



University of Djilali Liabess - Sidi Bel-Abbes

Faculty of Economics, Business, and Management Sciences

Finance Sciences and Accounting Department



**A Thesis Submitted for
Obtaining a Doctoral Degree in Finance and Accounting Sciences
- Corporate Finance –
Titled:**

**Accounting Reform in Algeria under International
Accounting Standards IAS/IFRS**

Presented By:
Mr. Abdelhalim MILIANI

Supervised By:
Dr. Mohammed KAMELI

Jury Members:

Professors	Affiliation	Role
Prof. Mohamed BENSAID	University of Sidi Bel-Abbes	President
Dr. Mohammed KAMELI	University of Sidi Bel-Abbes	Supervisor
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Dr. Ilhem ATTAOUI	University of Sidi Bel-Abbes	Examiner

Academic Year: 2021/2022.



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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

" مَنْ عَمِلَ صَالِحًا مِّنْ ذَكَرٍ أَوْ أُنْثَىٰ وَهُوَ مُؤْمِنٌ فَلَنُحْيِيَنَّهٗ حَيَاةً طَيِّبَةً ۗ^ط
وَلَنَجْزِيَنَّهُمْ أَجْرَهُمْ بِأَحْسَنِ مَا كَانُوا يَعْمَلُونَ "

صَدَقَ اللَّهُ الْعَظِيمُ

سورة النحل، الآية 97

عَنْ أَبِي الدَّرْدَاءِ رَضِيَ اللَّهُ عَنْهُ قَالَ: سَمِعْتُ رَسُولَ اللَّهِ ﷺ يَقُولُ:

" مَنْ سَلَكَ طَرِيقًا يَبْتَغِي فِيهِ عِلْمًا سَهَّلَ اللَّهُ لَهُ طَرِيقًا إِلَى الْجَنَّةِ، وَإِنَّ الْمَلَائِكَةَ لَتَضَعُ
أَجْنِحَتَهَا لِطَالِبِ الْعِلْمِ رِضًا بِمَا يَصْنَعُ، وَإِنَّ الْعَالِمَ لَيَسْتَغْفِرُ لَهُ مَنْ فِي السَّمَاوَاتِ وَمَنْ فِي
الْأَرْضِ حَتَّى الْجِيتَانُ فِي الْمَاءِ، وَفَضْلُ الْعَالِمِ عَلَى الْعَابِدِ كَفَضْلِ الْقَمَرِ عَلَى سَائِرِ الْكَوَاكِبِ،
وَإِنَّ الْعُلَمَاءَ وَرَثَةُ الْأَنْبِيَاءِ وَإِنَّ الْأَنْبِيَاءَ لَمْ يُورَثُوا دِينَارًا وَلَا دِرْهَمًا وَإِنَّمَا وَرَثُوا الْعِلْمَ، فَمَنْ
أَخَذَهُ أَخَذَ بِحِطِّ وَافِرٍ "

صَدَقَ رَسُولُ اللَّهِ ﷺ

رواه أبو داود والترمذي

Dedication:

This Work is dedicated to;

*My Beloved Mother, My kind Father, My Lovely Wife, My Two Brothers
Omar and Abderrezak, and My Sister.*

*To the Honorable Families **MILIANI, NOUGAR, KOURDALI, and
HOUSSINE.***

*To My Loved Ones Who Have Passed Away “My Grandfather Samet
MILIANI, My Uncle Abdallah MILIANI, and My friend Bilal SELMAN”*

To All My Professors, Friends and Colleagues.

To Everyone Who Supported Me One Day, and been there for me.

Abdelhalim MILIANI.

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Who doesn't thank others, doesn't thank Allah.

I, Abdelhalim MILIANI want to thank Allah for helping me to complete this humble work. And I ask Allah for guidance and success in the future.

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*Abdelhalim MILIANI
Sidi Bel Abbes, December 2021.*

Abstract:

Like the rest of the countries, Algeria carried out an accounting reform process by issuing a financial accounting system inspired by international accounting standards IAS/IFRS as an aspect of accounting globalization. However, the accounting reform came in special circumstances and it requires the intervention of many parties if it's to be successful.

Therefore, this study aims to evaluate the efficiency of the accounting reform process in Algeria after more than 10 years of application through a field study in 36 Wilayas across the country, a questionnaire was submitted to a sample consisting of 123 participants related to a group of accounting professionals.

After analyzing the recovered data with the statistical package for the social sciences program SPSS 26, and based on interviewing highly qualified professional experts in the field of accounting in Algeria, the study concluded that the accounting reform in Algeria is still suffering from many shortcomings that must be resolved as soon as possible. The study also recommends a roadmap for an efficient accounting reform process that meets the needs of Algerian enterprises.

Keywords: Accounting Reform, Accounting Practice, International Accounting Standard, Financial Accounting System.

JEL Classification: H83, M41, Q56.

المخلص:

كغيرها من الدول، قامت الجزائر بعملية إصلاح محاسبي من خلال إصدار نظام محاسبي مالي مستوحى من المعايير المحاسبية الدولية IAS/IFRS كوجه من أوجه العولمة المحاسبية. إلا أن عملية الإصلاح المحاسبي جاءت في ظروف خاصة إضافة إلى أنها تتطلب تدخل العديد من الأطراف في سبيل إنجاح العملية. ولهذا، فإن هذه الدراسة تهدف إلى محاولة تقييم نجاعة عملية الإصلاح المحاسبي في الجزائر بعد أكثر من 10 سنوات من التطبيق من خلال دراسة ميدانية عبر 36 ولاية من الوطن، ولقد تم توزيع إستبانة لعينة مكونة من 123 مشاركا من المتخصصين في مجال المحاسبة. وبعد تحليل البيانات المسترجعة بواسطة برنامج الحزم الإحصائية لميدان العلوم الإجتماعية SPSS 26، وبعد القيام بمقابلة علمية مع مجموعة من الخبراء عالي المستوى في ميدان المحاسبة في الجزائر، توصلت الدراسة إلى أن عملية الإصلاح المحاسبي في الجزائر لا تزال تعاني من مجموعة من النقائص التي يجب حلها في القريب العاجل، كما أن الدراسة إقترحت خارطة طريق للقيام بعملية إصلاح محاسبي ناجعة من شأنها تلبية إحتياجات المؤسسات الجزائرية.

الكلمات المفتاحية: إصلاح محاسبي، ممارسة محاسبية، معيار محاسبي دولي، نظام محاسبي مالي.

تصنيف JEL: H83، M41، G56.

Abstracto:

Al igual que el resto de los países, Argelia llevó a cabo un proceso de reforma contable mediante la emisión de un sistema de contabilidad financiera inspirado en las normas contables internacionales IAS/IFRS como un aspecto de la globalización contable. Sin embargo, la reforma contable llegó en circunstancias especiales y requiere la intervención de muchas partes para que tenga éxito.

Por lo tanto, este estudio tiene como objetivo evaluar la eficiencia del proceso de reforma contable en Argelia después de más de 10 años de aplicación a través de un estudio de campo en 36 Wilayas de todo el país, se envió un cuestionario a una muestra compuesta por 123 participantes relacionados con un grupo de profesionales de la contabilidad.

Tras analizar los datos recuperados con el paquete estadístico para el programa de ciencias sociales SPSS 26, y en base a entrevistas a expertos profesionales altamente cualificados en el campo de la contabilidad en Argelia, el estudio concluyó que la reforma contable en Argelia todavía adolece de muchas deficiencias que deben ser resueltas lo antes posible. El estudio también recomienda una hoja de ruta para un proceso de reforma contable eficiente que satisfaga las necesidades de las empresas argelinas.

Palabras clave: Reforma Contable, Práctica Contable, Norma Internacional de Contabilidad, Sistema de Contabilidad Financiera.

Clasificación JEL: H83, M41, Q56.

Résumé:

Comme d'autres pays, L'Algérie a mené un processus de réforme comptable en décrétant un système comptable financier inspiré des normes comptables internationales IAS/IFRS dans le cadre de la mondialisation comptable. Cependant, le processus de réforme comptable est venu dans des circonstances particulières et nécessite l'intervention de plusieurs parties pour le succès du processus.

Par conséquent, cette étude concerne à essayer d'évaluer l'efficacité du processus de la réforme comptable en Algérie après plus de 10 ans d'application à travers une étude empirique à travers 36 Wilayas du pays, un questionnaire a été distribué à un échantillon de 123 participants parmi des spécialistes en comptabilité.

Après avoir analysé les données récupérées au moyen du programme de paquets statistiques pour le domaine des sciences sociales SPSS 26, et après avoir mené un entretien scientifique avec un groupe d'experts de haut niveau dans le domaine de la comptabilité en Algérie, l'étude a conclu que la réforme comptable en Algérie souffre d'un ensemble des déficiences qui doivent être résolues dans le plus tôt possible, l'étude a également proposé une feuille de route pour un processus efficace de réforme comptable qui répondrait aux besoins des entreprises algériennes.

Mots clés : Réforme Comptable, Pratique Comptable, Norme Comptable Internationale, Système Comptable Financier.

Classement JEL : H83, M41, Q56.

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Symbols and Abbreviations

Symbols and Abbreviations:

Symbols Abbreviations	Indication
AAA	American Accounting Association
AAC	African Accounting Council
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
AFNOR	French Normalization Association
AICPA	American Institute of Certified Public Accountants
AMS	Automated Media System
AMU	African and Malagasy Union
APB	Accounting Principles Board
ASCA	Arab Society of Certified Accountants
ASJP	Algerian Scientific Journal Platform
BBC	British Broadcasting Company
CAPA	Confederation of Asian and Pacific Accountants
EAS	Egyptian Accounting Standards
ESAA	Egyptian Society of Accountants and Auditors
EU	European Union
FAS	Financial Accounting System
FGAP	French General Accounting Plan
FIFO	First In First Out
FNAC	French National Accountability Council
FSAP	Financial Sector Assessment Programs
FSB	Financial Stability Board
GAAPs	Generally Accepted Accounting Principles
IAAS	International Auditing and Assurance Standards
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting standards Committee
IF	Impact Factor
IFAC	International Federation of Accountants
IFAD	International Forum on Accountancy Development
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions

IPSAS	International Public Sector Accounting Standards
IQS	International Qualification Standards
IRPE	International Rules of Professional Ethics
ISAR	International Standards of Accounting and Reporting
ISO	International Standards Organization
ISQC	International Standards on Quality Control
LIFO	Last In First Out
MENA	Middle East and North Africa
NAP	National Accounting Plan
NCCA	National Chamber of Commissioners of Accounts
NCCR	National Center of Commercial Register
NOCA	National Organization of Certified Accountants
NOEA	National Order of Expert Accountants
OAU	Organization of African Unity
OECD	Organization for Economic Co-operation and Development
PAFA	Pan African Federation of Accountants
PAOs	Professional Accountancy Organizations
PCGF	French General Accounting Plan
Ph.D.	Doctoral Degree
QFI	Quality of Financial Information
SAC	Standards Advisory Council
SAPC/PDD	Standardization Accounting Practices Commission and Professional Due Diligence
SCAT	Supreme Council for Accounting Technologies
SEC	Securities and Exchange Commission
SIC	Standards Interpretation Committee
SJR	Scimago Journal Ranking
SMEs	Small and Medium Enterprises
SPSS	Statistical Package Analysis for Social Sciences program
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
WACC	Weighted Average Cost of Capital
WAEMU	West African Economic and Monetary Union

Introduction

Introduction

Nowadays, the world has become more intertwined in a very complicated way. Specifically after the spread of multinational companies and the overlap of global markets as a result of technological development and the evolution of data science. Also, the Internet has overtaken almost everything which makes us able to process very large information, following the developments of global financial markets, also applying several forecast models in real-time.

This advanced development in this modern era has created a lot of investment opportunities that have attracted giant companies to enter specific fields such as space industry, vaccine-manufacturing, even logistics. That helped the emergence of new promising fields such as artificial intelligence, digital currencies, the internet of things and even the industrial revolution 4.0.

When it comes to investment opportunities, businessmen and company owners may need to provide financial statements “expenditures and revenues” to loan institutions to finance these projects. So, they need to rely on an accounting system that is effective, efficient and provides a true image of what the company is experiencing. The accounting information should be honest and objective. But sometimes, businessmen may need an experienced hand outside the company to adjust these practices, especially when it comes to tax obligations and to get acquainted with the current status of the company.

But in the absence of any institution or law that regulates the general framework of these fields around the world. Somehow, this interconnection has created an atmosphere of lack of confidence. Principally when talking about the divergence between laws from one country to another, the absence of international agreements in these specific fields. Not to mention the political or environmental complexity in this large equation.

On this basis, this problem has been upstretched by researchers and businessmen many times worldwide especially after 1993. Which necessitated the intervention of a group of International Associations and Forums to come up with an international opinion on this trouble of different practices from one country to another. This resulted in the preparation of a unified language,

accepted by almost every country and updated each time to be more efficient and more effective.

For accounting, huge efforts have been made to simplify procedures and standardize transactions. And this helped to provide some benefits that should have a positive impact for everyone by saving money, effort, time and mostly restoring confidence to that atmosphere by setting well-defined frameworks.

These efforts that included accounting science, resulted by establishing of the official language of accounting among all countries known as International Accounting Standards and International Financial Reporting Standards **IAS/IFRS**.

When it comes to Algeria, immediately after the independence, authorities in did everything in their power to restore all their sovereign rights, including their right to create and issue a national currency, so they began to establish the Central Bank of Algeria in 1962 and the Algerian currency (One dinar = One French franc) and most of the banking system, different ministries and administrations were established. But we should remember that Algeria at that time was not framed in all fields and was dependent on most of the laws left behind by colonialism which authorities tried to update these laws as fast as they can with this newly independent country.

In the beginning of the 1970's, Algeria inspired with new economic powers relied on the planned economy. So Algeria started to set off a group of reforms in line with this view shortly after the creation of the planning ministry. In mid-1980's, Algeria began to see things differently especially after the Oil crisis it is why Algeria changed its economic orientation to capitalism and gone through many steps to build a diversified economy away from Oil and Gaz.

Sadly this didn't happen, but historians recognize that Algeria has made great efforts to open up to the rest of the world for the first time after the independence. So, Algeria undertook many structural reforms in various fields and that made Algeria compelled to reconsider many practices and their compatibility with the new Algerian view "The capitalist one". But, Algeria has adopted many laws and legislations in order to do it faster. Saving time, money and effort was a good deal actually. But the suitability of this process for the Algerian government and its people was truly questionable.

On the other hand and due all these events locally and internationally, a reform process in Algeria has been launched in several years to reshape accounting practices in an efficient way. Trying to cut off the remaining ties with the previous planned accounting system that remained active since 1975. This process was crowned by adopting a whole new financial accounting system based on international accounting standards and international financial reporting standards IAS/IFRS. But considering that the accounting reform is a complicated process based on many conditions and circumstances that must be respected to achieve a smooth and successful one. It is assumed that taking this step was preceded by the activation of all necessary procedures and measures that would restructure the accounting profession in Algeria.

In the beginning, it was not easy for Algeria due many peculiarities of the accounting environment, the nature of the Algerian enterprise “The Family One”, legal and cultural reservations. However, many studies indicate the convergence between accounting practices in Algeria and IAS/IFRS.

a. The Research Issue of the Study

Today, after two decades from the first idea of reforming the accounting profession in Algeria and a decade of applying it. Its suitability and feasibility remain questionable. So, the problem of the study was identified by answering the following main question:

✚ How effective is the accounting reform process in Algeria under the International Accounting Standards IAS/IFRS after more than 10 years of application?

Starting from this problem, the researcher arouse the following important secondary questions:

1. What is the impact of the accounting reform process on the accounting environment in Algeria?
2. How is the accounting reform process reflected on the daily accounting practices?
3. Is the accounting reform process in line with international accounting standards?
4. What is the seriousness and objectivity of the party responsible of the reform process itself?

5. How is the reality of the accountant profession under the accounting reform process?

b. The Study Hypotheses

Based on the main and secondary questions above, here are the following hypotheses as primary answers:

✚ The Main Hypothesis

The accounting reform in Algeria under international accounting standards IAS/IFRS after more than 10 years of application was an effective process.

✚ The Minor Hypotheses

1. The financial accounting system was able to improve accounting practices of the accountant in Algeria;
2. The accounting reform process encourages the international convergence with IAS/IFRS;
3. The accounting environment response was serving the objectives of the accounting reform process;
4. The accounting reform process was able to improve the practice of accounting profession in Algeria;
5. The accounting reform process doesn't require all this time and these efforts to upgrade the accounting field.

c. Justifications for Choosing the Study

For choosing this topic, there are several reasons that can be listed bellow as the following:

1. Personal Reasons:

- Personal desire to address this issue related to the field of accounting in order to go deeper into the financial accounting system and its importance in the accounting of enterprises;
- A good financial manager is required to be familiar with accounting matters and this particularly doesn't interfere with financial sciences "Corporate finance", but getting acquainted with the accounting matters of enterprises and by becoming more familiar with the laws and legislations that govern the accounting profession;

- The personal desire to address this subject in English is an opportunity to upgrade the researcher’s abilities in using this global language and mastering the field of accounting with it;
- To introduce researchers from outside the country to this field in which many foreign researchers find it difficult to obtain information and knowledge about Algeria because of the lack of mastering the Arabic language as well as giving an opportunity to foreign investors to know that entering and investing in Algeria is not as difficult as they think.

2. Objective Reasons:

- The international trend towards accounting and the development taking place in this field;
- paying more attention to provide an honest and realistic financial information to achieve transparency and enhance the process of financial disclosure for all users of financial statements, whether at the local or international level;
- The Algerian accounting system doesn’t interact with international changes in; economics, international accounting and even the consequences of the Corona pandemic. This fact which changed the concept of the enterprise and its relationship with its environment, especially the digital one;
- The efforts made by Algerian authorities to reform accounting practices in Algeria, especially after 2018. So, it was necessary to try to evaluate the accounting reform process in Algeria and to point out and address some of the shortcomings;
- Increasing knowledge related to accounting and using it in the future as a reference.

d. Objectives of the Study

The present study aims at identifying and clarifying some of the points as follows:

1. Having an idea about accounting reform process in Algeria and its impact accounting environment;
2. Trying to have an impression about Accounting Practices in the field;

3. Learning more about accounting professionals such as “experts, commissioners of accounts, auditors, etc” and their daily routine when applying the financial accounting system rules;
4. Trying to know the methodology and commitment of Algerian Enterprises towards applying accounting reform rules;
5. Investigating and attempting to discover any obstacles encountered in the application of the financial accounting system.

e. Importance of the Study

The importance of this research lies in reconsidering the process of accounting reform in Algeria. That process that came in certain circumstances in 2007 and after this date many economic changes occurred at the international and national levels due the international financial crisis. One of the changes is the process itself that did not undergo with any changes or updates compared to today’s new face of economic transactions between enterprises that have become after the Corona pandemic. Also, the Financial Accounting System Reform Committee approved by Algerian Ministry of Finance has not shown any news related to the case since its inauguration in 2018. On this basis, it is necessary to take an analytical and evaluative view towards the accounting reform process and reconsider its effectiveness and its impact on the accounting environment in Algeria and finding any obstacles facing the accounting profession, as well as the accounting educators.

f. Limits of the Study

This research attempts to study the effectiveness of the accounting reform process in Algeria under financial accounting standards and international financial reporting standards IAS/IFRS after more than 10 years of application. Thus, this study was conducted between 2018 and late 2021 on many enterprises and other actors in the field of accounting in Algeria. Basically, the researcher wanted to focus on some standards and indicators to evaluate the reality of accounting in Algeria by studying the accounting environment, professionals and educators of accounting and trying to see the extent of the commitment of enterprises to the rules of the financial accounting system. Not to mention the reference adopted in the reform process itself and the compatibility of the Algerian accounting system with international practices.

g. Methodology and Methods

The special nature of this research requires a set of approaches in order to cover the study in a convenient way.

Therefore, **The Descriptive Approach** is used to address the basic knowledge and ideas related to the field of accounting, as well as relying on **The Analytical Approach** to look for the most important points that faced the good application of the financial accounting system and the reality of the accounting environment in Algeria. Also, **The Historical Approach** in order to shine the light of many events and the first appearance of accounting.

This study also used **The Comparative Approach** when talking about comparing the accounting reform process with international accounting standards IAS/IFRS as well as using **The Field Study Approach** by going down to the field and addressing the accounting environment directly.

In order to collect information a set of tools were utilized. First, the researcher relied on the observation, later a questionnaire was dispatched on sample of the study and analyzed using Statistical Package Analysis for Social Sciences program SPSS.

In addition, the interview was chosen in order to try to note any possible shortcomings that could be recorded in the field study and to provide the necessary clarifications if needed. So, the study is *an Evaluative Field Study*.

h. Previous Studies

Within the limits of the researcher's knowledge at addressing previous studies that dealt with this subject, the researcher believes that studies on accounting reform process in Algeria are very few compared to the studies that dealt with international accounting standards or the financial accounting system. So, the researcher tries to present these studies as follows:

1. (Benbelghit, 2004): The research is a Doctoral thesis about *“the importance of accounting reform for enterprises in the light of the international standardization work”* submitted at University of Algiers 3 (Algeria) in 2004.

This study is considered as one of the important and well-known studies in accounting in Algeria. Its problem revolves around the extent of the importance of reforming the accounting system for economic

enterprises in light of the international standardization work. The researcher tried to address the reality of the Algerian experience towards the process of international accounting standardization by dividing this study into five chapters. We should note that this study is an extension of the researcher's study to obtain his magister degree.

The researcher has a good background in accounting because he was working as Professor of Accounting when he prepared his thesis. He used the questionnaire and analyzed the results of sample. The study concluded that it has become very necessary to reform the accounting system for enterprises in Algeria in order to keep pace with changes and developments at the international level.

What makes this study different from the current one is that it focused on some shortcomings recorded back in 2004 in the national accounting plan "NAP" which was officially abandoned in 2010. But the current study is trying to evaluate the accounting reform process after the year of 2010. On the other hand, the sample of the study included only 90 participants. While this one includes more than that.

2. (Ketouche, 2009) : The research is a scientific article about ***"Requirements for Applying the Unified Accounting System IAS/IFRS in Algeria"*** submitted and published by the Journal of North African Economies Vol. 5 Issue 6, University of Chlef (Algeria) in 2009.

This study is one of the important studies in the field of accounting in Algeria, because it came between the approval of the financial accounting system at the Algerian Official Journal in 2007 and the application of Law N° 07-11 related to the financial accounting system back in 2010.

The study tried to test the readiness of the accounting environment in Algeria for applying this system to achieve a smooth and an easy transition in the process. The study concluded after literature reviewing of the unified international system and international standards that it is very necessary to qualify accounting practitioners with the rules of this accounting system. In addition, we should mention the important suggestion of this study which is determining a specific period for this transition and allocating sufficient funds to cover the operation.

This study reflected the researcher's ability to contribute with practical solutions in the process of shifting from the National Accounting Plan to the Financial Accounting System. We also note that this researcher is known at the national level as one of the best teachers and accounting researchers in the country.

However, the present study differs from this one in many points: Firstly, this study was interested in the theoretical and analytical aspect of accounting. Secondly, there's an absence of the language of numbers. Also, it was looking for providing the appropriate atmosphere to achieve an effective and purposeful reform process compared to the current study that attempts to assess the reality of the accounting reform in Algeria as we mentioned earlier.

3. (Boughofa, 2012): The research is a Magister thesis about *“Accounting reform in Algeria and its impact on activating accounting practices, an analytical and evaluative study during the period 2010-2012”* submitted at University of Ouargla (Algeria) in 2012.

This study came to address the issue of accounting reform in Algeria after two years of the application of the financial accounting system. In order to test the effectiveness of accounting reform and the extent of its contribution to enhancing accounting practices in Algeria.

A questionnaire was distributed to a sample of 56 participants and analyzed, then the National Enterprise for Wells Works known as “ENTP” was selected as a case study to resolve any following shortcomings. The study concluded that the financial accounting system has improved accounting practices in Algeria in a positive way.

But, what distinguishes the present study from that one is that the evaluation of the accounting reform process was only two years after adopting the financial accounting system which has not yet proven its effectiveness or efficacy. Also, the achievement of the goals promoted from the reform process wasn't yet witnessed. Correspondingly, this study evaluated the accounting reform process based on accounting practices only, unlike the current study which attempts to evaluate the accounting reform process through accounting practices and another four additional dimensions.

4. (Saidi, 2013) : The research is a scientific paper about “*Accounting developments in Algeria: The Road to IFRS*” submitted and published by the International Research Journal of Applied Finance Vol. 4 Issue 1, Adelphi university (New York, USA) in 2013.

This study target was to analyze how Algeria initiated the transformational processes of its local accounting practices to meet with the International Financial Reporting Standards. The study was a qualitative one. It highlighted the issues and challenges related to the implementation of IFRS in an emerging country like Algeria.

This study concluded that a more careful approach should be adopted when carrying out a transformation process like this one, it worried about the urgent need to develop an appropriate regulatory environment to enforce the application of the financial accounting system.

Unlike The current study that tries to reveal the interaction between the financial accounting system and both the international accounting standards and the international financial reporting standards in a qualitative and a quantitative way. It also tries to link between these axes by interviewing many accounting practitioners about the main obstacles for not applying some international standards if existed.

5. (Bouarar, 2017): The research is a scientific article about “*Challenges of Adopting International Accounting Standards and International Financial Reporting Standards (IAS/ IFRS), Algeria as an Example, A Literature Review*” submitted and published by Economics and Development Review Vol. 5 Issue 2, University of Medea (Algeria) in 2017.

This study aimed at reviewing literature about accounting in order to try to identify the various challenges that Algeria may faces if there will be a will to adopt the International Accounting Standards.

The study concluded that Algeria as a non IAS/IFRS adopter is facing some obstacles and challenges importantly the absence of an officiant stock market that reflects negatively on the transparency and the comparability of the financial statements. And that limits the use of the financial information and effects the decision-making process.

This research is also a literature one but it showed some shortcomings of the reform process and stating clearly that there's a divergence between the financial accounting system and the international standards and that should be rectified as soon as possible. But the current study will try to reveal why did this happened in the first place and what can we do about it.

6. (Dahmoune, Chebaik, 2019): The research is a scientific article about *“Accounting Reform in the Arab Maghreb (Algeria, Tunisia and morocco): Comparative study between the principles, concepts, financial statements and its elements”* submitted and published by Al Bashaer Economic Journal Vol. 5 Issue 2, University of Bechar (Algeria) in 2019.

This study tried to highlight the accounting reform processes in Arab-Maghreb countries (Algeria, Tunisia and Morocco). The study used the comparative approach to shine the light on the different accounting practices between these countries. The researchers intended to define the points of convergence and divergence between the accounting systems.

The study concluded that accounting systems of all these countries are fundamentally the same, but the rules of the Tunisian accounting system are more similar to the Algerian financial accounting system compared to Morocco's. The study also noted that the Arab-Maghreb countries are slowing down in the adoption process which is not justified if they want to be in line with the international standards IAS/IFRS.

i. Reference of the Study

This study used a wide range of references related to the field of accounting. Especially when it comes to some laws and legislations that regulate accounting profession in Algeria.

This study also relied on the publications of international organizations and institutions that are concerned with international accounting standards and accounting globalization. Referring to the most important successful countries that were able to improve their accounting practices and meet with international standards

The study also concerns various scientific research and doctoral theses in Algeria or internationally on accounting generally and accounting reform specifically. It was also relied on the results of the questionnaire to know the opinion of the accounting environment in Algeria towards the reform process and interviewing some accounting professionals to define some issues if existed.

j. Difficulties of the Study

The study faced many difficulties, but this did not prevent the researcher to work harder in order to find a scientific explanation to the research problem. Perhaps the most important difficulties faced the researcher in this study are mentioned as the following:

1. One of the most problems that faced the researcher is the particularity of the accounting field. Accounting in Algeria is linked directly with laws and legislations, and that made the researcher notice that the answers of the sample of the study are more likely giving an image that these laws and legislations are fully respected. This is way the researcher wanted to do an interview with accounting professionals after analyzing the answers to find out more about what's really going on the accounting field;
2. When conducting the field study, the researcher faced the known problem of participants' reservation in the answers, especially among private and public sector and government employees. This matter is a known phenomenon in Algeria and is likely to happen in many cases to most of the researchers and students when preparing their theses and studies. But for accounting professionals and university professors, the situation was completely different. The researcher has seen great cooperation by these two groups;
3. Also, the questionnaire had to be judged by university professors and specialists before distributing it. But due the period of year holiday and the Corona pandemic, it was somehow a little bit harder for the researcher to communicate with the professors. Despite that the researcher e-mailed more than a "100" hundred University Professor in Accounting in and outside the country, but sadly the responses were very few;

4. As for the study sample, the researcher distributed the questionnaire in two ways, **the Traditional Method** and **the Electronic Method**. For the first one, the researcher met directly with the participants and passed them the questionnaire but he noticed that many participants didn't respect the deadlines allocated for responding "estimated at ninety days", as well as leaving some questions unanswered. Which unfortunately made the researcher have to cancel some answers, the participants also was concentrated more in the Middle and the West of Algeria due to the researcher's presence in the region. Unlike the electronic method, the answers were promising and many but it was necessary to send the questionnaire to a large number of participants who exceeded the barrier of "1000" One thousand to get more answers for the study.

k. Structure of the Study

To address this topic in a methodological way, the researcher divided this study into four chapters. Which preceded by an introduction and followed by a conclusion. The conclusion involved a general summary of the topic and a test of the study's hypotheses to answer the problem followed by a presentation of the various results. Finally, presenting recommendations that the researcher deems necessary for the subject. Thus, the chapters are presented as follows:

1. **Chapter I: Accounting Globalization:** this chapter will reveal basic concepts about accounting and its definition and the first appearance of accounting starting from the first appearance of mankind on earth all the way the development that faces accounting today. The chapter will also talking about accounting in Islamic era and the events coming after. This would be an opportunity in this chapter to stop at the event that awaken the world for the first time to start thinking about a mechanism to unify the accounting language and accounting practices worldwide.
2. **Chapter II: Accounting Reform Process in Algeria:** This chapter will talk about the history of accounting in Algeria since its independence in 1962 until managing to write these lines, it also will be addressing the reasons and goals for adopting this financial accounting system. Otherwise, it's an opportunity to see all scenarios that paved this process. Not to mention to present different laws and legislations that regulate accounting

practices in Algeria. This chapter will also speak about the divergence between the financial accounting system and the international accounting standards IAS/IFRS.

- 3. Chapter III: Accounting Environment in Algeria:** this This chapter will present all parties involved in accounting practices in Algeria, whether they are; economic enterprises, banks, tax departments, accountancy professionals, auditors...etc. it will reveal their situation before accounting reform and the impact of accounting reform on each. The chapter also will point at some important facts about the accounting reform process itself.
- 4. Chapter IV: Accounting Reform's Evaluation Attempt –Field Study-:** In this chapter, the study will present an attempt to evaluate the accounting reforms to judge the efficiency and the effectiveness of the process. This chapter will attempt to address the statistical results of the study through which the researcher will try to estimate the point of views of the sample towards the accounting reform process. Finally, to confirm the credibility of the field study results, interviews will be used on a group of experts in accounting field judge the reality and the future of accounting in Algeria.

Chapter I: Accounting Globalization

Introduction

Understanding the concept of any particular phenomenon and getting acquainted with its techniques from many aspects requires always referring to the basic concepts and the historical development. In order to understand accounting in its modern sense, it is necessary to return to those basic concepts and historical events that explains today's accounting globalization which invites us to address this introductory chapter to comprehend the subject more by dividing this chapter into three sections. So, the researcher will reveal the important milestones related to accounting in this chapter, starting from its first appearance in the old ages until the witnessed development today. He also will stand at the efforts of governments to establish rules and provisions to regulate international accounting. Correspondingly, it will be an opportunity to speak about the real reasons that paved the way for taking this important steps to standardize and internationalize the accounting language.

So, this chapter is divided into the three following Sections:

- ✚ Section I: Basic Concepts about Accounting;
- ✚ Section II: International Harmonization Work;
- ✚ Section III: Standardization: The Road to IAS/IFRS.

Section I: Basic Concepts about Accounting

The word Accounting is found in almost everything. It is why we all use somehow accounting principles in our daily life routine. Because we need to make financial decisions linked to a specific budget every single day as individuals or even as leaders of one of the largest companies in the world. The following section will shine the light on Accounting, how it got appeared and why we need it in the decision-making process.

I. What is Accounting

Accounting is considered the language of economic and financial transactions which is actually the language of business. It is concerned with translating all kinds of transactions into the language of numbers. Therefore, these numbers must be classified and addressed in specific way to identify the results of their businesses and the extent of using their investment opportunities to enhance the effectiveness of decision-making.

Accounting literature agrees that there is no comprehensive and complete definition of accounting due to the different views among accounting thinkers and researchers. Some define accounting from the angle of its historical development. Others, from the angle of the type of problems it addresses. Some others, from the side of the outcome of the process itself. And with all these differences in lookouts, here are some definitions as follows:

a. The American Institute of Certified Public Accountants

According to the American Institute of Certified Public Accountants "AICPA" in 1941, Accounting is: *"the Art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least of financial character, and interpreting the results thereof"*.

According to this classic definition, we notice that accounting is;

1. An Art that can be mastered through practice;
2. Using many processing words like " recording, classifying, summarizing" which gives us a hint that the process is well structured and requires several stages;
3. Giving an importance to financial events;

4. Expressing the language of business by money;
5. Interpreting the results of the process.

b. The American Accounting Association

According to the American Accounting Association (AAA, 1966), accounting is; *“the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of information”*. Based on this definition, we notify that;

1. Accounting is a process followed by many steps that must be respected like the previous definition;
2. This definition cited the axe of communication which is something important in the accounting process and indicates that an organized system is in place;
3. Accounting is all about information, but the “AAA” didn’t define information users;
4. This definition also didn’t mention anything about money, financial transactions or the language of numbers to make judgements.

c. Definition of Accounting Principles Board

After more than six years, the Accounting Principles Board of AICPA (AICPA, 1975, p. 35) also re-defined Accounting in another way as: *“Accounting is a service activity. Its function is to provide quantitative information, primarily financial in nature, about economic entities that is intended to be useful in making economic decisions”*.

This definition not only improved the concept of accounting, but also reinforced it compared to 1941’s definition with all new aspects, such as;

1. The definition mentioned the economic decision-making process as a new way to treat economic enterprises;
2. It also included the legal name of enterprises “Entities” as a way to strengthen the legal aspect;
3. It also tried to develop the concept of accounting by describing it as a Service rather than just an Art to be taught;

4. We also should note that this definition focused more on the financial aspect of transactions.

d. Definition of Financial Accounting Standards Board

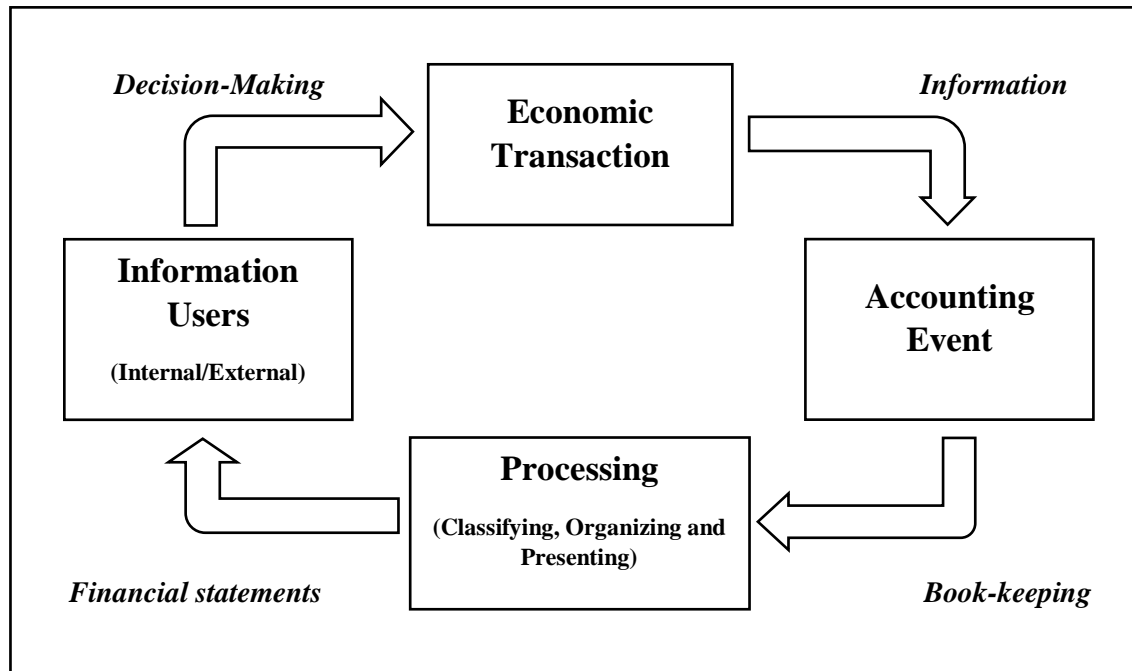
According to the Financial Accounting Standards Board in 1980, accounting is *“a system of collecting, storing and processing financial and accounting data that are used by decision makers”*.

e. Other Definitions

- ✚ (ASharf, 2001) Cleared that Accounting is *“a system aimed at recording economic events with a financial impact, then classifying these amounts according to a certain philosophy and summarizing them in financial statements to be finally interpreted in a specific way as outputs of this bookkeeping system”*;
- ✚ (A.Meri ,M. Bedoui, 2003) Said that Accounting is *“an organized method based on a system of rules and logical assets. And a series of regular procedures that should be followed in this regard to achieve specific goals”*;
- ✚ (Boutine, 2005) Defined Accounting as *“an information system concerned with operations carried out by the various economic agents, which are expressed by money”*.
- ✚ (Harvard Business Review, 2019) Cleared that (Cotrugli Benedetto, 1475) defined accounting in *the book of the Art of Trade* as *“the language of business through which the results of the economic activities of companies are measured, and then these results are transmitted to a variety of investors, creditors and administrators”*.

Thus, based on what’s been said earlier, the Figure below shows the process of accounting:

Figure (I-1): Accounting Process



Source: Realized by the researcher.

Accounting therefore can be defined as: *“An information system aims at recording, classifying, organizing and presenting financial transactions in a specific manner to support decision-making for all kinds of financial statements users”*

II- Historical Development of Accounting:

Accounting is older than money itself, basically it existed long before humans invented “Money”. It is why we will take a closer look to accounting, starting from its first appearance to the modern accounting that we know today.

a. Accounting’s first Appearance

Since the appearance of humanity on earth, mankind managed to live despite the many difficulties surrounded, as man was living in a harsh environment. At that time, he was satisfied with what the nature has to provide without making any significant effort. Human became accustomed to living in forests and near rivers and waterfalls, but this did not prevent him from dying due to natural changes and predators lurking at him. Human in his

primitive version couldn't provide for his daily food until he learned the skill of speaking more than 82,000 years ago and began to live in tribes. Even the system of living in such way was very difficult even after discovering fire and mastering the technics of hunting.

Living in groups paved the way for the emergence of the concept division of labor and each group member had a mission to do. On the other hand, human hunters were facing a bigger problem because there were so many mouths to feed. Surprisingly, humans were able to cultivate the land for the first time some 12,000 years ago in a very primitive way. Although agriculture was a historical leap for mankind but the conditions remained almost the same compared to the increasing needs every day. It's because people at that time planted only vegetables such as carrots, lettuce and broccoli. Actually it was a good brunch, but it was seasonal and impermanent and rotten in short period.

It should be noted here that the main reason that made human in search for fire and learn how to hunt and cultivating the land is that he was starving. What historians and archaeologists found is that the situation in Australia and America was otherwise. It was good and man did not even bother himself in hunting or farming because the nature was very generous for providing everything that he needed to survive.

What really has changed humanity is the man's ability to develop his skills and began to grow and feed on **grain** such as rice, wheat, barley, beans ... etc. Grains are characterized by the ability to store, to be consumed later and without undergoing any physiological changes or affecting human's life. By being able to grow grain, man was able for the first time in human history to overcome his need to live and reduce death from starvation. He basically established something called **surplus**.

By achieving surplus in production, many terms became to be known for the first time in history such as; writing; debts; money; state; army; war and even accounting.

The first discovery of writing was in a granary in a location called Mesopotamia, which is currently Iraq and Syria. But the question remained was why specifically in the granary?

When archaeologists analyzed this discovery, they were able to find out the meaning of what was written. The farmers were identified by a special symbol for each and the quantity that they deposited in the granary. Therefore, the first writing in history was about the science of accounting. Hence, historians noted that this event goes to 3600 years B.C in Iraq and Syria “Sumerian civilization” and is considered to be the first appearance of accounting in history. The labor of the workers was also an image of accounting because it has been evaluated and written in a sort of an acknowledgment of debts to the point of dividing their share of the agricultural crop.

After that, accounting developed in a simple way in line with the emergence of money and its use as a mean of exchange...etc.

b. Accounting in Islamic Era

The Islamic civilization was characterized by the rise in state revenues and expenditures as a result of the Islamic conquests. These takeovers didn’t affect the economic aspect at all. The period coincided with the invention of Arabic numbers which required recording and processing all these transactions, including sales and debts...etc.

The Holy Quran and the Sunnah are the main references to the science of accounting in Islamic civilization, as they require several moral principles to practice accounting in Islamic guidelines, such as; honesty; trust; self-accountability and fear of the Day of Judgment. The word “**account**” was mentioned **37 times** in the Arabic version of the Holy Quran and is mentioned in many situations when dealings with persons.

But returning to the part related to financial transactions, the Holy Quran specifies in many occasions the person to be cautious against falling into suspicious and prohibited transactions according to Islamic Sharia. The Holy Quran has given many examples about the general principles of accounting in several Quranic verses as follows:

There are many verses in the Holy Quran that mentioned accounting with one way or another. Therefore, here are some verses as follows:

✚ Surat Al-Bakara, Verse 188, P 29:

This verse is one of the verses that clarify and warn against some suspicious and forbidden dealings.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

أَحِلَّ لَكُمْ لَيْلَةَ الصِّيَامِ الرَّفَثُ إِلَى نِسَائِكُمْ هُنَّ لِيَابِسٌ لَكُمْ وَأَنْتُمْ لِيَابِسٌ لَهُنَّ عَلِمَ اللَّهُ أَنَّكُمْ كُنْتُمْ تَخْتَانُونَ أَنْفُسَكُمْ فَتَابَ عَلَيْكُمْ وَعَفَا عَنْكُمْ فَالآنَ بَاشِرُوهُنَّ وَابْتَغُوا مَا كَتَبَ اللَّهُ لَكُمْ وَكُلُوا وَامْرُؤُوا حَتَّى يَبَيِّنَ لَكُمْ الْحَيْضُ الْأَبْيَضُ مِنَ الْحَيْضِ الْأَسْوَدِ مِنَ الْفَجْرِ ثُمَّ أَتُمُوا الصِّيَامَ إِلَى اللَّيْلِ وَلَا تُبَاشِرُوهُنَّ وَأَنْتُمْ عَاكِفُونَ فِي الْمَسَاجِدِ تِلْكَ حُدُودُ اللَّهِ فَلَا تَقْرُبُوهَا كَذَلِكَ يُبَيِّنُ اللَّهُ آيَاتِهِ لِلنَّاسِ لَعَلَّهُمْ يَتَّقُونَ (187) وَلَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ وَتُدْخِلُوا بِهَا إِلَى الْحُكْمِ لِتَأْكُلُوا فَرِيقًا مِنْ أَمْوَالِ النَّاسِ بِالْإِثْمِ وَأَنْتُمْ تَعْلَمُونَ (188) يَسْأَلُونَكَ عَنِ الْأَهْلِ قُلْ هِيَ مَوَاقِيتُ لِلنَّاسِ وَالْحَجِّ وَلَيْسَ الْبِرُّ بِأَنْ تَأْتُوا النِّبُوتَ مِنْ ظُهُورِهَا وَلَيْسَ الْبِرُّ بِأَنْ تَأْتُوا النِّبُوتَ مِنْ أَبْوَابِهَا وَأَتَّفَقُوا اللَّهُ لَعَلَّكُمْ تُفْلِحُونَ (189) وَقَاتِلُوا فِي سَبِيلِ اللَّهِ الَّذِينَ يَقَاتِلُونَكُمْ وَلَا تَعْتَدُوا إِنَّ اللَّهَ لَا يُحِبُّ الْمُعْتَدِينَ (190)

صَلِّ عَلَى اللَّهِ الْعَظِيمِ

In the name of Allah, the most gracious, the most merciful “And eat up not one another’s property unjustly (in any illegal way e.g. stealing, robbing, deceiving, etc.), nor give bribery to the rulers (judges before presenting your cases) that you may knowingly eat up a part of the property of others sinfully” Great truth of Allah.

✚ Surat Al-Bakara, Verse 282, P 48:

This verse deals with the procedures for preparing debts and recording steps whatever their type and whatever their value.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

يَا أَيُّهَا الَّذِينَ آمَنُوا إِذَا تَدَايَنْتُمْ بِدِينٍ إِلَى أَجَلٍ مُسَمًّى فَاكْتُبُوهُ وَلْيَكْتُب بَيْنَكُمْ كَاتِبٌ بِالْعَدْلِ وَلَا يَأْبَ كَاتِبٌ أَنْ يَكْتُبَ كَمَا عَلَّمَهُ اللَّهُ فَلْيَكْتُبْ وَلْيُمْلِلِ الَّذِي عَلَيْهِ الْحَقُّ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا يَبْخَسْ مِنْهُ شَيْئًا فَإِنْ كَانَ الَّذِي عَلَيْهِ الْحَقُّ سَفِيهًا أَوْ ضَعِيفًا أَوْ لَا يَسْتَطِيعُ أَنْ يُعْلِمَ هُوَ فَلْيُمْلِلْ وَلِيُّهُ بِالْعَدْلِ وَاسْتَشْهِدُوا شَهِيدَيْنِ مِنْ رِجَالِكُمْ فَإِنْ لَمْ يَكُونَا رَجُلَيْنِ فَرَجُلٌ وَامْرَأَتَانِ مِمَّن تَرْضَوْنَ مِنَ الشَّهَادَةِ أَنْ تَضَلَّ إِحْدَاهُمَا فَتُذَكَّرَ إِحْدَاهُمَا الْأُخْرَى وَلَا يَأْبَ الشَّهَادَةُ إِذَا مَا دُعُوا وَلَا تَسْمَأُوا أَنْ تَكْتُبُوهُ صَغِيرًا أَوْ كَبِيرًا إِلَى أَجَلِهِ ذَلِكَمْ أَمْسَطَ عِنْدَ اللَّهِ وَأَقْوَمٌ لِلشَّهَادَةِ وَأَدْنَى أَلَّا تَرْتَابُوا إِلَّا أَنْ تَكُونَ تِجَارَةً حَاضِرَةً تُدِيرُونَهَا بَيْنَكُمْ فَلَيْسَ عَلَيْكُمْ جُنَاحٌ أَلَّا تَكْتُبُوهَا وَأَشْهِدُوا إِذَا تَبَايَعْتُمْ وَلَا يُضَارَ كَاتِبٌ وَلَا شَهِيدٌ وَإِنْ تَفَعَّلُوا فَإِنَّهُ فَسُوقٌ بِكُمْ وَاتَّقُوا اللَّهَ وَيُعَلِّمُكُمُ اللَّهُ وَاللَّهُ بِكُلِّ شَيْءٍ عَلِيمٌ (282)

صَلِّ عَلَى اللَّهِ الْعَظِيمِ

In the name of Allah, the most gracious, the most merciful “O you who believe! When you contract a debt for a fixed period, write it down. Let a scribe write it down in justice between you. Let not the scribe refuse to write as Allah has taught him, so let him write. Let him (the debtor) who incurs the liability dictate, and he must fear Allah, his Lord, and diminish not

anything of what he owes. But if the debtor is of poor understanding, or weak, or is unable to dictate for himself, then let his guardian dictate in justice. And get two witnesses out of your own men. And if there are not two men (available), then a man and two women, such as you agree for witnesses, so that if one of them (two women) errs, the other can remind her. And the witnesses should not refuse when they are called (for evidence). You should not become weary to write it (your contract), whether it be small or big, for its fixed term, that is more just with Allah; more solid as evidence, and more convenient to prevent doubts among yourselves, save when it is a present trade which you carry out on the spot among yourselves, then there is no sin on you if you do not write it down. But take witnesses whenever you make a commercial contract. Let neither scribe nor witness suffer any harm, but if you do (such harm), it would be wickedness in you. So be afraid of Allah; and Allah teaches you. And Allah is the All-Knower of each and everything” Great truth of Allah.

✚ Surat Al-Kahf, Verse 49, P 299:

This verse indicates the importance of following up every little thing and making the necessary accounting records in an impartial and fair manner at the same time.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

المَالُ وَالْبَنُونَ زِينَةُ الْحَيَاةِ الدُّنْيَا وَالْبَاقِيَاتُ الصَّالِحَاتُ خَيْرٌ عِنْدَ رَبِّكَ ثَوَابًا وَخَيْرٌ أَمَلًا (46) وَيَوْمَ نُسَيِّرُ الْجِبَالَ وَتَرَى الْأَرْضَ بَارِزَةً وَحَشَرْنَاهُمْ فَلَمْ نُغَادِرْ مِنْهُمْ أَحَدًا (47) وَعَرَضُوا عَلَىٰ رَبِّكَ صَفًّا لَقَدْ جِئْتُمُونَا كَمَا خَلَقْنَاكُمْ أَوَّلَ مَرَّةٍ بَلْ زَعَمْتُمْ أَلَّن نَجْعَلَ لَكُمْ مَوْعِدًا (48) وَوَضِعَ الْكِتَابَ فَتَرَى الْمُجْرِمِينَ مُشْفِقِينَ مِمَّا فِيهِ وَيَقُولُونَ يَا وَيْلَتَنَا مَالِ هَذَا الْكِتَابِ لَا يُغَادِرُ صَغِيرَةً وَلَا كَبِيرَةً إِلَّا أَحْصَاهَا وَوَجَدُوا مَا عَمِلُوا حَاضِرًا وَلَا يَظْلِمُ رَبُّكَ أَحَدًا (49) وَإِذْ قُلْنَا لِلْمَلَائِكَةِ اسْجُدُوا لِآدَمَ فَسَجَدُوا إِلَّا إِبْلِيسَ كَانَ مِنَ الْجِنِّ فَفَسَقَ عَنْ أَمْرِ رَبِّهِ أَفَتَتَّخِذُونَهُ وَذُرِّيَّتَهُ أَوْلِيَاءَ مِنْ دُونِي وَهُمْ لَكُمْ عَدُوٌّ بِئْسَ لِلظَّالِمِينَ بَدَلًا (50) مَا أَشْهَدْتُهُمْ خَلْقَ السَّمَاوَاتِ وَالْأَرْضِ وَلَا خَلْقَ أَنفُسِهِمْ وَمَا كُنْتُمْ مُتَخِدِينَ الْمُضِلِّينَ عَصِدًا (51) وَيَوْمَ يَقُولُ نَادُوا شُرَكَائِيَ الَّذِينَ زَعَمْتُمْ فَدَعَوْهُمْ فَلَمْ يَسْتَجِيبُوا لَهُمْ وَجَعَلْنَا بَيْنَهُمْ مَوْبِقًا (52) وَرَأَى الْمُجْرِمُونَ النَّارَ فَظَنُّوا أَنَّهُمْ مُوَافِعُوهَا وَلَمْ يَجِدُوا عَنْهَا مَصْرِفًا (53)

صَلَّىٰ اللَّهُ الْعَظِيمِ

In the name of Allah, the most gracious, the most merciful “**And the Book (one’s Record) will be placed (in the right hand for a believer in the Oneness of Allah, and in the left hand for a disbeliever in the Oneness of Allah), and you will see the Mujrimun (criminals, polytheists, sinners), fearful of that which is (recorded) therein. They will say: "Woe to us! What sort of Book is this that leaves neither a small thing nor a big thing, but has recorded it**

with numbers" And they will find all that they did, placed before them, and your Lord treats no one with injustice” Great truth of Allah.

✚ Surat Al-anbya, Verse 47, P 326:

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

قُلْ إِنَّمَا أُنذِرُكُمْ بِالْوَحْيِ وَلَا يَسْمَعُ الصُّمُّ الدُّعَاءَ إِذَا مَا يُنذَرُونَ (45) وَلَئِن مَّسَّتْهُمْ نَفْحَةٌ مِنْ عَذَابِ رَبِّكَ لَيَقُولُنَّ يَا وَيْلَنَا إِنَّا كُنَّا ظَالِمِينَ (46) وَتَضَعُ الْمَوَازِينَ الْقِسْطَ لِيَوْمِ الْقِيَامَةِ فَلَا تُظْلَمُ نَفْسٌ شَيْئًا وَإِنْ كَانَ مِثْقَالَ حَبَّةٍ مِنْ خَرْدَلٍ أَتَيْنَا بِهَا وَكَفَى بِنَا حَاسِبِينَ (47) وَلَقَدْ آتَيْنَا مُوسَى وَهَارُونَ الْفُرْقَانَ وَضِيَاءً وَذِكْرًا لِّلْمُتَّقِينَ (48) الَّذِينَ يَخْشَوْنَ رَبَّهُم بِالْغَيْبِ وَهُمْ مِنَ السَّاعَةِ مُشْفِقُونَ (49) وَهَذَا ذِكْرٌ مُّبَارَكٌ أَنْزَلْنَاهُ أَفَأَنْتُمْ لَهُ مُنْكَرُونَ (50) ۝ وَلَقَدْ آتَيْنَا إِبْرَاهِيمَ رُشْدَهُ مِنْ قَبْلُ وَكُنَّا بِهِ عَلِيمِينَ (51) إِذْ قَالَ لِأَبِيهِ وَقَوْمِهِ مَا هَذِهِ الصَّمَائِلُ أَلَيْسَ أَنْتُمْ لَهَا عَاكِفُونَ (52) قَالُوا وَجَدْنَا آبَاءَنَا لَهَا عَابِدِينَ (53) قَالَ لَقَدْ كُنْتُمْ أَنْتُمْ وَآبَاؤُكُمْ فِي ضَلَالٍ مُّبِينٍ (54) قَالُوا أَجِئْتَنَا بِالْحَقِّ أَمْ أَنْتَ مِنْ اللَّاعِبِينَ (55) قَالَ بَلْ رَبُّكُمْ رَبُّ السَّمَاوَاتِ وَالْأَرْضِ الَّذِي فَطَرَهُنَّ وَأَنَا عَلَىٰ ذَٰلِكُمْ مِنَ الشَّاهِدِينَ (56) وَتَاللَّهِ لَأَكِيدَنَّ أَصْنَامَكُمْ بَعْدَ أَنْ تُوَلُّوا مُدْبِرِينَ (57)

صَلَّىٰ اللَّهُ الْعَظِيمِ

The Verse 47 of Surat Al-anbya¹ mentioned that; *In the name of Allah, the most gracious, the most merciful “And we shall set up balances of justice on the Day of Resurrection, then none will be dealt with unjustly in anything. And if there be the weight of a mustard seed, we will bring it. And Sufficient are we to take account” Great truth of Allah.*

We can conclude that this verse deals with some accounting rules as mentioned below:

1. **Neutrality:** is something that must be respected when treating financial transactions, *“we will bring it”*;
2. **Measuring Tool:** It has to be a unique measuring tool for accounting like the same currency in balances , *“balances of justice”*;
3. **Justice:** The person who exercises the accounting task must be honest and just, *“Sufficient are we to take account”*;
4. **Inclusivity:** Whether it’s big or small amount it has to be recorded, *“if there be the weight of a mustard seed”*;

¹ It should be noted here that citing verses from The Holy Quran was based on the Muhammad Taqi-ud-Din al-Hilali & Muhammad Muhsin Khan’s translation because it is considered as one of the best translations worldwide.

5. Time period and Budget Clearance: Financial statements are related in a period of time “generally a year” which has been meant by “*the Day of Resurrection*”.

The importance of financial transactions in Islam requires an accounting system that takes into account many of the important points to which the objectives of Islam Rules. **Money Protectiveness** is one of the pillars of the purposes “Makassid” of Islamic Sharia by protecting and controlling the right of individual property and promoting a society in which based on; security, safety, justice and equality in transactions and working with the principle of “**Neither Harm Nor Foul**”.

Perhaps the most important of these rules are the **Zakat** system, the **Inheritance** system, the **Jizia**, the prohibition of **Hoarding** and the encouragement of earning money through legitimate means. Islam also permitted fair transactions that do not involve injustice and control the disposal of money that is in the public interest. Also, the protection of the money of others such as **Orphans** and the preservation and registration of debts.

One of the most important applied basics of accounting in Islam is the way in were in **Money House “Bait Al-Mal”** or the treasury of Islamic government. It was created by the Caliph Omar Ibn Al-Khattab¹.

Surprisingly, (Abu-Al-Faraj, 915) referred in his book that wasn't published until 1981 to the most accounting principles that exists today which is tremendous compared to a time gap estimated at more than one thousand "1000" years.

Abu Al Faraj mentioned that Money House according to Islamic Sharia should be managed in four principles as the following:

1. Revenues from money must be recorded;
2. Expenditures of money must be recorded away from revenues Sheet;
3. It is necessary to have internal and external documents that prove any transaction;

¹ *After The Prophet Muhammed “Peace Be Upon Him” Passed Away.*

4. Recording all income and expenses with a seal of the director of the Money House.

c. Modern accounting

Since the Church ruled almost everything in Europe Region and the spread of ignorance, accounting faced a kind of stagnation. But Cross Wars between the years of “1096-1291” paved the arrival of Arab civilization through maritime trade. Therefore, Arabic letters and numbers were also used in accounting records. The period between the 14th century and the 15th was characterized by the emergence of capitalism. As for accounting, the single entry system was used and things remained the same.

In late of 15th century, an Italian mathematic scientist called Luca Picioli suggested (Pacioli, 1494) to use the double entry system as an innovative way in bookkeeping for the first time. His book “*Summa de arithmetica, geometria, proportioni et proportionalita*” presented a general view on arithmetic, geometry and proportions in mathematics, Luca was able to offer a good contribution for accounting because he invented for the next 6 centuries something that is still appropriate with today’s needs and specifications.

Picioli was named as **The Father of Modern Accounting** because he managed to shift the view of accounting from a simple source of information to a mean to serve companies and organizations. Sooner, the idea of double entry system became known and used in Germany, Belgium, Netherlands and all across Europe.

d. Accounting’s Golden Age

The concept of accounting corresponded with many accelerating events at that time. First, it was the independence of the United States of America from England on July 04th, 1776. After that the Industrial Revolution started as well as the emergence of global financial markets. (BBC News, 2021) Cited that London and New York combined possess the largest Money Industry in the world.

As a result to the increasing money industry day after day, simple citizens began to learn accounting principles which reading and understanding financial statements and balance sheets was no longer an exclusive thing for

accountants or financial markets analysts. Consequently, the accounting awareness started to appear to the public.

This period also characterized by the use of mathematical, statistical methods, software and machine tools later. One of the important factors for accounting development is the evolution of tax philosophy for governments by setting up many rules and legislations in order to compel companies to possess accounting books and provide explanations about the financial situation of companies so that governments could impose taxes and fees on activities. The accounting of today is also known with many international institutions and organizations that care about accounting that the researcher will address it later.

III- The Puzzle of Daimler-Benz:

The automotive industry is considered as one of the most difficult sectors in industry worldwide. Until now, the intensity of competitiveness between various international companies is still at its height. Despite the investment in electric and self-driving cars today, Tesla as one of these companies still suffering from several problems in safety, structure and design. Perhaps, achieving a leadership position “Top Five” in this industry may take a hundred years with hard work and continuous innovation.

Therefore, what happened with Daimler and Benz after they merged in 1926 is something unprecedented. The company has been producing Mercedes automobiles in a partnership program that is considered as the most successful and longest in the history of cars industry.

Accounting divergence was an old thing. But specifically in 1993, Daimler-Benz adopted an expansionist policy and decided to penetrate foreign financial markets. Whereas, according to German laws and legislation, the company was achieving profits of 615 million Dutch Marks. But in order to enter New York Stock Exchange, it was necessary for the company to re-update its financial statements and its accounting result to conform the financial statements with the Generally Accepted Accounting Principles “GAAPs”, where an unexpected situation occurred.

The accounting result of Daimler-Benz was estimated (Ketouche, Bekihal, 2016) at a loss of 1 839 million Dutch Marks, so that it was required

to exclude a giant company such as Daimler-Benz from entering the largest stock exchange in the world.

The table below shows the Net Result according to both the German and American Approaches:

Table (I-1): Net Result according to American and German approaches

Daimler-Benz's Net Result (Million Dutch Marks)	1992	1993	1994
German Standards	895	615	1 451
US Standards GAAP	1 052	(1 839)	1 350

Source: Realized by the researcher based on (BAY W., BRUNS H. G., 1997).

This problem opened the gate to raise interrogations about the real profit of this company as well as the reference of both German and American standards at the same time and which one is true. As a result, accounting science was in front of a crisis that had to be solved by specialists at the international level. This is what the work of international unification aimed at through various international accounting institutions and organizations.

Section II: International Harmonization Work

Based on this problem, it become necessary to use a unified language especially in multinational companies. Common efforts to issue international accounting standards were an inevitable decision and an irreversible one.

I- International Harmonization Definition

There are many literature that dealt with international harmonization in accounting. (Choi F., Meek G., 2005) Identified harmonization as *“a process of increasing the compatibility of accounting practices by setting limits on how much they can vary”*. While, (Leebron, 1996) referred that *“harmonization is making the regulatory requirements or governmental policies of different jurisdictions identical, or at least more similar”*.

Correspondingly, (Saudagaran SM., Diga J G., 1997) concluded that *the level of accounting harmonization must respect three different steps, namely total disharmony, regional harmony and global harmony*. The regional paradigm of accounting harmonization perceived harmonization as occurring among countries that are geographically proximate. The global model of accounting harmonization envisions a borderless environment where

the accounting information is comparable across countries and is gladly available to international users.

Harmonization can also be placed when different government authorities cooperate with each other in order to form an identical policy, primarily regarding international agreement. Harmonization occur where countries are geographically proximate as for Europe region. However, the basic understanding of harmonization is talking about the elimination of differences between accounting practices in various countries in order to pursue international agreement.

Harmonization also facilitates bringing foreign investor's capital after being able to understand financial statements and evaluate them with investment opportunities make decisions.

II- International Accounting Harmonization: Reasons and Goals

The spread of multinational companies is one of the factors that helped to pay more attention to accounting Harmonization. Especially after what happened with Daimler-Benz Company. On this basis, we can summarize the most important Goals and Reasons of International Accounting Harmonization as follows:

a. Harmonization Reasons

Accounting faced a set of factors and reasons that made it sophisticated in this way today. Perhaps, the most important of these factors is the development of international economies and foreign trade in a massive way, especially after the industrial revolution. Therefore, an urgent need for financial information arose so that decision makers can make the best and most appropriate use of it. This made accounting forced to develop itself in a way that meets with those needs. So, here are the reasons that paved the way for accounting Harmony as follows:

1. Financial Globalization

After the collapse of the gold rule, Financial Globalization had an important role in moving towards Accounting Harmonization. Since globalization at that time was reaching political, social and cultural fields under the domination of the great powers represented in the United States of America and United Kingdom. And this paved the way for the spread and the

overlapping of financial markets and increased the need for financial information as a result of the following:

- **Financial Market’s Development:** After removing restrictions on the capital movements, we witnessed the development of financial markets across the world in a terrifying way. We become able to see the transfer of financial crises from one financial market to another in a very short time. Even with the last Crises in 2007 and the Corona pandemic in late 2019. Also the use of information and communication technologies really helped to increase the connection between these markets and those involved in this field. Not to mention the emergence of different pricing models such as the Black and Scholes model and the Capital Asset Pricing Model “CAPM” and the diversity of financial applications for various future transactions in the financial markets.

- **The Increasing Demand on Accounting Information:** The spread of financial markets in the world has contributed to attracting many companies that wish to enhance their financial position either by opening their capital to achieve financial abundance or pricing their stocks by developing a strong communication policy to attract more investors.

Also, the competition between various Stock Markets in attracting major companies in the world could make the process of entering that stock market very easy. While other stock markets adopt a policy aimed at protecting investors and all kinds of the financial information users through an integrated disclosure system that achieves information asymmetry for all parties.

- **The Expansion of Multinational Companies:** In light of the world order of today, many companies have expansionist interests all over the world. Especially after the emergence of many wars due to access to Oil and Gas in the last century. It did not end here, the transfer of technology and the assistance to poor countries in exchange for long-

term investments had several advantages for both parts “a beneficiary-beneficiary situation”¹:

- ✚ To encounter and penetrate the hosting county’s foreign trade laws and customs obstacles;
- ✚ To minimize transport costs and benefit from the cheap labor;
- ✚ Being close to the natural resources in order to insure the stability of the supply chain of raw materials to ensure the non-interruption of the production process;
- ✚ The tendency of European and American countries to impose environmental laws and heavy charges on violators made these companies willing to expand their activities towards countries that do not take into consideration this environmental approach such as the African countries.

2. International Accounting Systems Differences

The need to harmonize accounting practices wasn’t superficial and wasn’t even highlighted at all. It actually emerged after the spread of multinational companies and the emergence of globalization and the overlap of financial markets among them. Accounting practices of the neighboring countries were similar somehow due to several common denominators. But soon, many countries interacted with each other "even at the continental level" where this difference began to appear. It is considered a legitimate matter for all countries given their needs on the one hand, as well as the problematic that need to be solved by accounting in that country.

In fact, this divergence was an old one but it was the result of many factors that can be mention as the following:

- **Tax Laws:** the differences in tax laws between countries are caused by many aspects such as the objectives of the tax system, is it placed only at the aim to collect tax for public treasury or for encouraging investments as well. These simple dissimilarities in tax laws between

¹ *We should mention here that it’s not a Win-Win situation at all times because accounting harmony or things like agreements always have its advantages and disadvantages.*

countries are very important in how accounting systems should be in order to establish a reliable one.

- **Legal Systems:** The difference in legal systems from one country to another is one of the factors that determine the efficiency of accounting systems. In this case, any differences in accounting practices between two countries can be noticed. This is evident in countries where there is no strong legal arsenal.

It should be noted here that some countries prefer unwritten laws because these culture has existed long time ago. And this particularly would provide much more freedom to companies to do whatever they want with accounting practices during registration, evaluation and other things.

Unlike other countries that give the law great importance. These countries impose legislations that specify some appropriate and permitted accounting methods, as well as the style of financial statements and the necessity to respect them for certain conditions. All this can show many differences in accounting practices from one country to another.

- **Political Relations:** Political Systems are very important in highlighting the compatibility or divergence in accounting practices between countries. As for systems that attach great importance in controlling financial information based on the principle of *“information about money is more valuable than money in itself”*. But for countries that don’t pay any attention to the field of accounting and have no desire to improve their practices, they find themselves far from International views.

On the other hand, corrupt political systems are characterized by suspicious business practices and in which the phenomenon of bribery is widespread. This situation can’t stand for an efficient accounting practice at all. Even if the legal arsenal is good, it will not be equivalent to anything in a rotten political environment. So, the presence of a good political environment is very important to harmonize accounting practices between countries.

- **Financing Systems:** It should be easy to set reliable accounting practices when banking systems offer loans effortlessly to different types companies.

When companies are located in a Financing environment in which it is easy to obtain funding. They find that accounting practices tend to be honest in providing the necessary financial statements. But in the opposite situation, some companies may resort to accounting deception¹"Creative Accounting" to improve the organization's apparent image.

Therefore, the difference between the financing systems from one country to another would cause some differences in the accounting practices between these countries.

- **Economic Relations:** Economic policies are very important in order to achieve consistency in accounting practices between two specific countries.

The exchange relations and bilateral treaties between them play a very important role. Different trade policies between them are decisive. In the possibility of exiting any trade restrictions "whether customs or non-customs barriers", this would affect the accounting practices for both countries.

It should be noted that the economic fabric plays a critical role here. Countries that produce almost the same products do not deal with each other often compared to countries whose products differ or they cooperate in a specific chain of production. In this case, it is obvious that accounting practices must be close to each other.

- **Historical Relations:** The historical relationship is an important factor in the presence of harmony or difference in the accounting practices between countries The uniformity of culture and beliefs as well as the geographical sharing "*neighboring countries*" is very

¹ *Creative accounting is a method which is used to make or interpret accounting policies falsely with the objective of misusing the accounting techniques and standards. One of the goals of doing this type of accounting practice is to make profits by not reporting the exact figures or to obtain unfair bank loans or other advantages.*

important to share the same view. Common History would also lead to a common picture of the future between these countries.

This is also something that may help in achieving accounting Harmony after all. It's alike to countries that have gone through certain periods or certain circumstances such as wars in which they find some accordance with many views. It is also easy to deal with certain problems starting from this common historical background.

b. Harmonization Goals

- 1. Smooth Communication:** The main objective of this process is to develop a unified language for accounting, which helps to facilitate the use of the financial statements for all kinds of users and financial statements analysts. As well as Small divisions of that company in other countries;
- 2. Reliable Control:** The adoption of a unified method in preparing financial statements facilitates the control process through various companies. So that these companies help to enhance more transparency in transactions or dealings. Also it facilitates the comparison process if needed. By familiarizing companies with these rules in advance, this could achieve a certain level of safety when the companies deal with the government or any other party;
- 3. Cost Saving:** Many multinational companies suffer from countries that don't apply this unified language by updating each time their financial statements from the imposed laws and guidelines by these countries. This makes these companies have to incur an additional cost in preparing these statements for the main company or the company's division. Sometimes this process is very expensive which forces the hosting country to provide certain privileges, reduction or exemption in tax, or this multinational companies may leave them;
- 4. Saving Time and Effort:** It is important to save time and effort because sometimes these companies face good offers or golden opportunities to invest in other countries but by wasting time in the financial statements preparing process or even in translation, they could miss the chance. Also, the absence of this harmonization could

create many problems in the situation when merging two businesses together from different countries.

III. International Harmonization Process

Carrying out this process requires combined efforts to create harmony among accounting practices between countries. Hence, a lot of countries and international organizations have contributed to the success of the process. They also faced some obstacles that we will address below:

a. Obstacles Faced in International Harmonization

The process of International Accounting Harmonization was at the aim of bringing accounting practices closer together and reducing the differences and deviations among accounting practices. However, this process faced a number of obstacles, which is mentioned as the following:

- 1. Differences in Laws and Regulations Systems:** The legal systems of countries always try to treasure the principle of sovereignty. It means that these countries may often reject foreign interferences what so ever. And that's a big problem for multinational companies. Because they suffer from preparing financial statements according to national laws on one hand, and other additional financial statements according to international standards on the other. Also, the process of adopting certain standards forces these countries to permit new laws that allow the practice of these standards. Therefore, the countries' unwillingness to change their national laws "due to the conflict of those standards with their interests" or the mistranslation of these standards in some cases may lead to the creation of several problems that somehow hold back the process of accounting harmonization.
- 2. Cultural, Social and Historical Differences:** Cultural, social and historical differences signify a very important matter that would disrupt the process of international accounting harmonization. Therefore, those in charge of the mission of international standardization must take into account these factors, because these differences helped to establish National Standards or certain accounting practices that are in line with local needs and expectations. So, it's difficult to abandon them directly and adopt International practices directly without persuasion or providing explanations.

- 3. Difference in Financial Statements Objectives:** Different forms of financial statements from one country to another are significant obstacles for reaching international accounting harmony, some countries based on determining the financial position of the enterprise, while others consider providing investors with reliable financial information a priority, while some others adjust financial statements in a specific way to enhance tax collection. Nonetheless, achieving International Accounting Harmony would also conflict with some laws like "Tax laws, Investment laws, trade laws ...etc. And that because sometimes they don't authorize the application of certain methods which couldn't help the desired international harmonization.
- 4. Differences in Flexibility towards Harmonization:** Each country has its own accounting system that it deems appropriate for its economic situation and strength. But not every country has the appropriate speed to response fast enough to the surrounding events. On this basis, the flexibility difference of each country towards accounting harmonization may lead to the inconsistency of the harmonization process. Developed countries for example don't need much time to react to these changes because they are well organized while developing countries may need several years to adjust their practices towards modern international trends.
- 5. The Lack of Obligation and Commitment:** Among the obstacles to ensure international standardization is the non-mandatory application of these standards by those countries. There is also no international law calling for the application of these rules and directives to reach this desired harmony nor an international organization that obliges these governments or companies to comply with these texts and rules. Therefore, since these principles are an optional thing, it's difficult to persuade governments to adopt them.
- 6. Differences in Financial Information Users:** The different priority of financial information users from one country to another is an important matter in order to achieve the desired international accounting harmonization. There are some countries that place the investor among their highest priorities for the use of financial information. But other countries seek to direct financial information

to tax authorities. While there are other accounting systems that enhance the role of the government in monitoring the compliance of these statements to certain conditions. However, other systems attach great importance to information related to financial markets. Therefore, this diversity may lead to a big divergence to achieve this international harmonization.

- 7. Differences in Starting Points:** Perhaps the most important obstacle facing the process of accounting harmonization is the difference in launching points (accounting seniority between countries). It means that the extent of mastering accounting rules is different from one country to another. For example, some countries have practiced accounting for a very long time and they are familiar with accounting standards. While other countries practices are characterized by primitiveness, ease and simplicity. In many cases, accounting systems among these countries are not alike. And we often see this is model by comparing developed and developing countries. Therefore, it is necessary to respect the peculiarities of each country and the extent of its control over the accounting rules before undertaking this accounting harmonization process.
- 8. Differences between Professional Institutions and Syndicates:** Reaching an international harmonization is not an easy thing. The differences between professional organizations that regulate the accounting profession among countries, as well as the syndicate unions would reveal many problems to achieve International Accounting Harmony. Starting with the different objectives of these organizations and their professional ambitions to improve accounting practices in those countries. Besides, the extent to which governments listen to their proposals and interact with them. Accounting Professionals also play an important role in promoting the aspirations of accounting practices to the international level by introducing the accounting practices to the rest of the world and proposing new approaches that would improve the internationalization in a way that serves accounting harmonization.

b. Efforts and Contributions towards Harmonization

Harmonization process wasn't easy but it also wasn't impossible, many institutions and organizations contribute to establishing a unified language for accounting. Therefore, a lot of efforts made by governments to achieve this goal and to reduce misuses and differences noted in accounting practices between these countries at the international and the regional level as follows:

1. International Organizations: Amongst the most important efforts made in this regard, here are the following:

- **United Nations:** The United Nations has undertaken a series of efforts to support the accounting profession on an international level. Starting in 1973, when The United Nations hired a group of experts and researchers to study the impact of multinational companies on development processes and building relations with hosting countries. Experts concluded that there is a clear lack of financial and non-financial disclosure issued by these companies.

It also established a committee in 1976 to investigate the reasons for the lack of information provided by these companies, so that this committee's report mentioned a set of points in which it specified the minimum data and items that must be provided in the financial information issued by this type of companies. As for the minimum information required, they are as follows:

- ✚ Information about the divisions of these companies and their allied companies;
- ✚ Information about the sales of this company by geographical regions and sectors of activity;
- ✚ Information about the consolidated financial statements and appendices related to the use of accounting methods, clarifications about evaluation and compilation processes as well as the use of funds;
- ✚ Information about production, company organization, investment programs and strategic policies.

In 1982, a governmental forum of experts was formed called International Standards of Accounting and Reporting "ISAR" forum which aimed at:

- ✚ Discussing accounting standards, preparing financial statements and associated formalities related;
- ✚ Participate in setting Accounting Standards with various International and Local Organizations;
- ✚ Taking into account the peculiarities of developing countries with regard to their need and disclosure of financial information.

It should be noted here that “ISAR” forum is the only group in the United Nations specialized in the field of Accounting and Auditing. It is also focused on international harmonization between reporting practices multinational companies and national accounting practices. The forum (Hadouche Z., Bouzida H., 2021) has also studied, discussed and adopted some of the best practices. It played an important role in the issuance of the international accounting standards and has continued to work on several important fields such as environmental accounting.

- **OECD:** The Organization for Economic Co-operation and Development was established under the agreement (OECD, 2021) signed in Paris on December 14th, 1960 by 20 countries. Today, it includes 37 countries in the world. This organization aims to improve the standard of living of member states and help achieve economic development and develop foreign trade between member states in a fair manner. The organization is also a forum for exchanging economic information and discussing common issues. Therefore, this organization has adopted a strategy for achieving international harmonization in the field of accounting because the activity of many multinational companies is in the member countries.
- **International Accounting standards Committee:** The International Accounting Standards Committee “IASC” was founded in June 1973 in London, and replaced by the International Accounting Standards Board “IASB” later in 2001. The IASC was founded for the first time by an agreement between the accounting organizations of the following countries: Australia, Canada, France, Germany, Japan, Mexico, Netherlands, United Kingdom, and USA. It had around 140 member institutions in 104 countries. The IASC is a non-profit

committee responsible for developing International Accounting Standards and promote their use.

- **International Federation of Accountants:** The (IFAC, 2021) is a global organization established in 1977 with the objective of promoting the accounting profession around the world by establishing strong and high-level professional standards and encouraging their adoption. Today, the federation includes more than 180 Professional Accountancy Organizations “PAOs”, affiliated with more than 135 countries and more than 3 million accountancy professionals worldwide. The federation based in New York and it has set the following standards:

- ✚ International Auditing and Assurance Standards “IAAS”;
- ✚ International Standards on Quality Control “ISQC”;
- ✚ International Rules of Professional Ethics “IRPE”;
- ✚ International Qualification Standards “IQS”;
- ✚ International Public Sector Accounting Standards “IPSAS”.

The federation is interested in developing International Auditing Standards, Rules of Professional Behavior and carrying out studies and research in the field. It is also in charge of developing methods of administrative and financial control and carrying out research related to financial and control aspects.

Among the most important objectives that the International Federation of Accountants has been entrusted with achieving are the following:

- ✚ Attracting those wishing to join the federation and participate in the IFAC’s activities;
- ✚ Preparing and issuing periodicals for exchanging opinions among professionals around the world;
- ✚ Suggesting and developing international auditing standards and guidelines for professionals;
- ✚ Suggesting and developing management accounting methods;
- ✚ Strengthening the relationship between users of all kinds of financial statements;
- ✚ Organizing the process of exchanging information in the field of technology and information development.

- **International Forum on Accountancy Development:** (IFAD, 2021) was created as a working group between the Basel Committee, the IFAC, the International Organization of Securities Commissions IOSCO, some large Accounting Firms, OECD, United Nations Conference on Trade and Development UNCTAD, and the World Bank and some regional development banks. Its mission was to improve market security, transparency, financial stability on a global basis and encouraging the adoption of international accounting standards.
- **The G4+1 Group of Accounting Standard-Setters:** The G4+1 involved members of national standard-setting organizations from Australia “Australian Accounting Standards Board”, Canada “Canadian Accounting Standards Board”, New Zealand “New Zealand Financial Reporting Standards Board”, the United Kingdom “United Kingdom Accounting Standards Board” and the United States of America United States Financial Accounting Standards Board” and Representatives of the International Accounting Standards Committee “IASC” attend as observers (Street D L., Shaughnessy K A., 1998). (Nobes C. , 2006) Claimed that the G4+1 Group was an effort to maintain Anglo-Saxon dominance of accounting. But, others feared the IASC’s continuing existence and dominance as the international accounting standard setting organization may be threatened by the G4. Even though, this collaboration (Street D L., 2006) targeted studying issues related to the international accounting practices of the most important operations in which the accounting systems differ from one country member to another.
- **The International Organization of Securities Commission:** The “IOSCO” is the international organization that brings together the world's securities regulators and is recognized as the global standard setter for the securities sector. IOSCO develops, implements and promotes adherence to internationally recognized standards for securities regulation. It works intensively with the G20 and the Financial Stability Board “FSB” on the global regulatory reform agenda.

It was established in 1983, today it normalizes more than 95% of the world's securities markets in more than 130 authorities: securities

regulators in emerging markets account for 75% of its ordinary membership. The IOSCO goals and principles have been recommended by both the G20 and the Financial Stability Board “FSB” as the relevant standards. These principles form the basis for the evaluation of the securities sector for the Financial Sector Assessment Programs “FSAP” of both the International Monetary Fund “IMF” and the World Bank.

2. Regional Organizations: Among the most significant efforts made by the way, here are the following:

- **African Accounting Council:** The “AAC” was established in **Algeria** in June 10th, 1979 on the occasion of the second session of the former Organization of African Unity, it’s a specialized accounting agency in the “OAU”. The AAC provides assistance to institutions in member countries on standardization of accounting and promotes Education, Further Training and Research in accounting and other related areas of study. The AAC has its headquarters in Kinshasa, Democratic Republic of the Congo. It aims to promote accounting harmonization in member countries, to facilitate the circulation of management information among African countries as well as promoting and carrying out studies and research.
- **Arab Society of Certified Accountants:** The Arab Society of Certified Accountants “ASCA” was established in 1984 by a number of leaders of the Arab accountancy profession as a professional accounting body in the Arab region. It’s currently headed by Dr. Talal Abu-Ghazaleh (ASCA, 2021), Chairman of Talal Abu-Ghazaleh International and Co. The ASCA is considered as a non-profit association that looks to develop the science of accounting, management, harmonization in Arab Counties and other related topics across the member states of the League of Arab States. In addition, to preserving the professional independence of accountants and ensuring protection for them, and applying professional supervision standards as a means of advancing the accounting and auditing professions.
- **Pan African Federation of Accountants:** PAFA is a continental organization representing Africa's Professional Accountants. It was established in May 2011. PAFA is a non-profit organization currently with 55 Professional Accounting Organizations “PAOs” from 44

countries¹. Its mission is to accelerate harmonization and standardization and strengthen the capacity of accounting profession to work in the public interest, enhance benefits and quality services to Africa's all citizens and facilitate trade. PAFA aims to develop the profession and work collaboratively to drive Africa's agenda. It's founded on the premise that national Professional Accounting Organizations have the capacity to provide transparency, good governance across both public and private entities, good financial management practices and accountability. PAFA believes that its ability to develop institutional capability and working in the public interest by leading and developing the accountancy profession in Africa will enable the acceleration of economic growth (PAFA, 2021) and the reduction of poverty in Africa.

- **European Union:** Since the beginning of its establishment, the European Union has been interested in the issue of international accounting standardization. The idea of unifying the financial statements prepared by European companies was put forward through the Companies Law based on Article 54- G3 of the Rome Agreement. So that fund companies must respect those rules when preparing their annual statements and accounts after the issuance of the Fourth Directive in July 1978. Then, the 7th Directive was issued in June 1983 which is related to consolidated accounts.
- **African and Malagasy Union:** The “AMU” is an intergovernmental organization created to promote cooperation among newly independent states in Francophone Africa. It includes 17 African countries, the “AMU” was established on September 12th, 1961 in Madagascar. These countries agreed to have a special accounting system that meets their needs and to be an alternative solution from the French General Accounting Plan “FGAP”. So, The new accounting System’s goal was to:
 - ✚ Ensure the compatibility and consistency of the accounting systems around the member countries;
 - ✚ promote the use of modern methods for companies management;

¹ Algerian Membership was approved by the Board of Directors in June 17th, 2019 at Marrakesh Meeting “Morocco”, and presented by The National Council of the National Syndicate of Expert Accountants “Mr. Rabah TAFIGHOULT”

- ✚ Achieve harmony between the concepts of all national accounting practices for member countries;
- ✚ Create an information system that allows assistance in economic development between countries.
- **West African Economic and Monetary Union:** This “WAEMU” includes 8 countries from West Africa which are: Mali, Niger, Senegal, Guinea, Burkina Faso, Bissau, Ivory Coast and Benin. These eight countries through this union, established a common accounting system in 1996 called the African Accounting System called: "SYCOSA". It includes accounting principles to be respected in order to provide accounting information that meets the needs of all parties. It is worth noting that the African accounting system tends to follow the current international accounting standards in its orientations.
- **Confederation of Asian and Pacific Accountants:** The “CAPA” was established in 1957, it consists now more than 20 countries and includes 33 national accounting organizations and represent around 2 million accountants across the region with the aim of developing the accounting profession and bringing accounting practices closer among member countries. This confederation works with the International Accounting Standards Committee and the International Federation of Accountants Committee in facilitating the development of international accounting standards.

Section III: Standardization: The Road to IAS/IFRS

Since that Harmonization aims at bringing the international accounting practices close together it happens that standardization the process of trying to merge these practices into a common language:

I. International Accounting Standardization Work

a. Standardization Definition

A standard according to (ISO, 2021) is basically the formula that describes the best way recommended by specialists to do things. When something doesn't work as the way it should, it often means that standards are absent. The International standards organization defines standards as; *“the distilled wisdom of people with expertise in their subject matter and who know the needs of the organizations they represent people such as*

manufacturers, sellers, buyers, customers, trade associations, users or regulators”.

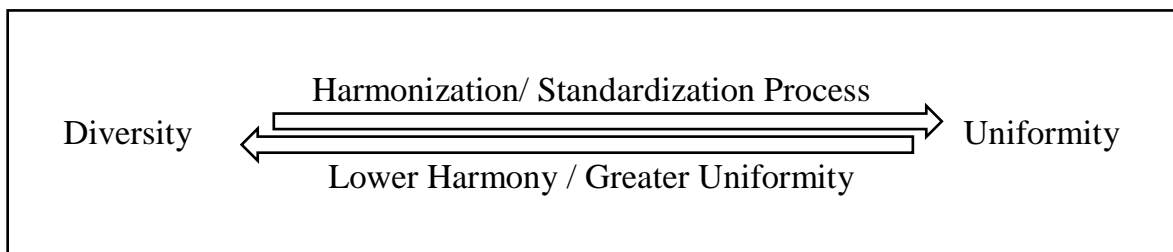
Standards cover a wide range of subjects from building to micro technology, from energy management to health and safety and Climate change. Standards sometimes can be very specific in order to do things in a very respectable way. The aim of standards is to provide a reliable basis for people to share the same expectations about a practice, a product...etc.

(Choi F., Meek G., 2005) Cited that: *“standardization means the imposition of a rigid and narrow set of rules, and even a single standard rule or rules may be applied in all situations”*. Standardization can also help to:

1. facilitate trade;
2. Provide a framework for achieving economies, efficiencies and interoperability;
3. Enhance consumer protection and confidence in products and services.

It should be noted “as it mentioned in the previous section” that Harmonization eliminates differences between accounting practices unlike standardization because (Saudagaran SM. ,Diga JG., 1998) it is inflexible which doesn’t necessarily compile in all the situations. Thus, the difference between harmonization and standardization (Benbelghit, 2004) is shown this figure as follows:

Figure (I-2): The Difference between Harmonization and Standardization



Source: By the researcher based on (Urif, 2015).

So, Accounting Standardization according to (AFNOR, 2021) is: *“the process of enacting a set of rules that allow the organization of work tools and products, by unifying and simplifying them”*

Working on this field requires mutual hard work from international organizations among several countries to seek the desired standardization of the accounting practices. Therefore, the standardization characteristics are the following:

b. Reasons for International Accounting Standards Existence

The desire of governments to obtain unified and identical accounting information was to achieve greater control over economic activities. As well as to guarantee transparency, credibility and tax collection. Given that these international parties dealing with each other may not often have common cultures or languages. Therefore, standardization is a way to provide free financial statements from all forms of bias and discrimination.

Standardization also a way to facilitate some tasks like:

1. Make reading financial statements easier;
2. Enhancing rationality and assisting feasibility studies before making investment decisions;
3. Saving time and effort;
4. Facilitating access to financial markets;
5. Achieving better communication with trade and industry operators.

There are also some motives for heading towards international accounting standards, including;

1. **The increasing volume of commercial exchanges:** which requires more framing and effective monitoring, especially with the spread of some multinational companies in almost all parts of the world, and that creates a problem of transparency;
2. **The Investment:** The increasing need for investment has made investors in a constant search for new investment opportunities, which must provide honesty, clearance and predictable financial information in order to compare it with a group of investment alternatives to make more rational investment decisions.
3. **The Monopoly of Some Multinational Companies:** With this diversity of activities around the world, competition between major

companies has become at its peak. But there are some areas where there is still a kind of monopoly which means the necessity to provide an honest financial information by common efforts from governments.

4. **Globalization Effect:** Heading towards International Accounting Standards itself is a start to reach larger and bigger objectives like reaching total International Integration in countless fields thanks to globalization.

c. International Accounting Standardization Objectives

The process of accounting standardization aims to normalize the financial statements through these main objectives “*The Triple S*” as the following;

1. **Standardization:** Standardizing the accounting treatment at the international level to include the supply chain, production as well as recording financial transactions, classify them and presenting the outputs in the form of standard and unique financial statements to increase the profitability of accounting interests of the company;
2. **Simplification:** Simplifying the use of financial statements, reading them, understanding them in a unified manner. Accordingly, the Standardization of the accounting outputs is mainly represented in the financial statements at the end of the accounting cycle. This would allow the answer to the needs of the various users of accounting information in a simple way;
3. **Specification:** It should be noted here that the possibility of conflicting interests between financial statements users and their differing characteristics is the basis for seeking to unify these statements and struggling to achieve the greatest degree of transparency and credibility.

Although, the efforts of international institutions specialized in accounting came with other objectives for the process of standardization as follows;

- Imposing more control over multinational companies, whether the main company or its divisions;

- Reducing costs and saving time to prepare financial statements according to each country, and be satisfied with a unified system for all cases;
- Standardizing the accounting methods used in evaluation, determine depreciation and measurement in order to reach unified financial statements.

d. International Accounting Standardization Advantages

The most important advantages of the accounting standardization process are as follows:

1. The ability to compare the financial statements of numerous companies between different countries, which facilitates the process of making investment decisions, lending operations and facilitating the process of understanding the financial statements by foreigners;
2. Financial statements standardization means good bye to the complex procedures of entering some financial markets.
3. Improving the quality of decisions in multinational companies due to the standardization of data between all countries;
4. More transparency can be defused among the various users of financial statements, which enhances confidence in transactions;
5. Increasing the credibility of the financial statements because of the extensive knowledge of how to prepare them, which can attract investors' money worldwide;
6. Save effort, money and time to obtain financial information;
7. It will be not any problem for the users of the financial statements except those related to the currency conversion because of the unification of financial statements.

II- IAS/IFRS Adoption Process

This point will discuss the process of adopting International Accounting Standards, presenting them and looking at some accounting reform experiences around the world to comply with international accounting standards.

a. Historical View on International Accounting Standards

The first idea of accounting standardization dates back to 1904 thanks to the St. Louis Missouri Conference in United States. It was the first

international conference for accountants to discuss and compare accounting practices among the leading countries in the world. Then, it became necessary to find agreed international accounting standards in order to be applied in all multinational companies around the world.

Accordingly, the idea turned out to be official in the same year, and several efforts have emerged to adopt this proposition since then, especially after the Great Depression Crisis back in 1929. In the United States, for example, The Generally Accepted Accounting Principles “GAAPs” were introduced (Zeff S A., 2005) for the first time in 1936, but now there are around 130 principles. In 1972, the International Conference of Accountants was held at its 10th edition in Sydney “Australia”. It was concluded to establish two organizations charged with various problems related to the accounting differences stuck between countries which are; the IASC and the IFAD. Some countries have rapidly decided to use these standards, while others have resorted to preparing their laws and legislative system to be in line with them.

It has to be noted here that United States of America and the United Kingdom as two major economic powers are among the reasons that contributed to the dominance of these two countries’ accounting standards over the rest of the world because their attraction to international trade and capital movement.

b. The International Accounting Standards Committee

It was established in London in 1973, this committee is a non-profit and non-governmental organization. It aims to achieve harmony in international accounting practices and issuing international accounting standards later. The IASC also aimed at:

1. Attempting to convince countries with the advantages gained from adopting these international accounting standards;
2. Attempting to eliminate the differences between the accounting practices amongst countries;
3. Attempting to issue accounting standards that are somehow compatible with national accounting practices;
4. Spreading the idea of preparing National Accounting Standards based on International Accounting Standards.

The Committee issued the first International Accounting Standard in July 1975 and the last one at the end of 2000 “IAS 41”. Then a series of changes took place on these standards since 2001 and they are still being replaced by International Financial Reporting Standards “IFRS”. Accordingly, the IASC work consisted with another committee called the Standards Interpretation Committee “SIC” which was established in 1977 and issued 34 interpretations until the late of 2000.

c. The IAS Committee Reform Process

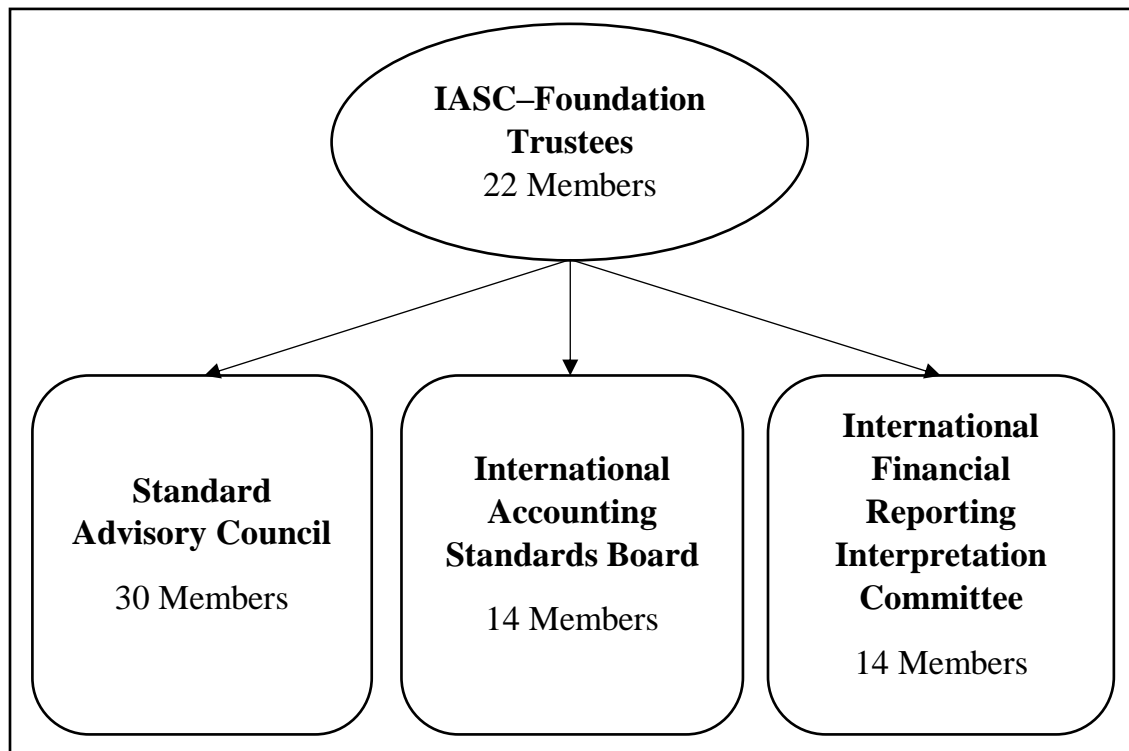
In April 2001, The IASC has been restructured by changing the name of the committee to become the International Accounting Standards Board “IASB” and changing the name of the IAS after 2001 to be the International Financial Reporting Standards “IFRS”. This step was to exclude the international accounting standardization process from the IFAC and to issue a unified international accounting standards instead of trying to reduce the differences between the accounting practices between countries. Among the important reforms that have taken place in the committee are those changes to its constitution and structure to become as follows:

- 1. The IASC Foundation:** This foundation includes 22 members called “*Trustees*”, it aims to develop and publish International Standards reports. The members are selected for a period of 3 years “the membership can be renewed”. Their job is to supervise the work of the IAS Board as well as to assign the joint committees which are; Standards Advisory Council “SAC”; the International Financial Reporting Interpretation committee “IFRIC” and “IASB” members.
- 2. The Standards Advisory Council:** This “SAC” consists of at least 30 members of different competencies ruled by the head of the International Accounting Standards Board.
- 3. The International Financial Reporting Interpretation Committee:** IFRIC was established in 2001 and replaced the Standards Interpretation Committee “SIC” as a technical committee that includes 14 members. The goal of this committee is to shine the light on new issues about accounting or any possible lack in setting some previous standards.
- 4. The International Accounting Standards Board:** This board consists of 14 specialists, they coordinate with 07 National

Organizations in charge of Accounting Standardization which are; "Germany, Australia, New Zealand, Canada, United States, United Kingdom and France". One of the most important tasks of the IASB is the preparation and publication of International Accounting Standards and running studies in developed and emerging countries to ensure the validity of those standards and the ability to apply.

So, the following figure shows the IASB Organization:

Figure (I-3): The Organization of IASB

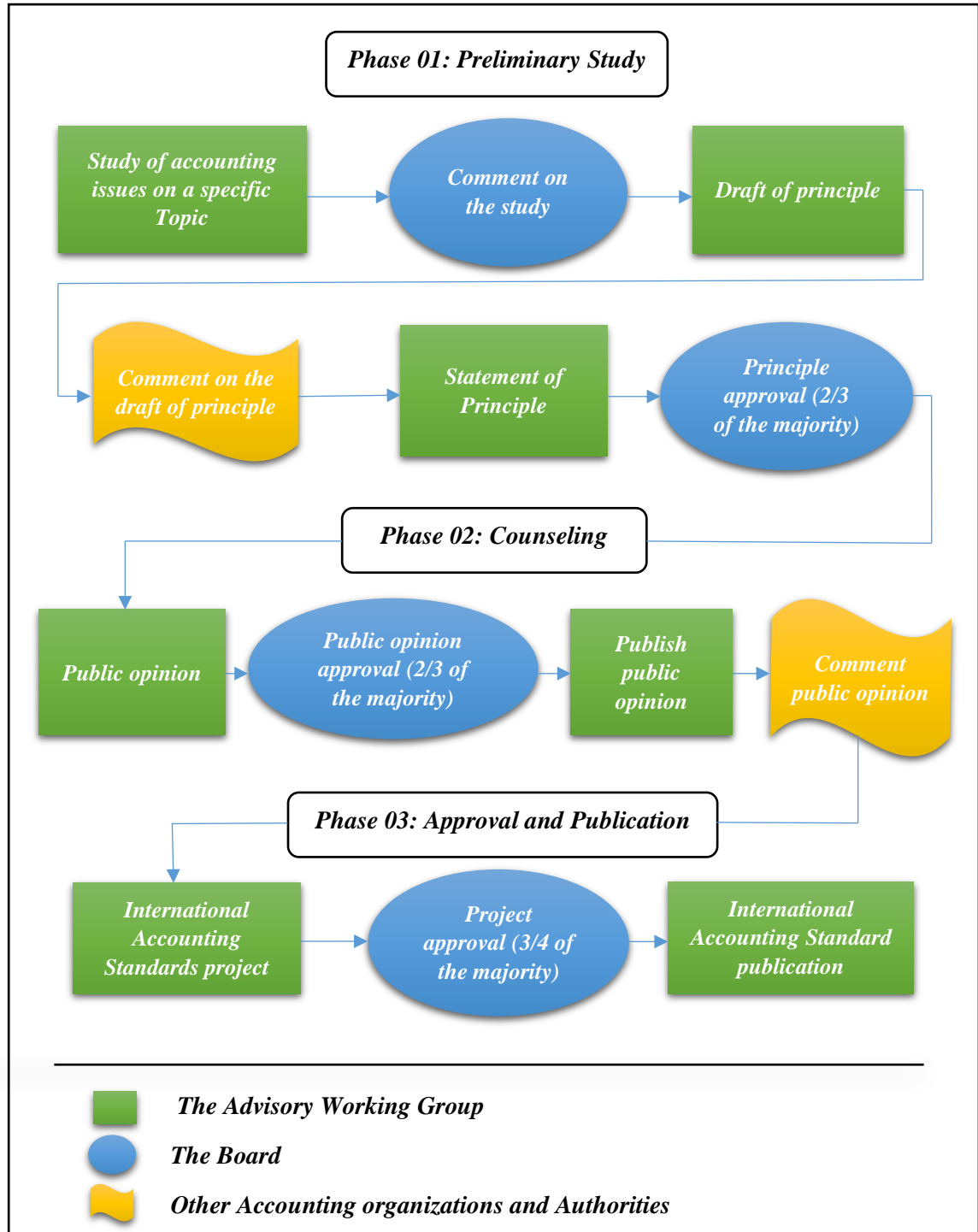


Source: By the researcher based on (Boughofa, 2012).

The process of issuing an international accounting standard is carried out by an Advisory Working Group within the Board. The board must approve the first two steps and the results must be presented each time to various accounting organizations such as IFAD; FASB; Governments and Financial Markets. After examining all proposals, the International Accounting Standard will be adopted and published after the Council votes on the standard by at least three-quarters (3/4) of the majority members.

So, the following figure shows the adoption plan of an International Accounting Standard in three steps:

Figure (I-4): International Accounting Standard Adoption Plan



Source: By the researcher based on (Benbelghit, 2004).

Observation: Accounting Standards for Financial Reporting according to Islamic Financial Companies have to be developed because in some cases Islamic Financial Companies encounter some accounting problems due to existing accounting standards such as IFRS or US GAAPs. Sharia-compliant¹ transactions that observe the prohibition on charging interest have a lot of divergence between these standards. So, there may be significant accounting implications. Not to mention that the Islamic finance industry is under considerable pressure to enhance practice and improve risk management systems and protect investors.

d. The Financial Accounting Standards Board Contribution

The Financial Accounting Standards Board “FASB” was established in 1973. It’s an independent organization, non-profitable and private one. The FASB is based in Norwalk Connecticut “United States”. This board aims at establishing Financial Accounting and Reporting Standards for Public and Private Companies and non-profit organizations that follow “GAAP” in the US. Both of the FASB and the IASB are two different boards that work for uniformity in financial reporting by developing accounting standards worldwide. The IASB was established in 2001 which means that the FASB is the older organization, the IASB is based in London with the goal of developing accounting standards to be applicable all over the world.

In 2002, the two organizations agreed to work closely together to develop uniform and transparent accounting standards. In October 2004, both boards decided to add to their own agendas a joint project to develop a common conceptual framework that both boards could use as a reference for their accounting standards. So, FASB and IASB reached the following decisions about this approach as the following:

1. This task should focus on concepts that can be applied in business companies in private sector.
2. The two boards would also consider the concepts’ applicability to other sectors starting with non-profit organizations.

¹ *The Accounting and Auditing Organization for Islamic Financial Institutions ”AAOIFI” is an Islamic international private and non-profit organization that prepares accounting, auditing, governance, ethics, and Sharia Standards for Islamic Financial Institutions and the Industry of Islamic Finance. It was founded in 1991 and has so far issued a total of 100 standards covering the areas of Sharia, accounting, auditing, ethics, and governance for Islamic financial institutions.*

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3. The process should be divided into phases, with the initial focus being on achieving the convergence of the frameworks, qualitative characteristics, elements, recognition, and measurement.
4. Priority should be given to address issues that are likely to yield benefits to IASB and FASB.
5. The converged framework should be in the form of a single document and it should include a summary and a basis for conclusions.

So, the project milestones are presented in the table as follows:

Table (I- 2): IASB and FASB Project

Date	Development	Comments
October 2004	Comprehensive project added to the active agenda	/
July 2006	Discussion Paper Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision useful Financial Reporting Information published.	Comment deadline November 2006
May 2008	Exposure Draft An improved Conceptual Framework for Financial Reporting: Chapters 1 and 2 published.	Comment deadline September 2008
May 2008	Discussion Paper Preliminary Views on an improved Conceptual Framework for Financial Reporting: The Reporting Entity.	Comment deadline September 2008
March 2010	Conceptual Framework for Financial Reporting: The Reporting Entity published.	Comment deadline July 2010

Source: By the researcher based on (IAS Plus , 2021).

e. Adoption Obstacles

The International Accounting Standards Adoption process is based on certain rules and principles. But there are a number of obstacles that prevent or delay this process of adoption. So, here are some obstacles as follows:

1. Language differences;
2. The difference in the level of accounting education and the mistranslation of these standards;

3. The divergence in degree of economic growth among countries;
4. The difficulty to comply to these new standards;
5. Inconsistency with the objectives of the accounting policies from one country to another;
6. Change Resistance and sticking to past practices;
7. The absence of any laws that require the compliance with international accounting standards rules;
8. The problem of National Sovereignty¹ that made resists all forms of foreign interference, even if it's reliable and helpful;
9. The concept of these standards may conflict with local laws, which may create chaos in application.

f. Accounting Principles

Before addressing IAS/IFRS standards, it is necessary to identify the principles of accounting as follows;

- 1. The Principle of Accounting Entity:** This principle assumes the separation of the entity from its owners, as for accounting treatments of the operations carried out by the entity must be separated from the operations carried out by the owners.
- 2. The Principle of Continuity:** The idea of the continuity of the activity of any enterprise is not limited into one accounting cycle only, because the main goal of establishing one is the continuity of activity and making profits in the future. Even though, making profits is linked to the combination of resources and uses through long or medium-term investments, as well as debts and loans. This particular point means that the activity don't have to stop anytime soon at least.
- 3. The Principle of Periodicity:** Considering that the enterprise aims to achieve continuity in its activity within its environment that's characterized by dynamism and instability, it is necessary to provide periodically information about the developments surrounding the enterprise on the one hand, as well as information about its production and financial performance for the enterprise's managers to take appropriate decisions. But at the same time, it is necessary to provide information to the state "tax right", partners "profits divisions", etc.

¹ *Many Former Colonies still suffer from this Foreign Interferences Complex, especially South Asian countries.*

Therefore, this performance must be linked to a certain period of time. Even legislation and laws that obligate enterprises to submit financial statements on a periodic basis. So, this principle refers for dividing the accounting life of the enterprise into independent cycles.

- 4. Nominative Principle:** Money is the only unit of measurement in accounting science, but money faces a set of problems when estimating the operations of enterprises, starting from investment through production to collecting their credits or debts. The problem is that money measures the Nominal Value of operations instead of the Real Value in a certain period of time which rises the problem of inflation.

For example, when an industrial company invests in a machine, the operation is recorded with a certain value compared to a specific purchasing power, but when the company sells it away after a period of time, it may be affected its value due to the impact inflation on the unit of measure. And this will certainly affect the financial statements later. But this is not a concern between companies in one country because almost all companies interacting with each other in the same environment. Nonetheless, the problem is remarkable in multinational companies that operate in different environments. And sometimes these multinational companies may shut down some divisions.

- 5. The Historical Cost Principle:** This principle states that the basic rule for recording accounting operations is the historical value which means the value that corresponds to the date when the operation happened without taking into account the impact of inflation on the value of money.
- 6. The Double-Entry Principle:** Since (Pacioli, 1494) contribution, it is considered as one of the most important rules recognized and required in accounting science, as this principle requires the need to record accounting operations by Debit and Credit. But the two values must be equal for each party. Also, when preparing the enterprise's statements, it basically uses the same principle.
- 7. The Principle of Caution:** This principle refers that any potential losses in the future should be taken into account and should be recorded, unlike future profits that shouldn't be taken in consideration and not recorded unless this profits actually occur.

- 8. The Principle of Non-Compensation:** This principle mentions that compensation is not allowed in assets and liabilities accounts. So, this principle reinforces the objective of the Double Entry principle to prove operations.
- 9. The Principle of Disclosure:** This principle guarantees the informational mission of accounting for all kinds of financial statements users. So, that the financial statements must be prepared on clear, undamaged and unbiased bases and must be accompanied by appendices that include various clarifications.
- 10. The Principle of Reality:** This principle explains that the financial statements must reflect the real and honest image of transactions and the financial position of the enterprise, which means financial statements must be complete, free from bias, objective, and errorless.
- 11. The Principle of Permanence:** This principle states that certain accounting methods should be followed and not changed from one period to another. Perhaps the most familiar example of this situation is the different methods of calculating depreciation because it's necessary to use a unique method when preparing accounting statements. In case of changing some accounting methods it should be noted in the appendix.

III. IAS/IFRS

As it was mentioned earlier, International Accounting Standards were issued by the former International Accounting Standards Council and validated and edited by the International Accounting Standards Board. Accordingly, the IASB also reissue standards in this series where it considers it appropriate. So, the International Accounting Standards and International Financial Reporting Standards are presented as the following:

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Table (I-3)¹: International Accounting Standards Presentation

International Accounting Standard Name		Issued
IAS 1	Presentation of Financial Statements	2007
IAS 2	Inventories	2005
IAS 3	Consolidated Financial Statements Replaced by IAS 27 and IAS 28 in 1989	1976
IAS 4	Depreciation Accounting abandoned in 1999	1977
IAS 5	Information to be disclosed in Financial Statements Replaced by IAS 1 effective July 1998	1976
IAS 6	Accounting Responses to Changing Prices Replaced by IAS 15, which was withdrawn December 2003	1978
IAS 7	Statement of Cash Flows	1992
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	2003
IAS 9	Accounting for Research and Development Activities Replaced by IAS 38 effective July 1999	1980
IAS 10	Events After the Reporting Period	2003
IAS 11	Construction Contracts Replaced by IFRS 15 in January 2017	1993
IAS 12	Income Taxes	1996
IAS 13	Presentation of Current Assets and Current Liabilities Replaced by IAS 1 effective July 1998	1981
IAS 14	Segment Reporting Replaced by IFRS 8 in January 2009	1997
IAS 15	Information Reflecting the Effects of Changing Prices abandoned in December 2003	2003
IAS 16	Property, Plant and Equipment	2003
IAS 17	Leases Replaced by IFRS 16 in January 2019	2003
IAS 18	Revenue Replaced by IFRS 15 in January 2017	1993
IAS 19	Employee Benefits “1998” Replaced by IAS 19 “2011” in January 2013	2011
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1983
IAS 21	The Effects of Changes in Foreign Exchange Rates	2003

¹ Gray cases in *Table (I-3)* indicate that the accounting standard has been abandoned or replaced.

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IAS 22	Business Combinations Replaced by IFRS 3 in March 2004	1998
IAS 23	Borrowing Costs	2007
IAS 24	Related Party Disclosures	2009
IAS 25	Accounting for Investments Replaced by IAS 39 and IAS 40 in 2001	1987
IAS 26	Accounting and Reporting by Retirement Benefit Plans	1987
IAS 27	Separate Financial Statements “2011” “Consolidated and Separate Financial Statements 1990” Replaced by IFRS 10, IFRS 12 in January 2013 and IAS 27 Renewed in 2011	2011
IAS 28	Investments in Associates and Joint Ventures “2011” “Investments in Associates 1990” Replaced by IFRS 12 in January 2013 and IAS 28 was Renewed in 2011	2011
IAS 29	Financial Reporting in Hyperinflationary Economies	1989
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions Replaced by IFRS 7 in January 2007	1990
IAS 31	Interests In Joint Ventures Replaced by IFRS 11 and IFRS 12 in January 2013	2003
IAS 32	Financial Instruments: Presentation	2003
IAS 33	Earnings Per Share	2003
IAS 34	Interim Financial Reporting	1998
IAS 35	Discontinuing Operations Replaced by IFRS 5 in January 2005	1998
IAS 36	Impairment of Assets	2004
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1998
IAS 38	Intangible Assets	2004
IAS 39	Financial Instruments: Recognition and Measurement Replaced by IFRS 9	2003
IAS 40	Investment Property	2003
IAS 41	Agriculture	2001

Source: By the researcher based on (IAS Plus, 2021).

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Table (I-4): International Financial Reporting Standards Presentation

International Financial Reporting Standard Name		Date of Issuance	Effective Date
IFRS 1	Adoption of International Financial Reporting Standards 2001	November 2008	July 2009
IFRS 2	Share-based Payment	February 2004	January 2005
IFRS 3	Business Combinations	January 2008	July 2009
IFRS 4	Insurance Contracts	March 2004	January 2005
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	March 2004	January 2005
IFRS 6	Exploration for and Evaluation of Mineral Resources	December 2004	January 2006
IFRS 7	Financial Instruments: Disclosures	August 2005	January 2007
IFRS 8	Operating Segments	November 2006	January 2009
IFRS 9	Financial Instruments	July 2014	January 2018
IFRS 10	Consolidated Financial Statements	May 2011	January 2013
IFRS 11	Joint Arrangements	May 2011	January 2013
IFRS 12	Disclosure of Interests in Other Entities	May 2011	January 2013
IFRS 13	Fair Value Measurement	May 2011	January 2013
IFRS 14	Regulatory Deferral Accounts	January 2014	January 2016
IFRS 15	Revenue from Contracts with Customers	May 2014	January 2018
IFRS 16	Leases	January 2016	January 2019
IFRS 17	Insurance Contracts	May 2017	January 2023
IFRS 18	Result Statement Harmonization	Soon in 2022	Later in 2024

Source: By the researcher based on (IAS Plus , 2021).

From the first look at these standards, it seems like IAS/IFRS are independent of each other, but when applied, we can sense that there is interference among them. It shows also that there is a project to issue a new standard **IFRS 18** later in 2022. The IASB published in December 2019 the exposure draft “General Presentation and Disclosures” as part of the project to improve Business Result Statement. If the process went well, it is likely that the publication of the final version of IFRS 18 will be effective before September 2022, for a date of first application should be in the beginning of 2024. On this basis, here is a set of standards related to some practices that most of companies face in their daily routine:

a. Standards related to Current Assets Recognition

This refers to International Standards related to cash flow, short-term investments and supplies. So that **IAS 01** requires the classification of current assets based on:

- ✚ The purpose of keeping the asset is to trade it;
- ✚ Using it must be in the Normal Operating Cycle;
- ✚ When it is expected to be achieved within 12 months “within the meaning of **IAS 07**”.

- 1. Cash Flow: IAS 01** refers that the cash flow statement is prepared on the **Liquidity** basis while other financial statements are on an **accrual** basis, on the other hand, **IAS 07** mentioned that statement of financial flows is prepared according to the source of the **Cash Flows**, whether these flows are for Operating, Financing or Investing reasons.
- 2. Short-term Financial Investments: IFRS 09** is initially recognized when the purchase transaction or settlement date is realized, it can be measured on the basis of **Fair Value**. And must be jointed with the valuation differences “Profit or Loss”.
- 3. Inventories “Supplies”:** It is recognized according to **IAS 01** and **IAS 02** as a current assets, either at cost or at the realizable value “with the least value between the two”. As for industrial companies, more detail is required, and the methods for determining the cost of supplies differ by cases, such as FirstIn-FirstOut Method “**FIFO**” or the Weighted Average Cost of Capital Method “**WACC**”. As for the measurement of Supplies, it depends on **IAS 02**, **IAS 23** and **IAS 21**. For IAS 23, Supplies that take a significant period of time to become ready should

be presented with the Capitalized Borrowing Costs that is linked directly with the process of acquiring and producing them. **IAS 21** refers to some differences shown from the devaluation of Foreign Currency can be added to the Purchase Costs if they cannot be avoided.

b. Standards related to Non-Current Assets Recognition

In this regard, there are three categories: Tangible; intangible assets and long-term financial investments which are:

1. Tangible assets: It represents the assets that the enterprise maintains for more than one Financial Cycle to be used in the Production Process, Supplying Goods and Services, Leasing them to other companies or using them for purely Administrative Purposes, and they are represented in; land; buildings; machines, etc. **IAS 16** expresses how these assets are recognized, accounted for, and re-evaluated. The International Accounting Standards Board has also allocated a special standard **IAS 36** dealing with impairment in the assets' value. Recognition and recording the value of a tangible asset is carried out in accordance with **IAS 16** if:

- ✚ The asset's cost can be measured reliably;
- ✚ Must be held for more than one financial cycle;
- ✚ The possibility of realizing economic benefits as a result of the exploitation or use of this asset.

Therefore, the depreciation of tangible assets is also on a regular basis based on **IAS 36**. Borrowing costs are recognized as the cost of acquiring the asset and should be capitalized. Also, the cost of the asset is recorded at the cost of purchase and all direct expenses for putting it into operation, and the cost of these assets can be determined if the same enterprise manufactures them according to **IAS 02**. **IAS 36** also requires recognition of the Devaluation in the value of assets, if there's an evidence of the possibility of deterioration in the value of the asset, such as oldness or damage, or a change in the business pattern in a way that affects its future profitability.

The enterprise can also resort to obtaining tangible assets by heading to financial leases according to **IAS 17**, which future payments related to the asset must be updated "by the Refresh Rate" and compared with

the value of the asset “with the least value is chosen”. These assets can also be obtained by Exchanging Assets with other companies according to **IAS 20**, and their cost is estimated with the **Fair Value**. The Re-evaluation process should be done on a regular basis. It is also required to review the estimated Useful Life and Residual Value of the asset periodically. **IFRS 05** states if there is Non-Current Assets classified as held for sale should be measured by Net Accounting Value and compared with the **Fair Value** “the least value is chosen”.

2. Intangible assets: It includes Non-Current Assets that do not have a real physical existence such as; Trademarks; Reputation, Copyrights and Intellectual Property. Intangible assets must respect four conditions as the following:

- ✚ It has no physical existence;
- ✚ They are non-financial assets;
- ✚ Its life of production exceeds a single financial period;
- ✚ The difficulty of ascertaining its true value in cases of the absence of a private market.

According to IAS 38, it is recognized in accounting once the enterprise is responsible for controlling it. Sometimes, it may originate outside the country and be easily acquired inside. IAS 20 requires the recognition of governmental donations, including non-monetary ones and both are necessarily measured by Fair Value.

With regard to the intangible assets produced by the enterprise, according to IAS 38, they must be identified and expected future benefits. It should be mentioned here that the search process doesn't require recognition of the asset because the enterprise is unable to prove that it will generate benefits in the future. Contrary to the development process which must be recognized in accounting, but only when:

- ✚ Availability of technical feasibility about the research project;
- ✚ How can it achieve benefits in the future;
- ✚ Ensure the financial ability to complete the development process;
- ✚ The ability to measure development on this project until the end of it.

For the borrowing cost of internally generated intangible assets is calculated by **IAS 23**. As for the Reputation resulting from a business combination, **IFRS 03** “Business Combination” provides for the application of the acquisition method in the merger process of companies and that any increase in the cost of acquisition over the share of the owner in the **Fair Value** of the assets is recognized as an intangible asset. For Intangible Assets with an indefinite useful life, they cannot be depreciated, but their useful life must be reviewed from time to time.

3. Long-term Financial Investments: The accounting treatment of long-term financial investments according to international accounting standards IAS/IFRS is related to different three cases based on Ownership Percentage. Depending on the case that the enterprise faces, the appropriate accounting method is used for the ongoing situation. If the company’s share in another one is equal or less than 20%, there are certain method to treat these Financial Investments, if the company’s share is higher than 20% and less than 50%, another way is required. But if its share is higher than 50%, this requires a completely different method. So, all these different situations are summarized in the following table:

Table (I-5): Long-term Financial Investments Recognition

Share of the enterprise/Value of the enterprise in which it is invested	IAS/IFRS Used (Appropriate Method)	Accounting Recognition
The Enterprise share is equal or less than 20%	- IFRS 09 (Fair Value)	- In this case, This share is considered as Short-term Financial Investments.
The Enterprise share is higher than 20% and less than 50%	- IAS 28 - IAS 27 - IFRS 09 - IFRS 05 - IFRS 12 (Ownership Method)	The accounting recording process is done by historical cost IAS 28, but for the subsequent measurement, the company's share must be measured periodically and apply IFRS 05 "the ownership method", and classify this Share as non-current financial assets. If the assets are held for sale at a later date IFRS 09 is used. In the event of a combination of the two previous cases, each case is applied separately. As for IAS 28, the application of the ownership method must be stopped immediately if the company in which the investment was made becomes a subsidiary of the joint venture becomes a subordinate of the company.
The Enterprise share is higher than 50%	- IAS 27 - IFRS 03 - IFRS 10 - IFRS 09 - IFRS 05 (Acquisition/Incorporation Method)	In this case, we identify one of these scenarios:" Holding, Merge or Union. The company can prepare separate financial statements according to IFRS 27 and be estimated according to either historical cost or share value according to IFRS 09. When the company buys the majority of the company's shares it can control all its decisions. So, IFRS 03 is used and the budgets together are aggregated. When merging The fair value method is used to estimate the real value on the two companies.

Source: By the researcher based on IAS/IFRS.

4. Real Estate Property: It's the real estate that the enterprise maintains in order to benefit from renting it or from the increasing market value in the future. This real estate property can generate independent revenues from the generated revenue by normal assets. Therefore, IAS 40 determines the measurement of property on the basis of its

historical cost, and then the subsequent measurement is made by choosing between the historical cost model and the fair value model.

c. Standards related to Obligations

Obligations are sacrificing economic benefits that the enterprise may abandon in the future that need a current obligation. It can be settled as agreed in one of the four ways:

- + By cash or provide services;
- + Transfer of other assets;
- + Replacing one obligation with another;
- + Converting obligations into Property Rights.

In this regard, a lot of standards can be used like IFRS 03, IAS 32, IAS 33, IAS 12, IAS 19, and IAS 26.

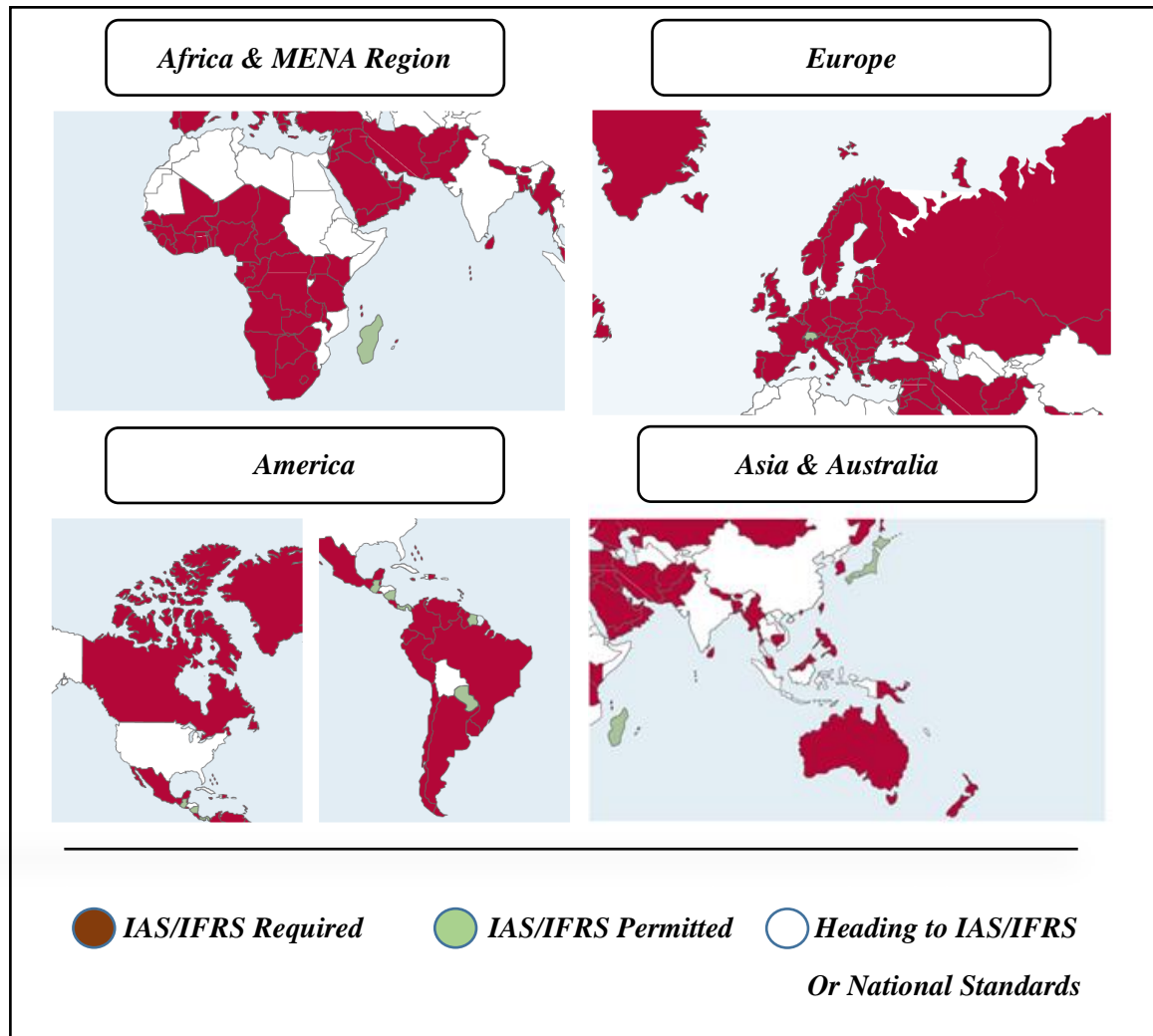
d. Standards related to Income

According to IAS 18 is any increase in the net assets of the enterprise over a business, whether related to its main activity or otherwise. Such as selling goods and performing services. Revenues must be recorded in the income statement and can be measured reliably when earned so that it can be ascertained at any time. These incomes may not be just cash, but can be converted into cash easily.

IV. Accounting Reform towards IAS/IRFS

The vast majority of international accounting organizations that have adopted the IAS/IFRS as a mean to update their accounting practices at the aim of achieving international accounting unification. While some countries are still on the way for adopting these standards. Other countries picked not to adopt these standards but they have prepared national standards to bring their national practices closer to these standards. But few countries have not yet decided whether to adopt these standards or not. So, the following figure shows this point by regions:

Figure (I-5): IAS/IFRS World Maps



Source: By the Researcher based on (IFRS, 2018).

According to this figure, it's obvious that most of counties are IAS/IFRS members. Precisely, around **144** countries “**73.84 %**” and **51** countries “**26.15 %**” are either permitting IAS/IFRS or heading towards IAS/IFRS. The numbers are shown in the table as following:

Table (I-6): IAS/IFRS around the World

Regions	IAS/IFRS Required	IAS/IFRS Permitted	Heading to IAS/IFRS “or National Standards” ¹
Africa & MENA Region	49	01	15
Europe	43	01	04
America	27	08	02
Asia & Australia	25	03	17
Total	144	13	38
	195 Countries		

Source: By the Researcher based on (IFRS, 2018).

According to (IFRS, 2018), Accounting under these standards represents; More than **47% of the world’s GDP “35 Trillion Dollars”**, and **75 % of the G20 Economies** require these standards. There are also more than **27 thousand listed companies in 88 major stock exchanges** globally that use IAS/IFRS, which means that IAS/IFRS dominates today's accounting.

Therefore, here are some experiences of countries that have decided to reform their accounting practices in light of international accounting standards as follows;

a. Accounting Reform in Germany²

The German Accounting System has changed starting from the end of World War II. In 1965, the Companies Law moved the German Financial Reporting System towards Anglo-Saxon ideas. When more disclosure was required from companies and also preparing consolidated financial statements for companies that have branches or divisions, but this new regulations was only for large-sized companies. Laws and legislations also had a strong impact on accounting in Germany, like the Comprehensive Accounting Act of 1985 that had a remarkable impact on German accounting, as it combined all of the German accounting requirements, financial reports, disclosure and auditing in one single law called “the third book in German commercial law” which makes it binding on all companies. German laws according to its view focuses and gives priority on information, especially for creditors and tax authorities.

¹ It should be mentioned here that Algeria is not an IAS/IFRS adopter.

² IFRS are required in Germany.

Because the protection of creditors in Germany is one of their primary concerns. Tax law also contributes greatly to determining commercial accounting, which shows that there is no difference between the financial statements and reports submitted to the public or to the tax authority, which is what is called the dominance of tax accounting. In late 1998, Germany did not have an official organization to set standards for financial accounting. But in 2001, Germany started to join in international efforts toward standardization such as the IASB. The Act of 1998 specified that small companies are excused from auditing and may possibly prepare a simple and a summary balance sheet. For Small and Medium Enterprises “SMEs”, they should prepare a summary income statement. As for the statement of cash flows and the statement of changes in Equity, they are required from companies that prepare consolidated financial statements and are not required of individual companies. The IFRS can be relied on when preparing statements, but even so, a higher level of disclosure is required as for accounting principles and methods used.

b. Accounting Reform in Japan

Japanese accounting system reflects a mixture of local and international inspirations. Accounting practices mirrored the German ideas in the first half of the 20th century but in the late 1980’s and 1990’s, it switched towards the American view. Tokyo back then was in line with the international practices. Its economy was thriving and it was globally bloomed. Also, companies were well organized and more transparent. Legislations “Companies Law” required enterprises to prepare consolidated financial statements and must prepare financial statements following a special Securities Law if it happened to be listed on the stock exchange. For foreign currency operations, the assets and liabilities of foreign divisions are translated using the current exchange rate at the end of the year, while expenses and revenues are translated using the average exchange rate and Securities investments are valued by market.

c. Accounting in United States

United States as the biggest economy in the world, its Accounting regulation depends primarily on Financial Markets because it is considered as the largest influence in the US GAAPs. Therefore, these principles have been recognized by the Securities and Exchange Commission “SEC”. In addition, The Financial Accounting Foundation “FAF” supports and oversees the

FASB and The Generally Accepted Standards Board “GASB” in order to establish and improve financial accounting and reporting standards to provide useful information to all kinds of financial information users. In November 2008, the SEC published a proposed roadmap for the potential use of Financial Statements prepared in accordance with IFRS. But currently, the SEC required to use GAAPs and not permitted to use IFRS.

d. Accounting Reform in Egypt

Accounting in Egypt is ruled by Egyptian Society of Accountants and Auditors “ESAA” (IFAC, 2021) which is an independent organization and an IFAC member. It was created in 1946 and it was established by a Royal Decree and given further statutory recognition by a ministerial order. The accounting system after the independence of Egypt in February 1922 was affected by the nature of its economy at that time. Therefore, the law of the Egyptian Unified Accounting System was issued in 1966 due to the increase of public sector enterprises. However, with economic openness strategy to the outside world, many companies began to use IAS, which accelerated Egypt’s issuance of Egyptian Accounting Standards “EAS” in 1997 by the Egyptian Society of Accountants and Auditors (ESAA, 2020) and activated by companies listed on the stock exchange. These standards have affected accounting practices in Egypt and have witnessed many updates to be compatible with international practices and the last times they were updated was a year ago.

Conclusion

It is amazing how globalization brought all the world together in many disciplines as well as for International Accounting. But everyone can realize how it's truly remarkable to see the difference between the first appearance of accounting some 3,600 years BC and the development of today's accounting. Not to mention, several global efforts to meet up in a common ground and beginning to structure this unified accounting language starting from Harmonization and meanwhile the Standardization process towards IFRS.




Perhaps unifying the international accounting practices around the world will not be achievable and it would remain just a dream, but with shared efforts of both governments and organizations, it won't be impossible either.

Chapter II: Accounting Reform Process
In Algeria

Introduction

Algeria, like other countries, went through several phases with specific circumstances to make a decision about all these efforts at the international level to achieve Harmonization, Standardization, or Unification of accounting practices. But since these efforts coincided with the beginning of Algeria's openness to the outside world, Algeria had an opportunity to develop its accounting practices towards internationalization. On this basis, Algeria began to restructure its accounting practices to be in line with International Standards on the one hand and setting up new rules and standards that are compatible with the new vision of Algeria's openness to the rest of world on the other. Therefore, this Chapter reveals the development of accountability in Algeria since its independence until now, and seeks how the reforming process took place. As well as given an outlook about the Algerian Financial Accounting System and a comparison with the IAS/IFRS.

So, this chapter is divided into the three following Sections:

-  Section I: Accounting Development in Algeria;
-  Section II: Algerian Financial Accounting System Characteristics;
-  Section III: Financial Accounting System Conceptual Framework.

Section I: Accounting Development in Algeria

In order to study Accounting reform process in Algeria, it's necessary to have an idea about the historical development in its Accounting. This is why this section will focus on accounting history in Algeria through three phases as the following.

I. Accounting in Algeria in between (1962-1975)

France as the Algerian Colonizer “The French Ministry of National Economy” created the first version of the French General Accounting Plan “FGAP”¹ in September 1947, then it was reviewed in 1957. But since Algeria was considered to be a part of France, it was obligated to apply French laws to the Algerian People and Enterprises.

Consequently, after Algeria gained its independence in 1962, it was important to establish and develop an accounting system in line with the new political and economic orientations on one hand, and suits the environment and culture of its people and institutions as a free country on the other. But the absence of any accounting authorities (Saidi, 2013) made the process complicated and enforced Algeria to maintain using the previous colonizer accounting system known as the French General Accounting Plan “PCGF”. Therefore, the Act N° 62-157 was issued in December 1962 that stipulates the necessity of the continuity to work with French legislations with the exception of any racist laws or public rights and freedom violation articles.

But this inherited accounting system was in line with the French economic view based on Capitalism, which contradicts the newly adopted Socialism by Algeria. Soon, this accounting system shortcomings appeared to be not in line with the accounting practices in Algeria. This problem paved the way for the need to reconsider this accounting system once and for all. On December 31st, 1969, the first attempt to amend this accounting system emerged by establishing the first institution working to develop a new accounting system in Finance Law on 1970. In the meantime, Algeria followed a nationalization policy of its properties and began to reconsider

¹ *French General National Plan stands for; Le Plan Comptable Général Français “PCGF”.*

laws and legislations related to the economic sector. So, Algerian authorities reclaimed sovereignty over the Petroleum Industry on February 24th, 1971.

Consequently, The Supreme Council for Accounting Technologies “SCAT” which known in Algeria as “CSTC”¹ was established and started to study the accounting systems of Socialist counties, such as studying the accounting system of African and Malagasy Union “AMU”² on 1972.

So, the reform process included the following goals:

- ✚ Providing good Financial information to all kinds of users especially financial institutions and planning authorities of the government;
- ✚ Working to simplify accounting concepts and setting national organizations and standards for accounting;
- ✚ Preparing a National Accounting System that meets the requirements of macroeconomic planning, as well as the management needs of enterprises and Far away from French Accounting Practices;
- ✚ The new Accounting System must meet the needs of National Accounting by both the government and enterprises.

The process of preparing this accounting system was commended by the SCAT, and foreign experts from the **French National Accounting Council “FNAC”**, and a Czechoslovakian expert who came to present the Czechoslovak experience in the field.

II. Accounting in Algeria between (1975-2007)

Therefore, in April 1975, Authorities “the National Accounting Foundation” with the help of the National Institute for Planning and Economic Studies decided (Merdaci, Zerguine, 2018) to replace the PCGF by entirely new domestic accounting system called the National Accounting Plan “NAP” because The French General Accounting Plan “PCGF” was no more suitable (ketouche, bekihal, 2016) for the Socialism system and the new socialist enterprise.

By adopting the planned economy as well as the National Accounting Plan “NAP”, Algeria tried to cut off all ties with the previous colonial administration. But shortly in the mid-1980’s, Signs of an economic crisis were emerging because of the collapse of Oil prices worldwide. That effected

¹ The SCAT was replaced later by the **National Accounting “Accountability” Council “NAC”**.

² See *International Harmonization efforts mentioned in Chapter I, Section II.*

trade balance, payments balance and even the social environment pushing Algeria towards reviewing its laws again to adapt with this inevitable situation.

Remarkably, one of the most important laws (Menadi , Bachir, 2018) introduced at the time was the autonomy of economic institutions, which required the restructuring of those institutions from social economic institutions to independent public ones, which became required more accounting practices rather than general accounting such as analytical accounting. After that, Algeria began to shift its economic system towards Capitalism.

The hard socioeconomic situation made laws reviewing very hard and very necessary in the same time, but the National Accounting Plan was entirely out of the picture. So, it has not been reviewed for a very long time (Ketouche, 2009) which is truly questionable despite that Algeria abandoned the planned economy and replaced it with capitalism and open markets policy after these historical events.

So, there was a problem by maintaining an accounting system “NAP” that was compatible with Algeria's socialist orientations but not in line with the new capitalism view.

Surprisingly, the government didn't see it at all for more than 20 years and sadly things stood the same for accounting science. But in the late of the 1990's, Algerian leaders discovered that the NAP was no longer useful for independent enterprises. It was late for that but even though, the true process began by following a road plan to achieve a serious accounting reform in Algeria. Subsequently, The National Accounting Council started reviewing the NAP with the help Representatives of Algerian Accounting Experts and representatives of French Accountancy Experts¹members of the FNAC. These efforts crowned in 2001 by choosing one of the three possible following scenarios:

- a. Maintaining the NAP and adding a range of adjustments to meet with economic needs as a newer version “NAP 2.0”.
- b. Keeping the NAP principals and adding a new technical solutions and treatments proposed by the International Accounting Standards Committee “IASC” and that would suit the foreign investor's needs,

¹ *The participation of French experts in the reform process every time had some implications that will be discussed later on Chapter III, Section IV.*

but this would create a kind of confusion and open a way to contradictions in the future.

- c. Creating an entirely new version of National Accounting Plan based on the rules and applications recognized by the **International Accounting Standards Committee**. After testing these options by The National Accounting Council “NAC”, the third option was chosen in September 5th, 2001. So, the previous accounting system “NAP” days were coming to an end.

Algerian authorities "Ministry of Finance" organized forums to train accounting teachers about international standards in three years starting from 2003, which clearly represented Algeria's orientation towards IAS/IFRS. Then a preliminary draft of a New Financial Accounting System Law was discussed in Algerian Parliament.

III. Accounting in Algeria (Since 2007 Until Now)

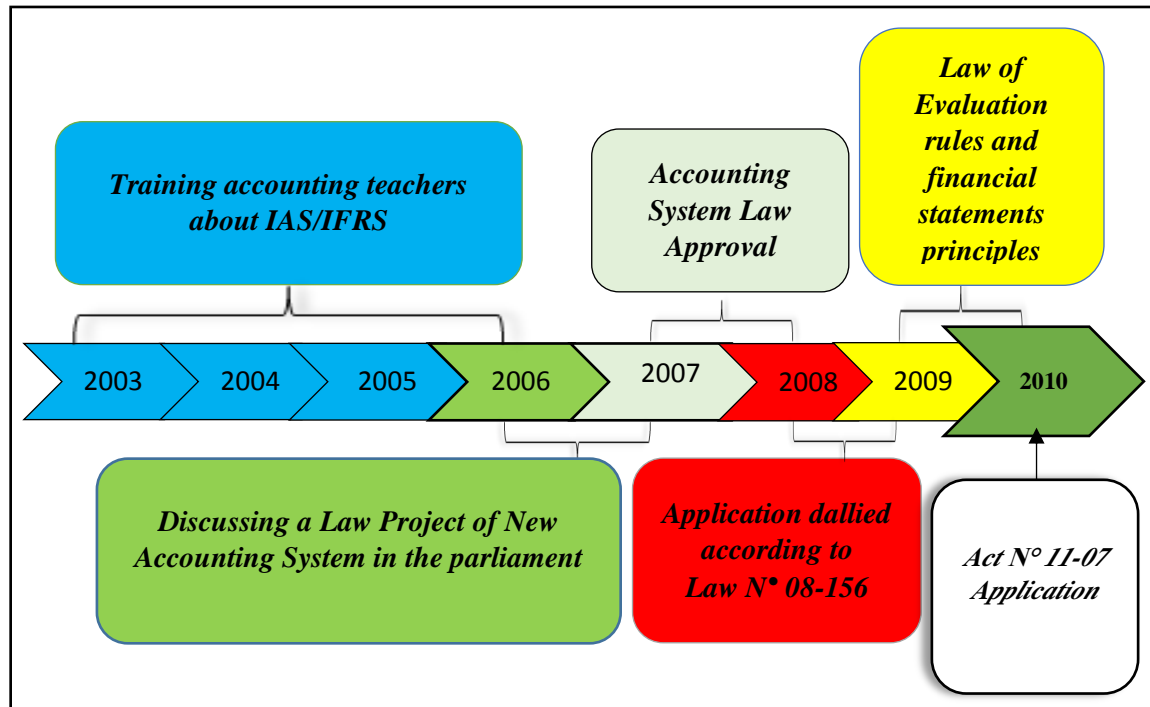
After six years, the NAP was officially about to be replaced by establishing a New Financial Accounting System, a financial system in line with international accounting standards IAS/IFRS and importantly favored by both the International Monetary Fund “IMF” and the World Bank.

But the establishing of this FAS was based on IAS/IFRS even that Algeria is not an IAS/IFRS adopter. And that was to dedicate the importance of the national sovereignty of this independent and democratic nation. Eventually, Act N° 11-07 was published in Algerian Official Journal on November 25th, 2007, and a road map was set up for both the Ministry of Higher Education and Scientific Research and the Ministry of Vocational Training and Education to reformulate Accounting Education in such way to meet with actual developments.

It was planned that Act 11-07 would be applicable in 2009, but Executive Decree N° 156-08 issued on May 26th, 2008 suspended its application until January 2010. And Algerian companies were obligated to re-evaluate their assets before applying this Financial Accounting System.

So, the figure below explains the Accounting Reform Process in Algeria:

Figure (II-1): Accounting Reform Project in Algeria



Source: By the researcher based on (Menadi , Bachir, 2018).

After Executive Decree N° 156-08 issued on May 26th, 2008 related to the application of Act N° 11-07, a series of regulations forwarded like:

- ✚ **Decision N° 71** of July 26th, 2008 related to Evaluation Rules and Financial Statements Content;
- ✚ **Decision N° 72** of July 26th, 2008 related to Simplified Financial Accounting Features;
- ✚ **Executive Decree N° 110-09** issued on April 07th, 2009 related to Conditions and how to hold an accounting by automated media systems.

Section II: Algerian Financial Accounting System Characteristics

With the purpose of comprehending the Algerian Financial Accounting System, it's important to shine the light on the Definition, Area of Application, as well as how it works, basics, features and Advantages.

I. Definition and Field of Application

a. Algerian Financial Accounting System Definition

An accounting system is a plan that represents a set of procedures and steps for the applied side of accounting, which helps to complete the main functions of accounting in the inventory, recording, classification and summarization of the financial operations results in a form of financial statements, in a way that ensures the achievement of the objectives of accounting.

The accounting system can be given another definition as the processes of recording and classifying operations, designing documents and books, and defining the procedures to be followed in all the various information related to financial transactions or deals conducted by the accounting unit, methods of recording them, means of controlling them, and methods of displaying their results.

It's also the general framework that determines how to carry out accounting work, including analysis, recording, tabulation and classification of operations and determining the procedures used in collecting information related to financial operations in the enterprise.

For the Algerian Financial Accounting System, (Act N°11-07, 2007) Cited that it can be defined as: *“A system organizing financial data so as to enable users to gather, classify, assess, record basic statistical data and present financial statements that faithfully reflect a corporate entity's financial condition and asset base, as well as its performance and cash position at the end of the fiscal period”*.

So, Algerian Financial Accounting System tries to change the view of the previous accounting practices in Algeria by setting up a whole new conceptual framework based on international accounting standards, financial reporting and a chart of accounts that made financial statements comparable, an easy way to read by all kind of users and reflects the true image of any entity and a lot easier for foreign investors and multination companies to use.

b. Financial Accounting System Field of Application

The Financial Accounting System is applied to any Natural or Moral entity that's specified by law to work with financial accounting. This law

also excludes Moral Entities that apply public accounting rules. Article 4, (Act N°11-07, 2007) Elaborates and defines the areas of application of this law through the following:

1. Companies subject to Commercial Law;
2. Cooperatives;
3. Natural or Moral entities who produce Commercial or Non-Commercial Goods and Services based on repeated operations.

Also, Article 5 of the same law indicated that Small and Medium Enterprises “SMEs” identified by law could apply a Simplified Accounting.

II. Reasons for Accounting Reform in Algeria

Algeria's openness to the outside world and changing in orientation towards capitalism are among the main reasons that contributed to the execution of several reforms in many fields. But for accounting, the accounting reform process was due some external and internal factors, which are summarized as the following:

a. External Factors

1. The partnership with the European Union and providing many advantages for foreign investors;
2. The ongoing negotiations with the World Trade Organization “WTO”, which imposed on Algeria a set of inevitable reforms to be a member and an ally.
3. The pressures employed by international institutions and organization like the World Bank, and the International Monetary Fund “IMF” to adopt international accounting standards, especially since this project was funded by the World Bank and green lighted by both the WB and IMF;
4. The problems faced by foreign companies in Algeria as a result of the obligation to prepare their financial statements according to the National Accounting Plan;
5. The international community’s adoption of IAS/IFRS in a short circumstance, which didn’t leave Algeria enough time to study the options;
6. Algerian authorities’ lack of experience and awareness of these international standards, which required Foreign Experts’ help;
7. Accounting globalization and the quick developments at the international level, especially in the last fifty years.

b. Internal Factors

1. The Economic transition from Socialism to Capitalism after the Oil Crisis in 1986;
2. Seeking to attract Foreign Investment in Algeria;
3. The many shortcomings in the National Accounting Plan, which no longer responds to the requirements of the capitalist enterprise;
4. Giving priority to the legal aspect over the economic aspect;
5. Algerian Authorities considered the National Accounting Plan as a mean to ensure the tax basis only;
6. Reliance on Historical Cost method which directly affects financial statements and affects the decisions of financial information users. And this would create a confidence problem.
7. The lack of accurate explanations about accounting concepts and terms which led to the absence of a clearer accounting conceptual framework and opened the way for different interpretations;
8. An attempt to prepare an accounting system that aims to provide reliable financial information that reflects the true image of the enterprise;
9. Updating the rules of accounting registration and measurement, which contributes to reducing the risks of accounting fraud and facilitating the audit process.

III. Goals and Advantages for Algeria's Approach to IAS/IFRS

a. Goals for Accounting Reform towards IAS/IFRS

Considering changes towards economic globalization and the emergence of financial markets worldwide over the last 20 years, Algeria had nothing but to adjust to all these new global political and economic events. Many studies, such as (Benbelghit, 2004), (Bellaouer, 2014) and (Bouarar, 2017) mentioned that it was crucial to review the accounting practices in Algeria before and after the reform process itself. But whether it's a choice or an obligation, it remains a controversial issue (Chikhi, Fekir & Ouarab, 2017) . However, here are a bunch of goals for Algeria's approach to IAS/IFRS:

1. Trying to attract more foreign investors by the internationalization and the standardization of accounting practices towards IAS/IFRS.
2. The MENA Region achieved a growth rate of 2.8 % in the period of 2003-2017 (World Bank, 2018) and Inter-Arab investment projects total cumulative value of 337 billion dollars in the period of 2003-2017 (OECD, 2018). That forced Algeria to take the things seriously

and start a policy of economic relocation by launching a series of economic reforms even for accounting.

3. Simplifying financial transactions between Algerian and foreign companies.
4. Creating a new system that simplifies and clarifies the method of recording some complex accounting operations that the previous accounting system “NAP 1975” couldn’t solve.
5. Benefit from the developed and emerging countries experiences such as United States of America, China, Russia, Brazil, South Africa and Turkey.
6. Enabling the enterprise to compare with itself over time and with several other enterprises.
7. Reflecting a true and honest picture of the financial situation and performance.
8. Providing reliable financial information to all types of users such as shareholders, lenders, government agencies, workers and managers.
9. Creating an easy and unified way to read financial statements correctly by all users without heading to experts.
10. Giving priority to the economic reality over the legal picture of any enterprise.

b. Advantages of Accounting Reform towards Globalization

Establishing this accounting system allowed enterprises in Algeria to benefit from several advantages as the following:

1. Creating an opportunity for all types of accounting practitioners to work in major international companies inside or outside the country;
2. Saving time, effort and money (Maria, 2020) in the process by heading directly towards internationally recognized standards;
3. The ability to compare financial position raises the competitiveness between enterprises and firms even internationally and that drives them to improve their performance;
4. The country's decision makers chose to internationalize accounting practices as evidence of transparency and that reflected positively on Algeria in the international arena;
5. Strengthening the disclosure process by raising the transparency of the information mentioned in the financial statements (Tahah, Qaman,

2020) in order to provide an honest picture to follow up the financial analysis process;

6. The overlap of efficient global financial markets is one of the reasons that contributed to the emergence of international accounting standards. Considering that the financial accounting system stems mainly from those standards, this will inevitably contribute to activate Algiers Stock Exchange sooner or later, especially when it comes to the need to apply some accounting rules that it requires the existence of a financial market in which some values are calculated such as the Fair Value.

Section III: Financial Accounting System Conceptual Framework

The Financial Accounting System has many rules that must be respected in accounting practices in Algeria because these principles were legislated by law and they are not just some guidelines or recommendations to follow.

However, the Financial Accounting System wasn't presented by Act 11-07 only. Many laws and legislations followed this one as; rules; clarifications; or even opinions to solve some problems facing the daily life of Algerian accountants. Therefore, this section will address these legislations and laws, as well as see this financial accounting system's position from the view of IAS and IFRS.

I. Financial Accounting System Hypotheses and Principles

a. The FAS Hypotheses

Enterprises that are committed to applying the Algerian Financial Accounting System rules are subject to two basic hypotheses as the Following:

- 1. Commitment Accounting:** This rule assumes that the accounting business must be dealt with when transactions or events occur and presented in the financial statements in the accounting cycles that are related to their occurrence.
- 2. Continuity of exploitation:** The idea here is that the enterprise carries out its activity based on continued exploitation and the preparation of the necessary financial statements unless this isn't possible through

the occurrence of unexpected events that may lead to liquidation or cessation of activity.

b. The FAS Principles

Article 06 related to Financial Accounting System law (Act N°11-07, 2007) clearly cited the adopted principles from IAS/IFRS, but these principles are distinguished in two categories:

- ✚ The first one includes Fundamental Principles that are already applied by all enterprises “because they were imposed by the power of Law”.
- ✚ The Second category concerns other principles “Supporting Principles” that we don’t have a conclusive evidence that Algerian Enterprises complied with them and that the FAS accomplished its objectives.

Happily, these principles can be measured to have an idea about Accounting Reform Process and that’s what this study aims to find out.

So, these principles are divided as the following:

1. Fundamental Principles

When adopting this FAS, Algerian legislators referred directly to International Accounting Standards Principles, and almost all principles of IAS/IFRS were adopted¹ as the following:

- ✚ The Principle of Accounting Entity;
- ✚ The Principle of Continuity;
- ✚ The Principle of Periodicity;
- ✚ Nominative Principle;
- ✚ The Historical Cost Principle;
- ✚ The Double-Entry Principle;
- ✚ The Principle of Caution;
- ✚ The Principle of Non-Compensation;
- ✚ The Priority to Economic Reality over Legal Reality;
- ✚ The Principle of Permanence.
- ✚ The Monetary Unit Principle.

¹ As it was mentioned in Chapter I, Section III.

It's remarkable that Monetary Unit Principle wasn't mentioned in IAS/IFRS, and that's because these standards were addressed to the world's countries and businesses. On the other hand, the Act N° 11-07 didn't mention The Principle of Disclosure. But instead the FAS aimed at providing a reliable financial information for all kinds of financial statements users in legislations that follows next.

2. Supporting Principles

These Characteristics called the *Informational Principles* which are basically related to the financial information produced by this FAS and delivered to financial statements users later. The financial information must be of good quality and reflects the true image of the enterprise. Therefore, in order to say that the financial accounting system is an Effective and Efficient System, it must meet the necessary disclosure requirements which is cited clearly on Article 6, (Act N°11-07, 2007).

But, before discussing these principles, here's a brief overview on the quality of financial information "QFI" as the following:

The QFI is the necessary characteristics of financial information that make it useful to all kinds of users and the rules that are necessary to evaluate the quality of it. However, (Gorine, 2019), (Mezioud , Belhayani, 2019), (Sadaoui, Yousef Saidi, 2020) and many other researchers consider the quality of financial information to be essential in the financial statement preparation and decision-making process. And to deliver that, a good and a reliable Financial Accounting System is required.

These rules were adopted for the first time by the American Accounting Association "AAA" in 1966, and there have been a number of changes to these rules by many international organizations and committees. In 1980, the Financial Accounting Standards Board "FASB" issued Statement No. 02 in which it included the most important qualitative characteristics that must be provided in financial information to make it valuable which are: *Convenience, Reliability, Verifiability, Constancy and Comparability*. But in 2002, as a result of the joint efforts between the International Accounting Standards Board "IASB" and the Financial Accounting Standards Board "FASB", the Norwalk Agreement was signed in order to unify the conceptual framework

of accounting and bring views closer. The two boards agreed that the quality of financial information must be improved by setting new characteristics. Consequently in 2010, Statement of Financial Accounting Concepts No 08 was issued by FASB which includes the objectives of the general purpose financial reports and the characteristics of the financial information. For the IASB, a new version was issued to amend the objectives of the general purpose financial reports and the characteristics of the current prevailing financial information.

As for Accounting System's informational principles, they are presented in Act N° 11-07 and they are not quite different from the QFI principles, except that they are so important in any good and reliable Accounting System which are:

- **Understandability:** It means that the financial information presented by this system should be well described, classified when presented in financial statements. Also, clear, accurate and cannot be interpreted in several ways. One of the important matters is that financial information shouldn't be complicated and difficult to deal with. This comes with the assumption that financial information users have basic knowledge in accounting and business;
- **Clarity:** It is necessary thing for this accounting system to be easy in using and presenting the financial statements of the enterprise. The measurement and evaluation rules and methods should be easy to calculate and to deal with, and it shouldn't require the help of specialists from outside the enterprise more often;
- **Credibility:** a good accounting system must provide an honest Financial information that must be expressing what it's want to express, it is why this information must be complete, free from bias, objective, errorless and recovered from trusted parties.
- **Comparability:** It means that the ability to compare financial information for a period of time compared to another, or in the process of comparing an enterprise with another or a group of enterprises. The importance of an accounting system that respects this principle appears when searching for sources of financing or making investment decisions.

- **Expression of Reality:** This accounting system must be able to provide financial information that reflects the reality of the enterprise and help reduce the ability to manipulate the accounting result for any purposes whatsoever. For this basis, some countries amend the laws governing accountability every time a financial scandal is recorded.

II. Financial Accounting System Legislations

Since the issuance of this financial accounting system for the first time, many laws are followed concerning some guidelines, principles, evaluation methods and many more regulations. So, they are presented as follows:

a. Act N° 11-07 on November 25th, 2007 related to The Financial Accounting System

This law aims to define the Algerian Financial Accounting System, which is called financial accounting. It includes conditions and fields of its application to every all kinds of entities “personal or moral”. According to this law, accountability in enterprises must meet credibility, transparency, regularity, and control over the process of information. Also, this law has officially excluded the application of the previous accounting system “NAP”

The most important provisions of this law are the development of a new conceptual framework for accounting in Algeria. It also introduced for the first time the topic of consolidated accounts and changed the view of accounting as not a basis for imposing tax only (Bachir S, Djemil A, 2021). The application of this financial accounting system has been delated until the beginning of 2010. This law consists of 43 articles distributed in the following table:

Table (II-1): Act N° 11-07 Chapters

Chapter Number	Articles	Chapter Name	Continent
01	From 02 Until 05	Definition and Application Area	Definition of Financial Accounting, field of application, exceptions.
02	06-09	The Content of the Financial Accounting System	Conceptual Framework of Accounting Principles, Accounting Standards and Code of Accounts.
03	10-24	Accounting Organization	Compulsory Operations, Supporting Documents and Accounting Books, Conditions and how to maintain Financial Accounting through Automated Information Systems.
04	25-30	Financial Statements	Content of Financial Statements, their purpose, how they are Prepared and Presented.
05	31-36	Consolidated Accounts and Compound Accounts	Conditions and Modalities for preparing and Publishing Merged Accounts and Compound Accounts.
06	37-40	Changing Estimates and Accounting Methods	The Purpose of Changing Accounting Methods, and how to change them.
07	41-43	Final Provisions	The application date of the Financial Accounting System and the repeal of the previous NAP.

Source: By the researcher based on (Merhoum, 2020).

b. Executive Decree 156-08 on May 26th, 2008 related to the application of the FAS

This Executive Decree establishes the modalities of implementing some articles of Act 11-07, it consists of 44 articles which are addressed to nine main topics represented in the following table:

Table (II-2): Executive Decree N° 156-08 Topics.

Order	Continent	Articles	Articles Explained in "Act N° 11-07"
01	Conceptual Framework	From 02 Until 28	07
02	Accounting Standards	29-30	08
03	Accounts Code, its content and Rules of Operation	31	09
04	Methods of Preparing Financial Statements	32-37	25
05	Cases where the year differs from 12 months	38	30
06	Conditions and Modalities for Preparing and Publishing Consolidated Accounts and Compound Accounts	39-41	36
07	How to take a change in Accounting Methods in Financial Statements	42	40
08	Simplified Financial Accounting	43	5
09	Daily Control of Revenues and Expenses of Small-Businesses	43	22

Source: by the researcher based on (Merhoum, 2020).

When discussing Algerian Accounting Standards presented in Article 30 of this Executive Decree, it can be mentioned that they were only cited by classification without going any further. So, according to (Act N° 156-08, 2008), these standards are divided into four categories as the following:

1. Accounting standards related to assets:

- ✚ Tangible and Intangible Assets;
- ✚ Inventories and Products in Progress;
- ✚ Financial Assets.

2. Accounting standards related to Liabilities:

- ✚ Private Capital;
- ✚ Loans and Other Financial Charges;
- ✚ Subventions;
- ✚ Danger Inventories.

3. Evaluation Standards

- ✚ Charges;
- ✚ Revenues.

4. Special Standards

- + Financial Instruments;
- + Insurance Contracts;
- + Third Party Operations or Joint Operations;
- + Long-Term Contracts;
- + Deferred Taxes;
- + Lease Contracts;
- + Employee Privileges;
- + Operations with Foreign Currency.

c. Executive Decree 110-09 on April 07th, 2009 related to conditions and modalities for holding accounting through automated media systems

This executive decree included the rules necessary to maintain accounting through Automated Media Systems, as this decree dealt with Article 24 of the Financial Accounting System Law in 26 articles. It presented the concept of the Automated Media System and the conditions that must be provided in these “AMSS”. As well as efficient ways of Internal Control to ensure its proper functioning.

d. Ministerial Decision N° 71 on July 26th, 2008 related to rules of evaluation, accounting, financial statements and their presentation, and the accounts code and their operation rules.

(Decision N° 71, 2008) Was signed by the Minister of Finance and published in The Algerian Official Journal on March 25th, 2009. It included evaluation principles and Financial Statements. This Decision is considered as one of the most important accounting references because it details a lot on the subject of the Financial Accounting System in Algeria. This decision contains 3 appendices consisting of 04 chapters, which are:

1. General Principles;
2. Financial Statements;
3. Accounts Codes and How It Works;
4. Simplified Financial Accounting.

At the end of this decision, it included a dictionary of 99 accounting terms with sufficient explanation.

e. Ministerial Decision N° 72 on July 26th, 2008 related to the ceiling of the number of business, the number of users, and the activities applied to small entities, with the aim of maintaining simplified accounting

(Decision N° 72, 2008) This law included only three articles but it included the upper limits that allow entities to apply the Financial Accounting rules. It also mentioned the nature of activities allowed as follows:

1. Commercial activities:

- ✚ 10 million Algerian Dinars of Revenues;
- ✚ 09 Employees in full time.

2. Craft and Production Activities:

- ✚ 06 million Algerian Dinars of Revenues;
- ✚ 09 Employees in full time.

3. Services and Other Activities:

- ✚ 03 million Algerian Dinars of Revenues;
- ✚ 09 Employees in full time.

f. Regulations

Regulations are simply the way to maintain accounting in banks and financial institutions, these rules considered with evaluation rules, code of accounts and rules for preparing Financial Statements for Banks in Algeria. These Regulations are issued by the Central Bank “Bank of Algeria”. There are four regulations related to securities operations which are as follows:

1. Regulation N° 01-79 on January 8th, 1997 related to recording of securities operations;
2. Regulation N° 04-09 on July 23rd, 2009 related to Bank Accounts Plan and Accounting Rules related to Banks and Financial Institutions;
3. Regulation N° 05-09 on October 18th, 2009 related to Preparing Financial Statements for Banks and Financial Institutions;
4. Regulation N° 08-09 on December 29th, 2009 related to Evaluation Rules and Accounting Registration of Financial Instruments released by Banks and Financial Institutions.

g. the National Accounting Council Methodological Notes

For applying this FAS on enterprises for the first time, it was based on 08 Methodological Notes issued by the National Accounting Council “NAC” to simplify this transaction period for enterprises mentioned below:

1. **Note N° 01** released on October 19th, 2010 related to first application of Act N° 11-07;
2. **Note N° 02** released on December 28th, 2010 related to Intangible Assets;
3. **Note N° 03** released on December 28th, 2010 related to Inventories;
4. **Note N° 04** released on March 20th, 2011 related to Tangible Assets;
5. **Note N° 05** released on March 26th, 2011 related to Employees Benefits;
6. **Note N° 06** released on May 05th, 2011 related to Expenses and Income off Financial Period;
7. **Note N° 07** released on May 24th, 2011 related to Long-terms Contracts;
8. **Note N° 08** released on June 07th, 2011 related to Financial Assets and Obligations.

h. the National Accounting Council Opinions

In this regard, there are some texts issued by the National Accounting Council “NAC” which are considered as opinions. Because they provided solutions to some accounting treatments facing the daily routine of the accountant, and sometimes they explained some operations that were unclear or were not easy to deal with. According to (NAC, 2021) there are 16 Opinions so far which are listed in the table below:

Table (II-3): The National Accountability Council Opinions

Opinion's Number	Issuance date	Objective
1003	March 10 th , 2011	Opinion on the Plan and Operating Rules for Accounts and Presentation of the Financial Statements of Insurance / Reinsurance Entities.
21112012	November 21 st , 2012	Opinion of the Standardization Accounting Practices Commission and Professional Due Diligence "the SAPC & PDD".
11032013	March 11 th , 2013	Opinion on Employee Profit Sharing.
17042013	April 17 th , 2013	Accounting for Tax on Consolidated Taxable Income.
23042013	April 23 rd , 2013	Notice on Employee Benefits and Calculation Example "Revised and Corrected"
30072013	July 30 th , 2013	Opinion of the SAPC & PDD.
30072013a	July 30 th , 2013	Opinion of the SAPC & PDD.
05122013	December 05 th , 2013	Opinion of the SAPC & PDD of the National Accounting Council.
10062014	June 10 th , 2014	Notice on deferred taxes of June 10, 2014
19042015	April 19 th , 2015	Eight (08) Opinions of the SAPC & PDD
04012017	January 04 th , 2017	Opinion of the SAPC & PDD "long-term contracts" From 01/04/2017
13032017	March 13 th , 2017	Eight (08) Opinions of the SAPC & PDD, Year 2016.
14062017	June 14 th , 2017	Opinion of the SAPC & PDD "Models of Financial Statements"
28012019	January 28 th , 2019	Opinion of the SAPC & PDD of 01/28/2019.
08102019	October 08 th , 2019	Opinion of the SAPC & PDD "Valuation, Recognition and Presentation of Borrowings and Related Charges"
29012020	January 29 th , 2020	Opinion related to the Constitution of Impairment Losses on Receivables.

Source: By the researcher based on (NAC, 2021).

i. Similar Laws and Legislations

Besides all the cited references of Financial Accounting System, here are some laws and Legislations (NAC, 2021) related in a way or another to accounting field in Algeria:

1. Direct Taxes and Similar Fees Law;
2. Law 59-75 on September 26th, 1975 related to Algerian Commercial Law;
3. Law 03-11 on July 26th, 2007 related to Money and Credit;
4. Law 10-01 on June 29th,2010 related to Accounting Profession;
5. Various Finance Laws, especially Finance Laws of “2010/2011/2019” and the Additional Finance Law of “2008/2009/2010”.

III. Algerian Accounting System and International Accounting Standards

Comparing the International Accounting Standards IAS/IFRS with the Financial Accounting System is not an easy process due to the different points of view into preparing each¹. IAS/IFRS are considered as general optional directives for accounting practices for all countries that have adopted them with their different accounting practices and different economic, cultural, political and geographical circumstances. While the financial accounting system is a law that obliges the concerned enterprises to comply with it.

But since the adoption of the Financial Accounting System was based on international accounting standards, it is supposed that the FAS conforms to IAS/IFRS. Nevertheless, Algeria didn't adopt international accounting standards literally and but tried to bring the national accounting practices closer with international ones. And the Ministerial Decision N° 71 on July 26th, 2008 is considered as the most comprehensive and detailed legislation on accounting rules in Algeria. This decision even mentioned the Accounts Code and its rules, which was not addressed by International Accounting Standards.

Since comparing the financial accounting system and IAS/IFRS is a vast research topic that can be addressed in a whole Ph.D. thesis, and needs more

¹*The preparation of Algerian financial accounting system project was based on developments in international accounting standards until the year 2004, which means that the comparison process that the researcher will perform cannot address developments after the year 2004.*

than just a chapter or a section to deal with. It can be said that the researcher will try to reveal some important correspondences and divergences between international standards and the financial accounting system because it's very important in the next Chapter as follows:

a. FAS/IAS Detailed Presentation

In this regard, the researcher will present some legal similarities in the financial accounting system's approach to international accounting standards.

Table (II-4): FAS/IAS Legislations

Comparison Zone	IAS	Financial Accounting System
Presentation of Financial Statements and Cash Flows	IAS 01 IAS 07	Ministerial Decision N° 71 From 210-1 Until 210-5 From 220-1 Until 220-5 From 230-1 Until 230-8 From 240-1 Until 240-5 250-1 From 260-1 Until 260-5
Inventories	IAS 2	Ministerial Decision N° 71 123-1 ~ 123-6
Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8	Ministerial Decision N° 71 138-1 ~ 138-5 Act N° 11-07 Articles 37 ~ 40
Events After the Reporting Period	IAS 10	Ministerial Decision N° 71 260-8 230-8 Executive Decree 156-08 Article 13
Construction Contracts	IAS 11	Ministerial Decision N° 71 133-1 ~ 133-3
Income Taxes	IAS 12	Ministerial Decision N° 71 134-1 ~ 134-3
Property, Plant and Equipment, Intangible Assets and Impairment of Assets	IAS 16 IAS 36 IAS 38	Ministerial Decision N° 71 112-1 ~ 112-11 121-1 ~ 121-15 121-20 ~ 121-27

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Leases	IAS 17	Ministerial Decision N° 71 135-1 ~ 135-4
Revenue	IAS 18	Ministerial Decision N° 71 111-1 ~ 111-6 127-1
Retirement Benefit Plans	IAS 19 IAS 26	Ministerial Decision N° 71 136-1 ~ 136-2
Accounting for Government Grants and Disclosure of Government Assistance	IAS 20	Ministerial Decision N° 71 132-1 ~ 132-21
Foreign Exchange Rates	IAS 21	Ministerial Decision N° 71 124-1 ~ 124-6
Borrowing Costs	IAS 23	Ministerial Decision N° 71 126-1 ~ 126-3
Consolidated Businesses	IAS 22 IAS 27 IAS 28 IFRS 3 IFRS 10	Ministerial Decision N° 71 132-1 ~ 132-21 Act N° 11-07 Articles 31 ~ 36 Articles 39 ~ 41
Disclosures in the Financial Statements of Banks and Similar Financial Institutions	IAS 30	Regulation N° 04-09 on July 23rd, 2009 related to Bank Accounts Plan and Accounting Rules related to Banks and Financial Institutions
Financial Instruments	IAS 32 IAS 39	Ministerial Decision N° 71 131-1 ~ 131-8
Provisions, Contingent Liabilities and Contingent Assets	IAS 37	Ministerial Decision N° 71 125-1 ~ 125-4
Real Estate Assets	IAS 40	Ministerial Decision N° 71 121-16 ~ 121-12
Agriculture	IAS 41	Ministerial Decision N° 71 121-19 127-7

Source: By the researcher based on IAS/FAS Rules and Principles.

b. Conceptual Framework Comparison

1. The Concept of Accounting: The international accounting standards conceptual framework was prepared by the IASC back in 1989 and also been recognized by the IASB in 2001 by. It concerns the conceptual framework around some terms and rules in accounting

such as qualitative characteristics of financial information and the objective of financial information, as well as methods of accounting recognition and measurement. Also it talks about capital and how to preserve it. As for the Algerian financial accounting system, it is considered as a guide for preparing accounting standards and choosing the appropriate accounting method. The FAS touches on the field of application, principles, elements of financial statements, and concepts about preparing financial statements.

- 2. Accounting Hypotheses:** The basic assumptions in international accounting standards are mainly concerned with the Entitlement Hypothesis and the Continuity Hypothesis. Unlike the financial accounting system which it depends on the Undertaking Accounting Hypothesis mentioned in Article 6, (Act N° 156-08, 2008) and the Hypothesis of Exploitation Continuity cited in Article 7.
- 3. Financial Statements Characteristics:** IAS have defined the qualitative characteristics of financial statements, which are four basic: understandability; Convenience; Credibility and Comparability. While the financial accounting system detailed these Characteristics as the following:
 - ✚ Clarity;
 - ✚ Convenience;
 - ✚ Credibility;
 - ✚ Comparability;
 - ✚ Expressing economic reality.
- 4. Financial Statements Presentation:** Financial Statements according to IAS are the Statement of Financial Position, Revenue Statement, Cash Flows and the Statement of Changes in Capital and Notes. But for the financial accounting system, it is required to prepare financial statements according to Article 25, Act N° 11-07 represented as the following:
 - ✚ Asset Budget;
 - ✚ Liabilities Budget;
 - ✚ Result Account;
 - ✚ Treasury Flow table;
 - ✚ Capital Money Change Table;
 - ✚ An appendix about using some accounting rules.

5. Financial Statements Concepts: Accounting recognition in Financial Statements according to international accounting standards is generally made when two conditions are met:

- ✚ If it's possible to achieve future economic benefits associated with the operation, whether for the enterprise or for outsiders;
- ✚ The cost or value can be estimated reliably.

But for the financial accounting system, accounting recognition can be counted when:

- ✚ The value or cost can be evaluated in an honest manner;
- ✚ When it's probable that a future benefit will accrue to the enterprise only.

6. Measurement and Evaluation Methods: The measurement in the financial statements means determining the financial values that will appear later in the financial statements. And this would finally display the financial position of the enterprise. For international accounting standards, the measurement is made based on a set of methods that are used according to specific case as follows: Historical Cost; Operational Cost; Realizable value "Payable" or Current Value. While the evaluation according to the FAS (Decision N° 71, 2008) is based on: Historical Cost; Real Value "Current Cost"; Realization Value or The Updated Value.

c. Accounting Recognition and Disclosure Comparison

1. Recognition in Financial Statements: By reviewing both the IAS and FAS in this regard, it was concluded that financial statements are almost the same, but financial statements of the financial accounting system must be adapted to developments accrued on IAS at the international level. As for **IAS 07** "Statement of Cash Flows", the financial accounting system has adopted both direct and indirect methods in preparing Financial Flow Table.

2. Inventories: The financial accounting system has adopted the same international rules and methods in terms of recognition and initial and following evaluation of inventories. It has also adopted both the **FIFO** and **WACC** methods, but **LIFO** is not allowed for both IAS and FAS. Despite many correspondences, there are some differences that can be seen as the following;

- The financial accounting system has excluded the measurement of inventories in the case of agricultural products while they are treated in a separate accounting standard, **IAS 41** “Agriculture”;
- The financial accounting system didn’t refer to the concepts of the Actual Cost and the Standard Cost, although they are used implicitly;
- The financial accounting system didn’t separate the methods of measuring the costs of raw materials transformation into final products but if only categorized them into direct and indirect costs.

3. Changes in Accounting Measurement Methods and Errors: The financial accounting system has been relatively adopted by the rules of **IAS 8** “Accounting Policies, Changes in Accounting Estimates and Errors”, especially when it comes to changing accounting estimates, treating errors, or forgetting some operations.

IAS 8 affected the conditions that accounting policies must be changed with sufficient explanation because it came to address many operations and errors that would affect the credibility and reliability of financial statements such as the assumed useful life of non-current assets and doubtful debts, while the financial accounting system referred to this in general without addressing these problems at all.

4. Long-term Contracts: Long-term contracts have been referred to in the financial accounting system in line with **IAS 11** “Construction Contracts”, but there are some differences, such as:

- **IAS 11** takes into account the completion method rate, while the financial accounting system adopts an additional method, which is the method of completion;
- The financial accounting system also requires the formation of an additional amount that covers any deficit or loss in the event that there is a possibility of that happening, while **IAS 11** treats this situation as the form of costs.

5. Differed Taxes: IAS 12 “Income Taxes” is more comprehensive than the financial accounting system because it provided the accounting treatment on the result, whether it is payable or deferred, while the financial accounting system focused on the time imbalance in taxation.

6. Tangible and Intangible Assets: The financial accounting system has adhered to what is stated in **IAS 16** “Property, Plant, and Equipment” in terms of concept, accounting treatment, and evaluation, but there are some shortcomings which are mentioned as the following:

- The financial accounting system included that the physical asset must be divided if it has different production activities according to what was specified in IAS 16, but it omitted that these parts should not exceed the useful life of the asset;
- For Small Value Elements, **IFRS 2** “Share-based Payment” indicated that they could be combined and treated as a Single Asset, while the financial accounting system indicated that they could be treated as consumables;
- The buildings and lands value owned by the enterprise is estimated using fair value and it’s determined by reference to specialists in this field. Therefore, IAS 16 indicated that these specialists must be from outside the enterprise, unlike the financial accounting system, which didn’t specify the party of these specialists inside or from outside the enterprise;
- IAS 16 has determined asset life factors by which the useful life of an asset can be estimated, such as expected use, wear, and tear, some laws that stipulate the useful life, while the financial accounting system didn’t refer to these determinants at all;
- For depreciation, the financial accounting system has adopted an additional method, which is the Increasing Depreciation. IAS 16 indicated that the depreciation method must be reviewed at least once at the end of each accounting cycle, while the financial accounting system has obligated to reconsider the depreciation method periodically, but the FAS didn’t specify the duration;
- Among the most important matters related to depreciation and the performance of the enterprise, what IAS 16 referred to. In the case that an asset is used to produce other assets, the depreciation value must be calculated and added to the cost of producing those assets “as costs”. In case of discontinuing the use of the asset in this process, the depreciation is calculated and included as depreciation and not a cost due to the presence of the factor of oldness. Regarding the financial accounting system, it didn’t refer to this at all despite its importance and its direct impact on the financial statements;
- IAS 16 indicated that the Residual Value of the asset can be neglected if it is insignificant and doesn’t have an impact on the enterprise, but the financial accounting system didn’t refer to this.

For Intangible assets, the accounting measurement and recognition of these assets is relatively consistent with **IAS 38** “Intangible Assets”, but here are some important differences as follows;

- The recognizing conditions for the stage of development according to IAS 38 are different from those included in the financial accounting system;
- IAS 38 indicated that depreciable intangible assets relate to assets that have a specific period of use, while the financial accounting system didn't mention the non-depreciable intangible assets and only set a maximum period of use which is 20 years;
- IAS 38 also referred to some cases that can be complicated by calculating the costs of an intangible asset when it is acquired through a business combination “Merge”, the purchase of an intangible asset by exchanging it for another intangible asset or intangible assets established within the enterprise. But the FAS didn't explain this situation;
- IAS 38 stated that following additional costs related to the intangible asset included in the previous financial statements must be recognized as an expense and not as part of the cost of the intangible asset, and this is not covered at all by the financial accounting system;
- The FAS didn't address some cases like owning an intangible asset without cost or consideration due to government subsidies, while IAS 38 cited that it must be recognized by the fair value method or by a specific symbolic amount;
- IAS 38 gave the enterprise the freedom to value intangible assets “post-measurement” through the Cost Method or the Revaluation Method, while the financial accounting system imposed the revaluation method without explicitly ordering it.

For Assets Depreciation, **IAS 36** “Provisions, Contingent Liabilities and Contingent Assets” dealt with a set of internal and external indicators to determine the impairment of the asset, but the financial accounting system neglected this part and has not provided any explanations.

7. Financial Assets:

- One of the most important differences between international accounting standards and the financial accounting system is that **IAS 39** “Financial Instruments” deals with the initial accounting recognition of financial assets based on the Fair Value, while the financial accounting system deals with the initial assessment of assets on the basis of the Cost Method;
- The measurement of the Fair Value of financial assets is clearer and explained according to IAS 39 compared to determining the Real Value at the financial accounting system;
- The financial accounting system didn’t provide a precise and clear definition of financial obligations and the appropriate conditions;
- The compensation process in financial assets according to **IAS 32** “Financial Instruments” is permitted, while the financial accounting system believes in the principle of Non-Compensation;
- International accounting standards consider the disclosure process in financial assets very important, but the accounting system didn’t give importance to the disclosure;

8. Real Estate Assets:

- According to **IAS 40** “Investment Property”, Real Estate Property is considered a sort of financial assets because the enterprise holds them for a purely financial purpose, while the financial accounting system classifies them as physical assets;
- For the initial accounting recognition, the financial accounting system didn’t precisely specify the Cost of Investment properties, contrary to IAS 40;
- For the following evaluation, the financial accounting system referred to the same treatment that was approved by IAS 40, which is the fair value;
- IAS 40 required that the fair value of the property parts must be determined separately. If this is not possible, the Cost Method is used, but the financial accounting system didn’t refer to this at all.

9. Biological Assets:

- International Accounting Standards have adopted a specific standard dedicated to Biological Assets; IAS 41 “agriculture”. While the financial accounting system has dealt with it through some paragraphs;
- The financial accounting system didn’t elaborate on the concept of agricultural activity and enterprises in this sector;
- The financial accounting system wasn’t very clear when talking about determining the costs of a biological asset or proposing solutions to the problem of determining the fair value when there’s no active market, while IAS 41 dealt with this in detail;
- The financial accounting system didn’t differentiate when agricultural products are considered as goods or as biological assets and the terms of differentiation between them, unlike IAS 41 which well-defined this point.

10. Leases:

Accounting treatment principles of Lease Contracts for both lessor and the lessee party are the same in **IAS 17** “Leases” as well as the FAS. Nonetheless, there are some differences that are summarized as the following:

- IAS 17 dealt with both the Finance Lease and the Operating Lease, comparing to the financial accounting system, it was satisfied with the finance lease only;
- IAS17 differentiates between the Implied Residual Value and the Unimportant Residual Value, but the financial accounting system refers only to the Residual Value.
- The financial accounting system neglected to talk about the value of the updated payments at the beginning of the contract. As well as the implicit rate, and clarifying these concepts is very important.
- IAS 17 considers any direct costs associated with the lease as costs included in the value of the asset, but this isn’t included in the financial accounting system;
- Contrary to IAS 17, the financial accounting system didn’t address the conflict situations that may occur later between the two parties or if there’s a change in terms, or in cases where there are mixed assets such

as land and buildings at the same time, which according to IAS 17 must be processed separately.

11. Revenues “Income”:

IAS 18 “Revenue” required the recognition of the revenue process when one of the conditions is met: Revenue from sales operations; the provision of services or the revenue associated with the use of the enterprise’s assets by others. But the financial accounting system requires revenue to meet two conditions:

- ✚ the revenue is earned and has been achieved;
- ✚ If it’s verifiable in the future.

IAS 18 also requires that revenue be valued at Fair Value, while the financial accounting system requires that revenue must be valued on the basis of the Exchange Value after a trade discount or its equivalent amount if happened.

12. Employee Benefits:

The financial accounting system has adopted a small part of **IAS 19** “Employee Benefits” and it neglected many points. For example:

- The financial accounting system didn’t provide an exact definition of Employee benefits, nor did specify the type of system that should be followed;
- Also, the financial accounting system didn’t clarify how to estimate the cost of retirement or the grants associated with sending employees to retirement. The FAS only indicated that the enterprise is free to estimate this or through the required legislative aspect, which in this case is the retirement system in Algeria.

13. Subsidies:

- The financial accounting system has adopted cash subsidies granted by the state as stated in **IAS 20** “Accounting for Government Grants and Disclosure of Government Assistance”, but it has neglected non-cash subsidies such as land or buildings. This is the gap that is supposed to be filled as soon as possible in future versions of the financial accounting system, although IAS 20 has detailed it;
- IAS 20 stipulates that the accounting recognition of government subsidies relating to depreciable assets that are subject to two methods; the first depends on recognizing the subsidy in a way that is proportional to the depreciation, while the second relates to the direct

deduction of the value of the asset. The second method is one of the most effective methods that the financial accounting system didn't address at all;

- IAS 20 also dealt with the accounting recognition of government subsidies related to non-depreciable assets according to the time periods necessary for implementation or to cover losses. While the financial accounting system addressed the necessity of recognizing these subsidies within 10 consecutive years and according to the fixed method;
- IAS 20 specifies the need to refer to grants related to assets on the statement of financial position, as the financial accounting system indicated for that in the budget statement in the form of governmental privileges, IAS 20 addressed the importance to show these grants in the statement of cash flows, while the financial accounting system didn't cite this.

14. Borrowing Costs:

The financial accounting system has dealt with borrowing costs and tried to match **IAS 23** "Borrowing Costs" and has been relatively committed to that. But there are some differences as follows:

- The financial accounting system didn't refer to the assets involved in this process, as well as the scope of capitalization of these costs, but IAS 23 dealt with everything related to borrowing costs and clarified the conditions for capitalization and assets related to that;
- IAS 23 clarified the conditions and date of the discontinuation of capitalization, while the accounting system didn't specify the date of capitalization discontinuation.

d. Comparison Analysis

Based on what was discussed previously, and based on the conceptual framework as well as accounting recognition and disclosure of both IAS and the FAS, it can be said that;

1. The financial accounting system is a mandatory system according to the law and must be followed by the enterprise subject to the commercial law rules, while the international accounting standards are optional and serve as directives which are applied according to the legislation and laws imposed by those countries;

2. The international accounting standards have given great importance to the qualitative information provided in the form of explanations and justifications in the appendices of the accounting methods used, while the financial accounting system somehow neglected this aspect, especially when talking about the possibility of including some quantitative information related to depreciation, changes in assets, contributions and provisions in the appendix;
3. The financial accounting system was prepared by adopting the international accounting standards issued until the year 2004 which means the financial reporting standards don't appear in this law.
4. The presentation of financial statements in the framework of international accounting standards is subject to IAS 1 and IAS 7, while presentation of financial statements in the financial accounting system is subject to Decision N° 71.
5. The statement of Cash Flows is prepared either by the Direct or Indirect Method, and this is according to both international standards and the financial accounting system;
6. Inventories are valued by the **FIFO Method** or the **WACC Method** according to both approaches "FAS and IAS";
7. According to IAS 8, clarifications must be provided regarding the bases used in preparing the financial information, and the change in accounting policies should be made if the legislator would request, or changing these policies would contribute to a better presentation of the financial statements. As for the financial accounting system, changes in accounting estimates are permitted if the purpose is to improve the quality of the financial statements;
8. IAS 10 provides guidance on accounting operations that relate to events after the date of preparation of the budget and two types of events are distinguished:
 - ✚ Events that lead to modifications;
 - ✚ Events that do not lead to modifications.

This standard aims to record any events that occur during the financial reporting period. But when it comes to the financial accounting system, it's compatible with the international accounting standards "IAS 10".

e. Important Note

Given the fact that International Accounting Standards IAS/IFRS were issued by IASC and the IASB later. It should be noted that the financial accounting system didn't mandate or establish a permanent committee based on issuing national accounting standards or amending them if necessary in order to approximate accounting practices with international practices.

The international accounting standards dealt in detail with the accounting principles, in contrast to the financial accounting system, which only addressed these principles superficially and didn't show how to apply some of them in the Algerian accounting environment, while recording some difference in terminology.

The financial accounting system touched on giving priority to the economic reality over the legal reality, but it didn't show that in any way. The international accounting standards referred to the concept of Property Rights, while the financial accounting system was satisfied with naming them by the Assets. It also didn't address the capital and its preservation.

The international accounting standards dealt with the users of financial statements, but the financial accounting system didn't explicitly mention this category. On the other hand, the Algerian environment's lack of a stock exchange that includes many enterprises limits the conceptual framework of the financial accounting system unlike international accounting standards, which are more comprehensive in dealing with listed enterprises in the stock markets.

IAS/IFRS treat accounting practices on the basis of an accounting chain, and each standard is concerned with a particular aspect. While the financial accounting system doesn't take this aspect into consideration. It simply presented accounting rules and procedures that regulate accounting practices in Algeria as a form of legal articles, paragraphs and attached tables.

Conclusion

Algeria's trend towards international openness due to international globalization, Algeria made a qualitative leap towards reconsidering its political and economic policies and practices to re-position itself, which required very large reform processes in various field, especially after changing the economic view towards Capitalism. A deep reform process was caused in accountability by many internal and external circumstances that made Algeria compelled to take this step, and to carry out such a reform process required Algeria to resort to many parties abroad such as French Experts, the International Monetary Fund "IMF" and the World Bank "WB" to bring the National Accounting Practices closer to International Accounting Standards IAS/IFRS which should serve the economic interests of Algeria in the first place.

However, it is obvious that Algeria may benefit from many advantages as a result, but there are also some shortcomings that were recorded before, during and after executing this process. It is certain that there will be consequences for the accounting environment in Algeria that the researcher will try to address on the next Chapter.

*Chapter III: Accounting Environment
In Algeria*

Introduction

Expressing an opinion about the accounting environment in Algeria requires to be acquainted with its components and knowledge of all its aspects, as well as the nature of its interaction with the Accounting Reform Process from the technical view. When the Financial Accounting System was applied for the first time, it faced many circumstances that it would be addressed on this Chapter. The researcher will also attempt to address the most important changes that followed the application of the FAS in 2010. So, this chapter is divided into the four following Sections:

- + Section I: Accounting Profession Organization;
- + Section II: Accounting Education and Scientific Research;
- + Section III: Business Environment in Algeria;
- + Section IV: The Accounting Reform Process Itself.

Section I: Accounting Profession Organization

Accounting Profession in Algeria is not as complicated as many think. But each profession has its characteristics, and this one's characteristics are represented in a group of organizations supervising the profession. In addition, special conditions for practicing the profession by natural and legal persons.

I. Accounting Professionals in Algeria

Accounting professionals in Algeria are distinguished into three categories: Expert Accountants, Commissioners of Accounts, and Certified Accountants. Algerian authorities have replaced the previous (Act N° 08-91, 1991) related to the practice of the accounting profession in Algeria by whole new one which will be addressed before talking about each category as follows:

a. (Act N° 10-01, 2010) Contribution

One of the main reasons that led to the emergence of Act N° 10-01 is a set of deficiencies that have been noted at the level of the accounting profession, which can be summarized here:

- ✚ The weakness of the previous law regulating the accounting profession in Algeria;
- ✚ The intense competition of the Algerian accounting profession by highly qualified foreign accounting expertise;
- ✚ The necessity of upgrading the accounting profession in Algeria to the level of international organizations and bodies;
- ✚ Many accounting professionals in Algeria were not in complete understanding of international Accounting standards due to the absence of any actual training policy.

So, Act N° 10-01 was issued in the Algerian Official Journal as a new vision in order to update the accounting profession in Algeria with modern economic changes at the international level, as well as the application of the Algerian Financial Accounting System. Therefore, this law related to the Professions of Expert Accountant, Commissioner of Accounts “Statutory Auditor” and Certified Accountant consisted many chapters dealing practicing the accounting profession in the table below:

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Table (III-1): Act N° 10-01 Chapters

Chapter Number	Articles	Chapter Name	Continent
01	From 01 Until 06	General provisions	This chapter mentioned the purpose of this law, the conditions for practicing the accounting profession, and the establishment of the National Accounting Council in its new form.
02	07-13	Common provisions	This chapter cited the conditions for practicing the accounting profession and how to process the application for accreditation.
03	14-17	The NOEA, The NCCA and The NOCA	This chapter Announced the establishment of the three professional accounting bodies the NOEA, The NCCA and The NOCA.
04	18-21	Practicing the Profession of Expert Accountant	This Chapter was about The method of obtaining accreditation to practice the profession of Expert Accountant, his duties and how to determine his fees.
05	22-40	Profession of Commissioner of Accounts “The Statutory Auditors”	This Chapter was about The method of obtaining accreditation to practice the profession of Commissioner of Accounts, his duties and how to determine his fees.
06	41-45	Certified Accountant	This Chapter was about The method of obtaining accreditation to practice the profession of Certified Accountant, his duties and how to determine his fees.
07	46-58	Accounting companies	This chapter dealt with the possibility of establishing accounting companies and the conditions for obtaining accreditation and other conditions related.
08	59-63	Responsibility of Expert Accountant, Commissioner of Accounts and Certified Accountant	This chapter detailed the responsibilities of all the three professions and explained the Penal and Disciplinary Responsibility in case of violation of the profession laws.
09	64-74	Conflicts and Contradictions	This chapter explained the conditions that must be met so that accountants can practice their duties in a Transparent and Ethical manner, and it addressed upon the penalties that may be applied to them in the event of any violation.

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10	75-79	Closing Provisions	This chapter included many provisions about the insurance contract related to the practice of the accountant profession.
11	80-81	Transitional Provisions	This chapter included announcing the establishment of committees with equal members and the continuation of the provisions of the previous law for a period not exceeding 06 months.
12	82-84	Final Provisions	This chapter canceled the operation of Act N° 08-91 Officially.

Source: By the researcher based on (Act N° 10-01, 2010).

b. Conditions for Practicing the Accounting Professions

1. General Conditions: Article 08, (Act N° 10-01, 2010) specified the general conditions that must be met for practicing the profession of an Expert accountant, a Commissioner of Accounts, and a Certified Accountant which are summarized below:

- ✚ The candidate must be of Algerian Nationality;
- ✚ The candidate must have a certificate of practicing the profession;
- ✚ He must have all civil and political rights;
- ✚ He shouldn't have been convicted of a felony or crime affecting the honor of the profession;
- ✚ To be approved by the Minister of Finance;
- ✚ To be registered with the National Order of Expert Accountants, the National Chamber of Commissioners of Accounts, or the National Organization of Certified Accountants;
- ✚ To take an oath in front of the Judicial Council after the Minister of Finance's approval and before being registered with The NOEA, The NCCA, or The NOCA.

2. Conditions for Expert Accountant: According to Article 18, (Act N° 10-01, 2010) An Expert Accountant is *“Every person who exercises in an ordinary way, in his own name and under his responsibility, the task of organizing, examining, evaluating and analyzing accounting, and the various types of accounts for enterprises and bodies in the cases stipulated by the law, which entrusts him with this task in a contractual capacity for accounting expertise”*. The expert accountant also maintains, centralizes, opens, controls, monitors and compiles the accounting of institutions and bodies to which he is not bound by a work contract. His Duties are:

- ✚ Organizing, checking, evaluating and analyzing accounting;
- ✚ Keeping, centralizing, opening, controlling, monitoring and compiling the accounting of institutions;
- ✚ Financial and Accounting Audits for companies and enterprises, which is the only qualification to do such mission;
- ✚ Providing advice to companies and organizations in the financial, social and economic fields;
- ✚ Inform his contractors of the impact of their obligations and administrative and management actions related to his mission.

3. Conditions for Commissioner of Accounts “Statutory Auditors”:

Article 22, (Act N° 10-01, 2010) defined the Commissioner of Accounts as *“Every person who, in an ordinary manner, in his own name and under his responsibility, exercises the task of certifying the correctness and regularity of the accounts of companies and organizations and their compliance with the provisions of the legislation in force”*. Act N° 10-01 defined the Accounts Commissioner tasks and duties that he should carry out which can be summarized as the following:

- ✚ Certifies annual accounts, correct and fully consistent with the results of the operations of the previous year, as well as the financial position and property of companies and enterprises;
- ✚ Examines the validity of the annual accounts and their conformity with the information indicated in the management report submitted by the managers to the shareholders, or to partners as well;
- ✚ Expressing his opinion in the form of a special report on the internal control procedures approved by the board of director or the managers;
- ✚ Assesses the conditions for concluding agreements between the company that he controls and the enterprises or bodies affiliated with it, or between enterprises and bodies in which the managers or directors of the company concerned have direct or indirect interests;
- ✚ To make directors and the general assembly aware of every deficiency that he may discover or become aware of.

These duties are concerned with examining the values and documents of the company or the concerned authority, and monitoring the extent to which the accounting conforms to the accounting rules in force without interfering with the management.

In addition, when the company or the authority prepares consolidated accounts or supported accounts, the commissioner of accounts must certify the correctness and regularity of the consolidated and supported accounts and their correct image, and prepare his report on the basis of accounting documents.

4. Conditions for Certified Accountant: Based on Article 41, (Act N° 10-01, 2010) a certified accountant can be defined as: *“Every professional who, exercises in a normal manner, in his own name and under his responsibility, the task of keeping, opening and controlling the accounts and accounts of merchants, companies or organizations that request his services”*. The same law mentioned the Certified Accountant tasks as below:

- ✚ Keeping, opening and controlling accounts;
- ✚ Preparing, Presenting accounting writings and property development of the company based on the accounting documents and papers submitted to him;
- ✚ The Certified Accountant can prepare all social administrative and tax declarations related to the accounting instead of his client;
- ✚ Assist the clients in various Public Departments,
- ✚ Preparing financial Statements if the client requests him to do so.

II. Accounting Organizations

The organizations supervising the accounting profession in Algeria have existed long before the accounting reform process, their establishment dates back to the days of the National Accounting Plan “NAP” in the early 1990’s. So, Algerian legislators attempted to reform the accounting profession by issuing numerous laws related to the National Accounting Council, the profession of Expert Accountants, Commissioner of Accounts, and Certified Accountant in order to achieve more organization of the profession. Which these organizations are presented as follows:

a. The National Accounting “Accountancy” Council

1. Definition: The National Accounting Council “NAC” was established by (Executive Decree N° 96-318, 1996), which can be defined in Article 02, by the same law as: *“A consultative body with a joint ministerial and professional character, with the task of coordinating and summarizing in*

the field of research and control of accounting standards and associated applications”.

2. Organization of the National Accounting Council: One of the most important tasks entrusted to this council is the preparation of the current Financial Accounting System. But after 2010, it was restructured according to Article 04, (Act N° 10-01, 2010), which stipulated that it would be subject to the authority of the Ministry of Finance. The National Accountability Council contains five committees, which are:

- ✚ Approval Committee;
- ✚ Formation Committee;
- ✚ Disciplinary and Arbitration Committee;
- ✚ Quality Control Committee;
- ✚ Committee for the Standardization of Accounting Practices and Professional Duties.

The National Accounting Council consists of a group of members distributed among the bodies interested in accounting at the National Level, and they are distributed according to (Executive Decree N° 11-24, 2011) as the following:

- ✚ Minister of Finance “or His representative” as The Council President “Administration affairs of the NAC are managed by a Secretary-General who’s assisted by 04 studies directors and 08 chief studies”;
- ✚ A representative of Minister of Energy;
- ✚ A representative of Minister in charge of Statistics;
- ✚ A representative of Minister of National Education;
- ✚ A representative of Minister of Trade and Export Promotion;
- ✚ A representative of Minister of Training and Vocational Education;
- ✚ A representative of Minister of Higher Education and Scientific Research;
- ✚ A representative of the Minister of Industry;
- ✚ A representative of General Director of Tax Administration;
- ✚ A representative of General Inspector of Finance;
- ✚ Director in charge of Accounting Standardization at the Ministry of Finance;
- ✚ A representative of the Central Bank Governor;

- ✚ A representative of the Regulation and Control of Stock Exchange Operations Committee;
- ✚ A representative of the Accounting Council
- ✚ 03 elected members of the National Council of the National Order of Expert Accountants;
- ✚ 03 elected members of the National Council of the National Chamber of Commissioner of Accounts;
- ✚ 03 elected members of the National Council of the National Organization of Certified Accountants;
- ✚ 03 designated members by the Minister of Finance for their proficiency in the field of accounting and finance.

These members are selected every 06 years and One-Third “1/3” of Council’s members is re-designated in a two years period.

3. The National Accounting Council Missions: According to (Executive Decree N° 11-24, 2011), the National Accounting Council is concerned with three main tasks which are:

✚ **Supervising Approvals Granting**

In this regard, the Council mission is to:

- Receive applications for approval and registration in the list of the National Standard for Accounting Experts, the National Chamber of Commissioners accountants and the National Organization of Certified Accountants;
- Assess qualifications of all candidates wishing to register and be accredited;
- Prepare and publish a list of the approved professionals periodically;
- Receive disciplinary complaints against accounting professionals and judging their cases;
- Accomplish a professional serious care;
- Receive and study draft ethics laws and submitting them for approval.

✚ Accounting Normalization

In this regard, the Council mission is;

- Collect, exploit and teach accounting information;
- Work on the development and use of accounting tools;
- Suggest any procedures aimed at normalizing accounting practices in Algeria;
- Studying draft laws related to accounting and expressing opinion thereon;
- Contribute to the development of training systems and programs and to improve the level in the field of accounting;
- Follow-up and ensure Quality Control of everything related to the development of accounting techniques as well as International Auditing Standards;
- Monitor the development of standards and tools related to accounting at the international level;
- Organize forums related to the field of accounting.

✚ Accompanying Accounting Profession in Algeria

In this regard, the Council mission is;

- Contribute to the promotion of the accounting profession;
- Ensure accounting care;
- Conduct studies in accounting and similar fields and publishing its results;
- Assist training institutions in accounting;
- Organize workshops if their new accounting rules to be released;
- Carrying out the necessary research that allows the preparation of new tools for the benefit of accounting professionals.

b. Professional Organizations

According to (Act N° 91-08, 1991), the National Organization of Accounting Experts, Commissioners of Accounts, and Certified Accountants was established for the first time in 1991. Since then, this organization has been exclusively supervising the accounting profession for 20 years. But with some shortcomings registered in how the organization operates legally,

Authorities decided to reconsider the legislative framework in order to reform and promote the accounting profession in Algeria in (Act N° 10-01, 2010) related to the professions of expert accountant, commissioner of accounts “statutory auditor” and certified accountant

This change aimed to achieve more oversight of practicing the accounting profession through;

- ✚ Granting approvals to practice this profession exclusively by the Ministry of Finance;
- ✚ ensure the professionals training through a specialized education institution under the guidance of both the Ministry of Finance and the Ministry of Higher Education and scientific research;
- ✚ The prohibition of practicing the profession of an accountant by foreign professionals;

This view of Algerian authorities crowned by establishing three professional organizations affiliated with the National Accounting Council and under the supervision of the Ministry of Finance as the following:

1. The National Order of Expert Accountants: The “NOEA” is a professional institution with a legal “moral” personality, containing skilled and qualified Natural and Moral Persons to practice the profession of accountant as specified in (Act N° 10-01, 2010). So, the National Council of National Order of Expert Accountants is elected with the possibility of establishing Regional Offices too. The NOEA includes a representative member of the Ministry of Finance to work and coordinate with Minister of Finance. Among the duties of the National Order of Accounting Experts (Executive Decree N° 11-25, 2011), here are the following:

- ✚ Contribute to the organization of the accounting profession in Algeria;
- ✚ Defending the dignity of the members of the National Order and ensuring their independence;
- ✚ Seeking to respect the rules of the accounting profession in Algeria;
- ✚ Preparing the Internal Rules and the Ethics Code for the profession;
- ✚ Expressing opinion on issues related to Accounting profession;
- ✚ Coordinate with public authorities in accounting profession matters;
- ✚ Representing the interests of the profession in international and national organizations.

The National Council of the National Order of Expert Accountants is composed of 09 members elected by the General Assembly from among the

accredited and registered members in the National Order List of Accounting Experts. Members of the National Assembly are elected for a period of Three years that can be renewed.

2. The National Chamber of Commissioner of Accounts: The “NCCA” is a professional institution with a legal “moral” personality, containing skilled and qualified Natural and Moral Persons to practice the profession of accountant as specified in (Act N° 10-01, 2010). Among the duties of the National Chamber of Commissioner of Accounts (Executive Decree N° 11-26, 2011), here are the following:

- ✚ Management of movable and immovable properties of the National Chamber of Commissioner of Accounts;
- ✚ Collection of professional offerings determined by the General Assembly of the Chamber;
- ✚ Contributing in works related to the field of accounting and publishing the results;
- ✚ Organizing training forums related to the interests of the profession;
- ✚ Representing the Chamber in public authorities and international organizations;
- ✚ Preparing the Internal Rules of the National Chamber of Commissioner of Accounts.

According to (Executive Decree N° 11-26, 2011), The National Council of the National Chamber of Commissioner of Accounts is also composed of 09 members elected by the General Assembly from among the accredited and registered members in the National Chamber List of Commissioner of Accounts. Members of the National Assembly are elected for a period of 3 years that can be renewed.

3. The National Organization of Certified Accountants: The “NOCA” is a professional institution with a legal “moral” personality, containing skilled and qualified Natural and Moral Persons to practice the profession of accountant as specified in (Act N° 10-01, 2010). Among the duties of the National Organization of Certified Accountants mentioned in Article 04, (Executive Decree N° 11-27, 2011) related to defining the composition of the National Council of the National Organization of Certified Accountants, powers, rules and its functioning, here are the following:

- ✚ Management of movable and immovable properties of the National Organization of Certified Accountants;

- ✚ Collection of professional offerings determined by the General Assembly of the Chamber;
- ✚ Contributing in works related to the field of accounting and publishing the results;
- ✚ Organizing training forums related to the interests of the profession;
- ✚ Representing the Chamber in public authorities and international organizations;
- ✚ Preparing the Organization's Internal Rules.

Observation: It should be noted here that the issuance of (Executive Decree N° 11-28, 2011) contained the formation of the special committees in charge of organizing the elections for the three national councils “the Expert Accountants, the National Chamber of Commissioners of Accounts and the National Organization of Certified Accountants” as well as (Act N° 10-01, 2010). The reform process has taken away almost all influences from the previous professional organizations on accounting practices. Because they become under direct instructions of the Ministry of Finance which made these councils do not work in complete independence, and that's something contradicted with what IAS/IFRS stand for.

III. Accounting Profession Peculiarities

The accounting profession in Algeria faces many peculiarities, especially after the accounting reform process and the application of the financial accounting system in the year 2010. It is necessary to talk about this profession problems through the following points:

a. The Problem of Accounting Paradise in Algeria

In Algeria, there are many large companies in both the private and Public sectors, such as Sonatrach and similar companies. And it's to some degree difficult to certify their accounts which means the fees related to the mission are quite high compared to other enterprises. This officially increased the competitiveness of Commissioners of Accounts in order to obtain a supervision contract with these companies.

The Commissioner of Accounts' mission is to certify the company's accounts based on a contract and the guardianship of the Commissioner of Accounts to supervise these companies is estimated for 3 years period according to Article 27, (Act N° 10-01, 2010), and it can be renewed once

only, and the Commissioner cannot supervise the same company again until after Three years.

But unfortunately, the law doesn't specify the methods and the transparency in appointment can be ensured. As a result, supervising these companies accounting accounts is limited to a short list of commissioners rather than others, and this contradicts the principle of equal opportunities. There are also many professional accountants who provide their services to companies, but they are not accredited by the Ministry of Finance.

b. Accounting Professionals Characteristics

Accounting professionals in Algeria is a small number category compared to the active economic enterprises and companies in the country's economic environment. Algeria has over a million enterprises and nearly two hundred thousand “200,000” active companies (Kadri, 2020) that needs an efficient accounting services. In the language of numbers, accounting practitioners in Algeria are very few and the following table explains:

Table (III-2): Professional Accountants in Algeria

Order	Accountants	Numbers	Percentage
01	Expert Accountants	332	6 %
02	Commissioners of Accounts	2745	48 %
03	Certified Accountants	2615	46 %
Total		5692	100%

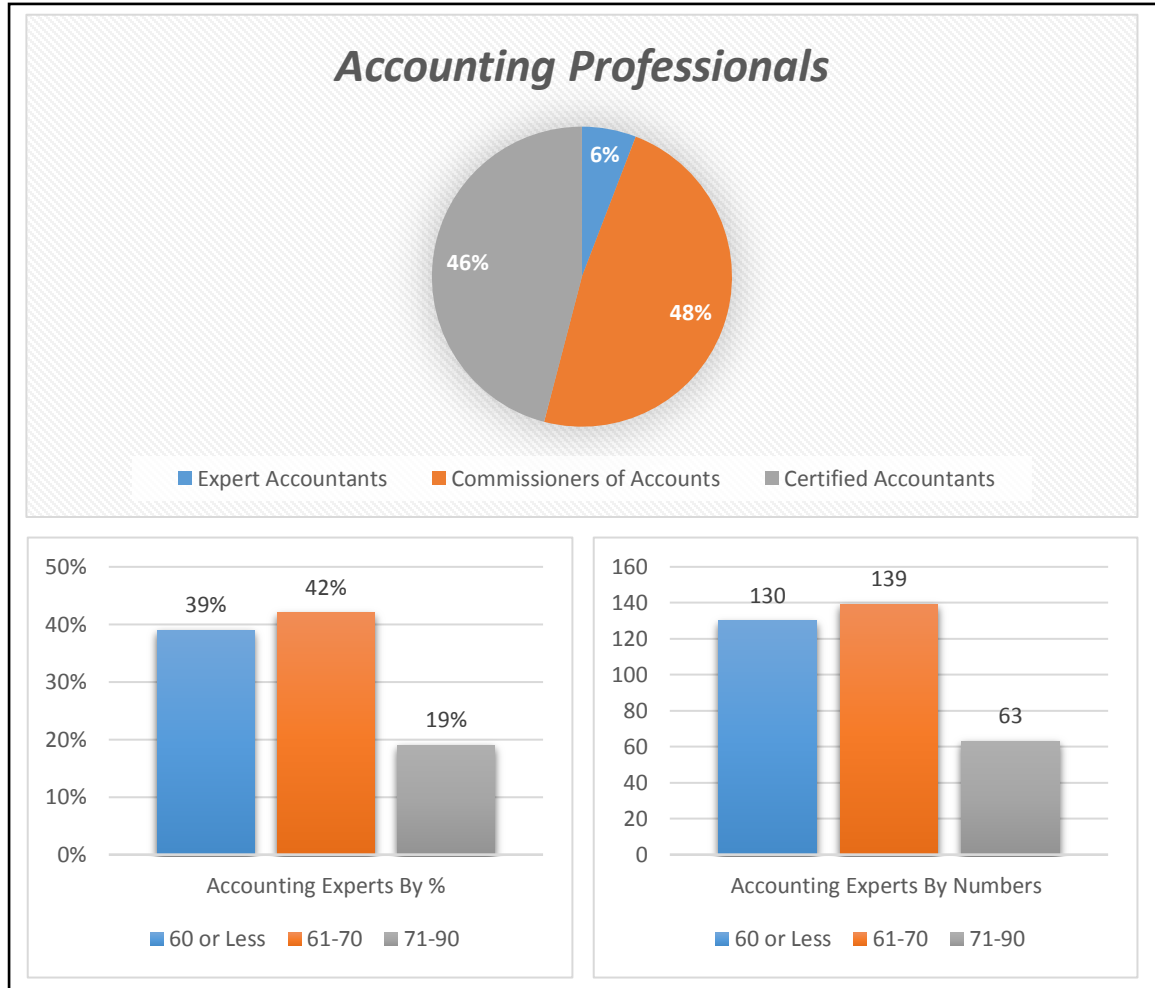
Source: By the Researcher based on (NAC, 2021).

On the other hand, there are only 332 accounting experts in Algeria and this is a very small number compared to neighboring countries such as Tunisia with more than ten thousand “10,000” accountants and Morocco with more than eight thousand 8,000 accountants and 1103 accounting experts (Morrocan Experts Accountants Order Manual, 2019). In The United Kingdom and Ireland for example, more than 275,000 accountants are practicing accounting profession according to (Oxford , 2018). In France (Chevalier Théo, 2019), there are more than 130,000 accountants and more than 22,000 Expert accountants.

A complex matter in Algeria was revealed by Professor (Bahiri, 2020) who mentioned that Accounting Experts between the ages of 60 and 70 years are estimated at 42% of all accounting experts in Algeria. Also, the number of

accounting experts between the ages of 71 and 90 years was estimated at 19% which is a big problem according to him.

Figure (III-1): Accounting Professionals in Algeria



Source: By the Researcher based on The (NAC, 2021).

As a matter of fact, accounting according to these numbers faces a real extinction problem, and perhaps all their experience is facing the risk of being lost, it's truly unreasonable to not transfer all this experience to future generations despite the presence of more than 60% of accounting experts in Algeria over the age of 60.

Section II: Accounting Education and Scientific Research

In this section, the researcher will shine the light on Accounting Learning in Algeria as well as Accounting learning internationally, where will be also a chance to address Accounting Scientific Research and some issues related.

I. International Accounting Education Standards

International Accounting Education Standards are general guidelines and models that provide directions for achieving optimal Accounting Education, IAES help countries and various bodies to ensure good accounting qualifications in order to achieve the public interest and improve the quality of accounting services provided by these professionals. The preparation and issuance of these international standards for accounting education was carried out by the International Accounting Education Standards Board “IAESB” which is a specialized Board under the authority of the International Federation of Accountants “IFAC” in New York. The International Accounting Education Standards Board is an independent body dedicated to follow up all developments that occur in the field of accounting education.

Eight “08” International Accounting Education Standards (IAESB, 2008) have been progressively issued by the IAESB and have been amended whenever the opportunity allowed so. But in October 2019, IFAC adopted a new strategy to upgrade Accounting Education and canceled the mission of IAESB permanently and shut the Board down. However, IAES are presented in the table as the following:

Table (III-3): International Accounting Education Standards Presentation

International Accounting Education Standards Name		Continent
IES 01	Entry Requirements to a Program of Professional Accounting Education	This Education Standard deals with the requirements for admission to the accounting education program in detail and focuses on the requirements, especially the professional ones, to join the accounting education program, as well as the qualifications that the candidates must have.
IES 02	Content of Professional Accounting Education Programs	This Education Standard deals with the knowledge content of the accounting education program to be taught to accounting students.

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IES 03	Professional Skills	This education standard deals with the skills that must be included in the educational program so that students in the future can employ these skills when dealing with the daily problems they face in the field of accounting.
IES 04	Professional Values Ethics and Attitudes	This education standard deals with the professional ethics that must be available in the educational program and which must be taught to students with all seriousness so that students can acquire the moral values and attitudes that they need to practice the accounting profession.
IES 05	Practical Experience Requirements	This education standard deals with the guidelines that must be provided in the educational programs so that students can practice their work in a professional spirit after their graduation.
IES 06	Assessment of Professional Capabilities and Competence	This Accounting education standard deals with the mechanisms that must be available in educational programs through which the professional competence of students is assessed in a way that allows ensuring their ability to implement the daily accounting requirements.
IES 07	Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence	This accounting education standard aims to provide the necessary guidance to enable those who practice the profession of accountancy to develop themselves continuously.
IES 08	Competence Requirements for Audit Professionals	This accounting education standard aims to define professional competence in terms of the obligation of those responsible for auditing the financial statements to develop and maintain their competence while performing their duties.

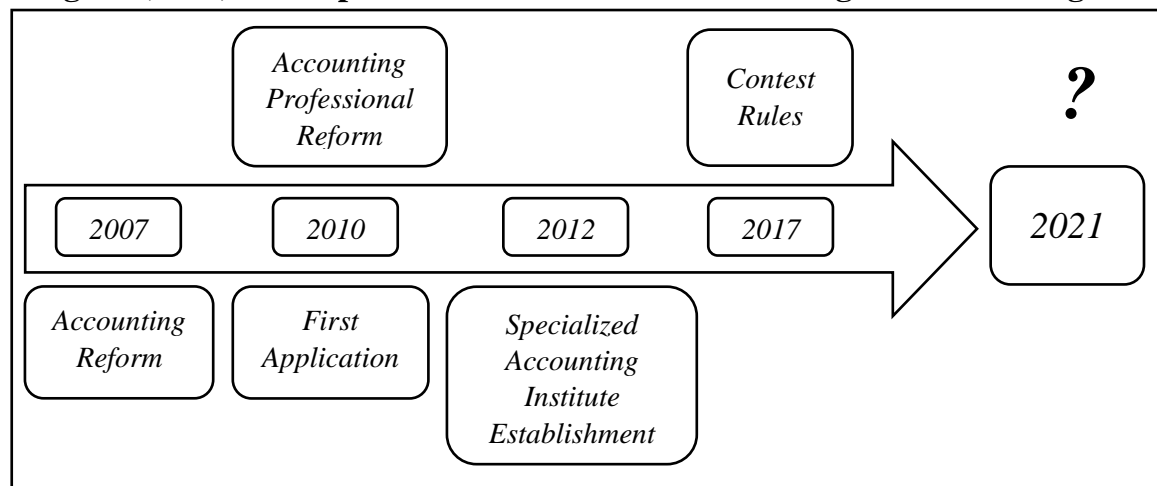
Source: By the Researcher based on (IAESB, 2008).

II. Accounting Education Qualification in Algeria

a. Accounting Professional Education

According to numbers cited earlier in Section I, Chapter III, the severe lack in the number of accounting professionals in Algeria would generate the desire to open the doors of training in this field in order to obtain professional accounting certificate to try to provide the Algerian market needs and meet the desires of the Algerian enterprises that are active in the national economic environment. But what happened after the implementation of the accounting reform process is the exact opposite. As soon as (Act N° 11-07, 2007) and (Act N° 10-01, 2010) were issued, the rules for obtaining an accountant's certificate were changed. After two years, authorities announced the establishment of a Specialized Training Institute for the Accountant Profession by (Executive Decree N° 12-288, 2012) under the authority of the Ministry of Finance. And the conditions for admission to the institute and the certificates involved in participating in the competition have also been published in the Algerian Official Journal N° 45/2017 by a Joint Ministerial Decision between the Minister of Finance and the Minister of Higher Education and Scientific Research. However, the Institute hasn't been established and the contest hasn't been organized what so ever.

Figure (III-2): The Specialized Professional Accounting Institute in Algeria



Source: By the Researcher based on the Algerian Official Journal.

Based on **Figure (III-2)** that shows the sequence of issuing the laws related to Professional Accounting Learning, it's important to note that

authorities neglected to adopt a clear strategy to transfer to the supervision of the Accounting Learning of professionals under the supervision of the Ministry of Finance, and that there are no justifications for the delay and the preparation of this institute and the launch of the training process in the field of accounting.

b. Accounting Academic Education

Accounting Education in universities coincided with the accounting reform process in Algeria. As soon as the Financial Accounting System was implemented in 2010, Economic faculties in several Universities rushed to change their Accounting Educational Programs to comply with the new accounting rules represented in Financial Accounting which is a positive accomplishment for the Algerian university.

University of Algiers 3, the Higher School of Accounting and Finance in Constantine, and the University of Chlef were with many first universities to realize this transformation in such a short period. It was lucky for the researcher to personally witness this transformation as an accounting student when preparing for a Bachelor's Degree in Finance in University of Chlef.

On the other hand, accounting education in the Algerian university was based on only 13 classes per semester which mean around 42 Hours in 12 weeks. But in France, there is no way to compare with 190 hours a semester. Accounting is the basic course for an MBA degree which is considered as one of the toughest studies in the world, and this field always attracts excellent students unlike Algeria. Because joining the Faculty of Economics in Algeria is not based on strict conditions.

Many prestigious universities, such as (Oxford Royal Academy, 2021), Stanford and Washington University agree that economics is one of the most difficult disciplines, and the joining fees for this discipline is very expensive as well. For example, Harvard Business School provides online courses about Finance and Accounting in an 8 weeks period, corresponding to 171 hours for \$6,400. Which is far away from what the Algerian University offers in real classes and for free which may raise the problem of the quality of education.

Since 2004, the Bachelor-Master-PhD educational system known as “LMD” motivates the students to be more serious and hardworking about their studies, but according to a study conducted by (Zerraki A, 2017), Algerians

reads only “two minutes per a year” and half of the Algerian people don’t read at all which makes the situation even worse.

As for the companies’ accountants, chaos appeared in the early years of the application of the FAS. Because they were not familiar with what the FAS came with, and many companies at that time tried to promote their accountants skills through medium and short-term educational courses abroad to be able to master IAS/IFRS rules. As well as through educational courses about the Financial Accounting System in Algeria for a period “that often exceeded a year”.

The increasing demand on such Educational Programs made registration fees go high ranging between \$2,000 and \$6,000 per participant and these amounts were imposed by many Accounting Educators in Algeria.

Sadly, one of the most important problems facing Academic Education in the Algerian University is that students are not educated with the professional basics of accounting and they are not well accompanied by economic enterprises when preparing their graduation reports.

III. Accounting Scientific Research

a. Accounting Scientific Publishing

Scientific Publishing by researchers in the field of Accounting has some peculiarities, so that researchers publish their scientific work to enrich scientific research, and to obtain scientific degrees by university professors, newly Ph.D. Graduated, or Doctoral Students to meet conditions for deliberating their work.

Therefore, the Ministry of Higher Education and Scientific Research has established an Electronic Platform for scientific publishing to protect authors from fictitious and predatory journals which called: **Algerian Scientific Journal Platform “ASJP”**. Researchers also can publish their scientific productions in any scientific journal abroad. This platform signifies the mediator between authors and scientific publishers and provides a measure of transparency and security in publishing scientific works. Scientific publishing through the platform is also available to Algerian and non-Algerian researchers, free of charge, and the journals listed on the platform are subject to several conditions for inclusion on the platform, such as belonging to a research laboratory approved by the ministry.

Professor Laadjal Adala in University of Mostaghanem and STRATEV Scientific laboratory director made a great proposal that would improve scientific research by creating a Platform for Scientific Research that brings all Arab Region Scientific Journals together.

Ministry of Higher Education and Scientific Research has classified scientific journals listed on the ASJP based on international classification standards in order to internationalize and increase the quality of Algerian scientific research. A and A+ Class Journals are the best ratings given to journals and are usually given to journals in technology disciplines¹. B Class Journals “Technology and Human Sciences” are also well rated so the Ministry is now requiring researchers to publish in B Class Journals² at least in order to obtain a professorship promotion in the session of 2022. Class C is the lowest classification approved by the Ministry of Higher Education. Non-Classified Journals are not yet categorized by the Ministry for some reasons, which may be the lack of respect for the classification conditions by the editorial committees. Even though, publishing in non-classified journals still counted as additional scientific research and counted in many occasions like “Recruitment, promotion, and deliberation”.

For Impact Factor “IF” (Nobel Prize, 2020), Publishing in journals with a higher Impact Factor “Index” helps to introduce researchers and their work around the world. It is why researchers often try to publish in high-status scientific journals with a high impact factor so their work would be noticed and recognized. Although the impact factor is one of the good classifications in scientific research. The Impact Factor was not intended to create this competition to publish in these high-listed journals, it was about helping researchers to identify scientific journals related to their disciplines and which journal to follow. And this opens the doors to mention that the primary goal of the researcher is to produce good quality scientific research.

Algerian platform contains 716 Scientific Journals in 28 disciplines³, of which 205 journals accept publication in accounting field as follows:

¹ Journals listed in “Science, Nature, and Web of Science” Databases.

² Journals listed in “Thomson Reuters, Scopus, AERES, ERIH, ABCD, CNRS, Journal Quality List, and Financial Times” Databases.

³ Last time checked on December 6th, 2021.

Table (III-4): Accounting Research Publishing Journals in Algeria

Accounting Publishing Journals in ASJP		
Total Journals Listed in ASJP	716	100%
Accounting Journals	205	28,63%
A, or A+ Class Journals	00	00%
B Class Journals	05	6,98%
C Class Journals	114	15,92%
Unclassified Journals	86	12.01%

Source: By the researcher based on (ASJP, 2021).

The list of the 15 best Algerian scientific journals published in the field of accounting is presented according to the impact factor as follows:

Table (III-5): Top 15 Algerian Accounting Publishing Reviews by IF

Order	ASJP Ranking	Journal's Name & ISSN	Impact Factor	Class
1	02	Journal of Financial, Accounting and Managerial Studies ISSN: 2352-9962	1.55	B
2	03	El-Bahith Review ISSN: 1112-3613	1.20	C
3	04	Roa Iktissadia Review ISSN: 2710-8511	1.08	C
4	06	The Journal of Economic Growth and Entrepreneurship ISSN: 2710-8511	0.84	C
5	08	The Algerian Business Performance Review ISSN: 2170-1938	0.76	C
6	09	The Algerian Journal of Globalization and Economic Policies ISSN: 2335-1268	0.75	C
7	10	The Journal of Economics and Finance ISSN: 2437-0630	0.71	C
8	11	Finance and Markets Journal ISSN: 2392-5124	0.70	C
9	12	Algerian Review of Economic Development ISSN: 2392-5302	0.64	C
10	13	Finance and Business Economies Review ISSN: 2543-3784	0.64	C
11	15	Journal of Economics and Management ISSN: 1112-3443	0.61	C
12	16	North African Economics Review	0.61	B

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		ISSN: 1112-6132		
13	17	Milev journal of research & studies ISSN: 2392-5361	0.59	C
14	18	Journal of Economic and Financial Research ISSN: 2352-9822	0.57	C
15	19	The Journal of Business Administration and Economic Studies ISSN: 2437- 0525	0.57	C

Source: By the Researcher based on (ASJP, 2021).

As for the international publishing, here are the best 15 Accounting publishing scientific journals according to the impact factor as follows:

Table (III-6): Top 15 World’s Accounting Publishing Reviews by IF

Order	SJR¹	Journal’s Name	Impact Factor	Country
1	18.151	Journal of Finance	7.01	UK
2	11.673	Journal of Financial Economics	6.88	Netherlands
3	12.800	Review of Financial Studies	6.23	UK
4	1.768	Journal of Technology Transfer	5.69	USA
5	0.897	International Journal of Accounting Information Systems	5.56	USA
6	6.607	Journal of Accounting and Economics	5.38	Netherlands
7	1.223	British Accounting Review	5.16	USA
8	1.143	Journal of Accounting Literature	4.59	UK
9	2.027	Work, Employment and Society	4.57	UK
10	6.767	Journal of Accounting Research	4.30	UK
11	1.741	Accounting, Auditing and Accountability Journal	3.88	UK
12	5.678	Accounting Review	3.88	USA
13	2.617	Accounting, Organizations and Society	3.85	UK
14	4.933	Review of Finance	3.77	UK
15	1.980	Mathematical Finance	3.59	UK

Source: By the Researcher based on (SJR, 2021).

¹ Scimago Journal Ranking Indicator “SJR” is a measure of journal’s impact, Influence, or prestige. It expresses the average number of weighted citations received a selected year by the documents published in the journal in the three previous years.

b. Problems Facing Accounting Researchers in Algeria

Although, there are more than 700 Algerian scientific journals, and more than a quarter of these journals publish researches related to accounting. But, these journals' impact factor remains at less rate compared to international journals. Therefore, the researcher will try to present some of the problems facing researchers whether in the field of accounting or other fields, as follows:

1. Companies' Reservations: Unfortunately, when it comes to providing data, the Algerian researcher has witnessed at least once the culture of not providing information about what is he studying. Sometimes, they deliberately provide false and incorrect data about the enterprise which affects the researcher's Study Quality as a result;

2. The Legal Relationship with Accounting Science: the particularity of the accounting field makes it sometimes very complicated to deal with. Accounting is linked with laws and legislations directly, and this made the Algerian researchers face some difficulties in order to get the information they need. The sample reaction seems always to set an image that these laws and legislations that regulate some procedures are fully respected even if they don't, which needs for the researcher to be clever to investigate the correct information that serves the research so he can prepare high-quality studies;

3. Language Issues: when it comes to publishing in international journals, many researchers face the problem of humble control over the English language which is the language of scientific research. Foreign Researchers on the other hand have a great desire to cooperate with researchers in Algeria to prepare research papers. Because they consider Algeria and many other countries as a raw scientific environment that has not yet been covered. Despite this, the main problem remains the lack control of communication caused by language differences, whether by foreign researchers "the Arabic language", or the Algerian researchers when using the English language. Also, preparing Arabic papers means that it's directed primarily to Arabic language speakers, and this is one of the main problems that do not serve the spread of these studies around the world and may not help reach the added value that Arab researchers may provide to the rest of the world. However, recently, the Ministry of Higher Education and Scientific

Research has become interested in publishing and preparing scientific papers in English.

4. International Publishing Issues: Accounting Researchers face several problems when attempting to publish in international high-quality journals due to the strict imposed conditions by these scientific journals, or because of the lack control of the English language as mentioned earlier. Besides, many journals require fees to review articles submitted to the reviewing committee which are often valued between \$100 to over \$2,500 for journals that have an average impact factor. These amounts are considered as huge sums and they may equal the income of some Algerian employees for a full year. This problem would limit the researcher's determination to publish his work in prestigious international journals, especially with no entity to cover these fees at all. But many ambitious Algerian researchers seek to search for free journals or journals with low-priced fees to publish their work.

Section III: Business Environment in Algeria

In this section, the Algerian business environment will be addressed when it comes to the relation of the Algerian enterprise with the accounting reform process, as well as a part of this section will be devoted to talking about laws that regulate the country's economic affairs and related to accounting practices in Algeria.

I. Economic Enterprises

Based on the 1995 and 1998 economic programs, Algeria privatized some financially troubled public companies (Echorouk Online, 2018) in a clear policy for adopting capitalism. Which opened the way for investment in the private sector for the first time since independence, and the authorities encouraged this view.

a. Private Enterprises Dominance

Today, private enterprises in Algeria represent 98% of the total enterprises, most of these enterprises are active in commercial and service activities (especially the Family Ones). 97% of these enterprises operate with less than 10 workers. Which is equivalent to 1,157,539 enterprises in total. Most of these enterprises are SMEs according to the Ministry of Industry. For these enterprises' Accountability, they depend on Certified Accountants to hold their accounting, and this confirms that these enterprises are not

interested in accounting whatsoever, and that they obey it only for the purpose of determining the Value of Tax and following the Tax Administration rules.

This negligence in not obligating this huge number of enterprises to maintain Detailed Accounting about their activities and by relying on the principle of treasury accounting “instead of the Undertaking Accounting Principle” and based on the tax administration’s reliance on the Declarative System. So, many companies do tax evasion and provide false financial statements that do not represent the true image or the true financial position of these companies.

On the other hand, Foreign and Multinational Enterprises “FMEs” in Algeria are obliged to prepare their accounting and financial statements according to the financial accounting system, which was prepared in 2004 as it was previously indicated, and this doesn’t comply with the international business environment needs and increases the cost of re-preparing these financial statements in accordance with IAS/IFRS.

b. The Informal Economy

The President of the Algerian Republic, **Mr. Abdelmadjid Tebboune**, indicated that the Informal Economy in Algeria (APS, 2021) represents approximately 90 billion dollars, which is constantly increasing after it was estimated in 2014 at about only 40 billion dollars. However, this is a dangerous situation compared to Algeria’s GDP for the year 2020, which was estimated (World Bank, 2020) at 145 billion dollars “62%”, and this indicates that the informal economy negatively affects the accounting practices in Algeria and strongly calls for the validity of the hypothesis that the financial statements are manipulated by not recording some accounting transactions or not billed at all. Even though, the accounting disclosure was limited to determining the profitability of enterprises and some indicators related as the added value, consumption rate, production, debt, etc.

II. The Algerian Law System

a. The Tax System

The tax system is at the aim of financing the state’s treasury through regular and extraordinary “Petroleum” taxes for the state in order to run its affairs. The process of imposing tax must be in a well-planned manner so that

enterprises are not loaded with high taxes and so that there is a spreading of elements income to achieve tax fairness and equality.

However, the number of tax options used in the Algerian tax system and the opening of a greater scope for reliance on the Flat Rate System affects the tax collection, especially with the existence of a business environment that encourages Tax Fraud, and the lack of commitment to accurate accounting affects the provision of honest financial information that the government may need in the decision making process on the other hand.

Many Business Owners also suffer from previous Tax Debts or the problem of Accumulating Social Solidarity Charges, which leads them directly to set their businesses in the Informal Economy, and this is due to lack of confidence in Tax System and the absence of effective legal texts to deal with the problem permanently.

Some chaos was witnessed with irregular cash payments away from the banking system or electronic payment technologies as well as dealing without billing. In addition to the spread of the phenomenon of renting Commercial Registers is a real issue facing authorities, not to mention the absence of legal awareness directly contribute to work this way, and this all sadly affects the application of the financial accounting system

Finance Law of 2009 emphasized in its rules the essential application of the financial accounting system with the obligatory separation of **the accounting rules from the tax law**. According to Article 141 of (Act N° 08-21, 2008), which indicated that ***“Enterprises must respect the definitions stipulated in the financial accounting system, provided that they don’t conflict with the applicable tax rules used in determining the tax base”***.

According to this legal text, it can be said that the application of the financial accounting system is not of the importance that the Algerian authorities give to tax law, which raises the question of real commitment with the principle of giving priority to economic reality over legal reality.

b. The Algerian Commercial Law

Financial Disclosure is the mission of the National Center of Commercial Register “NCCR” so that companies subject to the Commercial Law must deposit their Financial Statements, within 30 days after the Financial Statements’ approval by the General Assembly, according to Article 717, (Act

N° 75-59, 1975). Commercial companies, banks, and financial enterprises are subject to this procedure, and the preparing these financial statements must respect the Financial Accounting System rules and complied with it. In order to deposit these statements, a local subdivision of the National Center for the Commercial Register is located in every county. The commercial law has determined the duration of holding the company's general assembly and approving the social accounts, which should not exceed 6 months from the date of January 1st of the year following the activity.

Article 103, (Act N° 03-11 , 2003) related to Money and Credit specified financial disclosure for banks and financial institutions through the National Center for the Commercial Registry with the same procedures. Banks and financial institutions deposit all their financial statements. Unlike other companies, because they are only required to include the elements of the Balance Sheet, the Results Account, and the assembly's report.

Therefore, neglecting the other statement "Cash Flows and Appendix" for companies would reveal unanswered questions. The researcher finds it necessary to contribute to strengthening and upgrading the disclosure process by publishing all financial statements, and publishing appendixes related to companies' activities, especially when it comes to environmental disclosure (Naceri I, 2021) .

As a result, there is an urgent need to activate an efficient and effective financial market to make the accounting disclosure process in line with international accounting standards IAS/IFRS.

III. The Algerian Banking System

Unfortunately, the reality of the banking system in Algeria remains very modest, especially with the following reports issued by both the International Monetary Fund and the World Bank. Many Algerian experts emphasized that the banking system in Algeria is still weak and suffers from many problems. Especially at managing and financing the Algerian economy, the weakness of the banking network at the national level, and the very limited use of payment technologies. The entry into the financial accounting system in Algeria is the issuance of the guiding laws related to the accounting rules appropriate to banks and the code of accounts, as well as the conditions for preparing and publishing financial statements for financial institutions and banks. Among

the most important problems that the banking system in Algeria still suffer from in accountability, here is the following:

- ✚ One of the most important criticisms by many experts and those interested in the banking sector in Algeria is the lack of readiness of banks to work with the financial accounting system, especially the problem of defining the fair value.
- ✚ Banks don't accept the idea of publishing their accountability accurately and transparently, specifically when it comes to measurement methods and disclosure.
- ✚ The lack of training and framing in the field of international accounting standards.
- ✚ Among the things that must be taken into consideration in the banking system is the reluctance of many Algerians to deal with interest for religious reasons which makes the problem worse.
- ✚ Algerian authorities' fear of activating Islamic Banking, as well as the weak competitiveness of Islamic banks, in addition to the lack of more control over the basics of Islamic Banking that are supervised by Bank Windows according to Professor (Bahih A, 2020).

IV. The Algerian Financial Market

After 24 years since the Algerian Stock Market was established “in 1997”. Unfortunately to this day, Algiers Stock Exchange still consists of only four companies which are; Biopharm, Sidal, El-Aurassi, and Alliance Insurance. (Lesnoui H, Bachonda R, 2017) Cited that it's the smallest stock exchange in the MENA Region, with a Capital Value that doesn't exceed even 1% of the Algerian GDP and that indicates the ineffectiveness of this market. Even though, the Algerian financial market is very late compared to the neighboring countries. Tunisia for an example has 52 companies listed in the Tunisian Stock Exchange.

Section IV: The Accounting Reform Process Itself

There are some matters related to the accounting reform process itself, because the process was under many circumstances and took many time to achieve. So, this section would address some issues that remained unsolved after more than 10 years of the FAS' first application.

I. The Divergence between the FAS and IAS/IFRS

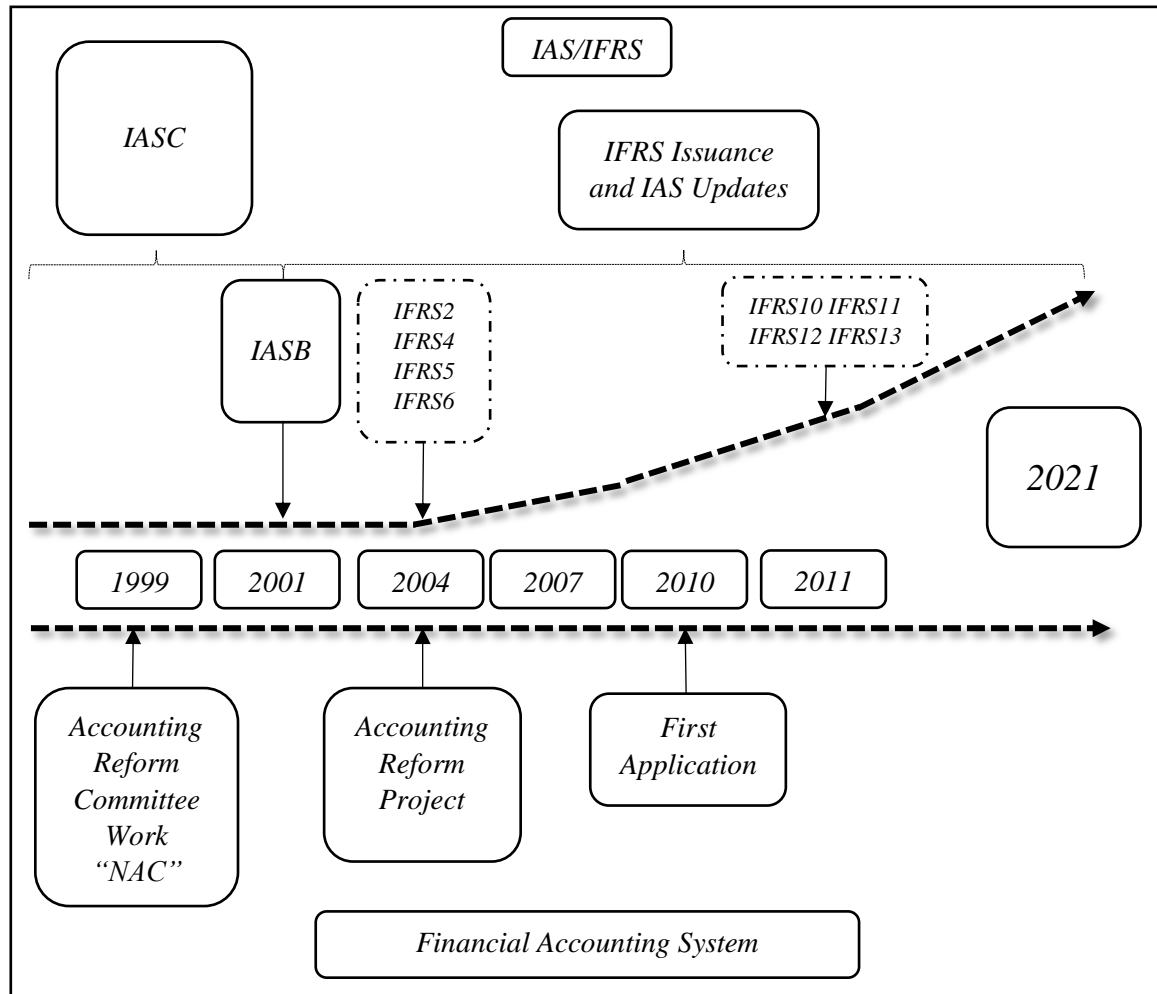
Talking about the problem of not updating the financial accounting system reminds those who monitor the accounting field in Algeria that the same thing occurred on the National Accounting Plan back in 1975 that was not reviewed for 30 years. The accounting reform at that time coincided with the issuance of many laws related to Business and Trade such as the (Act N° 75-59, 1975). Algerian authorities have missed several occasions to reconsider the National Accounting Plan when Algeria changed its economic view because it would have been more appropriate to take advantage of the Reform Process of the accounting profession in Algeria in 1991 or the fiscal reform in the next year, to perform a deep and profound accounting reform in line with Algeria's new economic orientation.

Perhaps the most important problem facing the process of accounting reform is the incompatibility of the Financial Accounting System with developments in International Accounting Standards IAS/IFRS after 2004. Since 1999, the Committee Responsible for Modernization and Amendment of the National Accounting Plan supervised by the National Accounting Council carried out the work of evaluating the national accounting plan and prepared the financial accounting system's law project in 2004. The matter ended with the adoption of the financial accounting system in 2007, which became officially applicable in 2010. Since IAS/IFRS have been constantly developing, the gap between the FAS and IAS/IFRS was and still widening.

As for International Accounting Standards, the IASC was replaced by IASB in 2001 in a mission to progressively replace IAS with IFRS. So, the difference between IAS/IFRS and the FAS began in 2001, but it became apparent after completing the financial accounting system law project preparation by the National Accounting Council for the first time in 2004.

So, the figure below shows the most important accounting events at the national and international levels:

Figure (III-3): The Non-Updating Problem of the FAS



Source: By the Researcher based on FAS and IAS/IFRS.

When looking at the accounting reform process by period, it can be found that the error of the National Accounting Plan was made again. Because the project to evaluate the NAP was launched in 1999, and the real Accounting Reform was in 2009, which was delayed for another year in order to provide economic enterprises the opportunity to adapt their accounting practices to the new rules brought by the financial accounting system. Technically, it was necessary to prepare a specific period program to carry out the accounting reform process according to a well-studied road map.

On the other hand, it was necessary to give sufficient time for enterprises to adopt this system in the best circumstances, instead of relying on the *shock method* that did not serve any party in the process. The evidence was the chaos

and lack of control over the rules of the financial accounting system after its application for the first stage.

After that, the legal system in Algeria didn't pay attention in order to following up the process of accounting reform through the delay in publishing laws and legislation that would clarify some forms of confusion regarding the practice of the accounting profession. The financial accounting system was legislated in 2007, and followed by subsequent laws as mentioned. But this created confusion in that period and it opened a large room for individual diligence. After which Opinions and Methodological Notes were carried out by the National Accounting Council starting from the year 2010 until the last opinion published in the year 2020.

The long period recorded since the project of reviewing the National Accounting Plan until today raises an unanswered problem (Miliani A, Kameli M, 2021). Therefore, is the Accounting Environment in Algeria so complex in a manner that requires all this time to implement the reform process, or is it just the Algerian authorities that neglect the importance of the process in the first place.

II. The Accounting Reform Supervisors

The most important criticism directed at the project to review the National Accounting Plan in Algeria in 1999 was the exclusivity of the Ministry of Finance represented by the National Accounting Council to carry out the process. But according to specialists, the best and most effective way to carry out the accounting reform process is the involvement of all actors in the accounting environment in Algeria without exception like: Tax administration, Economic Enterprises, Accounting Professionals, Banking System, and the Higher Education sector. At least, to consult these groups and take their opinions and suggestions in consideration. Although, there was also a kind of lack of transparency and clarity in the decisions taken by the Council. However, (Merdaci, Zerguine, 2018) The NAC distributed a questionnaire to accounting professionals in Algeria to try to evaluate the National Accounting Plan, but it coincided with the work of the end of the Accounting Year, which affected their answers. Later, a second questionnaire was sent back but the number of respondents was few.

In 2018, (YAHIN, 2018) a committee consisting of a “14” member was established at the level of the National Accountability Council to evaluate and review the financial accounting system headed by the accounting expert, Mr. Noureddine YAHIN. In January 2019, the committee developed a 24-month roadmap to carry out the process of reviewing the Financial Accounting System and preparing a law project for a newer version of the Financial Accounting System “FAS 2.0” to harmonize accounting practices in Algeria with international practices IAS/IFRS (Bachonda R, 2019) as well as addressing all the current differences in the FAS according to the NAC’s Secretary-General (Aider K, 2019). So, a national questionnaire on the evaluation of the financial accounting system was launched (NCCA, 2019) in April 2019 “for a 5 months” for all those affiliated with the field of accounting in Algeria. Perhaps the most important thing that can be noted in the roadmap publication is the following:

- ✚ The review period has expired in Mai 2021 and there is nothing new since;
- ✚ the lack of intention to publish the FAS 2.0 project so it can be enriched by the national accounting community;
- ✚ Hiring experts from abroad may benefit Algeria, but the association with French experts may increase the dominance of the French reference on the accounting scene in Algeria.
- ✚ Not involving deferent Algerian accounting parties to the reform process as happened in 1999 with the NAP.
- ✚ The committee includes excellent Algerian competencies, but it’s just a temporary *Workshop*, that authorities may abandon their services once it completes the task. As a result, the same problem may be repeated if there are future international developments.
- ✚ The committee proposed an updated FAS that is consistent with IAS/IFRS only and not related to the proposal, cancel or amend other laws to be in line with the new view, meaning that the process of reviewing the FAS may increase the problem of overlapping laws with each other.
- ✚ Through the road map objectives, the committee focused on Algerian accounting practices rather than the Algerian enterprise’s needs.

III. The Reference of the Accounting Reform Process

Accounting in Algeria has known many changes. After independence, Algeria inherited the French General Accounting Plan, and from here the trend towards the French reference began. When Algeria prepared the National Accounting plan in 1972, it resorted to experts from the French National Accounting Council. Also, when preparing the Financial Accounting System Law Project, French experts were once again present.

The French approach depends on working with written laws “Unlike the Anglo-Saxon countries” and directing the outputs of the Financial Accounting System towards determining the tax. In addition, the Accounts’ Code is present in the French General National Plan and is almost identical to the Algerian one, but it doesn’t exist in International Accounting Standards which is a conclusive confirmation to the orientation of the Algerian Accounting Practices towards *the French reference*.

On the other hand, Algeria’s attempt to bring the national accounting practices closer to IAS/IFRS through concepts and methods of evaluation, the way of preparing financial statements and their content, and showing new concepts such as Fair Value, Deferred Tax is also evidence of the trend towards the *Anglo-Saxon reference*.

The outputs of the Financial Accounting System are directed mainly to the investor, and the preference is given to the economic side over the legal side by further enhancing the disclosure process. However, at the same time, accounting rules mustn’t conflict with the tax laws in calculating the result and this is in the interest of the tax administration “*the French reference*”.

Therefore, it can be said that the Financial Accounting System is inspired by two references, the French reference through laws and the Accounts’ Code and the Anglo-Saxon reference because it contains its characteristics represented in the conceptual framework, its objectives and principles. But with Algeria’s reliance on the vision of written laws, this point must be taken into account when updating the Financial Accounting System.

Observation

General Rules should be instructions and clarifications at a higher level, while the Special Rules are clear in their introduction and profound in their treatment of some accounting operations. When looking at the American Generally Accepted Accounting Principles “GAAPs” for example, it can be mentioned that they are more professional and specialized, more detailed and specific, well-defined, and clearer than IAS/IFRS. Even though, the number of its pages is much greater international standards which are actually General guidelines to be followed. The reason that US GAAPs are more specified than IAS/IFRS is that every time these standards are modified and updated each time a particular crisis or embezzlement occurs. It means that US GAAPs are characterized by flexibility and the ability to update whenever the opportunity arises.

On the other hand, the financial accounting system seems to be more superficial than it should be. So, one of the important criticisms that the FAS faces is the omission of many directives and the explanation of some rules compared to the international standards, which provided a more explanation, even that they are General Rules.

Conclusion

The accounting environment in Algeria was addressed through this chapter in multiple sides, starting from practicing the profession of accounting and the conditions associated with it, through the establishment of the three professional accounting organizations “The NOAE, The NCCA, and The NOCA” which the National Accounting Council coordinates with, and under the supervision of the Ministry of Finance.

In addition, addressing Accounting Education and Scientific Research and the circumstances that it passed through the first stage of applying the Financial Accounting System. Also, the most important difficulties that researchers face in preparing their accounting research, as well as the problems of scientific publishing in the field of accounting at the national and international levels.

This chapter shined the light on deferent laws and legislations that regulate accounting practices in Algeria in Enterprises, Stock Markets, Financial Institutions, etc. and Finally some ideas related to the accounting reform process itself, such as the time taken to reform and its reference, the work of the newly established committee in charge of reviewing the financial accounting system.

Chapter IV: Accounting Reform's Evaluation Attempt
- Field Study -

Introduction

Once completing the treatment of the subject from its Theoretical Part through the previous Three Chapters, it was necessary to head directly to the accounting field to seek any developments. So, the researcher tried to learn more about the accounting environment in Algeria, especially with the financial accounting system that exceeded a decade of application. It is worth mentioning that the long period that followed the accounting reform process is considered sufficient to reveal any other problems that previous studies may didn't see. And this would positively serve the research.

The researcher also relies in this chapter on the outputs of a set of tools to answer the problem of the study and test the hypotheses later. One of the peculiarities of this chapter is that it relies heavily on numbers and data processing.

Therefore, the researcher has divided this chapter to four sections to address the practical side of the study through the following:

- ✚ Section I: Study Methodology;**
- ✚ Section II: The Questionnaire Analysis;**
- ✚ Section III: The Interview;**
- ✚ Section IV: Results and Discussion.**

Section I: Study Methodology

The study methodology is an organized technique that the researcher follows to reach some results related to the subject of his research. And to reach reliable results, the researcher must follow a set of instructions related to the preparation of scientific research in the field of human sciences. The main objective of this is to prove a scientific relationship with conclusive evidence. On this basis, this section will discuss data collection, the sample of the study, and the statistical methods used.

I. Data Collection

The availability of study data helps the researcher to reach confident results through a system for processing those data. In order to obtain the data of the study, it was necessary to resort to the two following methods:

a. Main Sources

The main sources characteristic is that they are obtained directly through the contact of the researcher with the source of that data, and this is done through a set of tools as follows:

1. Observation: It's the methodical attention to certain incidents or phenomena, to reveal causes and explain relationships. Others define observation in scientific research as witnessing or detecting a certain behavior or characteristics to identify the relationships by following the scientific steps in a way that helps the prediction process. It's also a way to gain information and experience through the use of a specific approach and conscious planning that allows the researcher to accurately understand a specific problem or phenomenon.

For this study, the researcher visited some companies and checked the different accounting documents, records, financial statements, and appendices related to the accounting practices of the accountants to have an idea of whether the daily practices are really in line with accounting reform's goals.

2. Interviews: The interview in scientific research is a tool that the researcher usually uses in research of a qualitative nature, as an attempt to provide accurate information about the phenomenon that he is researching and

studying. The researcher must obtain the agreement of all members of the study sample before proceeding with the interview.

The importance of interviews stems from the accuracy of the information they provide to the researcher, as it provides more than just theoretical information, but goes beyond that to provide an idea of the sensations and feelings that constitute a response that only the interview provides as results of the questions, and information about the phenomenon in question. It also provides the study sample members with the ability to express their opinions freely. It's a source of information as well as an expressive and qualitative tool that provides dynamic interaction.

There are many goals that interviews seek to achieve, and the tasks that they will perform are varied. Some interviews have the main goal of adding space for the researcher to be able to see more than the abstract answers, which would help him in delving deeper into his study. So, the objectives of the interviews are:

- ✚ Providing the ability to express an opinion;
- ✚ Extensive collection of information and data on the phenomenon under study;
- ✚ Consolidating a trusting relationship between the researcher and the respondents that would contribute to the degree of truthfulness of the information collected by the researcher.

For this study, which deals with Accounting Reform in Algeria under International Accounting Standards IAS/IFRS. It has resorted to two types of interviews; the Pre-Interview and the Post-Interview.

On the subject of the Pre-Interview, the researcher resorted to this method to try to understand the study problem more. He had the opportunity to interview many University Professors on the occasion of National and International Conferences related to the subject of the financial accounting system in Algeria in the last three years “such as: The University of Skikda, University of Guelma, University of Oum El Bouaghi, University of Chlef, etc”. In addition, the researcher relied on interviewing some Accounting Professionals, including Accounting experts, Commissioners of Accounts, and Certified Accountants.

On the other hand, the researcher relied on Post-Interview, after analyzing the recovered data from a distributed questionnaire to learn about

the study opinions and for testing the hypotheses which the researcher dedicated a special section for.

2. Questionnaire:

A questionnaire is a set of various questions or paragraphs that are linked to each other in a way that achieves the goal that the researcher seeks through the problem posed. The questionnaire can be sent by mail or in any other way to a group of individuals or institutions chosen by the researcher for his study in order to be filled out and then returned to the researcher. The number of questions contained in the questionnaire should be sufficient to achieve the goal of the study, regardless of the participants.

According to an Article (Amrouche F, 2019) published in Harvard Business Review, the questionnaire aims to identify the opinions of the sample about a qualitative phenomenon that cannot be measured by traditional techniques, but these questionnaire outputs "Opinions" are not considered as a conclusive evidence about the phenomenon.

– Features of the Questionnaire:

- ✚ The questionnaire provides straight and free answers, but it is assumed that the name or signature of the respondent should not be obtained when it is returned in order not to embarrass him and to be far from any accountability. This aspect is important in the questionnaire because it provides frankness and scientific objectivity in the results;
- ✚ The questions are unified for all members of the sample;
- ✚ The design of the questionnaire and the unit of questions facilitate the process of collecting information into groups, interpreting information and reaching appropriate conclusions;
- ✚ The respondents can choose the appropriate time for them in which they are psychologically and intellectually prepared to answer the questions of the questionnaire which a positive impact on the study's results;
- ✚ The questionnaire makes it easier for the researcher to collect a lot of information from several people at the same time.
- ✚ The questionnaire doesn't cost money in terms of its design and data collection compared to other means that require greater effort and allocating money such as travel and transportation from one place to another, etc.

– **The Questionnaire Limitations:**

- ✚ Lack of understanding and comprehension of some questions for the sample members concerned with the research “especially if the researcher uses words and phrases that mean more than one meaning or unfamiliar expressions”. it can be said that there must be accuracy in formulating the questionnaire and testing its questions on a group of people before presenting it on its final form;
- ✚ It's possible that some copies may be lost while sending them or by some respondents, so it is necessary to follow up on the answers and prepare additional copies to be sent instead of the missing copies if needed;
- ✚ The person concerned with answering the questionnaire may consider some questions not worthy of giving them part of his time which means that the researcher should pay attention to such matters when preparing the questionnaire;
- ✚ The respondent may feel bored and tired of the questions, if the questions are long and numerous.

– **The Good Questionnaire Characteristics:** In order to build and structure a good questionnaire according to specialists and experts, the researcher should consider that:

- ✚ Giving a sufficient number of options presented to enable the respondents to express their different opinions;
- ✚ The researcher must use an understandable language and a clear style that doesn't lead to multiple interpretations or misunderstanding because this causes confusion among the respondents, which leads to inaccurate answers and perhaps wrong results;
- ✚ Taking into account the time available to the respondents, so the questions shouldn't be long;
- ✚ Explicit confirmation that the answers will remain confidential and used for research purposes only;
- ✚ The use of gentle phrases and lists that affect the hearts of others, which encourages them to respond and cooperate in filling out the questionnaire, such as “*Please, Thank You, etc*”;
- ✚ Ensuring the correlation between the different questions of the questionnaire, as well as the interrelationship between them and the study;

- ✚ Avoiding embarrassing questions that would discourage respondents from responding in filling out the questionnaire such as asking questions about, name and family status ,or salary;
- ✚ Avoid complex questions that include more than one idea about the study.

For this study, a questionnaire was prepared and distributed to the study sample to be analyzed and its outputs evaluated. So that the researcher devoted the next Section to talk about the process in more detail.

b. Secondary Sources

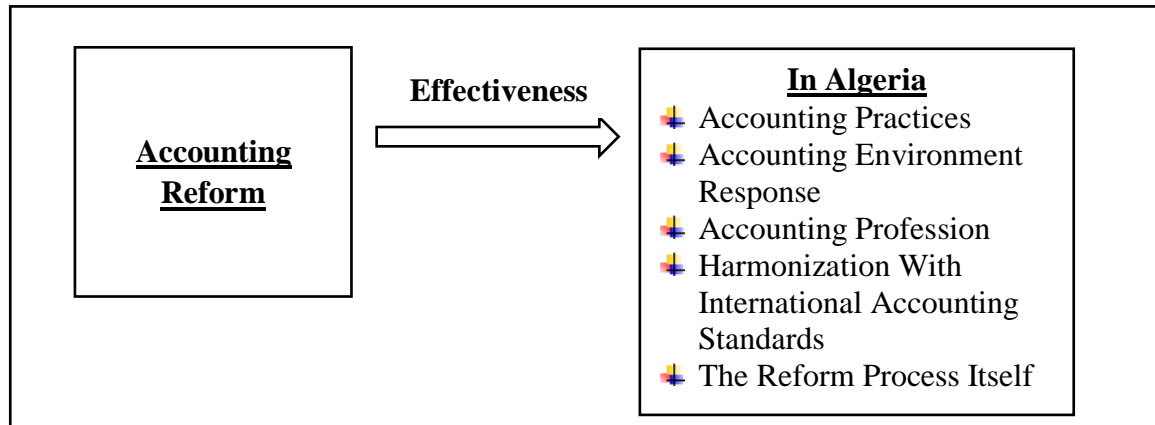
At the beginning of the researcher's treatment of the subject of the study, Secondary sources are important because they are the first thing to rely on to conduct most scientific researches. It is characterized by the party that conducts the study because it is responsible for the data it provides such as Ratios, Statistics, Explanations, etc. Therefore, researchers are free from the error responsibility in the information if any. For example, the information provided by global institutions like the International Monetary Fund and World Bank. Among the most important Secondary Sources that the researcher relied on is the following:

- ✚ Laws and Legislation related to the field of accounting published on the Algerian Official Journal Website;
- ✚ Reports issued by various International Bodies and Organizations related to International Accounting Standards IAS/IFRS;
- ✚ Books, Scientific Articles, and Papers presented in various National and International Conferences dealing with Accounting;
- ✚ Previous Studies related to Accounting Reform Process;
- ✚ Historical Books and References related to the emergence and development of Accounting Science.

II. Research Model of the Study

Based on the literature review on Accounting Reform Process in Algeria, the study model is shown in **Figure (IV-1)**. It's also important to mention that the presented model was approved by a group of professors in both Accounting and Statistic Disciplines.

Figure (IV-1): Conceptual Model of the Study



Source: By the Researcher based on (Act N°11-07, 2007).

III. The Sample of the Study

To empirically investigate the effectiveness of the accounting reform process after more than 10 years of application, the researcher relied on a questionnaire that was distributed to the sample of the study. It should be noted that it's not possible to define the study population when talking about the accounting practitioners in Algeria. Therefore, the Krejcie and Morgan Sampling Method was relied on to determine the sample of the study for an unknown population according to the following equation:

✚ The Krejcie and Morgan Sampling Method

$$S = X^2 NP (1 - P) \div d^2 (N - 1) + X^2 P (1 - P).$$

S = required sample size.

X^2 = the table value of chi-square for one degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be 0.50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (0.05).

On this basis, the sample of the study should consist of 385 distributed questionnaires at least according to (Krejcie, Morgan, 1970). Researchers rely on this method as one of the most effective models used to determine the

sample of the study for large and unidentified populations. The sample of the study was randomly selected based on a set of conditions. Relying on the Krejcie and Morgan Model, one thousand "1,000" questionnaires were distributed. But unfortunately, the answers were few.

For the study participants, it was required that the participant must have an Accounting Professional Competence Certificate, and to be residing in Algeria permanently. The participant also must be practicing accounting for at least one year. After the literary review of the study and the Pre-interview with a group of specialists, the sample was formed in the following manner:

a. Accounting Professionals: "Accounting Experts, Commissioners of Accounts, and Certified Accountants" direct contact was made with a random sample of accounting professionals in western Algeria due to the researcher's presence in the region. But for the other regions where it wasn't possible for the researcher to travel to. The researcher accessed the National Accounting Council website and retrieved the personal information (Decision N° 165, 2021) of a random group of 237 professionals and sent the questionnaire with the electronic mailing technology "Email".

b. Tax and Banking Sectors: The researcher didn't rely on all the bank or tax administration workers, but tried to contact the workers with the mission of studying economic enterprises' loan demands "for the bankers" as well as tax declarations "for tax administration inspectors with the mission of controlling these declarations. The particularity of this category made it a bit harder for the researcher to address this special group. Therefore, the researcher relied on his own relationships with a group of bankers and public institution employees in order to reach this category unofficially.

c. Companies Accountants and Auditors: For this category, the researcher was able to reach a group of accountants and auditors in several Algerian Companies whether private or public ones in many regions of the country with direct contact and indirect contact via Email.

d. Accounting University Professors: For this category, direct contact was made with a group of accounting university professors in the west of Algeria. On the other hand, the researcher managed to access the Algerian Scientific Journal Platform ASJP to randomly select a sample of 694 University Professors with at least a scientific article on the platform in the

last 03 years and invited them to participate in the study by answering the questionnaire via email.

Nonetheless, the sample of study was distributed as the following:

Table (IV-1): Sample Response to the Distributed Questionnaires

The Sample of The Study	Number	Percentage	
Distributed Questionnaires	1,000	100%	
Paper Questionnaire	69	6.9%	
Electronic Questionnaire	931	93.1%	
The Answers Geographical distribution	36 Wilayas	62%	
Retrieved Answers	147	14.7%	100%
Rejected Answers	24	2.4%	16.32%
Received Answers after Deadline	06	0.6%	0.4%
Incomplete Answers	18	1.8%	12.24%
Accepted Answers	123	12.3%	83.67%

Source: By the researcher based on Statistical Outputs.

IV. The Study Boundaries

The study was conducted between December 2018 and December 2021 and was suggested for the first time by Doctoral Educational Project Chief, Professor *Rafik Bachonda*.

The study was concerned at its first year, in its theoretical part, with everything related to the field of accounting, from its first appearance to the development taking place today. The study was also concerned with the process of accounting reform in Algeria since the adoption of the financial accounting system.

As for the practical part, a friendly visit was carried out for a group of accounting professionals and some accountants in public and private companies in the Wilaya of Sidi Bel Abbes in late 2019. After, a process of formulating the questionnaire began in May 2021 which was distributed on September 15th, 2021 for 90 days period. After analyzing the questionnaire, the researcher managed to prepare the interview questions and met with highly qualified experts in the accounting field in the west of Algeria.

Finally, the researcher presented the study results, suggestions, and some recommendations that the researcher believes to be very important to reveal.

V. Statistical Tools

After a random selection of the sample as mentioned earlier, a thousand questionnaires were distributed and the data was analyzed using the Statistical Package Analysis for Social Sciences program "SPSS" using the following statistical tools:

- a. Descriptive Statistic Measures:** By using averages and deviations to precise the proportional significance of the sample individuals and response towards the axes and the dimensions of the study;
- b. Correlations:** To measure the strength of the correlation between the axes of the study and the consistency of the answers of the sample by using the Pearson correlation coefficient or the Spearman coefficient depends on the situation;
- c. Reliability Test:** To precise the degree of reliability of the study tools;
- d. One Sample T Test:** To precise the degree of Accounting reform's effectiveness (Good, Bad, Medium) because the study consisted only one variable.
- e. Simple Linear Regression:** By using a simple regression coefficient to measure the relationship between the axes of the study.

Section II: The Questionnaire Analysis

The researcher dedicated this section to shine the light on different stages of the questionnaire preparation, as well as the process of adjusting its questions, distributing the questionnaire and analyzing the collected data by the Statistical Package Analysis for Social Sciences Program "SPSS V26".

I. The Questionnaire Preparation

a. The Questionnaire's Evaluation

The questionnaire has been prepared with a clear and simple method so that the targeted sample can understand these direct paragraphs with no other interpretations. It also dealt with a set of axes related to the accounting reform process in Algeria by trying to identify the efficacy of the accounting reform process and studying the different parties that follow the financial accounting system rules since 2010. These parties are defined as "Accountants and auditors in Algerian business environment, Accounting Professionals,

University Professors in accounting, and Bank and Tax Administrations inspectors who process various Financial Statements periodically.

In the beginning, the questionnaire consisted of 59 paragraphs divided into 06 Sections "Axes" in its basic version. It was prepared and presented to a jury consisting of 5 University Professors specializing in Accounting, Statistics, and Questionnaires Preparation in order to evaluate the proposed questionnaire as follows:

Table (IV-2)¹: The Questionnaire's Evaluation jury

Name	Affiliation	Observations
Pr. Kassem NAIMI	The Royal Academy of Economics and Technology - Switzerland-	Designing Statistical Questionnaire and Automated Data Processing Expert.
Dr. Yahia BOUCHETA	University of Djilali Liabess -Sidi Bel Abbes, Algeria-	Statistics Professor, Quantitative Techniques, Quantitative Economics, and Data Analysis Expert.
Dr. Abderrahman GUEROUI	Higher School of Management - Annaba, Algeria-	Accounting Professor, Legal Expert, Ex-Tax Administration Inspector.
Dr. Mohamed SID	University of Djilali BouNaama -Ain Defla Algeria-	Accounting Professor, Author of Many Articles about Accounting Reform, Accounting Disclosure, and IAS/IFRS.
Dr. Anwar SEKIOU	University of Abou Bekr Belkaid- Tlemcen, Algeria-	Questionnaires Preparation and Data Analysis.

Source: By the researcher.

After taking into account their valuable comments, the questionnaire was reconstructed once again and distributed to a sample of accountants and auditors in public and private companies in Sidi Bel Abbes, consisting of 34 participants.

¹ *It should be mentioned here that the researcher tried several times to reach Pr. Achour KETTOUCHE to be a part of this study somehow. Because he's considered as one of the best researchers on accounting field in Algeria, but unfortunately that couldn't happen because The Ministry of Higher Education changed the timing of teaching due to the Corona pandemic.*

After analyzing the results, the researcher had to do some modifications as the following:

- ✚ Abandoning an entire axis consisted of 15 paragraphs which was based on having an idea about what the sample think about the characteristics of an effective and an efficient accounting system;
- ✚ Deleting 03 questions in the second axis;
- ✚ Deleting 01 single question in the third axis;
- ✚ Delete 01 question in the fifth axis;
- ✚ Delete 01 question in the sixth axis;

It should be noted here that the deleted questions were not statistically accepted, either because of poor consistency with the questionnaire axes or because the statistical results were not significant.

b. The Structure of the Questionnaire

Next, the necessary adjustments were made and the questionnaire in its final form consisted of 36 questions divided into two sections as follows:

- 1. Section One:** The Introductory Section included **Axis One** with 08 general paragraphs related to the demographic data of the participants in the study “like; Sex, Affiliation, Accounting Education, etc”. To get a better understanding of the study sample and opinions;
- 2. Section Two:** The Practical Section included 28 paragraphs divided into five axes as the following:

- ✚ **Axis Two:** Through 05 paragraphs that address accounting practices and the difficulties that may face the accountant on his daily routine in the office as follows:

Table (IV-3): The Reality of Accounting Practices in light of the Accounting Reform Process

Order	Paragraph
Axis Two	The Reality of Accounting Practices in Light of the Accounting Reform Process
II-1	The accountant faces some difficulties in processing some transactions (recording, measuring, fair value)
II-2	The financial accounting system has rules that are able to solve most of the problems facing the accountant
II-3	The financial accounting system contributed to improving the quality of financial disclosure
II-4	The financial accounting system has been able to limit accounting deception (creative accounting)
II-5	The financial accounting system was able to improve the quality of financial information

Source: By the researcher based on the jury recommendations.

Axis Three: Through 05 paragraphs that address the reality of the accounting environment in Algeria, including the public and private companies, banking sector, tax administration and the financial market:

Table (IV-4): The accounting environment response to the accounting reform process

Order	Paragraph
Axis Three	The Accounting Environment Response to the Accounting Reform Process
III-1	The Algerian business environment is able to comply with the provisions of the financial accounting system efficiently
III-2	The fiscal system reforms are sufficient and in line with the provisions of the financial accounting system
III-3	The financial market in Algeria needs significant efforts to live up to the aspirations and objectives of the financial accounting system
III-4	The efforts made to upgrade accounting education in universities were very fruitful and valuable
III-5	The provisions of the Commercial Code promote the effective application of the provisions of the financial accounting system

Source: By the researcher based on the jury recommendations.

✚ **Axis Four:** Through 06 paragraphs related to the accounting profession in Algeria and the changes that affected the three National Organizations “The NOAE, NCCA, and The NOCA”, as well as Professional Education to obtain the Accountant Certificate:

Table (IV-5): The reality of practicing the accounting profession in Algeria in light of the accounting reform process

Order	Paragraph
Axis Four	The Reality of Practicing the Accounting Profession in Algeria in light of the Accounting Reform Process
IV-1	The issuance of Commissioners of Accounts reporting standards is an important step towards international convergence
IV-2	Efforts to reform the accounting profession by the Ministry of Finance are sufficient to ensure good professional practice
IV-3	The reorganization of professional accounting organizations has an effective role in promoting the application of the financial accounting system
IV-4	The education to practice the accounting profession is sufficient to ensure effective accounting practice
IV-5	The guardianship ministry's accompaniment of professionals had a major role in improving the practice of the accounting profession in Algeria
IV-6	The financial accounting system facilitates the task of auditing based on clear rules and principles

Source: By the researcher based on the jury recommendations.

✚ **Axis Five:** Through 05 paragraphs related to the consistency of the financial accounting system with international accounting standards IAS/IFRS, and that would be a space for the problem of not updating the financial accounting system:

Table (IV-6): The challenge of internationalizing accounting practices towards IAS/IFRS

Order	Paragraph
Axis Five	The challenge of Internationalizing Accounting Practices towards IAS/IFRS
V-1	The choice to go towards international accounting standards is an inevitable and unavoidable
V-2	The financial accounting system encourages reliance on financial accounting standards
V-3	Not updating the financial accounting system with the provisions of international accounting standards limits the effectiveness of its application
V-4	The financial statements prepared according to the financial accounting system aim to highlight the financial position of the enterprise
V-5	The good application of the financial accounting system is dependent on activating the financial market to keep pace with international accounting standards

Source: By the researcher based on the jury recommendations.

✚ **Axis Six:** Through 07 paragraphs related to the accounting reform process itself through the time taken in the reform process, the exclusiveness of the Ministry of Finance in carrying out the process, and the need for preparing National Accounting standards.



Table (IV-7): The Reality accounting reform process itself

Order	Paragraph
Axis Six	The Reality Accounting Reform Process Itself
VI-1	There is a real desire on the part of the Algerian authorities for a new, deep and serious reform
VI-2	The exclusiveness of the Ministry of Finance to carry out the accounting reform process alone is a right decision
VI-3	Suspending professional Education in accounting expertise is a precautionary measure to prevent chaos in the profession
VI-4	The importance of the accounting reform process was worth all this period (more than 10 years)

VI-5	Difficulty in understanding and interpreting international accounting standards that would affect the efficiency of the reform process
IV-6	The confusion between the Foreign references greatly affected the accounting reform process
IV-7	Algerian business environment is able to respond to the latest developments in international accounting standards

Source: By the researcher based on the jury recommendations.

Subsequently, the answers “Opinions” to the paragraphs are presented according to the Five Points Likert Scale Technique as follows:

Table (IV-8): Likert Five-Scale Technique

Category	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Weight	1	2	3	4	5

Source: (Likert R, 1932).

This table represents the extent to which the study sample agrees with the items included in the questionnaire with the reality of the accounting reform process in Algeria, so that the data will be analyzed later in the SPSS program version 26. As for the comment on the length of the categories after performing the statistical analysis process "Arithmetic Mean", it is shown in the following table:

Table (IV-9): The Relative Importance of the Level of Agreement with the Questionnaire's Paragraphs

The Level of Agreement (Effectiveness level)	Arithmetic Average
Very High	5.00- 4.20
High	4.19-3.40
Medium	3.39-2.60
Low	2.59-1.80
Very Low	1-1.79

Source: By the researcher.

II. Data Collection

a. The Questionnaire Distribution

After preparing the questionnaire, it was distributed to the sample of the study with several methods;

- ✚ Direct contact with the study participants and submitting the questionnaire form;
- ✚ Joining accounting professionals offices and other accountants in private/public companies in the Wilaya of Sidi Bel Abbes and in some neighboring Wilayas;
- ✚ Sending the electronic version of the questionnaire to other participants via E-mail “which was sometimes based on their demand to be sent this way”.

b. The Questionnaire Accuracy Tests

To verify the validity of the questionnaire, it was necessary to carry out a set of tests before starting to analyze the recovered data and comment on the outputs of the analysis process. It is also worth noting that this process accompanied the initial process of drafting this questionnaire, excluding the inappropriate paragraphs and reformulating the paragraphs that contained some deficiencies.

1. Test of Normality: In order to test the normality of the sample answers, there are two form of tests that can be used: The (Shapiro & Wilk, 1965) Test and The Kolmogorov-Smirnov Test.

The first one used only on smaller samples, but the second can be used otherwise. In this case, The Kolmogorov-Smirnov test is used to decide if a sample comes from a population with a specific distribution. The researcher used this test to see if the distribution of the answers is normal to determine what tests should he use next “Parametric or Non-Parametric Tests”. Since the sample of the study is larger than 30 participants, the researcher relied on this test as the following:

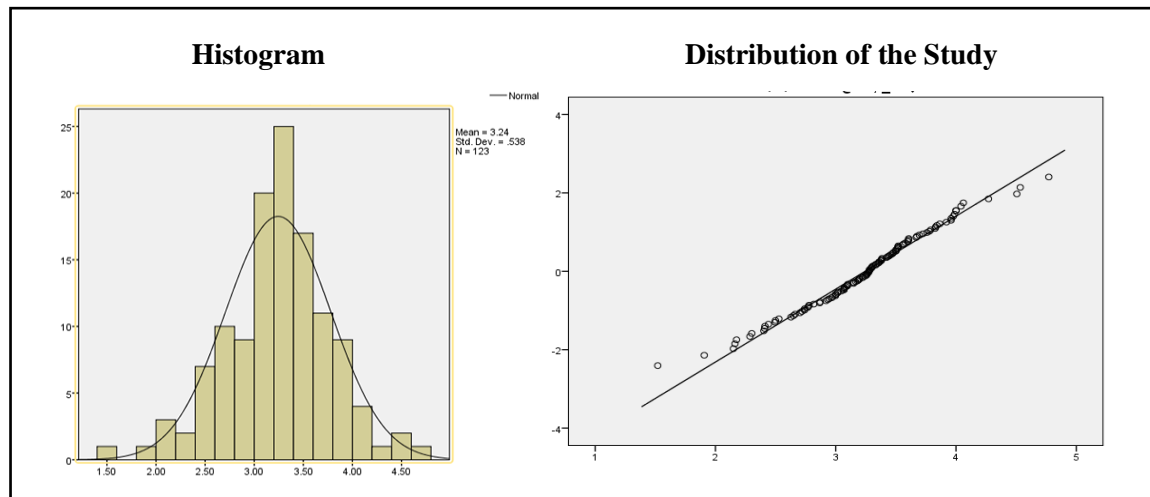
Table (IV-10): Test of Normality (Kolmogorov-Smirnov Test)

Kolmogorov-Smirnov Test	Number of Paragraphs	Z Value	Significance
Accounting Reform in Algeria	28	0.064	0.200

Source: Realized by the researchers on the basis of the SPSS results.

Table (IV-10) clearly shows that the significance level of accounting reform in Algeria is higher than the significance value ($\alpha > 0.05$) which means that the distribution is **Normal** according to Kolmogorov-Smirnov Test. On the other hand, the researcher wanted to double check the results through Histogram and The Distribution of the Study as follows:

Figure (IV-2): Histogram and Distribution of the Study



Source: Realized by the researchers on the basis of the SPSS results.

Based on **Figure (IV-2)** above, it's obvious that the distribution is **Normal**. On top of that, it becomes clear that the type of relationship between the study axes is a **linear** one.

2. Pearson Correlation Coefficient: (Spearman, 1910) Correlation Coefficient is used if one axe of the study is not normal or in case of non-parametric studies. But for this one, The Kolmogorov-Smirnov test above indicated that the distribution is normal which means that (Pearson K, 1897) Correlation Coefficient is used instead to determine the nature of the internal consistency of the paragraphs with the axes of the questionnaire.

In the case of approving an internal consistency, it can be said that there is a linear relationship and a statistical significance between the paragraphs

and the axes of the questionnaire. The strength and direction of this relationship also can be estimated “Positive or Negative”.

So, the internal consistency of the paragraphs of the study is presented as the following:

✚ The Internal Consistency of the Second Axis Paragraphs

Table (IV-11) shows the internal consistency of the second axis paragraphs (the reality of accounting practices in light of the accounting reform process) as follows:

Table (IV-11): Internal Consistency of the Second Axis Paragraphs

Axis	Paragraphs	Pearson Correlation Coefficient	Sig.
The Reality of Accounting Practices in Light of the Accounting Reform Process	The accountant faces some difficulties in processing some transactions (recording, measuring, fair value)	0.769	0.000
	The financial accounting system has rules that are able to solve most of the problems facing the accountant	0.702	0.000
	The financial accounting system contributed to improving the quality of financial disclosure	0.810	0.000
	The financial accounting system has been able to limit accounting deception (creative accounting)	0.768	0.000
	The financial accounting system was able to improve the quality of financial information	0.831	0.000

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-11) shows that the Pearson correlation coefficient for all the paragraphs of the second axis ranges between 0.702 and 0.831, which is statistically significant at (sig $\alpha < 0.05$) between the paragraphs and the axis of the questionnaire, and that indicates a positive relationship between the paragraphs and the credibility of the axis as well.

✚ The Internal Consistency of the Third Axis Paragraphs

Table (IV-12) shows the internal consistency of the third axis paragraphs (The accounting environment response to the accounting reform process) as follows:

Table (IV-12): Internal Consistency of the Third Axis Paragraphs

Axis	Paragraphs	Pearson Correlation Coefficient	Sig.
The Accounting Environment Response to the Accounting Reform Process	The Algerian business environment is able to comply with the provisions of the financial accounting system efficiently	0.658	0.000
	The fiscal system reforms are sufficient and in line with the provisions of the financial accounting system	0.700	0.000
	The financial market in Algeria needs significant efforts to live up to the aspirations and objectives of the financial accounting system	0.782	0.000
	The efforts made to upgrade accounting education in universities were very fruitful and valuable	0.749	0.000
	The provisions of the Commercial Code promote the effective application of the provisions of the financial accounting system	0.776	0.000

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-12) shows that the Pearson Correlation Coefficient for all the paragraphs of the third axis ranges between 0.658 and 0.782, which is statistically significant at (sig $\alpha < 0.05$) between the paragraphs and the axis of the questionnaire, and that indicates a high positive relationship between the paragraphs and the credibility of the axis as well.

✚ The Internal Consistency of the Fourth Axis Paragraphs

Table (IV-13) shows the internal consistency of the fourth Axis paragraphs (The reality of practicing the accounting profession in Algeria in light of the accounting reform process) as follows:

Table (IV-13): Internal Consistency of the fourth Axis Paragraphs

Axis	Paragraphs	Pearson Correlation Coefficient	Sig.
The Reality of Practicing the Accounting Profession in Algeria in light of the Accounting Reform Process	The issuance of Commissioners of Accounts reporting standards is an important step towards international convergence	0.612	0.000
	Efforts to reform the accounting profession by the Ministry of Finance are sufficient to ensure good professional practice	0.692	0.000
	The reorganization of professional accounting organizations has an effective role in promoting the application of the financial accounting system	0.660	0.000
	The education to practice the accounting profession is sufficient to ensure effective accounting practice	0.766	0.000
	The guardianship ministry's accompaniment of professionals had a major role in improving the practice of the accounting profession in Algeria	0.778	0.000
	The financial accounting system facilitates the task of auditing based on clear rules and principles	0.673	0.000

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-13) shows that the Pearson Correlation Coefficient for all the paragraphs of the fourth axis ranges between 0.612 and 0.778, which is statistically significant at (sig $\alpha < 0.05$) between the paragraphs and the axis of the questionnaire, and that indicates an average positive relationship between the paragraphs and the credibility of the axis as well.

✚ The Internal Consistency of the Fifth Axis Paragraphs

Table (IV-14) shows the internal consistency of the fifth axis paragraphs (The challenge of internationalizing accounting practices towards IAS/IFRS) as follows:

Table (IV-14): Internal Consistency of the Fifth Axis Paragraphs

Axis	Paragraphs	Pearson Correlation Coefficient	Sig.
The challenge of internationalizing accounting practices towards IAS/IFRS	The choice to go towards international accounting standards is an inevitable and unavoidable	0.584	0.000
	The financial accounting system encourages reliance on financial accounting standards	0.623	0.000
	Not updating the financial accounting system with the provisions of international accounting standards limits the effectiveness of its application	0.700	0.000
	The financial statements prepared according to the financial accounting system aim to highlight the financial position of the enterprise	0.749	0.000
	The good application of the financial accounting system is dependent on activating the financial market to keep pace with international accounting standards	0.741	0.000

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-14) shows that the Pearson correlation coefficient for all the paragraphs of the fifth axis ranges between 0.584 and 0.479, which is statistically significant at (sig $\alpha < 0.05$) between the paragraphs and the axis of the questionnaire, and that indicates an average positive relationship between the paragraphs and the credibility of the axis as well.

The Internal Consistency of the Sixth Axis Paragraphs

Table (IV-15) shows the internal consistency of the sixth axis paragraphs (The reality accounting reform process itself) as follows:

Table (IV-15): Internal Consistency of the Sixth Axis Paragraphs

Axis	Paragraphs	Pearson Correlation Coefficient	Sig.
The Reality Accounting Reform Process Itself	There is a real desire on the part of the Algerian authorities for a new, deep and serious reform	0.618	0.000
	The exclusiveness of the Ministry of Finance to carry out the accounting reform process alone is a right decision	0.763	0.000
	Suspending professional Education in accounting expertise is a precautionary measure to prevent chaos in the profession	0.672	0.000
	The importance of the accounting reform process was worth all this period (more than 10 years)	0.668	0.000
	Difficulty in understanding and interpreting international accounting standards that would affect the efficiency of the reform process	0.563	0.000
	The confusion between the Foreign references greatly affected the accounting reform process	0.588	0.000
	Algerian business environment is able to respond to the latest developments in international accounting standards	0.606	0.000

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-15) shows that the Pearson Correlation Coefficient for all the paragraphs of the sixth axis ranges between 0.563 and 0.763, which is statistically significant at (sig $\alpha < 0.05$) between the paragraphs and the axis of the questionnaire, and that indicates an average positive relationship between the paragraphs and the credibility of the axis as well.

3. The Reliability Test: The Cronbach Alpha Coefficient is used in order test the reliability of the study tools. As long as the Cronbach Alfa Value is more than (0.60), it means that the results obtained are reliable and suitable for measuring the variable of the study according to (Cronbach, 1951).

Table (IV-16): The Reliability Test of the Study

Order	The Accounting Reform Dimensions	Cronbach Alfa Coefficient
01	The Accounting Practices	0.832
02	The Accounting Environment	0.785
03	The Accounting Profession in Algeria	0.789
04	International Accounting Standards IAS/IFRS	0.703
05	The Accounting Reform Process Itself	0.761
Total Reliability Of The Study		0.899

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-16) indicates that the Total Reliability of the Study is **0.899** “more than (0.60)” which refers that the results obtained are reliable and suitable. As for the reliability of each axis with its paragraphs, it can be presented as follows:

✚ The Reliability Test of the Second Axis Paragraphs

Table (IV-17) shows the Cronbach Alfa Coefficient of the second axis paragraphs as follows:

Table (IV-17): The Reliability Test of the Second Axis Paragraphs

Axis	Paragraphs	Cronbach Alfa Coefficient
The Reality of Accounting Practices in Light of the Accounting Reform Process	The accountant faces some difficulties in processing some transactions (recording, measuring, fair value)	0.856
	The financial accounting system has rules that are able to solve most of the problems facing the accountant	0.803
	The financial accounting system contributed to improving the quality of financial disclosure	0.882
	The financial accounting system has been able to limit accounting deception (creative accounting)	0.843
	The financial accounting system was able to improve the quality of financial information	0.900

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-17) above indicates the value of the Cronbach Alfa Coefficient for the paragraphs of the second axis, ranging between 0.803 and 0.90, which is higher than the value of (0.60). Correspondingly, the Cronbach Alpha Coefficient for the second axis is 0.832 as mentioned in **Table (IV-16)** which indicates the stability of the results of the study tool.

✚ The Reliability Test of the Third Axis Paragraphs

Table (IV-18) shows the Cronbach Alfa Coefficient of the third axis paragraphs as follows:

Table (IV-18): The Reliability Test of the Third Axis Paragraphs

Axis	Paragraphs	Cronbach Alfa Coefficient
The Accounting Environment Response to the Accounting Reform Process	The Algerian business environment is able to comply with the provisions of the financial accounting system efficiently	0.772
	The fiscal system reforms are sufficient and in line with the provisions of the financial accounting system	0.808
	The financial market in Algeria needs significant efforts to live up to the aspirations and objectives of the financial accounting system	0.854
	The efforts made to upgrade accounting education in universities were very fruitful and valuable	0.822
	The provisions of the Commercial Code promote the effective application of the provisions of the financial accounting system	0.854

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-18) above indicates the value of the Cronbach Alfa Coefficient for the paragraphs of the third axis, ranging between 0.772 and 0.854, which is higher than the value of (0.60). Correspondingly, the Cronbach Alpha Coefficient for the third axis is 0.785 as mentioned in **Table (IV-16)** which indicates the stability of the results of the study tool.

✚ The Reliability Test of the Fourth Axis Paragraphs

Table (IV-19) shows the Cronbach Alfa Coefficient of the fourth axis paragraphs as follows:

Table (IV-19): The Reliability Test of the Fourth Axis Paragraphs

Axis	Paragraphs	Cronbach Alfa Coefficient
The Reality of Practicing the Accounting Profession in Algeria in light of the Accounting Reform Process	The issuance of Commissioners of Accounts reporting standards is an important step towards international convergence	0.752
	Efforts to reform the accounting profession by the Ministry of Finance are sufficient to ensure good professional practice	0.782
	The reorganization of professional accounting organizations has an effective role in promoting the application of the financial accounting system	0.774
	The education to practice the accounting profession is sufficient to ensure effective accounting practice	0.796
	The guardianship ministry's accompaniment of professionals had a major role in improving the practice of the accounting profession in Algeria	0.827
	The financial accounting system facilitates the task of auditing based on clear rules and principles	0.799

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-19) above indicates the value of the Cronbach Alfa Coefficient for the paragraphs of the fourth axis, ranging between 0.752 and 0.827, which is higher than the value of (0.60). Correspondingly, the Cronbach Alpha Coefficient for the fourth axis is 0.789 as mentioned in **Table (IV-16)** which indicates the stability of the results of the study tool.

✚ The Reliability Test of the Fifth Axis Paragraphs

Table (IV-20) shows the Cronbach Alfa Coefficient of the fifth axis paragraphs as follows:

Table (IV-20): The Reliability Test of the Fifth Axis Paragraphs

Axis	Paragraphs	Cronbach Alfa Coefficient
The challenge of internationalizing accounting practices towards IAS/IFRS	The choice to go towards international accounting standards is an inevitable and unavoidable	0.712
	The financial accounting system encourages reliance on financial accounting standards	0.728
	Not updating the financial accounting system with the provisions of international accounting standards limits the effectiveness of its application	0.804
	The financial statements prepared according to the financial accounting system aim to highlight the financial position of the enterprise	0.838
	The good application of the financial accounting system is dependent on activating the financial market to keep pace with international accounting standards	0.774

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-20) above indicates the value of the Cronbach Alfa Coefficient for the paragraphs of the fifth axis, ranging between 0.712 and 0.838, which is higher than the value of (0.60). Correspondingly, the Cronbach Alfa Coefficient for the fifth axis is 0.703 as mentioned in **Table (IV-16)** which indicates the stability of the results of the study tool.

✚ The Reliability Test of the Sixth Axis Paragraphs

Table (IV-21) shows the Cronbach Alfa Coefficient of the sixth axis paragraphs as follows:

Table (IV-21): The Reliability Test of the Sixth Axis Paragraphs

Axis	Paragraphs	Cronbach Alfa Coefficient
The Reality Accounting Reform Process Itself	There is a real desire on the part of the Algerian authorities for a new, deep and serious reform	0.723
	The exclusiveness of the Ministry of Finance to carry out the accounting reform process alone is a right decision	0.805
	Suspending professional Education in accounting expertise is a precautionary measure to prevent chaos in the profession	0.763
	The importance of the accounting reform process was worth all this period (more than 10 years)	0.749
	The Difficulty in understanding and interpreting international accounting standards would affect the efficiency of the reform process	0.683
	The confusion between the Foreign references greatly affected the accounting reform process	0.709
	Algerian business environment is able to respond to the latest developments in international accounting standards	0.702

Source: Realized by the researchers on the basis of the SPSS results (*sig $\alpha < 0.05$).

Table (IV-21) above indicates the value of the Cronbach Alfa Coefficient for the paragraphs of the sixth axis, ranging between 0.682 and 0.805, which is higher than the value of (0.60). Correspondingly, the Cronbach Alpha Coefficient for the sixth axis is 0.761 as mentioned in **Table (IV-16)** which indicates the stability of the results of the study tool.

II. Results and Discussion

a. The Sample Characteristics Analysis

✚ **By Gender:**

Table (IV-22): Distribution of the Sample of the Study by Gender

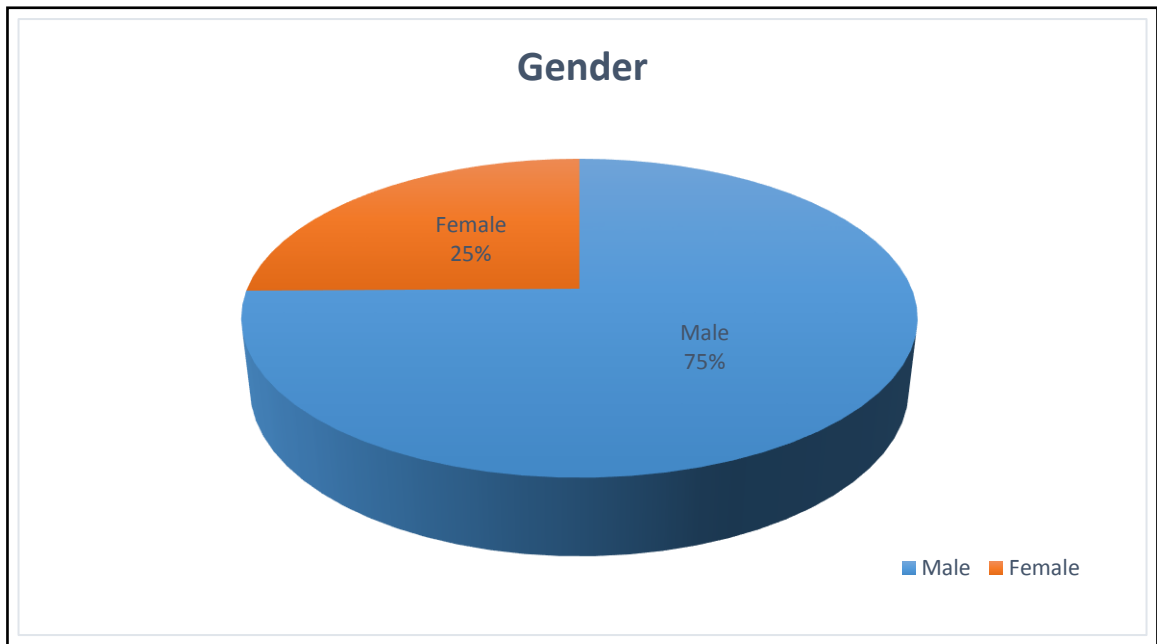
Order	Gender	Number	Percentage
01	Male	92	75%
02	Female	31	25%
Total		123	100%

Source: By the researcher based on SPSS results.

Table (IV-22) shows the distribution of the sample of the study by Gender. This means that 92 participants in this study are males which is equivalent to 75% and that 31 participants in this study are females, which represents only 25%. It means that females practice less accounting compared to males.

To be clearer, the previous table can be displayed as the following:

Figure (IV-3): Distribution of the Sample of the Study by Gender



Source: By the researcher based on SPSS results.

✚ By Qualifications

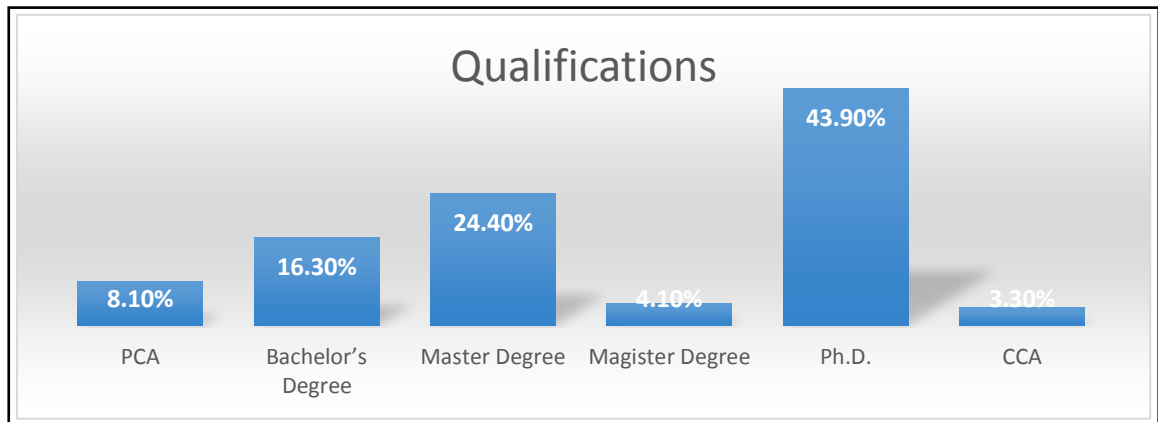
Table (IV-23): Distribution of the Sample of the Study by Qualifications

Order	Qualifications	Number	Percentage %
01	Professional Certificate of Accountant "CA, AE, CA"	10	8.1
02	Bachelor's Degree	20	16.3
03	Master's Degree	30	24.4
04	Magister Degree	5	4.1
05	Ph.D.	54	43.9
06	Competency Certificate in Accounting	4	3.3
Total		123	100

Source: By the researcher based on SPSS results.

To be clearer, the previous table can be displayed as the following:

Figure (IV-4): Distribution of the Sample of the Study by Qualifications



Source: By the researcher based on SPSS results.

Table (IV-23) shows the distribution of the sample of the study by Qualifications. This means that 10 participants in this study have a Professional Certificate of Accountant which is equivalent to 8.1%. On the other hand, 20 participants in this study have a Bachelor's Degree, which

represents 16.3%. Also, 30 participants in this study have a Master's Degree which is equivalent to 24.4%, and 05 of the study sample have a Magister Degree, and this represents only 4.10%. Similarly, 04 members have a Competency Certificate in Accounting with an equivalent of 3.3%. But 54 of the study sample have a Ph.D. Degree, which represents 43.9%.

It is worth saying that more than 70% of the study sample have a Master's Degree at least, which reflects the importance of scientific qualifications for the researcher to carry out such research.

✚ By Seniority

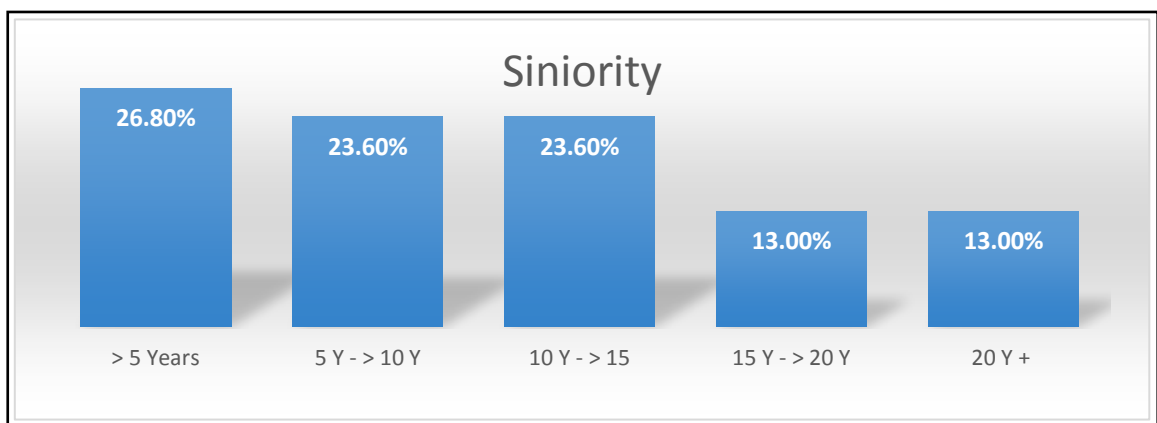
Table (IV-24): Distribution of the Sample of the Study by Seniority

Order	Seniority	Number	Percentage %
01	Less Than 5 Years	33	26.8
02	From 5 Years to Less Than 10 Years	29	23.6
03	From 10 Years to Less Than 15 Years	29	23.6
04	From 15 Years to Less Than 20 Years	16	13
05	20 Years and More	16	13
Total		123	100

Source: By the researcher based on SPSS results.

To be clearer, the previous table can be displayed as the following:

Figure (IV-5): Distribution of the Sample of the Study by Seniority



Source: By the researcher based on SPSS results.

Table (IV-24) shows the distribution of the sample of the study by Seniority. This means that 33 participants in this study have less than 05 years

of seniority in their jobs which is the equivalent of 26.8%, and 29 members of the study sample have From 05 years to less than 10 years of seniority, which represents 23.6%. 29 members of the study sample have from 10 years to less than 15 years of seniority which is equivalent to 23.6%, and 16 members of the study sample have from 15 years to less than 20 years of seniority, which represents 13%. Also, 16 members have at least 20 years on their jobs with an equivalent of 13%.

It's important to mention that more than 49% of the study sample have at least 10 years of seniority on their accounting jobs, which reflects the ability to enrich this study, especially that they practiced the profession of accounting, auditing, or accounting education according to both the National Accounting Plan and the Financial Accounting System.

They also been affected by the accounting reform process back in 2010 and witnessed the transition towards the internationalization of accounting practices. This specific category is what the researcher focused on and tried to reach.

✚ By Accounting Education Duration

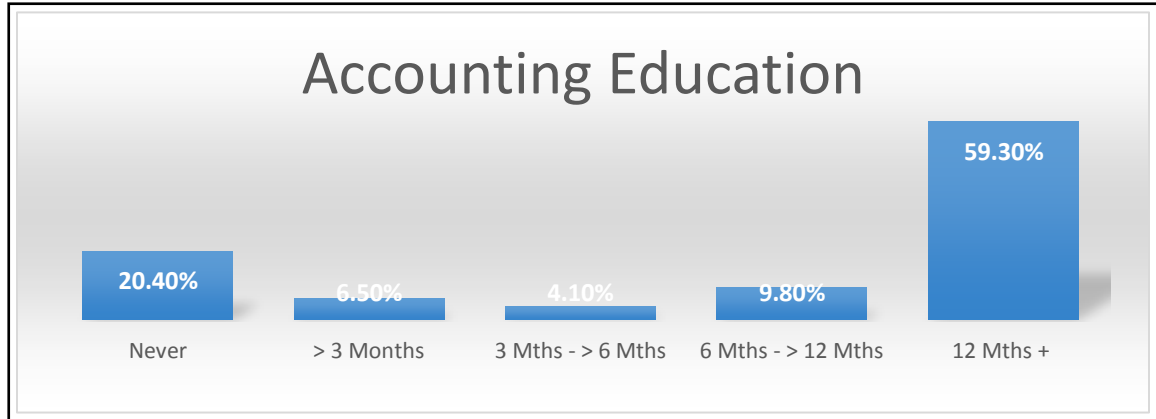
Table (IV-25): Distribution of the Sample of the Study by Accounting Education

Order	Accounting Education Duration	Number	Percentage %
01	Never	25	20.3
02	Less Than 3 Months	8	6.5
03	From 3 Months to Less Than 6 Months	5	4.1
04	From 6 Months to Less Than 12 Months	12	9.8
05	More than 12 months	73	59.3
Total		123	100

Source: By the researcher based on SPSS results.

To be clearer, the previous table can be displayed as the following:

Figure (IV-6): Distribution of the Sample of the Study by Accounting Education



Source: By the researcher based on SPSS results.

Table (IV-25) shows the distribution of the sample of the study by Accounting Education after joining their permanent jobs. As shown also in **Figure (IV-6)**, nearly 60% of the study participants have a professional accounting education program based on the financial accounting system for over a year after joining their job positions. Likewise, 25 members of the study sample have accounting education programs, which represents 20.3%.

But, 25 members of the study sample which represent 20.3% didn't have a professional accounting education program whatsoever.

✚ By Sector

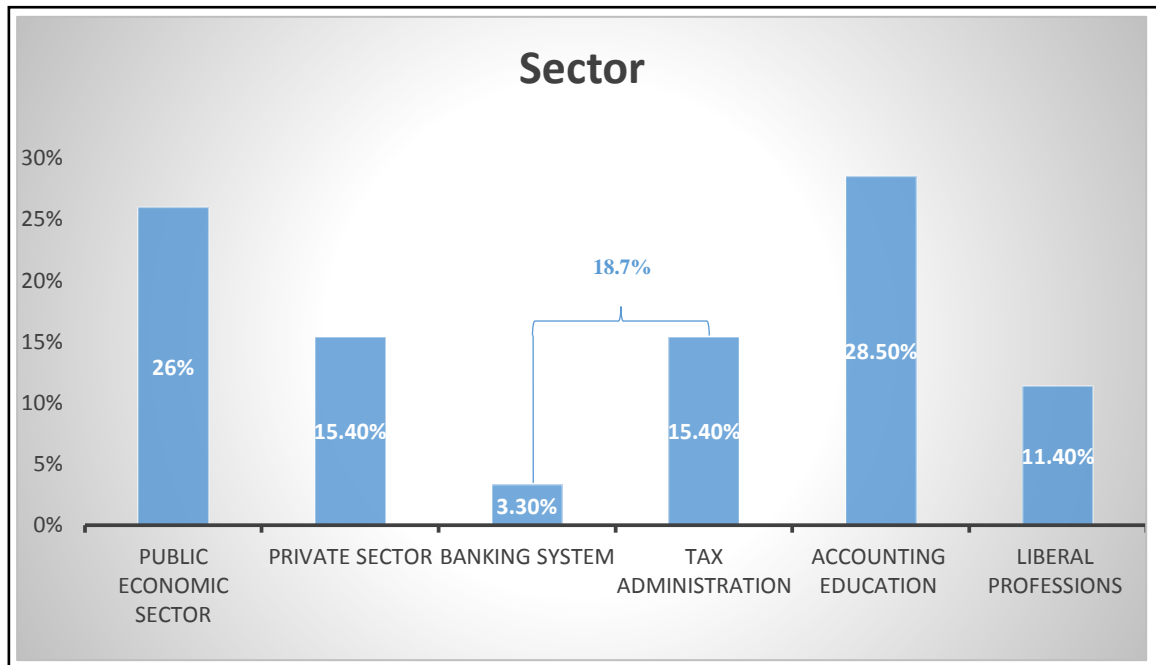
Table (IV-26): Distribution of the Sample of the Study by Sector

Order	Sector	Number	Percentage %
01	Public Economic Sector	32	26
02	Private Sector	19	15.4
03	Banking System	4	3.3
04	Tax Administration	19	15.4
05	Accounting Education “University”	35	28.5
06	Liberal Professions “CA, AE, CA”	14	11.4
Total		123	100

Source: By the researcher based on SPSS results.

To be clearer, the previous table can be displayed as the following:

Figure (IV-7): Distribution of the Sample of the Study by Sector



Source: By the researcher based on SPSS results.

Table (IV-26) shows the distribution of the sample of the study by Sector of Activity. It means that 32 participants in this study which is equivalent to 26% belong to the public economic sector. There are 19 participants for both private sector members and tax administration members which is equivalent to 15.4%. But for the banking system, the members of the study were only 04 participants which are equivalent to 3.3%.

On the other hand, accounting education members were 35 corresponding 28.5%, and Liberal Professions presented in Accounting Experts, Commissioners of Accounts, and Certified Accountants are 14 members (11.4%) despite that the researcher tried to reach 237 members. It also should be mentioned that 41.4% of the members of the study belonged to the economic sector whether they are accountants, auditors, or accounting educators. And 18.7% of the study members belonged to tax administration and banking system “Participants charged in verifying financial statements”.

✚ By Nature of Profession

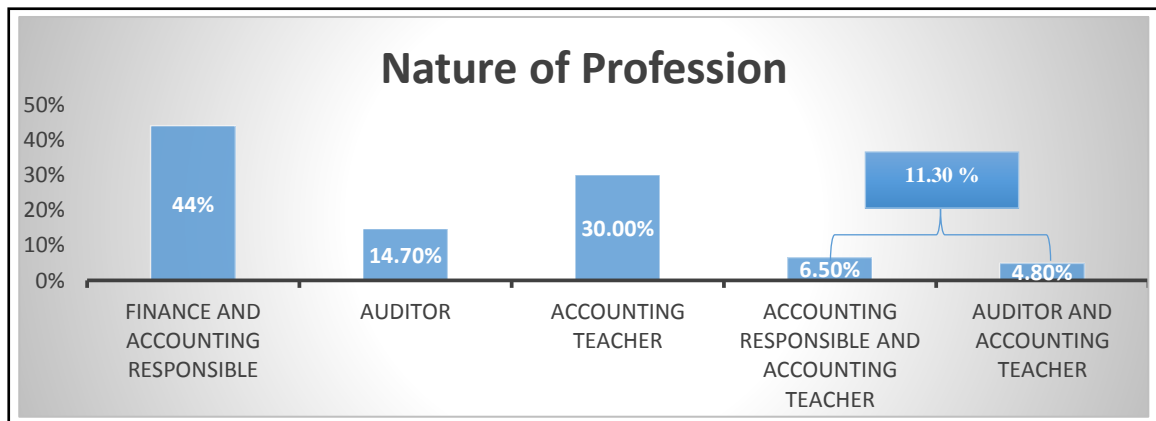
Table (IV-27): Distribution of the Sample of the Study by Nature of Profession

Order	Nature of Profession	Number	Percentage %
01	Finance and Accounting Responsible	54	44
02	Auditor	18	14.7
03	Accounting Teacher	37	30
04	Accounting Responsible and Accounting Teacher	8	6.5
05	Auditor and Accounting Teacher	6	4.8
Total		123	100

Source: By the researcher based on SPSS results.

To be clearer, the previous table can be displayed as the following:

Figure (IV-8): Distribution of the Sample of the Study by Nature of Profession



Source: By the researcher based on SPSS results.

Table (IV-27) shows the distribution of the sample of the study by the Nature of Profession. It means that 54 participants in this study which is equivalent to 44% have the quality of Finance and Accounting Responsible. 18 participants which is equivalent to 14.7% have the quality of an Auditor.

Similarly, 37 members of the study which is equivalent to 30% are accounting teachers in Algerian universities. Besides, 11.3% of the study members have the quality of accounting professor and perform one of the accounting or auditing tasks at the same time.

b. The Sample Answers

Before analyzing the results of the study, the researcher presents the answers of the sample consisting of 123 opinions. Therefore, the participants' responses are presented according to the Five-Point Likert Scale as follows:

Table (IV-28): The Distribution of the Sample Answers

Order	Answers										Total
	SD		D		N		A		SA		
	N	%	N	%	N	%	N	%	N	%	
II-1	4	3.3	20	16.3	26	21.1	58	47.2	15	12.2	123 (100%)
II-2	5	4.1	35	28.5	22	17.9	50	40.7	11	8.9	
II-3	3	2.4	21	17.1	21	17.7	61	49.6	17	13.8	
II-4	9	7.3	34	27.6	37	30.1	31	25.2	12	9.8	
II-5	3	2.4	19	15.4	25	20.3	64	52	12	9.8	
III-1	16	13	49	39.8	24	19.5	30	24.4	4	3.3	
III-2	27	22	48	39	28	22.8	18	14.6	2	1.6	
III-3	20	16.3	48	39	25	20.3	26	21.1	4	3.3	
III-4	15	12.2	32	26	28	22.8	39	31.7	9	7.3	
III-5	15	12.2	31	25.2	44	35.8	27	22	6	4.9	
IV-1	2	1.6	10	8.1	20	16.3	70	56.9	21	17.1	
IV-2	18	14.6	42	34.1	30	24.4	30	24.4	3	2.4	
IV-3	4	3.3	14	11.4	27	22	59	48	19	15.4	
IV-4	12	9.8	35	28.5	18	14.6	38	30.9	20	16.3	
IV-5	16	13	21	17.1	33	26.8	45	36.6	8	6.5	
IV-6	2	1.6	14	11.4	24	19.5	73	59.3	10	8.1	
V-1	00	00	9	7.3	12	9.8	67	54.5	35	28.5	
V-2	2	1.6	11	8.9	14	11.4	72	58.5	24	19.5	
V-3	00	00	6	4.9	12	9.8	64	52	41	33	
V-4	1	0.8	6	4.9	15	12.2	75	61	26	21.1	
V-5	4	3.3	13	10.6	16	13	56	45.5	34	27.6	
VI-1	12	9.8	33	26.8	31	25.2	42	34.1	5	4.1	
VI-2	26	21.1	44	35.8	28	22.8	16	13	9	7.3	
VI-3	31	25.2	38	30.9	31	25.2	22	17.9	1	0.8	
VI-4	18	14.6	36	29.3	33	26.8	29	23.6	7	5.7	
VI-5	8	6.5	15	12.2	21	17.1	64	52	15	12.2	
VI-6	8	6.5	9	7.3	35	28.5	55	44.7	16	13	
VI-7	19	15.4	39	31.7	25	20.3	35	28.5	5	4.1	

Source: By the researcher based on SPSS Results.

c. Descriptive Statistics of the Questionnaire

After presenting the participants' opinions in **Table (IV-29)**, the answers were analyzed using the arithmetical average and the standard deviation in which the results were arranged in descending order according to the following table:

Table (IV-29): Descriptive Statistics of the Questionnaire

Order	Arithmetical Average	Standard Deviations	Ranking	Level of Agreement
II-1	3.4878	1.0111	3	High
II-2	3.2195	1.0829	4	Medium
II-3	3.5528	1.0098	1	High
II-4	3.0244	1.1048	5	Medium
II-5	3.5122	0.9527	2	High
III-1	2.6504	1.0863	3	Medium
III-2	2.3496	1.0321	5	Low
III-3	2.5610	1.0950	4	Medium
III-4	2.9593	1.1692	1	Medium
III-5	2.8211	1.0638	2	Medium
IV-1	3.7967	0.8774	1	High
IV-2	2.6585	1.0775	2	Medium
IV-3	3.6098	0.9887	4	High
IV-4	3.1545	1.2741	5	Medium
IV-5	3.0650	1.1504	6	Medium
IV-6	3.6098	0.8554	3	High
V-1	4.0407	0.8238	2	High
V-2	3.8537	0.8933	4	High
V-3	4.1382	0.7822	1	High
V-4	3.9675	0.7781	3	High
V-5	3.8374	1.0509	5	High
VI-1	2.9593	1.0818	3	Medium
VI-2	2.4959	1.1760	6	Low
VI-3	2.382	1.0752	7	Low
VI-4	2.7642	1.1386	4	Medium
VI-5	3.5122	1.0663	1	High
VI-6	3.5041	1.0272	2	High
VI-7	2.7398	1.1511	5	Medium

Source: By the researcher based on SPSS Results.

Based on **Table (IV-29)**, each axis of the questionnaire is analyzed separately as follows:

✚ **The Second Axis: Table (IV-29)** shows on its second axis paragraphs that the answers of the sample were arranged as the following:

- **Paragraph (II-3)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.5528) and a standard deviation of (1.0098). This indicates that the responders **agree** that the financial accounting system contributed to improving the quality of financial disclosure;

- **Paragraph (II-5)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.5122) and a standard deviation of (0.9527). This indicates that responders **agree** with the idea that the financial accounting system was able to improve the quality of financial information;

- **Paragraph (II-1)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.4878) and a standard deviation of (1.0111). This indicates that the responders **agree** that the accountant faces some difficulties in processing some transactions (recording, measuring, fair value);

- **Paragraph (II-2)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (3.2195) and a standard deviation of (1.0829). This indicates that responders are **neutral** with the idea that the financial accounting system has been able to improve the quality of financial information;

- **Paragraph (II-4)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (3.0244) and a standard deviation of (1.1048). This indicates that responders are **neutral** with the idea that the financial accounting system has been able to limit accounting deception (creative accounting).

✚ **The Third Axis: Table (IV-29)** shows on its third axis paragraphs that the answers of the sample were arranged as the following:

- **Paragraph (III-4)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (2.9593)

and a standard deviation of (1.1692). This indicates that responders are **neutral** with the idea that the efforts made to upgrade accounting education in universities were very fruitful and valuable;

- **Paragraph (III-5)** obtained a medium level of agreement on the part of the study participants, as it had an arithmetical average of (2.8211) and a standard deviation of (1.0638). This indicates that responders are **neutral** with the idea that the provisions of the Commercial Code promote the effective application of the provisions of the financial accounting system;

- **Paragraph (III-1)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (2.6504) and a standard deviation of (1.0863).). This indicates that responders are **neutral** with the idea that the Algerian business environment is able to comply with the provisions of the financial accounting system efficiently;

- **Paragraph (III-3)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (2.5610) and a standard deviation of (1.0950). This indicates that responders are **neutral** with the idea that the financial market in Algeria needs significant efforts to live up to the aspirations and objectives of the financial accounting system;

- **Paragraph (III-2)** obtained a **lower** level of agreement on the part of the study participants, as it had an arithmetical average of (2.3496) and a standard deviation of (1.0321). This indicates that the responders **disagree** with the idea that the fiscal system reforms are sufficient and in line with the provisions of the financial accounting system.

✚ **The Fourth Axis: Table (IV-29)** shows on its fourth axis paragraphs that the answers of the sample were arranged as the following:

- **Paragraph (IV-1)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.7967) and a standard deviation of (0.8774). This indicates that the responders **agree** that the issuance of Commissioners of Accounts reporting standards is an important step towards international convergence;

- **Paragraph (IV-2)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (2.6585) and a standard deviation of (1.0775). This indicates that responders are **neutral** with the idea that the efforts to reform the accounting profession by the Ministry of Finance are sufficient to ensure good professional practice;

- **Paragraph (IV-6)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.6098) and a standard deviation of (0.8554). This indicates that the responders **agree** that the financial accounting system facilitates the task of auditing based on clear rules and principles;

- **Paragraph (IV-3)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.6098) and a standard deviation of (0.9887). This indicates that the responders **agree** that the reorganization of professional accounting organizations has an effective role in promoting the application of the financial accounting system;

- **Paragraph (IV-4)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (3.1545) and a standard deviation of (1.2741). This indicates that responders are **neutral** with the idea that the Education to practice the accounting profession is sufficient to ensure effective accounting practice;

- **Paragraph (IV-5)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (3.0650) and a standard deviation of (1.1504). This indicates that responders are **neutral** with the idea that the guardianship ministry's accompaniment of professionals had a major role in improving the practice of the accounting profession in Algeria

✚ **The Fifth Axis: Table (IV-29)** shows on its fifth axis paragraphs that the answers of the sample were arranged as the following:

- **Paragraph (V-3)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (4.1382) and a standard deviation of (0.7822). This indicates that the respondents **agree** on not updating the financial accounting system with the

provisions of international accounting standards limits the effectiveness of its application;

- **Paragraph (V-1)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (4.0407) and a standard deviation of (0.8238). This indicates that the respondents **agree** that the choice to go towards international accounting standards is an inevitable and unavoidable;

- **Paragraph (V-4)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.9675) and a standard deviation of (0.7781). This indicates that the respondents **agree** that the financial statements prepared according to the financial accounting system aim to highlight the financial position of the enterprise;

- **Paragraph (V-2)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.8537) and a standard deviation of (0.8933). This indicates that the respondents **agree** that the financial accounting system encourages reliance on international accounting standards;

- **Paragraph (V-5)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.8374) and a standard deviation of (1.0509). This indicates that the respondents **agree** that the good application of the financial accounting system is dependent on activating the financial market to keep pace with international accounting standards.

✚ **The Sixth Axis: Table (IV-29)** shows on its sixth axis paragraphs that the answers of the sample were arranged as the following:

- **Paragraph (VI-5)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.5122) and a standard deviation of (1.0663). This indicates that the responders **agree** that the difficulty in understanding and interpreting international accounting standards would affect the efficiency of the reform process;

- **Paragraph (VI-6)** obtained a **higher** level of agreement on the part of the study participants, as it had an arithmetical average of (3.5041) and a standard deviation of (1.0272). This indicates that the responders **agree**

that the confusion between the foreign references greatly affected the accounting reform process

- **Paragraph (VI-1)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (2.9593) and a standard deviation of (1.0818). This indicates that responders are **neutral** with a real desire on the part of the Algerian authorities for a new, deep and serious reform;

- **Paragraph (VI-4)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (2.7642) and a standard deviation of (1.1386). This indicates that responders are **neutral** with the idea claiming that the importance of the accounting reform process was worth all this period (more than 10 years);

- **Paragraph (VI-7)** obtained a **medium** level of agreement on the part of the study participants, as it had an arithmetical average of (2.7398) and a standard deviation of (1.1511). This indicates that responders are **neutral** with the idea claiming that Algerian business environment is able to respond to the latest developments in international accounting standards;

- **Paragraph (VI-2)** obtained a **lower** level of agreement on the part of the study participants, as it had an arithmetical average of (2.4959) and a standard deviation of (1.1760). This indicates that the responders **disagree** with the idea that the exclusiveness of the Ministry of Finance to carry out the accounting reform process alone is a right decision;

- **Paragraph (VI-3)** obtained a **lower** level of agreement on the part of the study participants, as it had an arithmetical average of (2.3820) and a standard deviation of (1.0752). This indicates that the responders **disagree** with the idea claiming that suspending professional education in accounting expertise is a precautionary measure to prevent chaos in the profession.

Section III: The Interview

With the researcher's desire to go further more with the subject of the accounting reform in Algeria, and given the fact that the questionnaire tool faces many criticisms, the researcher decided to rely on the interview tool as well by devoting this section to address the interview methodology and the participants opinions about the study.

I. The Interview Methodology

a. The Interview Contribution

After examining and analyzing the answers of the sample of the study using the Statistical Package for the Social Sciences Program SPSS, the researcher found that there was a certain level of agreement in many paragraphs. But the researcher also noticed that there is a sort of disagreement in some of the sample answers by *the sector of activity*. After re-presenting the questionnaire answers based on the sector of activity, thing become clearer.

It was found that there some groups adopted a certain pattern of answers, and some of them were somewhat conservative. For example, when addressing the issue of accounting education in Algerian universities, the answers to some university professors were neutral. Also, the answers of accountants and auditors in public and private sector often contradict the answers of bank and tax administration workers. It is why the researcher had to strive more and try to enrich the subject more by relying on the interview to find a scientific explanation for this differences.

b. The Questions Preparation

After analyzing the questionnaire answers by sector of activity, the researcher managed to form six questions as follows:

✚ Question One:

Table (IV-30): Distribution of the Sample Answers to Paragraph (II-5)

Paragraph (II-5)					
The financial accounting system was able to improve the quality of financial information					
Sector	Agreement Level				
	SD	D	N	A	SA
Public Sector	0	3	7	17	5
Private Sector	0	4	3	11	1
Banking System	0	1	1	1	1
Tax Administration	1	2	4	11	1
Accounting Education	1	6	6	19	3
Liberal Professions	1	3	4	5	1
Total	123				

Source: By the researcher on the basis of SPSS results.

After analyzing the answers of **Paragraph (II-5)**, **Table (IV-30)** shows the distribution of the sample answers based on the sector of activity. So, the researcher prepared the following question:

Question 01: *“According to another study (A Miliani, M Kameli, 2021) as well as this one, almost all participants agreed that the accounting reform process contributed to improving the quality of financial information, while members of the accounting profession were somewhat conservative and did not agree with this proposition, what is your reading of this point?”*

✚ Question Two

Table (IV-31): Distribution of the Sample Answers to Paragraph (III-1)

Paragraph (III-1)					
The Algerian business environment is able to comply with the provisions of the financial accounting system efficiently					
Sector	Agreement Level				
	SD	D	N	A	SA
Public Sector	2	10	9	9	2
Private Sector	4	8	2	5	0
Banking System	1	2	0	0	1
Tax Administration	2	10	4	3	0
Accounting Education	4	15	4	12	0
Liberal Professions	3	4	5	1	1
Total	123				

Source: By the researcher on the basis of SPSS results.

After analyzing **Paragraph (III-1)**, **Table (IV-31)** shows the distribution of the sample answers based on the sector of activity. So, the researcher prepared the following question:

Question 02: *The majority of university professors, as well as accountants and internal auditors in public and private companies, believe that the Algerian business environment is capable of responding to the accounting reform process requirements. What is your comment on this?*

✚ Question Three

Table (IV-32): Distribution of the Sample Answers to Paragraph (III-2)

Paragraph (III-2)					
The fiscal system reforms are sufficient and in line with the provisions of the financial accounting system					
Sector	Agreement Level				
	SD	D	N	A	SA
Public Sector	5	9	11	6	1
Private Sector	5	10	2	1	1
Banking System	1	1	0	2	0
Tax Administration	6	9	3	1	0
Accounting Education	6	14	9	6	0
Liberal Professions	4	5	3	2	0
Total	123				

Source: By the researcher on the basis of SPSS results.

After analyzing **Paragraph (III-2)**, **Table (IV-32)** shows the distribution of the sample answers based on the sector of activity. So, the researcher prepared the following question:

Question 03: *Both accounting professionals and companies accountants, believe that fiscal reforms are insufficient and not in line with the Algerian accounting practices. What you think about this?*

✚ Question Four

Table (IV-33): Distribution of the Sample Answers to Paragraph (IV-4)

Paragraph (IV-4)					
The Education to practice the accounting profession is sufficient to ensure effective accounting practice					
Sector	Agreement Level				
	SD	D	N	A	SA
Public Sector	3	10	7	11	1
Private Sector	2	10	2	3	2
Banking System	0	2	1	0	1
Tax Administration	4	8	4	3	0
Accounting Education	6	15	6	8	0
Liberal Professions	5	3	5	1	0
Total	123				

Source: By the researcher on the basis of SPSS results.

After analyzing **Paragraph (IV-4)**, **Table (IV-33)** shows the distribution of the sample answers based on the sector of activity. So, the researcher prepared the following question:

Question 04: *Algerian accounting education efforts are insufficient according to the study participants, what is your comment? And what are the ways to address these shortcomings, if any?*

✚ Question Five

Table (IV-34): Distribution of the Sample Answers to Paragraph (VI-2)

Paragraph (VI-2)					
The exclusiveness of the Ministry of Finance to carry out the accounting reform process alone is a right decision					
Sector	Agreement Level				
	SD	D	N	A	SA
Public Sector	5	11	6	4	6
Private Sector	6	4	4	4	1
Banking System	2	0	2	0	0
Tax Administration	1	11	5	2	0
Accounting Education	7	15	6	5	2
Liberal Professions	5	3	5	1	0
Total	123				

Source: By the researcher on the basis of SPSS results.

After analyzing **Paragraph (VI-2)**, **Table (IV-34)** shows the distribution of the sample answers based on the sector of activity. So, the researcher prepared the following question:

Question 05: *Carrying out a reform process with the Ministry exclusiveness is not a good idea according to the study participants. In your opinion, what should be done in this regard?*

✚ Question Six

Table (IV-35): Distribution of the Sample Answers to Paragraph (VI-4)

Paragraph (VI-4)					
The importance of the accounting reform process was worth all this period of time (more than 10 years)					
Sector	Agreement Level				
	SD	D	N	A	SA
Public Sector	4	6	11	8	3
Private Sector	5	2	5	5	2
Banking System	1	0	0	2	1
Tax Administration	2	9	4	4	0
Accounting Education	3	14	8	9	1
Liberal Professions	3	5	5	1	0
Total	123				

Source: By the researcher on the basis of SPSS results.

After analyzing **Paragraph (VI-4)**, **Table (IV-35)** shows the distribution of the sample answers based on the sector of activity. So, the researcher prepared the following question:

Question 06: The study participants believe that the accounting reform process is not worth all this time. In your opinion, is it due to the Algerian authorities' unwillingness to carry out a serious and deep reform process? Or is there another opinion?

c. The Interview Participants

When addressing the topic of the accounting reform in Algeria, it means that we are talking about a process that started more than 20 years ago, from the National Accounting Plan Reviewing project, passing by the FAS application in 2010, until today. Actually, finding a reliable scientific explanation for the problem requires many interviews with Highly Qualified Professionals in the field of accounting who have a larger view on the accounting environment in Algeria. It also are very hard to find this category. But even though, the researcher managed to reach some professionals. When talking about the sample of the study characteristics, it can be noticed that most of the participants belonged to one sector, but the most important thing about this category is that they are multisector professionals.

Participation in the interview requires a seniority in the field of accounting for more than 10 years and the participant must belongs to two sectors at least. The researcher contacted the interviewees personally, and he invited them to participate in this study in a polite manner, as well as gave them the opportunity to do the interview at a time of their choosing. But unfortunately, the time allotted to conduct the interview was not large for two reasons;

- ✚ **The first one:** is due to the purpose of the interview, which the researcher relied on the semi-directed interview as a complementary tool to the questionnaire outputs;
- ✚ **The second:** relates to the characteristics of the interviewees because of their many obligations, such as teaching as full time professors, business associates, auditing and supervising companies, and many other administrative and judicial tasks.

Therefore, the time allotted for the interview was set between 40 minutes to 90 minutes for each. It was also prepared with one of the participants using

communication techniques. However, the researcher indicated that the participants could omit their personal information if necessary, but they had no objection about doing so. Thus, the following table represents the interviewees list and their biography related to accounting as follows:

Table (IV-36): The Interview Participants

The Participant	Wilaya	Biography (Only Related to The Study)
Dr. Mohamed El Habib MERHOUM	Mostaghanem	<ul style="list-style-type: none"> - The actual National Chamber of Commissioners of Accounts President; - Full time University Professor / Finance and Accounting Department Chief - University of Mostaghanem-; - Accounting Expert/ Commissioner of Accounts; - Former Head Tax Administration Inspector (10 years); - Auditor; - Ph.D. in Accounting and Auditing – Sidi Bel Abbes-; - Legal and fiscal consultant; - Author.
Pr. Rafik BACHONDA	Sidi Bel Abbes	<ul style="list-style-type: none"> - Full time University Professor in Accounting - Sidi Bel Abbes-; - Accounting Expert/ Commissioner of Accounts; - Doctoral Accounting Educational Project Chief in the University of Sidi Bel Abbes; - Corporate Finance Research Team Leader, Enterprise Management Laboratory; - Legal and fiscal consultant; - Author.
Pr. Kada BAHIRI	Oran	<ul style="list-style-type: none"> - Full time University Professor in Accounting – Sidi Bel Abbes; - Accounting Expert; - Commissioner of Accounts; - Legal and fiscal consultant; - Author.
Dr. Smail BACHIR	Oran	<ul style="list-style-type: none"> - Associate Professor in Accounting; - Ph.D. in Accounting and Auditing – Sidi Bel Abbes-; - Accounting Expert; - Commissioner of Accounts; - Legal and fiscal consultant; - Enterprise Management Laboratory Member; - Author.
Mohamed Alaa Eddine MERHOUM	Mostaghanem	<ul style="list-style-type: none"> - Associate Professor – University of Mostaghanem- ; - Ph.D. Student in Accounting – Sidi Bel Abbes-; - Certified Accountant; - Tax Committee President – Mostaghanem-; - Mostaghanem Accounting Professionals Representative; - Commissioner of Accounts; - Enterprise Management Laboratory Member; - Legal and fiscal consultant.

Mohamed ElAmine BENKABO	Sidi Bel Abbes	<ul style="list-style-type: none"> - Head Accounting Responsible – The National Electronic Industries Company Sidi Bel Abbes -; - Part time University Professor; - Ph.D. Student in Corporate Finance – Sidi Bel Abbes-; - Commissioner of Accounts Certificate; - Enterprise Management Laboratory Member.
Abdallah Chekib KHELOUI	Oran	<ul style="list-style-type: none"> - Commissioner of Accounts; - Certified Accountant; - Legal and fiscal consultant - Part time University Professor; - Ph.D. Student in Accounting and Auditing – Sidi Bel Abbes-; - Enterprise Management Laboratory Member.
Lezreg BENSETTI	Tiaret	<ul style="list-style-type: none"> - Former High Official in the Ministry of Finance; - Commissioner of Accounts; - Certified Accountant; - Ph.D. Student in Accounting and Auditing – Mascara-; - Part time University Professor.

Source: By the Researcher.

II. The Interview Results

At the beginning of the interview, the researcher expressed his thanks and gratitude for accepting participation in this study, and he indicated the added scientific value that will be reflected on the quality of this study due to the high qualifications of the participants. Following, the researcher briefly introduced the study and the problematic. Then, he gave the word directly to the participant to talk about accounting reform in Algeria for 10 minutes to 15 minutes. After that, he started to ask each question by giving the participant about 10 minutes for answering¹. The researcher relied on writing the necessary notes rather than audio or video recording technologies.

The participants have more than 10 years of experience in the field of accounting (100%). All participants have a Ph.D. degree in accounting sciences or are on the way to obtaining it (100%). On the top of that, they have benefited from a professional educational program specialized in the financial accounting system that lasted more than a year and master the basics of IAS/IFRS (100%). They also belonged to two sectors at least as it mentioned before (100%). As for the questions, the interview concluded to the following:

¹ It should be mentioned here that the answers of the interviewees has been encrypted for scientific reasons.

- 1. Answer One:** (100%) All of the Participants agreed that the accounting reform process contributed to improving the quality of financial information, but there are many shortcomings according to (62.5%) of the participants. **Participant (B)** mentioned that there is some absence in the fair value application despite that the financial accounting system recognized the possibility of its application as well as the method of dividing assets. **(C)**, **(E)**, and **(H)** cited that the absence of an effective financial market is affecting the quality of the financial information negatively. **(F)** Referred that not updating the FAS with the current IAS/IFRS rules is a major problem facing the quality of the financial information.
- 2. Answer Two:** (37.5%) of the participants mentioned that the Algerian business environment is unable to respond positively to the accounting reform process requirements, and “*this is due to the priority of the fiscal view over the accounting one*” **(A)**, **(B)** cited that this is “*due to the absence of will*”, **participant (H)** mentioned that it can't be happen because there is a large number of private companies that entrust their accountability to external accounting offices. (62.5%) cited that it can respond to the accounting reform process requirements but with some conditions that must be ensured. For example **participant (C)** cited that the use of the automated media technology and the continuous good training of the human element must be promoted. **Participant (E)** referred that in order to respond positively by the Algerian business environment, the Tax Law must be in line with the financial accounting system rules and the conceptual framework of the FAS and IAS/IFRS should be fully understand by both authorities and professionals. **Participant (G)** mentioned Algerian authorities should take into account the relation between accounting and the new orientation towards E-Commerce.
- 3. Answer Three:** (87.5%) of the participants agreed that the fiscal reforms are insufficient and not in line with the Algerian accounting practices, but **Participant (D)** did not express his opinion on this question which was fully respected by the researcher, he merely mentioned that the issue is still debatable. On the other hand,

Participant (F) cited that this divergence between the FAS and Tax law is surprisingly unexplainable even though the FAS and Tax Law are issued by the same authority, which is the Ministry of Finance. **(B)**, and **(H)** mentioned that the tax administration is a partner of the companies so sometimes it is necessary to impose some of their own rules and give priority to the tax vision over accounting one. **Participant (C)** referred to some divergences between the FAS and Tax Laws given the fact that this drives companies to deal with many complex accounting re-treatments such as deferred taxes, financial leases, construction contracts, etc. **Participant (E)** mentioned that this divergence is holding back the effectiveness of the accounting reform process.

4. **Answer Four:** All of the participants (100%) agreed that Algerian accounting education efforts are insufficient due many reasons, starting with **Participant (A)** who mentioned that the Algerian university should be leading this accounting reform process by preparing its students with the IAS/IFRS and the FAS rules before 2010, the main problem according to the **participant (A)** is how to explain the issue of students who studied accounting according to the rules of the national accounting plan and then graduated with the beginning of the application of the financial accounting system in 2010, another problem revealed by how can this category enter the labor market, knowing that most of what they have learned is no longer valid in the field of accounting. **Participant (B)** Cited that the accounting education is the university should be reformed. However, **Participant (C)** and **(E)** referred that the International Education Accounting Standards should be adopted. On the other hand, **Participant (G)** mentioned that theoretical education without practical education doesn't encourage students to practice accounting profession comfortably. **Participant (H)** clarified that Accounting Professionals should be involved in Accounting Education in the Algerian university.

- 5. Answer Five:** (100%) all of the participants mentioned that this question is controversial. But, **Participant (A)** reaction to this question was: *“Then, who?”* which was very convincing. Participant (A) ended the debate and made it clear that since the Algerian authorities “Ministry of Finance” who controls the accounting profession in Algeria, then it should be them to supervise the reform process. Besides, (62.5%) of the participants agreed that the reform process should involve all parties concerned with the accounting profession in Algeria. However, **Participant (F)** mentioned that the Ministry of Finance supervision is necessary, but all actors in the accounting profession in Algeria must also be involved in the accounting reform process.
- 6. Answer Six:** (100%) All of the participants agreed that the accounting reform process is not worth all this time due many reasons, **Participant (A)** referred that we shouldn't forget that developing countries are characterized by slowness in the process of reforms and response to economic changes, due to the lack of readiness of the economic environment which is something proven by international institutions like the World Bank and IMF. **Participant (B)** thinks all parties involved in accounting profession are responsible for this delay. Including the Ministry of Finance and accounting professionals. **Participant (C)** mentioned that accounting reform is a complex process and requires common efforts by all parties. **Participant (D)** referred that the factors of speed and stability are absent, he also cited that Algerian law system is characterized by the slowness of issuing laws and quickly changing them without explanation such as the investment law and the law on importing new cars that didn't see the light until now. **Participant (F)** added that it's not a good idea to adopt IAS/IFRS without understanding its conceptual framework. **Participant (G)** mentioned that the period could have been shorter if everyone had been involved in the reform process, he also believes that this is due to a lack of counseling culture. **Participant (H)** cited that it's known in Algeria that time does not have that same value compared to developed countries, which explains the absence of linking the accounting reform process with a specific period.

Section IV: Results and Discussion

By addressing the analysis of the questionnaire features, and after interviewing several highly qualified Accounting Professionals in Algeria, it comes now to carry out the necessary statistical tests on the hypotheses so that we can judge their validity or not as follows:

I. The Hypotheses Statistical Tests

a. The Minor Hypotheses Statistical Tests

It's essential to test the hypotheses statistically to obtain results and make the necessary suggestions that highlight the importance of the present study, minor hypotheses are fundamentally inspired from the main hypothesis which is related with the accounting reform's dimensions as the following:

1. The First Minor Hypothesis

In order to test that the first hypothesis statistically, we need to check if the accounting reform process has a statistical significance ($\alpha < 0.05$) on the daily accounting practices. In order to judge whether the hypothesis can be accepted or rejected

Table (IV-37) shows a simple regression analysis of testing the effectiveness of accounting reform process on the accounting practices. The table indicates that the value of the determination coefficient is ($R^2 = 0.58$) which means that accounting reform process explains (58%) of the difference occurring in the accounting practices. Which means that the hypothesis is statistically accepted.

Table (IV-37): The Results of a Simple Regression Analysis of Testing the Effectiveness of Accounting Reform on Accounting Practices

Simple Regression Analysis	(Beta) Value	(t) Value	Sig.
Accounting Practices	0.767	13.145	0.000
R ² Value	0.588		

Source: By the Researcher on the basis of SPSS Results (*sig $\alpha < 0.05$).

2. The Second Minor Hypothesis

Table (IV-38) shows a simple regression analysis of testing the international convergence of accounting reform process with IAS/IFRS. The table indicates that the value of the determination coefficient is ($R^2= 0.65$) which means that accounting reform process explains (65%) of the difference occurring on the convergence with IAS/IFRS. Which means that the hypothesis is statistically accepted.

Table (IV-38): The Results of a Simple Regression Analysis of Testing the Accounting Reform convergence with IAS/IFRS

Simple Regression Analysis	(Beta) Value	(t) Value	Sig.
IAS/IFRS Convergence	0.811	17.956	0.000
R ² Value	0.658		

Source: By the Researcher on the basis of SPSS Results (*sig $\alpha < 0.05$).

3. The Third Minor Hypothesis

Table (IV-39) shows a simple regression analysis of testing the accounting environment response to the accounting reform process. The table clearly indicates that the value of the determination coefficient is ($R^2= 0.59$) which means that accounting reform process explains (59%) of the difference occurring in the accounting environment in Algeria. Which means that the hypothesis is statistically accepted.

Table (IV-39): The Results of a Simple Regression Analysis of Testing the Accounting Environment Response towards the Accounting Reform Process

Simple Regression Analysis	(Beta) Value	(t) Value	Sig.
The Accounting Environment Response	0.774	9.425	0.000
R ² Value	0.599		

Source: By the Researcher on the basis of SPSS Results (*sig $\alpha < 0.05$).

4. The Fourth Minor Hypothesis

Table (IV-40) shows a simple regression analysis of testing the ability of the accounting reform process to improve the practice of accounting profession. The table clearly indicates that the value of the determination coefficient is ($R^2= 0.34$) which means that the accounting reform process explains (34%) of the difference occurring in the accounting profession. Which means that the hypothesis is statistically accepted.

Table (IV-40): The Results of a Simple Regression Analysis of Testing the Accounting Profession Response

Simple Regression Analysis	(Beta) Value	(t) Value	Sig.
The Accounting Profession	0.586	4.160	0.000
R ² Value	0.344		

Source: By the Researcher on the basis of SPSS Results (*sig $\alpha < 0.05$).

5. The Fifth Minor Hypothesis

Table (IV-41) shows a simple regression analysis to test if the accounting reform process doesn't require this time and these efforts to upgrade the accounting field .The table indicates that the value of the determination coefficient is ($R^2 = 0.53$). This means that the accounting reform process explains (53%) of the efforts dedicated to develop the field of accounting in Algeria. Which means that the hypothesis is statistically accepted.

Table (IV-41): The Results of a Simple Regression Analysis of the Accounting Reform Process Efforts

Simple Regression Analysis	(Beta) Value	(t) Value	Sig.
The Process Itself	0.729	11.533	0.000
R ² Value	0.531		

Source: By the Researcher on the basis of SPSS Results (*sig $\alpha < 0.05$).

b. The Main Hypotheses Statistical Tests

The researcher relied on two ways to test the main hypothesis statistically, Descriptive Statistics and One Sample T Test because the study consists of one variable.

1. Descriptive Statistics of the Accounting Reform Process

When it comes to the accounting reform process, the answers of the study sample were analyzed using the arithmetical average and the standard deviation according to the following table:

Table (IV-42): Descriptive Statistics of the Accounting Reform Process

Axes	Arithmetical Averages	Standard Deviations	Ranking	Level of Agreement (Effectiveness)
II-The Accounting Practices	3.3593	0.7991	2	Medium
III- The Accounting Environment	2.6683	0.7991	5	Medium
IV- The Accounting Profession in Algeria	3.3157	0.7304	3	Medium
V- International Accounting Standards IAS/IFRS	3.9675	0.5891	1	High
VI- The Accounting Reform Process Itself	2.908	0.7072	4	Medium
Accounting Reform in Algeria	3.2438	0.5375	/	Medium

Source: By the researcher based on SPSS Results.

Table (IV-42) shows the agreement level of the Accounting Reform effectiveness from the point of view of the sample of the study which was **average**.

The reform's arithmetical average reaches (3.2438) and its standard deviation of (0.5375). There's also a difference in the existence of each dimension of accounting reform in Algeria. The highest is: internationalizing accounting practices towards IAS/IFRS with a **high degree** and an arithmetical average of (3.9675) and a standard deviation of (0.5891). The second is The Accounting Practices with a **medium degree** and an arithmetical average of (3.3593) and a standard deviation of (0.7991). The third is the reality of practicing the accounting profession with also a **medium degree** and arithmetical average of (3.3157) and a standard deviation of (0.7304). The fourth is the Accounting Reform Process Itself with also a **medium degree** and arithmetical average of (2.908) and a standard deviation of (0.7072). The Accounting Environment came last with a **medium degree** and an arithmetical average of (2.6683) and a standard deviation of (0.7991).

However, these results reveal that the accounting reform dimensions **reflected positively** on the reform process.

2. The One Sample T test

Since the study consists of one variable, the One Sample T test is used to estimate the efficacy of the accounting reform process in Algeria according to the opinions of the study sample. (Gosset W.S "Student" , 1908) Refers to a number of conditions that must be encountered before performing the one sample T test:

- ✚ The sample of the study must be larger than 30 participants;
- ✚ The distribution of the study answers must be Normal;
- ✚ The sample of the study must be random;
- ✚ The recovered data should be free of anomalies.

The researcher performs the one sample t-tests in a confidence interval estimated at 95% ($\alpha=0.05$) and an estimated (T Value = X) according to the table as the following:

Table (IV-43): Testing the Effectiveness Level Using T Value

Order	The Five Point Likert Scale	Weight	The Effectiveness level	T Value
1	Strongly Agree	5	Very High	5.00- 4.20
2	Agree	4	High	4.19-3.40
3	Neutral	3	Medium	3.39-2.60
4	Disagree	2	Low	2.59-1.80
5	Strongly Disagree	1	Very Low	1.79-1

Source: By the researcher.

After testing the hypothesis to determine the level of efficiency of the accounting reform process in Algeria, the results are shown in the following table:

Table (IV-44): The One Sample T test Results

Accounting Reform Effectiveness	Arithmetical Average	Standard Deviation	t Value (Calculated)	T Value (Table)	Sig.
	3.2438	0.5375	3.4	(3.222)	0.020
			2.6	13.282	0.000

Source: By the Researcher on the basis of SPSS Results (*sig $\alpha<0.05$).

Based on Descriptive Statistics and One Sample T Test, it can be said that the hypothesis is statistically accepted.

II. General Results of the Field Study

Based on the field study, the researcher managed to highlight a set of general results related to the topic as the following:

- ✚ Most of the participants in the study are males especially that the researcher noticed that most of the professional accountants accredited by the Ministry of Finance are males, which opens the door for questions like: Is practicing the accounting profession limited to the gender of male?;
- ✚ Most of the participants in the study have a Ph.D. degree in accounting sciences, which will reflect on the quality of the results of the study;
- ✚ Most of the participants in this study have seniority of more than 10 years, which means that the study targeted participants who witnessed the accounting reform process in its emergence and maturity stages.
- ✚ The majority of the study participants benefited from a Professional Accounting Educational Program for at least 12 months;
- ✚ The participants are well distributed according to the sector of activity, which achieves the principle of diversity and enhances the principle of difference in the point of view, and this is one of the advantages of this study that attempts to have an idea about the point of view of each category compared to the other ones.

Conclusion

This field study relied on a set of statistical and non-statistical tools to try to address the accounting reform process through various aspects. On this basis, a questionnaire was prepared and submitted to a group of participants and analyzed using Statistical Package Analysis for Social Sciences program SPSS 26.

In addition, the researcher conducted a semi-directed interview with a group of highly qualified accounting professionals to have a better view and eliminate any suspicion that can be accrued through a set of questions that was prepared based on the sample answers.

Finally, the field study revealed a set of general results related to the study sample. The statistical tests also confirmed the existence of a statistical significance for the dimensions of the accounting reform process, which confirms the ability of this study to answer the problem presented honestly and reliably which is of course according to the viewpoint of the study sample.

Conclusion

Conclusion:

This study dealt with the accounting reform in Algeria under the international accounting standards IAS/IFRS, which attempted to assess the effectiveness of the accounting reform process in Algeria after more than 10 years of application. For this reason, this topic has been divided into two parts, the first is the theoretical part and the second is the practical one.

As for the theoretical part, it consists of three chapters dealing with different aspects of the subject, starting with general concepts about accounting, the first appearance of accounting and its development, especially in the Islamic era, through the emergence of international standardization efforts until the emergence of international accounting standards IAS/IFRS.

Then, the background of the accounting reform process in Algeria was discussed in the second chapter, starting from the independence of Algeria until the developments taking place today in accounting. The financial accounting system has been addressed from several aspects. In addition, a brief comparison between the financial accounting system and international accounting standards was set.

In the last theoretical chapter, the accounting equation in Algeria was addressed by identifying the most important parties related to the accounting profession in Algeria, starting from the economic environment in Algeria, to the laws and legislations that control the accounting profession in Algeria. It was also an opportunity to talk about accounting professionals, as well as the reform process itself. The accounting education in Algerian universities and the status of each party in the reform process also have their part.

In the practical part, a field study was carried out to address the theoretical part on the practical side by analyzing the data retrieved from a submitted questionnaire and relying on interviews with highly qualified specialists in the field of accounting in order to answer the problem at hand and propose appropriate solutions later.

Therefore, addressing this subject in this way was targeting all aspects related to the accounting reform process whatever they were. Finally, the study reached a set of conclusions, which are presented as follows:

I. Testing the Hypotheses

Based on the results of both the questionnaire and the interview, the hypotheses are tested as the following:

1. The First Minor Hypothesis

- (H₀₁): The accounting reform process wasn't able to improve accounting practices of the accountant in Algeria;
- (H₁₁): The accounting reform process was able to improve accounting practices of the accountant in Algeria.

Since the value ($t= 13.145$, $\text{sig.} = 0.000 < 0.05$), we reject the null hypothesis (H₀₁) and accept the alternative hypothesis (H₁₁) which means that the financial accounting system was able to improve accounting practices of the accountant in Algeria according to **Table (IV-37)**.

However, according to **Table (IV-42)**, the Level of Agreement is **medium**, which indicates that despite the validity of the hypothesis, the effect was average, and that means the presence of some deficiencies, which were cited in the interview results.

2. The Second Minor Hypothesis

- (H₀₂): The accounting reform process doesn't encourage the international convergence with IAS/IFRS;
- (H₁₂): The accounting reform process encourages the international convergence with IAS/IFRS.

Since the value ($t= 17.956$, $\text{significance level} = 0.000 < 0.05$), we reject the null hypothesis (H₀₂) and accept the alternative hypothesis (H₁₂) which means that the accounting reform process encourages the international convergence with IAS/IFRS according to **Table (IV-38)**.

However, according to **Table (IV-42)**, the Level of Agreement is **high**, which indicates the validity of the hypothesis.

3. The Third Minor Hypothesis

- (H₀₃): The accounting environment response wasn't serving the objectives of the accounting reform process;
- (H₁₃): The accounting environment response was serving the objectives of the accounting reform process.

Since the value ($t= 9.425$, significance level = $0.000 < 0.05$), we reject the null hypothesis (H₀₃) and accept the alternative hypothesis (H₁₃) which means that the accounting environment response was serving the accounting reform process goals according to **Table (IV-39)**.

However, according to **Table (IV-42)**, the Level of Agreement is **medium**, which indicates that despite the validity of the hypothesis, the effect was average, and that means the presence of some deficiencies, which were cited in the interview results.

4. The Fourth Minor Hypothesis

- (H₀₄): The accounting reform process was able to improve the practice of accounting profession in Algeria.
- (H₁₄): The accounting reform process was able to improve the practice of accounting profession in Algeria.

Since the value ($t= 4.160$, significance level = $0.000 < 0.05$), we reject the null hypothesis (H₀₄) and accept the alternative hypothesis (H₁₄) which means that the accounting reform process was able to improve the practice of accounting profession in Algeria according to **Table (IV-40)**.

However, according to **Table (IV-42)**, the Level of Agreement is **medium**, which indicates that despite the validity of the hypothesis, the effect was average, and that means the presence of some deficiencies, which were cited in the interview results.

5. The Fifth Minor Hypothesis

- (H₀₅): The accounting reform process do require all this time and these efforts to upgrade the accounting field;
- (H₁₅): The accounting reform process doesn't require all this time and these efforts to upgrade the accounting field.

Since the value ($t= 11.533$, significance level = $0.000 < 0.05$), we reject the null hypothesis (H₀₅) and accept the alternative hypothesis (H₁₅) which

means that the accounting reform process doesn't require all this time and these efforts to upgrade the accounting field according to **Table (IV-41)**.

However, according to **Table (IV-42)**, the Level of Agreement is **medium**, which indicates that despite the validity of the hypothesis, the effect was **average**, and that means the presence of some deficiencies, which were cited in the interview results.

After analyzing the interview, it became clear to us that the hypothesis is correct, as all the participants in the interview agreed that the accounting reform process doesn't require all this time and these efforts. The interview resolved any doubt about the opinions of the respondents which indicates the added value of the interview when analyzing this hypothesis.

6. Testing the Main Hypothesis

The Null Hypothesis (H_0): The accounting reform process in Algeria under international accounting standards IAS/IFRS was not effective as desired;

The Alternative hypothesis (H_1): The accounting reform process in Algeria under international accounting standards IAS/IFRS after more than 10 years of application was an effective process.

Table (IV-44) shows The One Sample T test Results on the effectiveness of the accounting reform process in Algeria on two different T values:

✚ **The One Sample T-test** ($\alpha=0.05$, $t=3.4$): Since the value of the tabular T value is less than the calculated one (t value), it means that there are statistically significant differences between the calculated value of the accounting reform process efficiency and the tabular one with minus (0.1561), which means that the efficiency of the accounting reform process in Algeria is not **high**;

✚ **The One Sample T-test** ($\alpha=0.05$, $t=2.6$): Since the tabular T value of the t is higher than the calculated t value, this indicates that there are no statistically significant differences between the value of the efficiency of the accounting reform process and the tabular T value, which means that the efficiency of the accounting reform process in Algeria was **average** “**medium**”.

Therefore, we accept the null hypothesis (H_0) and reject the alternative one (H_1) which means that *the accounting reform process in Algeria wasn't effective as desired because of some shortcomings that must be resolved as soon as possible*.

II. The results of The Study

The study concluded that:

- ✚ Since the researcher was able to reach a group of highly qualified professionals in accounting, the Algerian authorities can gather all the competencies at the national level in the field of accounting to propose a serious and deep accounting reform project that meets the needs of the Algerian enterprise. Therefore, the first and main obstacle that faces an effective reform process is *the desire to do so*;
- ✚ The accounting reform in Algeria is suffering from many shortcomings that must be resolved as soon as possible like:
 - The problem of not updating the FAS with new international standards;
 - the conceptual framework of the financial accounting system isn't line with the needs of the Algerian enterprise;
 - Not involving all parties in the field of accounting in Algeria to contribute in the accounting reform process;
 - The absence of an independent permanent body that carries out the reform process and updates the financial accounting system whenever the opportunity arise;
 - The crisis of the age of accountancy practitioners and the fear of losing their experience and not passing it on to future generations;
 - Absence of governmental centers that provide financial information such as *the refresh rate*, which is important for calculating the fair value.
- ✚ Despite that the accounting reform process was able to improve accounting practices of the accountant in Algeria, there are some difficulties about:
 - There's still some absence in the fair value application despite that the financial accounting system recognized the possibility of its application as well as the method of dividing assets;
 - the fiscal reforms are insufficient and not in line with the Algerian accounting practices;
 - The accounting education in the university should be reformed and Accounting Professionals should be involved in Accounting Education process;

- the divergence between the FAS and Tax law is unexplainable despite that the FAS and Tax Law are issued by the Ministry of Finance;
- ✚ The accounting reform process encourages the international convergence with IAS/IFRS by going directly to internationalize the accounting practices;
- ✚ The accounting environment response to the accounting reform can serve the objectives of the process with some conditions that must be ensured;
- ✚ Despite that the accounting reform process was able to improve the practice of accounting profession in Algeria, there are some shortcomings like;
 - The problem of accounting paradises must be resolved to enhance the principle of equality;
 - The professional accounting education is suspended for more than 10 years which something that must be resolved;
- ✚ The accounting reform process doesn't require all this time and these efforts to upgrade the accounting field.

III. Recommendations

- ✚ First, the researcher proposes a project to revive accounting in Algeria by preparing a national guide for the accounting law in Algeria consisting of three main chapters;
 - ❖ **Chapter I: Conceptual framework of the financial accounting system and accounting principles and assumptions in detail as well as the field of application;**
 - ❖ **Chapter II: Defining in detail all concepts, measurement methods, accounting recognition, methods of presenting financial statements and appendices, and specially legal penalties resulting from non-respect of these rules;**
 - ❖ **Chapter III: Reorganizing the structure of accounting on the basis of the sectors of activity, and clarifying for each sector the accounting methods used and permitted, national standards, with the amendment and updating of any deficiencies that may arise upon implementation.**

The study also recommends:

- ✚ Establishing a national organization charged with accounting reform and constantly updating it with international accounting standards while promoting the principle of consulting all actors in accounting in Algeria;
- ✚ Linking the accounting reform process to a specific time period;
- ✚ Imposing the maintenance of accounting under the law and minimizing the ceiling of obligating enterprises to maintain a simplified accounting in order to spread awareness and accounting culture in small and medium enterprises, even if this is at the expense of maintaining external accounting offices for the activities of these enterprises;
- ✚ Listing companies on the stock exchange in an innovative way and in accordance with the law, for example, listing the company that its capital exceeds 300 million Algerian dinars;
- ✚ Stimulating consultative thinking by inviting all parties involved in the field of accounting to participate in the accounting reform process;
- ✚ Providing the necessary conditions for the accounting environment in Algeria to respond positively to the requirements of the reform process, such as:
 - Using the automated media technology;
 - the education of the human element must be promoted;
 - the Tax Law must be in line with the financial accounting system rules;
 - the conceptual framework of the FAS and IAS/IFRS should be fully understood by both authorities and professionals;
 - Algerian authorities should take into account the relation between accounting and the new orientation towards E-Commerce and international Trade;
 - Entrusting entirely the accountability of private companies to external accounting professionals needs to stop;
- ✚ The professional accounting education is suspended for more than 10 years which something that must be resolved through universities because that can save time, money, and effort;
- ✚ Giving much freedom the three professional organization and giving them the chance to contribute in the accounting reform process;

- ✚ The accounting researchers' access to financial statements of the companies requires free subscriptions to the National Center for the Commercial Register Platform to enhance the access to the financial information and increase the quality of their scientific papers;
- ✚ The process of accounting reform should meet the Algerian enterprise needs and shouldn't be from a political perspective at all;
- ✚ Giving accounting appendices the importance they deserve;
- ✚ Accrediting laboratories and research teams in universities concerned with the issue of accounting reform and providing the necessary support for them;
- ✚ Increasing the accounting education hours at the university and providing field training for the benefit of students through agreements between the Algerian university and the National Accounting Council;

IV. Study Prospects and Challenges

For thousands of years ago, mankind discovered writing and used it to codify various financial transactions to accounting writings, and he was able to develop these skills from inventing the principle of double entry until the establishment of international accounting organizations and the issuance of international accounting standards IAS/IFRS. Today no one knows how the future of accounting will be in the next generations.

But, one thing is confirmed when we take a look at the technological development taking place, we will realize that what may happen in accounting can change it at all. So, among the most important challenges that may face accounting in the future are the following:

1. E-Accounting: The spread of electronic payment techniques in this era has facilitated the process of accounting records and processing those records in short period. So that the coming years will witness a tremendous development in the use of E-Accounting applications, the problem of cyber security remains around this technology, but it seems like the BlockChain technology already contributed to eliminating this problem which puts traditional accountants in a serious problem. Because their services will be dispensed. It also doesn't mean that the traditional accounting profession will die, but this technology will inevitably replace accountants who don't rush themselves to develop their skills to work with these modern technologies.

2. Space Invasion: As mentioned earlier, Space Invasion may seem crazy, but who knows? Circumstances may occur in the future that may accelerate the trend towards space invasion especially that it's a fertile environment to which only the leading countries in the world have been focused on. In the event of an attempt to invade space in the future by countries, we may need some rules to control the process in order to prevent any chaos, and for this we may find ourselves as human beings in need of accounting standards that deal with financial operations in evaluating and recognizing the installations directed to space and other costs associated with this process.

V. Topics Suggested

The study suggests a set of topics that can be addressed in the future by researchers, whether in the form of scientific papers or doctoral these as follows:

- ✚ E-Accounting in Algeria;
- ✚ The Accounting Needs of the Algerian Enterprise;
- ✚ The Algerian Accounting Standards.

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Appendices

N°01: The Questionnaire “English Version”



PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA
Ministry of Higher Education and Scientific Research
University of Djilali Liabess - Sidi Bel-Abbes

Faculty of Economics, Commerce, and Management Sciences
Finance and Accounting Department
- Corporate Finance –



Questionnaire form

Hello, Dear participant;

The aim of this questionnaire is to know your opinions and attitudes towards the accounting reform process in Algeria under international accounting standards IAS/IFRS in order to complete a doctoral thesis, the study results will be a service for academic purposes only and all responses will remain confidential and anonymous.

Answering this questionnaire will not take more than 03 minutes. But to participate in this study, it is required that you be related to the field of accounting "Professionals, University professors, Accountants and Auditors...etc"

It should be noted that there is no right or wrong answers, but after analyzing the results of the study, the three closest answers that express the reality of accounting in Algeria will receive a printed copy of this doctoral thesis, sent to an address of their choice.

Thank you very much for your cooperation.

Abdelhalim MILIANI - عبد الحليم ملياني
Doctoral Student - University of Djilali Liabess Sidi Bel Abbes
Researcher in Finance and Accounting Sciences
Enterprises Management Laboratory Member
PRFU Project Member
- Accounting Reform in Algeria between Practices and Economic Globalization 2021/2024-

Electronic Version:

<https://forms.gle/CND5fhH2utWrcAeY6>

Section One: Demographic Data

Put (X) in the Appropriate Field

<p>1- Gender</p> <p><input type="checkbox"/> ❖ Male</p> <p><input type="checkbox"/> ❖ Female</p> <p>2- Qualifications</p> <p><input type="checkbox"/> ❖ Professional Accounting</p> <p><input type="checkbox"/> ❖ Certificate or similar</p> <p><input type="checkbox"/> ❖ Bachelor's Degree</p> <p><input type="checkbox"/> ❖ Master Degree</p> <p><input type="checkbox"/> ❖ Magister Degree</p> <p><input type="checkbox"/> ❖ Ph.D.</p> <p>Other:</p> <p>3- Seniority</p> <p><input type="checkbox"/> ❖ Less Than 5 Years</p> <p><input type="checkbox"/> ❖ From 5 Years to Less Than 10 Years</p> <p><input type="checkbox"/> ❖ From 10 Years to Less Than 15 Years</p> <p><input type="checkbox"/> ❖ From 15 Years to Less Than 20 Years</p> <p><input type="checkbox"/> ❖ More Than 20 Years</p> <p>4- Accounting Education Duration</p> <p><input type="checkbox"/> ❖ Never</p> <p><input type="checkbox"/> ❖ Less Than 3 Months</p> <p><input type="checkbox"/> ❖ From 3 Months to Less Than 6 Months</p> <p><input type="checkbox"/> ❖ From 6 Months to Less Than 12 Months</p> <p><input type="checkbox"/> ❖ More than 12 months</p>	<p>5- Sector</p> <p><input type="checkbox"/> ❖ Public Economic Sector</p> <p><input type="checkbox"/> ❖ Private Sector</p> <p><input type="checkbox"/> ❖ Banking System</p> <p><input type="checkbox"/> ❖ Tax Administration</p> <p><input type="checkbox"/> ❖ Higher Education (Accounting Education)</p> <p><input type="checkbox"/> ❖ Liberal Professions (Commissioners of Accounts, Accounting Expert, Certified Accountant)</p> <p>6- Nature of profession</p> <p><input type="checkbox"/> ❖ Finance and Accounting Responsible</p> <p><input type="checkbox"/> ❖ Auditor</p> <p><input type="checkbox"/> ❖ Accounting Teacher</p> <p>7- Company Name (Or Accountant)</p> <p>.....</p> <p>8- Email:</p> <p>.....</p>
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Section Two: Accounting Reform Process: Reality and Prospects					
Put (X) in the Appropriate Field					
Paragraphs	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The Reality of Accounting Practices in Light of the Accounting Reform Process					
The accountant faces some difficulties in processing some transactions (recording, measuring, fair value)					
The financial accounting system has rules that are able to solve most of the problems facing the accountant					
The financial accounting system contributed to improving the quality of financial disclosure					
The financial accounting system has been able to limit accounting deception (creative accounting)					
The financial accounting system was able to improve the quality of financial information					
The Accounting Environment Response to the Accounting Reform Process					
The Algerian business environment is able to comply with the provisions of the financial accounting system efficiently					
The fiscal system reforms are sufficient and in line with the provisions of the financial accounting system					
The financial market in Algeria needs significant efforts to live up to the aspirations and objectives of the financial accounting system					
The efforts made to upgrade accounting education in universities were very fruitful and valuable					
The provisions of the Commercial Code promote the effective application of the provisions of the financial accounting system					
The Reality of Practicing the Accounting Profession in Algeria in light of the Accounting Reform Process					
The issuance of Commissioners of Accounts reporting standards is an important step towards international convergence					

Efforts to reform the accounting profession by the Ministry of Finance are sufficient to ensure good professional practice					
The reorganization of professional accounting organizations has an effective role in promoting the application of the financial accounting system					
The education to practice the accounting profession is sufficient to ensure effective accounting practice					
The Ministry's accompaniment of professionals had a major role in improving the practice of the accounting profession in Algeria					
The financial accounting system facilitates the task of auditing based on clear rules and principles					
The challenge of Internationalizing Accounting Practices towards IAS/IFRS					
The choice to go towards international accounting standards is an inevitable and unavoidable					
The financial accounting system encourages reliance on financial accounting standards					
Not updating the financial accounting system with the provisions of international accounting standards limits the effectiveness of its application					
The financial statements prepared according to the financial accounting system aim to highlight the financial position of the enterprise					
The good application of the financial accounting system is dependent on activating the financial market to keep pace with international accounting standards					
The Reality Accounting Reform Process Itself					
There is a real desire on the part of the Algerian authorities for a new, deep and serious reform					
The exclusiveness of the Ministry of Finance to carry out the accounting reform process alone is a right decision					
Suspending professional Education in accounting expertise is a precautionary measure to prevent chaos in the profession					

The importance of the accounting reform process was worth all this period (more than 10 years)					
Difficulty in understanding and interpreting international accounting standards that would affect the efficiency of the reform process					
The confusion between the Foreign references greatly affected the accounting reform process					
Algerian business environment is able to respond to the latest developments in international accounting standards					

-5-

Thank you for your cooperation.

N°02: The Questionnaire "Arabic Version"



الجمهورية الجزائرية الديمقراطية الشعبية
وزارة التعليم العالي والبحث العلمي
جامعة الجيلالي ليابس - سيدي بلعباس -
كلية العلوم الاقتصادية، التجارية وعلوم التسيير
قسم العلوم المالية والمحاسبة
- مالية المؤسسة -



إستمارة إستبانة

السلام عليكم، عزيزي المشارك؛

الهدف من هذه الاستبانة هو معرفة آرائكم ومواقفكم تجاه عملية الإصلاح المحاسبي في الجزائر في إطار المعايير المحاسبية الدولية IAS/IFRS لإتمام أطروحة دكتوراه لهذا الغرض، نتائج هذه الدراسة ستكون خدمة لأغراض أكاديمية فقط وستظل جميع الردود سرية ومجهولة المصدر. كما أن الإجابة عن هذه الاستبانة لن تستغرق أكثر من 03 دقائق. للمشاركة في هذه الدراسة يُشترط أن تكونوا مرتبطين بميدان المحاسبة "مهنين، أساتذة جامعيين، مدققين ... إلخ". لا توجد إجابة صحيحة وإجابة خاطئة، ولكن بعد تحليل نتائج الدراسة سيتحصل أصحاب أقرب ثلاث إجابات تعبر عن واقع المحاسبة في الجزائر على نسخة ورقية من أطروحة الدكتوراه هذه، ترسل إلى عنوان تختارونه أنتم. شكراً جزيلاً على تعاونكم،

Abdelhalim MILIANI - عبد الحليم ملياني

طالب دكتوراه بجامعة الجيلالي ليابس سيدي بلعباس

باحث في العلوم المالية والمحاسبة

عضو مخبر تسيير المؤسسات

عضو فرقة بحث PRFU

حول عملية الإصلاح المحاسبي في الجزائر بين الممارسة والعمولة الاقتصادية 2021-2024

النسخة الإلكترونية:

<https://forms.gle/4aeysWztvrXpkSd7>

المحور الأول: البيانات الديمغرافية

ضع علامة (X) في الخانة المناسبة

05 - قطاع النشاط	01- الجنس
❖ القطاع الإقتصادي العمومي <input type="checkbox"/>	❖ ذكر <input type="checkbox"/>
❖ القطاع الخاص <input type="checkbox"/>	❖ أنثى <input type="checkbox"/>
❖ القطاع البنكي <input type="checkbox"/>	02- المؤهلات العلمية
❖ إدارة الضرائب <input type="checkbox"/>	❖ شهادة مهنية في المحاسبة أو شهادة معادلة <input type="checkbox"/>
❖ التعليم العالي (التكوين المحاسبي) <input type="checkbox"/>	❖ شهادة ليسانس <input type="checkbox"/>
❖ المهن الحرة <input type="checkbox"/>	❖ شهادة ماستر <input type="checkbox"/>
(محافظ حسابات، محاسب معتمد، خبير محاسب)	❖ شهادة ماجستير <input type="checkbox"/>
06- طبيعة الوظيفة	❖ شهادة دكتوراه <input type="checkbox"/>
❖ مكلف بالمالية والمحاسبة <input type="checkbox"/>	شهادة أخرى (أذكرها):
❖ مدقق <input type="checkbox"/>	03- الأقدمية
❖ أستاذ في المحاسبة <input type="checkbox"/>	❖ أقل من 05 سنوات <input type="checkbox"/>
07- إسم المؤسسة (أو المحاسب)	❖ من 05 سنوات إلى أقل من 10 سنوات <input type="checkbox"/>
.....	❖ من 10 سنوات إلى أقل من 15 سنة <input type="checkbox"/>
08- البريد الإلكتروني	❖ من 15 سنة إلى أقل من 20 سنة <input type="checkbox"/>
.....	❖ من 20 سنة فأكثر <input type="checkbox"/>
	04- الإستفادة من تكوين في المحاسبة
	❖ لم أستفد <input type="checkbox"/>
	❖ أقل من 03 أشهر <input type="checkbox"/>
	❖ من 03 أشهر إلى أقل من 06 أشهر <input type="checkbox"/>
	❖ من 06 أشهر إلى أقل من 12 شهرا <input type="checkbox"/>
	❖ أكثر من 12 شهرا <input type="checkbox"/>

المحور الثاني : عملية الإصلاح المحاسبي: الواقع والآفاق

ضع علامة (X) في الخانة المناسبة

موافق بشدة	موافق	محايد	غير موافق	غير موافق بشدة	الفقرات
واقع الممارسات المحاسبية في إطار عملية الإصلاح المحاسبي					
					يواجه المحاسب بعض الصعوبات في معالجة بعض العمليات (تسجيل، قياس، القيمة العادلة)
					لنظام المحاسبي المالي قواعد قادرة على حل أغلب مشاكل المحاسب
					النظام المحاسبي المالي ساهم في تحسين جودة الإفصاح المالي
					لقد إستطاع النظام المحاسبي المالي مكافحة من الخداع المحاسبي
					لقد تمكن النظام المحاسبي المالي من تحسين جودة المعلومة المالية
مدى إستجابة البيئة المحاسبية لعملية الإصلاح المحاسبي					
					بيئة الأعمال الجزائرية قادرة على الإلتزام بأحكام النظام المحاسبي المالي
					إصلاحات المنظومة الجبائية كافية وتتماشى مع أحكام النظام المحاسبي المالي
					السوق المالي في الجزائر يحتاج إلى جهود معتبرة ليرقى إلى تطلعات وأهداف النظام المحاسبي المالي
					جهود المبدولة لترقية التعليم المحاسبي في الجامعة كانت مثمرة وقيمة جدا
					أحكام القانون التجاري تعزز التطبيق الفعال لأحكام النظام المحاسبي المالي
واقع ممارسة مهنة المحاسبة في الجزائر على ضوء عملية الإصلاح المحاسبي					
					إصدار معايير إعداد تقرير محافظ الحسابات يعتبر خطوة هامة نحو التقارب الدولي
					الجهود المبذولة لإصلاح مهنة المحاسبة من طرف وزارة المالية كانت كافية لضمان ممارسة محاسبية جيدة
					إعادة تنظيم المنظمات المحاسبية له دور فعال في تعزيز تطبيق النظام المحاسبي المالي
					التكوين لممارسة مهنة المحاسبة يعد كافيا لضمان ممارسة محاسبة فعالة
					مرافقة الوزارة الوصية للمهنيين كان لها دور كبير في تحسين ممارسة مهنة المحاسبة في الجزائر
					النظام المحاسبي المالي يسهل مهنة المراجعة بناء على قواعد وأسس واضحة
تحدي تدويل الممارسات المحاسبية تجاه المعايير المحاسبية الدولية					
					التوجه نحو المعايير المحاسبية الدولية أمر حتمي لا بد منه
					النظام المحاسبي المالي يشجع الإعتماد على المعايير المحاسبية الدولية
					عدم تحيين النظام المحاسبي المالي مع أحكام المعايير المحاسبية الدولية يحد من فعالية تطبيقه
					القوائم المالية المعدة حسب النظام المحاسبي المالي تهدف إلى إبراز المركز المالي للمؤسسة

					التطبيق الجيد للنظام المحاسبي المالي منوط بتفعيل السوق المالي لمسايرة المعايير المحاسبية الدولية
واقع عملية الإصلاح المحاسبي في حد ذاتها					
					هناك رغبة حقيقية لدى السلطات الجزائرية للقيام بإصلاح محاسبي جدي وعميق
					حصريّة وزارة المالية للقيام وحدها بعملية الإصلاح المحاسبي يعتبر قرارا صائبا
					يعد تجميد التكوين في الخبرة المحاسبية إجراء احترازا لمنع خلق فوضى في المهنة
					صعوبة فهم وتأويل المعايير المحاسبية الدولية من شأنه أن يؤثر على نجاعة عملية الإصلاح ككل
					الخلط بين المرجعيات المعتمدة أثر كثيرا على عملية الإصلاح المحاسبي في الجزائر
					بيئة الأعمال قادرة على الإستجابة للمستجدات الأخيرة في المعايير المحاسبية الدولية.

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شكراً جزيلاً على تعاونكم،

N°03: The Semi-Directed Interview Guide



PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA
Ministry of Higher Education and Scientific Research
University of Djilali Liabess - Sidi Bel-Abbes

Faculty of Economics, Commerce, and Management Sciences
Finance and Accounting Department
- Corporate Finance –



Semi-Directed Interview Guide

In order to complete a doctoral thesis dealing with the issue of accounting reform in Algeria under the international accounting standards IAS/IFRS and after analyzing the results of a questionnaire distributed to more than 1,000 participants over 36 Wilayas concerned with Accounting professionals “Certified Accountants, Commissioners of Accounts and Accounting Experts”, accountants in public and private economic companies, University Professors in accounting, Tax Inspectors and Banking sector workers charged with reviewing the financial statements of various economic enterprises. A semi-directed interview with a group of High-Qualified Accounting in Algeria was relied on, as an attempt by the researcher to answer the problem represented in;

How effective is the accounting reform process in Algeria under the International Accounting Standards IAS/IFRS after more than 10 years of application?

On this basis, we hope that you will accept participation in this study and we ask you to answer these questions according to your experience and in accordance with the challenges facing accounting in Algeria.

Mr. Abdelhalim Miliani

Ph.D. student at University of Djilali Liabess, Sidi Bel Abbas

Email: milianidz@gmail.com

Question 01: *“According to another study (A Miliani, M Kameli, 2021) as well as this one, almost all participants agreed that the accounting reform process contributed to improving the quality of financial information, while members of the accounting profession were somewhat conservative and did not agree with this proposition, what is your reading of this point?”*

Question 02: *The majority of university professors, as well as accountants and internal auditors in public and private companies, believe that the Algerian business environment is capable of responding to the accounting reform process requirements. What is your comment on this?*

Question 03: *Both accounting professionals and companies accountants, believe that fiscal reforms are insufficient and not in line with the Algerian accounting practices. What you think about this?*

Question 04: *Algerian accounting education efforts are insufficient according to the study participants, what is your comment? And what are the ways to address these shortcomings, if any?*

Question 05: *Carrying out a reform process with the Ministry exclusiveness is not a good idea according to the study participants. In your opinion, what should be done in this regard?*

Question 06: *The study participants believe that the accounting reform process is not worth all this time. In your opinion, is it due to the Algerian authorities' unwillingness to carry out a serious and deep reform process? Or is there another opinion?*

TABLE 1
Table for Determining Sample Size from a Given Population

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size.
S is sample size.

Distribution of the Sample of the Study by Region

West of Algeria		Center of Algeria	
Wilaya	N	Wilaya	N
Sidi bel abbes	17	Algiers	22
Saida	02	Borg Bou Arreridj	04
Oran	07	Bouira	01
Tlemcen	02	Tissemsilet	02
Mostaghanem	03	Ain Defla	02
Mascara	03	Tipaza	01
Relizen	02	Tiaret	02
Ain Temouchent	01	Boumerdes	01
Chlef	07	Midea	02
Total	44	Total	37
Est of Algeria		South of Algeria	
Wilaya	N	Wilaya	N
Annaba	04	El Oued	04
Constantine	03	Illizi	02
Msila	03	Ouargla	03
Setif	04	Laghouat	02
Tebessa	03	Biskra	03
Mila	01	Naama	01
Om Bouaghi	02		
Bejaia	01		
El Taref	01		
Khenchela	01		
Djijel	03		
Skikda	01		
Total	27	Total	15

The Study Participants

Companies			
Company Name	Wilaya of Activity	Company Name	Wilaya of Activity
ADE	Annaba	EPE SAPTA	Djijel
AGRODIV	Msila	EPIC	Algiers
AGROTECH	Algiers	FAMAG	Sidi Bel Abbes
AMENHYD	Algiers	FCO	Sidi Bel Abbes
AOA	Oran	GIBA	Biskra
ARCODYM	Bordj Bou arreridj	KPMG	Algiers
BAKER HUGHES	Algiers	MODIFOOD	Sidi Bel Abbes
AL-SALAM BANK	Algiers	ORFEE-BCR	Boumerdas
BDL	Ouargla	RENAISSANCE	Tlemcen
BNA	Bejaia	SADEG	Algiers
	Tiaret	SALU	Annaba
CMA	Sidi bel abbes	SARL AGT	Mostaghanem
CONDOR	Bordj Bou Arreridj	SARL COFIGES	Algiers
COSIDER	Algiers	SARL MGSAM	Tipaza
ECRN	Oran	SONATRAP	Setif
ENAG	Algiers	SETRAM	Sidi Bel Abbes
ENAP	Bouira	SONALGAZ	Ain Defla
ENG	Ain Temouchent		Midea
ENIE	Sidi Bel Abbes	SONATRACH	Oran
Universities			
University of Khemis Miliana		University Center of Illizi	
University Center of Laghouat		University of Algiers 3	
University of Saida		University of Annaba	
University of Om El Bouaki		University of Constantine	
University of Djijel		University of Midea	
University of Chlef		University of Tebessa	
University of Oran		University of Ouargla	
University of Mascara		University of Relizen	
University of Biskra		University of Sidi Bel Abbes	

Source: By the researcher

It should be noted here that the present table is just a summary about the study characteristics because some participants didn't mention the exact the Company/University that they belong to.

The SPSS Results:

Test of Normality:

One-Sample Kolmogorov-Smirnov Test

		Y
N		123
Normal Parameters ^{a,b}	Mean	3.2438
	Std. Deviation	.53757
Most Extreme Differences	Absolute	.064
	Positive	.055
	Negative	-.064
Test Statistic		.064
Asymp. Sig. (2-tailed)		.200 ^{c,d}

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Internal Consistency:

Correlations

		Q11	Q12	Q13	Q14	Q15	X1
Q11	Pearson Correlation	1	.493**	.545**	.393**	.572**	.769**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	123	123	123	123	123	123
Q12	Pearson Correlation	.493**	1	.435**	.359**	.407**	.702**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	123	123	123	123	123	123
Q13	Pearson Correlation	.545**	.435**	1	.554**	.623**	.810**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	123	123	123	123	123	123
Q14	Pearson Correlation	.393**	.359**	.554**	1	.650**	.768**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	123	123	123	123	123	123
Q15	Pearson Correlation	.572**	.407**	.623**	.650**	1	.831**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	123	123	123	123	123	123
X1	Pearson Correlation	.769**	.702**	.810**	.768**	.831**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	123	123	123	123	123	123

** . Correlation is significant at the 0.01 level (2-tailed).

Correlations

		Q21	Q22	Q23	Q24	Q25	X2
Q21	Pearson Correlation	1	.388**	.345**	.376**	.307**	.658**
	Sig. (2-tailed)		.000	.000	.000	.001	.000
	N	123	123	123	123	123	123
Q22	Pearson Correlation	.388**	1	.420**	.290**	.513**	.700**
	Sig. (2-tailed)	.000		.000	.001	.000	.000
	N	123	123	123	123	123	123
Q23	Pearson Correlation	.345**	.420**	1	.543**	.551**	.782**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	123	123	123	123	123	123
Q24	Pearson Correlation	.376**	.290**	.543**	1	.488**	.749**
	Sig. (2-tailed)	.000	.001	.000		.000	.000
	N	123	123	123	123	123	123
Q25	Pearson Correlation	.307**	.513**	.551**	.488**	1	.776**
	Sig. (2-tailed)	.001	.000	.000	.000		.000
	N	123	123	123	123	123	123
X2	Pearson Correlation	.658**	.700**	.782**	.749**	.776**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	123	123	123	123	123	123

** . Correlation is significant at the 0.01 level (2-tailed).

Correlations

		Q31	Q32	Q33	Q34	Q35	Q36	X3
Q31	Pearson Correlation	1	.290**	.427**	.292**	.281**	.440**	.612**
	Sig. (2-tailed)		.001	.000	.001	.002	.000	.000
	N	123	123	123	123	123	123	123
Q32	Pearson Correlation	.290**	1	.297**	.463**	.468**	.326**	.692**
	Sig. (2-tailed)	.001		.001	.000	.000	.000	.000
	N	123	123	123	123	123	123	123
Q33	Pearson Correlation	.427**	.297**	1	.354**	.433**	.303**	.660**
	Sig. (2-tailed)	.000	.001		.000	.000	.001	.000
	N	123	123	123	123	123	123	123
Q34	Pearson Correlation	.292**	.463**	.354**	1	.541**	.417**	.766**
	Sig. (2-tailed)	.001	.000	.000		.000	.000	.000
	N	123	123	123	123	123	123	123
Q35	Pearson Correlation	.281**	.468**	.433**	.541**	1	.459**	.778**
	Sig. (2-tailed)	.002	.000	.000	.000		.000	.000
	N	123	123	123	123	123	123	123
Q36	Pearson Correlation	.440**	.326**	.303**	.417**	.459**	1	.673**
	Sig. (2-tailed)	.000	.000	.001	.000	.000		.000
	N	123	123	123	123	123	123	123
X3	Pearson Correlation	.612**	.692**	.660**	.766**	.778**	.673**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	123	123	123	123	123	123	123

** . Correlation is significant at the 0.01 level (2-tailed).

Correlations

		X4	Q41	Q42	Q43	Q44	Q45
X4	Pearson Correlation	1	.584**	.623**	.700**	.749**	.741**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	123	123	123	123	123	123
Q41	Pearson Correlation	.584**	1	.253**	.386**	.181*	.216*
	Sig. (2-tailed)	.000		.005	.000	.045	.016
	N	123	123	123	123	123	123
Q42	Pearson Correlation	.623**	.253**	1	.264**	.394**	.210*
	Sig. (2-tailed)	.000	.005		.003	.000	.020
	N	123	123	123	123	123	123
Q43	Pearson Correlation	.700**	.386**	.264**	1	.398**	.396**
	Sig. (2-tailed)	.000	.000	.003		.000	.000
	N	123	123	123	123	123	123
Q44	Pearson Correlation	.749**	.181*	.394**	.398**	1	.585**
	Sig. (2-tailed)	.000	.045	.000	.000		.000
	N	123	123	123	123	123	123
Q45	Pearson Correlation	.741**	.216*	.210*	.396**	.585**	1
	Sig. (2-tailed)	.000	.016	.020	.000	.000	
	N	123	123	123	123	123	123

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Correlations

		Q51	Q52	Q53	Q54	Q55	Q56	Q57	X5
Q51	Pearson Correlation	1	.486**	.366**	.332**	.061	.225*	.294**	.618**
	Sig. (2-tailed)		.000	.000	.000	.504	.012	.001	.000
	N	123	123	123	123	123	123	123	123
Q52	Pearson Correlation	.486**	1	.517**	.474**	.253**	.185*	.453**	.763**
	Sig. (2-tailed)	.000		.000	.000	.005	.041	.000	.000
	N	123	123	123	123	123	123	123	123
Q53	Pearson Correlation	.366**	.517**	1	.396**	.228*	.225*	.280**	.672**
	Sig. (2-tailed)	.000	.000		.000	.011	.012	.002	.000
	N	123	123	123	123	123	123	123	123
Q54	Pearson Correlation	.332**	.474**	.396**	1	.283**	.285**	.203*	.668**
	Sig. (2-tailed)	.000	.000	.000		.002	.001	.024	.000
	N	123	123	123	123	123	123	123	123
Q55	Pearson Correlation	.061	.253**	.228*	.283**	1	.541**	.203*	.563**
	Sig. (2-tailed)	.504	.005	.011	.002		.000	.024	.000
	N	123	123	123	123	123	123	123	123
Q56	Pearson Correlation	.225*	.185*	.225*	.285**	.541**	1	.243**	.588**
	Sig. (2-tailed)	.012	.041	.012	.001	.000		.007	.000
	N	123	123	123	123	123	123	123	123
Q57	Pearson Correlation	.294**	.453**	.280**	.203*	.203*	.243**	1	.606**
	Sig. (2-tailed)	.001	.000	.002	.024	.024	.007		.000
	N	123	123	123	123	123	123	123	123
X5	Pearson Correlation	.618**	.763**	.672**	.668**	.563**	.588**	.606**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	123	123	123	123	123	123	123	123

** . Correlation is significant at the 0.01 level (2-tailed).

The Reliability Test of the Study:

Case Processing Summary

		N	%
Cases	Valid	123	100.0
	Excluded ^a	0	.0
	Total	123	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.899	28

Case Processing Summary

		N	%
Cases	Valid	123	100.0
	Excluded ^a	0	.0
	Total	123	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.832	5

Case Processing Summary

		N	%
Cases	Valid	123	100.0
	Excluded ^a	0	.0
	Total	123	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.785	5

Case Processing Summary

		N	%
Cases	Valid	123	100.0
	Excluded ^a	0	.0
	Total	123	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.789	6

Case Processing Summary

		N	%
Cases	Valid	123	100.0
	Excluded ^a	0	.0
	Total	123	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.703	5

Case Processing Summary

		N	%
Cases	Valid	123	100.0
	Excluded ^a	0	.0
	Total	123	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.761	7

The Results of a Simple Regression Analysis:**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.767 ^a	.588	.585	.34642

a. Predictors: (Constant), X1

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.736	1	20.736	172.787	.000 ^b
	Residual	14.521	121	.120		
	Total	35.256	122			

a. Dependent Variable: Y

b. Predictors: (Constant), X1

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.511	.135		11.151	.000
	X1	.516	.039	.767	13.145	.000

a. Dependent Variable: Y

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.811 ^a	.658	.655	.31556

a. Predictors: (Constant), X2

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.207	1	23.207	233.054	.000 ^b
	Residual	12.049	121	.100		
	Total	35.256	122			

a. Dependent Variable: Y

b. Predictors: (Constant), X2

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.787	.100		17.956	.000
	X2	.546	.036	.811	15.266	.000

a. Dependent Variable: Y

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.774 ^a	.599	.596	.34164

a. Predictors: (Constant), X3

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.133	1	21.133	181.059	.000 ^b
	Residual	14.123	121	.117		
	Total	35.256	122			

a. Dependent Variable: Y

b. Predictors: (Constant), X3

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.355	.144		9.425	.000
	X3	.570	.042	.774	13.456	.000

a. Dependent Variable: Y

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.586 ^a	.344	.338	.43723

a. Predictors: (Constant), X4

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.125	1	12.125	63.423	.000 ^b
	Residual	23.132	121	.191		
	Total	35.256	122			

a. Dependent Variable: Y

b. Predictors: (Constant), X4

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.121	.269		4.160	.000
	X4	.535	.067	.586	7.964	.000

a. Dependent Variable: Y

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.729 ^a	.531	.528	.36950

a. Predictors: (Constant), X5

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.737	1	18.737	137.237	.000 ^b
	Residual	16.520	121	.137		
	Total	35.256	122			

a. Dependent Variable: Y

b. Predictors: (Constant), X5

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.632	.142		11.533	.000
	X5	.554	.047	.729	11.715	.000

a. Dependent Variable: Y

The One Sample T- test Results:

T-Test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Y	123	3.2438	.53757	.04847

One-Sample Test

	Test Value = 2.6					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Y	13.282	122	.000	.64382	.5479	.7398

T-Test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Y	123	3.2438	.53757	.04847

One-Sample Test

	Test Value = 3.4					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Y	-3.222	122	.002	-.15618	-.2521	-.0602

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Abstract:

Like the rest of the countries, Algeria carried out an accounting reform process by issuing a financial accounting system inspired by international accounting standards IAS/IFRS as an aspect of accounting globalization. However, the accounting reform came in special circumstances and it requires the intervention of many parties if it's to be successful.

Therefore, this study aims to evaluate the efficiency of the accounting reform process in Algeria after more than 10 years of application through a field study in 36 Wilayas across the country, a questionnaire was submitted to a sample consisting of 123 participants related to a group of accounting professionals.

After analyzing the recovered data with the statistical package for the social sciences program SPSS 26, and based on interviewing highly qualified professional experts in the field of accounting in Algeria, the study concluded that the accounting reform in Algeria is still suffering from many shortcomings that must be resolved as soon as possible. The study also recommends a roadmap for an efficient accounting reform process that meets the needs of Algerian enterprises.

Keywords: Accounting Reform, Accounting Practice, International Accounting Standard, Financial Accounting System.

JEL Classification: H83, M41, Q56.

المخلص:

كغيرها من الدول، قامت الجزائر بعملية إصلاح محاسبي من خلال إصدار نظام محاسبي مالي مستوحى من المعايير المحاسبية الدولية IAS/IFRS كوجه من أوجه العولمة المحاسبية. إلا أن عملية الإصلاح المحاسبي جاءت في ظروف خاصة كما أنها تتطلب تدخل العديد من الأطراف في سبيل نجاح العملية.

ولهذا، فإن هذه الدراسة تهدف إلى محاولة تقييم نجاعة عملية الإصلاح المحاسبي في الجزائر بعد أكثر من 10 سنوات من التطبيق من خلال دراسة ميدانية عبر 36 ولاية من الوطن، ولقد تم توزيع إستبانة لعينة مكونة من 123 مشاركا من المتخصصين في مجال المحاسبة.

وبعد تحليل البيانات المسترجعة بواسطة برنامج الحزم الإحصائية لميدان العلوم الإجتماعية SPSS 26، وبعد القيام بمقابلة علمية مع مجموعة من الخبراء عالي المستوى في ميدان المحاسبة في الجزائر، توصلت الدراسة إلى أن عملية الإصلاح المحاسبي في الجزائر لا تزال تعاني من مجموعة من النقائص التي يجب حلها في القريب العاجل، كما أن الدراسة إقترحت خارطة طريق للقيام بعملية إصلاح محاسبي ناجعة من شأنها تلبية إحتياجات المؤسسات الجزائرية.

الكلمات المفتاحية: إصلاح محاسبي، ممارسة محاسبية، معيار محاسبي دولي، نظام محاسبي مالي.

تصنيف JEL: H83، M41، Q56.

Abstracto:

Al igual que el resto de los países, Argelia llevó a cabo un proceso de reforma contable mediante la emisión de un sistema de contabilidad financiera inspirado en las normas contables internacionales IAS/IFRS como un aspecto de la globalización contable. Sin embargo, la reforma contable llegó en circunstancias especiales y requiere la intervención de muchas partes para que tenga éxito.

Por lo tanto, este estudio tiene como objetivo evaluar la eficiencia del proceso de reforma contable en Argelia después de más de 10 años de aplicación a través de un estudio de campo en 36 Wilayas de todo el país, se envió un cuestionario a una muestra compuesta por 123 participantes relacionados con un grupo de profesionales de la contabilidad.

Tras analizar los datos recuperados con el paquete estadístico para el programa de ciencias sociales SPSS 26, y en base a entrevistas a expertos profesionales altamente cualificados en el campo de la contabilidad en Argelia, el estudio concluyó que la reforma contable en Argelia todavía adolece de muchas deficiencias que deben ser resueltas lo antes posible. El estudio también recomienda una hoja de ruta para un proceso de reforma contable eficiente que satisfaga las necesidades de las empresas argelinas.

Palabras clave: Reforma Contable, Práctica Contable, Norma Internacional de Contabilidad, Sistema de Contabilidad Financiera.

Clasificación JEL: H83, M41, Q56.

Résumé:

Comme d'autres pays, l'Algérie a mené un processus de réforme comptable en décrétant un système comptable financier inspiré des normes comptables internationales IAS/IFRS dans le cadre de la mondialisation comptable. Cependant, le processus de réforme comptable est venu dans des circonstances particulières et nécessite l'intervention de plusieurs parties pour le succès du processus.

Par conséquent, cette étude concerne à essayer d'évaluer l'efficacité du processus de la réforme comptable en Algérie après plus de 10 ans d'application à travers une étude empirique à travers 36 Wilayas du pays, un questionnaire a été distribué à un échantillon de 123 participants parmi des spécialistes en comptabilité.

Après avoir analysé les données récupérées au moyen du programme de paquets statistiques pour le domaine des sciences sociales SPSS 26, et après avoir mené un entretien scientifique avec un groupe d'experts de haut niveau dans le domaine de la comptabilité en Algérie, l'étude a conclu que la réforme comptable en Algérie souffre d'un ensemble des déficiences qui doivent être résolues dans le plus tôt possible, l'étude a également proposé une feuille de route pour un processus efficace de réforme comptable qui répondrait aux besoins des entreprises algériennes.

Mots clés : réforme comptable, pratique comptable, norme comptable internationale, système comptable financier.

Classement JEL : H83, M41, Q56.