

Financial globalization and its impact on the efficiency of accounting work: a case study

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Abstract

In the last decade in particular, the accounting system has moved towards computerization at an accelerating rate, however, it has retained the sequence of steps and procedures, and with the advantages that computerization has achieved for the accounting information system, but it has led to weakness in some citizens that we will mention later, which required an increase in control procedures. The researcher concludes as the correlation coefficient was 0.561 at the significance level less than 0.05, and the coefficient of determination was 0.315, meaning that the value of the test $F = 64.300$ indicates the acceptance of the research hypothesis and therefore there is a strong impact of financial globalization on accounting

Keywords: financial globalization, accounting, accounting work.

Introduction

Accounting systems used to be confined to handling and processing historical accounting data for the creation of financial statements, but this limiting approach evolved in response to the changing demands of economic unit management. The large size of the establishments, their geographical dispersion, and the separation of ownership from management, in addition to determining the results of operations, financial position, and the project's relationship with others, added new functions to the accounting system, in addition to determining the results of operations, financial position, and the project's relationship with others.

However, in the last decade in particular, the accounting system has moved towards computerization at an accelerating pace, yet it has kept the sequence of steps and procedures, and with the advantages achieved by computerization of the accounting information system, but it has led to weakness in some citizens that we will mention later, which required an increase in control procedures.

The Iraqi environment is part of the large international environment, and what is happening in the great environment of developments and events in the various fields of life and its affairs is reflected in one way or another on the Iraqi environment,

and in addition to the extension of the dimensions of accountability in Iraq internationally, its roots have deep historical dimensions in the foot, but Iraq is the first and most important roots Historic.

Because accounting and its information are bridges between peoples and countries, and communication through these bridges is necessary and useful to transfer experience, development and information, and to benefit from them in this aspect or that of life, Iraq was, is, and will continue to extend these bridges between it and the international environments.

The first topic: research methodology

Research problem:

The developing countries, including Iraq, face the challenges of globalization, which take several forms, including economic, political, cultural, union and other globalization, among which is the globalization of accounting and accounting standards, and the repercussions of these on the national environment.

- **The importance of the research:**

The importance of the research is reflected in the fact that it tries to highlight the impact of globalization on accounting standards and thus a reflection of the globalization of accounting standards on the national environment, as it is a first attempt at the level of Iraq in this direction in addition to the lack of writings on this aspect at the level of the Arab world and at the level of developing countries.

- **Research objectives:**

The research aims to demonstrate the concept and importance of globalization as

well as its reflection on the financial sector and the concept of financial globalization and accounting and its importance and its relationship to the environment and the impact of globalization on financial accounting.

- **Research hypothesis:**

The research is based on the following hypothesis: The foundations, concepts, and functions of accounting have a statistically significant link with the needs of financial globalization.

Previous Studies:

There have been numerous presentations on globalization and accounting, the most notable of which was that given by Al-Qashy and Al-Abadi in 2009, which examined the extent to which financial services companies have the appropriate mechanisms in their accounting information system that qualify them to become global and internationally recognized corporations. Sumritsakun 2011 sought to illustrate the influence of the efficacy of accounting information systems on the usage of accounting information by examining the trust in information and timeliness as intermediate factors. Many conclusions were reached by the study community, which included a number of observers and auditors. Among the most significant were that the quality of accounting applications improves the utilization of accounting information by increasing confidence in the information and its timing, and that information technology as an intermediary variable supports the relationship between the quality of accounting applications and the efficiency of internal control, as well as the benefits of strategic planning and confidence in the financial statements. Alsharayri (Alsharayri 2012) According to the researchers, the study's goal was to

identify and assess the effectiveness of accounting information systems used in private hospitals in Jordan. In order to meet the study's aims, a questionnaire was created and circulated to a number of hospitals around the country. A number of findings were reached by this study, the most significant of which was the inadequacy of accounting information systems used in Jordanian private hospitals to a certain extent, as well as the inadequacy of training provided to hospital staff on the accounting information systems used, whereas Hamdan's study 2014, I reached a number of conclusions, one of which is that the development of accounting systems has had a statistically significant impact on the financial performance of hotels. Also discovered was that the advancement of accounting systems contributes to the advancement of the level of administrative performance in the organization, aids in the process of development and change in the organization's business, and assists in providing employees with new skills at work in order to improve performance. Additionally, it aids in the facilitation of the strategic decision-making process in the organization and the improvement of the efficacy of administrative work that takes place in the organization.

The second topic: the theoretical side

The concept of globalization:

It is an openness to the world and a flowing movement in terms of culture, economics, politics, and technology. Today's manager must deal with a world in which the influence of geographical and political borders is fading, as capital moves without restrictions and people move without borders, as well as information flowing unhindered. Barriers that are occasionally

overflowing from the ability to absorb managers are a common occurrence. The World Bank, the International Monetary Fund, and specialized agencies of the United Nations are examples of globally influential organizations that have influenced global markets and cultures. Globalization has many concepts, and the latter differed according to the different academic, political, economic, social, and other parties that dealt with this phenomenon, and each according to his or her reference and understanding of it. Globalization has many concepts, and the latter differed according to the different academic, political, economic, social, and other parties that dealt with this phenomenon, and each according to his or her reference and understanding of it. As a result, establishing a correct idea for this phenomena that is widely accepted by the general public is very challenging, given the phenomenon's recent existence and the fact that it changes with the changing conditions that occur in this time period. (Ammar, 2000: 22)

Globalization is derived from "Globalisation" from the word "Glob" meaning the globe, which means the globe. It is derived from the verb kawkab, which means collecting stones and placing them on each other in a specific shape. And one of the researchers saw that globalization refers to its essence and the truth of its matter to the Americanization of the world (globalization = Americanization), that is, the attempt of the United States of America to reshape the world according to its interests. Globalization is a long-term victory for America.

Others called globalization the term constellation, which refers to the geographical dimension of the phenomenon, as it is not an ideological thought, or a new political doctrine, as much as it is a large phenomenon that arose over many decades under the capitalist system, and it has multiple faces and patterns that make it now constantly expanding and following new supported approaches and methods. Rapidly the development of the two technological and information revolutions to produce a new system that is dominant in its values and methods over all the prevailing values, methods and methods, which it considers as an obstacle to its path.

And that the term globalization can combine a description of the phenomenon and identify some of its principles, as it expresses the breadth and depth of international flows in the field of trade, money and information in an integrated global market, as well as the liberalization of national and global markets based on the belief that free flows of trade, money and information will have a positive return. Globalization has always been an inevitable issue, and it takes on many aspects, including: (Ammar, 2000: 23)

- Free flow of products, services, and ideas across nations, as well as their rapid interchange without obstacles or borders.
- Due to the flow of information, the globe has become a global village, with all of its residents in a state of instant knowledge and awareness of what is going on around them.
- The creation of new mechanisms independent of the state, mechanisms that fulfill activities that were formerly exclusive

to states but are now far removed from them as a result of globalization.

- The rise of multinational businesses as a superpowerful global force seeking hegemony and having no loyalty or allegiance to any one country.

The objectives of globalization: There is a set of vital objectives of globalization that can be described as follows: (Al-Hudayri, 2000: 32)

- Access to an open global market free of customs, administrative impediments, physical limits, or ethnic, sexual, moral, or emotional segregation, rather than the creation of a worldwide market that includes everyone.
- Reaching the world to make it one unit, integrated and agglomerated, both in terms of common and collective interests and benefits.
- Reaching a form of global homogeneity, whether by reducing differences in standards of living or in the minimum requirements of life or in human rights.
- Developing the trend towards creating a single idiomatic language that will gradually turn into a single language for the world to be used and exchanged, whether through communication between humans, or between electronic computers, or between data exchange centers and information synthesis and industry

Characteristics of globalization:

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Globalization is characterized by a set of characteristics, most notably the following: (Abdul Hassan, 2002: 2)

- The More than thirty thousand multinational corporations have been penetrated to (500) big companies in the globe, and their filing is comparable to around (41 percent) of global gross domestic results, and (424) of these companies have filed for bankruptcy. The Group of Seven main industrialized nations owns it: the United States, Japan, Canada, France, England, Germany, and Italy.
- The emergence of unipolarity, which is one of the most important features of globalization, which is represented in the American hegemony over the world, political, military and economic dominance, and possession of means of communication and advanced technology.
- The decline in the role of the state and its inability to confront the multinational companies that have replaced the state in some developed countries.

Financial globalization: Financial globalization is known as the term financial investment, and it is a phenomenon linked to growth and capitalist development and the steady accumulation of capital, and it also means an increase in the mobility or freedom of movement of capital without restrictions between countries or at the global level, and it has become an important indicator of the globalization of the

economy. Financial globalization is based on the process of financial transfer of capital account items “one of the main components of the balance of payments”, and this process, in turn, depends on eliminating the risk to transactions in the capital account and financial policies of the balance of payments, and these transactions consist of various forms of capital Money such as debt, portfolio stocks, direct investment, real estate and personal wealth. Financial globalization is represented in a set of transactions: (Hassan, 2002: 203)

- Transactions related to Stocks and bonds are examples of investments in global markets.
- Transactions related to commercial and financial credit and guarantees..
- Transactions related to banks, such as deposits, borrowing and foreign deposits.
- Transactions related to personal capital movements such as loans and grants.
- Transactions related to foreign investment and profit transfers.

The concept of accounting:

The emergence of accounting and development as a result of various economic and legal factors that resulted in the emergence of the need for accountant services, which is to provide financial statements to multiple denominations, and financial accounting was defined as the accounting that is concerned with recording project operations, extracting business results, preparing financial statements, setting rules of control and control over Project properties and from the stud: (Al-Shirazi, 1990: 120)

- Accounting is the product of economic, legal, and social circumstances, and it has evolved as the demand for accounting data to serve many denominations has grown.

- Accounting is a tool, not an end in itself, and it has evolved through time. It's a transition from serving the government to serving the community. It's worth emphasizing that none of these phases are alternatives, and none of them replace the ones that came before them; rather, they are seen to be complimentary to one another and lead to an increase in the accountant's responsibilities. He must offer the relevant data and templates for each sect at the proper time. It is one of the sects that you need.

- As economic and social situations changed, so did accounting, resulting in the establishment of several branches ranging from financial accounting to administrative accounting and its different branches to social accounting, each of which serves a specific set of people who need accounting data.

The relationship of globalization with accounting science: Because the sales process that takes place through the company's website is closely and directly linked to the automated accounting system, all accounting and auditing bodies and associations interested in accounting pay close attention to globalization. It has become imperative for accountants and auditors to become familiar with this new development. Globalization has resulted in significant changes in the science of global commerce and the mechanism of commercial operations, necessitating the

awareness of these changes and their impact on the accountant's and auditor's professions, the work they do, and the legal environment in which they operate.

It's worth noting that globalization and the Internet may contribute to the qualitative qualities of information in a big manner by giving the feature of relevance, specifically the sub-property of timeliness. It is believed that the accounting system, and the very important information it provides to stakeholders in general, and decision-makers in particular, becomes useless in the absence of confidence in that information, and since the e-commerce system linked to the Internet is directly linked to the automated accounting system, the outputs of the accounting system in the event of a defect or penetration of the accounting system through the Internet, the outputs of the accounting system in the event of a defect or penetration of the accounting system through the Internet, the outputs of the accounting (Abdel Moneim, 2002: 33)

From the foregoing, we can say that if we want the accounting system information to be very reliable, two important things must be achieved: First: finding a specific mechanism to protect the accounting system from intrusions via the Internet, and second: finding a specific mechanism that confirms the integrity of the globalization mechanism and websites Browse the company on the Internet.

Three main things can be achieved that help the automated accounting system to reach the closest degree of idealism in achieving the qualitative characteristics of the

information and in the following sequence: (Juma and Khalil, 2002: 12)

- Security, which is a proposal for certain technological measures that prevent others from penetrating the automated accounting system through the company's website on the Internet.
- Assurance, which is about the mechanisms and procedures that must be followed to ensure obtaining good quality information. The AICPA has defined it on its website and in line with the audit profession as follows: the decision. "

Reliability, which is concerned with the processes to be followed in order to make information trustworthy to stakeholders in general and decision makers in particular, and to persuade them of its effectiveness.

Many international accounting bodies, as well as some prestigious universities, have taken an interest in the subject of e-commerce, and have made the mechanism of controlling the accounting operations carried out by it a core of the science of accounting and auditing. On top of these bodies, the AICPA, which approved five audit principles for globalization sites for companies in a joint project with CICA.

The IIA was likewise interested in the topic, to the point that it published the Information Technology Audit Journal and began training its members, accountants and auditors, in the methods of auditing computerized accounting systems that deal with globalization. (Khadash and Siam, 2002: 90)

The impact of globalization on both accounting and auditing: It became clear that the audit of information technology had the effects that globalization had on both the accounting profession and the audit profession, as this modern technology has brought about and changes in each of the following elements: (Juma and Khalil, 2002: 22)

- The practice, techniques, skills and information of the accountant and auditor
- The necessary information that must be surrounded by each of the accountant and auditor.
- The quality of services provided by the accountant and auditor.

The important point, worth mentioning, is that the internal control system has been fundamentally affected by the presence of globalization, as the traditional control measures have become useless, and technological control measures have become necessary to keep pace with the technological changes accompanying e-commerce.

And the process of confirming the internal control system in light of globalization has become one of the biggest, and even the most difficult, challenges facing both the accountant and the auditor.

As it is known that both the auditing and accounting professions operate within a specific business environment, an important and urgent question arises here, what is the role of each of the accountants and auditors in the event that the business environment has completely changed?

Changes brought about by globalization in the business environment:

Globalization has brought about fundamental changes in the corporate environment in which both the accountant and the auditor operate has changed, and these changes may be stated as follows: (Hassan, 2002: 54)

- **Organization Structure,** globalization has radically changed the structure of the company, and made it completely technological in nature. It is known that the company's operations were carried out traditionally in the past, and the time factor was not as urgent as it is now. The purchasing process takes place in moments, and to keep pace with the high speed, the company's structure must contain the mechanisms that enable it to follow up, verify and implement the process, which makes matters more difficult. The complexities of the operations that take place through the Internet, especially in light of the terrible penetrations that can be carried out by Internet hackers.
- **Location of the Business,** this point is one of the most important and most dangerous changes that have occurred in the light of globalization. Previously, with the traditional system, business used to trade in specific places and markets, and in the event of any error or problem encountered, it was easy to take note of and remedy it. Now, by technology Highly, anyone from anywhere can complete the bulk of the deal with a quick click on the computer keyboard, and in many cases the process of tracking the process and the person is almost impossible, especially if you do not discover the problem or manipulation at the moment the process ends, and one of the things that companies suffer from Dealing with globalization breakthroughs that are not discovered until it is too late.
- **Distribution Channels.** In the past, the distribution channels for the company's product (selling it) were clearly defined and uncomplicated, enabling the company to determine the source of the process and deal with it accordingly. However, in light of globalization and its multiplicity of types, distribution channels have become numerous, intertwined and complex, and in the event of any error occurring, a great deal of time may elapse before it is possible to identify the distribution channel in which the error occurred.
- One of the most significant factors is the relationship with partners and customers. The interaction with partners and consumers used to be a direct relationship, but today it is a digital technology relationship,

and the human contact is almost non-existent in most situations, thus the transaction has taken on a more fictional form. Although it is a fact, it has the potential to be twisted in unforeseen ways (Abdulaziz, 2004: 33)

- Revenue Recognition, this may be one of the most troublesome problems for the accountant, and the researchers believe that the accounting theory did not take into account the mechanism of revenue recognition under these high technological conditions. In the past, revenue recognition was done according to specific conditions, so revenue was achieved can often be ascertained, and the point of sale was an anchor that could not be avoided except in rare circumstances, but today, with the lack of security and the prospect of outsiders infiltrating the organization, the process of income generation is questionable.
- Payment Processes. In light of globalization, a new payment mechanism has emerged that did not exist previously, which is payment via the Internet. (Hassan, 2002: 55)
- In order for both the accountant and the auditor to keep pace with

the fundamental changes in the new business environment in light of globalization, it became necessary for them to be familiar with the necessary information and techniques accompanying this huge technological progress, and in order for them to be able to evaluate and control all globalization transactions, it became necessary for them to be familiar with the modern concepts interconnected with it, which can be Summarized as follows: (Najjar, 2002: 11) Digital/Electronic Signatures, Data Exchange Protocols, Secure Electronic Transactions, Electronic Licensing, Smart Cards, Electronic Cash and Point of Sale.

Some believe that one of the most important changes brought about by globalization is the emergence of a new type of economy that has been called (the symbolic economy) next to the real economy and the service economy.

The third topic: the applied study

The following analysis shows the opinions of the study sample about the requirements of financial globalization and its relationship to making changes to the foundations, concepts and functions of accounting and my agencies:

Table (1) shows the results of the study

Question	Mean	Stand. Dev.
Access to a free and open worldwide market without the imposition of customs or administrative hurdles, or the imposition of physical constraints, or the imposition of ethnic, sexual, moral, or emotional barriers, but rather the formation of a global market that is available to everyone.	2.35	.250
Making the globe one unit, integrated and agglomerated both in terms of common and communal interests and advantages, by reaching it all at the same time.	2.56	.669
The achievement of global homogeneity, whether via the reduction of variations in living conditions, the bare necessities of existence, or in human rights, is a long-term goal.	2.25	.556
Developing the trend towards creating a single idiomatic language that will gradually turn into a single language for the world to be used and exchanged, whether through communication between humans, or between electronic computers, or between data exchange centers and information synthesis and industry	2.33	.678
Globalization contributes to the development of the techniques and skills of the accountant and auditor	4.87	.486
Globalization helps to obtain the necessary information that must be surrounded by both the accountant and the auditor.	2.56	.669
The level of service given by the accountants and auditors is important.	2.83	.513
Globalization contributes to the development of the practice and information of the accountant and auditor	2.67	.810
Globalization has radically changed the structure of the company, and made it completely technological	4.88	.471
In light of globalization, a new payment mechanism has emerged that did not exist previously, which is payment via the Internet	4.98	.139

After resorting to following the weighted arithmetic mean in order to compare it with the hypothetical mean and arrive at an accurate determination of the direction of the paragraph, whether by agreement or not, then resorting to using the factorial analysis method, which helps to reach the results of the relationship between a large number of

variables representing the questions that were Directing it in the questionnaire form in terms of the basic variables represented by the hypothesis of the study, in order to find out whether the variables represented by the questions are related to the hypothesis.

Table (2) Hypothesis Test

	R	R ²	F	Sig.
H	0.561	0.315	64.300	0.000

The above table shows the impact of financial globalization, as the correlation

coefficient was 0.561 at the significance level less than 0.05, and the coefficient of

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determination was 0.315, meaning that the value of the test $F = 64.300$ indicates the acceptance of the research hypothesis and therefore there is a strong impact of financial globalization on accounting

Conclusion:

Following from this, the researcher concludes that financial globalization plays a significant role in the degree to which underdeveloped countries are subordinated to developed countries through external indebtedness, as these debts have become financial instruments traded by banks and international financial institutions, and globalization allows speculators to achieve quick and large profits through speculation by changing recognition processes. As a result of these factors, financial accounting is a science that both influences and is influenced by changes in the environment.

As a result, the researcher recommends that education and training systems at all levels of the accounting and auditing professions be restructured in a way that makes knowledge of information technology and e-commerce technologies one of the prerequisites for granting scientific and practical certificates and practicing the profession, as well as reconsidering accounting theory and updating its concepts in accordance with the globalization environment represented by the e-commerce environment.

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