

**“The Effect of Previous Financial Performance on Current Earnings Management
in Companies Listed on Amman Stock Exchange”**

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Abstract

This study aimed to examine the effect of past financial performance (return on assets, return on equity and earnings per share), along with the controlling variables of company's size and growth, on the management of current earnings in Jordanian industrial companies listed on Amman Stock Exchange. To achieve the objectives of the study, the study was applied to all industrial companies listed on Amman Stock Exchange for the period “between” 2015-2019. Descriptive statistical methods appropriate to the study variables were used, and the hypotheses were tested using logistic regression analysis. The study found a number of results, the most prominent of which is the absence of a statistically significant relation between prior period's return on assets and managements' intentions of current earnings management. The results also showed a significant relation between prior period's return on equity and managements' practice of beneficial earnings management. In addition, the results showed a significant relation between prior period's earnings per share and managements' practice of opportunistic earnings management. Accordingly, the study recommended increasing the effectiveness of the oversight role of corporate governance in these companies, educating shareholders on how to bond managements to companies in order to reduce opportunistic earnings management, and educate shareholders, lenders and financial analysts of earnings management practices so as to allow them to distinguish between opportunistic and beneficial earnings management.

Key words: financial performance, opportunistic earnings management intention, beneficial earnings management intention.