

The Nature of Accounting Standards used in the Palestinian Financial Reporting

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Abstract

The primary objectives of this study are to investigate the nature of the prevalent accounting standards in Palestine, their suitability to the Palestinian environment, and how to bridge the gap between them in order to enable Palestine to share the whole world the International Financial Reporting Standards (IFRS). This study used a stratified sample, which consisted of 82 subjects of both practitioners and academic groups in Palestine selected randomly from the population of accounting instructors in Palestinian universities, and professionals that included both the preparers and users of financial statements in the Palestinian environment mainly in the West Bank. Then, the researcher surveyed the views of the two groups to test the study's six hypotheses through distributing a questionnaire specifically designed for this purpose. The findings of the study revealed that the majority of the respondents thought that Palestine is, to some extent, qualified to replace the American standards by IFRS in the Palestinian environment. In addition, and as perceived by the two groups, there are no differences between the practitioners and academic pertaining to their readiness to accept IFRS in their jobs. However, the two groups agreed that there are some obstacles, that constitute a challenge to move towards IFRS. Despite this agreement, the two groups had different views regarding the nature of these obstacles, such as the required budget for the conversion and how Palestinians view the deficiencies of the regulators in setting international GAAP, if any. Additionally, there are no differences between the views of both the academic and practitioners in Palestine pertaining to the importance of the potential advantages that may be gained from the conversion to the IFRS. They also agreed on the principle that Palestinian universities should organize some training programs and workshops for the investors, corporate managers and other competent bodies to make IFRS clearer and more familiar to these key players in the Palestinian environment. The study has also showed that the absence of professional exams based on IFRS is one of the reasons for the lack of consensus on IFRS in Palestine. However, the two groups did not reach an agreement on the following two issues: the obligatory use of IFRS and which scenarios are the best to adopt to switch to IFRS in Palestine.

Based on these findings, the study raised the points pertaining to the challenges that may encounter the move toward the IFRS in Palestine and provides some recommendations. These recommendations underlined the need for future studies, the review of the current accounting curricula, organizing workshops on how to implement IFRS in Palestine and preparing a well- defined schedule for the easy and smooth switch to IFRS.

Keywords: IFRS, American Accounting Standards, GAAP, PSE.

Introduction

Since 2004, the International Financial Reporting Standards (IFRS) has become a legal reference for Palestinian corporations in preparing their annual reports (The articles of Securities Act of 2004, and the Act of the Palestinian Capital Market Authority (PCMA) of 2004 on which the Authority was created on 2005). On the other hand, the curricula of accounting departments in most of Palestinian universities are still based on American Accounting Standards. While some of public companies use the term of Generally Accepted Accounting Principles (GAAP) as a base for preparing their financial statements without any specified source. In other words, there are at least two types of accounting standards operating concurrently in Palestine; one for academia and the other for the use of professionals. Regardless of the appropriateness of both types of standards to the Palestinian environment, there are different styles used in financial reporting in Palestine. Hence, this study aims to explore and analyze the factors that contribute to the readiness of the Palestinian environment to adopt the IFRS instead of American Standards. These factors include, among others, the magnitude of the gap between the IFRS and the American Standards, the best way to bridge the gap between both forms of accounting standards in a transition period, the role of both university and professional expertise in bridging the gap during a transition period before fully adopted the IFRS in Palestine, and the best scenario to adopt a unified accounting standards (IFRS) that most counties use in their businesses.

Statement of the Problem

There are at least two types of accounting standards that govern the financial reporting in Palestine. The first type is the American standards, which are taught to the students in the Palestinian universities due to the expertise and backgrounds of the accounting instructors, who studied abroad. However, these standards are sophisticated and informally adopted; the second type is the International Financial Reporting Standards (IFRS) that have been recognized formally by the Palestinian National Authority since 2006 to fulfill the stipulation to join World Trade Organization. However, some registered Palestinian companies still follow the Generally Accepted Accounting Principles (GAAP) in preparing their financial statements. Thus, both university graduates and accounting practitioners are not to a great extent familiar with IFRS.

Hence, this study is an endeavor to diagnose the reality of accounting standards used in Palestinian financial reporting in order to build an actual and rational roadmap to move formally towards unified accounting standards necessary to share the world its common financial reporting. In short, this study is going to seek answers to the following question: Can Palestine officially and rationally approach and apply the unified set of accounting standards used worldwide (IFRS) and how?

Research Objectives

This study aims to explore and analyze the following issues:

1. The readiness of the Palestinian environment to adopt the IFRS instead of US GAAP.
2. The extent of the gap between the IFRS and the US GAAP.
3. The best way to bridge the gap between GAAP and IFRS in a transition period.
4. The role of academics and practitioners in bridging the gap during a transition period before fully adopting the IFRS in Palestine.
5. The best scenario to adopt a unified accounting language that most countries use in their businesses.

Research Questions

More specifically, this study seeks to answer the following questions:

1. Is the Palestinian environment mature enough to replace US GAAP by IFRS?
2. Do practitioners and academics have different perspectives regarding whether they are ready to accept IFRS in their jobs?
3. Do practitioners and academics have different beliefs regarding the obstacles that they may encounter regarding those who are more familiar with IFRS and those who are not.
4. Do the practitioners and academics have different views regarding the advantages they may gain from adopting IFRS?
5. What is the proper plan to move towards IFRS as perceived by the Palestinian practitioners and academics?
6. Which is the best scenario for mobilizing efforts to move toward the IFRS and apply them appropriately in the Palestinian environment?

Research Hypotheses

To answer the research questions, the following hypotheses have been developed in consistence with the previous studies to be discussed in the section of the related literature:

H0 1: Palestine is not mature enough to replace US GAAP by IFRS.

H0 2: There are no different perspectives between the practitioners and academics pertaining to whether they are ready to accept IFRS in their jobs.

H0 3: There are no different beliefs between practitioners and academics regarding the hard obstacles that convergence would encounter regardless of who are more familiar with IFRS and who are not familiar”.

H0 4: There are no differences between the views of the practitioners and academics regarding the advantages they may gain from adopting IFRS.

H0 5: All the potential plans to transition to IFRS from the points of view of the practitioners and academics in Palestine are the same.

H0 6: All the expected scenarios that might be undertaken to move and apply IFRS in Palestine are the same.

Significance of the Study

The importance of the current study stems from the pivotal role of the financial statements of the public companies in the financial markets in competing effectively, raising capital, gaining trust of investors and contributing to the allocation of the available resources. To achieve these advantages, those in charge should use sound financial statements based on reliable accounting standards to make these statements understandable, comparable and convenient for the participants in the financial markets. The pros and cons arguments pertaining to IFRS adoption in a developing country like Palestine create the need to investigate the suitability of these standards to the Palestinian environment, especially after the Palestinian Authority has declared its acceptance of these standards. Therefore, it is beneficial for the Palestinian economy to make IFRS the key lever for accounting development. Consequently, setting practical procedures to move toward IFRS will become important to all interested business communities in Palestine to get ready to host IFRS through seeking legislation, amendments of corporate internal control and financial systems necessary to nationalize these standards and its associated accounting quality in the Palestinian environment.

Background for Financial Reporting in Palestine

Before the establishment of the Palestinian National Authority (PNA) in 1994, several legal references for financial reporting were prevailing. Companies operating in the West Bank were subject to the Jordanian Corporate Act of 1964, while those operating in Gaza Strip were subject to the Palestinian Corporate Act of 1929 that was legislated during the era of the British Mandate (PSE, 2007). At the same time, financial statements were audited under the Jordanian Auditing Law of 1961. Needless to say, those acts were old and out of date. They were loosely stated and very limited in scope (Rawashdeh, 2003). Under those laws, the Palestinian companies were obliged to provide their profit/loss statements, balance sheets, and explanatory notes. The contents of such financial statements were untouched by those laws and neither specific accounting standards nor auditing standards were required in developing or auditing those statements (See Jordanian and Palestinian Corporate Acts of 1964 and 1929 respectively). During the Israeli occupation, the accounting profession was seen as just providing tax services. After its inception, the PNA established the Palestine Securities Exchange (PSE), and made several economic reforms including legislations. In 1998, the Palestinian Auditing Association based in Gaza called its members to follow the International Auditing Standards in their audits. It was an implicit call using the phrase “To Whom It May Concern” to apply international accounting standards in preparing the financial statements in Palestine. According to the Palestinian official newspaper (Alwaqaea’, 2004), a new auditing law was enacted in 2004, in which the Accounting Professional Council and other auditing associations, such as the Palestinian Association of Certified Public Accountants (PACPA) are brought into existence and the entrance to the profession was regulated.

However, the PNA had yet failed in constituting a unified and modern corporate act. The first formal direct calls to adopt international standards both in accounting and auditing were included in several articles of both Securities Act of 2004 and Securities Commission Act of 2004. Thus, the major factor which affected the development of accounting in Palestine is the regulation pertaining to the PSE, in which the listed companies or those intending to trade through the PSE are required to make disclosures regarding specific information in their financial statements according to IFRS (See Securities Act and Palestinian Capital Market Authority Act of 2004).

At the level of education, there is no unified GAAP applied in the curricula of the accounting departments in the Palestinian universities. Most curricula are largely influenced by the educational background of the accounting instructors, who received their accounting education

abroad, especially in the universities of the United States, the United Kingdom, Egypt and Jordan. Thus, many of the Palestinian universities adopt US GAAP in their curricula. However, the quality of accounting education plays an important role in the development of the accounting profession. It should be noted that the quality of the public university teaching in accounting and auditing suffers from the lack of modern curricula and experienced teachers in IFRS. In general, the undergraduate level courses in accounting and auditing focus on the elementary topics and usually do not include IFRS except for a brief in the international accounting course. The quality of accounting education is relatively better at the post-graduate level (MBA programs) because the curriculum includes IFRS and encourages empirical research. Overall, the quality of university curricula in the fields of accounting and auditing needs to be improved by incorporating international standards in both accounting and auditing courses.

At the level of accounting practices, although some of professionals (preparers of the financial statements and auditors of those statements) indicate, in a way or another, that they adopt the international standards in their jobs, there is no documentation for the information disclosed in the financial statements, except that they are prepared according to GAAP. The major factor that contributed to the development of the auditing as a profession in Palestine is that a number of foreign auditing firms are incorporated in Palestine by opening their regional offices as well as in the Arab World (PCMAa&b, 2008) However, the PACPA does not require its members to undertake regular training under any continuing professional-education scheme as required by both IFAC and IASB pronouncements.

It is worth mentioning that there are 49 listed companies in the PSE, in which two of them have special nature pertaining to financial reporting. They are Islamic banks; namely The Arab Islamic Bank and The Palestinian Islamic Bank. These types of banks are based on Islam Principles (shareea') in which financial reporting is different from the remaining companies. They need Islamic accounting standards that are not covered by both prevailing GAAPs in Palestine.

Literature Review

Introduction

Accounting literature includes many studies that have addressed IFRS fully or partially. Some of these studies have sought to document the benefits, while others have tried to assess the

needs of the accounting profession in the countries where the studies have been done. On the other hand, some studies have concentrated on various aspects of IFRS regardless of any specified base to classify them.

However, the previous studies that sought to highlight IFRS benefits seemed to be motivated by the enthusiasm of many countries to follow or prepare to follow IFRS, in which many of them are worried about the cost and subsequent potential problems that may arise. Nearly 120 countries worldwide have adopted IFRS, in a form or another, for Public Shareholding Companies (PSCs) in order to prepare their financial statements (IFRS 2010). But the main motive for these studies to investigate this matter is the strong support for the adoption of IFRS by large economies worldwide, namely the European Union (EU), the Leaders of the Group of 20 and the USA. The European Commission has adopted the Application of IFRS according to the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council in July 19, 2002. This regulation covers all companies listed on regulated markets, including banks and insurance companies. The leaders of G20 approved the IFRS as part of their Declaration to strengthen the financial system in their summit held in London, on April 2009. The United States is scheduled to require all publicly traded companies to prepare their financial statements in accordance with IFRS by 2015 (Defelice and Lamoreaux, 2010).

Although the PSCs have been legally required to use IFRS to prepare their financial statements since 2004, the momentum of debate about IFRS in the Palestinian environment has not increased until the U.S. SEC announced in 2010 that the adoption of IFRS could be in 2015 or later. The above-mentioned countries are leaders in the liberal market economy, which is moving towards IFRS, and have strong ties with the Palestinian environment, in which the financial reporting is certainly affected. The reasons behind that may include meeting one of the requirements to be a member in the World Trade Organization (WTO), abiding by the conditions of the donors, such as the European Union, to continue and control their financing to the budget of the Palestinian Authority, and the US through Free Trade Agreement. In addition, taking advantages of the IFRS is perceived globally. That is, IFRS may assist Palestine to integrate within the global economy through a process of gradual shift towards the liberal market economy. As for the advantages of adopting IFRS, it opens many opportunities in the fields of communication, efficiency, comparability and working in a global market.

On the other hand, country-based previous studies seem to be worried about the environment and cultural factors associated with hosting IFRS , especially in the developing countries since accounting can be considered as a product of the environment in which it operates. That is,

culture plays an important role in the direction of the financial reporting. Hence, environmental variables shape the accounting development in any country.

Due to the varied development stages among the countries and the need of the accounting development to adopt IFRS, it is useful to identify the major aspects of IFRS and how accounting in these countries reflects the interactions between the environmental factors prevailing in those countries.

However, this study is going to trace previous studies according to the following bases respectively: benefits of IFRS and the needs of accounting profession, where studies have been conducted.

Previous studies highlight IFRS benefits

In view of Albrecht (2010), the use of a global accounting standards may eliminate the obstacle of communication because the globe under IFRS speaks the same accounting language, thus opens up many other doors of opportunity. In addition, when communication is made easier through the use of a single system, businesses operate more efficiently. On the same line of interest, the study of Zarb (2006) raised the benefit of comparability when following global accounting standards. The study indicated that when all businesses operate under the same standards, the financial statements of companies would be formatted similarly according to the same policy and analyzed with the same standards and thus make financial statements comparable worldwide. On the other extreme, according to the study of (Skotarczyk, 2011), comparability of IFRS is a feat that cannot be achieved without the consideration of the cultures of the adopting jurisdictions because the differences that exist between the values of nations will be translated into differences in accounting systems. This constitutes a challenge in applying IFRS to societies that do not align well with the Western influences present within the standards. Such an argument is supported by the results of the study of Rogelio et al (2014), in which they stated that certain cultural dimensions and economic factors might affect a country's decision to implement IFRS.

However, the advantage of working in global markets would be beneficial for investors. In this direction, the study of Alcaro (2009) stated that investors can understand and use the information included in companies' annual reports without any need for translation and modification and they would more convenient in analyzing and comparing their investments options, and thus the global market will expand. This expansion will come up with more opportunities to use the foreign capital due to the resulted simplification of foreign interactions

and opportunism. On the other hand, De Franco et al. (2011) documented the important benefits of the financial statement comparability through improvements in information quantity and quality and lower information acquisition costs.

The empirical evidence is mixed on whether mandatory IFRS adoption comes with greater financial reporting comparability. In this domain, accounting quality is defined as earnings quality and value relevance in the study of Ames (2013). That is, the earnings quality is not significantly improved after IFRS adoption, while the value relevance of major balance sheet components is changed after adoption. However, the study of Li (2010) documents lower cost of equity for EU firms after mandatory IFRS adoption. In addition, the study documents additional increases in the levels of disclosure and improvements in comparability after adoption.

Before continuing these studies that have documented the benefits of the IFRS, it is worth saying that the adoption of IFRS is almost associated with different problems. The following studies are just a sample that indicates such problems. The study of Sumon (2009) portrays the role of IFRS for quality accounting information and discusses the problems regarding the adoption and application of IFRS in Bangladesh. It has documented some underlying institutional and economic factors and argues about trade-off between the scale advantage of IFRSs and the local advantage of decentralized adaptation. Therefore, this study is considered as an effort to focus on the problems relating to adoption of IFRS in Bangladesh and to reach some concluding remarks for better applicability of accounting standards in ensuring transparent information environment. In the same direction, the study of Osasuyi (2015) explored the relevance of IFRS to emerging economies in general and Nigeria in particular and came up with the following main problems, which encountered implementing IFRS in such societies: pressures to comply with tax codes, too much power vested in government organizations as opposed to accounting profession, lack of IFRS expertise, deficient enforcement mechanisms and the expectation of tax authorities that accounting standards should mimic tax codes. In view of Skotarczyk (2011), these societies have such stark differences in aspects, such as language, religion, education, or economy that at the present moment do not align well with IFRS. In fact, the combination of all these forces acted against the implementation of IFRS.

On other aspects, the study of Beneish et al. (2009) investigated the changes in debt and equity market home bias after mandatory IFRS adoption. It was found that there is a decrease in investor home bias only for the debt markets. In addition, the study of Daske et al. (2008)

documented the positive externalities for voluntary IFRS adopters in stock liquidity, cost of capital, and firm valuation after mandatory IFRS adoption.

However, the study of Chandra, et al (2010) sought to address the goal of improving the performance of accounting educators because it perceived that this goal is critical to the success of accounting programs. However, the aforementioned studies that documented some of the potential advantages and problems associated with following IFRS in different countries are just few. It is also noticed that none of them nor any other Palestinian studies have been associated with the Palestinian environment. This can be implicitly illustrated that the Palestinian territories may take advantage from the expertise of other countries pertaining to the benefits and problems resulting from following IFRS. Needless to say, accounting systems and embodied related issues cannot be exported or imported effectively due to environmental variables inherent in each unique nation. Hence, the importance of the current study arises.

Country Based Previous Studies

The previous studies done in the United States and the European countries are the most significant studies that have enriched the debate in the accounting literature about the IFRS. However, the study of Winney et al (2010) explored the viability of the SEC's roadmap for the convergence of U.S. GAAP with IFRS. It surveyed the views of those who were members of the American accounting profession, CEOs, industry executives, and members of academia. The survey focused on the existing and proposed IFRS guidelines and its anticipated 2016 IFRS adoption. The collected data confirmed that the current time-line goals established by the SEC for adoption of IFRS in the United States are not realistic in light of five identified convergence and adoption roadblocks. The study analyzed the five roadblocks to successful IFRS implementation, and quantified the time needed to address these challenges by offering a more factor time-line for IFRS adoption and integration. Meanwhile, the study of Rezaee & Szendi (2010) explored comparable perspectives of US accounting academicians group and practitioners group on convergence to a set of global accounting standards, including approaches to the adoption of IFRS. Each group comprised a wide range of respondents. The study conducted a survey of both groups by an electronic survey instrument that is disseminated to a randomly selected sample of 500 accounting professors and 500 chief financial officers (CFOs). Findings of the study revealed that the majority of respondents believed that convergence would be beneficial to preparers, users, auditors, analysts, and standard setters; an appropriate framework for the global acceptance and enforcement of IFRS should be agreed

on and a transition option should be given. Besides, convergence to IFRS can improve cross-border integration of capital markets, create uniformity in global financial reporting, minimize barriers to global competition for capital, increase global comparability, and promote a more informed global marketplace. As for obstacles associated with the move toward IFRS, the study addressed the following: lack of uniformity in the application of IFRS in all jurisdictions, lack of coverage of IFRS in financial accounting textbooks, coordination and collaboration among global regulators, required changes in regulatory regime, and initial cost of convergence. Also, the study indicated that a proper plan to transition all US companies to IFRS requires IFRS training for management, auditors, and investors and IFRS education in the accounting curriculum.

A similar study was done in the same environment (US) and used similar methodology since most of its survey questions were repeated, was the study of Moqbel and Bakay (2010). This study, which seemed to be from the replicated type of studies, examined the views of both the US academics and practitioners groups regarding their perception on the readiness, benefits, challenges, and ways to adopt IFRS. The findings revealed that there was no significant difference between the two groups of whether they are ready for IFRS. While there were significant differences in their views about the obstacles, especially for the initial cost of convergence, the required changes in auditing standards and the position of IFRS to be a globally accepted accounting language. These differences were varied between those who are familiar and those who are unfamiliar of both groups of respondents. As for the benefits of the adoption of IFRS, most respondents believed that comparability and uniformity of financial reporting including audit reports under IFRS are the key principles of moving toward a single set of standards since convergence to IFRS is expected to minimize barriers to global competition for capital and benefit all stakeholders including investors. Finally, it was found that there was no difference between both groups in the proper plan to transition all U.S. companies to IFRS. However, the major study that was done in the United States is the KPMG-AAA (2009). The KPMG LLP, an international audit, tax, and management advisory firm, and the American Accounting Association (AAA) has conducted this study to gauge perceptions about the state of IFRS preparedness in the United States. It surveyed only post-secondary accounting academicians and collected the responses of 500 American university accounting professors and assessed the current state of IFRS preparedness among faculty in American post- secondary accounting programs. The results have documented four key areas of concern; namely, lack of urgency, inadequate knowledge of IFRS subject matter, course time constraints

and lack of university funding to implement IFRS-based academic classes (For complete results, see the KPMG-AAA IFRS Faculty Survey.)

On the other hand, the study of Tomaszewski (2008) discussed the status of the convergence between IFRS and U.S. GAAP, possible modes of transition to IFRS, prerequisites for adoption of IFRS in the United States, and implications for various stakeholders. The study showed the potential cost and benefits of the transition. In the short term, the transition to IFRS in the United States will require significant cost and effort. Long-term benefits, however, of a single set of high-quality, globally-accepted financial reporting standards should outweigh the cost. Such a set of standards would serve to increase comparability of financial information among all companies worldwide, and would promote efficient and more cost-effective access to capital markets.

From another angle, the study of Gordon et al, (2009) compared accounting-based and market-based earnings attributes under IFRS and US GAAP for a sample of US-listed, IFRS reporting firms in the fiscal years 2004 through 2006. For each earnings attribute, the study calculated two separate cross-sectional analyses; one for US GAAP and another for IFRS. The evidence of the study suggested that earnings under US GAAP and IFRS are of comparable quality. Nonetheless, US GAAP-reconciled earnings are incrementally relevant and informative in this period, suggesting that discontinuing reconciliation of IFRS to US GAAP results in less useful financial statements for valuation. However, the thesis of Lam (2015) raised the question of whether the U.S will ever use IFRS completely instead of U.S. GAAP, weighing between the advantages and disadvantages of both, the efforts of convergence and the adoption plans around the IFRS. The reason behind the raised question included, among others, postponing the targeted timetable of the U.S multiple plans of adoption before reaching deadlines each time across the period (1991 – 2015). At the same time, the argument pertaining to the benefits and costs of both convergence and adoption comprises a lot of issues. These issues focus on the points that convergence with IFRS would be much more cost effective and result in much less complicated standards than adoption, which involves a much shorter timeline than convergence. As well, the fact that adoption is believed to be much more costly than convergence. It is believed that the main benefit of utilizing IFRS instead of U.S. GAAP is that it would increase comparability of financial statements globally and does not necessitate perfect comparability between two companies. Lin et al. (2013) indicated that convergence projects appear to have a similar effect on financial statement comparability. Another significant benefit for most countries, which have chosen to switch to IFRS, is an augmentation

of reporting quality. In this point, it is believed that the U.S. GAAP makes financial statements useful to the investor and other users of the financial statements, in which strong investor protection focus is achieved but IFRS is not serving their needs fully because of their focus on a global level. As a conclusion of Lam (2015), it seems doubtful that the United States will be using IFRS as its primary financial statement language in the near future due to the costs associated with switching to it, and the relatively low benefits since the U.S. continues to be the largest capital market and is quite successful in using U.S. GAAP to report to its investors. On the other hand, there are other comparative studies pertaining to accounting education between the United States and other countries. Examples included Eastman (2009) and McGee (2005) in which the first study compared accounting education between Mexico and the United States, while the latter do the same but in Ukraine and United States. Both studies showed similar results, in which accounting education was affected by environment variables in each country.

As for European studies, the study of Jayaraman et al (2014) used a sample of 15 European Union (EU) countries to examine the interaction between convergence in reporting incentives due to the adoption of the common euro currency in 1999 and convergence in accounting standards as a result of the adoption of IFRS in 2005. The results showed that the convergence in reporting incentives and the convergence in accounting standards act as complements. In addition, under cross-sectional tests, these results are primarily driven by capital market integration via arm's-length financing rather than product market integration. This study claims that such results relate to the effect of IFRS adoption on euro membership are relevant to academics as well as regulators evaluating the implications of convergence in accounting standards around the world. On the other hand, the study of Armstrong et al (2010) examined the European stock market reaction to sixteen events associated with the adoption of IFRS in Europe. In short, the findings of the study suggested that investors in European firms perceived net benefits associated with IFRS adoption. Meanwhile, the study of Wu and Zhang (2010) used a sample of Continental European firms for changes in the sensitivity of their CEO turnover to their foreign peers' accounting performance around the mandatory adoption of IFRS. The findings of the study revealed that a post-adoption increase in the use of Relative Performance Evaluation (RPE) based on foreign peers' accounting information, consistent with greater financial reporting comparability associated with mandatory IFRS adoption. On the other hand, the study of Nobes and Zeff (2008) examined both companies and their auditors report concerning the compliance with IFRS, especially on the first full year of IFRS reporting

in the stock market of four major European countries and Australia. It was found that, even when companies were complying with IFRS, they did not say so, which seems to miss part of the point of the 35-year project on international harmonization. In a small number of cases, auditors provided dual reports: on full IFRS in addition to the mandated reference to national GAAP, where the latter corresponds with full IFRS. These cases were found only in Germany and the United Kingdom, and mainly related to companies that filed with the Securities and Exchange Commission as foreign private issuers.

As for other related studies done in Australia, the study of Cable et al (2007) has explored the changing environment of accounting education in Australia over fifteen years and described a program of study developed in response to those changes. The program sought to bridge the gap between the academic study in accounting and a career in professional practice, aiming to deliver work-ready graduates who will assist in meeting the needs of the employers and help alleviate the skill shortage in the Australian accounting profession. Another study was conducted in Australia. It was the study of Hor and Juchau, (2004). The study surveyed opinions of accounting educators in Australian universities on internationalizing the financial accounting curriculum through integrating an international dimension within existing financial subject units. The findings of this study indicated that the integration approach to internationalizing the accounting curriculum is the most used approach by Australian academics. As well, International accounting is integrated more frequently at the advanced undergraduate level. The highest and the most frequently integrated topics in financial accounting at both the undergraduate and postgraduate levels are: foreign currency transactions, foreign currency translations, comparative standard setting process and social responsibility accounting. Additionally, among the comparative financial accounting practices, "intangibles" is the most frequently integrated topic at both levels. The integrated lecture and/or integrated tutorials and/or integrated seminar approaches are the most frequently used method at both levels.

In the United Kingdom, the study of André et al (2012) examined the determinants of voluntary adoption of IFRS by 8417 medium-to-large UK unlisted firms 287 of which were IFRS firms and 8130 were non-IFRS firms in 2009. The findings of the study showed that internationality, leverage, firm size and auditor reputation helped explain UK unlisted firms' choice of voluntarily selecting IFRS. Other firms' characteristics, such as profitability, capital intensity, industry, growth, ownership structure, and employee productivity did not appear to play a significant role in the decision.

On the other hand, study of Nulla (2013) done in Canada examined the effect of the mandatory IFRS adoption in Canada on accounting quality by the research and development companies. It compared between the Canadian GAAP financial reporting from 2008 to 2010 and IFRS financial reporting from 2011 to 2012. The findings of the study revealed that the effects of IFRS adoption were represented by lower persistency and predictability in earnings, decrease in earnings influence to shareholder value, weak volatility in market price, better predictability of cash flow and financial forecasts, increase in accruals and timeliness loss of recognition and decrease in research and development expenditures.

In Germany, the study of Kreipl et al (2014) surveyed data on the information quality under IFRS, IFRS for SME and German- GAAP from the perspective of non-publicly traded mid-sized corporations. Survey findings showed a higher quality of financial statements under German-GAAP compared with those under IFRS. The study attributed this result to several factors, such as the general skepticism of IFRS, a lack of IFRS knowledge, the convergence of German-GAAP and IFRS owing to the German Accounting Law Reform Act or in-group bias. Other findings indicated that, more corporations anticipated an increase in information quality with a shift from full -IFRS to IFRS for SME.

In Nigeria, the adoption of IFRS takes different ways. The study of Herbert et al (2013) examined the state of readiness of the Nigerian academics and professionals after one year of adopting IFRS. The findings showed that Nigeria was not ready for IFRS adoption and the degree of familiarity with IFRS was varied among accounting students, lecturers, accountants and auditors. It was also found that the respondents have joint views about the plan that Nigerian companies should undertake to follow IFRS. That is, there should firstly be IFRS Course in Accounting Curriculum and then IFRS training for the administration and staff. The study highlighted the urgent review of accounting curriculum in the Nigerian education institutions to incorporate IFRS and its implementation dimensions. Meanwhile, the study of Okpala (2012) investigated the effect of IFRS adoption on Foreign Direct Investment and Nigeria economy. It surveyed the views of both listed companies in Nigeria Stock Exchange (Preparers) and Investment Analysts (Users). The findings showed that IFRS has been adopted in Nigeria but only fraction of companies has implemented with deadline for the others to comply. It is perceived that IFRS implementation will promote Foreign Direct Investment inflows and economic growth.

However, other studies focused on other aspects of IFRS. The study of Sobana and Sindhu (2011) examined the financial statement effects on convergence to IFRS from Indian GAAP.

The study findings revealed that the IFRS is associated with fair valuation approach and more transparent disclosures, while Indian GAAP reflected a conservative approach.

To complete the geographic map of literature review of the relevant studies, the following studies are necessary about IFRS in Iran, Vietnam and Malaysia before summarizing the literature in the emerging economies and ending by regional countries. The study of Kangarlouei et al (2013) used a questionnaire to survey views a sample of 288 people of financial accountant, auditors and accounting professors in order to assess social, economic and political impact of adopting international accounting standards in Iran. The findings showed that the adaptation of the international standards has a significant social, economic and political effect on Iran from the perceptions of all surveyed groups. It was also found that there was no significant difference among the financial accountants, auditors and accounting professors perception about the economic effects but that was not attributed to social and political impact. While the study of Phan and Barut (2014) examined the perceptions, fears and expectations of the Vietnamese accounting community about issues related to the potential adopting and implementing of IFRS in Vietnam. It used a questionnaire to survey the views of a sample of 3,000 respondents, which included public auditors, corporate accountants and accounting academics. The findings showed that the Vietnamese accounting professionals were optimistic about the potential benefits from IFRS adoption despite the expected costs and challenges. It was found that there was general support for a gradual switch from Vietnamese accounting standards to IFRS but the level of support varied amongst the three groups of accountants. As an example of Malaysian studies, the study of Mahzan & Yeow (2013) examined a variety of both external drivers that may influence the preparedness of the Malaysian companies for IFRS convergence and internal barriers that may impede the implementation of IFRS, by using a questionnaires sent out to 859 respondents with response rate of nearly 17.5 %. The findings showed that respondents are prepared for the IFRS convergence and the majority of them agree that coercive forces from stakeholders, especially regulatory forces influence their preparedness to implement IFRS. In addition, the study points to the important roles of national accounting regulators and external auditors in influencing the degree of preparedness for IFRS convergence. Finally, the study concluded that it is not an easy task to implement IFRS and hence proper preparatory actions to be taken by companies are necessary in the convergence process.

However, to connect the aforementioned studies all up together to some extent, the study of Tarca Ann (2012) came to summarize the results of the studies that are relevant for assessing

the role of IFRS in both developing and developed capital markets. The key results revealed that IFRS has improved the efficiency of the capital market operations and promoted cross-border investment. As well, paying attention to the importance of the sound infrastructure that surrounds the use of IFRS, and the balanced combination of capacity and institutional incentives supported by a framework that encompasses legal protections, competent professionals and adequate monitoring and enforcement are considered necessary factors for implementing IFRS successfully. However, it was found that there was a variation in IFRS benefits, when they were examined on a country by country basis due to the national GAAP-IFRS differences and extent of legal enforcement in each country. As well, the study of Masoud (2014) examined the variables that may be beyond the decision to adopt IFRS standard by seventy-eight emerging market economy during the period 2006-2014. The key variables included the following: culture (Anglo-Saxon), political system, educational system, legal environment, economic growth, privatization, foreign direct investment, firm size, liquidity, and the cost of equity capital, audit quality (Big 4) and transparency. The results of the study were primarily an exploratory process framework for the implementation of IFRS standard changes and secondarily a set of variables seen as affecting the IFRS standard change implementation process in emerging countries. However, as seen of being illustrative type of studies, the study of Shima and Yangb (2012) depended on the descriptive framework of Choi and Meek (2008) in developing a comprehensive set of environmental characteristics in order to examine factors affecting the adoption of IFRS. The results showed that those factors were classified into two groups. The first group created contracting incentives for adoption and included factors relating to political and economic ties, reliance on foreign-sourced debt and common law legal systems. Meanwhile, the second group created signaling incentives for adoption and comprised factors relating to capital investment and higher literacy rates. It was also found that the factors which produced disincentives for adoption included the size of the capital markets, taxation, and inflation which indicate the internal, political and practical costs of converting current accounting systems to IFRS. However, the study of Trabelsi (2016) analyzed the phenomenon of cultural resistance that impeded accounting reform in emerging countries compared with the developed countries throughout the international accounting harmonization process as found in the literature review. The findings showed that the emerging countries lack suitable infrastructure or the real needs justifying the reform of international harmonization, except the need to display an IFRS label to facilitate the access of firms from emerging economies to the developed financial markets. It was also found that the Anglo-

American culture attached to IFRS led to a difficulty in adopting those standards by any country whose original accounting system is continental. Indeed, for these countries, the process of international harmonization begins with an adaptation to the Anglo-Saxon accounting culture, the latter being different from the continental accounting culture at several levels.

Finally, it is noticed that related studies done in (or in touch with) regional countries seem to be poor. Some of them seek for harmonization, while others focus on improving the accounting profession through making recommendations to develop auditing standards. Very few of them suggest Islamic standards or recommend reform on accounting education.

However, the study of Alsaqqa & Sawan (2013) examined both the advantages and challenges faced by the companies listed on the United Arab Emirates (UAE) stock market as a result of adopting IFRS from the points of view and perceptions of the Chief Financial Officers' (CFOs) for Dubai and Abu Dhabi, financial analysts and auditors. The findings showed that the benefits of adopting IFRSs in UAE inevitably outweigh the difficulties and costs. As well, the adoption of IFRSs in UAE stock markets has improved the overall standard of the quality of financial reporting, which helped in attracting investors to invest in the UAE stock markets. It was also found that many respondents were worried about the impacts of the level of education of accounting users, the methods provided by some IFRSs, and the inadequate enforcement mechanisms on the effectiveness of professional financial reporting decisions.

As for studies related to the Saudi Arabia environment, the thesis of Alkhtani (2010), done in Stirling University in the UK, investigated the suitability of IFRSs for Saudi Arabia by examining the perceptions of accounting users and preparers based on their information needs provided by both Saudi Accounting Standards and IFRSs and determining the factors that represent barriers against the adoption of IFRSs, and the costs and benefits of the adoption of IFRSs. The findings, that were based on both questionnaire survey and semi-structured interviews, revealed that Saudi Accounting Standards provided inadequate disclosure and transparency compared with IFRSs in the process of financial reporting. In addition, it was found that religious factors that affect Saudi accounting system will not represent a barrier to the use of other standards, such as IFRSs. Hence, the agreement found among the participants about the suitability of IFRSs to Saudi Arabia may be justified by sufficient information required for decision-making and the enhancement of the quality of financial reporting in the case of IFRS adoption. Meanwhile, the benefits of IFRS would eventually overcome the difficulties and problems that may arise from their adoption. Meanwhile, the study of Jorf (2010) suggested a framework to develop Saudi Accounting Standards in order to achieve

harmonization with IFRS. Then it called for conducting an empirical study based on its framework to explore the benefits of harmonization for Saudi corporations in the scope of unifying the language of annual reports, encouraging foreign investments to increase the capital market efficiency and promoting the ratio of economic growth in Saudi Arabia.

However, the study of Gallhofer et al. (2006) tried to make a connection between accounting education and accounting profession in Syria. It focused on accounting education in the Syrian transition context and in the international context of globalization. It offered insights into accounting education and into the interrelationship between the accountancy profession and academia in this context. It elaborated a historical and contextual analysis of the Syrian context in relation to accounting education. Its results were based on a series of interviews (conducted in 2002 and 2005) of professional accountants and accounting academics in Syria that elaborated the views of these key parties on a number of interrelated matters: the current limitations of tertiary accounting education in Syria, the role of the accountancy profession in providing education and training and the development of interrelationship between the profession and academia.

Regarding the auditing standards, the study of Obaidat (2007) examined the extent to which auditors complied with standards pronounced by the International Auditing and Assurance Standard Board (IAASB). Data were collected through a questionnaire administered to a random sample of external auditors in Jordan. The study revealed that the Jordanian auditors complied with all auditing standards with some variance in the degree of compliance among them.

In Palestine, the study of Dima et al (2011), touched another area of interest in the Islamic countries. The objective of the study was to provide a synopsis of Islamic accounting characteristics as well as to identify some of the determinants which led to its specificities. It explored several aspects related to the Islamic accounting principles and its institutional framework. The cultural paradigm was viewed as a differentiating key factor in the elaboration and implementation of the accounting standards in the Islamic World. Based on Hofstede approach, the elements of this paradigm were linked to the relative preference for IFRS adoption of different Islamic countries. From the proposed analysis, it emerges the image of Islamic Accounting's complex nature, which may be seen as a distinct alternative to the principles and views promoted by IFRS.

Finally, the remaining Palestinian studies concentrated on auditing profession. The study of Jarbooa' and Helles (2008) tried to identify the contribution of the fields of the professional

associations and the Palestinian Universities to the improvement of the professional performance for the external auditor. It developed a questionnaire based on previous and theoretical studies to survey the views a sample of auditors and members of accounting departments at the faculties of commerce in Gaza province. The findings showed that the professional associations in Gaza province had no control on accounting and auditing profession. Another finding indicated that the methods of teaching the materials through lectures, practical training and computer applications are sufficient to provide the graduate with the necessary information for the improvement of his/her professional performance. The study concluded that auditing profession is still in need to great efforts of both professional associations and university professors to review the prequalification of the graduates for the sake of the steadfastness against the competition of the foreign audit companies operating in Gaza Strip. Finally, it recommended that we need to encourage the application of the International Accounting and Auditing Standards in preparing and verifying financial statements. Meanwhile, the study of Dorgham (2009) discussed the problems that may face external auditors in Gaza Strip and their potential solutions by surveying views of a sample of legal auditors. The findings showed the lack of power to enforce the application of both international accounting and auditing standards due to the weakness of auditing associations. This weakness is attributed to the inappropriate profession laws, unsuitable audit fees, little interest of government to the profession and unethical competition among auditors. Finally, the study recommended that more attention should be paid to the quality of teaching accounting and auditing in the Palestinian universities. On the other hand, the study of Ibhaisi (2010) evaluated the current situation of accounting profession in Palestine. A special questionnaire was designed and distributed to a sample, which included members of the Palestinian Accountants and Auditors Association. The main findings of the study showed the weak situation of the accounting profession in Palestine attributed to some factors including the absence of the professional law that regulates accounting, the absence of continuous learning programs for accountants, the low level of using accounting information in making decisions in Palestinian firms and the inactive role of the professional associations.

However, there are some similarities and differences between the current study and the aforementioned previous studies. The similarities included some aspects, such as surveying views of academics and /or professionals about several matters of IFRS (Moqbel and Bakay 2010; Rezaee & Szendi, 2010; Cable et al, 2007; Kangarlouei and Motavassel, 2013; Phan and Barut, 2014; Gallhofer and Kamla, 2006; Jarbooa' and Helles, 2007; etc.). Some of the

similarities extended to include some of the studies' objectives, hypotheses and parts of methodologies used (Moqbel and Bakay, 2010; Rezaee & Szendi, 2010; Cable et al, 2007; Gallhofer and Kamla, 2006; etc.). However, while the current study joins many previous studies, the attitudes towards the potential benefits, problems, concerns and worries that may result from following the IFRS, none of them was examined in the Palestinian environment. Although some of these studies (i.e. Moqbel and Bakay, 2010; Rezaee & Szendi, 2010) touched nearly the same points that the current study has questioned, other differences obviously prevail as to culture variables, infrastructure, stage of development and other factors inherent in Palestinian environment compared with those factors in a developed country as the United States, where such studies have been done.

Methodology

Data Collections

This research adopted the questionnaire as a tool to gather the primary information needed to test the hypotheses and achieve its objectives. The questions included in this research are similar to those used in the studies of each of Rezaee et al (2010) and Moqbel & Bakay (2010). A survey was distributed to educators in accounting departments of Palestinian universities, as well as to practitioners (preparers and users of financial statements) in Palestine.

The secondary data were collected from the related previous studies, articles, journals, Palestinian laws, and web sites.

Population & Sample

The population of the study included all accounting instructors in Palestinian universities and preparers & users of financial statements in Palestine. Therefore, the relevant sample is selected to be from the stratified type in order to be as representative as possible and then the members of each stratify are selected randomly. Hence, the sample comprised two groups: one for academics and the other for practitioners (professionals). Both groups are confined to the West Bank and excluded those who live in Gaza Strip due to the restrictions imposed on movement in the Palestinian territories by the Israeli occupation. The academic group included 54 accounting instructors in the major Palestinian universities, while the practitioner group included 36 of audit offices, 27 of financial managers working in the PSE listed companies, 4

of brokerage firms' offices and 2 from the PSE. The questionnaires were sent to the members of both groups and collected from only 82 respondents.

Statistical Techniques

This study used the Statistical Package of Social Sciences (SPSS) to analyze the data and test the hypotheses.

Discussion and Analysis

It is worth mentioning that this study surveyed the views of both the practitioners and academics in Palestine about IFRS and US GAAP from various aspects. Because US GAAP is already applied informally, by a form or another, in Palestine, it is assumed that both groups have enough expertise to deal with it. Conversely, they do not have the same expertise with IFRS because it is relatively new in Palestine. These issues are reflected in the following discussion of testing the hypotheses.

[Testing H0 1]

"Palestine is not mature enough to replace US GAAP by IFRS".

Table 1 listed below shows the result of testing the hypothesis 1. As shown in the table, nearly 50% of respondents' view that Palestine is mature enough to replace US GAAP by IFRS in the Palestinian environment, 18.3% of them have an opposite view, while 31.7% of the sample has no view in this issue in which could be implicitly illustrated that they have neither enough information nor experience regarding IFRS.

Table 1. Palestine is immature yet to replace IFRS instead of US GAAP

	Frequencies	Percentage (%)
Strongly disagree	20	24.4
Disagree	21	25.6
Neither agree nor disagree	26	31.7
Agree	13	15.9
Strongly agree	2	2.4
Total	82	100

However, it can be said that there is a somehow tendency to move toward IFRS in Palestine. This result is in conflict with both of the related studies by different directions since the study of Herbert et al (2013) found that Nigeria is not ready for IFRS adoption, while the study of Alkhtani (2010) found an agreement among the participants regarding the suitability of IFRS to Saudi Arabia. However, the result of testing this hypothesis is enhanced by the results of testing the hypothesis 2 listed below.

[Testing H0 2]

“There are no different perspectives between the practitioners and academics pertaining to whether they are ready to accept IFRS in their jobs”.

Table 2 shows the acceptance of this hypothesis by using T – test for equality of means.

Table 2. Acceptance of IFRS by both Academics and Practitioners in their jobs

Hypothesis	T – test for equality of means		Decision
	T – value	Sig (2 tailed)	
H02	-1.478	0.143	Accepted

This result indicates that there are no different perspectives between the practitioners and academic pertaining to whether they are ready to accept IFRS in their jobs. Thus, the study accepts the null hypothesis H02 because p – value 14.3 % is greater than the significance of level 5%. Then, t-value for equality of means is – 1.478 less than the rule of thumb 1.690. Therefore, the alternative hypothesis is rejected. This result is in agreement to some extent with the study of Hor and Juchau (2004), since the participants were ready but worried about specific areas of IFRS that did not gain full agreement around them. While the results of both Herbert et al (2013) and Moqbel and Bakay (2010) that were done in Nigeria and the United States respectively, reflected cases of awareness about accepting IFRS since both academics and practitioners in Nigeria have heard of IFRS and the same groups in the United States were relatively unfamiliar with IFRS, in which could be interpreted that they are worried about their countries’ readiness of IFRS adoption.

[Testing H0 3]

“There are no different beliefs between practitioners and academics regarding the hard obstacles that convergence would encounter regardless of who are more familiar with IFRS and who are not familiar”.

Because familiarity case with IFRS in the Palestinian environment is not defined precisely and may have different meanings among respondents from the two groups, it does not have been postulated in the current study. There are several reasons behind this issue. First, IFRS is a new concept in Palestine, but there is an estimation that each individual selected in both groups of the study’s sample has at least heard some information about. Second, there is a need to avoid embarrassment about IFRS among the participants due to the lack of deep knowledge. Third, focus should be on the potential hard obstacles that may encounter convergence with IFRS. For these reasons, and in order to achieve comparable views, both who are and who are not familiar with IFRS are incorporated in this hypothesis. However, table 3.1 listed below shows the results of testing the hypothesis according to test of One-way ANOVA.

Table 3.1. One-way ANOVA Test

Obstacles	F - test	Sig	Decision
Cost of conversion	3.167	0.012	Difference
Required changes in auditing standards	1.459	0.213	No difference
Uncertainties associated with IFRS	2.246	0.058	No difference
Shortcomings of regulators efficiency of setting international GAAP	2.385	0.046	Difference
Conversion plan and related issues of IFRS	0.878	0.500	No difference
Expertise Shortages of financial statement preparers to deal with IFRS	0.492	0.781	No difference
Inefficiency of plain language used in introducing IFRS and related auditing references.	1.289	0.278	No difference
Absence of explicit Palestinian regulation to adopt IFRS	0.400	0.847	No difference
Confusion due to prevailing multiple curricula during conversion period	2.011	0.087	No difference
Resistance of change.	1.045	0.398	No difference

*Significance of level at 5%

As shown in table 3.1 above, views of both surveyed groups are in agreement of most obstacles that constitute a challenge to move towards IFRS. Still, some obstacles remain out of their agreement, such as the needed budget for conversion and how Palestinians view the

shortcomings of regulators efficiency of setting international GAAP if any. However, this result comes as their answers listed in table 3.2 below.

Table 3.2. Results of Testing Hypothesis 3

Hypothesis	T – test for equality of means		Decision
	T – value	Sig (2 tailed)	
H03	-0.502	0.617	Accepted

*Significance of level at 5%

Although the most obstacles raised in the current study are similar to some extent to those surveyed in both studies of Rezaee & Szendi (2010) and Moqbel and Bakay (2010), the current study does not differentiate between the views of both groups in the sample, while both studies did. Therefore, the comparable results with those both studies need more care in interpretation. However, the results of Rezaee & Szendi (2010) indicated that converting to IFRS can be costly, time consuming, and tedious for many companies that use national accounting standards. And when prioritizing the obstacles, the following come at the top of their list: lack in financial accounting textbooks, lack of uniformity in the application and lack of education, understanding, and experience by preparers of financial statements with the use of IFRS. As for the study of Moqbel and Bakay (2010), it was found that there are significant differences in their views about the obstacles to follow IFRS especially for initial cost of convergence, required changes in auditing standards and the position of IFRS to be the globally accepted accounting language.

However, the study of Winney et al (2010) points that IFRS encounter several similar and other roadblocks, while the survey of KPMG-AAA (2009) indicated some similar key points of concern around IFRS. Finally, the study of Alsaqqa & Sawan (2013) indicated worries about the level of education of accounting users, methods provided by some IFRS and an inadequate enforcement mechanism which are considered as obstacles encounter the adoption of IFRS.

[Testing H0 4]

“There are no differences between the views of the practitioners and academics regarding the advantages they may gain from adopting IFRS”.

Table 4. Potential Advantages of IFRS (H0 4)

Items	T – test for equality of means		Decision
	T – value	Sig (2 tailed)	
Raising capital in international markets.	-0.074	0.941	No differences
Comparability and convenience transfer of accounting information.	-2.068	0.042	differences
Acceptance of IFRS as an international accounting language	-1.509	0.135	No differences
New room for professional judgments.	-1.269	0.208	No differences
Consistency of global financial reporting.	-2.139	0.035	differences
Alternative of setting national GAAP	-0.776	0.440	No differences

*Significance of level at 5%

As shown in the table listed above, there are no differences between views of both academic and practitioners in Palestine pertaining to the importance of the following potential advantages that may be gained from conversion to the IFRS:

1. Minimizing the global competition obstacles in raising capital in international markets.
2. Verification of IFRS as being acceptable accounting language at international level.
3. IFRS enable auditors and corporate managers to open new room in making their professional judgments.
4. Minimizing both time and efforts in the process of setting national GAAP characterized with high features.

However, their views still vary regarding the realization of the following potential advantages:

1. Increasing comparability of financial statements and convenience transfer of accounting information in financial markets.
2. The ability of IFRS in creating consistency in global financial reporting and auditing.

However, the study of Rezaee & Szendi (2010) indicated that the majority of respondents believed that IFRS would be beneficial to a wide range of users in which IFRS can improve cross-border integration of capital markets, create uniformity in global financial reporting, minimize barriers to global competition for capital, increase global comparability, and promote a more informed global marketplace. Meanwhile, the study of Moqbel and Bakay (2010) pointed that most respondents believed that comparability, uniformity of financial reporting and minimization barriers to global competition for capital are the key principles of moving toward IFRS. Finally, when reviewing the section of the previous studies that documented the benefits of IFRS, it could be found that the comparability is a corner point of benefits that can be achieved despite some of them indicated some difficulties regarding its achievement.

[Testing H0 5]

“All the potential plans to transition to IFRS from the points of view of the practitioners and academics in Palestine are the same”.

Table 5. Acceptance to deal with IFRS (H0 5)

T – test for equality of means			
items	T – value	Sig (2 tailed)	Decision
S7	-0.366	0.715	No differences
S8	1.574	0.0132	differences
S9	0.138	0.891	No differences

*Significance of level at 5%

Concerning the procedures of potential plans to converge to IFRS, both views of the academics and practitioners in Palestine are in agreement with the following issues:

1. Palestinian universities undertake various actions towards investors, corporate managers and other interested parties to make IFRS clearer and more familiar in the Palestinian environment.
2. The absence of the professional exams based on IFRS is one reason for the weakness of awareness of IFRS in Palestine.

However, both views disagree around the importance of binding governmental regulation to deal with IFRS in Palestine.

However, these results are converging with some of previous studies and diverge with others. For example, the study of Rezaee & Szendi (2010) pointed to three methods as proper plans to follow in the transition to IFRS. All of them concentrate on IFRS training and IFRS education in the accounting curriculum. Also, the study of Moqbel and Bakay (2010) agreed on the proper plan that includes training and education. On the other hand, the key point of contradiction of the current study with other some of previous studies like discussed above is about the enforcement mechanism.

[Testing H0 6]

“All the expected scenarios that might be undertaken to move and apply IFRS in Palestine are the same”.

Table 6. Scenarios of conversion (H0 6)

T – test for equality of means			
	T – value	Sig (2 tailed)	Decision
H0 6	2.345	0.021	Rejected

*Significance of level at 5%

The results show that there is no agreement on following specified scenarios to move toward IFRS in Palestine. The majority of respondents prefer the gradual style; others prefer a radical one. However, the result of testing hypothesis 6 is varied between the respondents about whether resistance to change among interested parties is considered as an obstacle or not in both scenarios.

However, most previous studies in favor of IFRS, tend to prefer a gradual and soft move to IFRS and the examples are huger to mention.

Conclusions

Converting to IFRS in Palestine means a transition to a global accounting language and has its challenges as experienced at international level in one part and at unique Palestinian level in the other part. As indicated by the study of Rezaee & Szendi (2010), such challenges can be cultural, political, and legal in which the variables that constitute each country's environment are unique and inherent in it, and shape the accounting development. Therefore, there is no doubt that the accounting environment of Palestine needs improvements in terms of being ready to accommodate the benefits of adopting IFRS. Such improvements represent challenges to the convergence process toward building the know-how of global language of accounting that enables Palestine to communicate financial information worldwide effectively. Training on the international accounting standards, international standards of auditing, is the urgent challenge that Palestine should cope with soon. Training accountants, auditors, and other interested parties is a very important step for convergence to IFRS as shown in the study of Kroll (2009). Coordination with International organizations, such as the big four CPAs firms in the United States that have offices in Palestine can be helpful in the training process. They have portals and websites that provide IFRS helpful sources in the training and education part of preparation to IFRS. For example, the websites of IASB, IFAC, AAA, Grant Thornton, Deloitte Touché Tohmatsu, and PricewaterhouseCoopers are of great helpful.

On the other hand, accounting programs in Palestine have shortages of teachers as well as curricula that help in teaching IFRS. Universities are required to bring teachers of accounting and other members of commerce faculties acknowledged with IFRS in order to make Palestinians familiar with the international accounting standards and their applications so that they can deliver the expert knowledge they acquire to their students. Since IFRS has principle-based standards, the way it has to be taught should concentrate on reasoning and strengthening the judgment abilities not on the memorization of rules.

In this context, several organized steps are required, such as revisiting courses in general so that they could be in line with the international curricula. Textbooks from international universities can be helpful in this regard. Other steps include reconsidering individual course subjects so that theoretical and practical content could comply with the international accounting standards in addition to reconsidering and updating textbooks to suit the changes in the international standards. These steps are necessary to produce an academic infrastructure of schools and universities, which will turn out a quality of graduates who are well equipped to deal with the practical applications of the international accounting standards.

However, there is still a need for more regulations to the profession of accounting more than the declaration of adopting IFRS through articles of legislated laws. The legislative structure pertaining to all players in the Palestinian economy would be viewed as the critical factor to impact accounting development. There is a need for more involved regulation to coordinate activities of PSE, securities commission, brokerage firms, listed and unlisted companies, accounting and auditing associations, PMA, ministries of finance and trade, company controller, industry of financial analysis, users of financial information and so on, in order to create and reinforce the culture of IFRS in the Palestinian environment. This legislative structure entails that all controlling bodies and professional associations should adopt the International Standards (Accounting and Auditing) in their work and be regulated in compatible with IFRS.

The last and important challenge to convergence in Palestine is the financing sources. Palestinian should overcome this challenge by a way or another, because the benefits of IFRS programs exceed the cost in the long run. The key point to conclude is that it is difficult to cope with the variables comprised by these challenges in the short run and it is also difficult to overcome the resistance to change by both academics and practitioners because change, in general, does not always carry positive consequences.

Recommendations

It can be said that it is not an easy decision to adopt and implement IFRS (fully or partially) in Palestine as indicated by the articles of both the Securities Act of 2004, and the act of the Palestinian Capital Market Authority of 2004 that could be seen as a label to access the WTO. Palestine shares other developing countries serious limitations in infrastructure necessary to accommodate and nationalize IFRS successfully. Hence, the current study recommends the following issues to those in charge in Palestine in order to be considered in the potential framework of IFRS:

1. Performing serious studies about the potential implementation of IFRS in Palestine pertaining to the following issues: benefits, cost, problems, real need, legal and institutional infrastructures, adequate enforcement mechanisms and roles of universities and accounting profession in providing accounting education and training.
2. Reviewing the accounting curriculum in universities and other academic institutions in order to incorporate IFRS courses gradually.
3. Undertaking continuous training programs on IFRS among preparers and users of accounting information in Palestine.
4. Activating the role of professional associations and develop sound interrelationships between the professionals and academia.
5. Develop a reasonable framework to move smoothly towards IFRS based on a planned timetable.

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طبيعة المعايير المحاسبية المستخدمة في عملية إعداد القوائم المالية في فلسطين

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الملخص

إن الهدف الرئيسي من هذه الدراسة هو استكشاف طبيعة المعايير المحاسبية السائدة في فلسطين والتي تستخدم في إعداد القوائم المالية ومدى ملاءمتها للبيئة الفلسطينية وكيفية جسر الفجوة بينها من أجل أن تشارك فلسطين العالم بمعايير محاسبية مشتركة وموحدة وهي (المعايير الدولية لإعداد التقارير المالية).

استخدمت الدراسة عينة طبقية مؤلفة من 82 فرداً، توزعت على مجموعتين: هما مجموعة من المهنيين، ومجموعة من الأكاديميين في فلسطين (الضقة الغربية مع استبعاد قطاع غزة بسبب القيود المفروضة على الحركة). وقد تم اختيار الأفراد داخل كل مجموعة بشكل عشوائي من مجتمع الدراسة الذي اشتمل على مدى متنوع من مدرسي المحاسبة في الجامعات الفلسطينية والممارسين المهنيين القائمين على إعداد القوائم المالية واستخدامها في البيئة الفلسطينية. بعد ذلك، قامت الدراسة بمسح ميداني لوجهات نظر أفراد المجموعتين في العينة بهدف فحص فرضيات الدراسة الستة من خلال استبانة جرى تصميمها لهذا الغرض، وتم توزيعها على أفراد العينة من كلتا المجموعتين من المستخدمين.

وقد بينت نتائج الدراسة أن وجهات نظر أغلبية المستجيبين أن فلسطين مهينة وناضجة لحد ما (بعض الشيء) للبدء بإحلال المعايير الدولية محل المعايير الأمريكية في البيئة الفلسطينية، وأنه لا توجد فروقات بين وجهات نظر المجموعتين فيما له صلة بمدى جاهزيتهم لقبول المعايير الدولية في إعداد التقارير المالية في أعمالهم المهنية. كما وبينت نتائج الدراسة أن وجهات نظر كلا المجموعتين كانت متفقة حول معظم العقبات التي تشكل تحديات أمام التحول نحو المعايير الدولية في فلسطين. إلا أنه في الوقت نفسه كانت هناك عقبات أخرى لم تتلاقى حولها وجهات نظر المجموعتين، مثل الموازنة المطلوبة للتحول إلى المعايير الدولية وكيف ينظر الفلسطينيون إلى الضعف في كفاءة المنظمين (إن وجد) في وضع المعايير الدولية (من حيث مراعاتها للفروقات البيئية بين دول العالم المختلفة). أما فيما يتعلق بأهمية المنافع المحتمل أن تكتسبها فلسطين جراء التحول إلى المعايير الدولية، فقد بينت نتائج الدراسة أنه لا توجد فروقات بين وجهات نظر المجموعتين حول أهمية تلك المزايا. وفوق ذلك، فقد تلاقى وجهات نظر أفراد العينة أهمية قيام الجامعات الفلسطينية بتولي مهام متنوعة باتجاه المستثمرين ومديري الشركات وغيرهم من أصحاب المصالح تهدف إلى جعل

المعايير الدولية واضحة ومالوفة بشكل أكبر لدى معظم هؤلاء اللاعبين في البيئة الفلسطينية. من ناحية أخرى، أظهرت نتائج الدراسة أن غياب الامتحانات المهنية المعدة بناء على المعايير الدولية كان أحد الأسباب وراء ضعف الإجماع حول قبول المعايير الدولية في فلسطين. أما القضايا التي تباينت حولها وجهات نظر أفراد العينة من المجموعتين، فكانت تتمحور حول قضيتين هما: أهمية الزام الأطراف كافة ذات العلاقة بكيفية التعامل مع المعايير الدولية من قبل أي تنظيم (تشريع) حكومي بتطبيق هذه المعايير في فلسطين، وكذلك قضية اختيار أفضل البدائل التي يجب أن تتبع من أجل التحول السليم نحو هذه المعايير. وبالمجمل فقد أظهرت نتائج الدراسة مجتمعة القضايا الهامة فيما يتعلق بالتحديات التي تواجهها فلسطين في حالة التحول إلى المعايير الدولية لبناء (الاعداد والعرض) القوائم المالية. ومن ثم قدمت مجموعة من التوصيات. وقد اشتملت هذه التوصيات على النواحي التالية فيما له علاقة بالمعايير الدولية: الحاجة الى دراسات مستقبلية ومراجعة مناهج المحاسبة وبرامج التدريب على تطبيق المعايير الدولية والحاجة إلى خطة مجدولة زمنيا من أجل التحول السلس نحو هذه المعايير.

الكلمات الدالة: المعايير الدولية لإعداد التقارير المالية، معايير المحاسبة الأمريكية، مبادئ المحاسبة المتعارف عليها، بورصة فلسطين للأوراق المالية.