

Factor Influencing Salaries and Wage Order: Empirical Study at Basra University

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Abstract: *In this dissertation. I examine whether salaries and wage order quality increases following the appointment of accounting transactions to the audit quality. Prior literature documents positive cross-sectional associations between salaries and wage order quality on the accounting transactions and audit quality. Although this suggests that accounting transactions enhances the quality of a firm's salary and wage order, it is unclear whether salaries and wage order improves after appointing an accounting transactions. Additionally, I explore how the strength of alternative governance provisions and the current expertise of the audit quality influence relations between appointing accounting transactions and changes in salaries and wage order. Basra University needed to detect accounting manipulations and the reputational capital to warrant actions that limit exposure to salaries and wage order failures. Therefore, I predict that the newly appointed audit quality has the ability and incentive to strengthen accounting transactions and increase the quality salaries and wage order. Furthermore. Predict that incremental improvements in salaries and wage order quality following the appointment of an accounting transactions are larger for strong Basra university because they possess the infrastructure necessary to act on audit quality recommendations and for university with no prior accounting transactions because of opportunities for new accounting critiques by financially minded individuals. I test these predictions on a sample of 980 staff at the Basra University for the year 2016. Over all. I find change in salaries and wage order following the appointment of accounting transactions and audit quality. However. I find that salaries and wage order with strong audit quality that appoints accounting transactions experience Unimproved in reporting quality than do firms with weak audit quality. Therefore, my results imply that salaries and wage order complements other audit quality involved in financial monitoring. Overall, I provide evidence regarding the audit quality influence over accounting transactions and the conditions associated with effective use of salaries and wage order.*

Keywords: *salaries and wage order, accounting transactions, audit quality*

I. Introduction

The subject of salaries and wage order has received recent great attention from researchers, practitioner, and legal authority [1]. Salaries and wages were defined as “Wages and salaries are the remuneration paid or payable to employees for work performed on behalf of an employer or services provided. Normally, an employer is not permitted to withhold the wages or any part thereof, except as permitted or required by law. Employers are required by law to deduct from wages, commonly termed "withhold", income taxes, social contributions and for other purposes, which are then paid directly to the tax authorities, social security authority, etc., on behalf of the employee. Garnishment is a court ordered withholding from wages to pay a debt.” [2]. another definition was given by [3] as “A salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract. It is contrasted with piece wages, where each job, hour or other unit is paid separately, rather than on a periodic basis. From the point of view of running a business, salary can also be viewed as the cost of acquiring and retaining human resources for running operations, and is then termed personnel expense or salary expense. In accounting, salaries are recorded in payroll, accounts”. Thus, salaries and wage order does not violate the law or the standards of accounting. It is mainly based on finding loopholes in accounting rules that enable the professional accountant to alter the financial income of companies [4]. Audit quality is the main responsible for reporting the salaries and wage order of Basra University. The accounting transactions of the audit quality are important in the workplace, especially when they are preparing the salaries and wages order [5]. The professional accountants must apply these audit quality, to serve the interest groups of the financial information users. However, the users of accounting transactions are taking the decision based on the information that is provided by the team of the professional accountants, and there are some cases of the salaries and wage order practices from Worldwide and Iraq, had affected the salaries and wage order of those who are using the accounting transactions [6]. However, the audit quality has listed the components of accounting transactions for salaries and wages order to include (1) contextual actors, (2) input factors, (3) output actors, (4) special considerations, and last (5) key interactions [7]. These five components are investigated and compared in this study. . Most of the countries have issued an IAASB of conduct to urge salaries and wage order to adhere to these IAASB and productive, reliable, true, and

fair annual reports of university [8]. However, the degree of adhering to these IAASB is varied based on individual, organizational, culture, and traditions perceptive. Thus, the need arises to find the degree to which IRAQ accountants are adhering to the IAASB of audit quality and to find to what extent these qualities can prevent the conduct of salaries and wage order. Therefore, this study is meant to investigate these relationships and produce practical recommendations for decision makers to improve the environment under which the professional accountants work. In this study, the relationships among each component of the audit quality, and salaries and wage order are investigated.

II. Reviews Of The Literature

Although there are many researches on salaries and wage order [9], but the emphasis of study is different, the research directly to the voluntary disclosure of Factor Influencing salaries and wage order is still lacking.

2.1 audit quality factors

2.1.1 Inputs

Inputs are grouped into the following categories: (a) The values, ethics and attitudes of auditors, which in turn, are influenced by the culture prevailing within the audit firm; The knowledge and experience of auditors and the time allocated for them to perform the audit; and The effectiveness of the audit process and quality control procedures. Within these categories, quality attributes are further organized between those that apply directly at: (a) The audit engagement level; The level of an audit firm, and therefore indirectly to all audits undertaken by that audit firm; and The national (or jurisdictional) level and therefore indirectly to all audit firms operating in that country and the audits they undertake. The inputs to audit quality will be influenced by the context in which an audit is performed, the interactions with key stakeholders and the outputs. For example, law and regulations (context) may require specific reports (output) that influence the skills (input) utilized [10].

2.1.2 Outputs

Outputs from the audit are often determined by the context, including legislative requirements. While some stakeholders can influence the nature of the outputs, others have less influence. Indeed, for some stakeholders, such as investors in listed companies, the auditor's report is the primary output and current this is relatively standardized [11].

2.1.3 Interactions among Key Stakeholders

While each separate stakeholder in the financial reporting supply chain plays an important role in supporting high-quality financial reporting, the way in which the stakeholders interact can have a particular impact on audit quality. These interactions, including both formal and informal communications, will be influenced by the context in which the audit is performed and allow a dynamic relationship to exist between inputs and outputs. For example, discussions between the auditor and those charged with governance at the planning stage can influence the use of specialist skills (input) and the form and content of the auditor's report to those charged with governance (output) [12].

2.1.4 Context

There are a number of contextual factors that can facilitate financial reporting quality, including corporate governance and the applicable financial reporting framework. The contextual factors, including legislative and regulatory requirements, also shape the interactions among key stakeholders. These factors can also impact audit risk, the nature and extent of audit evidence required and the efficiency of the audit process [13].

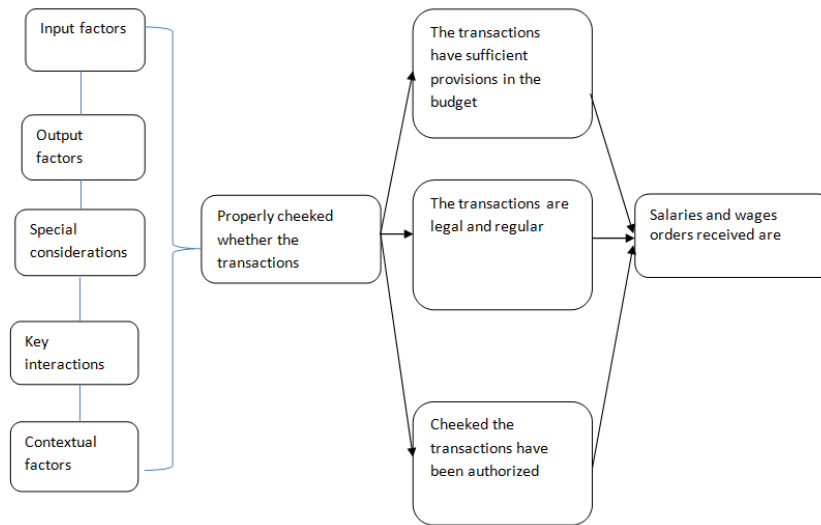
2.2 salaries and wage order

Under the accrual method of accounting, the account Salaries Expense reports the salaries that employees have earned during the period indicated in the heading of the income statement, whether or not the company has yet paid the employees. Salaries Expense will usually be an operating expense (as opposed to a nonoperating expense). Depending on the function performed by the salaried employee, Salaries Expense could be classified as an administrative expense or as a selling expense. If the employee was part of the manufacturing process, the salary would end up being part of the cost of the products that were manufactured [14]. Monetary remuneration computed on hourly, daily, weekly, or piece work basis. A fixed weekly or monthly wage is usually called a salary. See also wages [15].

III. Research Methodology

The Present Survey Is Based On Five Variables And That Effect On Salaries And Wage Order. This Framework "Is One Of The Main Methods Of Data Collection In Qualitative Research And In Survey Research In Particular" [16]. This Method Was Chosen Because One Of This Study Aims Was To Collect As Many Data As Possible About Salaries And Wage Order, Accounting Transactions And Audit Quality.

Audit quality



IV. Empirical Strategy

Our analysis estimates the effects of wages on politician selection and performance. To identify these Effects, we exploit exogenous variation in local legislators’ salaries induced by federally-mandated Salary caps. We begin this section by discussing the identification concerns associated with using OLS estimation. We then present the econometric models we use to estimate these wage effects and the assumptions needed for a causal interpretation of the parameters of interest. Consider the following cross-sectional relationship between wages and politicians’ characteristics or performance:

$$Y_i = \beta_0 + \beta_1 \log(WI) + x_i \gamma + \epsilon_i \quad (1)$$

$$\log(WI) = \beta_0 + x_i \gamma + \epsilon_i \quad [17]$$

Where Y_i is the average characteristic or performance indicator of politicians in municipality i (e.g. Average years of schooling or the average number of projects approved by the legislative council), WI is the wage that members of the local legislature receive; x_i is a vector of observed municipal Characteristics, and ϵ_i and ϵ_i are unobserved determinants of politician performance (or selection) and wages, respectively. Under the assumption that $E[\epsilon_i] = 0$, the least squares estimator of β_1 Will be a consistent estimate of the causal effect of wages on politician performance (or selection). Unfortunately, there are several potential omitted factors in equation 1 that vary with both Wages and politician performance. Municipalities that offer higher wages presumably attract more able politicians who are also more educated and more productive in submitting bills to the legislature. Moreover, the correlation between wages and politician performance might capture the

Fact that high performance politicians might be able to set themselves a higher wage (Di Tella and Foilsman (2004). To overcome these identification concerns, we exploit the exogenous variation in legislators’ Wages induced by salary caps. As we discussed in Section 3, the federal government stipulated five ceilings for the wage of local politicians depending on population thresholds. In municipalities with population above the cutoffs, legislators receive, on average, higher salaries compared to those Legislators in municipalities below the cutoffs, as we show in the next section.

Our empirical approach uses these discontinuities in the wages to identify the effects on politician Selection and performance. Intuitively, if legislators’ salaries are smoothly related to other Characteristics at the population cutoffs, then we can estimate the effects of wages by comparing Outcomes of legislators in municipalities with population levels just below and above these cutoffs. In our setting, because salaries are not entirely explained by the population cutoffs, we use a fuzzy Regression discontinuity design where indicators for population cutoffs serve as excluded instruments In a Two-Stage Least Squares (TSLS) setting (Van Der Klaus 2002).¹⁹ formally, consider

The following model:

$$Y_i = \beta_0 + \beta_1 E[\log(w) \text{ imp}, x_i] + f(P_i) + \epsilon_i \quad (2)$$

$$E[\log(w) \text{ imp}, x_i] = \beta_0 + X_i \gamma + \epsilon_i$$

$k=1$

$$_k1 \{P_i > P_k\} + g(P_i) + x_0$$

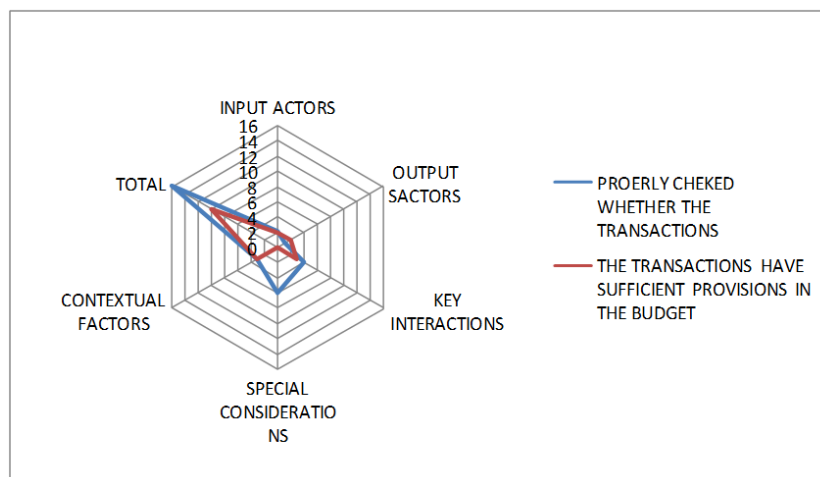
i_k [18]
 Where P_i is the population of municipality i , $1\{\cdot\}$ is an indicator function that equals one if the Municipality's population is above the k th cutoff P_k (i.e. 10,000 inhabitants), and the functions $F(\cdot)$ and $g(\cdot)$ are flexible functions of population. In the context of equation (2), consistent estimation of β_1 using the TSLS approach relies on wages being discontinuous at the cutoffs (which is testable) and $f(\cdot)$ and $g(\cdot)$ being locally continuous at the population cutoffs [19]. If the functions $f(\cdot)$ and $g(\cdot)$ are specified correctly, they will capture all other potential effects of population on wages. And legislators' outcomes far away from the cutoffs. Then, the use of cutoff indicators as excluded instruments will provide a consistent estimate of β_1 . In our preferred specification, we use the five population cut-offs and estimate $f(\cdot)$ and $g(\cdot)$ as piecewise linear splines (i.e. separate regressions on both sides of each discontinuity). We also show that our results are robust to alternative estimation strategies. First, we relax the spline functional form assumption and allow for a flexible polynomial on population. Second, we restrict the sample to only those municipalities close to the cut-offs. Finally, we use the actual value of the salary cap as an instrument for the salary paid to legislators. This identification strategy is related to the trend-break models used by Angrist and Pischke (1999) and Burgess and Pande (2005).

V. Empirical Result

When I examine the hypothesis 1 as we see from the analysis between the audit quality factor and the variable (THE TRANSACTIONS HAVE SUFFICIENT PROVISIONS IN THE BUDGET) it's clearly there is zero effect on salaries and wage order. Which means that we have to find another actor to monetary the salaries and wage order?

INPUT ACTORS	2	2	2	2
OUTPUT SACTIONS	1	2	1	1.5
KEY INTERACTION	4	3	1	2
SPECIAL CONSIDERATIONS	6	0	0	2
CONTEXTUAL FAC	3	3	1	2.5
TOTAL	16	10	5	10

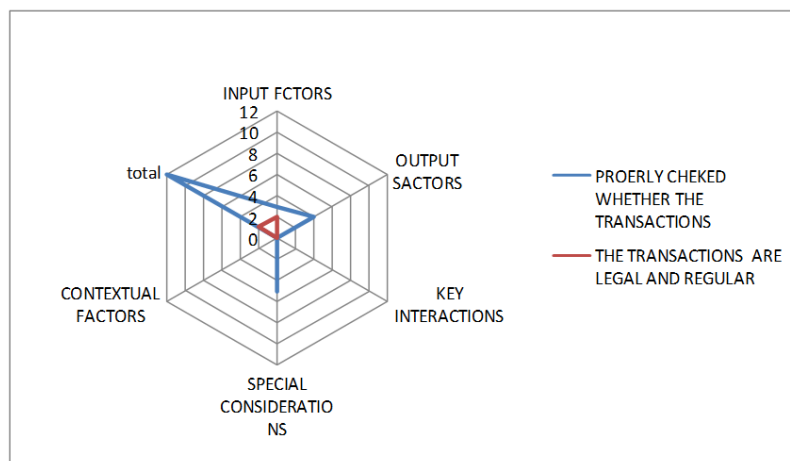
Audit Quality	Proerly Cheked Whether The Transactions	The Transactions Have Sufficient Provisions In The Budget	Salaries And Wage Order	Average
Input Actors	2	2	2	2
Output Sactors	1	2	1	1.5
Key Interactions	4	3	1	2
Special Considerations	6	0	0	2
Contextual Factors	3	3	1	2.5
Total	16	10	5	10



When I examine the hypothesis 2 as we see from the analysis between the audit quilty factor and the verib (THE TRANSACTIONS ARE LEGAL AND REGULAR) it's clearly there is zero effect on salaries and wage order. Which means that we have to find another actor to monetary the salaries and wage order?

INPUT FCTORS	3	2	1	2
OUTPUT SACTORS	4	0	2	2
KEY INTERACTIONS	0	0	1	0.5
SPECIAL CONSIDERATIONS	5	0	0	1.7
CONTEXTUAL FACTORS	0	0	0	0
Total	12	2	4	6.2

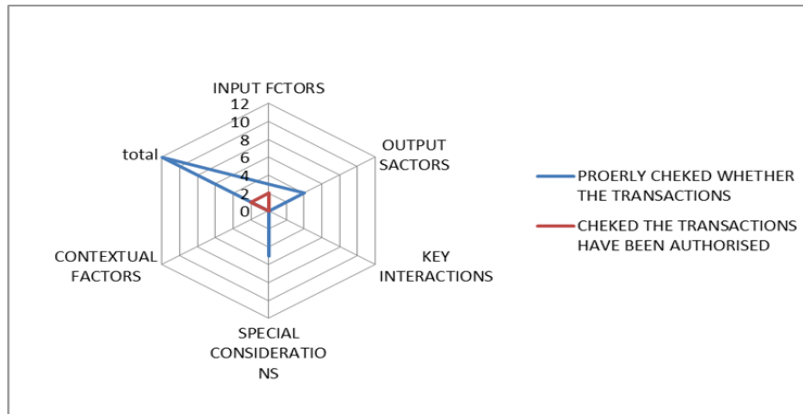
Audit Quilty	Proerly Cheked Whether The Transactions	The Transactions Are Legal And Regular	Salaries And Wage Order	Average
Input Fctors	3	2	1	2
Output Sactors	4	0	2	2
Key Interactions	0	0	1	0.5
Special Considerations	5	0	0	1.7
Contextual Factors	0	0	0	0
Total	12	2	4	6.2



When I examine the hypothesis 3 as we see from the analysis between the audit quilty factor and the verib (CHEKED THE TRANSACTIONS HAVE BEEN AUTHORISED) it's clearly there is zero effect on salaries and wage order. Which means that we have to find another actor to monetary the salaries and wage order?

INPUT FCTORS	3	2	1	2
OUTPUT SACTORS	4	0	2	2
KEY INTERACTIONS	0	0	1	0.5
SPECIAL CONSIDERATIONS	5	0	0	1.7
CONTEXTUAL FACTORS	0	0	0	0
Total	12	2	4	6.2

Audit Quilty	Proerly Cheked Whether The Transactions	Cheked The Transactions Have Been Authorised	Salaries And Wage Order	Average
Input Fctors	3	2	1	2
Output Sactors	4	0	2	2
Key Interactions	0	0	1	0.5
Special Considerations	5	0	0	1.7
Contextual Factors	0	0	0	0
Total	12	2	4	6.2



VI. Conclusion

This paper leads an experimental review on the relate between review quality, bookkeeping exchanges and compensations and wage arrange, the review comes about demonstration rate that: In Basra college, the revelation of pay rates and wages arrange base on review quality is absence of universities, the indulgence level is low, which might be because of the absence of review blankets is not great. Review quality compensations and wages arrange positively affects the revelation of bookkeeping exchanges, the exposure of pay rates and wages request is decidedly identified with the review quality, the extent of free chiefs and the foundation of the review quality .is adversely identified with the two obligation manufactured, and the relationship with the quantity of the board meetings the extent of shareholding executives and the extent of budgetary foundation chiefs is separately not noteworthy. Accordingly, the successful college of the top managerial staff has constructive outcome on the willful divulgence of pay rates and wages arrange. Advancing the structure of bookkeeping exchanges, reinforcing the supervision capacity, will improve the level of deliberate divulgence of data, upgrade the straightforwardness of data and lessen data asymmetry in the compensations and wages arrange, which will have certain directing centrality to the change of the framework. The particular approach proposals are as per the following: 1- Perfect the arrangement of autonomous chiefs of Basra College. We ought to build up the determination and review blankets of bookkeeping exchanges, clear the obligations of autonomous chiefs, reinforce the legitimate insurance and supervision of free executives, to guarantee the autonomy of the autonomous executives; 2- Establish the "double" authority structure of the top managerial staff. We ought to constitute a different layer of chiefs and the administrators, the general supervisor position held by other outside executives as to keep away from "screen themselves" marvel; 3- Strengthen the foundation of the Audit Committee, giving full play to its supervision work. As a result of the freedom of the review council, the governing body can enhance the basic leadership capacity and the intentional divulgence level of data. We ought to further expand the usage of the review board of trustee’s framework. 4- Improve the demonstrable skill of the individuals from the review quality. The individuals from the governing body ought to have certain expert information and aptitudes, for example, those executives who regulate the money related undertakings of the organization must have the monetary learning. Endeavors ought to be made to enhance the expert nature of the individuals from the top managerial staff, to change the present state of affairs that the vast majority of the bookkeeping foundation chiefs are the official executive, in an offer to enhance the supervision of the Board, the basic leadership capacity and the exposure level of inner control authentication report. This paper gives exact confirmation to enhancing the corporate administration proficiency and controlling balanced divulgence conduct of inside control verification report. The constraints of this paper is that it just picks a few components of the administration of the Board to concentrate the relationship between board administration, revelation of inward control validation report and corporate execution, we can make additionally think about later on, selecting different parts of the Board administration, for example, the extent of bookkeeping foundation autonomous executives, the quantity of individuals from the Audit Committee thus on to direct more inside and out research on the problem.

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