

## FINANCIAL MANAGEMENT SYSTEM'S EFFECTS ON GLOBAL ECONOMIC DEVELOPMENT PATTERNS

Ammar Neamah Awada  
Al-Nahrain University, Collage of Information Engineering, Baghdad, Iraq  
Ammar69a@yahoo.com

Anas Mahmood Ibrahim  
Al-Nahrain University, Collage of Information Engineering, Baghdad, Iraq  
anasmahmood.1981@gmail.com

ABSTRACT	KEYWORDS
<p>The study examines the effects of key global economic growth trends, such as globalization, financialization, fractionalization, intellectualization, and socializing, on the financial system as a management object. The main outcomes of this influence include the emergence of qualitatively new financial services, products, and instruments; modifications to the mechanisms and volumes of the delivery of financial services under conditions of increased financial risks, increased instability, and cyclical development of financial markets; and threats of global financial crises. Due to the imbalance of cash flows, the financial system's separability from other economic sectors, and the need to reorient financial flows for sustainable development and the pursuit of new standards for investment and financial efficiency activities of economic subjects in the "nature-production-society" system, it is difficult to bring the financial system into equilibrium. management into a true engine of the introduction of fresh concepts and innovations, and the effectiveness of reproductive processes.</p> <p>The change in the conceptual underpinnings of the development of a new paradigm of financial management in the twenty-first century led to a conclusion. The main principles of the formation of the financial management system in the changing economy include the dominance of the value paradigm as the basis of value-oriented financial management, the priority of adaptive financial management of changes by cycle phases, recognition as the primary criterion for the effectiveness of maximizing operating cash flows, increasing the role</p>	<p>financial system, financial management, global megatrends, value-oriented financial management.</p>

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of financial managers in resolving agency conflicts, and transformation of information, among others.	
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## Introduction

Reality of the concept. A radical theoretical rethinking of conventional scientific paradigms of economic processes as well as the theoretical and methodological substantiation of the modern content of financial management of domestic business in accordance with threats and challenges are urgently required in light of the profound transformations that have been dynamically taking place in the global environment since the beginning of the 21st century. The question of scientifically rethinking the most recent processes and phenomena in the system of the established conceptual apparatus with the aim of developing a modern concept of financial management, adequate to the dynamics of contemporary changes in the financial markets is raised in the context of financial globalization and increased market turbulence.

The effectiveness of the financial system's influence on the socioeconomic development of society is largely dependent on the perfection of financial management methods and their compliance with contemporary needs, as evidenced by the experience of many countries, including both developed market economies and transformational ones. The validation of the conceptual underpinnings of the contemporary financial management system, as they relate to dynamic changes, uncertainty, and instability of the new geo-economic space, assumes significant significance in the context of the aforementioned (1,2) .

First and foremost, just to learn more about the modern financial management system's evolutionary development and the influences that contributed to it. However, we also think that given the conditions of the new millennium's dynamic socio-economic transformations, as well as the intensification of crisis phenomena and upheavals, it is time to review and broaden the interpretation of the conceptual essence of paradigmatic shifts in the financial management system under the influence of global megatrends. This is because, in our opinion, doing so will enable a more in-depth understanding of the phenomenon at hand.

There are gaps in the justification of managerial financial decisions from the perspective of taking into account the influence of contemporary global megatrends of economic development, according to an analysis of publications on the issues of financial management in the field of business at the current stage of economic development. At the same time, when fresh obstacles to the global financial system and genuine dangers from the split of the domestic economy emerge, Without taking into consideration the conditions that led to the emergence of global megatrends, their trajectory, and their effects on the multi-level system of financial relations, it is no longer possible to build a financial management strategy and tactics. Updated scientific research on the justification for significant changes in the financial management paradigm caused by global megatrends is being made in the plane above. As a result, the study's goal is to examine global megatrends in the context of how they affect the financial system as a management target and, using this as a foundation, to support the conceptual underpinnings of financial management while taking into account the profound paradigm shifts brought on by the third millennium's new circumstances (3).the major information being presented. Radical qualitative changes in the characteristics and value foundations of business and social life under the influence of large-scale, long-term processes of world development are the causes of the transformational processes in the era of global changes that humanity is experiencing in the new millennium. These processes are referred

to as megatrends since they are long-term in nature as opposed to short-term local trends, global repercussions and a considerable influence on the development of new paths for a wide variety of economic relationships, including the paradigm of financial management for the new millennium. The book "Megatrends" by American futurist John, which was initially released in 1982, is where the phrase "megatrends" first arose (11). Following that, this phrase became extensively used in economic literature to describe the global macroeconomic development elements that have an impact on all human beings' enterprises, economies, societies, cultures, and personal lives (4).

## Research problem

To reveal the theoretical underpinnings of the paradigmatic changes in the financial management system that occurred as a result of risks and difficulties in the global environment.

## Literature review

Modern socioeconomic megatrends are characterized by a very rapid pace of civilizational advancement, large Modern socio-economic megatrends are characterized by a very rapid pace of civilizational advancement, notable tension and intensity, and major shifts in worldview markers under the mutually determined effect of a number of causes. The primary megatrends that define the current stage of economic development cannot be distinguished or reduced to a single concept in the scientific discourse. Among the several viewpoints on how to evaluate megatrends, we will single out some diametrical ones in order to expand the vision of the investigated problem. Thus, in particular (1) refers to the main megatrends of economic development: 1) globalization; 2) financialization; 3) informatization; 4) intellectualization; 5) socialization. Wikipedia gives a slightly different configuration of the main world megatrends of economic development (8): 1) globalization; 2) accelerating the pace of social development; 3) regionalization; 4) network space; 5) non-state factors; 6) polycentrization; 7) universalization of migration flows; 8) crisis of global leadership (10).

Consider megatrends in historical retrospect, and in this plane, single out the so-called "yesterday of the day" megatrends that were relevant at the end of the 20th century and are still relevant in the 21st (transition from an industrial to an information type of society; development of Internet technologies and electronic commerce; outsourcing, franchising, leasing, etc. popular business models that significantly expanded the sphere influence; demography, urbanization linked to raising living standards and many other things). Despite having various scientific methods, the classifications listed above all take into account the crucial effects of globalization and the informationalization of society on the global economic system as it moves from an industrial to a post-industrial economy, In addition, they correctly emphasize the need to consider the connection between dynamic changes in the structural organization of the economy and the strengthening of the development of the financial sector and the increase in volatility of the movement of financial resources, on which most scientists do not always pay attention [6]. This is done by justifying the aforementioned stage of the genesis of economic systems. In light of this study's issue, the recommended classification of contemporary megatrends in economic growth, is more justified because the financialization megatrend, which is characterized by profound changes in the structure of the contemporary global economy in relation to the hypertrophied dominance of the financial sector, is directly influenced by the financial sector's rapid evolution and growth in importance, which cannot help but have an impact on new vectors of the development of the

financial management system. We described the main global megatrends' contents in Table 1 and noted their management-related impact on the financial system.

Table No (01): The influence of the main megatrends of economic development on the financial system as an object of management

The main megatrends	Essential signs	Influence on the financial system as an object of management
Globalization	Formation of a new geo-economic space controlled by transnational capital	The emergence of qualitatively new services, financial products, and financial instruments as well as the actualization of global coordination of financial policies of various states as a condition for the stability of the global financial system are all examples of how the financial sphere has become more global under the influence of communication and computer technologies.
Financialization	Cardinal shifts in the structure of the modern world economy are associated with the hypertrophied dominance of the financial sector.	Financial risks have increased, financial markets have become more volatile and cyclical, there is a threat of a global financial crisis, and it is challenging to bring the financial system to an equilibrium state because of the imbalance in money flows and the separation of the money supply from real security.
Informatization	Large-scale use of information and computer technologies in all spheres of life, transition to an information society.	Consolidation of space and a reduction in the amount of time needed to perform international financial transactions, "virtualization" of tools used to conduct financial transactions, and a definite rise in the demand for cyber threat defense.
Intellectualization	Radical increase in the role of human capital as a driving force of socio-economic development thanks to the realization of its creative potential.	The success of reproduction processes, the introduction of new ideas, and innovations are all guaranteed by the high quality of management in general and financial management in particular.
Socialization	Subordination of economic processes to the interests of development person and society as a whole.	Updating the search for new metrics for gauging the financial and investment success of economic entities operating in the "nature-production-society" system in light of resource limitations and the need to integrate economic, humanistic, and ecological factors

The evolution of the present financial management system's formation should be taken into account while analyzing the effects of the aforementioned elements on it. Table 2 summarizes the key phases of the development of scientific methods to general management and the impact of well-known scientific schools on the advancement of finance management.

The scientific methodologies included in the table, which are the most advanced in the literature on economics, investigate the management structure as a subject. Simultaneously, new methods for managing complex systems have lately emerged, including optimization, synergistic, transdisciplinary, reflexive, "people-centered," and others. As the analysis demonstrates, changes in the strategic resources required for the development of the economy and the satisfaction of fundamental social needs in the process of the genesis of economic systems heavily influence the evolution of the development of financial management and its complications its tasks in the process of civilizational progress. For example, T. V. Melnyk specifically mentions raw commodities as such strategic resources in the pre-

industrial economy, capital financial in the industrial sector, and knowledge in the post-industrial economy (9). The main management tasks involved the rational formation, distribution, and use of financial resources while taking into account the priorities of a particular historical stage. At the same time, because the need for financial management emerged already in the industrial economy, its evolution happened much faster. Thus, Brigham E. F., an American scientist, points out (3) that the legal aspects of the merger of various companies, the formation of new firms, and the emission of various securities for the purpose were already the main subject of the study of financial management at the beginning of the 20th century in the USA due to the influence of the rapid development of commodity markets and the need to concentrate significant amounts of capital for the real sector of the economy. During the Great Depression of the 20th century, financial markets expanded along with a rise in the economy's volatility.

In the post-crisis era (the 1950s and 1960s of the 20th century), the emphasis of financial management accordingly shifts to the adoption of optimal financial decisions regarding the formation of the capital structure and the justification of rational directions for its placement with the aid of optimization models. This is because the subject of financial management becomes more complicated as a result of the development of the principles of anti-crisis financial management of companies. Since financial management has been evolving over the past century, its subject has expanded, financial processes have improved, and instruments have become more complex (5,7,8).

Table No (02): Systematization of scientific management methodologies and their impact on the creation of the conceptual framework for financial management

The name of the scientific approach	The essence of the approach	Schools of management that followed this approach and their main representatives	Influence on the development of financial management
Traditional approach	Work, people, administration, motivation, and system company management are all examples of management components. The primary focus of the study is labor efficiency at lower management levels.	Classical (traditional) school of management. Representatives: F. Taylor, H. Emerson, H. Ford, S. Thompson, L. Allen, M. Follett, R. Shelton and others.	The groundwork has been laid for improving the effectiveness of employee interaction in the financial services industry and rationalizing company operations.
Functional (process) approach	Goal-setting, planning, organizational work, motivation, and control are all parts of the management process. The fundamental ideas and duties of	Administratively functional school of management. Representatives: A. Fayol, J. Mooney, A. Reilly, H. Koontz, S.	The groundwork for effective financial management has been established.



	management are investigated.	O'Donnell, C. Bernard and others.	
A systematic approach	The company is viewed as a system with input, output, feedback, and influences from outside sources.	Classical (traditional) school of management. Representatives: F. Taylor, H. Emerson, H. Ford, S. Thompson, L. Allen, M. Follett, R. Shelton and others.	The necessary conditions have been established for comprehending financial management as a system of rational financial management.
Situational approach	Depending on the specific situation, management techniques are chosen, taking into account the influence of the most significant situational aspects.	Classical (traditional) school of management. Representatives: F. Taylor, H. Emerson, H. Ford, S. Thompson, L. Allen, M. Follett, R. Shelton and others.	The groundwork has been laid for improving the effectiveness of employee interaction in the financial services industry and rationalizing company operations.

The financial management system has undergone significant changes as a result of the new economic realities that have emerged since the turn of the 21st century, which have led to a need to reconsider its conceptual underpinnings in the context of paradigmatic shifts under the influence of the global megatrends shown in Table 1. Appropriate dynamics of contemporary changes in economic processes are required to establish a current idea of financial management.

The analysis of this problem enables us to draw the conclusion that as the complexity of the international financial markets and the instability of economic processes rise, entirely new objectives emerge and, under the impact of the aforementioned factors, a complex of financial management duties are formed. In addition, the importance of equity capital and long-term sources of funding for economic organizations is particularly expanding as economic crisis occurrences become more prevalent and it becomes harder to maintain financial stability.

However, operating cash flow, which determines objectively the requirement for its synchronization with capital needs in each particular period, is the primary measure of the efficiency of the use of invested capital as opposed to net profit. To support managerial financial decisions, it is advisable to employ operating cash flow and the calculation of all financial coefficients.

#### Conclusion

The five main global megatrends of economic development—globalization, financialization, informationalization, and intellectualization—cause specific changes in the financial system as an object of management, which are significant to take into account when conceptualizing financial management principles in the age of global changes: the emergence of qualitatively new financial services, financial products, and financial instruments; changing the mechanisms and volumes of financial services provision in response to rising financial risks, increased market instability and

cyclical, and threats of a global financial crisis; the inability of the financial system to reach equilibrium due to the imbalance of cash flows and the separation of the money supply from real security; the consolidation of space and reduction of time spent on conducting international financial transactions; the "virtualization" of financial instruments; and the objectively growing need for protection against cyber threats; the need to reorient financial flows to sustainable development and look for new metrics for the effectiveness of investment and financial activities of economic entities in the "natural production-society" system. the transformation of financial management into a real one as the driver of the efficiency of reproduction processes, the introduction of new ideas and innovations.

The primary focus of financial managers of businesses should be on resolving a complex of management tasks that have a new relevant content in light of the impact of the aforementioned megatrends:

- ❖ look for ways to make the most of the limited financial resources available and proper justification of recommendations for investing money in assets that will generate the best return with the least amount of risk.
- ❖ management of the company's strategic liquidity through prudent cash flow budgeting.
- ❖ management of the firm's value through the long-term expansion of its value and the discovery of new prospects for the creation and distribution of financial resources, both of which can contribute to the rise in the total value of capital.
- ❖ adaptive risk management to conditions of economic process development that are volatile, heterogeneous, unpredictable, and non-linear.
- ❖ Based on understanding of the psychology of consumer behavior with regard to financial products and services, behavioral financial management.

The financial manager becomes a key figure and an integrator of the value (cost) of the company in the new dynamic conditions of the development of global financial markets, where the primary strategic resource is no longer financial capital but rather the knowledge and experience of specific managers regarding the use of innovative financial mechanisms, tools, technologies, and business processes.

At the same time, the financial manager becomes a participant in agency conflicts as a result of the existing conflict between his interests as an employee (even though he is a member of the company's top management) and the interests of the owners. As a result, the effectiveness of financial management in the context of value-oriented management directly depends on managers' capacity to avoid conflict and align the interests of all parties involved in financial trading. Additionally, anti-crisis finance management should be incorporated into the business' security system as a crucial instrument for maintaining sustainable development in times of amplified economic volatility.

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