period (1980-2012).

To test this hypothesis, the correlation coefficient between the trading volume and the net profit is measured, and the linear Regression Analysis is used to identify effect of the trading volume on the net profit in the Jordanian Central Bank. The results are provided in the tables elow.

[12] Bassam Alattary " History of Banking System in Jordan" Journal of Banks, Jordan, 1st issue, January 1983, p 23.

[13] Abdullah Almaliki, Encyclopedia in History of Jordanian Banking System, 1st vol, Al-Urdiniah for Publishing and Printing, Amman, 1996.

[14] Ibid, p 35

[15] Ziad Ramadan, Management of Banking Operations, the University of Jordan, Amman, 1982, p 195

[16] Mohammad Said Alnabilsi, Historical Development of the Banking and Financial System in Jordan, publications of Committee of History of Jordan, Amman, 1994, pp 25-28.

Table (1) : Correlation coefficient between the trading volume and the net profit

Independent variable	correlation coefficient	Statistical significance
Trading volume	0.935	0.00

Table (1) shows that the correlation coefficient between the trading volume and the net profit is (0.935) and the statistical significance is (0.00) which is a high and statistically significant value.

Table (2) : Regession analysis for the trading volume on the net profit

Independent variable	Value t	Statistical significance t	B	R	R^2	Value t	Statistical significance t
Trading volume	14.402	0.00	0.067	0.935	0.874	207.418	0.00

Dependent variable: net profit

Table (2) shows that there is a statistically significant effect for the trading volume on the net profit, where the value (f) is (207.418) with a statistical significance of (0.00), the value (R) is (0.935), the value (R^2) is (0.874), thus the hypothesis is refused, and the alternative hypothesis is accepted to be as follows:

" there is a statistically significant effect at the significance level (a ≤0.05) for trading volume on net profit of the Jordanian Central Bank according to the financial statements listed in Amman Stock Exchange for the period (1980-2012).

Second hypothesis: there is no statistically significant effect at the significance level (a ≤0.05) for number of subscribed shares on the net profit in the Jordanian Central Bank according to the financial statements listed in Amman Stock Exchange for the period (1980-2012).

To test this hypothesis, the correlation coefficient between number of subscribed shares and the net profit is measured, and the linear Regression Analysis is used to identify effect of number of subscribed shares on the net profit in the Jordanian Central Bank. The results are provided in the tables below.

Table (3) : Correlation coefficient between number of subscribed shares and the not profit

Independent variable	correlation coefficient	Statistical significance
Number of subscribed shares	0.672	0.00

Table (3) shows that the correlation coefficient between number of subscribed shares and the net profit is (0.672) and the statistical significance is (0.00) which is a medium and statistically significant value.

Table (4) : Regression analysis for the subscribed shares on the net profit

Independent variable	Value t	Statistical significance t	B	R	R^2	Value t	Statistical significance t
Number of subscribed shares	9.444	0.00	0.153	0.865	0.748	89.193	0.00

Dependent variable: net profit

Table (4) shows that there is a statistically significant effect at the significance level for (a ≤0.05) for number of subscribed shares on the net profit, where the value (f) is (89.193) with a statistical significance of (0.00), the value (R) is (0.865), the value (R2) is (0.748), thus the hypothesis is refused, and the alternative hypothesis is accepted to be as follows:

" there is a statistically significant effect at the significance level (a ≤0.05) for number of subscribed shares on the net profit in the Jordanian Central Bank according to the financial statements listed in Amman Stock Exchange for the period (1980-2012).

XI. Results and Recommendations

a) *Analysis Results*

Through testing the hypotheses and analyzing the data, the following results are found:

1. There is an effect between the trade volume on the net profits of the Central Bank. This effect shows that when the trading volume increases, the profits of the bank increases.
2. There is an effect between number of subscribed shares and the net profits of the Central Bank. This effect shows that when the bank increases number of subscribed shares, its profits increase.

These results shows validity of the hypotheses and data used in analysis.

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b) Recommendations

Upon the results found in the analysis process and the effect found between the variables, it is recommended that:

The Central Bank should increase trading transactions continuously in order to be able to increase and maximize its investments. further, the Central Bank should increase number of subscribed shares. All these transactions contribute to increasing investments of the Central Bank, and accordingly increasing profits of the Central Bank.

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