

Impact of Capital Structure and Dividend Policy on Firm Value

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Abstract

The study aimed to identify the impact of the capital structure, which was measured through the leverage ratio of total debt to total assets, the leverage rate of total debt to total equity, fixed asset turnover rate, sales growth rate, rate of change in equity, and the profit distribution policy. The profit distribution is measured through the rate of profit distribution, earnings per share, the rate of dividend distribution and the controlling variables represented by the company's size, liquidity and the state's legal system on the value of pharmaceutical companies listed on the Palestine and Amman Stock Exchange that were measured through ($Y = \text{TOBINs } Q$).

The study used the descriptive and analytical approach, and the study population consisted of all pharmaceutical companies listed on the Palestine Stock Exchange and the Amman Stock Exchange during the study period extending from 1/1/2013 to 31/12/2020. The pharmaceutical companies listed on the Palestine Stock Exchange are (4) companies and the pharmaceutical companies listed on the Amman Stock Exchange are (4) companies at the end of 2020. Thus, the study population consists of (8) companies in which 50% is in the Palestine Stock Exchange and 50% is in the Amman Stock Exchange. all companies included in the study community will be used in the study. The researcher used the financial statements of the companies listed on the Palestine and Amman Stock Exchange from the year (2013-2020) as a tool for data collection, in addition to previous books, articles and studies.

The study reached a set of results that include the absence of a statistically significant effect of the leverage rate of total debts on total assets, the rate of change in property rights variable, the liquidity variable, and the state's legal system variable on the company's value. However, there is a negative and statistically significant effect of the leverage rate variable for total debts on the total equity, fixed asset turnover rate, and company size on the value of the company. On the contrary, there is a positive and statistically significant effect of the sales growth rate variable, the earnings per share variable, and the dividend rate variable on the company's value.