

Trends and Insights: Financial Performance of the Jordanian Service Sector over the period 2018-2023**الأداء المالي لقطاع الخدمات الأردني خلال الفترة 2018-2023: إتجاهات ومنظور****TRAORE Mohamed**

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Received: 03/12/2024**Accepted:** 31/12/2024**Published:** 31/12/2024**Abstract:**

In three categories-real estate, tourism, and transportation and miscellaneous, this study assesses the financial performance of Jordanian service sector by evaluating 31 companies' balance sheets and income statements. One of the main conclusions is that overall financial performance improved as total debt decreased after COVID. Due to high operating expenses, the tourism and transportation services experienced gross profit losses in 2020. The Jordanian service sector's inefficient use of capital and investment was reflected in the generally low returns on equity and investment. The COVID-19 pandemic's detrimental effects, short-term debt, and rising operating expenses were responsible for Jordanian service companies' poor liquidity performance.

Keywords: Financial Performance; Financial Ratios; Financial Analysis; Service Sector; Jordanian Companies

JELCLASSIFICATIONCODES: C2, P14.

ملخص:

في ثلاث فئات - العقارات، السياحة والنقل، وقطاعات خدمتية أخرى، تقيم هذه الدراسة الأداء المالي لقطاع الخدمات الأردني من خلال تحليل الميزانيات المالية وقوائم الدخل لـ 31 شركة. أحد الاستنتاجات الرئيسية هو أن الأداء المالي تحسن مع انخفاض إجمالي الدين بعد كوفيد. بسبب ارتفاع النفقات التشغيلية، عانت خدمات السياحة والنقل من خسائر في الأرباح الإجمالية في عام 2020. إنعكس الاستخدام الغير الفعال لرأس المال والاستثمار لقطاع الخدمات الأردني في العائدات المنخفضة عموما على حقوق الملكية والاستثمار كانت الآثار الضارة لجائحة كوفيد-19، الديون القصيرة الأجل وارتفاع النفقات التشغيلية مسؤولة عن ضعف أداء السيولة لشركات الخدمات الأردنية.

كلمات مفتاحية: الأداء المالي، نسب التحليل المالي، التحليل المالي، قطاع الخدمات، لشركات الأردنية.

تصنيف JEL: C2, P14

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INTRODUCTION:

The topic of financial performance has received a lot of attention from academics in various business and strategic management disciplines. A company's attempt to assess the efficacy and efficiency of its operations over a specific time period is known as its financial performance (Dewi et al. 2022,P.1). Financial theory states that the goal of financial management is to maximize the firm's value while accounting for its earning potential, financial risk, and future indicators of the activities and outcomes of the company (Atrill, 2012, P.28).

Assessing various sectors' financial performance is essential in implementing structural changes for Jordan's Economic Modernization Vision (IMF, 2024, P.13). Given the service sector's significant contribution to Jordan's economy, particularly in terms of job creation and foreign exchange earnings, it is important to examine its financial performance in order to assess its prospects for future expansion. This study uses financial and comparative analysis to evaluate the financial performance of 31 Jordanian service companies from 2018 to 2023. More precisely, this paper examines crucial financial structure, profitability, and liquidity ratios in the context of three Jordanian service sector groups using balance sheets and income statements. Real estate, tourism, transportation, and other varied service sectors are representing these service companies.

The findings of this study could be helpful to policymakers, financial managers, and scholarly researchers. Particularly when it comes to financial structure and strategic planning, working capital management, and profit optimization, knowing the financial performance of the service industry also helps in identifying obstacles, opportunities, and areas that require improvement. In addition, the study will shed light on activities that need to be taken into account as well as innovations and the application of original ideas that benefit Jordanian businesses, enhancing their performance and ultimately strengthening the country's economy (Youcef and Fseifes, 2022, P.2).

With regard to the structure of this work, section 1 examines the previous literature on financial performance analysis. The design, data sources, and methodology used in this study are described in Section 2. Section 3 presents and discusses the data analysis findings. In the final section, the paper comes to a close.

1- Literature reviews

Several facets of financial performance have been examined in past research. Some researchers used case studies of specific companies to evaluate financial performance. For example, "Financial Ratio Analysis as a Tool to Assess Financial Performance at PT XYZ" (Dewi et al. 2022); "Financial Statement Ratio Analysis to Assess Financial Performance at PT Polychem Indonesia Tbk" (Hasanah et al. 2021); and "Financing Decision and Its Impact on Financial Performance in Economic Institutions: A Case Study of the Saidal Complex" (2021, صالح). Other studies, like "SMEs Facing the COVID-19 Crisis with a Strengthened Financial Structure" (Gaignon, 2020) and "Local Corporate Ownership and Capital Structure Decisions in Nigeria: A Developing Country Perspective" (Ezeoha and Okafor, 2010), used cross-sectional analysis with data from specific companies. The evaluation of financial performance of financial institutions is found in the study of "evaluating the financial performance of commercial banks in a proportional and profitability formula - a case study of Fransabank and

BNP Paribas banks in Algeria during the period (2015-2020) " (نكاع ، بوالكور، 2023) and "Determinants of Financial Performance of Commercial Banks in Algeria Using Time-Cross-Sectional Data Package Analysis" (برودي مفروم، 2021).

This part provides a summary of the goals, methods, and conclusions of these investigations.

The study of Gaignon (2020), untitled "Les PME ont abordé la crise de la Covid-19 avec une structure financière renforcée "

The study evaluated the financial position of small and medium-sized businesses (SMEs) in France on the eve of the COVID-19 pandemic using accounting data for the period 2007-2019. The researcher examined the evolution of sales revenues, added value, and margins (gross operating surplus/added value), as well as the profitability of shareholder capital investments, and the proportion of debt and equity in total resources. Between 2007 and 2019, the proportion of equity in total resources rose from 37.8% to 44%. As a result, SMEs are better prepared to handle a new crisis, he claimed. Due to a general slowdown in activity and the export sector of SMEs, turnover and added value have decreased. From 41.9% in 1996 to 34.6% in 2019, all companies' return on operating capital has decreased. All kinds of SMEs have seen a decline in financial profitability, especially international businesses. He went on to say that it has been challenging to implement policies to boost the economy in the face of COVID-19.

The study of Denis and McKeon (2012), untitled" Debt financing and financial flexibility: Evidence from proactive leverage increases"

In this study the degree to which companies rebalance their leverage ratios in the years after an initial increase, as well as the factors influencing this rebalancing effect, were determined by analyzing the relative changes in leverage ratios in U.S. firms. This paper seeks determined how leverage changed for a sample of 2,314 cases from 1971 to 1999, when businesses significantly raised their total debt and achieved a leverage ratio at least 0.10 higher than their projected long-term target debt ratio. The researchers discovered that in 67% of the cases, long-term investment behavior explains the rise in debt. In order to increase net working capital, offset drops in operating profitability, and pay dividends to shareholders, 23%, 4%, and 3% of companies, respectively, used debt. The study came to the conclusion that the rising need for capital for investment opportunities was the primary cause of the rise in debt financing in US companies (Denis and McKeon, 2012).

The study of Jumai (2021), untitled" Financing decisions and their impact on the financial performance of economic institutions: A case study of the Saidal Group (2015-2020)"

This study focused on examining the elements influencing financing choices and evaluating Saidal Complex's financial results. It measured the financing, liquidity, and profitability ratios—the three most crucial financial performance metrics for Saidal Group. The institution's capacity to pay for its assets without taking on short-term debt was demonstrated by the permanent financing ratio. Saidal is financially independent, as indicated by the financial independence ratio being higher than 1. Since the solvency ratio was typically less than 50%, it demonstrated the institution's capacity to pay back debts with its assets. Since the general

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liquidity ratio was higher than 2, the liquidity ratios showed that financial balance had been achieved and that current assets could pay off short-term debts. Since these ratios did not surpass 0.03 and 0.06, respectively, the financial performance results showed a weak economic and financial return. With a range of 0.02 to 0.15, the commercial return ratios were higher than the return on assets and private funds (2021، صالح).

The study of Dewi et al (2022), untitled "Financial ratio analysis as a tool for assessing financial performance at PT XYZ"

The researchers evaluated a Bali travel agency's financial results both before and after the COVID-19 outbreak. They conducted a financial analysis of liquidity, solvency, and profitability ratios using the company's financial reports. The study concluded that the company's financial performance was good in terms of liquidity. At 2.08, the current ratio was higher than the norm. Because there was no increase in total assets to match the rise in total debt, this ratio fell in 2021. They also mentioned that the quick ratio experienced a comparable drop as a result of fewer sales during the pandemic. Between 2018 and 2020, the debt-to-asset ratio was below the norm at 0.22; in 2021, it reached 0.45, indicating a decline in the company's solvency. The Bali Company's financial performance had declined, according to the profitability ratios. The chief reasons for this decline, according to the researchers, are the company's increased financial risk and its decreased ability to turn a profit during the COVID-19 pandemic.

The study of Hassan et al (2021), untitled "Financial Statement Ratio Analysis to Assess Financial Performance at PT Polychem Indonesia Tbk"

The aim of this study was to give a broad summary of PT Polychem Indonesia Tbk's financial situation. The firm's liquidity, solvency, and profitability were evaluated using a variety of financial ratios. With a quick ratio of 184.1 and an average current ratio of 336.5%, the study demonstrated the company's outstanding ability to meet short-term obligations. With an average debt ratio of 22% and a debt-to-equity ratio of 31.3%, this company is in a strong financial position. All profitability metrics (net profit margin, gross margin, ROI, ROA, and ROE) showed negative values, according to the researchers, indicating PT Polychem Indonesia Tbk's low financial performance.

There aren't many empirical studies about Jordanian companies, like "The Performance of Selected Listed Firms in Jordan between Two Crises" (Youcef & Fseifes, 2022), "Determinants of Firm Profitability: Empirical Evidence from Jordan's Service Sector" (Hassan et al. 2021), "Comparative Analysis of the Financial Performance of Jordanian-Listed Companies during and after the COVID-19 Pandemic" (Lutfi et al. 2021), and "Liquidity and Solvency Management and Its Impact on Financial Performance: Empirical Evidence from Jordan" (Dahiat et al. 2021). In order to close this gap, this study analyzes a number of financial ratios to look at the financial performance of Jordanian businesses. It is consistent with research by Graignin (2020) and Ezeoha and Okafor (2010). To assess and contrast the relative performance

and financial health of various businesses and industries, these researchers used comparative analysis.

2- Research Methodology:

2-1 Research Design:

The study's main focus was on describing financial data, a case study that combines descriptive and quantitative methods is the most suitable research design. A qualitative interpretation is made of the ratios and other financial indicators after they have been calculated.

2-2 Data Collection:

The financial information was gathered from Investing.com and other secondary sources. Across 250 global exchanges, this platform offers real-time data, quotes, charts, financial tools, breaking news, and analysis in 44 different languages (Investing.com). To ascertain the financial status of 31 Jordanian service companies, their income statements and balance sheets were taken from this international financial website. The available data indicates that the sample period is from 2018 to 2023.

The Jordanian services companies are categorized into three groups based on their participation in the Amman Stock Exchange: real estate, tourism and transportation, and other services companies (such as housing, catering, and education, and other multi-sector holdings). Banks and other financial institutions are not included in the data because their financial structures differ from those of non-financial services companies.

3- Results and Discussion:

Financial structure ratios, profitability ratios, and liquidity ratios are the three main analytical tools used to assess the financial statements of the Jordanian service sector. Excel contains all the necessary information to calculate these ratios for every business independently.

3-1 financial structure ratios:

The firm's sources of capital (equity and debt), creditworthiness, ability to service current debt, and capacity to secure further funding are all indicated by capital structure ratios (Agarwal, 2013, P.167).

3-1-1 Debt to assets ratio:

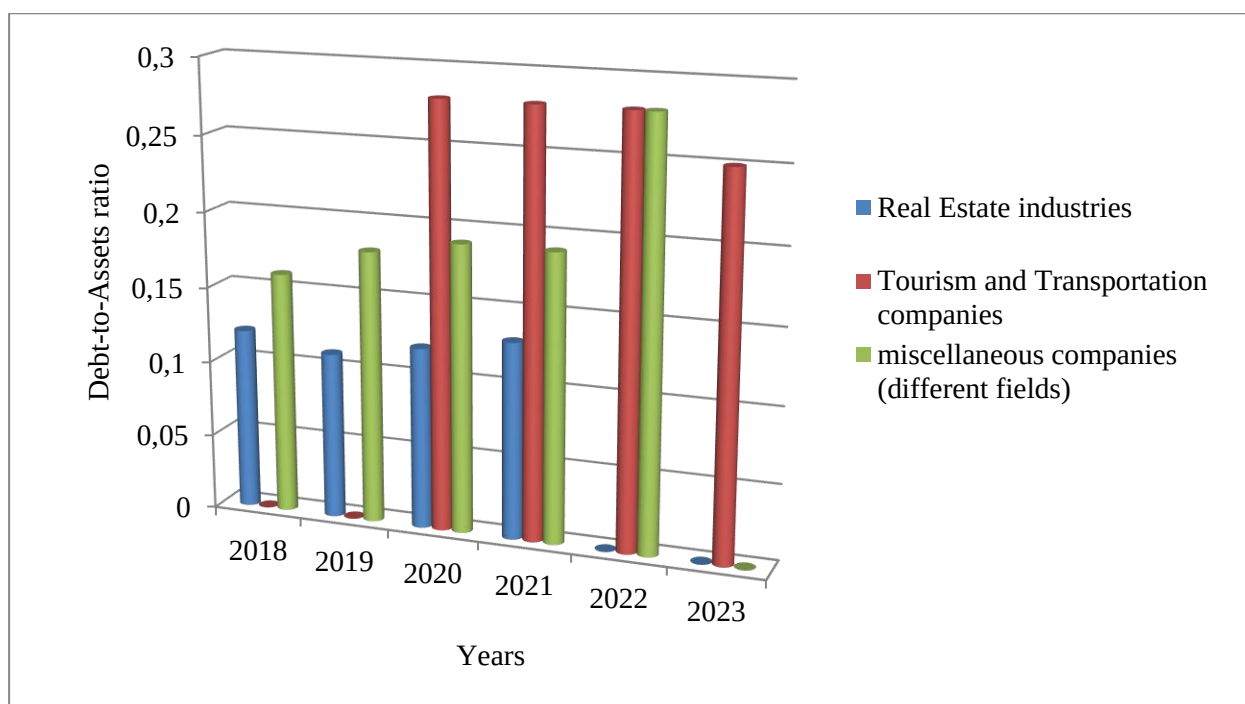
The following formula is used to determine this ratio (Van Horne and Wachowicz, 2013, P.140:

$\text{Debt to Total Assets Ratio} = \frac{\text{Total debt}}{\text{Total assets}}$

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All current and long-term debt are included in total debt. Because a lower debt ratio increases protection against creditors' losses in the event of liquidation, creditors prefer low debt ratios (Brigham and Houston, 2009, P.94). By displaying the portion of the company's assets that are backed by debt financing, this ratio illustrates the relative significance of debt financing to the business. Tourism and transportation businesses have the highest debt-to-assets ratio, as shown in the graph below (Figure 1).

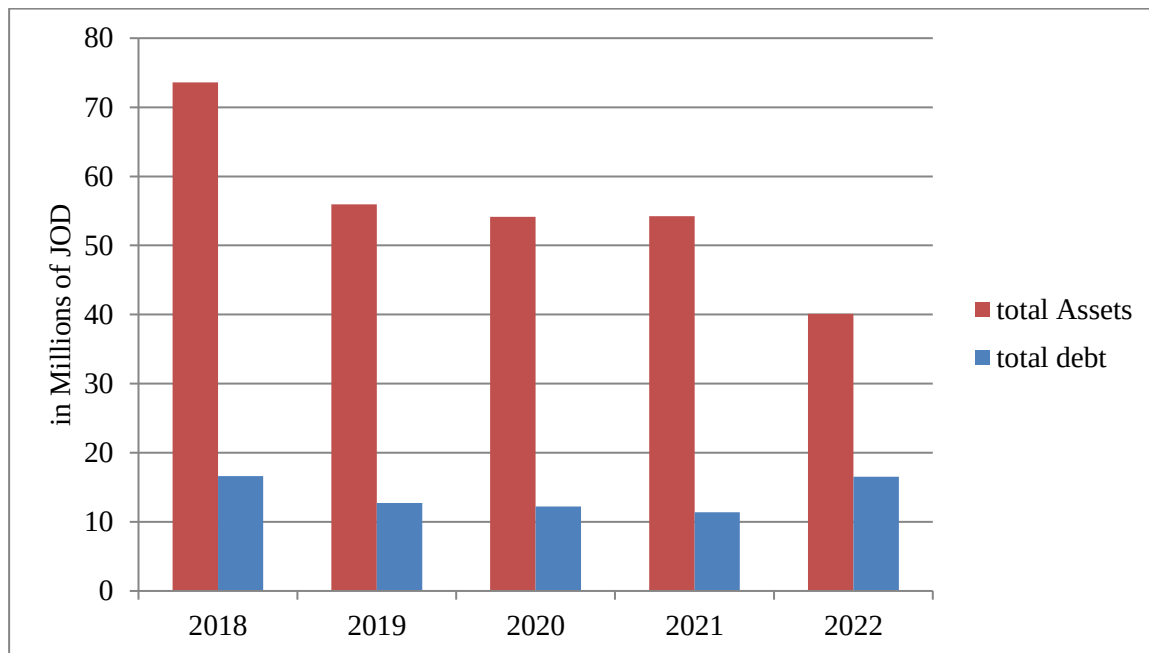
Fig (1): The Debt-to-Assets ratio in Jordanian Service Sector



Source: Based on the Balance sheets of Jordanian service companies

Throughout 2020–2022, the debt-to-assets ratio for travel and transportation businesses stayed steady at 28 percent. In 2023, this ratio fell to 25%. The recovery in tourism and transportation services and investments after the COVID crisis is what led to this improved financial situation. According to the above graph, 16% of the assets of miscellaneous businesses were financed by creditors in 2018. With a growth rate of 16.4% from 2018 to 2022, this ratio has demonstrated an upward trend. This increase is explained by the graph in Figure 2 below. The ratio of debt to assets rose because the decrease in investments in the miscellaneous sector was larger than the decrease in total debt.

Fig (2): the comparison between total debt and total assets in Jordanian miscellaneous sectors



Source: Based on the Balance sheets of Jordanian service companies

Compared to the travel and transportation businesses, the real estate sector had a better capital structure. An average of 12% of real estate assets were covered by debt financing. The lack of loans from financial institutions to real estate companies, economic uncertainties in the real estate market, the capacity to lower financial risks and preserving financial stability are some of the reasons for this low level of overall leverage.

3-1-2 Debt to Equity ratio:

The financial risk associated with the use of debt in comparison to equity can also be examined using this indicator. According to the book value of its shareholders' equity, the debt-to-equity ratio illustrates how the business finances its operations with debt (Fabozzi and Francis, 2010, P.167):

$$\text{Debt to Equity ratio} = \frac{\text{Debt}}{\text{Shareholders' Equity}}$$

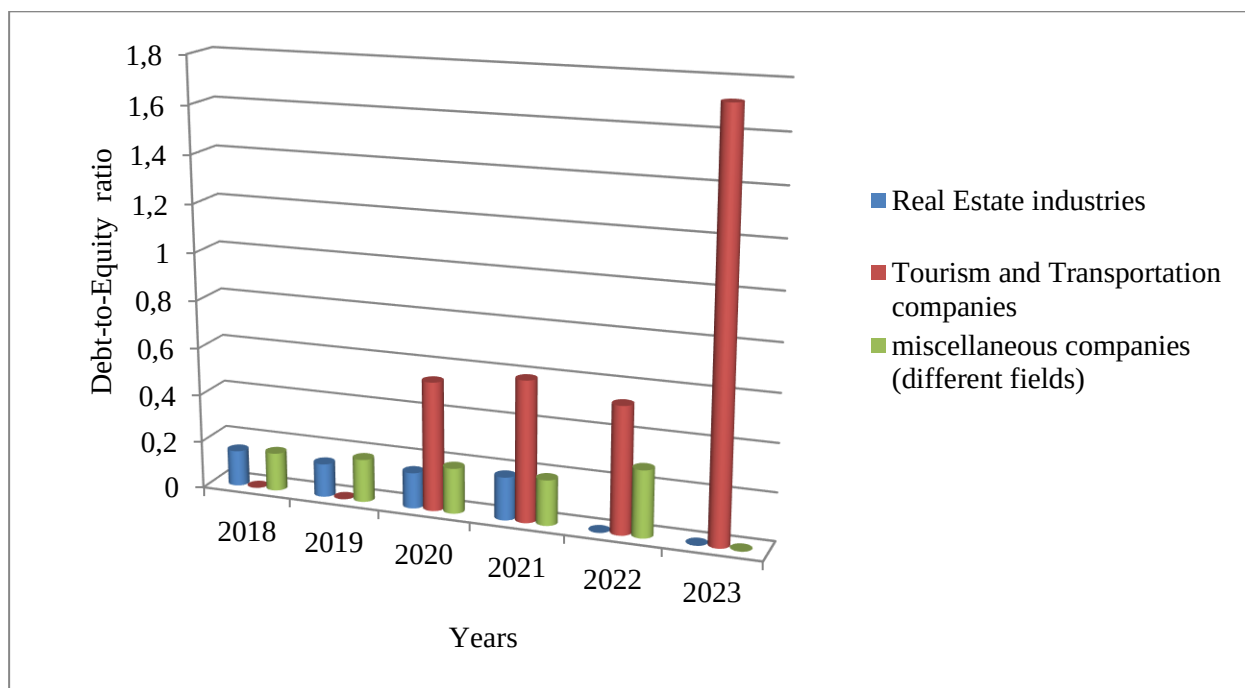
It displays the proportion of money invested by creditors as opposed to shareholders in the company: the higher the debt-to-equity ratio, the more capital provided by creditors in comparison to the owners of the company. Additionally, a higher debt-to-equity ratio indicates that the company is taking on more risk (Dewi et al. 2022, P.3). If a company's debt to equity ratio is more than 1, it may be considered highly leveraged; however, this is merely a general guideline (Watson and Head, 2007, P.51).

As illustrated in Figure 3, Jordanian tourism and transportation companies had a low reliance on debt; from 2020 to 2022, the debt-to-equity ratio remained relatively stable at 0.5. With a

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record of 1.72 in 2023, it peaked. The low business risk and labor-abundant nature of service sector accounted for the low debt-to-capital ratios of these companies.

Fig (3): The Debt-to-Equity in Jordanian Service Sector



Source: Based on the Balance sheets of Jordanian service companies

During the study period, the companies that provided real estate and other services had the lowest debt-to-equity ratios. Low levels of leverage were indicated by this ratio, which varied between 0.15 and 0.28. These industries financed their operations primarily through the equity of their owners.

3-2 Profitability ratios:

Three categories of profitability ratios can be distinguished: the first group shows profitability in relation to sales, the second shows profitability in relation to investment, and the third shows profitability in relation to equity. These ratios evaluate the overall operational efficacy of the business (Van Horne and Wachowicz, 2013, P.148).

3-2-1 The gross profit margin:

The percentage of every dollar of sales that remains after the company has paid for its goods is known as the gross profit margin (Gitman, 2002, P.62). Prior to distribution and administrative costs, it shows the proportion of sales that can be used to pay operating costs and turn a profit (Zachariah, 2021, P.40). Both sales prices and the cost of sales may have an impact on this margin (Brien et al. 2017, P.93). The gross or net profit can be used to calculate this percentage.

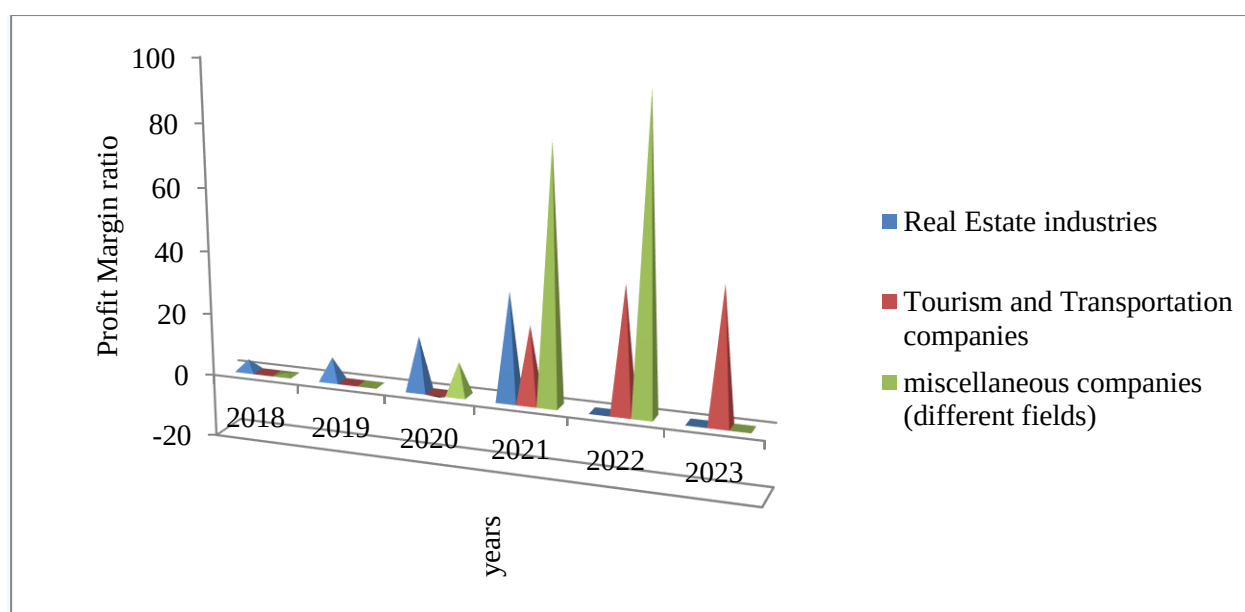
$$\text{Profit Margin} = \frac{\text{Gross Profit}}{\text{Sales}} * 100$$

Or:

$$\text{Profit Margin} = \frac{\text{Earnings Before Interest and Tax}}{\text{Sales}} * 100$$

The gross profit margin of Jordanian businesses is generally on the rise, as seen in Figure 4, which is indicative of higher sales profits and better cost control.

Fig (4): The Profit Margin in Jordanian Service Sector



Source: Based on the income statements of Jordanian service companies

This graph shows that the miscellaneous companies had the highest profit margins during the study period. In 2019, this percentage was negative (-0.17) because sales and product costs were insufficient to produce any gross profit. The next two years saw a reversal of this trend, with the profit margin rising to 80.39% in 2021 and peaking at 97% in 2022. This implies that every 1 million JOD of sales can generate a gain of 0.97 million in gross profit. This suggests that a gain of 0.97 million in gross profit can be made for every 1 million JOD of sales.

The COVID crisis had a detrimental impact on Jordan's travel and tourism industries. Their sales and operating costs resulted in a loss in gross profit value, reflected in the negative (-1.61%) profit margin in 2020. After 2020, this ratio rose dramatically, reaching nearly 42.5% in 2023. The higher demand for travel and transportation services in the years following the COVID pandemic explains this increase. From 2018 to 2021, Jordanian real estate companies' sales activities increased their gross profit. With records of 17.16% and 34.15% in 2020 and 2023, respectively, these companies' profit margins surpassed the average level (compared to 3.6% and 8.02% in 2018 and 2019, respectively).

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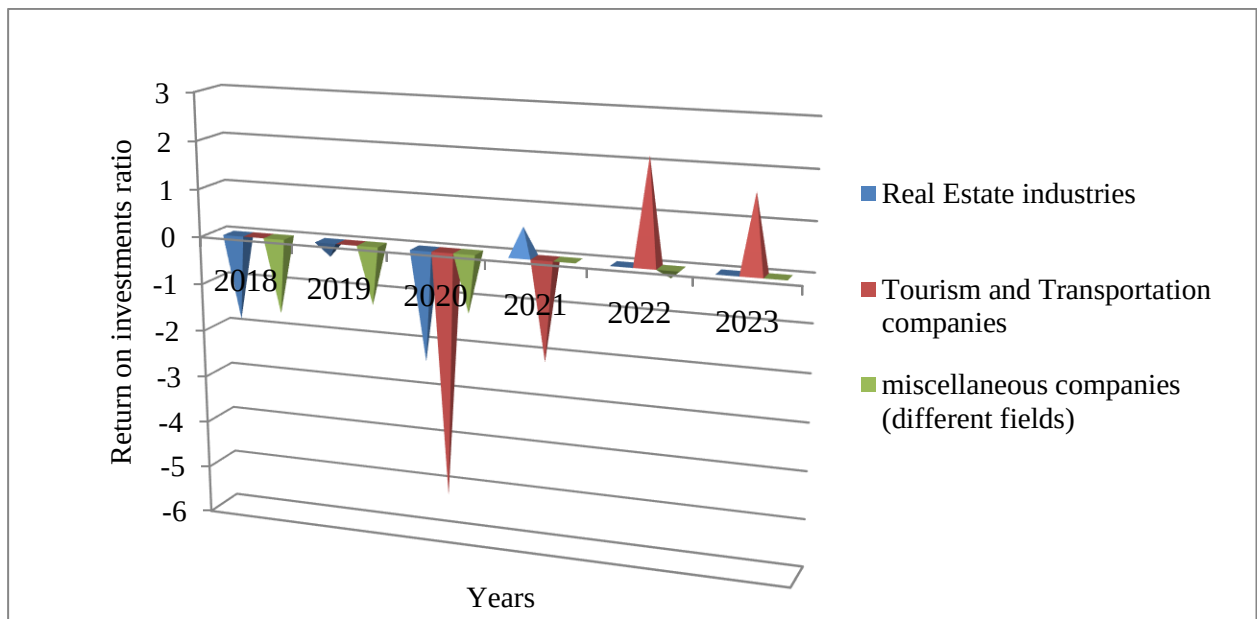
3-2-2 Return on Assets:

The amount of revenue produced by the company's total assets is determined by this ratio. This ratio is calculated as follows (Alexander, 2018, P.31)) and (تيقيرين، قراش ، 2021 ، ص 339):

$$ROI = \frac{\text{Net Income}}{\text{Assets}} * 100$$

This ratio uses the company's rate of return on investment to assess performance. If the net result is negative, the percentage could be negative. During the study period, Jordanian service companies performed poorly on average in terms of return on assets, as shown in Figure 5.

Fig (5): The Return on Investments in Jordanian Service Sector



Source: Based on the balance sheets and the income statements of Jordanian service companies

The investments with the worst performance are real estate and other businesses. With the exception of 2021, when the return on investment ratios for the real estate sector showed positive percentages of 0.6%, their percentage of producing net income was negative.

There are two possible outcomes in the case of travel and transportation companies. The lowest value of -5.19% was recorded in 2020; in comparison to the other service companies, these investments led to a significant decline in net revenue. In contrast, the proportion of net profit attributable to tourism and transportation investments increased to 2.17% in 2022. The growth of Queen Alia International Airport, roads, and public transportation are examples of the tourism and transportation infrastructures that are responsible for this performance. This efficiency in tourism and transportation investments during this time period can also be

explained by government incentives in marketing campaigns and travel agencies (Ministry of Tourism and Antiquities, 2021, P.14).

3-2-3 Return on Equity:

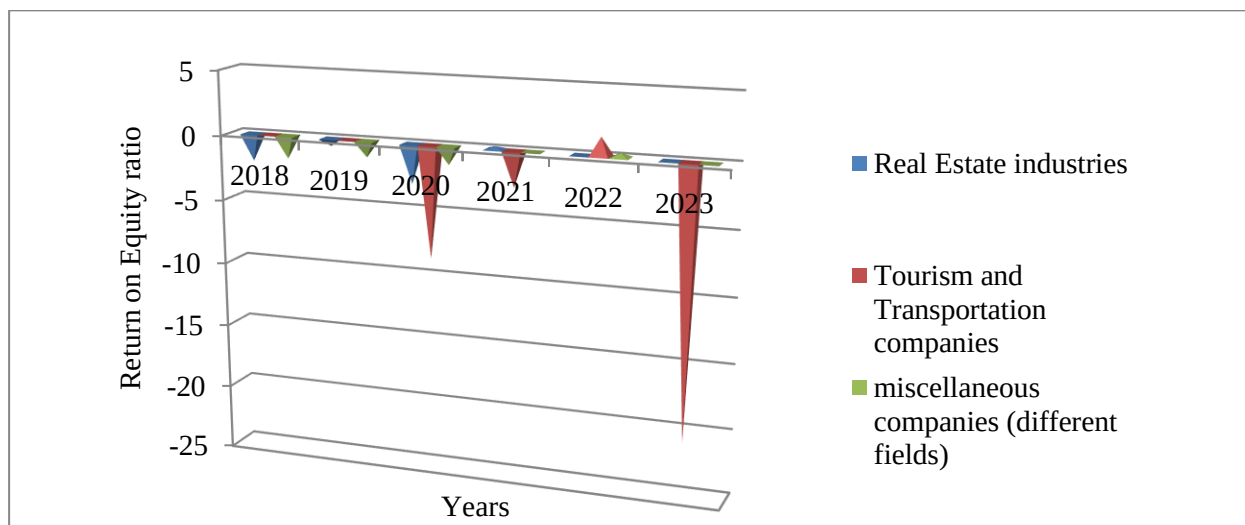
An additional indicator of a business's financial performance is return on equity (ROE). The return on equity, or level of return on equity, gauges how well a business can generate profits that its shareholders are entitled to (Novyarni and Ningsih, 2022, P.140) and (شعشوع، بوسالم، أودينة، (2021)، ص 251). The more effectively a business's management uses its equity financing to generate revenue and growth. A company's ability to turn equity financing into profits is indicated by its ROE (Fernando, 2024). If the net result is negative, a negative percentage can be obtained. According to Van Horne and Wachowicz, ROE is calculated as follows (Van Horne and Wachowicz, 2013, P.151):

$\text{ROE} = \frac{\text{Net Income}}{\text{stockholder's equity}}$
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Figure 6 below shows that, with the exception of 2022, when travel and transportation companies recorded a positive value of 1.43, the return on equity ratio for the majority of Jordanian services companies was negative. The inefficiency of capital in producing profits for shareholders is reflected in this position.

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Fig (6): The Return on Equity in Jordanian Service Sector



Source: Based on the balance sheets and the income statements of Jordanian service companies

3-3 Liquidity Ratios:

The firm's short-term obligations and the resources available to finance them are compared in these ratios. The firm's current cash solvency, short-term obligations, and ability to stay solvent in the event of financial distress are all highlighted by liquidity ratios.

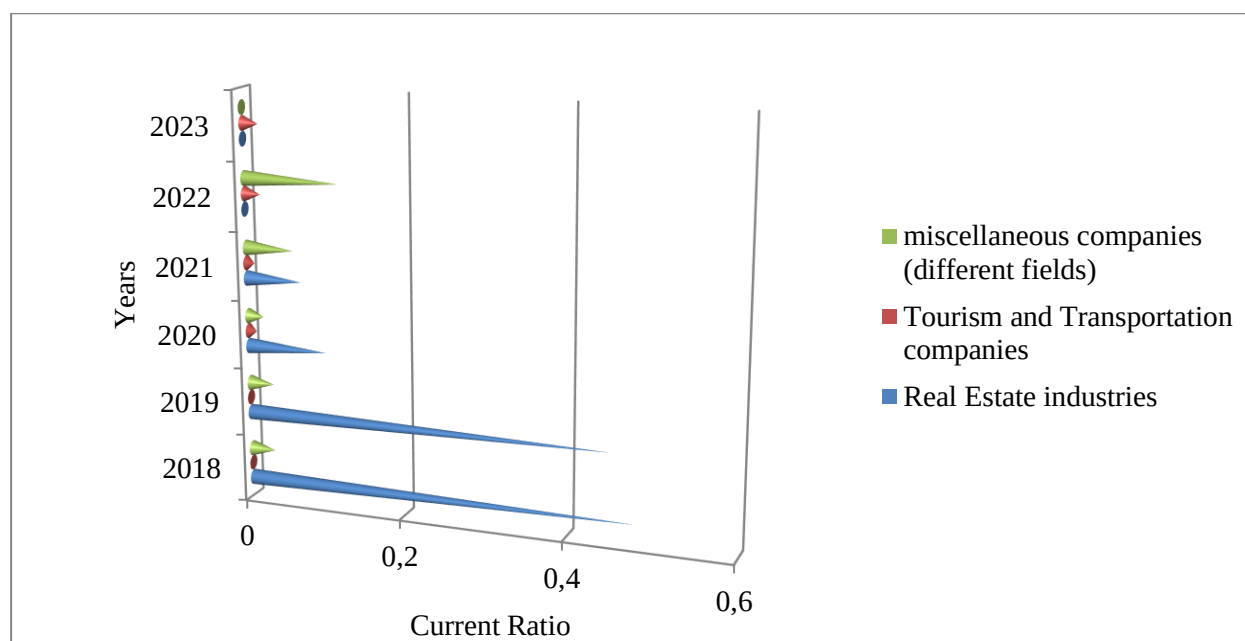
3-3-1 Current Ratio:

According to the formula (Alexander, 2018, P.29), this liquidity indicator determines the ratio of current assets (which will be converted to cash within a year) to current liabilities (which must be paid in cash within a year):

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

The firm's financial situation is more secure if the current ratio is higher (Guerard, 2005, 32). On the other hand, the acceptable current ratio decreases as a firm's cash flows become more predictable (Gitman, 2002, P.54). Although the current ratio should generally be between two and one, different industries will have different standards for what constitutes normal (Watson and Head, 2007, P.50). The industries with the highest levels of security and liquidity during the study period were real estate and miscellaneous services, as shown in Figure 7.

Fig (7): The Current Ratio in Jordanian Service Sector



Source: Based on the balance sheets of Jordanian service companies

They are better able to fulfill short-term commitments than travel and transportation firms. The real estate industry's current ratio peaked in 2018 at 0.48, meaning that for every 1 million JOD of current debt, 0.48 million JOD of current assets are guaranteed (nearly half). Following this time, these companies' solvency began to decline; in 2021, it hit its lowest value (0.07), nearly seven times lower than the 2018 record. This decline can be explained by the COVID pandemic's difficult economic climate and the increased short-term obligations. In miscellaneous businesses, the current asset to current liability ratio has been rising, growing at a rate of nearly 66% between 2018 and 2022. As their liquidity grew relative to their current debt over time, these service providers became more cautious about their future financial positions after learning from the COVID crisis. Compared to other last groups, Jordanian tourism and transportation companies have less relative liquidity adequacy; during the 2018–2023 period, their current ratios did not surpass 0.02. These sectors are riskier for shareholders and creditors alike and have less stable finances.

3-3-2 Quick ratio:

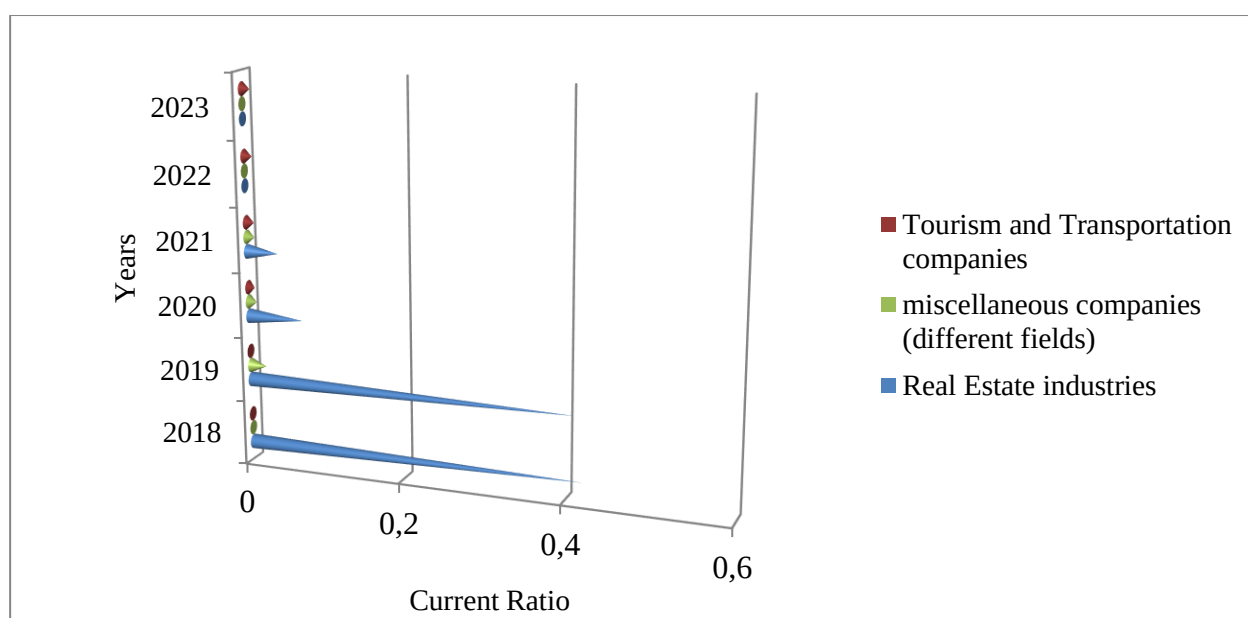
Because it concentrates on cash, marketable securities, and receivables—the most liquid current assets—instead of inventory, which is the least liquid component of current assets, this ratio provides a more accurate indicator of liquidity. The following formula is used to measure it (Fabozzi and Peterson Drake, 2009, P.72):

$$\text{Quick ratio} = \frac{\text{Current Assets} - \text{inventory}}{\text{Current Liabilities}}$$

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The company could turn all of its current assets—aside from inventory—into cash to pay off its current liabilities since, generally speaking, a quick ratio of 1 to 1 is acceptable (Guerard, 2005, P.33). Since inventories are typically regarded as the least liquid current assets due to their difficulty in being readily converted into cash, they are not included (Kaldybekova, 2018, P.28). As can be seen in Figure 8 below, Jordan's service sector's short-term liquidity stayed extremely low and declined between 2018 and 2023. Their current liabilities were significantly greater than their total cash, marketable securities, and receivables. In 2018 and 2019, real estate firms had the highest quick ratio value (0.42). This ratio saw a precipitous drop after this time, reaching 0.1 in 2020. This ratio kept declining, reaching its lowest point in 2021 at 0.07.

Fig (8): The Quick Ratio in Jordanian Service sector



Source: Based on the balance sheets of Jordanian service companies

There were not enough liquid assets to cover short-term obligations, as evidenced by the extremely low quick ratio of tourism, transportation, and miscellaneous businesses, which was between 0.008 and 0.02. Low quick ratios in Jordanian companies can be explained by a number of factors, including the high proportion of inventories in their assets, rising operating expenses and short-term debt, and the financial hardship caused by the COVID-19 pandemic, which decreased sales and adversely affected cash flow generation.

4- Conclusion

Numerous studies have attempted to emphasize the significance of financial ratios as instruments for corporate decision-making. Information about business performance, financial statements, shareholder dividends, market forecasts for upcoming trends and corporate investment decisions are all included in financial decisions.

This paper's primary goal was to present a financial analysis of 31 carefully chosen Jordanian service companies in order to better understand their stability and health and enhance their financial and economic performance. The fundamental inputs for ratio analysis are the income statement and balance sheet for the years 2018–2023. The study also uses a comparative analysis, comparing financial ratios between three service sector groups: real estate, transportation and tourism, and other businesses.

Many different types of businesses currently use over 150 financial ratios in corporate finance. Three categories of financial analyses—financial structure, profitability, and liquidity ratios—are the main topics of this essay. The debt-to-assets ratio, debt-to-equity ratio, profit margin, return on equity and investment, current ratio, and quick ratio are some examples of these indicator groups. These seven crucial ratios are crucial analytical instruments for assessing companies' financial performance. It can be inferred from the results of the previous section that:

With an average of 0.12, Jordanian real estate firms had the lowest debt-to-assets ratios. These businesses' improved financial stability and reduced financial risks are reflected in their low leverage. Between 2020 and 2022, the debt-to-assets ratio for travel and transportation businesses stayed at 0.28, but in 2023, it dropped to 0.25. The recovery of their operations following the COVID pandemic explains this improved situation. The debt ratio of various businesses remained extremely low on average. Due to a greater decline in investments following the decline in total debt, this ratio has shown an increasing trend from 2018 to 2022.

Real estate companies had the lowest levels of leverage, with debt-to-equity ratios ranging from 0.15 to 0.18. These companies finance their operations primarily through the equity of their owners. With average debt-to-equity ratios of 0.3 and 0.94, respectively, companies in the miscellaneous, tourism, and transportation sectors rely more on debt financing. Compared to real estate, their operations carry a greater financial risk. The COVID crisis reduced the gross profit of Jordan's tourism and transportation industries, resulting in a negative profit margin (-1.61%) in 2020 due to sales and operating expenses. After 2020, things went the other way, and this ratio peaked at 42.5%. This enhanced profitability can be explained by the post-COVID pandemic surge in demand for travel and transportation services.

The Jordanian service sector had a very poor return on investment on average. The worst-performing investments are real estate companies. Nearly every business investment in 2020 resulted in significant net revenue losses. After 2020, the opposite happened; net revenues increased as a result of these investments. The resumption of real estate-related activities following the COVID pandemic, along with the growth of tourism and transportation infrastructures account for this performance.

The majority of Jordan's service sectors had negative return on equity ratios on average, which suggests inefficient capital allocation. The poor state of affairs can be attributed to a number of issues that the Jordanian service sector is dealing with, such as the country's heavy reliance on foreign aid and remittances abroad (IMF, 2024, 34), The outbreak of COVID-19, a lack of job creation in private sector, barriers that restrict access to capital and financing, the size of the country's domestic services market (OECD, 2024, P.86, P.91 and P.92), and the

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political instability brought on by the ongoing Middle East conflict (The World Bank, 2024, P.43).

The findings show that, in contrast to tourism and transportation, real estate and other businesses were better able to fulfill their short-term commitments. They had respective average current ratios of 0.28 and 0.04. In 2021, the real estate industries' current ratio was 0.07, down from 0.48 in 2018. This decline in liquidity can be explained by the COVID pandemic's uncertain environment as well as the growing short-term obligations associated with these activities. In contrast, as they grew more realistic about their future financial positions, the liquidity of miscellaneous companies grew at a rate of 66% between 2018 and 2022. Compared to other service companies, Jordan's tourism and transportation sectors have higher levels of financial instability and uncertainty, despite their current low ratios.

All industries' current liabilities exceeded their total cash, marketable securities, and receivables; consequently, the Jordanian service sector's quick ratio remained extremely low, averaging 0.07 between 2018 and 2023. Due to a high proportion of inventories in their assets, rising operating expenses, short-term debts, and the financial strain brought on by the COVID pandemic, which had a detrimental effect on sales and cash flow generation, they had low short-term liquidity.

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