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Analysis Of The Relationship Between CFT, SDT, and PRT Theories and Esg Factors and Their Impact On Sustainable Financial Performance In The Private

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Abstract: This study aims to demonstrate the relationship between Environmental, Social, and Governance (ESG) factors and the cash flow theory, justified progress theory, and resource theory, and their impact on sustainable financial performance. It also examines the relationship between these three theories and ESG factors, and how companies can leverage these relationships to achieve sustainable financial performance. The study shows that cash flow theory plays a crucial role in the efficiency and effectiveness of liquidity and operations for achieving sustainable financial performance. Resource theory offers an internal perspective that focuses on the use of business resources to enhance efficiency and financial sustainability. Sustainable development theory provides a comprehensive framework that integrates environmental, social, and economic dimensions into corporate policies and strategies. Furthermore, the results show that a positive interaction between key environmental, social, and economic elements and a company's operational activity contributes to improved cash flow, positively impacting long-term financial performance. The study also demonstrates that adopting ESG factors adds value and reduces investment risk. The study recommends integrating ESG factors into financial planning and developing non-financial performance measurement tools, given their direct impact on enhancing the financial and operational sustainability of companies in the industrial sector.

Keywords: Cash Flow Theory, Sustainable Development Theory, Resource-Based Theory, ESG Factors, Sustainable Financial Performance

Introduction

Shareholders and stakeholders certainly want a company to remain stable over time, giving them a comprehensive view and optimal options regarding the sustainability of the organization's performance, which can be assessed and predicted. According to a 1987 report by the United Nations National Institute for Agricultural Research and Technology, sustainable performance involves well-defined strategies and plans where development meets current needs without compromising the ability of competitors to meet their own requirements. Stability is crucial in the business world, and within the economic framework, companies are also essential for achieving sustainable performance. Sustainable economic performance is the current economic performance that is expected to be achieved in future periods. Effective fiscal balance can be achieved when production resources are precisely directed toward enhancing value creation in the present and future (Aungkodjojo, 2023). The complex relationship between environmental, social, and governance (ESG) matters and economic presentation is a subject of debate and exploration among organizational economists. This matter has encouraged numerous studies examining the relationship between ESG indicators and economic performance, extending from widespread analyses encircling thousands of experimentations to in-depth studies converging on specific segments or democratic classifications. Examination on the rapport amongst ESG and financial performance has yielded mixed results. While some studies have revealed a positive correlation, others have indicated a negative or statistically insignificant correlation. Notably, organizations that prioritize sustainability often achieve higher scores on ESG criteria, despite the potential costs involved. Nevertheless, the complex relationship between ESG and financial performance warrants further investigation (Saha et al., 2024).

Contemporary focus is on how to integrate environmental, social, and governance (ESG) features into bookkeeping systems, the contests involved, and their impression on commercial ascendancy and behavior. Operative ESG statement helps convey the missive to a wide range of backers, counting stockholders, customers, workforces, and controllers. By articulating sponsor distresses and emphasizing a agreement to sustainability (Rana et al., 2025), concerns can effectively transfer their distresses. In today's explosive business location, pecuniary concert is no longer solely intensive on short-term income but similarly mirrors long-term sustainability. Concerns must not only shadow profit nevertheless also statement the social and eco-friendly impacts of their happenings. In this framework, blamable financial controlling materializes as a premeditated approach to supporting financial intentions with sustainability moralities. This approach certifies that companies contemplate non-financial hazards that may possibly disturb their long-term economic performance. Answerable economic administration prioritizes the wide-ranging management of pecuniary incomes by integrating ESG factors. In preparation, establishments that adopt sustainability moralities tend to integrate ecofriendly, social, and domination (ESG) aspects into their pecuniary management follows, including speculation, financial scheduling, and risk supervision. This is crucial since many global emergencies, such as microclimate change, common discrimination, and bribery, have partaken both unswerving and indirect bearings on marketable sustainability and progress (Suyono, W.B., & Pospa, 2025). Effective financial performance refers to a company's ability to maintain its financial performance over time, and is ultimately measured by its market capitalization or market value.

Therefore, justifiable financial performance can be defined as an organization's ability to maintain its market value over the long term. However, a company's market value stems from its long-term growth and profitability. Consequently, effective financial performance is closely linked to an organization's long-term productivity and growth (Kangwei, 2023). Furthermore, integrated financial performance ensures a company's continuity, effective management of its various business areas, production efficiency, and long-term growth. Sustained improvement in financial performance strengthens its financial position, alleviates financial pressures, facilitates future planning, reduces the likelihood of risks, contributes to risk management, enables the company to capitalize on available opportunities at favorable prices, and helps it achieve its objectives. Because sustainable financial performance ensures the repayment of larger amounts of equity and debt to lenders by providing effective interest returns, a company can build additional reserves from publicly traded companies or other income-generating companies, both domestically and internationally. Moreover, if a company's financial performance is strong, it can allocate more funds as cash reserves even after fulfilling its obligations.

As a result, the company has greater financial resources, and its decision-making processes become faster, more responsive, and more successful. It can also purchase higher-quality raw materials, innovative resources, technologies, and tools, and employ a more efficient workforce. Companies should integrate sustainability into their performance, meaning they should achieve financial performance in parallel with improving their social and environmental performance (Xiliang et al. 2023). Integrating environmental strategies can improve performance, and an organizational sustainability culture incentivizes sustainability practices within companies, benefiting stakeholders and brand value. Sustainability practices and overall performance are significantly influenced by sustainability practices, which include organizational efficiencies and environmental innovations. Companies that embrace sustainability journalism demonstrate improved financial performance thanks to a significant reduction in ESG issues. Sustainable development is gaining increasing importance for companies as they strive to balance profitability and social responsibility. ESG theory is a framework that integrates non-financial factors into investment decisions, aiming to achieve sustainable and responsible returns. These factors encompass a wide range of issues, including climate change, business practices, board diversity, corporate ethics, and community engagement. This theory has gained considerable momentum in recent years, and investors are increasingly incorporating environmental, social, and governance (ESG) criteria into their investment decisions (Yan, 2023). In 2004, the United Nations Environment Programme (UNEP) introduced the concept of ESG to help investors understand the impact of these factors on investment value (Borbawangsa et al., 2024: 583). UNEP also aims to support signatories to these principles in integrating these elements into their effective investment strategies, decisions, and practices, with the goal of reducing risk, maximizing investment value, and achieving sustainable development for society as a whole (Ming Yuan, 2024). Companies that score highly in environmental, social, and governance (ESG) practices are expected to demonstrate a positive impact on their cash flows. The rationale for this relationship is based on resource theory, which provides a framework for identifying the strategic resources companies use to gain a sustainable competitive advantage. Thus, companies with higher sustainable performance will achieve greater cash flow and profits from operating activities, as well as a better understanding of future financial prospects and earnings quality, by adopting ESG standards. Furthermore, companies with high ESG scores can adopt greater transparency and accountability regarding ESG policies and disclosures to enhance stakeholder trust. Therefore, the effective implementation of ESG practices leads to improved cash flow and increased company value. Strong ESG performance positively impacts cash flow, and effective performance in ESG and corporate governance standards is expected to enhance a company's fair value and cash flows (Basha et al., 2024). Resource theory intuitively demonstrates that environmental, social, and governance (ESG) presentation as a source can improve a establishment's production and financial concert, as well as reduce the possibility of ecofriendly incidents such as effluence (Chou et al., 2022). The student concludes that assimilating three concepts cash flow concept, justifiable advance theory, and source theory with ESG moralities creates a robust background that promotes workable financial concert by mitigating risks, exploiting on openings, enhancing attractiveness, and ensuring longstanding sustainability.

Literature Review

First: The relationship between cash flow theories, resource theory, sustainable development, and ESG factors

Cash Flow Theory

In the business world, we no longer talk about net income, but rather net cash flow. The concept of profit differs from the traditional concept of earnings, as the meaning of "earnings" can be reversed in relation to the concept of cash flow. Profit during a specific period is related to the difference between the value of sales and the cost of producing the goods sold during that period. Profit is not affected by changes in future expectations as much as it is affected by current earnings. The cash flow concept for stock valuation indicates that the decision to invest in future projects affects the stock's value today. The stock's value depends entirely on future cash flows, and there is no difference between expecting these flows and a project that is existing or will be implemented in the future, unless the cash flows associated with future projects are considered riskier than those associated with current projects. The financial manager (Sharaf Al-Din, 2015) should understand that cash flow refers to the amount of money spent and received from various daily activities, excluding available cash, outstanding receivables from customers, and assets owned by or owed to the company (Shefway, J.M., and Abuga, 2023). The monies flow statement, lengthwise with its investigation, provides a respected assessment of a concern's ability to generate helpful net cash flows in the future to meet its obligations and pay dividends. All users of the cash flow announcement share the craving for cash inflows towards exceed, or at smallest equal, cash seepages. Additionally, the cash flow announcement provides a complete description of phases of the professional not included in the primary financial announcements, specifically the proficiency of cash flows from operational, financing, and financing happenings, runniness, and solvency (Litvinenko and

Alvir, 2023). It is demarcated as "net profit advantageous depreciation." It may otherwise may not include requirements for postponed taxes, as well as other incidentals not proximately due (Pereira et al., 2024).

Sustainable Development Theory

Global developments today focus on sustainability as an explicit goal, but this concept must be translated into practical, real-world dimensions to ensure its effectiveness. We must be able to identify the presence or absence of sustainability, or the threats it faces, in the systems we manage. We need appropriate indicators to provide this information and determine our position on the sustainability goal (Boussell, 1999). Sustainable development theory has been applied in many different business areas and has a significant impact on the continuity of companies. The "triple results" theory offers proposals not only for global organizations but also for multinational corporations operating worldwide (Lee et al., 2022). Sustainable development is defined as development that meets the needs of the present without depleting the resources of future generations to meet their own needs. In this sense, sustainable development is defined as a process by which the people of a country meet their needs and improve their standard of living without exploiting the resources of future generations or squandering their wealth to meet their immediate needs. Sustainable development is based on the philosophy of sustainability, which refers to a system's ability to function indefinitely. Sustainable development is a state in which the desire to sustain life does not diminish over time, and the resources necessary for the optimal functioning of human systems, other living organisms, and ecosystems are not depleted (Zahidi, 2019). It is of paramount importance because it seeks to regulate current consumption to ensure that future generations inherit a resource base no less valuable than that inherited by previous generations. Advocates of sustainable development expect it to have a positive impact on society through its seventeen Sustainable Development Goals (SDGs), such as eradicating poverty and hunger; ensuring good health and well-being; providing quality education; achieving gender equality; ensuring access to clean water and sanitation; providing affordable and clean energy; promoting decent work and economic growth; supporting industry, innovation, and infrastructure; reducing inequalities; building sustainable cities and communities; promoting responsible consumption and production; coordinating climate action; protecting marine and animal life; and strengthening institutions (Ouzili, B.K., & Eyeurmber, 2024). In general, sustainable development encompasses economic and social development that protects and enhances the natural environment and promotes social justice. The environment and the economy are interconnected and intertwined; therefore, any development that ignores its environmental impacts will destroy the environment that sustains life. Among the most prominent challenges facing sustainable development, which has a global dimension, are poverty and exclusion, unemployment, climate change, conflict, humanitarian aid, building peaceful and inclusive societies, establishing strong governance institutions, and upholding the rule of law (Mahajan, 2024). Achieving these goals requires concerted efforts at all levels; everyone has a role to play in this endeavor, including businesses, governments, civil society organizations, and the general public. These challenges include slowing economic growth, corruption, chronic inequality, adverse demographic changes in their various forms, and the spread of epidemics. However, there are other challenges to the Sustainable Development Goals that are easily overlooked but require immediate attention (Saikia, S., & Das, 2023).

Resource-Based Theory

Although previous studies had identified the importance of organizational resources for corporate success, a resource-based theory of a company did not fully emerge until the 1980s. At that time, the prevailing paradigm was that industry-wide factors determined each company's profit potential. Later, researchers began to argue that a company's internal factors—its resources and capabilities—actually determined its profitability. Wernerfelt's pioneering work (1984) is widely considered the first major contribution to resource theory. However, other researchers also contributed to transforming resource theory into a comprehensive theory (Kozlenkova et al., 2014). Resource theory has evolved to reflect the first three stages of the product life cycle: introduction, growth, and maturity. The theory has developed through these stages. Although some earlier studies had identified the importance of organizational resources, the value of a company's resources as a resource-based approach to success did not begin to take shape until the 1980s (Barney et al., 2011). Resource theory focuses on a company's internal resources as sources of long-term competitive advantage. This theory posits that a company's resources and competencies, such as culture, knowledge, and assets, are key drivers of long-term profitability and success. It assumes that companies operate in competitive, market-based economies, highlighting the importance of valuable, scarce, unique, and irreplaceable resources for achieving sustainable competitiveness. Through the optimal use of tangible and intangible assets, decision-makers can achieve higher levels of performance. The theory also emphasizes the importance of company resources in creating surplus value and gaining a competitive advantage. According to this theory, the successful use of a company's resources and capabilities, as described in resource theory, can lead to the development of sustainable competitive advantages, which translate into superior financial performance. These resources enable companies to build capabilities and competencies (Porpawangsa et al., 2024). This theory classifies resources into three categories: tangible assets and technology, human resources and organizational capabilities, and intangible resources such as company reputation and political acumen (Tasrip et al., 2017).

Second: The relationship between environmental, social, and governance (ESG) factors and corporate financial performance

The impact of environmental, social, and governance (ESG) activities on companies is a long-standing topic in financial economics and management. ESG activities can increase a company's value in three ways: first, by increasing cash flow (either by increasing revenue or reducing costs); second, by reducing risk (increasing profitability and reducing exposure to extreme volatility); and third, by lowering the cost of capital (Gregory, 2022). Many reputable companies have demonstrated a strong correlation between ESG performance and cash flow, highlighting the growing importance of sustainable practices in financial management (Yuan et al., 2025:1). Interest in ESG issues has recently increased. These issues encompass multiple aspects, including responsible environmental practices, equitable social policies, and good and transparent governance. The importance of ESG is not limited to the ethical dimension; it also has significant implications for corporate performance and investment decisions (Anri and Utama, 2024). Companies strive to manage their ESG performance to achieve healthy and sustainable growth and improve their financial performance. This effectively contributes to reducing company emissions, improving production efficiency, enhancing the competitiveness of their products in the market, increasing their market share, and ultimately leading to improved financial performance. Regarding resource theory, there are similarities between it and sustainable development theory. This theory suggests that companies possess various forms of resources and capabilities, which are the primary reason they strive to maintain a sustainable competitive advantage. For example, in the context of the environment, and under environmental pressures, companies' contributions to environmental management are crucial. New environmental protection technologies represent a key resource for companies to gain a competitive advantage, while financial performance is a major outcome of resource outputs. Resource theory intuitively explains that environmental, social, and governance (ESG) performance as a resource can improve a company's output, lead to strong financial performance, and reduce the likelihood of environmental incidents such as pollution (Chou, J., Liu, L., & Lo, 2022: 4-5). Our perceptions and actions regarding ESG and sustainable development are influenced by the social context and shared beliefs. Recognizing this helps institutions and policymakers foster a culture that supports sustainable development. ESG factors are integral to the Sustainable Development Goals (SDGs), and achieving these goals depends on the effective management of these factors. By understanding the relationship between ESG and sustainable development, stakeholders can develop more comprehensive plans to address sustainability challenges in both the short and long term. Finally, as the international community strives to achieve sustainable growth goals, integrating environmental, social, and governance values into sustainable growth practices becomes crucial (Govindraj, M., & Lawrence, 2024: 2-3). Financial performance roughly reflects a company's ability to increase its value, and its ability to generate profits, thus demonstrating strong performance, is vital to its success. A company's annual report is typically the source of information used to assess its financial performance (Lim, 2023). The relationship between ESG (environmental, social, and governance) performance and corporate financial performance has been extensively explored in the academic literature, particularly using investor theory. Stakeholder theory, developed by Freeman et al. (2007), emphasizes that a company must consider the interests of all its stakeholders—customers, suppliers, employees, communities, and investors—to achieve stability and create long-term value. Companies that practice ESG demonstrate a genuine commitment to meeting stakeholder expectations, thereby mitigating the risks of regulatory violations and reputational damage. Stakeholder theorists argue that these relationships must be strengthened to maximize profitability in a globalized economy, which in turn generates a competitive advantage for companies (Glova, J., & Banco, 2025).

Methodology

Research Problem

The examination problematic lies trendy the element that the common of Iraqi companies face difficulties in achieving sustainable financial performance. This is primarily attributed to their failure to adopt methods that could lead to the implementation of sustainability requirements in their economic, social, and environmental dimensions. Failure to overcome these obstacles leads to a fragmentation of the strategic objectives of Iraqi companies, negatively impacting their ability to achieve sustainable financial performance and ultimately causing them to exit the business environment. The research questions can be formulated as follows:

- To what extent can Iraqi companies achieve sustainable financial performance by adopting the cash flow theory in light of ESG factors?
- To what extent can Iraqi companies achieve sustainable financial performance by adopting the resource theory in light of ESG factors?
- To what extent can Iraqi companies achieve sustainable financial performance by adopting the sustainable development theory in light of ESG factors?

Research objectives

- Illumination the concept besides role of Cash Enterprise Theory (CFT), Justifiable Development Scheme (SDT), and Resource-Based Scheme (RBT), and categorizing their bearing on financial enactment.
- Clarifying the affiliation amongst Cash Flow System (CFT), Sustainable Increase Theory (SDT), and Resource-Based Concept (RBT) and Ecofriendly, Social, and Domination (ESG) principles
- Inspecting the ability of Baghdad Soft Drinks Establishment to participate the connection between Cash Current Theory (CFT), Justifiable Loan Theory (SDT), and Resource-Based Thought (RBT) and ESG viewpoints.

Importance of the research:

- This research presents the relationship between ESG factors and various theories, enabling investors to make more informed decisions by assessing companies' commitment to sustainability and its impact on financial performance
- The research provides a theoretical framework for companies to adopt effective ESG practices, thereby enhancing their long-term financial performance, improving their reputation, increasing customer loyalty, and reducing risk.
- The research helps classify the mechanisms connecting ESG practices to financial presentation, allowing businesses to equilibrium economic development with environmental and social sustainability.
- The research donates to the development of theoretic frameworks for sympathetic the relationship between sustainability and financial presentation, enriching the academic works and guiding future educations in this field.
- The research helps in sympathetic the importance of the excellence of sustainability journalism and its impact on savers and investors, thereby enhancing corporate photograph and improving their self-assurance.

Result and Discussion

Analysis of the relationship between CFT, SDT, and PRT theories and ESG features and their bearing on sustainable pecuniary performance in the remote sector: Baghdad Soft Munchies Concern.

Description of the research community: checklist and main axes used: This paragraph includes giving a brief overview of the study sample, as the researcher chose (Baghdad Company for Soft Drinks) as the study sample, as it was the most suitable and closest to achieving the study's objective and proving its main hypotheses. The Baghdad Soft Drinks Company was established in 1989 in accordance with Companies Law No. (36) of 1983, with a capital of 70 million dinars, to carry out its main activity, which is the production of soft drinks, and to invest its entire capital in purchasing the assets of the largest factories of the General Company for Beverages and Canned Foods (now defunct). The company has direct sales centers for customers, in addition to owning six marketing complexes, namely the Rusafa Marketing Complex, the Zaafaraniya Marketing Complex, the Baladiyat Marketing Complex, the Shaab Marketing Complex, and the Police Tunnel Complex. The marketing department, Al-Karkh Marketing Complex.

Developing the specification: The specification was established grounded on three central axes derived after the three study hypotheses, as follows:

- The relationship between cash flow theories and ESG factors
- The relationship between resource theory and ESG factors
- The relationship between sustainable development theory and ESG factors.

Scientific sources related to accounting literature were used, including Arabic and foreign research papers, theses, and dissertations that addressed the research variables, as shown in Table (1).

The axes approved in the specification

The scholar trusted on the foremost leitmotifs encompassed in brilliance the role of the amalgamated treasury reason in encouraging economic sustainability complete cash supervision control.

Table 1. Sources used in building the checklist

sequence	Specification Topics	NO:
	The relationship between cash flow theory and the ESG factors	10
	The relationship between resource theory and the ESG 10 factors	10
	The relationship between sustainable development theory and the ESG 10 factors	10

To diagnose the nature of the problem addressed in the current research within its practical framework at the Baghdad Soft Drinks Company, a checklist with specific items and objectives was designed, consisting of (30) questions. These questions covered the research variables in their various dimensions and were administered to a sample of (15) senior and middle management members at the Baghdad Soft Drinks Company. Statistical indicators were used in the analysis, specifically the subjective reckoning callous and the section of orthodoxy, to define the extent of the breach in the observes of removing the research variables. The seven-point Likert measure was cast-off to ensure larger elasticity and precision in the records gained.

The research adopted the following criteria in the checklist

analyzing the relationship between cash flow theories, resource theory, sustainable development, and ESG factors on the financial performance of Baghdad Soft Drinks Company.

Table (2) Checklist (Cash Flow Theory) includes testing the first hypothesis, H1: the extent to which management procedures regarding cash flows at Baghdad Soft Drinks Company align with ESG factors.

Table 2. Checklist (Accounting procedures and policies concerned with natural and human activities to contribute to the application of responsibility accounting).

No.	The first hypothesis H1	0	1	2	3	4	5	6
1	The company seeks to adopt a financing policy that attracts investors interested in sustainability				*			
2	The company adopts a policy of investing in sustainable production technologies				*			
3	.The company adopts a policy of increasing revenue through sustainable products and services.							*
4	The company benefits from a policy of obtaining sustainable financing at interest rates lower than the prevailing rate							*
5	The company follows a revenue policy to obtain preferential pricing for green products				*			
6	The company follows a policy of reducing insurance costs.							*
7	The company follows a policy of investing in environmentally friendly projects				*			
8	The company follows a policy of reducing environmental fines and penalties							*
9	The company follows a revenue policy to expand its market share by adopting ESG practices.							*
10	The company follows a policy of reducing expenses by reducing energy and resource costs.							*
Weight		0	1	2	3	4	5	6
Reiterations		0	0	0	4	0	0	6
Score (Weight x Repetitions)		0	0	0	12	0	0	36

No.	The first hypothesis H1	0	1	2	3	4	5	6
	Slanted arithmetic mean (Score / Number of questions	(48/6)= 8						
	Proportion of Matching Range (Arithmetic Mean / 6) X %	80%						
	Gap Size (100 – Percentage)	% 20						

Table (3) Checklist (Resource-Based Theory) includes testing the second hypothesis, H2: the extent to which management procedures regarding resource management at Baghdad Soft Drinks Company align with ESG factors. Table (4) Checklist: The relationship between resource-based theory and ESG factors, which attempts to prove the second hypothesis.

Table 3. The relationship between resource-based theory and ESG factors, which attempts to prove the second hypothesis.

No.	The second hypothesis H2	0	1	2	3	4	5	6
1	There is a positive role for the relationship between resource-based theory and ESG factors..							*
2	The company follows a policy of identifying environmental resources and capabilities related to ESG such as clean production technologies, resource management, and emissions reduction.							*
3	The company follows a policy of identifying resources and capabilities related to ESG such as social resources related to human capital, customer relations, company reputation, etc.							*
4	The company follows a policy of identifying resources and capabilities related to ESG such as governance resources related to transparency, accountability, business ethics, etc.							*
5	The company follows a policy of implementing ESG-related initiatives such as the ability to manage environmental and social risks, the ability to innovate in sustainable products and processes, the ability to adapt to organizational changes, etc.						*	
6	The company follows a financial performance policy, allocating resources and capabilities to increase revenue, reduce costs, and improve financial performance. It also follows an environmental and social performance policy, leveraging resources and capabilities to achieve sustainability goals, enhance the company's image, and foster trust.						*	
7	Furthermore, the company adopts an ESG policy, integrating ESG practices into its corporate strategy, such as developing integrated strategies and incorporating ESG considerations into all aspects of business					*		

No.	The second hypothesis H2	0	1	2	3	4	5	6
	operations, from research and development to marketing and sales.							
8	The company pursues a policy of building institutional capacity, investing in resources and capabilities that enable it to effectively achieve its ESG objectives.				*			
9	It also fosters an ESG culture, creating an organizational culture that supports and adheres to ESG practices at all levels							*
10	. Finally, the company implements a performance measurement and reporting policy, producing transparent ESG reports that disclose its ecofriendly, social, and domination (ESG) presentation to bondholders and sponsors							*
Weight		1	1	2	3	4	5	6
Repetitions		0	0	0	2	0	2	6
Score (Weight x Repetitions)		0	0	0	6	0	10	36
Weighted arithmetic mean (Score / Number of questions		52						
Percentage of Matching Range (Arithmetic Mean / 6) X %		52/6= 87 %						
Gap Size (100 – Percentage)		13%						

Checklist (Sustainable Development Theory) includes testing the third hypothesis, H3: the extent to which management procedures regarding sustainable development at Baghdad Soft Drinks Company align with ESG factors.

Table 4. The relationship between Sustainable Development Theory and ESG factors, which the

No.	The third hypothesis H3	0	1	2	3	4	5	6
1	Does the company follow practices that reduce carbon emissions							*
2	Does the company follow practices that maximize investment in renewable energy sources?						*	
3	Does the company follow practices that reduce its consumption of natural resources?							*
4	Does Baghdad Soft Drinks Company follow a policy of adhering to local and international environmental standards?							*
5	Does the company follow a policy of providing fair and equal employment opportunities?							*
6	Does the company follow a policy of protecting workers' rights?							*
7	Does the company follow a policy of supporting the local communities in which it operates							*
8	? Does the company regularly report on its ESG performance??							*

No.	The third hypothesis H3	0	1	2	3	4	5	6
9	Does the company follow a policy that promotes diversity and inclusion in the workplace							*
10	Does the company follow practices that reduce carbon emissions							*
Weight		0	1	2	3	4	5	6
Repetitions		0	0	0	0	0	1	9
Score (Weight x Repetitions)		0	0	0	0	0	5	54
Weighted arithmetic mean (Score / Number of questions		59/6= 98						
Percentage of Matching Range (Arithmetic Mean / 6) X %		98%						
Gap Size (100 – Percentage)		2%						

third hypothesis attempts to prove.

Hypothesis Development

To complete the examination unprejudiced, the succeeding three foremost propositions were articulated:

- Main Hypothesis 1 (H1): There is a strong (positive) correlation between cash flow theory and ESG factors.
- Main Hypothesis 2 (H2): There is a strong (positive) correlation between resource theory and ESG factors.
- Main Hypothesis 3 (H3): There is a strong (positive) correlation between sustainable development theory and ESG factors.

Conclusion

Analyzing the relationship between the three theories accepted in this research—cash flow theory, resource theory, sustainable expansion, and ESG factors—and their influence on the financial performance of Baghdad Soft Drinks Business, the research sample, needs further study.

The research, through the events used, established that these factors collectively effect the company's profitability and viability. The research theory related to cash flow theory, which highlighted the importance of cash flow in appraising the company's recital and financial health, achieved a score of 0.83, shiny the company's performance.

The gap was 0.13. The research theory related to resource theory, which absorbed on the importance of the business's internal resources and competences (physical resources, human resources, knowledge, technology) as key factors in attaining better financial presentation through ESG factors, was also fruitful. Baghdad Soft Drinks Company efficiently utilized its capitals to achieve operational competence, which positively wedged its financial performance.

Accordingly, the sample must formulate its future strategies in a way that enhances the company's ability to utilize its resources efficiently to reduce costs, increase revenues, and ultimately improve performance. This is a significant improvement considering the environmental conditions surrounding the company in the study sample. The interrelationship between these factors leads to synergy, and through their integration, sound environmental, social, and governance (ESG) practices contribute to sustainable growth, which in turn improves the company's financial performance.

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