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RELATIONSHIP BETWEEN ADVERTISING AND FIRM VALUE: EVIDENCE FROM JORDAN

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Abstract

The impact of advertising and sales promotion on firm value and sales performance within the Jordanian manufacturing sector was examined, recognizing the significant role of advertising in enhancing competitive market outcomes. The study aimed to investigate the effect of advertising and sales promotion on firm value within the manufacturing Jordanian firms that holds a benefit for deciphering several challenges and opportunities that firms face within an emerging market context. Data from 64 Jordanian manufacturing firms listed on Amman Stock Exchange between 2014 and 2022 were analyzed. Regression analysis was applied across two models: one focused on the relationship between advertising expenditures and firm value, while the other assessed sales performance. Firm size and return on equity served as control variables across both models.

The results revealed that advertising and sales promotion expenses had a significant and positive effect on both firm value and sales performance. Specifically, advertising's impact on firm value was characterized by a coefficient of 0.107 and a t-value of 3.640, while its effect on sales performance yielded a coefficient of 0.321 and a t-value of 9.372, both with p-values of 0.00, highlighting a strong statistical significance. Additionally, firm size demonstrated a robust positive effect on both outcomes, underscoring its role as a critical control factor. Return on equity, however, did not yield a significant effect. These findings underscore the importance of advertising as a driver of firm growth and market position, particularly in larger firms. Investment in advertising appears to foster sustainable value and performance enhancements, offering firms in competitive sectors a strategic path for growth.

Keywords firm value, marketing expenditure, financial performance, corporate strategy, emerging markets, value creation, managerial decisions

JEL Classification M37, G32, L25

INTRODUCTION

Therein, the study of the effects of advertising and sales promotion on firm value is considered important in the context of modern business strategies. Firms are more and more spending on advertising and promotional activities in competitive markets-not only to boost sales but also to improve their overall market positions and thereby ensure long-term financial outcomes. Such spending is viewed as a key method of building brand equity, drawing consumer attention, and maintaining competitive advantage. This holds more importance for Jordan because its business entities are struggling to adapt themselves to the changing economic conditions coupled with an aggressive regional competition.

With the rising importance of advertising and promotion in modern corporate strategy, little comprehensive understanding of their impact concerning firm value seems to be developed. The effect on wider financial indicators such as firm value is seldom explored in general but

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more specifically in emerging markets like Jordan. This is a scientific problem, given that such understanding of the dynamics of how advertising and sales promotion contribute to the long-term financial success of a firm is really vital for both academic inquiry and managerial decision-making.

Furthermore, the unique economic environment in Jordan, characterized by fluctuating consumer demand and evolving industry structures, underscores the importance of this research. Firms operating in such environments need to optimize their marketing investments to not only enhance short-term sales but also secure sustainable value creation. This study, therefore, seeks to address the scientific problem of determining the extent to which advertising and sales promotion efforts influence firm value, offering evidence from Jordan that can help fill a notable gap in the current understanding of this relationship.

1. LITERATURE REVIEW AND HYPOTHESES

Therefore, in view of emerging markets characterized by fierce competition, advertising and sales promotion become key factors that influence firm value. While various studies have examined different aspects of advertising on firms' financial performance, there has been a strong focus on the role of improving brand awareness as a means to influence consumer behavior and enhance firm value. However, how exactly advertising and sales promotion are translated into long-term financial benefits is still a contentious issue. This review analyzes the key literature relevant to understanding the impact of advertising and sales promotion on firm value, particularly in the context of emerging markets like Jordan.

The impact of advertising and sales promotion on firm value has traditionally represented one of the most relevant research topics in the marketing and financial fields. In fact, this is a crucial link to understand for firms that aim at optimizing their marketing expenditure in order to enhance their in-market positioning and long-term financial performance. This paper is thus a review of the important studies conducted to date on the effect of advertising and promotions on firm value, conducted through a review of different theoretical frameworks and various available empirical findings to capture the understanding of the topic comprehensively.

Shubita (2024) examined how selected marketing strategies like advertising, sales promotion, and pricing strategy interact with financial outcomes-as represented by profitability margins and returns on equity-by analyzing data from firms listed in the Amman Stock Exchange. The results indicate that marketing strategy and profitability are positively related, while advertising and sales promotions display strong favorable effects on the indicators of profitability.

Various studies show that advertising expenditures represent one of the most important investments in developing brand equity, which affects a firm's long-term financial performance. Such studies include, for example, the following: Alrawad (2025) mention that strong brands create competitive advantages through consumer loyalty and premium prices. Keller (1993) focused on the role of advertising while building brand associations – the larger the associations, the higher the brand equity and, eventually, the firm value. These theoretical bases have reached general acceptance in marketing literature, besides being empirically validated in developed and emergent economies, such as Chu and Keh (2006) and Shubita (2023).

There are various studies that have discussed the relationship between advertising, sales promotion, and the short-run sales. For instance, Vakratsas and Ambler (1999) recommended a framework whereby the cognitive, affective, and behavioral responses to advertising are segregated. According to that, sales performance is viewed as being produced primarily by the last category of responses. Sethuraman and Tellis (1991) reached that while sales promotions tend to produce an immediate but short-lived impact on sales, advertising drives continued consumer demand. Shubita (2019) said that in emerging markets, expenditure on advertisements and promotions tends to yield a much better effect on sales because consumers are less brand loyal and more price sensitive.

There are various studies that have been conducted on the emerging market contexts where advertising and sales promotion occur. In markets, like Jordan economic environment and behavioral consumer response have a dominant effect on determining the effectiveness of the advertising. Chebat and Slusarczyk (2005) indicated that because of the cultural and economic factors in the emerging markets, advertising produces different outcomes when compared to the developed economies. This is also through findings by Shamsie and Mannor (2013) on the role of advertising in developing regions firms' performance where specific challenges and opportunities arising from local economic conditions were identified.

One of the major focuses of research is on the financial outcome of advertising and sales promotion. As such, Grullon et al. (2004) showed that firms with higher advertising spending are more likely to have higher stock returns, thus suggesting that investors consider advertising as a signaling mechanism for future profitability. In sharp contrast, Joshi and Hanssens (2010) perform a meta-analysis of long-term financial-focused studies on advertising. They find that consistent investment in advertising tends to have a positive effect on firm valuation metrics like Tobin's Q. This is similarly echoed by Chauvin and Hirschey (1993) in their studies that find advertising expenditures affect firm value directly by increasing future cash flows and reducing firm risk.

In terms of sales promotion, research shows a more complex relationship with firm value. Sales promotions are generally effective at boosting short-term sales, but their long-term impact on firm value is less clear. Pauwels et al. (2002) found that while sales promotions increase immediate revenue, they can erode brand equity if overused, which in turn can negatively impact firm value.

In Jordan, the dynamics of advertising and sales promotion are bound by a rapidly changing business environment. R. Al-Qirem and I. Al-Qirem (2014) evaluated the effectiveness of advertising in relation to the performance of firms in Jordan and ascertained a positive relationship between advertising expenditure and profitability. Indeed, their findings showed that sales promotion had a less clear effect on long-term performance, thereby suggesting firms in Jordan can benefit from continued advertising campaigns rather than a short-term promotional approach. In a related thread, Al-Zyoud (2017) notes that firm size moderates the effectiveness of advertising expenditure in Jordan, with larger firms benefiting more from their marketing investments.

The relationship between profitability and sales growth has been established in literature by authors like Ariffin (2013), Rezaei and Ghanaeenejad (2014), Chen et al. (2014), Zimmerman (1983), Desai and Dharmapala (2006), Arif and Hashim (2014), Salihu et al. (2014), Slemrod (2004).

One of the most important factors in fostering the development of customer awareness and brand equity is unquestionably the smart placement of advertisements (Shubita, 2021). As per Lane Keller's (2013) findings, advertising plays a significant role in creating brand equity by means of formulating and maintaining brand connections, which endows a brand with significance. According to Keller, persistent advertising could boost customer-based brand equity and improve sales performance. However, depending on the firm's size and relative market position, the results of these efforts vary greatly. Hepola et al. (2017) further elucidate this point by finding that larger firms are better positioned to capitalize on brand equity because they can sustain higher levels of advertising expenditure over time.

The main conclusion from the literature is that the relationship between advertising and sales promotion and firm value is significant yet complex. While advertising consistently results in brand equity and long-term financial performance, on the one hand, sales promotions, because of the potential risks to brand perception if used too frequently, drive short-term sales.

This study, therefore, investigates the effect of advertising and sales promotion on firm value within the manufacturing Jordanian firms that holds a benefit for deciphering several challenges and opportunities that firms face within an emerging market context. Thus, the hypotheses are:

H01: Advertising and sales promotion expenses do not have a statistically significant impact on firm value.

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H02: *Advertising and sales promotion expenses do not have a statistically significant impact on sales performance.*

H03: *Firm size and performance do not control the impact of advertising and sales promotion expenses on firm value and sales performance.*

2. METHODOLOGY

This study investigates the impact of advertising and sales promotion on firm value, with a focus on the controlling roles of firm size and performance in Jordanian manufacturing companies. The analysis is conducted using panel data from Jordanian manufacturing firms listed on the Amman Stock Exchange (ASE) over a multi-year period. The study employs regression models to quantify the relationship between advertising expenditures and firm value, as well as sales performance, with firm size and performance (measured by return on equity, ROE) serving as control variables.

The sample includes all manufacturing companies listed on the ASE. Data were collected for the period between 2014 and 2022 to ensure a robust longitudinal analysis. The primary sources of data include the ASE financial reports, company annual reports, and relevant databases containing financial and operational data for Jordanian manufacturing companies.

Regression analysis: the main regression model is specified as follows:

$$Value_{it} = \beta_0 + \beta_1 Adv_{it} + \beta_2 Size + \beta_3 ROE + \varepsilon, \quad (1)$$

$$Sales_{it} = \beta_0 + \beta_1 Adv_{it} + \beta_2 Size + \beta_3 ROE + \varepsilon, \quad (2)$$

where $Value_{it}$ is a dependent variable and measured by the natural logarithm for market capitalization (number of shares multiply the market value of share price at the end of the year). $Sales_{it}$ is a dependent variable, and equals the natural logarithm of total sales revenue as a main operating revenue. Adv_{it} is an independent variable, and equals the natural logarithm of selling and distribution expenses. $SIZE_{it}$ is a control variable, represents the firm size, and equals the natural logarithm of total assets. *ROE* is a control variable, represents the firm performance and equal the net income over average total equity, β_0, β_1, β_2 = coefficients, i – company, t – year, ε – error.

The first model investigates the impact of advertising expenditures on firm value, while controlling for firm size and performance. While the second model examines the effect of advertising expenditures on sales performance, with the same control variables as Model 1.

The panel data regression models are estimated using a fixed-effects or random-effects approach, depending on the results of the Hausman test. The fixed-effects model controls for unobserved heterogeneity by accounting for time-invariant firm-specific characteristics, while the random-effects model assumes that firm-specific effects are randomly distributed. The choice between these models ensures the robustness of the estimated relationships between advertising expenditures and both firm value and sales performance.

The collected data are then analyzed by statistical software, such as SPSS. First of all, descriptive statistics are calculated in order to outline the main characteristics of the dataset: means, standard deviations, and ranges for dependent, independent, and control variables are outlined. Further on, the correlation analysis is conducted with the purpose of looking at the relationships between the variables and checking for multicollinearity. Then, the various regression models are estimated and diagnostic tests were conducted for the validity of the various regression assumptions, including tests for heteroscedasticity, autocorrelation, and normality of residuals.

3. RESULTS

Table 1 presents the descriptive statistics for the key variables used in the analysis: advertising and promotion expenses (Adv), sales, firm value (Value), firm size (Size), and Return on Equity (ROE). A total of 474 observations were collected for firm size and ROE, while other variables have varying numbers of valid observations due to missing data.

The average value of advertising expenditures across firms is 5.67, with a median of 5.70. The

Table 1. Descriptive analysis

Variable		Adv	Sales	Value	Size	ROE
N	Valid	369	425	414	474	474
	Missing	105	49	60	0	0
Mean		5.67121	6.92879	7.08246	7.27617	−.31000
Median		5.69800	7.01100	7.05350	7.22200	.01700
Std. Deviation		.860483	.890394	.676488	.660309	3.952688
Minimum		2.427	1.301	5.556	5.505	−64.267
Maximum		7.790	9.243	9.469	9.316	18.183

standard deviation is 0.86, indicating moderate variability in advertising expenditures across the sample. The minimum value is 2.43, while the maximum value is 7.79, showing a wide range of spending on advertising and promotions among firms. The mean sales value is 6.93, with a median of 7.01, suggesting that most firms have similar sales figures, though some variability exists (standard deviation of 0.89). The range of sales performance is significant, with a minimum of 1.30 and a maximum of 9.24, highlighting the variation in revenue generation among the sampled companies.

The average firm value, measured by the natural logarithm of market capitalization, is 7.08, with a median of 7.05, indicating a slight skewness in the data. The standard deviation is 0.68, which shows relatively lower variability in firm value compared to sales and advertising. Firm value ranges from a minimum of 5.56 to a maximum of 9.47 while the firm size has a mean of 7.28, with a median of 7.22, indicating that most firms are of similar sizes. The standard deviation is 0.66, showing that firm sizes are somewhat consistent across the sample. Firm size ranges from a minimum of 5.51 to a maximum of 9.32. The mean ROE is negative (-0.31), reflecting that on average, firms in the sample experienced negative profitability during the study period. The median ROE is 0.017, indicating that many firms had low or slightly positive returns. The standard deviation of 3.95 reflects substantial variability in performance. The minimum ROE is -64.27, showing that some firms had significant losses, while the maximum ROE is 18.18, highlighting that some firms achieved strong profitability.

Overall, the descriptive analysis indicates considerable variation in advertising expenses, sales, firm value, and firm performance (ROE) among the sampled Jordanian manufacturing firms. Firm size appears to be relatively consistent, while profitability shows extreme values, suggesting a diverse financial landscape within the industry.

The correlations in Table 2 tell a cohesive story: advertising and firm size play a significant role

Table 2. Pearson correlation

Variable		Adv	Sales	Value	Size	ROE
Adv	Pearson correlation	1	.719**	.628**	.649**	.046
	Sig. (2-tailed)		.000	.000	.000	.380
	N	369	367	344	369	369
Sales	Pearson correlation	.719**	1	.765**	.773**	.068
	Sig. (2-tailed)	.000		.000	.000	.159
	N	367	425	380	425	425
Value	Pearson correlation	.628**	.765**	1	.843**	.053
	Sig. (2-tailed)	.000	.000		.000	.280
	N	344	380	414	414	414
Size	Pearson correlation	.649**	.773**	.843**	1	.029
	Sig. (2-tailed)	.000	.000	.000		.522
	N	369	425	414	474	474
ROE	Pearson correlation	.046	.068	.053	.029	1
	Sig. (2-tailed)	.380	.159	.280	.522	
	N	369	425	414	474	474

Note: ** correlation is significant at the 0.01 level (2-tailed).

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in driving both sales and firm value, while profitability, as measured by ROE, remains more elusive and may depend on variables not captured in this analysis.

Pearson correlation results paint an interesting picture of the relationships among advertising expenses, sales, firm value, size, and return on equity (ROE) for Jordanian manufacturing companies. Advertising expenses (Adv) show a strong positive correlation with both sales and firm value. The correlation between advertising and sales is particularly notable, with a coefficient of 0.719, indicating that higher investments in advertising are strongly associated with increased sales. This makes intuitive sense, as more aggressive promotional efforts typically lead to higher consumer demand and, subsequently, greater revenue.

Similarly, advertising is positively correlated with firm value, with a coefficient of 0.628. This suggests that companies that spend more on advertising tend to have higher market capitalization, which could be due to the fact that advertising not only drives sales but also boosts brand visibility and equity, contributing to overall firm value. The connection between advertising and firm size is also quite strong, with a correlation of 0.649, implying that larger firms are likely to allocate more resources to advertising, perhaps due to having larger marketing budgets or a greater need to maintain market presence.

Sales, on the other hand, exhibit an even stronger relationship with firm value, showing a correlation of 0.765. This strong connection indicates that companies with higher sales tend to have higher market value, reinforcing the role of operational success in driving firm valuation. Furthermore, sales are closely related to firm size, with a correlation of 0.773, reflecting that larger companies naturally generate higher sales due to their broader market reach and capacity for production.

Firm value itself shares the strongest correlation with firm size, showing a coefficient of 0.843. This is intuitive, as larger firms, with more assets and resources, tend to be more valuable in terms of market capitalization. However, ROE, representing the profitability and performance of the firms, appears to be largely independent of advertising, sales, value, and size. None of its correlations with the other variables are significant, with all coefficients falling below 0.07. This lack of strong correlation suggests that firm profitability (ROE) in this sample is not directly tied to advertising expenditures, sales, firm size, or even firm value, pointing to other factors that may influence profitability, such as cost management, operational efficiency, or external economic conditions.

The Spearman correlation results offer a similar but slightly nuanced view of the relationships between advertising, sales, firm value, size, and Return on Equity (ROE) compared to the Pearson correlations. Spearman's rank-order correlation

Table 3. Spearman correlation

Variable			Adv	Sales	Value	Size	ROE
Spearman's rho	Adv	Correlation coefficient	1.000	.715**	.610**	.620**	.345**
		Sig. (2-tailed)	.	.000	.000	.000	.000
		N	369	367	344	369	369
	Sales	Correlation coefficient	.715**	1.000	.754**	.790**	.297**
		Sig. (2-tailed)	.000	.	.000	.000	.000
		N	367	425	380	425	425
	Value	Correlation coefficient	.610**	.754**	1.000	.820**	.348**
		Sig. (2-tailed)	.000	.000	.	.000	.000
		N	344	380	414	414	414
	Size	Correlation coefficient	.620**	.790**	.820**	1.000	.151**
		Sig. (2-tailed)	.000	.000	.000	.	.001
		N	369	425	414	474	474
	ROE	Correlation coefficient	.345**	.297**	.348**	.151**	1.000
		Sig. (2-tailed)	.000	.000	.000	.001	.
		N	369	425	414	474	474

Note: ** correlation is significant at the 0.01 level (2-tailed).

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measures the strength and direction of the association between variables based on their ranked values, which is useful when the data may not be normally distributed.

Advertising expenses (Adv) once again show a strong positive relationship with sales, firm value, and firm size. The correlation between advertising and sales remains high, with a coefficient of 0.715, reinforcing the idea that firms investing more in advertising tend to see a direct boost in their sales. This relationship is key in understanding how promotional activities can lead to tangible revenue growth for Jordanian manufacturing firms. Advertising also correlates positively with firm value (0.610) and firm size (0.620), showing that both larger firms and those with higher market value tend to spend more on advertising, likely due to their greater financial capacity and market presence.

Sales, in turn, have a significant positive correlation with firm value (0.754) and an even stronger link with firm size (0.790). This is consistent with the notion that larger firms, which likely have more resources, also generate more sales (Alrawashedh & Shubita, 2024). The strong correlation between sales and firm value indicates that higher revenue generation is closely tied to the market capitalization of the firms. Essentially, firms that are successful in driving sales also enjoy a higher market valuation, making sales a critical factor in firm value.

Firm value continues to show its strongest association with firm size, with a correlation of 0.820. Larger firms not only generate more sales but also tend to have higher market capitalizations, reinforcing the importance of scale in driving overall firm value in the manufacturing sector (Mansour et al., 2024). Interestingly, ROE, which represents firm performance, shows a much more significant role in the Spearman analysis compared to the Pearson correlations. Advertising has a moderate positive correlation with ROE (0.345), suggesting that firms that invest in advertising and promotions may also experience better profitability. Similarly, sales (0.297), firm value (0.348), and even firm size (0.151) show positive but moderate correlations with ROE, indicating that these variables are linked to firm performance but not as strongly as other factors.

In conclusion, Spearman correlations provide deeper insights into how advertising and sales are intertwined with both firm size and value. Larger firms tend to spend more on advertising, which in turn boosts their sales and market value. Additionally, there is a stronger connection between advertising and firm performance (ROE) than previously seen, suggesting that marketing efforts may contribute to profitability, even if other factors are at play. These results further emphasize the pivotal role of size and sales in determining a firm's value and success in the marketplace.

Tables 4 and 5 explore whether advertising and sales promotion expenses have a significant impact on firm value and sales performance, and whether firm size and performance control these relationships.

Table 4. Model 1

Item	Factor	Error	t.	Sig.
Constant	–0.199	0.251	–0.793	0.428
Advertising	0.107	0.030	3.640	0.00
Size	0.907	0.044	20.788	0.00
ROE	0.012	0.007	1.813	0.071
R^2	0.734	Adj R^2		0.731
F	312.396	Sig.		0.00
VIF	1.72			

Table 5. Model 2

Item	Factor	Error	t.	Sig.
Constant	–0.875	0.296	–2.958	0.003
Advertising	0.321	0.034	9.372	0.00
Size	0.822	0.051	16.027	0.00
ROE	0.005	0.005	0.892	0.373
R^2	0.718	Adj R^2		0.715
F	307.720	Sig.		0.00
VIF	1.711			

To test the first hypothesis (*H01*), which posited that advertising and promotion expenses do not significantly affect firm value, the first regression model was analyzed. The results, as shown in Table 4, reveal that advertising does indeed have a statistically significant impact on firm value, with a coefficient of 0.107 and a t-value of 3.640. The significance level of 0.00 indicates that the effect of advertising on firm value is strong and highly significant, contradicting the initial hypothesis. Additionally, firm size plays a dominant role, with a coefficient of 0.907 and a remarkably high t-value of 20.788, confirming its importance in deter-

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mining firm value. While the ROE (representing firm performance) approaches significance with a p-value of 0.071, it does not quite reach the conventional 0.05 threshold. The model overall is very robust, as indicated by R-squared value of 0.734, meaning that 73.4% of the variance in firm value is explained by the variables included in the model.

Turning to the second hypothesis (*H02*), which suggested that advertising and promotion expenses do not significantly impact sales performance, the second regression model (Table 5) tells a clear story. Advertising expenses have a significant and substantial positive impact on sales performance, with a coefficient of 0.321 and a t-value of 9.372. The p-value of 0.00 strongly refutes the null hypothesis, establishing that advertising plays a critical role in driving sales performance. Firm size also exerts a considerable influence, with a coefficient of 0.822 and a t-value of 16.027, indicating that larger firms tend to have higher sales performance. Unlike in the first model, ROE does not show any significant impact on sales performance, as reflected in the t-value of 0.892 and a p-value of 0.373. This suggests that firm profitability, at least as measured by ROE, does not directly affect sales performance in the same way advertising and size do. The R-squared value of 0.718 indicates that 71.8% of the variance in sales performance is explained by the model, which is a strong explanatory power.

Finally, the third hypothesis (*H03*), which proposed that firm size and performance do not control the impact of advertising and promotion on firm value and sales, is also refuted by the data. Firm size, in particular, plays a substantial role in both models, significantly affecting both firm value and sales performance. The results show that size not only correlates with these outcomes but also enhances the influence of advertising on both value and sales. Firm performance, represented by ROE, while approaching significance in the first model, does not have a meaningful controlling effect in either case, especially for sales performance.

In summary, the results indicate that advertising and promotion expenditures significantly enhance both firm value and sales performance, with firm size playing a critical role in this relationship. The hypotheses predicting no significant impact were not supported by the data.

4. DISCUSSION

The results of the current study are thus a confirmation of earlier studies that had established a positive relationship between advertising and firm performance. For example, Ab Aziz et al. (2024) note that advertising increases the visibility of an entity within the market. Such visibility in the market increases sales and finally enhances its valuation in the market. Likewise, studies like that by Srinivasan et al. (2009) identified that advertising spending is positively related to firm value because it creates brand equity and customer loyalty. The strong positive impact of advertising on selling performance in this study reinforces earlier research done by Sharif et al. (2023), Srayyih & Al-Rawi (2021), Salahaldin & Hussein (2022), Tellis (2009) and Sharif et al. (2025), which proved that advertising enhances consumer awareness and purchase intention, thereby leading directly to increased sales.

The significant role of firm size in this study mirrors earlier research findings, such as those of Alshdaifat et al. (2024), and Khalaf et al. (2023) who highlighted that larger firms have more resources to deploy on advertising, thus amplifying their impact on firm performance. In the current study, firm size was shown to have a consistently strong influence on both firm value and sales performance, suggesting that larger firms are better positioned to leverage advertising effectively. This may be due to their broader market reach, brand recognition, and economies of scale in advertising efforts.

However, the study did not find a significant relationship between firm performance, as measured by ROE, and either firm value or sales performance (Saleh & Mansour, 2024). This result is somewhat unexpected, given that profitability is often considered a key indicator of overall business health. A possible explanation for this could be that advertising efforts impact firm value and sales more directly through increased brand awareness and consumer demand, while profitability, in this context, may be driven by other factors such as operational efficiency, cost control, or market conditions that were not captured in this study. Additionally, ROE may not fully capture the complexity of performance in firms that invest heavily in long-term growth strategies like advertising, where the returns may not immediately reflect in short-term profitability.

Because the low value of ROE acts as a moderator, advertising expenses are more likely to affect firm value and sales performance irrespective of current profitability. This finding provides several avenues for further research, especially on how long-term strategic investments such as advertising contribute toward firm value and sales in the absence of immediate profitability gains. It also raises questions about the various dimensions of firm performance that might capture the true relationship between advertising and firm outcomes.

Several possible explanations can account for these findings. The strong positive effect of advertising and firm size on firm value and sales performance suggests that large firms benefit disproportionately from promotional expenditures due to their established brand recognition and greater financial resources. Smaller firms may face budget constraints that limit the effectiveness of their advertising campaigns, leading to weaker financial impacts. Moreover, the lack of significance for ROE may indicate that short-term profitability fluctuations do not necessarily influence the immediate effects of advertising and sales promotions, as these marketing efforts often focus on long-term brand equity rather than instant financial gains.

The implications of these results are substantial for both academic research and managerial decision-making. Firms in Jordan's manufacturing sector should consider prioritizing advertising and sales promotion efforts to enhance both their market value and sales revenue. The findings also highlight the necessity of strategic budget allocations, particularly for smaller firms that may need to optimize their marketing expenditures to maximize returns. Additionally, policymakers and investors should recognize the role of marketing in firm valuation, encouraging transparency and efficiency in corporate advertising strategies.

CONCLUSION

The study aimed to investigate the effect of advertising and sales promotion on firm value within the manufacturing Jordanian firms that holds a benefit for deciphering a number of challenges and opportunities that firms face within an emerging market context. This paper investigates the effect of advertising and sales promotion spending on firm value and sales performance, focusing on Jordanian manufacturing companies, giving ample consideration to the role of firm size and performance. The Results show that advertising and sales promotion expenditures have a positive and significant impact on both firm value and sales performance. Obviously, the more invested in these activities by a firm, the more improved will be the sales and therefore market capitalization.

Moreover, firm size was found to have a substantial influence, reinforcing the idea that larger companies are better equipped to leverage advertising to boost their performance. Interestingly, the study found that firm profitability, measured by return on equity, does not significantly control the relationship between advertising and firm value or sales, suggesting that advertising's impact is more direct and independent of short-term financial gains. From these findings, it can be concluded that advertising is a powerful tool for firms seeking to enhance their value and drive sales, especially for larger companies with the resources to invest in it. However, profitability does not appear to moderate this impact, indicating that firms can benefit from advertising even if immediate financial performance is not strong. This highlights the strategic importance of sustained investment in advertising as a driver of growth and long-term value creation.

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