

# THE EFFECT OF ANNOUNCING THE DIVIDEND ACCORDING TO THE INTERNATIONAL ACCOUNTING STANDARD (IAS 33) ON THE MARKET VALUE OF THE SHARE

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## Abstract

This research aims to demonstrate the effect of announcing dividends according to the International Accounting Standard (IAS 33) on the market value of the shares of companies listed in the Iraq Stock Exchange. The research community was represented by the sector (industry, hotels and tourism, agriculture, banks), while the research sample consisted of (8) companies listed in the Iraq Stock Exchange for the period (2015-2018) and the research used description and analysis of data and testing hypotheses of some financial indicators and statistical tests using. The simple and multiple regression model, to identify the effect between the search variables, using the earnings per share index as it is one of the important and commonly used indicators by dealers in the financial markets to measure the impact of the announcement of the dividend distribution on the market value of shares. The research reached a number of results, most notably, the presence of a positive and significant effect, and the percentage of interpretation of the regression model indicates that the changes that occur in the market value of the share are due to the two variables of announcing dividends and earnings per share. The most important recommendations were to activate the financial markets through the establishment of educational courses for investors to increase their awareness of the available financial and non-financial information to rationalize their investment decisions and improve the strength of the market.

**Keywords:** The Announcement of Dividends, the International Accounting Standard (IAS 33), the Market Value of the Share

## INTRODUCTION

The shares of economic units are traded in the financial markets, where the market value of the shares is determined according to supply and demand, by buying and selling them in the financial market, and the shares of economic units are evaluated by investors based on many financial factors, including the distribution of profits and earnings per share in addition to There are many other factors, and there are also non-financial factors such as the news circulating in the market, the reputation of the management, and the nature of the activity of the economic unit. Dividend distribution and earnings per share are among the most important factors that encourage shareholders to acquire shares and increase their share in the capital of the economic unit.

## CHAPTER ONE / RESEARCH METHODOLOGY

### 1. Research problem

The research problem consists of the following questions:

1. What is the impact of announcing the dividend according to the earnings per share on the market value of the share?
2. To what extent does the announcement of dividends affect the market value of the share?
3. To what extent does the earnings per share affect the market value of the share?

## **2. Research objectives**

1. Identify the theoretical aspect of the research variables, the announcement of dividends, the International Accounting Standard (IAS 33), which includes the concept, percentage and types of dividends, the concept, scope and measurement of the International Accounting Standard 33.
2. Identify the effect of announcing dividends and earnings per share on the market value of the economic unit.
3. Statement of the factors affecting the market value of the shares of the companies listed in the Iraq Stock Exchange.

## **3. Research hypotheses**

1. There is a statistically significant effect of announcing dividends and earnings per share on the market value of the share
2. There is a statistically significant effect of announcing dividends on the market value of the share.
3. There is a statistically significant effect of earnings per share on the market value of the share.

## **4. Research importance**

1. The importance of the research derives from the importance of the variables that are being studied, since the announcement of the distribution of profits and the earnings per share helps the management of the economic unit to maximize the value of the share because the market value reflects the extent of the strength of the economic unit in light of the high competition.
2. The announcement of dividends motivates investors to buy shares of the economic unit from the financial markets and thus leads to gaining their confidence by attracting the largest number of them.
3. The research will provide a practical guide for investors and economic unit departments about the impact of announcing the distribution of profits and earnings per share on the market value of the share.

## **5. The research community and its sample**

The research community consists of (4) sectors listed in the Iraq Stock Exchange, which are (industry sector, hotels and tourism sector, agriculture sector, banking sector). As for the

research sample, it included (8) companies listed in the Iraq Stock Exchange, which are (Baghdad Soft Drinks Company, Iraqi Carpet and Furniture Company, Baghdad Hotel, Babel Hotel, Iraqi Company for the Production and Marketing of Agricultural Products, Middle East Company for Fish Production and Marketing, Bank of Baghdad, Bank Al-Mansour Investment).

## CHAPTER TWO / THEORETICAL FRAMEWORK OF THE RESEARCH

This research deals with three topics: the announcement of dividends, the International Accounting Standard (IAS 33), and the market value of the share.

### First: Announcing the dividends

#### 1. The concept of announcing dividends

Earnings announcements are one of the most important components for testing market efficiency and are an important indicator used by managers to communicate information to investors about the future prospects of the unit (Mloniz et al: 2011, 143).

Earnings announcements and dividends are often published one after the other during a short period of time or at one time, and it has been shown that the market reactions to earnings announcements are based on other information published about the date of the announcement more than the earnings information itself (Brandt. et al: 2008, 1).

The response of the market indicators to the information conveyed by the earnings announcements about the management's expectations has been documented through the positive response of investors to the good news and a negative form to the bad news. Market participants are waiting for the earnings announcement dates in the publications and reports of analysts. Profits convey a lot of new information (2011, 1: Basu et al).

There are several definitions of dividends, the most important of which are: Defining distributed profits is that decision that the unit makes to distribute its profits, whether in the form of cash or non-cash, to the shareholders as a tangible return on their investments in the shares of the unit that they own, and these profits represent the current income expected by the shareholders to be spent on commodities and ongoing services (Hussein: 7, 2016).

As you know, dividends are cash payments to be distributed to the shareholders according to the profitability of the unit that it achieves from its various activities and its liquidity (Abdul Rasul: 211, 2015).

It is also defined as the sums paid from the profits to the owners of the unit, and is considered as a reward to them for providing financing for the unit (53, Khan: 2011).

#### 2. The percentage of dividends

The high percentage of distributions indicates one of the following: the maturity of the unit in its productive field or a lack of profitable investment growth opportunities available to the unit or the management's intention to maintain the amount of distributions prevailing in previous years even if the profits decreased, while the low percentage of distributions indicates the

allocation of a large percentage From the balance of retained earnings to implement future investment growth opportunities for the economic unit, or the decrease in the percentage of distributions may be an opposite indication, as this reflects the financial pressure imposed on the unit by creditors to reduce distributions (Badeedah: 26, 2011).

### **3. Types of dividends**

There are many types of dividend distributions, and the unit tends to a certain type of distribution in line with the conditions of the economic unit and the objectives to be achieved by following a specific type of these types:

**a. Cash distributions:** It can be done through one of the following policies.

#### **1. A policy of distributing a fixed percentage of profits**

Some economic units resort to distributing a fixed percentage of net profits as a cash return to shareholders (Jihad: 188, 2015). And that the problem facing the unit when this policy is the instability of the amount of distributions because the amount of distributions changes from one year to another according to the change in the net profits, and if the profits decreased in one year, the share of the share from the distributions will decrease, and in the event of a loss of the unit, it stops paying the dividends, and since Dividends are an indicator of the state of the unit in the future, as this will negatively affect the price of its shares in the market (Kawthar: 2016, 8).

#### **2. Regular dividend policy**

According to this policy, the unit pays a specific and fixed amount of profits for each period of profit distribution. This policy provides shareholders with positive information about the future of the unit, as it reduces their uncertainty, and this is reflected in the share price rising (Haddad: 314, 2010).

#### **3. A policy of regular and low distributions with additional distributions.**

This policy is based on the distribution of fixed and low amounts during the periods of decision-making of the distribution of profits, followed by additional distributions in the event of achieving exceptional profits. (Al-Ali: 376, 2010).

**b. Stock distributions** (non-cash distributions) can be made through one of the following policies.

#### **1. Free shares distributions**

Stock distributions are considered a capitalization process and the economic unit can increase its capital through the process of transferring reserves and retained earnings (earned capital) to paid-up capital (Al-Mashhadani: 138, 2014). The distribution takes place in the form of shares paid to the shareholders instead of paying cash dividends. These shares are called free shares or bonus shares. The share of each shareholder in these distributions is determined by the proportion of his contribution to the capital. This results in an increase in the number of shares when the economic unit issued these new shares, and this leads to a

decrease Earnings per share are the same as the increase resulting from the distribution of shares (2015,1215: Bessembinder & Feng).

## **2. Stock split**

The unit follows it when it believes that the market price of the share is higher than its real value. The split is carried out in order to increase the trading of the unit's shares in the market and thus encourage investors to deal with their new shares. This alternative is used to give the shares flexibility in trading and create an increased demand for shares (Al-Ali: 381, 2010).

## **3. Repurchase of shares**

The process of buying back shares is that the unit purchases some of its ordinary shares that it issued before, and such a procedure leads to the creation of what is called cash shares or treasury shares. The unit resorts to this process if it has available financial resources that exceed its investment needs. The unit uses its surplus cash to purchase Shares instead of cash distributions, and this process is considered one of the alternative ways to distribute profits (Hafsi: 42, 2016).

### **Second: International Accounting Standard (IAS 33)**

#### **1. The concept of the International Accounting Standard (IAS 33).**

This standard has been developed in order to describe the basic principles for determining and presenting earnings per share, in order to improve performance comparisons between different economic units in the same period and between different accounting periods for the same unit. The share in the financial statements to assist the users of the financial statements in making appropriate decisions (Mashkoor: 89, 2021).

#### **2. The scope of the International Accounting Standard (IAS 33).**

- a. Economic units whose ordinary shares or potential ordinary shares are traded in the financial markets.
- b. B. The economic units that prepare consolidated financial statements. When presenting the consolidated financial statements, the earnings per share are calculated for the consolidated financial reports because the user wants to know the results of the business as a whole. If those economic units disclose the earnings per share in the independent financial reports, the profitability is not displayed. One share in the consolidated financial reports (Abu Nassar and Humaidat: 479, 2016).

#### **3. Earnings per share measurement according to the International Accounting Standard (IAS 33).**

Basic and diluted earnings per share are calculated in accordance with International Accounting Standard (33) as shown below:

##### **a. Basic earnings per share**

The basic earnings per share represents the share of one ordinary share in the net profits of the economic unit from the continuous activity after interest and taxes. It

is extracted according to the nature of the capital financing structure of the economic unit and is considered simple when the capital consists of ordinary shares only, i.e. devoid of transferable issues such as preferred shares and convertible debts. It is calculated by dividing the net profit or loss attributable to the ordinary shareholders of the economic unit by the weighted average number of ordinary shares during the period (Ismail: 136, 2016).

**b. Diluted earnings per share**

The diluted earnings per share is calculated when the financing structure of the economic unit is composite, not limited to ordinary shares only, but also includes preferred shares, convertible debts, options and guarantees (Jaarat: 95, 2015). Potential ordinary shares are considered diluted when converting them into ordinary shares will reduce the basic earnings per share, and the purpose of calculating them is because they provide users of accounting information with additional information about the risks that reduce the basic earnings per share (Humaidat: 850, 2019).

**Third: the market value of the share**

**1. The concept of market value**

The market value of the share is one of the basic criteria and indicators that can be used to express the value of the economic unit, and it is defined as a criterion for performance and a measure from the point of view of the owners, in addition to that the value of the economic unit can be determined through the market price of its shares, in addition to that the investor in the financial market looks at This value as an indicator of the success or failure of the unit (470, Wild: 2003).

**2. Factors affecting the market value of the share**

The market value is affected by a number of factors, including the following (Das 2007:4):

**a. Supply and demand**

Stock prices change in the financial market every day, so we note that stock prices can be estimated every morning, or the prices of some stocks may change several times a day, which means that stock prices are determined through supply and demand, as there is no guaranteed and sure system that indicates the exact movement of stock prices. There is a group of factors behind the increase or decrease in demand and supply in the market price of the share. This may include external factors and market behavior.

**b. B. Financial performance**

The financial performance of the economic unit is one of the main factors that affect stock prices. There are a number of internal and external factors that affect the financial performance of the economic unit. Internal factors include a change in the board of directors or the appointment of a new management. External factors may include rules, instructions, economic conditions, investor behavior and competition. between units, which have an important impact on the share price factor.

### c. Economic trends

The economic situation of the country in which the economic unit operates plays an important role. For example, if a particular country is in a state of prosperity, we notice an increase in the share price in the market as a result of increased investment activity, which leads to an increase in demand for shares and then an increase in their price. Either in the case of recession or inflation, we see that the market price of shares It began to decrease as a result of the economic activity of the unit being affected by the conditions the country went through (2011, 7: et al.Tamimi).

## CHAPTER THREE / THE PRACTICAL SIDE

### - Financial indicators used in the research

1. Dividend distribution = capital of the economic unit x the prescribed percentage
2. Earnings per share: = net income / number of ordinary shares
3. The market value: It was relied on to call the meeting of the General Authority for Economic Unity to calculate the market value when announcing the dividends, which represent the closing price based on the annual bulletins of share prices published by the Iraqi Stock Exchange.

### - Describe and analyze the effect of announcing dividends in accordance with International Accounting Standard 33 on stock prices

#### 1. Baghdad Soft Drinks Company

**Table 1: The effect of announcing dividends and earnings per share on the market price of the share**

Years	net income	Number of Shares	Dividend	Earnings per share	The market value of the share
2015	26,746	133,000	-	0.201	1,710
2016	33,530	133,000	13,300	0.252	2,030
2017	37,311	177,333	13,300	0.210	2,480
2018	43,497	177,333	17,733	0.245	4,000

It appears from Table (1) the financial statements of the Baghdad Soft Drinks Company in the year (2015) that the Board of Directors did not approve the distribution of profits for the year (2014) as a result of the decrease in net income, that the dividends increased from the year (2016) by (13,300) million dinars to reach to its highest level in the year (2018) by (17,733) million dinars, in contrast, the net income in the year (2015) reached the lowest value by (26,746) million dinars, then it increased in the year (2016) by (33,530) million dinars until it reached the highest value In the year (2018) it amounted to (43,497) million dinars, while the earnings per share was the highest value in the year (2016) when it amounted to (0.252) dinars, and after that in the year (2018) when it reached (0.245) dinars, indicating an increase in net income, and it decreased in the year ( 2015) by (0.201) dinars.



It also appears from the table that the lowest market value per share is (1,710) dinars in the year (2015) as a result of the Board of Directors not approving the distribution of profits, which led to a decrease in the earnings per share in the same year, and the highest value was in the year (2018), which amounted to (4,000) dinars.

## 2. The Iraqi Company for Carpets and Furniture

**Table 2: The effect of announcing dividends and earnings per share on the market price of the share**

the years	net income	Number of Shares	Dividend	Earnings per share	The market value of the share
2015	162,463	500,000	125,000	0.325	4,000
2016	163,577	500,000	75,000	0.327	4,750
2017	228,953	500,000	175,000	0.458	7,750
2018	298,796	500,000	250,000	0.598	7,790

Table (2) shows the financial data of the Iraqi Carpet and Furniture Company, where the dividend distribution witnessed a remarkable increase in the years (2015) and (2017) by (125,000) and (175,000) million dinars, until it reached its highest value in the year (2018) by ( 250,000) million dinars, then decreased in the year (2016) by (75,000) million dinars, in contrast, the net income increased in the year (2017) by (228,953) million dinars, then followed by the year (2018) by (298,796) million dinars.

As for the year (2015, 2016), the net income ranged between (162,463-163,577) million dinars, while the earnings per share gradually increased from the year (2015), reaching (0.325) dinars, to reach its highest level in the year (2018), when it reached (0.598) dinars.

It also appears from the table that the lowest market value per share was (4,000) dinars in the year (2015), and it gradually increased to reach its highest level (7,790) dinars in the year (2018).

## 3. Baghdad Hotel

**Table 3: The effect of announcing dividends and earnings per share on the market price of the share:**

The Market Value Of The Share	Earnings Per Share	Dividend	Number Of Shares	Net Income	Years
7.710	0.361	384,480	3844,800	1,388,263	2015
10.000	0.507	-	3844,800	1,949,256	2016
7.900	0.493	961,200	3844,800	1,895,490	2017
9.350	0.493	1,807,056	3844,800	1,895,490	2017
9.000	0.565	1,691,712	3844,800	2,170,864	2018

Table (3) shows the financial statements of the Baghdad Hotel, where it was found that the net income of the Baghdad Hotel is constantly increasing from the year (2015) as it was by (1,388,263) million dinars until the year (2018) by (2,170,864) million dinars as a result of the increase in the hotel activity. Profits In the year (2016) the Commission did not meet to



announce the distribution of profits, and in the year (2015) the lowest value of the distributed profits was by (384,480) million dinars, while in the year (2017) the profits of the year (2015,2016) were announced, and their value was increasing by ( 961,200 (1,807,056) million dinars, while the highest earnings per share were (0.56) dinars in the year (2018), while the lowest profit per share was (0.36) dinars in the year (2015) dinars.

It is noted from the above table that the market value of the share reached its highest level in the year (2016) by about (10,000) dinars, followed by the year (2017) by about (9,350) dinars, while its lowest value was in the year (2015), when it amounted to (7,710) dinars.

#### 4. Babylon Hotel

**Table 4: The effect of announcing dividends and earnings per share on the market price of the share**

The Market Value Of The Share	Earnings Per Share	Dividend	Number Of Shares	Net Income	Years
36.000	0.347	-	2000,000	694,630	2015
32.500	0.468	-	2000,000	936,702	2016
37.500	1.090	400,000	2000,000	2,181,138	2017
44.500	1.529	-	2000,000	3,059,959	2018

Table (4) shows the financial data of the Babylon Hotel, through which it appears that the lowest net income amounted in the year (2015) by (694,630) million dinars, then it increased in the year (2017) by (2,181,138) million dinars until it reached its highest value in the year (2018) in the amount of (3,059,959) million dinars. As for the dividends, the General Assembly did not meet to announce the distribution of profits in the years (2018, 2016, 2015), while the profits were distributed in the year (2017) in the amount of (400,000) million dinars. As for the earnings per share, we find profitability The share rose in the year (2017) amounting to (1.090) dinars as a result of the increase in net income, followed by the year (2018) amounting to (1.529) dinars, while the lowest profit per share was in the year (2015) amounting to (0.347) dinars. It is noted from the table that the market value of the share increased in the year (2017), amounting to (37,500) dinars, until it reached its highest level in the year (2018) by about (44,500) dinars.

#### 5. Al-Iraqiya Company for the Production and Marketing of Agricultural Products

**Table 5: The effect of announcing dividends and earnings per share on the market price of the share**

The market value of the share	Earnings per share	Dividend	Number of Shares	net income	Years
10.800	0.866	180,000	360,000	311,621	2015
7.650	0.169	90,000	360,000	60,814	2016
7.500	0.459	36,000	360,000	165,092	2017
8.450	-	144,000	360,000	175,732	2018

Table (5) shows the data of the Iraqi Company for the Production and Marketing of Agricultural

Products. The highest value of dividend distributions in the year (2015) amounted to (180,000) million dinars, and it gradually decreased in the year (2017,2016) by (90,000), (36,000) million dinars in On the other hand, the net income increased in the year (2015) by (311,621) million dinars, then it decreased in the year (2016) by (60,814) million dinars, while in the year (2018) the net loss was by (175,732) dinars, while the highest earnings per share in the year (2015) (0.866) dinars, and this indicator shows the expected return per share at the market level after the decision to distribute profits at the level of the company, and the lowest value of profitability per share was in (2016) by (0.169) dinars.

It is noted from the above table that the highest market value per share amounted to (10,800) dinars in the year (2015), followed by the year (2018), which amounted to (8,450) dinars as a result of the increase in the percentage of distributed profits, which decreased from the year (2016) to the year (2017) by (7,650). ), (7,500) dinars.

## 6. Middle East Company for Fish Production and Marketing

**Table 6: The effect of announcing dividends and earnings per share on the market price of the share**

The Market Value Of The Share	Earnings Per Share	Dividend	Number Of Shares	Net Income	Years
7.360	0.514	75,000	300,000	154,331	2015
7.100	0.444	60,000	300,000	133,320	2016
8.100	0.240	60,000	300,000	72,039	2017
9.750	0.175	60,000	300,000	52,453	2018

Table (6) shows the financial statements of the Middle East Company for Fish Production and marketing, where the company has distributed profits for all years in a stable manner. Dividend distributions were stable at (60,000) million dinars, while earnings per share reached its highest level in the year (2015) about (0.514) dinars, followed by (2016) with earnings per share (0.444) dinars, with fluctuation in earnings per share in a year (2018, 2017) it amounted to (0.240), (0.175) dinars.

It is also noted from the table that the market value of the share is gradually increasing from (7,100) dinars in the year (2016) until it reaches in the year (2018) the highest market value that the share can reach by about (9,750) dinars.

## 7. Bank of Baghdad

**Table 7: The effect of announcing dividends and earnings per share on the market price of the share**

The market value of the share	Earnings per share	Dividend	Number of Shares	net income	Years
1.590	0.026	20,000	250,000	6,448	2015
0.680	0.081	-	250,000	20,245	2016
0.720	0.024	17,500	250,000	6,122	2017
0.400	0.017	-	250,000	4,152	2018

It is clear from table (7) the data of the Bank of Baghdad, so we see that the highest net income

was achieved in the year (2016) by (20,245) million dinars, while the lowest net income amounted to (4,152) million dinars. As for the dividends, the highest value of the profits distributed was in the year (2015) By (20,000) million dinars, and the lowest value was in the year (2017) by (17,500) million dinars, and in the year (2016, 2018) the Board of Directors did not approve the distribution of profits as a result of the decrease in net income, while the earnings per share was the highest value in the year (2016) by ( 0.081) dinars, and decreased in the year (2018) by (0.017) dinars.

It is also noted that the market value of the share increased in the year (2015) by (1.590) dinars and until the year (2017) by (0.720) dinars. This means that the increase in dividends is reflected in the increase in the market value of the share, and it decreased in the year (2018) by (0.400) dinars.

## 8. Al-Mansour Investment Bank

**Table 8: The effect of announcing dividends and earnings per share on the market price of the share**

The market value of the share	Earnings per share	Dividend	Number of Shares	net income	Years
0.860	0.079	12,500	250,000	19,760	2015
0.930	0.058	15,000	250,000	14,390	2016
1.010	0.059	12,500	250,000	14,833	2017
0.920	0.085	12,500	250,000	21,164	2018

From table (8) showing the financial statements of Al-Mansour Investment Bank, the distribution of profits was announced to shareholders on an annual basis, as the highest value of the profits distributed in the year (2016) amounted to (15,000) million dinars, while in the years (2018, 2017, 2015) the dividends were Stable by (12,500) million, on the other hand, the net income generated from the bank's activity increased in the year (2015) from (19,760) million dinars, with fluctuations in subsequent years, to reach (21,164) million dinars in the year (2018), while the highest earnings per share amounted to (0.085) dinars in the year (2018), while the lowest earnings per share amounted to (0.058) dinars in the year (2016).

It is also noted from the table that the lowest market value of the share amounted to (0.860) dinars in the year (2015), and it rose in the year (2016) to (0.930) dinars, to reach (1.010) dinars in the year (2017).

### - Statistical analysis and testing research hypotheses

The effect of announcing dividends and earnings per share on the market value of the share is measured and known by simple and multiple linear regression analysis.

**The first sub-hypothesis: There is a statistically significant effect at a significant level of 0.05 for announcing dividends on the market value of the share.**

To study the effect of announcing dividends, an appropriate hypothesis must be put in place, as the variable of announcing dividends is considered an independent variable. As for the dependent variable represented by (the market value of the share), and to study the hypothesis,

the appropriate model must be developed for the data, which represents the research problem accurately, through the table (9) After measuring the effect and choosing the best model for the data, it was found that the value of  $R^2 = 0.702$  which means (the coefficient for determining the best model), meaning that the independent variable (dividends) explains (70%) affecting the dependent variable (the market value of the share). That is, the remainder is considered random errors or is attributed to unknown errors, as their value amounted to (30%). As for measuring the role of the relationship between variables, the value reached ( $R = 0.954$ ), and this indicates that the relationship is strong, as for the value of the test ( $F = 9.444$ ), which studies the suitability of the data regression line and the hypothesis of the regression model, as the level of significance reached (0.004), which is less than (0.05), which indicates that there are no significant differences and that the model accurately represents the studied phenomenon and that the regression line fits the given data, i.e. accepting the hypothesis that states (There is a statistically significant effect at a significant level of 0.05 for announcing dividends on the market value of the share), as for the coefficient ( $\beta$ ), which represents the amount of impact of announcing dividends on the market value of shares, which amounted to (9.118) with a significant level less than (0.05). ) after passing the (t) test with a score of (0.004), meaning that there is a significant positive effect.

**Table 9: shows an analysis of the effect of announcing dividends on the market value of the share**

**Model Summary<sup>c,d</sup>**

Model	R	R Square <sup>b</sup>	Adjusted R Square	F Change	Sig. F Change	
1	.954 <sup>a</sup>	.702	.952	9.444	.004	
Model	Unstandardized Coefficients			Standardized Coefficients	t	Sig.
	B		Std. Error	Beta		
1 Announcement of dividends	9.118		.000	.483	3.073	.004

a. Dependent Variable: The market value of the share after the announcement

b. Linear Regression through the Origin

**The second sub-hypothesis: There is a statistically significant effect at the level of 0.05 for earnings per share on the market value of the share.**

To study the effect of earnings per share, an appropriate hypothesis must be set for it, as the earnings per share variable is considered an independent variable. As for the dependent variable represented by (the market value of the share), and to study the hypothesis, an appropriate model must be developed for the data, which represents the research problem accurately. The effect and selection of the best model for the data showed that the value of  $R^2 = 0.858$  which means (the coefficient for determining the best model), meaning that the independent variable (earnings per share) explains (85%) affecting the dependent variable (the market value of the

share), meaning that what is left is considered of random errors or attributed to unknown errors, as its value amounted to (15%). As for measuring the role of the relationship between variables, the value reached ( $R = 0.893$ ), and this indicates that the relationship is strong. As for the value of the test ( $F = 122.498$ ), which studies the extent of The fit of the data regression line and the hypothesis of the regression model, as the significance level reached (0.000), which is less than (0.05), which indicates that there are no significant differences, and that the model accurately represents the studied phenomenon, and that the regression line fits the given data, i.e. accepting the hypothesis that states (the existence of a significant effect Statistical at a significant level of 0.05 for earnings per share over the market value of the share).

As for the coefficient ( $\beta$ ), which represents the effect of the profitability of the shares on the market value of the share, which amounted to (20.719) with a significant level less than (0.05) after passing the (t) test by (0.000). In other words, it has a positive, moral effect.

**Table 10: shows the analysis of the impact of the profitability of shares after the announcement on the market value of the share**

**Model Summary<sup>c,d</sup>**

Model	R	R Square <sup>b</sup>	Adjusted R Square		F Change	Sig. F Change		
1	.893 <sup>a</sup>	.858	.792		122.498	.000		
Model			Unstandardized Coefficients		Standardized Coefficients		t	Sig.
			B	Std. Error	Beta			
1	Earnings per share after the announcement		20.719	1.872	.893	11.068	.000	

a. Dependent Variable: The market value of the share after the announcement

b. Linear Regression through the Origin

**The main hypothesis: There is a statistically significant effect at a significant level of 0.05 for announcing dividends and earnings per share on the market value of the share.**

To study the effect of announcing dividends and profitability of shares, an appropriate hypothesis must be set for them, as the variables announcing dividends and earnings per share are considered independent variables. As for the dependent variable represented by (the market value of the share), and to study the hypothesis, an appropriate model must be developed for the data, which represents the research problem accurately. Through table (11) and after measuring the impact and choosing the best model for the data, it was found that the value of ( $R^2$ ) =0.918, which means (the coefficient for determining the best model), that is, the independent variables (dividend distributions after the announcement. Earnings per share) explains (91%) affecting the dependent variable (the market value of the share), meaning that the remainder is considered random errors or is attributed to unknown errors, as its value amounted to (9%). As for measuring the role of the relationship between variables, the value ( $R$ ) = 0.894) and this indicates that the relationship is strong, as for the value of the test ( $F$  =

59.395), which studies the suitability of the data regression line and the hypothesis of the regression model, as the significance level reached (0.000), which is less than (0.05), which indicates that there are no significant differences and that The model accurately represents the studied phenomenon, and the regression line fits the given data, i.e. accepting the hypothesis that states (there is a statistically significant effect at a significant level of 0.05 for announcing dividends and dividends on the market value of the share).

As for the coefficient ( $\beta$ ), which represents the impact of dividends after the announcement and dividends on the market value of the share, which amounted to (4.134) (21.003) respectively, with a significant level less than (0.05) after passing the (t) test by (0.026) (0.000). ). In other words, it has a positive moral effect.

**Table 11: shows an analysis of the effect of announcing dividends and dividends on the market value of the share**

Model Summary <sup>c,d</sup>						
Model	R	R Square <sup>b</sup>	Adjusted R Square	F Change	Sig. F Change	
1	.894 <sup>a</sup>	.918	.785	59.395	.000	
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Announcement of dividends	4.134	.000	.022	.222	.026
	Earnings per share after the announcement	21.003	2.291	.906	9.168	.000
a. Dependent Variable: The market value of the share after the announcement						
b. Linear Regression through the Origin						

## CHAPTER FOUR / CONCLUSIONS AND RECOMMENDATIONS

### First: conclusions

1. The announcement of dividends is a positive sign for investors that the economic unit is capable of realizing and distributing profits, and therefore its financial soundness and the ability to pay. This leads to an increase in the demand for buying the shares of the economic unit, which contributes to the interest of investors for the purpose of investing in shares. Economic unit.
2. Earnings per share is one of the most used financial ratios by investors and analysts when making a decision, and thus its calculation differs according to the capital structure of the economic unit, that is, whether the capital consists only of ordinary shares or convertible preference shares or any other rights .
3. It was found that there is a positive and significant effect, and that the percentage of interpretation of the regression model indicates the changes that occur in the market



value of the share due to the two variables of announcing dividends and earnings per share.

## Second: Recommendations

1. The departments of the economic unit pay attention to the media aspect and oblige the economic units to publish the meetings of the General Assembly in newspapers and official websites at the specified time so that all investors can benefit from this information, access it and use it in purchasing decisions.
2. The economic units listed in the stock market must clearly disclose the earnings per share in the substance of the published financial statements, and make sure that the market management publishes the earnings per share for the economic unit in its annual bulletins issued to compare the shares traded in the market by investors.
3. Revitalizing financial markets by holding educational courses for investors to increase their awareness of the available financial and non-financial information in order to rationalize their investment decisions and improve the strength of the market.

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