

C O N T E N T S

	Page No.
1. INTRODUCTION - - - - -	1
- The Importance of this study - - - - -	1
- Objectives of this study - - - - -	4
- The Present study - - - - -	6
- Hypotheses of the study - - - - -	8
- Sources and Coverage of Data - - - - -	16
- Methodology and Data collection - - - - -	19
2. CONCEPT AND MEASUREMENT OF PROFIT AND PROFITABILITY - - - - -	21
- Definitions of Profit - - - - -	22
1. Accounting Profit - - - - -	26
2. Economic Profit - - - - -	30
3. Social Profit - - - - -	33
- Problems in Definitions of Accounting Profit - - - - -	35
- Types of Accounting Profit - - - - -	37
- Accounting Profit and Economic Profit - - - - -	40
- Concepts of Profitability - - - - -	44
- Profit Versus Profitability - - - - -	48
- Definition of Profit and Profitability in this study - - - - -	55
- Importance of Profitability Ratios - - - - -	57
- Profitability and Productivity - - - - -	60
- Measurement of Profitability - - - - -	61

3.	PROFIT MARGIN AND ASSETS TURNOVER	69
	A - Profit Margin :	69
	- Gross Profit Margin	71
	- Cost of Goods Sold	72
	- Manufacturing Expenses	86
	- Administration and General Expenses	93
	- Selling and Distribution Expenses	98
	- Operating Profit Before Taxes	103
	- Operating Profit After Taxes	108
	- Net Profit Margin	113
	B - Assets Turnover :	120
	- Total Assets Turnover	123
	- Operating Assets Turnover	127
	- Fixed Assets Turnover	131
	- Current Assets Turnover	136
	- Net Working Capital Turnover	140
	- Receivable or Debtors Turnover	145
	- Average Collection Period	150
	- Cash Turnover	153
4.	RETURN ON CAPITAL EMPLOYED AND VALUE ADDED ANALYSIS	160
	A - Return on Capital Employed :	160
	- Problems in Definition of Capital Employed	161
	- Definition of Capital Employed in this study	163
	- Return on Gross Capital Employed	164
	- Return on Net Capital Employed	169
	- Return on Shareholder' Equity	173
	- Earning Per Share (EPS)	177

B - Value Added Analysis : - - - - -	181
- The Arab Pharmaceutical Manufacturing Company - -	184
- The Jordan Petroleum Refinery Company - - - - -	190
- The Jordan Phosphate Mines Company - - - - -	195
*5 The Industrial Commercial and Agricultural Company - - - - -	200
- The Jordan Pipes Manufacturing Company - - - - -	205
- The Arab Potash Company - - - - -	210
- The Jordan Spinning and Weaving Company - - - - -	212
- The Jordan Cement Factories Company - - - - -	216
- Value Added of the Eight Companies Taken as a Whole	222
5. PROFITABILITY AND GROWTH - - - - -	226
- Concept of Growth - - - - -	^R 228
- Relationship between Profitability and Growth - -	232
- Methodology - - - - -	234
- Main Findings - - - - -	235
- Estimated Growth Rate as a Function of Profitability - -	264
6. DETERMINANTS OF PROFITABILITY - - - - -	285
A - General factors - - - - -	287
- Pricing Policy - - - - -	287
- Availability of Raw Material - - - - -	291
- Foreign Competition - - - - -	292
- Government Policy - - - - -	294
- Technical manpower - - - - -	296
- Techniques of Production - - - - -	298
- Availability of Energy - - - - -	300
- Capacity Utilisation - - - - -	302

- Conditions Prevailing in the Country	363
- Other Factors	366
B - Regression Analysis	307
- Hypotheses	307
- Turnover Assets Ratio (X1)	307
- Net Fixed Assets as proportion of Total Net Assets(X2)	307
- Index of Sales (X3)	309
- Rate of Growth of Assets (X4)	311
- Rate of Inflation (X5)	311
- Debt-Equity Ratio (X6)	312
- Capital Output Ratio (X7)	315
- Fixed Assets Sales Ratio (X8)	318
- Cost of Goods sold to Sales Ratio (X9)	320
- Methodology	320
- Main Findings	322
a) Time Series Analysis	322
b) Gross Section Analysis	334
7. CONCLUSIONS AND SUGGESTIONS	342