



**Understanding the factors that influence the IFRS adoption and translation from a
Strong Structuration Theory perspective**

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***“In the name of Allah the Most Beneficent, the
Most Merciful”***

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Abstract

The purpose of this thesis is to explore the adoption and translation of IFRS in Saudi Arabia. In particular, the thesis investigates the Saudi Organization of Certified Public Accountants (SOCPA) role, delineating the extent to which this organization influences the country's accounting profession through power and position. Using the Strong Structuration Theory (SST), the thesis demonstrates the IFRS translation as part of the adoption process and reveals the translation outcomes' institutional effects. SST allows the researcher to facilitate and analyse both the internal and external structures and agency involved in adopting and translating IFRS and engenders an understanding of the interplay of these structures and agent in the process. In doing so, the study addresses the network surrounding SOCPA (the agent-in-focus) and how this agency acts within its network (agents-in-context).

Interviews supplemented document analysis; the interviews were conducted with SOCPA, IFRS Foundation, and a number of Saudi accounting firms and businesses. The data collected give clear evidence on SOCPA's role in monitoring and updating the

accounting system. The study finds that SOCPA actively participates in translating IFRS and critically reviews IFRS, which led them to participating in updating IFRS. The findings demonstrate that the agent in focus has maintained a duality relation with their networks, resulting in the reproduction of accounting practices.

The study contributes theoretically in moving from ontological analysis to more action-based analysis by providing insights into how contextual factors influence the structure and agency involved in the IFRS adoption and translation. There is a limited emphasis on IFRS translation literature that investigates the interplay between the agency and the structures. Using SST in a case study provides inputs to the literature by looking at the issue of translation from the power of people involved and their understanding of their external structure rather than focusing on the language issue as a practice (Cooper and Robson, 2006). The knowledge gained in this study can be an insight for emerging countries in general and Arabic-speaking countries that consider IFRS. This understanding may provide institution such as SOCPA and IFRS Foundation insight about current issues related to IFRS.

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Abbreviation

SA	Saudi Arabia
SOCPA	The Saudi Organization for Certified Public Accountants
IASCA	The International Arab Society of Certified Accountants
AICPA	The American Institute of Certified Public Accountants
ICAEW	The Institute of Chartered Accountants in England and Wales
ST	Structuration Theory
SST	Strong Structuration Theory
GAAP	Generally Accepted Accounting Principles
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards

IAS 23	Borrowing Costs
IAS 37	Provisions Contingent Liabilities and Contingent assets
IAS 40	Investment Property
IAS 41	Agriculture
IFRS 5	Non-current Assets Held for Sale and Discontinued
IFRS 6	Exploration for and Evaluation of Mineral Resources
MCI	Ministry of Commerce and Investment
CMA	Capital Market Authority
GAZT	The General Authority for Zakat and Tax
CSCC	Council of Saudi Chambers of Commerce
GAB	General Audit Bureau
MOF	Ministry of Finance
FMSU	Faculty members of Saudi universities

G20

Group of 20

ICAAT

The Institute of Certified Accounting
and Auditing of Thailand

Chapter 1: Introduction

1.1 Introduction

This study explores the adoption of the International Financial Reporting Standards (IFRS) in Saudi Arabia (SA) and the translation of IFRS as a related issue. The International Accounting Standards Board (IASB), the Financial Accounting Standards Board (FASB) and the Security Exchange Commission (SEC) aimed to create a unified language that increases global comparability (Barth, 2008; IASB, 2006; SEC, 2008, 2010). From 1973 to 2000, the International Accounting Standards Committee (IASC) released a series of International Accounting Standards (IASs). Since then, IASs underwent a process of continuous improvement until the issuance of IFRS in April 2001 containing the new standards. The goal of IFRS is to deal with and address the veracity of the accounting issues faced by countries (source: IFRS Foundation).

Since establishment, IFRS have caught the attention of both developed and less developed countries hoping to legitimise their financial reporting systems and thus

enhance their global acceptance to meet the needs of a variety of users, especially foreign investors (Sawsan, 2005; Tyrrall, Woodward and Rakhimbekova, 2007; Noriyuki, Andreas and Domenico, 2015). The number of countries that have moved to adopt IFRS continues to increase. In fact, 144 out of 166 countries require IFRS for local use (source: IASB's website 2018). However, such a decision presents several obstacles for instance, the lack of expertise and the language of IFRS.

The inconsistent global compliance of IFRS has prompted researchers to explore the adoption process and the associated issues. Some of the previous studies include statistical analyses that address the degree of IFRS compliance (Kossentini and Othman, 2014; Olfa and Walid, 2019). Other studies have examined different IFRS topics, for example, investigating users' perceptions of financial information (investors, regulators, preparers and auditors) (Hakim and Anas, 2015; Samaha and Khlif, 2016). In certain emerging market economies, some of the most important promoters encouraging the adoption of IFRS are financial providers such as the World Bank and the International Monetary Fund (IMF) (Wolk and Tearney, 1997; Zurina and Rahim, 2016). Recently, Olfa

and Walid (2019) claimed that countries experiencing improvement in the accounting profession are more likely to be encouraged to favour IFRS (Hakim and Anas, 2015; Noriyuki, Andreas and Domenico, 2015; Olfa and Walid, 2019). According to these studies, there is a positive relationship between IFRS adoption and economic development. Moreover, Salma *et al.* (2020) examined the political and institutional pressures that lead to IFRS being adopted locally by listed firms and Small and Medium Enterprises (SMEs) (Ram and Newberry, 2013; Devi and Samujh, 2015). The primary focus of these papers is on harmonisation and the effects that might hinder the implementation of IFRS. However, IFRS adoption is a topic that needs to be addressed from different angles, from the local institutional factors to how these factors might be reflected in IFRS.

The initial adoption of IFRS can be problematic. Regardless of the advantages associated with IFRS, adopters can encounter several problems: A) issues related to the standards (e.g., fair values); B) cultural resistance; and C) the language of IFRS (Noriyuki, Andreas and Domenico, 2015; Uzma, 2016). Culture has a great impact on IFRS (Samuels, 1982;

Hove, 1986; Mueller, 1967; Perera, 1989; Roberts *et al.*, 2005; Tyrrall *et al.*, 2007). Researchers argue that IFRS adoption could negatively impact emerging economies' economic development due to their unique accounting needs and discrepancies in their cultural, social, political and economic environments (Hove, 1989; Briston, 1990). Yamani and Almasarwah (2019) argue that Sharia law influences all aspects of culture in Islamic countries and guides all activities including accounting and business transactions. Full compliance with IFRS may be challenged due to Islamic principles contradicting certain IFRS requirements (Alkhtani, 2012; Irvine and Lucas, 2006; Leila, 2016; Yasean *et al.*, 2018; Zurina and Rahim, 2016). However, the influence of Islamic rules differs from one Islamic country to another, meaning that differences exist even among countries with similar legal systems (Tyrrall *et al.*, 2007). Education and training can lead to successful IFRS adoption. Previous studies have found a positive relationship between higher education levels and the adoption of IAS in emerging economies. Familiarity with the terminology and with accounting standards can be helpful in ensuring a successful IAS experience (Zeghal and Mhedhbi, 2006).

Furthermore, language is considered a key obstacle to IFRS adoption, specifically for non-English speaking countries. IFRS is written in English, which poses a challenge for those countries where English is not the primary language. The influence of the English language among developing countries varies; colonialism has played a role in making English one of the official languages used in this area. For instance, education in countries in the West, such as Nigeria, is delivered in English. Due to British colonialism, English has influenced a number of the key sectors in South Asia, including the education sector. In India, English is taught in schools and educational institutes, which has contributed to the use of English in politics, business, trade, economics and education (Graddol, Leith and Swann, 1996). As a result of language differences, there is a need to translate IFRS into other languages to help non-English speaking nations gain sufficient understanding of these standards. Concerns have, however, been raised that translation may cause a departure from the intended meaning (Huerta et al., 2013; Nobes and Stadler, 2018; Noriyuki et al., 2015).

The issue of translation has captured researchers' attention (Baskerville and Evans, 2012; Evans et al., 2010; Evans, 2018; Huerta et al., 2013). Recent studies have addressed this issue and its impact on understandability, calling for more attention to the area of translation (Evans and Kamla, 2016; Evans, 2004). However, few studies have attempted to discuss the issues related to the translation of IFRS in the Arabic context, where 22 countries speak Arabic. Some of these countries (e.g., Saudi Arabia) are considered high-income economies. In fact, Saudi Arabia is one of the G20 countries. This study investigates and addresses the role of the Saudi Organization for Certified Public Accountants (SOCPA) in the IFRS adoption and implementation. The Saudi government established SOCPA to be responsible for reviewing, setting and approving accounting and auditing practices in the country. It is a government body that is empowered to monitor the accounting profession locally. Recently, the IFRS Foundation has made SOCPA the official translator of the Arabic version of IFRS. Therefore, SOCPA, as a recognised body, has a significant commitment to develop the accounting framework locally and has recently gained authority over the Arabic translation of IFRS. This makes Saudi Arabia an interesting context for this research. Saudi Arabia is a high-income

emerging economy that has recently adopted a new developmental plan (Vision 2030) (See section 1.7). This plan is an important contextual factor that was launched in 2016; Vision 2030 aims to reduce the dependence of the Saudi economy on oil revenues and seeks options to develop the country economically and socially. Another reason for considering Saudi Arabia as an interesting case is the role of SOCPA locally and internationally. The findings of this thesis will disclose different aspects of the Arabic translation of IFRS, which will later be available for public use.

In this chapter, the research problem is elaborated by discussing the factors that enable or constrain the social agency (SOCPA's members) to reproduce social practices. In particular, this thesis aims to clarify and enhance the understanding of the interaction between the agency and its structures in the IFRS adoption and translation project and how these interactions may affect the IFRS translation into Arabic. In the case of Saudi Arabia, translation of IFRS into Arabic was required as one of the adoption procedures. The involvement of different stakeholders in translation gives rise to opportunities to produce or reproduce the structure based on the powers and dispositions of these

stakeholders. Therefore, to better understand the recent adoption and translation of IFRS in Saudi Arabia, two main questions need to be answered:

- Why was the translation of IFRS required as an essential part of IFRS implementation in Saudi Arabia?
- How has the procedure of adoption and translation been carried out? This involves identifying the main actors involved.

The issue of translation has become a key consideration for Saudi Arabia and other non-English speaking countries. As mentioned in the background, language is sensitive to cultural influence (Evans, 2018). Drawing on the social aspects of translation, this thesis investigates the role of actors within a web of position-practice relationships in shaping the structure. In doing so, the thesis provides a better understanding of the modification of accounting practices. It will help understand how the decision of IFRS adoption and translation have been a result of the interactions that occur between structures. IFRS adoption is a national decision; thus, it is invariably influenced by politics (Fogarty et al.,

1994; Douplik and Richter, 2004). Therefore, this thesis will add to the literature addressing IFRS adoption and translation in depth. What is even more interesting in this study is that it seeks to explore translation as a mandatory step for IFRS adoption in Saudi Arabia. It shows how these two decisions (the adoption and the translation) are interrelated. This will reveal how this issue was considered by countries seeking harmonisation and how translation is influenced by culture and politics.

The thesis objectives are addressed by employing an interpretive approach. The use of Strong Structuration Theory (SST) enables the identification of the main actors involved in IFRS adoption and translation and helps to explain how the interaction occurs between the structures (internal-external) and the agency to reproduce the structure. SST has been used widely in accounting research, but to date of this study, it has not been used in relation to IFRS translation (see Chapter 3). To enrich the findings of this study and achieve the research objectives, the researcher was able to gain access to SOCPA due to their important role in the decisions made regarding the IFRS adoption and translation. The second section of this chapter briefly discusses the research problem followed by the

significance and contribution of this study. This chapter will end with the Saudi Arabian context, which will highlight the constituents that give the Saudi context its uniqueness. Discussing the Saudi sociocultural context will provide an understanding of the role of these factors in limiting or enabling the agency to produce the social practices. This is followed by an overview of the status of the accounting profession in Saudi Arabia and Vision 2030, which plays a major role in driving the country towards IFRS adoption. The chapter concludes with an overview of the remaining chapters.

1.2 Research Problem Background

The arguments presented in the literature review (Chapter 2) illustrate the issues faced by non-English speaking countries when they seek to adopt IFRS. The official language of IFRS is English, which requires translation into different languages. The IFRS Foundation has attempted to resolve this issue by providing IFRS in several languages. However, this has failed to prevent non-English speaking countries from evaluating and questioning the applicability of the translated version of IFRS (Norberg and Johansson, 2013). Such concerns seem to be rarely taken seriously by the IFRS Foundation.

However, in order to promote global harmonisation, IFRS has already been translated into 47 languages (IFRS Foundation, 2017). This has been accomplished by several cooperative ventures between the Foundation and external bodies such as SOCPA, which has recently been authorised as the official translator of the Arabic version of IFRS due to its role as an accounting standard setter. However, countries still have some concerns about the available translations (Dahlgren and Nilsson, 2012; Evans, 2018). For instance, a case study by Norberg and Johansson (2013) reviewed the Swedish translation of IFRS. The researchers experienced difficulty inferring the exact meaning of the source language of IFRS due to cultural aspects that cannot be ignored. Further research has been conducted in several languages to measure the efficiency of the translations available on the IFRS Foundation site (Botzem and Dobusch, 2012; Cooper and Robson, 2006; Erb and Pelger, 2015; Gillis, Petty and Suddaby, 2014; Mennicken, 2008; Pelger, 2016). A recent study by Kettunen (2017) addressed the IFRS's finished product, focusing on the practical aspects of the translation process. The institutional and linguistic elements involved in the process of translation vary; therefore, Kettunen (2017)

suggests that the diversity of such factors presents opportunities for further studies into the topic of translation.

More studies need to be conducted on the factors that lead to a country requiring its own distinct IFRS translation. Moreover, using different theoretical frameworks to expand translation studies is important to further investigate and disclose the forces and factors that influence the procedure. For example, in the Middle East, a study conducted by Abd-Elsalam and Weetman (2003) indicates that language is a key barrier in the application of IAS in Egypt. Although Kuwait and Jordan use their own Arabic translations, these are not accessible to other Arabic-speaking regions because they are individual efforts made by those countries (Abd-Elsalam and Weetman, 2003). The IAS website has been providing an Arabic translation produced by the International Arab Society of Certified Accountants (IASCA) since 1999. Abd-Elsalam and Weetman (2003) stress that although translation into Arabic could undoubtedly provide some solutions for the 22 Arab countries, these countries' different characteristics should not be underestimated. However, because the Arabic translation that was available on the IASB website in 2002

had not yet been approved at that time, the reliability of the findings of this study can be questioned. (see Chapter 2). With different versions of IFRS available in the same language, there is a fear of diverging from the original intent, which may adversely affect harmonisation and comparability (Panou, 2013). Accounting is a field that is socially constructed and culture-specific; thus, views presented in the accounting field are subjective, which indicates the influence of culture on how people view and perceive reality (Evans, 2004; Evans et al., 2010, 2015). At the same time, Temple (2013, p. 100) claims that English as a language cannot represent all the different subjective contextual views, so a translation is indispensable. However, it is difficult to obtain an objective reality through translation due to culture's influence on language:

Language is the carrier of culture, culture is the soil of language, and translation is the bridge of intercultural communication. (Zhang, 2018).

Translation involves a variety of cultural factors. Therefore, the specific characteristics of the target language which can be reflected in the translation outcomes must be considered. According to Zhang (2018), this could be the cause of divergence from the

intended meaning. Cultural influence on a translation has two facets: first is the influence of culture on the translator and second is the influence of culture on the process of translation (Zhang, 2018). Therefore, both these aspects need to be considered with respect to IFRS translations as the cultural aspects tend to be reflected in translation outcomes.

The literature review shows that IASCA was the authorised translator for the Arabic version from 1999 to 2015 (IFRS Foundation website). During this time, the Arabic version of IFRS underwent a series of updates and changes made by IASCA. In 2015, the authorisation shifted to SOCPA. As discussed later in this thesis, SOCPA had several concerns about IASCA's Arabic translation of IFRS. As a result of the comments sent to the IFRS Foundation regarding the quality of the Arabic IFRS, SOCPA gained authorisation as the official translator of the Arabic version of IFRS. This thesis explores the process of IFRS adoption and translation, attempting to reveal the factors that influenced the translation, including the parties involved, which may indicate the cultural

impact on the IFRS translation. The problem of translation itself is discussed in more detail in Chapter 2.

1.3 The Significance and Contribution of the Study

As mentioned above, the topic of IFRS adoption and translation has been investigated previously in the literature. However, the context of emerging economies is relatively under-researched, and therefore, there are calls for further research in this area (El-dali, 2011; Panagiotis and Stergios, 2011; Noriyuki, Andreas and Domenico, 2015; Thompson, 2016). Due to globalisation, there has been increasing foreign direct investment in emerging economies in recent years, which requires accounting systems to be strengthened to generate reliable, comparable and harmonised outcomes that gain general acceptance (Perera et al., 2014). Globalisation has led to an increasing number of studies focusing on emerging economies. Until recently, studies have found different consequences for IFRS adoption. Some studies have identified positive outcomes of IFRS implementation such as improvement in the quality of accounting practices and transparency (Houqe, Easton and van Zijl, 2014; dos Santos, Fávero and Distadio, 2016).

At the same time, other studies have not stressed the benefit of IFRS adoption (Ahmed, Chalmers and Khelif, 2013). This inconsistency in research findings necessitates further studies to establish the institutional and sociocultural aspects behind the conflicting results.

The current study's importance derives from the recent ascendancy of IFRS in emerging economies such as Saudi Arabia. The oil industry has played a significant role in boosting the Saudi economy, but the country seeks different income sources to minimise oil dependency (Vision 2030). This, in turn, has exerted pressure for IFRS adoption with a view to creating a favourable investment context both for local and international investors. Regardless of the benefits of IFRS, the decision to adopt IFRS necessitates its translation. Therefore, translation is still considered a barrier to IFRS transition (Evans et al., 2015; Kettunen, 2017).

The current study's significance is that it investigates the translation process and related factors. It also explores how the Saudi sociocultural system might be reflected in the Arabic version of IFRS, which will be available for public use by other Arabic countries.

Extant accounting studies emphasise the practical and technical aspects of the process. However, there is a paucity of studies highlighting cultural influence in changing the structure and interplay that occurs between structures and agency (Tyrrall, Woodward and Rakhimbekova, 2007; Norberg and Johansson, 2013; Scott, 2014; Ruíz, 2015a). The study also contributes theoretically by moving from ontological analysis to more action-based analysis by providing insight into how contextual factors influence the structure and agency involved in IFRS adoption and translation. The investigation in this study aims to enhance the understanding of the actors involved in the accounting practice rather than the techniques and practices themselves (Cooper and Robson, 2006; Daff and Jack, 2018).

IFRS research addressing the major Middle Eastern language (Arabic) is lacking. There is a need to tackle the issue of translation within the Arabic context from different angles to reveal how culture can affect the outcomes of translation as Arabic is spoken by 22 different Arabic countries. This shortfall may have an impact on IFRS adoption in these countries (Nurunnabi, 2018). Studies on Middle Eastern countries should be prioritised

because of their geographical location, GDP and population size. This enhances the importance of the current thesis. Most Middle Eastern countries are Muslim countries, and Saudi Arabia plays a leading role in the Islamic region (see Section 1.4). Islam plays a significant role in forming the legal systems and constitutions of these countries. It also influences how a government conducts business. However, the degree of Islamic influence differs from one Muslim country to another. This influence is more pronounced in Saudi Arabia, the birthplace of Islam (Abdulrahman and Yusuf, 2004; Perera, 1989). Due to the role of Sharia law in an individual's life, Arab countries strive to balance the international requirements with sociocultural issues which might interfere with IFRS adoption. Arias et al. (2010) recognised the absence of cultural representatives from the Middle East on the standard-setting board. They believe that the Arab and the Islamic vision is not given specific consideration. They support their argument by emphasising the importance of the Middle Eastern countries, specifically the Islamic countries, because 10 out of the 18 oil exporters are Muslim countries that carry out 40% of the global oil production. Most of these countries are Arabic speakers, and this demonstrates the importance of studies concerning Arabic translation issues. The Arabic language is

the sixth most spoken language in the world. Although most Arabic-speaking countries are classified as emerging economies, they have a high potential for rapid growth due to their market opportunities (Azmat, 2013). The Arabic language is a standard language, but it has many dialects even within a single country. This highlights the effect of culture on local language. Variations between dialects can generate differences in translation. For example, Egypt has its own dialect, which may affect the translation of IFRS and make it difficult for other Arabic speaking countries to use the Egyptian translation (Versteegh, 2014)

In 2017, SOCPA was assigned as the official translator of the Arabic version of IFRS. This is a new initiative that has not previously been explored and will enhance the importance of the current study. This signifies that this Arabic version of IFRS might be influenced by the Saudi environment. The issue of IFRS translation has attracted limited attention in previous studies (e.g., Baskerville and Evans, 2011; Evans *et al.*, 2015; Hellmann, Perera and Patel, 2010; Parker, 2000; Sunder, 2011; Zeff, 2007). Evans *et al.* (2015) suggest expanding accounting research by involving translation as one of the main

issues related to the topic of IFRS adoption. Other fields, such as medicine and law, have discussed the issue of translation with regard to educational material and the terminology used in these fields. This generates interest in the field of translation in other areas such as accounting. Moreover, previous studies on the issue of translation in accounting have investigated different research questions that are correlative to the objectives of this thesis. Some of this research provides empirical evidence of the difficulties posed by IFRS translations, suggesting that interpreting and reforming the original text is essential to translation. Baskerville and Evans (2011) and Evans (2004) believe that exact equivalence cannot be achieved in translation. They attribute this to the fact that language is part of a community's culture. Some studies show that exact equivalence in translation is rare because translation involves cultural factors that form individual mindsets (Catford, 1965; Venuti, 1995). Language reflects the specific culture's norms and beliefs, and, therefore, it is difficult for English to reflect and capture a part of the world where it is not the main language (Evans 2004; Evans, Baskerville and Nara, 2015; Temple, 2013). It is even argued that a part of reality can be lost in translation (Xian, 2008).

As observed, few studies discuss translation in emerging economies in general and the Arab context in particular. Moreover, this thesis will extend the literature on IFRS translation using SST. This theory has gained popularity in the interpretive accounting field, covering different topics such as decision-making, management accounting and government accounting (Adhikari and Jayasinghe, 2017; Coad *et al.*, 2016; Feeney and Pierce, 2016; Kholeif and Jack, 2019). IFRS translation involves communication between different stakeholders. Therefore, developing the argument on SST may provide insight into the communication that occurs among people involved in the implementation and translation of IFRS. SST shows how agents use their positions and perceptions to change or reproduce the internal or external structure (Daff and Jack, 2018). It is imperative to address the actors involved in the translation process. SOCPA established the IFRS adoption project, which consists of different stakeholders from different Saudi government bodies. Each member has their own disposition and culture. Using SST will identify how stakeholders are driven by their disposition, history and background to produce or reproduce the structure. Hence, translation can be addressed not only from a linguistic perspective but also from the perspective of the interactions between IFRS and the

people involved in the translation and implementation, which may be better understood through the application of SST since translation is a social practice. Translation is an effort to come up with a common language. It is a result of interactions between different agents who are influenced by their individual understanding of their environment (see Chapter 3).

This study seeks to encourage further research into IFRS translation and adoption and to promote the use of SST in this topic. Moreover, it provides organisations in accounting, such as SOCPA and the IFRS Foundation, with a comprehensive understanding of the existing issues with IFRS.

While addressing these key issues, the research also sheds light on the following:

- Explore the recent issues related to the adoption and translation of IFRS
- Understand how the structure can be reproduced and what factors lead to such changes

- Understand the perceptions of accounting practitioners regarding the changes that occur in the accounting system

The following section discusses the context of the study. The specific characteristics of Saudi Arabia will be discussed to identify how they shape accounting practices in Saudi Arabia.

1.4 The Context of the Study

Previous literature indicated that culture could pose a challenge to IFRS adoption (Perera *et al.*, 2014; Trabelsi, 2016). In Saudi Arabia, the Islamic ideology is the way of life. This ideology influences all aspects of life, including culture, business and accounting practices, which suggests that all these activities comply with Islamic rules. Studies in Islamic emerging economies claim that IFRS does not reflect the Islamic regulations (Abd-Elsalam and Weetman, 2003); this leads to a periodic review of IFRS to ensure its suitability and to measure its compliance with the Islamic region's objectives. Given the fact that Saudi Arabia is the birthplace of Islam, it is accountable in terms of considering the Islamic requirements. It is claimed that Islam can be a challenge for economic growth

(Steuart, 1999). For example, in the case of Saudi Arabia, the sociocultural and institutional factors have delayed the IFRS adoption; however, the country's recent development plan and the pressure to Westernise demanded changes in the accounting system and all other government systems to meet the new objectives of the government.

Several passages in the Holy Quran encourage trade and commerce. Owning and operating private businesses is also facilitated while considering the interests of others to ensure fair business transactions and dealings. It is evident that the Islamic rules are still considered in all changes that occur in Saudi Arabia. For instance, in banking, Islamic regulations prohibit dealing with interest, which leads the banking sector to find other solutions for trading and providing financial facilities (Aburous, 2019).

Despite the international market's demand for IFRS adoption, the sociocultural aspect is still interfering with the reproduction of accounting practices. The Islamic element gives an understanding of why such compliance with IFRS is difficult to achieve. This study will show the influence of Islamic ideology, which might be reflected in the outcome of the IFRS adoption and translation project. The culture in Saudi Arabia and its contribution in

shaping the way of life may be evidence of its effect on the process of IFRS adoption and translation. For example, the Islamic accountability framework suggests that companies represented by owners and managers are accountable to their stakeholders (Al-Htaybat, 2018). Therefore, the owners and managers are obligated by Islamic law to protect the interests of the stakeholders. The disclosure level is determined by the stakeholders' need, which is different from one emerging country to another. Owners and managers do not just have to meet the needs of local stakeholders. International organisations, financial providers and foreign investors can also influence the disclosure level of the accounting system. Studies on Saudi culture show that the accounting standard setting is dominated by political agenda rather than users' needs and that The Saudi political party is influenced by Islamic regulations (Alkhtani, 2012).

The Islamic regulations are considered by all government organisations in Saudi Arabia. This factor represents the external structure of the agents-in-focus. In the case of IFRS adoption in Saudi Arabia, these considerations may have an impact on the choices and decisions made by SOCPA during the process of IFRS adoption and translation. This

could be a primary reason for requiring a retranslation of IFRS before its adoption to ensure that the IFRS will not interfere with the Islamic regulations.

The following section discusses the Saudi context, demonstrating the factors that influence and shape various systems in Saudi Arabia. The discussion ends with Vision 2030 as a recent event that impacts the restructuring process.

1.4.1 Saudi Arabia's Sociocultural Context

Culture is one of the most important factors influencing human behaviour (Gong, Li and Stump, 2007). People's acceptance of the information they receive is heavily influenced by the culture of that region (Thatcher and Foster, 2003). Any new technology or a new way of doing things can be rejected if the culture does not accept it based on its values, traditions and practices (Hill, Straub, Loch, Cotterman and El-Sheshai, 1994). Although Saudi Arabia is an Arab country, it has specific characteristics, contradicting Hofstede's (1980) empirical study, which suggested that all Arab countries are homogeneous. Saudi Arabia is a tribal country in which the influence of tribes carries considerable weight. Elamin and Alomaim (2011) describe Saudi Arabia as a conservative country with strict

adherence to Islamic concepts and tribal, cultural and traditional values.. Each tribe has a head who sets the regulations (Sabri, 1997). Because the majority of the Saudi population depends on the wealthy minority, the power distribution among individuals is unequal. The Kingdom of Saudi Arabia was established in 1932 by King Abdulaziz. Looking back on Saudi history, it is apparent that the local community's culture has not been influenced by Western culture. This is attributed to the fact that the Kingdom has not been influenced by the colonial movements that occurred at that time (Francis, 1983):

Saudi culture is a complex mixture of traditional and Islamic values to a degree that makes it difficult to distinguish between the social and the religious. (Al Lily, 2011, p. 119)

Researchers claim that Saudi society is mostly religious. The structure of its society is primarily based on nomadic tribes (Francis, 1983; Cordesman, 2003, Almunajjed, 1997). Custom and tradition are vital in Saudi culture, which originated in the Arabian Peninsula and is followed by its members. One of the values that is emphasised heavily in Saudi culture is maintaining family traditions and relationships (Elamin and Omair, 2010; Elamin and Alomaim, 2011). Due to Islamic principles, Saudi society is classified as deeply

religious, closed and conservative. It has a deep respect for customs and traditions (Tripp and North, 2003). Its Islamic role defines its characteristics, behaviours, practices, values and societal norms. All of the major systems in the country are influenced by Islamic rules. According to Hamid (2014),

The social environment is closely defined by this religion. It would be important to understand how the social environment of this country affects the financial sector.
(p. 267)

Because the Saudi people depend on Islamic protection from any unknown circumstances, the level of uncertainty avoidance is high. This high level of uncertainty avoidance in Saudi culture makes it less tolerant to change and new technologies, and this is reflected in the delay in IFRS adoption. Some researchers also suggest that collectivism may affect the emergence of new technologies in the country (Abunadi, 2013). Saudi society values relationships with family, relatives and friends. Hofstede (1980) suggested that collectivism, as expressed in human relations, is the salient feature of Arab communities. Islam does not distinguish between males and females in terms of the right to education, employment, property ownership or engagement in business

activities. In the last 15 years, Saudi society has expanded females' role in many areas, including women's right to vote in elections and women's participation in *Majlis Alshura*. A recent initiative is a decision taken in 2017 by the Saudi government allowing women to drive, which will transform the structure of social mobility.

It is possible that the factors stated above (non-colonial country, tribal nature and the influence of Islam) have influenced the construction of the social and economic environment in Saudi Arabia. When studying accounting as a social practice, it is imperative to understand the effect of religion to gain an understanding of the way people think, which influences the way they conduct accounting and business.

1.4.2 The Saudi Economic System

Saudi Arabia has passed through different stages of economic development since the 1990s. Before it became one of the twenty largest economies, Saudi Arabia experienced considerable challenges and difficulties before the oil boom that helped improve its citizens' income. A review of Saudi history shows that the country's economy was primitive, with the main sources of income being agriculture, animal husbandry and crafts.

Formerly, Saudi's main interest was digging in the desert for water to provide the community with the basics necessities of life. As a result of foreign commercial transactions, there were various foreign currencies in use at the time through Ottoman, British, Indian, Hashemite, Austrian and Hajj receipts. Consequently, the country considered having its own currency. In 1925, the first Saudi currency was established, the copper qirsh coin that featured the name of the King of Hijaz and Najed. The absence of a proper banking system to contribute to economic development led to the country establishing its first bank under the name of the Dutch Bank.

Saudi Arabia's first reported budget was estimated to be 10 million riyals in 1929. Development continued until the first official local financial report was published in 1930 to the value of 901 million qirshes (1 riyal = 11 qirshes Ameri). The country's stability was the main concern of King Abdulaziz and, therefore, the Saudi Riyal was introduced in 1931. In the following year, King Abdulaziz declared the country's unification under the name of the Kingdom of Saudi Arabia. These events contributed to the country's economic stability. Consequently, Standard Oil of California (SOCAL) acquired the

concession for oil exploration in 1933, which resulted in the establishment of the California Arabian Standard Oil Company. The following year, Arab Automobiles was established as the first Saudi joint-stock company. The Saudi economy started to improve and gained stability with the discovery of oil in 1938. Production began at the first oil well in Dahrán, and the first commercial shipment was exported the following year. The first oil refinery was established in Ras Tanura, a city in the Eastern Province of Saudi Arabia, in 1940. The revenues generated from oil resulted in a massive shift in the country's economy, politics and education. The cultural and social sectors experienced change as well. The land changed from a poor Bedouin community to a rich commodity-producing country, all within a few years of oil being discovered (Bowen, 2008).

Three constituent factors played a primary role in creating the foundation of Saudi economy: the discovery of oil in Saudi Arabia's Eastern Province in 1938, the unification of several areas in the Arabian Peninsula under King Abdulaziz and the rebuilding of Europe after World War II. This last factor is an external factor that influenced the development of the Saudi economy because Europe was in need of an inexpensive and

reliable source of oil, which they found in Saudi Arabia (Metz, 1992, p. 113). This development of the economy led to an interest in strengthening the domestic financial system. With regard to financial reporting, in 1942 the country announced its first unified budget. The first Chamber of Commerce was established in 1942 in Jeddah when oil reserves reached 42 billion barrels. The meeting between King Abdulaziz and the US president Roosevelt in 1945 was a remarkable occasion in Saudi Arabia's history because it resulted in the consolidation of the economic partnership between the two countries. The phenomenal increase in oil income and the country's continued development led to the need for commercial banking. The first bank, established in 1950, was called AlKaaki and Bin Mahfouz, which later became known as the National Commercial Bank and is one of the most prominent Saudi banks to this day. To extend the efforts made by the government to improve the domestic economy, the Saudi Arabian Monetary Agency (SAMA) was established under two royal decrees in 1952, which contributed to the expansion and diversification of the riyal currency. In 1960, the Kingdom of Saudi Arabia and Venezuela issued a statement calling on all oil exporting countries to adopt a unified policy, which ultimately led to the establishment of the

Organization of Petroleum Exporting Countries (OPEC) and the establishment of the Arab Drilling Company (Petromin) in 1964. In 1973, Saudi Arabia owned a 25% stake in the Arabian-American Oil Company (ARAMCO). That year King Faisal issued a ban on oil exports, which marked the first time that oil had been used as an economic weapon in solidarity with the Palestinian cause. The Kingdom increased its stake in ARAMCO to 60% in 1974, and in the same year, the average oil price rose from \$1.56 to \$10 per barrel. In 1975, the Royal Commission for Jubail and Yanbu was established to benefit from the oil output. Saudi Basic Industries Corporation (SABIC) was established as the largest joint-stock company listed on the Saudi stock market in the following year, 1976. The Saudi government was able to acquire full ownership of ARAMCO in 1980, and in that year, the Kingdom's oil revenues amounted to approximately 375 billion riyals. Four years later, ARAMCO acquired its first four oil tankers. In 1986, the Saudi Riyal exchange rate was pegged to the US Dollar, which benefited the local investment environment. In 1988, ARAMCO changed its name to Saudi ARAMCO. During the last stages of the development of the Saudi economy, the year 2000 saw the establishment of the General Authority for Investment. The establishment of the Capital Market Authority followed in

2003, and the Supreme Economic Council was established in 2005 under the chairmanship of the Custodian of the Two Holy Mosques. This was the year in which the Kingdom of Saudi Arabia joined the World Trade Organization. In 2007, the Saudi Stock Exchange (Tadawul) was established. The Kingdom of Saudi Arabia joined the Group of 20 in 2008, the same year which recorded the Kingdom's highest ever gross national product, reaching US\$476 billion.

1.4.3 Business Environment in Saudi Arabia

Over the years, the business sector has boomed in Saudi Arabia; several companies have been established, and many economic projects have been carried out. The establishment of ARAMCO in 1944 was an initiative that brought many job opportunities for citizens (Anderson, 2014). ARAMCO created the need for a complete system that could handle all the financial aspects of the company. It was the discovery of oil and the establishment of ARAMCO which led to the first appearance of accounting firms in Saudi Arabia. Although the banking sector had already been established, the discovery of oil greatly improved the banking sector (Al-Rasheed, 2010; Bowen, 2008). The first attempt

at economic development in Saudi Arabia was to allocate oil revenues to be used within a series of five-year plans from 1970 and 2005 (Basheikh, 2002). The project included a variety of activities, including the following:

- Emphasising the role and importance of Islam in developing societal and cultural values
- Establishing institutions that serve individuals and enhance the lives of Saudis
- Encouraging private businesses that benefit the entire community
- Handling all matters related to infrastructure to ensure a solid environmental base
- Avoiding dependence on oil as the sole source of income for the country

Because of these goals, family and sole-proprietorship businesses have sprung up throughout the country. Companies in the industrial sector include small, medium and large companies (Chang and Khumawala, 1994, Alkahtani, 2010). Saudi Arabia resembles an emerging economy in terms of foreign investment. In 2000, Saudi Arabia opened the door to international investment by offering tax discounts and financial services from Saudi public sector banks. Since then, the number of foreign enterprises

has drastically increased (SAMA, 2016). The rapid economic growth has created a great need to improve the accounting profession. A broad range of accounting services was required, which resulted in an increase in the number of accounting firms in the country (Al-Rehaily, 1992).

1.4.4 The Development of the Stock Market in Saudi Arabia

The first joint-stock company in Saudi Arabia was established in 1930 (the Arabian Automobile Company), and by 1975, there were 14 joint-stock companies. The financial market operated unofficially until 1984 when the Saudi Central Bank was assigned to regulate the market's daily activities. Commercial banks worked as mediators for trading to improve the regulation and trading framework. In 1984, the Saudi Company for the Registration of Shares was established through commercial banks. This company's objective was to provide centralised registration facilities for joint-stock companies and settle and distribute all share transactions. The first system for settlement and clearing was introduced in 1989. Development continued until the establishment of the current trading system in 2001, which provides the country with a more reliable and improved

securities trading, clearing and settlement system. In 1990, the country witnessed a significant development when an electronic system called ESIE was introduced. This system handled all activities related to trading, settlement and clearing. This system's use continued until it was replaced by Tadawul in 2007 after the Saudi market collapsed in 2006. This system was an improvement because it provided dealers with more information about a trading transaction and information about the company's size which improved the transaction's security. Commercial banks have played a considerable role as mediators between investors or those who want to enter the security markets and Tadawul by processing the orders through the Tadawul system. When a transaction is completed, commercial banks transfer the shares from the seller's wallet to the buyer's wallet. In 2003, the government restructured the financial market from an organisational and supervisory perspective.

As a result, the Capital Market Authority (CMA) was established under the Capital Market Law issued by Royal Decree No. (M / 30). The CMA is a government organisation that is directly linked to the prime minister. It is charged with regulating and developing the

financial market in the Kingdom and has the legal right to develop the regulations, rules and instructions necessary to implement the provisions of the Capital Market Law in order to protect investors in the securities market. The Saudi Stock Exchange (Tadawul) is the largest Arab market in terms of market capitalisation, daily trading volume and values. It ranks very highly among emerging markets. The listed companies are distributed over 15 sectors: banking and financial services, petrochemical industries, cement, retail, energy and utilities, agriculture and food industries, IT and insurance, multi-investment, industrial investment, construction, real estate, transportation, the public sector and publishing, the hotel and tourism sector, and private companies. The concept of privatisation in Saudi Arabia was first introduced in 2002 and continues to grow to this day. Most recently, ARAMCO was privatised to help realise Saudi Vision 2030, which seeks to improve and diversify the economy (Saudi Vision, 2030).

1.5 The Education Sector in Saudi Arabia

The education sector in Saudi Arabia has been influenced by the oil sector, much like other government sectors. The revenues generated by oil exports have contributed to

improving culture as well as education in the country, with many schools and universities established across the country:

Under King Faisal ibn Abd al Aziz Al Saud (1964-75) there was a massive increase in government spending on education to an annual level of about 10 percent of the budget. (Metz, 1992, p. 122)

The development of education in Saudi Arabia includes many study abroad opportunities for students (e.g., in the UK, the US, Canada or Australia) by providing a number of scholarships. The country aims to have more specialised people in many areas such as social science, civil engineering and medical field. This has opened the door to Western culture throughout Saudi society (Shalabi, 1990). The only opportunity for foreign influence to enter the country was through education. The first higher-level education institution, the first university in Mecca, was established by a decree by King Abdulaziz. This institute had Sharia faculty, which shows the impact of Sharia and religion on the Saudi education system. Between 1957 and 1968, three universities were established that were not dedicated to religious subjects. These universities are located in the major cities: King Saudi University in Riyadh, King Abdul Aziz University in Jeddah, and King

Fahad University in Dhahran (Metz, 1992). Education for women came later; strong patriarchal traditions at the time affected the idea of women's education (Mirza, 2008; Mehana, 2009). The first school for girls opened in 1960. Prince Faisal Al Saud sponsored the establishment of this school with his wife, Princess Effat. The decision to open a school for girls faced strong resistance from some parts of the Kingdom. This opposition was based on the belief that non-religious education is useless; some even believed that education is dangerous for girls (Metz, 1992, p. 97). Nowadays, Saudi women have proven their success and superiority in many areas. The development of the economy led to further development in the education sector, with the establishment of up to 30 public universities throughout the country. In addition, there is an increasing number of private universities which offer a variety of subjects. In summary, the educational movement in Saudi Arabia was delayed but has been affected by three factors: first, the influence of Sharia was dominant in the initial Saudi educational institutes, which also delayed reforms in women's education; second, the oil economy significantly and positively enhanced the establishment of more universities as well as schools for women, whilst opening the door to the influence of Anglo-American thinking through those who

studied abroad; and third, the influence of the traditions and norms of Saudi society challenged the educational movement in SA.

With continued improvement in the Saudi business environment, the demand for business graduates, i.e., those who can accommodate the changing nature of business needs, is increasing. This has also affected the accounting profession in Saudi Arabia as described in detail in the following sections. Adopting IFRS creates complexity that leads to the need for graduates who can work with and apply new technologies (Kennedy and Dull, 2008; Jackling and DeLange, 2009).

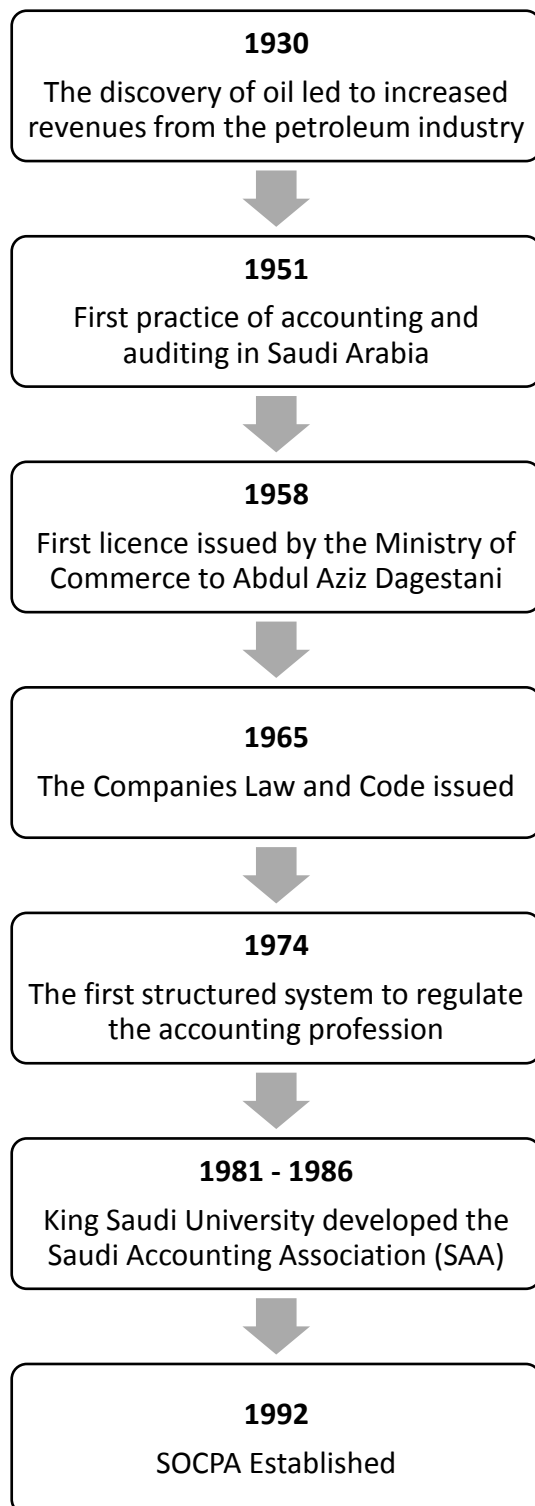
1.6 The Development of the Saudi Accounting System

Before the discovery of the oil in the 1930s, the main economic activity in Saudi Arabia was agriculture, which required minimal accounting practices (Elkharouf, 1985). The discovery of oil led to enormous economic expansion. From the small revenues generated by agriculture and the sale of some other local products to those of the petroleum industry today, the country has experienced a considerable leap in revenues. This requires a systemisation of accounting transactions. The improvement in the economic and

business environment was followed by reforms in the accounting system (Shalabi, 1990). The government of Saudi Arabia was aware of the need to develop an accounting system powered by qualified accountants. The need to create a healthy accounting environment to support and facilitate the development of the economy was widely accepted. The need for a recognised accounting system derived from the rapid increase in the size and number of Saudi companies that needed a reliable accounting system, which helped the accounting sector to operate efficiently and effectively (Abdeen and Yavas, 1985).

The first practice of accounting and auditing in the Kingdom was in 1951. However, practices at the time were not systemised or formalised. The absence of a formal accounting system led to accounting practices being left to the accountants' and auditors' personal efforts. That meant that the procedures were not standardised, and there was no prevailing professional practice. The absence of a unified accounting system considerably delayed Saudi Arabia's economic development. The Ministry of Commerce provided the first licensing authority for legal accountants. The first Saudi to be licensed was Abdul Aziz Dagestani in 1958. Although the Saudi Ministry of Commerce granted

licenses to accountants to make them authorised, there was still a considerable gap due to the absence of a well-developed accounting system guided by accounting standards. In 1965, the Companies Law and Codes were issued, which made auditing compulsory. This law required companies to prepare their financial statements and to be reviewed by an authorised auditor. However, the country still lacked a unified accounting system. Therefore, auditing was practised before accounting. Unlike today, the primary purpose of auditors was to serve the company, not the owners or investors (Table 1.1).

Table 1.1 The development of the accounting profession in Saudi Arabia

In 1974, the first structured system aimed at regulating the accounting profession in Saudi Arabia was launched. From 1981 until 1986, King Saud University worked to improve the profession. Consequently, the Academic Board agreed to establish the Saudi Accounting Association (SAA) under the supervision of King Saud University. This association was responsible for taking note of the challenges and obstacles that might hinder the development of the accounting profession and creating a list of recommendations. One of their efforts to develop the profession involved preparing a comparative study of the profession in three countries (the UK, Tunisia and Germany). The purpose of this comparison was to examine these countries' experiences related to the accounting profession and to use them as a reference tool for establishing a Saudi accounting system fit for the purpose. The Saudi Ministry of Commerce's effort in developing the accounting profession is a historical topic that has been widely discussed (Alkhtani, 2012; Alsuhaibani, 2012; Ruíz, 2015b). The most important and historical development in the accounting profession in Saudi Arabia was the establishment of the Saudi Organization for Certified Public Accountants (SOCPA) in 1992 under supervision of the Ministry of Commerce. SOCPA is responsible for setting accounting standards and developing the

accounting profession. SOCPA is managed by a board comprising 13 members accountable for reviewing, developing and approving accounting and auditing standards in Saudi Arabia. The establishment of SOCPA had a positive impact on the expansion of the accounting profession in Saudi Arabia; it has developed more than 20 standards, such as the Inventory Standard in 1997, the Research and Development Expenses Standard in 1998, and the Fixed Assets Standard in 2001 (Table 1.2). The laws and regulations are interrelated and mutually supportive in meeting the country's accounting needs. The purpose of these laws is to provide auditors and practitioners with guidelines and to ensure the quality and reliability of accounting information (Al-Rehaily, 1992). For example, the Income Tax and Zakat Law requires companies to submit their final financial statements after being audited by the Income and Zakat Department for the calculation of the required zakat or tax. This law improved the quality of financial information provided to the Income and Zakat department. According to researchers, to provide fair financial reports, the law has to be combined with a detailed accounting system that deals mainly with different aspects related to financial issues (Al-Rehaily, 1992). This emphasises the vital role that SOCPA plays in the accounting profession. The Saudi government has

imposed several laws and regulations for the improvement of Saudi society. Examples of accounting regulations are the Companies Law, the Income Tax and Zakat Law, the Certified Accountant Law and the Foreign Investment Law. All of the country's laws are greatly influenced by Islamic rules and that includes the accounting profession in Saudi Arabia.

Table 1.2: Saudi Accounting Standards that are no longer applicable

<i>Saudi Accounting Standards up to 2016</i>	<i>Year of issue</i>
1 General presentation and disclosure	1986
2 Foreign currency	1997
3 Inventory	1997
4 Related party disclosure	1997
5 Revenue	1998
6 Administration and marketing expenses	1998
7 Research and development costs	1998
8 Consolidation of financial statements	1998
9 Investment in securities	1998
10 Preliminary financial reports	1999
11 Zakat and income tax	1999
12 Fixed assets 2001	2001
13 Accounting for leases	2001
14 Segmental reports	2002
15 Accounting for investment according to property rights	2002
16 Intangible assets	2002
17 Accounting for government grants and subsidies	2003
18 Accounting for the impairment of non-current assets	2004
19 Earnings per share	2007
20 Accounting for service construction contracts	2010
21 Accounting for business combinations	2011

Source: (SOCPA, 2019)

1.6.1 The Saudi Accounting System Before IFRS Adoption

Until 2016, Saudi Arabia applied the domestic accounting standards issued by SOCPA. This was influenced by the countries included in the comparative study while taking into account Islamic requirements when issuing local standards. However, with the expansion of foreign investment in Saudi Arabia, concerns were expressed that the Saudi accounting standards may not be able to satisfy foreign needs (Herath and Alsulmi, 2017). Hence, SOCPA took steps towards the application of IFRS by non-listed and listed companies from 2017 by initiating the “SOCPA Project for Transition to International Accounting and Auditing Standards.” This project’s main objective was to review each of the IFRS standards considering the specifications of the Saudi Arabian environment (influence of religion, culture, the language barrier and legal system) to ensure IFRS’s suitability for the Saudi environment. Unlike bodies in other countries, such as the Kuwait Association of Accountants and Auditors, SOCPA, as an official accounting organisation, has an active role in either establishing local standards or reviewing, modifying and approving international accounting standards to be locally applicable (Vinten and Al-Qahtani, 2005). As is the case with other non-English speaking countries, SOCPA’s

members faced an issue with the language of IFRS that made translation into Arabic a must in order to consider the adoption of IFRS. SOCPA has been the official translator of the IFRS Foundation since 2015. Saudi Arabia has different laws that are considerably influenced by Islamic rules. Given this, and, as stated in the research objective, it is interesting to examine the extent to which Saudi culture has influenced the translation and how SOCPA with its experience, culture and background reflected IFRS. With the increase in oil prices, oil became the main source of income for the Saudi government from 1950 onwards, but the country's aim now is to expand and diversify its income sources. This is obviously reflected in Saudi Vision 2030, which aims to boost the country's economy. Previous studies predicted that when oil prices drop, Saudi Arabia must look for alternative sources of income (Al-Rehaily, 1992; Alkhtani, 2010). In 2016, the oil price did fall, which affected both exporting and importing countries. Saudi Arabia derives its global importance from oil and gas, having one of the biggest oil reserves in the world (25%). Saudi Arabia gains its power from controlling the world market as the largest oil exporter. This was noticeable when oil prices dropped; unlike other Middle Eastern countries, which preferred to sell oil at low prices instead of reducing output,

Saudi Arabia had two options: either allow the price to decrease or cut oil production to drive prices higher. However, given that oil prices had declined, it was considered time for Saudi Arabia to diversify its sources of income (Saudi Vision 2030).

1.7 Saudi Vision 2030

Saudi Arabia established its Vision for 2030 on 25 April 2016. This project is a long-term plan to develop the country by expanding its income sources (Vision2030, 2018). The development plan includes opening the door to more foreign investment by giving privileges such as tax exemptions. In terms of the accounting profession, this expansion in business has to be accompanied by more advanced accounting standards to satisfy the larger number of users of financial information. Saudi Arabia is considered the most extensive free market economy in the Middle East and North Africa, accounting for 25% of total Arab GDP. Saudi Arabia has provided big markets, such as those of Europe, Asia and Africa, access to exporting their products due to its strategic geographic location. Annual population growth of 3.5% ensures a continuous expansion in the domestic market. One of Saudi Arabia's tools to encourage overseas investment is to offer foreign

investors the opportunity to have 100% ownership of projects and real estate (The Ministry of Communication and Information Technology). Meeting the objectives of Vision 2030 requires advancing local accounting practices, which drew SOCPA's attention to IFRS. This plan has a role in triggering the changes in the Saudi accounting practices and restructuring process.

1.8 Overview of the Thesis

This study focuses on investigating and analysing SOCPA's members practices as a government accounting organisation in relation to IFRS adoption and translation. The thesis pays particular attention to the factors that limit or enable SOCPA's members to modify or change the structure (the Saudi Accounting System). It also investigates the role of SOCPA as the official translator of the Arabic version of IFRS. The study explores how the role will enable them influence IFRS.

This thesis consists of seven chapters including this introductory chapter. The introduction is followed by a literature review, a description of the theoretical framework, the

methodology, the results and analysis, a discussion on the findings and finally, the conclusion.

Chapter 1 introduced the background to the research. It emphasised the existing issues related to IFRS adoption, specifically the issue of translation. This chapter justified the importance of this research, which includes the significance of the research in the area of IFRS adoption and translation as a tool for any non-English speaking country. This introductory chapter also presented the main research questions posed in order to achieve the research objectives.

Chapter 2 reviews the existing literature with the primary purpose of providing a foundation of knowledge on the topic and identifying the gaps in previous research. The chapter presents a review of the studies that have previously been conducted on the adoption of IFRS and its translation. It also emphasises the prior academic research that addresses the issue of translation. The review of these papers is important to find the area that this study should focus on, which will help fill gaps in the research and enhance the reader's knowledge. Because Saudi Arabia is an emerging economy, the review

mainly focuses on the adoption of IFRS in emerging economies and the issues associated with that process.

Chapter 3 discusses the theoretical framework that this study employs. The current study explores the phenomenon through the lens of SST. Therefore, this chapter discusses that theory and the related theories that generated SST. These theories have been used to study social structures and the influence of structure and agents on each other. This theory is a social theory mainly concerned with understanding the creation and reproduction of a social system by analysing the relationship between the structure and the agents.

Chapter 4 discusses the research paradigms and the methodological approach that underpins this research. The study employs an interpretive approach to investigate and explore the phenomenon using social constructivist assumptions with a case study research method. The study takes the form of a case study, which is a method that is covered in this chapter as well. This method is most suitable for this thesis because it concentrates on a particular phenomenon in its own environment. The chapter presents

the process of data collection through semi-structured open-ended interviews to obtain detailed knowledge about the phenomenon.

Chapter 5 presents the results of this study with conventional content analysis as an analytical procedure. Conventional content analysis has been chosen because it aims to describe the phenomenon based on the data gathered. It does not use preconceived categories but instead allows the categories to flow from the data. A series of interviews was conducted with SOCPA members, accounting firms and local businesses. In addition, the IFRS Foundation was included to understand their perspective on the IFRS translation.

Chapter 6 entails a discussion of the study findings. The purpose of this chapter is to locate the study's findings within the existing literature and theory in order to achieve the study objectives. One of the purposes of this study is to explore how the social system (here, the adoption of IFRS) has been created or reproduced.

Chapter 7 is the conclusion of the study. It includes a summary of the thesis and its key findings. It also emphasises the contribution of the study from theoretical, methodological and practical perspectives. The conclusions are deduced from both the empirical literature and theories as well as the interviews conducted. Then reflections on the research questions are discussed. Finally, the limitations of the study and suggestions for future research are discussed.

Chapter 2: Literature Review

2.1 Introduction

Researchers claim that differences in accounting systems affect the quality of accounting information and reduce their international comparability (Ding et al., 2007). The International Financial Reporting Standards (IFRS) Foundation has attempted over the years to globally unify accounting practices, but variations in compliance persist (Brown, 2011; Nobes, 2011; Ahmed et al., 2013). Harmonisation of accounting practices has been on researchers' agendas for many years. Views on the need for harmonisation are divided: while some studies have questioned both the need for and consequences of harmonisation (Tay and Parker, 1990; D'Arcy, 2001; Chua and Taylor, 2008), others have argued that the application of international standards has positive benefits in facilitating cross-border investment (Brown, 2011; Uzma, 2016; Herath and Alsulmi, 2017; Nurunnabi, 2018). These studies, however, argue that due to a number of institutional factors, the application of IFRS might prove challenging (Ding et al., 2007; Noriyuki, Andreas and Domenico, 2015).

Empirically, this study contributes to the literature by providing an understanding of how the adoption and translation of IFRS and culture are interconnected. In the field of IFRS translation, few studies exist that mainly focus on the interactions that occur between agents involved in the process of implementing IFRS that involves translation, and how these interactions influence the decisions made regarding the adoption and translation of IFRS. This investigation will show how political and cultural factors may have an impact on IFRS. As will be discussed later in this chapter, the literature review on IFRS translation studies reveals that previous studies focus mainly on the linguistic aspect as an issue for IFRS adoption that is faced by non-English-speaking countries. Previous studies serve as evidence that the language of IFRS is a barrier for non-English-speaking regions (Chamisa, 2000; Zeghal and Mhedhbi, 2006; Zeff, 2007). This claim is supported by a number of linguistic examinations comparing the source language of IFRS, which is English, to a target language (Doupnik and Richter, 2003; Evans, 2003; Istrate, 2015). The linguistic side of the issue of IFRS language has been addressed previously (Istrate, 2015; Kettunen, 2017). However, investigations that focus on the issue of translation as a social phenomenon that involves the interplay between structure and agency are

imperative; this will enhance knowledge regarding the issue of IFRS language. IFRS translation can go beyond the need for having IFRS translated into other languages. The translation itself can be a source of power gained by the translator to influence outcomes. Therefore, studying the behaviour of people involved in the process of IFRS adoption and translation can help identify how translation is used to reproduce the IFRS itself and how the translation authority gained by the Saudi Organization for Chartered and Professional Accountants (SOCPA) will improve their power position, which would allow the agent-in-focus to influence the structure. The strong structuration theory (SST) approach is relevant to understanding how culture and politics play a role in driving the process of translation. In other words, it is imperative to understand the interplay between the structure and the agency that have an influence on IFRS translation in the case of the Arabic language.

Therefore, instead of investigating the technical side of the translation, focusing on the language and word equivalents, this study will examine translation as a social practice, which is relatively less covered in prior work (Evans and Kamla, 2018). In this regard, the

study contributes to expanding the literature to show why translation was one of the required steps in order to adopt IFRS. This will explore how the interplay that occurs between the structures and the agency within the project of IFRS adoption and translation have resulted in changed accounting practices in Saudi Arabia. This investigation will enhance the knowledge regarding how using power and position impacted the process of IFRS adoption and translation. Therefore, the study starts with why IFRS adoption has been considered by SOCPA's board of directors and how the issues encountered with translation have been handled. In particular, this study sheds light on the power position of key agents that are involved in the translation process and how they can influence the outcomes of the translation.

This chapter addresses several topics concerning the harmonisation of accounting systems. The first section covers local generally accepted accounting principle GAAP settings and the factors that affect the globalisation of these countries' accounting systems. The second part of this chapter discusses the previous studies that have been conducted regarding the adoption of IFRS in emerging economies, including the

difficulties that countries face when adopting IFRS. The third section discusses the issue of IFRS translation. The chapter ends with a brief summary of the main points relevant to the current study's stated research question.

2.2 The accounting regulation setting

The accounting field is no different from any other discipline; it has been through a series of developments to become what it is today. The accounting system's first development can be traced to ancient cities in Mesopotamia between 450 and 500 BC (Brown, 1968). Before World War II, each nation had its own Generally Accepted Accounting Principles (GAAP) designed according to their institutional needs (Zeff, 2012). The economic crash between 1920-1930 stimulated arguments about the significance of accounting regulations that meet the suitable level of disclosure for stakeholders with the most relevant information (Fishman and Hagerty, 1989; Gaffikin, 2008). Having an accounting system is essential to maintain a strong economy. Rajan and Zingales (2003) argue that the development of a country's financial sector facilitates economic growth. Meanwhile, Cox (1979) infers that regulation helps to standardise the financial reporting process,

giving the reports' users the opportunity to compare businesses and enabling stakeholders to make informed choices. The empirical literature on the economic consequences of disclosure and financial regulation indicate that regulations produce cost-savings, strict sanctions and control, and limit potential fraud and agency conflict (Leuz and Wysocki, 2016). De George et al. (2016) and Leuz and Wysocki (2016) agree that regulating the financial reporting process reduces costs while ensuring uniformity.

However, debates continue regarding the level of disclosure that can create negative consequences as a result of an unhealthy competitive environment. Irvine (2008) found that the disclosure of all financial activities can be costly, especially for the private sector, which suggests that costs might challenge disclosure, and there is general agreement that the benefits of regulation enhance disclosure and outweigh the disadvantages (Leuz and Wysocki, 2016). The accounting system has provided a tool for governments to effectively control, manage and monitor business activities (Brown, 1968; Yazdifar et al., 2006). Parkinson (1984) and Yazdifar et al. (2006) addressed the agency conflicts that might control accounting practices. These studies argue that authorities' regulating of

financial reports can be used to derive personal benefits, which can cause social distraction in the country. Meanwhile, Shleifer and Wolfenzon (2002) found that controlling shareholders caused differences in financial systems among countries.

Since the interest in accounting regulations has developed, many researchers have conducted studies supporting the idea of having a robust accounting system. Accounting regulations support the country's economy, and they aim to facilitate the preparation of financial information that needs to be provided to different types of users. Such an accounting system would increase financial information disclosure and enhance competitiveness (Fishman and Hagerty, 1989). Historically, various financial topics have been addressed; for example, Leftwich (1981) found that mandatory regulation has a positive impact on companies' cash flow, debt value and equity. These studies focus on the importance of accounting regulation in monitoring and organising the profession locally to serve the local needs (Leftwich, 1981).

Accounting regulation offers a way of standardising accounting practices by providing guidelines to practitioners regarding how to deal with different financial aspects.

Standardisation helps businesses record and monitor their financial activities, ensure homogeneity and provide efficient and accurate data. Although accounting is meant to be the same across the world due to globalisation, the regulations vary (Cortese and Walton, 2018). Most of the recently developed accounting systems are based on American GAAP, but Xu et al. (2018) state that accounting is an expression of social context and economic context, and these two elements differ between nations. The next section discusses the empirical literature concerning accounting systems and the factors that influence the development of the accounting profession in any given country.

2.3 Factors that influence the accounting system

There is a relationship between accounting and the context in which it operates (Hopwood, 1987). The accounting system is the result of a number of environmental and economic factors and any variation in these factors from one country to another will be reflected in the accounting system (Nobes, 1998; Roberts et al., 2005). As shown later (see section 2.6), these factors also contributed to challenging the adoption of IFRS.

This thesis focuses on Saudi Arabia as an emerging economy and, therefore, the literature reviewed is that concerning emerging economies. The factors that influence accounting systems are divided into two main groups: internal (relating to the country's users' needs and environmental aspects) and external (related to globalisation and capital markets) (Nobes, 1998). The differences in accounting systems between nations have been studied over the previous two decades by accounting researchers, including (Mueller, 1967; Mueller et al., 1984). In addition, many organisations such as the AICPA (1964; 1975) have studied accounting systems. Accounting practices are influenced by the prevailing environmental factors where these practices are taking place; studies have sought to analyse the accounting practices of different countries with reference to a number of social, political, economic and cultural factors (Kraayenhof, 1960; Lowe, 1967; Nair and Frank, 1980; Parkinson, 1984; Gray, 1988). Such differences explain variations in accounting standards between countries.

Radebaugh and Gray (2002) list a number of factors that influence the accounting system's establishment, including culture, the legal system, economic growth, financial

and capital markets, and other international factors. These factors have also contributed to giving countries' systems their uniqueness. Researchers have studied the factors that encourage governments to regulate their accounting practices throughout the history of the accounting system. Cox (1979) argues that such regulation can reduce companies' costs. There is agreement among researchers that the accounting system helps ensure uniformity and helps organise accounting practices, thus, enhancing transparency (Alsaqqa and Sawan, 2013; De George, Li and Shivakumar, 2016). However, researchers address culture as a single factor that influences the accounting system. Gray (1988a), Hove (1986) and Briston (1978) argue that considering users' accounting needs determines the accounting regulation that best serves their needs. Meanwhile, Ball et al. (2003) state that the government is responsible for setting accounting regulations.

Studying the accounting system in emerging economies has been of interest to many scholars. Perera (1989) believes that the emerging economies, or how he describes it, the 'third world' have little ability to develop accounting systems that reflect local needs. Financial aid and colonialism are considered the factors that have shaped most of the

systems in emerging economies, including political and economic systems, the legal system, the education system, the financial system, and the accounting system (Wijewardena and Yapa, 1998). Therefore, accounting systems in emerging economies have mainly evolved following the trend in developed countries. This is attributed to the Western capitalist countries such as the UK and the USA (Perera, 1989). The influence of Western countries has been imposed through colonial force or the power of investors. Shareel and Tom (2017) found that the spread of multinational corporations in these emerging economies helped to spread Western culture. Other researchers mention that international accounting firms have also facilitated the transfer of Western styles to emerging economies (Bakre, 2006; Hove, 1986; Perera et al., 2014; Briston, 1978; Shareel and Tom, 2017). However, the debate revolves around the suitability of the transferring accounting standards, which does not consider the recipient countries' needs (Abd-Elsalam and Weetman, 2003).

Political and economic systems are interrelated. These systems are crucial for specifying the accounting objectives of any country. The main mission of establishing the accounting

system has always been to serve the political and economic systems (Fogarty, Hussein and Ketz, 1994; Yazdifar et al., 2006; Pratiwi, Shalihatulhayah and Mayasari, 2015). Accounting researchers also address the legal system as one factor that influences the accounting system (Alexander and Archer, 2003; Roberts, Weetman and Gordon, 2005; Alkhtani, 2012). For instance, Radebaugh and Gray (2002) describe the legal system as a strict enforcer of laws and regulations that can contribute to the setting of accounting regulations. The two main forms of law are code law (also known as 'Roman law') and common law (case law). Code law is a systematic written statement of laws in a particular area of law (Jaggi and Low, 2000). Once they are drafted, this list of codes and rules are enforceable by law. This type of law is included in every legal system, which may also include common law, but its usage differs from one legal system to another.

On the other hand, in a legal system that adopts common law (case law) the court plays a significant role. These rules may be written or unwritten, so the law of the country depends on decisions made by the court. However, under this system, similar cases and facts should be treated differently from how they were in the past, so past events and

cases are taken into consideration when deciding the case in hand. Religion has been found to be one of the environmental factors that influence all government sectors, including the financial industry. The most dominant religion that has the power to control countries' policies is Islam. Religion beliefs inspire Islamic countries, and its reach extends to affect many contexts, including business activities and accounting policies (Alkhtani, 2012). However, Puledko and Bhargava (2005) claim that religion might hinder development because it is based on roles that have been set in the past, before the revolution, which made it possible to keep pace with the times. In Saudi Arabia (an Islamic state), the King sits atop of the legal system. The legal system is based on Islamic Shariah, and this is reflected in both civil and criminal laws (see Chapter 1). Islamic Shariah refers to the guidelines for all legal aspects; these guidelines are represented through the Holy Quran and Sunnah, "the sayings and practices of the Prophet Muhammad." There are two other sources of law. The third source of Islamic law is the Islamic scholars' opinion which is called 'Ijma' or Qiasm. The fourth source is the comparison of Prophet Muhammad's sayings with the Holy Quran to provide a solution

to new issues that did not occur in the time of Prophet Muhammed's life (Halliday, 1995; Al-Rasheed, 2010).

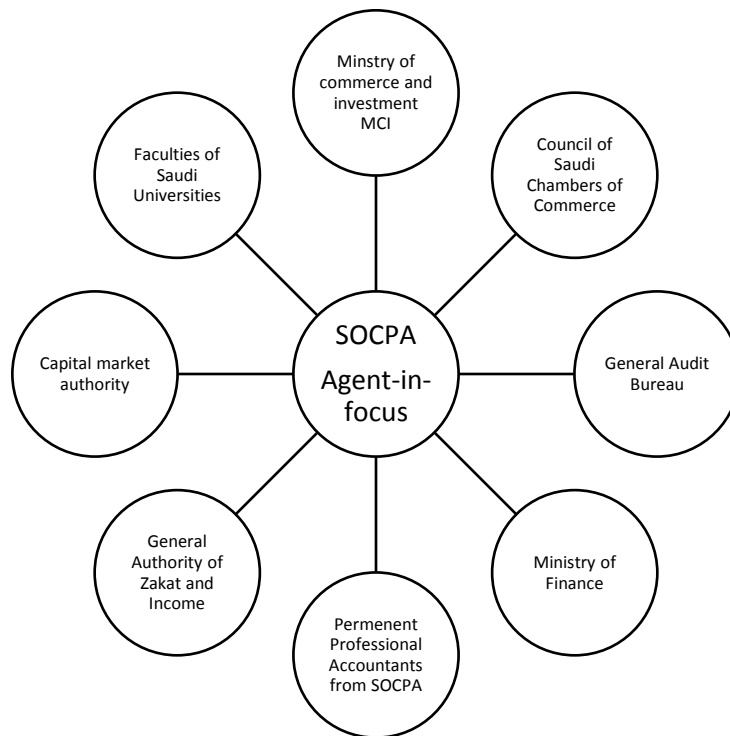
Porta et al. (1998) state that legal systems have an impact on the capital market and corporate ownership. Under code law, the regulation of accounting standards and practices is very detailed and comprehensive. In this legal system, the aim of accounting is to protect creditors within specific frameworks. Countries control and regulate their commercial organisations' practices via commercial codes whilst the accounting system is regulated through the accounting code. Meanwhile, under common law, the accounting system is based on individual decisions, meaning that accounting policies and rules are set by the private sector (Porta et al., 1998). Jaggi and Low (2000) and Möller (2015) argue that accounting is more adaptable in the common law system, focusing on transparency and timely financial reports. Under this legal system, the accounting system aims to protect investors and companies' owners. Therefore, the accounting system focuses on capital providers rather than on creditors. Common law rules work by

prohibiting undesirable behaviour rather than codifying desirable behaviour and the accounting measurements here tend to be less conservative.

The accounting policies and objectives will change according to the legal system in any given country. According to Jaggi and Low (2000) and Nobes and Parker (2008), the legal system might support the accounting system's development or hinder the changes. It may also be the cause of the differences that exist in the accounting systems among nations. For example, as elaborated in Chapter 1, religion has been considered at length when either establishing local accounting systems or applying IAS in Saudi Arabia (Alkhtani, 2012; Möller, 2015). Moreover, religion influences the law in all countries that base their government sectors on religious rules. In terms of the accounting profession, the government is involved in setting accounting regulations to ensure it satisfies the Islamic roles (Perera et al., 2014). In the West, the accounting profession is mainly independent of government involvement (John, Carey and Carey, 1987). As mentioned previously (see Chapter 1), SOCPA is responsible for organising the accounting profession and is a government body. Exploring the context of SOCPA demonstrates the influence of the

government (represented by government organisations) in regulating the accounting system in Saudi Arabia (Mihret, Alshareef and Bazhair, 2017a). According to SOCPA Organisation (2020) its mission is to serve political and economic development (more detail in Chapter 1). As shown in Figure 2.1, several government bodies govern SOCPA, including the Ministry of Commerce and Investment (MCI), the Capital Market Authority (CMA), and the General Authority for Zakat and Tax (GAZT) and others. Each of these bodies seeks to achieve one of the national development goals; therefore, accounting has to be formed to enable the country to carry on its development plan.

Figure 2.1: SOCPA's Board of Directors



Source: SOCPA website

The corporate financing system is the way in which companies finance their activities. Both creditors and investors are users of the available financial information. Financial providers will always choose what information they want to be included in their financial reports. As a result, Cox (1979) and Hassan et al. (2014) argue that the main users of financial reports will have the ability to dominate and influence the accounting system to ensure that the developed accounting system serves their needs (Cox, 1979; Fishman and Hagerty, 1989; Leftwich, 1981; Leila, 2016; Perera et al., 2014). Businesses usually rely on earned capital to fund their transactions. The source of finance would normally determine the type of financial information generated by the accounting system (Hassan, Rankin and Lu, 2014). Zeghal and Mhedhbi (2006) claimed that economic growth in any given country depends on the capital markets. Therefore, the need for the group of donors can be met with reliable accounting information. The requirements of the capital market have been one of the most prominent influences. Investors and bank creditors are the primary external financial providers. In countries where organisations raise funds by issuing securities, Jones and Sefiane (1992) and Zeghal and Mhedhbi (2006) find that investors value financial reports as a very important source of information. Therefore, in

these countries, the accounting system should be tailored to take into consideration the needs of investors. It is similar to the case of some emerging economies that rely on foreign sources to obtain their capital. This might require an emerging economy to adopt a more advanced accounting system such as IFRS that may not be run properly due to their modest local system (Tyrrall, Woodward and Rakhimbekova, 2007). Because investors are an external party having only limited access to financial information, Fino (2020) states that the accounting system must ensure a certain degree of disclosure to add trust to the financial information (Zeghal and Mhedhbi, 2006; Fino, 2020).

In contrast, in countries where the main source of funding is bank credit, the available financial information needs to be tailored to serve this group of people. It is found that when businesses are funded by banks, the information is normally acquired through personal contact with the business. Hence, there is less need to disclose a significant amount of information than when the main funding source is other financial institutions (Botosan, 1997; Abadi and Janani, 2013; Song, 2015). Although a business will still be obligated to produce public reports, this information will be different in its scope from that

demanded by investors. In general, the amount of disclosure might influence how the accounting standards and systems are designed. The financial information generated are influenced by the primary users of this financial information..

2.4 Accounting practices harmonisation

The world began to experience rapid growth in international trade and foreign direct investment in the 1950s. Zeff (2012) states that globalisation poses a challenge to the leaders of the accounting profession. The American Institute of Certified Public Accountants (AICPA) and the Institute of Chartered Accountants in England and Wales (ICAEW) were the organisations that became the umbrella for developing and reviewing accounting standards. They attempted to enhance the quality of the accounting information at the global and local levels (Zeff, 2012; Mihret, Alshareef and Bazhair, 2017b; SOCPA, 2020). Sir Henry Benson, the former president of the ICAEW led a movement tackling the issue of the diversity of accounting practices around the world. The effort was made in cooperation with a number of institutions (IACPA), the Canadian Institute of Chartered Accountants (CICA), the Institute of Chartered Accountants in Ireland

(CAI) and the result was a case study comparing accounting and auditing approaches in the USA, Canada and the UK. Following the recommendations that were made by the committee, Benson participated in founding the International Accounting Standards Committee (IASC) to promote global harmonisation of accounting practices and eliminate differences between countries (Zeff, 2012).

The first initiative towards harmonisation was the international accounting standards (IAS); these are 'basic' standards provided as an alternative to address variation across countries. Since the establishment of the IAS in 1973, many researchers have studied the global impact of IAS application (Chamisa, 2000; Abd-Elsalam and Weetman, 2003; Ding et al., 2007; Zeff, 2012; Zehri and Chouaibi, 2013; Braun and Rodriguez, 2014). As an external factor, economic globalisation is by far the most essential determinant among emerging economies that necessitates harmonisation (Zeff, 2007; 2012). Harmonisation is an initiative towards unifying accounting standards to eliminate the differences between accounting systems (Tay and Parker, 1990; Walton et al., 2003). Studies concerning the adoption of international accounting standards have emphasised the benefit of

standardisation in increasing compatibility among accounting systems' outcomes (Ball, 2006; Baudot, 2014; Herath and Alsulmi, 2017). The internationalisation of economic trade and globalisation of financial markets and business has been increasing, which, in turn, means that the financial information prepared according to local accounting systems no longer serves the needs of international users (Adhikari and Tondkar, 1992; Chua and Taylor, 2008). As a result, IAS has attracted interest from many countries. A fundamental change in accounting regulations has occurred in recent years in many countries when accounting authorities have recognised the benefits of a harmonised accounting system (Zeghal and Mhedhbi, 2006). According to Dumontier and Raffournier (1998), a coherent set of accounting standards will generate homogenous financial information that is relatively important, and this statement is consistent with the mission of the IASB when developing the IAS.

2.5 The IAS and the adoption of IFRS

The IASB (to be known as IASC) was formed in 2001 in response to a call made by the Security and Exchange Commission (SEC). The European Commission supported the

IASB by requiring all EU listed companies to adopt IAS from 2005. The aim was to minimise the influence of American GAAP on global commerce (Zeff, 2012). The 15 members of the IASB are dominated by members from developed countries, but the IASB Foundation trustees' members are chosen according to their expertise, not their original background (IASB, 2010).

In the first decades of the 21st century, several studies have been conducted to investigate IAS/FRS and issues in relation to their application in emerging economies (Alon and Dwyer, 2014; Daske et al., 2008; Noriyuki et al., 2015; Perera et al., 2014; Pratiwi et al., 2015). Zeghal and Mhedhbi (2006) claimed that prior to 2006, the development of international accounting standards in industrialised countries had been the main focus of research. Zeghal and Mhedhbi (2006) stated that the focus on emerging economies had not been given the attention it deserved. However, as the number of countries that have revolutionised their accounting practices increased, research in the field of IFRS adoption has grown accordingly (Fino, 2020; Nurunnabi, 2015; Perera et al., 2014; Samaha and Khlif, 2016; Thompson, 2016; Zehri and Chouaibi, 2013). The

application of IAS has been challenging for many countries, especially emerging economies. This is attributed to a number of institutional factors (Samaha and Khlif, 2016). Until 2004, there was a belief that regardless of these challenges, economies needed to attract foreign investment by applying IAS. For instance, a study by Richter Quinn (2004) illustrates how the accounting information generated using local regulations and standards raised concerns over transparency. The transparency and investors' and lending institutions' demands encouraged the adoption of IFRS. However, Richter Quinn (2004) implies that the adoption of IFRS might not be suitable for a country's context.

As stated earlier, different views have been expressed about the significance of IFRS. A strand of the literature has envisaged IFRS as advanced standards with a number of benefits for the applicants (Alsaqqa and Sawan, 2013; De George et al., 2016; Perera et al., 2014). Global comparability, cross-national investment flows, and transparency are claimed to be some of the key benefits associated with adopting IFRS (Alon and Dwyer, 2014). Countries seek to adopt international standards to legitimise their accounting transactions and increase global harmonisation. It is also found that IFRS improves the

quality of financial information and increases global comparability (Hora, Tondkar and Adhikari, 1997; Alsaqqa and Sawan, 2013). Despite the importance of IFRS adoption, this decision comes with consequences (see section 2.6) (Ball, 2006; Zeghal and Mhedhbi, 2006). Zeff (2007) shows that IFRS could be problematic and challenging for those economies that seek harmonisation due to a number of issues (e.g. language barriers and political aspects) (Zeff, 2007). In addition, Cieslewicz (2014), Gary (1988), Doupnik and Richter (2004), and Tyrrall et al. (2007) emphasise some of the institutional differences in emerging economies that not only participate in establishing accounting systems but also affect the application of IFRS.

The incentives to adopt IFRS vary from one country to another. Since the establishment of IFRS, adoption among nations has been inconsistent. Some emerging economies have replaced their national standards by adopting the full version of IFRS. In contrast, others apply IFRS only partially with some modifications to satisfy their domestic needs (Ahmed, Chalmers and Khlif, 2013). The IFRS Foundation claims that countries seeking to adopt IFRS are in fact saving costs and time that might be spent developing new standards,

and countries also have benefited from what has already been established by a professional organisation (IFRS Foundation) (Ball, 2006; Ball et al., 2003; Nobes, 2011). However, similar to the development of domestic accounting standards, the application of IFRS requires a variety of different sources, such as professional accountants and funds.

The following section discusses the previous studies concerning IFRS adoption in emerging economies and the challenges that might hinder adoption. This section presents how scholars have addressed different factors (colonialism, education, culture, legal system) in relation to IFRS adoption.

2.6 Challenges of IFRS in emerging economies

Although the literature review has documented many benefits associated with IFRS, adoption can also present several challenges due to institutional and environmental differences (Nobes and Parker, 2008; Perera et al., 2014; Zakari, 2014). Shyam Sunder (2011) claim that countries are motivated to consider IFRS adoption to enhance the accounting system. These countries seek to improve comparability and transparency as

well as delivering more valuable financial information to users. However, some studies question the ability of IFRS to generate accuracy. Wijewardena and Yapa (1998), in their case study, express concerns about the suitability of one set of standards to fulfil the needs of both developed and emerging economies. This concern was drawn from the differences between emerging economies and developed countries in terms of government systems. Poudel et al. (2014) argue that considering IFRS adoption without considering the factors that might challenge such an application may lead to undesired financial reporting quality. The following section presents the studies that address the aspects that challenge the adoption of IFRS in emerging economies.

2.6.1 Colonialism, education and training in accounting in emerging economies

The history of colonialism and the legal system of a country influence many of the government systems in a country, such as education, training and culture (Wijewardena and Yapa, 1998; Bakre, 2014). Throughout history, some emerging economies have been colonised by developed countries such as France and the UK, which has shaped the

accounting systems applied in these colonised countries (Annisette, 2000; Baydoun and Willett, 1995; Mueller, 1967; Pratiwi et al., 2015; Wijewardena and Yapa, 1998). For example, French law has shaped the law in some African countries. In countries that were colonised by the UK, the British Companies Act and their reporting requirements have been imposed on the colonised countries' industries (Antwi, 2010). Colonialism has also shaped the unique characteristics of education systems. For example, similar to several African countries such as Nigeria, Kenya, Uganda and Ghana, there is a strong British influence in Hong Kong's education system, extending to accountancy training due to the British systems' dominance (Jaggi and Low, 2000; Antwi, 2010). Consequently, the influence of colonialism on accounting practices may eliminate the accounting system's ability to reflect these colonised countries' requirements due to cultural differences. Specifically, the requirements related to disclosure might differ between developed and emerging economies based on users' needs (Hove, 1986; Briston, 1978).

Wijewardena and Yapa (1998) conducted a study of two emerging economies: Sri Lanka and Singapore. They demonstrated the influence of colonialism in their accounting

education system that is inherited from the British. The study finds that if a country depends on foreign education programmes and accounting bodies, the result will not be as desired due to ignoring the countries' specific characteristics. This shows that although these countries' education systems are based on advanced systems derived from developed countries, it does not necessarily benefit the colonised country due to the environmental context. Moreover, Ball (2003) addresses some of the Eastern countries subjected to colonialism, finding that the education systems of countries such as Malaysia and Hong Kong are similar to those used in developed countries. However, it may suit neither the needs of their legal systems nor their efforts towards economic development (Ball, Robin and Wu, 2003). This study found that high-quality IAS standards do not ensure a better quality of IAS adoption. Ball et al. (2003) attribute this to the incentive of the financial reports prepared, managers and auditors that may limit the harmonisation of accounting standards.

However, this is not the case in all emerging economies, which suggests that further studies need to be carried out to capture all aspects that may challenge the adoption of

IFRS. With regards to Middle Eastern countries, the colonialism of developed countries has been reflected in some Arab countries (Kantor, Roberts and Salter, 1995). For instance, most Egyptian sectors are influenced by the French and British, including the accounting system (D'Arcy, 2001). In other Arab countries, including Saudi Arabia, the legal system is governed by religious rules. Therefore, all business activities and their accounting systems are influenced by religion, which creates differences in the accounting systems used by Arab countries (Alkhtani, 2012). For instance, Mihret et al. (2017b) address SOCPA, showing that SOCPA gains legitimacy from having a clear goal to maintain conformity with Islamic values and policies (Mihret, Alshareef and Bazhair, 2017a). However, the characteristics differ between Arab countries; one of the main divergences is the history of colonialism. Saudi Arabia is a non-colonised country that makes the previous studies' findings regarding colonialism and IFRS adoption challenging to generalise.

Not only is colonialism responsible for differences in education levels and training in accounting but also the financial status of a country. Perera (1989) claimed that the need

to adopt unified accounting standards increases in countries where there is a lack of education and professional expertise due to the inability to establish an efficient accounting system. However, this study has been contradicted and updated by other studies that argue a lack of education might hinder the adoption of IFRS (Zehri and Ghouaibi, 2013). Zehri and Ghouaibi (2013) built on the work of Perera (1989) and claimed that financial capacity enables countries to upgrade and invest in their education and accounting systems. Their study found that those countries that support the idea of IFRS adoption have a high rate of economic growth, high levels of education, and a legal system based on common law. While mentioning the education and professional level, it is worth mentioning language. This element has been highlighted as a factor that might facilitate or hinder the application of IFRS. Colonialised countries may have little issue with the English language which might minimise any negative consequences of IFRS application in terms of language. Familiarity with the English language makes the process of IFRS implementation easier (Zeghal and Mhedhbi, 2006).

However, colonialism is not limited to countries that have been colonised. The culture of developed nations can be exported to a country that has not previously been under colonial rule, thus influencing their education system as well. In Thailand, the Institute of Certified Accounting and Auditing of Thailand (ICAAT) has chosen US and UK standards as their local standards by preference (Ball, Robin and Wu, 2003). The lack of qualified staff and textbooks affects some emerging economies' educational levels, which explains their dependency on references from the US or the UK. Perera (1989) found that the lower the educational standards in a country, the lower the quality of staff and professionals. In Saudi Arabia, most of the textbooks used in universities are from US and Egyptian sources. Both British and French cultures have historically influenced Egypt during colonisation which inspired their education materials (Alkahtani, 2010). In Saudi Arabia, the country's financial status and its position among the G20 might enable them to consider IFRS. In addition, the current development plan of Saudi Arabia (Vision 2030) aims to realise economic benefits and minimise the country's dependence on oil revenues; this has played a significant role in stimulating IFRS adoption in Saudi Arabia (see Chapter 1).

The empirical literature presented shows that the education level is one factor that influences the establishment and structure of the accounting system used in a particular country. The quality of their education system will also determine a government's ability to use more advanced accounting standards such as IFRS.

2.6.2 The influence of professionalism

The education system has influenced the mobility of experts and professionals in the field of accountancy worldwide. The effects on the transition to IFRS can be deemed attributable to regulatory bodies and accountants' professional training in emerging economies. The decision to adopt IFRS relies on professionals who can produce accounting reports according to international accounting standards like IFRS (Cooper and Robson, 2006). In countries where there is advanced professional training for accountants, Nobes (2011) and Zehri and Chouaibi (2013) claim that strong economic growth and high levels of professionalism help the transition to IFRS go more smoothly and the financial information produced will be more reliable and accurate. Parry and Grove (1990) directly addressed the need for professional accountants in emerging

economies, suggesting that emerging economies could improve the quality of their IFRS adoption experience by emphasising professional education and training to produce qualified accountants. Moreover, Nurunnabi (2015) found that in countries such as Bangladesh, IFRS adoption was adversely affected by corruption, language barriers and the absence of accountancy professionals (Hossen Miazee, 2014). It has been found that an absence of accounting degree programmes offered by universities may result in a lack of qualified accountants (Poudel, Hellmann and Perera, 2014)

Although this study's findings are important to capture the impact of IFRS adoption, each country has its unique difficulties and circumstances, so they tend to adhere to various ways of eliminating and overcoming these obstacles. Thompson (2016) suggests furthering the research to capture the long-term effects of IFRS adoption. The actual impact on countries that have adopted IFRS should be studied over many years. Perera et al. (2014) found that the lack of qualified accountants, inconsistent training and the cost of IFRS have challenged the application of IFRS in Nepal. Having an accounting body will enhance the accounting profession (Thompson, 2016). This includes educational

materials and professional training. Educational and professional standards are interrelated, and they are very important aspects of ensuring the successful implementation of IFRS. IFRS are developed considering most of the developed nations' characteristics. The developed nations' characteristics may have influenced educational and professional levels in emerging economies but that does not imply that such imported knowledge is suitable to their local accounting needs. For instance, Ball et al. (2003) and Tyrrall et al. (2007) examined the relevance of IFRS implementation in Kazakhstan. They found that IFRS adoption has enabled the country to access international funds, although there was general agreement that such a transition causes difficulties due to environmental factors such as the issues of language and terminology (Tyrrall, Woodward and Rakhimbekova, 2007). Moser (2014) examined the convergence of IFRS in China and the USA, revealing that China faced significant obstacles, including training accounting professionals. The lack of accounting professionals was attributed to the profession being disbanded between 1949 and the late 1990s (Chipman, 2007)

Moreover, the empirical literature shows that the accounting profession and professional bodies are at different stages of development across countries. Mihret et al. (2017b), Thompson (2016) and UNCTAD (2008) argue that the involvement of the accounting profession can play a significant role in adopting and implementing IFRS. In terms of IFRS adoption, a study by Mihret et al. (2017a) found that SOCPA in Saudi Arabia plays an active role in monitoring and controlling the accounting profession in the country. It implies that “SOCPA can secure legislated authority to control standards-setting and entry to professional practice” (p. 2). This case study shows that an accounting body can decide to apply international standards on a regional basis or not (Mihret, Alshareef and Bazhair, 2017a). Cooper and Robson (2006a) imply that accounting and accountants are considered powerful economic and social forces in societies. Cooper and Robson (2006b) argue that professional agencies and institutions affect the outcome of regulatory systems and the legitimacy of rules and practices (p. 416) (Morosan-danila, 2015).

Some countries that have an active professional organisation prefer to review and amend the IFRS before applying it (e.g. SOCPA), and some countries apply them as their

national standards without any modifications. The experience of these organisations varies; whereas in some countries, accounting institutions are considered a new concept, in other countries, their accounting institutions have been around for a long time (Cooper and Robson, 2006; Saeed, 2006; Mihret, Alshareef and Bazhair, 2017a). In emerging economies with a concomitant lack of professional accountants and accounting organisations, the motivation to apply international standards is considerable. However, a transition towards international standards without adequate preparation and the support of the profession could be detrimental. For example, Chamisa (2000) provided a case study on Zimbabwe showing that the adoption of IAS 29 was not suited to that country's economy and its financial environment due to their accountants' lack of basic accounting knowledge (p. 272).

In the case of Saudi Arabia, the members of SOCPA are authorised to select the accounting framework to be adopted, having considered the Saudi environment. SOCPA plays a significant role in the process of IFRS adoption. Mihret et al. (2017b) showed that SOCPA controls the entry of foreign candidates into the Saudi market. Therefore, using

SOCPA as a case study and SST will contribute to exploring how SOCPA uses its power and position to influence the accounting system locally as well as the adoption and translation of IFRSs.

2.6.3 Cultural influences

Cultural factors have a significant effect on the development of accounting practices and the adoption of international standards (Doupnik and Salter, 1995; Gray, 1988b).

Hofstede (1991) defines culture as:

The collective programming of the mind which distinguishes the members of one group or category of people from another.

Culture is a “*collective programming of the mind*” that is difficult to change and it distinguishes a group of people from others. Hofstede (1991) continues, stating that cultural programming is difficult to change unless individuals transcend the existing structure (p. 6). Culture plays an important role in the implementation of IFRS and can predict its success. Culture can challenge the implementation of IFRS; it can resist IFRS (Ding, Jeanjean and Stolowy, 2005; Alon and Dwyer, 2014; Cieslewicz, 2014). In

accounting studies, it has been shown that those countries which have a culture of flexible investor protection policies and those providing better access to capital markets are more likely to adopt IFRS (Hope, Jin and Kang, 2006). However, Nurunnabi (2015) states that to ensure the benefit of IFRS adoption, these countries must consider making changes to their economic, political and cultural environments. The extent to which culture influences IFRS adoption, however, depends upon the nation's context. Some studies have argued that cultural influences might not appear to be an essential factor in IFRS adoption in some contexts. Ramanna and Sletten (2011) state that smaller countries are more enthusiastic about adopting IFRS than large ones. Moreover, resistance to IFRS adoption was found to be related to how influential a country is in terms of resources. Countries with well-established accounting standards and systems (e.g. the USA) can avoid rushing toward IFRS adoption (Herath and Alsulmi, 2017; Mihret, Alshareef and Bazhair, 2017a). A study by Ramanna and Sletten (2011) of 102 non-EU countries showed that the most powerful countries were generally less in favour of adopting IFRS. Market forces (mainly foreign direct investment) and the need for comparability between

accounting systems have, however, offered even resourceful countries few alternatives other than to converge their standards with IFRSs.

Although these studies acknowledge the influence of a particular country's culture when deciding upon IFRS adoption, few studies present a case in which the culture is enforced, embedded and reflected in IFRS adoption and translation. The behaviour of actors can therefore affect the translation and adoption of IFRS; thus, the current thesis aims to reveal whether the Saudi culture has been embedded in the IFRS translation. Moser (2014) argues that the involvement of China in the IASB has had a greater influence compared to other countries. Moreover, Carmona and Trombetta (2008) consider that this involvement is beneficial to China and facilitates convergence by enabling the communication to influence the international accounting standards. The recent participation of SOCPA as an authorised translation has prompted the current study to investigate the nature of this involvement and how the culture of SOCPA might be reflected in IFRS.

Cieslewicz (2014) and Ding et al. (2005) stated that if IASB is considered a Western product, countries that are not influenced by Western culture will be the last to adopt IFRS. On the other hand, Ramanna and Sletten (2011) utilised economic theory for network states and found that although IFRS might not be locally accepted, it might yet be adopted if other countries around that country are adopting IFRS. Therefore, this shows the influence of globalisation on the decision to adopt IFRS (p. 3). In other words, if the network approves IFRS, this can lead to the global adoption of IFRS. This explains another reason why some countries follow IFRS despite there being questions about the suitability of IFRS for their culture (Ramanna and Sletten, 2011). Features of national culture that affect accounting differ due to the degree of power relationship. Certain cultural dimensions may affect a country's decision to implement IFRS. Based on Hofstede's (1991) degrees of uncertainty avoidance, individualism and collectivism, power and distance, and the prevalence of masculine versus female dominance may affect the adoption of IFRS. For instance, Cardona et al. (2014) argue that countries have a large degree of power distance where the roles of supervisors and regulators are well defined and highly centralised. The study finds that countries with a higher degree of

power distance use accounting systems to justify the decisions made by those in higher positions in the organisation. Therefore, applying IFRS in these countries is most likely to be preferable (Cardona et al., 2014).

Technological and environmental matters cause differences among societies. They also affect the need for financial information. Also, as previously mentioned, cultural effects are considered in the development and design of accounting systems and practices (Gray, 1988; Baydoun and Willett, 1995). Hofstede (1991) described Arab countries as a homogenous group, including Saudi Arabia. Hofstede showed that countries such as Saudi Arabia have low individualism, large power distance, high male dominance and high uncertainty avoidance (Kantor, Roberts and Salter, 1995; Alkhtani, 2012). The recent development of the country of Saudi Arabia may challenge Hofstede's classification. With the new plan to develop the country, Saudi Arabia is shifting from being a conservative nation to become more open to the world. Vision 2030 is associated with moving towards 'Westernisation' in the business sector. This will be accompanied by changing social lives,

which may change Saudi Arabia's culture that has been maintained for the last 80 years (Ministry of Commerce and Investment KSA, 2018).

Another issue that has a significant influence on the adoption of IFRS and is related to the cultural aspect is the influence of the English language. In countries such as Saudi Arabia that have never been colonised, the use of English has not been widespread until recently. English is still considered a secondary language in Saudi culture, and it is not an official language used by government bodies. A previous study has shown that adoption of IFRS is more favoured in emerging economies where English is spoken rather than in countries where English is not widely spoken (Abd-Elsalam and Weetman, 2003).

2.6.4 Economic development and growth

A study by Ball et al. (2003) indicates that adoption of IFRS may not improve a national accounting system unless its implementation is accompanied by a development in economic policy, corporate governance and the financial market in general. The emerging economies may not be able to cope with complicated standards such as IASs/IFRSs; therefore, many of these countries tend to partially apply the standards, selecting the

areas that need to be improved (Ding et al., 2007). However, challenges can appear during implementation due to institutional factors (Ding et al., 2007). In some countries, government involvement is key to driving the economy. In communist countries, the government is the main decision-maker in the economy. It is the engine driving the economy and controls the economy entirely, including production, resources and operations. Therefore, the main purpose of accounting systems in these countries is to serve the government's objectives (Jaggi and Low, 2000). For instance, Baker et al. (2010) find that Chinese standards setters challenge the domination of IFRS due to the political and economic context. They argue that accounting standards are shaped by their political and economic context (p. 116). Until 2006, Chinese accounting standards were maintained, and there was resistance from the Chinese authorities to allow Western pressure to adopt IFRS. There was a conflict of interest between those advocating adopting IFRS and powerful actors who preferred the local standards. However, DeFond et al. (2019) found that after 2006, China made an effort to adopt IFRS regardless of the negative consequences of such a decision because of the global pressure.

In a market-capitalist country, Arpan (1985) states that economic activities are privately owned and controlled, which allow flexible individual participation. In a market-socialist or liberal socialist country, however, enterprises are publicly owned, but production and consumption are guided by market forces (Arpan, 1985).

Different types of businesses influence accounting regulations in different ways. In some countries, the expansion of foreign trade and multinational corporations' growth has led them to seek accounting regulations that address currency issues (Roberts, Weetman and Gordon, 2005). Chamisa (2000) claimed that the growth of multinational corporations would increase differences in accounting systems. According to Roberts et al. (2005), accounting is emphasised more in countries where gas and oil are the primary sources of energy such as the US, than in some emerging economies where agriculture is more important. Therefore, a country's accounting system preferences may be determined by its economy's main sectors and the main sources of its revenue. However, the ascendancy of globalisation has led to many emerging economies abandoning their local

standards and moving towards international best practices, including IFRS (DeFond et al., 2019).

Developed economies are more confident of their national standards. Prior to 2005, most of the countries that rushed to adopt IFRS were either emerging economies or transnational economies (Walton, 2003). Due to the factors that have been previously mentioned (lack of accounting profession and regulation, the requirements of financial donors), emerging economies are likely to be motivated to adopt IFRS. One of the main motivators for emerging economies to adopt IFRS is to attract foreign investment (DeFond et al., 2019). The adoption of IFRSs by the EU triggered momentum behind global convergence so as to reap the benefits of wider economic collaboration. There was considerable resistance to adopting IFRS in many countries. Kerwer (2005) states that the accounting standards-setting process in China developed in a way that reflected the political and economic context of the country (Ding, Jeanjean and Stolowy, 2005). However, mandatory adoption of IFRS in the EU led to a major global movement “towards a single set of high quality written standards of financial reporting” (Sunder, 2009).

Maintaining better markets encourages internationalisation and creates pressure for global convergence. Therefore, Opong and Aga (2019) recommended that “authorities in Europe should try to enforce the adoption and implementation of IFRS.” This recommendation was made specifically to the emerging economies (p. 792). Therefore, the level of economic development can be a factor that affects the decision to adopt IFRS (Cooke and Wallace, 1990; Ding, 2010).

2.6.5 Sources of financial influence

Sources of finance are an important factor that can influence a country’s accounting system. In any country, accounting regulations must ensure that reports are useful for decision-makers and investors (Noriyuki, Andreas and Domenico, 2015). This group of users can influence a country’s decision to adopt IFRS in order to enhance the quality of the accounting information provided. Hassan et al. (2014) found that the main force behind the adoption of IFRS in Iraq was Western pressure. However, they recommended that the application of IFRS be accompanied by robust regulation to protect investors (Hassan, Rankin and Lu, 2014). Some emerging economies may depend on individuals

or organisations that provide financial support (Mir and Rahaman, 2005; Perera et al., 2014; Roberts et al., 2005; Yasean et al., 2018). Banks are usually the main provider, followed by shareholders and governments (Meek and Saudagaran, 1990; Alexander, 2007). An emerging economy that seeks to be financed through foreign equity markets is more likely to consider adopting IFRS (Herath and Alsulmi, 2017; Noriyuki et al., 2015; Perera et al., 2014; Ramanna and Sletten, 2011). In emerging economies, the World Bank plays a major role by providing loans; therefore, the Bank requires beneficiaries (countries) to adopt IFRS (Annisette, 2004; Mir and Rahaman, 2005; Hopper, Lassou and Soobaroyen, 2017). For instance, Hopper et al. (2017) state that the World Bank has made the adoption of IFRS a key component of its lending conditions to developing countries. Moreover, Gordon et al. (2012) provide evidence that the adoption of IFRS has increased foreign direct investment (FDI) inflows. This study considers the World Bank to be the key factor that drives emerging economies to adopt IFRS. The ROSC reports state that the implementation of robust standards provides several benefits that include financial stability and an increased economic contribution. The ROSC lists the two accepted standards to be adopted: IFRS and the International Standards on Auditing

(ISA). Part of the World Bank assessment entails measuring the discrepancies between the accounting standards used by the applicant to the IFRS. In Sierra Leone's case, to develop the nation and fight poverty, the World Bank played a major role in the adoption of IFRS to strengthen professional accountancy.

The above section addresses the factors that influence the desire of a country to adopt IFRS. Saudi Arabia is a high-income country; it is reliant upon oil revenues as its main source of income. However, the Saudi government is seeking to diversify its income sources by allowing the emergence of more international markets. It is imperative to study countries such as Saudi Arabia that, despite being considered an emerging economy, its characters are a combination of developed and emerging economies. The following section presents a review of the empirical literature concerning IFRS translation as an issue that faces non-English speaking countries when they seek to adopt IFRS.

2.7 IFRS translation

Several researchers state that IFRS is linguistically unclear (Doupnik and Richter, 2003; Gray, 1988b; Perera and Chand, 2015; Doupnik and Richter, 2004). The original

language of IFRS is English which creates the need to translate IFRS into different languages to facilitate its transition across countries. As acceptance of IFRS increases globally, many researchers have directed their attention to studying the issue of translation (Jenni, 2020). This section discusses the existing literature regarding the translation of IFRS. Translation has been addressed by studies in accounting and language, accounting and culture, and accounting among nations (Archer and McLeay, 1991; Jenni, 2020). Studies show that translation is considered a potential challenge to international standards harmonisation (Dahlgren and Nilsson, 2012; Douppnik and Richter, 2003; Evans et al., 2010, 2015; Kettunen, 2017; CNobes, 2006; Zeff, 2007). The translation of IFRS into different languages appears to be challenging, although it is a requirement for many countries in which English is not the official language. The process of translation has, in many contexts, resulting in negative consequences. For instance, Evans (2004) argues that translation might change the intentional meaning, indirectly causing issues for groups of users. The issue of translation can hinder the successful harmonisation of accounting practices.

Being the language of business, accounting is a business phenomenon that is understood by those people involved in the industry. Therefore, accurate translation of IFRS can be challenging due to the two accounting traditions in question (Archer and McLeay, 1991; Baskerville and Evans, 2011; Evans, Baskerville and Nara, 2015; Jenni, 2020). Any accounting method used affects the decision-making process; it shapes the perceptions of those who have studied accounting. The mission of accounting as a language can be illustrated through IFRS, which aims to serve as a common business language through which financial decision-makers can compare the performance of a business in one country with an organisation in another country (Walton et al., 2014). Douppnik and Richter (2004) stress the importance of the comparability aspect, but the comparison is difficult given that even with the unified application of IFRS, language leads to translation variation. Changes in meaning may affect the harmonisation that countries seek.

There is evidence that the translation of IFRS can cause misinterpretations that change the meaning (Dahlgren and Nilsson, 2012; Davidson and Chrisman, 1994; Holthoff et al., 2015; Nobes, 2006; Sunder, 2011). For instance, Dahlgren and Nilsson (2012) state that

the purpose of such translation is to ensure that the outcomes of translation are of the same quality as the source language to achieve comparability. However, their case study on the Swedish language shows that comparability was challenged. Dahlgren and Nilsson (2012) state that word-for-word translation is not enough, and they stress that the context needs to be in harmony. Holthoff et al. (2015) considered the issue of German language IFRS in the process of decision-making. The experiment found that using the mother tongue language positively impacted the quality of decision-making. In addition, the English language skill of practitioners is key and has also positively impacted the accounting judgment and decision-making quality. Istrate (2015) reports on detrimental variations in the translation of IAS 16 in the Romanian language, which did not reflect the standard setter's corresponding message. Dahlgren and Nilsson (2012) and Holthoff et al. (2015) sought to investigate the technical task that replicates the accounting reality in different languages and measure its influence on users' perceptions (Chua and Taylor, 2008). Walton et al. (2014) conducted a survey of the German language to examine how words can differ from the source language. This study investigated the issue from the

linguistic and cultural perspectives and discussed the extent to which the problem of translation arises and affects the meaning of IFRS.

Nurunnabi (2015) states that difficulties in applying the English version of IFRS may lead nations to translate them. However, the IFRS Foundation has translated IFRS into 47 languages and made them available for public use. The problem arises when countries insist upon having their own translation, even when the IFRS Foundation has provided official translations in their own language. Different versions of translation could affect global harmonisation and the consistency of IFRS application. According to the IASB website: "Translation is a vital part of achieving the IFRS Foundation's mission to develop a single set of high-quality global accounting standards for use around the world" (IASB website). Due to the importance of IFRS adoption, researchers in the accounting field have addressed translation as a potential challenge and called for further research to be conducted to address this issue (Belkaoui, 1978; Baskerville and Evans, 2011; Evans, Baskerville and Nara, 2015; Evans, 2018).

Evans et al. (2015) state that “Translation – across languages and cultures - plays a critical role in accounting. It is required in international trade, in operating and accounting for multinational enterprises, in creating, implementing and enforcing international accounting laws and standards, in delivering accounting education to international cohorts of students, and in conducting international and intercultural research.” Evans et al. (2015) encourage research in topics related to language that develop different multicultural approaches to accounting thoughts. Nobes (2011) suggested future research opportunities in the translation of IFRS, examining the difficulties that have created different practices of IFRS among nations.

However, most of these studies concerning the issue of translation have addressed the technical side of the issue. For example, Nobes (2006) explains the risk that is generated from the process of translation, which will cause a drift away from the meaning of the source language. Zeff (2007) warns that the issue of language could affect the comparability of accounting information. Tsakumis et al. (2009) identified a link between culture and translation. They argue that the culture factor could affect the interpretation

and application of IFRS and cause undesirable outcomes. Extant work in IFRS translation has investigated specific linguistic issues such as uncertainty expressions (Davidson and Chrisman, 1994; Doupnik and Richter, 2003; Tsakumis, Campbell Sr. and Doupnik, 2009). It has been found that the uncertainty expressions in accounting standards are problematic due to how they are understood and used differently from one language to another (Doupnik and Richter, 2003). Another study that focuses on the technical and linguistic side of the issue compares a target language and the source language to examine the translation's efficiency. These studies find that a perfect translation is hard to achieve (Huerta, Petrides and Braun, 2013).

Most of the IFRS translation studies have borrowed theoretical frameworks from the linguistic field (Jenni, 2020). The debate in these studies has revolved around the uncertainty expressions. There is an emphasis on the influence of culture on the interpretation of uncertainty expression. Some studies compare the interpretation of these expressions within one language. This was done by examining the effect of non-professional translators with the technical IFRS terminology on the quality of translation.

Other studies have evaluated the meaning of uncertainty expressions between the source language (English) and other languages for use in Mexico, Germany and Spain (Abd-El salam and Weetman, 2003; Doupnik and Richter, 2003; Perner and Aichhorn, 2008; Dahlgren and Nilsson, 2012; Huerta, Petrides and Braun, 2013; Crowley, Yurova and Finning Golden, 2015; Istrate, 2015). In addition, some studies focus their attention on one single aspect, such as true and fair view (Aisbitt and Nobes, 2001).

Moreover, studies have discussed how language affects decision-making. Accounting influences the behaviour of users. It has been implied that accounting information users' actions relatively depend on their understanding of a particular linguistic characteristic and grammatical rule (Belkaoui, 1978; Pan and Patel, 2018). Using translation theory, it has been found that different cultural groups in accounting create different systems of knowledge for intercultural communications. This theory explains that there is a link between language and culture that makes translation difficult. Absolute translation and total equivalence are impossible due to culture (Bassnett and Lefevere, 1998; Evans, 2004). There is a link between culture and language; also, these two factors influence

each other. Belkaoui (1978) states that language inspires its speakers to particular ways of thinking and perceptions. This may be applied to the Arabic language which is spoken in 22 countries, because the terms used in one nation may not be the same in other nations. The Arabic language has different dialects that are influenced by culture. Considering several factors, including religion, the accounting organisation's power, and economic status, Evans et al. (2015) suggest tackling the issue of language and translation from different angles, such as translation and power, along with applying a theoretical framework that can enhance the understanding of IFRS language and translation issues. Kettunen (2017) states that due to the diversity of both linguistic and institutional contexts where activities take place, there is an opportunity to extend the research in IFRS translation issues. Belkaoui (1978) draws attention to the danger of misunderstandings that might occur because language influences the way we think. The choice of inappropriate terms in the translation of accounting terminology can create problems for users, preparers, researchers and students of international accounting. The translation can hinder the harmonisation and standardisation of accounting globally.

Evans (2004) argues that misunderstanding essential concepts in the accounting system can prove detrimental to international accounting harmonisation.

The relationship between culture and language may help to understand efforts made by Saudi Arabia to re-translate IFRS into Arabic. This emphasises the need to study the possible effects of Saudi culture on the Arabic translation of IFRS. Research into the Arabic translation of IFRS is limited. Abd-Elsalam and Weetman (2003) conducted a case study of Egypt's experience of IFRS adoption before the official translation was available. The study concluded that compliance with unfamiliar regulations of IAS is even lower when the regulations are not available in Arabic. With the availability of official translations, more studies need to be conducted to measure the efficiency of the IFRS Foundation's translations and their impact on harmonisation. Researchers have shown interest in exploring the issue of translating IFRS through a number of approaches. Positivist studies have addressed the IFRS translation issue in the form of experiments that aim to examine whether individuals who speak one language are interpreting the same words as people who speak different languages (Istrate, 2015). However, the

shortcoming with these studies is that they neglect the effect of the culture that shapes the language. Translation studies have also used approaches such as relativism and Sapir Whorf (Belkaoui, 1978). The focus of these approaches is the linguistic aspect of the translation issue. Relativism helps to understand the words and the terms and the equivalence notion of linguistic relativism. In contrast, the Sapire Whorf hypothesis suggests that grammatical forms and categories provided by a language affect how an individual interprets reality (Kay and Kempton, 1984).

Recent studies have emphasised the language issue of IFRS. Kettunen (2017) analyses the translation process of IFRS using the finished IFRS translation. Jenni (2020) uses a theory from the translation field to examine the concept of translation equivalence. These recent studies in the translation issue are important because they bring to light the existing issues relating to linguistic equivalence and the institutional attempts to maintain IFRS as an international language. However, the studies fail to show the political motivation for translation and how decision-makers in the government may exercise their authority when translating IFRS. Such an interplay between structure and agency in the process of

translation is missing in the empirical literature. There is a call made Evans (2004) to extend the research in the issue of language and the translation of IFRS using a different theoretical framework such as Bourdieu and Foucault. In addition, there is a call for further research in the accounting field applying SST (Jack and Ahmed, 2007). Therefore, this study's gap tends to be addressed by using SST to extend the knowledge about studying the context of translation. This study focuses on the actors and how they use their internal structures to influence the translation procedure.

2.8 Conclusion

This chapter has reviewed the empirical literature concerning the setting of accounting standards, adoption of IFRS, the challenges of IFRS adoption, and the issue of IFRS translation. The adoption of IFRS by different nations is a much-discussed topic in the accounting literature. Views, however, are divided into two groups. One strand of research supports the adoption of IFRS, arguing that IFRS will increase harmonisation and enhance the quality of financial information. They argue that IFRS improves comparability and facilitates transactions on an international scale. Meanwhile, the other

group contest that IFRS may cause problems, especially for emerging economies (Taylor, Evans, and Joy, 1986).

The main issue that this thesis address is the matter of translation as one of the issues that might affect the application of IFRS. The aim is to investigate how this issue has been handled by SOCPA. Overall, the general consensus among accounting researchers regarding the translation issues of IFRS is that translation can lead to misinterpretation, which can reflect on the application of IFRS. It has been demonstrated that translation is difficult; most of the studies in the empirical literature address the technical and linguistic aspects of the issue and conclude that this might affect the degree of harmonisation. However, Baskerville and Evans (2011) imply that a certain degree of accuracy can be achieved. They argue that the issues that may arise can be mitigated by adopting a number of strategies. Although the empirical literature has enriched the topic of IFRS translation, there is a gap in the literature. For instance, previous studies have confirmed that IFRS language is problematic for non-English speaking countries (Chamisa, 2000; Zeghal and Mhedhbi, 2006; Zeff, 2007). Other studies have examined differences in

accounting languages between the source and target language (Doupnik and Richter, 2003; Evans, 2003; Istrate, 2015). However, the translation needs to be investigated from a wider perspective to capture how accounting organisations can use translation to practice their power position and influence the IFRS. In other words, this study investigates SOCPA as an official Arabic translation of IFRS to understand how it influences IFRS. The following chapter will discuss the theoretical framework utilised to investigate the thesis objectives.

Chapter 3: Theoretical framework

3.1 Introduction

Strong Structuration Theory (SST) is an attempt by Stones (2005) to extend the original work of Giddens' *Structuration Theory* (ST). Giddens' approach was questioned with regards to its focus on the macro level when analysing the interplay between agency and structure (Archer, 1990; Rose, 1998). Therefore, SST attempts to intensify the scope of ST and clarify several elements about a particular social phenomenon in a specific time and place which it has been claimed were not well developed by Giddens (Coad et al., 2015; Coad et al., n.d.; Greenhalgh and Stones, 2010; Makrygiannakis and Jack, 2016; Stones, 2005). Stones (2005) argues that ST lacks focus on the conduct analysis, and he pays more attention to the ontology of a phenomenon by analysing both the conduct and context. Therefore, Stones (2005) argues that the conduct analysis requires a more hermeneutical understanding of the agent's motivations and knowledge (Daff and Jack, 2018). As a result of Stones' (2005) effort, SST provides in-depth analysis by breaking the duality of structure into four quadripartites; these analytical components are the nature

of structure (Stones, 2005; Coad et al., 2015; Harris et al., 2016). Regardless of the critics of ST, researchers in the accounting field have tended to use Giddens' approach as a sensitising method to understand the accounting practices and role of organisations (Coad and Herbert, 2009; Englund et al., 2011; Roberts, 1985; Scapens and Macintosh, 1996).

In comparison, SST provides a framework that prioritises the agents' knowledge and how they can participate in the production or reproduction of the structure (Englund and Gerdin, 2016; Makrygiannakis and Jack, 2016). SST allows researchers to employ the methodological set, enabling them to either evaluate structures via institutional analysis or evaluate the agency via strategic conduct analysis. Coad et al. (2015) and Stones (2005) argue that SST will provide a framework (ontology, epistemology and method) that enables accounting researchers to gain more profound and more meaningful insights into social practices. It also facilitates the comprehension of both agents and structures and the relationship between them.

This chapter explains the theoretical framework employed in this case study. The chapter starts by briefly discussing the usage of social theories in accounting, followed by Giddens' approach along with the arguments against ST. This section also includes other approaches that have been used as social theorising tools such as Bourdieu and habitus and Actor Network Theory ANT. SST is discussed in the third section to illustrate how it has been employed in the accounting field to fill the gap and why this lens has been chosen for his study. The chapter concludes by a summary of the chapter's key points.

3.2 Using social theories in accounting and Giddens' approach

Over time, sociologists have developed a number of theories that have gained wide acceptance in the social field to explain social phenomena. Theory is defined as a tool that describes the relationship between two or more concepts; this tool describes why and how a phenomenon occurs. Sociological theorists argue that all professions are linked to the communities they have arisen in (Bourdieu and Nice, 1977; Giddens, 1986; Stones, 2005). Disciplines are considered products of their societies and require communication among society's members (Abbott, 1988). Accounting is one of these

professions that sociological theorists describe as a 'social role played' by interested society members; therefore, communities can affect accounting practices (Hopwood, 1987; Hopwood, Hopwood and Miller, 1994). In order to explore and evaluate accounting practices in any given society, researchers claim that it is imperative to study society's environment to gain sufficient understanding (Jack and Kholeif, 2007; Coad, Jack and Rashwan, 2015; Coad, Jack and Kholeif, 2016). For example, Alhashim and Arpan (1984) suggest that a researcher must understand the country's environment sufficiently to understand the country's accounting system. This understanding should also extend to an understanding of the accounting system of the researcher's country.

Giddens is a sociologist who participated in developing theories that enable understanding the social phenomena. Giddens (1986) studied the duality of structure which has been a lens that helps to understand the social world through its two features: structure and agency (Boland, 1993). Giddens' (1986) approach seeks to give researchers more freedom through the duality of these two elements (agency and structure). Giddens (1986) suggests that society is not only the individuals but also the

actions carried out by its members. This idea of ST does emphasise the interactions between agency and structures. According to Giddens (1986), duality means that structure is both the medium and outcome of social interactions; it is created and reproduced through its members. Therefore, the repetition of individuals' acts and interactions creates an organisation's structural properties as these interactions are institutionalised over time. Structures are defined as the memory traces that have their places in the agents' minds in the form of experiences, including rules and resources. ST approach refers to the structural modalities; these are three types of abstract structures that actors represent in their interaction with each other: significance (interpretive schemes), legitimation schemes (norms that sanction certain forms of conduct) and domination (the exercise of power). The agency's action and the representation of structure create the duality that Giddens refers to (Giddens, 1986).

Hence, Giddens' ST does not review agents and structures as fully independent sets; it evaluates them as two sides of the same coin (Giddens, 1984). Therefore, this interdependency will produce or reproduce the structure. Englund et al. (2011) argue that

ST mapped out an ontological framework to study human activities. Giddens (1986) suggests that instead of agency and structure being separate or opposed, they come together to create a duality of structure so the agency can only exist within the structure. Hence, the structures can be reproduced and transformed only through the agency. Giddens claims that society is not its members; rather, society is its members' actions and interactions (Giddens, 1976, 1979 and 1984).

ST has influenced a substantial volume of accounting research (e.g. Laughlin, 1990; Granlund, Lukka and Mouritsen; 1998; Fay et al. 2010). Englund et al. (2011, p. 510) state that one of the competitive advantages of ST is its ability to give "insights to the larger picture of how to conceptualise and understand accounting as an organisational and social phenomenon." This theory strengthens the agency's role against structure and improves interpretation and subjectivity in sociology (Englund et al., 2011; Englund and Gerdin, 2016; Englund, 2014). Busco (2009) and Giddens (1986) state that the core concept of ST focuses on social practices ordered across time and space. ST suggests that the routinised nature of human behaviour (social system) creates a social structure;

hence, the former can constrain and enable individuals' behaviours (Giddens, 1986; Gregson, 1987; Barley and Tolbert, 1997). Giddens explains how the two elements and the institutional realm are related through a sub-set of structural properties. The three dimensions defined earlier represent individuals, events and objects that are involved in a certain phenomenon. It shows how they can be influenced by and influence the institutional realm in terms of these three. *Signification* provides the interpretive scheme that is important for actors to communicate. It provides ways for individuals to see and interpret social events and, hence, give meaning to the interactions. *Legitimation* represents the morals and norms that sanction certain conduct. Agents interact through a set of conduct codes, and they are then rewarded or penalised based on their behaviours. *Domination* provides facilities for the exercise of power. Actors rely on these modalities to produce and reproduce social systems, suggesting that the structural properties (modalities) are both the medium and outcome of social action. By this explanation, Giddens implies that the agent and structure are not independent and both participate in creating a phenomenon (Englund and Gerdin, 2014).

Giddens' works have been used in many different ways. A literature review paper scrutinised the use of ST covering the period 1985-2010, showing that ST has been gaining acceptance among accounting scholars (Englund, Gerdin, Burns, 2011). Some studies are conceptual and examine the ST approach; for instance, Blond (1993) looked more closely at the individuals than Giddens did in his path. Boland (1993) observed actors closely while reading management accounting reports and how they justify their choices. Boland (1993) sought to reveal what is missing when the structure is viewed from a distance, as Giddens suggested. Moreover, ST has been used in empirical studies to help explain certain observations about changes to accounting practices (Faÿ et al., 2010; Granlund et al., 1998; Laughlin, 1990). For example, Timo et al. (2006) study accounting as a set of formal rules, computerised systems and techniques. This study sought to analyse the influence of cost accounting knowledge on the actors.

3.2.1 The argument against duality

Despite the widespread application of structuration theory and duality concepts, they are not without their limitations and critics. They have been criticised for various reasons and

on various grounds (Coad and Herbert, 2009). ST has overcome the issues related to dualism by drawing more attention to the agency's role. However, scholars such as Stones (2005) have argued that ST underestimates the role of social structure.

Giddens (1984) employed the duality of structure to explain the relationship between structure and agency; he suggests that structure is the medium and the outcomes of human interactions. However, Englund et al. (2011) argue that a stronger focus on the day-to-day structuration process is needed to understand the reproduction of organisational life. The structures are a result of individuals' behaviours in everyday interactions. Through the routinisation of people's behaviours on a daily basis, the organisation's structural properties 'social system' is created (Englund, Gerdin and Burns, 2011). Giddens is criticised for the failure to identify the right balance between agency and structure by going too far towards agency (Jackson, 1999). Meanwhile, Rose (1998) claims that Giddens' structuration theory fails to clearly identify the conflict between agency and structure. Although ST succeeds in explaining the relationship between structure and agency in terms of the existence of things (the ontology of a phenomenon),

Thompson (1989) and Layder (2006) argue that this explanation fails to identify the structure. Opponents of ST are concerned about the definition of structure and the regular use of the word 'structure' in relation to physical structures external to agents. This definition is different from what is known in the sociology field. Jackson (1999) states that structure in sociology is the social system that guides people's behaviour. It is the social system which agents work within.

Giddens distinguished between social structure and social system whereby the latter is a collection of individuals' practised conducts. On the other hand, the social structure is a sum of rules and resources in society that are organised to be social systems' properties. The rules and resources in Giddens' work refer to the tools that are utilised by agents to produce or reproduce the social system over time. Therefore, in his duality approach, Giddens focuses on human behaviours as a structure rather than actual institutions (Stones, 2005; Alan, Lisa and Rashwan, 2015). Giddens (1986) avoids using the term 'social structure' because structure is beyond human agents. The definition used by Giddens has been criticised for being closer to anthropology than the sociology field;

Callinicos (1985) and Layder (1994) argue that the description is confusing and too limited in scope to be employed. Another critique of Giddens' approach is that structure depends on human behaviours; this assumption weakens the duality. Englund et al. (2011) describe it as "flat and local ontology." This indicates that there is a limited chance of the structure being externalised to individuals' behaviours because everything has been internalised and linked to human actions (Stones, 2005). Also, the relationship between agency and structure is based on reductionism which suggests that one dominates the other. Giddens' interest is to empower the agency; hence he readdresses the agency further than has been done in dualism. Stones (2005) argues that ST focuses on subjectivism and failed to capitalise on the benefit of addressing the structure. Opponents claim that Giddens combines individualism and structuralism in a single recursive relationship. Archer (1990) argues that Giddens' approach presents structure as the production practices that exist only in the here and now. She states that this ignores the influence of past practices on present actions (Archer, 1996; Archer et al., 2003). Critics believe that Giddens did not emphasise structure's ability to constrain or enable the agents' actions. On the other hand, agents actions can produce, reproduce or transfer

the structure (Archer, 1990; Jackson, 1999; Orla and Bernard, 2016). Loyal (2003) argue that structuration theory misses the intricacies because it pushes too far towards the agency. Loyal (2003) also asserts that ST can overcome subjectivity if it acknowledges that a deep structure exists.

Regardless of the criticisms of duality, researchers suggest that another alternative needs to be formed to achieve genuine duality. The weakness of duality from the opponents' perspective is that restricting duality to only two elements might not be sufficient to capture all of the relevant aspects of human behaviours. In the sociology field (Baxter and Chua, 2003; Englund, Gerdin and Burns, 2011). There is a growing debate calling for an improved relationship between agency and structure other than what is suggested under Giddens' approach (Healy, 1998). As the critics against ST have been growing, the discussion about structure and agency grew. Mouzelis (1995) Socialists who argue that understanding the structure should not sacrifice the agency. At the same time, neither of these should be ignored. Mouzelis (1995) tries to present further analysis explaining how agents may relate to structures but Healy (1998) believes that Mouzelis has not left the

idea which Giddens implies that structure is apprehended in ST as sources of rules. Stones (2005) is one of the sociologists who closely examined the relationships between agents, and he noticed that external pressures are underestimated in Giddens' work. His criticism of ST resulted in the development of SST (Coad and Herbert, 2009; Stones, 2005). The following section describes the evolution of SST and how it has been used in the accounting field.

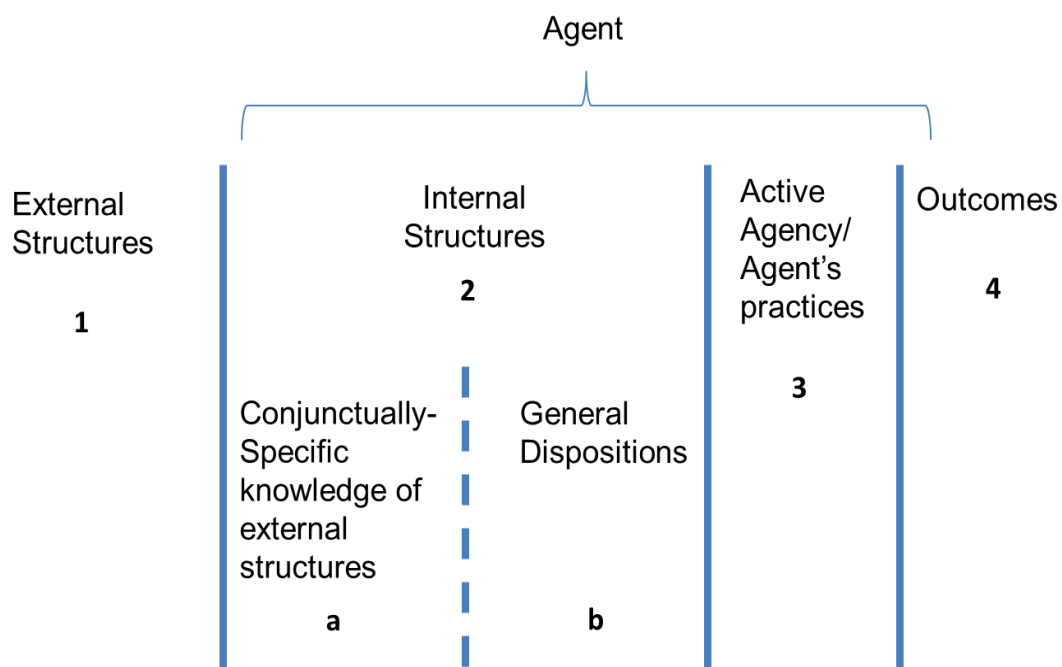
3.3 The development of Strong Structuration Theory SST

As illustrated in the previous section, Giddens' (1986) approach has shown that the structure does not exist in isolation; rather, it results from human actions and interactions. Structures are produced and reproduced through society's members' everyday interactions (Papa, Daniels and Spiker, 2007). Besides, Giddens implies that agents gain power from structures, and their actions can be asserted or strained by those structures (Giddens, 1986).

On the other hand, Stones, a social theorist, analysed Giddens' duality after reviewing and accepting the comments made by Archer (1990) in opposition to ST. According to

Stones (2005), the significance of external pressure under Giddens' ST is undermined (Coad and Herbert, 2009). Therefore, Stones (2005) was inspired by the perceived limitations in Giddens' work and developed SST, the name of which is an attempt to show that it is a development of Giddens' work (Coad, Jack and Kholeif, 2016). Stones (2005) set out to fill the philosophical and substantive gap highlighted in prior Giddens-based studies (Macintosh and Scapens, 1990; Busco, 2009; Englund, Gerdin and Burns, 2011). SST uses the term quadripartite nature of structure to analyse the duality of structure. Therefore, the duality consists of four recognisable constituents: external structure, internal structure, individual's practices/agency, and outcomes.

Figure 3.1: The quadripartite nature of the structure



Source: (Stones, 2005, p. 85)

SST brings the context that external structure represents into view and describes them as independent forces that have the capacity to limit the agents' freedom. Hatala and Lutta (2009) stress the importance of understanding individuals' behaviours which will be

enhanced with an approach that enables the researcher to learn about the context in which individuals and groups interact. Moreover, including external structure sheds light on the independent forces that can restrict agents' freedom or present opportunities. The agent's behaviours are expressed through an active agency. According to Stones (2005), the internal structure consists of general dispositions and conjuncturally-specific knowledge. While the latter explain agents' thought processes, general dispositions express the world view, values and beliefs that guide agents within their context. It also shows how agents developed these contexts. Conjuncturally specific knowledge provides perceptions about agents' understanding of the forces within particular contexts. Active agency/agent's practices are the way that agents rely on their internal structures to produce or reproduce the structure. The outcome of duality is the effect caused by individuals acting on the internal or external structure; this effect can reproduce or change the structure (Stones, 2005; Jack and Kholeif, 2007; Orla and Bernard, 2016). Stones (2005) argues that a group of individuals in any given organisation might share the same sense-making, especially if they have the same work experience. However, he argues that not every individual would interpret situations or opportunities in the same way.

3.4 Using Strong Structuration theory in accounting research

SST was developed to offer a more descriptive and convenient way to unfold the complex processes of individuals' interactions. This theory has been largely used in emerging economies to understand and predict the challenges these markets face when applying external accounting standards (Coad et al., 2015). What distinguishes SST from Giddens is that SST emphasises the importance of the 'in-situ' process of structuration in understanding a particular social phenomenon at a specific time and place. It focuses on agency through the agents' conduct and context analysis. SST fills the gap in Giddens' methodological aspect and it has been found that SST is better able to serve as a proper qualitative methodology than ST can do (Judith, 2009; Makrygiannakis and Jack, 2016). This theory can help explore professional identity changes (Judith, 2009). However, Stones recommends that researchers pay attention to the research design and criteria by identifying the agent-in-focus and analysing their structures. The core of ST is still reflected in SST, but Stones (2005) insists that duality is best understood by analysing the quadripartite framework, which consists of external structures, internal structures, active agency and outcomes (Jack and Kholeif, 2007; Coad, Jack and Rashwan, 2015;

Coad, Jack and Kholeif, 2016; Englund and Gerdin, 2016; Harris et al., 2016; Jack and Rashwan, 2019).

There is an invitation to enhance the potential to theorise from case studies by proposing SST in accounting research (Harris et al., 2016). Jack and Kholeif (2007) first proposed SST for accounting management in qualitative case studies. Coad et al. (2016) reviewed the interdisciplinary use of SST to measure its potential impact on accounting research. The researchers found that the use of SST, among other disciplines such as healthcare, management, and children care, is increasing. In the accounting field, this interest in SST began with management accounting and control (Jack and Kholeif, 2007), but the interest continued to grow to utilise SST in social and environmental accounting, financial reporting standards, non-profit sectors and audits (Orla and Bernard, 2016; Daff and Jack, 2018). Coad et al. (2016) find that researchers who are interested in SST are likely to be “interested in the people (individually or collectively) and their analysis of their conduct and context” (Coad, Jack and Kholeif, 2016). Englund And Gerdin (2014) consider SST to be a good example “to highlight and discuss the potential and limitations of ST” (p.

170). They argue that SST is not only interested in the theory itself but also the fact that SST emphasises the issue of agency embedded in structures rather than separating the structure from the agency (Englund and Gerdin, 2014).

In the field of strategic investment decision-making (SIDM), Harris et al. (2016) introduced SST to the SIDM process and showed that such a way of theorising can emphasise the role of agents' knowledge and position-practice relations. SST is used as a tool to explore the agent-in-focus interpretation and reaction to the external structure. However, the researcher found methodological issues when employing SST regarding re-analysing and evaluating prior studies' findings. Therefore, the researcher recommends expanding the use of SST in future research (Harris et al., 2016). Feeney and Pierce (2016) adopted SST in their study aiming to comprehend the role of accounting information in new product development (NPD). They use Stones (2005) to understand the connection between Stones' quadripartite (external structure, internal structure, agency, and outcomes). The study targets managers as agents-in-focus and found that managers respond differently to the accounting information they are given based on their own dispositions and

conjuncturally specific internal structures as it does the external structure. They concluded that SST succeeded in showing the link between accounting information and users and acknowledge the effect of the contextual circumstances on these users simultaneously (Feeney and Pierce, 2016). Recently, Lee (2021) employed SST to describe the nature of analyst-sales interactions. The researchers argued that SST aids the investigation of the web of position-practices relations and how analysts gain an understanding of their role concerning others and the impact of context on their actions. The reason for using SST was to understand the participants' lived experiences (Lee and Manochin, 2021). The study shows that the interactions between the equity-sales team have an impact on a wide range of analysts' activities.

Advocates of SST have conducted a number of studies to measure the potential of SST in the accounting field due to its ability to provide an in-depth understanding of the phenomenon from the perspectives of people involved in accounting practices. A study in the management accounting field explains how SST extends Giddens' ontology and enhances the analysis and understanding of the agents' role. Coad et al. (2015) found

that SST improves the understanding of accounting practices within an organisation and how such interactions participate in the production and reproduction processes of the organisational patterns. Daff And Jack (2018) expanded the understanding of SST by utilising this approach to provide insight into the importance of accounting networks within organisations. The study found that communications and interactions within the organisations are important factors. Therefore, the study explores how accountants within an organisation use their position and perceptions in an attempt to influence others' internal structures. Daff and Jack (2018) encourage the application of this theorising approach in different types of organisations to benefit from the insight that SST provides. SST has also been utilised in IFRS studies. Al-Htaybat (2018) sought to establish the reason for applying IFRS in Jordan, describing the change that occurred in terms of Jordanian corporate reporting requirements. This study contributed to the spread of SST and investigated changes in accounting regulations in Middle Eastern countries. The findings specify why new regulation is necessary, illustrating the external structures as a key influence that reproduces the Jordanian accounting system. The study inspired the current thesis to apply a theorising approach to IFRS in emerging economies. In the

government accounting field, Adhikari and Jayasinghe (2017) drew on SST to disclose how and why routinised accounting practices are reproduced by understanding the interplay between agency and structure. SST has positively contributed to understanding Nepal's central government accounting while extensively analysing the structure and agency. Adhikari and Jayasinghe (2017) argue that using SST in case studies on emerging economies helps to develop a holistic understanding of everyday accounting practices.

3.5 Using SST as a theoretical approach in the current study

Applying SST during the data collection process helped in understanding the role of agency in institutional practices, enriching the empirical analysis (Makryginnakis and Jack, 2016; Jack, 2017; Daff and Jack, 2018). SST can help to develop the research questions in ways that ensure a good understanding of the context and analysis of the agents-in-focus and their knowledge about other agents' conduct and context (Daff and Jack, 2018).

There are several theoretical lenses that can be employed to study social actions and their influence on shaping the social system in which they take place. These theoretical approaches have assisted in investigating and elucidating social changes and development. For instance, Bourdieu (1980) and his theory of practice helps to analyse the power structure that shapes the agency and the structure in a particular field. In addition, Bourdieu has mentioned the role of habitus, which is societal rather than individual. He implies that social changes are not a result of free will; instead, they are a result of the interplay between dispositions and structure (Bourdieu and Nice, 1977; Lee and Manochin, 2021). Therefore, this theory gives an objective understanding of people's actions; it does not recognise the individual's consciousness and their reflective attitudes. The habitus approach limits the freedom of the agency, which lacks showing the internal structure that is found in the active agency (King, 2000; Croce, 2015).

Actor-network theory (ANT) is also one of the lenses that can also be used in empirical studies to understand the interactions between people and technology. According to ANT, the term 'actors' refers not only to people but also to objects and entities. This theory

describes a network without distinguishing objects, materials or the natural world from humans (Latour, 2005). Although this theory has succeeded in explaining the networks that shape actions by recognising both human and non-human actors within the networks, it fails to centralise the human actors, which is more important in this current study (Lee and Manochin, 2021). This study seeks to study the behaviour of individuals and the influence of such behaviours on the structuration process. In the present study, the SOCPA board of directors is the agents-in-focus; this study attempts to explain how the structuration process occurs from the perspective of the actors, shifting the attention from the technical side to human behaviours.

The current study aims to answer the question of 'how' and 'why', and this can be adequately covered using a framework that enables the conduction of an in-depth analysis of the social structures involved in the adoption of IFRS in Saudi Arabia. SST has previously been widely used to answer the questions of 'why' and 'what' (Adhikari and Jayasinghe, 2017). Moore and McPhail (2016) employed SST to examine how and to what extent the development of a carbon accounting framework has been granted by

external structures that set the condition of actions. SST has been successfully used to highlight the interplay of the internal structures of the agent-in-focus with a set of rules and conditions (Moore and McPhail, 2016). The focal point of this thesis exceeds the analysis of the social structure and how it is involved in the IFRS adoption process to cover and address how agents grasp these structures that condition them while they reproduce the structure (Jack and Kholeif, 2007). SST as a theoretical approach will enable the investigation of the translation of the IFRS phenomenon at a micro-level and understand how SOCPA's members (the agents-in-focus) make their choices, highlighting the interplay between the internal structures and dispositions of the agent-in-focus. The key element is active agency: agency relies on the context when an agent acts, and they therefore act based on their understanding of the external and internal structures of their position and others' positions. The current study seeks to gain an extensive comprehension of the SOCPA's board of directors as the agents-in-focus and their external and internal structures that influence their actions in terms of IFRS adoption and translation. Position practices analyse the agent that occupies a specific position in relation to its related practices. The outcomes (the Arabic version of IFRS and the Saudi

accounting system) rely on the agent's intentions and thinking; these outcomes might remain without modifications if the agent doesn't change anything, or they may prefer to do things differently than previously.

Based on the review of the previous use of SST in the accounting field, employing SST in this case study will enable the researcher to closely observe how social relationships have shaped accounting practices in Saudi Arabia and how they will be transferred into IFRS through the process of translation. It will demonstrate how agents-in-focus interact with their agents-in-context. This study is more concerned with understanding individuals and collectives and analysing their conduct and context rather than the linguistic aspects only. This study asks how people carried out their actions and how the IFRS adoption process has been carried out to understand the limitations and facilities surrounding them. To satisfy the stated objectives, the question to ask is how the SOCPA board of members made their decision with regards to their internal and external structures. To achieve this goal, this study will chiefly address SOCPA's tools for communication with others and the nature of the relationship each member has with their network. Therefore, the interest

here is not in the decision made, which is the decision of IFRS adoption; instead, it is how the decision was influenced by the interactions between the agents-in-focus and their agents-in-context. In other words, the study investigates the process of how structure at a particular time transforms into a different structure at another time. Lukka and Vinnari (2014) emphasised the importance of having a social theory that enables users to comprehend people's behaviours and describe why people use accounting to control and change others. Employing social theory also helps to understand the communication choices people make and their effect on the structure. This thesis is an interpretive study that clarifies the need to move onwards when analysing agents by applying conduct and context analysis.

3.6 Conclusion

This chapter introduced the theoretical approach utilised to study the adoption and translation of IFRS in emerging economies. This thesis attempts to extend the empirical literature by focusing on the professional lives of accountants (Cooper and Robson, 2006;

Hopwood, 2008). The current study is a response to a call made by scholars such as Englund and Gerdin (2011) for more research utilising social theories such as structuration theory to understand agency behaviours within institutional practices. SST is the right choice due to this theory's ability to elaborate "the most salient forces at work" as well as the most important actors, organisations and relations to answer the stated research questions (Stones, 2012). The current study contributes to IFRS adoption and translation in emerging economies and, therefore, employing SST will give different a perspective and understanding of the phenomenon. Focusing on SOCPA's board of directors as the agents-in-focus will unfold how accounting practices are produced or reproduced through the interactions between the agents-in-focus and their agents-in-context.

The following chapter presents the methodology this study uses to collect data relating to IFRS adoption in Saudi Arabia. The conceptual methodology chosen should be consistent with a wide contextual frame such as SST. The methodological approach acts as a bridge

between ontology and empirical evidence. This allows the researcher to clearly perceive the relationship between concepts and empirical evidence.

Stones (2005) suggests three elements to consider:

1. The agents' context
2. The agents' conduct
3. Ontological sliding scale

As will be shown in Chapter 4, the method employed will help to enhance the existing body of knowledge about the agents' context and conduct.

Chapter 4: Research methodology

4.1 Introduction

Following the interpretive paradigm, this case study is concerned with understanding the phenomena under investigation through the actors involved in the adoption and translation of IFRS in Saudi Arabia. The qualitative approach is more in line with the study's research questions, the empirical literature and the theoretical framework. The qualitative research approach will answer the 'why' and 'how' of human behaviour and experiences, whilst SST will also shed light on these matters. According to Bryman (2003) and Bryman and Bell (2015), the qualitative researcher is actively involved in the process of understanding and explaining social phenomena rather than developing a numerical understanding which focuses on words rather than numbers. This chapter specifies how SST has been applied to guide the overall approach and design of the research. All three dimensions, research paradigm, philosophical assumptions and research method, will be elaborated in the following sections of this chapter. Finally, the chapter provides an

overview of the ethical aspects that were involved in this study. The chapter ends with discussing some of the methodological limitations and a summary of the main points of this chapter.

4.2 Research paradigms

A paradigm is a “set of common beliefs and agreements shared between scientists about how problems should be understood and addressed” (Kuhn and Hacking, 2012). It is the philosophical way of thinking that reflects the researcher’s worldview, which can be their thinking style, set of beliefs and school of thought that shapes the interpretation of the research data’s meaning. It is how a researcher sees the world and how they interpret it (Kuhn and Hacking, 2012; Kuhn, 1970). Burrell and Morgan (1979) state:

All social scientists approach their subject via explicit or implicit assumptions about the nature of the social world and the way in which it may be investigated (p.1).

The choice of philosophical framework is based on the research questions and, therefore, the researcher will choose the method to efficiently answer the questions. Burrell and Morgan (1979) argued that there are two key dimensions, and each has a set of themes. They believe that natural science can be thought of subjectively or objectively, which helps to comprehend how we view reality and explain why some research has more personal appeal than others. From these two dimensions, social studies can be classified into four paradigms based on theoretical assumptions. These paradigms are claimed to be tools that map the intellectual journey in social theory (Burrell and Morgan, 1979).

The four paradigms suggested by Burrell and Morgan (1979) are:

- Positivism
- Social constructionism
- The critical paradigm
- Postmodernism

The choice of which paradigm to follow depends on the contemplation that the researcher uses. Collis and Hussey (2009) assert that the paradigm used in business research can

be either positivist or interpretivist. The positivism approach represents quantitative objective and scientific matters. In contrast, interpretivism represents qualitative, subjective and humanist (Collis and Hussey, 2009; Creswell, 2003; Creswell, 2014; Henrickson and McKelvey, 2002). Darke et al. (1998), Parker (2012a), Tomkins and Groves (1983) and Wilkinson and Durden (2015) addressed the paucity of qualitative studies in the accounting field. Some researchers (e.g. Lee and Williams, 1999) investigated different auditing, financial and management aspects. They emphasised the use of quantitative approaches and admired the knowledge generated when using such techniques. However, an increasing number of accounting researchers have demonstrated the shifting trend towards conducting interpretive research (Chua, 1986). The accounting group argues that accounting as a profession should interact with the social environment and that accounting cannot be in isolation and interdependent (Makrygiannakis and Jack, 2016; Stone and Jack, 2016). For instance, Maali and Jaara (2014) state:

Many accounting objects such as profit, unlike physical objects, are socially constructed and they do not have an independent existence. Their existence is dependent on accounting rules and procedures; such rules are set and filtered by humans; thus, they are socially constructed objects (Maali and Jaara, 2014, p157).

This shift in accounting research is marked by growing interest in understanding the specific forms of socio-political and economic life (Hopwood et al., 1994; Miller, 1990; Parker, 2012b; Silverman, 2010). Young (1994) suggests that looking at the accounting problem in relation to financial instruments is not enough. Young (1994) introduced institutional thinking as a key that can help enhance our understanding of the nature of accounting in a particular setting. Applying institutional thinking when investigating an accounting phenomenon can help to gain a broad view of how accounting change occurs (Young, 1994; Potter, 2005).

Considering accounting as social and institutional practices resulted in elevating the qualitative case study strategy's importance. This is more evident in management

accounting research because the number of qualitative and critical studies in this stream of accounting has significantly increased in recent years (Ashraf and Uddin, 2015; Sikka and Murphy, 2015; Matilal and Adhikari, 2020). A number of studies in the accounting field have led to a greater understanding of accounting practices considering their social and institutional context. For example, Sikka and Murphy (2015) discussed the issue of multinational cooperation, moving their businesses from high tax to low tax regions in emerging economies to boost post-tax profit. His study shifts the accounting research from focusing on accounting as numbers in the reports to consider the impact of accounting on social life and how accounting can bring about inequality in society. This type of study draws the attention of accounting regulators to consider how accounting influences the social and institutional context. It also demonstrates the political and power associated with accounting. Therefore, viewing accounting as a social and institutional practice allows the researcher to explore accounting from a broad perspective. Potter (2005) refers to this as an examination of the application of accounting regulations within a social and organisational context.

According to Hopwood et al. (1994), accounting can be involved in shaping:

The type of world we live in, the type of social reality we inhabit, the way in which we understand the choices open to business undertaking and individuals, the way in which we manage and organise activities and process of diverse types, and the way in which we administer the lives of others and ourselves (p.1).

This perspective emphasises the interplay between measuring and evaluating financial activities and managing organisations and societies. Accounting regulation helps to understand how such an outcome of financial activities has been generated. Hopwood et al. (1994), Hopwood (1987) and Potter (2005) argue that accounting has become an influential factor in managing people, practices, organisations and societies. For example, Matilal and Adhikari (2020) examine the role of accounting in creating catastrophes and disasters within society. The study focuses on how efficient accounting mechanisms can lead to a disaster similar to that which happened in the 1984 Bhopal gas tragedy. The study is an extension to accounting research that concerns the impact of accounting in

the social context. Accounting researchers examining management control changes have explored the context of accounting in controlling people's lives. Ashraf and Uddin (2015) examine the relationship between the dominant social group and its impact on management accounting control. Their study found that the involvement of political strategies in management accounting control led to changes in accounting practises. This study helps to understand the role of power in relation to changes in management accounting practices.

Hoepfl (1997) defined qualitative research as:

Any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification.

Qualitative inquiries deal with the complex and dynamic quality of the social world and are more subjective (Denzin and Lincoln, 2011). Proponents of qualitative approaches believe that accounting events cannot be separated from the social environment. They argue that accounting events are socially constructed. These events are the result of rules that are formed and set by humans. Therefore, their existence is not independent (Baker

and Bettner, 1997; Maali and Jaara, 2014). Morgan (1988) asserts that accounting is the process of constructing reality within organisations. It is involved in the decision-making process in accordance with the accounting regulations used. Morgan (1988) emphasises the accountants' roles in using accounting policies to construct reality. According to Hopwood et al. (1994), suggesting that accounting is a social practice implies that accounting can be considered a complex language. This language is a set of specialised terminologies and vocabulary referred to by Miller as 'rationales.' These rationales are an important tool in financial reports to create a culture of accountability and performance in a variety of organisational and social settings (Hopwood et al., 1994; Hopwood, 1983; Robson et al., 2017; Young, 1994). This language has the ability to form and shape people's way of thinking. Therefore, Morgan (1988) argues that accountants face a challenge developing a set of practices to be used as a communication tool. Accountants have to see and understand the organisational context to find ways to generate a critical understanding of the multiple meanings and actions (Morgan, 1988). Recently, the amount of qualitative and critical accounting research has steadily increased in terms of publications (e.g. Aburous, 2019; Adhikari and Jayasinghe, 2017; Judith, 2009; Jack and

Kholeif, 2007; Matilal and Adhikari, 2020; Mihret *et al.*, 2017a; Nurunnabi, 2018; Zurina and Rahim, 2016).

Qualitative research is characterised as an interpretive and naturalistic approach which indicates that it investigates the phenomenon from the inside (Flick, 2009; Burrell et al., 2019). Crotty (1998), Miles and Huberman (1994) and Scapens (2006) argue that an interpretive research ontology assumes that humans construct their reality by understanding social structures and the individual's perspective. Richardson (2012) claims that qualitative research can be used to connect to a theory where the purpose in some cases is to develop a new theory. Parker (2012a) notes:

Theory and theoretical insights can either inform empirical data collection and analysis or emerge from that very process of qualitative data analysis.

Parker (2012a) argues that in management accounting, the qualitative approach helps to understand and critically analyse management accounting practices. It also enables researchers to address issues related to policymakers and practitioners. This thesis is an interpretive study that mainly explores the complexity of a social phenomenon to describe

and translate the nature of the phenomenon to give a better understanding (Maanen, 1983). According to Denzin and Lincoln (2011), qualitative approaches align with the interpretivism research paradigm. The interpretivism paradigm helps to understand the social construction of the Saudi accounting system and examine the process of IFRS adoption and translation. This examination includes different groups' perceptions of IFRS adoption in Saudi Arabia. The investigation has to be in-depth, and that suggests using an interpretive method such as an interview that can help to acquire such knowledge about the phenomenon from those involved in IFRS adoption and translation. Therefore, the qualitative methodology should enable researchers to study the social world closely (Bryman, 2003). For instance, Denzin and Lincoln (2011) state:

...qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them.

Denzin and Lincoln (2011) define qualitative research as a set of interpretive material practices that transform the world. They argue that interpretivists study the world to make

sense of human interactions that take the form of phenomena. Denzin and Lincoln (2011) view the world as:

....a series of representations, including field notes, interviews, conversations, photographs, recordings and memos to self.

Morse et al. (2001) state that employing a qualitative paradigm and suitable research methodology will increase acceptance of a study in the field. Therefore, this study chose the research paradigm to be consistent with the research methodology, the research method and strategy. By employing interviews as a qualitative method, the researcher argues that this method enables the acquisition of vital information generated from individuals, organisational structures and societies, which will enhance the understanding of accounting subjects, i.e. IFRS adoption and translation (Baker and Bettner, 1997). This study involves analysing and describing human behaviours (SOCPA) along with studying the culture that has influenced the individuals in the sample. Close interactions with individuals will also help generate insight into their actions, adding to the information obtained. Given that, using the interpretive approach will provide a holistic analysis of the

context in which accounting operates in Saudi Arabia, facilitating the exploration of IFRS adoption in a Saudi context (Maanen, 1983). The aim of this study is to first understand and examine the structure of the Saudi accounting system as a social phenomenon. Then it sets out to examine the decision behind IFRS adoption, including IFRS translation, aiming to point out and explore the changes in accounting practices and the interplay between different actors in that context. An in-depth investigation has been conducted using interviews as a research method (see Section 4.6).

As mentioned in Chapter 3, this thesis is investigating the study issue from the lens of SST. Coad *et al.* (2015, 2016) suggest the agent's conduct and context analysis as a means of research data collection. Conduct analysis examines the agent's disposition and conjuncturally specific knowledge while context analysis explores that agent's external structure (Stones, 2005; Adhikari and Jayasinghe, 2017). Examining the interplay between the conduct and context analysis of the agent helps to develop an in-depth understanding of the accounting phenomenon (Judith, 2009; Feeney and Pierce, 2016; Makrygiannakis and Jack, 2016; Adhikari and Jayasinghe, 2017). SOCPA's board

of directors, as the agents-in-focus, are the key player in terms of accounting practices and developments in Saudi Arabia. In this case study, they are selected for interviews due to their involvement in accounting practices and their role as an authorised translator of Arabic IFRS. Hence, the objective of the interviews is to understand the external and internal structures at play during IFRS translation and adoption. Stones (2005) states that agents' understanding of the conditions of their actions is determined by their internal structure. This suggests that interviews with other stakeholders in this study (e.g. local accounting firms, business firms, and IFRS Foundation) are important for SOCPA to better understand how structures are produced or reproduced (Harris *et al.*, 2016).

Similar to other research paradigms, interpretive approaches are not without their limitations. Several scholars argue that this research approach suffers from a lack of mechanisms to ensure validity (Gergen and Gergen, 2000; Lukka and Modell, 2010; Smith and Deemer, 2000). Rolfe (2006) argues that it is impossible to reach the same interpretation of events because reality is subjective. Also, Vaivio and Sirén (2010) criticise qualitative methods because the knowledge and findings generated from such

studies are not transferable, and each study stands alone. On the other hand, researchers have made different attempts to maintain the validity of interpretive studies. Such efforts have contributed to increasing interpretive studies in many disciplines in which positivist paradigms were previously dominant, and accounting is one such example (Anderson, 2010). Supporters of the quantitative school emphasise several qualities of the quantitative approach. The quantitative approach is admired because it is highly structured, and the results can be verified using numbers. This quality justifies the number of studies in auditing, management and financial accounting that have opted to conduct quantitative research (Collis and Hussey, 2009; Lee and Williams, 1999). However, due to the increase in the validity mechanism, the number of qualitative studies has increased in recent decades (Tomkins and Groves, 1983; Darke, Shanks and Broadbent, 1998; Wilkinson and Durden, 2015). For instance, Friese (2014) suggests using Computer-Aided Qualitative Data Analysis Software (CAQDAS) to improve the validity of the results generated. This will help to overcome the associated limitations and encourage researchers to go more towards qualitative approaches.

In conclusion, interpretive research attempts to understand, interpret and describe the individuals' behaviours within their environments (Baker and Bettner, 1997). This study aims to explore the process of IFRS adoption in an emerging economy, mainly focusing on issues involving the adoption and translation of IFRS into Arabic. Specifically, this case study aims to investigate in-depth individuals' perceptions of IFRS adoption and the environment of the accounting profession in Saudi Arabia. The research questions are designed to highlight any socio-political factors that may enable or hinder the adoption process and demonstrate their influence on individuals' behaviours which is reflected in IFRS.

4.3 The connection between the interpretive framework and philosophy

This section presents further details relating to the link between the interpretive framework and the philosophical assumptions. The type of approach chosen determines the philosophical assumptions. Therefore, the first part of this section presents the paradigms in social science, followed by a discussion of the philosophical assumption. Understanding the philosophical underpinning will enhance the research's quality (Ritchie

and Lewis, 2003; Ritchie *et al.*, 2013). Hence, demonstrating the conceptual framework includes clarifying the ontology and the epistemology which would lead to deciding which methodology is most appropriate to achieve the study objectives and answer the research questions. Smith (2011) claims that by choosing the methodology and method that well serve the study's aim, the validity and reliability of the research outcomes will be strengthened.

Table 4.1 presents the five types of interpretive frameworks, with each being defined according to their beliefs. The philosophical assumptions (ontology, epistemology, axiology, and methodology) are also presented in the table (Blaikie, 2009; Creswell, 2012; Smith, 2011).

Table 4.1: Interpretive frameworks

	Ontology (Nature of reality)	Epistemology (What can be known; Relationship of knower & known)	Methodology (How knowledge is gained)	Products (Forms of knowledge produced)
Positivist	Reality is out there to be studied, captured, and understood	How the world is really ordered; Knower is distinct from known	Experiments, quasi-experiments, surveys, correlational studies	Facts, theories, laws, predictions
Postpositivist	Reality exists but is never fully apprehended, only approximated	Approximations of reality; Researcher is data collection instrument	Rigorously defined qualitative methods, frequency counts, low-level statistics	Generalizations, descriptions, patterns, grounded theory
Constructivist	Multiple realities are constructed	Knowledge as a human construction; Researcher and participant co-construct understandings	Naturalistic qualitative methods	Case studies, narratives, interpretations, reconstructions
Critical/Feminist	The apprehended world makes a material difference in terms of race, gender, and class	Knowledge as subjective and political; Researchers' values frame inquiry	Transformative inquiry	Value mediated critiques that challenge existing power structures and promote resistance
Poststructuralist	Order is created within individual minds to ascribe meaning to a meaningless universe.	There is no "Truth" to be known; Researchers examine the world through textual representations of it.	Deconstruction; Genealogy; Data-based, multivoiced studies	Deconstructions; Genealogies; Reflexive, polyvocal texts

Source: Creswell (2013)

4.3.1 Social constructivism

Social constructivism is defined as understanding the world around us that leads to developing subjective meanings from our experiences and their complexity. These meanings are drawn from the research participants, and, therefore, the study's outcomes are created by the participants' perspectives of reality. Previous studies concerning IFRS adoption in emerging economies show that the application of IFRS can be problematic due to the advanced level of standards and the language of IFRS (Zeff, 2007; Hassan, Rankin and Lu, 2014; Zakari, 2014; Nurunnabi, 2015; Samaha and Khlif, 2016). IFRS is written in English which requires non-English speaking countries to translate it into different languages which may not fully resolve the issue. In order to construct a view regarding IFRS adoption and update the research field, it is beneficial to investigate the current situation of IFRS adoption from the perspective of a country that has recently started to replace its local accounting framework by applying IFRS. For example, Al-Htaybat (2018) conducted an interpretive study to analyse participants' precipitations of IFRS adoption in emerging economies. Using elements of the SST approach, this study undertook semi-structured interviews to collect data from Jordanian experts regarding

IFRS adoption to draw conclusions from people involved in making decisions about IFRS adoption. The current study's main actors are SOCPA members, Saudi accounting firms, and accounting practitioners. Multiple stakeholders are selected for the study to obtain different perceptions regarding the difficulties of IFRS application, including the issue of the language of IFRS. Besides, this investigation will bring out the IFRS Foundation's view because this organisation is the one that authorises translators to translate IFRS. This inclusion of the IFRS Foundation will enrich the research and capture multiple perceptions of IFRS translation. An understanding created in this study regarding IFRS adoption has been drawn upon the interaction between different individuals' perceptions and the environment (culture) (Creswell, 2014). The constructivist approach suggests that the question should be broad enough to establish the full meaning of situations from the participants' perspectives. The individuals' interaction is significant; it will reflect on the implications they give to reality (Creswell, 2014). In this study, so as to gain knowledge about the phenomenon and gather as much information as possible from the participants, knowledge will be obtained via open-ended questions. For example, one of the research questions directed to SOCPA is:

What are the considerations you took into account in the IFRS transition process?

It can be argued that by enquiring about the IFRS adoption project in Saudi Arabia, complications and issues related to the translation process will unfold which, in turn, will provide another avenue to continue research into IFRS. For instance, if the participants perceive that the language of IFRS is an issue, that will lead to further investigation to reveal the underlying problems and how SOCPA addresses such cases, leading to IFRS translation. The open-ended questions allow the researcher to ask more questions and result in the need to include multiple participants in the study (e.g. IFRS Foundation). Further details about the interview questions are offered in the data collection section (4.6).

The section above has presented the adopted framework for the current study which is interpretive “social constructivism.” Such a framework will generate greater understanding of the reality from the individuals’ perspective (Creswell, 2014). The following section discusses the philosophical assumptions related to this paradigm

(ontology, epistemology and axiology). The methodology is discussed later, along with the research strategy.

4.4 Research strategy

4.4.1 Social assumptions

Social assumptions or philosophical assumptions are ideally the first block when conducting a study. Huff (2008) emphasises the significance of considering philosophical assumptions at the beginning of qualitative studies. Huff (2008) argues that philosophical assumptions facilitate problematising; they assist research in formulating the study issue, establishing research questions, and choosing the methods that are best-suited to answering the research questions. Huff (2008) also believes that the assumptions can change over time and as people change career because they relate to the researcher's training and the scholarly community.

The main two paradigms are positivism (objective) and interpretivism (subjective) (Burrell and Morgan, 1979). According to Creswell (2012), each one of these paradigms has its

philosophical assumptions, and these assumptions are: ontological, epistemological, axiological and methodological. The ontological beliefs concern the nature of reality and what to know about the world (Ritchie et al., 2013). Crotty (1998) describes ontology as the study of being which concerns what constitutes reality (Scotland, 2012). Epistemological beliefs concern how truth is known. According to Cohen et al. (2007), epistemology is concerned with how knowledge about the world can be obtained. Different paradigms inherently consist of different ontological and epistemological views, which means that they have different assumptions of reality. This is reflected in the methodology and method of the research (Scotland, 2012). Table 4.2 presents the framework and the four philosophical assumptions that are associated with each one (Creswell, 2012, 2013).

Table 4.2: Interpretive frameworks and related philosophical assumptions

<i>Interpretive Frameworks</i>	<i>Ontological Beliefs (the nature of reality)</i>	<i>Epistemological Beliefs (how reality is known)</i>	<i>Axiological Beliefs (role of values)</i>	<i>Methodological Beliefs (approach to inquiry)</i>
Postpositivism	A single reality exists beyond ourselves, "out there." Researcher may not be able to understand it or get to it because of lack of absolutes.	Reality can only be approximated. But it is constructed through research and statistics. Interaction with research subjects is kept to a minimum. Validity comes from peers, not participants.	Researcher's biases need to be controlled and not expressed in a study.	Use of scientific method and writing. Object of research is to create new knowledge. Method is important. Deductive methods are important, such as testing of theories, specifying important variables, making comparisons among groups.
Social constructivism	Multiple realities are constructed through our lived experiences and interactions with others.	Reality is co-constructed between the researcher and the researched and shaped by individual experiences.	Individual values are honored, and are negotiated among individuals.	More of a literary style of writing used. Use of an inductive method of emergent ideas (through consensus) obtained through methods such as interviewing, observing, and analysis of texts.
Transformative/ Postmodern	Participation between researcher and communities/ individuals being studied. Often a subjective-objective reality emerges.	Co-created findings with multiple ways of knowing.	Respect for indigenous values; values need to be problematized and interrogated.	Use of collaborative processes of research; political participation encouraged; questioning of methods; highlighting issues and concerns.

<i>Interpretive Frameworks</i>	<i>Ontological Beliefs (the nature of reality)</i>	<i>Epistemological Beliefs (how reality is known)</i>	<i>Axiological Beliefs (role of values)</i>	<i>Methodological Beliefs (approach to inquiry)</i>
Pragmatism	Reality is what is useful, is practical, and "works."	Reality is known through using many tools of research that reflect both deductive (objective) evidence and inductive (subjective) evidence.	Values are discussed because of the way that knowledge reflects both the researchers' and the participants' views.	The research process involves both quantitative and qualitative approaches to data collection and analysis.
Critical, Race, Feminist, Queer, Disabilities	Reality is based on power and identity struggles. Privilege or oppression based on race or ethnicity, class, gender, mental abilities, sexual preference.	Reality is known through the study of social structures, freedom and oppression, power, and control. Reality can be changed through research.	Diversity of values is emphasized within the standpoint of various communities.	Start with assumptions of power and identity struggles, document them, and call for action and change.

Source: Adapted from (Denzin and Lincoln, 2011)

The social constructivism ontology claims that interactions between human constructs form the reality. The world's characteristics and features are determined by how individuals in the community deal with each other:

For the social constructivist, reality cannot be discovered: it does not exist prior to its social invention (Kim, 2001).

Moreover, researchers argue that social constructivism epistemology is a knowledge that is constructed culturally and socially by individuals in a community (Kim, 2001; Prawat and Floden, 1994). Creswell (2013) suggested that knowledge is constructed through interactions between the researcher and participants (Creswell, 2013). Kim (2001) implies that this interaction is established between individuals on one hand and between them and their environments on the other hand. Social constructivism's axiology assumes that the individuals' values are appreciated as long as they participate in producing the ontology (reality) and the epistemology (knowledge). Typically, researchers in qualitative studies aim to explore a single phenomenon; this enables the researcher to be close to the researched phenomenon (Goffman, 1989). In doing so, this study shed light on the influence of environmental and institutional factors such as the prevailing structure and a country's culture. The aim is to explore, describe and understand the process of IFRS adoption and translation in Saudi Arabia considering the socio-political context permitting or constraining the process such as language, culture and the accounting system, etc. The empirical literature relating to the history of the accounting profession in Saudi Arabia revealed the factors that influence the structure of the profession in the country as well

as the process of establishing the Saudi accounting framework (Alkhtani, 2012; Abunadi, 2013; Mihret, Alshareef and Bazhair, 2017a) (see Chapter 2). Due to the unique features of Saudi Arabia as a country that is heavily influenced by Islamic rules, the nature of the accounting profession needs to be independently studied to understand how this affects the interactions of individuals, the culture and the environmental factors.

Drawing on SST, the study will employ the agent's conduct analysis and context analysis, which distinctly show the structuration process. This study observes variations in the ways that agents draw upon their structures, deterministically or voluntarily and how SOCPA, as an agent-in-focus, acts to reproduce or change the structures. Stones (2005) claims that he moved from the general ontology introduced by Giddens's ST towards the ontology-in-situ of particular structures and agents. Hence, SST pays more attention to the epistemology based on empirical case studies in which individuals are situated in webs of networked relations (Greenhalgh and Stones, 2010).

4.5 Research method

4.5.1 Case study design

This research study concentrates on a specific phenomenon of IFRSs adoption and translation in Saudi Arabia and investigates the relationships between the different actors involved; hence the case study is designed to achieve the research objectives. This study's main objectives are the answer 'why' and 'how' questions to uncover facts related to the adoption of IFRS in Saudi Arabia. Hence, it is important to understand why Saudi Arabia considered shifting to IFRS, how this process has been carried out to understand the issues related to such a decision, and who the actors involved in SOCPA network relations are. In doing so, the research will be able to determine how accounting is used as a source of power and how it can influence and be influenced by the behaviour of the people involved. Case studies are widely used in a variety of disciplines, including social sciences (Irvine and Lucas, 2006; Mihret et al., 2017b). A case study is a qualitative approach that is used in accounting research greatly (Wolk and Tearney, 1997; Darke, Shanks and Broadbent, 1998). It is a research design employed to achieve an in-depth

understanding of a complex real-life phenomenon. Advocates argue that, unlike an experimental design, the case study does not encourage deliberate environmental manipulation by testing a specific hypothesis. There is a general agreement among researchers that the case study approach is used to explore an event because of its “naturalistic” design. The essence is its underlying focus on the specific phenomenon and explaining or exploring this phenomenon in the everyday context (Crowe et al., 2011a; Darke et al., 1998; Denzin and Lincoln, 2011; Miles and Huberman, 1994; Stake and SAGE., 1995; Yin and SAGE., 2003; Robert Yin, 1993). Moreover, case studies have been used by researchers with regards to SST to explore certain phenomena (Jack and Ahmed, 2007). For instance, Feeney and Pierce (2016) used a case study to examine two organisations’ roles in structuration. Kholeif and Jack (2019) employed a case study and SST as an analytical framework to examine the Egyptian Sales Tax Department’s attempt to implement performance-based budgeting. The case study method has been used in research in emerging economies to measure the impact of changes to accounting practices (Adhikari and Jayasinghe, 2017; Dahawy and Ransopher, 2014; Monir and Abu, 2005; Tsunogaya *et al.*, 2015; Zakari, 2014). According to Yin (1993), a case study is an

appropriate choice for researchers who seek to attribute causal relationships. This approach lends itself well to gathering information where the research aims to answer 'how' and 'why.' Answering these questions enables researchers to gain additional insight into the gaps that exist, how procedures are being carried out and why one choice is made over another. It is suitable for a single phenomenon and its environment (Collis and Hussey, 2009).

However, case studies have been criticised because the findings cannot be generalised. Although case studies provide deep insight into the issues being studied, they are not ideal to build a conclusion on one individual and generalise the findings to include other individuals or situations (Myers, 1997; Walsham, 2006). Case studies have also been criticised for their lack of accuracy (Yin, 2003) which is due to the researcher's influence on data collection and analysis (Darke et al., 1998). Crowe et al. (2011) state that this approach might neglect the historical context. However, other researchers argue that these issues are methodological in nature due to the approach taken to data collection rather than the case study itself (Miles and Huberman, 1994; Silverman, 2006; Denzin

and Lincoln, 2005). According to the selected analytical framework, the choice of SOCPA board of directors was made based on the relationship with the decision concerning IFRS adoption and translation (more details about the sample are provided in Section 4.6.1.1)

This study addresses a single phenomenon which is the issue of IFRS adoption and translation. Therefore, a case study is employed because it provides tools for the in-depth investigation of a limited number of events to reveal how they relate to each other. This empirical case study will examine a contemporary phenomenon that involves different actors and different levels of relationships. Case studies promote the application of multiple data collection techniques, which will extend and strengthen the existing knowledge about IFRS adoption and translation.

4.6 Data collection

The data collection process usually entails various sources of evidence and can comprise quantitative or qualitative data (Crowe et al., 2011a). As previously mentioned, depending on the research paradigm and epistemological assumptions, the research can take one

of the following approaches: critical (Howcroft and Trauth, 2004; Deryl and Bill, 2008; Blaikie, 2009), positivist (Shanks and Parr, 2003; Yin and SAGE, 2003; Yin, 1993), or interpretive (Stake and SAGE, 1995; Stake, 1995; Doolin, 1998). Each of these approaches can be applied with a number of techniques used to collect data in case studies, including interviews, questionnaires, observations and document analysis (Darke, Shanks and Broadbent, 1998). A case study approach suits social constructivism as a method that meets its social assumptions (Collis and Hussey, 2009). The interpretive approach, which is applied in the current study, involves understanding the context and processes from different perspectives in order to understand individuals and social meanings (Crowe et al., 2011b) (see Table 4.3). Choosing a method that ensures the integrity of the data collected is an important task, but it is also challenging in the qualitative approach (Collis and Hussey, 2009). Due to the sensitivity of certain data, it has been suggested that prior knowledge is helpful before starting the actual data collection process. Collis and Hussey (2009) state:

Data can relate to aspects such as time and location, or legal, social, political and economic influences (p.143).

Therefore, this case study relies on two sources of evidence: documentary evidence and semi-structured interviews. Starting with the interview as the primary method, the following section describes how each method has been employed.

Source of evidence	Strengths	Weaknesses
Documentation	<ul style="list-style-type: none"> • Stable – can be reviewed repeatedly • Unobtrusive – not created as a result of the case study • Exact – contains exact names, references, and details of an event • Broad coverage – long span of time, many events, and many settings 	<ul style="list-style-type: none"> • Retrievability – can be low • Biased selectivity, if collection is incomplete • Reporting bias – reflects (unknown) bias of the author • Access – may be deliberately blocked
Archival records	<ul style="list-style-type: none"> • [same as above for documentation] • Precise and quantitative 	<ul style="list-style-type: none"> • [same as above for documentation] • Accessibility due to privacy reasons
Interviews	<ul style="list-style-type: none"> • Targeted – focuses directly on case study topic • Insightful – provides perceived causal inferences 	<ul style="list-style-type: none"> • Bias due to poorly constructed questions • Response bias • Inaccuracies due to poor recall • Reflexivity – interviewee gives what interviewer wants to hear
Direct observations	<ul style="list-style-type: none"> • Reality – covers events in real time • Contextual – covers context of event 	<ul style="list-style-type: none"> • Time-consuming • Selectivity – unless broad coverage • Reflexivity – event may proceed differently because it is being observed • Cost – hours needed by human observers
Participant-observation	<ul style="list-style-type: none"> • [same as above for direct observations] • Insightful into interpersonal behaviour and motives 	<ul style="list-style-type: none"> • [same as above for direct observation] • Bias due to investigator's manipulation of events
Physical artefacts	<ul style="list-style-type: none"> • Insightful into cultural features • Insightful into technical operations 	<ul style="list-style-type: none"> • Selectivity • Availability

Table 4.3: Source of evidence (Yin, 1993)

The researcher started the data collection process in August 2018. Due to the distance between the researcher and the participants, the researcher gained access to the participants in advance by arranging appointments with interviewees via telephone and email. The researcher contacted the participants and briefly explained the purpose of the research as well as the need to collect data. SOCPA (as one of the main participants) welcomed the opportunity to be interviewed and promised to provide the necessary access and support for data collection. In this study, data were collected in two periods. The researcher flew to Saudi Arabia to visit SOCPA and a number of accounting firms to collect data. Because the researcher had to return to the UK, they conducted some of the interviews via telephone. The IFRS Foundation was the last interviewee, and that interview took place in April 2020. The following section presents the interview as the primary source of information in detail, including the participants' information regarding their privacy.

4.6.1 Interview

This research uses interviews as a data collection method; it is the preferred method that aligns well with qualitative research (Arksey and Knight, 1999). The purpose of using interviews is to support the investigation and thoroughly explore the phenomena to obtain data about the case. Bryman (2003) argues that interviews are very subjective and influenced by the context. However, the ability of interviews to tap the in-depth knowledge of participants has been discussed in prior work. For instance, Nurunnabi (2015) utilised interviews as a method to understand the impact of cultural factors in the implementation of IFRS to gain insight that would not have been available if relying on quantitative methods. Considering the fact that this study intends to provide insight into the interrelationship between the structure and agency in the process of adopting and translating IFRS, semi-structured interviews offer an important research method. Employing the interview method will sharpen the conduct and context analysis to the agent-in-focus and suitably explain the structuration process (Stones, 2005; Coad, Jack and Kholeif, 2016)

Interviews have been increasingly used as a qualitative research method (Dumay and Qu, 2011). Due to the importance of the organisations included in this study (e.g. SOCPA, IFRS Foundation), interviews are better suited to exploring further and investigating the issue of IFRS adoption and translation. Therefore, semi-structured interviews have been conducted with a number of decision-makers on the SOCPA committee who have a direct relationship with the standards-setting role to explore how the agents-in-focus uses their internal structure to understand how the external condition of action influenced the Saudi accounting system and IFRS. The interview also includes accountants from several accounting firms in Saudi Arabia as users of the accounting standards to capture their perspectives regarding the difficulties associated with the application of IFRS (see Appendix C). Including this group of people will enhance our understanding of how SOCPA uses their power and position to influence professionals. Using interviews in this study is advantageous because this method permits the researcher to access the richest and latest data about IFRS adoption in Saudi Arabia. It enables face-to-face contact with the participants, allowing extra data to be gathered through non-verbal body language. Moreover, the interview approach helps the researcher to address the topic in-depth and

provides an opportunity to clarify answers to ensure a better understanding (Gill and Johnson, 2010).

4.6.1.1 Planning interviews and sample selection

In the planning process, to maintain subjectivity during the interviews, the researcher has applied a number of techniques, thereby enhancing the credibility of the information obtained and analysed. These techniques were taken into consideration in several stages during the interview process: 1) at the interview question design stage, 2) when conducting the interviews, and 3) at the interview analysis stage. The following discussion will elaborate on the precautions taken at each of these three stages.

The main characteristic of semi-structured interviews is that they take the form of a series of questions that do not need to be asked in order (Smith, 2011). The interviews in this study were flexible and took the form of a conversation to allow the merging of more information about the topic while maintaining the aim and the objective of the enquiry. This flexibility also provided scope for additional questions (Bryman, 2003; Bryman and

Bell, 2015). The deliberate pauses and silences included in the interviews allowed the interviewees to think and enrich the conversation by providing additional explanations that the researcher might not have sought directly (Lee, 2014; Parker, 2012b).

Tashakkori and Teddlie (2010) recommended incorporating pilot interviews as part of the preparation stage to assist with the research design. Kim (2010) recommends carrying out pilot interviews as part of the data generation process to test the questions and practice the interviews before the actual date. Moreover, this practice strengthens the interview by identifying any limitations or flaws in the interview design in advance (Kvale and Brinkmann, 2009). The researcher conducted pilot interviews at an early stage in this study to address potential practical issues. Pilot interviews assist the researcher in measuring the participants' awareness about the structure that drives their actions toward the best accounting practices. The researcher found that these pilot interviews to be effective at resolving any issues that may be encountered later. The pilot interview helped the researcher to specify who should be interviewed. For instance, with the participants

from local accounting firms, the researcher started with open-ended questions such as “*how do you see the decision of IFRS adoption?*” The reason why the researcher began with this question was to evaluate the participants’ familiarity with IFRS. This step is important to evaluate how beneficial a particular participant is to the study’s aim and objectives, enhancing the quality of the sample chosen for this study and eliminating time wasted due to including individuals who do not serve the study objectives. This step also helps the researcher to modify the questions to make them clear for the interviewees and add more questions to cover all aspects that are important to this study. Due to the location of the researcher and the fact that the researcher had to travel to Saudi Arabia, where the participants are located, pilot interviews were conducted on the telephone and, based on the initial data gathered; the sample was chosen.

Sampling is an important process because it helps the researchers meet their qualitative aim (Bloor et al., 2001). However, to gain the most benefit from sampling, the researcher should first specify who the interviewees are, the number of interviews to conduct, and the quantity of data that should be collected (Miles and Huberman, 1994).

The initial pilot interviews helped with this specification. David and Sutton (2003) argue that the choice of sample size depends on the available resources which include time and finances. There are no rules regarding how the sample should be formed, but various factors should be considered. The researcher should specify the purpose of the study, how the sample is relevant to the research topic, the timeframe and available resources (Denscombe, 2010; Marshall and Rossman, 2006; Marshall and Rossman 2006,p.63; Pare 2004,p.246; Denscombe 2010,p.17). The sample in this study represented the agents-in-focus; these agents are the SOCPA's board of directors. The study aims to investigate the IFRS adoption and translation from the perspective of SST. The inputs of SOCPA's board of directors are very valuable to achieve this study objectives, however it was difficult to get reach of all members due to the culture of the interview acceptance in Saudi Arabia and qualitative studies which are not fully recognized yet in Saudi Arabia. It is even more challenging especially in the case of the researcher being female and the targeted sample is a government organization where individuals are hesitant to share some information that might be considered sensitive from their point of view.

Semi-structured interviews in this research are conducted with individuals belonging to 1) the organisation responsible for the accounting profession in Saudi Arabia (SOCPA), 2) practitioners from local accounting firms, 3) practitioners from the accounting departments of Saudi listed and non-listed companies, 4) a member of the IFRS Foundation, and 5) a faculty member at the Saudi Educational Institute. The interviews covered a set of questions (see Table 4.5). The researcher managed to conduct twenty-six interviews. This number is quite significant in the context of Saudi Arabia. Qualitative research is yet to be widely acknowledged in Saudi Arabia; hence, the participants might be hesitant to discuss certain matters in interviews due to contextual factors. IFRS adoption and translation is a national decision, and this decision was made with cooperation among various government sectors. SOCPA is a government body and, therefore, the information generated from the interviews may be sensitive. Due to the importance of the data, the researcher attempted to reassure the participants regarding confidentiality. Twenty-five interviews took place in Riyadh (the capital of Saudi Arabia), and one interview was conducted with an IFRS Foundation member in the UK. (Details about the participants' number and their positions are presented in Table 4.6). Due to the

researcher's location and the time constraints, five interviews had to be conducted over the telephone. The participant consent letter was emailed to some of the participants prior to the interviews. These forms were signed and returned to the researcher on the day of the interview. The other participants were given the form at the start of the interview and the researcher obtained the signed forms at the end of the interviews.

The reason for choosing these participants is that they were either directly or indirectly involved in the adoption and translation of IFRS:

- SOCPA is an elite decision-maker involved and directly working with local accounting standards in Saudi Arabia. Therefore, gaining knowledge from this group is very important. SOCPA is the key actor in the process of IFRS adoption and translation: their participation will enable the research to obtain information about the process of IFRS adoption and translation in Saudi Arabia.

- Saudi accounting firms represent the practitioners' group: they handle the practical side of the accounting system locally. Therefore, they are in the best position to describe the difficulties encountered concerning the application of IFRS in Saudi Arabia.
- IFRS Foundation is the standards provider that set policies and requirements for candidates to follow regarding harmonisation requirements and translation of IFRS.

Having different groups of participants (implementers and users) will help the research to capture the phenomenon from a different angle. The importance of the IFRS Foundation is that the insight helps to explore the agent-in-context that influence the agency's internal structure.

4.6.1.2 Information accessibility, recording and data translation

The decision to record the interview depends on the interview context, which influences the data collection process (Rutakumwa et al., 2019). If the researcher is challenged or

prefers not to record, they must find suitable alternatives to capture the data (Hayes and Mattimoe, 2004). The pilot interview indicated that interviewees prefer not to be recorded or their identity to be disclosed in some circumstances. Because the investigation includes a government organisation (SOCPA), the participants chose to discuss only information that is already available in the public domain. Although the questions only concerned accounting standards, the participants were assured that the questions would not cover any private information relating to government policies or politics. Rutakumwa et al. (2019) argued that recording could adversely affect the quality of the data collected due to the fact that interviewees might feel under pressure. Saunders et al. (2009) suggest finding alternatives, and while this might be difficult for the researcher, it can enhance the quality of the information acquired. Tuckett (2005) suggested that recording interviews might be necessary to 'counter criticism' over qualitative research. Due to some participants' preference not to be recorded, only two interviewees out of twenty-six agreed to be recorded and, therefore, the researcher decided to use alternative methods to record the interviews and avoid any bias when transcribing. Manual recording was performed as follows for each interview conducted:

- During the introduction shown in Table 4.4, the researcher notified the participants that she would be manually recording the interview, which may prevent her from making eye contact at certain points.
- The pre-transcribing started on the interview day. The researcher printed out a copy of the questions shown in the table (Table 4.5) in advance to make it easier and faster to fill in the blanks with the answers acquired. This process was undertaken to ensure that all of the planned questions had been covered during the interviews.
- After each interview, the researcher went through the notes taken during the interview and added any observations or non-verbal data.
- At this stage, the interviews were ready for post-transcribing.

Twenty four interviews were conducted in Arabic. Although all of the participants stated that they speak both languages (English and Arabic), they preferred to speak Arabic because this is the primary communication language in Saudi Arabia. It can also be

uncomfortable to use the English language when both the interviewee and interviewer are Arabic speakers, and this might adversely affect the quality of the data gathered. The remaining two interviews were conducted in English, one with an IFRS Foundation member and the other with one of the local accounting firms in Saudi Arabia. The interviews that were conducted in Arabic required translation. Translation can increase the risk of misinterpretation and it may cause data loss. Sechrest et al. (1972) suggested that back-translation can help to eliminate the risks relating to translation, although it is not always applicable.

With regards to the Arabic interviews, the researcher practised the Arabic interviews beforehand to ensure readiness and a smooth process during the interview. Notes were taken in Arabic, the mother tongue of both the researcher and the participants. The interviews were translated whilst they were transferred from the notes to a computer using Microsoft Word. The total length of the interviews was approximately 16.18 hours, including 2.5 hours for the interviews conducted by telephone and 13.48 hours for the

face-to-face interviews. The interview with SOCPA was booked for two hours. The average time of each interview was 48 minutes.

4.6.1.3 Sorting and organising data

Qualitative research usually generates a high volume of data which requires analysis in the most appropriate way (Patton, 2002; Bryman and Bell, 2015; Benoot, Hannes and Bilsen, 2016; Mason, 2017). In this study, the researcher developed techniques to sort and organise the data gathered using manual indexing and classification methods. This helped with recalling the data easily and quickly. Some of the interviews were recorded and then transcribed using Microsoft Word. Then the researcher listened again to the recordings and reviewed the transcriptions to ensure that they were compatible. The transcripts were not translated into English for several reasons; first, the number of transcripts was relatively large (26 interviews), and the information was rich. The transcriptions were undertaken by the researcher, who did not receive any external help. Secondly, applying open-ended questions generates rich data, and, therefore, the researcher believed that translating the transcripts would not convey the meaning

accurately because there was a distant possibility of the mistranslation. After transferring the data into text transcripts, the researcher coded the transcribed data manually to help analyse them later. The files were safely saved and organised by giving them names, e.g. Participant 1, Organisation A, Participant 2, Organisation B, etc. There were two types of documents: hard copy documents and electronic documents. Hard copy documents are the publications obtained from the participants (the IFRS Arabic translation). The electronic records are the PDF files and Word documents that the researcher organised in computer files according to the organisation name.

I. Ethical consideration

Before starting to collect the data, the researcher obtained ethical approval from the University of Essex. Because the research involved human beings who were to supply the researcher with data, it was imperative to comply with human research ethics. To access SOCPA, the researcher had to obtain permission and, therefore, an email sent to SOCPA for that purpose. Also, consent forms were returned to the researcher by the participants after they had had the research aim clearly and truthfully explained to them.

An informed consent letter doesn't need to be translated into Arabic. The letter explained the study's importance and purpose and asked the participants' assistance and participation. It clearly stated that their participation was completely voluntary and that the participants had the right to withdraw from the study at any time. In terms of privacy, it was the researcher's responsibility to maintain a high degree of confidentiality and protect the data gathered, and it was also crucial to ensure the anonymity of the data. Secrecy was assured to the participants during the interview. They were assured that the data gathered would only be used for research purposes. Importantly, addressing privacy and confidentiality can encourage the participants to express their feelings truthfully.

II. Data saturation

The researcher terminated the interview process when the 'saturation point' was reached, and no new information or codes were revealed. According to Friese (2014):

Saturation is the point in time when one realises that no new codes emerge. When reading further, noticing still occurs but one only applies codes that already exist (p.15)

There is no specific sample size that fits all qualitative research methods because the study designs are not universally the same. However, there is general agreement among the researchers regarding the sample size or when to stop conducting interviews. The inability to gain new data and create new themes and codes are signs for the researcher to stop conducting interviews (Friese, 2014). At a certain point during the data collection process, the researcher may find that the statements of the participants are merely replicating what has already been recorded in the previous interviews (O'Reilly and Parker, 2012; Ravitch and Carl, 2020). At that point, the researcher will feel that the research objectives, aim, and questions have been effectively investigated.

Analysing the data collected includes considering all evidence obtained through the interviews and documents. Therefore, as this study utilises SST to explore the phenomenon, the 4 quadripartite were constructed from the transcripts of the interviews and document analysis. The analysis consists of tracing what the interviewees imply and what is written in the documents. Besides, keeping in mind the theory adopted in this study (SST) helps link the theory to the findings and analyse and explain the phenomenon

being studied. The four quadripartite (internal structure, external structure, agency and outcomes) have been linked to the data analysis, thereby contributing to the empirical analysis chapters and the rest of this study (see Chapter 6).

4.6.2 Document analysis

Documentary evidence is used as a secondary source of data in the current study. It is an essential tool for data collection in any qualitative research because it establishes a foundation for the case study (Yin, 2009). Marshall & Rossman (2006) give examples of valuable data obtained from various types of documents such as the minutes of meetings, magazines, policy statements, guidelines, diaries, newspapers, letters, manuals and reports (p. 107). These various documents help to develop a comprehension of the context being studied. The main benefit of using documentation as a source of data for a case study is that documents are separate from the research; researchers can obtain them without interfering with the interview process. In addition, the data obtained through documents can be traced. Documents are always ready to be used by the researcher and analysed without the effort that interviews require. This information in the documents is

stable and can be repeatedly visited and reviewed (Creswell, 2003; Yin, 2009). However, gaining access to certain documents can be difficult for the researcher, and it can be time-consuming and expensive if the researcher needs to travel to obtain such information. In addition, depending on the researcher's background, some documents may need to be interpreted to determine their meaning (Bryman, 2003; Creswell, 2003). Documentary evidence provides the study with information about contextual specificities such as the Saudi environment. In addition, reviewing previous knowledge provides the researcher with information about the history of IFRS adoption in Saudi Arabia (where and when it started). The documents included in this study are publicly available information obtained from the Saudi Ministry of Commerce website, Tadawul, the SOCPA website and publication, and the IFRS Foundation website. Due to confidentiality, the researcher is not allowed to share some of the documents obtained other than the information available on the websites. For some of the information regarding policies and requirements, the participants suggested that they be requested by those who are interested. In addition, the documents include private information that the researcher obtained from the participants, which then became available to the public. The private documents obtained

and used in this study include the Arabic version of the IFRS standards obtained from SOCPA (the translators), and the policies of translation provided by IFRS Foundation.

4.7 Data analysis and thematic analysis

Data analysis is one of the integral steps in qualitative research (Bazeley, 2020). Unlike quantitative approaches, when applying qualitative methods, there are no particular procedures or rules, but there are certain strategies deemed acceptable in qualitative research that are related to the coding process (Bryman, 2003; Creswell, 2003; Snape & Spencer, 2003). Several methods of analysis have been introduced in qualitative research, such as constant comparison, narrative analysis, hermeneutical analysis, matrix analysis/logical analysis, analytic induction and thematic analysis (Miles and Huberman, 1994; Mayring, 2000; Corbin and Strauss, 2014; Bryman and Bell, 2015). These methods all served the same purpose, namely reducing, organising and summarising the data gathered through coding and categorising, which help the researcher to identify the themes and represent them in tables, charts or any other presentation methods that serve the research (Creswell, 2003). The type of research and

its objectives will determine the method chosen as well as the researcher's assumption about the phenomenon being studied. The data analysis process that many qualitative researchers have followed starts with familiarising themselves with the data collected by reviewing and reading the data to get a general idea about the data. After becoming familiar with the data, researchers use coding and themes to identify the most essential information. According to Yin (2009), qualitative research consists of:

Examining, categorising, tabulating or otherwise combining the evidence to address the initial propositions of a study.

Researchers can apply a reduction process to reduce some of the unnecessary information that does not add any value to the study or has no relationship with the study's aim. The themes that emerge from the data can be classified into categories and, if needed, in sub-categories. The data that have been themed will then be linked to the theoretical framework to start generating an explanation (see Chapter 5). The data analysis ends with the researcher's interpretation of the data obtained; the interpretation will be linked to previous studies in the empirical literature (see Chapter 6). Patton (2002)

emphasises the importance of interpretation in making sense of the findings which provides readers with extra explanations. It also helps the researcher to draw conclusions by *“extrapolating lessons, making inferences, considering meanings and otherwise imposing order”* (Patton, 2002, p. 480).

In the current study, thematic analysis is used as an analytical strategy. The researcher addresses several issues during the data collection process, which are then develop the themes. Using the analytical framework suggested by Stones (2005), the current study developed themes based on the position - practices stated by Stones and the knowledge that the agent in focus drew on their context and conduct analysis. These themes are Islamic factors, culture, the local accounting system’s readiness, the government development plan (Vision 2030), international market, the influacne of socio-economic context, and language. Chapters 5 and 6 describe the process of data analysis in detail.

4.8 Validity and reliability

Validity refers to the genuineness and honesty of the data collected, whereas reliability relates to the ability to reproduce future research consistently (Anderson, 2010). Validity

and reliability have been an issue for qualitative accounting research. Researchers claim that interpretive research faces a validity crisis (Gergen and Gergen, 2000; Smith and Deemer, 2000). Moreover, researchers argue that the typical methods of validity used in quantitative research are not applicable to interpretive research. Interpretivists argue that until now, there has been no clear and effective method to validate qualitative data. However, other researchers respond that the extra explanation and elaboration can help interpretive research to acquire validity (Lukka and Modell, 2010).

To overcome the issue of validity and provide a reliable explanation of the findings, the current study combined different data collection methods. Supplementing interviews with documentary analysis was important to ensure the validity and reliability of the data. Documentary analysis helps the researcher develop empirical knowledge without the researcher's intervention (Bowen, 2009). This allows the researcher to raise additional questions in the interviews to acquire a more detailed explanation about the changes and developments in the accounting system. It also helps to incorporate evidence from other sources. The documents included in this study include both printed and electronic

publications (e.g. the SOCPA website, SOCPA's periodic journal). Moreover, at the start of the study, the researcher reviewed the empirical literature (see Chapter 2) and incorporated the knowledge acquired to enhance the questions asked and verify the data gathered.

4.9 Conclusion

This chapter has discussed the methodology and method employed to investigate the adoption and translation of IFRS in Saudi Arabia. Using the SST as a sensitising device, this research attempted to interpret, analyse and describe developments in accounting practices from an emerging economy's perspective. The two main methods were semi-structured interviews and documentary analysis, as discussed in this chapter at length. The chapter also discussed the case study as a tool to obtain in-depth knowledge of the adoption and translation of IFRS. The chapter then discusses access to the data and provides an extensive elaboration regarding how data collection and analysis were carried out. The process combined face-to-face interviews and telephone interviews due to the limitations addressed. The method also entails analysis of documents obtained

from some of the participants. Finally, the chapter discussed the key issues regarding ethical considerations and the validity and reliability of the data. There are several methodological

limitations associated with the study that emphasises the need for further research into the adoption and translation of IFRS. The researcher could not interview some of the agents-in-context that play an influential role in SOCPA's work (e.g The Ministry of Commerce and Tadawul) due to the time constraints and the location of the researcher. Also, although the sample includes practitioners from accounting firms and businesses, the main actor in this study is SOCPA as an implementer and regulator of the accounting profession. Therefore, the researcher recommends expanding the scope to include the perceptions of practitioners in depth which might uncover more issues related to the adoption of IFRS. The second notable limitation with this study concerns interview access due to the geographical distance between the researcher and the interviewees. Although gaining access to the organisations to conduct interviews was not an issue, the researcher was limited in terms of time due to the researcher being based outside of

Saudi Arabia. However, the researcher overcame the methodology shortcomings in this study by employing documentary analysis to supplement the interviews and enhance the quality of the data gathered. Despite the identified limitations, the results and findings of this research have not been adversely impacted. Chapters 5 and 6 present the results and discussion and are followed by the research conclusion in Chapter 7.

Chapter 5: The Results

5.1 Introduction

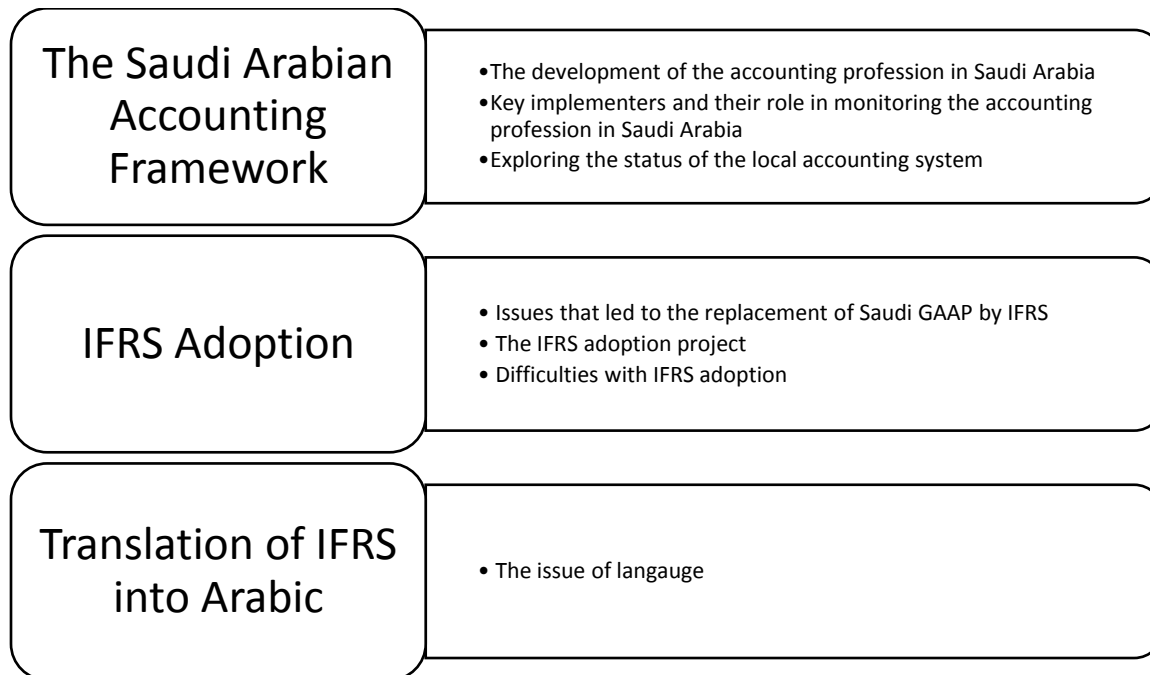
This chapter presents the findings of the study. A discussion of the findings is extensively presented in Chapter 6 with reference to the literature review and the theoretical framework. The results have been generated from a series of semi-structured interviews and document analysis. The findings illustrate why and how the accounting system (Saudi GAAP) was replaced by IFRS. This also includes the issue of IFRS translation and how SOCPA's members handled this issue. The professional body SOCPA (Code A), professionals from Saudi listed companies (Code B), owners of non-listed SME companies (Code C), legal accountants from local accounting firms (Code D), and the IFRS Foundation (Code E) were interviewed (for details about the participants, see Appendix C). Each group's standpoints regarding adopting IFRS in Saudi Arabia and the related issues to this transition, including IFRS translation, are analytically presented in the findings. These findings are presented and supported by the participants'

responses and are critically reviewed and explained with reference to the theoretical framework and the socio-cultural context in Chapter 6. The aim is to explore and uncover the existing IFRS issues from the perspective of an emerging economy that has recently adopted IFRS.

The results of the interview and document analysis applied are presented in three sections which are summarised in Table 5.1. These sections are relevant for understanding IFRS adoption in Saudi Arabia. The first section introduces the accounting system in Saudi Arabia, including the establishment and the role of SOCPA' members as standard setters. The second section presents IFRSs as a solution and the issues related to the adoption of IFRS. This section explores the difficulties that the accounting profession faces due to the application of IFRS. One of the challenges with adopting IFRS is the IFRS language which is discussed in the third section. Therefore, the third section presents the investigation results regarding the issue of IFRS translation. The investigation argues that the language has an impact on the implementers' understanding of IFRS. Also, it argues that culture has influenced the Arabic version of IFRS. The

findings argues that the translation of IFRS maybe effected by the political factor. The inclusion of the IFRS Foundation representative emphasises the standard setter's perspective in IFRS translation. IFRS's Foundation interview is useful because the SOCPA is the authorised organisation to translate the Arabic version of IFRS by the Foundation. Thus, their input provides insight into the factors that influence translation practices that form conditions of action. Thereafter, the conclusion of the chapter is drawn.

Table 5.1: The sections and related subsections generated from the data analysis



5.2 The Saudi accounting framework

The accounting system's development and the need to standardise accounting practices in any nations have been studied in detail by various researchers. The arguments stress the importance of developing accounting regulations suitable to meet the specific needs of disclosure for stakeholders in any nation (Fishman and Hagerty, 1989; Gaffikin, 2008; Zeff, 2012). This section provides insight into the history of the Saudi accounting

framework that enables a broader understanding of who the implementers are, how the Saudi accounting profession has been developed, and the status of the accounting profession in the country. The Saudi accounting framework underwent several transformations prior to the establishment of SOCPA. This developmental process can be traced back to 1981 (see Chapter 1, Table 1.1). This section presents the findings of a number of subsections (see Table 5.2).

Table 5.2: The accounting system in Saudi Arabia (subsections)

The development of the accounting profession in Saudi Arabia	
Key implementers and their role in monitoring the accounting profession in Saudi Arabia	
Exploring the status of Saudi GAAP	

5.2.1 The development of the accounting profession in Saudi Arabia

The first action that was taken to develop the Saudi accounting system occurred in 1981 when the Saudi Accounting Association was established following recommendations from the Scientific Council of King Saud University (SCKSU). The SCKSU aims to serve as a platform for developing accounting knowledge, facilitating the exchange of science and ideas, and providing practitioners with the opportunity to participate in developing the accounting profession in Saudi Arabia. Continuous efforts to improve the accounting profession in Saudi Arabia led to the establishment of SOCPA in 1992. The establishment

of SOCPA is a result of the Saudi Ministry of Commerce's suggestion regarding the importance of having an organisation that is fully responsible for legitimising, monitoring and regulating the accounting profession in Saudi Arabia. The development of the accounting profession and its importance to any nation has been widely discussed in the empirical literature (Alkhtani, 2012; Alsuhaibani, 2012; Ruíz, 2015b; Mihret, Alshareef and Bazhair, 2017a). SOCPA operates under the supervision of the Saudi Ministry of Commerce and Investment (MCI); it is a separate entity whose tasks include setting up the country's accounting relating practices that were previously handled by the MCI. The board of SOCPA consists of fifteen members, and the chairman of the board of directors is the minister of commerce and investment. Once SOCPA established, they accommodate different members of different government organisations under one unit (see Table 5.3). The board of SOCPA is responsible for developing, evaluating and approving the accounting and auditing standards applied locally in Saudi Arabia. SOCPA's relations and the power of its members has an impact on the position – practices of SOCPA as a unit informing their conjuncturely specific knowledge and the active agency. The Ministry of Commerce initiative has a significant impact on regulating

the accounting profession in Saudi Arabia. As of 2014, SOCPA had developed in excess of 20 standards (see chapter 1, Table 1.2), including the Inventory Standard in 1997, the Research and Development Expenses Standard in 1998, and the Fixed Assets Standard in 2001. Because SOCPA is a government organisation, SOCPA was of the view that the accounting standards and laws have to be interrelated, serving and supporting the country's needs and policies (Al-Rehaily, 1992; Shleifer and Wolfenzon, 2002; Herath and Alsulmi, 2017).

Accounting regulations are tools that provide auditors and practitioners with guidelines to ensure the quality and reliability of accounting information provided to users (Al-Rehaily, 1992). The literature indicates that regulations produce sanctions and control to limit illegal behaviours and ensure uniformity (De George, Li and Shivakumar, 2016; Leuz and Wysocki, 2016). This is also observed in the Saudi context; since the establishment of the Kingdom of Saudi Arabia, the government has continuously devised plans and policies to improve the country's economic growth. The accounting profession is an important sector that is involved in enabling the government to achieve its aims. Thus,

the social and economic context is reflected in Saudi GAAP (Leftwich, 1981; Xu, Cortese and Zhang, 2018). One of the primary laws in Saudi Arabia is the Income Tax and Zakat Law (GAZT, 2020). This law requires companies to submit their financial statements after being audited to the Income and Zakat Department to calculate the required Zakat and tax. Hence, the role of accounting standards is to facilitate the accountant's job to provide such information that will satisfy public demand and align with the country's overall mission.

Drawing on SST, SOCPA's board of directors are viewed as the agents-in-focus due to their role as standards setters to unfold the process of reproduction of the routinised accounting practices. The following subsection presents the role and effort of SOCPA's members to monitor and regulate the accounting profession in Saudi Arabia by analysing the position-practice between SOCPA's members and each member's agents-in-context which influence the accounting practices in Saudi Arabia.

5.2.2 The key implementers' role in monitoring the accounting profession in Saudi Arabia

SOCPA, represented by its board of directors, operates as a separate government institution and is charged with monitoring and controlling the accounting profession in Saudi Arabia. Prior to 2016, Saudi Arabia had been applying domestic accounting standards issued by SOCPA. Compared to the other emerging countries, Saudi Arabia has distinct institutional factors that demand Saudi GAAP to be designed for local financial information users (Leftwich, 1981; Cortese and Walton, 2018; Xu, Cortese and Zhang, 2018). Saudi Arabia is an Islamic state that leads other Islamic regions; the government sectors, including accounting, are heavily influenced by Shariah rules. These rules form restrictions to Saudi Arabia that have to be considered in all government decision-making processes. Being heavily influenced by Islamic rules differentiates Saudi Arabia context from other emerging economies. After the establishment of the Saudi GAAP and as one of SOCPA's traditional roles, SOCPA's board of directors recognise the importance of reviewing Saudi GAAP periodically to determine its efficiency and its ability to meet local users' and global users' demands for financial information. It is the mission of SOCPA to

maintain a robust accounting system in all time; this is evident in the following statement by SOCPA Representative 1:

I believe we succeeded in maintaining an accounting system capable of meeting local demand.... However, our accounting system's regular review is a must....

In establishing the Saudi GAAP and maintaining a robust accounting framework, SOCPA, considering the Saudi social context, is found to act as an active agent. Active agency refers to the way in which agents draw on their internal structure using their understanding of the external structures (Coad & Herbert, 2009; Stones, 2005). SOCPA's role did not end when GAAP was established because regular reviews of and updates to these standards were needed as part of SOCPA's responsibilities to ensure the efficiency of GAAP. This finding is also evidence in previous research claiming that the variation between accounting standards among nations is related to the social context (Xu, Cortese and Zhang, 2018). Besides the development of GAAP, it is found that SOCPA also participates in the education field to enhance the accounting profession. SOCPA has an

educational role in addition to its role in organising, monitoring and regulating the accounting profession. A faculty member at a Saudi educational institute remarked:

In terms of the decision of IFRS adoption, I neither participated in evaluating the standards nor asked to do so..... I was one of those who were hired by SOCPA to perform workshops and courses on specific topics. For example, the last course I presented was about the responsibilities and ethics of the auditors... I teach the theoretical part, how things should be done based on literature, but I know the practical side can be different.

The above illustrates the role of SOCPA in the development of human cadets. The interviewee emphasises the differences between theoretical knowledge and practical knowledge, suggesting effective cooperation among these two ways of thinking. Claims made previously suggest that the absence of accounting professionals may result in a lack of qualified accountants (Poudel, Hellmann and Perera, 2014). However, the study finds that SOCPA participates in educating Saudi practitioners to ensure that there are competent and skilled practitioners. SOCPA provides many workshops to Saudi legal accountants on a regular basis to improve the accounting profession (see Section 5.3.3).

These educational opportunities are effective as a tool that enables knowledge transfer. The educational role develops a connection between SOCPA as the implementer and the practitioners, allowing SOCPA to exercise its power as an authorised government body over the accounting sector in Saudi Arabia. Furthermore, the interaction between SOCPA as a provider and accounting practitioners as participants allows the latter to share their opinions and knowledge, which SOCPA uses to enhance the decisions taken regarding GAAP. For instance, Legal Accountant 5 states:

I am personally keen to attend as many workshops as possible..... I find these workshops and courses a good chance to elevate our concerns as practitioners to the authorised people. It is not only a channel of learning; it is also an opportunity to talk and give our suggestions.

The training programmes are intended to intensify the country's accounting practices (Zehri and Chouaibi, 2013). The type of relationship between the agent-in-focus and other agents (practitioners) within the practice-position relations takes the form of a leader-employee relationship whereby SOCPA is the implementer (see Figure 6.3). SOCPA is found to be the only organisation that unifies accounting professionals to create a

professional community. It aims to set common rules for accounting behaviours. The educational role provides practitioners with a depth of knowledge and allows them to share their experiences. Meanwhile, SOCPA helps to protect the public interest and enhances their trust in the outcome of the accounting system.

Table 5.3: SOCPA Board of Directors

SOCPA board members	Minister of Commerce and Investment (MCI) (the head)
	Representative of the MCI
	Representative of the Council of Saudi Chambers of Commerce
	Representative of the General Audit Bureau
	Representative of the Ministry of Finance
	2 representatives of Saudi universities
	Representative of the General Authority for Zakat and Income
	Representative of the Capital Market Authority
	6 representatives of SOCPA (full members)

Source: (SOCPA, 2020)

5.2.3 Exploring the status of Saudi GAAP

The board of directors at SOCPA (see Table 5.3) formed a committee that consists of representatives from SOCPA and other government organisations. This steering committee includes members from the accounting and auditing committees at SOCPA, representatives from the Saudi Ministry of Finance, members from the Saudi Monetary Agency and members from the Financial Market Authority. In 2012, GAAP was studied and evaluated, and a number of issues were identified along with solutions that were suggested. SOCPA's board of directors aims to discuss the project of compliance with the accounting and auditing international standards. The discussion was conducted in a series of meetings to study GAAP issues, find ways to improve the Saudi accounting framework and ensure it was the time to comply with the international standards to improve the shortcomings with Saudi GAAP. The study findings show that there is general agreement among the interviewees (Code A, D) regarding the inadequacies of Saudi

GAAP. For example, Legal Accountant 2 from a local accounting firm, when asked to give an opinion on GAAP remarked:

The Saudi accounting system is outdated..... it is complex, we need stronger disclosure requirements to increase transparency which is also demanded by investors.

After several years of GAAP being in use, accounting professionals and the SOCPA board of directors realised that GAAP suffers from a lack of transparency (Alsaqqa and Sawan, 2013; De George, Li and Shivakumar, 2016). The shortcoming of GAAP was highlighted in 2012, but the action to update and change the accounting system was deferred until 2017-2018. From the perspective of legal accountants, IFRS was proposed as an alternative to GAAP, but legal accountants are constrained to make a decision regarding GAAP due to the conditions of actions forced by SOCPA as the implementers. The following statement is evidence presented by Legal Accountant 1, who stated:

Two books of Saudi GAAP, each one has more than 500 pages. That contains lots of detail and information. It is rather confusing, in my opinion.

As practitioners' awareness grew regarding the complexity and shortcomings with GAAP, it became obvious that GAAP posed an obstacle to practitioners wanting to update the accounting framework. However, as is shown later in this chapter, SOCPA uses GAAP as a source of power that implies making a decision regarding GAAP, and the application of such a decision requires extensive attention by SOCPA because the accounting system is one of the most important sectors in the Saudi economy. Regardless of the general agreement among Saudi accounting firms regarding the shortcoming with Saudi GAAP, SOCPA as a powerful entity dominates the accounting profession and creates the condition of action for practitioners. The following statement made by Legal Accountant 9 serves as evidence of the awareness of the legal accountants and practitioners about the GAAP issue and how they are limited in their actions to the requirements stipulated by SOCPA:

We need a complete framework that is capable of satisfying users without having to fill the gap by looking for other equivalents under other accounting standards such as IFRS, ... we cannot seek alternatives to what we have anyway!

Communication between SOCPA and the accounting firms takes place through GAAP, which is used by SOCPA to exercise its power as an organisation. On the other hand, accounting firms are powerless with regard to modifying or changing accounting practices. Accounting Professional 6 (Code C) from a local business describes the relationship between the accounting department of businesses and SOCPA, stating:

We don't have a direct relationship with SOCPA. However, we are by law obligated to follow what comes from SOCPA....For our financial statement to get legitimised, we have to follow the SOCPA requirement which is imposed by our external accountant.

The above statement demonstrates the practice-position relations of different groups within the circle of SOCPA's agent-in-context. SOCPA's role is to set the accounting standards and requires practitioners to operate financial information according to Saudi GAAP. SOCPA monitors accounting firms, but their scope does not extend to include business firms which they are placed under the supervision of the Ministry of Commerce and Investments. The aim of businesses is to grow their activities and legitimise their

financial reports and, therefore, it is crucial to comply with SOCPA's requirements regarding accounting practices (Ball, 2006; Zeghal and Mhedhbi, 2006).

The sample includes professional accountants (Code C), and this group works in local businesses and listed companies. Their role is to provide advisory services in order to ensure that optimal financial management practices are implemented. Although the owners' wishes influence them due to their relationship with the business compare to the external auditor, they are responsible for working according to the accounting profession regulations, meeting users' needs and the law (e.g. tax and zakat law). They are responsible for preparing accounts and calculating tax and zakat to ensure that all accounting practices are in accordance with the regulations specified by SOCPA. However, they do not have direct contact with SOCA. In addition, the sample includes legal accountants who work in accounting firms (Code D). Legal accountants are monitored and controlled directly by SOCPA. They serve as external auditors to businesses, they are closer to SOCPA, and SOCPA monitors the practices of their accounting firms. Non-listed companies seek to expand their businesses and there is

agreement from the professional accountants representing these businesses that GAAP may hinder their efforts to achieve their long-term goals. Professional Accountant 6 commented on GAAP by stating:

We are seeking to expand our business. We know that with the local accounting system, we will not be able to satisfy the accounting information users. We need advanced accounting of course.

Businesses are seeking to expand their operations, and they argue that the decision made by SOCPA best serves users' needs. However, accounting firms argue that GAAP will not ensure global acceptance; such advanced accounting standards will enhance disclosure and enable Saudi businesses to compete internationally and satisfy a wide range of users of financial information. Professional accountants believe that the aim of the best accounting standards should not be limited to meeting local needs; instead, their interest should extend to including a wide range of users.

On the other hand, as a routinised procedure, the review of GAAP conducted by SOCPA in 2012 reveals a number of shortcomings in the Saudi Accounting framework. As

mentioned earlier, GAAP has been left without an update since 1992, but the process of updating the existing framework requires time and effort. SOCPA agrees that GAAP needs to be advanced because it is outdated. The following statement serves as an example:

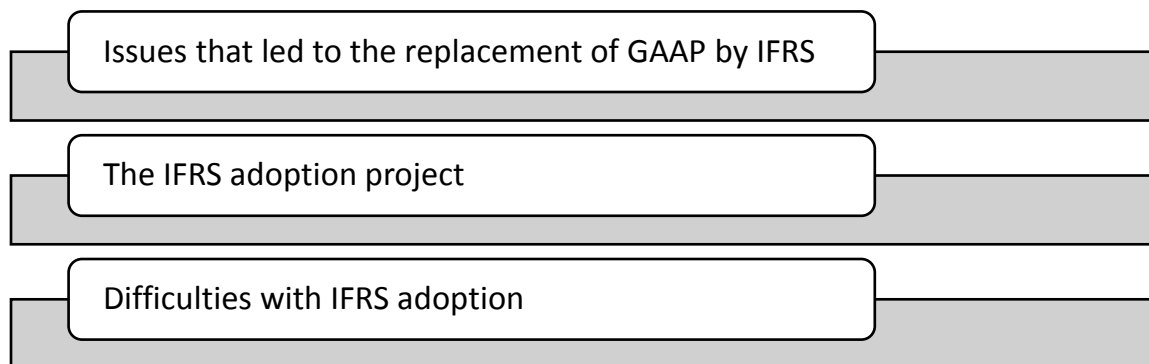
The process needs time, effort and professionals that are capable of coming up with standards as efficient as the IFRS.

Saudi Arabia has been working on accounting standards established according to the local environment and the country's unique characteristics. In the process of developing the accounting profession in Saudi Arabia, SOCPA has established the Saudi accounting framework after reviewing three countries accounting systems (USA, Tunisia and Germany) (Chapter 2). The accounting frameworks of these countries were the basis of Saudi GAAP. However, to ensure its efficiency, SOCPA has conducted a periodic review of GAAP. The global changes and the popularity of IFRS have caught the attention of SOCPA, and two options were available to SOCPA while they were reviewing the status of GAAP: update Saudi GAAP or comply with IFRS. Updating Saudi GAAP would not

ensure the ability to develop high-quality standards and would entail considerable time and effort. The following section discusses more the data collection results of the IFRS adoption interviews and the issues related to the adoption decision.

5.3 IFRS adoption

This section discusses the project of IFRS adoption in Saudi Arabia. Three subsections have been generated from the topic of IFRS adoption, as listed below:



5.3.1 Issues that led to the replacement of GAAP by IFRS

The previous section raises some concerns about the Saudi accounting framework. Saudi Arabia is facing pressure from the international market. Consequently, there is a call to update the Saudi accounting framework devised in 2012 to better serve the needs of those using financial reports and promote economic growth. Instead of updating and improving the GAAP, IFRS has been suggested as the best solution to overcome the deficiencies within GAAP (Adhikari & Tondkar, 1992; Perera et al., 2014; Tyrrall et al., 2007). It is apparent that Saudi legal accountants and practitioners are ready to move toward IFRS, but SOCPA considers the institutional context needs in such a transition. During the interviews, attempts were made to generate an understanding of the issues relating to local standards GAAP and their applicability in the changing business environment. The concept of accounting institutions in Saudi Arabia is not new (Askary, 2006; Cooper and Robson, 2006; Mihret, Alshareef and Bazhair, 2017a). This study found that the reputation of SOCPA and its active role in regulating the accounting profession in Saudi Arabia delays the application of IFRS in the country. The decision has been through a series of discussions to make the transition towards foreign standards. The

power of SOCPA as a government organisation that plays an active role in regulating the profession in Saudi Arabia led them to have a role in participating actively by reviewing IFRS critically.

The accounting profession and accounting system in Saudi Arabia are central to national development. Indeed, the global business structure has changed, prompting Saudi stakeholders and businesses to rethink and reinvent accounting standards to maintain global competitiveness (Gordon, Loeb and Zhu, 2012; Hopper, Lassou and Soobaroyen, 2017). In the case of Saudi Arabia, the lack of an adequate accounting system can be risky and can adversely affect the business sector's growth whilst hindering economic growth, which is a concern of stakeholders. The concerns with GAAP were raised over six years before the accounting framework was finally updated. For instance, when asked about how the problem with GAAP was discovered, Representative 1 from SOCPA remarked:

The problem started in 2009-2010 when SOCPA realised the deficiency in the Saudi accounting system that needed to be improved. However, we were also aware of the slowness in establishing and updating the Saudi standards.

SOCPA representative 1 further added:

The financial reporting framework was outdated and needed to be updated to cover all companies' and businesses' needs. We knew with our accounting system that we will not meet the financial report users' needs.

In addition, the document analysis reveals that Saudi accounting standards were outdated and some topics did not have equivalents under Saudi standards. Specific standards appeared to be problematic such as IAS 23, IAS37, IAS40, IAS41, IFRS 5 and IFRS6. The main issues with these standards are the lack of disclosure that can affect the information provided to users. For example, there are no independent Saudi standards equivalent to IAS23 (the Borrowing Cost Standard). Most of the IAS 23 requirements are included in the Saudi Fixed Assets Standard under GAAP. However, IAS 23 covers a wider range of disclosures, thereby making it more informative. Information such as the cost of loans and inventories that need a long time to produce is

missing from Saudi GAAP. Such information improves the quality of financial reports and ensures a wider array of users satisfaction. Based on the fieldwork, there is a consensus among the participants that there are two significant issues in relation to GAAP:

- 1- Failure to meet international requirements.
- 2- Lack of transparency.

The following section addresses these two issues in detail.

5.3.1.1 Failure to meet international requirements

This point concerns international requirements and how Saudi accounting standards could better meet global users' needs. Countries seek to achieve economic benefits and attract foreign investment. Therefore, this requires them to prepare financial reports that satisfy international investors' needs and present financial statements to enable users to analyse performance and make financial decisions (Mir and Rahaman, 2005; Noriyuki, Andreas and Domenico, 2015; Herath and Alsulmi, 2017). Saudi Arabia is undoubtedly not an exception. The findings imply that the Saudi accounting system was not able to

meet international expectations in terms of its capacity. Indeed, SOCPA Representative 1 stated:

It was hard for Saudi Arabia to keep pace with the change in the world. We knew that our accounting system needed to be improved We knew that our financial reports would not provide international users and investors the information they were seeking to make investment decisions in the long-term. We needed to do something about this and take this matter of our accounting system seriously.

SOCPA initiated several meetings among the IFRS adoption project committee to evaluate the local accounting system. The meeting's results suggested the importance of advancing the accounting system. There was a gap in the Saudi accounting framework. However, any attempt to fill this gap would demand time and professional skill. This was evident in the following statement made by a SOCPA representative:

The process may take 3-4 years and sometimes ten years to create one standard!

Amending or establishing one standard requires substantial effort and time. Therefore, updating the GAAP was not the choice considered by SOCPA. It is recognised that it is

more effective to take advantage of other available options and start from where the global accounting profession development stopped. The rapid growth of the worldwide economy and the force imposed by international organisations (e.g. IASB and G20) applied pressure on SOCPA, thereby requiring an alternative solution to improve the Saudi accounting system as soon as possible (Orla and Bernard, 2016; DeFond *et al.*, 2019). The nations' growing interest in the IFRS increase its global acceptance, putting pressure on SOCPA to consider IFRS adoption. In addition, the recent country's plan to develop the economy (vision 2030) is an essential factor that direct SOCPA's attention to take quick action and study the decision of IFRS. On the other hand, the transition towards IFRS gained the acceptance of local legal accountants and businesses due to its advantages. SMEs are seeking to expand, the private sector in Saudi Arabia participates in the development of the Saudi economy by 48% of the Saudi Gross Domestic Product GDP. This percentage is expected to grow with achieving the vision 2030 (source: Vision 2030). A participant who owns a local business mentioned:

As an owner, I am keen to be able to share our business financial information with international users to attract investors and expand our business.

General agreement has been found amongst the participants concerning the need to update local standards. Although most business owners do not come from an accounting background, they are aware that accounting system development is one of the requirements to compete in international markets. These business owners are aware that high-quality business information creates opportunities. Such a consensus motivated SOCPA to find the best solution to address the shortcomings of GAAP

5.3.1.2 Lack of transparency

The second issue that has been addressed in this subsection is the lack of transparency of the financial reports prepared (Alsaqqa and Sawan, 2013; De George, Li and Shivakumar, 2016). Many participants in the sample indicated that financial reports in the local accounting system suffer from a lack of transparency which has reduced business trust and necessitated the need to improve the accounting system. For instance, a representative 1 from the SOCPA stated:

We need an accounting system that provides a high level of transparency and disclosure. This will increase confidence in our financial reports. Our local framework misses a lot of aspects in terms of disclosure. For example, Saudi standards do not cover topics such as separate financial statements which is already covered under the international standards in IAS27. We think these standards will enhance disclosure and increase the amount of information provided to users.

In the evaluation stage of GAAP, SOCPA found that the framework was outdated and lacked treatment to many accounting topics, thereby creating a gap in the Saudi accounting framework that needed to be filled. The result of the shortcomings with GAAP affected the usefulness of financial statements and limited their global acceptance. The evaluation stage also found that in order to update the current local accounting system, SOCPA would need to devote a huge amount of time and effort. Therefore, SOCPA was looking for the easiest and quickest way to improve the Saudi accounting framework whilst at the same time following the pace of the world. The following section discusses the issues with the IFRS adoption project, followed by the difficulties relating to IFRS adoption. The section explores how SOCPA arrives at IFRS adoption decisions and the

issues underlining such a decision. In addition, it investigates the actions that SOCPA has taken to ensure a successful experience for IFRS adoption.

5.3.2 The IFRS Adoption Project in Saudi Arabia

This subsection aims to explore the preparation stage of IFRS implementation and the future of IFRS in Saudi Arabia. The IFRS adoption project is one of the national development projects that the country is planning to accomplish. Studies have shown the country's intention to apply IFRS to improve its accounting system and satisfy users' financial needs (Alsaqqa and Sawan, 2013) (see Chapter 2). However, the application of IFRS is associated with certain issues relating to the social, political and economic context (Nurunnabi, 2015). Due to the importance of Saudi Arabia as a member of the G20 and a major oil exporter, SOCPA realises the importance of having a robust accounting system that adds legitimacy and acceptance to financial reports. This has led to SOCPA considering IFRS as an alternative to GAAP. The following statement given by a SOCPA representative 1 serves as an example:

Saudi Arabia is one of the G20 countries; the international investments are very high; we are expecting more foreign investment to enter the country within the coming 5-10 years. Accounting system outcomes are significant to the decision-makers; we want to make sure that our accounting system's outcomes are comparable and understood by these foreign investors.

The adoption of IFRS is perceived to be important for Saudi Arabia at this time. According to statistics produced by the Saudi Ministry of Commerce, the number of qualified foreign investment (QFI) licenses issued in 2018 increased by 130% (Saudi 2030 Vision), and the number is expected to have increased further in 2019 to meet the aim of 2030 Vision. The country was, therefore under pressure to update its accounting system with a view to achieving its long-term goals. This updating motivated SOCPA to consider IFRS to gain greater global acceptance, which will enhance its power as one of the world's leading economies. For instance, a SOCPA representative 1 remarked:

There is a desire to expand the country's global participation. We want Saudi Arabia to take its place among other countries; we believe that this is the best time to adopt IFRS. A country like Saudi Arabia with its GDP should follow the rest in terms of IFRS adoption.

As one of the Saudi Vision 2030 goals, the country aims to diversify its sources of revenue and pursue other initiatives to improve different areas of the economy. The success of the 2030 Vision is linked to a robust accounting system. During the conversion project, SOCPA used its knowledge and position to enhance the profession in Saudi Arabia. Awareness began in 2009-2010 when SOCPA has realised that the local accounting framework should be in accordance with international standards. SOCPA found that it was essential to either develop new standards that covered the latest issues raised in the business sector or improve their existing ones. Time, cost, and international markets were the main considerations that prompted SOCPA to adopt IFRS rather than updating GAAP. Mentions were made that the costly endeavour and slow pace of the process would likely hinder Saudi Arabia from achieving its goals and catching up with the rest of the world.

A representative 1 of SOCPA confirmed this, stating:

We are in an era where everything requires fast change, so if there are very high-quality accounting standards ready to use then why not take advantage of this.

The interviewee's statement indicates SOCPA's desire to gain international acceptance and global competitiveness as the country becomes firmly established as part of the global economy. In order to gain legitimacy, the Saudi accounting system outcomes should be in accordance with international accounting standards; therefore, failure to comply with IFRS may limit the country's ability to compete globally.

5.3.2.1 Comparison between Saudi Accounting Standards and IFRS

SOCPA initiated a project under the name of "SOCPA Project for Transition to International Accounting and Auditing Standards". This project sought to review IFRS carefully to ensure its suitability to the Saudi environment. This project was essential to withdraw the Saudi accounting standards and replace them with more advanced accounting standards. SOCPA representative 1 remarked:

In 2015, we formed a board that contained members from SOCPA. We also invited accounting professionals and opened the door to faculty members from Saudi universities to share with us their opinions about IFRS and the issues with GAAP from their point of view.

Forming a technical committee to handle all matters related to IFRS adoption was a point of departure for updating the local accounting framework. The committee that works under the SOCPA umbrella comprises members from different government sectors as well as linguistic experts. This committee's aim was to ensure the effectiveness and accuracy of the decision that will be made regarding IFRS (see Figure 5.1). During the committee's meetings, many topics were discussed.

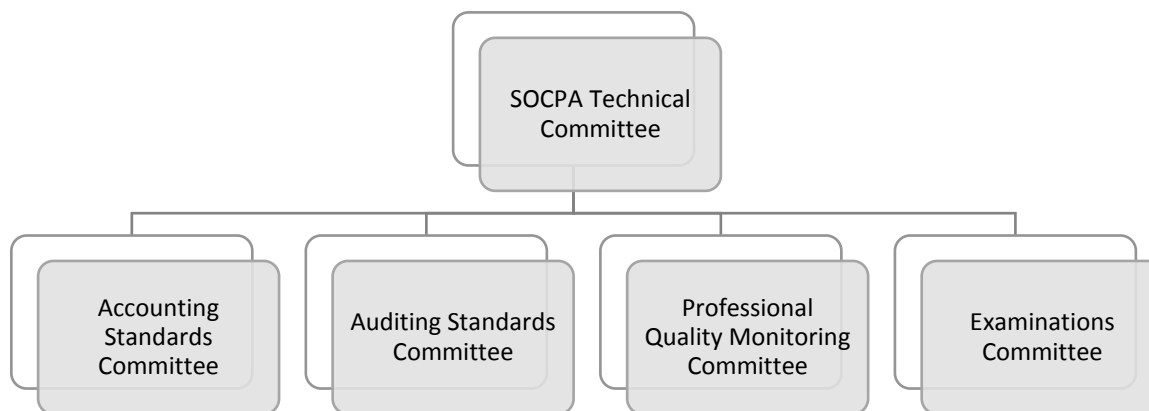
An interviewee 1 representing SOCPA stated:

Convergence to IFRS is an important event at the local level. Despite the role of SOCPA as an accounting organisation that has the full authority to publish local requirements, the role of accounting professionals, faculties and practitioners is as important as SOCPA's roles in this national project. We all need to work hands on to make this project succeed.

The IFRS adoption project is the result of cooperation among accounting professionals from different sectors. The project involves faculty members from different Saudi universities, and the purpose of this is to consider the scholars' opinions about IFRS adoption. The role of all members of the IFRS adoption project committee is as crucial as

SOCPA's role in the process of IFRS transition. The collection of members gives SOCPA the power and knowledge to engage with other agents in their external structure. This interaction was significant to the IFRS adoption project; it influenced the final decision made by SOCPA regarding IFRS. Members were given the time to thoroughly review IFRS, evaluate their suitability in terms of the Saudi environment and share their comments. Vision 2030 aims to develop and diversify the Saudi economy, and this includes diversifying the country's source of income and encouraging saving, finance and investment. In order to accomplish this goal, financial sector development is one of the leading programmes that need to be improved. Having an efficient accounting system that enables the country to achieve its 2030 Vision necessitates IFRS convergence.

Figure 5.1: SOCPA technical committees



5.3.3 The difficulties associated with IFRS

Applying foreign accounting standards may present a problem due to unfamiliarity with IFRS (Abd-Elsalam and Weetman, 2003). Difficulties with IFRS were mentioned in the

interviews by informants citing various difficulties affecting the implementer (SOCPA) and practitioners. As mentioned previously that during the establishment stage, the Saudi accounting framework was inspired by the accounting system applied in three countries (United States of America, Germany and Tunisia). In (1989) when the Saudi government recognised the need for an accounting system, attempts were made to learn from other countries experiences. Saudi Arabia saw the need to develop accounting standards capable of organising and monitoring the country's financial information. Accounting standards were considered important to ensure the smooth, monitored and effective circulation of the country's financial information (Cox, 1979; Rajan and Zingales, 2003). Along with accounting standards, auditing standards and a code of ethics for chartered accountants was established. Regarding the difficulties associated with IFRS application, the following statement by a SOCPA representative 1 provides valuable evidence:

The Saudi accounting standards were originally based on foreign standards. That's why you will not see a huge difference between Saudi accounting standards and IFRS. It was not difficult for us in SOCPA to read and review the IFRS; we are familiar with it. Before we shifted to fully

adopting IFRS, we used to use IFRS as a reference for those issues that are not covered by our accounting standards.

The professionalism of SOCPA enabled them to review and evaluate IFRS smoothly. The study found that at the review stage, IFRS was not problematic from the implementers' perspective. These international standards were familiar to SOCPA due to the originality of GAAP. The experience and skill of the SOCPA members enabled them to evaluate and review IFRS efficiently. On the other hand, the legal accountants (Code D) expressed interest in IFRS convergence from a practical perspective. For example, a legal accountant 1 who previously commented on the complexity of GAAP stated:

Two books of Saudi GAAP, each one has more than 500 pages. That contains lots of detail and information. It is rather confusing, in my opinion.

He explained:

IFRS will solve the issue of complexity with our GAAP; it is clearer and straight to the point.

There is satisfaction among practitioners with the decision to adopt IFRS. It has been implied that IFRS will resolve the issue of complexity associated with GAAP. Before the full adoption of IFRS was required, these standards were available for use by legal accountants and practitioners as a reference to obtain more information about the best accounting practices and treatments. During the interviews that were conducted with accounting firms, the researcher found that in most of the accounting firms included in the sample, the accounting staff were of different nationalities and had different educational backgrounds. This led the researcher to inquire whether this diversity in teams helps to exchange knowledge and facilitate IFRS adoption. Legal Accountant 3 remarked:

Applying IFRS, in my opinion, works well even with the additional requirements imposed by SOCPA. Our staff are from different countries; we have some members from Egypt, for example, which is ahead of us in IFRS adoption.

Foreign staff is a factor that assists local accounting firms in overcoming the issues that they may encounter with IFRS adoption. Therefore, it is found that IFRS has facilitated the exchange of knowledge among accountants from different

backgrounds. Moreover, IFRS also unifies the accounting language among practitioners within organisations (Abd-Elsalam and Weetman, 2003; Nobes, 2011; Zehri and Chouaibi, 2013). In order to ensure better application and understanding of IFRS, the employment criteria for these accounting firms are improving. Local accounting firms are seeking qualified accountants who have either studied abroad with international qualifications or who have work experience in countries where IFRS has been adopted. However, an issue has been raised concerning Saudi accountants who have more than 15 years of experience who might face difficulties with IFRS. For example, Legal Accountant 14 stated:

The problem is not with the new generation of accountants who just graduated as the educational materials at universities have been updated to include IFRS. It is those old ones who have never been required to work according to IFRS.

IFRS can present an obstacle for experienced employees. Based on SST, Saudi GAAP is the structure that has been effective for many years; therefore, GAAP is the structure that has been embedded in legal accountants' mind. However, when

IFRS was introduced, the cause to reproduce the structure which influenced the legal accountants' (practitioners) internal structure (knowledge). This implies the need to improve their skillset and knowledge regarding IFRS. Some of the experienced Saudi employees are those who acquired their accounting degrees from Saudi universities more than 15 years ago. This was before the emergence of IFRS in Saudi universities' accounting curriculum. Therefore, the application of IFRS can be challenging, and it may take time before changes to the structure occur. GAAP is the familiar structure to this group of experienced accountants; hence, it is implied that continuous learning will overcome the issue of unfamiliarity with IFRS. Mention was made by Legal Accountant 18, who appreciated the effort made by SOCPA in terms of educating accountants, and the participant remarked:

We encourage our staff to take courses, attend workshops and conferences provided by SOCPA. It is a good opportunity for us as professionals to meet, to learn and exchange knowledge.

Several interviewees from the local accountant firms emphasised the role played by SOCPA and stated that they had taken up these opportunities provided by

SOCPA. Along with practitioners' personal efforts to keep up to date with new accounting standards, SOCPA is the only authorised accounting institution for practitioners that provides legitimacy to practitioners. An issue with unfamiliarity with IFRS that has also been discovered affects not only professionals but also causes resistance from businesses to apply IFRS. This issue is faced by accounting firms. Legal Accountant 15 stated:

Nothing different; IFRS is not that different than Saudi Standards. We as accountants, know that. The problem is that businesses resist IFRS adoption or lets put it this way, they defer the adoption of IFRS. Undoubtedly, IFRS requires updating the old accounting systems, which some businesses might find daunting and not worth the investment. This case happens with small and medium enterprises.

Unfamiliarity with IFRS is not a concern to SOCPA as the implementer. However, the study found that local accounting firms have emphasised this issue regarding businesses' resistance to IFRS. Accounting firms act as an intermediary between SOCPA and business firms (see Chapter 6 for the theoretical discussion). On the

one hand, local firms are responsible for following SOCPA's requirements, but on the other hand, businesses have no direct relationship with SOCPA (see Figure 6.3). If there is resistance from businesses, the accounting firms do not have the right to force them to work according to SOCPA's requirements. However, they are required by SOCPA to work according to IFRS when it is required. SMEs are reluctant to adopt IFRS due to the investment required to update their accounting systems and the fact of being comfortable with what is known. Legal Accountant 12 from a local firm, when commenting on the attitudes of businesses, remarked:

We are having an issue convincing businesses that IFRS should not cause any serious issue. They keep delaying the application without realising that the sooner the better because there is a time when the country became IFRS adopter fully.

While accounting firms are enthusiastic about the decision to adopt IFRS, businesses are reluctant to apply IFRS. It has been found that although businesses have previously expressed their tendency to enter the international markets, SMEs were taking advantage of the period they were given by SOCPA before IFRS

became mandatory to defer updating their accounting system. SOCPA allowed 5 years to transition to IFRS (2012-2017). The listed companies were required to apply IFRS from 2017, whereas non-listed companies had to comply from 2018. Until the data collected in (August 2018), local businesses were delaying convergence with IFRS. The accounting firms attribute this to the effort that has to be made to modify companies' internal systems. Legal accountants state that any delay will be against the businesses' own interests, which would postpone any future expansion. In addition, for a country to be an IFRS adopter, IFRS must fully replace their national accounting standards. Therefore, all types of companies have to obey SOCPA's decision regarding IFRS adoption. Unlike the SMEs, the Saudi listed companies, due to their financial and economic growth plans, were the first to adopt IFRS in its trial version (2016-2017). Their financial position and the supports provided by the government enabled these companies to upgrade their accounting system. This is evidence in a statement made by a legal accounting from a Saudi listed company:

We rush into applying IFRS, the moment SOCPA allowed it, we are not only competing locally; we are looking for what international companies are doing. These are our competitors that work in the same industry. We definitely wanted to try IFRS once SOCPA established a reviewed version. We did, and we updated SOCPA about our experiences.

With regards to the difficulties, the legal accountant from the listed company stated:

Difficulties are normal; we were very open and expecting anything. Our accounting department staff is very qualified and capable to overcome any obstacles. We were prepared to such a transition before the mandatory application of IFRS

The listed companies are confident in terms of IFRS implementation. Due to the external structure of the listed companies, the decision of IFRS convergence was forced by the global competition and the demand of the international market. These companies are also supported by the government, which help them to upgrade their accounting system and support their development plans.

5.3.3.1 The effect of IFRS on financial information

As part of the IFRS adoption project, SOCPA set IFRS and Saudi GAAP side by side to analyse the differences. The analysis classified IFRS into two groups. The first group contained a number of IFRS that have no equivalent under the Saudi framework, whereas the second group included several IFRS that have been updated periodically. SOCPA realised that these two IFRS groups created a gap between IFRS and Saudi GAAP and extended the discrepancy between the two sets of accounting standards. The data analysis process found that these two groups of standards may have an impact on financial reports and that they can be measured. However, measuring the impact cannot be explicitly identified because it differs from one company to another. In this regard, the SOCPA representative 1 states:

It is hard to give a definite answer to this question because it depends on the firm.

The effect depends on the policies that a certain firm and domain have used.

SOCPA does not have the ability to specify how the impact of IFRS adoption would be reflected on the numbers in financial reports. It argues that only firms themselves can

point out and measure any consequences on their financial numbers. The reason for this is that each company's policies for valuing their assets and liabilities, for example, are different. Therefore, IFRS may affect those companies that used to apply policies that differ from what IFRS requires. In this matter, IFRS 1 "*First time adoption of International Financial Reporting Standards*" is suggested for companies to mitigate the effect of IFRS on their financial numbers. The SOCPA representative 1 suggested:

Business firms are required, according to IFRS 1 "First time adoption of International Financial Reporting Standards" to disclose the effect of applying IFRS for the first time on the figures in the financial statements.

The application of *IFRS 1* will help companies to mitigate any consequences related to IFRS adoption. As a part of the advisory role played by SOCPA, they argue with reference to the IFRS standards that they have no equivalent under Saudi Standards, but this could be mitigated by *IFRS1*, which discusses various issues related to adoption. From SOCPA's point of view, this should leave no reason for businesses to not apply IFRS.

The application of IFRS may lead companies to reclassify some elements of their financial reports to comply with IFRS. SOCPA encourages entities to start with IFRS1 to enhance disclosure and justify any differences that may occur in their financial numbers. Such information will provide users with information about the companies' accounting standards and the date of convergence.

Moreover, in order to ensure a healthy and smooth application of IFRS, the implementers must pursue an effective transition to IFRS. In order to ensure a good understanding, SOCPA has cooperated with the education factors. SOCPA's review committee includes faculty members, and these members reflect the theoretical side of the decision behind IFRS implementation. The SOCPA representative 1 stated:

While we were considering and reviewing IFRS, we included in our agenda the educational materials. We wanted to make sure that the new generation of accountants would be able to work with IFRS. we translated books about IFRS to be used in Saudi universities. Also, all of the courses, even the Saudi CPA, were updated to be in accordance with IFRS.

SOCPA has attempted to update the educational materials. The interviewee emphasised the importance of the education sector, which will help SOCPA to achieve its mission. Many IFRS educational materials are in English (Abd-Elsalam and Weetman, 2003). To gain knowledge and facilitate the efforts made by educators, SOCPA has to help bring knowledge to them in their language. *Accountants academy* is a department that works under SOCPA. The academy's role is to provide training courses and workshops to improve the quality of human resources. SOCPA provides certificates in various topics such as IFRS exams. This assessment examines the applicants' theoretical knowledge of IFRS and their acquisition of the necessary skills to apply IFRS. SOCPA provides certification of public accountants (CPA), and this was also improved to include the updated national accounting standards GAAP which is based on IFRS. The CPA exam consists of five subjects: accounting, auditing, the jurisprudence of transactions "Fiqh Elmua'amalat," Zakat and tax, and commercial systems. SOCPA integrated the new standards according to IFRS into the CPA exams, which enhances and changes the whole Saudi accounting system as a structure.

According to vision 2030, a national plan to improve the country, the accounting sector is one and possibly the main sector that other sectors rely on. It needs to be improved to contribute to the country's development. The application of IFRS incorporates certain issues, and human resources can be a challenge in terms of the application of IFRS. As a result, SOCPA expecting the issues related to IFRS application to last for three years from 2017, and after this period, IFRS issues should be minimal. During this period, SOCPA anticipated that universities would generate a new generation of accounting graduates that would be well prepared and capable of working with IFRS. SOCPA stated that three years would be sufficient for businesses to update their accounting systems and become familiar with IFRS. The SOCPA representative 1 commented on the future of IFRS:

By the year-end in 2020, the IFRS application topic should be part of history. By then, the jobs market for accountants should be filled with qualified people. Businesses will be comfortable using IFRS. We are not worried about the future

because we believe that the change has to happen, and the beginning is always the most difficult stage.

SOCPA has launched several education campaigns since 2018 as part of its bid to fulfil its role. The campaigns involved high schools students in explaining to them what accounting as a field entails, the importance of accounting as a major, and the future of accountancy. SOCPA is aiming to encourage more students to enter the accounting field, which will enrich the Saudi jobs market. The campaigns also entailed explaining to businesses what IFRS is and how they can benefit from speaking the world's language by applying IFRS.

However, despite all the efforts of SOCPA, some local business owners continue to find it challenging to update their accounting system and human resources. For instance, a business owner remarked:

Since the adoption of IFRS is required now by SOCPA, the main concern for us is to find people who are capable of working with IFRS. We work with external

accounting firms; however, to meet the disclosure level that is required by the external auditor, we need to have capable staff.

On the other hand, Legal Accountant 16 stressed the importance of monitoring businesses to ensure that all firms apply IFRS, stating:

We, as an external auditor, do not have the authority to force businesses to apply IFRS.... I highly suggest that these businesses be monitored and controlled by higher authorities to ensure the application of IFRS.

The above is an illustration of a web of actors and their position-practices with each other (see Figure 6.3). It is observed that the agent-in-context and external structure of each actor within the web of networked relations play an important factor in ensuring the transition into IFRS (Stones, 2005; Greenhalgh and Stones, 2010). Accounting firms do not have the authority to compel businesses to comply. Views were expressed by legal accountants, emphasising the need to take more serious action by the regulators to ensure IFRS adoption, specifically among SMEs.

5.4 The translation of IFRS into Arabic

While exploring the adoption of IFRS, the study emphasises the issue of translating IFRS into Arabic. The translation is an essential process in this transition due to clarity issues with IFRS (Doupnik & Richter, 2003; Perera & Chand, 2015). The impact of the Saudi context on IFRS Arabic translation is identified. This section presents the findings concerning translating IFRS into Arabic, which enables a broader understanding of the role that SOCPA plays and how SOCPA's understanding of their contextual factor has impacted Arabic IFRS.

5.4.1 Background to the translation decision

The project started in 2012 under the "SOCPA Project for Transition to International Accounting and Auditing Standards" aim to review each IFRS standard considering the specific details of the Saudi environment (religious influence, culture, language barrier and legal system) to ensure the suitability of IFRS to the Saudi territory. During the first meetings of the IFRS adoption project committee, the review committee started to review

IFRS using the available Arabic translation. This is confirmed by the following statement made by a SOCPA representative 1 who remarked:

We started from the available Arabic version. However, after reviewing the Arabic version, we found lots of errors that made it impossible to use. We needed to have a clean, free of error Arabic version, and this is when we thought about translating IFRS.

Mentions are made that in order to make IFRS applicable, it is necessary to ensure that the Arabic version of IFRS is free from errors that may adversely affect the understanding and the adoption of IFRS. The translation is part of the convergence project. It was identified that the available Arabic version presents several concerns. The interview with SOCPA showed that the tendency of SOCPA was not to translate IFRS. However, the variations in the previous Arabic version of IFRS necessitated the translation. IFRS has been available in Arabic since 1999; the International Arab Society of Certified Accountants (IASCA) carried out the Arabic translation from 1999 to 2014. SOCPA

attributes the initiative to retranslate IFRS to the poor quality of the old version. However, there could be another reason that led SOCPA to translate IFRS other than the quality of the previous translation. For example, an IFRS Foundation representative implies:

We did a little bit of research ourselves ... ask other standards setters Arabic speaking jurisdictions what they thought of the existing translation for someone who doesn't speak Arabic, it is quite difficult to kind of get to the bottom of whether it is political...

IFRS Foundation is aware of the variations in one language that is spoken by different regions. For example, Arabic is spoken by 22 regions, each with its own dialect. However, the IFRS Foundation is also aware that the other reasons for retranslating or the complaining they might receive about a translation could be for political reasons rather than being merely a linguistic issue with the translation. SOCPA is a powerful organisation. Its position and specific knowledge of SOCPA as a professional accounting organisation that operates under the government umbrella allows SOCPA's members to

influence the accounting profession and transfer their knowledge to include IFRS. SOCPA as an organisation obtained the licence to be the official translator after the comments and concerns they sent to the IFRS Foundation regarding the available Arabic version. This licence will enhance SOCPA's position not only locally but also internationally, giving the organisation the opportunity to participate in the development of the international accounting profession. IFRS Foundation confirms that the translation is part of the conversion process into IFRS. In this regard, the IFRS Foundation representative remarked:

Generally speaking, when we license an organisation to translate, it is normally a national standard setter ...either a professional accountancy organisation or a ministry of finance..... they normally come to us to do the translation because they are adopting..

The above confirms SOCPA's primary role as an accounting standard setter. The translations of IFRS into different languages are usually requested by governments that seeking IFRS adoption. This justifies including translation as part of the adoption process, which was necessary to review IFRS and evaluate its suitability to the Saudi context. It

has been found that the IFRS Foundation provides SOCPA with not only the accounting standards but also policies and guidelines that have to be followed in translation (Source: IFRS Foundation). On the one hand, these guidelines serve as the condition of action forced by the external structure; however, SOCPA is also required to maintain the country's culture and values (agent-in-context). One of the factors mentioned by SOCPA related to the cultural aspect was to determine whether or not the Islamic rules would be satisfied when using IFRS.

With regard to the complaint made about the previous translation, SOCPA indicated that the previous IFRS Arabic version was challenging to understand for Saudi practitioners. SOCPA claimed that it is confusing and has several linguistic errors and, therefore, SOCPA voluntarily offered to translate IFRS. The SOCPA representative 1 stated:

..We are not a translation agency. We have done the translation as part of our convergence process after we found how weak the available Arabic translation was.

The IFRS Foundation does not look for translators as they do not have dedicated funds to translate IFRS into different languages. All partners' efforts to translate IFRS into various languages are made voluntarily. The above is also confirmed by IFRS Foundation when the IFRS representative stated:

IASCA is not a standards setter... they translated part A and B from the red book... they printed it and sold it...so for them is more like commercial licence arrangement because they were not doing it for adoption... whereas SOCPA they were doing it purely for adoption.

The above statements illustrate the influence of the agent-in-context on the behaviour of the actors. SOCPA is a standards setter; their behaviours are motivated by their position-practices and their understanding of their external forces. SOCPA is a Saudi standards setter that has a different type of relations and external structure (see 6.3). Whereas IASCA is a non-profit organisation; its mission is to provide Arab accountants with a knowledge transferring platform. The institute aims to elevate the accounting and auditing profession in the Arab world. It also provides training courses and certifications in different topics in accounting, including IFRS. IASCA has been assigned by different organisations

such as IFRS Foundation and John Wiley and Son to translate their publications and spread them to the Arab region. Therefore, IASCA agent-in-context determines their attitude toward IFRS. Both SOCPA and IASCA may share some of the general dispositions; however, the conjuncturely specific knowledge is different, based on their understanding of their external structures and the position practices (Stones, 2005). During the time that the previous Arabic IFRS was in use, there was no comment made by any of the Arabic regions regarding the Arabic version of IFRS. The IFRS representative remarked that until SOCPA approached them with their comments regarding the previous translation, IFRS Foundation has not received any concern regarding this translation. However, this is not unusual as the individual attempts of jurisdictions to translate IFRS for their personal use. Unlike IASCA, which translates for commercial purposes, SOCPA undertook the translation as an entity that seeks to be an IFRS adoptor without commercial incentives. The unexpected finding that confirms the active agency role of SOCPA'e members was the participating in improving IFRS. The translation of IFRS gives SOCPA the opportunity as a professional institute to influence IFRS. The SOCPA representative 1 stated:

.... we have some comments regarding IAS 16, which we address to the IFRS Foundation. They take it into consideration, and they will improve the standards based on our comments.

SOCPA uses their skill and profession to critically evaluate IFRS; the review resulted in a comment regarding IAS16 that has been taken into account by the IFRS Foundation. This standard was stating that the cost of the assets should be reduced by the proceeds from the sale; however, SOCPA saw that the standard should be modified to treat these proceeds from products sales as incidental revenues. This input from SOCPA has been considered by IFRS Foundation; hence, the IAS 16 was modified based on SOCPA's suggestion.

The IFRS Foundation (agent-in-context) provides translator partners with the policies and guidelines that are important for preparing any official language variant. There is only one translation per language that has to be approved by the IFRS foundation. Therefore, external partners of the IFRS Foundation conduct these translations after they being licenced by the Foundation. Based on the IFRS Foundation guidelines, the translation

should consist of a review committee. the following will present the findings of the data collection methods about the translation teams

5.4.2 The issue of language and the translation team

The initial review reveals that the existing Arabic version of IFRS hindered the assessment of the standards. Previous studies have referred to the difficulties associated with the language of IFRS (Gray, 1988; Douppnik and Richter, 2004; Douppnik and Riccio, 2006; Schultz and Lopez, 2001; Perera, 1994). Haried (1972; 1973) claim that IFRS is linguistically unclear. Their studies show that translation as a solution may cause a departure from the intended meaning of a message. This is important because any misunderstanding caused by translation can lead to variations in the application of IFRS. Research conducted on the topic of translation vary in terms of their results; whereas some researchers found no significant differences in the translation of IFRS (Houghton, 1988), others have contradicted this opinion and found that there are differences in meaning caused by translation, suggesting that the translation of IFRS may not resolve the issue entirely (Haried, 1972). The more translations undertaken in a particular

language, the greater the chance of drifting away from the main message's original meaning. To ensure that there is only one translation for each language, the IFRS foundation protects the standards by copyright. However, the Foundation provides licencing arrangements for those who want to voluntarily translate IFRS (See: IFRS Translation Website).

SOCPA indicated previously that the previous Arabic version has significant intricacies that require re-translation. The translation team implies that the problem with the translation could be attributed to the lack of cooperation among professionals from the linguistic and accounting fields. The following statement was made by SOCPA representative 2:

I looked at the previous Arabic version..... I don't know the background of the people, but it is clear that there was no cooperation between accounting experts and linguistic experts which I highly recommend having such a cooperation.

The drafting from the meaning could be because of the lack of cooperation between these two fields (accounting and linguistics). To ensure high-quality translation, SOCPA

suggests effective cooperation between different people. This complies with IFRS Foundation requirements that the translation process should start with a review committee that includes experts from different areas. The translation process takes the order suggested by the IFRS Foundation. It has been argued that the prevailing culture could affect the interpretation and application of IFRS and impact the financial reports outcomes (Tsakumis, Campbell Sr. and Doupnik, 2009). Emphasising the effect that culture has on translation, SOCPA representative 2 stated:

I should respect and take into consideration the environment I am working in... While I was translating, I found terminologies that have no equivalent in Saudi culture such as 'parliament.

The translation conducted by SOCPA resulted in two copies of IFRS. One for the general use that is shown on the IFRS Foundation website. And the other copy is the one used by Saudi practitioners. This copy has all of the clarifications needed and options that suit the Saudi context. Culture has shaped the country's specifications and that includes its language. There are terms that are not used culturally in Saudi Arabia and these kinds of words may not change the meaning of the standards but they need to be defined to

appreciate their actual meaning. The terms that are used in the Saudi context to describe organisations are different. For example, 'parliament' refers to the name of the ruling organisations. Some countries like Lebanon are familiar with parliament, and this expression describes the country's governing organisation. On the other hand, Saudi Arabia uses The Consultative Assembly of Saudi Arabia and this organisation has no role in monitoring the accounting profession. In Saudi Arabia, SOCPA is an organisation responsible for making decisions related to the accounting profession. Therefore, wherever parliament is mentioned in IFRS, it means the authority that sets rules in Saudi Arabia, which is SOCPA. This does not affect the application of IFRS nor the understanding; however, such matters need to be clearly defined. On the other hand, the findings reveal that some terms have been used to describe financial elements but they are linguistically incorrect. Some of these terms were emphasised by SOCPA representative 2 who remarked:

Some Arabic words have been used for a long time as equivalents of the English version yet they are wrong! For example, 'personal judgment.' This expression has been used to describe the accountants' personal efforts in deciding the best

accounting option but its translation in Arabic is linguistically wrong. However, they are understandable among professionals in the accounting field.

The term 'personal judgment' is one of the most widely used phrases in the accounting field. Professionals and accountants are familiar with what this expression refers to. This refers to when the accounting professional uses their own judgment based on their skill and knowledge of accounting whenever the rules allow them to do so. This term has been translated incorrectly into Arabic yet it is still very well understood and in use by practitioners. These terms could be one of the reasons for misunderstandings and they also give Arabic speakers from different regions the opportunity to doubt the efficiency of the available Arabic translation. It also presents an opportunity for practitioners to misunderstand terms deliberately to gain specific benefit. Mentions were made that financial expressions cannot be translated only linguistically. A collaboration between professionals from both fields (linguistics and accounting) is crucial to improve the quality of the translation outcome. However, the discussion between accounting and linguistic experts should end with the accounting professionals' choices. Accounting is a language that gives practitioners the expressions that describe the intended meaning best, which

may not be suitable from a linguistic experts' perspective. Therefore, professionals could be given the power to control the messages delivered and influence the understanding.

Culture, as one of the factors that influence translation, has been addressed in the interviews. Each culture in the Arab region has influenced the Arabic language and given it specific features that are only used and understood by a particular region or social group. Dialects can affect the understandability of IFRS. The following statement by SOCPA Representative 2 serves as evidence of this:

I have to obey the environment I am working within. I am an Arabic native speaker who comes from a different region.

It is observed that culture is one of the external forces that was considered during the translation of IFRS. The interviewee confirms the influential aspect of dialect on IFRS translation. Whilst it has been confirmed that considering the dialect of the region will not affect the understandability of IFRS, it may differentiate the Arabic translation similar to what normally happens with other languages. During the review committee that includes both accounting and linguistics professionals, the aim of the meetings is to ensure an

adequate Arabic version of IFRS which will result in better IFRS practices in Saudi Arabia. The project involves a number of meetings. These meetings aim to discuss the issues related to the accounting profession in Saudi Arabia and evaluate the decision to adopt IFRS and solve any confusion about the terms used in the Arabic translation. The knowledge exchange among the review committee members helps the translator clarify certain words used in the Saudi context. For instance, SOCPA Representative 2 remarked:

To carry on in the translation, it was imperative to have discussions with the committee members to understand their opinions and to know the meaning of some terms used by the accounting profession. To me, this step is crucial to find the best equivalents in Arabic. For example, the word 'legal requirement,' word 'legal' in Arabic has to do with the law, whereas in Saudi, the requirements are rules that usually come from an authority, in our case SOCPA. This suggests using 'regulations' or 'regulatory requirements' instead of 'legal.

The purpose of the meetings held between the accounting professionals and translators was to meet the licensing provider (IFRS Foundation) and avoid any misinterpreting the accounting expressions. Using certain words such as legal can refer to different things

from one region to another. The outcome of SOCPA's effort might be based on Saudi culture using the terms used in the Saudi context. The translation will be available on the IFRS Foundation website. Although these differences in words used would not wholly change the meaning of the source language, it can demand some consideration for other countries. SOCPA Representative 2 provided an example of an expression that might be used differently from one Arabic region to another when they stated:

For example, if Egypt wanted to use this translation, they have to find the equivalent of 'regulatory requirement.' The word can be understandable but the users of IFRS may need to figure out who is responsible for organising the profession in the country! So, the environment plays a significant role in the local language and the translation.

The main issue with discrepancies in translation concern unfamiliarity with the terms used to describe things from one country to another. The grammatical and structural linguistic errors were given as examples of the intricacies that affect the translation of IFRS. Concerns, however, have been expressed as to whether there were issues due to the culture specification. 'Life insurance' has been emphasised during the interviews as an

example of a financial element that is not available under Saudi law. SOCPA Representative 2 stated:

When the standard mentioned life insurance, I faced an issue with translating items that are not used in Saudi. For example, life insurance is not available in Saudi because it is legally prohibited, so I don't have people who I can go to and discuss the equivalents to this standard's elements.

The issue of life insurance equivalence is challenging due to the context of Saudi Arabia. There is a lack of specialists in this field which may pose a challenge to the translator when attempting to understand the roles that the translator based their translation on. Life insurance is prohibited under Saudi law which is based on Islamic rules. The interview reveals that even with the translator's professional capabilities in language, the translation would involve personal judgment and the preferences of the translators. Therefore, the translation is performed using the general meaning in the target language (Arabic). Therefore, the subjective assessment may cause discrepancies in the translation outcomes.

5.5 Conclusion

This chapter presents the results of the data collection methods concerning the adoption of IFRS and translation. Additionally, the Saudi Arabian accounting system is explored and its shortcomings are examined. The chapter identifies the actors involved in the project of IFRS adoption and translation: SOCPA, the setting organisation represented by its board of directors. And the factors that influence the decisions of SOCPA's members concerning IFRS adoption and translation.

The results show that the behaviour of SOCPA's members toward GAAP and the IFRS is governed by several external structures which are represented by each member's agents-in-context. These structures set restrictions and opportunities for SOCPA to act upon (Stones, 2005; Coad, Jack and Kholeif, 2016). SOCPA's members are driven by the organisation's power and position; they belong to the body that regulates and monitors the accounting profession in Saudi Arabia. Therefore, their unique position enables the members (the agents-in-focus) to be active and reflexive during the IFRS convergence project, which according to SST, considers an active agency.

Two issues related to GAAP are identified: lack of transparency and a failure to meet international requirements and investors' needs. As a result of these problems, the decision was made to adopt IFRS; however, such an adoption requires translating IFRS. These findings reveal that the decision of IFRS adoption is influenced by a few factors such as international harmonisation, institutional context, and the geographical position of Saudi Arabia. However, the decision presented several matters that required special consideration from SOCPA. The chapter also discusses the attempts that SOCPA has made to overcome the identified obstacles associated with IFRS adoption. It is found that SOCPA has an active role in mitigating the issues resulting from IFRS adoption. The study also finds that SOCPA had been licensed by IFRS Foundation to serve as the official translator for the Arabic version of IFRS. Therefore, it is assumed that SOCPA's skill, position, and professionalism has lent the accounting organisation international acclaim; as the authoritative translator, SOCPA has the opportunity to participate in the future development of IFRS.

Moreover, the study finds that SOCPA's members professionalism enabled them to critically evaluate IFRS and suggest improvements to it, rather than just providing mere translation services. As a result of the critical review, SOCPA's members attempted to modify IFRS when they sent their suggestions and concerns about IAS 16 to the IFRS Foundation. SOCPA's members now assume that the IFRS Foundation will consider these comments in the next update of IFRS. Finally, the chapter explores the difficulties associated with IFRS and presents the findings of the IFRS translation project. The following chapter discusses the findings regarding the literature review and the theoretical framework.

Chapter 6: Discussion of the Results

6.1 Introduction

This chapter discusses the research findings drawn from documentary analysis and semi-structured interviews. As stated in chapter 1, this study aims to investigate the adoption process of IFRS in Saudi Arabia; the investigation focuses mainly on the implementer's (SOCPA) and practitioners' perspectives with regards to IFRS adoption. SOCPA is an organisation, this term is used to refer to the members that work under the umbrella of the organisation. The study also sheds light on the issue of IFRS language and the decision of translation. The international standards were originally established in English but are now available in various languages, one of which is Arabic. The study found that the implementers in Saudi Arabia (SOCPA) has expressed concerns about the Arabic translation of IFRS. Because the number of emerging economies that are seeking to harmonise with IFRS is increasing, research into the topic of IFRS adoption and translation is still in demand. Therefore, this study has contributed to the existing body of literature by investigating the following objectives: 1) why was the translation crucial to

the decision of IFRS adoption in Saudi Arabia? and 2) how has such a translation been carried out? The aim was to reveal the factors that influence this process. In order to find out about these objectives, the study explores the project of IFRS adoption which translation is part of this process.

Therefore, the accounting system of Saudi Arabia including GAAP and its environment, has been investigated. The study started by exploring Saudi GAAP and the role of SOCPA as a government authorised accounting organisation and standard setter. Interviews were conducted with professionals from local accounting firms, faculty members from Saudi universities, accountants from Saudi listed companies, SOCPA's members, and the IFRS Foundation. Utilising SST as a sensitising device makes it possible to take a broad view of how SOCPAs board of directors have drawn on their internal structures and understanding of the external structural conditions to produce and reproduce day-to-day accounting practices. SST has been increasingly used in management accounting research and offers the potential to be widely applied in empirical studies in different settings in which accounting functions to enhance the

existing knowledge are gained (Coad and Herbert, 2009; Jack and Kholeif, 2008; Orla and Bernard, 2016).

Incorporating SST as a social theory enables the current study to apprehend how duality has been granted between the agents-in-focus and their agents-in-context. The study finds different relationships between SOCPA represented by its board of directors (the active agency) and the agents-in-context, which has resulted in modifying and updating the routinised accounting practices in Saudi Arabia. As will be elaborated in the following sections, it is found that the adoption of IFRS is the outcome of the structuration process, which is the change that occurs in day-to-day accounting practices. This shift to IFRS adoption has been observed differently from different agents-in-context. While legal accountants appreciate the change brought about by active agency, other agents-in-context, such as business owners, have resisted the change in accounting practices. This chapter starts by introducing the theoretical framework, and this is followed by a discussion of the results obtained by this study in relation to the theory and literature review. The debate is discussed from the preceptive position – practices relations

between SOCPA's members and each member's agent-in-context. The discussion is presented by drawing insight into each element of the quadripartite suggested by SST during the process of IFRS adoption and translation (see Figure 6.1).

6.2 The theoretical framework used in this research

Strong structuration theory (SST) (Stones, 2005) is applied in this study as a sensitising device to guide the researcher in comprehending SOCPA's role (agent-in-focus) in producing or reproducing the structure (GAAP and IFRS). SST explains how empirical work may be carried out using the four quadripartite listed by Stones (2005) (see Chapter 3). This theory is claimed to be a reinforced version of the ontology that Giddens has introduced; it is a response to the criticism against the limitations of Giddens's approach. It has been claimed that SST is suited to case study research in accounting and management due to its ability to provide a comprehensive view over a process and the people involved in a particular organisational setting (Coad et al., 2016; Coad and Herbert, 2009; Jack and Kholeif, 2007; Orla and Bernard, 2016). Previous studies have emphasised the usefulness of SST as a theoretical framework in accounting and

management in qualitative case studies. Other disciplines such as healthcare, management and childcare have also adopted SST (Chan, Deave and Greenhalgh, 2010; Greenhalgh and Stones, 2010; Coad, Jack and Kholeif, 2015). Interest continues to grow in utilising SST in social and environmental accounting, financial reporting standards, non-profit sectors, and audits (Orla and Bernard, 2016; Daff and Jack, 2018). In this study, the use of SST makes it possible to focus more on actors' behaviour (individually or collectively) and analyse their conduct and context (Coad, Jack and Kholeif, 2016). A review of this theory resulted in the identification of the factors and aspects that encouraged the adoption and translation of IFRS in Saudi Arabia.

Considering this, attempts have been made to develop an in-depth understanding of SOCPA's behaviour during the process of IFRS adoption. The decision to adopt IFRS requires a change to the structure that has been in use for 20 years, that is, the Saudi accounting framework. It is observed that SOCPA's members relying on their conjunctural-specific knowledge of signification, legitimation and domination (Giddens, 1986; Stones, 2005). These modalities are influenced by each member's understanding

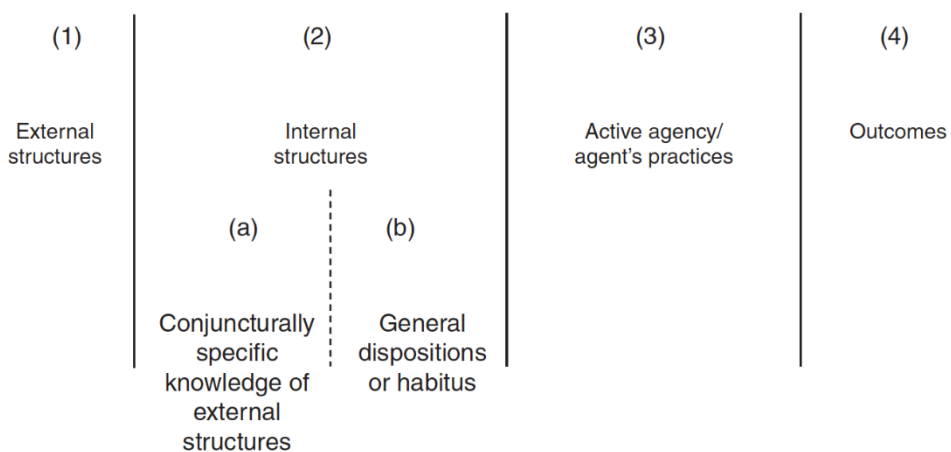
of their external structure and their general disposition (see Figure 6.1). For example, when evaluating and translating IFRS for adoption, it is observed that the agents-in-focus draw on their position-practice and internal structures which are shaped by their skill and experience as a professional that set regulations and rules as their primary role. SOCPA's board of directors are the agents-in-focus; studying their behaviour reveals these agents act as an active agency that engages in regulating and monitoring the accounting practices in the country actively and reflexively. According to SST, active agency refers to when the agents-in-focus dynamically take action based on their understanding of the internal and external structures (Stones, 2005, p. 86). This study explored the role of the board of directors by analysing the time when these actors set or modified accounting regulations. This covered the time when they established Saudi GAAP and when they decided to change or update the accounting system by adopting IFRS. Based on SST, this study found that GAAP was the outcome of SOCPA's efforts and part of their external structure; it is a tool that SOCPA as a unit uses to practice their power. SOCPA's behaviour toward the accounting profession is influenced by a number of agents-in-context. The in-depth analysis of the process of IFRS adoption and

translation identified the key agents involved in the process; these actors are found in a web of networked relations (see Figure 6.3). The analysis also showed the relationship among different actors, the interactions that take place and how these relationships have influenced the process of IFRS adoption and translation. The following section discusses SOCPA's members conduct or context analysis based on the four quadripartite (Table 6.1) suggested by Stones (2005), which illustrate how duality occur between the agency and structure.

Using SST as a lens provides insight into:

- The role played by SOCPA in the country as a professional accounting organisation
- The key actors who comprise SOCPA's networks
- The influence of SOCPA's network on their actions
- The strategies that SOCPA adopt to influence accounting standards, both locally and internationally

Figure 6.1: The quadripartite nature of structuration



Source: (Stones, 2005, p. 85)

6.3 The external structure of SOCPA (the agent-in-focus)

The external structure refers to the condition of actions that may restrict or permit the decisions made by the agent-in-focus (Stone, 2005). This study identifies the position-practices and SOCPA's network web. The web of relations provides SOCPA (the agent) with social identity, including prerogatives, capabilities, resources, norms, rules and

obligations (Giddens, 1986; Stones, 2005). Although Giddens addresses the rules and resources and how the agent draws upon the three modalities (significant, legitimation, domination) in creating the structure, the external environment is still not well recognised under Giddens' approach (Greenhalgh and Stones, 2010). SST suggests that it is important to first specify the actors in order to understand the interactions that take place and the influence that each actor has on the agent-in-focus. Therefore, examining SOCPA's structure revealed the actors involved in the structuration process, which consist of the internal and external structures. The examination also includes the active agent's role in making decisions related to the accounting profession in Saudi Arabia. Specifying the main actors, this study could understand the interplay between different actors which is reflected on day-to-day accounting practices.

SOCPA is an independent professional organisation, it is empowered by support from the government of Saudi Arabia and this gives the organisation a distinct social identity as the only organisation responsible for regulating accounting practices in the country. This authority offers SOCPA respect and a reputation locally and internationally as a standard-

setting organisation. The organisation plays a major role in the country to maintain financial stability and enhances confidence in financial transactions. During the history of Saudi Arabia, the accounting system has passed through different stages (See 5.2.1). These stages resulted from the government's attempts to create an accounting system that satisfies local Saudi needs and helps the country manage its financial aspects promptly. The establishment of SOCPA was one of the national decisions made by Saudi Arabia's government; once SOCPA was formed, it set up the structural conditions for the accounting profession and created a full framework for practitioners and legal accountants to follow. SOCPA has made attempts to establish and maintain accounting principles based on Saudi institutional needs (Saeed, 2006; Finch, 2010; Zeff, 2012). In this study, several external structures were identified which have, to a certain extent, influence over SOCPA's actions and behaviours.

Exploring SOCPA's board of directors reveals that SOCPA committee members come from different government positions and organisations. Each member occupies a different position and has different responsibilities and obligations in their specific organisations.

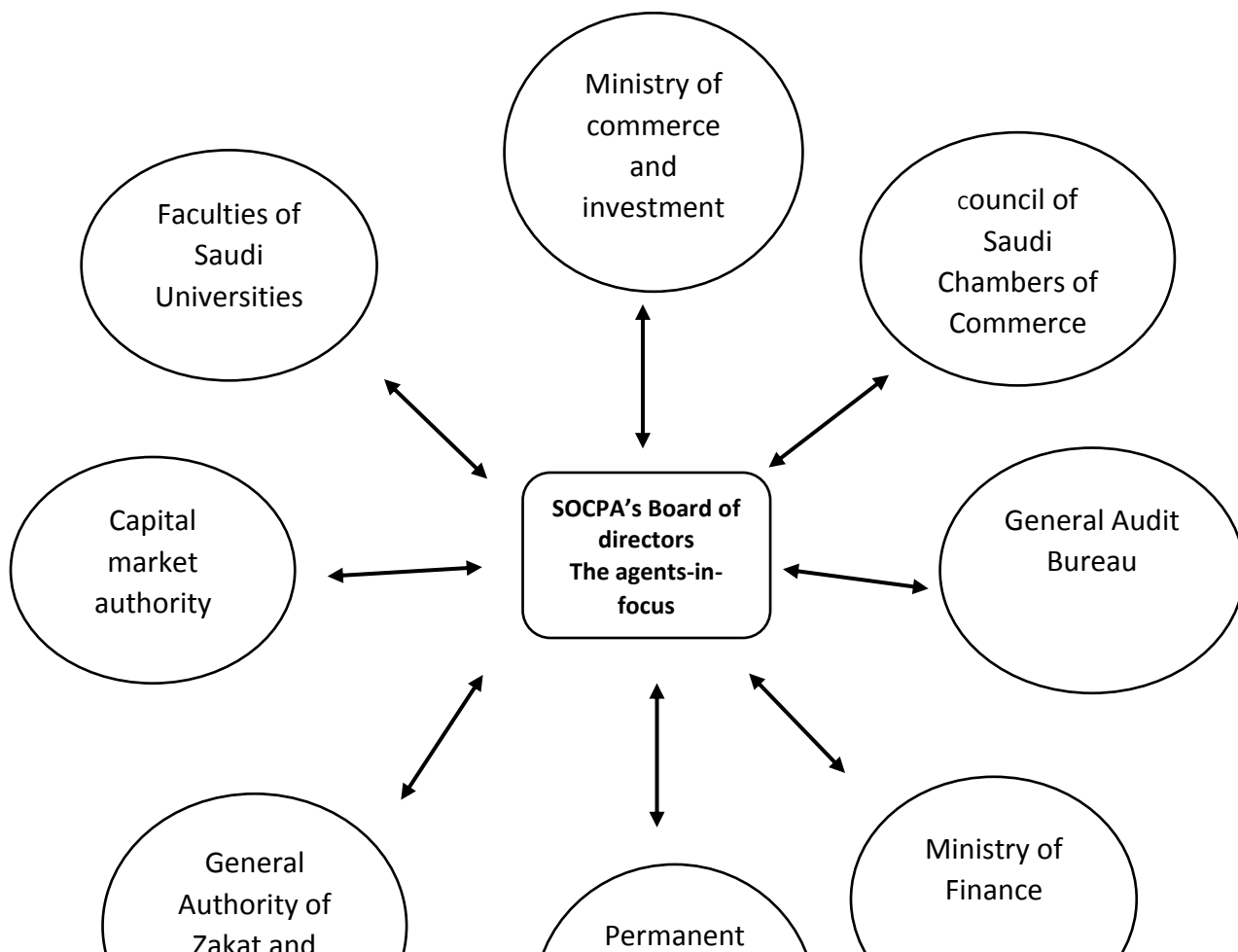
This diversity in the board of directors has contributed to the variety of experiences and powers within SOCPA (see Figure 6.2). This committee's role is to utilise their accounting knowledge and experience to establish an accounting framework suitable for Saudi Arabia. Once these agents come together under SOCPA, they became one unit. Due to this fact, it is observed that SOCPA may share a similar general dispositions in terms of socio-cultural schemas, ambition, attitudes, hierarchies of values, embodied skills, and past experience. However, the members of SOCPA do not share the same conjunctural-specific knowledge of signification, legitimation and domination due to their interplay with various position-practices. Conjunctural-specific knowledge is related to how one is expected to act within the group which is based on one's hermeneutic interpretation of their external structures (Stones, 2005) (see Section 6.4).

All clusters demonstrated in Figure 6.2 have some impact on the decisions made by SOCPA. The findings showed that one of the efforts made by SOCPA since its establishment is the development of the Saudi accounting framework and all of its related updates. This system was in use for over 20 years (1992-2012). This framework was the

result of profound cooperation among SOCPA's members, which can be envisaged as the outcome of the duality between the agency and structures. Each member offers added value in the process of establishing the structure on the behaviour of SOCPA as a unit. The familiarity of each member of SOCPA with the roles set by their external structure enhanced the final decision made by SOCPA regarding the Saudi accounting framework. This shows how each agent's conjunctural-specific knowledge and their understanding of their position-practices have, in the end, influenced the outcome (Englund and Gerdin, 2016). By placing SOCPA in the middle of a web of relationships, the study was able to analyse and identify the other agents-in-context and how SOCPA understands its position, the other agents around them and themselves (Englund and Gerdin, 2016; Moore and McPhail, 2016). For example, by analysing the board of directors to understand the external forces of SOCPA, the study finds that the Ministry of Commerce and Investment (MCI) members' inputs are to ensure that the financial reports' outcomes prepared based on GAAP meet the requirements of the MCI. The primary responsibility of the MCI is to set the trading policies in the country in a way that ensures the effectiveness and efficiency of the business sector in general and strengthens the

private sector's role in national development. They are also responsible for monitoring, regulating and supervising the internal market to ensure fair competition and responsible for monitoring international trading and the status of supply and demand (see MCI website). The role of the MCI is vital to SOCPA because accounting standards (GAAP) offer a way to present the results of the businesses' activities and these financial results have to satisfy the interests of various users (Fishman and Hagerty, 1989; Gaffikin, 2008).

Figure 6.2: Relation-in- focus (SOCPA board of directors)



It is found that SOCPA's committee also consists of members from the General Authority for Zakat and Tax (GAZT). The latter is responsible for collecting zakat and taxes from taxpayers in accordance with relevant laws, regulations and guidelines. Zakat is set by Islamic law; it is an obligation on individuals and businesses to donate each year. This element differentiates the financial statements of a country governed by Islamic law from others that do not require zakat. Islamic regulations are found to be one of the external environments of the agent-in-focus imposed by GAZT. The involvement of GAZT determines the information that needs to be included in financial reports (Cox, 1979; Nobes, 1998; Perera *et al.*, 2014; Leila, 2016). Businesses have to pay zakat in addition

to tax and, therefore, financial reports have to disclose information about the businesses' financial position in order to enable GAZT to calculate zakat and taxes. Hence, this position-practice influences the process of establishing the accounting system, indicating the importance of GAZT and other government bodies' involvements in SOCPA's decisions. GAZT's agent-in-context contains all payers and the regional and international bodies that have a similar role. This is an indication of the influence of GAZT's agent-in-context on them, which creates another web of relations different from SOCPA's relations. Transparency and disclosure are crucial for GAZT when it comes to calculating mandatory zakat and tax. It is found that these two aspects are missing in GAAP, which encourages SOCPA to re-evaluate Saudi GAAP and consider the shift to IFRS.

The aspect of transparency and disclosure is also required by the Capital Market Authority (CMA). This organisation is an authorised body that supervises the development of the financial markets and establishes regulations necessary to implement the rules of the financial market system in order to provide an efficient climate for investment and increase confidence in the Saudi market (Source: CMA website). The CMA works to

protect their agent-in-context (investors and financial dealers) from illegitimate markets. Therefore, the inclusion of the CMA in SOCPA represents the importance of the investors' point of view regarding the financial information needed to make investment decisions, hence, ensuring the standards (GAAP) will enhance the presentation of financial information. SOCPA plays an educational role that aims to develop the human cadres, prepare skilled and trained accountants and elevate the quality of the accounting sector. This role found to be influenced by the agent-in-context.

The external structure of SOCPA includes academic members who are faculty members of Saudi universities (FMSU). This group represents the professional side of the accounting standards itself. The role of FMSU is to contribute to the development of the educational curriculum. Many of them have moved beyond offering a traditional education system and developing students' intellectual capacity to teach them logical thinking regarding the accounting profession. On the other hand, by exploring the role of SOCPA in improving the accounting profession, the study finds that SOCPA participates in the educational sector by providing legal accountants and practitioners with the knowledge

needed to improve the accounting profession. This educational role is accomplished through cooperation between the FMSU and professionals within SOCPA. Including FMSU with their skills in researching accounting enhances the logical and critical understanding of SOCPA in various accounting issues. FMSUs bring a broad view of different models based on their theoretical, empirical and philosophical reasoning skills. It is observed that the internal structure of the FMSU has influenced the internal structure of SOCPA, which is reflected in the GAAP. The way in which the FMSU observe and analyse the accounting system differs from the approach of SOCPA. The FMSU are researchers who focus on theoretical knowledge. They build theories based on the fundamental concepts they know, whereas SOCPA focuses more on the practical side and their past experiences. The practicality of SOCPA allows it to focus on their day-to-day experiences and accounting practices. It is observed that different ways of thinking and the interactions between SOCPA and FMSU were reflected in the quality of the decision made regarding the accounting system.

The theoretical way of thinking pays SOCPA's attention to the context in which accounting operates through its deep understanding of the choices they make and goes beyond the numbers that appear in financial statements. Therefore, the FMSU influenced SOCPA's decisions and brought the comprehension of the context and thinking skills together to improve the accounting framework. Using their dispositions, the FMSU also participate by resolving issues that may arise in the committee's discussions by understanding the context and utilising their critical thinking skills. The committee also includes members (mainly professional accountants) who permanently work with SOCPA. In addition to the value-added by academics and other members, SOCPA's professional accountants handle the practical side of designing GAAP. The current study found that the professional accountants at SOCPA are primarily concerned with the standards and reputation of SOCPA as a standard-setting organisation locally and internationally. SOCPA is aware of its power as an authorised organisation; in this case, the duality between the agency (SOCPA) and the external structures (which come in the form of conditions and power) are observed.

The professionals in SOCPA appreciate the relations between the other members to accomplish the task, which is to produce or reproduce accounting practices; hence, cooperation among members from different government bodies is important. Moreover, SOCPA's interactions with other agents show the interactions between their internal and external structures (Feeney and Pierce, 2016). SST suggests focusing on all agents within the web of relations in order to facilitate the development of the conceptual map and understand how structuration occurs (see Figure 6.3). Therefore, networking, interactions and communication are found to be very important factors in the development of GAAP and the IFRS adoption and translation (Daff and Jack, 2018)

Identifying the network of SOCPA generates a deeper understanding of all structures that create conditions of action imposed on SOCPA. In addition to the external structures represented by the members of SOCPA' committee, the study identified other influential factors in the form of the political, economic, religious and institutional context. Hence, when producing the Saudi accounting system, SOCPA was drawing on their skills and knowledge and their external forces' interpretations to make their decisions. The

structuration process outcome is reflected in the establishment of GAAP and the day-to-day accounting practices, which is the result of action taken by SOCPA. Moreover, the findings showed that Saudi GAAP is the medium and the outcome of these interactions among different agents-in-context. The investigation of the structuration process of the Saudi accounting standards GAAP illustrates that Saudi GAAP has been influenced by institutional factors mentioned above that give the Saudi accounting framework its uniqueness. Looking thoroughly into the committee members of SOCPA explains how countries tailor accounting systems to fit them and benefit the country's economic development (Ding *et al.*, 2007;Tsunogaya, Hellmann, Scagnelli, 2015). It is found that based on the different power and positions of each member, they have different expectations about GAAP and different reactions about the change in accounting practices that suggests the transition toward IFRS.

GAAP is considered in the current study as part of the external structure that is developed with the understanding of SOCPA to their external forces. Once GAAP was established, it was used by SOCPA as a rule and a source of power practised to regulate the

profession and the accounting practices (Giddens, 1986; Stones, 2005) (see Figure 6.3). The findings imply that SOCPA uses GAAP as a law to communicate with their external environment. This law represents the condition of actions for other agents-in-context within the web (Giddens, 1986). It is a law that gives SOCPA the power to influence legal accountants and practitioners, which will be reflected in everyday accounting practices. And as a result, it shows the important role that accounting plays in the functioning of external structure. This demonstration of the agent-in-context of SOCPA enables knowledge to be gained regarding the structuration process and how the external environment influences SOCPA while producing or updating the structure, and how SOCPA's interpretation of these external forces resulted in modifying the accounting practices (Coad, Jack and Kholeif, 2016; Daff and Jack, 2018). Considering the external forces, each member of SOCPA looks at GAAP and understands it based on the requirements they want GAAP to meet. This idea also includes the legal accountants and practitioners who use GAAP to comply with regulations and requirements. This group of practitioners is also part of SOCPA's external structure; their reaction to GAAP is

subjective based on their interpretation of their external forces, understanding of the law and positions (Feeny and Pierce, 2016).

Other factors have also been found to influence the social identity of SOCPA. For instance, the position of Saudi Arabia among other Islamic countries and as one of the 20G are considered by SOCPA. The agent-in-focus, in this study, recognised these factors and the resources and power provided. SOCPA gained the power to influence other countries from the reputation and position of Saudi Arabia; these resources provided enabled SOCPA to influence other Arab and Islamic countries through the translation of the IFRS. International markets and competition, investors (local and foreign), and Vision 2030, which is a plan to develop the country, are also included in SOCPA's external forces. All of these elements were considered by SOCPA during the development of the accounting system (GAAP) and the decisions concerning IFRS adoption and translation. SOCPA is obligated to meet the needs of its environment; vision 2030 is a plan to develop the country and diversify income sources. This plan requires the financial and accounting systems to be reconsidered to ensure their effectiveness.

On the other hand, the new structure has to be compliant with the requirements of a different cluster within the web of relationships.

Evaluating GAAP with considering the institutional contexts and the external forces discussed above resulted in the decision made by SOCPA to replace the GAAP with IFRS. This decision made as a response to the globalisation that calls for harmonising the accounting practices (Ahmed et al., 2013; Brown, 2011; Nobes, 2011). With regards to compliance with international regulations, it is found that the international organisations, represented by IFRS Foundation, also have the role of constraining and enabling SOCPA through the standards itself and the policies of translation. The social identity of SOCPA gives the organisation power over the accounting profession in Saudi Arabia, also, encourages the organisation to seek an international position. The internal structure (conjunctural-specific knowledge and general disposition) has allowed SOCPA to become dominant in the process of standards-setting. Due to conjunctural-specific knowledge, SOCPA has assumed a place internationally and participates in the translation of IFRS. This adds to the power of SOCPA and allows it to spread its influence

not only locally but internationally. The following section discusses the second quadripartite, showing how SOCPA's internal structure enables it to gain the authority to translate IFRS into Arabic.

6.4 Internal structure

Stones' approach helps to explain the internal structure (general dispositions and specific knowledge) of each agent within SOCPA's committee. The internal structure refers to how the agent perceives their external structure from the perspective of their role.

Conjunctural-specific knowledge is referred to by Giddens in terms of three modalities: signification, legitimation and domination. This relates to the position that is occupied by an agent or cluster of agents. It is an expression of legitimation and power. General dispositions 'habitus,' on the other hand, refers to what agents draw on without thinking, such as skills, a world view, cultural schemes, a habit of speech and gestures, and ways of doing things (Stones, 2005, p. 89). Stones' approach distinguishes between conjunctural-specific knowledge and general dispositions and helps to understand the SOCPA's internal knowledgeability. As illustrated in Section 6.3, members of SOCPA

share some of the dispositions including the habits and the expected way of acting when it comes to developing and maintaining the accounting framework that is suitable for Saudi institutional factors. However, due to their position-practices in the government, it reveals that conjunctural-specific knowledge is subjective. Therefore, each member's expectations and reactions to GAAP is different, determined by their position-practices. For example, the study finds that academia is more interested in logical explanations of the standards. Academics evaluate and look at the standards critically using their skill and position as researchers and react to standards differently (Greenhalgh and Stones, 2010; Feeny and Pierce, 2018). On the other hand, accounting professionals from SOCPA focus more on the practical side, finding ways to develop an accounting framework that meets Saudi Arabia's institutional needs, considering the rules and regulations provided by other government bodies and the international influence that calls for harmonisation.

Each of these agents interprets GAAP differently based on their position-practice and their interpretation of their external environments. However, looking at SOCPA as a unit,

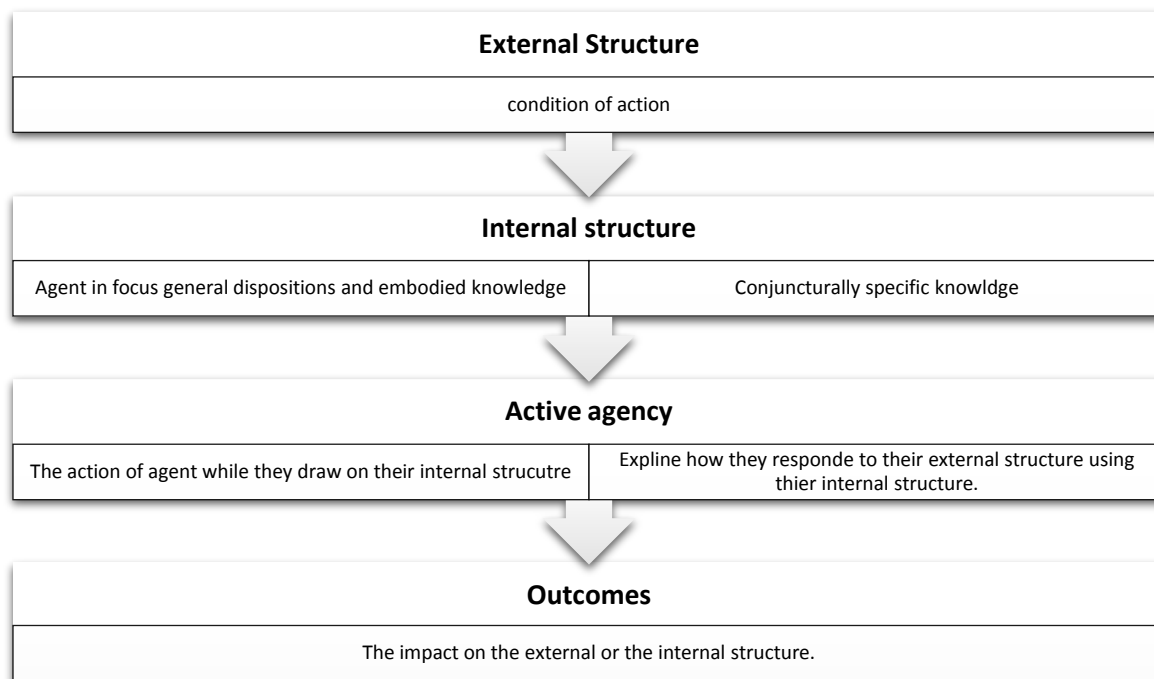
the study found that SOCPA's permanent committee members are accounting professionals who are heavily involved in accounting as professionals and represent SOCPA as a whole. The establishment of SOCPA affected the position-practices of the organisation. SOCPA has its own conjunctural-specific knowledge drawn from its experience as a standard setter. Therefore, GAAP is found to be the tool through which SOCPA practices power and communication. The effectiveness of SOCPA is determined by providing the financial sector with an accounting system that is suitable and meets all needs. The impact of different reactions to accounting information is also evident in different contexts in previous studies that acknowledge the effect of contextual circumstances (Feeny and Pierce, 2018).

The evaluation of Saudi accounting practices conducted by SOCPA reveals that GAAP at a certain time suffered from a lack of transparency and disclosure of certain important financial elements. A general agreement found on the deficiencies in GAAP from other government sectors, which is considered a threat from being unable to meet global market demands, local demands, and accomplishing the objectives of Vision 2030

(Houqe *et al.*, 2012; dos Santos, Fávero and Distadio, 2016). Examining the accounting profession in Saudi Arabia and the issue of IFRS adoption reveals that the process of IFRS adoption goes beyond the financial numbers; it also involves the actors involved in the process and their reactions (Kholeif and Jack, 2019). The decision to adopt IFRS involves changing the structure that has been in use and has been embedded in individuals' minds for a long time. The process of structuration involves changing the internal structure of agents-in-context (disposition and specific knowledge). SOCPA is aware of what their agents-in-context expect of it and what rewards and sanctions follow their behaviours (Cooper and Robson, 2006). The cooperation among Saudi government bodies aims to establish accounting frameworks to serve as a law. That being said, the framework should reflect a number of regulations, such as rules imposed by the MCI, the capital market Tadawul, and the GAZT Law. SOCPA is guided by these laws; however, the organisation interprets them based on their conjuncturals. Studying the internal structure of SOCPA demonstrated that SOCPA is using its internal environmental factors along with its understanding of the external world to practice its active role as an implementer.

The internal structure of SOCPA (conjunctural-specific knowledge) is shaped around GAAP; the skill, power and professionalism of SOCPA enable it to influence the country's accounting practices. On the other hand, restructuring is an attempt by the agent-in-focus to create new organisational structures, rules and routines by applying IFRS. During the restructuring, SOCPA is aware of what the position-practice relations expect from them. Accordingly, reward in the form of trust and authority in its work or sanctions are likely to follow its action towards the accounting system (Giddens, 1986; Englund and Gerdin, 2014). Thus, SOCPA's understanding of this has become a factor that led the organisation to update GAAP and consider the shift to IFRS, which, as a result, reproduces the accounting practices. SOCPA is found to be both knowledgeable of its role and social identity and reflexive in its activities. This was found when SOCPA reviewed the effectiveness of GAAP, which then revealed the shortcomings with the Saudi accounting framework. The evaluation findings of GAAP, along with other external pressures, necessitated the shift towards IFRS. However, it is observed that SOCPA has been using its internal structure to accept or ignore the impact of the external structure. For 20 years (1992-2012), SOCPA has ignored the international pressure calling for

harmonisation. The country maintained its own GAAP due to the country's specification; however, as discussed earlier, several external forces have led to such a restructuration.

Table 6.1: SST concept

The above section discussed the deployment of SST in the current study, which helped to understand the agents' role and the restrictions from the external pressures and their internal structure. The findings argued that SOCPA influenced the accounting profession in Saudi Arabia and the IFRS through its embedded skills and the power and authority of

the organisation. SST quadripartite clarifies the case while analysing SOCPA's restrictions and how SOCPA's freedom is granted or constrained by different agent-in-context. Comprehending each of SOCPA's members' roles relies on understating the roles of the bodies that each member belongs to. The above section is evidence that the different roles and the different contexts of each member have improved SOCPA's decisions.

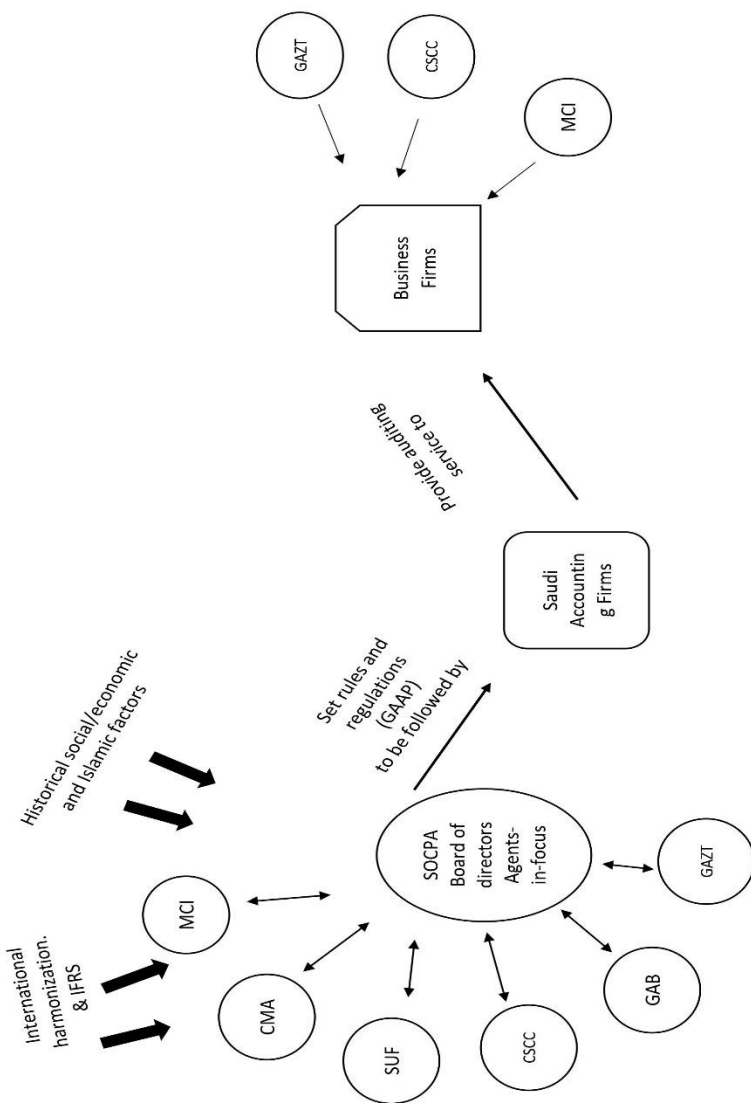


Figure 6.3. Mapping the agents-in-focus and the agent-in-context

6.5 Active agency of the agent in focus

Active agency refers to when the agent acts in a moment in the process of structuration (Stones, 2005). It is suggested to study the impact of active agency on structures within a web of relations (Jack and Stone, 2016). This is the potential in SST that is developed by Stone (2005) that is to analyse the agent's knowledge of their context and conduct. The importance of active agency is demonstrated in the process of relationship-building or choosing the means of communication to influence the structures. In this study, it is found that SOCPA is an active agency that has been actively and reflexively involved in the standards-setting process since its establishment. It refers to the moment when SOCPA used its knowledge with the support of its external structure to develop the accounting profession in the country. Once the accounting system is established, it serves as a structure that can enable or constrain actors' behaviours. The organisation of SOCPA is a result of the different interactions of the internal and external structures of its members. Such involvement is seen to be positive in maintaining an effective and stable financial sector. Analysis of the conduct and context analysis of SOCPA is reflected in GAAP, which is used by SOCPA as a means of communication. IFRS adoption is a

response to a pressure enforced by SOCPA's external structure; it is the need for structural change. This attempt is seen as a reproduction of the structure by the agent-in-focus. As discussed in section 6.3 and 6.4, the study identified a number of agents; however, this study focused on the interactions between the agent-in-focus and the main agents-in-context that have a direct relationship with the adoption of IFRS. The study's objective is to explore and investigate the adoption and translation of IFRS. In order to address and theorise the study's objectives, the discussion focuses on the interaction between the agent-in-focus and two of the agents-in-context that play a major role in the IFRS adoption project. The conflict is how SOCPA can use its understanding of the institutional forces and international pressure to alter the structure. There are different dualities of control between the agent-in-focus and its agents-in-context that have been found in the case of IFRS adoption and translation in Saudi Arabia. As shown in Chapter 5, the IFRS adoption project involves actors such as the IFRS foundation, accounting firms and business owners. However, the following discussion mainly focuses the two dualities that have an impact on SOCPA's behaviour as standards setters. The following sections cover:

6.5.1 The duality between SOCPA and the government policies and regulations

6.5.2 The duality between SOCPA and IFRS Foundation policies

6.5.1 The duality between SOCPA and the government bodies

The investigation of the procedure of IFRS adoption and translation includes exploring the members of the board of directors. The result of such exploration specifies different actors who are regarded as the external structure of SOCPA. Section 6.3 addressed the actors involved and demonstrated their roles in the government and their influence on SOCPA's agency. The various government organisations involved in SOCPA's board of directors represent the social, cultural, political and institutional factors of Saudi Arabia. SOCPA is an organisation that operates to reflect the Saudi institutional context. Hence, during the duality that takes place between SOCPA and the institutional factors, it is clear that SOCPA has been using its internal structure and has been reflexive and knowledgeable in the process of establishing the accounting framework. SOCPA deals with different government bodies, and their involvement in the board of directors is to

ensure compliance with the institutional needs when establishing the country's accounting framework (Doupnik and Salter, 1995; Gray, 1988b).

The role of the active agent (SOCPA) is to actively interact with its external structure to ensure financial stability and provide regulations to regulate day-to-day accounting practices. For example, it is found that some of the conditions imposed that ensure an effective financial sector is the Islamic rules and the law protecting the local investors to ensure equality in income distribution. These policies require a framework capable of providing financial information with a high level of transparency and disclosure. SOCPA, on the other hand, is aware of these policies imposed by institutional factors and, therefore, any forming or reforming of the accounting practices has to be in accordance with the context of the country. The result of SOCPA's attempts has been to fulfil the institutional factors' objective while using their capacity to handle the practical and technical issues. SOCPA has been reflexive in monitoring the context, which is extracted as a condition of their behaviours. GAAP is designated as a result of the interactions between SOCPA's internal structure by applying its knowledge and understanding its

environmental pressure (Stones, 2005; Feeny and Pierce, 2016). For example, the efforts of SOCPA to develop the profession started by preparing a comparison of the accounting standards in three countries (the UK, Tunisia and Germany). This effort demonstrates a type of interaction that occurred between SOCPA and these foreign accounting frameworks in the process of establishing GAAP. The purpose of this comparison was to examine these countries' experiences with regards to the accounting profession and to use them as a reference tool when establishing a Saudi accounting system that is fit for purpose in the Saudi context. The result is an accounting framework that is established specifically according to the Saudi context. While following foreign guidelines, GAAP remains distinct due to social, economic and legal differences.

Since the establishment of SOCPA, the aim of this organisation has been to gain power over the accounting profession in the country. The objectives of this organisation are supported by its position and hierarchy as well as the government support and trust. GAAP is the medium in the duality relationship between SOCPA and other agents-in-context. The Saudi accounting framework is a tool used by SOCPA to influence others'

understanding; it is a source of power, management and control over the accounting profession. However, this tool is drawn upon differently from one actor to another. For example, Saudi Arabia is an Islamic state which gives the country a distinctive character. Islamic regulation is reflected in the imposition of zakat. One of the agents-in-context is GAZT which has the authority to calculate zakat and tax payments after receiving the tax and zakat payers' financial statements. In order to accomplish their task, GAZT requires businesses to prepare financial statements in accordance with GAAP. On the other hand, GAAP has to meet specific requirements to ensure it delivers the most important information to the users of financial reports. GAAP is expected to provide a high level of disclosure and transparency.

Consequently, there is a duality between SOCPA and the users of financial information. From one perspective, SOCPA has to meet the expectations of users and changes in economic needs; by providing a framework that ensures the demand of the users of the financial reports. The organisation considers these users as part of its external structure. On the other hand, these users are influenced by the information prepared according to

the requirements of SOCPA. Considering the transition to IFRS started with a review of GAAP, two main issues have been discovered in GAAP: a lack of transparency and disclosure. It has been claimed that transparency is one of the main aspects that the accounting system should include (Alsaqqa and Sawan, 2013; De George, Li and Shivakumar, 2016). SOCPA's plan is to improve the country's accounting profession which demands advanced accounting procedures. The new accounting practices should reflect the needs of the local environment and the national plan to develop the country. It was claimed that the old accounting frameworks prevented the country from competing internationally and satisfying local demands. Reforming the accounting system was important to embrace global markets (Tsunogaya, Hellmann, Scagneli, 2015; Uzma, 2016). It is seen that SOCPA is aware that standards should reflect global needs while listening to institutional needs. The active agency (SOCPA) and the agents-in-context are of the opinion that there is a need for accounting changes.

The above discussion indicates the interaction between SOCPA and its institutional context resulted in evaluating the accounting framework. Accounting reform is due to the

need to improve the accounting system in Saudi Arabia (Greenhalgh and Stones, 2010; Albu, Albu and Alexander, 2014; Xu, Cortese and Zhang, 2018). IFRS offers an available option that would help SOCPA to achieve its objectives which are to maintain a robust accounting system while at the same time complying with international needs without having to spend time and effort developing what has already been developed. The adoption of IFRS resulted from the process of evaluating the accounting system; this involved another duality found between SOCPA and international organisations, which is discussed in the following section.

6.5.2 Duality between SOCPA and the IFRS Foundation policies

The international market and competition are found to be elements of the external structure of SOCPA. This factor has led SOCPA to consider the shift to IFRS. IFRS has grown in popularity among emerging economies, and this has enhanced its global acceptance (Ding *et al.*, 2011; Zeff, 2012; Ruíz, 2015b). Shifting to IFRS is a result of restructuring accounting practices in Saudi Arabia. SOCPA is aware of not only local pressure but also other actors who play a role in their behaviours. The pressure from the

international market and harmonisation factor is reflected in the SOCPA's decision regarding IFRS adoption. As previously stated, SOCPA dominates the profession in Saudi Arabia; they are obligated not only to ensure high-quality financial reports but also to ensure that IFRS does not contradict the social, legal and institutional context of the country. Unlike other countries, SOCPA plays an active role that gives it the power to continuously enhance its position locally and its reputation globally (Moser, 2014). This illustrated when SOCPA used its conjunctural-specific knowledge to review IFRS before reforming the everyday accounting operations.

Understanding SOCPA's internal and external structure gives meaning to its approach towards IFRS. Stones (2005) argues that the ability of an agent to resist the influence of external structure depends on several things, including the position within the organisation, the horizontal position-practices, the profession and the hierarchies. For instance, in this study, it is found that SOCPA's position and power enabled it to choose to act by reviewing and analysing the IFRS's suitability instead of applying the standards as they were. SOCPA has critically examined the IFRS, which their reflexive role resulted

in some changes suggested in the IAS16 (Property, Plant, and Equipment) (see section 6.6). However, the IFRSs are required rules that SOCPA has no freedom to choose not to follow. In order for the country to be an IFRS adopter, they had to apply IFRS without making any changes that were not allowed or approved by the IFRS Foundation. Hence, the IFRS itself forms a condition of actions on SOCPA with little freedom to choose from the options if a standard has more than one option. The review of IFRS emphasised two groups of standards that are responsible for variation between GAAP and IFRS. The first group is the standards that have no equivalents under Saudi standards. The second group is the standards that have been periodically updated while GAAP remained without updates for a long time. It is observed that SOCPA was reflexive when reviewing the IFRS. For example, SOCPA reacted to the IFRS by critically evaluating the standards. This was demonstrated when SOCPA commented on IAS 16. Some of the elements of IAS 16 have been under discussion between SOCPA and the IFRS Foundation. SOCPA had an opinion regarding this standard that is claimed to improve the standards for general use; they suggested adding some improvements to this standard which these comments were elevated and considered by the Foundation. In IAS 16, SOCPA has

suggested changing the accounting treatment of the proceeds generated from products sale from reducing the asset cost by these proceeds to including this item under the incidental revenue. This opinion has been considered by IFRS Foundation and will be shown in the future update of the IFRS.

Moreover, SOCPA critical review of IFRS has led to making some changes to reflect the Saudi context. However, these modifications are claimed not to have an impact on the harmonisation or to be an IFRS adopter. The changes are mainly adding some clarifications or eliminating some options to suit the Saudi context. There are two copies of the translated IFRS into Arabic generated by SOCPA. The first copy is the official one prepared for general use that is shown on the IFRS Foundation website. And the other one is prepared for Saudi use, which includes the clarifications and modifications referred. Once this copy was published, it served as a law requiring the local practitioners to follow. Regarding the changes related to the Saudi context, SOCPA referred to zakat in the relevant paragraphs of IAS 16 due to its importance in the Saudi context and other jurisdictions that calculate zakat. In addition, SOCPA eliminated some of the choices

permitted by IAS 16 and limited them to one choice based on the Saudi requirements and sources. For example, IAS 16 permits two accounting models: the cost model and revaluated model. SOCPA eliminated fair value for recording government grants and exclusively permitted nominal value for recording this item. In addition, SOCPA clarified some of the requirements remarked in IAS 16 in order to improve the accuracy of IAS 16 outcomes for the Saudi applicants. IAS 16 requires a person to be hired for the revaluation and, therefore, the standards state: “a person licensed for evaluation work.” However, SOCPA proposed an updated requirement by hiring “a person qualified for evaluation” which they believe will enhance the accuracy of revaluation outcomes. It is observed that due to the restrictions associated with IFRS, SOCPA decided the best option whenever they are given the chance to choose the accounting treatment.

The adoption of IFRS involves translation; SOCPA claims that the poor quality of the previous official Arabic IFRS translation necessitates retranslation (Doupnik and Richter, 2003; Dahlgren and Nilsson, 2012). SOCPA participated in evaluating the available Arabic translation and offered to translate IFRS. SOCPA's efforts to translate altered the

Arabic version that was in use from 1995 until 2014. SOCPA also replaced the previous translator (AISCA). The new authority allows SOCPA to enhance its position; now Saudi Arabia is represented by SOCPA not only as an IFRS adopter but also the official partner of the Arabic IFRS translation. It is found that the internal structure of SOCPA, which is influenced by the external environment, may be transferred to the Arabic IFRS translation. Consequently, there is a duality and dualism between SOCPA and the IFRS Foundation and other Arabic countries that intend to use the Arabic version of IFRS in future. At the same time, this might be unintentionally influenced by the country due to the language being sensitive to the culture (Evans, 2004). This new role as an official translator has been interpreted by SOCPA as a power source that enables them to participate in IFRS. It is observed that SOCPA attempts to enhance its role as an accounting organisation by gaining more authority, not only locally but also internationally. Being licensed for Arabic translation is seen by SOCPA as an opportunity to participate in the accounting profession's development and raise concerns as a professional organisation. The following section discusses the outcome of the IFRS adoption and translation project.

6.6 The outcomes of the structuration process

Outcomes refer to the result of active agency on the structure. It reflects the effect of the agency on the structure, which results in the structure being modified, maintained or reproduced (Coad et al., n.d.; Stones, 2005). In studying the adoption and translation of the IFRS project, it is found that SOCPA is updating the accounting practices to meet institutional needs and the needs for global competition. There are several changes that have resulted from SOCPA's behaviour.

Accounting practices in Saudi Arabia have been updated with a shift towards IFRS. It is claimed that such a decision enhances transparency and fills the gap created by the deficiencies of GAAP. Changing the structure that has been in use for a while follows changes to the internal structure of the accounting system's users and practitioners. It is found that such restructuring encountered resistance from some business owners due to their unfamiliarity with the new structure and the cost combined with such a transition. However, SOCPA regulators are observed as law which suggests that SOCPA has the

power to enforce the changes. Another outcome that has been identified is the replacement of the old Arabic translation with the one conducted by SOCPA. This is also assumed to have had an impact on the agents who decided to use the Arabic version of IFRS. As a result of the initial review of IFRS, SOCPA has comments on IAS16, which is considered and reflected in the updated IFRS.

6.7 Conclusion

To conclude, the previous chapter's quadripartite analysis provided a framework to understand and analyse the empirical material. The study investigates how the adoption of IFRS has been carried out and why such adoption and translation have been conducted. Therefore, according to SST, after specifying the agent-in-focus, the starting point has to be identifying the internal structure of SOCPA. This helps the study to comprehend the agents-in-focus perception of their external structure and their interrelations with others. This chapter has also identified the external structure; several external structures have been found, represented through the different government bodies that set conditions and laws to the agent in focus. The study also discusses the

active agency role in the structuration process and the outcome of the duality in structure. After several years of GAAP being in use, SOCPA has evaluated the effectiveness of GAAP and recommended reforms to the structure. Observing the project of IFRS adoption and translation enabled a broad understanding of the practices of structuration and how such structuration has been influenced by the internal structure of the SOCPA, which refers to their power and position as an accounting organisation. The study found that SOCPA is an active agency that actively participates in maintaining a robust accounting system. The findings also highlight the attempts made by SOCPA to enhance the profession in accordance with the external environment.

GAAP is a national effort; it is the outcome of an endeavour in response to the interaction between various government bodies. This chapter discussed the duality that occurs between two of the main agents-in-context that have the most influence on SOCPA's members and on their decisions regarding IFRS adoption and translation. IFRS adoption and translation allowed SOCPA as a unit to enhance its reputation internationally as an accounting standards setters that effectively monitor the profession. In order to modify

the structure, SOCPA's members behaviour toward IFRS adoption and translation has been influenced by the policies of the IFRS Foundation as well as regulations and the institutional context that is represented by government bodies. The following chapter will discuss the conclusions of this study, the limitations of this study, and future research opportunities.

Chapter 7: Conclusion

7.1 Introduction

This chapter presents an overview of the study and summarises its key findings. In addition, it seeks to lay out the implications of the contributions of this study for IFRS adoption and the translation field as well as the use of SST in the accounting field. The chapter ends by briefly considering possible recommendations for practice and research as well as the study's limitations.

7.2 Summary of the study

The literature concerning IFRS adoption in emerging economies and the translation of IFRS into different languages has been referred to when studying the challenges and issues related to IFRS adoption (El-dali, 2011; Noriyuki et al., 2015; Panagiotis and Stergios, 2011; Thompson, 2016). While there are now a wide range of compelling theoretical and empirical studies in the field of IFRS adoption and translation employing a variety of theoretical approaches, the body of literature that employs the SST

approach is still growing. SST has recently gained acceptance in the field of accounting as a social theory concerned with providing in-depth understanding of the phenomenon under study from the perspectives of those involved in a web of interactions (Coad, Jack and Rashwan, 2015; Makrygiannakis and Jack, 2016; Stone and Jack, 2016; Adhikari and Jayasinghe, 2017; Kholeif and Jack, 2019). Considering the capability of SST to closely observe how social relationships have shaped accounting practices by disclosing complex interactions among individuals, the Saudi experience of IFRS adoption and translation offers a critical context. Saudi Arabia is an Islamic state and a high-income emerging economy that plays a major role among the world's leading states, with the oil industry playing a significant role in strengthening the Saudi economy. The specific characteristics of the country in terms of its social, cultural, economic, and institutional context that are heavily influenced by Sharia law have led Saudi Arabia to maintain an accounting system that had been established in accordance with the Saudi context (Doupnik and Timothy, 1995; Tyrrall, Woodward and Rakhimbekova, 2007; Irvine, 2008; Cieslewicz, 2014; Samaha and Khlif, 2016; DeFond *et al.*, 2019). However, due to the demand for international harmonisation and the Saudi

Arabia's 2030 vision, the IFRS adoption has been considered to replace the Saudi GAAP. In this study, the adoption of IFRS and its translation into Arabic investigated within the field of position-practice relationships. The analysis of the social actors has placed SOCPA's board of directors in the middle of the web as the agents-in-focus surrounded by a group of agents-in-context (Figure 6.3). In this study, the agents-in-focus were addressed to gain an understanding of how they observe their position in the social system and how they interpret their environment and use their interpretation to restructure their contextual field. Using SST to envisage the IFRS adoption and translation has moved the attention from studying the practical side of the actual application of IFRS and the actual process of translation that has to do with the language itself to studying the people involved in the structuration process that resulted in changing the practices (Coad, Jack and Kholeif, 2016; Stones, 2005).

A case study methodology was applied to research and understand how actors (collectives and individuals) have influenced the process of IFRS adoption and translation. The data was obtained through a series of interviews with the members of SOCPA as the agents-in-focus as well as other agents that have directly or indirectly

influenced the agents-in-focus (local accounting practitioners and the IFRS Foundation). The scope of the approach is different than that of previous studies on the adoption and translation of IFRS. This research set out to explore how the local social and cultural contexts could be transferred into the IFRS through translation. Therefore, to achieve the objectives of this study, the research questions were as follows: 1) why was the translation crucial to the decision of IFRS adoption in Saudi Arabia? and 2) how has such a translation been carried out? The aim was to reveal the factors that influence this process.

7.3 Key findings

7.3.1 The project of IFRS adoption and translation and position mapping

The local GAAP was created as a response to these local social, economic, and political aspects that resulted in different business environments (Doupnik and Salter, 1995; Mueller et al., 1984; Tsakumis et al., 2009). The Saudi GAAP was established in 1992 and was in use for over 20 years (1992–2012) before SOCPA considered the shift to IFRS. The historical efforts made by the agents-in-focus (SOCPA's board of

directors) aim to create an accounting system that is tailored to the Saudi culture and economy and well as the country's social and institutional factors. The Sharia law acts as a safeguard of people's welfare, life, and faith. Therefore, the law requires accounting principles based on public accountability and social responsibility. For example, the Saudi income and Zakat law is one of the elements that differentiate Islamic nations from western nations. The holistic ideology towards life promotes a fair distribution of wealth and income, which is reflected in Zakat. However, the influence of Islam and Sharia principles are different from one Islamic nation to another. In Saudi Arabia, for example, Sharia comes above other rules in all aspects of life, including business and accounting. All of the government laws and decision must be in compliance with the Islamic rules. This is an evidence also in the accounting system. This study found, although it was important for SOCPA to maintain national GAAP to comply with the Islamic law, their interest in IFRS was challenged by the objective of the new development plan (Vision 2030) and international market forces. This confirmed that the country needs to improve the outcomes of the national accounting system by modifying the accounting practices to accomplish the aims of Vision 2030 and meet the

international harmonisation requirements. Therefore, and due to these factors, the agents-in-focus were left with two alternatives: either update the national standards (GAAP) and address its shortcomings or withdraw GAAP and shift to IFRS.

SOCPA's board of directors formed a project to evaluate the national GAAP. The result of this evaluation was that the national standards suffered from two main issues: a lack of transparency and financial disclosure (Alsaqqa and Sawan, 2013; De George et al., 2016). A general agreement among SOCPA's members and legal accountants found that these shortcomings hindered the country's efforts to realise its long-term investment and business goals. It is argued that these limitations in GAAP adversely affected outcomes in the accounting system and the quality of the information provided to users because satisfying a variety of users domestically and internationally requires high-quality accounting standards.

As a result of the pressure practices by the aforementioned factors, Saudi Arabia, represented by SOCPA's board of directors, withdrew the GAAP to adopt new accounting practices. During the investigation, it was found that the understanding of the agents-in-focus of their political and economic context, along with their role as the

Saudi standard setters, enabled the agents to influence and challenge the decision to adopt foreign accounting standards (Jaggi and Low, 2000; Baker et al., 2010; Mutiganda and Järvinen, 2021).

The agents-in-context in this study are those that play a significant role in informing the behaviour of the agents-in-focus (Adhikari and Jayasinghe, 2017; Daff and Jack, 2018; Harris et al., 2016; Makrygiannakis and Jack, 2016). It is found that these agents-in-context consist of 1) institutional forces that represent Saudi law and other socio-economic factors and the requirements and roles provided by international organisations. 2) External forces (IFRS Foundation) which also play an authoritative role in determining SOCPA's actions.

Therefore, SOCPA's behaviour as a professional accounting organisation is expected to be in accordance with the internal forces that require compliance with the legal, social, economic, and institutional law and the requirements that are coming from the international organisations.

As discussed in Chapter 6, SOCPA's behaviour regarding the development of the accounting system was influenced by several agents (e.g., MCI and GAZT) (see Figure

6.3). Though these agents are external to the agents-in-focus, they are tied to SOCPA's members dispositions, actions, and desires (Orla and Bernard, 2018; Stones, 2005).

Hence, due to the cooperation and involvement of different groups of government bodies in the decisions made by SOCPA as a unit, it has been claimed that all decisions made regarding the accounting system would be suitable for the country's needs (Ding *et al.*, 2007; Baker, Biondi and Zhang, 2010). The investigation reveals that each one of these government bodies is in need of accounting standards that satisfy a certain quality, that is, enhancing transparency and disclosure in order to make better decisions. The Saudi accounting framework serves as a law that guides business activities to ensure a stable financial sector. Hence, GAAP aims to provide Saudi practitioners with a recognisable pattern of practices and codes that control and monitor accounting practices. It is a resource that is used by the accounting standard setters (SOCPA) as a means of communication to practice their position power.

The IFRS Foundation is another agent-in-context that is found to have an influence on the decision of IFRS adoption and translation. The Foundation performs its influential role through international policies and regulations. This agent sets the roles and scope

for SOCPA's members. SOCPA's members, in turn, can change or modify these based on their knowledge about the conditions of actions and the granted prerogatives.

During the process of shifting to IFRS, SOCPA engaged with these conditions of action imposed by its agents-in-context (the IFRS Foundation and the government bodies).

Relying on their dispositional attitude towards accounting practices resulting from their extensive experience in accounting standard setting, their educational background, and their conjunctural specific knowledge led to their topmost position in the country.

SOCPA demonstrated their understanding of the independent forces imposed by the agents-in-context, drawing on their skill, knowledge, and hierarchy along with their general disposition. This led us to consider SOCPA's members as an active agency in this study. It is seen that the agency has been proactive and reflexive during the IFRS transition project, and it has been knowledgeable about their structures (Stones, 2005).

While reviewing the IFRS, the reflexive role of the agents-in-focus resulted in suggestions to modify the accounting treatment of one of the IAS16 elements. This standard concerned reducing the cost of assets with the proceeds from the sale; however, SOCPA's members saw that the best treatment of these proceeds from

product sales was to add them to the incidental revenues. This proposed input by the active agency has been studied and approved by the IFRS Foundation, and this modification will be considered in the future version of the IFRS.

7.3.2 Position practice of agent-in-focus

According to Moore and McPhail, “positioning refers to the prerogatives and obligations of the position which are reconstituted by the agent in focus through praxis” (2016, p. 2017). In this case, the obligations and prerogatives have been found during the investigation of IFRS adoption and translation.

- Prerogative:

SOCPA as an organisation occupies a space in the social system embedded in the field of position practice. The agents-in-context surrounding the agents-in-focus are very important to their practices and role as accounting standard setters. SOCPA has the privilege to be the official and authoritative organisation that manages and controls accounting practices in Saudi Arabia. An example of the organisational privilege of the SOCPA is found in the data collected from the professionals at local accounting firms,

where they implied that they have to comply with the requirements of the SOCPA. And, any decision related to updating the accounting practices has to be authorised and approved by SOCPA's board of directors.

Due to this privileged position, the most important effort made by SOCPA's members was the GAAP itself, which, once established, became part of the external structure that has to be followed and maintained by SOCPA. This GAAP is observed in this study to be a source of power that is used by the agents-in-focus to control the accounting profession in Saudi Arabia. Because of their status, they also have the right to modify and change the structure, which is the accounting practices. In order to maintain their position, it is imperative that the agents-in-focus keep GAAP in alliance with the country's objectives. Therefore, it appears that the practices of the agents-in-focus are based on their knowledge of what the government is expecting them to do; thus, they are serving the country's objectives.

The privileged position that SOCPA as a unite occupies locally has enabled the board of directors to offer to retranslate IFRS. Hence, due to its role as the standard setter, it has been authorised to be the official translator of the IFRS Foundation to the Arabic

language. This authorisation furthers its position, which is predicted to allow it to participate in the future development of IFRS. The translation provides SOCPA's members with access to the IFRS Foundation and other international professional organisations; therefore, the influence of the Sharia and thus the Saudi social context may be visible in the IFRS in the future. As mentioned previously, SOCPA's members have already reflexively commented on IFRS-suggested modifications.

With this new position and role, in addition to the local environment, SOCPA's members are obligated to obey the rules and policies set by the IFRS Foundation to sustain the privilege of being the official translator of the IFRS drawing on the legitimation (morality) structure and the structure of signification (meaning) (Giddens, 1986).

- **Obligations:**

This item represents the rules and regulations that are imposed by external forces, which can limit and constrain the agents-in-focus. These rules are beyond the control of the agents-in-focus (Stone, 2005). In this study, it was found that the rules and

regulations issued by powerful regulatory bodies such as GAZT and the IFRS Foundation limit the agents-in-focus and set rules regarding how they should do what they are doing.

The agents-in-focus finds themselves obligated to comply with these rules regardless of their wishes. IFRS are international standards that SOCPA's members cannot change or modify; however, they can comment on them, but until their comments get approved, they have to maintain IFRS in order for the country to be considered an IFRS adopter. It is found in this study that the translation policies are important for SOCPA's members to maintain their position as an authorised body. The Sharia law, conversely, is an important part of the Saudi context. These laws are beyond SOCPA's control.

Therefore, the role of the agents-in-focus is to consider the external structures while modifying the accounting practices and carrying out the translation.

Compliance with the Saudi environment and the international regulations restrict SOCPA's members power. In terms of the translation of IFRS into different languages, the procedure has to meet specific requirements. The IFRS Foundation provides candidates with a set of rules and policies to ensure high-quality translations. In order to

act, the members at SOCPA have to abide by the conditions laid out by the IFRS Foundation. Therefore, the policies and rules were regarded as the primary tool of communication between SOCPA's members and the IFRS Foundation (Feeny and Pierce, 2016).

7.4 Reflection on the research questions

Overall, this study is about understanding the factors that impact IFRS adoption and translation. The study has obtained its objectives and answered the research questions. The main objective of the research was to observe the current IFRS adoption and translation from the Saudi Arabian perspective. Therefore, it was important to investigate and explore, through a case study methodology, how the restructuring of the accounting practices has occurred in the case of Saudi Arabia. More importantly, it was important to understand how the perception of the people involved in the process of IFRS adoption and translation has influenced the process, resulting in a change in the accounting practices.

The first research question was to explore to what extent the context of Saudi Arabia has influenced decisions regarding IFRS adoption and translation. Through an investigation of SOCPA's board of directors, the researcher was able to identify the interplay between agency and structure through the lens of SST. The investigation confirms that there is a relationship between the Saudi Arabian context influenced by Sharia and the IFRS adoption decision. The transition into IFRS includes a critical review and evaluation of the IFRS to ensure its suitability to the socioeconomic factors in the given context. It is obvious that during the evaluation SOCPA members were using their power and skills as professionals. They were aware of their role and the position of SOCPA as a professional accounting organisation. They understood that they had to obey the rules and policies imposed by international organisations in order to improve and maintain their position.

During the investigation, the researcher found that previous translator, the International Arab Society of Certified Accountants (IASCA) was not a standard-setting organisation but rather the only organisation to volunteer to translate the IFRS. AISCA is a non-profit organisation with the role of facilitating knowledge transfer to Arab accountants and

providing a place where Arab accountants can meet and discuss various accounting topics. In order to accomplish its aims, AISCA supports its work by selling publications, including the Arabic translation of IFRS. When AISCA was the licenced partner for the Arabic translation, the IFRS Foundation did not receive any complaints regarding the Arabic version. However, the researcher concludes from the literature review that complaints about any of the official translations of IFRS are unusual because the jurisdictions' individual attempts to translate IFRS are for their personal use, such as the Arabic translation done by Egypt for use in their jurisdiction (Abd-Elsalam and Weetman, 2003). This indicates that the translation offered by SOCPA's members may involve political implications. It has been claimed that powerful countries tend to have high political value (Pratiwi, Shalihatulhayah and Mayasari, 2015); hence, the translation may provide the agency with the power to express its opinion and make decisions that have an impact on daily life.

An examination of the internal structure of the agents-in-focus shows that the involvement of different actors in the structuration process has a form of subjectivity. The way SOCPA's members engaged with their external structures during the IFRS

review and translation was based on each member's internal structure, which is influenced by their position in other government organisations. In this case, Stones (2005) helps to close the gap between the agent's internal and external structures by recognising the conjunctural specific knowledge of the agent-in-focus, which is determined by their external structure and a web of position practices. As mentioned previously, SOCPA's members come from different government organisations; thus, each one forms their subjective opinion regarding IFRS based on their position in their organisation and their understanding of the position of Saudi Arabia as an IFRS adopter.

Another factor has been believed to influence the decision of IFRS adoption is Vision 2030. In 2016, Saudi Arabia started developing a long-term development plan concerned with diversifying its income sources to minimise its reliance on oil revenues. Hence, this will open the door to international trade (Vision 2030). It is found that Vision 2030 requires improvements in various sectors, including the financial sector, which must be updated to ensure its effectiveness so that it can contribute positively to the country's new objectives and meet the requirements of international and domestic

investors. Therefore, the research believes that the new objectives of the country and the Vision 2030 development plan may encourage and result in the accounting system being reviewed and updated.

The project titled “SOCPA Project for Transition to International Accounting and Auditing Standards” was initiated in 2012 by SOCPA as evidence considering Vision 2030 as an influential factor that led to the adoption of IFRS. The transition project was on the discussion agenda of SOCPA for three years before Vision 2030 was approved. The aim of this project was to study and evaluate the national accounting standards and find ways to improve the known shortcomings of GAAP. Besides, the project involved studying the potential of IFRS and translating it. The Saudi accounting system was updated and IFRS was officially implemented one year after the Saudi government approved Vision 2030. This confirms the government’s role in imposing the plan to accelerate the restructuring of the accounting framework. Based on SST, the researcher thinks that in the IFRS transition project, SOCPA collectively used its knowledge and expertise along with each member’s understanding of their external structures to set out the role it should follow when making decisions regarding updating

the accounting system. The agents-in-focus found that the decision to update the national GAAP was costly and required effort and time. As a result, the delay would prevent the government from keeping pace with global progress. Therefore, with their knowledge of IFRS and standard-setting experience, SOCPA's members found that it was not unreasonable to develop what had already been developed in IFRS. In addition, IFRS implementation would provide the country with advantages in terms of international acceptance. SOCPA was well aware of the fact that the IFRS Foundation provides a generally agreed solution to upgrade the national accounting system. Besides, by increasing harmonisation with IFRS, Saudi Arabia would also increase global acceptance in international markets (Brown, 2011; Herath and Alsulmi, 2017; Nurunnabi, 2018; Uzma, 2016). Such a transition was envisaged as being important for Saudi Arabia to improve its national accounting system while also competing internationally.

The "SOCPA Project for Transition to International Accounting and Auditing Standards" sought to address different topics related to the suitability of IFRS for local demand and institutional factors. However, in order to conduct a review, SOCPA needed an Arabic

translation of IFRS. This is when the agents-in-focus considered translation as part of the adoption process. The review committee at SOCPA started with the available Arabic version that had been produced by the previous translator, AISCA. However, the available Arabic version was reportedly unclear and not sufficient to address the market demand.

While reviewing the last translation, SOCPA found several intricacies in the previous Arabic version which made it difficult to continue evaluating IFRS. For example, some of the linguistic difficulties found could change the intended meaning from “not allowing” a particular accounting treatment to “allowing” it. Also, there were other difficulties relating to the ambiguity of certain terminology, which could lead to misinterpretation by practitioners (Davidson and Chrisman, 1994; Doupnik and Richter, 2003; Tsakumis et al., 2009). In general, the previous translation was inconsistent and lacked coherence. Therefore, it is found that SOCPA’s members employed their position, knowledge, and expertise as standard setters and sought to present the Arabic translation of IFRS in a more professional way whilst achieving a better degree of accuracy. More importantly, it is found that the aim of SOCPA’s members is not only limited to provide an accurate

Arabic translation of IFRS; it is, however, gaining power over the Arabic translation as a way to use this opportunity to improve their position as standard setters. This position will allow SOCPs as a unit to enhance its reputation internationally and participate in future updates of IFRS. The agents-in-focus argue that the previous version was insufficient to prevent misuse of the IFRS. Moreover, the investigation of the studies on the IFRS also confirmed that the perceived inconsistencies in the translation may expose IFRS to deliberate misuse (Archer and McLeay, 1991; Baskerville and Evans, 2011; Evans et al., 2015; Jenni, 2020).

This claim was endorsed by SOCPA's representatives, who believe that although the original IFRS is always available for validation, the Arabic version of the IFRS is still desirable for Arabic speakers suggesting the importance of their effort of translating IFRS. However, the researcher thinks that though there is a demand for a translation of the IFRS, the aim of the agents-in-focus here is not just linguistic, but also political. The literature review reveals that some of the non-English speaking nations have already translated IFRS for their personal use without elevating the issue to IFRS

Foundation. An IFRS Foundation representative confirms that they are aware that some nations might have attempted to translate IFRS for local use in the past to help the local professional understanding of the IFRS. While in SOCPA's case, it was found that the initial evaluation of the Arabic IFRS led SOCPA's representatives to contact the IFRS Foundation to explain their concerns about the previous version of IFRS and offer to retranslate the standards into Arabic voluntarily. A sense of confidence and power in SOCPA's members has been observed when they elevate their concern to the IFRS Foundation. As a result of their concern, SOCPA was licenced by the IFRS Foundation to carry out the Arabic translation due to its influential role and position in monitoring and regulating accounting practices in Saudi Arabia.

The researcher thinks that SOCPA's members can keep their translation effort local like other nations; however, they prefer to get the translation effort approved by the IFRS Foundation. This suggests that SOCPA's members are aiming to improve their position among international organisations to improve their privilege. It is also found that SOCPA's members refused to consider themselves translators, rather they consider

themselves standards setters conducting the work naturally as part of the requirements to solve the issue of the IFRS language.

In sum, the results have revealed the influential role of SOCPA as an accounting organisation which enables them to establish their social position as an independent government organisation that is accountable for accounting regulations. The research found that due to their understanding of their position, the agents-in-focus practiced their power to first review and improve the local accounting system and second to critically review IFRS during the translation and elevate their comments regarding IFRS. It also found that the IFRS translation was used as a tool for SOCPA to gain legitimacy and improve their position for future involvement in the development of IFRS.

7.5 Contributions

This study made various theoretical, empirical, and implication-based contributions starting with the accumulation of richly detailed empirical evidence regarding the adoption of IFRS and its translation in this distinctive context. The study addressed IFRS adoption and translation in Saudi Arabia, a unique context that combines the

characteristics of both developed and less developed countries. The study also demonstrated the role of the agents-in-focus (SOCPA's board of directors) while drawing on their internal structure in changing the accounting operations.

This thesis is an interpretive case study that explores the role of the implementer in producing and reproducing day-to-day accounting practices. This has contributed to the growing body of interpretive studies in the discipline of accounting in which positivist paradigms were previously dominant (Anderson, 2010). With regards to the theoretical framework employed, case studies have been used by researchers to explore certain phenomena seeking to measure the impact of changes in accounting practices (Jack and Kholeif, 2007; Adhikari and Jayasinghe, 2017; Dahawy and Ransopher, 2014; Mir and Rahaman, 2005; Noriyuki et al., 2015; Zakari, 2014; Mutiganda and Järvinen, 2021). As a result, the current study has extended our understanding of accounting as a social phenomenon and the implications of agency in the process of IFRS adoption and translation. The interview with SOCPA's members provided an in-depth understanding from the actors involved in the IFRS adoption project of how this project was fulfilled

and how the issue of the IFRS language has been resolved. Such data may not have been gained if the positivist approach had been utilised (Bryman and Bell, 2015). Furthermore, due to the policies of the official translations, IFRS Foundation monitors and governs the procedure of the translations into other languages and there is only one official translation available per language. Therefore, due to the strict requirements of the Foundation, official translations of the IFRS do not occur frequently, and this may be worth considering as a contribution of this study. Prior studies have emphasised the importance of IFRS adoption, especially in emerging economies, and posited the translation process as a potential challenge associated with IFRS adoption, calling for further research to be conducted to address this issue (Baskerville; Evans and Nara 2015; Belkaoui, 1978; Evans, 2018; El-dali, 2011; Noriyuki et al., 2015; Panagiotis and Stergios, 2011; Thompson, 2016). In the current study, it has been found that globalisation and foreign direct investment require advances in the accounting systems of emerging economies (Perera et al., 2014). Until recently, studies have demonstrated the different consequences of IFRS adoption. These studies have addressed the advantages, disadvantages, and obstacles associated with IFRS adoption (dos Santos

et al., 2016; Houqe et al., 2014; Ahmed et al., 2013; El-dali, 2011; Noriyuki et al., 2015; Panagiotis and Stergios, 2011; Thompson, 2016). In contrast, the current study presents empirical evidence based on the implementers' perceptions about the mechanism by which the process of adopting and translating IFRS took place. Mainly, by looking at translation as a social practice, this study focused on the issue of translation as a result of the interactions between the different agents within the structuration process.

As an attempt to further update the body of knowledge concerning the existing issues of globalisation, this thesis responded to a call made in the empirical literature. It attempted to investigate IFRS adoption and translation from the perspective of Saudi Arabia, which has recently shifted to adopt IFRS as a replacement for its national GAAP. This provides a good opportunity to update our knowledge and investigate issues related to IFRS adoption. Another contribution concerns SOCPA's members (the accounting standard setters). As previously stated, SOCPA was recently authorised as the official Arabic translator. Giving SOCPA's board of directors the authority to translate the IFRS enhances its position power and allows the organisation as

represented by its members to play a role and participate in the development of IFRS in the future. This thesis analyses the people involved in the organisation and their agents-in-context and their interactions with its external structures to attract attention to how SOCPA's members draw upon their internal and external structures to produce, reproduce, or modify the accounting practices and the IFRS in the future (Stones, 2005). Studying the cultural, political, religious, and institutional contexts of Saudi Arabia engenders knowledge of how these factors are embedded in accounting practices, which might be transferred into IFRS through translation in future. In doing so, the study discloses the institutional factors that led SOCPA to maintain GAAP for such a long time and decide to adopt IFRS only after several years (Zeff, 2012). Hence, the current study helps to comprehend how cultural values have been reflected in accounting practices and the IFRS and how they have delayed the transition into IFRS.

By analysing the process of IFRS adoption and translation, this study has provided insight into human behaviour through the interactions between the agency and structure. This understanding was facilitated by using SST which allows for deep insight by moving the ontological scale to the ontology-in-situ of a particular subject and agent

(Stones, 2005). This is demonstrated by the reaction of SOCPA's members towards IFRS during the translation process compared to the previous translator (AISCA). Considering the internal structure and subjectivity helps to extract knowledge about how duality occurs between the agency and the structure. Moreover, the findings attempted to provide an understanding of the connection between the elements of the quadripartite of structure and how the interactions between the agents-in-focus and the agents-in-context created a web of independent actors during structuration. The importance of such an in-depth analysis on the way actors interact in a specific context is emphasised in the previous literature (Judith, 2009; Feeney and Pierce, 2016; Makrygiannakis and Jack, 2016; Adhikari and Jayasinghe, 2017).

This study concerns the translation of IFRS, which has previously been studied using approaches borrowed from the linguistic field (Archer and McLeay, 1991; Istrate, 2015; Laaksonen, 2020). Accounting is found to be a social practice influencing and being influenced by members of society (Abbott, 1988). That said, SST as a social theory provides insight into accounting practices through the actors/agents involved in the operation, rather than looking at accounting from the functionalist point of view which

suggests focusing on the results of accounting practices. Studying the Saudi environment provided sufficient understanding of how accounting practices and the translation of IFRS may be influenced by local conditions (Coad et al., 2015, 2016; Jack and Kholeif, 2007; Alhashim and Arpan, 1984). Instead, the application of SST in management accounting has demonstrated its effectiveness in explaining the interactions between agency and structure and the importance of accountants' networks within their context (Coad, Jack and Rashwan, 2015; Daff and Jack, 2018). Hence, this enables a deeper understanding of the link between agency and structure in reproducing social life. The relevance of SST is growing in the academic field of accounting, and this theory has been used in emerging economies to comprehend the challenges that these markets face due to their developing accounting practices. SST is also being used to study developments in management accounting (Jack and Kholeif, 2008; Harris et al., 2016; Makrygiannakis and Jack, 2016; Orla and Bernard, 2016; Adhikari and Jayasinghe, 2017; Rashwan and Jack, 2019). However, there is minimal research in the field of IFRS translation and adoption through the lens of SST.

Due to the paucity of studies using SST in relation to the adoption and translation of IFRS, SST was the preferred choice to study the behaviour of SOCPA and the duality between the agency and structure during the process of IFRS adoption and translation. As such, the current study contributes theoretically to the field by extending the use of SST. It is a response to Coad et al. (2015, 2016), who called for incorporating different fields in accounting in which the interactions between the structure and agency are vivid in shaping the practice. Moreover, this study is also a response to a call by Evans and Rania (2018) to extend the empirical studies to explore various issues related to the translation of IFRS using SST.

This thesis provides an understanding of how the interaction between structure and agency is embedded in the structuration process. The scope of structuration in this study is wide, moving from the duality that occurred during the establishment of local GAAP to the translation of IFRS and the updating of the international accounting standards. For instance, the attempt made by SOCPA to update IAS16 is a result of the active agency (SOCPA). The power and position of this organisation enabled it to become more active and reflexive when reviewing IFRS. The study showed that the

active agency draws upon its internal structure and understanding of the condition of action imposed by different organisations to reproduce the national accounting system and the translation of IFRS. The review of the literature concerning SST in other contexts provided insight to help understand the importance of distinguishing between internal conjunctural specific knowledge and the existence of structure itself (Stones, 2005; Greenhalgh and Stones, 2010).

Using SST as a sensitising device, this study shed light on the debate regarding our understanding of how day-to-day accounting practices are shaped by structure and agency. Previous work into IFRS adoption and translation in emerging economies has paid limited attention to discussing how and why accounting practices are reproduced or modified through agency and structure. In other words, the previous studies did not investigate how the structuration process takes place in the adoption of IFRS.

Therefore, this study fills this gap in the SST-based studies by considering the structuration process, which has shaped accounting practices in emerging economies in general and Saudi Arabia in particular.

- **Policy implications:**

And finally, there is valuable knowledge generated by exploring the influential involvement of SOCPA with the IFRS Foundation as the official translator of the Arabic version of IFRS. The findings of this study show how SOCPA may be involved in the setting of IFRS in the future, which suggests that this study has contributed in developing a deeper understanding of the relation between IFRS adoption and translation and policymaking. The study provides valuable information to different parties such as the IFRS Foundation, other standard setters, the users of the Arabic IFRS translation, and other bodies interested in this area. This study draws attention to the complexity of the IFRS adoption and translation process using SST. This theory makes it possible to evaluate and investigate the phenomenon through the interactions and communications that take place in a web of relations and how the interplay is reflected in the outcomes.

In summary, previous studies have demonstrated the influence of culture on language (Dahlgren and Nilsson, 2012; Douppnik and Richter, 2003; Evans et al., 2010, 2015; Kettunen, 2017; Nobes, 2006; Zeff, 2007), and this may demonstrate the importance of focusing more on the agency of the different actors involved in accounting practices and

how they are affected by external forces. This study, therefore, provides insight into the complex process of individuals' interactions, which can be useful for future research into IFRS adoption and translation and the use of SST. Through the analysis and investigation of changes to the Saudi accounting system, the study has focused on SOCPA's members as the agents-in-focus. In this way, the thesis has offered a rich description as a basis for better understanding how accounting practices have been reproduced through interactions between the agents-in-focus and the structures.

7.6 Limitations and avenues for future research

This study set out to provide a comprehensive understanding of how the IFRS transition and translation processes have been conducted in Saudi Arabia. However, there are several limitations associated with the study that emphasise the need for further research into IFRS adoption and translation. First, the theoretical framework selected for the research drew upon SST, and this theory has been used as a sensitising tool to provide insight and guidance to explore the developments in accounting practices with consideration of conduct and context analysis. It is claimed that this framework offers

researchers in the accounting field the potential to engage more closely in the discussion about the phenomenon (Stones, 2005; Coad and Herbert, 2009). However, a few issues concerning the external structure are worth highlighting.

Several agents-in-context have been identified that represent the external structure of SOCPA. However, the researcher could not get interview access to some of the agents-in-context that play an influential role in SOCPA's work (e.g., the Ministry of Commerce, Tadawul). This was because qualitative studies are not yet considered a mainstream research methodology in Saudi Arabia. It was challenging to interview some actors as the individuals were reluctant to disclose certain information due to accountability concerns. Including more agents in the sample would enhance and improve the findings; thus, considering such an expansion would help enrich the research field and provide policymakers with greater insight. This might suggest that future research should consider different actors that were beyond the current study's reach. Also, although the sample includes practitioners from accounting firms and businesses, the main actor in this study is SOCPA as an implementer and regulator of the accounting profession. The researcher recommends that future investigations be carried out to

capture the impact of IFRS adoption and whether it serves the government's plan to develop the country. This thesis can serve as a foundation for further research into the translation of IFRS in Arabic. The efforts made by SOCPA in translating IFRS will be available on the IFRS Foundation website as the official Arabic version of IFRS. Given that 22 countries speak Arabic, it is essential to carry out further research to examine the efficiency and impact of SOCPA's translation on other Arab countries.

The findings were supported by employing document analysis to supplement the interviews and enhance the quality of the data gathered. Despite these limitations, the results and findings of this research have not been significantly impacted.

Despite its limitations, and especially when considering the contributions, the study has created several new possibilities for future research. The first would be to continue where this study left off, as suggested earlier, to follow the ongoing involvement of SOCPA in international accounting standards as well as the ongoing roll-out of IFRS adoption and translation, undertaking fieldwork in more languages and cases of IFRS adoption. The topic of IFRS and its related issues will continue as long as IFRS is considered the gold standard. This case study draws on the quadripartite nature of

structure suggested by Stone (2005). There is a call made to extend the use of SST because of its ability to investigate the interplay between the structure and the agency in-depth (Alan, Lisa and Ahmed, 2016; Makrygiannakis and Jack, 2016). Therefore, future research could also focus on analysing the conduct and context of IFRS adoption in emerging economies. These suggested future research areas would contribute to the discussion in the current study.

Many organisations and standard setters may contribute to the development of IFRS. We have seen the case of SOCPA being authorised, which changed the relationship between the IFRS Foundation and SOCPA. This enhanced SOCPA's position and power. Therefore, studies may be encouraged to cover the role of SOCPA as a standard-setting organisation and the future of its participation with the IFRS Foundation, which might affect the development of IFRS. This study raises awareness of the different actors involved in the structuration process. Due to the limitations associated with the current study, further studies may be needed to examine the other actors in the agents-in-context identified in the current study.

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Appendices

Appendix A

Table 4.4: Interview guide (introduction) move index

Preparation stage before the interview

- 1 Contact the interviewees and book appointments.
- 2 Familiarisation (visit the institutions' websites and gather the necessary information about the interviewees).
- 4 Collect documents that are available for public use to acquire knowledge about the case and the participants.
- 3 Confirm the appointment and book the flight.

Interview structure

- 1 Introduction of the researcher.
- 2 Explain the purpose of the interview.
- 3 Provide some details about the topic and the area of interest (IFRS adoption and translation).

- 4 Provide an idea about the interview time, schedule and questions.
- 5 Assure the interviewees of confidentiality.

Appendix B

Table 4.5: Interview guide (questions)

Part I:

The IFRS adoption project

- 1- Who is SOCPA?
- 2- Who are the committee members of the IFRS project and their responsibilities?
- 3- When did you establish the IFRS project?
- 4- What does the project include?
- 5- What are the shortcomings of Saudi GAAP that necessitated the shift to IFRS?
- 6- Are there observed differences between Saudi GAAP and IFRS?

Part II: IFRS application

- 1- When was it decided that IFRS was required?
- 2- Was there a transitional period?
- 3- How did you deal with the obstacles to IFRS?
- 4- What are the consequences of IFRS adoption? And, how efficient was the national accounting system at operating IFRS?
- 5- What is your role in mitigating any negative consequences, if any, from adopting IFRS?
- 6- Was there any lack of expertise that may affect the application of IFRS?
- 7- Do Islamic rules and Shariah law affect the application of IFRS?
- 8- Who are the main actors that can influence SOCPA's decisions about the accounting system?

Part III: Translation of IFRS

- 1- How did you become the official translator of IFRS and who were the translators?
- 2- What issues did you encounter with the previous translation of the Arabic version of IFRS?

3- What errors did you find with the previous version and how serious was the effect of these on the understandability of IFRS and its application?

4- What modifications did you make to the previous version?

Appendix C

Table 4.6: Interviewees information

Institution	Number of interviewees
1- SOCPA	2
2- A faculty member at the Saudi Educational Institute	1
3- IFRS Foundation	1
4- Local accounting firms	19
5- Saudi listed companies	2
6- Local businesses	1

Appendix D

The Kingdom of Saudi Arabia and the Arab region context

The Arab Region

The Arab region consists of 22 countries with an estimated population of 363 million people. This number is roughly comparable with the population of the US or that of the EU. This region covers an area from the Atlantic Ocean to the Persian – Arabian Gulf. The Arab region's diversity is noticeable, reflected in ethnicities, religions and cultural backgrounds which can also be identified within any one country. In terms of religion, Islam is the most dominant religion in the Arab world (including Sunni and Shi'a) but there are other religious ethnicities. For instance, 20 million Arabs identify as ethnic Berber-Amazigh and more than 5 million people are Kurdish living in Syria and Iraq (Aziz, 2011). Also, there are 13 million Christians spread throughout Bahrain, Lebanon and Kuwait (Pew Research Center, 2011). A smaller number of people belong to other faiths such as Hinduism, Judaism and Druze. The dominant official language is Arabic which is used for

communication but different dialects are used in specific countries. Due to the history of colonialism, English and French are widely used in some Arab countries (Harb, 2016).

The Saudi Arabian Context

This section focuses on Saudi Arabia's context including its demographic background, socio-cultural context and economic and educational context to understand its accounting status and history. This helps to investigate the specific characteristics of Saudi Arabia and the factors that may influence the adoption of IFRS and its translation into Arabic.

The Saudi map

Source: Nationaline.org

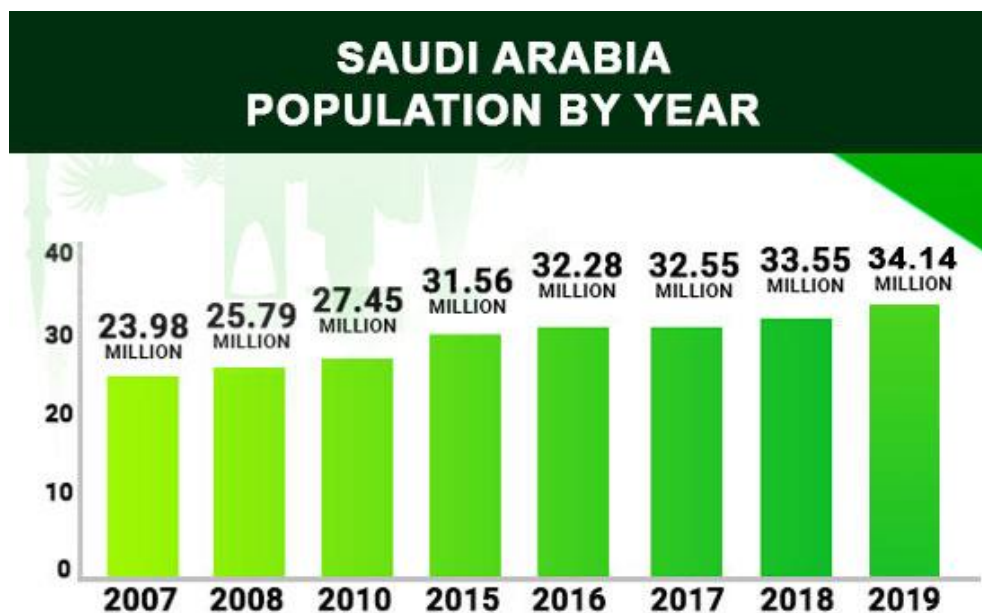


Demographic Background of Saudi Arabia

Saudi Arabia is officially called the Kingdom of Saudi Arabia. It is an Arab Muslim state and most of the country's land is desert. Saudi Arabia is the largest country in the Arabian Peninsula and in 2016 the country's population was estimated at 31.7 million people (Figure 1.1). The capital and largest city is Riyadh. In terms of religion, Saudi is the birthplace of Islam, one of the world's largest religions. The country gained its influential role from having the two holy mosques. Indeed, it is referred to as 'The Land of Two Holy Mosques' because it is home to the two holy mosques located in Mecca (Islam's holiest city and the birthplace of the Prophet Muhammad) and Al-Madinah. Saudi Arabia has a superior position in Muslims' hearts. Every year, millions of Muslims from all over the world travel to Mecca and Al-Medina to pray and perform the Hajj and Ummrah. Saudi Arabia is identified as Wahhabist or Salafist; this is one of the Islamic schools which is considered the true Islam (Figure 1.2). After the establishment of Saudi Arabia, the Saudi royal family adopted the Wahhabi 'Sunni' tradition, thereby making it the dominant school of Islam in Saudi Arabia. This has also been exported to other Muslim countries, thereby enhancing the influence of Saudi Arabia among the Arab Muslim nations. The Islamic

roles that were adopted by Saudi Arabia are reflected in business roles which have also been transferred to other Islamic countries (Halliday, Fred 1995). Saudi Arabia has acquired its influential role in the Islamic world from the number of respected Islamic influencers and scholars emanating from Saudi Arabia such as Abdulaziz Bin Baz, the Grand Mufti and Head of the Council of Senior Scholars (Alifta, 2018).

Figure 1.2: Saudi Arabia Population

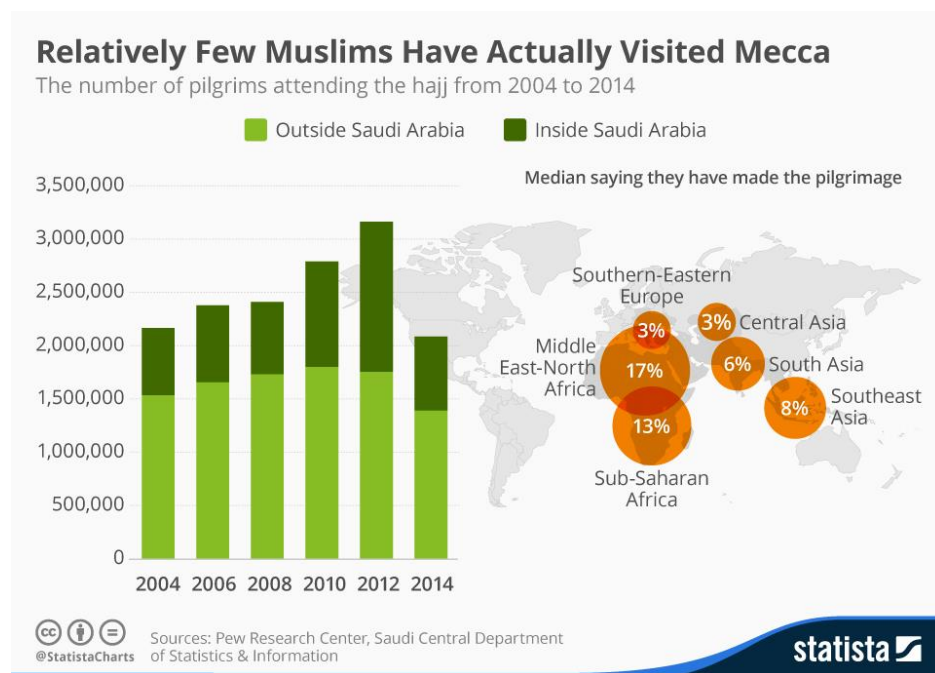


Source: Population of Saudi Arabia by years, Source: Global Media Insight (GMI)

Arabic is the official language and the Hijri calendar is used in Saudi Arabia (Shoult, 2006). However, in 2016 following the Saudi Council of Ministries' decision, the country began to use the Gregorian calendar in transactions relating to employees'

disbursements and allowances. This decision brought an end to the Hijri calendar era that had been in use for the last 86 years. According to a group of Saudi economists, this decision had a positive impact on the Saudi economy. The decision will decrease the annual salary bill by 3%, equivalent to 4 billion Riyals per year. The main national holidays are Eid-al-Fitr which takes place at the end of Ramadan and Eid-al-Adha which is held at the end of the Hijri calendar. Saudi Arabia is an absolute monarchy and is ruled by the house of Saud along traditional Islamic lines. Saudi Arabia is also the largest producer of oil in the Middle East with the second-largest proven oil reserves in the world, estimated at 268 billion barrels (source: Ministry of Communication and Information Technology). The total land area of Saudi Arabia is estimated at 2,150,000km².

Figure 1.3: The number of Muslims visit Mecca every year



Saudi Arabia's Socio-Cultural Context

Culture is one of the most important factors influencing human behaviour (Gong, Li, & Stump, 2007). People's acceptance of the information they receive is heavily influenced by the culture of that particular region (Thatcher & Foster, 2003). Any new technology or

a new way of doing things can be rejected if the culture does not accept it based on its values, traditions and practices (Hill, Straub, Loch, Cotterman, & El-Sheshai, 1994). Although Saudi Arabia is an Arab country, it has specific characteristics, contradicting Hofstede's (1980) empirical study, which suggested that all Arab countries are homogeneous. Saudi Arabia is a tribal country in which the influence of tribes carries considerable weight. Elamin & Alomaim (2011) describe Saudi Arabia as a conservative country in which Islamic concepts, tribes and culture and traditions are strictly followed. Each tribe has a head who sets the regulations (Sabri 1997). Because the majority of the Saudi population depend on the wealthy minority, the power distance is high. The Kingdom of Saudi Arabia was established in 1932 by King Abdul-Aziz. The Kingdom has not been influenced by the colonial movements that occurred at that time (Francis, 1983). Looking throughout Saudi history, it is apparent that the local community's culture has not been influenced by Western culture:

Saudi culture is a complex mixture of traditional and Islamic values to a degree that makes it difficult to distinguish between the social and the religious (Al Lily, 2011, p. 119).

Researchers claim that Saudi society is mostly religious. The structure of its society is primarily based on nomadic tribes (Francis, 1983; Cordesman, 2003, Almunajjed, 1997). Custom and tradition are vital in Saudi culture, which originated in the Arabian Peninsula and is followed by its members. One of the values that is emphasised heavily in its culture is maintaining family traditions and relationships (Elamin & Omair, 2010; Elamin & Alomaim, 2011). Due to Islamic principles, society is classified as deeply religious, closed and conservative. It has a deep respect for customs and traditions (Tripp & North, 2003). Its Islamic role defines its characteristics, behaviours, practices, values and the norms of society. All of the major systems in the country are influenced by Islamic rules. Hamid (2014) claims that

The social environment is closely defined by this religion. It would be important to understand how the social environment of this country affects the financial sector (p.267).

Because the Saudi people depend on Islamic protection from any unknown circumstances, the level of uncertainty avoidance is high. This high level of uncertainty avoidance in Saudi culture makes them less tolerant to change and new technologies

and this is reflected in the delay in adopting IFRS. On the other hand, some researchers suggest that collectivism may affect the emergence of new technologies in the country (Abunadi, 2013). Saudi society values relationships with family, relatives and friends. Hofstede (1980) suggested that collectivism, as expressed in human relations, is the salient feature of Arab communities. Islam does not distinguish between males and females in terms of the right to education, employment, property ownership or engagement in business activities. In the last 15 years, Saudi society has expanded females' role in many areas including women's right to vote in elections and women's participation in *Majlis Alshura*. A recent initiative is a decision taken in 2017 by the Saudi government allowing women to drive which will transform the structure of social mobility.

Due to the factors stated above (non-colonial country, tribal nature, and the influence of Islam), it is possible that these aspects have influenced the construction of the societal environment in Saudi Arabia and the business and economic environment as well. It is imperative to understand the effect of religion when studying the socio-economic

environment in Saudi Arabia. The following section discusses the effect of the discovery of oil on the Saudi economy.

The Saudi Economic System

Saudi Arabia has passed through different stages to develop its economy since the 1990s. Before it became one of the twenty largest economies, Saudi Arabia experienced considerable challenges and difficulties before the oil boom that helped improve its citizens' income. Reviewing Saudi history shows that the country's economy was primitive, with the main sources of income being agriculture, animal husbandry and crafts. Formerly, Saudi's main interest was digging in the desert for water to provide the community with the necessary basics for living. As a result of foreign commercial transactions, there were various foreign currencies in use at that time through Ottoman, British, Indian, Hashemite, Austrian and Hajj receipts. As a consequence, the country considered having its own currency. In 1925, the first Saudi currency was established, which was called the copper qirsh coin and featured the name of the King of Hijaz and

Najed. The absence of a proper banking system to contribute to economic development led to the country establishing its first bank under the name of the Dutch Bank.

Saudi Arabia's first reported budget was estimated to be 10 million riyals in 1929. Development continued until the first official local financial report was published in 1930 to the value of 901 million qirshes (1 riyal = 11 qirshes Ameri). The country's stability was the main concern of King Abdulaziz and, therefore, the Saudi Riyal was introduced in 1931. In the following year, King Abdulaziz declared the country's unification under the name of the Kingdom of Saudi Arabia. These events contributed to the country's economic stability, as a result of which, Standard Oil of California (SOCAL) acquired the concession for oil exploration in 1933 which resulted in the establishment of the California Arabian Standard Oil Company. The following year, Arab Automobiles was established as the first Saudi joint-stock company. The Saudi economy started to improve and gained stability with the discovery of oil in 1938. Production began at the first oil well in Dahrhan and the following year the first commercial shipment was exported. The first oil refinery was established in Ras Tanura, a city in the Eastern Province of Saudi Arabia in 1940.

The revenues generated from oil resulted in a massive shift in the country's economy, politics and education. The cultural and social sectors experienced change as well. The land changed from a poor Bedouin community to a rich commodity-producing country, all within a few years of oil being discovered (Bowen, 2008).

Reviewing Saudi history emphasises three constituent factors that played a primary role in creating the Saudi economy's foundation: the discovery of oil in Saudi Arabia's Eastern Province in 1938, the unification of several areas in the Arabian Peninsula under King AbdulAziz, and the rebuilding of Europe after World War II. This last factor is an external factor that influenced the development of the Saudi economy because Europe was in need of an inexpensive and reliable source of oil which they found in Saudi Arabia (Metz, 1992, p.113). This development of the economy led to an interest in strengthening the domestic financial system. With regards to financial reporting, in 1942 the country announced its first unified budget. The first Chamber of Commerce was established in 1942 in Jeddah when oil reserves reached 42 billion barrels. The meeting between King Abdul Aziz and US president Roosevelt in 1945 was a remarkable occasion in Saudi

Arabia's history because it resulted in the consolidation of the economic partnership between the two countries. The phenomenal increase in oil income and the country's continued development led to the need for commercial banking. The first bank in 1950 was called AlKaaki and Bin Mahfouz, which later became known as the National Commercial Bank and is one of the most prominent Saudi banks to this day. To extend the efforts made by the government to improve the domestic economy, the Saudi Arabian Monetary Agency (SAMA) was established under two royal decrees in 1952 which contributed to expanding and diversifying the riyal currency. In 1960, the Kingdom and Venezuela issued a statement calling on all oil exporting countries to adopt a unified policy that later led to the establishment of the Organization of Petroleum Exporting Countries (OPEC) and in 1964 the establishment of the Arab Drilling Company (Petromin). In 1973, Saudi Arabia owned a 25 percent stake in the Arabian-American Oil Company (ARAMCO). That year King Faisal issued a ban on oil exports and this marked the first time that oil had been used as an economic weapon in solidarity with the Palestinian cause. The Kingdom increased its stake in ARAMCO to 60 per cent in 1974 and in the same year, the average oil price rose from \$1.56 to \$10 per barrel. In 1975, the Royal

Commission for Jubail and Yanbu was established to benefit from the oil output. Saudi Basic Industries Corporation (SABIC) was established as the largest joint-stock company listed on the Saudi stock market in the following year, 1976. The Saudi government was able to acquire full ownership of Aramco in 1980 and in that the year the Kingdom's oil revenues amounted to approximately 375 billion riyals. Four years later, ARAMCO acquired its first four oil tankers. In 1986, the Saudi Riyal exchange rate was pegged to the US Dollar, which benefited the local investment environment. In 1988, ARAMCO changed its name to Saudi ARAMCO. During the last stages of the development of the Saudi economy, the year 2000 saw the establishment of the General Authority for Investment. The establishment of the Capital Market Authority followed in 2003 and in 2005 the Supreme Economic Council was established under the chairmanship of the Custodian of the Two Holy Mosques. This was the year in which the Kingdom of Saudi Arabia joined the World Trade Organization. In 2007, the Saudi Stock Exchange (Tadawul) was established, while the Kingdom of Saudi Arabia joined the Group of 20 in 2008, the same year which recorded the Kingdom's highest ever gross national product, reaching US\$476 billion.

Business Environment in Saudi Arabia

Over the years, the business sector has boomed in Saudi Arabia; a number of companies have been established accompanying many economic projects. The establishment of ARAMCO in 1944 was an initiative that brought many job opportunities for citizens (Anderson, 2014). ARAMCO created the need for a complete system that is able to handle all financial aspects of the company. It was the discovery of oil and the establishment of ARAMCO which led to the first appearance of accounting firms in Saudi Arabia. Although the banking sector had previously been established, the discovery of oil has improved the banking sector (Al-Rasheed, 2010; Bowen, 2008). The first attempt at economic development in Saudi Arabia was to allocate oil revenues to be used within a series of five-year plans from 1970 and 2005 (Basheikh, 2002). The project included a variety of activities, including the following:

- Emphasising the role and importance of Islam in developing societal and cultural values
- Establishing institutions that serve individuals and enhance the lives of Saudis

- Encouraging private businesses that benefit the entire community
- Handling all matters related to infrastructure to ensure a solid environmental base
- Avoiding dependence on oil as the sole source of income for the country

Because of these goals, family and sole-proprietorship businesses have sprung up throughout the country. Companies in the industrial sector include small, medium and large companies (Chang and Khumawala, 1994, Alkahtani, 2010). Saudi Arabia resembles an emerging economy in terms of foreign investment. In 2000, Saudi Arabia opened the door to international investment by offering tax discounts and financial services from Saudi public sector banks. Since then, the number of foreign enterprises has increased (SAMA, 2016). The rapid growth in the economy has created a great need to improve the accounting profession. A broad range of accounting services was required which prompted the number of accounting firms in the country to increase (Al-Rehaily, 1992).

The Development of the Stock Market in Saudi Arabia

The first joint-stock company in Saudi Arabia was established in 1930 (the Arabian Automobile Company) and by 1975 there were 14 joint-stock companies. The financial market operated unofficially until 1984 when the Saudi Central Bank was assigned to regulate the market's daily activities. Commercial banks worked as mediators for trading to improve the regulation and trading framework. In 1984, the Saudi Company for the Registration of Shares was established through commercial banks. This company's objective was to provide centralised registration facilities for joint-stock companies and settle and distribute all share transactions. The first system for settlement and clearing was introduced in 1989. Development continued until the establishment of the current trading system in 2001 which provides the country with a more reliable and improved securities trading, clearing and settlement system. In 1990 the country witnessed a significant development when an electronic system called ESIE was introduced. This system handled all of the activities related to trading, settlement and clearing. This system's use continued until it was replaced by Tadawul in 2007 after the Saudi market collapsed in 2006. This system was an improvement because it provided dealers with

more information about a trading transaction and information about the company's size which improved the transactions' security. Commercial banks have played a considerable role as mediators between investors or those who want to enter the security markets and Tadawul by processing the orders through the Tadawul system. When a transaction is completed, commercial banks transfer the shares from the seller's wallet to the buyer's wallet. In 2003, the government restructured the financial market from an organisational and supervisory perspective.

As a result, the Capital Market Authority (CMA) was established under the Capital Market Law issued by Royal Decree No. (M / 30). The CMA is a government organisation that is directly linked to the prime minister. It is charged with regulating and developing the financial market in the Kingdom and has the legal right to develop the regulations, rules and instructions necessary to implement the provisions of the Capital Market Law in order to protect investors in the securities market. The Saudi Stock Exchange (Tadawul) is the largest Arab market in terms of market capitalisation, daily trading volume and values. It ranks very highly among emerging markets. The listed companies are distributed over 15

sectors: banking and financial services, petrochemical industries, cement, retail, energy and utilities, agriculture and food industries, IT and insurance, multi-investment, industrial investment, construction, real estate, transportation, the public sector and publishing, the hotel and tourism sector, and private companies. The concept of privatisation in Saudi Arabia was first introduced in 2002 and to this day, Saudi Arabia is continuing to open up ever more opportunities for privatisation. The most recent privatisation undertaken was that of ARAMCO; this was to help realise Saudi Vision 2030 which seeks to improve and diversify the economy (Saudi Vision, 2030).

The Education Sector in Saudi Arabia

The education sector in Saudi Arabia has been influenced by the oil sector, much like other government sectors. The revenues generated by oil exports have contributed to improving culture as well as education in the country and many schools and universities have been established across the country:

Under King Faisal ibn Abd al Aziz Al Saud (1964-75) there was a massive increase in government spending on education to an annual level of about 10 percent of the budget (Metz, 1992, p.122).

The development of education in Saudi Arabia includes opening up many opportunities for students to be educated abroad (e.g. in the UK, US, Canada or Australia) by providing a number of scholarships. The country aims to have more specialised people in many areas. This has opened the door to Western culture throughout Saudi society (Shalabi, 1990). The only opportunity for foreign influence to enter the country was through education. The first higher-level education was established in a decree by King Abdul Aziz, which established the first university in Mecca. The faculties of this institute consisted of Sharia faculties which show the impact of Sharia and religion on the Saudi education system. Between 1957 and 1968, three universities were established that were not dedicated to religious subjects. These universities are located in the major cities: King Saudi University in Riyadh, King Abdul Aziz University in Jeddah, and King Fahad University in Dhahran (Metz, 1992). Education for females came later; strong traditions at the time affected the idea of women's education (Mirza, 2008; Mehana, 2009). The first

school for girls opened in 1960. Prince Faisal Al Saud sponsored the establishment of this school with his wife, Princess Effat. The decision to open a school for girls faced strong resistance from some parts of the Kingdom. This opposition was based on the belief that non-religious education is useless; some even believe that education is dangerous for girls (Metz, 1992, p.97). Nowadays, Saudi women have proven their success and superiority in many areas. The development of the economy led to further developments in the education sector with up to 30 public universities having been opened throughout the country. In addition, there have been increasing numbers of private universities that offer a variety of subjects. In summary, the educational movement in Saudi Arabia was delayed but has been affected by three factors: first, the influence of Sharia was dominant in the initial Saudi educational institute, which delayed a girl's chances of being taught; second, the oil economy significantly and positively enhanced the establishment of more universities as well as schools for females, whilst opening the door to the influence of Anglo-American thinking through those who studied abroad; and thirdly, there was the influence of the traditions and norms of Saudi society which also challenged the educational movement in SA.

As the business environment continues to improve in Saudi Arabia, demand for business graduates is increasing, i.e. for those who are able to accommodate the changing nature of business needs. This has also affected the accounting profession in Saudi Arabia and this is described in detail in the following sections. Adopting IFRS creates complexity that leads to the need for graduates who are able to work with and apply new technologies (Kennedy and Dull, 2008; Jackling and DeLange, 2009).