

THE USE OF COMMERCIAL BANKS IN AQABA FOR ACCOUNTING INFORMATION IN INVESTMENT DECISIONS IN THE TOURIST COMPANIES

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Abstract:

This study came to demonstrate the extent to which Aqaba banks depend on accounting information in investing decisions in tourist companies, a questionnaire was designed for this purpose and distributed to the banks and After analyzing the collected data some conclusions were reached the most important on of them is that, banks use accounting information in tourism companies they want to invest in them, with the exception of some things that they lacked, such as not using financial reports to predict the future of these companies, and not studying the notes, disclosures ,subsequent events, and the policies and accounting methods used in the preparation of the financial statements of these companies, And not studying the companies keeping up with the developments in the field of its activity.

The most recommended by the study is that, banks should use the financial reports of the tourism company they want to invest in it in the best way, study notes, disclosures, subsequent events for the financial statements, and the policies and accounting methods used in the preparation of the financial statements and study the company's ability to repay its

investment in short-term obligations. And examine the companies keeping up with the developments in the field of its activity.

Keywords: Commercial banks, accounting information, tourist companies, investment

Introduction:

Various administrative decisions are based on internal and external information, and because of the developments such as increased competition, alternatives available and technological evolution and its impact on information systems, the importance of administrative decisions has increased which necessitated information that are accurate, appropriate and sufficient to give a rational administrative decision.

There are numerous sources of information used for management decision-making, but keep accounting information system is one of the most important sources for its information that affect this decision.

One of the most important decisions that rely on this kind of information is investment decisions that need various, sufficient and appropriate information from several sources to examine them objectivity and in depth until the appropriate decision-making.

Global economic development has led to commercial banks concentration to provide various financial services investment in various areas such as loans, advances, opening of current accounts, discount, dealing with foreign currencies, issuing guarantees, documentary credits, external and internal incoming and outgoing remittances, collection of commercial paper, collecting receivable bills, investment financing, and buying and selling stocks and bonds for purposes of speculation or profit and interest. They thus need information that assists them in making decisions to invest the available money.

When the Bank to invest in different companies, whether through shares, bonds or financing investment, the bank needs different accounting information with special specifications to reach a rational decision. The most important one is the financial statements of budget, income and cash flow list, in addition to the financial reports such as reports of the Auditors, disclosures and notes on the financial statements, and the rates of return on investment, profitability and the ability to continuous.

Previous studies

Ersoz, et al. (2010), the study aimed to publicize the policy of the Holding bank company for the American (BHC) bank related to the process of funding and liquidity, the

study found that the parent company will face more pressing funding problems than when any crisis of liquidity in the future.

Demirgüç-Kunt, et al. (2010), the study aimed to explore the implications attendant upon the banks activity and short-term funding strategies for danger, a sample of 1334 Bank have been used of 101 states caused the 2008 financial crisis. Turns out that the expansion of income-generating activities not dependent on interest such as circulation increases the rate of return on assets, and that it can lead to diversification of risks at very low levels. It also turns out that wholesale funding reduces the rate of return on assets, while it can reduce risks when low.

Norden et al. (2010) aimed at declaring the financing means in the German banks and the implications of loans and profitability during 1992-2002. The study found that in many banks there is a relative decrease in customer deposits, while liabilities increased as a source of funding. Turns out that this affect banks negatively on the result showing of ' net interest for the banks that shows a deficit, especially savings banks. The results suggest this restructuring, which has wider implications for the functioning and stability of the financial system.

Husayn (2007), sought to identify the extent of investor awareness -in the Saudi stock market- of the accounting information's importance, as well as the use of this information. And found that the most important resort for the investor in his investment decision is financial reports and financial statements. Also found that there are differences in the extent of awareness of financial investors. Where the awareness was great in banking & financial consulting offices, it was insignificant in investors speculators.

Mangen & Durnev (2007), test the relationship between financial reports and real investment decisions, and describe the impact of the announcement of the modified financial lists on the market value of the company shares, as well as shares of competitive companies. The study found a link between advertising the financial adjusting menus and the decline in the market value of competitive corporation. The study recommended the need to take into consideration accounting information such as firm size, diversity ,and net income, liquidity and growth.

Abdul Jalil, Hassan (2005) aimed at identifying factors affecting investment financing in Jordanian banks and compared their impact on investment finance from the viewpoint of borrowers in both Muslim and non-Muslim banks. And found that there are factors affecting financing investment, notably, the reputation of the Bank, the geographical spread of branches and personal investor relations with Bank management. The study recommended

the need for comparative studies in the area of investment activities between Muslim and non-Muslim banks.

Alalaonh and Almutaser (2004), aimed at identifying the views of investment and loaning officials on the importance information that are provided by list of cash flows to help in lending and investment decisions. And concluded that information contained in list of cash flows for the various operational, investment and funding measurement are considered important and appropriate for decision making related to loaning and investing. And found out that the direct way to prepare the lists of fanatical flows is the better than the indirect form the view point of the investment and loaning officials. The study recommended the Omani companies to apply direct method to prepare a list of cash flows. With the need to provide adequate detail for items within the cash flows from operating activities using the indirect method of preparing a list of cash flows.

Jasser (2004) examine the impact of the credit policy of commercial banks on investment in Palestine, and its impact on the level improvement, the study found the importance of focusing on directing efforts towards the development of catalysts for investment demand through strengthening environment and infrastructure investment, in addition to increasing the associated facilities with activation of credit policies to allow customization and optimal use of financial resources controlled by the banking system in the promotion of private investment, given the presence of feedback between them. It is clear that the role of the credit policy in stimulating investment will remain subject to pressure and many factors that govern investment environment in Palestine.

The problem of the study:

The problem of the study lays in the lack of clarity of investment decision-making mechanism in commercial banks in Aqaba tourism companies, due to the fact that there aren't studies in this regard according to the researcher's knowledge. This study will specialize in an aspect of this problem which is, not knowing how to use accounting information in investment decision-making. Is it used enough, effectively and accurately? And what are the shortcomings in this area if there are ones?

The importance of the study:

Banks are considered important sectors which constitute important building block in the architecture of the economy of the country; its success is coupled with investment decisions efficiency. In addition to the importance of the tourism sector and especially in

Aqaba, that live in increasing development process, that need banks which are capable to keep up with this recovery. This study came to know how taken investment decisions by banks in Aqaba on the useful accounting information in detecting any shortcomings in that, until coming up with recommendations that might be useful in correcting performance or maximizing the benefits derived from this information.

Study objectives:

The study aims to identify the fact that Aqaba banks use accounting information in financial reports represented in reports, financial lists, the rates of return on investments and profitability and the ability to continue, when taking investment decisions.

The study hypotheses:

Depending on the problem of the study the following hypotheses have formulated:

- First hypothesis**, States that "the financial reports of the tourism companies to invest in by banks in Aqaba are examined."
- Second hypothesis**, States that "the financial lists of the tourism companies to invest in by banks in Aqaba are examined."
- Third hypothesis**, States that "rates of return on investment, profitability and viability of tourism companies to investment in by banks in Aqaba are examined."

Methodology of the study:

The study relies on analytical, descriptive approach, where preliminary data were collected from the study community using a questionnaire, then statistically analyzed to gain access to the results of the study.

Population of the study:

The community study represented 18 operating commercial banks in the region of Aqaba.

Study tool:

A questionnaire has been used as a data collection tool for the process of measuring the use of Aqaba banks for the accounting information in taking investment decisions. 4-5 questionnaires were distributed for each bank at various banks, 65 questionnaires total, and 54 questionnaires have been restored 83%. Questionnaire method based on a system of closed

questions, with the available answers (very strong, strong, moderate, poor, and very poor). And the previous answers have been weighting by degrees (5, 4, 3, 2, 1) respectively.

The statistical methods used and test hypotheses:

Several statistical measures were used, which are arithmetic mean, t test, Cronbach’s alpha test, standard deviation, mon-variance test for variances, and Toki test. With regard to hypotheses test and judging the answers, the standard used to accept hypothesis or question (paragraph) was if the arithmetic mean is greater than 3.00, and to be of moral significance the observation level of t value must be less than 0.05 .

The boundaries of the study:

- ❖ study was limited to some components of accounting information like financial and lists reports, and some other measurements and ratios related to the returning, profitability and viability.
- ❖ The study was confined to banks investment in tourist companies.

Tool Stability

The stability of the tool was measured using Cronbach’s alpha, looking at table (1) it is clear that:

1. the amount of alpha for the paragraphs related to financial reports dimension 0.75
2. the amount of alpha for the paragraphs related financial lists dimension 0.88
3. the amount of alpha for the paragraphs related to returns, profitability and viability dimension 0.72
4. the amount of all paragraphs is 0.87

These entire amounts are bigger than 0.60 which means that tool is stable.

Table (1)

Paragraph/ dimension	saturation	Cronbach's alpha	Paragraph/ dimension	saturation	Cronbach's alpha
Financial reports	-----	0.57	10	0.87	
1	0.86		11	0.55	
2	0.86		12	0.93	
3	0.88		returns, profitability	---	0.72

			and viability		
4	0.61		13	0.86	
Finical lists	- - - -	0.88	14	0.75	
5	0.64		15	0.71	
6	0.98		16	0.43	
7	0.88		17	0.95	
8	0.64		18	0.49	
9	0.81		All paragraphs	- - -	0.92

The validity of the tool:

The validity of tool was verified through 2 ways

- it was presented to different arbitrators to make sure that all the item included in the instrument measure what it is supposed to measure and related to its dimension . In the light of the arbitrators comments some sentences were alternated to make it clearer in composing and relevance to the dimension it belongs to.
- The Factorial Analysis was used to check the connection of the sentences to the dimension it is related to.

Table 1 shows the results of this analysis, where the saturation of all the paragraphs for each dimension was higher than 0.30 which is acceptable, this means that each item is related to the dimension it belongs to.

The description of the Personal and functional elements of the respondents

Table (2) shows a description for the Personal and functional elements of the respondents working in banks as follow:

- ❖ Specialization: 40.7% Specialized in Finance, 25.9% specialized in business administration, 18.5% specialized in accounting, and 9.3% specialized in economy, 5.6% other specializations.
- ❖ Education: 46.3% are BA holders, 22.2% master degree holders, 20.4% diploma, and 11.1% secondary education.
- ❖ Years of experience: 33.3% of the sample has 11-15 year experiences, 25.9% of 6-10 years experiences, 22.2% 5-1 year experiences and 18.5% more than 15 years.

- ❖ Career level: 46.3% are heads of departments, 22.2% Deputy Director, 20.4% employees and 11.1% directors.

Table (2) shows a description for the Personal and functional elements of the respondents working in banks as follow:

factor		frequency	Percentage %
specialization	Business administration	14	25.9
	Financing	22	40.7
	Accounting	10	18.5
	Economics	5	9.3
Education	others	3	5.6
	Secondary	6	11.1
	Diploma	11	20.4
	BA	25	46.3
Years of experience	Masters	12	22.2
	1-5	12	22.2
	6-10	14	25.9
	11-15	18	33.3
Career level	More than 15	10	18.5
	director	6	11.1
	Deputy director	12	22.2
	Head of department	25	46.3
	employee	11	20.4

Testing and analyzing of the first hypothesis, which States that "the financial reports of the tourism companies to invest in by banks in Aqaba are examined?"

Table 3 shows that:

1. Paragraph 3, measure the extent of studying the reports of the companies auditors of the company that it needs to invest in came first by 4.61 arithmetic mean. And were statistically significant because the arithmetic mean was greater than 3.00 and the moral significance level less than 0.05.

2. Paragraph 2, which measure the extent the Bank study financial reports for companies operating in the same area of the company they want to invest, came second with 3.89 arithmetic mean.
3. Although paragraph No. 1 got arithmetic mean greater than 3.00, but the level of significance is greater than 0.05, i.e. it is not statistically acceptable. There is no evidence that the Bank uses financial reports of the company to predict its future investment.
4. Paragraph No. 4 has 2.43 arithmetic mean which is less than 3.00, it not statistically acceptable. This means that the bank does not examine disclosures and observations relating to the financial statements.
5. All paragraphs combined have got 3.55 arithmetic mean, and 0.00 observation level which means that it is statistically significance. The first hypothesis is accepted, i.e. the financial reports of the tourism companies to invest in by banks in Aqaba are examined.

Table No. (3): arithmetic mean, standard deviation, the value of t and level of observation related to analyzing customer needs:

Paragraph's number	paragraph	Arithmetic mean	Standard deviation	T value	Level of observation
1	the Bank use the financial reports of the company to predict its future investment.	3.26	1.07	1.79	0.08
2	the Bank examine the financial reports of the companies operating in the same area of the company to invest	3.89	0.98	6.64	0.00
3	the Bank study reports of the company's Auditors they want to	4.61	0.49	24.06	0.00

	investment in .				
4	the Bank study notes and disclosures on financial statements.	2.43	1.40	-3.02	0.00
	Total	3.55	0.65	6.21	0.00

Test and analysis of the second hypothesis stipulates that "the financial lists of the tourism companies to invest in by banks in Aqaba are examined."

Table 4 shows that:

1. With the exception of paragraphs 9 and 12 all other paragraphs have got arithmetic mean greater than 3.00, and level of observation less than 0.05, i.e. statistically acceptable.
Paragraph (7), which measure the Bank study in detailed and accurately the lists of income for the company they want to invest in, in the first rank with 4.09 arithmetic mean. Paragraph number (8) which measure the banks studying of income lists for companies in the same area the company want to invest in, were ranked last within statistically acceptable paragraphs.
2. Paragraph 9, which measure the Bank study subsequent events for financial lists in detail and accurately, although they have got arithmetic mean greater than 3.00 but the level of observation was greater than 0.05, i.e. the Bank does not examine the subsequent events.
3. Paragraph 12 which measure the Bank studying of the accounting policies and methods used in the preparation of financial statements in detail and accurately, has got 2.61 arithmetic mean, i.e. it's not morally significant.
4. All paragraphs together has got 3.66 arithmetic mean which is greater than 3.00, and 0.00 level of observation, there is statistical significance to accept this hypothesis, i.e. that financial lists of the tourism companies are studied by banks in Aqaba.

Table No. (4): arithmetic mean, standard deviation, the value of t and level of observation related to market analysis

Paragraph's number	paragraph	Arithmetic mean	Standard deviation	T value	Level of observation
5	the Bank examine in detailed the general balance of the company they want to invest in	3.94	1.28	5.42	0.00
6	the Bank examine in detailed the general balance of the other companies working in the same field of the company they want to invest in	3.93	1.24	5.48	0.00
7	bank examine in detail and accurately the income lists of the company they want to investment in	4.09	1.00	8.06	0.00
8	bank examine in detail and accurately the income lists of other companies working in the same field of the company they want to investment in	3.83	1.16	5.27	0.00
9	The bank examine the subsequent events of the financial lists	3.07	1.37	0.40	0.69

	in detail and accurate				
10	The bank examine the cash flow of the financial lists in detail and accurate	3.85	1.56	4.02	0.00
11	The bank examine the cash flow of the financial lists in detail and accurate for the companies working in the same field of the company they want to invest in it	3.91	1.32	5.05	0.00
12	The bank examines the accounting policies and methods used in the preparation of financial statements in detail and accurate	2.61	0.88	-3.26	0.00
	Total	3.66	0.86	5.61	0.00

Test and analysis of the third hypothesis, stating that "rates of return on investment, profitability and viability of tourism companies to investment in by banks in Aqaba are examined"

Table 5 shows that:

1. With the exception of paragraphs No. 16, and 18, all other paragraphs got arithmetic means bigger than 3.00, and got observation level less than 0.05, i.e. not statistically acceptable.

Paragraph number (13) which measure the Bank study of rate of return on assets for the company they want to invest in, in the first place with 4.00 arithmetic mean.

Paragraph number (14) which measure the banks study of the return on the property

rights of the company they want to invest in were ranked last within statistically acceptable paragraphs.

2. Paragraph 16, measure the banks studying of the company's they want to invest in ability to repay short-term obligations, got a 2.52 arithmetic mean i.e. the banks do this study.
3. paragraph 18, which measure the banks studying the companies ,they want to invest in, keeping up with the developments in the field of its activity, has got 3.17 arithmetic mean, but got the level of significance greater than 0.05. It's not statistically significance, i.e. the banks do not examine the extent to which the investment company keeps up with developments in the field of its activity.
4. Paragraphs together got 3.51 arithmetic mean which is greater than 3.00, and 0.00 observation level, it is statistical significance i.e. that banks study the percentages of return on investment ,profitability and viability of tourism companies that banks in Aqaba want to invest in them.

Table No. (5): arithmetic mean, standard deviation, the value of t and level of observation related to focus on service design

Paragraph's number	paragraph	Arithmetic mean	Standard deviation	T value	Level of observation
13	The bank study rate of return on assets for the company they want to invest in	4.00	0.80	9.18	0.00
14	The bank study the rate of return on the property rights of the company they want to invest in	3.52	0.77	4.94	0.00
15	The bank study the percentages of profit rate division in the	3.87	1.01	6.33	0.00

	company they want to invest in, in the previous years				
16	Bank examines the ability of the company they want to invest in to pay its short-term obligations	2.52	0.97	-3.66	0.00
17	Bank examines the company's ability to repay its long-term investment obligations,	3.96	1.08	6.55	0.00
18	Bank examines the extent to which the company they want to invest in keep up with the developments in the area of its activity	3.17	1.18	1.04	0.30
	Total	3.51	0.49	7.56	0.00

Conclusions and recommendations

Results

Study reached the following results:

1. the banks of Aqaba when making investment decisions study the financial reports of tourism companies they want to invest in, and examine the financial reports of the companies operating in the same area of the company they want to invest in , and also examine the reports of the Auditors in these companies. But don't use them to predict the future of these companies. and does not examine disclosures and observations relating to the financial statements.
2. banks of Aqaba examine in details financial lists of tour companies they want to invest in them, by studying both the finical balance, income lists, lists of cash flows of the company they want to invest in, , and examine the finical balance , income lists ,

lists of cash flows for the companies working in the same field as the company that they want to investment in, but don't do a detailed study of the subsequent events to the financial statements. And does not examine fully and accurately the accounting policies and methods used in the preparation of the financial statements of companies that they want to invest in.

3. a study of the proportions of return on investment and profitability and the tourist companies ,they want to invest in, ability to invest when investment decisions are taking by banks of Aqaba. Were it Exam the ratio of return on assets, and the rate of return on the property rights of the company they want to invest in, dividend rate percentages to investment by the company of previous years, and the company's ability to repay its long term investment obligations. It does not examine the ability of the company to pay its short-term obligations. And does not examine the company they want to invest in keeping up with the developments in the field of its activity.

Recommendations

The study recommends:

1. the need for banks of Aqaba to use the financial reports of the tourist company ,they want to invest in, to predict its future.
2. Banks of Aqaba should study notes and disclosures on financial statements of tourism companies, which they intended to take a decision to invest in them.
3. Banks should do a detailed examination of subsequent events to the financial statements for the companies; they want to invest in.
4. Banks of Aqaba should study accounting policies and methods used in the preparation of financial statements for tourism companies that they want to invest in, in a detailed and accurate way.
5. Banks of Aqaba should study the ability of Tourist Company to repay its short-term obligations.
6. Banks of Aqaba should resort to study if Tourism Company copes with the investment developments in the field of its activity.
7. The study recommends a study on the impact of accounting information to make investment decision in the banking sector.

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