



Analyzing the Relationship Between Cash Flows and Earnings Per Share: An Empirical Study of Insurance Companies Listed on the Amman Stock Exchange (2016–2020)

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تحليل العلاقة بين التدفقات النقدية وربحية السهم: دراسة تطبيقية على شركات التأمين المدرجة في
بورصة عمان (2016-2020)

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Abstract:

This study aimed to investigate the relationship between cash flows and earnings per share for insurance companies listed on the Amman Stock Exchange

The study used a random sample of insurance companies listed on the Amman Stock Exchange during (2016-2020), 27 insurance companies, and to test the study hypotheses, the study used the multiple regression method through the SPSS program. The study included a dependent variable (stock price), and independent variables (operating cash flows, cash flows from investment activities, cash flows from financing activities, and net cash flows).

The study found that the relationship between earnings per share and cash flows for different activities varies from year to year in terms of whether there is a correlation or not. The coefficient of determination or explanation did not exceed 36.6%, and this percentage is considered weak because the independent variables did not explain the dependent variable (EPS) within the limits of this percentage, meaning that there are other variables that are better in explaining the dependent variable.

The study recommended that more attention should be paid to the statement of cash flows, and to guide users of financial statements to understand and analyze it. The study also recommended researching other variables and formulas capable of predicting the change in EPS.

Keywords: Cash flow from operations, Cash flows from the investment, Cash flows from financing, Earnings per share.

الملخص

هدفت هذه الدراسة إلى بحث العلاقة بين التدفقات النقدية وربحية السهم لشركات التأمين المدرجة في بورصة عمان، استخدمت الدراسة عينة عشوائية مكونة من شركات التأمين المدرجة في بورصة عمان خلال (2016-2020)، بواقع 27 من شركات التأمين، ولاختبار فرضيات الدراسة استخدمت الدراسة أسلوب الانحدار المتعدد من خلال برنامج (SPSS) وتضمنت الدراسة متغير تابع (سعر السهم)، ومتغيرات مستقلة (التدفقات النقدية التشغيلية، التدفقات النقدية من الأنشطة الاستثمارية، التدفقات النقدية من الأنشطة التمويلية، وصافي التدفقات النقدية)،

وقد توصلت الدراسة أن العلاقة بين ربحية السهم والتدفقات النقدية للأنشطة المختلفة تختلف من سنة لأخرى من حيث وجود ارتباط من عدمه. كما أن معامل التحديد أو التفسير لم يتجاوز 36.6% وهذه النسبة تعتبر ضعيفة لأن المتغيرات المستقلة لم تقسّر المتغير التابع (ربحية السهم) إلا في حدود هذه النسبة، بمعنى أن هناك متغيرات أخرى أفضل في تفسير المتغير التابع. وقد أوصت الدراسة بضرورة زيادة الاهتمام بقائمة التدفقات النقدية، وتوجيه مستخدمي القوائم المالية إلى فهمها وتحليلها. كما أوصت الدراسة بالبحث على متغيرات ومعادلة أخرى قادرة على التنبؤ بالتغير في ربحية السهم.

الكلمات المفتاحية: التدفقات من الأنشطة التشغيلية، التدفقات من الأنشطة الاستثمارية، التدفقات من الأنشطة التمويلية، ربحية السهم.

Introduction

Financial statements became more important since the establishment of larger businesses and the separation of ownership of the facility from management, for this was the duty of States to regulate accounting disclosure by requiring facilities using internationally accepted accounting standards. Dependent economies of the majority of these larger companies so it was important to find the annual financial reports for each facility, and these financial reports should disclose the information contained in financial reports. Of this financial statement the most important of the cash flows. The Financial Accounting Standards Board Resolution No. (5) indicated that the cash flows provide useful information on the activities of an enterprise's operational, investment and financing. As well as information on receipts and cash payments, which help to identify several factors such as liquidity, flexibility and profitability of the enterprise and the risks surrounding Financial Accounting Standards Board issued standard No. (95) for the year 1987 on the preparation of the cash flow statement has been issued to International Accounting Standards Committee Standard No. (7) for the year 1992 stating that the statement of cash flows for the inalienable part of the financial statements of the evolution of the stock market and a recovery target of goals by which States seek to achieve and for the management of the facility, this earnings per share reflects the overall performance of the facility.

The problem of the study

Reliance was in the past on the financial statements, income statement, budget and preparing these lists according to the accrual basis of that there was an urgent need to prepare a list in accordance with the cash basis, which showed the Statement of cash flows often raised questions about:

- 1-The availability of cash flow information useful for its users.
- 2- It has captured a list of cash flows a large part of Studies as a tool for presentation of financial information in a detailed way.
- 3-It has been applying the benefits of cash flows and their relationship to financial indicators of different in all sectors.
- 4- As well as changes in stock prices affect in turn on economic activity, and the problem of the study is to answer the following questions:
 - Is there a relationship between cash flows from operating activities and earnings per share?
 - Is there a relationship between cash flows from investment activities and earnings per share?
 - Is there a relationship between cash flows from financing activities and earnings per share?
 - Is there a relationship between net cash flows and earnings per share?

Importance of the study

The importance of this study follows:

- 1 - test the relationship between cash flows from operating activities, investing and financing and earnings per share.
- 2 - will serve the results of this study lists all users.
- 3 - help researchers and those interested in the subject of the study to give a comprehensive view of the nature of cash flows.

Objectives of the study

This study seeks to achieve the following objectives:

- 1- Test the nature of the relationship between both the cash flows from operating activities and investment activities and financing activities and earnings per share.
- 2- Analyze and test the nature of the relationship between net cash flows and earnings per share.
- 3- Increased emphasis on the usefulness of cash flows in financial reports.

hypotheses:

- H1-There no statistically significant relationship between cash flows from operating activities and earnings per share.
- H2-There no statistically significant relationship between cash flows from investment activities and earnings per share.
- H 3- There no statistically significant relationship between cash flows from financing activities and earnings per share.
- H4- There no statistically significant relationship between net cash flows and earnings per share.

Model study

Depends on the dependent variable (earnings per share) and the independent variables (cash flow from operations, cash flows from the investment, cash flows from financing, and net cash flow).

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + U$$

Y	→	Earnings per share
X1	→	Cash flow from operations,
X2	→	Cash flows from the investment
X3	→	Cash flows from financing
X4	→	Net cash flow

Previous studies

1-Study (elklula, 1998) entitled " The relationship between cash flows and stock returns In the long term. ". This study focused on testing the relationship between cash flows and stock returns in the long term , the sample of the study (31) manufacturing facility publicly listed in the Amman Financial Market, the most important results of the study: the existence of a relationship low and not statistically significant between cash flows and stock returns, the study comes out with several recommendations of the most important: that the relationship between cash flows and stock returns need to re-test.

2- . Study (Haddad, 2001), entitled: "The relationship between cash flows from operating and investment, finance and abnormal returns shares. This study focused on testing the relationship between cash flows and abnormal returns shares . The study was conducted on a sample of (44) established a public shareholding of industrial facilities and services listed in the Amman Financial Market during the years 1993 to 1998 The study concluded the following findings: first, the existence of a positive relationship is not statistically significant between Cash flows from operating activities and abnormal returns shares. Secondly: the existence of a negative relationship and statistically significant between cash flows from investment and financing activities and abnormal returns shares.

3- Study (Attar and Al-Khadash, 2005): "The Effect of Contextual Factors on the Information Content of Cash Flow in Explaining Stock Prices". This study aimed to differentiate between accounting earnings and cash flows as a measure of achievement Financial, and used both the stability and growth of revenue and the size of the facility to highlight the value differential between accounting earnings and cash flows. The study sample included industrial facilities in the Amman Stock Exchange on period from 1993 to 2001. The study concluded the number of results, was the most important: first, revenue accounting and cash flows accounting numbers contain information useful in forecasting future cash flows. Secondly: the existence of a relationship Between the yield on both stocks and flows of cash and revenue accounting variably interpreted as yielding Accounting (3.9%) of the relationship while the cash flows by (4%). Third Cash Flow Operational best accounting of the proceeds in the case of low growth of revenue and the small size of the facility.

4- study (Roelof,2008): An Empirical Analysis of The Relationship Between Operating Cash Flows and Dividend Changes, In South Africa. This study aimed to determine the relationship between the change in dividends and operating cash flows in South Africa. This relationship was studied on a sample of 60 companies listed on the Johannesburg Stock Exchange during the period 1990-2005, and the multiple regression model was used in this study to verify the relationship between the change in dividends and operating cash flows.

The study found that there is a significant positive relationship between change in dividends and operating cash flow, and there is a statistically significant positive relationship between earnings after taxes and change in dividends, as well as a statistically significant negative relationship between change in dividends and dividends for the previous year, in addition to a statistically significant negative relationship between change in dividends and dividends for the previous year.

The study also identified some factors that do not have the ability to influence the relationship between the change in dividends and operating cash flows, as growth prospects, level of leverage and company size did not affect the relationship between operating cash flows and the change in dividends.

5- Study (Dargham 2010) "The relationship between cash flows and stock returns according to IAS 7". This study aimed to test the relationship between cash flows from operating, investing and financing activities on the one hand, and stock returns for national banks operating in Palestine on the other hand. The study sample consisted of seven banks during the period between 2000 and 2006.

The study concluded several results, the most important of which are: There is no relationship between cash flows from operating activities, cash flows from investment activities, cash flows from financing activities, and cash flows combined, and stock returns in all banks, except for the Arab Islamic Bank, where there is a direct relationship between cash flows from operating and financing activities and stock returns, and an inverse relationship between cash flows from investment activities and stock returns.

Statement of cash flows and stages

The definition of statement of cash flows

Is an analytical detection of the movement of monetary changes that have occurred in established whether an increase or decrease and to identify the reasons for these changes is, they show cash inflows and outflows as it is the change in cash between the first and the last term. Shows the cash flow statement the cash impact of all activities undertaken by the entity during the financial period and the nature of this flow, whether inside or outside.

The need for a statement of cash flows

With the emergence of a public market substantial investments in stocks in the late twenties, it was natural to shift the focus to net income and earnings per share, a higher level of investment in securities has increased interest in the financial community standards prepared according to the basis of: maturity, as the net income the best way to predict profits future. However, the net profit prepared in accordance with the accrual basis cannot be the availability of cash for the payment of obligations or the profits realized the controversy began about the ineffectiveness of the statement of income since 1980, and the escalation of this controversy with the increasing incidence of bankruptcy firms in the United States of America were statements of income for these facilities disclose net income is high while she was facing a shortfall in cash flow for the massage and found the need for a statement of cash flows .

Stages of the Statement of Cash Flows

Have passed the statement of cash flows through several stages, as follows:

1- Point list of funds and cash flow analysis

In 1961 under the supervision of complex Mason was the beginning of the study issued by the terms of the study recommended to issue a list entitled "List of funds and cash flow analysis".

2- Stage a list of sources and uses of funds

Council issued accounting principles emanating from the American Academy of Chartered Accountants in 1963 issued Opinion No. facilities that list sources and applications of funds.

3- Stage a list of changes in financial position

The Financial Accounting Standards Board issued Opinion No. (19) for the year 1971, which identified a list of changes in financial position.

4- Stage Standard No. (95) of the cash flow statement

Given that the financial statements, such as the income statement and balance sheet and a list of changes in financial position prepared on an accrual basis, which does not provide information on changes that occur in the financial position and cash facilities during the fiscal year led to the issued Financial Accounting Standards Board in 1987 with the standard 95 and the Special cash flows and parents need to release a list of corporate cash flows from within the financial statements.

Importance of the statement of cash flows and steps to prepare

Importance of the statement of cash flows

The first objective of the cash flow statement is to provide useful information about cash receipts and disbursements made during the period, The second objective is to provide information as a cash basis on the activities of the various establishments.

Stages of preparing the statement of cash flows

The first phase

Determine a change in the monetary difference between the cash balance in the first period and most recently using data from the comparative balance sheet.

The second phase

Determine the net cash flows from operating activities and this requires a complex analysis of a list of current income and the transfer of income from an accrual basis to cash basis. It also requires a comparison of budgets.

The third phase

Determine the net cash flows from investment activities through the analysis of the items in the balance sheet.

The fourth phase

The determination of net cash flow from financing activities and through analysis of items in the balance sheet comparison.

Types of information in the statement of cash flows

The sorting and classification of information illustrated by the statement of cash flows to several sources are as follows;

- 1- Cash flows from operating activities.
- 2- Cash flow from investment activities.
- 3- Cash flows from financing activities.

Methods of preparing the statement of cash flows

There to prepare the statement of cash flows and vary the two methods in the determination of net cash flow from operating activities only, while the net flow of other activities does not have a difference in the preparation according to the two methods and a review of the following two methods:

1 - The direct method

The method to view the major groups of cash receipts and cash payments and the total arithmetic of the net cash flows from operating activities is determined, where the components of cash flows inflows and outflows for operating activities, such as cash receipts from sales and services and receipts from customers, as well as: cash payments for purchases and operating expenses and payment of accounts payable.

Advantages of the direct method

- 1- Is that it enables the user to obtain a better assessment of the relationship between the net income or loss for the facility and its cash flows.
- 2- That this method needs to restructure the income statement, and converted to a cash basis can be users of the cash flow statement to understand how the cash generated from operating activities, such as depreciation, which if the other makes her way to add confusion to the users list as a non-cash expense.
- 3- Show the receipts and cash payments from operating activities.
- 4- Provide information for the prediction of future cash flows.
- 5- Provide information more useful and appropriate and this is in line with the requirements of appropriate disclosure.
- 6- Direct way to serve the financial analyst to derive the ratios and financial indicators more abundant on the operational activities of the facility.

Disadvantages of the direct method

- 1- It does not disclose the separate items of the cash flows in and out of operating activities instead, it discloses only the cash generated from operating activities.
- 2- This method needs the extra effort for the preparation of cash flows.

2 - Indirect method

The amendment whereby net profit or loss the effects of processes of non-cash nature and any amounts deferred or accrued receipts for cash payments or operational in the past or the future.

Advantages of the indirect method

- 1- Advantage of this method is that it is less expensive than the direct method.
- 2- Provide a link between the cash flow statement and statement of income and budget.
- 3- This method is based on an adjustment to net income of the facility and its cash flows from operations.

Disadvantages of the indirect method

- 1- Does not reveal the indirect method for details of the cash flows from operating activities are not show receipts from customers and revenue receipts from and payments to suppliers.
- 2- Difficulty that users may encounter in understanding how to access cash flows from operations
Rate of return on equity.

It returns actually achieved by the investor through his investment. The following are some measures of stock returns:

1 - Per share of the profits:

This is the ratio of the most important ratios widespread and frequent use in practical life as a measure of corporate performance from an investor perspective, one of the measures the properties of ordinary shares or one of the measures of the market, a measure is important because it gives an indication of stock returns in general.

2 - Per share of dividends:

It measures obtained by the shareholder dividend per share to meet with the existence of this arrow in his wallet, so that the dividend represents a cash flow received by shareholders, is this measure also of the most important factors in determining the stock price, where it is not necessary that the equal share ordinary share of the profits distributed with the average per share of the profits, and the reason that most companies distribute part of their profits and keep the rest in the form of reserves or profits rounded.

3- Earnings per share:

Is a measure is very important in the process of equity valuation from the viewpoint of the investor, as it measures the ability of one dinar, which pays the investor paid for the shares to generate profits as the relationship between income per share of this market value has an inverse relationship and this means that if the market value of shares lack proceeds going ongoing.

Methodology of the study

Community study

The study population consists of insurance companies listed on the Amman Stock Exchange from 2016 to 2020 and the number (27) is a company which

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|--|--------------------------------|
| 1 - The Middle East Insurance. | 2 - Nisr Al Arabi Insurance . |
| 3 - Jordan Insurance . | 4 - General Arabia Insurance . |
| 5 - Delta Insurance . | 6 - Jerusalem Insurance. |
| 7 - United Insurance. | 8 - Jordan French Insurance. |
| 9 - Holy Land Insurance. | 10 - Yarmuk Insurance. |
| 11 - Graca Insurance. | 12 - Lighthouse Insurance. |
| 13 - Arab Orient Insurance. | 14 - Jordan Times Insurance. |
| 15 - Arab Insurance Life & Accident. | 16 - Philadelphia Insurance. |
| 17 - The Arab Union International Insurance. | 18 - National Insurance. |
| 19 - Jordan International Insurance. | 20 - Arab German Insurance. |
| 21 - Arab Group for the European insurance. | 22 - Islamic insurance. |
| 23 - Arab Assurers. | 24 - Baraka Takaful. |
| 25 - The Mediterranean & Gulf Insurance. | 26 - First Insurance. |
| 27 - the Group of Arab Jordanian Insurance. | |

Methodology of the study

Based on a descriptive analytical approach to reach logical conclusions to support the theoretical hypotheses in this study. This is based on an approach to the analysis of stock returns and cash flows for the total time period of the year 2016 until the year 2020 and the impact of cash flows on dividends The nature of the study is an applied study as the problem of the study is dominated by the analytical nature of the set of variables that affect stock returns.

Sources of information gathering

Relied on data and information in the published financial reports of the Amman Stock Exchange during the years 2016-2020, as well as information gathered from, periodicals research and articles, and the internet treatment information.

The data were analyzed based statistical program SPSS to find the relationship between stock returns and each of the total cash flows, and operating cash flows, and cash flows of investment and financing cash flows.

Test of hypotheses

For the purposes of hypothesis testing data were entered on excel has been included in the statistical program SPSS was calculated Pearson correlation coefficient in the abstract level of 0.05 among the dependent variable and independent variables for each sample selected for each financial year alone has been for all the years with some.

First: Testing hypotheses for the year 2016

The potential value (Sig.)	Coefficient of determination% (R2)	Pearson correlation coefficient (R)	Independent variables
0.119	%6.3	0.25	Cash flows from operating
0.095	%7.7	- 0.277	Cash flows from investing
0.113	%6.6	0.256	Cash flows from financing
0.235	%2.4	- 0.155	Net cash flows

Statistically significant link in the abstract level 0.05

After comparison of the hypotheses previously identified and the actual results of the correlation coefficients which describes the true relationship between the dependent variable and independent variables to verify the validity of each hypothesis, this study was as follows:

The first hypothesis:

No statistically significant relationship between cash flows from operating activities and earnings per share to insurance companies of Jordan. The results showed that the correlation coefficient between the two variables was (0.25) and that the potential value (0.119) Which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist relationship statistically significant correlation between EPS and cash flows from operating activities of the companies Jordan Insurance.

The second hypothesis:

No statistically significant relationship between cash flows from investing activities and earnings per share for the insurance companies of Jordan .

The results showed that the correlation coefficient between the two variables was(0.277 -) and that the potential value(0.095) Which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist relationship statistically significant correlation between EPS and cash flows from investing activities for companies Jordan Insurance .

The third hypothesis:

No statistically significant relationship between cash flows from financing activities and earnings per share for the insurance companies of Jordan .

The results showed that the correlation coefficient between the two variables was(0.256), and the potential value(0.113) Which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist Relationship statistically significant correlation between EPS and cash flows from financing activities for companies Jordan Insurance .

The Fourth hypothesis:

No statistically significant relationship between the net cash flows and earnings per share for the insurance companies of Jordan .

The results showed that the correlation coefficient between the two variables was(0.155 -) and that the potential value(0.235) Which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist relationship statistically significant correlation between the EPS and net cash flows for the insurance companies of Jordan .

Comment:

When an application study on the Jordanian insurance companies for the year 2016 show no significant statistical relationship between the ESP and of cash flows from operating activities and cash flows from investing activities and cash flows from financing activities and net cash flows.

second: Testing hypotheses for the year 2017

The potential value (Sig.)	Coefficient of determination% (R ²)	Pearson correlation coefficient (R)	Independent variables
0.051	%11.8	0.344	Cash flows from operating
0.292	%1.4	- 0.118	Cash flows from investing
0.420	%2	0.043	Cash flows from financing
0.235	%2.4	- 0.155	Net cash flows

* Statistically significant link in the abstract level 0.05

After comparison of the hypotheses previously identified lobby n actual results of correlation coefficients which describes the true relationship between the dependent variable and independent variables to verify the validity of each hypothesis, this study was as follows:

The first hypothesis:

No statistically significant relationship between cash flows from operating activities and earnings per share to insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was) (0.344), and the potential value (0.051) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist.

Relationship statistically significant correlation between EPS and cash flows from operating activities of the companies Jordan Insurance

The second hypothesis:

No statistically significant relationship between cash flows from investment activities and earnings per share for the insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was) (0.118 -) and that the potential value (0.292) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist.

Relationship statistically significant correlation between EPS and cash flows from investing activities for companies Jordan Insurance

The third hypothesis:

No statistically significant relationship between cash flows from financing activities and earnings per share to insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was (0.043) and the potential value (0.420) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist relationship statistically significant correlation between EPS and cash flows from financing activities for companies Jordan Insurance.

The Fourth hypothesis:

No statistically significant relationship between the net cash flows and earnings per share for the insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was (-0.234) and that the potential value (0.136) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist. Relationship statistically significant correlation between the EPS and net cash flows for the insurance companies of Jordan.

Comment:

When an application study on the Jordanian insurance companies for the year 2017, shows no statistically significant relationship between the EPS and cash flows from operating activities and cash flows from investing activities and cash flows from financing activities and net cash flows.

Third: testing hypotheses for the year 2018

The potential value (Sig.)	Coefficient of determination% (R ²)	Pearson correlation coefficient (R)	Independent variables
*0.024	%16.6	0.407	Cash flows from operating
0.110	%6.7	- 0.260	Cash flows from investing
0.299	%1.3	0.113	Cash flows from financing
0.394	%0.3	- 0.085	Net cash flows

*** Statistically significant link in the abstract level 0.05**

After comparison of the hypotheses previously identified and the actual results of the correlation coefficients which describes the true relationship between the dependent variable and independent variables to verify the validity of each hypothesis, this study was as follows:

The first hypothesis:

No statistically significant relationship between cash flows from operating activities and earnings per share to insurance companies of Jordan .

The results showed that the correlation coefficient between the two variables was(0.407), and the potential value (0.024) which is less than the significance level 0.05, which means the rejection of the null hypothesis, and accept the alternative hypothesis and therefore it is no correlation statistically significant positive correlation between EPS and cash flows from operating activities for the insurance companies of Jordan and the coefficient of determination 16.6%.

The second hypothesis:

No statistically significant relationship between cash flows from investment activities and earnings per share for the insurance companies of Jordan .

The results showed that the correlation coefficient between the two variables was(- 0.260) and that the potential value (0.110) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist relationship statistically significant correlation between EPS and cash flows from investing activities for companies Jordan Insurance.

The third hypothesis:

No statistically significant relationship between cash flows from financing activities and earnings per share to insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was (0.113), and the potential value (0.299) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist relationship statistically significant correlation between EPS and cash flows from financing activities for companies

Jordan Insurance .

The Fourth hypothesis:

No statistically significant relationship between the net cash flows and earnings per share for the insurance companies of Jordan .

The results showed that the correlation coefficient between the two variables was(- 0.085) and that the potential value (0.394) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist relationship statistically significant correlation between the EPS and net cash flows for the insurance companies of Jordan .

Comment:

When an application study on the insurance companies of Jordan for the year 2018show a statistically significant relationship between ESP and cash flows from operating activities, and not exist relationship statistically significant correlation between EPS and cash flows from financing activities and investing activities and net cash flows.

Fourth: testing hypotheses for the year 2019

The potential value (Sig.)	Coefficient of determination% (R2)	Pearson correlation coefficient (R)	Independent variables
*0.001	%36.3	0.603	Cash flows from operating
0.118	%6.3	- 0.251	Cash flows from investing
*0.017	%19	0.453	Cash flows from financing
0.123	%6.1	- 0.246	Net cash flows

*** Statistically significant link in the abstract level 0.05.**

After comparison of the hypotheses previously identified and the actual results of the correlation coefficients that show the true relationship between the dependent variable and independent variables to verify the validity of each hypothesis, this study was as follows:

The first hypothesis:

No statistically significant relationship between cash flows from operating activities and earnings per share for the insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was (0.603) and the potential value (0.001), less than the significance level 0.05, which means the rejection of the null hypothesis and accept the hypothesis of alternative and therefore it is positive correlation statistically significant between earnings per share and cash flows from operating activities of the companies Jordan Insurance and the coefficient of determination 36.3% .

The second hypothesis:

No statistically significant relationship between cash flows from investment activities and earnings per share for the insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was(-0.251) and the potential value(0.118) which is greater than the significance level 0.05, which means accepting the null hypothesis and therefore there is no relationship statistically significant correlation between EPS and cash flow from investment activities of insurance companies of Jordan

The third hypothesis:

No statistically significant relationship between cash flows from financing activities and stock returns for insurance companies of Jordan .

The results showed that the correlation coefficient between the two variables was (0.453), and the potential value (0.017) which is less than the significance level 0.05, which means the rejection of the null hypothesis and accept the alternative hypothesis and therefore it is no correlation statistically significant positive correlation between EPS and cash flows from financing activities for the insurance companies of Jordan and the coefficient of determination 19%

The Fourth hypothesis:

No statistically significant relationship between the net cash flows and stock returns for insurance companies of Jordan .

The results showed that the correlation coefficient between the two variables was (-0.246) and the potential value(0.123) which is greater than the significance level 0.05, which means accepting the null hypothesis and therefore there is no relationship statistically significant correlation between the EPS and net cash flows for the insurance companies of Jordan .

Comment:

When an application study on the insurance companies of Jordan for the year 2019show no significant statistical relationship between the yield on the stock, both from the cash flows from investing activities and net cash flows, and also show a relationship statistically significant correlation between earnings per share and both the cash flows from operating activities and cash flows from financing activities.

Fifth: testing hypotheses for the year 2020

The potential value (Sig.)	Coefficient of determination% (R ²)	Pearson correlation coefficient (R)	Independent variables
0.322	%1	0.099	Cash flows from operating
0.299	%1.3	- 0.133	Cash flows from investing
0.112	%6.6	-0.258	Cash flows from financing
0.196	%3.4	- 0.183	Net cash flows

Statistically significant link in the abstract level 0.05

After comparison of the hypotheses previously identified and the actual results of the correlation coefficients that show the true relationship between the dependent variable and independent variables to verify the validity of each hypothesis, this study was as follows:

The first hypothesis:

No statistically significant relationship between cash flows from operating activities and earnings per share to insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was(0.099), and the potential value (0.322) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist .

relationship statistically significant correlation between EPS and cash flows from operating activities of the companies Jordan Insurance .

The second hypothesis:

No statistically significant relationship between cash flows from investment activities and earnings per share for the insurance companies of Jordan

The results showed that the correlation coefficient between the two variables was (- 0.133) and that the potential value (0.299) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist .

relationship statistically significant correlation between EPS and cash flows from investing activities for companies Jordan Insurance

The third hypothesis:

No statistically significant relationship between cash flows from financing activities and earnings per share for the insurance companies of Jordan .

The results showed that the correlation coefficient between the two variables was (-0.258) and that the potential value(0.112) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist .

Relationship statistically significant correlation between EPS and cash flows from financing activities for companies Jordan Insurance

The Fourth hypothesis:

No statistically significant relationship between the net cash flows and earnings per share for insurance companies of Jordan

The results showed that the correlation coefficient between the two variables was (-0.183) and that the potential value (0.196) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist.

Relationship statistically significant correlation between earnings per share and net cash flows for the insurance companies of Jordan.

Comment:

When an application study on the Jordanian insurance companies for the year 2020show no significant statistical relationship between earnings per share and cash flows from operating activities and cash flows from investing activities and cash flows from financing activities and net cash flows.

Sixth: Testing hypotheses for the years 2016- 2020:

The potential value (Sig.)	Coefficient of determination% (R ²)	Pearson correlation coefficient (R)	Independent variables
*0.000	%9.4	0.307	Cash flows from operating
*0.003	%6.4	- 0.253	Cash flows from investing
0.220	%0.5	0.071	Cash flows from financing
0.318	%0.2	0.044	Net cash flows

*** Statistically significant link in the abstract level 0.05**

After comparison of the hypotheses previously identified and the actual results of the correlation coefficients which describes the true relationship between the dependent variable and independent variables to verify the validity of each hypothesis, this study was as follows:

The first hypothesis:

No statistically significant relationship between cash flows from operating activities and earnings per share to insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was (0.307), and the potential value (0.000) which is less than the significance level 0.05, which means the rejection of the null hypothesis and accept the alternative hypothesis and therefore it is statistically significant positive correlation between EPS and cash flows from operating activities for the insurance companies of Jordan and the coefficient of determination 9.4% .

The second hypothesis:

No statistically significant relationship between cash flows from investment activities and earnings per share for the insurance companies of Jordan .

The results showed that the correlation coefficient between the two variables was (-0.253) and that the potential value (0.003) which is less than the significance level 0.05, which means the rejection the null hypothesis and accept the alternative hypothesis and therefore there are inverse correlation statistically significant between the EPS and cash flows from investing activities for the insurance companies of Jordan and coefficient of determination 6.4% .

The third hypothesis:

No statistically significant relationship between cash flows from financing activities and earnings per share for the insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was (0.071) and the potential value (220.0) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist .

Relationship statistically significant correlation between EPS and cash flows from financing activities for companies Jordan Insurance.

The Fourth hypothesis:

No statistically significant relationship between the net cash flows and earnings per share for the insurance companies of Jordan.

The results showed that the correlation coefficient between the two variables was (0.044), and the potential value (0.318) which is larger than the significance level 0.05, which means accepting the null hypothesis and therefore it does not exist.

Relationship statistically significant correlation between the EPS and net cash flows for the insurance companies of Jordan.

Comment:

When an application study on the insurance companies of Jordan for the years 2016-2020 show a relationship statistically significant correlation between earnings per share and both from the cash flows from operating activities and cash flows from investing activities, as well as showing no relationship statistically significant correlation between earnings per share and, both of Cash flows from financing activities and net cash flows.

Conclusions and recommendations

First: - Results

- 1 - The statement of cash flows are particularly important because they show cash inflows and outflows of the various activities of the company.
- 2 - When you apply the study found that the relationship between earnings per share and cash flows of the different activities varied from year to year in the presence of correlation or not.
- 3 - There is a correlation between earnings per share and cash flows for the activities of only medium that out the relationship and the correlation coefficient did not exceed (0.61) .
- 4 - The coefficient of determination or interpretation did not exceed 36.3% and this percentage is weak because the independent variables (cash flow from operating activities and investing and financing activities and net cash flows) did not explain the dependent variable (earnings per share), but within the limits of this ratio means that there are other variables explain the dependent variable the best explanation.

Second: - Recommendations

- 1 - Interest in the cash flow statement and analysis of its items and be counted on to make some decisions.
- 2 - Due to the absence of a strong correlation between EPS and cash flows of different activities can not find an equation to predict the value of earnings per share by cash flow.
- 3 - purely for other variables explain the earnings per share more than an explanation.
- 4 - Try to find a formula to predict the value of earnings per share through other variables over a link and an explanation.

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