

Investment and its Impact on Realized Revenues: The Case of the Investment Fund in the Hashemite Kingdom of Jordan

Amer Abdelwali Almomani^{1*} and Khalid Faris Alomari²

¹Utara University Malaysia, Malaysia.

²Finance and Banking, University of Tunis El Manar, Tunisia.

Authors' contributions

This work was carried out and designed in collaboration among the authors.

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ABSTRACT

Aims: The study attempted to identify the volume of revenues generated from the investment process in investment funds in the Hashemite Kingdom of Jordan.

Study Design: a quantitative research

Place and Duration of Study: Jordan Social Security Investment Fund, between May - September 2020

Methodology: The study used panel data obtained from the published reports of the Social Security Corporation

Results: The study concluded that there is a positive effect in the different portfolios on the volume of revenues generated by the investment process.

Conclusion: This paper presents the conclusions through the results about the extent of the impact on the volume of revenues related to the investment process in investment funds, as it showed that the relevant impact on the tourism investment portfolio, the bond portfolio and the money market instruments portfolio has a positive impact. Effect. On the size of the volume of revenues derived from it, and in light of this, the study showed that investing in the bond portfolio generates a greater

return than the tourism governorate as a result of the surrounding political turmoil in the Hashemite Kingdom of Jordan, and the instability in Syria and Iraq was most prominent, with the decrease in the external marketing of these investments.

There must be diversification and research in other economic areas that contribute to increasing the volume of the fund's revenues, in governmental coordination through which a tax advantage can be achieved that contributes to reducing costs and increasing revenue generation.

Keywords: Investment; revenues; investment fund; the Hashemite Kingdom of Jordan.

1. INTRODUCTION

The ability of the institution to achieve investment revenues is one of the important things that can be used in evaluating the extent of its financial efficiency, and this is often measured either by the volume of investments that the institution works to maximize or through the revenues and contributions of various official agencies and the private sector.

Achieving investment revenues and profits is one of the goals that companies and financial institutions seek to achieve, given that achieving them represents a form of continuity and survival for financial institutions to face risks and pay obligations. Raising its performance and production efficiencies to maintain its sustainability and fulfill its responsibilities to the fullest.

There are many investment funds in the Hashemite Kingdom of Jordan, where the economic laws in the state contributed to the establishment of many of them, and the division of these funds, including specialized funds, including public sector funds whose policies the Jordanian government supervises, and among the most prominent of these funds is an investment fund For social security funds, as this fund is affiliated with the General Organization for Social Insurance and is the only body that provides a decent living for workers who are not covered by civilians and military personnel. Retirement law. This fund is administratively and financially independent from the General Organization for Social Insurance, and it is one of the most prominent investment funds in terms of the amount of money invested and the quality of investment. Investment patterns in it varied in terms of investment in the Amman Stock Exchange and investment in fixed assets and various economic sectors, most notably the tourism sector [1].

With the economic fluctuations in the public, in turn, it affected investment in general, and hence

the problem of the study lies in identifying the determinants of the revenues generated for the investment fund in general and for the General Organization for Social Security in particular, as it is the most prominent of these funds, as the revenues generated by the investment fund in the Social Security Corporation affect in a way Directly in the financial management of this institution, maintaining sufficient liquidity and striving towards the safe use of funds, and avoiding many risks, contribute significantly to restricting the ability of the Social Security Corporation to carry out its duties towards the various categories of Jordanian society, including workers and retirees in Jordan, especially in the future. Perspective, the problem of the study emerges due to the fact that the investment fund of the Social Security Corporation is considered one of the largest investment institutions in Jordan, but it started to decline in its investment performance and the revenues generated by this fund in recent years.

The importance of this study lies in clarifying the impact of a group of factors on the revenues generated on the investments of the investment unit of the Social Security Corporation.

These factors include the portfolio of money market instruments on current accounts: term deposits, commercial paper resale agreements, certificates of deposit, treasury bills, swap contracts, 12-month treasury bonds, government or government-guaranteed bonds, Corporate; the bond portfolio also includes Treasury bonds, government or guaranteed bonds and corporate loan bonds with maturities exceeding 12 months. The tourism investment portfolio and all these factors are among the tools of the money market in which the investment fund of the guarantee invests [2].

This study Objectives to show the factors affecting the revenues generated by the investment fund of the Jordanian Social Security Corporation, through:

1- Identifying the impact of the money market tools portfolio on the income generated by the Investment Fund of the Social Security Corporation.

2- Knowing the impact of the bond portfolio on the income generated by the Investment Fund of the Social Security Corporation.

3- Knowing the impact of the tourism investment portfolio on the revenues generated by the Investment Fund of the Social Security Corporation.

The study problem can be formulated in answering the following question:

Is there an impact of the money market tools portfolio, the bonds portfolio and the tourism investments portfolio on the revenues generated by the investment fund of the Social Security Corporation?

2. DETERMINANTS OF REVENUES GENERATED BY INVESTMENT FUNDS

Revenue realization is defined as the process of converting non-monetary assets or rights into cash [3].

The financial management of the investment unit in institutions constitutes one of the most important functions, as it is concerned with the processes of making investment decisions and how to obtain funds in an optimal manner in order to maximize the market value of the institution and maximize the wealth of owners and shareholders, and thus work to achieve the goal of institutions in growth and survival, and thus the function of the investment unit is to manage Investments in a way that maximizes the return on these investments at the lowest level of risk [4].

Moreover, investment funds play an important role in revitalizing the financial markets in terms of creating continuous demand in the financial market and making investments of great value that the individual investor cannot undertake, at a time when there has been no change in the minimum fund capital that the market maker is obligated to provide. In order to ensure his ability to undertake such investments, investment funds also have an important role in achieving investment income in the money market.

Revenues represent the inflows of the institution or an increase in its assets or the

payment of its liabilities or both, resulting from the provision of services to customers. It also represents the actual or potential cash flow or that appears as a result of conducting the main business of the institution, which is the total flow of economic benefits during a period that leads to an increase in the ownership of an institution arising from the normal activity of that institution or that leads to an increase in the distributions of the institution, and to achieve revenue there are three basic criteria:

1- The ability to calculate the size of the asset, as the revenue is a flow of assets in the institution.

2- It gives credibility and legality to the revenue by the existence of a transaction on which the revenue is based.

3- Substantive completion of the process, comparing revenues with expenses to determine and measure final income [5].

Revenue is usually recognized when the product or service is sold, and revenue is required when the following two conditions are met:

1- The revenue has been earned: the company is considered to have earned the revenue when it accomplishes everything it must do so that the benefits represented in the revenue are entitled to it, and each cycle of revenue-producing activities contains a critical event that the company must accomplish in order to be entitled For revenue, this event can vary from company to company.

2- That the revenue has been realized or achievable: The realization of revenue means that the products or services have been exchanged for cash or rights over cash, and this requires that the revenue can be measured with a reasonable degree of certainty [6].

Revenue investment funds are suitable for investors wishing to obtain a stable and stable revenue regardless of capital growth, so the investments of these funds consist of bonds with periodic revenue, and they differ in terms of risks, and some funds resort to investing in them. Corporate bonds that have potential risks are not great, and these funds are exposed to two types of risks:

1- Activity and financial risks, especially with regard to investing in corporate bonds.

2- Interest rate risk as long-term bonds are exposed.

Therefore, these funds resort to adjusting their investments in light of potential market conditions and interest rate movements, and the market value of these funds fluctuates in the medium term due to the sensitivity of this value to fluctuations in interest rates [7].

3. SOCIAL AND ECONOMIC INVESTMENTS IN INVESTMENT FUNDS.

Social security funds can be harnessed to achieve economic and social investment goals, and most developing countries prefer this investment way, as there are not enough alternative sources of financing for development. Investments are usually made in housing projects, national low-cost infrastructure projects, healthcare facilities as well as strategic sectors of the national economy. Attitudes towards economic and social investment are divided on two different bases: they are either justified on the basis of the social rate of return or they are criticized on the basis of returns that do not fall within the quality and level required and market intervention. However, there is no clear evidence that socioeconomic investments offer lower returns than traditional investments. However, the size of these investments is lower in many investment portfolios. To explain the decline in social and economic investments, one can identify the current top priorities given to political transparency and credibility and pressures to reduce unfunded liabilities through maximization of assets to cover liabilities. It may also reflect direct government intervention and pressure on investment options [8].

4. FUTURE INVESTMENT IN INVESTMENT FUNDS

Social Security and Investment Income Funds ensure the ability to perform future benefits and provide services, and Reserve Funds are created to meet anticipated future costs. The main challenge for many social security systems is still attracting employees with the skills required to manage the fund, this

challenge cannot be exaggerated, especially since the market usually offers more profitable and attractive job offers, despite the optimism for the future of the fund's investments, many studies have shown Many social security systems seek more knowledge about best practices in terms of:

1. Develop financial information, knowledge and experience in financial markets.
2. Strengthening financial risk management.
3. Achieving a better return, taking into account future risk.
4. Investing abroad with stability in local markets.
5. Regulation and investment, the optimal role of government [9].

5. METHODOLOGY

This paper discusses the relationship between the volume of investment in portfolios and the volume of revenues from this investment, where the panel data was adopted to analyze the relationship between the study variables, conduct a test of the study's hypotheses and use all statistical methods, and the data used in the economic analysis were collected, and the following hypotheses Study based on study variables:

H0: There is no effect of the money market instruments portfolio on the income generated by the investment fund of the Social Security Corporation.

H0: There is no effect for the bond portfolio on the income generated by the Investment Fund of the Social Security Corporation.

H0: There is no impact of the tourism investment portfolio on the revenues generated by the Investment Fund of the Social Security Corporation.

The study relied on the basis of the two descriptive analytical methods for measuring, displaying, analyzing, evaluating and interpreting data, and relied on the data published in the publications of the Social Security Fund Investment Fund, the Central Bank of Jordan and the Amman Stock Exchange.

5.1 Conceptual Model

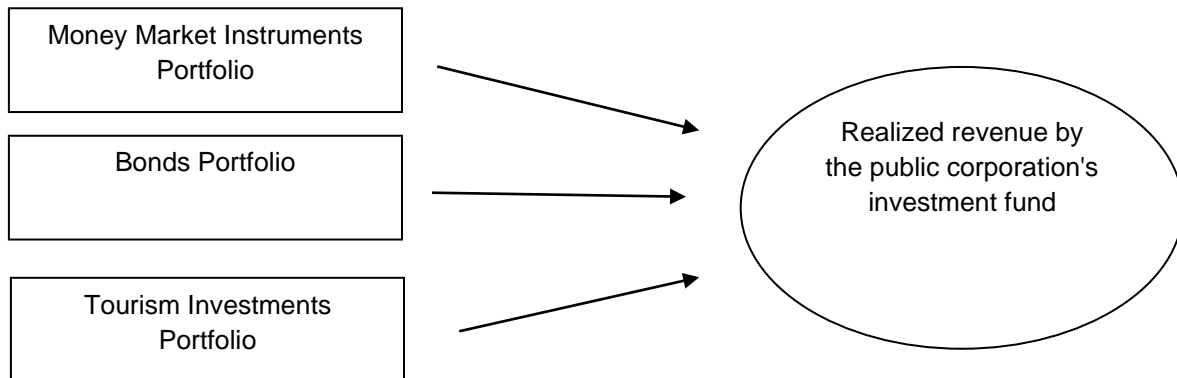


Table 1. Descriptive statistical measures of realized revenues, money market portfolio, bonds and tourism investments

| | Money Market Instruments Portfolio | Bonds Portfolio | Tourism Investments Portfolio | realized revenue |
|--------------|------------------------------------|-----------------|-------------------------------|------------------|
| Mean | 2.57 | 4.94 | 1.34 | 2.62 |
| Median | 2.60 | 3.97 | 1.72 | 2.35 |
| Maximum | 4.46 | 1.09 | 2.48 | 4.89 |
| Minimum | 1.45 | 1.56 | 15000000 | 1.10 |
| Std. Dev. | 1.00 | 2.44 | 81021611 | 1.29 |
| Skewness | 0.648111 | 1.028134 | -0.405824 | 0.392118 |
| Kurtosis | 2.169187 | 3.461127 | 1.623258 | 1.783408 |
| Jarque-Bera | 2.370443 | 4.440879 | 2.554192 | 2.095121 |
| Probability | 0.305678 | 0.108561 | 0.278846 | 0.350793 |
| Sum | 6.18 | 1.19 | 3.21 | 6.30 |
| Sum Sq. Dev. | 2.31 | 1.37 | 1.51 | 3.85 |
| Observations | 24 | 24 | 24 | 24 |

5.2 Research Sample

The community and sample of the study include the most prominent investment funds in the Hashemite Kingdom of Jordan, where the fund is the investment of social security funds is the most prominent, and it is the investment unit of the General Organization for Jordanian Social Security, and that was relied on the data in the preparation of this paper, a successive time series that represents the facets of The investment in the fund is 2019.

5.3 Data Collection Techniques

This chapter included the presentation of statistical analysis and hypothesis testing to identify the volume of revenues generated from the investment process in investment funds in the Hashemite Kingdom of Jordan and the Social Security Investment Fund. 2019, and the results of the study will be presented based on the

treatment and analysis of the study's hypotheses.

It is noted from Table (1) that

The mean values of the time series (revenue income, tourism investment portfolio, bond portfolio and money market instruments portfolio), respectively:

| | | | |
|------|------|------|-------|
| 2.62 | 1.34 | 4.94 | 2.57E |
|------|------|------|-------|

The arithmetic mean of the realized revenues was 2.62, the tourism investment portfolio was 1.34, the bond portfolio was 4.94, and the money market instruments portfolio was 2.57.

The median values of the time series (revenue realized, tourism investment portfolio, bond portfolio and money market instrument portfolio) respectively:

| | | | |
|-------|------|------|------|
| 2.35E | 1.72 | 3.97 | 2.60 |
|-------|------|------|------|

The median of the realized income was 2.35E+08, the tourism investment portfolio was 1.72, the bond portfolio was 3.97, and the money market instruments portfolio was 2.60.

The standard deviation (Std. Dev) values of the time series (revenues, tourism investments, bonds and money market instruments), respectively:

| | | | |
|------|----------|------|------|
| 1.29 | 81021611 | 2.44 | 1.00 |
|------|----------|------|------|

The standard deviation of the revenue generated is 1.29, for the tourism investments portfolio 81021611, for the bonds portfolio is 2.44, and for the money market instruments portfolio is 1.00.

The values of (Jarque-Bera) time series test (revenue generated, tourism investment portfolio, bond portfolio and money market instrument portfolio) respectively:

| | | | |
|----------|----------|----------|----------|
| 2.095121 | 2.554192 | 4.440879 | 2.370443 |
|----------|----------|----------|----------|

The (Probability) was 5%, which indicates that the data is a normal distribution for all-time series (the realized revenues, the tourism investment portfolio, the bond portfolio and the money market instruments portfolio), which is confirmed by the values of (Skewness) and (Kurtosis), and this is another evidence of The data distribution is a normal distribution for all time series as follows, respectively:

| | | | |
|----------|-----------|----------|----------|
| 0.392118 | -0.405824 | 1.028134 | 0.648111 |
|----------|-----------|----------|----------|

5.4 Hypothesis Testing

H0: There is no effect of the money market instruments portfolio on the income generated by the investment fund of the Social Security Corporation.

H0: There is no effect for the bond portfolio on the income generated by the Investment Fund of the Social Security Corporation.

H0: There is no impact of the tourism investment portfolio on the revenues generated by the Investment Fund of the Social Security Corporation.

To test these hypotheses, (multiple variance analysis) was applied to all independent variables (money market tools portfolio, bond portfolio and tourism investment portfolio) and dependent (revenue generated), if E-Views program was used) by analyzing the semi-annual data series for the years 2008 to 2019 (Co-

integration test), and the AVR model, to reveal the impact of a portfolio of money market instruments on the revenues realized for the Investment Fund of the Social Security Corporation during the time period (2008-2019).

Co-integration test–

In light of the previous unit root test, it becomes clear that each individual variable is an integral of the first order, which is unstable in the plane but stable in the second difference.

Co-integration theory focuses on the analysis of unstable time series, where indicate the possibility of creating a linear model characterized by stability from unstable time series, by estimating the co-integration regression equation that connects the variables under study in a least squares method. Find the following equation:

We notice from the regression equation that a portfolio of money market instruments has a positive effect on the revenue generated.

- Multi Linear Regression Model

The multiple regression model is an introduction to understanding econometrics and applied economics, and it includes one equation that explains the relationship between more than two independent variables and a dependent variable, and the following mathematical formula show s the relationship between the independent and dependent variables covered by the study:

$$Y = \alpha + (\beta_1 * x_1) + (\beta_2 * x_2) + (\beta_3 * x_3) + \text{error}$$

Y = Revenues

a = constant

β = the regression coefficient of the independent variable (stock dividend)

X1 = Money Market Instruments Portfolio

X2 = Tourism Investments Portfolio

X3 = Bonds Portfolio

Table (3) shows the following results:

5.5 Test Results and Discussion

The value of (R-square) reached (0.937188), as this value indicates the existence of a significant impact of the independent variables (the money market tools portfolio, the tourism investment

Table 2. Co-integration test results for money market instruments, bonds and tourism investments portfolio (2008-2019).

| Variance Inflation Factors | | | |
|----------------------------|------------|-------------|------------------------------------|
| Centered | Uncentered | Coefficient | |
| VIF | VIF | Variance | Variable |
| NA | 11.52725 | 5.81 | C |
| 2.333851 | 18.38495 | 0.012214 | Money Market Instruments Portfolio |
| 2.396567 | 9.202969 | 0.019215 | Tourism Investments Portfolio |
| 3.784421 | 20.00899 | 0.003351 | Bonds Portfolio |

Table 3. Multi linear regression model

| Prob. | t-Statistic | Std. Error | Coefficient | Variable |
|----------|-----------------------|------------|-------------|------------------------------------|
| 0.2107 | -1.293154 | 24112929 | -31181719 | C |
| 0.0673 | 1.934438 | 0.110518 | 0.213790 | Money Market Instruments Portfolio |
| 0.0004 | 4.213096 | 0.138619 | 0.584015 | Tourism Investments Portfolio |
| 0.0000 | 5.610251 | 0.057890 | 0.324775 | Bonds Portfolio |
| 2.62E+08 | Mean dependent var | | 0.937188 | R-squared |
| 1.29E+08 | S.D. dependent var | | 0.927766 | Adjusted R-squared |
| 37.71875 | Akaike info criterion | | 34793073 | S.E. of regression |
| 37.91509 | Schwarz criterion | | 2.42E+16 | Sum squared resid |
| 37.77084 | Hannan-Quinn criter. | | -448.6250 | Log likelihood |
| 0.657175 | Durbin-Watson stat | | 99.46951 | F-statistic |
| | | | 0.000000 | Prob(F-statistic) |

portfolio and the bond portfolio) on the revenues achieved, the most prominent of which was the effect of the variable (the bond portfolio, where the value of (t) (5.610251) and with a statistical significance (0.00), then the tourism investment portfolio came in second place, where the value of (t) was (4.213096) and with a statistical significance (0.0004). The variable (money market portfolio) was the least influential variable on the dependent variable (revenues achieved), where the value of (t) was (1.934438), with a statistical significance (0.067).

This indicates the absence of a statistically significant effect at the significance level ($\alpha \leq 0.05$) for the variable (money market tools portfolio), where the value of (t) reached (1.934438), with a statistical significance (0.067). It did not reach the significance level ($\alpha \leq 0.05$), so the first hypothesis is rejected.

Therefore, the first hypothesis is rejected and the second and third hypotheses are accepted.

6. RESULTS

The study reached the results as follows:

- There is a positive impact of the money market tools portfolio on the revenues generated by the Social Security Corporation in Jordan for the period 2013-2019. This is what the financial statements show. The higher the investments of the investment unit of the Social Security Corporation in each of the treasury bills issued by the government, the greater the volume of its deposits with commercial banks locally whenever this leads to an increase in its profits and financial returns.

- There is a positive impact of the bond portfolio on the revenues generated by the Social Security Corporation in Jordan for the period 2013-2019. The size of the financial investments of the Foundation's Investment Unit Fund shows that with the increase in the size of the investor in government bonds and the bonds of the business sector (the private sector), the positive impact is proven and highlighted with the increase in the volume of investment in bonds, which has led to an increase in investment revenues.

- There is a positive impact of the tourism investment portfolio on the revenues generated by the Social Security Corporation in Jordan for

the period 2013-2019. This is reflected in the pioneering role played by the National Tourism Development Company (a company wholly owned by the General Organization for Social Security) and its contributions are evident in the huge volume of its investments in the hotel and tourist facilities sector in the Dead Sea, Petra and Aqaba, which contributed to the continuity of a regular revenue stream, which was indicated by the results Statistical analysis, as it was found that more than half of the Corporation's revenues come from the Corporation's investments in the tourism sector.

7. CONCLUSION

This paper presents the conclusions through the results about the extent of the impact on the volume of revenues related to the investment process in investment funds, as it showed that the relevant impact on the tourism investment portfolio, the bond portfolio and the money market instruments portfolio has a positive impact. Effect. On the size of the volume of revenues derived from it, and in light of this, the study showed that investing in the bond portfolio generates a greater return than the tourism governorate as a result of the surrounding political turmoil in the Hashemite Kingdom of Jordan, and the instability in Syria and Iraq was most prominent, with the decrease in the external marketing of these investments.

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COMPETING INTERESTS

Authors have declared that no competing interests exist.

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