

# **The Relationship Between Profitability and Cash Flow: Evidence from Jordanian Industrial Companies**

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## **Abstract**

This study investigates the relationship between profitability and cash flow in the context of Jordanian industrial companies listed on the Amman Stock Exchange during the period from 2014 to 2023. Understanding this dynamic is crucial in emerging markets where industrial performance is often tied to economic stability. Using return on assets (ROA) as the primary measure of profitability and examining both operating and net cash flows, we analyze financial data from 64 listed companies. The research employs descriptive statistics, Pearson correlation analysis, and ordinary least squares regression to assess the link between profitability and cash flows. Our findings reveal a strong and statistically significant positive relationship between operating cash flow and profitability. Conversely, net cash flow — which includes investing and financing activities — shows no meaningful correlation with profit outcomes. These results underscore the importance of operational cash generation as a foundation for sustainable profitability in Jordan's industrial sector. For managers and investors, this study reinforces the value of monitoring operating cash flows as a true indicator of financial health.

**Keywords:** Operating cash flow, financial performance, return on assets, corporate liquidity, investment efficiency, earnings quality, capital structure, emerging markets