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Abstract: The study aims to measure the impact of capital structure and investment in assets on net income and return on investment in the services sector during the period of (2016-2018). The study population consists of all corporate service companies in Jordan. (12) companies were randomly selected. The statistical methods were used to analyze the study data, represented by the arithmetic mean, standard deviation, percentage, (T-Test) and linear regression analysis, by using statistical analysis (SPSS). The results of the study show a statistically significant impact of capital structure and total assets on net income in the corporate service companies in Jordan while these results show that there was no statistically significant impact of capital structure and total assets on return on investment in the corporate service companies in Jordan. The study recommends that companies, when making a financing decision, should choose the appropriate mix of the capital structure in a way that increases the company's returns and makes the weighted cost at the lowest level.

Keywords: *Capital Structure; Return On Investment; Services Sector.*

1. Introduction

Corporate companies seek to invest large-scale assets in their companies to face the financial risks that the company may be exposed to in the future. As the related parties of the company are interested in the performance of the company (Shaqqour, 2019), achieving a high net income and a high rate of return on investment so the total assets correlation with net income and the rate of return on investment strengthens the financial position of the company. This achieves liquidity and a large financial surplus, which enables the company to expand and make investment decisions that achieve great investment returns for the company.

The capital structure is one of the most important issues faced by financial decision-makers as it is associated with many investment decisions (Shaqqour, 2016). The high cost of capital leads to a decrease in the net present value of any project. The increase in financial leverage resulting from the expansion of dependence on debt may lead to negative consequences on profits, and management needs to identify the components of the capital structure that improve the profitability of the company. Firms do not prefer obtaining financing that depends entirely on equity as the main source of the capital structure. Likewise, loans cannot be relied upon because lenders may refuse to finance companies if their debt increases (Mac & Lucey, 2010).

Abu Nassar (2016) defined total assets as the total value of the resources that the company possesses to obtain future benefits, and Abu Nassar (2016) defined net income (after tax) as the final results that show the

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result of the company's business during the fiscal year. Al-Khalayleh (2013) defined return on investment as a measure of the company's performance in investing available resources.

1.1. The Significance of the Study:

This study is concerned with showing the impact of capital structure and total assets on the performance of the net income and return on investment in the corporate services sector.

1.2. Objectives of the Study:

This study aims to determine the following:

- The effect of capital structure and investing in assets on the performance of net income in the corporate service companies sector in Jordan.
- Determining the impact of capital structure and investment in assets on the performance of the return on investment in the corporate service sector in Jordan.

1.3. The Study Problem:

Companies are interested in achieving corporate high net profits and investment returns in order to avoid the financial crises that companies may be exposed to. The study tries to measure the impact of capital structure and investment in assets on net income and return on investment in the services sector. Elements of the study problem:

The study attempts to answer the following:

- What is the effect of capital structure and investing in assets on the performance of net income in the corporate service companies sector in Jordan?
- What is the effect of capital structure and investing in assets on the performance of the return on investment in the corporate service companies sector in Jordan?

1.4. Study Hypotheses:

In this study, the following hypotheses will be tested:

- **Ho1:** There is no statistically significant impact of capital structure on the net income in the corporate service companies in Jordan.
- **Ho2:** There is no statistically significant impact of capital structure on the return on investment in the corporate service companies in Jordan.
- **Ho3:** There is no statistically significant impact of investment in assets on the net income in the corporate service companies in Jordan.
- **Ho4:** There is no statistically significant impact of investment in assets on the return on investment in the corporate service companies in Jordan.

2. Study Literature

The study of Gharaibeh and AL-Tahat (2020) examines capital structure determinants for service companies in Jordan between 2014 and 2018. The results show that size and non-debt tax shield have positive effect on the debt ratio while business risk and profitability have negative effect. The study of Almansour et al. (2019) aims to know the importance of micro-finance on firm's performance. The results show that performance associated with managers' training, skills training and size of loan. The study of Al-Najjar (2017) concluded that the impact of investment and financial performance on intangible assets affect the return on investment and the rate of asset turnover and financial policies that support the financial position of the company. In addition, the study of Hafid (2016) addressed the reasons that lead to low profitability in companies. One of the most important results of this study was the existence of a relationship between return on investment, profit margin and total assets. The study of Al-Ajlouni (2015) focused on the impact of profitability and commercial banks on rates of return on investment, rate of return on property rights and market value, and the study recommended the need to attract investors. For investment in the financial market, Alvi and Ikram (2015) aimed at addressing the effect of total assets on net income and return on investment, and this study concluded that there is a positive correlation for the company. Mwangi and Kosimbei (2014) aimed to measure the relationship between the capital structure and the performance of non-financial companies listed on the Nairobi Stock Exchange, and the study concluded that the increase in financial leverage has a negative impact on the company's performance on the basis of return on equity. The study also showed that the company's performance improves by using more current liabilities to finance the assets. The study also found that increasing the ratio of current assets to total assets improves performance in terms of return on assets and return on shareholders' equity. While Nadeesha and Pieris (2014) aimed at measuring the impact of capital structure on the performance of listed companies in Sri Lanka. The study found a strong positive relationship between return on assets and return on equity and a positive relationship between the ratio of debt to total assets and the size of companies. In addition, Nofal, Al-Qadi, Mattar and Al-Nisour (2012) aimed to analyze the return and the extent of company`s ability to use its resources to raise the efficiency of corporate management. The study concluded that there is a relationship between the rates of return and the liquidity of the company and the turnover rates of the company. As for Salman (2008), it concluded that there is an impact of increasing the rate of profitability of assets by decreasing sales, as well as that the accuracy of the value of return on assets affects the reliability of the value of return on equity of shares.

Finally, this paper differs from previous studies in the following:

- This study paper focuses on showing the impact of capital structure and total assets on the performance of the net income and return on investment
- This study paper focuses on the services sector in the Jordanian corporate companies.

3. Methodology and Procedures

3.1. Study Population and Sample:

The study population consists of all the companies of the corporate services sectors in Jordan until the end of (2018), and (12) companies working in the transportation, hotels, communications and investments were randomly selected noting that the analysis unit is financial statements for 12 companies during the years (2016-2018).

3.2. The Study Variables:

The study has a number of variables represented as follows:

- **The independent variable:**
  1. Capital structure (measured by the Debt Ratio DR)
  2. Total assets.
- **Dependent variables:**
  1. Net income.
  2. Return on investment.

Tables (1&2) show the study variables and their data during the years (2016-2018):

Table (1): The Two Independent Variables

	Capital structure (DR)			Assets (Million)		
	2018	**2017**	**2016**	**2018**	**2017**	**2016**
1	18.30	22.89	20.52	47.5	49.3	47.2
2	73.39	70.61	72.57	197.4	178.2	186.3
3	1.17	2.29	4.15	9.6	10.7	11.3
4	6.47	7.39	7.85	41.3	41.4	41.9
5	7.89	4.26	4.34	37.5	36.3	36.7
6	5.44	4.97	5.12	7.5	7.4	3.9
7	9.23	9.72	9.83	34.2	34.9	34.6
8	26.58	26.91	20.22	76.1	80.4	76.6
9	12.65	11.41	11.77	63.1	64.3	67.4
10	56.12	58.00	56.84	624.3	652.9	621.4
11	30.70	25.10	27.92	31.1	30.8	32.7
12	9.71	10.32	10.28	15.4	17	17.3

Table (2): The Two Dependent Variables

	ROI (Milion)			NI (Milion)		
	2018	**2017**	**2016**	**2018**	**2017**	**2016**
1	0.02	0.02	0.02	9	0.4	0.7
2	0.01	0.01	0.02	2.3	4.8	4.3
3	0.13	0.13	0.17	1.3	1.7	1.9
4	0.01	0.01	0.02	0.5	0.4	0.8
5	0.01	0.01	0.02	0.4	0.4	0.7
6	0.01	0.01	0.25	0.1	0.1	15.4
7	0.06	0.06	0.06	2	2.5	2.1
8	0.01	0.01	0.04	0.5	1.2	2.9
9	0.01	0.01	0.08	0.4	1	5.3
10	0.03	0.03	0.03	21.3	24	18.1
11	0.08	0.08	0.14	2.6	4.4	4.7
12	0.02	0.02	0.03	0.3	0.6	0.6

3.3. Data Collection Methods:

Data were collected from the information about the securities depository center for the corporate services sector in Jordan, as well as from available information from references and books.

3.4. Statistical Methods:

The study relied on statistical methods to analyze the study data, as the arithmetic mean, standard deviation and percentage, as well as it depended on inferential statistics represented in the (T-Test) and simple regression analysis by using statistical analysis (SPSS).

4. Test Hypotheses for the Study:

4.1. Analysis of the Variables:

Table (3): Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Capital structure (DR)	36	1.17	73.39	21.19	21.42
ASSETS	36	3.9	652.9	99.1	169.8
NI	36	.1	24	3.9	6.08
ROI	36	.01	.25	.06	.06

Table (3) shows the values of the arithmetic mean and the standard deviation values of the study variables, and it can be noted that the mean of the calculation for the variable of total assets was 99 million dinars while the standard deviation of total assets was 169.8. As for the variable of net income, its mean was 3.9 and its standard deviation was 6.08 while the mean of the variable return on investment was 0.6 and the standard deviation was 0.06.

4.2. Testing the Hypotheses of the Study:

Results of testing Ho1:

Ho1: There is no statistically significant effect of capital structure on the net income in the corporate service companies in Jordan.

Table (4): Results of liner regression analysis

Variable	β	Value of t	Statistical significance
Capital Structure	0.527	3.612	0.001
R^2 0.277		adjR^2 0.256	

Table (4) illustrates the results of the liner regression of study. The results indicate that t has reached (3.612) with significance level 0.001, which shows a relationship between capital structure and net income. The table also shows that value of adj R2 is (0.256), meaning that capital structure explains (25.6%) of the variance in net income for the firms under study. The results show that the capital structure variable has the highest positive impact on net income.

Results of testing Ho2:

Ho2: There is no statistically significant impact of the capital structure on the return on investment in corporate service companies in Jordan.

Table (5): Results of liner regression analysis

Variable	β	Value of t	Statistical significance
Capital Structure	0.119	0.696	0.491
R^2 0.014		adjR^2 0.015	

Table (5) presents the results of the liner regression of the study. Results indicate that t has reached (0.696) with a significance level of 0.491 which shows no relationship between capital structure and return on investment. The table also shows that value of adjR2 is (0.015), meaning that total assets explains (1.5%) of the variance in return on investment for firms under study. The results show that the capital structure variable has not impact on return on investment.

Results of testingHo3:

Ho3: There is no statistically significant effect of total assets on the net income in the corporate service companies in Jordan.

Table (6): Results of liner regression analysis

Variable	β	Value of t	Statistical significance
Total Assets	.0848	9.320	0.000
R^2 0.719		adjR^2 0.710	

Table (6) presents results of the liner regression of study. Results indicate that t has reached (9.320) with a significance level 0.000 which shows a relationship between total assets and net income. The Table also shows that value of adjR2 is (0.710), meaning that the total assets explain (71%) of the variance in net income for firms under study. The results show that the total assets variable has the highest positive impact on net income.

Results of testing Ho4:

Ho4: There is no statistically significant impact of the total assets impact on the return on investment in corporate service companies in Jordan.

Table (7): Results of liner regression analysis

Variable	β	Value of t	Statistical significance
Total Assets	0.211	1.260	0.216
R^2 0.045		adjR^2 0.017	

Table (7) presents results of the liner regression of study. Results indicate that t has reached (1.260) with a significance level 0.216 which shows no relationship between total assets and return on investment. The Table also shows that value of adjR2 is (0.017), meaning that total assets explains (1.7%) of the variance in return on investment for firms under study. The results show that the total assets variable has not impacted the return on investment.

5. Conclusions and Recommendations

5.1. Conclusions:

Among the most important results of this study were the following:

- There is a statistically significant impact of the capital structure on net income in the corporate service companies in Jordan, where the value of the relationship between the two variables was (0.277), and this value is considered to have statistical significance because the calculated value of (t) of (3.61) has a statistical significance at the level of significance (0.001), which is less than (5%), and this result indicates the effect of total assets on net income in the corporate service companies in Jordan.
- There is no statistically significant effect of the effect of total assets on the return on investment in the corporate service companies in Jordan, where the value of the relationship between the two variables is (0.014), and this value is considered to have no statistical significance because the calculated value of (t) is (0,491) which has no statistical significance with a significant level of (0.216), which is greater than (5%), and this result indicates that there is no impact of total assets on the return on investment in the corporate service companies in Jordan.
- There is a statistically significant effect of the total assets on net income in the corporate service companies in Jordan, where the value of the relationship between the two variables was (0.719), and this value is considered to have statistical significance because the calculated value of (t) is (9.32) and has a statistical significance at the level of significance (0.000), which is less than (5%), and this result indicates the effect of total assets on net income in the corporate service companies in Jordan.
- There is no statistically significant effect of the effect of total assets on the return on investment in the corporate service companies in Jordan, where the value of the relationship between the two variables is (0.045), and this value is considered to have no statistical significance because the calculated value of (t) is (1,260) which has no statistical significance with a significant level of (0.216), which is greater than (5%), and this result indicates that there is no impact of total assets on the return on investment in the corporate service companies in Jordan.

5.2. Recommendations:

- The study recommends increasing interest in the company's resources, especially long-term assets, in order to maximize the performance represented by net income and return on investment.
- The study also recommends that companies, when making a financing decision, should choose the appropriate mix of the capital structure in a way that increases the company's returns and makes the weighted cost at the lowest level.

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أثر هيكل رأس المال على الأداء في قطاع خدمات الشركات في الأردن

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الملخص:
تهدف الدراسة إلى قياس أثر هيكل رأس المال والاستثمار في الأصول على صافي الدخل والعائد على الاستثمار في قطاع الخدمات خلال الفترة (2016-2018). يتكون مجتمع الدراسة من جميع شركات الخدمات المساهمة العامة في الأردن، وتم اختيار (12) شركة بشكل عشوائي. تم استخدام الطرق الإحصائية لتحليل بيانات الدراسة ممثلة بالمتوسط الحسابي والانحراف المعياري والنسبة المئوية و(اختبار T) وتحليل الانحدار الخطي باستخدام (SPSS).

أظهرت نتائج الدراسة أثرًا ذي دلالة إحصائية لهيكل رأس المال وإجمالي الأصول على صافي الدخل في شركات الخدمات في الأردن، بينما أظهرت هذه النتائج أنه لا يوجد تأثير ذي دلالة إحصائية لهيكل رأس المال وإجمالي الأصول على العائد على الاستثمار في شركات الخدمات في الأردن.

وتوصي الدراسة بضرورة قيام الشركات عند اتخاذ قراراتها التمويلية باختيار المزيج المناسب لهيكل رأس المال بشكل يزيد من عوائد الشركة ويجعل التكلفة المرجحة عند أدنى مستوى.

الكلمات المفتاحية: هيكل رأس المال؛ عائد الاستثمار؛ قطاع الخدمات.