

Factors Affecting the Market Stock Price - The Case of the Insurance Companies Listed in Amman Stock Exchange

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Abstract

This study aims to investigate the effect of some factors on market stock price such as Return on Asset (ROA), Return on Equity (ROE), Debt Ratio, the Age of the Company, and the Size of the Company. To achieve the objective, the study uses twenty insurance companies listed in Amman stock exchange during the period 2011 to 2015. The data analysis includes simple and multiple liner regression and the results found that there is an effect between (ROA, Debt Ratio, the Age of the Company, and the Size of the Company) and market stock price in insurance companies listed in Amman stock exchange. Moreover, the results found that there is no effect between ROE and market stock price in these insurance companies.

Keywords: Market Stock Price, Insurance Companies, ROA, ROE, Debt Ratio, Company's Size, Company's Age, Amman Stock Exchange.

1. Introduction

The stock market is the primary place for institutions to deploy stocks and increase fund. If there are listed public institutions then they can deploy their shares in the market to collect more funds to expand the business. As for companies that did not participate in the stock market, they have to start the Initial Public Offering Process (IPO)³. The market is the common factor between buyers and sellers of these stocks so that each institution listed in the stock market offers its shares. It could be said that the stock exchange has a primary function by supporting the economic growth of the country in the fields of industry and commerce. Market is the main cause for the development of industry and commerce as it plays an important role in developing industrial sector of the country (sen, and ray, 2013).

Moreover, stock market has a secondary function which is amount of assets that the institution owns on behalf of each share shows the value of each share after the shareholder invests in the business so this value is incurred on the balance sheet by asset (Uddin, 2009). This study shows the effect of (ROA, Debt Ratio, the Age of the Company, and the Size of the Company) on market stock price in insurance companies listed in Amman Stock Exchange (ASE).

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³ IPO is the process by which institutions go from private sector to public sector and sell stocks shares in their institution.

Therefore, the main objectives of this study to Investigate if there is an effect between factors (ROA, Debt Ratio, the Age of the Company, and the Size of the Company) and market stock price in insurance companies listed in ASE; to investigate if there is an effect between ROA and market stock price in insurance companies listed on Amman stock exchange; to investigate if there is an effect between ROE and market stock price in insurance companies listed on Amman stock exchange; to investigate if there is an effect between Debt Ratio and market stock price in insurance companies listed on Amman stock exchange; to investigate if there is an effect between Company's age and market stock price in insurance companies listed on Amman stock exchange; and to investigate if there is an effect between Company's Size and market stock price in insurance companies listed on Amman stock exchange.

The following hypotheses need to be tested:

Ho1. There is no effect between factors and market stock price in insurance companies listed on Amman stock exchange.

Ho1.1. there is no effect between ROA and market stock price in insurance companies listed on Amman stock exchange.

Ho1.2. there is no effect between ROE and market stock price in insurance companies listed on Amman stock exchange.

Ho1.3. there is no effect between Debt Ratio and market stock price in insurance companies listed on Amman stock exchange.

Ho1.4. there is no effect between Company's age and market stock price in insurance companies listed on Amman stock exchange.

Ho1.5. there is no effect between Company's Size and market stock price in insurance companies listed on Amman stock exchange.

Thus, this study will evaluate whether there is an effect between factors and market stock price in insurance companies listed in ASE or no. Moreover, the branches off of which range of sub-questions following:

1. Is there an effect between market stock price and ROA in insurance companies listed in ASE?
2. Is there an effect between market stock price and ROE in insurance companies listed in ASE?
3. Is there an effect between market stock price and Debt Ratio in insurance companies listed in ASE?
4. Is there an effect between market stock price and the age of the insurance Companies listed in ASE?
5. Is there an effect between market stock price and the size of the insurance companies listed in ASE?

2. Literature Review

The existing literature contains detailed analyses applied to test the relationship between variables with market stock price. It is usually observed that stock prices tend to fluctuate with economic news, and this observation is supported by fact indicating that macroeconomic variables have explanatory strength on market stock price. Many studies have been undertaken to clarify the factors influencing stock prices in different stock markets.

2.1. Market Stock Price

Market Definition is one of the most important analytical tools to examine and evaluate the competitive constraints that institution faces and the impact of its behavior on competition. Market definition is a complex task in addition, there is broad agreement that in some cases its appropriateness can be called into question. The main concerns relate to the limited value of even accurately calculated market shares and concentration measures in specific kinds of markets (monti, 2012).Market definition serves several goals in identifying the scope of competition in a market.

The major objective of market definition is to evaluate the existence, creation or strengthening of market power, which is defined as the ability of the firm to keep the price above the long-run competitive level. The market shares of the respective firms provide an indication of market strength. Furthermore, market definition facilitates the identification of relevant competitors and is useful in evaluating the risk of potential coordinated effects in mergers. Moreover, identifying the area of competition allows other relevant competition issues to be examined, such as potential barriers to entry. Even when the necessary data to perform the hypothetical monopolist test are not available, this test provides a coherent conceptual framework to define the relevant market.

The importance of market definition also extends beyond its role in analyzing competition concerns: the concept is used as a basis for calculating fines, for estimating the effects on trade between EU member states and has served as a procedural model for other areas of law (monti, 2012).

2.2. Company's Size

There is need to determine the frequency distribution of the size of the company, which determines a measure of the size of the company and the corresponding periods of bin count. For the definition of size, there are two methods which are - the company's total assets as reported in monetary units and number of employees. Because of the heterogeneous economic censuses, it may not be one or all of the measures available to selected industries. This also reduces the comprehensiveness of this analysis (Coad, 2009).

2.3. The Assets

Asset is an entity that derives the economic interest or a series of benefits in the future accounting periods of contract or of the entity over a period of time, or the owner of the Economic derived from the usefulness in previous periods, still receives a subvention in the current period. Because it forms the stock of benefits in the future and it may be regarded as a store of value (Kieso et al., 2010).

2.3.1. Classification of Assets

Assets that don't seem to be financial assets are not considered as financial assets. Non-financial assets are divided into those that are produced, and those that are non-productive. This initial level of classification of assets is very important since the method by that assets enter and leave the record differs for the three kinds of assets (Kieso et al., 2010).

2.3.2 Produced Non-Financial Assets

Come into existence through the import process or production. There are two exceptions. Historical monuments contained productive assets even though it may have been built long before the existence of economic accounts. Sometimes the monument could be argued that newly become valuable, and thus enter the limits of asset is different from the current production process. Similar arguments apply for artifacts treats valuables. Non-financial produced assets leave the border that deplete assets or by selling them to the resident units that will not continue to use the assets in the production as a source of future benefits or sold to non-resident units.

2.3.3. Non produced non-financial assets,

Separating line in the natural resources is the assets which do not depend on a number of factors. Licenses, leases and contracts may be considered an asset of the holder when the agreement sets conditions for public use or supply the products covered by the agreement, and thus enhances the benefits to a party to the agreement goes beyond what can be back in the display case is unrestricted. These assets come into existence when the agreement and promote the benefits become clear. The balance sheet is being left, when it is lifted conditions restricting access or when there is no longer useful to have won after restricting access to the assets.

2.4. Profitability

The word "profit" is made up of two words, they are: profit and power. The ability is a term refers to the force of the company to earn profit. The ability of the institution is also indicative of earning capacity, or operational performance. In addition to that, it refers to the ability of the business to the financial and operational capacity of the company. Therefore, profitability can be defined as any capacity of a given instrument to obtain the return by using them. Brigham and Weston determine the concept of profitability as the "net surplus of a large number of decisions and policies. (Brigham and Besley, 2011).

2.4.1. Measurement of Profitability

Profitability measure of concern is just as important as earning profits. The importance of measuring profitability has been determined by Grewal, Hingorani and Ramanathan Rand, "measure of profitability is a comprehensive measure of the efficiency." Since profitability are many commercial activities results. Therefore, the measure is a multi-stage concept. As mentioned before profitability is a relative concept based on profits. But profits alone cannot express the concept of profitability. Thus, there arises a need for the relationship between profit and other variables (Kathuo, 2015).

2.5. Return on Equity (ROE)

The researchers agreed to use two measures of different profitability and value of the project to determine performance. Uses of different profitability and value of the project is to determine performance. Various measures of profitability that has been used are the ROE and EBTI. ROE states shovel corporate results, which are affected by the carrying value of the shares, while indicating the calculation of the company's profit attributable to shareholders, creditors and the state in tax payments. The project provides for the value of the theoretical takeover price the acquirer is willing to pay for the company (Berk and demoarzo, 2011).

2.5.1. ROE Analysis

ROE considered as an important measure profitability of the company. The higher values generally mean that the company is effective in the generation of income on the new investments. Investors should be compared to the return on the rights of shareholders of different companies, as well as the verification of the trend in the rules of engagement with the passage of time. However, only relying on the return the rights of shareholders and make investment decisions are not safe. The management can be affected in unclear way, for example, when the use of debt financing to reduce capital, there will be an increase in the return on equity even if remain fixed income (Gitman and Zutter, 2012).

2.6. Return on Assets (ROA)

ROA is defined as the proportion of annual net income of the average total assets of business during the financial year. It identifies the business efficiency when using its assets for net income. This is the ratio of profitability (Zutter and Gitman, 2012).

2.6.1. ROA Analysis

The return on assets represents the number of cents was obtained from each dollar of assets. Therefore, the highest values of return of the assets indicate that the project is more profitable. Such ratios are used for comparison between companies of the same industry. This is because institutions in some industries are not interested in assets, for example, they need for expensive equipment and factories to achieve income compared with other companies. It is natural that the return on assets is lower than other companies, which are not interested in assets. The increase in the return on assets shows that the profitability of the companies is increasing. In contrast, the decrease in the return on assets means that profitability in the case of deteriorating (Kabajeh et al, 2012).

2.7. Financial Leverage

Ratios usually compare the debts of a company to its assets. The common examples of financial leverage ratios include debt ratio, interest coverage ratio, capitalization ratio, debt-to-equity ratio, and fixed assets to net worth ratio (Gitman and Zutter, 2012). Financial leverage ratios indicate the short-term and long-term solvency of a company. They give indications about the financial health of a company. These ratios give indications whether the company has got enough financial resources to cover its financial obligations when the creditors and lenders seek their payments (Gitman and Zutter, 2012).

A company with adverse financial leverages ratios may not be able to cover its debts and therefore may go bankrupt. These ratios can give warnings to the shareholders and directors of potential financial difficulties. The shareholders and directors can take actions to prevent the company from going bankrupt(Gitman and Zutter, 2012). Financial leverage ratios help to determine the overall level of financial risk faced by a company and its shareholders. Generally speaking, the greater the amount of debt of a company the greater the financial risk is. A company with greater amount of debts and financial obligations is more likely to fail to repay its debts (Gitman and Zutter, 2012).

2.7.1. Financial Leverage Degree Definition

Financial Leverage Degree is a ratio that indicates the proportion of a company's debt to its total assets. It shows how much the institution relies on debt to finance assets. The Financial leverage Degree provides the users a quick measure of the amount of debt that the company has on its balance sheets compared to its assets. The higher the ratio, the greater the risk associated with the firm's operation. A low financial leverage Degree indicates conservative financing with an opportunity to borrow in the future at no significant risk (Gitman and Zutter, 2012).

2.8. The Company Age

The company Age is the length of time that the institution has existed. The age is calculated by knowing the difference between the years of incorporation until the current year.

2.9. Previous Studies

There are many studies concerned with the factors affecting share prices. For example:

A study by Al Masum in 2014 examines the proceeds excess stock market for all banks included in the thirty-Dhaka Stock Exchange for the period from 2007 to 2011. Attempts are being made to determine the existing relationship between the distribution of profits and stock market returns policy of the private commercial banks in Bangladesh kind, and to what extent return on equity can be explained through the distribution of their profits for the same period of time the policy. Various theories concerning the distribution of profits are being used in different parts of the world with different results and conclusions of the policy. Sample size is large i.e. all the listed commercial banks of Dhaka Stock Exchange so the results are reliable and valid. Panel data approach is used to explain the relationship between stock prices and dividends after the control variables such as Return on Equity, Earnings per Share, Retention Ratio have positive relationship with Stock Prices and significantly clarify the variations in the market prices of shares, while the Profit after Tax and Dividend Yield has negative, insignificant relationship with stock prices. The final results show that the dividend policy has an important positive impact on stock prices.

Another study by Malhotra and Tandon in 2013 tries to factors affecting stock prices determined in the context of the National Stock Exchange (NSE) 100 Companies. The sample selection process is from 95 the period the company from 2007 to 2012 and using a linear regression model, results show that price-earnings ratio, earning per share and firms' book value have a significant positive relationship with the stock price of the company, while the dividend is a significant inverse relationship with the market price of the shares.

Another study by Flora and Hutabarat in 2015 explored the factors affecting stock price of Indonesia. It found that all institutions are seeking to get the most profit in the shortest possible time. The companies can do different things, including funding to achieve their goals. There are different methods that can be used by the company to earn as much money as possible for the survival of the company. One of the most important ways is to attract investors to invest their capital as a source of corporate finance. The investment of the capital markets is the way to find out those who have a surplus of money and in need of funds. In Indonesia, the banking industry is important. Such as Indonesia survives the financial crisis of 2008 the world, Indonesia has grown interest from other countries. The banking industry can support the growth of one nation. Investors are trying to find a suitable opportunity to invest in this sector, especially state-owned banks, which is based on the banking industry in Indonesia. However, banks have operating structures differ from normal industrial companies. For this reason, investors have different elements to think about them when evaluating banks and thinking about investing in a bank. The result of this study was a recommendation for investors to invest in Bank Mandiri and Bank BNI and Bank BRI because they found it through financial ratios alone is a useful and greatly affect the share price. For Bank BNI, there is no significant financial ratios and inflation in the prices of shares relationship.

A study by Almunani in 2014 seeks to find quantitative factors that affect the banks listed on the Amman Stock Exchange share prices during the period 2005-2011 using the empirical analysis of a group of independent and dependent variables. In this study, the ratio analysis, Correlation and a linear multiple regression models have been chosen to determine the individual as well as combined effects of explanatory variables on the dependent variables. The empirical findings prove that there is a positive relationship between the independent variables PE positive correlation, BV positive correlation, EPS positive correlation, DPS positive correlation, and dependent variable MP and it is also important at 1% probability level. However, further empirical findings that, there is a significant positive relationship between EPS and the MP of the listed banks in Jordan, there is a significant relationship between banks BV and MP. Another empirical finding from the regression analysis shows a positive relationship between P/E and MP. Empirical findings from the regression analysis on the relationship between MP and S show that there is an inverse relationship between MP and S, other variables (DPS and DP) have insignificant influence on MP. Another study by Geetha and Swaminathan in 2015 aims to study factors influencing stock price such as price earnings ratio, firm s book value and earnings per share to have a significant positive with the company's market price. A sample of four cars and information technology industries selected sample (listed on the BSE and NSE) for five years in 2010 to 2014.

Therefore, this study is an experience to analyze the factors that affect the movement of the share price, either increase or decrease. The results of this research showed that four specific company factors P / E ratio, dividend yield, EPS, book value have been selected to compare the performance of the share price movements in the market.

3. Methodology

The objective of this study is to investigate factors affecting the market stock price in insurance companies listed in Amman Stock Exchange. To carry out this objective, this section discusses the research Design and Methodology of the study.

3.1. Variables

ROA: The return on assets ratio formula is calculated by dividing net income by average total assets.

ROA = Net income / Average Total Assets.

The Age of the Company: it is calculated by calculating the difference between the year of incorporation and until 2015.

The Size of the Company: It will calculate the size of the company through the natural logarithm of the Total assets.

Debt Ratio: The debt ratio compares a company's total debt to its total assets.

Debt Ratio = Total liabilities / Total Assets

3.2. Data Analysis and Testing Hypothesis

This section includes three main aspects; the first one is the further the descriptive tests of the study variables, as for the third aspect it represents testing the research hypothesis using simple and multiple linear regression.

3.2.1. Descriptive Tests

The following table shows the descriptive analysis of the variables of the study, noted that the arithmetic average of the variable independent has reached respectively, ROA% (-0.426), ROE% (3.798), Debt Ratio% (63.392), Company's Size (7.3817), and Company's age (33.15), has reached the dependent variables market stock price (1.064).

3.2.2. Test the Hypotheses

To accept or reject the research hypotheses, this study used the simple regression method. It depended on *P-value* to accept or reject hypotheses, where P-value should be less than 0.05 to reject null hypothesis and accept alternative hypothesis, and relied on the coefficient of determination value (*Adjusted R Square*) in explanation of the extent of accuracy of interpreting dependent variables through each of independent variable.

Ho1. 1. There is no effect between ROA and market stock price in insurance companies listed on Amman stock exchange.

Table 1: Simple regression test for effect of ROA on market stock price

P- Value	T- Value	Coefficients	R Square	Adjusted R Square	F Model
0.014	2.495	0.244	0.06	0.05	6.224

Data collections

Market stock price	ROA	ROE	Debt Ratio	log(Company's Size)	Company's age
0.37	1.31	13.81	80.54	7.11	22
0.31	-0.34	-1.41	75.87	7.14	21
0.36	-0.52	-2.36	77.78	7.14	20
0.33	0.06	0.28	78.79	7.09	19
0.48	6.04	58.71	89.71	7.07	18
1.16	-2.77	-8.00	68.05	7.34	38
0.76	-2.64	-10.20	74.15	7.38	37
0.98	0.48	1.61	69.84	7.38	36
1.42	0.79	2.31	65.90	7.32	35
1.48	-9.69	-25.73	62.33	7.27	34
0.53	-0.09	-0.80	69.56	7.13	29
0.47	4.77	14.80	67.75	7.14	28
0.70	-2.45	-9.03	72.83	7.14	27
0.50	-7.08	-22.97	69.17	7.13	26
0.43	4.41	14.00	68.48	7.13	25
0.51	0.55	0.54	36.03	7.54	30
0.60	3.60	5.12	29.76	7.53	29
0.38	1.96	2.99	31.84	7.53	28
0.49	-0.80	-1.48	42.75	7.55	27
0.58	-2.56	-4.49	39.79	7.55	26
0.96	-0.85	-3.79	65.58	7.28	19
1.36	6.57	18.13	63.75	7.31	18
0.93	3.02	8.37	63.86	7.31	17
0.63	3.29	9.77	66.37	7.26	16
0.93	-16.29	-51.42	68.32	7.25	15
1.04	-6.37	-22.51	71.67	7.26	18
1.09	5.05	17.56	71.23	7.23	17
0.87	-8.36	-37.54	77.73	7.23	16
0.66	-7.99	-28.00	71.45	7.26	15
1.52	-14.19	-42.08	66.28	7.30	14
1.05	0.93	3.43	60.39	7.23	23
1.12	4.92	14.42	65.90	7.31	22
1.15	2.31	6.63	65.23	7.31	21
1.05	1.04	2.41	56.97	7.18	20
0.89	-4.53	-9.75	53.47	7.14	19
0.88	-5.05	-25.40	80.74	7.14	36
0.91	5.85	24.86	76.46	7.15	35
1.00	-2.02	-12.85	84.32	7.15	34
0.75	1.71	10.08	83.01	7.17	33
0.87	-25.76	9.50	79.17	7.08	32
0.60	-0.22	-0.48	62.72	7.35	35
0.55	3.40	9.62	64.66	7.36	34
0.52	-2.13	-6.08	65.00	7.36	33
0.60	-0.92	-2.38	61.32	7.34	32
0.72	-1.23	-3.08	59.89	7.34	31
1.63	5.05	14.21	64.40	7.87	19
1.80	5.35	15.72	65.99	7.92	18
1.56	4.88	14.40	66.09	7.92	17
1.45	4.71	13.07	63.96	7.85	16
1.72	5.25	13.66	61.56	7.78	15
0.30	-10.03	-27.19	64.35	7.27	42
0.46	-2.54	-9.73	73.85	7.26	41
0.11	-1.74	-5.54	68.67	7.26	40
0.26	-21.53	-66.28	67.52	7.27	39
0.35	-14.31	-27.20	47.37	7.28	38
0.34	0.03	0.83	74.51	7.30	39
0.36	4.75	19.48	75.60	7.32	38
0.30	0.75	3.26	76.94	7.32	37
0.30	-1.38	-5.30	73.87	7.28	36
0.40	-4.00	-14.11	71.64	7.28	35
0.71	-11.39	86.72	97.02	6.89	35
0.60	1.50	111.77	98.66	6.92	34
0.60	6.83	-53.12	112.86	6.92	33
0.69	-50.12	297.65	116.84	6.90	32
0.95	-3.79	-9.41	59.70	6.83	31
1.02	2.57	6.57	57.84	7.42	43

1.36	4.00	11.41	64.95	7.47	42
0.91	3.06	7.88	61.17	7.47	41
0.83	1.98	4.51	55.95	7.41	40
0.96	1.25	2.47	49.28	7.34	39
1.88	4.68	10.02	52.81	7.41	40
1.95	5.27	12.17	56.71	7.45	39
1.85	4.73	10.41	54.58	7.45	38
1.90	4.94	10.19	51.54	7.40	37
1.80	3.77	7.31	48.42	7.35	36
0.56	1.81	4.09	54.03	7.35	40
0.76	2.87	6.84	58.00	7.38	39
0.47	1.91	4.44	56.92	7.38	38
0.40	2.19	4.51	51.39	7.33	37
0.59	0.28	0.56	49.82	7.30	36
1.04	3.27	6.48	47.34	7.27	39
0.82	4.03	8.90	54.72	7.32	38
0.82	3.55	7.12	50.11	7.32	37
0.82	5.24	9.49	44.78	7.27	36
1.70	0.25	0.42	39.75	7.19	35
3.09	2.66	6.57	58.52	7.67	39
3.70	3.41	9.42	63.77	7.71	38
3.00	2.79	6.96	59.95	7.71	37
2.90	2.56	5.74	55.41	7.65	36
2.75	1.87	4.15	54.93	7.61	35
1.48	2.14	5.02	56.85	7.89	53
1.48	2.71	6.35	57.22	7.92	52
1.29	3.13	7.44	57.92	7.92	51
1.48	1.65	3.92	57.94	7.88	50
1.67	1.08	2.37	54.33	7.84	49
2.16	3.24	5.86	44.90	7.91	64
1.97	4.52	8.61	47.54	7.91	63
2.16	0.33	0.62	46.47	7.91	62
2.30	5.08	8.95	43.22	7.92	61
2.19	3.04	5.27	42.37	7.89	60

Sample Company's Name

No.	Company Name
1	MIDDLE EAST INSURANCE
2	AL-NISR AL-ARABI INSURANCE
3	JORDAN INSURANCE
4	ARABIA INSURANCE COMPANY - JORDAN
5	DELTA INSURANCE
6	JERUSALEM INSURANCE
7	THE UNITED INSURANCE
8	JORDAN FRENCH INSURANCE
9	THE HOLY LAND INSURANCE
10	AL-MANARA INSURANCE PLC.CO.
11	ARAB ORIENT INSURANCE COMPANY
12	JORDAN EMIRATES INSURANCE COMPANY P.S.C
13	ARAB LIFE & ACCIDENT INSURANCE
14	PHILADELPHIA INSURANCE
15	ARAB UNION INTERNATIONAL INSURANCE
16	NATIONAL INSURANCE
17	JORDAN INTERNATIONAL INSURANCE
18	EURO ARAB INSURANCE GROUP
19	THE ISLAMIC INSURANCE
20	THE ARAB ASSURERS INSURANCE COMPANY
21	ARAB JORDANIAN INSURANCE GROUP
22	THE MEDITERRANEAN & GULF INSURANCE COMPANY-JORDAN P.L.C
23	FIRST INSURANCE

Table 1 shows simple regression results of the independent variable (ROA) and its effect on the dependent variable (market stock price).

Results in table (3) show that Coefficients value is (0.244) which indicates to an existence of a positive correlation between dependent and independent variables, also notes from table (3) that the value of Adjusted *R Square* is (0.05) which indicates to the extent of accuracy of interpreting dependent variable through independent variable. Notes from table (3) that (*P-value* < 5%) has the value (0.014).

According to the decision rule which states to the rejection of the null hypothesis "Ho" If the value of *P* less than (0.05), which means that there is effect of ROA on market stock price, therefore the first null hypothesis is rejected and accept the alternative hypothesis which says "There is effect between ROA and market stock price in insurance companies listed on Amman stock exchange".

Ho1. There is no effect between factors and market stock price in insurance companies listed on Amman stock exchange.

To demonstrate the results that have been reached previously, multiple regression tests has been performed for all the independent variables of the research combined, in order to determine whether there is a statistically significant effect of financial factors (ROA, ROE, Debt Ratio, the Age of the Company, and the Size of the Company) on market stock price in insurance companies listed on Amman stock exchange.

After discussing the research hypotheses, it notes that *P-value* has reached (0.000), which means that there is a statistically significant effect financial factors (ROA, ROE, debt ratio, company's age, and company's size) on market stock price in insurance companies listed on Amman stock exchange, notes also that the coefficient of determination (*Adjusted R Square*) value is (0.357), which indicates to the extent of accuracy of interpreting dependent variable (market stock price) through independent variables, therefore the null hypothesis is rejected and accept the alternative hypothesis which says "There is effect between factors and market stock price in insurance companies listed on Amman stock exchange".

4. Conclusion

This study investigated the effect of some factors on market stock price such as Return on Asset (ROA), Return on Equity (ROE), Debt Ratio, the Age of the Company, and the Size of the Company. The study used twenty insurance companies listed in Amman stock exchange during the period 2011 to 2015.

The data analysis includes simple and multiple linear regression and the results found that there is effect between ROA and market stock price in insurance companies listed on ASE. There is no effect between ROE and market stock price in insurance companies listed on ASE. There is effect between Debt Ratio and market stock price in insurance companies listed on ASE. There is effect between Company's age and market stock price in insurance companies listed on ASE. There is effect between Company's Size and market stock price in insurance companies listed on ASE.

This study has some limitations: it only examines effect of internal factors (ROA, ROE, Debt Ratio, Company's age, and Company's size). Moreover, this study only examines insurance companies listed in ASE did not perform well during last 5 periods.

The study recommends some points for future studies: insurance should ensure that they have good and robust factors in place. This will enhance their profitability and market stock price and attract investments to the organizations. Furthermore, the easy interpretation of fundamental factors for investment needs to be taught from higher secondary level. Moreover, government initiated trainings can help to motivate current micro investors' to focus more on fundamentals. Moreover, the depth and breadth of Jordan stock market need to be broadened to reduce the gap between demand and supply. Also investment insurance firms need to provide extensive advisory service to the micro investors as to how to construct a ideal portfolio of stocks and how to analyze and interpret company information to take proper investment decisions.

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