

The Impact of Adopting International Accounting Standards on the Kuwait Environment: The Perspective of Accountants, Auditors and Academicians

Talal El-Jaway
Professor of International Accounting
Faculty of Administration and Economics
Karbala University -Iraq

Ali abdelghani al-layth
Assistan Profes
Technicacollegeofmanagement
and
Baghdad-Iraq

Malek Al-SHarairy
Lecturer
Faculty of Administrative
Financial Sciences
YarmoukUniversity Arbid - Jordan

NOTE: Questionnaire distributed and collected by Marem Al-motwaa-4th class-accounting department – Faculty of Administrative and Financial Sciences
Al-Isra Private University
Jordan

Introduction

This research aims to examine the agreement extent of accounting policies that the Kuwait companies applied for measuring and evaluating the financial components with international accounting standards requirements, and the degree of application mastery between the companies, besides to examine the convenience of international accounting standards application in this in this connection.

Accounting is practicing as one of the social sciences for the activities concerning the identifying, measuring and information communicating about the economic entities to other parties to facilitate the process of decision-making. The producing and communicating accounting information give a significant important to the roll of accounting, both on the micro and macro level, to increase the efficiency of the information in the economic decision-making by the parties who use the information.

Accounting as a social science, its production functions, affects and to be affected by the environment which is surrounded these functions.

Accounting profession has developed over ages to escort the develop of the modern societies, thus the developing become clear through the establishment of the professional bodies and societies around the world. As the importance of accounting as business language, it became pressing to unification this language between different countries, the international accounting standards committee (IASC) has stand alone to achieve this task through a chain of standards which govern the companies financial statements preparation.

Accordingly, the need for setting generally accepted principles or standards was raised, to represent a set of directions for measuring and disclosing accounting information at the financial statements. Undoubtedly, the absence of such standards could face the information that the economic entities prepare to the bias, miss estimation and inaccuracy the disability of the information to do the required comparisons between the companies. Therefore, many professional bodies such as AICPA and FASB in the United State of America and IASB in United Kingdom and others was established to set accounting standards which form the general framework

for the policies to be followed in measuring and presenting the financial information pertaining the financial statements.

The State of Kuwait compel the companies to apply the international accounting standards. In 1990 a ministerial decree was issued to impose Kuwait companies to prepare the financial statements according to the IASB standards.

The international accounting standards for measuring and evaluating:

International accounting standards represent, in its content, a group of basis and directions which aim to treat accounting subjects (general or special) according to accounting principles and conversions which are generally agreed and accepted, that should be followed in preparing and presenting accounting information, however, it should be also observed the customary alternatives when practicing accounting transactions in a form that leading to a type of standardization and harmonization in the measuring, evaluating and presenting method of the accounting elements in order to increase the information benefit that the deferent economic entity offered in a certain economic activities.

The IASB is setting accounting standards concerning various companies in order to obtain similar practices between the different countries and different fields.

The importance of the accounting standards increases as they provide a common understanding for the information those different companies reported in their financial statements to allow the users evaluating the financial positions and the financial results on a similar basis.

The IASC began with the banks in 1980, after a long debate took place with Bezel committee for banking supervision; they published, in 1980, a disclosure draft

treating the classifying and the clarifications about the financial information in banks.

Literature Review

1. Assa'aideh (1997):

In his study "The Impact of the Adoption of International Accounting Standards on the Predictive Ability of Accounting Information Market Measures of Equity", the researcher aims at investigating the impact of adopting International Accounting Standards (IASs) in Jordan on the usefulness of accounting information to market investor. The researcher hypothesizes that

adopting IASs in Jordan is likely to improve: 1) the association between accounting measures (financial leverage, size and earning variability) and market measures (systematic risk and total risk) of equity risk, and 2) the explanatory power of accounting information of variations in market measures. Statistical analyses, such as correlation and regression, are applied on data extracted from a sample selected from industrial companies listed in Amman Financial Market that time¹, pre- and post-IASs adoption.

The findings of this study reveal a significant improvement in the correlation with, and the predictive ability of financial leverage of equity market risk measures, especially the most relevant one, i.e., the systematic one or beta. Other accounting indicators of risk do not show any improvement in the usefulness. The researcher concludes that adopting IASs has been partially effective. However, fewer methods and choices in IASs and more compliance with them are still needed in order to limit the management ability to manipulate published accounting information which reduces its usefulness to market investors.

2. Juhmani (1998):

In his research "The Stock Market Response to the Introduction of International Accounting Standards in Jordan", Juhmani examines the effect of introducing IASs on the Jordanian stock exchange during the period 1990-1991.

Research methodology is developed using data extracted from samples of Jordanian IASs adopting firms (experimental group) and IASs non-adopters (control group). Sub-portfolios are then constructed representing financial sector, service sector, industrial sector, low-traded firms, heavily-traded firms, small firms, large firms, domestic-owned firms, foreign-owned firms, winner, and loser firms. For all samples, abnormal returns (for IASs adopters and non-adopters) are analyzed using the traditional market model as well as an average return model and a raw return model.

The main finding of the study is that the adoption of IASs does not increase the information content of financial statements but there is a sort of reaction that occurs mainly prior to accounts release. An exception to this general effect is large firms where IASs adoption does not have an observable effect on abnormal returns around announcement date. The research also provides evidence that although IASs adoption has little influence on Jordanian domestic-owned firms' share price reactions, there is a considerable effect on foreign-owned firms' share prices.

3. El-Jajawy (2000):

The main objective of Al-Jajawy's study, titled "Economic and Political Dimensions of International Accounting Harmonization and its Reflections on the Environment of Iraq", is to account for the effect of the economic and

¹ Amman Financial Market now refers to Amman Stock Exchange (ASE).

political dimensions of the international accounting harmonization on the environment of Iraq. The researcher hypothesizes that international accounting harmonization is considered to be as an accounting phenomenon which reflects its effect on Iraqi environment because it is part of the international environment, and that the major effects will be economic and political. However, the social impact has been ignored.

In addition to the deductive approach and reviewing the literature, a questionnaire was administered to a purposive sample selected from accounting teachers, certified accountants, and members of the Iraqi Accounting Standards Board.

The results indicate that IASs do not fully represent all the environments around the globe owing to the fact that there are significant economic effects on the applying environment. However, the study reveals that there are no significant political effects for harmonization on the Iraqi environment.

4. Eccher & Healy (2000):

Their paper "The Role of International Accounting Standards in Transitional Economies; A Study of the People's Republic of China", examines the usefulness of IASs in a transitional economy of the People's Republic of China (PRC).

Using a sample of firms that provide financial reports under both IASs and the very rigid local PRC standards, the general conclusion of the study is that the information produced using IASs is not more useful than that prepared using Chinese standards.

It is also noticed that IASs are based largely on UK and US accounting standards, and enable managers to use business judgment to represent their firms' performance to investors. Academic research indicates that US and UK accounting information is useful to investors, implying that institutions that seek to control managers' use of financial reporting judgment are at least somewhat effective. The researchers argue that one explanation for the failure of IASs data to dominate PRC data is the absence of effective controls and infrastructure in China to monitor the additional reporting judgment available to managers under IASs. This is due to the incompatibility between the ready-made standards and the environment on which these standards are applied

5. Ball et al (2000):

In their study "Incentives versus Standards: Properties of Accounting Income in Four East Asian Countries, and Implications for Acceptance of IAS", the researchers hypothesize that the quality of reported financial statement information depends on the incentives faced by managers and auditors when preparing them, in addition to the accounting standards under which they are prepared.

A time-series analysis is performed on a sample comprising a number of annual earnings reported under the accounting systems of the four East Asian countries, namely; Hong Kong, Malaysia, Singapore and Thailand, during the years 1984-96. Formal accounting standards in these countries have been strongly influenced by Anglo-American accounting.

The researchers conclude that reported earnings in the four East Asian countries are low in transparency, supporting the hypothesis that manager and auditor incentives are important determinants of international accounting differences, and that the quality of information is not determined by accounting standards alone. Finally, a complete comparability of financial statements actually prepared and reported under IASs would require a uniform set of international manager and auditor incentives, which in turn would require a complete worldwide integration of economic, legal and political systems, and not only the harmonizing of the accounting standards.

6. Garrido et al (2001):

The events regarding the uniformity efforts highlight the timeliness of their study entitled "Measurement of Formal Harmonization Progress: The IASC Experience", which provides an empirical measurement of International Accounting Standards Committee (IASC) progress throughout its harmonization history. The purpose of this article is twofold: first, a new measure of the advances achieved through formal harmonization, and second, to use this methodology to evaluate the IASC achievements all through its standard-setting activity.

The sample used in their empirical analysis comprises those accounting treatments included in the IASs that have been modified during the IASC's existence. The results of this study prove that the IASC has made great progress regarding the level of harmony achieved through the accounting standards it has issued or revised.

The researchers conclude that the IASC needs to continue working towards greater formal harmonization. This study also indicates research directions that could advance the study of formal harmonization. This specific area of research has generally been disregarded in the existing literature, a trend the researchers would like to see reversed, considering that its application can provide valuable insight for standard-setting processes, especially as the accounting community has become very conscious of the need to advance the harmonization process.

7. Kirby (2001):

The main objective of Kirby's research entitled "International Competitive Effects of Harmonization", is to theoretically examine international competitive consequences surrounding harmonization of international accounting standards.

The researcher has applied a stochastic oligopoly model of two firms in each of two countries (assuming that the international economy consists of two countries, A and B, and four firms which produce the same single good).

It is shown that when firms only operate domestically, harmonization of accounting standards may not be beneficial for both countries. If it is beneficial for both, then it is also a dominant strategy equilibrium and will be voluntarily implemented by the individual country's standard setting boards. Conversely, when firms operate both domestically and internationally, a variety of equilibria may emerge. In general, the researcher concludes that while harmonizing on full disclosure may be detrimental to developing countries, it is strictly beneficial to developed countries. Also, the benefits to disclosing cost information far exceed the costs of disclosing demand information. Finally, the IASC may in some circumstances add value as a norm setter, not only as a designer/enforcer of more elaborate accounting rules.

8. Leuz (2002):

Motivated by the debate about globally uniform accounting standards, Leuz's paper "IAS versus US GAAP: Information Asymmetry-Based Evidence from Germany's New Market", investigates whether firms using US GAAP vis-à-vis IASs exhibit differences in several proxies for information asymmetry.

The researcher has taken a cross-sectional sample consisting of listed firms in the New Market in Germany after eliminating firms that are incorporated outside Germany and/or listed abroad, which reduces the sample from 90 to 74 firms. However, this ensures that all of them trade in the same market and operate in the same legal environment. Firms trading in Germany's New Market must choose between IASs and US GAAP for financial reporting but otherwise face the same regulatory environment. Thus, institutional factors such as listing requirements, market microstructure and standards enforcement are held constant.

In this setting, a regression model is developed. The study reveals that the differences in the studied variables between IASs and US GAAP firms are statistically insignificant and economically small. Thus, at least for New Market firms, the choice between IASs and US GAAP appears to be of little consequence for information asymmetry and market liquidity.

These findings do not support the widespread claims that US GAAP produce financial statements of higher informational quality than IASs.

9. Rasheed & Hussien (2002):

In this study, entitled "The Effect of Globalization on the International Accounting Standards and its Reflections on Iraqi Rules", the researchers cover the concepts and objectives of globalization and its effects on International Accounting Standards (IASs), and in turn, on Iraqi Accounting Rules.

The researchers apply the analytical approach on Iraqi Accounting Rule No. (10), in order to examine specific hypotheses.

The researchers hypothesize that globalization has a twofold effect on the IASs which in turn affects the accounting profession; first, structuring IASs according to capitalistic visions which come from economic lobbies that resulted from globalization, and second, the increasing adoption of IASs by different countries. The researchers find that events and developments of the phenomena of globalization are affecting various aspects of life such as political, economic, social and cultural. Therefore, accounting profession is not alien from the events and developments associated with globalization since it is considered as an applied-economic science. The process to globalize the accounting profession is charged to International Accounting Standards Committee (IASC) which works according to the capitalistic framework through the promotion of IASs adoption by different countries.

10. Tarca (2003):

In the study of Tarca, "Achieving International Harmonization through Accounting Policy Choice", the impact of international harmonization pressures on accounting policy choice is investigated by examining the extent to which firms make policy choices that align with US GAAP or use IASs options that are not acceptable under US GAAP.

The research sample has been selected from firms that are located in the United Kingdom, France, Germany, Japan and Australia,

The researcher finds that while there is more use of US GAAP-consistent policies, there is little use of options allowed under IASs. US GAAP alignment is greatest among firms located in Germany, France and Japan. There is some use of IASs options in UK, and much use in Australia. Foreign firms traded in the United States are more likely to align with US GAAP than the other firms. According to Tarca point of view, it cannot be suggested that the observed alignment reflects voluntary action by companies to achieve harmonization through policy choice. However, the impact of harmonization pressures is observed within the sub-samples of companies that do have a choice of policy.

11. McGee & Preobragenskaya (2003):

This study, entitled "Accounting Education in a Transitional Economy: A Case Study of Russian Universities", accounts for the process of accounting reform in a transitional economy through the educational dimension taking the universities in Russia as a case study, while Russia is in the process of converting its accounting system from the old Soviet model to one that fits the systems found in developed market economies, the IASs.

This research reviews the relevant accounting education literature and summarizes the results of accounting educators interviews conducted in Russia

during the summer of 2003. A sample of accounting educators representing state universities and the private sector was then selected and contacted.

Generally, the interviewees who are knowledgeable about IASs are more negative about the current state of Russian accounting education than those who have merely heard about IASs but have never read them. The researchers believe that in order to achieve success in the transition, it is necessary to transform the accounting education. Present practitioners must be educated in the new system and a new generation of accountants must learn the new system.

12. Al-Jajawy & Noor (2003):

Al-Jajawy and Noor's study, "International Accounting Standards and the Jordanian Environment: The Requirements of Harmonization and Application", examines the application of IASs in the Jordanian environment and the compatibility between them, the role of auditors and companies in the application, and the role of universities and other academic institutions to improve this harmony. The researchers hypothesize that the Jordanian environment neither meets the requirements of harmonization nor the application.

Two forms of questionnaire are administered; one for accounting teachers and the second for auditors and companies. The findings indicate that the academic environment varies in the level of compatibility with IASs, and the practical environment varies in the level of application of IASs as well.

The researchers conclude that it is necessary to focus more on the study of factors and elements to achieve more appropriate compatibility and perfect application of IASs.

13. Al-Abbadi (2003):

Al-Abbadi's study, "Compatibility of the Income Tax Laws in Jordan with the International Accounting Standards", aims mainly at studying and analyzing the degree of compatibility of the items of the Jordanian income tax law, with the requirements of the IASs. It also examines the extent of commitment of the Department of Income Tax to the use and application of the IASs.

A questionnaire is developed in order to achieve the goals of this study which is distributed to a sample of 50 income tax assessors plus 50 auditors. The following three hypotheses are developed in the study:

1-There is no compatibility between income tax laws and regulations and the IASs.

2-The announced accounting profit based on the IASs is not compatible with the amended tax profit based on tax regulations and laws in Jordan.

3-Auditory expenditures and incomes are not compatible with the income and expenditure accepted by tax regulations.

The researcher has managed to prove the three hypotheses. He finds out that there is no compatibility between the income tax laws and IASs in many issues,

and as a result there is a great difference between the auditory profit and the tax profit.

The researcher recommends that the sample system should be applied in a better way when considering the IASs and taking them into account in tax regulations and laws, moreover, IAS No. (34) should be activated in order to make temporary financial statements.

14. Al-Ani (2004):

The basic objective of Al-Ani's research "The Effect of Cultural Framework in Financial Reporting System - Iraq as Case Study", is to determine the impact of the cultural framework in the financial reporting system in order to design a discriminate function for this effect. The researcher hypothesizes that there is an influence of cultural framework in the financial reporting system in general and at the global level.

The defined population of this study from which the sample is taken is the accounting academicians and the chartered accountants.

The findings of this study approve the relationship between the cultural framework which is important in building the accounting theory and accounting practices and financial reporting system. Furthermore, the financial reporting system and its correspondent cultural framework must be considered as a social study. Moreover, it is possible to build a discriminate function of the relationship between cultural framework and financial reporting system at the global level.

15. McGee & Preobragenskaya (2004):

McGee and Preobragenskaya argue in their study, "Problems of Implementing International Accounting Standards in a Transition Economy: A Case Study of Russia", that implementing IASs in Russia will not be an easy decision.

The sample of the study is selected from individuals who are experts (academics & practitioners) in some aspect of the present state of Russian accounting. Their contact is attained through a combination of website searches, telephone calls in both Russia and the United States and e-mail communications.

The researchers find that implementing IASs in Russia will not be easy because of the following four reasons. (I)Not all international standards have been translated into Russian. (II)Many Russian accountants are not sufficiently familiar with international standards to implement them. (III)Some Russian universities have only recently started teaching international standards and the continuing education programs of the various Russian accounting associations are not yet prepared to offer comprehensive courses on international standards. (IV)Current Russian accounting standards conflict with international standards in several ways. Such a conflict cannot be resolved in the near future.

16. Hung & Subramanyam (2004):

"Financial Statements Effects of Adopting International Accounting Standards: The Case of Germany", is a study investigating the effects of adopting IASs on financial statements and their value relevance.

The researchers implement a research design that compares the accounting numbers for a sample consisting of 80 German industrial firms during 1998-2002 under German Accounting Rules (HGB), with those under IASs for the same set of firm-years, and document how IASs adoption changes key financial measures and the value relevance of the financial statement information.

The researchers find that total assets and book value of equity, as well as variability of book value and net income, are significantly higher under IASs than HGB. In addition, they find that book value (net income) plays a greater (lesser) valuation role under IASs than under HGB. Finally, they find that while the IASs adjustments to book value are generally value relevant, the adjustments to income are generally value irrelevant. Their evidence sheds light on the financial statement and the valuation implications of adopting IASs in such economies.

Comments on the Previous Studies

Since the pervious studies are conducted in different environments around the globe, it is easy to notice the different visions and approaches to explain and to deal with the relationship between the international accounting uniformity and the various aspects related to these environments.

Some studies examine the level of compatibility between the IASs and the environments in which IASs are adopted. Some conclude that there is no compatibility between the ready-made standards and the environment in which these standards are applied [Eccher & Healy, 2000]. In another study conducted in the Jordanian environment, a variation is found in the level of compatibility and applicability between IASs and in both the academic and practical arenas [Al-Jajawy & Noor, 2003]. In addition, there is no compatibility between the income tax laws in Jordan and the IASs in many issues [Al-Abbadi, 2003].

Other studies have investigated the impact of applying the IASs on the financial information concentrating on the value of the information produced based on IASs and those based on other accounting standards and the implications of these differences, for example, some find that there is no significant differences between the information produced by IASs and those produced by US GAAP [Luez, 2002]. Others argue that IASs adoption does not increase the information content of financial statements [Juhmani, 1998], but improves the predictive ability of some equity market risk measures. However, IASs adoption affects many key accounting measures and accounting ratios. In addition, IASs play a greater valuation role in some areas, although the opposite happens in other areas, when compared to other national accounting standards [Hung & Subramanyam, 2004].

As a result, controversial perspectives have been developed by many thinkers regarding the dimensions of adopting IASs. Some recommend that a world-wide

integration of economic, legal and political systems is required to achieve optimum accounting uniformity and comparability [Ball et al, 2000]. Other studies find the economic [McGee & Preobragenskava, 2004] but not the political effects [Al-Jajawy, 2000], nor educational effects [McGee & Preobragenskava, 2003], or sometimes predict political, economic, social and cultural effects [Rasheed & Hussien 2002] associated with the international accounting harmonization as form of economic globalization. Still other studies examine the essential interaction between the accounting system and the cultural system in which the accounting system is developed [Al-Ani, 2004]. It is beyond doubt that the implications of Al-Ani's study [2004] works against the ambitions of those promoting the adopting of IASs, since the cultural, economic and political infrastructures necessary for the successful application of IASs are, according to the study, globally absent. That is what leads some thinkers to believe that while harmonization may be detrimental to developing countries, it is strictly beneficial to the developed ones [Kirby, 2001].

Furthermore, there is no one comprehensive-scientific-research-methodology followed in this area. The approaches and techniques vary form conducting interviews with academicians and practitioners (e.g. [McGee & Preobragenskava, 2004]), administering questionnaires to auditors, academicians and specialists (e.g. [Al-Abbadi, 2003; Al-Jajawy, 2000]), employing firms' data in a mathematical model (e.g. [Assa'aideh, 1997; Juhmani, 1998; Luez, 2002; Hung & Subramanyam, 2004]) or even to develop a stochastic model (e.g. [Kirby, 2001])

Research Importance

This research represents a special importance for the accounting thought and accounting practice. The results of the research would be a guide on the probable actual to apply the international accounting standards in field of measuring and evaluating the financial statements and also the extent of application suitability in the examined companies. However, if the purpose of the standards is to find a kind of standardization and harmonization in the practical practices for the accounting polices, to magnitude the benefit from the accounting information by the users, one of these purposes is to show up the problems that face practical application of the international accounting standards, the extent of application suitability in the Kuwait companies, and to discover the need to develop certain requirements of the standards for the Kuwait environment.

Research Objective

This research is aim to investigate the accounting polices that are applied in the Kuwait companies to measure and evaluate financial statements elements, the degree of agreement of these polices with the requirements of the international accounting standards in the field of measuring and evaluating, discovering the

agreement or essential disagreement in measuring and evaluating processes between the financial statements elements in the companies and the international accounting standards requirements, moreover, to discover the problems and difficulties in the application, consequently, to recognize to which extent the international accounting standards are suitable to be applied in the Kuwait companies.

Research Phenomena

The research phenomena is represented as follows:

- 1. Measuring to which extent the Kuwait companies are complying with applying the international accounting standards, and to discover whether if there is a essential differences in the applying the standards.**
- 2. To discover the degree of agreement in the accounting practices between the Kuwait companies one other in the field of measuring the financial statements elements.**
- 3. Measuring the extent of the international accounting standards application is take part in raising the accounting performance efficiency in the companies, and consequently the degree of the standards suitability.**

Research Hypotheses

In order to attain the treatments for the research described phenomena, the hypotheses that could be based on as a temporary way to achieve the research objectives are as follows:

- H 1. Kuwait environment do not satisfy the conformity requirements with the International accounting standards.**
- H2. uwait environment do not satisfy the application requirements with the International accounting standards.**
- H3. Kuwait environment is vary in satisfying the conformity requirements with the International accounting standards.**
- H4. Kuwait environment is vary in satisfying the application requirements with the International accounting standards.**

Scope of Research

The research is investigate the application of some international accounting standards which are concerning directly or indirectly with measuring and evaluating the financial statements elements, the degree of the suitability in the application in the Kuwait companies, besides to introduce the academic conformity requirements for the university with the international accounting standards considering the roll of the university in preparing students to suit with the application requirements in the labor market.

Introduction about the Kuwait environment

Accounting and financial systems that applied in the State of Kuwait seek to prepare and present accounting information in accordance with the generally accepted financial rules to serve the users of the financial statements, these statements are considered the most important outputs of the accounting system. Accounting researches in Kuwait proved that there is complying by the Kuwait corporations with

applying the generally accepted accounting principles, 92% of the companies which are registered at the Kuwait Stock Exchange has been audited by auditors who have a good relations with the big 8 US auditing companies. That mean that the Kuwait companies seek guidance with the FASB, UK or IASB standards with out limited observance of except the form which Kuwait Laws required, in addition to some other requirements that Kuwait Stock Exchange imposes concerning the conditions and standards of joining to the KSE, although the observed concern which the government pay to the accounting and auditing profession.

In observed developing, the legislation No. 5 (1981) was issued to organize the profession of auditing and to amendment the legislation No. 6 (1962). The legislation stated that the auditing must be done in accordance with the technical accounting rules and the ethics that are generally accepted in the profession which are issued by the specialist minister according to permanent technical committee. The committee was formed to set accounting rules on June, 1981, it issued numerous consulted recommendations that framed by ministerial legislation, e.g. legislation No. 4

(1987) concerning preparing and presenting the financial statements and the accounting principles to be followed by the companies . The ministerial legislation No. 10 (1987) concerning the compulsion for the Kuwait companies to prepare the financial statements in accordance to the accounting rules and principles that enclosed with the legislation as follows:

First guidance: covers the required rules for the disclosing at the financial statements.

Second guidance: covers accounting on investment.

Third guidance: covers accounting on the real estate.

The purpose of the first guidance was explains the information to be disclosed in the profit and loss account and the balance sheet, and any other information which could be considered as a part of the financial statements. The information, which touched on, was the minimum to be disclosed. However, there is no specific framework in Kuwait for the accounting conventions, which currently applied, rather they are do not clearly defined, as well as there is specification for the information quantity and quality that should disclosed at the banks financial statements except the liabilities that the legislations defined at that period, and the Kuwait central bank instructions which usually have a specific purpose concerning supervision and controlling of the central bank over the other banks as a part of the banking system.

Some studies showed that the Kuwait banks do not publish the profit and loss account but instead, they publish the profit and loss distribution along with the balance sheet as a total without any details that the full or adequate disclosure requires, therefore, the doubt could befall the correctness of the applied accounting principles in the banking sector concerning the disclosure level and the degree of usefulness that the information has at the financial statements.

The permanent technical committee did not do big efforts in the field of accounting disclosure in the banking sector, moreover it stopped the activities after issuing the three guidance. On 1980, a ministerial legislation No. 18 was issued to apply the international accounting standards in all companies. Doubtfully, this legislation created a framework that might be based on in evaluating the disclosure process by the governmental companies.

Accounting professional organization in the Kuwait environment

1. Academic and scientific institutions

These are the scientific accounting departments at the university of Kuwait and the similar institutions both governmental and private, colleges and scientific or professional institutions.

2. Institutions that are concerned in accounting professionally

a- Kuwait accounting and auditing society

b. Ministry of finance

c. Ministry of commerce and industry

d. Accounting council

e. public foundation for investment

f. Kuwait stock exchange market

Research society

The research society is divided into two main samples:

The first is a simple random sample contains accountants and auditors, questioned by 25 questions in the questionnaire.

The second was aimed to investigate the academic conformity requirements with the accounting standards, and a directed also to investigate the universities and colleges roll to prepare graduate students that are suitable with the application requirements at the labor market. This questionnaire contains 30 questions. 55 questionnaires were distributed in the state of Kuwait by direct communication, the selected companies were chosen because they are complying with preparing and publishing annual financial statements that are audited by certified public accountant as the Kuwait Company's Law requires of 1960, doubtfully, it provides depended financial statements and enclosed explanations to ensure that the accounting practices of these companies for investments and the degree of complying in the international accounting standards. SPSS statistical program was used to analyze the data.

Explanations

1. There is a medium tendency to habilitate the accountants and auditors to apply the international accounting standards at median 3.03, standard deviation 1.033 and 0.294.
2. There is a medium tendency that the accountants and auditors have reference about the international accounting standards at median 3.03, standard deviation 1.081 and 0.263.
3. There is a medium tendency that accountants and auditors concern with the international accounting standards at median 3.17, standard deviation 0.913 and 0.697.
4. There is a medium tendency that accountants and auditors have knowledge with the international accounting standards at median 3.03, standard deviation 0.669 and 0.188.
5. There is little tendency to apply the international accounting standards by the accountants and auditors at median 0.09, standard deviation 7.265 and 0.047.
6. There is a big variance between the accountants and auditors in the applying of the international accounting standards at median 3.80, standard deviation 0.847 and 0.047.
7. There is over than the medium interest that the professional organization in Kuwait to apply the international accounting standards at median 3.60, standard deviation 1.102 and 0.010.
8. There is a very little encouragement to the professional organization in Kuwait to apply the international accounting standards at median 0.43, standard deviation 1.278 and 0.017.
9. There is a big tendency to hold seminars and course by the professional organizations about the international accounting standards at median 3.57, standard deviation 1.251 and 0.263.
10. Over than the medium of the sample execute the instructions that issued by the accounting professional organizations concerning the international accounting standards at median 3.33, standard deviation 1.028 and 0.20.
11. There is a medium tendency by the accounting professional organizations to comply with applying the international accounting standards at median 3.43, standard deviation 0.935 and 0.865.
12. There is a big consider to prepare the Kuwait companies to apply the international accounting standards at median 3.60, standard deviation 1.037 and 0.192.
13. There is interaction between the Kuwait companies to apply the international accounting standards at median 3.13, standard deviation 0.776 and 0.011.
14. There is a medium tendency for the Kuwait companies to comply with applying the international accounting standards at median 3.27, standard deviation 0.980 and 0.567.

15. There is a medium positive effect to apply the international accounting standards on the Kuwait companies at median 3.47, standard deviation 0.681 and 0.017.
16. There is a big variation between the Kuwait companies in applying the international accounting standards at median 3.60, standard deviation 0.894 and 0.112.
17. There is a clear acceptance in the Kuwait environment tendencies toward applying the international accounting standards at median 3.77, standard deviation 0.679 and 0.046.
18. There is a big acceptance in the Kuwait environment to apply the international accounting standards at median 3.26, standard deviation 0.494 and 0.567.
19. There is a positive effect on the Kuwait companies in applying the international accounting standards at median 3.62, standard deviation 0.494 and 0.461.
20. There is a positive effect on the Kuwait companies in the State of Kuwait in applying the international accounting standards at median 4.33, standard deviation 0.802 and 0.850.
21. There is some obstructions in applying the international accounting standards at median 2.87, standard deviation 0.819 and 0.197.
22. There is a big achievements to apply the international accounting standards at median 3.97, standard deviation 0.765 and 0.923.
23. There is a medium gap between accountants and academicians to apply the international accounting standards at median 3.07, standard deviation 1.112 and 0.655.
24. There is little problems in applying the international accounting standards at median 2.73, standard deviation 0.944 and 0.388.
25. There is a little cooperation between the intended parties to apply international accounting standards at median 3.10, standard deviation 1.398 and 0.282.

Results and Recommendation

As results and finding due to the practical part of the study, we can conclude that there is a medium tendency to habilitate the accountants and auditors to apply the (IAS) the international accounting standards. As well their likelihood is very little to have knowledge about IAS. moreover, there is big variance between accountants and auditors in applying IAS and have no encouragement to take action in such matter. Although they have good attitude to comply with applying IAS.

So the following recommendations can be concluded :-

- Motivate and encourage the accountants and auditors to apply IAS
- Such action prefer to compel accountants , auditors and organization to have training courses in applying IAS.
- Cooperation between intended parties should be exist in order to have a suitable ground to apply IAS .

Q.	Frequencies	% Freq.	Median	Sta. Deviation	Variation
1. Auditors and Accountants are qualifying to apply to international accounting standards.(IAS)					
Very Little	2	%6.7	3.03	1.033	34.092
Little	4	%13.2			
Moderate	13	%42.4			
Big	9	%31			
Very Big	2	%6.7			
2. Auditors and Accountants have a reference about IAS					
Very Little	2	%6.7	3.03	1.081	33.058
Little	4	%13.3			
Moderate	12	%40			
Big	8	%26.7			
Very Big	4	%13.3			
3. Auditors and Accountants are concern in IAS					
Very Little	1	%3.3	3.17	0.913	28.801
Little	5	%16.7			
Moderate	14	%46.7			
Big	8	%26.7			
Very Big	2	%6.7			
4. Auditors and Accountants have a knowledge about IAS					
Very Little	1	%3.3	3.03	0.669	22.079
	3	%10			
Little					
Moderate	20	%66.7			
Big	6	%20			
Very Big	-	-			
5. Auditors and Accountants have a tendency toward applying IAS					
Very Little	5	%16.7	0.9	7.265	807.222
Little	8	%26.7			
Moderate	10	%33.3			

Big	6	%20			
Very Big	1	%3.3			
6. Auditors and Accountants variance extent to apply IAS					
Very Little	-	-	3.8	0.847	22.289
Little	-	-			
Moderate	14	%46.7			
Big	8	%26.7			
Very Big	8	%26.7			

Q.	Frequencies	% Freq.	Median	Sta. Deviation	Variation
7. Accounting Professional Originations in Kuwait to apply IAS					
Very Little	1	%3.3	3.6	1.102	30.611
Little	4	%13.3			
Moderate	8	%26.7			
Big	10	%33.3			
Very Big	7	%23.3			
8. Accounting Professional Originations in Kuwait encouraging the application of IAS.					
Very Little	4	%13.3	0.43	1.278	297.209
Little	2	%6.7			
Moderate	7	%23.3			
Big	11	%36.7			
Very Big	6	%20			
9. Seminars and Course that held by the Professional Originations about the IAS					
Very Little	3	%10	3.57	1.251	35.042
Little	2	%6.7			
Moderate	8	%26.7			
Big	9	%30			
Very Big	8	%26.7			
10. Instruction issued by the Professional Originations about the IAS					
Very Little	2	%6.7	3.33	1.028	30.871
Little	3	%10			
Moderate	11	%36.7			
Big	11	%36.7			
Very Big	3	%10			
11. compulsion auditors and accountants by the Professional Originations to apply the IAS.					
Very Little	1	%3.3	3.43	0.935	27.259
Little	2	%6.7			
Moderate	14	%46.7			
Big	9	%30			

Very Big	4	%13.3			
12. The preparations of the Kuwait companies to apply the international accounting standers.					
Very Little	1	%3.3	3.6	1.037	28.806
Little	3	%10			
Moderate	9	%30			9
Big	11	%36.7			
Very Big	6	%20			

Q.	Frequencies	% Freq.	Median	Sta. Deviation	Variation
13. Kuwait Companies interaction with applying the IAS					
Very Little	1	%3.3	3.13	0.776	42.792
Little	4	%13.3			
Moderate	15	%50			
Big	10	%33.3			
Very Big	-	-			
14. Kuwait Companies obligation with applying the IAS.					
Very Little	2	%6.7	3.27	0.98	29.969
Little	3	%10			
Moderate	12	%40			
Big	11	%36.7			
Very Big	2	%6.7			
15. Kuwait environment comply to applying the IAS					
Very Little	-	-	3.47	0.681	19.625
Little	2	%6.7			
Moderate	13	%43.3			
Big	14	%46.7			
Very Big	1	%3.3			
16. Kuwait Companies vary in applying the IAS					
Very Little	-	-	3.6	0.894	24.833
Little	2	%6.7			
Moderate	14	%46.7			
Big	8	%26.7			
Very Big	6	%20			
17. Kuwait Companies tendencies toward applying the IAS					
Very Little	-	-	3.72	0.679	18.011
Little	-	-			
Moderate	11	%36.7			
Big	15	%50			
Very Big	4	%13.3			

18. Kuwait Companies acceptance to apply IAS.					
Very Little	-	-	3.62	0.494	18.522
Little	2	%6.7			
Moderate	4	%13.3			
Big	19	%64			
Very Big	5	%16			

Q.	Frequencies	% Freq.	Median	Sta. Deviation	Variation
19. The positive effect for applying IAS on the Kuwait companies.					
Very Little	-	-	3.26	0.494	13.646
Little	-	-			
Moderate	11	%36.7			
Big	19	%63.3			
Very Big	-	-			

20. The positive effect for applying IAS on the companies in the State of Kuwait.					
Very Little	-	-	4.33	0.802	18.522
Little	-	-			
Moderate	6	%20			
Big	8	%26.4			
Very Big	16	%53.3			

21. Obstruction to apply IAS.					
Very Little	2	%6.7	2.87	0.819	28.537
Little	5	%16.7			
Moderate	19	%63.3			
Big	3	%10			
Very Big	1	%3.3			

22. Achievements of applying IAS.					
Very Little	-	-	3.97	0.765	19.27
Little	-	-			
Moderate	9	%30			
Big	13	%43.3			
Very Big	8	%26.7			

23. The gap in applying IAS.					
Very Little	1	%3.3	3.07	1.112	36.221
Little	10	%33.3			
Moderate	9	%30			
Big	6	%20			
Very Big	4	%13.3			

24. The problems in applying IAS					
Very Little	2	%6.7	3.1	1.398	45.097

Little	12	%40			
Moderate	8	%26.7			
Big	8	%26.7			
Very Big	-	-			

Q.	Frequencies	% Freq.	Median	Sta. Deviation	Variation
25. The extent of cooperation between the intended parties to apply IAS					
Very Little	6	%20	3.1	1.398	45.094
Little	3	%10			
Moderate	9	%30			
Big	6	%20			
Very Big	6	%20			

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