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FINANCIAL EFFICIENCY AND ITS IMPACT ON SUSTAINABLE GROWTH RATE

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ABSTRACT

This research aims to know and measure the effect of financial efficiency in its dimensions (as an independent variable) on the rate of sustainable growth (as a dependent variable , the research provides a cognitive and applied framework through which it shows the relationship between these two variables, as a sample consisting of (9) Iraqi industrial companies listed in Iraq Stock Exchange, for the period (2013-2022). The research problem was raised in a number of questions, including: Can financial efficiency, in its dimensions, increase the sustainable growth rate in the companies in the research sample, and what is the level of both financial efficiency and the sustainable growth rate in the companies in the research sample, and reliance was placed on financial measures and statistical programs such as ((SPSS) and (Excel), to answer these questions, test hypotheses, and analyze the relationship between these variables. The research reached a number of conclusions, the most important of which is that there is a statistically significant effect and correlation of financial efficiency with its indicators on the sustainable growth rate of the companies in the research sample, and this was confirmed by testing the research hypotheses. Through the program (SPSS.V.26) and relying on standard multiple linear regression for the research variables, this is consistent with the research hypotheses, and in light of the conclusions, the research reached a set of recommendations, the most important of which is: Companies must rely on their own resources from property rights more than borrowing to achieve a sustainable growth rate. Which helps it continue to compete strongly in the markets.

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KEYWORDS

Financial Efficiency, Sustainable Growth Rate.

INTRODUCTION

The first topic: Scientific Methodology

First: The research problem:

These companies suffer from internal problems and challenges, such as the low level of technology, weak competition with other companies, and difficulty in obtaining financial resources. All of this has led to the weakness of these companies, and this leads to instability in their capabilities, abilities, and resources, and this is reflected in weak growth in the long term. One of the most important reasons behind this fluctuation is the failure to achieve financial efficiency due to the significant changes witnessed in the external environment in all economic, social, political and cultural aspects and to the strong competition in the labor market, which leads it to use resources more or less than it needs, and that among the conditions for continuity Companies to achieve financial efficiency are their reliance on the efficient and rational use of available financial resources, achieving the highest level of efficiency and reducing costs to raise the value of outputs. It also leads to reducing waste and extravagance, which leads to increasing the effectiveness of performance and productivity, which is one of the most important goals that Companies seek to achieve them, which leads to increasing their activity and facing the financial fluctuations that they may be exposed to. Therefore, sustainable growth emerged, which has become of interest to researchers because it is the actual growth that reflects the activity, performance and plans of companies, which means that there is a close connection between financial efficiency and the sustainable growth rate. Through the above, this research came to clarify the extent of the impact of financial efficiency on the rate of sustainable growth in the companies in the research sample. Accordingly, the research problem can be formulated through the main question and its branches as follows:

- Is there a relationship and impact of financial efficiency on the sustainable growth rate of the companies in the research sample? Branching out from this main question are sub-questions about the impact of financial efficiency on the sustainable growth rate, which are as follows:

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• What is the level of financial efficiency in the companies in the research sample?

• What is the level of sustainable growth rate in the companies in the research sample?.

Second: The importance of research:

The importance of the current research is highlighted by delving into topics of importance to the researched industrial companies, as the concepts of financial efficiency and sustainable growth rate are of increasing importance in the current era, especially in light of the competitive environment, high costs, and difficulty in obtaining financial resources. High sustainable growth rate and financial stability are the same. Among the most important goals that companies seek to achieve, the importance of research is as follows:

1. The current research seeks to frame a theoretical aspect about these variables, which helps companies benefit from the concepts of financial efficiency and sustainable growth, and solve the problems they suffer from in the long term.
2. The importance of research is highlighted by trying to find some kind of relationship between these variables.
3. The research contributes to improving the status of financial and non-financial companies, as well as achieving effective and efficient investment of financial resources, and demonstrates the importance of the concepts of financial efficiency and sustainable growth rate in companies.
4. It seeks to reduce risks and help companies reduce financial risks and achieve the required levels of performance, growth, and continuity in a highly complex, unstable, and resource-limited environment.

Third: Research objectives:

1. Developing a philosophical theoretical framework for research variables for both financial efficiency and sustainable growth rate, by relying on recent financial literature related to this field.
2. Measuring the relationship between financial efficiency in its dimensions and the sustainable growth rate.
3. Experimentally testing whether there is an effect of financial efficiency on the sustainable growth rate of the companies in the research sample.
4. Highlighting the role that financial efficiency and its dimensions play in the sustainable growth rate of the companies in the research sample.
5. Statement of analysis and measurement of the level of both financial efficiency and sustainable growth rate in the research sample companies.

Fourth: Hypothetical diagram :

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Based on the financial literature related to financial efficiency variables and the sustainable growth rate that was reviewed, it is possible to build a hypothetical diagram for the current research, as this diagram represents a set of relationships between the independent variable and the dependent variable. The independent variable financial efficiency was measured through indicators, which are the operating expenses ratio (Rosenberg, et al, 2013), and Asset turnover rate (Efendy, 2018), accounts receivable turnover rate (Gorczyńska, 2011), accounts payable turnover rate (Ilter, 2019), and inventory turnover rate (Rohyatib, & Wibowoa, 2018), while the dependent variable was measured through the sustainable growth rate index. (Steblyanskaya, et al:2021).

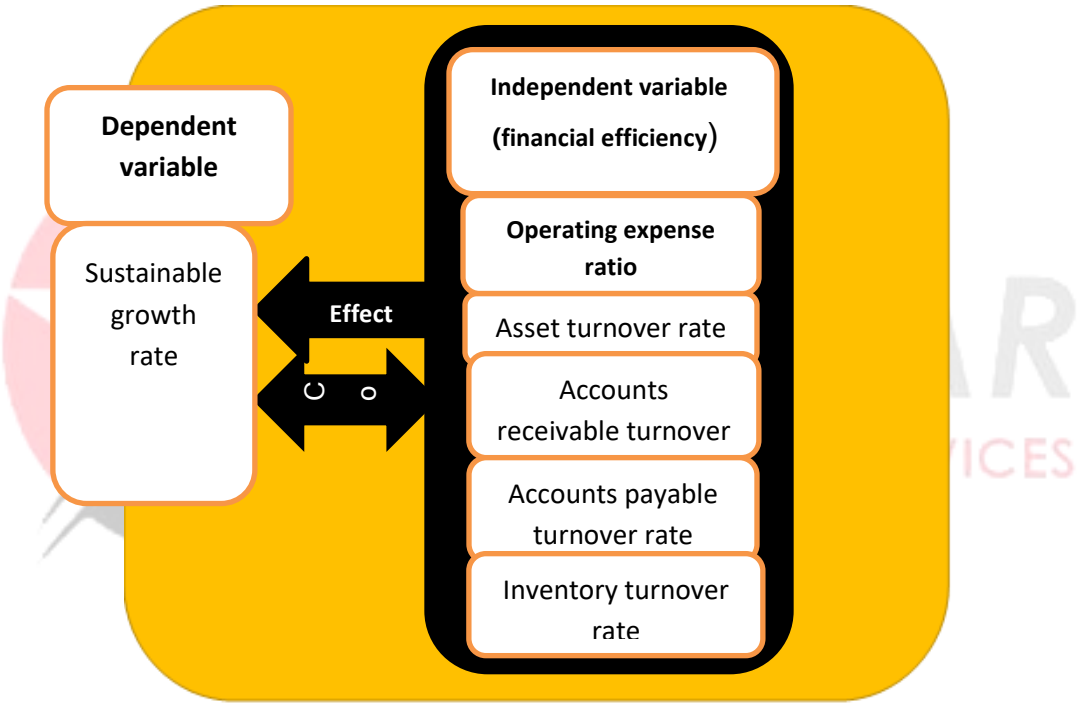

Figure (1) the hypothetical scheme of the research

The source is prepared by the researcher

Fifth: Research hypotheses:

After learning about the research problem and its objectives, and reviewing some previous studies related to financial efficiency variables and sustainable

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growth rates, hypotheses can be formulated, which provide a set of solutions to be tested and know the extent of their validity, and then accepted or rejected. Therefore, the current research assumed the existence of an effect relationship. There is a relationship between the variables, and the following hypotheses can be formulated:

The first main hypothesis: There is a statistically significant correlation between financial efficiency indicators and their dimensions and the sustainable growth rate, and it is divided into:

- Sub-hypothesis 1: There is a statistically significant correlation between the operating expense ratio and the sustainable growth rate.
- Sub-hypothesis 2: There is a statistically significant correlation between the asset turnover rate and the sustainable growth rate.
- Sub-hypothesis 3: There is a statistically significant correlation between the accounts receivable turnover rate and the sustainable growth rate
- .Sub-hypothesis 4: There is a statistically significant correlation between the accounts payable turnover rate and the sustainable growth rate.
- Sub-Hypothesis 5: There is a statistically significant correlation between the inventory turnover rate and the sustainable growth rate.

The second main hypothesis: There is a significant effect of financial efficiency indicators on the sustainable growth rate, and it is divided into:

- Sub-hypothesis 1: There is a significant effect of the operating expenses ratio on the sustainable growth rate.
- Sub-hypothesis 2: There is a significant effect of the asset turnover rate on the sustainable growth rate.
- Sub-hypothesis 3: There is a significant effect of the accounts receivable turnover rate on the sustainable growth rate.
- Sub-hypothesis 4: There is a significant effect of the accounts payable turnover rate on the sustainable growth rate.
- Sub-hypothesis 5: There is a significant effect of the inventory turnover rate on the sustainable growth rate.

Sixth: Research population and sample:

The target population for this research is the industrial sector, which includes (25) industrial companies listed on the Iraq Stock Exchange, according to the available data, which included (9) Iraqi industrial companies listed on the Iraq Stock Exchange, for the period from (2013) to (2022), and Table (1) Shows a sample of selected industrial companies.

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Table (1) Sample of selected Iraqi industrial companies)Iraqi Dinar(

N	Company name	Code	Listing date	Current capital
1	Baghdad for soft drinks	IBSD	2004	204,335,333,333
2	Iraqi dates marketing	IIDP	2004	17,250,000,000
3	Al Hilal Industrial	IHLI	2004	12,375,000,000
4	Al Mansour Pharmaceutical Industries	IMAP	2004	9,914,267,350
5	Canadi for veterinary vaccines	IKLV	2004	5,940,000,000
6	Clothing production	IRMC	2004	3,186,600,000
7	National Furniture Industries	IHFI	2004	1,660,000,000
8	Iraqi Engineering Works	IIEW	2004	1,500,000,000
9	Baghdad Packaging Materials	IBPM	2004	1,080,000,000

Source: Prepared by the researcher

The second topic: The cognitive and philosophical concept of financial efficiency and sustainable growth rate:

First: Financial efficiency:

1. The concept of financial efficiency:

It can be defined: as the ability to make optimal use of the company's financial resources (Ayyash, 2014: 161), and (Sibel) defined financial efficiency as "meeting the financial needs necessary to provide the highest quality of financial services at the lowest cost" (Eryigit & Dulgeroglu, 2015: 261), through Financial efficiency enables the company to develop and advance to enable it to obtain a larger market share and maintain its financial sustainability with a greater ability. The higher the financial efficiency of companies, the lower the financial risks, such as the risks of financial distress, default, and other financial risks. At the same time, the performance of companies will improve, meaning that the greater the financial efficiency of companies, the greater their strength and ability to manage debt and operation and obtain greater returns and profits. Financial efficiency is also considered an important indicator for measuring financial sustainability and the sustainability of companies (Kumankoma et.al, 2017: 383), meaning that the goal is Achieving efficiency in the use of available resources so that the maximum possible productivity can be obtained for a product,

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whether a good or a service, while taking into account reducing costs and at the same time not affecting the quality of the product. Financial efficiency is also defined as "performing tasks in a timely and cost-effective manner." Which usually occurs through simplified and standardized processes based on technology to help eliminate unnecessary activities to achieve financial efficiency to the highest possible degree. Financial efficiency not only shows the ability to allocate resources and pay off debt, but it also shows the ability to achieve returns and profits and exploit future potential. It is also defined as "when the outputs are more valuable than the inputs, this means greater financial efficiency" (Joe Zhu ,2020:7), meaning that increasing the outputs leads to increasing the production capacity to obtain a greater amount of outputs with the least amount of inputs, and this It means achieving efficiency in exploiting available financial resources, as companies try to improve activities and deal optimally with resources, which gives them the ability to deal and achieve financial sustainability, achieve more returns, and ensure continuity and growth (Lan, et.al, 2019,:2).

Meaning that it is necessary to provide financial needs and at the same time ensure the highest possible quality of the product, whether goods or services, and the necessity of reducing time, effort and cost to the lowest possible level in order to stop wasting the resources available to companies. Financial efficiency can be defined as "the ability of companies to reduce Levels of use of financial resources while remaining at the same level for outputs" (Jazar and Al-Amin, 2020:10), and financial efficiency in the company can be viewed as the use of resources in an efficient and effective manner to obtain higher revenues with the aim of maximizing shareholders' wealth, and the resulting voluntary capacity is measured through Applying financial efficiency, i.e. allocating resources and reducing waste by measuring input and output ratios (Zorn, etal, 2018:2). The goal is always to raise the value of the company, and the company can raise its value by distributing the company's assets effectively, efficiently, and always. What you are trying to achieve is greater and better results with the aim of achieving a long-term competitive advantage, and financial efficiency can be defined as "how financial companies collect financial resources and allocate them to existing sectors that suffer from a lack of resources, and then use these resources more effectively and efficiently" (Chen, et al, 2017:3), by reviewing the previous definitions, we can formulate a definition of financial efficiency: it is the optimal use of available financial resources with the aim of obtaining outputs with a higher value than the inputs, with high quality, and with the least possible waste, effort, and costs, leading to Increasing the company's value and achieving its goals.

2. The importance of financial efficiency:

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Managing the company's financial resources is extremely important, as effective and efficient financial management requires planning and coordination between the company's various financial activities, whether in terms of sources of funds or in terms of their uses. The main goal is to ensure maximum productivity for the company's activities and operations while reducing wastage of time and using the least possible financial resources available, as well as ensuring the achievement of returns and preventing any case of financial distress and bankruptcy. Financial efficiency contributes to companies benefiting from economies of scale, as the goal will be to reduce costs and distribute them over a larger number of producing units provided that they do not affect quality on the final product, and all of this will contribute to the company achieving a competitive advantage at the expense of competitors within an environment of intense competition. Cost efficiency is considered a basic condition for the success of the company's financial performance (Ngunyu, 2013: 25), it can also be said that financial efficiency contributes to obtaining untapped savings and trying to benefit from them in various productive activities and thus contributing to economic growth (Lampedusa, 2019: 107), in light of intense competition, it is obvious that companies rely on achieving financial efficiency with the aim of reducing costs , and achieving more profits and trying to obtain a larger market share, as well as contributing to achieving economic development and improving the well-being of society in general, The relationship between efficiency, effectiveness and financial performance can be clarified, as financial effectiveness enables an increase in the exploitation of assets to generate revenues, which in turn paves the way for The path to financial efficiency is through increasing programs and support that can reduce waste and make optimal use of resources, thus contributing to achieving optimal financial performance, achieving high revenues, and achieving goals. Through all of the above, the researcher can conclude the following points:

1. Financial efficiency is considered a measure that expresses the extent of companies' success and achievement of their goals.
2. Applying financial efficiency enables the company to eliminate waste and extravagance in available financial resources, and to identify the locations of financial deficiencies and attempt to solve them.
3. Companies that achieve financial efficiency are less vulnerable to external shocks, and are therefore able to resist collapse.
4. Financial efficiency enables achieving a balance in using available resources with high efficiency and effectiveness and planning for its financial needs, whether in the short or long term.
5. It enables the company to face financial risks such as financial distress, bankruptcy, and others.

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6. Ensures that the company achieves its plan to obtain expected returns and profits.
7. It enables the company to achieve stability and balance in available resources, and the ability to compete, continue, and grow.
8. Financial efficiency enables improving the capabilities and ability of companies to produce high-quality products.

3. Factors affecting financial efficiency

Among the factors that affect financial efficiency are the amount of profitability that companies are trying to achieve, as well as the degree of risk that the company can bear, and other factors such as administrative factors, the degree of competition, as well as the type of systems used, laws and legislation. The factors can be summarized into internal and external:

A. Internal factors:

These factors include the financial and administrative policy of the company, and this policy is a reflection of the degree of competition between companies, the extent of the company's efficiency, and the size and nature of the activity that it carries out. These factors relate to the amount of liquidity availability, and focus on the return on equity and returns on investment, as well as the ratio and size of assets (Amayra, 2005, 56) internal factors include:

Ability to make profit:

Profitability is considered one of the main reasons for the company's existence and it has the ability to achieve strong profitability for strength among companies. Profitability and the extent of the ability to achieve it with a significant contribution to financial efficiencies, as the company wants to maximize its profits, so the most important thing it must do is to ensure that commitment is achieved in using financial resources for training and then for the purpose of Achieving the desired results (Garcia 2017:319).

Debt management:

The debt management process is one of the important operations in the company, as the company seeks to organize the process of managing the debt in order to diminish the financial risks and the dangers of failure to pay and the consequences of it. The debts are generated in the event that the company wants to obtain financial resources to finance its activities and growth and expansion operations, and thus the company develops plans to manage the debt to ensure payment, and provides the necessary liquidity for that, and then contributes to achieving the planned goals of the company.

Asset management:

The management of the company's assets is all that the company owns, whether fixed or current assets, and

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following a management method that ensures the preservation of these assets from risks and ensuring the efficient use and growth of these assets in order to achieve the company's objectives.

Efficiency of financial performance:

Efficiency of financial performance is a reflection of how the company uses financial resources so that it can achieve its goals more efficiently and effectively, whether in the long or short term.

B. External factors:

These factors are imposed on companies from outside, such as laws and instructions that regulate their activities, as well as financial and monetary legislation imposed by the government, crises, etc. In general, these factors are outside the control of companies (Turana, 2015:22).

4. Financial efficiency measures:

The process of measuring financial efficiency is considered one of the important processes as it shows the company's performance and enables it to be compared with other competing companies. These indicators can be used to determine the extent of the company's financial ability to achieve financial efficiency and try to find solutions to the stumbles that may occur. It is considered a process measuring financial efficiency is an essential step if the company wants to achieve a competitive advantage and ensure its continuity and expansion in the markets in the future. It can also be said that more financial efficiency means more opportunities and thus achieving more returns that ensure the growth and continuity of the company (Bazot,2004:1). These measures also enable us to know the efficiency of the company's management and the management of assets, profits, and costs, as well as showing the company's financial capacity. These measures contribute to knowing the strengths and weaknesses of its financial position and the extent of its ability to achieve profits and exploit the strengths in identifying investment possibilities and its development, and contributes to identifying weak points and addressing them (Hussein et al., 2020: 29). It is not possible to rely on a single measure in order to know the financial efficiency achieved, and therefore several indicators are relied upon with the aim of obtaining detailed information about the companies' financial performance, and the goal is It is knowing the ratio of inputs to outputs and whether the company is reducing inputs or maximizing outputs to achieve efficiency (Saunders & Cornett,2018:1050), and in the end these measures show the efficiency and ability of the company to use its available resources and the extent of the efficiency and effectiveness of management in achieving its goals. Among these standards are:

Operating Expenses Ratio:

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The operating expense ratio (OER) is one of the measures of financial efficiency. It expresses the amounts spent to generate revenues. The company analyzes operational costs to try to reach the desired results and the goal is to achieve the highest revenues and reduce costs to the lowest possible level. The operating expense ratio is obtained by dividing total operating expenses by total revenues, and multiplying the result by (100) to obtain a percentage (Rosenberg,2013:2), the acceptable percentage falls between (0.5) and (0.7) (www. hbrarabic.com) and as follows:

Operating expenses ratio = (Total operating expenses)/(Total revenues)*100 ……..(1)

The lower the operating expense ratio (OER), the more efficient the company is in managing its operations.

B . Assets Turnover Ratio:

The asset turnover rate measures and shows the asset turnover is the extent of the efficiency of the assets in generating revenues (sales), and the asset turnover rate means how all the assets owned by the company are operated, and the extent to which they achieve profit (Nurlaela, et al,2019:298). The asset turnover rate is the ratio of net sales divided by total assets, and a higher ratio means greater efficiency in using these assets, as shown in equation (2) (Efendy, 2018: 182).

Assets Total Turnover Ratio = (Net Sales) / (Total Assets) …….(2)

Through this measure, the company is compared with the rest of the other competing companies and determines whether it is efficient in managing its assets or not. Companies always seek to improve their profit potential, this is done through the efficient use of the company's total assets, and it is the industrial standard for the asset turnover rate. (2 times) (Al-Amiri, 2013:87).

C. Accounts Receivable Turnover Ratio:

Accounts receivable turnover ratio (ART) is one of the asset management ratios and is often referred to as asset utilization or asset efficiency ratios. The accounts receivable turnover rate is calculated by dividing net credit sales on the average accounts receivable (Gorczyńska, 2011:3). This ratio indicates the number of times accounts receivable are collected during the year, and the high turnover of this rate indicates the efficiency of converting accounts receivable into cash, as follows:

Accounts Receivable Turnover Rate = (Net Sales) / (Average Accounts Receivable) ……..(3)

Through the accounts receivable turnover ratio, it is possible to know the number of times the company's receivable accounts are created and collected during the year. When calculating this rate, two things must

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be taken into consideration: First: The assets can be either the beginning of the year values, the end of the year values, or the average opening balance, and the final one in the year, and the second: This ratio must take into account credit sales, and with there being difficulty in obtaining data on credit sales, the value of total sales can be used instead (29:2004, Palepu), and the industrial standard for this measure is (15.4 times) (Al-Amiri, 2013: 83).

D. Accounts Payable Turnover Ratio:

Accounts payable refers to the average time it takes a company to pay off its debt, and the higher the value, the longer it takes the company to settle payment obligations to creditors (Sharma, 2010: 15). As for the accounts payable turnover ratio, it measures how quickly the company pays its obligations to creditors. An increase in this ratio means an increase in the company's ability to pay its obligations. This ratio can be calculated by dividing the value of the cost of goods sold on the average accounts payable as follows (87:2019, Ilter (:

Accounts Payable Turnover Ratio = Cost of goods sold / Average accounts payable….. (4)

E. Inventory Turnover Ratio:

Inventory turnover ratio (ITR) is dividing the cost of goods sold to the average inventory, meaning that the inventory turnover ratio is the number of times the company sold inventory and replenished inventory during a certain period of time (Rao & Rao: 2009:43), and inventory represents the largest part. It is more important than the company's assets (Sobhi, 2021: 338), and therefore the inventory turnover rate is used as a measure of the performance of the manufacturing industry, and it enables one to know how quickly the manufactured products exit and then judge the efficiency of performance (Kwak, 2019: 2), and the turnover rate is obtained Inventory is as follows:

Inventory Turnover Ratio = Cost of goods sold / Average Inventory……..(5)

*- Average Inventory = Beginning inventory + ending inventory / 2

If the inventory turnover rate is greater than the industry average, this means that the inventory is sold at a faster rate and therefore efficiency in inventory management. In the opposite case, i.e. the inventory turnover rate is less compared to the industry average, then inventory management is inefficient (Han, 2013:335), and the industrial standard is The inventory turnover rate (6 times) (Al-Amiri, 2013:85).

Second: Sustainable growth:

1-The concept of sustainable growth:

Recent years have witnessed great interest by countries around the world in the concept of

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sustainable growth, as they worked to remove restrictions, financial liberalization and globalization, which led to the development of companies, whether financial or non-financial, which contributes greatly to achieving sustainable growth, and companies in their various sectors have great importance in the economy any country where it supports projects and investments and provides loans and facilities, which ultimately leads to achieving sustainable growth and then sustainable development, and represents the ability of any institution to continue achieving the goals set according to long-term strategies. Burger explained that sustainable growth is a planning tool used by analysts, financial managers and bankers in institutions, for the purpose of identifying potential financing needs and possible investment opportunities. Accordingly, sustainable growth is the increase in the volume of sales that companies seek to achieve during the fiscal year through debt ratios, profit distribution, and operating ratios (Burger & Hamman, 1999:102), (Amouzesh etal) also referred to sustainable growth as the company's maximum sales during the year that it achieves through established plans. Therefore, sustainable growth requires attention to growth strategies and the ability to provide infrastructure, financial and administrative resources, and growth plans in order to achieve sustainable growth (Amouzesh etal ,2011:250). Sustainable growth is maximizing the rate of growth that companies seek to achieve without issuing new ownership rights, as it ensures financing through retained profits and debts (Jabr and Hussein: 2016, 71), and Cacino expressed that the concept of sustainable growth is the success of financial and non-financial companies in the long term is the result of achieving a balance between competition on the one hand and stakeholder issues on the other hand, including society and the environment in order to further define sustainable competitive positions (Cancino, 2018:32), and Utami and others stated that sustainable growth is growth that requires capital on The internal financing method in conditions of financial leverage, meaning it is the highest level of sustainable growth without an increase in financial leverage (Utami et at: 2018, 821). Sustainable growth is the amount of financing that the company seeks to access for the purpose of developing financing strategies that are appropriate for future growth without... Resorting to external sources of financing (Al-Atwi: 2018,171) ,Vukovic and others gave the concept of sustainable growth, which is a basic goal for long-term strategic and financial plans, that is, the survival of the company and its continuation of generating value and maximizing shareholder wealth, which leads to maximizing profit and sustainable growth and then sustainable development, meaning that it is the rate at which the company grows using its own resources without resorting to To borrow from external parties, and the

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profit distribution rate maintained by the company is for a certain level of capital returns while maintaining a fixed capital structure and not issuing new shares (Vukovic et at, 2022:2-6), and through the above it is possible to give The concept of sustainable growth is the optimal rate that the company seeks to achieve by increasing its sales in the long term by relying on its own resources.

2. The importance of sustainable growth:

Sustainable growth is considered the standard or measure for a financial institution for the purpose of increasing its revenues without reducing its financial resources, as the operational elements (profit margin and asset efficiency) and financial elements (capital structure and retention ratio) largely represent the company's financial performance, which requires that assets be equal to liabilities and property rights, and gives analysts and financial investors knowledge of the maximum growth rate, and also contributes to making decisions related to costs, profitability ratios, and capital management in the short term (Al-Saeedi and Shaker: 2022, 242).

3. Factors determining sustainable growth:

A- Asset turnover rate:

Whenever sales resulting from assets increase by an equal amount, this in turn leads to an increase in the asset turnover rate, and this increase prompts organizations not to increase their assets, i.e. an increase in sales without an increase in the company's assets, which generates an increase in the sustainable growth rate (Kaid, 2023: 138).

B-Profit margin:

A high profit margin increases the company's ability to provide and generate internal financial resources, which is reflected in the profit margin and thus the sustainable growth rate increases (Jabr, Hussein, 2016: 72).

C- Dividend distribution policy:

The distribution of profits to shareholders in the company is inversely proportional to the benefits and gross domestic product, and a decrease in the proportion of dividend distribution leads to an increase in retained profits, which contributes to an increase in the shareholders' share and thus an increase in the rate of sustainable growth (Al-Hilali, 2023: 54).

D-Financial Leverage:

Financial leverage is inversely related to assets, and an increase in assets reduces financial leverage, as this inverse relationship increases the sustainable growth rate.

E- Material Capital:

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Capital, aid, humanitarian aid, regional committees and councils have a positive impact on the rate of sustainable growth (Rahim, 2017:48).

4. Areas of maximizing the sustainable growth rate:

There are several areas to maximize the rate of sustainable growth in companies, as follows: (Al-Tamimi, Issa, 2020: 111)

A- Financial objectives: It is to increase the company's ability to self-finance, which leads to a high rate of sustainable growth.

B- Operational performance: Increasing the efficiency of operating assets leads to increased sales generation from assets available for operation, which reduces the need for additional new assets.

C- Financing policies: The increase from debt to equity increases financial leverage and through established policies allows organizers to enhance the sustainable growth rate.

D- Reducing cash distributions from net profit: This leads to an increase in retention rates and thus increases the sustainable growth rate.

5. Determinants of sustainable growth:

Sustainable growth has several determinants, which we explain as follows: (Kahn, 2018:1) and (Al-Hilali, 2023:55-56).

A-Innovation:

There are three types of mental innovations, scientific innovations, and resultant innovations, as mental innovations are the perception of innovation and the transfer of technology between individuals in the company and the creation of an organizational culture that contributes to prosperity over time through various means, as it enhances the competitive advantages of innovation for the growth of companies, and technological progress is one of the advantages of factors Which contribute to the growth and continuity of the company in the markets and increase its competitive advantage and efficiency in the long term . As for scientific innovations, which include product development processes and innovation of new products, and result innovations that emphasize good quality outputs (organizational innovation, marketing, business models, and process and product innovation).

B-Wealth:

It focuses with great attention on work ethics and how to maximize shareholder wealth, which requires companies to achieve sustainable development in all economic, social and environmental systems. By working with these principles, sustainability will be achieved and companies will then be attracted to growth in the long term to enhance the ability of organizational culture and sustainable development.

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C-Investment:

Investment opportunities focus on the assets and income level of the company, especially small enterprises, in the case of a redistribution of the assets and income in the company without affecting the average rate of investment productivity. Through this formula, reducing inequality raises the level of the sustainable growth rate during the transition to the level of stability and then strength is formed budgeting for investments that require setup costs when investment returns are increasing at a certain level.

D-Consumption:

It is the largest part of national income, and consumption constitutes about two-thirds of the gross domestic product. Consumption achieves a large part of benefit and well-being, and consumption decisions consist of the funds available for accumulation, capital formation, and investment.

6-Indicators of sustainable growth:

A- Actual growth (internal): It is the company's ability to grow using its retained profits only as a source of financing for its investment projects, and it is the upper limit of annual sales growth without external financing.

B- Sustainable growth: It is the company's maximum level of annual sales growth that can grow without issuing new equity financing while maintaining an annual growth rate with a fixed debt-to-equity ratio (El Madbouly, 2022: 17).

C- Measuring the sustainable growth rate: Some studies have dealt with such as (Al-Tamimi, Issa, 2020), (Al-Hilali, 2023), (Burger & Hamman, 1999), so the sustainable growth rate can be measured according to the following equation:

SGR= ROE*b ÷1-(ROE*b)……..(6)

Since:

SGR: Sustainable Growth Rate

ROE: return on equity

To find the return on equity, it can be calculated through the following equation:

ROE=Net Income÷ Average Equity……..(7)

The retention ratio is calculated through the following equation:

b =Retained Earnings÷ Net Income……..(8)

Retained profits are considered one of the primary sources of financing in companies. The process of distributing retained profits is a long-term policy linked to the amount of profits that are retained and directed towards investment. They represent a source of companies' growth and the level of internal funds

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indicates the amount of company growth in the future ,The internal (self-) financing sources that it relies on The company owns tangible assets, so the distribution of previous profits and current income are the two most influential factors in determining the level of retained profits (Thirumalaisamy, 2013:40).

The third section: financial and statistical analysis to test hypotheses:

Firstly: Financial analysis of the research sample companies:

A. Analysis of the operating expenses ratio for the companies in the research sample: This ratio is formed by dividing the total operating expenses by the total revenues, and according to Table (2) for the companies in the research sample, we find that the general average for the market reached (1.46), and this ratio reflects the financial efficiency of the company, the lower the expense ratio. The more efficient the company is in managing its operational operations and vice versa, and through our analysis we found that Al-Mansour Pharmaceutical Industries Company is the least financially efficient by achieving the highest percentage of operating expenses amounting to (5.748), while the Iraqi Company for Engineering Works achieved the highest financial efficiency a low operating expenses ratio of (0.045). This decrease in this ratio indicates the high financial efficiency of this company, while the rest of the companies achieved ratios ranging between the two ratios mentioned above. The operating expense ratios for all companies were lower than the general average, and this means that the financial efficiency of these companies The financial efficiency was higher than the general average, with the exception of two companies, Al-Mansour Pharmaceutical Industries and Al-Hilal Industrial Company, whose operating expense ratios respectively reached (5.748, 2.343), as they were higher than the general average, this means that the financial efficiency of these two companies is lower than the financial efficiency of the general average. As for the level of the annual average during the sample period, we find that the companies in the research sample combined achieved the highest general market average in the year (2022), as it reached (4.423). This indicates a decrease in the financial efficiency of all companies in this year, through an increase in operating expenses compared to total revenues, while the lowest annual rate for the companies in the research sample was in the year (2018), reaching (0.773). This indicates an increase in the financial efficiency of all companies in this year. , due to the decrease in operating expenses compared to total revenues, while the annual rate for the rest of the companies ranged between the two percentages, as shown in Table (2).

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N	Firms Yeas	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Firm Average
1	**Baghdad for soft drinks**	**0.896**	**0.895**	**0.875**	**0.857**	**0.858**	**0.853**	**0.844**	**0.839**	**0.893**	**0.912**	**0.872**
2	**Iraqi dates marketing**	**0.026**	**0.051**	**0.006**	**0.008**	**0.206**	**0.047**	**0.191**	**0.025**	**0.059**	**0.013**	**0.063**
3	**Al Hilal Industrial**	**3.26**	**4.191**	**4.088**	**1.981**	**2.58**	**1.741**	**1.173**	**1.933**	**1.337**	**1.149**	**2.343**
4	**Al Mansour**	**0.903**	**0.829**	**0.838**	**1.01**	**0.939**	**0.972**	**1.138**	**1.311**	**16.49**	**33.04**	**5.748**
5	**Canadian Vaccines**	**0.88**	**1.293**	**0.947**	**0.957**	**0.76**	**0.954**	**0.707**	**0.988**	**0.965**	**0.91**	**0.936**
6	**Ready-made clothes**	**0.997**	**1.139**	**1.113**	**0.997**	**0.976**	**0.978**	**0.989**	**0.994**	**0.425**	**2.319**	**1.093**
7	**National Furniture**	**0.965**	**0.963**	**0.964**	**0.964**	**0.964**	**0.467**	**1.921**	**1.353**	**0.172**	**0.429**	**0.916**
8	**Iraqi Engineering Works**	**0.04**	**0.086**	**0.062**	**0.118**	**0.002**	**0.076**	**0.002**	**0.034**	**0.029**	**0.003**	**0.045**
9	**Baghdad Packaging**	**0.776**	**1.322**	**2.549**	**0.967**	**0.979**	**0.871**	**0.857**	**0.948**	**0.909**	**1.032**	**1.121**
Annual average of sample		**0.971**	**1.197**	**1.271**	**0.873**	**0.918**	**0.773**	**0.869**	**0.936**	**2.364**	**4.423**	**1.46**

Table (2) Operating expense ratio for the companies in the research sample

B . Asset turnover rate for the companies in the research sample: The asset turnover rate for the companies in the research sample is formed by dividing net sales by total assets ,asset turnover shows the extent of the efficiency of assets in generating revenues (sales), and according to Table (3) for the companies in the research sample, we find that the general market rate It reached (0.225) times, and this ratio reflects the financial efficiency of the company, the higher the asset turnover rate, the more efficient the company is in achieving revenues, and vice versa. Through our analysis, we found that Baghdad Soft Drinks Company is the highest financial efficiency by achieving the highest asset turnover rate, it reached

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(1.01), while the ready-made clothing production company achieved the lowest asset turnover rate (0.006), this decrease in this rate indicates a decline in the financial efficiency of this company, while the rest of the companies achieved ratios ranging between the two percentages mentioned above, and the asset turnover rate for all The companies are lower than the general average, and this means that the financial efficiency of these companies was lower than the financial efficiency of the general average, with the exception of two companies: Baghdad Soft Drinks Company and the National Company for Home Furniture Industries, as their average reached (1.01, 0.282) respectively ,as they were higher than the general average, and this means that the financial efficiency of these two companies is higher than the financial efficiency of the general average. As for the level of the annual average during the sample period, we find that the companies in the research sample together achieved the highest general market average in the year (2013), as it reached (0.403) This indicates an increase in the financial efficiency of all companies in this year, through an increase in sales compared to total assets, meaning that every dinar invested in assets achieved more than 0.40 of sales revenues, while the lowest annual rate for the companies in the research sample was in the year (2020), as It reached (0.161), and this indicates a decrease in the financial efficiency of all companies this year, due to the decrease in net sales compared to total assets, while the annual rate for the rest of the companies ranged between two percentages, as shown in Table (3).

Table (3) Asset turnover rate for the companies in the research sample

N	Firms Yeas	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Firm Average
1	**Baghdad for soft drinks**	**1.202**	**1.055**	**1.051**	**0.995**	**0.905**	**0.946**	**0.911**	**0.866**	**0.952**	**1.214**	**1.01**
2	**Iraqi dates marketing**	**0.405**	**0.01**	**0.057**	**0.051**	**0.077**	**0.051**	**0.01**	**0.043**	**0.061**	**0.05**	**0.081**
3	**Al Hilal Industrial**	**0.182**	**0.052**	**0.056**	**0.085**	**0.077**	**0.041**	**0.026**	**0.006**	**0.004**	**0.155**	**0.068**
4	**Al Mansour**	**0.354**	**0.226**	**0.345**	**0.24**	**0.28**	**0.28**	**0.065**	**0.153**	**0.003**	**0**	**0.195**
5	**Canadian Vaccines**	**0.843**	**0.074**	**0.065**	**0.1**	**0.152**	**0.132**	**0.251**	**0.14**	**0.156**	**0.138**	**0.205**
6	**Ready-made clothes**	**0.013**	**0.011**	**0.001**	**0.002**	**0.006**	**0.028**	**0.009**	**0.004**	**0.003**	**0.001**	**0.006**
7	**National Furniture**	**0.456**	**0.499**	**0.453**	**0.453**	**0.453**	**0.006**	**0.2**	**0.1**	**0.15**	**0.056**	**0.282**

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8	**Iraqi Engineering Works**	**0.011**	**0.025**	**0.037**	**0.015**	**0.061**	**0.024**	**0.033**	**0.023**	**0.142**	**0.38**	**0.075**
9	**Baghdad Packaging**	**0.158**	**0.087**	**0.047**	**0.08**	**0.109**	**0.085**	**0.118**	**0.112**	**0.12**	**0.119**	**0.104**
Annual average of sample		**0.403**	**0.227**	**0.235**	**0.225**	**0.236**	**0.177**	**0.18**	**0.161**	**0.177**	**0.235**	**0.225**

C. Accounts receivable turnover rate for the companies in the research sample: The accounts receivable turnover rate for the companies in the research sample is formed by dividing net credit sales by the average accounts receivable. This ratio indicates the number of times receivables are collected during the year, and a high turnover of this measure indicates the efficiency of converting accounts receivable into Cash, and according to Table (4) for the companies in the research sample, we find that the general market rate reached (8.993) times, and this ratio reflects the financial efficiency of the company. The higher the accounts receivable turnover rate, the more efficient the company is in converting accounts receivable into cash, and vice versa. During our analysis, we found that the Baghdad Soft Drinks Company has the highest financial efficiency by achieving the highest accounts receivable turnover rate, which reached (39.06) times, while the ready-made clothing production company achieved the lowest accounts receivable turnover rate, which reached (0.026) times, and this decrease in this rate indicates The financial efficiency in converting the company's receivables into cash was low, while the rest of the companies achieved ratios ranging between the two ratios mentioned above, and the accounts receivable turnover rate for all companies was lower than the general rate. This means that the financial efficiency of these companies was less than the financial efficiency of the general rate. With the exception of two companies, the Baghdad Soft Drinks Company and the Iraqi Company for Engineering Works, their averages reached (39.06, 23) respectively, as they were higher than the general rate, and this means that the financial efficiency of these two companies in converting receivables into cash is higher than the financial efficiency of the general rate. As for the level of the annual rate during the sample period, we find that the companies in the research sample combined achieved the highest general market rate in a year. (2021), as it reached (31.64), and this indicates an increase in the financial efficiency of all companies in this year, through an increase in the conversion of forward sales into cash, while the lowest annual rate for the companies in the research sample was in the year (2014), as it reached (1,700), and this indicates a decrease The financial efficiency of all companies this year resulted from their exposure to ISIS criminal gangs, which affected the collection of accounts

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receivable in cash. As for the annual average for the rest of the companies, it ranged between two percentages, as shown in Table (4).

Table (4) Accounts receivable turnover rate of the research sample companies

N	Firms Yeas	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Firm Average
1	**Baghdad for soft drinks**	**13.88**	**9.704**	**19.46**	**48.12**	**40.75**	**24.02**	**33.5**	**101.5**	**63.84**	**35.82**	**39.06**
2	**Iraqi dates marketing**	**0.932**	**0.025**	**0.161**	**0.1**	**0.137**	**0.094**	**0.015**	**0.061**	**0.082**	**0.07**	**0.168**
3	**Al Hilal Industrial**	**1.062**	**0.691**	**0.066**	**0.204**	**0.169**	**0.094**	**0.081**	**0.02**	**0.009**	**0.352**	**0.275**
4	**Al Mansour**	**0.943**	**0.617**	**0.959**	**0.615**	**0.754**	**0.842**	**0.189**	**0.995**	**0.062**	**0**	**0.598**
5	**Canadian Vaccines**	**7.533**	**0.533**	**0.661**	**1.633**	**1.248**	**0.979**	**2.045**	**0.935**	**1.148**	**1.243**	**1.796**
6	**Ready-made clothes**	**0.031**	**0.023**	**0.003**	**0.006**	**0.052**	**0.127**	**0.002**	**0.006**	**0.003**	**0.01**	**0.026**
7	**National Furniture**	**1.275**	**1.37**	**1.235**	**1.151**	**1.151**	**0.003**	**1.794**	**0.958**	**1.694**	**0.725**	**1.136**
8	**Iraqi Engineering Works**	**0.578**	**1.192**	**66**	**2.646**	**10.05**	**4.367**	**5.827**	**4.671**	**176.1**	**-41.1**	**23**
9	**Baghdad Packaging**	**2.383**	**1.149**	**0.588**	**1.399**	**2.273**	**3.17**	**40.79**	**13.57**	**41.8**	**41.72**	**14.88**
Annual average of sample		**3.18**	**1.700**	**9.904**	**6.208**	**6.287**	**3.744**	**9.36**	**13.64**	**31.64**	**4.320**	**8.993**

D. Accounts payable turnover rate for the companies in the research sample: This rate measures the extent to which the company quickly and efficiently pays its obligations to creditors. A high rate of this ratio means an increase in the company's efficiency in paying the obligations it owes. That is, this ratio indicates the

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number of times the company's ability and efficiency to pay its obligations during the year. It can be calculated This ratio is achieved by dividing the cost of goods sold by the average accounts payable, and according to Table (5) for the companies in the research sample, we find that the general market average reached (3.198) times, this ratio reflects the financial efficiency of the company, and the higher the accounts payable turnover rate, the more efficient the company is. In paying its obligations, and vice versa, and through our analysis we found that the Baghdad Soft Drinks Company has the highest financial efficiency by achieving the highest accounts payable turnover rate, which reached (17.20) times, while the ready-made clothing production company achieved the lowest accounts payable turnover rate, which reached (0.188). Once, the decrease in this rate indicates a decrease in the company's financial efficiency in paying its obligations, while the rest of the companies achieved percentages ranging between the two percentages mentioned above, and the accounts payable turnover rate for all companies was lower than the general rate, this means that the financial efficiency of these companies was less than the financial efficiency of the general average, with the exception of Baghdad Soft Drinks Company, as the turnover rate of its accounts payable was higher than the general average by (17.20) times. This means that the financial efficiency of this company is higher than the financial efficiency of the average. The year, as for the level of the annual rate during the sample period, we find that the companies in the research sample together achieved the highest general market rate in the year (2013), reaching (5.423) times, and this indicates the high financial efficiency of all companies in this year, in paying their obligations to creditors easily. While the lowest annual rate for the companies in the research sample was in the year (2021), which amounted to (1.478), and this is evidence of a decline in the financial efficiency of all companies in this year. As for the annual rate for the rest of the companies, it ranged between the two percentages, as shown in Table (5).

Table (5) Accounts payable turnover rate for the companies in the research sample

N	Firms Yeas	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Firm Average
1	**Baghdad for soft drinks**	**28.67**	**23.03**	**33.07**	**14.21**	**13.26**	**22.52**	**11.72**	**7.129**	**7.835**	**10.58**	**17.20**
2	**Iraqi dates marketing**	**0.221**	**0.343**	**0.413**	**0.37**	**0.242**	**0.429**	**0.056**	**0.404**	**0.351**	**0.056**	**0.288**

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3	Al Hilal Industrial	0.636	0.231	0.349	0.289	0.216	0.145	0.08	0.022	0.096	0.02	0.208
4	Al Mansour	4.29	2.092	3.025	3.3	5.841	2.343	0.678	8.565	0.621	1.132	3.189
5	Canadian Vaccines	7.365	1.939	1.006	2.674	0.907	0.092	0.006	0.518	0.052	0.295	1.485
6	Ready-made clothes	0.06	0.142	0.136	0.25	0.417	0.354	0.074	0.033	0.083	0.335	0.188
7	National Furniture	2.2	2.365	2.234	2.211	2.185	1.432	0.508	0.393	0.624	0.34	1.449
8	Iraqi Engineering Works	2.684	2.532	2.557	1.882	2.284	1.022	0.893	1.29	1.822	6.894	2.386
9	Baghdad Packaging	2.684	2.532	2.557	1.882	2.284	1.022	0.893	1.29	1.822	6.894	2.386
Annual average of sample		5.423	3.912	5.039	3.008	3.071	3.262	1.656	2.183	1.478	2.95	3.198

E. Inventory turnover rate for companies in the research sample: Inventory turnover rate (ITR) is dividing the cost of goods sold to the average inventory, meaning that the inventory turnover rate is the number of times the company sold inventory and replenished inventory during a certain period of time, and the higher this rate The greater the ability and efficiency of the company to sell and dispose of its inventory, and thus, the greater its revenues. According to Table (6) for the companies in the research sample, we find that the general market average reached (1.298) times, and this ratio reflects the financial efficiency of the company. The higher the inventory turnover rate, the more profitable the company is Efficiency in selling and disposing of its inventory, and vice versa. Through our analysis, we found that Baghdad Soft Drinks Company has the highest financial efficiency by achieving the highest inventory turnover rate, which reached (4.24) times, while Baghdad Company for Packaging Materials Manufacturing achieved the lowest inventory turnover rate, which reached (0.105).) Once , this decrease in this rate indicates a decrease in the financial efficiency of the company in selling and disposing of its inventory, while the rest of the companies achieved percentages ranging between the two percentages mentioned

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above, and the inventory turnover rate for all companies was lower than the general average, and this means that the financial efficiency of these companies was less than financial efficiency for the general average, with the exception of four companies, namely (Baghdad Soft Drinks Company, Iraqi Company for Manufacturing and Marketing Dates, Al-Mansour Pharmaceutical Industries, and Production of Ready-Made Clothes), whose inventory turnover rate was higher than the general average. As for the level of the annual average during the sample period, we find that the companies The research sample combined achieved the highest overall market rate in the years (2021) and (2022), as their value reached (1,767) times. This indicates the high financial efficiency of selling and disposing of inventory for all companies in these two years, while the lowest annual rate for the companies in the research sample was in the year (2014). It reached (0.942), and this is evidence of a decline in the financial efficiency of all companies this year, while the annual rate for the rest of the companies ranged between the two percentages, as shown in Table (6).

Table (6) Inventory turnover rate for the companies in the research sample

N	Firms / Yeas	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Firm Average
1	**Baghdad for soft drinks**	3.484	3.261	3.749	3.824	3.619	3.805	4.269	4.747	5.231	6.413	4.24
2	**Iraqi dates marketing**	**0.568**	**0.672**	**0.861**	**0.858**	**0.726**	**2.019**	**1.983**	**2.747**	**2.386**	**0.44**	**1.326**
3	**Al Hilal Industrial**	**0.959**	**0.578**	**0.886**	**0.881**	**0.978**	**0.869**	**1.432**	**0.216**	**1.202**	**0.457**	**0.846**
4	**Al Mansour**	**1.635**	**0.779**	**0.914**	**0.781**	**1.768**	**2.384**	**0.679**	**2.885**	**2.415**	**3.573**	**1.781**
5	**Canadian Vaccines**	**1.481**	**0.337**	**0.12**	**0.252**	**0.089**	**0.195**	**0.008**	**0.052**	**0.004**	**0.021**	**0.256**
6	**Ready-made clothes**	**0.345**	**0.777**	**0.578**	**0.749**	**0.792**	**1.882**	**2.135**	**1.61**	**2.384**	**2.436**	**1.369**

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7	National Furniture	1.055	1.149	1.029	0.983	0.971	0.824	0.524	0.504	1.31	1.038	0.939
8	Iraqi Engineering Works	0.869	0.812	0.734	0.541	0.661	0.565	0.646	0.946	0.917	1.477	0.817
9	Baghdad Packaging	0.31	0.112	0.074	0.114	0.125	0.103	0.03	0.077	0.056	0.051	0.105
Annual average of sample		1.19	0.942	0.994	0.998	1.081	1.405	1.301	1.532	1.767	1.767	1.298

F. Rate of return on equity for the companies in the research sample: The rate of return on equity (ROE) for the companies in the research sample is formed by dividing the net income by the equity. This measure shows the extent of the efficiency of the equity in achieving net income, meaning what is the net profit from each dinar invested from The Company's ownership right. This measure is included in calculating the sustainable growth rate. According to Table (7) for the companies in the research sample, we find that the general market rate reached (0.118). This ratio reflects the company's financial efficiency in investing the ownership right to achieve net income. The higher this rate, the higher the growth rate. We note from the table that the highest rate of return on property rights during the research period was for Al Hilal Industrial Company, which amounted to (1.103), while the lowest rate of return on property rights was for the National Company for Home Furniture Industries, which amounted to (-0.110). This means that the company achieved Loss, as shown in Table (7).

Table (7) Rate of return on equity for the companies in the research sample

N	Firms / Yeas	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Firm Average
1	Baghdad for soft drinks	0.137	0.116	0.139	0.159	0.122	0.131	0.139	0.143	0.107	0.109	0.13
2	Iraqi dates marketing	-0.019	0.004	-0.05	-0.117	-0.119	-0.012	0.004	0.004	-0.108	-0.02	-0.045
3	Al Hilal Industrial	4.923	2.148	2.633	0.515	0.46	0.209	0.025	0.076	0.038	0.002	1.103
4	Al Mansour	0.040	0.058	0.067	-0.003	0.023	0.01	-0.04	-0.05	-0.04	-0.05	0.002

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5	Canadian Vaccines	0.110	-0.042	0.008	0.007	0.049	0.011	0.119	0.003	0.002	0.001	0.027
6	Ready-made clothes	0.003	-0.078	-0.07	0.004	0.085	0.079	0.089	0.047	0.082	0.028	0.027
7	National Furniture	0.024	0.025	-0.3	-0.302	-0.3	0.057	-0.05	-0.03	-0.1	-0.106	-0.110
8	Iraqi Engineering Works	0.0017	-0.099	-0.139	-0.134	-0.118	-0.043	-0.018	-0.134	-0.03	-0.012	-0.073
9	Baghdad Packaging	0.036	-0.034	-0.08	0.038	0.003	0.017	0.018	0.007	0.008	0.009	0.002
Annual average of sample		0.584	0.233	0.245	0.019	0.023	0.051	0.032	0.007	-0	-0.004	0.118

G. Calculating the sustainable growth rate for the companies in the research sample: The sustainable growth rate can be measured by dividing the rate of return on equity multiplied by the percentage of retained earnings (ROE*b) divided by (ROE*b -1) and as shown in Table (8) for the companies in the research sample. We find that the general market rate reached (0.012), and this rate reflects the company's sustainable growth. The higher the sustainable growth rate, the more the company depends on its own resources, such as property rights, and vice versa. Through our analysis, we found that Baghdad Soft Drinks Company achieved the highest sustainable growth rate. It reached (0.091). This means that the company relies well on its own resources, while the Iraqi Company for Engineering Works achieved the lowest sustainable growth rate at (-0.070). This indicates that the company does not depend on its own resources, while the rest of the companies achieved percentages ranging between the two percentages mentioned. Above, the sustainable growth rate for all companies was lower than the general rate, and this means that the companies do not depend on their own resources independently, with the exception of four companies whose sustainable growth rate was higher than the general rate, which are both (Baghdad Soft Drinks Company and Al-Mansour Pharmaceutical Industries Company, Al-Kindi Company for the Production of Veterinary Vaccines, the Company for the Production of Ready-Made Clothes. As for the level of the annual rate during the sample period, we find that the companies in the research sample combined achieved the highest overall market rate in the year (2019), as it reached (0.034). This indicates that the companies used their own resources. This year is more than the rest of the

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years, while the lowest annual rate for the companies in the research sample was in the years (2016, 2022), when their value reached (0.015), while the annual rate for the rest of the companies ranged between two percentages, as shown in Table (8).

Table (8) Sustainable growth rate of companies in the research sample

N	Firms / Yeas	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Firm Average
1	Baghdad for soft drinks	0.083	0.069	0.093	0.107	0.090	0.098	0.106	0.108	0.078	0.080	0.091
2	Iraqi dates marketing	0	0.003	0	0	0	0	0.002	0.003	0	0	-0.010
3	Al Hilal Industrial	0	0	0	0	0	0	0	0	0	0	0
4	Al Mansour	0.025	0.037	0.054	0	0.018	0.008	0	0	0	0	0.014
5	Canadian Vaccines	0.059	0	0.002	0.005	0.032	0.008	0.081	0.002	0.001	0.006	0.014
6	Ready-made clothes	0.002	0	0	0.003	0.076	0.069	0.080	0.041	0.073	0.024	0.018
7	National Furniture	0.021	0.026	0	0	0	0.048	0	0	0	0	-0.03
8	Iraqi Engineering Works	0.002	0.090-	0.120-	0.120-	0.11-	0.040	0.020 -	0.120 -	0.030 -	0.010 -	0.070-
9	Baghdad Packaging	0.004	0	0.010-	0.004	0.003	0.002	0.002	0.007	0.008	0.009	0.002
Annual average of sample		0.022	0.017	0.021	0.015	0.027	0.030	0.034	0.020	0.020	0.015	0.012

Secondly: Statistical analysis of the research sample companies:

Coding the research variables:

- Financial efficiency (independent variable) = X
- Operating expense ratio = X1
- Asset turnover rate = X2
- Accounts receivable turnover rate = x3
- Accounts payable turnover rate = X4
- Inventory turnover = X5
- Sustainable growth rate (dependent variable) = Y

A. Testing the correlation hypotheses:

The first main hypothesis: which states that (there is a statistically significant correlation between financial efficiency indicators and their dimensions and the sustainable growth rate), and according to the results of the statistical analysis of the general model, it was

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found that financial efficiency has an average direct correlation of (0.636) with the sustainable growth rate, that is, the more... The change in the independent variable changes the dependent variable by (0.636), which is a significant correlation at the level of significance (5%). According to these results, this first main hypothesis is accepted, which states (the existence of a statistically significant correlation between financial efficiency indicators in their dimensions and the sustainable growth rate) and rejected, Null hypothesis.

Sub-hypothesis 1: which states that (there is a statistically significant correlation between the operating expenses ratio and the sustainable growth rate), and according to the results of Table (9) it was shown that the operating expenses ratio has a negative and very weak correlation of (-0.015) with the rate of growth. Sustainable growth is an insignificant correlation at the significance level (5%). According to these results, the hypothesis that states (there is a statistically significant correlation between the operating expense ratio and the sustainable growth rate) is rejected and the null hypothesis is accepted.

Table (9) Results of testing hypotheses of association between variables

Correlations							
		Y	X1	X2	X3	X4	X5
Pearson Correlation	Y	1.000	-.015-	.611	.008	.488	.555
	X1	-.015-	1.000	-.106-	-.028-	-.062-	.187
	X2	.611	-.106-	1.000	.023	.827	.708
	X3	.008	-.028-	.023	1.000	.011	-.042-
	X4	.488	-.062-	.827	.011	1.000	.610
	X5	.555	.187	.708	-.042-	.610	1.000
Sig. (1-tailed)	Y	.	.442	.000	.471	.000	.000
	X1	.442	.	.161	.395	.281	.038
	X2	.000	.161	.	.415	.000	.000
	X3	.471	.395	.415	.	.460	.348
	X4	.000	.281	.000	.460	.	.000

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	X5	.000	.038	.000	.348	.000	.

Source: Prepared by the researcher based on the results of the SPSS program

Sub-Hypothesis 2: which states that (there is a statistically significant correlation between the asset turnover rate and the sustainable growth rate), and according to the results of Table (9) it was shown that the asset turnover rate is related by (0.611) to the sustainable growth rate, which is a direct and significant correlation. At the significance level (5%) and according to these results, this hypothesis is accepted.

Sub-Hypothesis 3: which states that (there is a statistically significant correlation between the accounts receivable turnover rate and the sustainable growth rate) and according to the results of the statistical analysis of the model (Table 9), it turns out that the accounts receivable turnover rate has a positive and very weak correlation of (0.008). With the sustainable growth rate, which is an insignificant correlation at the significance level (5%), and according to these results, the hypothesis that states (there is a statistically significant correlation between the accounts receivable turnover rate and the sustainable growth rate) is rejected and the null hypothesis is accepted.

Sub-hypothesis 4: which states that (there is a statistically significant correlation between the accounts payable turnover rate and the sustainable growth rate, and according to the results of Table (9) it appears that the accounts payable turnover rate is related by (0.488) to the sustainable growth rate, which is a direct correlation and is significant when The significance level is (5%), and according to these results, this hypothesis is accepted.

Sub-hypothesis 5: which states that (there is a statistically significant correlation between the inventory turnover rate and the sustainable growth rate.), and according to the results of table (9) it was shown that the inventory turnover rate is related by (0.555) to the sustainable growth rate, which is a direct and significant correlation. At the significance level (5%) and according to these results, this hypothesis is accepted.

Testing the impact hypotheses:

This hypothesis stated that there is a significant effect of financial efficiency indicators on the sustainable growth rate of the companies in the research sample, as standard multiple linear regression was used to test the hypotheses, as it means that the sustainable growth rate is a function of financial efficiency indicators, as is clear in equation (9) , and the table shows (10) The results of the impact test for the

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research hypotheses, as it turns out that the fixed term coefficient reached (-0.012). This means that if the independent variable (financial efficiency) is equal to zero, that is, in the event that there is no financial efficiency for the companies in the research sample, then the value of the dependent variable (sustainable growth rate)) equals (-0.012), and the calculated value of (T) was (-2.215), with a degree of freedom of (89), and this was confirmed by the (Sig) test, which the researcher assumed at a rate of (5%) and with a confidence level of (95%), as we note The probability rate (0.030) is less than (5%).

$$Y= \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \beta5X5 \dots\dots\dots\dots (9)$$

Table (10) Results of the impact test for the research hypotheses

Sig.	-test T	β	Independent variables
0.030	-2.215	-0.012	constant
0.852	-0.178	0.000	X1
0.007	2.770	0.069	X2
0.927	0.092	2.431	X3
0.630	-0.483	-0.001	X4
0.048	2.007	0.009	X5
		0.405	R Square
		11.428	F-test
		0.000	Sig. F
$Y = -0.012 + 0.000X1 + 0.069X2 + 2.431X3 - 0.001X4 + 0.009X5$			

Source: Prepared by the researcher based on the SPSSV.26 program

Testing sub-hypothesis 1: Testing sub-hypothesis 1: which states that (there is a statistically significant effect of the operating expenses ratio on the sustainable growth rate), as the operating expenses ratio X1 has no effect on the sustainable growth rate Y of the sample group of companies, as the influence factor reached (0.000), and its significance is (0.852), which is greater than the level of significance assumed

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by the researcher (5%). Thus, we reject the alternative hypothesis and accept the null hypothesis, and this is not consistent with what is expected.

Testing sub-hypothesis 2: which states that (there is a statistically significant effect of the asset turnover rate on the sustainable growth rate), We note that the asset turnover rate X2 has a direct effect on the sustainable growth rate Y at the level of companies in the research sample, an amount of (0.069), When the asset turnover rate X2 increases by one unit, it is accompanied by an increase in the sustainable growth rate Y by (0.069). Its significance is (0.007), which is less than the level of significance assumed by the researcher (5%). Thus, we accept the alternative hypothesis and reject the null hypothesis, and this is consistent with what is expected.

Testing sub-hypothesis 3: which states that (there is a statistically significant effect of the accounts receivable turnover rate on the sustainable growth rate), We note that the accounts receivable turnover rate X3 It has a positive impact on the sustainable growth rate Y at the level of companies in the research sample, an amount of (2.431), When the accounts receivable turnover rate X3 increases by one unit, it is accompanied by an increase in the sustainable growth rate Y by (2.431). But it is not significance, as its significance (0.927) has reached, which is greater than the level of significance assumed by the researcher (5%), and thus rejects the alternative hypothesis and accept the zero hypothesis, and this does not correspond to what is expected.

Testing sub-hypothesis 4: which states that (there is a statistically significant effect of the Accounts payable turnover rate on the sustainable growth rate), We note that the Accounts payable turnover rate X4 It has a reverse impact on the sustainable growth rate Y at the level of companies in the research sample, an amount of (0.001-), When the Accounts payable turnover rate X4 increases by one unit, it is accompanied by a decreases in the sustainable growth rate Y by (0.001-). But it is not significance, as its significance (0.630) has reached, which is greater than the level of significance assumed by the researcher (5%), and thus rejects the alternative hypothesis and accept the zero hypothesis, and this does not correspond to what is expected.

Sub -hypothesis test 5: which states that (there is a statistically significant significance effect of the inventory turnover rate in the sustainable growth rate), as we note that the X5 inventory turnover rate has a positive effect on the sustainable growth rate Y at the corporate level of the search sample (0.009), If the X5 inventory rotation rate increases by one unit, it is accompanied by an increase in the rate of sustainable growth Y by (0.009) and morally (0.048), which is less than the level of morale that the researcher assumed

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(5%), and thus we accept the alternative hypothesis and reject the zero hypothesis, and this is consistent with what is expected.

The interpretation factor (R-Square) explained the value of (0.405) of the effects that occur in (sustainable growth rate), and these effects result from the effect of the independent variable (the financial efficiency of the companies in the research sample), while the other effects amounting to (0.595) are due to other variables that are not included in it. The model. The F test and the level of significance measure the significance of the model as a whole, as it is noted that the estimated model is significant at the 5% level of significance. The calculated F value reached (11.428) and at a level of significance (0.000) for the model as a whole, which is less than the level of significance (5%) that the researcher assumed, and therefore the hypothesis is accepted the main model (alternative hypothesis)and rejects the null hypothesis, and this is consistent with what is expected for the study.

In order to ensure that the data is normally distributed, because the natural distribution and the linear relationship of the standardized residuals are among the important steps in multiple regression analysis, which shows that the model is in good condition, and through Figure (2) we find that the standardized residuals are distributed normally.

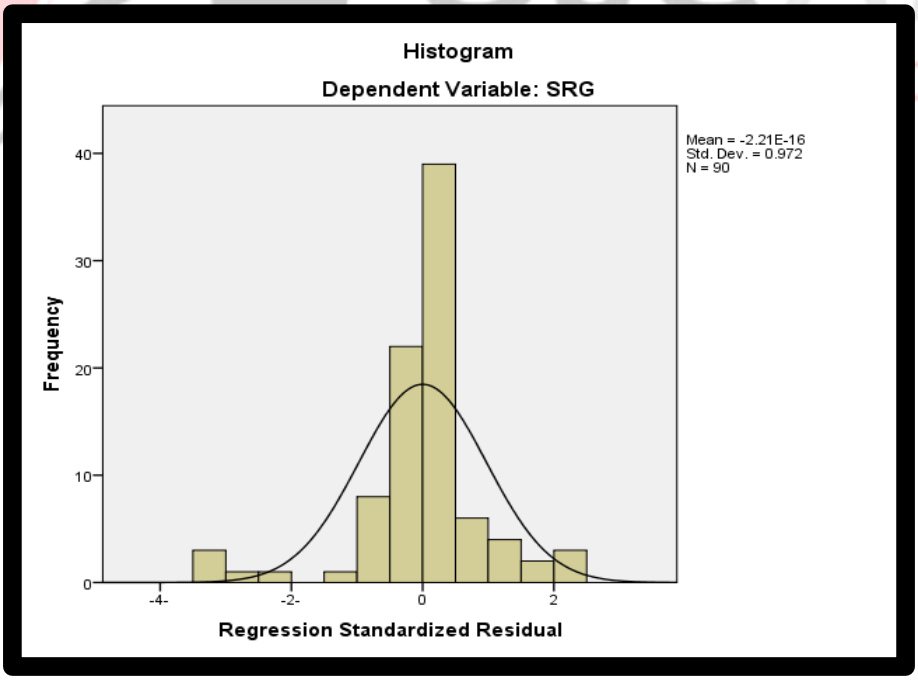

Figure (2) Normal distribution of standardized residuals

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And Figure (3) shows the linear relationship for the model through the distribution of the residuals and their spread around the straight line, this indicates that the data is normally distributed.

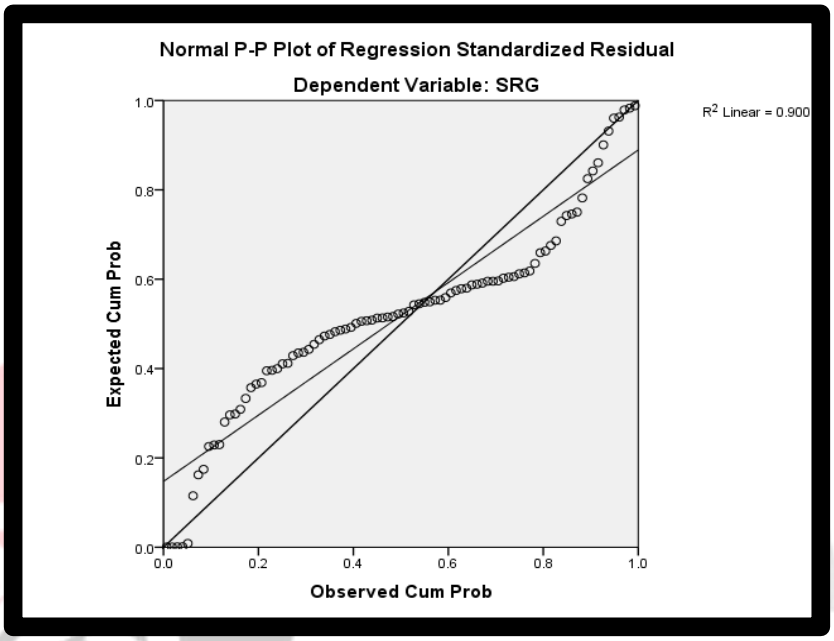

Figure (3) Linear relationship for the standardized residuals

The fourth topic: conclusions and recommendations:

First: the conclusions:

We conclude from the financial analysis that about (44%) of the companies of the research sample (4 companies from the sample) have a sustainable growth rate higher than the general sustainable growth rate and the Baghdad soft drinks company is one of the most reliable companies on its own resources of the right of ownership, i.e. it has achieved The highest sustainable growth rate, while Al -Iraqiya Engineering Company was the lowest companies that depend on its own resources, i.e. the least company that achieved a sustainable growth rate.

We conclude from the financial analysis that Al - Mansour Pharmaceutical Industries Company has achieved the highest percentage of its operational expenses, meaning that the company was its operating expenses higher than its revenues achieved. This means that this company is the lowest financial

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efficiency among companies, while the Iraqi Engineering Works Company has achieved the lowest percentage of its operational expenses, meaning that the company was its operating expenses less than its revenues achieved. This means that this company has the highest financial efficiency among companies in this indicator.

We conclude from the financial analysis that the Baghdad soft drinks company is the only company that achieved the highest financial efficiency, as it was the highest company that achieved the highest turnover rate for assets , the highest turnover rate for the accounts receivable , the highest turnover rate for the creditor accounts, and the highest rate of inventory turnover .

By testing the research hypotheses in the SPSSV program, and relying on standard multiple linear regression of the research variables, it was found that there is a statistically significant effect and correlation of financial efficiency with its indicators on the sustainable growth rate of the companies in the research sample, and this is consistent with the research hypotheses.

Second: Recommendations:

We recommend that other researchers study the effect of financial efficiency on other variables on samples from different sectors to know the amount of influence and correlation between these variables.

Companies must rely on their own resources, including property rights, more than borrowing, to achieve a sustainable growth rate that helps them continue to compete strongly in the markets.

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