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The Role of Financial Management in Enhancing the Reliability of Accounting Information

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Abstract
This study aims to clarify the importance of financial management and accounting information, as well as their concepts, and to identify the extent of the impact of financial management on enhancing the reliability of accounting information and its role in the decision-making process. The study is based on the descriptive-analytical approach to identify and analyze the research variables. A questionnaire was used as the main tool for data collection. The research sample consisted of accountants and auditors at the General Directorate of Education in Karbala Governorate, who were randomly selected from the study population. The findings indicate the existence of a statistically significant correlation between financial management and the reliability of accounting information, as well as a statistically significant effect of financial management on the reliability of accounting information with a high level of confidence

Keywords: Financial Management, Reliability of Accounting Information, Accounting System, Financial Reports, Financial Transparency

Introduction

Research Problem

The research problem lies in identifying how various financial management practices affect the quality of accounting information. Financial management and accounting data are considered essential, as they contribute to providing reliable information for financial and accounting decision-making. Based on the researcher's professional experience, the problem of financial management in enhancing the reliability of accounting information manifests in several aspects, including a lack of accounting and auditing awareness of the importance of accounting information in institutions in general, and in the General Directorate of Education in Karbala Governorate in particular; insufficient training of accountants and auditors in financial and administrative fields; weak implementation of internal control and internal auditing systems; and challenges related to the application of modern information technology in administrative and accounting fields. Accordingly, the research problem can be formulated through the following question

How does financial management contribute to enhancing the reliability of accounting information and its role in the decision-making process?

Significance of the Research

The significance of this research stems from the importance of accounting information and the extent of its accuracy and reliability in the decision-making process by decision-makers. The topic of financial management and its relationship with accounting and financial information is considered one of the most important subjects in governmental institutions.

Research Objectives

This study aims to

Clarify the importance of financial management and accounting information, as well as their concepts.

Identify the extent to which financial management contributes to enhancing the reliability of accounting information and its role in the decision-making process.

Research Hypotheses
Effective financial management contributes to enhancing the reliability of accounting information in the General Directorate of Education in Karbala Governorate.

Research Methodology
The researcher adopted the descriptive-analytical approach.

Research Population
The research population consists of the Departments of Financial Affairs and Internal Control and Audit at the General Directorate of Education in Karbala Governorate, Iraq.

Research Sample
The research sample was selected from accountants and auditors at the General Directorate of Education in Karbala Governorate. The participants were randomly selected from the research population.

Time Limits of the Study
The temporal scope of the study is represented by the period during which the research was conducted at the Departments of Financial Affairs and Internal Control and Audit of the General Directorate of Education in Karbala Governorate for the year 2025.

Previous Studies
Al-Shahri conducted a study entitled "Financial Management: Foundations and Contemporary Challenges." The study aimed to examine the impact of challenges on financial management strategies and to enhance understanding of modern practices in this field. The researcher employed the descriptive and analytical approach to collect data through questionnaires distributed to (20) financial management specialists across various sectors. The findings revealed that 84.2% of participants believe that effective financial management strategies enhance organizational performance, reflecting the importance of financial planning in achieving institutional objectives. The results also indicated that 73.7% of respondents reported that their institutions adopt flexible strategies to adapt to rapid changes in the economic environment, while 60% acknowledged the importance of modern technologies in improving financial efficiency and enhancing competitive advantage.
Al-Hijazin (2024) [3] conducted a study entitled "Financial Management Information Systems and Their Role in Developing Financial Performance in Municipalities." The study aimed to identify financial management information systems and their role in improving financial performance in municipalities. The researcher adopted the descriptive-analytical approach to analyze data related to the study variables. The study concluded that financial management information systems are based on the automation of financial processes, which enhances database management systems and financial accounting systems used to facilitate automation processes.

Section Two
Theoretical Framework
First Topic: Financial Management
Financial management departments in organizations seek to maximize profits and minimize costs in order to ensure sound decision-making that directs the organization toward development and growth. The primary responsibility of the financial manager is to develop purchasing plans and allocate funds in a manner that maximizes the value of the organization. This includes forecasting and financial planning. Financial managers must cooperate with other executive managers to forecast the organization's future and to make investment and financing decisions. All of these decisions depend on the availability, accuracy, and reliability of accounting information. Sources of financing that can be used to support organizational growth include both internal and external capital.

First: Concept of Financial Management
Financial management can be defined as the process of managing an organization's financial activities, which involves efforts aimed at obtaining funds, reducing costs, and managing the financial affairs of a business entity or organization in order to achieve predetermined financial objectives (Andiko, Asnawi & Pangayow, 2018). [8]
Financial management is also defined as the analysis and planning of a company's financial position, whether related to investment decisions, financing decisions, or asset management, with the aim of achieving profitability for shareholders and ensuring business sustainability (Sultan & Shehab Al-Din). Based on the above definitions, the researcher views financial management as the process of making decisions related to assets, their financing, and the distribution of all potential cash flows generated from them.

Second: Objectives of Financial Management
1. Profitability
Profit maximization is considered one of the fundamental strategic objectives of economic business organizations. For a long period, it was widely believed that this objective represents the highest priority for such organizations. Consequently, this goal has been closely associated with owners, making it the central focus of financial management objectives. Accordingly, various decisions—whether related to investment or financing—are directed toward achieving profit maximization and aligning them with this aspiration within the organization. On the other hand, the ability of financial management to achieve profit growth is characterized by clarity in meaning and measurability, as all influencing factors are generally identifiable and known in advance. Therefore, it is essential that these factors be taken into consideration during the decision-making process to ensure the achievement of optimal results (Othman, 2014: B).

2. Achieving Adequate Liquidity
Achieving adequate liquidity refers to an organization's ability to meet its financial obligations as they become due, which helps avoid financial difficulties resulting from liquidity shortages. This is achieved through effective cash management and the efficient management of cash flows. Moreover, liquidity ratios can be strengthened through the implementation of a set of well-considered procedures based on accurate accounting information available to management (Sultan & Shehab Al-Din).

Second Topic: Reliability of Accounting Information
First: Concept of the Reliability of Accounting Information
Hanan explained that reliability refers to the degree of

confidence in using a particular element to achieve specific objectives within an integrated system, which represents a fundamental pillar for the success of that system. Trust in the system is considered one of the important professional tools used to provide assurance and credibility to various related parties, including management, employees, suppliers, governmental bodies, and other stakeholders. This requires that the information provided be accurate, free from errors, and of an acceptable level of reliability

Hafij *et al*. indicated that financial data constitute an essential part of the daily operations of any organization, as they represent a fundamental tool for understanding the organization's precise financial position. Such data also serve as a basis for making various decisions, particularly those that have significant long-term impacts.

Al-Amari defined accounting information as one of the tools relied upon by organizations to present their financial position, performance, and both cash and non-cash expenditures. This is achieved through financial reports that are assumed to be prepared in an appropriate manner that ensures a sufficient level of credibility, making them reliable for supporting appropriate decision-making.

From the researcher's perspective, the reliability of accounting information can be defined as the basic data and information upon which any organization relies in the decision-making process, in a manner consistent with the nature of its activities.

Second: Sources of Accounting Information

The main sources of accounting information and the components of financial statements are as follows (Hussein)

- **The Balance Sheet**, which separately presents the elements of assets and liabilities.
- **The Statement of Income**, which is a summarized report of expenses and revenues generated by the organization during the fiscal year. It does not take into account the dates of cash collection or disbursement and highlights the net result of the fiscal year, whether profit or loss.
- **Notes to the Financial Statements**, which include supplementary information related to items that are of significant importance or useful for understanding the operations presented in the financial statements.

The Practical Framework of the Research

First: Examination and Testing of the Research Measurement Instrument

This section concerns verifying the validity of the research measurement scale and the reliability (stability) of its items.

1. Coding and Description of the Research Variables

This section is necessary to facilitate the process of reading and identifying the variables during the statistical analysis of the data obtained from the questionnaire. Table (1) presents the codes of these variables, their dimensions, the number of items in each dimension, and the source of the adopted measurement scale, as follows.

Table 1: Coding and Description

No.	Variable	Sub-dimension	Number of Items	Code	Source
1	Financial Management	Unidimensional	7	Fin	
2	Reliability of Accounting Information	Unidimensional	7	Inf	

Source: Prepared by the researcher based on the relevant literature

Table (1) illustrates the coding and description of the study variables. The study included two main variables: Financial Management as the independent variable and Reliability of Accounting Information as the dependent variable. Both variables were measured using a unidimensional approach, reflecting the study's focus on assessing each variable as a whole entity without dividing it into multiple sub-dimensions, in alignment with the research objectives and theoretical framework.

The table also shows that each variable was measured using seven items, which enhances the comprehensiveness of the measurement and its ability to accurately and objectively represent the concepts of the variables. The researcher adopted abbreviated codes to facilitate statistical analysis, assigning the code Fin to Financial Management and Inf to Reliability of Accounting Information, thereby contributing to clarity and organization of results during data processing.

This coding and description demonstrate the alignment of the measurement instrument with the requirements of the descriptive-analytical method and support the systematic and scientific testing of the relationships between the study variables.

Testing the Research Measurement Instrument

The questionnaire constituted the primary instrument for measuring the research variables and determining the level of responses provided by the individuals in the research sample. Given the importance of the measurement instrument, it was necessary to conduct the following tests to ensure the accuracy and validity of the data obtained. The study relied on a three-point response scale consisting of the categories (Agree, Neutral, Disagree)

a. Reliability of the Research Scale

Reliability testing represents one of the most important tests that enables the researcher to verify the instrument's ability to measure the phenomena under investigation across multiple points in time. It reflects the extent to which individual differences are consistently measured

As shown in Table (2), the values of Cronbach's alpha coefficients for the main study variables and their sub-dimensions ranged between (0.78-0.84), which indicates a high level of reliability

Table 2: Summary of the Research Measurement Scales

Variable	Cronbach's Alpha Coefficient
Financial Management	0.78
Reliability of Accounting Information	0.84

Source: Prepared by the researcher based on the literature and computer-generated outputs.

Second: Statistical Description of the Research Variables and Their Dimensions

Table (3) presents the mean, standard deviation, level of response, and the ranking of items according to their mean values for the research variables: Financial Management (seven items) and Reliability of Accounting Information (seven items). The response scale ranged from (1-3), with a range of (2 = 3 − 1). The range was then divided by the number of categories (3), resulting in (0.66 = 2 ÷ 3). Subsequently, (0.66) was added to the minimum value of the scale (1) or subtracted from the maximum value of the scale (3). Accordingly, the response levels were classified as follows

(1.66-1.00) Low, (1.67-2.33) Moderate, and (2.34-3.00) High

The fifth item, which states that "Effective financial management contributes to enhancing the reliability of accounting reports," ranked first within the independent variable, with a mean score of (3.00). This reflects complete agreement among the research sample regarding its availability. In contrast, the fourth item, "Accountants and auditors are trained and qualified in financial management," recorded the lowest mean value of (1.95), indicating a moderate level of availability according to respondents' perceptions, with a standard deviation of (0.934), reflecting consistency in responses regarding this item.

At the variable level, the Reliability of Accounting Information variable ranked second in terms of the mean value, which reached (2.70), with a standard deviation of (0.666) and a high level of response. Regarding its items, the seventh item, "The quality and reliability of accounting information affect the effectiveness of financial management," achieved the highest mean value within this variable, with a mean of (3.00), indicating complete agreement among respondents on its availability. Conversely, the fifth item, "Accountants and auditors are trained on the latest developments in the field of accounting," recorded the lowest mean value of (1.95), reflecting a moderate level of availability. The standard deviation for this item was (0.934), indicating agreement and consistency among respondents regarding its presence in the application environment.

Overall, the above results reflect the research sample's awareness and perception of the availability of financial management practices within the study context.

Table 3: Descriptive Statistics of Financial Management and Reliability of Accounting Information

Variable / Dimension	Mean	Standard Deviation	Response Level
Financial Management	2.72	0.219	High
Appropriate financial decisions are made based on reliable financial information in the Finance Department and the Internal Control and Audit Department	2.65	0.693	High
The performance of financial management is periodically evaluated by the directorate's senior management	2.71	0.612	High
The directorate follows written policies and procedures for financial operations	2.89	0.420	High
Accountants and auditors are trained and qualified in financial management	1.95	0.934	Moderate
Effective financial management contributes to enhancing the reliability of accounting reports	3.00	0.000	High
The application of sound financial management principles and objectives has a positive impact on the accuracy of accounting information	2.99	0.141	High
Financial management helps accountants and auditors reduce accounting and auditing errors	2.85	0.456	High
Reliability of Accounting Information	2.70	0.666	High
The Finance Department and the Internal Control and Audit Department rely on an integrated accounting system	2.67	0.688	High
The Finance Department prepares financial statements in accordance with the approved accounting standards	2.71	0.645	High
The accounting information contained in the financial statements is reliable and complete	2.70	0.300	High
All relevant accounting information is disclosed in the financial statements	2.38	0.861	High
Accountants and auditors are trained on the latest developments in the field of accounting	1.95	0.934	Moderate
The availability of accurate accounting information helps improve the level of transparency and disclosure	2.89	0.305	High
The quality and reliability of accounting information affect the effectiveness of financial management	3.00	0.000	High

Source: Prepared by the researcher based on computer-generated outputs

The results presented in Table (3) indicate an overall high level for the study variables, reflecting a relatively supportive organizational environment for the implementation of financial management practices and the enhancement of the reliability of accounting information. The proximity of the mean values, along with the relatively low standard deviations for most items, indicates a high degree of homogeneity in the responses of the study sample, which enhances the credibility of the obtained results.

The findings further show that the items related to the impact of financial management on the quality and accuracy of accounting information ranked among the highest, reflecting respondents' awareness of the importance of integration between the financial function and the accounting system in supporting managerial decision-making. In contrast, items related to training and qualification recorded relatively lower levels, suggesting the existence of a gap that could be addressed through the adoption of more effective training programs to keep pace with professional developments.

Accordingly, these results confirm the existence of an integrative relationship between financial management and the reliability of accounting information, thereby supporting the theoretical framework of the study and paving the way for testing the causal and correlational relationships among the study variables in subsequent chapters.

Third: Hypothesis Testing

This step represents the final stage of the practical aspect of the study and aims to test the research hypotheses. Through this step, the researcher examines the level of correlation between the research variables on the one hand, and on the other hand tests the explanatory power and effect of the independent variable on the dependent variable, as follows:

Table 4: Correlation Values and Levels

No.	Correlation Coefficient Value	Level of Correlation
1	Less than 0.10	Low correlation
2	0.10 to 0.30	Moderate correlation
3	Greater than 0.30	Strong correlation

Source: Prepared by the researcher based on the literature.

This classification is adopted in interpreting the results of the correlation coefficients to be obtained later, as it contributes to objectively determining the strength and direction of the relationship between the study variables. It also provides a clear reference framework for assessing the magnitude of the statistical relationship between the independent and dependent variables, thereby assisting in the acceptance or rejection of the research hypotheses based on rigorous scientific criteria. This procedure enhances the precision of the statistical analysis and ensures consistency in interpreting the results with those reported in the relevant literature.

Analysis of the Relationship between Financial Management and the Reliability of Accounting Information

Financial management is one of the fundamental elements that affect the quality and reliability of accounting information in organizations. Table (5) illustrates the extent of the relationship between financial management and the reliability of accounting information, and determines whether this relationship is statistically significant.

Table 5: Significance level of the correlation coefficients (0.01).

Correlations		
		Financial Management
Reliability of Accounting Information	Pearson Correlation	.677**
	Sig. (2-tailed)	.000
	N	49
** Correlation is significant at the 0.01 level (2-tailed).		

Source: Prepared by the researcher based on computer-generated outputs.

Table (5) illustrates a strong positive correlation between financial management and the reliability of accounting information, with a Pearson correlation coefficient of 0.677. This indicates that improvements in financial management are associated with an increase in the reliability of accounting information. Moreover, the significance level (Sig. = 0.000) is less than 0.01, suggesting that the relationship is highly statistically significant and that this result can be relied upon with a 99% confidence level. Therefore, the findings confirm that financial management has a positive and substantial impact on the reliability of accounting information.

Table 6: Testing the Second Main Hypothesis

ANOVA [a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.191	1	2.191	11.465	.000[b]
	Residual	13.217	48	.124		
	Total	15.408	49			
a. Dependent Variable: Reliability of Accounting Information						
b. Predictors: (Constant), Financial Management						

The second main hypothesis states that financial management has a statistically significant effect on the reliability of accounting information. To test this hypothesis, Analysis of Variance (ANOVA) was employed, as shown in Table 6, to determine the significance of the effect model.
Table 6

ANOVA Analysis of the Effect of Financial Management

The table 6 presents the results of the Analysis of Variance (ANOVA) for the regression model used to test the effect of financial management on the reliability of accounting information. The calculated F-value reached 11.465, which is statistically significant at the 0.01 significance level, as the Sig. value (0.000) is lower than the adopted level. This indicates that the regression model as a whole is highly statistically significant, implying the existence of a significant effect of financial management on the reliability of accounting information. Accordingly, the hypothesis stating that financial management has a statistically significant effect on the reliability of accounting information can be accepted with a confidence level of 99.

Second: Coefficient of Determination (R^2)

The coefficient of determination (R^2) is considered one of the important statistical indicators used to measure the ability of the independent variable to explain the variations occurring in the dependent variable. Within this context, this analysis aims to clarify the extent to which financial management contributes to explaining the changes in the reliability of accounting information.

Table 7: Calculated Coefficient of Determination (R^2) (n = 49)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677[a]	.462	.133	.35311
a. Predictors: (Constant), financial management				

Source: Prepared by the researcher based on SPSS software, version 26.

Table 7 shows that the value of the coefficient of determination (R^2) reached 0.462, indicating that the financial management variable explains 46% of the variations occurring in the reliability of accounting information. Meanwhile, the remaining 54% is attributed to the influence of other variables not included in the statistical model used in the study. This result reflects a moderate to good explanatory power of the model, thereby reinforcing the importance of financial management as one of the influential factors affecting the reliability of accounting information.

Third: Marginal Slope Coefficient (β)

The marginal slope coefficient (Beta) is considered one of the important statistical indicators used to measure the strength and direction of the effect of the independent variable on the dependent variable. In this context, this analysis aims to clarify the magnitude of the effect of financial management on the reliability of accounting information.

Table 8: Regression Coefficients (B and β) for the Effect of Financial Management on the Reliability of Accounting Information (n = 49)

Coefficients [a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.730	.387		7.045	.000
	Indep	.543	.106	.677	5.122	.000
a. Dependent Variable: Reliability of Accounting Information						

Source: Prepared by the researcher based on SPSS software, version 26.

Table (8) shows that the value of the standardized marginal slope coefficient (β) reached 0.677, which is a positive value reflecting a strong positive effect of financial management on the reliability of accounting information. This indicates that a one standard deviation increases in financial management leads to an increase of approximately 68% of one standard deviation in the reliability of accounting information. In addition, the calculated T-value (5.122) and the statistical significance level (Sig. = 0.000) confirm that this effect is highly statistically significant at the 0.01 significance level. Accordingly, the hypothesis stating that financial management has a statistically significant effect on the reliability of accounting information is accepted.

Conclusions and Recommendation

First: Conclusion

In light of the analysis of the questionnaire data and the statistical results obtained by the study, the following conclusions can be drawn

1. The results of the statistical analysis revealed a positive and statistically significant correlation between financial management and the reliability of accounting information, indicating that the efficiency of financial management directly contributes to enhancing the reliability of accounting information.
2. The findings of the regression model confirmed the existence of a statistically significant effect of financial management on the reliability of accounting information at a high significance level. This reflects the pivotal role of financial management in improving the quality, accuracy, and relevance of accounting information for decision-making purposes.
3. The study demonstrated that financial management represents one of the main factors influencing the reliability of accounting information; however, a portion of the variations is attributable to other organizational, administrative, and technological variables not included in the model. This indicates the multiplicity of factors affecting accounting information reliability.
4. The results further confirm that adopting sound financial practices supported by effective internal control systems contributes to reducing accounting errors and deviations and enhances confidence in the financial information issued by organizations.

Second: Recommendations

Based on the conclusions reached by the study, the following recommendations are proposed

1. There is a need to strengthen and develop internal control systems in the commercial banks included in the study sample through the implementation of effective and integrated control mechanisms, ensuring the accuracy and completeness of financial data and enhancing their reliability.
2. Greater attention should be given to developing financial risk management practices by adopting specialized scientific methodologies and approaches to address potential financial challenges, thereby reducing the likelihood of accounting errors and improving the quality of financial reporting.
3. Efforts should be made to enhance the efficiency of employees in financial and accounting departments through continuous training programs focusing on modern accounting standards and best financial practices.
4. Advanced electronic accounting systems should be adopted, and the technological infrastructure of financial institutions should be updated, given their role in reducing human errors and improving the speed and accuracy of preparing accounting information.
5. Institutional managements should be encouraged to enhance coordination between financial management and other organizational units to ensure the provision of integrated and reliable accounting information that supports the decision-making process.

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