

**The Effect of Applying the Fair Value of Financial and Real Estate Investments
on the Profit of the Social Security**

أثر تطبيق القيمة العادلة للاستثمارات المالية والعقارية على ربح الضمان الاجتماعي

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الملخص:

ونتيجة لتلك الضغوطات بدأ التوجه نحو تطبيق محاسبة القيمة العادلة كمطلب اساسي في اثبات معالجة الاحداث والعمليات المالية كي تكون اكثر دقة واقرب الى الواقع الفعلي وفقا للضغوط السائدة، بما يحقق كفاءة وموثوقية البيانات المالية المنشورة. (جمعة وخنفر، ٢٠٠٧)

الامر الذي حدا بالجهات المهنية المتخصصة الى اصدار معايير محاسبية تلي الاحتياجات المستمرة التي تتزامن مع التطور الكبير على الصعيد المالي الدولي خاصة فيما يتعلق بتطبيق القيمة العادلة، حيث اصدرت الجهات المهنية المتخصصة ومنها ، مجلس معايير المحاسبة المالية International Accounting (IASB) وFinancia Accounting Standard BoardK (FASB) ومجلس معايير المحاسبة الدولية Standards Board الاسس التي تتطلب الاعتراف ببعض التغيرات التي تطرأ على الادوات المالية . وتأثير العديد من البنود بتلك التغيرات مثل بنود قائمة الدخل والتغير في حقوق المساهمين والتدفق النقدي . (مطارنة وبشائرة ، ٢٠٠٦) وفي هذا السياق فقد اصدر مجلس معايير المحاسبة المالية (FASB) في عام ١٩٩٣ المعيار رقم ١١٥ الموسوم : المحاسبة عن الاستثمارات في الاوراق المالية ممثلة في الديون وحقوق الملكية . وفي عام ١٩٩٥ اصدر (IASB) المعيار رقم ٣٢ الموسوم : الادوات المالية : العرض والافصاح والذي عدل في الاعوام التالية كان اخره التعديل في عام ٢٠٠٦ ليصبح باسم الادوات المالية : العرض ، وفي عام ١٩٩٩ اصدر (IASB) معيار المحاسبة الدولية رقم ٣٩ الموسوم : الادوات المالية : الاعتراف والقياس وهو معيار شامل يتضمن كيفية الاعتراف بالادوات المالية وقياسها والافصاح عنها في القوائم المالية على اساس القيمة العادلة على ان يبدأ تطبيقه الفعلي اعتبارا من ٢٠٠٢/١/١ . (جمعة وخنفر ، ٢٠٠٧)، كانت هناك مطالب متزايدة بتطبيق محاسبة القيمة العادلة لتقديمها معلومات محاسبية ملائمة تعكس واقع المنشآت في ظروف التضخم .ولكن مع حدوث الازمة العالمية الاخيرة فقد القى بعضهم اللوم على تطبيق القيمة العادلة وقال بعضهم انها هي من وراء الازمة العالمية . (دراسة قشلان وخدش ، ٢٠١١)، وقد هدفت الدراسة الحالية الى أثر تطبيق محاسبة القيمة العادلة للاستثمارات المالية والعقارية على ربحية الضمان الاجتماعي، حيث قام الباحث على عمل مقارنة بين النتائج المالية المنشورة باستخدام القيمة العادلة لمؤسسة الضمان الاجتماعي من عام ٢٠٠٩-٢٠٠٤ والنتائج المالية التي حسبت باستخدام الكلفة التاريخية للاصول المالية وفق المعيار المحاسبي الدولي IAS٣٩ من عام ٢٠٠٣-١٩٩٨، وتحليلها فيما يخص اثرها على ربحية مؤسسة الضمان الاجتماعي.

Abstract

As a result of these pressures, the trend towards applying fair value accounting began as a basic requirement in proving the treatment of financial events and transactions to be more accurate and closer to the actual reality according to the prevailing circumstances, in order to achieve the efficiency and reliability of the published financial statements. (Juma and Khanfar, 2007) This prompted specialized professional bodies to issue accounting standards that meet the ongoing needs that coincide with the great development on the international financial level, especially with regard to the application of fair value, as specialized professional bodies, including the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB), issued the foundations that require recognition of some changes that occur in financial instruments and the impact of many items on those changes, such as income statement items, change in shareholders' equity, and cash flow. (Matarna and Bashayra, 2006) In this context, the Financial Accounting Standards Board (FASB) issued in 1993 Standard No. 115 entitled: Accounting for Investments in Securities Represented by Debt and Equity, and in 1995 (IASB) issued Standard No. 32 entitled: Financial Instruments: Presentation and Disclosure, which was amended in the following years, the last amendment being in 2006 to become Financial Instruments: Presentation, and in 1999 (IASB) issued International Accounting Standard No. 39 entitled: Financial Instruments: Recognition and Measurement, which is a comprehensive standard that includes how to recognize, measure, and disclose financial instruments in the financial statements based on fair value, with its actual application to begin as of 1/1/2002. (Juma and Khanfar, 2007), there were increasing demands to apply fair value accounting to provide appropriate accounting information that reflects the reality of establishments in inflationary conditions. However, with the recent global crisis, some blamed the application of fair value and some said that it was behind the global crisis. (Qashlan and Khaddash study, 2011), the current study aimed to the effect of applying fair value accounting for financial and real estate investments on the profitability of social security, where the researcher made a comparison between the financial results published using the fair value of the Social Security Corporation from 2004-2009 and the financial results calculated using the historical cost of financial assets according to the International Accounting Standard 39IAS from 1998-2003, and analyzed them with regard to their impact on the profitability of the Social Security Corporation.

Introduction:

By the end of the twentieth century, and with the world's trends towards the new globalization, the emergence of large multinational corporations, the openness of economic relations between countries, and the interdependence of their economies, especially in the fields of international trade and the freedom of financial transactions which lead to a high pressure on accountancy as a profession and influence some of the principles underlying it. This enabled the principle of historical cost, which has been severely criticized in the direction of the shift to the application of fair value (Matarnih and Bashira, 2006).

As a result of these pressures, the trend towards the application of fair value accounting has been seen as a fundamental requirement to demonstrate that events and financial transactions are processed in order to be more accurate and closer to the actual reality in accordance with prevailing circumstances, to achieve the efficiency and reliability of published financial statements. (Juma and Khanfar, 2007). Which led to the issuance of accounting standards to meet the continuing needs that coincide with the great development in the international financial arena, especially with regard to the application of fair value, where issued by the specialized professional bodies, including the Financial Accounting Standards Board (FASB) International Accounting Standards Board (IASB) The rules that require recognition of certain changes to financial instruments and the impact of several items on such changes, such as items of income statement, changes in shareholders' equity and cash flow. (Matarnih and Bishira, 2006).

In 1993, the Financial Accounting Standards Board (FASB) issued the Standard No. 115: called "Accounting for Investments in Securities represented in Debt and Equity" In 1995, IASB issued Standard No. 32, called :Financial Instruments: Presentation and accounting disclosure amended in the following years was last amended in 2006 to become the Financial Instruments: Presentation. In 1999, IASB issued IAS No. 39, called :Financial Instruments: Recognition and Measurement, a comprehensive standard that includes how to recognize, measure and disclose financial instruments In the financial statements based on fair value, which was effective from 1/1/2002. (Juma and Khanfar, 2007).

There have been increasing demands to apply fair value accounting to provide appropriate accounting information that reflects the realities of enterprises in inflationary terms. However, with the recent global crisis, some have blamed the application of fair value, some of them argued that it is behind the global crisis. (Qashlan and Khadash study, 2011).

The present study aimed at identifying the impact of the application of fair value accounting for financial and real estate investments on the profitability of social security corporation.

The researcher compared the published financial results using the fair value of the social security corporation from 2004 to 2009 and the financial results that were calculated using the historical cost of financial assets according to the International Accounting Standard 39IAS from 1998-2003 and analyzing them regarding their impact on the profitability of the social security corporation.

Brief Literature

This research dealt with a numerous literatures such as research papers, books and articles, which relate to the scope of this research. The second chapter in this study will provide a detailed explanation of the review of these literature .

Importance of the study:

The importance of this study stems from:

1. Demonstrating the impact of applying fair value accounting and its direct and indirect impact on the profitability of the social security corporation.
2. This study draws the attention of the relevant institutions and entities to the need to pay attention to the fair value aspects.
3. It focuses on the presentation of basic fair value requirements that will affect the measurement of the financial performance of institutions.

Research Gap and Justification of the study

This study revealed through an in-depth review of the literature that many studies have not been conducted so far in the context of Jordanian financial institutions and fair value. Many studies have been conducted with various aspects in financial institutions such as planning, financial management, human management, marketing, economics and various accounting matters.

However, when it comes to government financial institutions and the impact of fair value on them is almost negligible. This study was an attempt to fill the literary gap, and in order to close the literature gap an important goals has been formulated , some of which require certification to verify the relationship between different independent variables.

Objectives of the study:

The study aims at analyzing the impact of the application of the fair value of financial and real estate investments accounting profitability in terms of indicators that measure the profitability of the social security corporation through: -

1. Identifying of the impact of applying fair value accounting for financial and real estate investments to the profitability of the social security corporation.
2. Highlighting the impact of fair value accounting on the return on investment of the Social Security corporation Fund.
3. To assess the effect of fair value accounting on the return on equity of the Social Security Fund.
4. Identifying of the impact of applying fair value accounting on the return on the assets of the social security corporation.
5. Identifying of the impact of applying fair value accounting on the total profit of the social security corporation.
6. Identifying of the impact of applying fair value accounting in the operating profit of the social security corporation.
7. Identifying of the impact of applying fair value accounting on the net profit of the social security corporation.

Hypotheses of the study:

To answer the questions in the study problem and to achieve the objectives of the study, the following hypotheses were formulated :-

The main hypothesis:

The use of fair value accounting for financial and real estate investments does not affect the profitability of the social security corporation.

The first hypothesis: The use of fair value accounting does not affect the return on the investment of the social security corporation.

The second hypothesis: The use of fair value accounting does not affect the return on equity of the social security corporation.

The third hypothesis: The use of fair value accounting does not affect the return on the assets of the social security corporation.

Fourth hypothesis: The use of fair value accounting does not affect the gross profit margin of the social security corporation.

Fifth hypothesis: The use of fair value accounting does not affect the operating profit margin of the social security corporation.

The sixth hypothesis: The use of fair value accounting does not affect the net profit margin of the social security corporation.

Research Design

This part of the study examines the effect of applying fair value accounting for financial and real estate investments on the profitability of the social security corporation.

The researcher used the data published on the Amman Stock Exchange, the Securities Commission and the Securities Depository Center of the Social Security Corporation, and conducted direct interviews with the financial director of the corporation.

Study problem:

It was noted that fair value accounting in the Social Security Corporation faced difficulty in using fair value accounting in the financial statements of the Social Security Corporation and the continuous monitoring of market prices for financial and real estate assets and its impact on the profitability of the corporation. International organizations that are concerned with the application of their accounting standards have obliged all institutions to use fair value accounting, as opinions emphasize that they reflect a more reliable measure of their representation of transactions that take place in the institutions because they represent the conclusion in which objectivity appears, the market that imposes financial values is not subject to any subjective criterion or personal bias, and is not affected by the problems of accounting measurement, as this aspect has appeared in many related field studies.

While recognizing the remarkable efforts of hardworking academics and internationally recognized institutions, fair value accounting is expected to be a disciplined and technically capable framework to provide a more accurate measurement of the corporation's future profitability.

Based on the above, the following questions can be posed about the impact of applying fair value accounting in the Social Security Corporation.

Main question: What is the impact of applying fair value accounting on the profitability of the Social Security Corporation? The following questions stem from this main question:-

1. What is the impact of the application of fair value accounting on the return on the investment of the Social Security Corporation Fund?
2. What is the impact of the application of fair value accounting on the return on equity of the Social Security Corporation Investment Fund?
3. What is the impact of the application of fair value accounting on return on assets of the Social Security Corporation?
4. What is the impact of fair value accounting on the profit margin of the Social Security Corporation?
5. What is the impact of fair value accounting on the operating profit margin of the Social Security Institution?
6. The impact of fair value accounting on the net profit margin of the social security institution.

Methodology

The following methodology was used in preparing this study: The descriptive analytical approach through the theoretical and analytical study of fair value accounting and the theoretical study of accounting information on fair value on the profitability of the social security corporation. The comparison was made between the financial statements of the social security corporation before applying the fair value in the corporation for six years and after applying the fair value for six years and identifying the impact on the profitability of the corporation.

Sources of data collection

Secondary Sources: Based on the nature of this study and the objectives it seeks to achieve, it has relied on many sources in collecting the necessary data, which is summarized in reviewing the accounting literature from books, researches, studies and websites related to the subject of the study

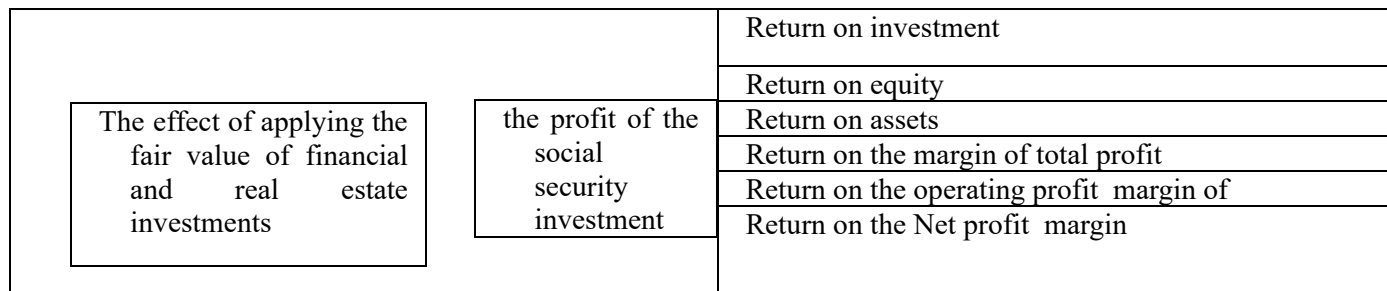
Primary Sources: The sources relied on in collecting statistical data are summarized in the financial statements data through annual reports published on the ASE website for listed companies of the Social Security Corporation.

Scope of the study:

The study is an exploration of the fair value and the impact of profitability on government institutions from where financial data of the social security corporation will be collected, a financial statements of the corporation concerned six years before the fair value and a financial statements of the concerned institution for six years after fair value is used.

Conceptual Framework of the study

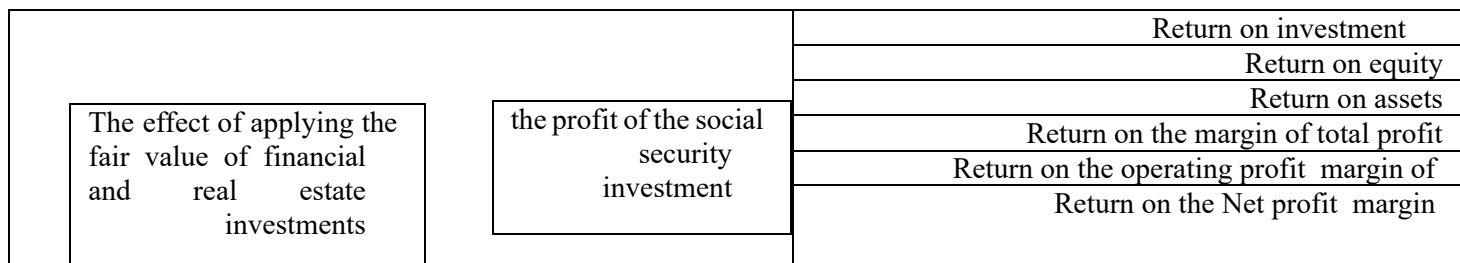
Below is the graphical representation of conceptual framework of the study that is reflecting various independent variables and dependent variables along with its antecedents. Here in the study, the fair value is treated as the independent variable whereas profit of the social security has been taken dependent variable. The effect of applying the fair value of financial and real estate investments on the profit of the social security directly and indirectly. The study is an attempt to find the relationship of the



fair value of financial and real estate investments and profit of the social security .

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Fair value

Fair value The concept and determinants

The concept of fair value

IASB has established a definition of fair value as "the amount for which a counter-asset may be exchanged or a liability settled between knowledgeable and willing parties to deal on a commercial basis". It is the definition used in the International Standard No. (1) of the Financial Reporting Standards issued by the International Accounting Standards International Accounting Standard Board (IASB).

This definition was used in many international accounting standards (IASB) such as the standard No. (32) and the (Standard No. 39).

Fair value is defined as: Abu Nassar defines the fair value as: "the amount that can be received to sell an asset or pay it to settle an obligation on the measurement date for a regular operation between parties dealing in the market in current market conditions. The fair value according to this standard are measured

in terms of an asset or liability specific, and the institution when fair value measurements to take into account as well as any assumptions when pricing assets and liabilities at the date of fair value measurement, an examples of these characteristics (conditions and location of the asset-any restrictions if any on selling or using the asset).

The FASB defined the fair value as "the real price of assets and liabilities in which financial transactions are held between experienced market participants and others, they determined the primary objective of identifying the fair value measure as to determine the real exchange rate, so that the deals will be real and reliable among dealers in the market.

""The International Accounting Standards Board (ISAB) also identified fair value as the amount for which assets or liabilities could be exchanged between those willing to make deals.

Fair value is the most important investment concept on which the the concept of investment analysis in general is based. It is a specific measure of value so that the investor or investment analyst can judge a company's price whether it is high, low or fair, therefore the fair value was called as the center value around which market prices are based.

According to the generally accepted accounting principles fair value is defined as: "the amount that can be sold or bought in a real process between two willing parties, provided that the situation is not liquidation." On the other side of the budget, the fair value of an obligation is "the amount that is incurred under an obligation or settled in a transaction between willing parties, provided that the situation is not a liquidation". The prices of securities in the active financial market is the best evidence of fair value, which is used as a basis for measuring this value. If market prices are not available, the financial statements makers should estimate fair value using the best available information in those circumstances. (Dahmash and Abu Zir 2004).

Al-Tarayra (2005) emphasizes a set of constants that must be met to consider fair value:

1. An asset or obligation to be evaluated or exchanged.
2. Seller and purchaser wish to complete the exchange process, without any pressure on either of them to carry out the process.
3. Seller and buyer familiar, aware of the market conditions of the values to be exchanged.
4. There is no common interest between the two parties seeking to achieve through the exchange process, by raising or lowering the price intentionally.

.The emergence and development of social insurance

The concept of social insurance

Social security can be referred to in terms of the purpose for which it was established. The main purpose of social security is to ensure freedom from need and destitution by providing people who are temporarily or permanently out of work and who are without sufficient income to spend for their living or to spend on their main services(saif alIslam, 1982: p.11).

As all definitions are oriented towards the same concept and the same objective, social security can be defined as: a set of social insurance schemes formulated within a specific mandatory legislative framework to provide social protection to groups of society, where national interest stands to protect them from the social risks to which they may be exposed - In whole or in part - and prevent them from engaging in productive economic activity.(Musa al-Subaihi, 2002: p.18).

Human need for social solidarity and its developme

Allah has created man with many instincts, including The human desire to live safe and stable. For this purpose, every human being works to provide himself and his family with the requirement of safety and tranquility as it is the instinct that Allah created in the human being

The social security has proved that the family is the first brick that provided security to its members by virtue of the nature of the relation between them. Social research has proved that the family is the first brick to provide safety for its members by virtue of the nature of the bond between them. At the stage of agricultural communities and crafts, until very recently, the family members lived together in one house.

The idea of saving and storage was a basic goal of the various human activities, The purpose is embodied In facing the possibilities of need, disease, disability and old age, in addition to leaving something for children after death.

As social needs and problems increased as a result of population expansion, urbanization, civilization development, shifting to the city and industrialization, led to the regression of the role of the family in providing safety for its members and increasing the sources of danger, on the other hand people became more in need of safety and the need to provide materialistic requirement to cope with the consequences.

Migration from the countryside to the city and from one country to another in search of work has contributed to depriving the person of feelings of safety. The patient, the disabled and the elderly can no longer rely on family aid after losing their traditional solidarity after living independent and separate life from their families.

Therefore, there appears a need for an alternative social security reference that could provide security, stability and tranquility to the individual in the communities of large cities and the surrounding industrial environment (Mohamed El-Basha, 1996).

The production process parties, individuals, employers, and government can't establish that reference individually without the other parties, there must be a consensus of the three parties to find such a reference to come into being.

Objectives of the Social Security Corporation.

The Social Security Corporation was established to implement the provisions of the Social Security Law by achieving the following objectives:

1. Provide a decent life for the citizen and members of his family by allocating a pension to the insured persons or to his family members upon his entitlement either because of his retirement age, disability, illness or death.
2. Enhancing the social security programs and pushing the production process in the private sector through the indirect encouragement of the qualified forces to work through the provision of security programs such as care, protection and financial guarantees that reflect on consolidating the relationship between the worker and the employer.
3. Extend the social security umbrella to ensure the inclusion of larger groups and provide psychological, financial and career stability for as many insured persons as possible.
4. Contribute to the success of economic and social development plans by contributing to strategic national economic projects, and also by creating new job opportunities provided by the investment aspects of the foundation's funds.
- 5.- Raise the level of health in the community through the application of insurance against work injuries and occupational diseases, with a serious and major contribution to the efforts to raise awareness in the field of occupational safety and health to reduce the number of work injuries, risks and their impact on national income.
6. To deepen the values of solidarity among the members of society and contribute to reducing pockets of poverty by providing a minimum income for the worker and his family.
- 3.7- Access to the equation to ensure equity in the distribution of income between one generation and successive generations of members.(Annual reports of the Social Security Corporation).

The principles and basis of the social security system

1. Compulsory savings through surplus funds derived from accumulated revenues at the beginning of the formation of the system against a few commitments.
2. Self-financing and non-adoption of the system to finance expenditures from public taxes or any other source.

The amount of the pension is based on the prevailing wage rate³³ 3.

Flexible retirement and social security systems.

1. continuity by maintaining a studied balance between income and expenditure.
2. Global exchange as security systems have become part of the legal, social and economic legislation of the majority of the countries of the world where the symmetry of systems allows for the exchange of benefits through bilateral or non-bilateral programs between countries.
3. The Jordanian social security law pursued a gradual approach application whether in respect of the application of the gradient progress method of branches (smaller units) insurance, or the vertical gradient method where application begin on large enterprises then the smaller, and so.

Administrative Organization of the Social Security Corporation

The Social Security Corporation has a legal body which is financially and administratively independent, it has a Board of Directors chaired by the President of the Council with the membership of:-

- The Director General as Vice-President of the Council
- Deputy Governor of the Central Bank specialized in investment
- A representative of the armed forces and the security services designated by the Council of Ministers.
- Two representative from the Professional Associations, which shall be designated by the presidents of the associations, one of which shall be from the employers and the other from the professionals.
- Four workers representing the General Federation of Trade Unions.
- Four are representing employers,
- two are selected by the Jordan Chamber of Industry, and the other two are selected by the Jordan Chamber of Commerce (Bani Amer, 1999).

3.7.1 Duties of the Board of Directors of the Corporation

The Council shall supervise the affairs of the corporation, for this purpose all necessary powers and tasks are assigned to them, including:

- Approving the insurance policies of the institution.
- Approve the investment policies of the institution to maximize the market value of assets, set investment targets, and define criteria, mechanisms and determinants of investments.
- Monitoring the investment process to maximize the portfolio, hedge and tracking and achieve the objectives of investment policy.
- Approving the general plan for investing the funds of the institution. -
 - Approval of the organizational structure and the table of job formations, description and description of tasks and responsibilities in the institution. Appointing insurance experts and actuarial experts to examine and prepare the financial position of the institution.
- Approving the annual report and the final financial statements of the corporation.
- Appointment of an external legal auditor to audit the accounts of the corporation.
 - Proposing draft regulations for the corporation.
 - The submission of quarterly reports to the Council of Ministers and to the upper and lower houses of parliament to include the following:-
 1. Data and financial accounts.
 2. Key results related to investment performance.
 3. The extent to which portfolio managers' performance is consistent with the target values in the general investment plan.
 4. Presenting the investment policy for the next phase.
 5. Report of the External Auditor on the Financial Position of the corporation.
 6. Quarterly reports of both the oversight committee and the Investment Board.
 7. Analysis and matching of both of the assets and liabilities.

Investment policies, standards and procedures.⁸

A decision by the Board confirming that all investments made during the previous period are consistent with the investment policy, standards and procedures in accordance with the law, regulations, decisions and instructions, and show any defect whenever it may happen.

Issuing the executive, internal, financial, administrative, technical and investment instructions of the institution in order to achieve its objectives .

- Proposing draft laws and regulations of the institution .
- Delegation of his representative to sign in financial, judicial and administrative matters .
- Forming permanent and temporary committees and determining their duties, powers and fees .
- Establish the foundations of good governance and standards in the institution, including policies to prevent potential conflicts of interest, and establish procedures to reduce these conflicts.
- Approving a guide to the investments and assets of the institution and develop it whenever the need arises.
- Any other powers vested to him under the provisions of this Act and the regulations and instructions issued pursuant thereto. (al halaq and others,1996.

Councils and committees in the organization

1. Insurance Council

The Board shall be formed by the Board of Directors (the Insurance Council) headed by the Director General and the membership of :

- Secretary General of the Ministry of Health.
- Two selected by the Board from among its members, one of whom shall be a representative of the workers and the other is a representatives of the employers.
- Three outside the institution with expertise and specialization appointed by the Council of Ministers upon the recommendation of the Council.

***The Insurance Board shall assume the following functions and powers:**

- Proposing the insurance policy and submitting it to the Board for approval
 - Supervising the implementation of the insurance policy of the institution and the development of plans and programs necessary for the implementation of this policy and follow-up.
- Recommending the approval of the draft annual budget of the institution to the Board for the insurance side, indicating the different aspects of the disbursement and the amounts allocated to each one.
- Preparation of the executive instructions for the insurance sector to ensure the achievement of the objectives of the institution and submit them to the Council.
- Any other powers delegated by the Council or vested to it under the executive regulations and instructions issued in accordance with the provisions of this Law.
- Nomination of committees necessary for investment work in accordance with the executive instructions.
- Preparing the executive instructions for the investment fund in order to achieve the objectives of the institution and submit them to the council
 - Any other powers delegated by the Council or vested to it under the executive regulations and instructions issued under the provisions of this Law.

2- Control Committee

The Council forms a committee from among its members called (Control Committee) of three members, membership shall be for three years, it is renewable for one time, the chairman of the Control Committee is elected from among its members, the committee call for meeting at least once every two months and whenever the need arises.

:*The Control Committee shall assume the following functions and power

- Control the financial and investment management of the Corporation and audit its financial reports, including its final financial statements, before presenting them to the council.

3. Good Governance Committee

The Council is formed by a committee called the "Good Governance Committee" chaired by one of its members, two members of the Insurance Council and two members of the Investment Council.

The term of membership of this committee is three years, renewable once.

The committee of Good Governance takes over the following tasks and powers:

- Recommending the foundations of the good governance and its standards in the institution for approval to the Council and the establishment of controls and mechanisms that enhance compliance with these principles and standards.
- Establishing policies to prevent conflicts of interest, the required statements of members of the Council, the Insurance Council, the Investment Council and to ascertain the extent of compliance with such policies.
- Review the organizational structure of the institution in terms of the distribution of responsibilities and delegation of powers, and ensure the existence of sound mechanisms and policies to assess performance and accountability.
- Developing the public policies related to the disclosure of the work and the activities of the organization.
- Ensure the availability of a code of conduct governing the ethics and behavior of the job and generalizing it to all employees of the institution.
- Submit an annual report on "Good Governance in the Institution" to the Board .
- To lay the foundations for organizing the corporation representation in the boards and councils of directors of the joint stock companies, including the evaluation of the proposed persons to represent the institution. (Hamidat et al., 2002).
- Any other functions or powers assigned to it by the Council.

Categories covered by law

- Each of the categories listed below who have completed sixteen years shall be subjected to the provisions of the law, without any discrimination related to nationality.
 1. All workers subject to the provisions of the Labor Law in force.
 2. Persons who are not subjected to retirement under the provisions of the Civil Retirement Law or the Military Retirement Law.
 3. Jordanian persons working in regional and international missions, Arab and foreign political or military missions operating in the Kingdom, their attaches, technical and educational centers affiliated.
 4. The general insurance system of the Social Security Corporation issued whereby.

Categories not covered by the Social Security Law:

1. Persons who are subscribing in accordance with the provisions of the Civil Retirement Law or the Military Retirement Law.
2. Non-Jordanian persons working in regional and international missions, Arab and foreign political or military missions operating in the Kingdom, and their attaches ,technical and educational facilities and centers.
3. Workers whose relationship with the employer is irregular. The relationship is considered to be systematic according to the following:
 - A. If a person working on the day labor system for sixteen days or more per month.
 - B. By working hourly, by piece, by transfer, or by their equivalent, if he works sixteen days or more per month regardless of the number of work hours, pieces or transfers per day.

C. For workers who get a monthly wage regardless of the number of working days per month except for the first month of his employment, the system of sixteen or more work days per month is applied.

The wage subjected to social security law

Pay is the cash equivalent or in kind received by the insured persons for his work, including all deductible remuneration of the insured wage if he meets the following:

Generality: To be paid to all workers or a category of them on a uniform basis.

Stability: The entity shall not have the power to grant or deny the allowance i.e. becoming part of the remuneration.

Continuation: Acting on a continuous and stable basis.

Practicing the work for which the allowance or premium was determined.

Conditions, controls and determinants of the wages subjected to deduction:

That the minimum wage shall not be less than the currently approved wage (220) dinars, and not to exceed the current maximum approved three thousand and eighty-four dinars, which is the ceiling of the wage that undergo to social security law, this ceiling is linked to annual inflation.

The following categories are excluded from the upper limit of the wage (the three thousand and four and eighty dinars):

1. Insured persons before 1/5/2010 whose salary did not exceed (5000) dinars, in this case the maximum limit of the salary on which the contributions are calculated is five thousand dinars.
2. The wage of the insured person who exceeds (5000) dinars per month before 1/5/2010 and whose his contributions are calculated on this basis is count on, provided that no increase on such wages shall be taken after that date.
3. If the wage of the insured person under items (1) and (2) reaches the upper limit of the wage, it shall be linked to inflation.
4. If the insured's wage falls below the upper limit of the wage that he has reached within the limits permitted by law, he shall reserve his right of this limit again in the event of the return of his wage to the previous high limit.

Percentage of monthly deductions from workers and employers

The percentage of deductions paid by the employer from the wage of the insured:

(٪١١)- for old age, disability and death insurance

٪٢)(- for occupational injury insurance-

-) for maternity insurance (0.75%). (Not including employees in government departments and official and public institutions.(

- for the provision of unemployment insurance (0.5%). (Not including employees in government departments and official and public institutions).

The percentage of deductions borne by the insured from his deductible wage :

٪٦,٥) (-For old age, disability and death insurance

(٪١) - For the provision of unemployment insurance

So that the total percentage for contribution in the Social Security is (21.75%) of the monthly wage of the worker.

The percentage of deductions borne by the worker on his own behalf and the employer and the joint partner working in his establishment:

- 21.75% of the monthly wage including all applicable insurance (Alhamidat and others, 2002).

Benefits of the contributors provided by the applicable insurance

Work injury insurance:

: Medical care including

- 1.Costs of treatment and accommodation in hospitals according to the approved wage regulations in the institution.
- 2.Rehabilitation services and equipment.
- 3.Compensation of the injured person from the place of work or place of residence to the place where he is treated and returning from it.
- 4.Daily allowance for the temporary incapacity to work at 75% of the casualty's daily wage.
- 5.Injury compensation if the disability rate is less than 30%..
- 6.The total or partial disability pension if the disability rate reaches 30% or more.
- 7.Death pension in case of death and payment of funeral expenses.

B. Old-age, disability and death insurance:

- 1.Old age pension.
- 2.Compulsory retirement pension
3. Early retirement pension.
4. Total or partial natural disability pension.
5. Natural death pension and funeral expenses.
- 6.One installment compensation for those who did not complete the conditions of retirement.

C. Maternity insurance:

The insured shall be paid after delivery a compensation for the period of maternity leave regardless of the number of births she gave, the compensation shall be equal to the last wage payable at the beginning of the maternity leave. This allowance is estimated in accordance with the periods specified in the Jordanian Labor Law (currently 10 weeks).

The old-age, disability, death and unemployment insurance allowance shall be deducted from the maternity allowance paid to the insured for the months of termination due to maternity. The company shall also pay old-age, disability and death insurance contributions and insure the unemployed from the insured during the period of maternity leave.

To receive maternity insurance the insured is required

- Insured women are covered by maternity insurance during the last six months prior to maternity leave.
- She shall prove the birth by a certificate issued by the Civil Status and Passports Department (If birth took place in the Kingdom), or an official birth certificate certified by the Jordanian Embassy and the Ministry of Foreign Affairs of the country in which the birth took place (in case of birth outside the Kingdom) Or a death certificate issued by the Department of Civil Status and Passports, in case the fetus is born dead after the sixth month of pregnancy (Hamedat and others, 2002).

D. Unemployment insurance

It provides protection to the insured in cases of firing or dismissal of his services, so as to ensure the provision of adequate income during the period of unemployment of work and for a limited time, as well as; ensure continuity of his contribution in the Social Security Corporation during the period of unemployment.

Restrictions on social security investments

Before talking about the restrictions on social security investments, it should be noted that there is no flexibility in amending the law to cope with the huge development on our small planet, an example is the tremendous health development, which has raised the rate of life expectancy so that it must be accompanied with an amendment to the law in terms of early retirement, which means increasing the accumulated income of the Social Security Corporation , thus increasing investments and returns.

Policies such as those that eliminate financial incentives that promote early retirement can be used, along with creating new incentives to promote late retirement. (200) Robert C.Pozen).

The restrictions on social insurance investments are divided into two main types : qualitative restrictions that specify the types of investments that can be invested; quantitative restrictions that specify the maximum amounts or percentages invested in each type of investment. It is not possible to develop a fixed model for an ideal portfolio for different countries and for different times. For example, the investment unit distributes its investments as follows:

Table (1). Investment Distribution during the period 1980-2009 (percentages).

	Short term	Long term
Cash investments	٪٢٠-٪٥٠	٪٢٠-٪١٠
Debt securities	٪٤٠-٪٧	٪٤٥-٪٢٠
Governmental	٪٢٠-٪٦	٪٢٥-٪١٠
Companies	٪١٠-٪١	٪١٠-٪٥
International	٪١٠-٪٠	٪١٠-٪٥
Private Equity and Joint Stock Companies	٪٥٢-٪٢٥	٪٦٠-٪٣٥
General	٪٣٠-٪١٧	٪٤٠-٪٢٥
Especially	٪٢٠-٪٨	٪٢٠-٪١٠
International	٪٢٧٪٠	٪٥-٪٠
Lending	٪١٥-٪٧	٪٢٠-٪١٠
Real estate investments	٪١٥-٪٣	٪٢٠-٪١٠

Source: Investment strategy and policies of the General Social Security Corporation Investment Management.

1. From the above table, the ratio of investments in liquid cash assets is high in the short term despite the low return on them, with the aim of reducing the proportion of this type of investment in the long run.
2. On the contrary, the low percentage of investments by keeping the unit a part of the assets in the form of bonds, which have the potential to convert to cash quickly, in addition to the returns yielded. We also noted the work to correct this in the long term.
3. The portfolio of investments in private equity and joint stock companies is having the lion's share of the unit's investments, which the unit is working on promoting it in the long run.
4. Among the important investment outlets of the institution is the granting short and medium term commercial loans, on a joint, bilateral or direct basis, to fund infrastructure projects, finance corporate projects, public treasury, education, health and housing projects. The Unit favors bilateral and joint lending, taking into account that the terms of any loan granted to any company not exceed ten years from the date of signing the loan agreement. (Sartawi, 1997: p7).

This distribution is likely not to be suitable for social insurance institutions in other countries.

There are restrictions on some social insurance institutions, such as restrictions on the investments of the Philippine Social Security Corporation, which are as follows:

1. To invest in areas that achieve a return that exceeds inflation by at least 2%

2. Investment of social insurance funds in shares of companies recorded profits during three successive years, and distributed part of these profits to shareholders (this requirement was taken by the investment unit in Jordan).

3. When investing in loans, they should be secured by mortgages. (Haracio T. Templo, 1997: p4).

One of the restrictions on the social security investment unit is to prevent it from engaging in foreign investment activities.

Although the unit submitted a request to the government to invest 500 million dollars, but the government rejected the request, as the law provides that investment abroad can only be done with the approval of the Prime Minister, and the reason for refusal is based on its unwillingness to make Jordanian investments abroad currently. (Al - Rai Newspaper Sunday, 3 December 2006 Issue 13214).

Many observers and economic analysts see that it is in the interest of social security and the interest of the Kingdom, to allow the investment of security funds abroad under specific conditions.

It is not wise at all to strictly prohibit this investment. The conditions here include the identification of permitted investment instruments and the maximum permitted investment volume. The central bank funds are also public funds, there is no difference between them and the social security funds in terms of investment and safety necessities, yet the central bank is allowed to invest abroad! this is a contradiction. Therefore, the social security corporation and its investment unit must adhere to their right to invest abroad, and they should not stop pressure and work on obtaining this right, thus, all the wise and decisionmakers should support the corporation in this endeavor.

It is not prudent to keep these funds in the domestic market, which may stifle these funds or the investment conditions may decline, so that the return is insufficient and the capital is declining , as happened with the investment unit's money in 2006. (Journal of Contemporary Economics) - March 2007 - Issue 101.

I suggested that the government has the right to be cautious about investing abroad to provide the principle of safety, caution and reticent, but this is not absolute, for example, why not allow for short-term investment in US Treasury bonds, or some deposits from major foreign currencies.

Investment activity of the Social Security Corporation

The question of the investment of social security funds has received clear and significant attention on a global level. The International Labor Organization has called for two expert conferences to give an opinion on this issue to establish the rules and foundations for investing these funds. They have reached two principles in determining the rules for investment of social security funds:

1. The rules for the investment of social security funds shall be formulated so as to achieve the objective of accumulating funds and reserves, namely, to ensure that social security obligations are met with the rights towards the insured.

2. The investment rules should be drafted so as to guide the competent bodies to choose the investment aspects, so that these rules are flexible to leave sufficient freedom to work on such investments (Ahmed Lutfi, 1994: pp. 130-1129).

According to an insurance expert, there are conditions that must be met in the investment of reserves of social security systems include the following:

a. Guaranteeing the value of the invested funds: In order to fulfill the guarantee requirement, the two expert conferences mentioned above have concluded the importance of the following:

1. Authorizing the social security institutions to search for investments that reserve the actual purchasing value of the funds invested.

2. In order to meet the guarantee requirement, when choosing investments, such investments should be of suitable types, such as investment in securities, investment in real estate and others, taking into account the geographic distribution of these investments.

b. Achieve the highest rate possible while ensuring regularity of returns.

Experts require that social security investments be made at the highest possible yield without compromising the guarantee and liquidity condition and not less than the prevailing market interest rate.

c. Achieving the maximum social and economic benefit directly to the insured:

International Labor Organization (ILO) experts note that social security systems and through their investments can achieve some social and economic objectives, taking into account the conditions of guarantee, return and liquidity, by undertaking or participating in projects that include the development of the health level, raising the standard of living, increasing production, reducing unemployment, establishing educational institutions and solving housing problems, by coordinating efforts among security institutions and various state policies such as economic and social policy.

The state in return shall provide a special guarantees for investment of the special economic and social characteristics, to the benefit of the community as a whole.

d. Liquidity and its importance in social security investments: International Labor Organization (ILO) experts refer to liquidity as an important condition to be made available in the investment of social security reserves if part of it is to be acquired on a given date as a result of the nature of the benefits and advantages offered by the social security systems. It may be possible to achieve this liquidity by selling some assets and property, or by the opening of current accounts or the investment in short-term, market-traded or easy-to-consumer government bonds (Ahmed Lotfi and 1994, pp. 130-133).

Therefore, the existence of huge reserves in the Social Security Corporation means that there are national savings that affect the economy of the state as a whole. Therefore, these savings should be considered as an important part of the wealth of the state, that can be used for financing the development plans and thus succeed in maintaining and increasing these savings, so that it can be able to fulfill its obligations and can continue to play its role towards the national economy.

perhaps the existence of a social security system in any society can help to boost investment productivity and enable it to stop or reduce capital flow, because the existence of social security systems means large financial reserves, which encourages thinking about the exploitation and investment of these reserves, then a number of productive projects in the economy. Which creates a good investment climate that encourages local capitalists to invest in the country (Vittas Dimitri, 1992: p12).

It is logical to consider that the investment of social security reserves, through productive projects effectively leads to job creation, thus, increasing employment and reducing unemployment. In addition, the combined capital of social security investments can be considered as a part of the local capitalist formation in the economy.

Hence the importance of investment in social security reserves, especially that the social security reserves have faced many problems, the most important are:

1. The belief that, as long as there is a surplus, the standard of living and the value of benefits provided by social security institutions to eligible individuals must be increased.
2. The value of financial reserves is exposed to the risk of erosion in the purchasing power percentage, especially with the increase in social security burdens towards individuals. (Kanaan, 1980, Part I, p.170).

The problem of investing in the Social Security Corporation

In practice, this issue should not be called a problem, but in practice it could be considered as such because the institution has a huge amount of liquidity, at some point banks were scrambling to get the corporation's deposits. However, some banks do not want these deposits because of their high cost, because the institution seeks to get high interest rates on them as deposits are one of the main investments of the corporation. (Journal of Voice of Workers Jordan - No. V / 1100 (July 2007)

Therefore, because of the accumulation of funds resulting from increased insurance revenues, there emerged before the institution the problem of managing these funds and invest them in an optimal manner.

In order to achieve this, the Investment Unit of the Social Security Corporation, a specialized unit that works to channel social security funds towards optimal investment sites, has been established, in a way that ensures the highest return on investment (Journal of the Voice of Workers Jordan - No. V / 1100 (July 2007).

Hence the idea of developing a successful investment policy, suitable for financial reserves, so that the social security institutions can do their best.

The study addressed earlier the determinants and principles that must be available in the investment policy followed by the Social Security Corporation. Since the government is offering many investment projects, the study dealt with a number of investment projects to be privatized. The unit presents the contribution with the companies that bid and thus ensures the unit to enter as a partner with the investor. To which the project will be referred. (Al-Rai newspaper, December 3, 2006).

However, the letter addressed to the Investment Unit at the Jordanian Social Security Corporation is that the issue of investment should be given due importance to expand and diversify its investments to achieve returns that contribute to securing a balance in the equation of rights and obligations for the long term towards the insured and to achieve at the same time economic and social returns to support the national economy, create new jobs and increase productivity, to achieve financial and social profitability to enhance their economic and social role. Emphasis on linking actuarial studies with investment policies in the institution to achieve high return rates (.www.e-ahli.net) (in an interview with Dr. Omar Razzaz Director General of the Social Security Corporation.

Sectorial distribution of social security investments

It should be noted that the size of the investment portfolio owned by the investment unit in the social security, opens wide doors to diversify the sources of income, through the diversification of investments.

It is known that the investment strategy and policies of the Investment Commission of the Social Security Corporation, impose conditions or criteria for the ratios of investment in various economic sectors. The company is diversifying its investments to include:

1. Contribution to companies operating in various sectors, such as the industrial sector, banking sector, services and others.
2. Investment in the real estate sector through direct investment in hotels, tourist establishments, buildings, investment lands and administrative buildings.
3. Providing loans on a commercial basis. Projects financed by the Foundation include infrastructure projects, corporate finance, public treasury, education, public health and housing projects, as well as loans, government development bonds and public institutions.
4. Financial surpluses are invested in the form of deposits in commercial and investment banks and specialized lending banks, as well as treasury bills and other investment accounts (various annual reports of the Social Security Corporation)

Table (2): Distribution of investments by the Social Security Institution by sector during the period (1980-2004)

Year	Contribution to companies	Bank Accounts	Real estate	loans	Fixed and other assets	Total
1980	13.5	٦٩,٦	.	١٢	٤,٩	١٠٠ %
1981	38.4	٥٠,٧	.	٥,٤	٥,٥	١٠٠ %
1982	29	٥٩,٦	.	٦,٢	٥,٢	١٠٠ %
1983	25.5	٥٢,٣	.	١٥,٩	٦,٣	١٠٠ %

**The Effect of Applying the Fair Value of Financial and Real Estate Investments on the Profit
of the Social Security**

1984	40	٣٥,٣	,٣	١٩. ٩	٤,٥	١٠٠ %
1985	30.7	٣٧,٢	٠,٢	٢٦	٥,٩	١٠٠ %
1986	25.2	٣٨,٥	٠,١	٣٥. ٣	٠,٩	١٠٠ %
1987	21.8	٣٤,٨	٠,١	٤٠. ٢	٣,١	١٠٠ %
1988	24.3	٣٥,٨	٠,١	٣٣. ٨	٦,٠	١٠٠ %
1989	27.8	٣٨,٤	٠,٢	٣٠. ٠	٣,٦	١٠٠ %
1990	22.7	٤٤,٥	١,٤	٢٦. ٤	٥,٠	١٠٠ %
1991	19.1	٤٦,٦	١,٢	٢٠. ١	١٣,٠	١٠٠ %
1992	17.4	٥٤,٣	١,٤	١٦. ٩	١٠,٠	١٠٠ %
1993	20.8	٥٠,٢	٢,٥	١٨. ٥	٨,٠	١٠٠ %
1994	15.1	٥٦,٠	٦,٩	١٧. ٨	٤,٢	١٠٠ %
1995	16.7	٥١,٧	٦,٤	٢١. ٢	٤,٠	١٠٠ %
1996	17.1	٥١,٨	٥,٦	٢٠. ٠	٥,٥	١٠٠ %
1997	17.8	٥١,٢	٥,٢	٢٠. ٥	٥,٣	١٠٠ %
1998	16.9	٥٤,٨	٤,٦	١٨. ٧	٥,٠	١٠٠ %
1999	40.2	٥٥,٦	٤,٤	١٢. ٧	١٢,٩	١٠٠ %
2000	45.6	٤٤,٧	٤,٤	٩,٦	٤٠,٣	١٠٠ %
2001	43.3	٤٣,٩	٢,٣	٤,٦	٥,٩	١٠٠ %
2002	45.5	٤٠,٥	٢,٢	٤,٢	٧,٦	١٠٠ %
2003	61.4	٢٥,٤	٢,٤	٤,٤	٦,٤	١٠٠ %
2004	72.2	١٧,٣	١,٢	٣,٤	٥,٩	١٠٠ %
2005	81.3	٨,٨	٢,٤	٢,٦	٤,٩	١٠٠ %
2006	76.3	٨,١	٦,٧	٢,٩	٦,٠	١٠٠ %
2007	76.6	٦,٤	٨,٧	٢,٤	٥,٩	١٠٠ %
2008	78.6	٦,٠	٧,٧	٣	٤,٧	١٠٠ %
2009	77.2	٧,٣	٦,٦	٣,٥	٥,٤	١٠٠ %

Source: Social Security Corporation, various annual reports

Table (4) shows the distribution of the investments of the Social Security Corporation in Jordan during the years 1980-2009 according to the type and relative importance of each type. The following table shows

the following: - It is noted that bank deposits constituted approximately 50% of the total investments of the Corporation.

It is clear that the corporation focused on short-term investment instruments, although these investments are considered to be the least risky investments, but they do not achieve a positive return unless the inflation rate is low. The size of deposits in banks is also evident despite the decline in recent years.

For investment in real estate, it is on the one hand less vulnerable to economic fluctuations, with the value of land and buildings rising as the purchasing power of money declines.

In terms of investment in real estate, it is on the one hand less vulnerable to economic fluctuations, where the value of land and buildings increases with the decline in purchasing power of money. The real estate investment is a good channel in the face of inflation. On the other hand, it is not exposed to the risk of change in foreign exchange rates. The strange aspect is that the trend towards investment in the real estate sector is weak, although there is no great risk to invest in this sector which is a drawback for the investment unit.

As for investment in loans, there is no real diversification in terms of borrowers. In 1997, for example, the percentage of loans granted to the public sector amounted to about 89% of the total amounts borrowed in that year.

The equity portfolio constitutes 70% of the total portfolio size in the investment unit and is an unethical focus (Al-Rai Newspaper, December 31, 2010).

In terms of investment unit status, the focus on fixed-income investment instruments is a reasonable one. In particular, the bonds are meant to stay away from equities. The unit figures show that equities account for 70% or 2.5 billion dinars of investments.

This major concentration is the result of the loss of 2005, as the head of the investment unit said that the unit's portfolio had lost 940 million dinars. (Current Economy Survey - March 2007 - No. 101).

Measuring the determinants of social security investments in Jordan

The study was based on data covering the period from 1980 to 2004. The standard model for assessing the effects of social security investments was built on the process of economic growth.

This is what distinguishes this study from the previous studies, which focused in its entirety on the statement of the effective institution's investments in supporting investment in Jordan. Thus, this is the first study to introduce a model of social security investments in this form.

The factors that affect social security investments are summarized in a single function called the social security investments. This function represents the relationship between the investments of the social security corporation and the following variables: the size of the surplus and the return on the investments of the corporation, the average monthly wage, the size of the labor force, and the random variable.

Table (3). The coefficient of determination(2R) and the Dorsen Watson (DW) parameter of the estimated model.

Durbin-Watson	Std. Error of the Estimate	Adjusted R Square	R Square	R	Model
1.769	31.22106	0.778	0.815	0.9030	1

Table 3 shows that the independent variables explain 81.5% of the size of the variance in the investments of the Social Security Corporation, which is a high explanatory value, where the value of the Durbin Watson coefficient indicates that there is no Auto-correlation between the errors.

Table (4) ANOVA results of variance analysis

Sig	F	Mean Square	df	Sum of Squares	Model
					1

22.003	21447.205	4	85788.819	Regression	١
	974.755	20	19495.095	Residual	٢
		24	105283.914	Total	٣

Table (4) shows that the model is statistically acceptable where (F) calculated value was statistical significant at (F=22.003) where the error rate close to zero

Table (5): Results of model parameter estimates and test (t)

variable	T	Standardized Coefficients	Unstandardized Coefficients		Sig
		Beta	Std-Error	B	
Constant	-1.867		42.428	-79.225	0.077
The size of the surplus	2.009	1.392	0.900	1.807	0.058
Return on investments of SSC	-1.052	-0.699	1.413	-1.486	0.305
Average monthly wage	2.768	0.811	0.37	1.025	0.012
The size of the workforce in Jordan	-1.412	0.618	0.076	-0.108	0.173

Table (5) shows that the parameters of the size of the surplus and the average wage are the only statistically significant at a level more than Alpha $\alpha = (0.05)$ and that the other parameters are statistically insignificant.

In terms of impact of strength, the estimated coefficients show that the increase in the size of the surplus by 1 million dinars will lead to an increase in SSC investments by (1.807) million dinars, while the increase in the average monthly wage by one unit JD (1) leads to an increase in the (SSC) investments by JD (1.025).

The reason is that the effect of the surplus size is greater than the effect of the average monthly wage in the investment of the Corporation, that the size of the surplus is fully available for investment. Thus, the multiplier is larger, while the average monthly wage is not fully available for investment, The total amount deducted from the insured (5.5%) and the amount paid by the establishment (11%) thus becomes the proportion (16.5%) of the total wages (Al-Jamal, 2001).

.Measuring the impact of Social Security Corporation investments on Jordanian economic growth

Economic growth is defined as an increase in real income or Gross domestic product (GNP) over time, and economic growth is usually measured at the rate of Gross domestic product (GDP) growth or real

national income. As far as the determinants of economic growth is concerned, it is both capital in kind and human, i.e., population, technological progress, and natural resources. (Habib Fayez, 1992, p. 237).

Economic growth is also defined as an increase in the production capacity of the economy over time. In this sense, economic growth is essentially driven by a long-term steady increase in the production capacity of the economy. If production capacity increases after a recession, the increase is periodic rather than steady it is not considered as economic growth (Robert J. Gordon, 1987, p555).

Production capacity is measured either by gross domestic product (GNP), which is achieved by the national economy over a period of time that is often a year. Most economic theories and literature indicate that economic growth is determined by a production function influenced by a set of independent factors, expressed by the following production function:

$$Q=F(L,KZ).....(2)$$

Where the volume of production (Q) is determined by two factors work (L) and capital (K) and other factors affecting the growth process (Z). For assessing the impact of social security investments on economic growth the variable of capital (K) will be compensated by the variable of social security investments (IS) and the total investment variable (IT), where the investment reflects the net capital formation. The output variable (Q) will also be compensated by the gross domestic product (GDP) to express the economic growth, therefore the function form will as follow:

$$GDP=F(L,IS, IT,Z).....(3)$$

The general function described above can be converted to an estimated standard model as follows:

$$GDP=B_4+B_1L+B_2IS+B_3IT+B_4EX+E.....(4)$$

Based on the data in the statistical appendix, Equation (5) was estimated using the Ordinary Lower Squares (OLS) after correcting the coefficient of determination of the first order, the statistical results of the estimate were as shown in the following tables:

Table (6). The determination factor (2R) of the estimated model

Model Fit Summary

R	R Square	Std-Error of the Estimatet	the Estimatet	RDurbin-Watson
.942	.887	.858	247.357	1.530

The Prais-Winsten estimation method is used

Table (6) shows that the independent variables explain 85.8% of the size of the discrepancy in GDP, which is a high explanatory value

Table (7). (ANOVA) Results of variance analysis

	Sum of Squares	Df	Mean Square	F
Regrassion	9168683	4	2292170.83	37.462
Regrassion	1162525	19	61185.511	

The Prais-Winsten method was used to correct the determination factor. Table (7) show that the model was statistically significant with a value of (F= 37462).

Table (8): Results of estimates of model parameters and test (t).

Variable	t	Standardize d Coefficients	Unstandardized Coefficients		المت غ ير
		Beta	Std- Erro r	B	
constant	-0.175		12.453	-89.593	0.86 3
Volume of work force	2.458	0.266	0.599	1.471	0.02 4
Investment	2.478	0.204	1.473	-3.651	0.02 3
Value of export	4.120	0.584	0.253	1.044	0.00 1
Total investme nt	1.934	0.223	0.384	0.742	0.06 3

The Prais – Winsten estimation method is used

Table (8) shows that all the estimated information is statistically significant at a level more than Alpha $>(0.05)$ except for the total, which is statistically significant at Alpha $= (0.07)$.

It is noted from the values of the parameters estimated that the increase in the size of the labor force by one dinar will lead to an increase in economic growth by (1,471) dinars. This is consistent with the economic theory.

The increase in the volume of social security investments by one dinar leads to an increase in economic growth by JD (3.651) with the stability of other factors. This significant effect means that social security investments have an active role in the process of economic growth.

The impact of exports on economic growth is weak due to the decrease in the proportion of Jordanian exports and the deficit in the trade balance. The increase in the value of exports by one unit (1) dinars will lead to an increase in economic growth by JD (1.044).

As far as the total investment is concerned, the increase in the total investment volume by JD 1 will lead to an increase in economic growth by JD (0.742). (Al-Jamal, 2001).

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