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THE IMPACT OF FREE CASH FLOW ON THE EFFICIENCY OF INVESTMENT DECISIONS AND THEIR REFLECTION ON THE FIRM VALUE: AN APPLIED STUDY IN A SAMPLE OF IRAQI COMPANIES LISTED IN THE IRAQ STOCK EXCHANGE

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Abstract:

The research aims to measure the effect of free cash flow on the efficiency of investment decisions and their reflection on the value of the firm. The free and efficient investment decisions in the value of the firm, based on the data of the annual financial reports for a sample of the Iraqi companies listed in the Iraqi Stock Exchange, which numbered (27) companies, represented by (15) companies from the banking sector and (8) companies from the industrial sector and (4) A firm from the insurance sector for the period from (2011-2020).
For the purpose of measuring free cash flow, the (Brigham & Houston, 2019) model was used, and the (Richardson, 2006) model was used to measure the efficiency of investment decisions. Using the statistical program (SPAS) to find out the size of the effect between the research variables.
The research reached several results, the most important of which is that there is a statistically significant effect of free cash flow on the efficiency of investment decisions, and there is a statistically significant effect of free cash flow on the value of the firm, while there is no statistically significant effect of the efficiency of investment decisions on the value of the firm.
The most important thing recommended by the researcher is the need for companies listed on the Iraqi Stock Exchange to provide sufficient information about the free cash flow (FCF) and optional disclosure about it because this disclosure provides important information for all parties that have interests and objectives linked to the firm, and helps them in making investment decisions related to the firm as well. Study and analyze the financial data for making investment decisions in detail and follow the methods of evaluating investment projects to prevent wrong (sub-optimal) investment decisions that result in huge irreversible losses.

Keywords: Free cash flow, efficient investment decisions, Firm value.

INTRODUCTION

Net cash from operating activities provides an indication of the firm's ability to generate cash from its core activities, but analysts note that this figure is. Insufficient, as the net cash provided by the operating activities is not taken into consideration with what companies must invest in new assets at the level of their current operations or expansion, and therefore it was necessary to have a quantitative measure that shows the firm’s ability to exploit its funds from operational activities through cash. The free cash flow was a feasible indicator as it provides additional insight into the firm's ability to generate cash from its main activities. It describes the net cash provided and surplus by operating activities after adjusting for capital expenditures and cash dividends.

Investments are the firm’s lung through which it breathes for the purpose of achieving growth in profits and the sustainability of its continuity in the long term. The efficiency of investment decisions is the cornerstone for achieving the firm’s goals and opportunities for its growth and survival in the competitive market, and one of the important things that should be taken into account when making investment decisions is the size The optimum investment, its timing, and the methods of providing the

necessary funds for it. As well as the expected return on investment. And other factors, and there is no doubt that successful investment decisions depend on useful and correct information that directs the decision towards the desired results. Which enables the firm to attract capital that can be employed in the optimal areas for efficient investment, which is supposed to contribute to enhancing the value of the firm in the long term.
Firm value is important to investors and shareholders. The management of the firm seeks to maximize the value of the firm as one of the strategic goals and to express its efficiency in asset management. The value of the firm from the point of view of the shareholder is the total return that the shareholder obtains, which includes dividends and the increase in the share price, and it is defined as a measure of wealth, because it represents the amount of wealth generated by business units for the owners or shareholders, because the primary goal of firm management is to increase the wealth of shareholders.

RESEARCH IMPORTANCE

It is hoped that this research will be of interest to those in charge of managing the stock market to the necessity of educating the importance of analyzing the impact of free cash flow on the decisions taken by managers because it is expected to provide important information that would enhance the value of the firm and thus market efficiency and activate the movement of stock trading in it. .
The success and continuity of companies and the maximization of their value in the long term is the first goal for investors, as well as being beneficial to many relevant parties and leads to the development of the economy in general. And the firm's success is to analyze the impact of free flow and use it to create new investments that reflect the efficiency of its investment decisions and for the purpose of organizing and directing investment in a way that serves the firm's interest away from the opportunistic behavior of corporate managers. This good analysis may contribute to reducing agency costs and increasing the firm's profits and value in the financial market.

RESEARCH PROBLEM

Recently, many researchers have highlighted the search for variables that have a significant impact on the diversity of investment opportunities through the efficiency of investment decisions taken by the executive body in the economic unit. One of these variables that affect the efficiency of investment decisions is the free cash flow. There are free cash flows, which led to the search for the best investment decisions, which in turn will reflect on the value of the firm through its competitiveness and the diversity of its business fields. The free cash flow of the economic unit, which is reflected in the value of the firm, so the research problem can be represented by the following question:

1. Is there a reflection of both the free cash flow and the efficiency of investment decisions in the value of the firm?

Research Aims

The research seeks to achieve a set of goals, most notably the following: -

1. A statement of the concept of free cash flow, its importance and methods of measuring it.
2. Understand the concept of the efficiency of investment decisions and the methods of measuring them.
3. Understand the concept, importance and methods of measuring the value of the firm.
4. Testing the reflection of free cash flow and the efficiency of investment decisions on the value of the firm.

Research Hypothesis

For the purpose of achieving the objectives of the research and answering the questions raised in the research problem, the following hypothesis was formulated:
a. There is a statistically significant reflection of both the free cash flow and the efficiency of investment decisions in the firm's value.

Community and Sample Research

The research community consists of the Iraqi commercial banks listed in the Iraq Stock Exchange, and a sample of 15 banks whose data were completed during 11 years (2010-2020) was selected, with (165) views, and this sector was chosen for its great importance for investments in it.

Free cash flow concept

The concept of free cash flow has appeared in the financial accounting literature under a variety of terms such as excess cash flow, extra cash flow, cash flow that can be distributed to shareholders, and cash flow that can be expendable by managers (12 Bhandari & Adams, 2017:), Jensen)) The first to refer to the concept of free cash flow in 1986 and defined it as cash flow in excess of what is required to finance projects with a positive net present value (NPV (Na, 2018: 1)), and he defined (Trisna & Gayatri, 2019) free cash flow is the firm's image of flows Available cash in the accounting period after deducting operating costs and expenses (Trisna & Gayatri, 2019:487), and according to (Kieso) the free cash flow is the cash flow available from operating cash flows and this flow can be used to pay

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off debts, increase investment, purchase treasury shares or increase liquidity (Eklesiawati &Novyarni,2020:4).

As defined (Sapuan et al, 2021), free cash flow is a measure of the firm's ability to generate revenue (Sapuan et al, 2021:212) and (Putri & Azzahra, 2022) sees free cash flow as the money given to creditors or shareholders in the form of dividends Without affecting the firm's growth rate (Putri & Azzahra, 2022:159).

The importance of free cash flow

Cash flow is of great importance to companies and users of financial statements that can be summarized as follows:

1. Checking creditworthiness

Financial analysts and lenders are concerned with the firm's financial position, specifically the firm's credit efficiency and liquidity level through several financial indicators, the most important of which is the free cash flow index (Abbas, 2021: 24). Free cash flow helps provide internal financing to finance investment opportunities that will lead to enhancing the wealth of Shareholders Free cash flow also allows the firm to increase dividends to shareholders, develop new products, pay off debts and buy back shares (Mundia, 2016:1-2).

2. Measuring financial performance

The backbone of any firm's performance is free cash flow. Free cash flow is used to assess and analyze the firm's financial position. Internal financing is often backed by free cash flow and is the source for improving the firm's financial performance. If used effectively in attracting investments, it can lead to tremendous growth for the firm and increased profitability. For the firm, lenders always look for companies with high cash flow as they assess the financial stability of the firm with its ability to pay off debts. Financial performance is used to evaluate the success of the firm (Komal et al, 2022:545).

3. Investing in new assets

Effective use of free cash flow will lead to managers making optimal investment decisions as managers use free cash flow on profitable (positive NPV) projects (Iskandar et al, 2012:76), and sometimes managers use free cash flow to purchase new assets (Widyanti & Widyasari,2019:341).

4. Attracting investors

Investors consider companies that have a high free cash flow as more beneficial, that investors are always keen to invest in companies with high cash flows if they often evaluate the work of any firm on the basis of two criteria The first criterion is the extent of financial flexibility that the firm enjoys The second criterion How easy is it for the firm to repay its loans (Ambreen & Aftab, 2016:113), and therefore companies with high free cash flow easily attract investors looking for effective opportunities to invest their surplus money, creditors and investors are keen to put money in companies with high free cash flow because they More profitable (Ajmal et al, 2022:183).

5. Free cash flow is more suitable for administrative purposes

The traditional profits that companies disclose in the financial statements contain items such as cash dividends, expansions, and contingency provisions, while free cash flow does not contain those items, so it is more suitable for administrative purposes (Al-Zayyat, 2014: 14).

Free cash flow measurement method

Model (Brigham&Houston,2019)

The free cash flow according to this model is defined as the amount of cash that can be withdrawn without harming the firm's ability to work and produce future cash flow. The free cash flow is calculated according to the following equation:

FCF= EBIT(1-T)+DE-CAPEX+ΔWC

Where as:

FCF = Free Cash Flow

EBIT = Profit before interest and taxes

(1-T) = (1- tax rate)

DE = extinction and amortization

CAPEX = capital expenditure

ΔWC = change in net working capital

If the result of the previous equation is positive, the positive free cash flow indicates that the firm is generating more than enough cash to finance the current investments in fixed assets and working capital, and on the contrary, if the result of the previous equation is negative, negative free cash flow indicates that the firm is not It has enough internal funds to finance investments in fixed assets and working capital, which will be adopted in the practical aspect of the research (Brigham & Houston, 2019:81).

Efficient Investment Decisions

Investment decisions are one of the most important decisions taken by the management in the firm, because the investment decision is an investment of money in available investment projects in order to obtain an expected return with a high risk of not obtaining this return or perhaps losing all the invested money. Therefore, these decisions need to be studied The economic feasibility of the available investment projects to prevent wrong (sub-optimal) decisions that lead to disastrous results for the firm.

Efficient Investment Decisions

The efficiency of investment decisions is the selection and implementation of the firm's management of

investment projects with a positive net present value (NPV) in the absence of distortions in the market.
(Houcinel & Kolsi, 2017:5), and it means distortions or problems in the market, the constraints imposed by the nature of the financial market, which make it difficult to fully achieve the targeted results and are the aspects related to completing transactions in the financial market such as time, cost, effort, and tax burdens necessary to collect Appropriate data that helps in completing transactions and is linked to the efficiency of investment decisions Another concept is the optimum level of investment and it means that the firm makes the investment until the marginal benefit of the investments equals the marginal cost of it and this is done by adjusting this cost with the costs of processing these new investments, that the managers In this case, they can obtain financing to carry out investment projects with a positive net present value and at a prevailing interest rate in the market, while at the same time achieving a cash surplus for investors, but the optimal level of investment is rare (Al-Sayegh and Abdul Majeed, 2015: 6), the efficiency of investment decisions allows to increase the wealth of Long-term shareholders because investing in profitable projects results in positive returns that support the growth of companies in the long term (Hu et al, 2019:9), however, financial market defects such as information inconsistency and agency problems may lead firm managers to make ineffective investment decisions (Al-Hadi et al, 2016:9)

Inefficiency of Investment Decisions

Corporate investment is one of the most important and necessary decisions to ensure the firm's growth and long-term continuity. However, the separation between ownership and management allows managers to make decisions in their own interest. One of these decisions is the investment that the firm makes. This is based on the efficiency of investment decisions, investing efficiently refers to investments with a positive present value in the absence of market frictions (Ibrahim & Ibrahim, 2021:9). As for the inefficiency of investment decisions, this means that the investment decision results in (underinvestment or excessive investment), underinvestment. Under-investment when management does not choose investment projects with a positive net present value, while over-investment when management chooses investment projects with negative net present value (Cherkasova & Zakharova, 2016:95). Companies achieving the optimal level of investment, the most important of which is Moral Hazard and Adverse Selection. It arises from the inconsistency of information between The managers and shareholders, which results in a low efficiency of investment decisions (Lai et al, 2013: 3-4):

1. **Moral Hazard:** Moral hazard arises from the separation of ownership from management, which leads to the fact that providers of capital do not enjoy full decision-making rights. Managers may tend to maximize their personal benefit by making investments that do not achieve the interest of shareholders and therefore managers will invest in projects of value Negative net current when there is a difference in motives between shareholders and managers that may jeopardize shareholder returns. The moral hazard of managers can lead to overinvestment or underinvestment depending on the availability of capital. Managers tend to overinvest if they have more resources. Managers are motivated to consume the privileges and to grow their companies beyond the optimum size. In return, when the shareholders realize this problem, they reduce the capital and then restrict the management's freedom to invest, which leads to a lack of investment.
2. **Adverse Selection**: It arises from information asymmetry between managers and external shareholders, which can affect the efficiency of capital investment. Managers usually have more information about the expected profitability of current and future corporate investments from shareholders. The consistency of information between shareholders and managers affects the efficiency of investment in two ways. The higher the degree of inconsistent information, the more excessive managers engage in their own self-interest or withholding information about the firm that is critical to investors for evaluating the investment in the firm. On the other hand, investors expect an increase in opportunism by managers the more The degree of inconsistent information has increased and therefore they will refrain from investing if they cannot observe whether the investment is appropriate (Knetsch, 2020:2), and (Elberry&Hussainy, 2020:311) indicated that managers with an ineffective investment decision may disclose more inconsistent information. information to justify their deviations from optimal investments, and also indicated that the quality of financial reports mitigates the inefficiency of investment R by reducing information asymmetry.

Models for measuring the efficiency of investment decisions

Model (Mcnichols & Stubben, 2008)

The optimal level of investment in this model is determined through the following equation: (Shin et al, 2019:11):

Investi,t=β0+β1TQi,t-1+β2CFOi,t-1+β3Growi,t-1+β4Investi,t-1+ei,t

Where as:

Investi ,t = the increase in capital expenditures to total waves in the previous year.

TQi, t-1= the market value of the shares + the book value of the debt / the book value of the total assets of the previous year.

CFOi, t-1= cash flow from operations to total waves for the previous year.

Growi,t-1= total assets for the current year - total assets for the previous year / total assets for the previous year.

ei,t = remainders of the model.

The greater the absolute numbers of the residuals, the greater the deviation from the optimal level of investment, so the positive residuals represent an over-investment, while the negative residuals indicate a lack of investment.

The concept of Firm Value

An important concept that investors consider when making an investment is firm value. According to Sintyana and Artini 2019)), the higher the value of the firm, the greater the return that the shareholders of the firm will receive. So the value of the firm is very important to the investor. The high value of the firm will make the market believe, not only in the firm's performance but also in the firm's future prospects (Sintyana and Artini, 2019;7716). It is also defined as investors' perceptions of the firm's level of success in managing its resources, which is reflected in the firm's share price (Reschiwati et al, 2019:327). While (Husain et al, 2020) defined the firm's value, the value of the firm is an important concept for investors as a tool or indicator that is used to evaluate the firm as a whole (Husain et al, 2020: 16).

And (Utami & Hasan, 2021:1250) defined it as the firm's ability to provide maximum prosperity to shareholders if the firm's stock prices increase, and the researcher believes that the value of the firm is an indicator for the investor to see the firm's performance before deciding to invest in it.

Factors That Help Enhance the Firm

1. Social Responsibility

Disclosure of social responsibility can be interpreted as a form of corporate responsibility for the existence of social and environmental problems around the firm, companies that disclose social responsibility optimally are able to bring about an increase in the value of the firm. One of the benefits when implementing social responsibility disclosure, including increasing the firm's reputation, and consequently, the firm's sales will increase, meaning that the firm will increase its demand by investors, and the firm's sales will also be admired by consumers. Therefore, if the firm increases social responsibility disclosure, it will also increase the value of the firm (Machmuddah et al. , 2020: 632), and thus leads to an increase in the value of the firm (Hafez, 2016:43).

2. Hedging:

If the currency used in preparing the financial reports differs from the functional currency, then exchange rate fluctuations will affect the expected cash flows as a result on the value of the firm. Therefore, hedging helps reduce fluctuations in the expected cash flows resulting from changing exchange rates and increases the value of the firm (2018:134), Gupta Alam&), as well as helping to reduce expected tax liabilities, mitigate underinvestment, reduce costs associated with borrowing, increase the firm's borrowing capacity, reduce agency costs and reduce conflicts of interest Hedging strategies allow companies to mitigate the above-mentioned frictions and thus enhance firm value (Nova et al, 2015:8), hedging will increase the value of the firm because it sends a signal to investors that the firm's cash flows are guaranteed in the future (Nguyen, 2015:4).

3. Working Capital:

Working capital is described as the lifeblood of the firm and is the current assets minus the current liabilities. Current assets generate the majority of cash for companies while current liabilities constitute the largest source of short-term cash flows for companies. Corporate managers have to be diligent in managing working capital in an optimal manner (Cumbie & Donnellan, 2017: 138), working capital management affects profitability and risks as well as its impact on the value of the firm through the policy adopted by the firm in managing working capital, (Altaf , 2018:121), and we note from the above that effective capital management leads to an increase in the value of the firm, and poor working capital management may lead to a decrease in profitability and thus reduce the value of the firm.

4. Intellectual Capital

Intellectual capital is one of the intangible assets and resources that companies invest to create value through new product and service innovations (Madani et al, 2015: 739), and (Berzkalne & Zelgalve, 2014) confirmed that intellectual capital is the intangible safety cushion in the firm (Berzkalne & Zelgalve, 2014:888) Intellectual capital has a positive impact on the economic and financial performance of the firm, and the increase in intellectual capital is linked to an increase in the return on assets over time that helps improve the firm's performance. As a result, it has a positive

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relationship with the firm's value. Strong corporate value (Ni, et al,2021:728).

5. Research and Development

Research and development investments play an important role in enhancing firm value Companies invest in research and development in order to improve the quality and attractiveness of their main products (Kim et al, 2018:1), companies with high investments in research and development are profitable and successful as research and development enhances innovation capacity and generates Intangible capital that is attractive to shareholders because it reflects an image of better financial performance and enhances their confidence in the firm's profitability, which will be reflected in the firm's value (Lin & Zhu 2018: 424). We note from the above that research and development can enhance the value of the firm through innovative ability and enhance investor confidence in profitability, because research and development investments increase the future profitability of companies, which positively affects the value of the firm.

6. International Financial Reporting Standards (IFRS):

The adoption of IFRS improves the quality of information by improving the accuracy of analyst forecasts (Junior et al, 2017:45), reducing information asymmetry and producing financial reports that are transparent, understandable to users and comparable during certain periods from different countries (3Sun et al, 2021 :), the implementation of IFRS has the potential to reduce corporate capital costs and ultimately enhance corporate value (Boapeah et al,2020:3).

Firm Value Metrics

Tobin's Q scale

James Tobin's, a Nobel laureate in economics, introduced this metric in 1969 to predict a firm's market value and future performance, which is one of the most widely accepted models.

The advantage of Tobin's Q formula is that it has a high estimation accuracy as it does not require estimating the market value of the liabilities. And preferred shares and that it is based on estimating the replacement value of assets on the basis of the book value and that the combined market value of all companies in the stock market must be equal to the cost of market value divided by the cost of replacing assets. The equation below reflects this model. (Ali, 2021: 107)

Tobin's Q= (total market value + total book value liabilities) / (total book value of assets)

Firm value in light of free cash flow and efficient investment decisions

The main objective of companies is to maximize their own value and in order to achieve this goal it is very important for managers to make the right decisions regarding investment decisions, and free cash flow management. Successful free cash flow management will contribute to the efficiency of the company's investment decisions and thus increase its value. In terms of enabling the company's operations to continue and invest in projects with positive net worth according to the free cash flow theory developed by Jensen in 1986 it was said that free cash flow should be controlled to increase the value of the company (269Rimaz & Ayanoglu,2021:), the free cash flow theory shows if the The company has an excess of free cash flow but no profitable investments, meaning that the managers in these companies tend to abuse the free cash flow on inefficient resources to fall into excessive consumption behavior and make unnecessary investments or invest money in projects with negative net present value all of these Actions lead to depreciation of the company (Hiya & Syafi, 2021:11117), however if free cash flow is managed efficiently it can be considered An important factor that contributes to the efficiency of investment decisions and the increase in the value of the company (Araujo et al, 2021:2), and the management of free cash flow is important for company managers, as (Nwuba et al, 2020) believes that free cash flow, regardless of whether it is necessary to pay obligations It also contributes to achieving corporate profits by enabling companies to invest in profitable projects in the future and thus companies strive to disclose a high level of free cash flow (Nwuba et al,2020:674). The high rate of free cash flow gives a positive signal to investors that the company They can take advantage of investment opportunities and pay dividends and when the cash flow is managed efficiently then managers make optimal or efficient investment decisions that cover the cost of debt and which in turn can increase the value of the company (Umrie et al, 2019:351), any company will be able to enhance its wealth and their value if they can put the surplus of free cash flow to a promising use or to undertake profitable ventures. Honestly free to exploit profitable projects with positive NPV that will add value to the company (Ambreen & Aftab, 2016:114) We note that corporate managers have to honestly and efficiently exploit free cash flow to invest in profitable projects with positive NPV that add value to the company.

Research hypothesis test results

Hypothesis: "The free cash flow has an impact on the company's value by reflecting the efficiency of investment decisions."

To test this hypothesis, Path Analysis will be used, which is an analysis that takes into account the total and integrated effect of the independent variable

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directly on the dependent variable, as well as the effect of the independent variable on the mediating variable and its reflection on the dependent variable, and using the Amos statistical program, the results were as follows: -

Figure (1) Results of the path analysis to test the hypothesis

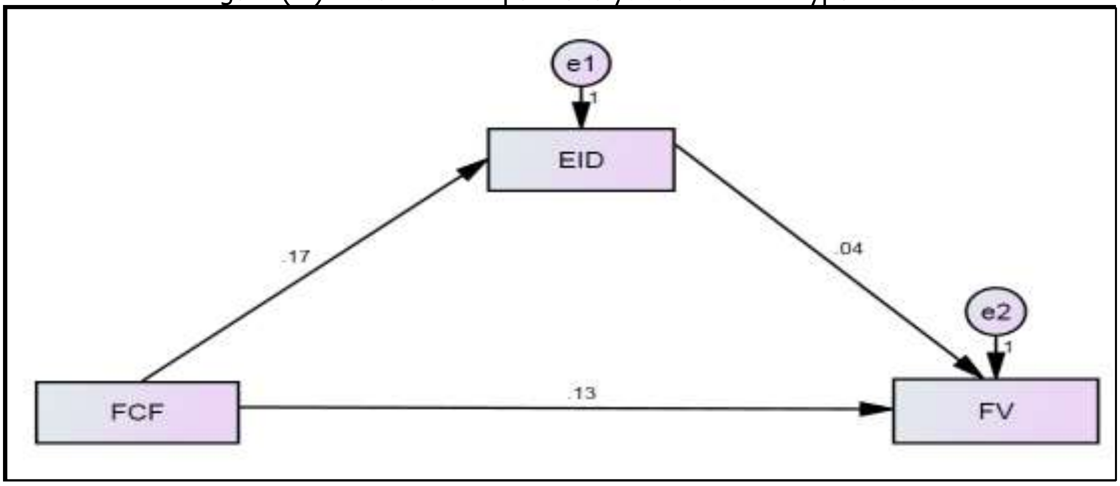

Table (1) Hypothesis Test Results

Regression Weights: (Group number 1 - Default model)						
		Path	Estimate	S.E.	C.R.	P
EID	<----------	FCF	0.167	0.06	2.786	0.005
FV	<----------	EID	0.041	0.062	0.672	0.501
FV	<----------	FCF	0.127	0.062	2.059	0.039

We note from the above table that the independent variable (free cash flow) is still statistically significant in the median variable (efficiency of investment decisions) because its level of significance (P-Value) was 0.005, which is less than 0.05. And that the independent variable is still statistically influential in the dependent variable (the value of the company) because its morale level was 0.039, which is less than 0.05. However, we note that the effect of the mediating variable (the efficiency of investment decisions) on the dependent variable, the value of the company, is still not statistically significant because its morale level is 0.501 which is greater than 0.05, which means that the independent variable (free cash flow) has a direct impact on the dependent variable (the value of the company) and its effect is not reflected through the mediating variable (the efficiency of investment decisions), that is, there is no mediation. Thus the research hypothesis is rejected.

CONCLUSIONS

1. Free cash flow is a positive indicator that the company is able to meet its financial obligations. The free cash flow also allows the company to increase dividends to shareholders, develop new products and repurchase shares, which will have positive effects in raising the value of the company.
2. The free cash flow is one of the important indicators that investors and financial analysts rely on in evaluating companies' performance because it gives a clearer picture of the company's ability to make profits.
3. Investment decisions for companies One of the most basic decisions and important factors that determine the value of a company, investment decisions are efficient when they improve the value of the company and inefficient when there is either an increase in investment or a decrease in investment and reduce the value of the company.
4. Inefficiency in the use of free cash flow leads to the creation of the agency problem because managers tend to use free cash flow to achieve their own benefits at the expense of shareholders' interests, which would reduce the value of the company.
5. There are a number of factors that help enhance the value of the company, including the level of

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adoption of social issues, the amount of attention to intellectual capital, the quality of accounting information disclosure, the focus on research and development, as well as the extent to which the International Financial Reporting Standards (IFRS) has been adopted.

6. There is a statistically significant effect of free cash flow on the efficiency of investment decisions for Iraqi companies, the research sample, and it agrees with the results of both studies (Kantudu, 2021) and (Muchtar et al, 2021).
7. There is a statistically significant effect of free cash flow on the company's value for Iraqi companies, the research sample, which is consistent with the results of a study, and it is consistent with the results of each of the studies (Al-Sahliyat, 2016).
8. There is no statistically significant effect of the efficiency of investment decisions on the company's value for the research sample companies, and it agrees with the results of both studies (Putri et al, 2020) and
9. (Triani & Tarmidi, 2019) Also, the study of (Abdul-Zahra, 2017) in a sample of Iraqi banks concluded that the efficiency of investment decisions had a very weak impact on the value of the company.
10. The free cash flow has no effect on the value of the company through the reflection of the efficiency of investment decisions in Iraqi companies, the research sample.

RECOMMENDATIONS

1. Increasing interest in the concept of free cash flow (FCF) by companies listed in the Iraqi Stock Exchange, as it is one of the modern and important measures of the financial performance of companies and an important tool of evaluation. Therefore, it is important to mention it in the published financial reports like other indicators.
2. The necessity for companies listed in the Iraq Stock Exchange to monitor the level of free cash flow (FCF) because of its impact on the performance and value of the company.
3. The Companies Control Board's evaluation of management decisions regarding free cash flow due to its importance in raising the value of the company.
4. The necessity for companies listed on the Iraq Stock Exchange to provide sufficient information about the free cash flow (FCF) and optional disclosure about it because this disclosure provides important information for all parties that have interests and objectives linked to the company, and helps them in making investment decisions related to the company.
5. Focusing and paying attention to the factors that result in the efficiency of investment decisions, such as the quality of accounting information and reliance on International Financial Reporting Standards (IFRS).
6. Studying and analyzing the financial data for making investment decisions in detail

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