

THE IMPACT OF FINANCIAL MANAGEMENT IN FUTURE SOCIETY DEVELOPMENT

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Abstract

The aim of this research paper is to study how the financial management among society gives impact to their daily life and to future. This research more focuses on the impact of financial management which can give good feedback or bad feedback to people. The background of this research paper is research on the impact and problem in financial management that occurs among society, and also, come out with the ways to solve this problem.

Keywords: financial management, financial institution, society development

INTRODUCTION

Financial management is an essential thing in human daily life and for future. This must be planning well to become more effective and to avoid a problem in this field. Financial management is the process of organizing, planning, directing and controlling the movement of financial such as acquisition and utilization of funds in the organization and company. This all activities are general management principles that apply to the financial resources of the company. In the financial institution, there have the investment activities which are the investment in fixed assets and investment in current assets. These two types of investment are the component of investment decisions which giving goodness and outcome to the firm.

This research paper focuses on the field of the financial institution and the main part is on the impact of financial management to the society. Another thing that includes in this paper is the problem that happened in this field and the last one is the method to overcome that problem. The reason why we choose this topic because this issue that is very important and very close with to society. Issues in financial management also increase every day, so we come out with one research paper to investigate the impact of financial management in society development. The major things that want to investigate in this research are the impact of process management in a financial scope to society. The impact in this inquiry not only focuses on negative impact but also the positive impact. From the impact we know there are many problems that occur in the financial institution. So, we come out with the ways and suggestion how to handle and overcome this problem as soon as possible.

ISSUES

Based on the reading and reviewing of existing literature, we found several issue and limitation about this research. Some of the issues are:

- Society does not know how to planning and manage their financial, this more focus on the individual and family.
- The individual attitude that not planning their movement of money and last can cause the occurring financial problem.
- The Problem in the firm and organization when they do not arrange the strategies or planning in managing their company financial.
- Company attitude that indiscriminate in organization monetary transaction and cause the financial crisis happened.
- The less number of investor which invests in the country and cause national income decrease, further cause national currency value fall.

RESEARCH QUESTIONS

The research question comes out as guidelines in the process of this investigation about financial management.

- Did the financial problems give impact to the society and future?
- In what field or scope financial problem happened?
- Did the number of financial crisis increase by years?
- What the effect caused by financial crisis, negative or positive impact?
- What way should take to resolve the financial problem from happened?

RESEARCH OBJECTIVES

The aim of this research paper is to know the impact of financial management in future society development. In order to achieve this aim, there is some related sub-objective to this paper:

- To identify what the impact of financial management in both scopes, which positive and negative field.
- To know the problem that happened in the financial institution.
- To investigate in what scope that the financial problem occurs.
- To learn what the effective way that wants to apply to solve this problem

LITERATURE REVIEW AND PROPOSED FRAMEWORK

Based on the literature review that we have done, the process use is by the reading and reviewing of existing literature and article to get information about the scope of research. Analysis of it, we found that three section that must be a highlight in this paper.

The first part is an impact of financial management that divided into two which are good impact and bad impact. According to the authors Gulnur Muradoglu and Nigel Harvey write modern economics assumes that people choose between alternatives in a rational manner (von Neumann and Morgenstern, 1944) and that they know the probability distribution of future states of the world (Arrow and DeBreu, 1954). So, we trust that the good planning in the financial management at the future can give positive impact in all aspects. Next, from the authors John M. Anderlik, Richard A. Brown and Kathryn L. Fritzdixon write the survey allows us to identify closely held banks among these community banks. Additionally, it provides information on the overlap of ownership and management, and preparedness for management succession, at these banks. By merging the survey results with Call Report data, we find that closely held banks have not underperformed widely held banks over the past six years. This paper addresses the relative lack of data describing these attributes by introducing new survey data collected from The Federal Deposit Insurance Corporation (FDIC) examiners of community banks. There was a negative impact here because the overlap of ownership and management happened among the community of banks. This can give the impact to the management of financial in that bank institution. The findings show many negative impacts compare than the positive impact on financial management. The method uses to identify the positive and negative impact by reviewing the existing literature. From that article, much information that related to these financial fields gives many benefits and bad effect to the financial institution.

The second part of the research paper is the problem in the financial institution. This problem happened to individual, organization and country. From the article, GUEST EDITORIAL "The impact of the global financial crisis on managing employees by Anthony McDonnell and John Burgess" the aims is to provide a brief overview of the global financial crisis (GFC), highlighting its most frightening dimensions, the policy responses and issues around the management of labor during and post-GFC. The problem is the management of the labor in a firm. Financial crisis problem cause firm reduce labor with action stop worker. This case causing unemployment rate is increasing and causing the effect on a country. From this article, the problem from financial crises impacts to the employees which are labor. From the analysis of previous literature, there are many problems occur in the organization and firms. This hang-up affects the financial management of country because of the financial crisis happened.

Last parts, is the way to solve the problem in a financial institution. All of the society and firms such as individual, organization and country take action together to overcome this problem. By the authors Siti Zaleha Abdul Rasid, Che Ruhana Isa, and Wan Khairuzzaman Wan Ismail said the association between enterprise risk management (ERM) and management accounting systems (MAS) show that implementation of ERM requires the use of sophisticated MAS information. ERM and MAS complement each other as both are integral to decision making, planning, and control in an organization. The finding also substantiates the important role of ERM in enhancing non-financial performance. So, they use MAS to settle the entire problem in financing management in

the organization. This system is very effective and can easily solve the entire problem in financial management and also help the company to achieve their goals. Next way to overcome the problem in financial management that suggested by the author Karima Dhaouadi is by motivations that form the basis of performance differences between firms seminal research has postulated that the source of competitive advantage is external. Motivation inside the firms and between the firms is important things that also helping in the process of overcomes the problem among the company. It is the one step to solve the problem in financial management. From the literature that we read, there are many ways and suggestion from the authors to settle the problem in the financial institution. So, the entire problem can be settled immediately and can maintain the financial management.

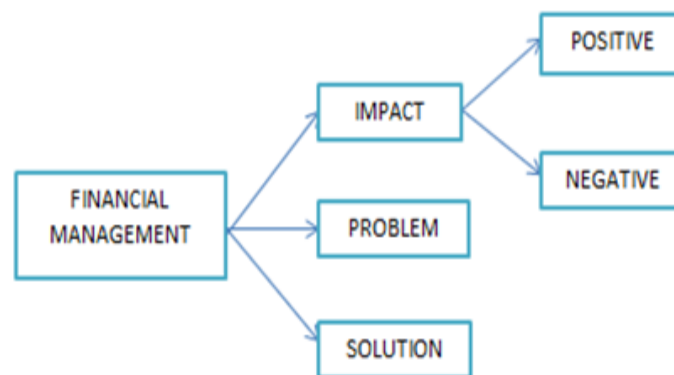


Figure 1. Research Framework.

Figure 1 shows the framework that uses in this research paper. The design is based on the content that arranges in my literature review. According to the figure 1, the research in the field of financial management and to three parts which are the impact, problem and suggestion to overcome the problem. This framework helps us in the arrangement of the body our literature review. The body content of literature review is arranged orderly and can facilitate user to understand the literature review.

First sections are impacts; it's contained two which is good impact and bad impact. Second, the problem and last the suggestion or steps to solve the problem that happened in the financial management. All of these three sections which are section A, section B, and section C, are explain and elaborate detail in the full literature review.

CONCLUSION

In conclusion, we have found that financial management in the best scope to do the research. Many information and data were collected from this research. As we know

financial management is the main part of the life that really important to all of the people in this world. The financial management must be well managed and arrange to become stable time to times. When the financial management faces the problem, the financial crisis can occur. This can give the negative impact to the organization and country.

The result shows many impacts from financial management to the society, organization and country. This can cause the problem will happen and impact the financial institution of the country and the last it will give the huge impact to the national income. So, to avoid this problem become more serious, individual, organization and country must be works together in the process to solve this problem.

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