THE EXTENT TO WHICH THE CASH FLOW STATEMENT IS USED IN MAKING AN INVESTMENT DECISION A STUDY OF A SAMPLE OF IRAQI INDUSTRIAL COMPANIES FOR THE PERIOD 2011-2020

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ABSTRACT

This study aims to demonstrate the importance of creating a list of cash flows and recognizing their impact on the financial decisions you make, as well as the importance of using a list of cash flows that are associated with specific elements of the financial statements that relate to the leave absolute cash flow number. Significant and statistically significant impact on cash flow The financial decision indicators and the study sample were represented by a group of companies listed on the Iraqi Stock Exchange, represented by (15) companies from different sectors (industry, services, agriculture) over the period (2011-2020) and the data has been compiled from: The company is subject to the control of the official bulletin board of the Stock Exchange of Iraq and the bulletin board of the Central Bank of Iraq. Use of statistical programs to achieve results, Excel statistical program was used to process and formulate raw data in the form of financial indicators, Eviews10 statistical program was also used for practical aspects and hypothesis testing.

The study is shown to have a positive impact on investment decisions in the industrial sector, noting its positive impact on cash flow an indicator of the flow of investment decisions. The study recommends paying particular attention to the information contained in the statement of cash flows, presented as a flow of operating, financing and investing activities.

Keywords: Cash Flows, Financial Decisions, Investment Decisions.

INTRODUCTION

Cash flow indicators, due to their important role for companies and projects, are the inputs and outputs of the process of financial and production activities that require providing information about the movement of money and its sources, how they are done by experts in this field. Spend it and how much the cash balance changed between the beginning and the end. The income statement and balance sheet are also considered accruals as they cannot provide information related to asset performance. The cash flow statement now covers what these two lists don't currently offer. It is made in cash and shows the cash flow in and out of your business. The importance of the cash flow statement lies in the fact that it provides information that helps the user of the financial statements in determining the sources of cash and how to use them in the company's various operations, thus improving the company's ability to evaluate and know when conducting financial affairs. Decisions (investment, financing and operating activities) and knowledge of the pattern and timing of cash flow Indicators. In particular, cash flow from

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operating activities helps predict the flow index. The future cash figure, which is the basis for evaluating the financial condition of companies and thus determining their stock prices, helps to prepare this list to compare the performance of different companies, because these lists work to measure the impact of not including adjustment accounting They don't affect cash flow, so current research shows how cash flow metrics affect financial decisions (Mahmoud, 2017).

Based on the above information, in order to achieve the purpose of this study, this study consists of a total of three chapters. Chapter 1 is composed of the theoretical framework of the cash flow statement, and Chapter 2 is composed of the theoretical framework of the cash flow statement. During The third chapter dealt with the practical aspect of the research, the conclusions and recommendations.

STUDY METHODOLOGY

First: The Studies Problem

Cash flows, whether operational, investment or financing, are the backbone and the main engine in the work and sustainability of companies, as they play in important roles in explaining the financial sustainability on the company, by providing more detailed information on the amount of revenues generated and the volume of expenditures during the same period, which increases the possibility of Managers can predict future cash to allow for the opportunity to make sound decisions when investing money in areas that maximize profits, as well as determining the activity in which the money is supposed to be invested and who is the best in achieving returns. From this direction, the study presented the main question represented by:

Do cash flow indicator effect the financial decisions on the companies under study? The following question are derived from the main question:

What are the most important indicators deduced from the list of flows that affect financial decisions?

What is the amount, nature and direction of the impact that cash flow indicators have on investment financial decisions?.

Second, the Importance on the Study

The importance on the study lies in shedding light of the cash flow indicators affecting financial decisions, whether financing or investment or those related to dividends, given the significant role that cash flows play in the company's success and long-term continuity, and that the company's success in managing its cash flows properly contributes to Increasing its profitability, increasing its growth opportunities, standing up to its competitors and its continuity in the financial markets, thus achieving the goals for which it was established, and making financial decisions that enhance the company's market value, and preparing financial decisions to translate the strategies and policies pursued by the institution. As well as being used to ensure the provision of the financial needs of the institution efficiently and effectively, it also contributes to identifying financial problems and thus setting long-term financial policies to contribute to the preparation of estimated cash budgets, highlighting the financial operations of the institution as well as analyzing the past and anticipating the future, and working on the analysis of internal funding sources and external and whether it was used according to the drawn plan or not. Through this list, the efficiency on the user on working capital in specific period is

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identified, and the monetary impact on activities carried out by institution in the financial period is shown, with an indication on the nature of this effect (Hejda, 2015).

Third: Objectives on the study

The objectives of the study are represented by a set of points that the study seeks to achieve as follows:

Statement of the importance of preparing a statement of cash flows according to sound accounting principles in the Iraqi private industrial, service and agricultural companies.

Shedding light of the importance on using cash flow statement and it characteristic attributed to some items in the financial statement instead of relying on the absolute number on cash flow.

The study seek to provide an accurate understanding of cash flow indicators and their realization by companies listed in Iraqi Stock Exchange that operate under umbrella on the industrial, service, and agricultural sector.

Diagnosis and knowledge of the most important indicators deduced from the list of cash flows to enable companies to take investment decisions.

Test the nature, size and direction of the impact on cash flow indicators on the financial decision on the study sample companies.

Presenting a set of conclusions and recommendations that would serve as a guiding guide for the studied companies.

Fourth: The hypotheses of the study

Is there significant, statistically significant effect on cash flow indicator on investment decisions?

Fifth: Study Methodology

Descriptive approach was used in theoretical aspect and the standard and analytical approach in the practical aspect.

Sixth: The limits of the study

Spatial boundaries: The spatial boundaries of the study were represented in sample on companies listed in Iraqi Stock Exchange and for three sectors (industrial, service, and agricultural).

The temporal limits of the study represented the period to complete the aspects of the study through the companies under study for the period 2011-2020.

The second chapter: the theoretical framework of the study

Cash Flow

The statement of cash flows has characteristics as it is a short-term financial tool according to the needs of the institution, and it also helps to determine the movement of cash in and out in all its different forms, whether the cash flows are operational, investment or financing. According to the principle of precaution, which means that it should be strict with regard to income and expenses, and also provides an advantage for information users by disclosing

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information that does not appear elsewhere in the financial statements, that is, this method shows the real cash flows that are organized by the business process of the institution.

The cash flow statement is of internal benefit to the management because it uses liquidity assessment and dividend policy reports, as well as evaluating the impact of key decisions and whether the institution needs short-term financing to meet current liabilities, and that the increase and decrease of dividends is what helps meet the needs of the corporation from investment and financing, and the cash flow statement is of external benefit to creditors and investors in evaluating the Corporation’s abilitys to manage cash by achieving positive cash flows in future, working to repay debt, distributing profits, paying interest, working to estimate the extent to which Corporation needs additional financing, also shown The monetary impact (demand deposits and the fund) non-cash (short-term investments) for investment and financing activities during the accounting period (Al-Taie et al., 2022).

First, the Concept on Cash Flow Statement

The concept on the source cash flow statement: Cash flow is a useful financial tool for the organization whose goal is to determine the organization's ability and cash efficiency associated with enabling the organization to make predictions about long-term events that must be achieved based on the structure of the business plan.

The cash flow is a tool that enables planning and controlling the financial resources of the institution, that is, it is a tool that links the cash inflows and outflows of cash resources within the institution in a certain period of time.

A dynamic and cumulative financial statement that aims to provide relevant information about the company's cash income and expenses during a certain period of time.

All that is already available for distribution among shareholders and creditors after the Corporation has made investments in assets and working capital.

A basic financial statement that shows the cash generated and used in operating, investing and financing activitie, also objective of the statement on cash flows is to determine the institution's ability to generate cash. Analytical statement showing the movement on cash changes that occurred in the institution, whether it was decreased or increased, as well as knowing the reason for the occurrence of these changes, meaning that the statement of cash flows is a depiction of the sum of outgoing cash transactions and the sum of incoming cash transactions.

It one of the most important tool of financial analysis, as management relies on it in the process of analyzing the financial statements, as it is used by analysts as an analytical tool. The cash flow statement is also considered an integrated and important method for analyzing financial ratios (Al-Noweran, 2019).

A list that includes everything that happens in the institution in the financial year, through which cash inputs and outputs are identified, as well as the net change in cash resulting from investment, financing and operational activities in a certain period of time.

An important statement that contributes to improving the efficiency and effectiveness of decisions by the decision-making body in terms of appropriate financial planning and the institution's ability to generate cash and its expenditures, and also contribute to evaluating the liquidity position of the institution.

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The statement of cash flows has received great attention by specialists in making decisions taken by the management of the institution, based on the data it contains, through which the operational activities, financing activities and investment activities are identified. Therefore, the statement of cash flows represents all the continuous operations carried out by the institution when exercising Its activities are related to those activities, that is, they are closely related to the production process.

A financial statement that provides information related to obtaining and spending money in a certain period of time, often a year, as well as providing information related to the uses, sources, and resources of the institution. Investments and search for expansion.

Cash Flow Statement Goals

The statement on cash flow contributes to achieving set of goals, which the business establishment and investors seek alike, as follows:

The first objective: The statement on cash flow help to determine the ability on the institution to generate cash flow in the future, and to identify the institution's ability to pay interest, loan amounts and distribution of profits, as it contributes to forecasting flows through historical revenues and expenses.

The second objective: Obtaining measures to evaluate the quality of the corporation's profits and its liquidity, as it provides a clear understanding of the nature of the causes of the changes that occurred in it, and it also reflects a clear and adequate picture of the financial policies of the corporation's management, such as credit policy, dividend policy, and financing policy.

The third objective: To provide indicators of the growth and expansion of the company, and thus it means a reflection of the good situation whenever the cash inflows rise from the cash outflows resulting from investment activities on the growth and expansion of activities. It also shows the ability to show the relationship between the change in cash and net income, as net income and cash they go in one direction.

Fourth Objective: Cash flows help investors and creditors in evaluating the institution’s ability to generate positive of cash flows on the future, and assess the institution’s ability to meet its obligations and it ability to distribute profit and the extent on it need for financing, also well as assessing the length on time it use to convert asset into cash and the length of time required to provide cash to pay its obligations.

Fifth Objective: It is represented in the financial ease of the cash flow statement, which measures the extent of the institution’s ability to pay its debts and the corresponding payments upon accounting maturity, so the statement of cash flows is very useful in evaluating the extent of the financial liquidity and financial ease of the institution and knowing the financial flexibility, this The concept of financial ease means achieving the institution’s ability to pay all its obligations (current liabilities and loans of all kinds through the market value of its assets) in other words, the situation in which the market value of the institution’s total assets exceeds the book value of its liabilities (Jamam & Dabash, 2015).

Investment Decisions

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Investment decision play an important role on building and maximizing wealth, also the allocation on the investor portfolio depend on the risk preferences borne by the investors, taking into consideration the available investment opportunities, i.e., meeting the risk and return. A certain level of return (fixed rate of return), and on the contrary, less risk tolerance leads to the allocation of the highest risk-free liquid assets and thus achieving a low rate of return, and investment decisions represent investment at the present time to obtain future profits, as the value of the institution is determined by investment decisions, That is, maximizing the value of the enterprise can be achieved through investment activities on the basis that investment decision makers are rational individuals and aim to maximize benefit.

Putri & Puryandani (2021) has classified the investment decision as the decision that uses the institution's funds and work on its investment, and the great responsibility lies with the financial manager, who makes the right decision in investing funds to maximize the profits of the institution.

Tipape & Jagongo emphasized that investment decisions are linked to building the appropriate portfolio on asset in the institution due to limited amount of fund. It is important to choose such investment opportunities that achieve the best profit. These decisions are classified into long-term investment decisions linked to tangible fixed assets (capital budget and short-term investment decision related to current asset. The investment decision is one the factors that affect the value of the institution and it is the decision related to allocation of fund in term of its external and internal source and is considered an important factor in the performance of the financial function of the institution.

The investment decision is related to the allocation on fund in term of source of fund to display short-term and long-term goals. The investment decision is represented by in changes in total asset.

The investment decision includes the institution's funds and work to invest them. The great responsibility lies with the financial manager, who makes the right decision to invest the funds to maximize the profits of the institution (Putri & Puryandani, 2021).

And through the points of view that were presented in the financial literature about the contents of the investment decision and its connection to the process of allocating funds, it is necessary to address the basic elements of a successful investment decision and the nature of the factors that govern it.

Factors affecting Investment Decisions

There are a number of factors that judge him to make investment decisions, perhaps the most important of which are: (Abu, K, & Abdel-Aal H, 2011).

Management Philosophy

The management's policy and philosophy can affect investment decision-making, as it works on the necessity of making expansions in the institution due to the high demand for it product and when the current production capacity is unable to cover this demand from customer, and of the contrary, you may see another policy in not making expansions at present.

Market Potential and Sale Forecast

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The market study is considered the beginning on access to the feasibility studies on the investment project, also it is concerned with determining the market potential and determining the expected demand for the products of the investment project, as well as estimating the volume on sales.

Product Type

The market study shows the quantity and type of demand for products that require investment spending rather than their production. Thus, determining the type of product is one of the factors that affect investment decisions (Hidalgo & Herrera, 2016).

Funding Sources

One of the important and basic factors that can affect the investment decision-making to reject and accept the investment project is to determine the sources of funds needed to finance the proposed investment project.

Alternative Opportunities

The opportunity cost represents the profits that can be obtained from goods and services, as well as production capacities if they are directed to alternative uses.

The stages of making financial decisions and their specifics (Jaafar et al., 2022).

To reach the financial decision, the management of the institution must pass through a set of stages, as follows

The first stage is the identification of the problem: The stage of limiting the problem or the topic that needs to be decided is considered one of the most important stages in making the appropriate decisions, as the problem for a particular institution is how to maximize profits, while the problem in another institution is to determine the method of investment for capital or to determine the best projects to society.

The second stage of information gathering: This stage represents the basis for finding appropriate solutions to solve the problems faced by the institution, as providing information to the institution in terms of quantity, type and in real time is considered the basis that is relied upon by managers and enabling them to access the treatments by using Appropriate scientific means to analyze the data that is presented to the decision maker.

The third stage is the development of alternatives: This stage expresses the various treatments available to confront the problems facing the institution, according to the type of decision. Whether it is external or internal, but in the decision of the dividend, alternatives can be determined between distributing profits from not distributing them or distributing a certain percentage of them.

The fourth stage is the evaluation of alternatives: This stage consists in evaluating the alternatives that are identified and listing the advantages and disadvantages of all alternatives, and the extent to which the objectives to be achieved can be reached, as well as accommodating the alternatives whose defects are more than their advantages. Standards set by the institution for comparison and evaluation.

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The fifth stage of decision-making: The process of choosing the most appropriate alternative and represents the appropriate decision-making, as it is the most important and most difficult stage of decision-making, as determining the best alternative among the alternatives, as well as excluding the invalid ones, is widely affected by the decision-maker's behavior, experience and skill.

Sixth stage: Implementation and follow-up: - The decision taken by other people who may be other than those who have taken it or cooperate with them is implemented, and thus the decision is determined through planning and organization that works to determine and distribute responsibilities for implementing the decisions, as well as monitoring the implementation and implementation of the decisions to find out any Variations and deviations to be straightened.

The uncertainty factor plays a prominent role in financial decisions, as the institution's ability to pay its obligations increases with the increase in uncertainty, as well as social responsibility, that is, the responsibility of the institution based on the economic, legal, moral and estimation perception of the total interest in society around the institution at a specific time.
Environmental protection, human resource management, health issues in the workplace as well as shareholder satisfaction and the good reputation of institutions in the community are all major determinants of financial decisions (Osman, 2016).

The institutions participating in the activities of social responsibility are responsible for their financial and social performance, as this responsibility is applied to each of the operations of the institution and that the managers must work in order to maximize the wealth and growth of the institution, and that managers and executives are supposed to be agents of the shareholders and therefore they must work according to the needs of Shareholders and try to achieve as much profit as possible in accordance with the rules of society (Tamasila et al., 2018).

Fourth: The problems facing management in making financial decisions

There are many problems facing the management of the institution when making financial decisions, including:

1. Lack of commitment to the objectivity of the decision-making process resulting from the maximization of social considerations and personal influences that work by professional institutions and bodies, which leads to non-compliance.
2. The difficulty of defining the problem accurately on the part of the decision maker who makes all his decisions to solve the sub-problems of the problem and not address the real problem.
3. The lack of ability to define goals through which they are achieved when making decisions, and that the realization of the main goals must be without conflict with the sub-goals, and this leads to the difficulty in achieving the goals according to priority.
4. The influence of political and economic parties on financial decision-making, especially in developing countries that are governed by one party.
5. Lack of flexibility in the laws and instructions in which the institutions operate, as these laws were formulated at a certain time and in certain circumstances that were appropriate at that time and the lack of follow-up in the implementation of decisions and this may cause the decisions to be implemented incorrectly, may be intentionally or unintentionally, which loses the institution's credibility when Decision making.
6. The difference in viewpoints between the financial decision-maker and management, and this hinders the ability to convince people and decision-makers, the lack of clarity in the different aspects of the problem in which the decision is taken and the fear of the side effects that may result from decision-making as well as the fear of comparison to others in the change that occurs of making the decision.

Chapter Three: The Conceptual Framework of Cash Flows

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The Practical Side of the Study

Estimating and analyzing the impact of cash flows on the return on assets index. Beginning and before starting the multiple regression analysis test, data tests will be conducted to determine the problems that affect the accuracy of the data and their processing to reach the best results. The most important of these tests are:

To detect the Heteroskedasticity Test: This test is used to check the extent to which the estimated model is free of the residual variance problem, as shown below:

Table 1
THE RESULTS OF THE VARIANCE VARIANCE PROBLEM TEST

Heteroskedasticity Test: ARCH			
F-statistic	0.018487	Prob. F(1,47)	0.8924
Obs*R-squared	0.019266	Prob. Chi-Square(1)	0.8896

Source: The table is prepared by the researcher, based on the outputs of the Eviews10 program.

Table 1 show the result on the ARCH variance problem test, it was noted that the value on (F-statistic) at level on probability amounted to (Prob = 0.8924) and it greater (5%) and this mean that the model is free from problem on variance variance, and then here We accepts the null hypothesis which state that there is no variance problem among the random residual, and we reject the alternative hypothesis which states there is a variance problem among the random residual.

Detecting the autocorrelation problem: Serial Correlation LM Test: This test is used to verify extent to which the estimated model is free on the residual autocorrelation problems, as follows:

Table 2
AUTOCORRELATION PROBLEM TEST RESULT

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	1.622019	Prob. F(2,42)	0.2096
Obs*R-squared	3.585045	Prob. Chi-Square(2)	0.1665

Source: The table is prepared by researcher, based on the outputs of the Eviews.10 program.

Table 2 shows the result on the autocorrelation problem test, also we note that the probability (F-statistic) reached (0.2096), which is greater (5%), and this mean that there no autocorrelation problem, and then here accept the null hypothesis that states that there is no problem Correlation between random residual (Kulaib & Jebur, 2022).

T-Analysis of the impact of cash flows on the return on assets index

There are three main Panel Data models, and then the method of comparison between these models. They are as follows:

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Table 3
REGRESSION RESULTS FOR INDEPENDENT VARIABLES IN THE INVESTMENT DECISION OF INDUSTRIAL COMPANIES FOR THE PERIOD 2011-2020

(REM)		**(FEM)**		**(PME)**		**Penal data**
Coefficient	**Prob.**	**Coefficient**	**Prob.**	**Coefficient**	**Prob.**	**explanatory variables**
0.019064	0.8544	0.029034	0.0214	0.013103	0.2412	NOCF
0.019141	0.8538	0.029133	0.0210	0.012826	0.2508	NICF
0.018432	0.8592	0.028879	0.0216	0.012344	0.2688	NCFOF
0.672018	0.0330	0.596526	0.0000	0.493457	0.0361	INF
18.47116	0.2061	0.346339	0.9439	-5.036219	0.6460	I
0.027888	0.0286	1.083610	0.0593	0.995395	0.0487	C
0.022006		0.713255		0.125527	Adjusted R-squared	
0.293645		0.000000		0.051611	Prob(F-statistic)	
1.962149		1.926055		1.586381	D-W	

Table: From the researcher's numbers based on the outputs of the Eviews.10 program

Y1=0.995395 + 0.013103NOCF + 0.012826NICF + 0.012344NCFOF + 0.493457INF-5.036219i

By presenting the results of the regression on the absence of influence for the cash flow indicators, whether operational, investment or financing, as well as the interest rate variable as a controlling element in the investment decision in terms of the indicator (return on assets) for the industrial companies in the study sample and during the study period, while inflation proved its positive impact in terms of value (Prob = 0.0036), which is less than (5)%), and thus the value of the coefficient of determination appeared, equivalent to (12%) of the changes that occurred in dependent variable (ROA), and that (88%) was to other factor not included in the model, in other word that (12) %) is the ability on the independent variable to predict the dependent variable. also for the (F-statistic) test at probabilistic level of Prob (0.051611) less than (5%) it indicates the overall significance of the model from statistical point on view, and the D-W statistics indicate that it reached it peak (1.586381). This explain that the model is devoid on the problem of autocorrelation (Alshikh, 2022) Table 3.

Second: Fixed Effects Model (FEM))

Y1=1.083610 + 0.029034NOCF + 0.029133 NICF + 0.028879NCFOF + 0.596526INF + 0.346339i

By presenting the regression results for the industrial sector, there is a positive effect between cash flows (operating, investment, and financing), as well as the controlling variables (inflation rate and interest rate) as independent variables with the dependent variable (ROA indicator) and the results of (Adjusted R-squared) news showed. That (NOCF, NICF.NCFOF, INF, I) as independent variables, explained (71%) of the changes that occurred in the dependent variable (ROA), and that (29%) were due to other factors not included in the model, meaning that (29%) It is the ability of the independent variables to predict the dependent variable. As for the (F- statistic) test at a probabilistic level of (0.000000) less than (5%), it indicate the overall

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significance on the model from a statistical point of view, and D-W statistic indicate that it reached it peak (1.926055), and this explain The model is free from the problem of autocorrelation.

Third: Random Effects Model (REM)

Y1=0.027888 + 0.019064NOCF + 0.019141NICF + 0.018432 NCFOF + 0.672018INF + 18.47116i

When presenting the regression results for the industrial sector, it was noted that there was no significant statistically significant effect of cash flow indicators, whether operational, investment or financing, as well as the interest rate in the investment decision of the Iraqi industrial companies, the study sample, while the table (23) showed the positive effect of the inflation rate in the percentage of Return on assets (financing decision) with a significant significance of (0.033), i.e. less than 5%). The results of the (Adjusted R-squared) test showed that (INF) as an independent variable explained (2%) of the changes in the dependent variable (ROA). And that (98%) is due to other factors that are not included in the model, while the (F-statistic) test at a probabilistic level of Prob (0.293645) is greater than (5%), it indicates the overall insignificance of the model from a statistical point of view, and D-W stats indicate). Which reached its peak (1.962149), and this explains that the model is devoid of the problem of autocorrelation (Al-Hijla & Majd, 2017).

Fourth: Choosing the Appropriate Model for the Study

In order to determine the most appropriate method of analysis for the data of the study, the Chow test was used to conduct trade-offs between the aggregative model and the fixed effect, as well as the Hausman Test to conduct the typical trade-off tests with fixed and random effects as follows:

The trade-off between the aggregative model and the fixed effect through the Chow test.

Table 4
THE RESULTS OF THE TRADE-OFF BETWEEN THE AGGREGATIVE MODEL AND THE FIXED EFFECT

Redundant Fixed Effects Tests			
Test cross-section fixed effects			
Effects Test	**Statistic**	**d.f.**	**Prob.**
Cross-section F	3.512569	(4,40)	0.0151
Cross-section Chi-square	15.051761	4	0.0046

Table: From the researcher's numbers based on the outputs of Eviews.10

It evident from Table 4 that result are presented to determine the most suitable model through the test between two fixed-effects cumulative model, which is the restricted Fisher (F) statistic test, the (F) tests reached at Probability level (0.0151). Less from than (5%) the null hypothesis rejected and the fixed effect model is adopted (Faris, 2021).

The comparison between model fixed and random effect through the Hausma

Table 5
THE RESULT OF THE TRADE-OFF BETWEEN THE FIXED AND RANDOM EFFECT MODEL

Correlated Random Effects - Hausman Test	

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Equation: Untitled			
Test cross-section random effects			
Test Summary	**Chi-Sq. Statistic**	**Chi-Sq. d.f.**	**Prob.**
Cross-section random	0.571338	4	0.0000

Table From the researcher's numbers based on the outputs of the Eviews.10 program.

It evident from Table 5 that result are presented to determine the most appropriate model through the test between the fixed and random effect model, which is the restricted Fisher (F) statistic test, the (F) test reached at level of Prob (0.000000). Less than (5%) if we reject the null hypothesis and accepts the alternative hypothesis, that is, we choose the fixed effect model.

CONCLUSIONS

The quiescence of the time series of the economic variables of the study sample was tested and it was found that all the variables stabilized, some of them settled at the level and some of them settled at the first difference (1).

By presenting the regression result using panel data model for the industrial sector, we note that there is an inverse relationship between cash flow (operating, investment, financing in addition to the controlling variable interest rate) as independent variables with the dependent variable (debt-to-equity ratio) and a direct relationship with the variable Inflation rate adjuster.

By presenting the regression results using the panel data model for the industrial sector, we note that there is direct relationship between the cash flow (operating, investment, and financing in addition to the controlling variables, the inflation rate and the interest rate) as independent variables with the dependent variable (ROA indicator).

SUGGESTIONS

The necessity of paying attention to the information contained within the statement of cash flows, represented by the flows resulting from operational, financing and investment activities.

Relying on the resulting information contained within the cash flow statement in making financial decisions represented by financing and investment decisions and distributing or retaining profits.

Not to take decisions outside the company's capacity that serve the interests of the personal financial decision-makers.

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