

# “An investigation of capital investment and accounting information: evidence from Jordan”

## AUTHORS

Talal Al-Kassar  <https://orcid.org/0000-0002-1841-4290>

## ARTICLE INFO

Talal Al-Kassar (2019). An investigation of capital investment and accounting information: evidence from Jordan. *Investment Management and Financial Innovations*, 16(3), 106-119. doi:[10.21511/imfi.16\(3\).2019.11](https://doi.org/10.21511/imfi.16(3).2019.11)

## DOI

[http://dx.doi.org/10.21511/imfi.16\(3\).2019.11](http://dx.doi.org/10.21511/imfi.16(3).2019.11)

## RELEASED ON

Wednesday, 21 August 2019

## RECEIVED ON

Tuesday, 04 June 2019

## ACCEPTED ON

Thursday, 01 August 2019

## LICENSE



This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/)

## JOURNAL

"Investment Management and Financial Innovations"

## ISSN PRINT

1810-4967

## ISSN ONLINE

1812-9358

## PUBLISHER

LLC “Consulting Publishing Company “Business Perspectives”

## FOUNDER

LLC “Consulting Publishing Company “Business Perspectives”



NUMBER OF REFERENCES

**34**



NUMBER OF FIGURES

**0**



NUMBER OF TABLES

**16**

© The author(s) 2025. This publication is an open access article.



BUSINESS PERSPECTIVES



LLC "CPC "Business Perspectives"  
Hryhorii Skovoroda lane, 10,  
Sumy, 40022, Ukraine

[www.businessperspectives.org](http://www.businessperspectives.org)

Received on: 4<sup>th</sup> of June, 2019

Accepted on: 1<sup>st</sup> of August, 2019

© Talal Al-Kassar, 2019

Talal Al-Kassar, Associate Professor,  
Department of Accounting, Faculty  
of Business, Philadelphia University,  
Jordan.



This is an Open Access article,  
distributed under the terms of the  
[Creative Commons Attribution 4.0  
International license](https://creativecommons.org/licenses/by/4.0/), which permits  
unrestricted re-use, distribution,  
and reproduction in any medium,  
provided the original work is properly  
cited.

Talal Al-Kassar (Jordan)

# AN INVESTIGATION OF CAPITAL INVESTMENT AND ACCOUNTING INFORMATION: EVIDENCE FROM JORDAN

## Abstract

The study goal is to investigate the effect of cash specific accounting information on the capital investment decisions. To this end, the researcher used a prepared questionnaire to selected companies in Jordan. The main result of the study has shown that there is a significant effect of three kinds of accounting information, which are related to expected cash flows: 1) data on scrapped assets at the end of investment, 2) information on money coming in and out, and 3) information on cash saving by tax (outflows). Capital investment decisions show an increased consciousness by companies and have an importance of accounting information effect. This will significantly extend in the progress of capital investment decisions in companies. The main recommendation was to use the information on accounting, such as cash flows obtained from the asset at the end of their life. Also, information on cash coming in and out of companies, and information on cash saving by outflows (tax) have a significant effect on decisions related to capital investment.

## Keywords

accounting information, capital investment decisions,  
cash, Jordan

## JEL Classification

M21

## INTRODUCTION

The relationship between accounting data and the capital investment costs of companies is one of the key issues in accounting (Lambert et al., 2007; Tiron-Tudor et al., 2018; Kliestik et al., 2018). Therefore, many of the uncertainties and risks experienced by the global economy require the creation of an investment environment that is characterized by the credibility of accounting information, which helps to make investment decisions. At the same time, it is important to remember two other vital aspects, which are equally important, i.e. being socially and ethically responsible (Sroka & Vveinhardt, 2018; Shpak et al., 2018), as well as a cooperative aspect, even with competitors, which is known as competition (Cygler et al., 2018).

The main objective of the research is to analyze the role of cash specific accounting data when making decisions on capital investments. It was done by measuring the management's ability to use accounting information when deciding to invest.

The research presents and highlights the effect of accounting information on capital investment decisions. This research applied the responses of companies about their views on the level of accounting information through statistical testing of hypotheses of the study to assess the role of accounting data and capital investment decisions in companies.

The purpose of the study is to analyze the role of cash specific accounting data in making decisions to invest capital. Therefore, the study treated the following three goals of accounting information: information about cash inflows and used cash flow information beyond the annual level, information about expected cash flows at the end of asset investment, and information about operating cash outflows (as tax).

On that basis, the study will contribute to enhancing the ability of these companies to achieve the overall objectives of economic development, such as to increase the efficiency and effectiveness in the utilization of available resources the best. Also, they make the decisions on capital investment as important when decision makers are active in companies. It is indicated that the fear of low rate of financial return compared to expenses will lead to such decisions that are of interest to the company.

## Problem statement and hypotheses development

The problem that was investigated in this study is whether there is an effect of cash specific accounting information on capital investment decisions? This paper explores the following questions, which are crucial to answer the main research problem:

- What is the role of cash inflows and outflows (the cost of the asset purchase, the sale of assets and property) in the capital investment decisions of companies?
- What is the role of the other annual cash flow (the cost of management and operation of the original investment) decisions in the capital investment decisions of companies?
- Could there be a role of expected cash flows from sale in the capital investment decisions of companies?
- Could emerging operational cash flows (taxes) be used to make decisions on capital investment of companies?

Many researchers, both Jordanians and foreigners, have conducted substantial empirical studies related to capital investments and searched the effect of accounting data quality and capital investment clarity on companies' efficiency. The studies were carried out by Zhang (2001), Hamza (2007), Bennouna and Merchant (2010), Khamees et al. (2010), Omet et al. (2015), Cho and Kang (2017), Alawaqleh and Al-Sohaimat (2017). By combining various interpretations of capital investment, the researchers defined it as:

- a series of responses due to the continuing effect of cash inflows and outflows;
- the effect of extra annual cash flows;
- the effect of expected cash flows at the end of the term of the asset investment;
- the effect of operating cash flows beyond the (tax) responses due to the continuing effects of one or more stressors on investors in companies.

Therefore, the following hypothesis from the above interpretations in a null form has been formulated:

$H_0$ : *There is no statistically significant effect of accounting information on making decisions on capital investment.*

The hypothesis (it will be further tested) can be divided into four sub-hypotheses according to the various interpretations of capital investment:

$H_{01}$ : *The effect of cash inflows and outflows has no statistical significance at the level of significance  $\alpha \leq 0.05$  to make decisions on capital investment.*

$H_{02}$ : *The effect of the extra annual cash flows has no statistical significance at the level of significance  $\alpha \leq 0.05$  regarding making decisions on capital investment.*

$H_{03}$ : *The effect of expected cash flows is not statistically significant at the end of the term of the asset investment (as scrap) at the level of significance  $\alpha \leq 0.05$  regarding investment.*

$H_{04}$ : *There is no statistically significant impact of operating cash flows regarding tax at the level of significance  $\alpha \leq 0.05$  in the decision-making process on capital investment.*

---

## 1. LITERATURE REVIEW

Accounting information plays a vital role in preparing financial statements. Uyar et al. (2017) found that the accounting information system has a distinct effect on a governance level. Romney and Steinbart (2016) have noted that accounting information systems can provide appropriate data for management to have suitable decisions and use alternative fit to the company's investment. Therefore, the aim is to carry out the activities effectively. In general, the financial report aims to provide users and stakeholders with the necessary information to help them make decisions. The companies can be used in evaluation and decision-making by the parties and the categories used for this information (Khanfar & Al-Falah, 2011; Sanusi et al., 2017; Vătămănescu et al., 2018; Kliestik et al., 2018b). Lambert et al. (2007), Mattar (2014) have explained that accounting information reduces non-diversifiable possible risks in firms. Financial analysis has been considered as one of the crucial issues in comparison. It has the main characteristic of the accounting information systems, which depend upon comparing the financial statements with the same company or for previous years, or with other companies in the same sector for having efficient investment decisions. To obtain economic improvement, investment decisions are among the most challenging decisions to make and are extremely critical. This decision, in summary, acts as the allocation of resources on the one hand, and on the other hand, is one of the ways of distributing national income (Kdawi, 2008). Altamaha (2010) notes that the strategic goal of the capital investment depends on the final selection of

alternatives offered to the company. Taher and Alkhafaf (2013) mentioned that the traditional organizations were primarily responsible for the decision-making process in capitalism and that it was done by the senior management.

Yan and Xie (2016) have mentioned the potential consequences of reduced capital investment for many reasons. Hence, it may result from reducing the quality of capital investment.

Zhai and Wang (2016) examine the effect of accounting information on corporate investment choices, which are essential to bodies. Therefore, these will lead to a better understanding of the governance role of accounting information, to have better decisions. Tyll and Pohl (2014), in their study, have shown that the stock price level was reflected by better financial position of companies, and investors used accounting information in the analysis instead of carrying out classic analysis in their investment decisions.

Also, Turner and Weickgenannt (2009) have noted that information regarding capital spending that occurs in the period has a revenue effect, which will continue for a long time. Therefore, the success of the company in the future depends on the integrity of investment decisions taken at present (Hanafi & Qaryaqs, 2002).

The key factors to be taken into account are as follows:

- cash inflows and outflows;
- cash used;

- cash flows at the end of the term of asset investment; and
- cash outflow effects in taxes.

In general, the company makes a profit, so all investment is deducted from revenue before arriving at a taxable profit. It achieves savings or tax gains for each period, and thus it can be measured with exemption such as:

- depreciation method;
- increase in inventory (as current assets);
- tax on the gains cash from scrapping the asset at the end of the period subject to tax;
- the cash flows resulting from financing and interest rates on loans and repayments of these loans, and cash outflows related to financing.

## 2. METHODS

### 2.1. Sampling

120 questionnaires were distributed among directors from industrial companies included in the

study. Only 100 were subjected to statistical analysis because of the incomplete questionnaires (see Tables 1 and 2).

The research method utilized was a questionnaire. It was distributed to selected companies.

SPSS was used to analyze the data collected through the questionnaire. The Likert Scale was used for each item of the questionnaire. The scale used three levels: A – low, B – medium, and C – high.

The evaluation measure of the study sample with the accounting information principles has been adopted, which is divided into three levels as mentioned above. Therefore, the tool given to the companies in the study consists of 50 paragraphs, as mentioned below in Tables 8, 10, 12, 14, and 16.

The stability percentage of the instrument overall was 87.9%, since the acceptable percentage for generalization in humanities and social science research results is 60% or more, as shown in Table 3.

**Table 1.** Valid, collected and distributed questionnaires

Job	Distributed	Response rate	Valid questionnaires
General manager	30	73.3%	22
Administrative director	30	86.7%	26
Financial manager	30	100%	30
Internal audit manager	30	73.3%	22
Total	120	83.3	100

**Table 2.** The characteristics of the study sample

Description	Distribution		
Gender	Male	73	73%
	Female	27	27%
Degree	Ph.D.	6	6%
	Master's degree	20	20%
	University degree	74	74%
Experience	5 to 10 years	12	12%
	10 to 15 years	22	22%
	15 years and more	66	66%
Specialization	Insurance and marketing	20	20%
	Accounting	30	30%
	Business administration	32	32%
	Other degrees	18	18%

**Table 3.** Reliability of the results (internal consistency of the questionnaire items)

Source: Author's estimation (2018).

Variables	No. of items (paragraphs)	Cronbach's alpha (reliability coefficient)	The proportion of stability
Cash inflows and outflows	10	0.804	80.4%
Cash outflows annual	10	0.729	72.9%
Expected cash flows at the end of the original investment	10	0.732	73.2%
Operating cash flows beyond (tax)	10	0.821	82.1%
Capital investment decisions	10	0.816	81.6%
The tool as a whole	50	0.879	87.9%

## 2.2. Model strength test – variance inflation factors (VIF)

The variance inflation factors (VIF) test was used to verify the presence of multi-collinearity in the absence of independent variables, and Table 4 shows the results of this test.

**Table 4.** VIF's results

Source: Author's estimation (2018).

Dependent variables	VIF	Tolerance	Critical value
Cash inflows and outflows	1.136	0.881	5
Cash outflows annual	1.237	0.808	5
Cash flows at the end of investment	1.301	0.769	5
Operating cash flows beyond the (tax)	1.247	0.802	5

The researcher used the following statistical methods: 1 – mean, 2 – standard deviation, 3 – test (VIF) variance inflation factors, 4 – Kolmogorov-Smirnov test, and 5 – T-test. The mean and standard deviation for the variables is shown in Table 5.

**Table 5.** Mean and standard deviation

Source: Author's estimation (2018).

No.	Accounting information	Mean values	SD
1	Cash inflows and outflows	3.76	0.67
2	Annual cash outflows	4.22	0.39
3	Expected cash flows at the end of investment	4.16	0.42
4	Operating cash flows beyond tax	4.32	0.40
5	Capital investment decisions (dependent variable)	4.02	0.41

## 2.3. Natural distribution Kolmogorov-Smirnov test (one-sample K-S test)

A one-sample K-S test was used to verify that the data of the research model variables rest on normal distribution by testing the following statistical hypotheses:

*H1: The variables of the study model do not rest on the normal distribution.*

*H0: The variables of the study model rest on the normal distribution.*

Table 6 shows the results of the one-sample K-S test to test the normal distribution of the study variables.

**Table 6.** Normal distribution test (one-sample Kolmogorov-Smirnov test)

Source: Author's estimation (2018).

No.	Variables of the study	No. of views	Z score	Significance level
1	Information on cash inflows and outflows	100	1.370	0.074
2	Information on annual cash outflows	100	1.062	0.209
3	Information on cash flows at the end of investment	100	0.859	0.452
4	Information on operating cash flows beyond tax	100	1.098	0.179
5	Information on capital investment decisions	100	1.279	0.076

Note: T-test is 1.96 at the level of significance  $\alpha = 0.05$  in 2-tailed.

## 3. RESULTS

The results of the above hypothesis, which will be divided into four sub-hypotheses and tested, are presented in the next sub-section.

### 3.1. The result of the first sub-hypothesis

*H<sub>01</sub>: The effect of cash inflows and outflows is not statistically significant at the level of significance  $\alpha \leq 0.05$  to make decisions on capital.*

The results of the first sub-hypothesis show the presence of statistically significant effect at the level of significance  $\alpha = 0.05$  related to informa-

tion on the cash inflows and outflows on the decision-making process on capital investment decisions in the companies (Table 7). Thus, increased awareness of the companies to contribute to the cash inflows and outflows of information mentioned will contribute significantly to the development of the process of making decisions on capital investment in the companies.

**Table 7.** Results related to the first sub-hypothesis

Source: Author's estimation (2018).

T-calculated	T-scheduled	T-significant	The result	Mean
16.921	1.96	0.000	Reject	3.76

This hypothesis was tested by item (1) to (10) of the questionnaire as shown in Table 8.

**Table 8.** Items related to the first sub-hypothesis

Source: Author's estimation (2018).

No.	Items	Mean	SD	Rank	S
1	The company depends on data on the cash inflows used while doing various activities in making their investment decisions	3.85	1.17	6	High
2	Information related to cash inflow and outflow and their contribution to increased specificity degree of certainty about the decision alternatives	4.02	1.00	4	High
3	Data about the quality of the cash inflows and used characterized by a high degree of clarity is available to the company's management	3.55	1.22	10	Mid.
4	Sufficient information regarding the purchase of fixed assets, which may take place over several years, is available to the management of the company	3.86	1.01	5	High
5	Sufficient information regarding the automatic increase in current assets is available to the management of the company	3.83	1.08	7	High
6	Enough data regarding expenses of installation of machinery run is available to the management of the company	3.81	1.14	8	High
7	The company relies on the formulation of plans for the future and design	4.09	0.98	3	High
8	Carry out feasibility studies by the management of projects for the purposes of the decision-making	3.77	1.00	9	High
9	The company's management processes capital fixed assets of projects	4.23	0.75	2	High
10	Based on the company's operations (cash and notes payable) that is released to the order of others	4.31	0.76	1	High
General mean and standard deviation		3.76	0.67	–	High

Table 8 shows the results of the first sub-hypothesis test. The table shows the trends of the positive responses towards the existence of a statistically significant effect at the level of significance  $\alpha \leq 0.05$ . The null hypothesis  $H_{01}$  is then rejected.

The mean for all items was greater than 3, and the standard deviation was less than 1 for most items.

Therefore, there is an impact of information related to cash inflows and outflows on decision-making on capital investment in companies.

### 3.2. The result of the second sub-hypothesis

$H_{02}$ : *The effect of the extra annual cash flows is not statistically significant at the level of significance  $\alpha \leq 0.05$  regarding making decisions on capital investment.*

The findings of the second sub-hypothesis show the statistically significant effect at the level of significance  $\alpha = 0.05$  related to information on annual cash outflows on the decision-making process regarding capital investment decisions in companies (Table 9). Thus, increased awareness of companies to contribute to annual cash outflows to the information presented will assist significantly in improving the process of making decisions on capital investments in companies.

**Table 9.** Results related to the second sub-hypothesis

Source: Author's estimation (2018).

T-calculated	T-scheduled	T-significant	The result	Mean
12.642	1.96	0.000	Reject	4.22

This sub-hypothesis was tested by items 11 to 20 of the questionnaire as shown in Table 10.

The results of the second sub-hypothesis are shown in Table 10. The table shows the trends of the positive responses towards the existence of a significant effect at the level of  $\alpha \leq 0.05$ . The null hypothesis  $H_{02}$  is thus rejected. The mean is over 4, and the standard deviation was less than 1 for all items.

**Table 10.** Items related to the second sub-hypothesis

Source: Author's estimation (2018).

No.	Items	Mean	SD	Rank	S
11	The sales activity of a company as of the most important annual cash flows	4.05	0.75	8	High
12	The company expenses on operations considered as cash outflows over the economic life of the investment asset	4.16	0.76	4	High
13	The company's management takes into account anticipated changes in current assets during the period of circulation	4.04	0.78	9	High
14	Can be classified as capital expenditures or as fixed assets (tangible and intangible)	4.35	0.70	1	High
15	The management of the company should know the nature of the expense and the purpose it provides for annual capital services	4.15	0.65	5	High
16	The management of the company should not repeat the capital expenditure during its normal activity cycle	4.18	0.64	3	High
17	The company's management has the ability of capital expenditures for more than a year	4.25	0.74	2	High
18	Classification of capital expenditure in the company by type of activity and nature	4.14	0.68	6	High
19	The necessary liquidity and guarantee provided by the company to cover emergencies that the production process may face	4.12	0.67	7	High
20	The cash needed by the company offer to cover the requirements of the work and the production process	3.99	0.68	10	High
General mean and standard deviation		4.22	0.39	-	High

### 3.3. The result of the third sub-hypothesis

$H_{03}$ : *The effect of expected cash flows has no statistically significant effect at the end of the term of the asset investment (as scrap) at the level of significance  $\alpha \leq 0.05$  regarding making decisions on capital investment.*

The results of the third sub-hypothesis are shown in Table 11. Thus, an increased awareness of the companies to contribute to expected cash flows at the end of investment (sale as scrap) will contribute significantly to improving the process of making capital investment decisions.

**Table 11.** Results of the third sub-hypothesis

Source: Author's estimation (2018).

T-calculated	T-scheduled	T-significant	The result	Mean
20.213	1.96	0.000	Reject	4.16

This hypothesis was tested by items 21 to 30 of the questionnaire, as shown in Table 12.

**Table 12.** Items related to the third sub-hypothesis

No.	Items	Mean	SD	Rank	S
21	The company is interested in entering the cash flows related to assets	3.54	1.16	10	Mid.
22	Accounting information is essential to the company relating to the expected cash flows at the end of the investment	4.18	0.71	8	High
23	The company has the capacity to assess the assets before they are sold as scrap	4.37	0.65	3	High
24	The management of the company makes wrong decisions when neglecting the value of the scrap	4.14	0.72	9	High
25	The management of the company recognizes the expenses of scrapping the asset and not omission	4.23	0.62	7	High
26	Recording all asset-related expenses is appropriate for capital decisions	4.24	0.66	6	High
27	The obligation to reduce depreciation and its expenses is appropriate for making appropriate decisions	4.34	0.78	4	High
28	The company seeks to maintain the real value of assets through conducting feasibility studies	4.33	0.64	5	High
29	Accounting information contains the adequate data as to capital decisions	4.38	0.68	2	High
30	Accounting information on insurance to stakeholders can help in taking the appropriate decisions	4.46	0.70	1	High
General mean and standard deviation		4.16	0.42	-	High

Table 12 shows the results of the third sub-hypothesis test. The table shows the trends of the positive responses towards the existence of a statistically significant effect at the level of significance  $\alpha \leq 0.05$ . The null hypothesis  $H_{03}$  is thus rejected. The mean for all items was greater than 4, and the standard deviation was less than 1 for most items.

Therefore, there is an impact of information related to the expected cash flows at the end of the term of the asset investment (the original sale as scrap) on making decisions on capital investment in companies.

### 3.4. The result of the fourth sub-hypothesis

$H_{04}$ : *There is no statistically significant impact of operating cash flows regarding tax at the level of significance  $\alpha \leq 0.05$  on the decision-making process on capital investment.*

The results in Table 13 show a positive impact. It is clear that the increased awareness of the companies on the contribution of operating cash flows for the tax to the information mentioned will contribute significantly to the advancement of the process of making capital investments decisions in the companies mentioned.

**Table 13.** Results of the fourth sub-hypothesis

T-calculated	T-scheduled	T-significant	Result	Mean
18.323	1.96	0.000	Reject	4.32

**Table 14.** Items related the to fourth sub-hypothesis

Source: Author's estimation (2018).

No.	Items	Mean	SD	Rank	S
31	Taxes are accounting information that affects capital expenditure decisions	4.28	0.58	3	High
32	The company determines the method of depreciation that is taxable and achieves maximum savings	4.22	0.61	5	High
33	The company depreciates the asset within the taxable period, even if the asset has value at the end of the period	4.19	0.63	6	High
34	The company is working to add expected changes in undeclared reserves (inventory)	4.16	0.61	8	High
35	The company recognizes the tax charged on the expected gains after the asset has been derecognized	4.32	0.75	2	High
36	A sufficient amount of an adequate return for the investor should be available in the accounting information, for the purpose of achieving objectivity	4.17	0.55	7	High
37	There is a need for accounting information neutrality and impartiality to make good decisions	3.63	0.66	10	Mid
38	Accounting information should be displayed to reflect the financial position of the company honestly	4.03	0.77	9	High
39	The company avoids taxes by privileges granted to them through new investments	4.25	0.80	4	High
40	The company's management should depend on a policy of consistency with the principles and methods of accounting	4.35	0.67	1	High
General mean and standard deviation		4.32	0.40	-	High

Table 14 presents the findings of the fourth sub-hypothesis testing. The table shows the trends of the positive responses towards the existence of a statistically significant effect at the level of significance  $\alpha \leq 0.05$  on the principle of ensuring that there is a basis for an effect of operating cash flows. The null hypothesis  $H_{04}$  is thus rejected. The mean was greater than 4, and the standard deviation was less than 1 for all items.

Therefore, there is an impact of information related to operating cash flows effects in taxes of making capital investment decisions in companies.

### 3.5. The result of the main hypothesis

There is no statistically significant effect of accounting information on making capital investment decisions in companies at the level of significance of  $\alpha \leq 0.05$ .

The findings of testing the hypothesis reveal a general statistically significant effect at the level of significance  $\alpha = 0.05$  for the three types of accounting data (about the expected cash flows at the end of the term of the asset investment, information on cash inflows and outflows, and data on the cash flow of operational cash outflow effects in taxes) on the decision-making process regarding capital investments in companies. It shows that it needs more awareness from companies on accounting information.

The researcher used a *t*-test for each sample, and the results are shown in Table 16.

**Table 15.** The results of the main hypothesis

Source: Author's estimation (2018).

T-calculated	T-scheduled	T-significant	Result	Mean
17.152	1.96	0.000	Reject	4.02

The results of the main hypothesis test are shown in Table 16. The table shows the trends of the positive responses towards the existence of a statistically significant effect at  $\alpha \leq 0.05$ . The null hypothesis  $H_0$  is rejected. The mean was greater than 4, and the standard deviation was less than 1 for all items.

Thus, there is a statistically significant effect of accounting information on making capital investment decisions in companies.

**Table 16.** Items related to the main hypothesis

Source: Author's estimation (2018).

No.	Items	Mean	SD	Rank	S
41	The process of capital expenditure decisions by senior management in the company	4.24	0.54	6	High
42	Scientific foundations for company rely on the process of making investment decisions and decisions are taken to be rational	4.25	0.64	5	High
43	The company, in its capital expenditure decisions, depends on forecasts	4.39	0.62	1	High
44	The capital expenditure decision affects the financial structure of the company. Thus, the relationship between return and risk should be taken into consideration	4.36	0.63	3	High
45	The capital expenditure decision should be put by the company in line with its activities, objectives and policies	4.34	0.74	4	High
46	The company should make the capital expenditure decision in a way that its decisions do not contradict the objectives	4.11	0.53	9	High
47	The need for accounting information neutrality and impartiality to make good decisions	3.61	0.63	10	Mid
48	The investment decision includes a significant financial commitment over some time to obtain a return in the future	4.06	0.76	8	High
49	The decision maker should adopt a suitable strategy to serve for both the company and the investor	4.27	0.82	7	High
50	The company relies on expenses (replacement, expansion, improvement, strategy and contracting) in making capital expenditure decisions	4.37	0.65	2	High
General mean and standard deviation		4.02	0.41	–	High

## CONCLUSION, RECOMMENDATIONS AND FURTHER STUDIES

The article shows a worthy empirical evidence for capital expenditure investment with regard to information and contributes to the efficiency of new methods selection such as taxes. This implies that the government should place greater emphasis on standardizing and supervising the disclosure of control information at the initial public offerings (IPO) of companies in their prospectuses and listing announcements.

Through analyzing responses and hypothesis testing, the conclusion reached is that there is a statistically significant effect of information on all variables that were tested. To this extent, it is concluded that there is an increasing awareness by the management of the companies selected that understanding accounting information is important for decision making, particularly when it comes to capital investment.

The first recommendation is that since the results suggest that accounting information is important for making decisions on capital investments, it is recommended that controls are put in place to ensure that this information carries a high degree of credibility and objectivity. If this is done, it will increase reliability of capital investment decisions. The second recommendation is that there is a need to identify the nature of the information that is required in each category and the administrative accounting for the different categories of information used and the multiplicity of their needs. It is also important to provide the necessary information for decision-making and to improve the efficiency and effectiveness of accounting information. Further studies are invited related capital investment decisions in different sectors and their effects on income tax or VAT.

## REFERENCES

- Alawaqleh, Q., & Al-Sohaimat, M. (2017). The Relationship between Accounting Information Systems and Making Investment Decisions in the Industrial Companies Listed in the Saudi Stock Market. *International Business Research*, 10(6), 199-211. <https://doi.org/10.5539/ibr.v10n6p199>
- Altamaha, H. (2010). *The theory of decision-making quantitative analytical technique* (Dar Saffa for publication and distribution). Amman, Jordan.
- Bennouna, K., & Merchant, T. (2010). Improved capital budgeting decision making: evidence from Canada.

- Management Decision*, 48(2), 225-247. <https://doi.org/10.1108/00251741011022590>
4. Cho, Sang-Min, & Kang, Sun-A. (2019). The effect of accounting information quality and competition on investment inefficiency: evidence from Korea. *Asia-Pacific Journal of Accounting and Finance*, 26(4), 489-510. <https://doi.org/10.1080/16081625.2017.1392879>
  5. Cygler, J., Sroka, W., Solesvik, M., & Dębkowska, K. (2018). Benefits and drawbacks of coopetition: the roles of scope and durability in cooperative relationships. *Sustainability*, 10(8), 2688, <https://doi.org/10.3390/su10082688>
  6. Hamza, M. (2007). The role of accounting information in the rationalization of investment decisions in the market Amman Stock Exchange Empirical Study. *Journal of Damascus University for Economic Legal Sciences*.
  7. Hanafi, A., & Qaryaq, R. Z. (2002). *Approach in the contemporary financial management* (Dar Aljamaha). Amman, Jordan.
  8. Hanafi, A. (2016). *Financial Management – the entrance to make decisions* (Dar Aljamaha of publishing and distribution). Amman, Jordan.
  9. Kdawi, T. (2008). *Evaluation of investment decisions* (Dar Yazori for publication and distribution). Amman, Jordan.
  10. Khamees, B., Ahmad, Al-Fayoumi, N., & Al-Thuneibat, A. (2010). Capital budgeting practices in the Jordanian industrial corporations. *International Journal of Commerce and Management*, 20(1), 49-63. <https://doi.org/10.1108/10569211011025952>
  11. Khanfar, R., & Al Falah, B. G. (2011). *Analysis of Financial Statements* (Dar Almasera for publication and distribution). Amman, Jordan.
  12. Kozlovskiy, S. V. (2010). Economic policy as a basic element for the mechanism of managing development factors in contemporary economic systems. *Actual Problems of Economics*, 1(103), 13-20. Retrieved from [https://www.researchgate.net/publication/293721347\\_Economic\\_policy\\_as\\_a\\_basic\\_element\\_for\\_mechanism\\_of\\_managing\\_development\\_factors\\_in\\_contemporary\\_economic\\_systems](https://www.researchgate.net/publication/293721347_Economic_policy_as_a_basic_element_for_mechanism_of_managing_development_factors_in_contemporary_economic_systems)
  13. Kozlovsky, S., & Fonitska, T. (2013). Modern theoretical and methodological approaches to the budget management system forming. *Economic Annals-XXI*, 3-4, 35-37. Retrieved from [https://www.researchgate.net/publication/291173931\\_Modern\\_theoretical\\_and\\_methodological\\_approaches\\_to\\_the\\_budget\\_management\\_system\\_forming](https://www.researchgate.net/publication/291173931_Modern_theoretical_and_methodological_approaches_to_the_budget_management_system_forming)
  14. Kliestik, T., Misankova, M., Valaskova, K., & Svabova, L. (2018a). Bankruptcy Prevention: New Effort to Reflect on Legal and Social Changes. *Science and Engineering Ethics*, 24(2), 791-803. <https://doi.org/10.1007/s11948-017-9912-4>
  15. Kliestik, T., Kovacova, M., Podhorska, I., & Kliestikova, J. (2018b). Searching for Key Sources of Goodwill Creation as New Global Managerial Challenge. *Polish Journal of Management Studies*, 17(1), 144-154. Retrieved from <http://yadda.icm.edu.pl/yadda/element/bwmeta1.element.baztech-b77a0477-8369-4787-b636-519aee19dfc4>
  16. Lambert, R., Leuz, C., & Verrecchia, R. (2007). Accounting Information, Disclosure, and the Cost of Capital. *Journal of Accounting Research*, 45(2), 385-420. <https://doi.org/10.1111/j.1475-679X.2007.00238.x>
  17. Mattar, M. (2014). *Recent trends in financial and credit analysis: Methods and tools and scientific uses*. Amman: Dar Wael for Publishing.
  18. Moses, S. N., Alzarkan, S. T., Alhadad, M. W., & Aldoakat, M. Al F. (2012). *Investment Management* (Dar Almasera for publication and distribution). Amman, Jordan.
  19. Omet, G., Yaseen, H., & Abukhadiieh, T. (2015). The Determinant of Firm Investment: The Case of Listed Jordanian Industrial Companies. *International Journal of Business and Management*, 10(9), 53-59. <https://doi.org/10.5539/ijbm.v10n9p53>
  20. Rawashda, K. (2006). *Methods for evaluating capital spending budgets and practices of capitalism in the industrial and service companies to contribute to Jordan* (MA Thesis). Yarmouk University, Jordan.
  21. Romney, B., & Paul, S. (2016). *Accounting Information Systems*. New Jersey: Prentice-Hall, Inc.
  22. Sanusi, K. A., Meyer, D., & Ślusarczyk, B. (2017). The relationship between changes in inflation and financial development. *Polish Journal of Management Studies*, 16(2), 253-265. Retrieved from <http://yadda.icm.edu.pl/yadda/element/bwmeta1.element.baztech-6678c1bc-b35f-4a48-9881-8bca260f9162>
  23. Shpak, N., Stanasiuk, N. S., Hlushko, O. V., & Sroka, W. (2018). Assessment of the social and labor components of industrial potential in the context of Corporate Social Responsibility. *Polish Journal of Management Studies*, 17(1), 209-220. <http://dx.doi.org/10.17512%2Fpjms.2018.17.1.17>
  24. Sroka, W., & Vveinhardt, J. (2018). Nepotism and favouritism in the steel industry: a case study analysis. *Forum Scientiae Oeconomia*, 6(1), 31-45. [https://doi.org/10.23762/FSO\\_VOL-6NO1\\_18\\_4](https://doi.org/10.23762/FSO_VOL-6NO1_18_4)
  25. Taher, M., & Alkhafaf, M. (2013). *Introduction to Management Information Systems* (Dar Wael). Amman, Jordan.
  26. Tiron-Tudor, A., Nistor, C. S., & Ștefănescu, C. A. (2018). The Role of Universities in Consolidating Intellectual Capital and Generating New Knowledge for a Sustainable Bio-Economy. *Amfiteatru Economic*, 20(49), 599-615. <https://doi.org/10.24818/EA/2018/49/599>
  27. Turner, L., & Weickgenannt, A. (2009). *Accounting Information Systems: Control and Processes*. New Jersey John Wiley & Sons, Inc.
  28. Tyll, L., & Pohl, P. (2014).

- Diminishing Role of Accounting Information for Investment Decisions. *International Journal of Engineering Business Management*, 6(1), 1-8. <https://doi.org/10.5772/59956>
29. Uyar, A., Haydar, A., & Kuzey, C. (2017). Impact of the Accounting Information System on Corporate Governance: Evidence from Turkish Non-Listed Companies. *Australasian Accounting, Business and Finance Journal*, 11(1), 9-27. <https://doi.org/10.14453/aabfj.v11i1.3>
30. Vătămănescu, E.-M., Alexandru, V.-A., Cristea, G., Radu, L., & Chirica, O. (2018). A Demand-Side Perspective of Bioeconomy: The Influence of Online Intellectual Capital on Consumption. *Amfiteatru Economic*, 20(49), 536-552. Retrieved from <https://ideas.repec.org/a/aud/audfin/v20y2018i49p536.html>
31. Yan, H., & Xie, S. (2016). How does auditors' work stress affect audit quality? Empirical evidence from the Chinese stock market. *China Journal of Accounting Research*, 9(4), 305-319. <https://doi.org/10.1016/j.cjar.2016.09.001>
32. Zhai, J., & Wang, Y. (2016). Accounting information quality, governance efficiency, and capital investment choice. *China Journal of Accounting Research*, 9(4), 251-266. <https://doi.org/10.1016/j.cjar.2016.08.001>
33. Zhang, G. (2001). Accounting Information, Capital Investment Decisions, and Equity Valuation: Theory and Empirical Implications. *Journal of Accounting Research*, 38(2), 271-295. Retrieved from [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=204029](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=204029)
34. Yousuf, A., Haddad, H., Pakurar, M., Kozlovskiy, S., Mohylova, A., Shlapak, O., & Janos, F. (2019). The effect of operational flexibility on performance: a field study on small and medium-sized industrial companies in Jordan. *Montenegrin Journal of Economics*, 15(1), 47-60. <https://dx.doi.org/10.14254/1800-5845/2019.15-1.4>

## APPENDIX

### Questionnaire

Dear Respondent:

Greetings:

The researcher has conducted a study tagged **AN INVESTIGATION OF CAPITAL INVESTMENT AND ACCOUNTING INFORMATION: EVIDENCE FROM JORDAN.**

Kindly requested to answer all the questions you deem fit and that through Department

1. General manager.
2. Managing director.
3. Financial director.
4. Internal audit manager.

I am confident that the best source to gain access to the required information is the fact that you are people of experience and competence. Please kindly answer the questions attached, note that it will be dealing with these answers confidentially, and that use will be for research purposes only. Hoping to return the **questionnaire** of this study to benefit companies and scientific institutions together with my honest thanks and appreciation to you for your effort to accomplish this study.

*The researcher*

### Section I. Personal and functional information

Please kindly put signal (X) at the appropriate choice:

1. Gender: Male, Female
2. Scientific specialization: Accounting, Business Administration, Financial and Other Banking
3. Qualification: Diploma, Bachelor, Master's, Doctorate
4. Job title: General Manager, Managing Director, Financial Director, Internal Audit Manager
5. Years of experience: Less than 5 years, 6-10 years, 11-15 years, 16+ years
6. Professional certificate: CPA, CMA, JCPA, CIA

### Section II. Accounting information

#### 1. Accounting information related to cash flows and from inflows

No.	Items	5	4	3	2	1
1	The company depends on data the cash inflows and used while doing various activities in making their investment decisions					
2	Information related to cash inflow and outflow and their contribution to increased specificity degree of certainty about the decision alternatives					
3	Data about the quality of the cash inflows and used characterized by a high degree of clarity is available to the company's management					
4	Sufficient information regarding the purchase of fixed assets, which may take place over several years, is available to the management of the company					
5	Sufficient information regarding the automatic increase in current assets is available to the management of the company					
6	Enough data regarding expenses of installation of machinery run is available to the management of the company					
7	The company relies in the formulation of plans for the future and design					
8	Carry out Feasibility studies on by the management of projects for the purposes of the decision- making					
9	The company's management processes to capital fixed assets of projects					
10	Based on the company's operations (cash and notes payable) that is released to the order of others					

## 2. Accounting information related to the cash flows beyond the annual

No.	Items	5	4	3	2	1
11	The activity of company sales most important annual cash					
12	The Company expenses of operations considered as cash outflows over the economic life of the investment asset					
13	The company's management takes into account anticipated changes in current assets during the period of circulation					
14	Can be classified as capital expenditures or as fixed assets (tangible and intangible)					
15	The management of the company should know the nature of the expense and the purpose it provides for annual capital services					
16	The management of the company should not repeat the capital expenditure during its normal activity cycle					
17	The Company's management has the ability of capital expenditures for more than a year					
18	Classification of capital expenditure in the company by type of activity and nature					
19	The necessary liquidity and guarantee provided by the company to cover emergencies that the production process may face					
20	The cash needed by the company offer to cover the requirements of the work and the production process					

## 3. Accounting information relating to the expected cash flows at the end of the asset investment

No.	Items	5	4	3	2	1
21	The company is interested in entering the cash flows related to assets					
22	Accounting information is essential to the company relating to the expected cash flows at the end of the investment					
23	The company has the capacity to assess the assets before they are sold as scrap					
24	The management of the company makes the wrong decisions when neglecting the value of the scrap					
25	The management of the company recognizes the expenses of scraping the asset and not omission					
26	Recording all asset-related expenses is appropriate for capital decisions					
27	The obligation to reduce depreciation and its expenses is appropriate for making appropriate decisions					
28	The company seeks to maintain the real value of assets through conducting feasibility studies					
29	Accounting information contains the adequacy of information to capital decisions					
30	Accounting information for insurance to stakeholders can helps in taking the appropriate decisions					

## 4. Accounting information related to the cash flows from operating beyond the tax

No/	Items	5	4	3	2	1
31	Taxes are accounting information that affects capital expenditure decisions					
32	The company determines the method of depreciation that is taxable and achieves maximum savings					
33	The Company depreciates the asset within the taxable period, even if the asset has value at the end of the period					
34	The Company is working to add expected changes in undeclared reserves (inventory)					
35	The Company recognizes the tax charged on the expected gains after the asset has been derecognized					
36	A sufficient amount of an adequate return for the investor should be available in the accounting information, for the purpose of achieving objectivity					
37	There is a need for accounting information neutrality and impartiality, to make good decisions					
38	Accounting information should be displayed in to reflect the financial position of the company honestly					
39	The company avoids taxes by privileges granted to them through new investments					
40	The company's management should depend on a policy of consistency with the principles and methods of accounting					

### Section III. Items relating to the dependent variable (capital investment decisions)

No	Items	5	4	3	2	1
41	The process of capital expenditure decisions by senior management in the company					
42	Scientific foundations for company rely on the process of making investment decisions and decisions are taken to be rational					
43	The company, in its capital expenditure decisions, depends on forecasts					
44	The capital expenditure decision affects the financial structure of the company Thus, the relationship between return and risk should be taken into consideration					
45	The capital expenditure decision should be made by the company in line with its activities, objectives, and policies					
46	The company should make the capital expenditure decision in a way that its decisions do not contradict the objectives					
47	The need for accounting information neutrality and impartiality to make good decisions					
48	The investment decision includes a significant financial commitment over some time to obtain a return in the future					
49	The decision maker should adopt a suitable strategy to serve for both the company and the investor					
50	The Company relies on expenses (replacement, expansion, improvement, strategy, and contracting) in making capital expenditure decisions					