



CONSIDERING EFFECTIVE FACTORS ON FINANCIAL MANAGEMENT EFFECTIVENESS BY FOCUSING ON ORGANIC INDICES IN ORGANIZATION

Sahar SORKHVANDI¹, Anahita FARAJI^{2*}

¹ Department of Business Management, Kermanshah Branch, Islamic Azad University, Kermanshah, Iran,
² Department of Educational Sciences, Kermanshah Branch, Islamic Azad University, Kermanshah, Iran.

*** Corresponding Author**

Email: anahitafaraji@iauksh.ac.ir

ABSTRACT

Focusing on maximizing value as an indisputable element has emerged in this century and effective leaders are the most basic and the most extinct resources of each organization. The present study aims at evaluating effective factors on financial management effectiveness by focusing on organic indices in organization in Iranian Knowledge-Based Companies. Prior studies have considered the effect of effective factors in financial management effectiveness sporadically. In this study, while evaluating the Integrated Planning, Budgeting and Monitoring System (IPBMS) principles, and managers' characteristics, mediating role of managers' empowerment in effectiveness of these factors and effectiveness of financial management have been evaluated comprehensively that have innovation in this regard. This study has been conducted in a sample of 148 Knowledge-Based Companies in Iran. The applied research method in this study has been a descriptive method and from correlation-structural equation modeling. Findings of the research indicate that IPBMS and management authorization terms have a positive and significant relationship on effectiveness of financial management and managers' empowerment which the findings of the research indicate IPBMS and managers' characteristics have positive and significant effect on managers' empowerment and financial management effectiveness, the mediator variable has a positive and significant effect on these factors and on financial management effectiveness. According to official statement on not implementing management effectiveness and expressing management challenges based on custodians in this field, better results in the field of management effectiveness of these companies are expected after implementing the applied indices in this study.

Keywords: Management Effectiveness, IPBMS, Managers' Characteristics, Managers' Empowerment.

INTRODUCTION

The orientations of today's development have made challenges for companies such as changing the nature of management work, eliminating control and inspection, reducing organizational dependency and adapting employees with technological changes (Hassani, 2007). Today, by entering to discussions like acquiring sustainable competitive advantage and effective management of human resource, the necessity of redefining in mental structures and organizational orientations in dealing with management roles are signified clearly. More precisely, tangible and nontangible, qualitative and quantitative, being material and spiritual of dimensions of each act and effect should be focused and tried to indicate the overall indices as much as possible. According to Bnys, if organizations are regarded as adaptive, dynamic and organic structures, in this case, mistakes related to effective evaluation happen not only based

on inaccurate measurement, but also based on policies which the organization settles down the problems by adopting them (Bnys, 1996).

The main concerns of managers in organizations is increasing manpower productivity especially in middle managers which the effectiveness of this important matter is in decreasing prices, improving the quality of work, and finally satisfying contacts and in the meantime, financial management in the most significant factor in forming this important matter. Brigham and Houston state that they have all organizational decisions financial consequences (Brigham and Houston, 2012) and according to Patricia Leon, to maintain financial survival, we need resource capacity against demand and in order to maintain the process we need a continuous performance, plan and direct control. Empowerment literature has also seen so many changes. According to Grove, empowerment includes delegation of legislative power, delegation of adopting, missioning, and empowering (Grove, 1971), but Zimmermann (1990), points to the ease with which the definition is based and believes when providing an empowerment definition is difficult that we want to define it based on different people (Zimmerman, 1990) until finally Lee (2001) perceives empowerment as a ground to increase dialogues, critical thinking and act in small groups, and points that allowing activities to move beyond sharing, dividing and refining experiences, thought, observation and conversations are the main components of empowerment (Lee, 2001) and according to Carter (2001), empowerment processes are applied through the development of capabilities and competencies of individuals due to the organization purposes (Carter, 2001). The most important step in employees' empowerment process is providing an environment which makes an opportunity to people's application with the extent of authority, power, and internal motivation in employees.

In relation to the applied variables in the present study, rarely, comprehensive studies have claimed this vital matter in organizations, especially in Iran which has been based on an immediate skip in changing traditional budgeting system. In fact, this study has been to consider the mediating role of managers' empowerment in relation to budgeting principles and monitoring system and managers' characteristics with financial management effectiveness and explain the financial management effectiveness as a main pillar in new conceptual framework and analyze its status in Iran's organizations. It is expected that the results of successful implementation of this management effectiveness in products and services as a more comprehensive budgeting plan appear which adapt the needs with the purposes so much better and develop dynamic and effective evaluation and supervision.

Editing research hypotheses and conceptual model

A management which is a Management by Objectives (MBO), responsiveness, transparency, independence of action and solidarity, provides an appropriate infrastructure to develop and implement much more management effectiveness directly and/or helps through budgeting and monitoring system in organizational and individual level.

Although limited and scattered findings have been provided about the existence of relationship between provided components and financial management effectiveness, but it should be noted that each of the applied indices cause facilitating the success of management effectiveness and the mentioned indicators have influences by forming the patterns and frequency of communication among organization members and signifying decision making place (Schermerhorn, 2008; Marshal Rosenberg & Marie Miyashiro, 2015). These principles lead the key aspects of organization, routes, priorities and purposes towards effective and



appropriate usage of resources and claim presenting a comprehensive method to face to a more principled encounters with the complexity of today's world (Schermerhorn, 2008).

In this regard, responsiveness index to legitimate organizational activities and advancing supreme goals is an essential matter (Gohari et al, 2012) and one of the most important factors in editing new financial system and changing accounting method from cash to commitment (Hajian & Nejad, 2011; SeydJavadin et al, 2008; Babajani, 2009; HassasYeganeh & Barzegar, 2013) and transparency index as complementary, and the required response has the firm information environment multidimensional characteristics which is not measurable directly. Prior studies indicated that one of the most important factors which cause the attractiveness of the company, is transparency (Bushman et al, 2001; Francis, et al, 2004; Madhani, P. 2009; Barth et al, 2010; Lang, M., M. Maffett, 2011, etc). People are always sensitive about how to spend and manage resources and emphasize the need on transparency in financial performance in order to response their answers (Babajani, 2007). Responsibility for accountability in both financial and operational fields is considerable (Molanaei, 2010). Recent research of E Lui et al (2011) indicates that the functional budgeting act which includes detailed instructions about development, reporting (organizational transparency) and applying performance data, lead to a more powerful usage from performance budgeting systems in the states. Transparency as an appropriate feature of financial reports has been mentioned (Bushman et al, 2004) and economic facts depict business unit as a way to be perceivable for financial reports of users (Barth and Schipper, 2008).

Findings indicate that financial management effectiveness requires for indices of planning, budgeting, control and evaluation (Brigham & Houston, 2012). Madanchian research results indicate that effective leaders have particular characteristics and different leadership style which show a significant relationship with organizational results (Mandanchian, 2017) and Stromgren et al indicate that different leadership qualities are very significant with regard to special conditions (Stromgren et al, 2017). Razmjou knows the organization effectiveness as a main subject in organizational theories and counts it as one of the organizational evaluation metrics of organizational performance (Razmjou, 2017). The success of implementing financial management effectiveness depends on so many factors and it is expected that when IPBMS promotes formalism, less concentration and more integration (coherence) in purposeful management framework along with responsiveness, transparency, independence of action and solidarity, social interaction among organization members is more appropriate (Vilgax, 2015; Lang & M. Maffet, 2011). According to the aforementioned cases, the following hypotheses can be considered for this paper:

H₁: Budgeting principle and system monitoring have a positive impact on management empowerment.

H₂: Budgeting principle and monitoring system have a positive impact on financial management effectiveness.

Findings of prior research indicate that official experiences and documentation and in-service training management which has been applied as managers' characteristics in this study, have a positive relationship with empowerment management and management effectiveness, such that running the mentioned indices is more appropriate empowerment and conditions to conduct management effectiveness are more suitable (Ifante, 2011, GhasemKheili et al, 2016; Danaei&Abedi, 2010). In this regard, scattered research has been conducted in Iran, for



example, in explaining the relationship between in-service training and effective factors on manpower productivity, research findings indicate that there is a positive and significant relationship between in-service training and manpower productivity and its components (GhasemKheili et al, 2016). Learning in the organization has a direct and significant impact on the organizational performance as well (Bazvand & Bajoulond, 2016). Also, exploiting a management event from the emergence step of idea and the reasons for its emergence, considering different aspects of the problem, environmental and organizational facts, decisions and considering the effects of its conduction, not only needs a registration as a historical event, but the correct analysis of all its dimensions can pave the way for future managers. Therefore, documentation of manager's learning is a secure strategy to transform individual and social experiences to others (Namdarian, 2016). If the organization managers do not write the experiences, learning and experimental and empirical reserves, this matter causes wasting knowledge capital of that organization. On the other hand, according to knowledge nature and intellectual capital which are hidden in these people's mind, by exiting these people from the organization (because of retirement, transfer, adjustment) this knowledge exits from the organization practically. So among the categories that have already created some concerns for the organizations, is the subject of moving and exiting managers from the organizations and losing their knowledge and experience. According to Ghedin & Becker (2004), data, experiences and knowledge documentation are useful means to detect the current status (Ghedin& Becker, 2004; quoted from Islamiyan, 2008). As Dalkir and Liebowitz know tacit knowledge management is as a process of adopting organization members and making accessible it for people who perceive it as the most crucial part of the acquisition process of managers' knowledge (Dalkir and Liebowitz, 2011). It should be acknowledged that the acquisition process of knowledge from managers has many challenges (Adeli, 1990). It should be noted that an effective technique for the organizational management experiences documentation must be able to convert the knowledge of implicit knowledge to knowledge to the best of its ability. So the experiences documentation is a tool which enables the organizations to immune from repeating the past mistakes and moves with a more speed towards the organizational purposes and thus achieves the sustainable competitive advantage. Findings from the past research indicate that requirements for the application of effective management and educational experiences have a positive relationship with management empowerments (Erturk, 2010; Koberg, 1999). Regarding to the aforementioned cases, the following hypotheses can be considered in this study:

H₃: Managers' characteristics have a positive relationship with empowering management.

H₄: Managers' characteristics have a positive relationship with the effectiveness of financial management.

Universal competition and changing need creative and innovative employees which cause increasingly heightening the focus to empowerment, this matter has caused the organizations increase their performance through employees' empowerment (Wiersma, 2002). Neher (1997) points that empowerment will change the management styles and it needs questioning work typical methods, risk taking and experiencing, focusing on team activities, and increasing the scope of employees' authority. Robert Kevin and Grenchen Spritzer have recognized two different approaches for empowerment by the field study in the middle managers of leading companies in 1997: "mechanical approach" and "organic approach"



which based on the mechanical approach, empowerment means delegation of power and authority from upward to downward with clear boundaries and limitations and accurate responsiveness which increase management control (French and Bell, 1990), and organic approach is a downward to upward point of view which decreases control. Organizational management can be a necessary foundation to empower the organization to enhance more effectiveness. Abbaspour and Badri propose that organizations make different methods and apply psychological empowerment along with improving the human resource productivity and finally increasing the organizational productivity (Abbaspour and Badri, 2015). SeyedJavadin et al recognized 20 effective factors on empowering, these factors were as follows: information, authority, work team, leadership style, training, organizational affiliation, experiencing, clarifying purposes and strategies, cooperation, decentralization, resource accessibility, responsibility, encouragement, job enrichment, guidance and support, job meaningfulness, self-confidence, role ambiguity, and care for employees. The mentioned paper has recognized five factors as the most effective factors on employees' empowerment on service jobs especially banks which are as follows: "paying attention to individual improvement and job design," "paying attention to human resource problems and work teams," "paying attention to leadership styles," "officialism and transparency," and "paying attention to the environment and decentralization" (SeyedJavadin et al, 2008). Ifianto Amaliba has considered the effective factors on managers' empowerment by focusing on a framework which was called Integrated Clarity (IC) and was presented by Miyashiro and Rosenberg (Miyashiro and Rosenberg, 2007) which the results of the study indicate that these indices help an organization in exploring and discussing about its basic needs to sustain in a way which take advantages of the entire system and its individuals in all dimensions (Ifanti and Amalia, 2011). Thomas and Lethouse has discussed in 1990 which the concept of empowerment is very complicated and cannot be explained in a single-dimension structure like self-internship. They have defined empowerment as a "Task Intrinsic Motivation" process of Brief and Aldrig by borrowing the term of "Work Intrinsic Motivation" (Abdollahi and Nave Ibrahim, 2006). Intrinsic motivation points to positive experiences which the individuals have acquired directly from their tasks and includes synergic conditions which provides them motivation and satisfaction in a direct relationship with that task (Conger & Congo). Recent resources have reminded psychological empowerment as a personal control feeling from understanding the job (Shapira&Tsemach, 2014; Ertuk, 2010). Psychological and perceptual dimensions have been addressed in organic empowerment and according to the theorists of this field; this point of view rests on employees' attitudes and reflects their psychological status (Ergenel, Saglam&Metin, 2007). Robins et al indicate that in the presented empowerment pattern, environment provides opportunities, so that empowered environment, opportunities and non-empowered environments, bring limitations for employees. This feeling should be created in employees whom they are supported to be able to provide some opportunities effectively; independence is also a significant factor in creating trust among managers and members, so that it is the basis for further effectiveness in the organization (Robins et al, 2002). Therefore, empowerment has emerged as a savior factor and known tool in management and has become the most significant today's discussions which can ensure organizational success (Karakas, 2010). Thus the following hypothesis can be considered:



H5: managers' empowerment in relation to IPBMS and acquiring post terms with financial management effectiveness has a mediating role (Figure 1).

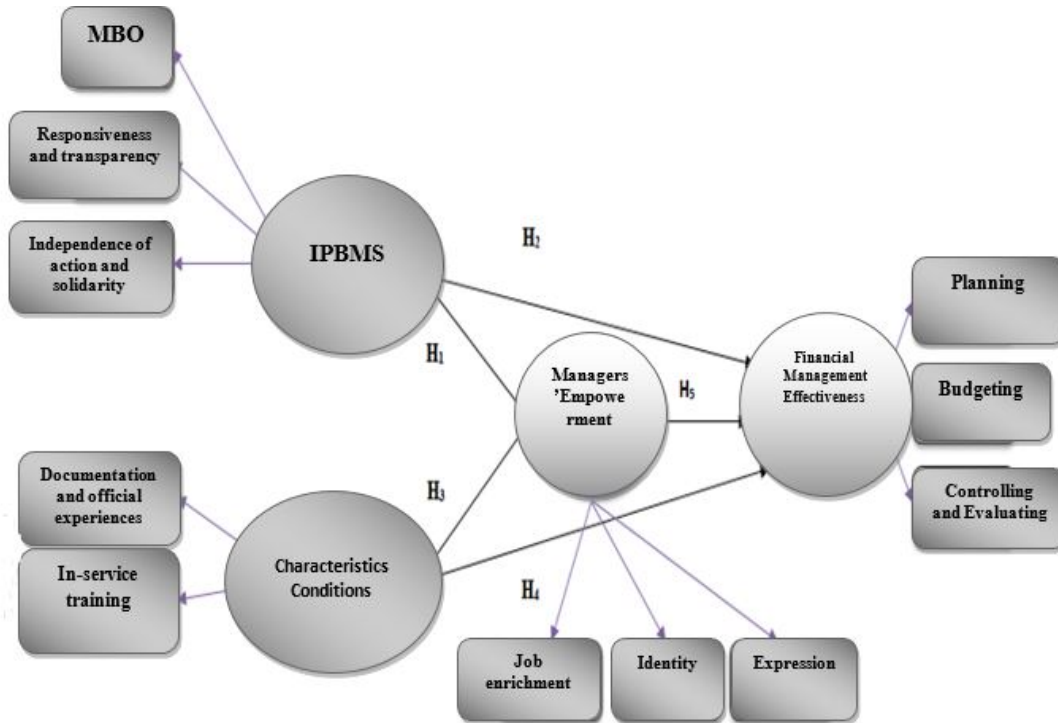


Figure 1: Conceptual model of the study

Research method

Undoubtedly, a great part of literature advances in each field originates from improving measurement techniques; in the field of organic indices and also economic effects related to that such as other fields, there is an urgent need for more appropriate criteria. The present study attempted to exploit a multi-dimensional criterion based on studying the comprehensive literature and different aspects. Since the present study aims at determining the causal relations among the variables of budgeting principles and monitoring system, acquiring post terms, managers' empowerment and financial management effectiveness. Therefore, the research is a practical research due to the purpose and regarding how to collect data is descriptive and is from correlation kind and is based on Structural Equation Model. Various methods have been provided to evaluate the relationships among variables in recent decades. One of these methods is Structural Equation Model or multivariate analysis of latent variables. Being acceptable the theoretical models in particular populations can be tested by this approach and since most existing variables in management studies especially organization behavior is latent, the necessity of applying these models is increasingly more and more which the aim of presenting this multi-dimensional model in the present study, is our understanding of Financial Information System and focusing on availability of specific information of each company by outer-organization stakeholders.

A questionnaire was designed to evaluate the validity of the proposed model in Iran's information environment to adopt the opinion of academic certified experts and professional experts which have the following features:

- Faculty members and Ph. D students,
- Audit managers and the board members of companies.
- Managers and analysts of investment companies, brokerages, and investment funds.

Although a certain theory has not been applied for developing the model, but in order to evaluate the potential dimensions in Iran's information environment, literatures have been considered separately and were reviewed in confirmation of experts several times and were selected based on Iran's environmental conditions and conceptual routing. It is reminded that some sub-criteria were selected in order to evaluate information from the applied based on Iran's environmental conditions and conceptual routing procedure. For example, in relation with the latent variable, transparency from CIFAR, S&P index, and OECD were evaluated.

IPBMS and post terms in the analytical model of the study are exogenous variable and managers' empowerment and financial management effectiveness are endogenous variables. On the other hand, IPBMS and post terms can be considered as independent variables, managers' empowerment as a mediator variable, and financial management effectiveness as a dependent variable. The main tool of collecting data has considered a questionnaire which on this basis for the evaluated variables is nine questions for IPBMS dimensions (four questions for Management By Objective (MBO), three questions for responsiveness and transparency and two questions for independence of action and transparency), five questions for post terms (three questions for official experiences and documentation and two questions for training financial management), seven questions for managers' empowerment (three questions for job enrichment, two questions for identity and two questions for expression), and ten questions for financial management effectiveness (three questions for planning, four questions for budgeting and three questions for controlling and evaluating) with a five Likert spectra. A prior sample constituting thirty questionnaires was pretested to evaluate the reliability, then by using the obtained data from the questionnaire, the amount of confidence was calculated by Cronbach Alpha Method that for the variables' indices was estimated as follows: 75 percent for IPBMS, 71/6 percent for post terms, 70 percent for managers' empowerment and 75/7 percent for financial management effectiveness respectively. These figures indicate that the questionnaire has enough reliability and validity. Factorial validity is a kind of the structure validity which obtains through factorial validity (Sarmad et al, 2002). In fact, applying the factorial analysis in the branches in which questionnaires and tests are applied and the variables are from our latent variable is necessary (Klien, 2001). By using first-order exploratory factor analysis in the present study, the elementary factors of these variables were exploited that their results is ready in tables 1 and 2 (first-order exploratory factor analysis and rotated factor matrix of exogenous variable of budgeting principle and monitoring system).



Table 1: first-order exploratory factor analysis

The Research Variables	KMO Numbers	Bartlett Test Numbers	The Numbers of Factors and the Degree of Expressing Variances		
			The Names of the Factors	The amount of the Special Value	Variance Percent
IPMS	0.712	0.000	Management By Objectives	3.08	34.23
			Responsiveness	1.53	16.98
			Dependency of Actions and Correlation	1.37	15.30
Post Terms	0.708	0.000	Official experiences	2.38	47.77

			Management Training	1.26	25.26
Managers' Empowerment	0.716	0.000	Job Enrichment	2.56	36.55
			Identity	1.20	17.24
			Feeling of Competence	1.04	14.86
			Planning	3.40	34.07
Financial Management Effectiveness	0.757	0.000	Budgeting	1.45	14.49
			Controlling and Evaluating	0.091	10.97

Table 2: Rotated factor matrix of exogenous variable of the organizational structure

The Research Variables	KMO Numbers	Bartlett Test Numbers	The Numbers of Factors and the Degree of Expressing Variances		
			The Names of the Factors	The amount of the Special Value	Variance Percent
IPMS	0.712	0.000	Management By Objectives	3.08	34.23
			Responsiveness	1.53	16.98
			Dependency of Actions and Correlation	1.37	15.30
Post Terms	0.708	0.000	Official experiences	2.38	47.77
			Management Training	1.26	25.26
Managers' Empowerment	0.716	0.000	Job Enrichment	2.56	36.55
			Identity	1.20	17.24
			Feeling of Competence	1.04	14.86
Financial Management Effectiveness	0.757	0.000	Planning	3.40	34.07
			Budgeting	1.45	14.49
			Controlling and Evaluating	0.091	10.97

According to the variables of the research, the statistical population in the present study is the active Knowledge-Based Companies in Iran. Stratified random sampling has been applied because of being certain the sampling framework and difference among a group of specified characteristics (the kind of companies' activities). By applying Cochran method, the studied sample volume has been estimated around 148 companies.

FINDINGS

The findings of the present study have been acquired through considering the measurement models of exogenous variables (IPBMS and post terms) and endogenous variables (financial management effectiveness and managers' empowerment) by first and second-order exploratory factor analysis approach and in LISREL Software and considering the research structural model that will be provided in details.

Measurement Models of the Variables of the Study

Before entering to the pre-test stage of hypotheses and the conceptual models of the paper, it is necessary to acquire the accuracy of the measurement models of the exogenous variables (IPBMS and post terms), and endogenous variables (financial management effectiveness and managers' empowerment). Therefore, the measurement models of these two kinds are provided in the following figure. This action has done by the first and second order confirmatory factorial analysis. Confirmatory factorial analysis is one of the oldest statistical methods which is applied between the latent variables (the obtained factors) and the observed variables (questions) and indicates the measurement model. The second order confirmation factorial analysis results of the endogenous and exogenous variables indicated that the measurement models are appropriate and all of these models numbers and parameters are

significant. Also the results of the first order measurement models show positive and significant correlation relationships among each of the dimensions of the variables (table 3).

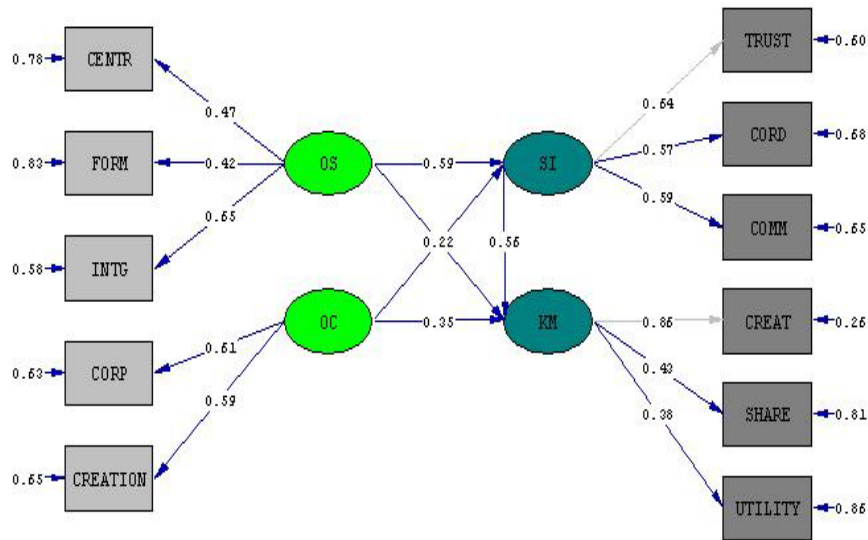
Table 3: the summary of the measurement models of the study

Variable	Index	Factor Loading	Questions	Factor Loading	T Value Statistic	R ₂ Value
IPBMS	Management By Objectives	0.62	OS1	0.81	6.89	0.65
			OS2	0.61	9.63	0.37
			OS3	0.77	11.68	0.59
			OS4	0.58	9.19	0.33
	Responsiveness	0.58	OS5	0.91	2.39	0.82
			OS6	0.42	5.06	0.18
			OS7	0.49	5.39	0.24
	Independence of Action and Solidarity	0.64	OS8	0.59	9.93	0.35
			OS9	0.82	9.21	0.68
Post Terms	Official Experiences	0.70	OC1	0.80	6.04	0.65
			OC2	0.87	11.44	0.75
	Training Management	0.94	OC3	0.42	11.22	0.18
			OC4	0.81	5.71	0.66
			OC5	0.52	5.46	0.27
Management Empowerment	Job Enrichment	0.82	SI1	0.72	7.45	0.52
			SI2	0.48	6.83	0.23
			SI3	0.75	8.86	0.56
	Identity	0.61	SI4	0.41	10.57	0.16
			SI5	0.59	3.92	0.35
	Feeling of Competency	0.79	SI6	0.76	4.30	0.58
			SI7	0.56	5.83	0.32
Financial Management Effectiveness	Planning	0.61	KM1	0.89	8.89	0.80
			KM2	0.67	13.36	0.45
			KM3	0.48	8.38	0.23
	Budgeting	0.70	KM4	0.67	10.35	0.45
			KM5	0.44	6.99	0.19
			KM6	0.84	12.77	0.70
			KM7	0.78	12.33	0.61
	Controlling and Evaluating	0.62	KM8	0.90	2.67	0.81
			KM9	0.42	6.40	0.18
			KM10	0.45	6.86	0.21

After doing confirmatory factorial analysis in this section by conducting structural analyses, we will test the hypotheses of the study. Equation Modeling has been applied to test the research hypotheses. The structural model of this structural LISREL has been indicated by using the research statistical software in standard mode in the following figure.

The software output indicates the appropriateness of the fitted structural model (the ratio of X^2 to df is less than three; so X^2 is an appropriate and small amount, the amount $GFI=0/91$, $AGFI=0/88$, $RMSEA=0/065$ indicates the appropriateness of the fit of structural modeling). In other words, the observed data are consistent with the conceptual model of the study to a great extent (Chart 1).





Chi-Square=67.24, df=41, p-value=0.00087, RMSEA=0.065

Chart 1: the structural modeling of the study in the standard estimation mode

The standard coefficients of the research model along with the t-test of each way have been summarized in the table 4.

Table 4: the summary of the research structural model results

Relationships	Path Coefficient		T Value	R ₂
	Direct Effect	Indirect Effect		
IPMS- Managers' Empowerment	0.59	~	5.76	0.42
Post Terms- Managers' Empowerment	0.40	~	2.80	0.42
IPBMS- Financial Management Effectiveness	0.30	0.295	1.99	0.75
Post Terms- Financial Management Effectiveness	0.47	0.20	4.28	0.75
Management Empowerment- Financial Management Effectiveness	0.50	~	4.62	0.75

As it can be seen, the model is in an appropriate mode due to the fit indices. The following results have obtained about the relationships of model components and have been compared with other research results of researchers which have applied the given indices separately:

- **Hypothesis one:** IPBMS has a positive, direct and significant effect on managers' empowerment which equals 0.59.
- **Hypothesis two:** IPBMS has a positive, direct and significant effect on financial management effectiveness which equals 0.30.
- **Hypothesis three:** Post terms have a positive and significant effect on managers' empowerment which equals 0.40.
- **Hypothesis four:** Post terms have a positive and significant effect on financial management effectiveness which equals 0.47.

- **Hypothesis five:** managers' empowerment has a positive and significant effect on financial management effectiveness which is 0.50.

Therefore, hypothesis five meaning the mediator role of managers' empowerment in relation to budgeting principles and monitoring system and post terms with financial management effectiveness is confirmed. By confirming the mediator role of managers' empowerment, budgeting principles and monitoring system have an indirect, positive and significant effect which equals 0.295 and post terms have also an indirect and significant effect on financial management effectiveness which are 0.20.

CONCLUSIONS

The findings of the study indicates that in the studied population level, IPBMS (in three dimensions of Management By Objectives (MBO), responsiveness and transparency and independence of the action and solidarity) has both directly and indirectly a positive and significant effect on financial management effectiveness, while comparing this case with the findings of the prior research, we can state that the findings of the study have confirmed the results of prior research. Post terms (in two dimensions of official experiences, documentation and financial management training) have both directly and indirectly a positive and significant effect on financial management effectiveness. These results are consistent with the findings of prior research and approve them. The findings of the study based on the Structural Equation Modeling indicate that the mediator role of managers' empowerment in relation to IPBMS and post terms with financial management effectiveness has been approved.

Based on the prior research, the more the structures focus on the organizational objectives, advance responsiveness and transparency, and support the independence of action and correlation, the more influence on financial management effectiveness; therefore, it can be concluded that in this study, the IPBMS role on financial management effectiveness is positive and significant, but its indirect effect on financial management effectiveness is considerable as well. The results indicate that managers' empowerment as the mediator variable has a facilitating role in influencing IPBMS on financial management effectiveness. On this basis, if we know IPBMS with management characteristics based on objectives, responsiveness and transparency and independence of action and correlation as the ideal for implementing financial management effectiveness, it can be concluded that empowerment which is established among the organic organization mangers, increases plans' effectiveness, budgeting, controlling and evaluating and improves the influence of IPBMS on financial management effectiveness. Thus managers' empowerment through giving identity, job enrichment, and competence feeling, and having a suitable expression increase human interactions in an organization. If post terms be in a way that encourages official experiences, documentation, and effective training of managers, will have a more influence on financial management effectiveness. Based on the research findings, it can be concluded that when the effect of the post terms will be more on financial management effectiveness or the managers' empowerment in the organization is without any obstacles or on the other hand, the post terms in organizations which the job enrichment in an organization is in an appropriate manner, giving identity is high and there is a competence feeling and an expression consistent with conditions has more facilitating on implementing the financial management effectiveness. Therefore, regarding to the research findings and the above stated discussions it can be



concluded that managers' empowerment as a mediator variable plays a facilitating role in the effect of budgeting principles and monitoring system and post terms on financial management effectiveness.

Recommendations

The staggering speed of changes in today's world means that traditional methods of the past of management cannot be appropriate for today's changes. The new economic status at the moment has created a need of a different approach to management problem and solving management problems and challenges in organizations and industry by applying a new and comprehensive concept. Today, managers' effectiveness in changing the organizations includes the secret of the business world. Management empowerment as a powerful leverage and the main development stimuli is a matter which has been always emphasized by experts and performers. Financial management in companies has a pivotal role which influences budgeting and financing in financial markets and evaluating the projects. Investments in human dimensions of the organization can increase individual abilities and organizational capabilities. Therefore, the necessity of human view to different parts of the organizations is undeniable which its importance increased over time and by creating ever-increasing environmental changes. Based on this, the following recommendations are presented:

1. Governmental managers are always following clear and accurate information about the organizations financial performance, so that, while more efficient management and improving the indices they can have a better responsiveness in the financial field compared to the organization performance. It is worth mentioning that due to the country's specific environmental conditions and lacking some media which perform in the way of companies' transparency reporting, the current transparency status is extremely inappropriate from the experts' point of views and the various purposed dimensions must be considered in order to provide the stakeholders information needs, while is the necessities of the financial new system, transparency and responsiveness which this status requires deep economical, sociological, political science and even anthropology science studies to formulate the needed indices of this important case in the model. It is recommended that through encouraging the departments by reward and offering detailed reports about the market share of the company, the physical amount of manufactured and sold products, the specifications of the applied assets and disclosing performance indices in companies, accessing information such as assets evaluation procedures, fixed asset depreciation report, the ownership structure of affiliated companies, disclosing a list of exchange with affiliated individuals, disclosing general knowledge of the company, providing information about major shareholders, the number of held meetings of the board, following up the decisions of the background board meetings, each type of risk related to the company, company's plans to deal with it, and the amount of supplying the company's resource from the place of debt created a field of realizing flexible and dynamic structures to more effectiveness of managers.
2. Independence of action and at the same time solidarity to managers and employees give more exchange and relationships. Therefore, is it recommended that in implementing standardization of affairs through flexible methods, procedures and job instructions, they design a more flexible structure at the same time emphasizing what is necessary for continuation of the organizational life such as delegation of powers, invisible



control, creating unofficial relationships in the organization, creating an organizational context for developing the partnership of human and organizational partnership.

3. Implicit knowledge has individual characteristics and places in the comprehensive knowledge of the mind and the human body. In order to create an atmosphere which is based on the organizational experiences by concentrating on managers' training and in order to avoid wasting this important resource it is recommended that the organizational managers support the individuals' experiences, encourage them to provide new opinions, and cooperate in updated trainings and in order to obtain this important goal, approaches to the system of proposals, solving problem groups, crises committees, and quality rings can be used to receive and operate what is the organization's objective.

Management by Objectives causes employees to have relationships for improving what the managers are looking for and in this way, the possibility of more responsiveness and solidarity in performance for more effectiveness of financial management regarding is provided to receive the feedbacks of these contexts. For this reason, creating competence feeling in managers, giving identity and more enrichment of the related works (creating teams and facilitating the relationships to receive the organizational necessities, and specialized groups), acquiring the expression principles in different situations, being aware of the company's objectives, drawing a leading perspective by concentrating on the business kind and creating a mental perspective from the trend of industry changes of various parts activities along with the organizational objectives are recommended.



References

- Abbaspour, Abbas; Badri, Morteza; (2015). The Relationship Between Psychological Empowerment and Effective Factors on Human Resource Efficiency, Scientific-Research Journal of Management Studies (Improvement and Transformation), Year 24, Number 79, p.p. 73-100. [in Persian]
- Adeli, H. (1990). Knowledge Engineering: Applications. McGraw-Hill, Inc.
- Asadi, Farideh, 2015, The Impact of Financial Management Strategic Management on Financial Progress of the Organization, International Conference on Management and Humanities, UAE-Dubai, Institute of Managers of Ideas of the Capita. https://www.civilica.com/Paper-ICMHCONF01-ICMHCONF01_476.html. [in Persian]
- Azar, Adel, Zareie, Mohammad and Tahari, Mohammad Hosein (2012). Prioritizing the Effective Factors on Human Resource Efficiency in Tile Industry with a Multi-Dimensional Decision-Making Hybrid Approach and Data Envelopment Analysis, Industrial Management Perspective, Year 2, Number 9-255. [in Persian]
- Babajani J. Necessitates the use of accrual accounting in the public sector and the public sector for use in Iran. Noor Peik 2007; 5 (4): 4-26 [In Persian].
- Barth, M. E., and K. Schipper. (2008). Financial Reporting Transparency. Journal of Accounting, Auditing, and Finance 23, 173-190.

- Barth, M. E., Y. Konchitchki & W. R. Landsman. (2010). Cost of Capital and Earnings Transparency. Working paper, SSRN. com.
- Bazvand, Maryam, Bajolvand, Mohsen, (2016); In a Research Titled as Considering the Relationship Between Organizational Learning and Organizational Performance in Bayer Aflak Pharmaceutical Co of Azna, The First National Conference of Management Science and Economy in Islamic Banking, 8, Hamedan. [in Persian]
- Brigham, E and Houston, J (2012). Fundamentals of Financial Management: 12th Edition. Philippines: MG Reprographics, Inc.
- Bushman, R and Piotroski, J and Smith, A (2004). What determines corporate transparency? Journal of accounting Research. Vol. 42 No. 2 May 2004: 207-252.
- Bushman, R and Piotroski, J and Smith, A (2004). What determines corporate transparency? Journal of accounting Research. Vol. 42 No. 2 May 2004: 207-252.
- Bushman, R and Smith, A (2001). Financial accounting information and corporate governance. Journal of accounting and economics 32. No 1- 3: 237-333.
- Dalkir, K., & Liebowitz, J. (2011). Knowledge management in theory and practice. MIT press.
- Ergenli. Aziz, Saglam. Guler and Metin.Seli. (2007). Psychological empowerment and its relationship to trust in immediate managers”, Journal of Business Research, V.60, PP 41- 49.
- Francis, J., R. LaFond, P. Olsson, and K. Schipper (2004). Costs of Equity and Earnings Attributes. The Accounting Review 79, 967-1010.
- Gered E, Karimi E. Cash accounting to accrual accounting method change effects on the financial performance and operations of medical sciences. Knowledge Audit 2007; 11 (4): 6-21 [In Persian]
- Ghasem, Kheili, Mohammad Bakhshi, Ahmadi Baladehi, Seyed Mehdi; Ghorbani Kotnaei, Majid; Babaei Kafshgar, Maedeh; (2016); Explain the Relationship between In-Service Training of Employees and Effective Factors on Human Resource Efficiency (Case Study of Mazandaran University of Applied Sciences). [in Persian]
- Gholi pour, Rahmatollah, (2015), The Challenge of Productivity in Government, Journal of Governmental Management, Faculty of Management, Tehran University, Volume 7, Number 3, 595 - p. 618. [in Persian]
- Gohari, Mahmoud Rea; Tabibi, Seyed Jamal- al-Din; Nasiri pour, Amir Ashkan, Mahboubi, Mohammad; (2012). Study of Seven Responsiveness Dimensions in Educational Hospitals: A National Study, Faculty of Para medicine Journal, Tehran University of Medical Sciences (Payavard-e-Salamat) Volume 6, Issue 4, October-November, 264-255. [in Persian]



- Hajian B, Bahman - nejad H. Implementation of accrual accounting practices in Golestan University of Medical Sciences. *Modern Financial System Health* 2011; 7: 33-5 [In Persian]
- Hersey, Paul & Blanchard, K. H. (1996), *Management of organizational behavior: utilizing Human Resources*, 3rd ed, Englewood Cliffs, NJ. 77458: prenticeHall.Uppersaddleriver.
- http://en.wikipedia.org/wiki/Financial_management
- <http://onlinemanagers.ir/EMag/ContentDetails.aspx?cid=880>
- Islamian, Maryam (2008), *Designing and Formulating a Documentation Pattern of Managers' Experiences of ShahidBeheshtiUniversit*, M.A. Thesis, Tehran: ShahidBeheshti University. [in Persian]
- Karakas, F. (2010) "reflecting on zero and zero – centered spirituality in organization", *competitiveness review: an international business journal*, vol.18, no.4, pp.367-377.
- Klein P. *The Guidance of Simple Factor Analysis*. Translation: Sadr-al-Sadat S. J., Minaei, A. Tehran: Samt Press, 2001. [in Persian]
- Lang, M., M. Maffett. (2011). Transparency and liquidity uncertainty in crisis periods. *Journal of Accounting and Economics* 52 (2011) 101–125.
- Madanchian, M & (2017), *Leadership Effectiveness Measurement and Its Effect on Organization Outcome*, ScienceDirect, *Procedia Engineering* 181 (2017) 1043 – 1048.
- Madhani, P. (2009). *Role of Disclosure and Transparency in Financial Reporting*. *The accounting world*, 2009, pp 63-66.
- MollaniaJolodar H, Hassasleghaneh I Poorzamani Z. *Promoting transparency and accountability in reporting the usefulness of accrual accounting in the public sector in Iran*. Thesis for Masters' Degree in Accounting, Islamic Azad University; 2010 [In Persian]
- Namdariyan, Leila; (2016), *Providing a Pattern to Documentation of the Organizational Management Experiences by a Knowledge Management Procedure*, the First National and Universal Conference of Management and Economy, Feb 19. [in Persian]
- Nikaein, Soghra; Ta'abodi, Meimanat; Vares, Mahdi, (2014), *The Relationship Between Managers' Triple Skills on Different Levels of Management with Human Performance Evaluation*, *Scientific-Research Journal of a New Approach in Educational Management*, Year 7, Number 2, Summer 2016, Successive 26. [in Persian]
- Razmjou, Mojtaba; (2017). *Considering the Relative Share of Employees Self-Esteem in Explaining the Effects of Organizational Effectiveness and Their Prioritization*, *Journal of Management and Accounting Studies*, Volume 3, Number 1155, p. 147. [in Persian]



Sarmad, Zohreh, Bazargan, Abbas, Hejazi, Elaheh. *Research Methods in Behavioral Sciences*. Tehran: Agah Press; 2002. [in Persian]

Schermerhorn, J. Jr (2008). *Management: 9th Edition*. Philippines: C&E Publishing Inc.

Shapira-Lishchinsky, O., & Tsemach, S. (2014). Psychological Empowerment as a Mediator Between Teachers' Perceptions of Authentic Leadership and Their Withdrawal and Citizenship Behaviors. *Educational Administration Quarterly*, 0013161X13513898.

Strömngren, M & et al. (2017). Leadership Quality: A Factor Important for Social Capital in Healthcare Organizations, *J Health Organ Manag* 31 (2), 175-19.

Villegas, B. S. (2015). Factors influencing administrators' empowerment and financial management effectiveness. *Procedia-Social and Behavioral Sciences*, 176, 466-475.

Wiersma, R.L. (2002) "the influence of spiritual meaning making on career behavior", *journal of management development*, vol21, no.7, pp.497-520.

