THE IMPACT OF WORKING CAPITAL MANAGEMENT CONSERVATIVE STRATEGIES ON FINANCIAL PERFORMANCE OF HOTELS AND TOURISM CORPORATIONS LISTED ON THE AMMAN STOCK EXCHANGE "AN EMPIRICAL STUDY"

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Abstract

This study aimed to find the impact of working capital management strategies (conservative) on financial performance measured by return on assets of hotels and tourism corporations listed on the Amman Stock Exchange, in light of the control variable (company size). In order to achieve the objectives of the study, the required data were collected from the financial statements of the study sample, which includes eight hotel corporations listed on the Amman Stock Exchange across the period from 2010 to 2020, and statistical analysis of the data was conducted using the SPSS program. The study showed that there is a statistically significant negative impact of the conservative strategy on financial performance of hotels and tourism corporations listed on the Amman Stock Exchange, Also, the study showed that there are statistically significant differences between working capital management strategies applied in hotels and tourism corporations listed on the Amman Stock Exchange. The study concluded a set of recommendations, the most important of which are: corporations listed on the Amman Stock Exchange, that are willing to apply this study, should not follow conservative strategy, and they should take into consideration the possible high risks of aggressive strategy that may occur either in the current time or in the future.

Keywords: working capital management, financial performance, hotels and tourism corporations, Amman Stock Exchange, return on assets, and Jordan.

SECTION ONE: RESEARCH BACKGROUND AND SIGNIFICANCE

1.1 Introduction

Working capital management is an essential part of modern financial management that is being taken into consideration, since it is an important issue when it comes to the performance of a certain corporation. In general, working capital management is useful because it plays a great role in maintaining operational functions continuously. Also it should be kept in mind the role of working capital management in planning and controlling a corporation's current assets and liabilities. Interestingly, one of the corporation's goals is wealth maximisation which is attained by having a suitable working capital management for the purpose of balancing between liquidity and profitability. Al-Naboot and Maswadeh (2019) mentioned that the use of the optimal assets of working capital will lead to the achievement of either total assets or those that are predicted to be converted into cash within the financial year.

It is important for a certain firm to encounter challenges while managing and controlling its current assets and liabilities as well the relationship attached to them, thus is important to follow working capital management strategies. Zimon (2020) stated that it is difficult to choose a suitable policy of working capital management where it is considered essential to manage cost, current liabilities, revenues, and current assets. Moreover, Peng and Zhou (2019) indicated that having an efficient and functional working capital management will lead to free capital based on meeting strategic goals, enhancing profitability, reducing financial costs. Interestingly, Kubala and Firlej (2020) stated that the right working capital management has an influence in the increment of the operational and functional efficiency, which will lead to enhance a firm's profitability and its competitiveness.

Therefore, it is essential for a firm to take into consideration its financial performance, which reflects management effectiveness to meet financial objectives. Accordingly, Fatihudin et al. (2018) mentioned that financial performance reflects a firm's financial situation over a particular time period. However, in the same study it was added that financial performance of a firm represents its ability to control and manage its resources.

In relation to this current study, the researchers will examine the impact of working capital management strategies as the independent variable with its dimensions, conservative strategy on financial performance as the dependent variable in relation to hotels and tourism corporations that are listed on the Amman Stock Exchange (ASE).

1.2 Research problem and questions

The research problem arose from the challenges that hotels and tourism are facing and encountering based on the surrounding atmosphere worldwide. Generally, hotels and tourism corporations are affected by the current circumstances such as the Covid-19 pandemic. The lockdown affected the tourism sector during the pandemic, which led to negatively affect hotels and tourism for a particular time period. Another important issue that should be taken into consideration is avoiding problems related to cash flows. Also, focusing on the investment of current assets without concerning about profitability will lead to badly affect a company's profits or having future losses. As a result of not exploiting its current assets within its operating activities for generating profits, the company's main interest is to maximise profitability by the increment in using current assets in its operational functions to increase profit. So the company might be unable to meet its financial obligations on their due dates and, consequently, in the long term this will lead to have high risks and fail financially. Therefore, this study intends to find how working capital management strategies of hotels and tourism corporations that are listed on the Amman Stock Exchange will influence the financial performance. Moreover, this was supported by Zimon (2020) who studied the impact of working capital management strategies on the operation of SMEs as well as Jędrzejczak-Gas (2017) who examined the impact of working capital management strategies with construction projects.

Listed below are the major research questions that will be answered after conducting this study:

Q1: "Is there any significant impact of conservative strategy on financial performance of hotels and tourism corporations listed on the Amman Stock Exchange?"

1.3 Research significance

When talking about hotels and tourism corporations, it is important to take into consideration the contribution in the economy generally. For example, hotels can be helpful and essential in enhancing the tourism sector, employing a great number of people, and contributing to the GDP of countries. As in any sector, hotels and tourism corporations were affected by the global pandemic of Covid-19. According to Jordan Strategy Forum (2021), the tourism sector at the end of 2020 made losses that were greater than 85% of its participation to GDP. Due to the surrounding environment, 80% of the 3-star hotels or less were closed with 14,000 workers losing their jobs. It also mentioned that hotels and tourism were among sectors that were badly affected, making a decrease of 9.1% to 10.6% of the GDP. This study is going to be helpful for several parties, such as: the hotel and tourism corporations themselves, employees and other researchers. By which this study will enhance the employees' awareness about hotels and tourism corporations' financial performance based on working capital management strategies. It will also offer a great chance to manage working capital based on its essential role in hotels and tourism stability and performance. As well, it will encourage conducting more studies so that researchers will find it useful to allow performing comparison among related studies.

1.4 Research objectives

The objectives of this research are:

- Investigating the impact of conservative strategy on financial performance of hotels and tourism corporations that are listed on the Amman Stock Exchange.

1.5 Research hypotheses

There are three major hypotheses as the following:

H01. There is no statistically significant impact at the level of significance ($\alpha \leq 0.05$) of conservative strategy on financial performance of hotels and tourism corporations listed on the Amman Stock Exchange.

SECTION TWO: THEORETICAL FRAMEWORK AND PREVIOUS STUDIES

First: Theoretical framework

2.1 Definition of working capital management

According to Ibrahim et al. (2021), the definition of working capital management is related to both current assets administration and current liabilities administration. In addition, Tabong (2020) defined working capital management as the adopted strategy that is taken by managers of a certain business for the purpose of observing its working capital assets to identify the operational and financial health.

2.2 About working capital management

In the study conducted by Ibrahim et al. (2021), it was indicated that having a proper well-organised working capital management will have a great contribution on a firm's performance.

As mentioned by Ismail (2017), working capital management refers to the decisions based on financing through short-term and working capital. That includes the management between a business's short-term assets and liabilities. Also, it was stated that working capital management goal is to assure that a certain firm is capable to operate continuously and has adequate cash flow for the purpose of meeting short-term debt mature and the upcoming operational expenses.

2.3 Working capital management strategies

Zimon (2021) stated that there are three major strategies that are applied to manage working capital, conservative, aggressive and moderate, which will be described briefly. Senthilnathan (2020) stated that working capital management requires the application of working capital polices based on day-to-day control of cash requirements, account receivables, inventories, accrued expenses, and receivables.

Conservative strategy

Senthilnathan (2020) also stated that the conservative approach is related to the use of lowest risk for the means of managing working capital. It was indicated that it cannot guarantee the optimum funding use in assets but that it is useful for a firm to implement the required revenue based on the analysis of uncertain events particularly events belonging to sales fluctuations.

2.4 Financial performance

According to Abdul-Khadir et al. (2020), financial performance refers to measuring a firm's profits, value, earnings, and appreciation that are presented through the increment in the firm's share price. Based on the study conducted by Naz et al. (2016), performance in finance is related to measuring a firm's operations, activities, and polices depending on financial concepts. As such, these concepts are used to identify a firm's financial position, compliance and success. It was indicated that financial performance also refers to the degree to measure a firm's financial soundness within a certain time period. The researchers added that financial performance belongs to the taken financial actions for the purpose of making higher profit and sales among a certain business's shareholders by managing a firm's expenses, financing, revenues, current and non-current assets, and equity. Finally, d Naz et al, (2016)) concluded that the purpose of financial performance is to give sufficient information for both stakeholders and shareholders for the means of promoting them to take decisions as well as perform comparison among industries.

2.5 Firm size

According Sritharan (2015), firm size refers to the firm ability to operate and produce either a quantity or a group of services that are offered to its customers. Also, it was mentioned that the role of firm size is useful whenever comparing between competitors. The researcher added that firm size is an indicator to identify its profitability and find the relation between the size of a firm and its profitability. Recognising the mentioned relation is considered valuable and essential in a certain industry.

Meiryani et al. (2020) stated that firm size can be measured based on the firm's total sales and total assets; generally, larger firms will be known much more among the public. It was added

that the larger the size of the firm will lead to have a better signal among the public also firm size is considered a key indicator in recognising a firm's profitability.

2.6 Hotels and tourism corporations in Jordan

As mentioned by Mansour (2020), has Jordan witnessed a huge tourism increment within the first decade of the 21st century, where there were more than eight million visitors with 4.55 million tourists? It was stated that tourism expenditure made more than $ 3.42 billion and accounted for 12.4% of the domestic GDP. Mansour added that the tourism hospitality industry in Jordan is essential and plays a major role in developing the sector. Moreover, the researcher indicated that, based on Jordan Hotels Association, there were 159 hotels in Amman during 2011 among the 675 hotels in Jordan. By which the majority are less than 3-star hotels withonly 82 3-star hotels in Amman. One should keep in mind that there are only 11 hotels and tourism corporations that are listed on the Amman Stock Exchange website as of the end of 2020.

2.7 Tourism and Covid-19 in Jordan

The Jordan Strategy Forum (2021) stated that Jordan has 604 hotels, including different categories that employed about 20,918 people during 2019, of which 64% were in Amman and 14% of them in Aqaba. Also, it was mentioned that at the beginning of the Covid-19 pandemic and during the time of closing all economic sectors, the Jordanian government opened hotels in Aqaba, Amman, and the Dead Sea as quarantine facilities that were g used for the purpose of accommodating Jordanians who were returning from abroad.

However, it was indicated in the Jordan Strategy Forum that, during mid-June, there was a gradual business return, and then 50% of hotels were permitted to open for visitors and later 75% by following conditions and rules for the means of meeting the measures of social distancing and sanitisation enhancement. At the end, it was stated that, in September, 90 hotels participated in quarantine measures, so some employees were returned, while others who were considered unimportant in the process, such as PR and sales teams within that specific time period, stayed at home by 50% with a decrease in salaries by 70%.

Due to the current situation of Covid-19, it is useful to mention the applied and followed protocols within hotels during the pandemic. Interestingly it was mentioned by Jordan Hotels Association that there is a set of several protocols that were followed for the purpose of operating hotels post Covid-19, as listed below: First is to ensure that the entire facility is sterilised completely before starting to operate. Second is to provide organisational guidelines and procedures in order to ensure the importance of following social distancing principles. Third is to assign a doctor at each operating hotel. Fourth is to forbid holding parties as well any nightly activities. Fifth is to follow safety procedures to remove all types of wastes in the facility. Sixth is to provide gloves, masks and sanitizers at each exit and entry point. Seventh is to measure the temperature of guests on each entry. Eighth is to perform sales transactions by electronic payments. Ninth is to regularly sanitise all areas based on frequent contact. Tenth is to provide posters about Covid-19 related information at different locations in the hotel in different languages. Eleventh is to avoid employees sharing their working tools and so forth.

Twelfth is to complete the registration process electronically, using single pens, or by using applications that are installed on mobiles.

Second: Empirical Studies

The study conducted by Anton and Nucu (2021) aimed to find the relationship between firms' profitability and working capital. Data were collected from Amadeus database among 719 selected firms within the period from 2007 to 2016. The researchers used quantitative method by the use of different techniques of panel data. The study resulted in that there is a positive impact of working capital on profitability. Subsequently, Farhan et al. (2021), aimed to investigate the effect of policies about working capital on profitability. Data were collected from Prowess IQ database, where researchers used panel data among 829 selected manufacturing companies within the period from 2011 to 2017. Researchers tested the hypotheses based on an empirical model. The study resulted in that selected firms are experiencing investment policy and conservative financing that enhance a company's profitability to meet financial sustainability. Moreover, the study conducted by Korent (2021) aimed to find a dynamic panel approach in order to examine the indicators of firm's cash conversion cycle. The study used manufacturing firms within communication; information and trade sectors located in the Republic of Croatia over the period from 2008 to 2015. The researcher used panel regression in order to test the hypotheses. The study resulted in that the examined firms based on costs adjustment will lead firms to adjust the cycles of current cash conversion to meet the target. Also, it was concluded that adjustment differs among firms based on size of categories and the industry. Also, Ibrahim et al. (2021) aimed to find the impact of working capital management on the performance of a business. The data were collected by the use of previous studies as secondary data. The researchers used qualitative approach and then data were analysed by applying regression on results among the reviewed empirical studies. The study resulted in that wherever there are high debtors' collections and cash conversion cycle, this will lead to low performance for a certain business. However, it was also found that, whenever there is a high creditors' payment, this will lead to high performance of a particular firm. Almomani et al. (2021) aimed to find the moderating impact of financing policy and working capital investment on the relation of financial performance and the efficiency of working capital management. Data were collected based on the period from 2010 to 2018 within 42 manufacturing companies listed on the Amman Stock Exchange. Data were analysed by the use of descriptive statistics and hypotheses were tested by multiple linear regressions. The study resulted in that financing policy and working capital investment improve working capital management effectiveness in a way that is useful for bankers and investors to make lending and investing decisions. As well, stakeholders within manufacturing companies can use working capital management to improve the financial performance of a company. Also, the study conducted by Wang et al. (2020) aimed to investigate the effect of working capital strategy and working capital management on the financial performance of a company based on several levels of a corporate life cycle. Data were collected based on 12 non-financial Pakistani listed companies over the period from 2005 to 2014. Researchers applied the estimator of the hierarchical mixed linear model. The study resulted in that there is a negative attachment

between working capital management and the performance of a firm. Also, working capital strategy has various influences on financial performance based on corporate life cycle. In addition, Seth et al. (2020) by aimed to improve an approach that consists of structural equation modelling and data envelopment analysis for the purpose of assessing the efficiency of working capital management and assessing the effect of exogenous variables in relation to the selected firm and the efficiency of working capital management. The researchers used data envelopment analysis to achieve the efficiency of working capital management within 212 manufacturing Indian companies for the period from 2008 to 2019. In addition, they used structural equation modelling to find the efficiency of working capital management and the performance of the selected firm. The study resulted in that Indian manufacturing companies should concentrate on determinants like net fixed asset ratio (NFA), cost of external financing (CEF), leverage, asset turnover ratio (ATR), and interest coverage (IC) to obtain firm's performance and the efficiency of working capital. On the other hand, it was found that productivity, structural capital and human capital had no impact on the performance of the selected firm and the efficiency of working capital management. Zimon (2020) aimed to present working capital management strategies through SMEs functioning within the service, commercial, and manufacturing sectors. Analysing data was done through performing tests based on published financial statements over the period from 2016 to 2018. The performed analysis presented that there are problems faced by SMEs in relation to working capital management. The study resulted in that it is required to find a strategy that includes long-term liquidity and that permits gaining preferred profits among mentioned sectors. Moreover, Högerle et al. (2020) aimed to find working capital management development and its effect on the value of shareholder and profitability. The researchers used panel data among 115 companies listed on German Prime Standard over the period of 2011-2017. The study resulted in having an effective working capital management by using a cash conversion cycle that is considered shorter and will be deteriorated through time. However, the shorter the cash conversion cycle will lead to have a positive effect on shareholder wealth and profitability. By the results, managers are requested to have more attention to the optimisation of working capital even within an environment with low interest. Furthermore, Kubala and Firlej (2020) aimed to examine the connection between net working capital management strategies with the elected financial outcomes for enterprises related to WIG-FOOD firms. Data were collected from financial reports for 12 enterprises included in the mentioned index over the period from 2008 to 2018. Then an ANOVA one-way variance was applied. The study resulted in that there is a significant effect of networking capital management on obtained financial outcomes. Moreover, the study conducted by Alvarez et al. (2020) aimed to find the effect of working capital management on profitability within manufacturing firms. Researchers used a previous theoretical framework that was available in literature. Companies were selected through applying a stratified technique in sampling depending on economic standard. Data were collected by questionnaire over three years. The study resulted in that there is a positive statistically significant relation of all working capital dimensions with profitability. Furthermore, the study conducted by Al-Naboot and Maswadeh (2019) aimed to find the impact of working capital strategies - conservative, aggressive and moderate - on profitability. The study was conducted among food companies listed on the Amman Stock Exchange; the researchers selected nine companies from a total of

11. The researchers used simple regression, one-way ANOVA, and sample T test to meet the study's objectives and test the hypotheses. The study resulted in that conservative and aggressive strategies have a negative effect on profitability; on the other hand, moderate strategy has a positive effect on profitability of Jordanian food companies. In addition, Mielcarz et al. (2018) aimed to test the impact of business cycle on working capital management strategies. Data were collected from Notoria database among 719 Polish firms listed on the y Warsaw Stock Exchange. By finding the relation between ratios of profitability and working capital investment, the researchers identified related transmission techniques and also gave a brief description of sound financial management principles within the economic cycle. The study resulted in that more profitable firms tend to follow conservative strategies based on working capital management strategies within periods of recessions. Also, the study conducted by Jedrzejczak-Gas (2017) aimed to recognise the net working capital management strategies in projects within the construction sector listed by New Connect as an alternative exchange market. Data were collected by published financial statements for the selected 12 enterprises during the period from 2009 to 2014. The study presented the concept of recognising net working capital management strategies. Moreover, depending on the used methodology, different management strategies that were applied by the selected enterprises were identified. In conclusion, Maswadeh (2015) aimed to test the connection between working capital management strategies with profitability. Data were collected based on published financial statements by the industrial pharmaceutical corporations over the period of 2009 to 2013. The researcher used Pearson correlation coefficient among the classifications based on working capital management strategies performed by corporate. Also classifying profitability was performed to identify the statistical significant relationship among working capital management strategies and corporations' profitability. The study resulted in that there is a strong relationship between profitability and working capital management strategy for corporations applying moderate strategy, which is stronger than corporations applying aggressive strategy.

Study Rationale

This study aims to find the impact of working capital management strategies based on conservative strategy, aggressive strategy, and moderate strategy on financial performance of hotels and tourism corporations listed on the Amman Stock Exchange within the period from 2010 to 2020. Interestingly, this current study differs from other previous studies where it takes into consideration the term of working capital management strategies, since most studies are concerned more about working capital management. Also, this study will take place in Jordan, by which there is a lack of performing studies that are related to this topic. For example, according to the above previous studies, there was a study conducted in Jordan by Almomani et al. (2020) where it aimed to find the moderating impact of financing policy and working capital investment on the relation of financial performance and the efficiency of working capital management within the period from 2010 to 2018. Interestingly, there was also a study conducted by Al-Naboot and Maswadeh (2019)that is similar to this current study but it differs based on applying it into a different sector and on profitability, also there is a difference in location and time period. Another important issue to be considered is that this

study will be conducted during the Covid-19 pandemic. Finally, this study will improve the knowledge of other researchers about working capital management strategies and their application in different sectors.

SECTION THREE: RESEARCH METHODOLOGY

3.1 Research methodology

By this research, the researchers used the quantitative research approach through following an analytic approach based on the financial statements for hotels and tourism corporations. Therefore, data were collected from financial statements that are published on the Amman Stock Exchange for the period from 2010 to 2020.

3.2 Research population and sample

The population of the study is 11 hotels and tourism corporations that are listed on the Amman Stock Exchange website as of the end of 2020. Moreover, the researchers used purposive sampling technique, so the sample of the study included all corporations that met a group of particular terms and conditions. Therefore, the researchers used such sampling due to the small population size and the ease of obtaining related information.

In conclusion, listed below are the required conditions to be met by corporations for the purpose of selecting the sample:

- The corporate must be functioning continuously through the study period that is from 2010 to 2020.
- No merging had occurred to the corporation.
- Data should be available to find the variables of the study.
- The corporations' shares should be traded within the study's duration, that is from 2010 to 2020.

Accordingly, the final sample was represented by eight hotels and tourism corporations listed on the Amman Stock Exchange.

3.3 Data collection

The researchers collected the data from secondary source to cover both practical and theoretical sides. Furthermore, the practical side was covered from published financial statements for corporations that were involved in this study. Moving to the theoretical side, the researchers used different sources, such as books, articles, scientific research papers and journals.

3.4 Measuring research variables

Al-Mohareb (2019) indicated that cash conversion cycle appears whenever there are cash payments by corporations to suppliers by purchasing materials and it ends through collecting cash from customers as credit sales. It was indicated to calculate cash conversion cycle by the following equation:

CCC = (IVP +RVP)-(PYP)

Where,

CCC: cash conversion cycle
IVP: inventory period
RVP: accounts receivable period
PYP: accounts payable period
Interestingly, in the same study it was mentioned how to calculate each of the above terms as follows:

Inventory period = (Average Inventory / Annual Cost of Goods Sold) × 365

Account receivable period = (Average Receivables / Annual Sales) × 365

Accounts payable period = (Average Payables / Annual Cost of Goods Sold) × 365

As mentioned before, financial performance in this study will be measured by ROA. It was indicated by Al-Qudah (2016) that ROA is measured by:

ROA = Total income / Total assets

The control variable in this study is Firm Size (FS) and is calculated by the following equation, as indicated by Al-Mohareb (2019):

FS= Log of total assets

The classification of the study's sample based on working capital management strategies

For the purpose of recognising the strategy that each corporation included in the sample will follow, the researchers depended on One Sample T Test. Where that was attained by performing a comparison of the average cash conversion cycle period for each corporation by the average of cash conversion cycle for the industry, as mentioned in the studies conducted by Maswadeh (2015), Jedrzejcak-Gas (2017), and Al-Naboot and Maswadeh (2019). Therefore, the taken decisions will be as mentioned below: For example, the corporation is classified as following a conservative working capital management strategy when its average cash conversion cycle is higher than the industry's average cash conversion cycle period at a significant level ($\alpha \leq 0.05$). Also, the corporation is classified as following aggressive working capital management strategy when its average cash conversion cycle is lower than the industry's average cash conversion cycle period at a significant level ($\alpha \leq 0.05$). Finally, the corporation is classified as following a moderate working capital management strategy when there is no difference between its average cash conversion cycle period compared to the industry average cash conversion cycle period at a level of significance ($\alpha \geq 0.05$).

3.5 Limitations

The following are some of the limitations that the researchers faced while conducting this study: lack of related previous studies, the population of the study was small, only one sector was covered and there was not any comparison held between sectors, and the time period required to conduct the study was short.

3.6 Statistical method

Below are listed the statistical methods that were performed in this research:
- Descriptive analysis based on frequency, mean and standard deviation for the means of summarising the collected data.
- Normality test was applied according to Kolmogorov-Smirnov.
- Hypotheses were tested by using multiple regressions.

SECTION FOUR: DATA ANALYSIS

4.1 Descriptive tests

The aim of this study is to find the impact of working capital management strategies on financial performance, measured by return on assets in the presence of company size and measured by the company's assets as a control variable, where the length of the cash transfer period was relied upon in classifying the working capital management strategy, by calculating the total of the inventory period and accounts receivable period minus the accounts payable period, and the descriptive statistical measures (arithmetic mean, standard deviation, as well as the highest and lowest value) used. The following table presents the results of the descriptive analysis and testing of the normal distribution of the study data:

Table 1: The results of the descriptive analysis and the normal distribution of the study variables

	Std. Deviation	Mean	Max	Min
Cash conversion cycle	72.17	76.14	402.60	-34.93
Inventory period	23.49	27.02	172.60	2.78
Accounts receivable period	56.91	64.72	293.35	4.03
Accounts payable period	31.52	38.44	182.86	2.73
Financial performance (ROA)	6.22	1.02	10.68	-16.70
Firm size	69083600	64006232	279856071	9875215

According to the results of the descriptive analysis presented in the above table, it can be noted that the lowest value of return on assets in the study companies is -16.70%, and this indicates that there are companies in the study sample that make losses, and the highest value is 10.68%, which indicates that there are hotels and tourism companies that made profits during the study period, and the arithmetic mean value (1.02%) indicates that the study sample companies have the efficiency to make profits by properly exploiting assets and benefiting their investments, but it considers it of little use, and the high value of the standard deviation indicates a high degree of variation in the rates of return on assets for the sample companies. The results presented in the table related to the inventory period indicate the highest value of 173 days and the lowest value, which is approximately three days, and they indicate a discrepancy in the inventory period in the study sample companies; this is confirmed by the high standard deviation of 23.49 days. Also, the arithmetic mean value (27 days) indicates that the sample companies rotate their inventory more than 13 times annually. The results related to accounts

receivable period indicate the highest value, which is approximately 293 days, and the lowest value is four days. They indicate a clear variance in the accounts receivable period in the study sample companies, and this is confirmed by the high standard deviation, which reached 56.91, and the arithmetic mean value (65 days) indicates that the sample companies rotate their receivables five and a half times annually. The results related to accounts payable period indicate the highest value, which is approximately 182 days, and the lowest value is three days. They indicate a clear variance in the payment period in the study sample companies, and this is confirmed by the high standard deviation, which reached 31.52, and the arithmetic mean value (38 days) indicates that the sample companies rotate their accounts payable nine times annually. As for the cash conversion cycle, the results indicate the highest value, which is approximately 403 days, and the lowest value is -35 days. They indicate a clear variance in the cash conversion period in the study sample companies, and this is confirmed by the high standard deviation, which reached 72.17, and the arithmetic mean value (76 days) indicates that the sample companies transfer their cash more than four times annually.

4.2 Classification of the sample companies according to the strategies used to manage working capital

For the purpose of recognising the strategy that each corporation included in the sample will follow, the researcher will depend on One Sample T Test. Where that will be attained by performing a comparison of the average cash conversion cycle period for each corporation by the average of cash conversion cycle for the industry, as mentioned in the studies conducted by Maswadeh (2015). Jedrzejcak-Gas (2017) and Al-Naboot and Maswadeh (2019). That will be performed in order to judge whether the difference between average cash conversion cycle for a certain corporation and the industrial standards are statistically accepted differences at a level of significance less than or equal to 0.05. Therefore the taken decisions will be as mentioned below:

- The corporation is classified as following a conservative working capital management strategy when its average cash conversion cycle is higher than the industry's average cash conversion cycle period at a significant level ($\alpha \leq 0.05$).

Follows:

Table 2: Classification of the study sample companies

	Value (T) Table		Industry average cash conversion cycle = 32.37			
No.	Company's Name	Calculated T value	Mean	Mean Difference	Sig	Type of Strategy Used
1	X1	-14.169	18.201	-14.169	0.000	Aggressive
2	X2	27.242	59.612	27.242	0.026	Conservative
3	X3	1.150	33.520	1.150	0.803	Moderate
4	X4	-5.736	26.634	-5.736	0.005	Aggressive
5	X5	-3.028	29.342	-3.028	0.059	Moderate
6	X6	5.041	37.411	5.041	0.737	Moderate
7	X7	-0.447	31.923	-0.447	0.949	Moderate
8	X8	38.495	70.865	38.495	0.014	Conservative

Based on the results presented in the above table, it is noted that there are two companies follow the conservative strategy, (X1 and X8), two companies that follow the aggressive strategy(X2 and X4), and four companies follow the moderate strategy(X3, X5, X6, and X7).

4.3 Normal distribution test

It was necessary to ascertain the validity of the data for conducting parametric tests by determining whether they are normally distributed or not, based on the Kolmogorov-Smirnov test (Saeed et al., 2021; Liu et al., 2021), and the results were as follows:

Table 3: The normal distribution test of the study categories

Variable	Strategies	K-S	Sig
Cash Conversion Cycle	Conservative	0.201	0.052
	Aggressive	0.260	0.082
	Moderate	0.224	0.069
ROA	Conservative	0.174	0.082
	Aggressive	0.241	0.090
	Moderate	0.182	0.055
Firm size	Conservative	0.321	0.070
	Aggressive	0.327	0.096
	Moderate	0.326	0.069

Based on the results of the Kolmogorov-Smirnov test presented in Table 3, it was found that data for all study variables in all strategies follow the normal distribution due to the high probability value of each of them (0.05).

4.4 Testing the study hypotheses

The researchers tested the three main hypotheses of the study by relying on the multiple regression tests.

H01 There is no statistically significant impact at the level of significance ($\alpha \leq 0.05$) of conservative strategy on financial performance of hotels and tourism corporations listed on the Amman Stock Exchange.

Table 4: Results of the first main hypothesis test

Variable		Coefficient (β)	Sig. T	T-Statistic
Constant		--------------	0.019	2.554
Conservative Strategy		-0.548	0.001	-2180
Firm size		0.639	0.000	2.545
R	0.520	**F-Statistic**	13.522	
R²	0.270	**Sig. F-Statistic**	0.005	
Adjusted R² = 0.252				

The test results presented above show that the probability value (Sig.F) is lower than the level of significance (Sig.F $\leq$ 0.05), which indicates the study model is appropriate, as its value

reached (Sig. F = 0.005), and the results of the study also show that there is a negative effect of (Coefficient = 0.548) for Conservative Strategy on financial performance measured by return on assets, and this value is significant at the level of (0.05), where the probability value (Sig.T ≤ 0.05) decreased, where it reached (Sig.T = 0.001), which indicates the rejection of the first main null hypothesis and acceptance of the hypothesis

The results also showed that the value of the adjusted coefficient was (Adjusted R2 = 0.252), which indicates that (25.2%) of changes in financial performance measured by return on assets can be explained by applying conservative strategy in the presence of the company size as a control variable.

Based on the explanatory power classifications, it was found that the value of the adjusted coefficient is medium and reliable in the process of prediction and interpretation of Financial performance measured by return on assets.

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SECTION 5: DISCUSSION AND RECOMMENDATIONS

5.1 Discussion and conclusion

Below is a discussion in relation to the obtained results: Firstly, **there is a statistically significant impact of conservative strategy on financial performance of hotels and tourism corporations listed on the Amman Stock Exchange**. Conservative strategy had a negative impact on financial performance. That can be justified because corporations that follow this strategy tend to lower the risk where that will lead to reduce their profits. Therefore, that will affect badly corporations' future profitability and financial performance in the future. Also, conservative strategy applied to manage working capital is considered to be useful to lower the risk regarding cash shortages within the short term, which will affect profitability badly within the long term as well. This result is consistent with the result of the study conducted by Al-Naboot and Maswadeh (2019) where it found there is a negative effect of conservative strategy on profitability, by which the researchers measured the performance depending on profitability.

5.2 Recommendations

Firstly, based on the positive effect of aggressive strategy, it is recommended that hotels and tourism corporations that are listed on the Amman Stock Exchange and are willing to apply this study should take into consideration the possible high risks that may occur either in the current time or in the future. However, that might cause these corporations to close, so that they are suggested to study such risks since this strategy leads to higher profit, higher return, and enhancement of their performance. Secondly, based on the negative effect of conservative strategy, it is recommended that corporations listed on the Amman Stock Exchange that are

willing to apply this study not to follow conservative strategy because doing so will lead to a reduction in these corporations' profits, which will badly affect the profitability of corporations in the future. Thirdly, based on the positive effect of moderate strategy, it is recommended that corporations listed on the Amman Stock Exchange that are willing to apply this study to follow moderate strategy since corporations will maintain the balance of return and risk to gain much more benefits. Fourthly, applying this study among other different fields for the purpose of performing comparison such as travel industry. Finally, examining the effect of working capital strategies on other variables rather than financial performance.

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