Summary on the Development of Accounting and Auditing Practises towards IFRS-IAS/ISA in Jordan: Historical and Theoretical Perspective

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Abstract: - In this article, we take a look at the evolution of accounting in the Middle East [ME] region, with a focus on Jordan. We shall examine the major events in this region's history and see how they relate to the global accounting agenda, changes in the local and international economic landscape, and other relevant developments. Pay close attention to how cultural and historical factors, in addition to worldwide accounting principles, impact the local accounting environment. The adoption of “International Financial Reporting Standards” [IFRS] by MENA nations is examined, along with the reasons and motives behind it, and the effects on the auditing and accounting professions as a whole. This marks a significant milestone in recent history. This article looks at the history of accounting and auditing in Jordan and how it has developed in relation to the International Accounting and Auditing Standards. It also discusses potential future advances in this field.

Key-Words: - International Financial Reporting Standards, International Standards on Auditing, Institutional Theory, Accounting and Auditing Framework, Developing Economies, Middle East and North Africa, Jordan.

Received: May 16, 2023. Revised: March 2, 2024. Accepted: March 19, 2024. Published: April 12, 2024.

1 Introduction

Conventional methods of accounting regulation are becoming increasingly insufficiently prepared to address the demands and expectations of global stakeholders in light of the rapid transformations taking place in the global business landscape. Nations such as the “Middle East and North Africa” (MENA) have moved from their local “Generally Accepted Accounting Principles” (GAAP) to IFRSs, [1], [2]. This move aimed to enhance accounting systems in order for the financial, economic, political and social aspects of life to work properly. This move touched upon some cultural and ethnic forces deeply rooted in accounting practices and financial reporting system. Understanding of accounting environment and development pattern in the region motivates this paper and is essential to appreciate ongoing changes across all areas of life in the region, [3].

Natural resource disparities are a major contributor to the economic diversity in the MENA area. In order to maintain their economic cooperation and political integration, these nations will likely depend on international funding and investments, which will connect them to the global environment heads, [4], [5]. Having clear and transparent accounting standards is crucial when dealing with investors, business partners, and international buyers, [6], [7]. The countries of the MENA region have their own distinct political, cultural, legal, and economic climates, which contribute to their allure, [1], [8], [9]. Shared history, language, religion, beliefs, traditions, and location strengthen the cultural, social, and economic life of MENA nations, which is why accounting study on these countries is gaining popularity, [10], [11]. Adoption of IFRS and other significant accounting reforms are the result of a confluence of political, financial, and technical developments that have far-reaching consequences, [12].

The study shows a growing interest in the ME accounting environment as a gateway for international investments, [13], [14], given there is minimal information accessible about the region generally and Jordan specifically. The present and future legislative advances by government authorities to promote advantageous financial reporting circumstances provide more encouragement, especially given the tremendous changes happening in the ME corporate environment, [15]. One way to do this is to boost the profile of Jordan and the Middle East in the global marketplace, [16].

Even though it is located in a very unstable area, Jordan's government is quite stable. A number of crises, notably those in Iraq, Syria, and Palestine, have altered the political and economic landscape of the Middle East in recent years. Economic growth in Jordan has been stunted in recent years due to the country's precarious political and economic climate. Even while the government became more involved in these political situations in neighbouring countries, the foundations of those economies were already in place. Because of these political and cultural considerations, Jordanian companies have improved their practices and the way they disclose financial data,]14[. The paper's key contribution is an analysis of Jordan's regulatory, political, and economic landscape, with a particular emphasis on the country's evolving financial reporting and accounting system, which includes its adoption of IFRS. Foreign investors must have a thorough grasp of Jordan's present economic climate, and this review provides just that. Very little has been written on this subject in the academic literature,]17[.

A comprehensive analysis of these topics in the MENA region, with a focus on Jordan, is developed in this study to fill this gap. Additionally, the study helps to promote the Middle East and Jordan in the global commercial arena and solidifies its position in economic literature. Using pre-existing accounting theories—and institutional theory in particular—the article not only covers the facts and empirical research, but it also gives a theoretical explanation of the antecedents. By providing a bird's-eye view, we can better understand the present economic climate and how future events will affect it. The third and last section of the report offers suggestions to government officials and regulators on how to improve the business climate, boost company expansion, and entice international investment. These suggestions are based on research into local and global economic trends, cultural sensitivity, and historical context. Consequently, the purpose of this paper is to initiate a conversation that may lead to responses to the following two research questions:

1. In what ways did the Jordanian government weigh the pros and cons of IFRS adoption?
2. What factors are anticipated to exert an influence on the present and future trajectory of the accounting system and the ongoing progress of auditing and accounting in Jordan?

This is the structure that the rest of the paper follows. An overview of Jordan's history and economics is given in Section 2. The evolution of auditing and accounting in Jordan is detailed in Section 3. In Section 4, we discuss the study's theoretical underpinnings and, using an institutional perspective. Section 5 offers lessons from Jordan's deployment of IFRS and explores the reasons for it in light of institutional theory. The paper comes to a close in Section 6.

2 History and Economy of Jordan

Jordan is a constitutional monarchy and one of the fast-developing Arab countries located in the Middle East. Jordan is classified by the “World Bank” [WB] Among fourteen MENA economies, Jordan's ranks fourth in terms of economic freedom in 2019, [2], as an upper middle-income country region and the 53rd freest economy in the world, [3]. Rights and responsibilities are established for the benefit of Jordan's whole society under the country's legal system,]3[. Some have proposed it, including, [2], in order to improve Jordan's financial reporting structure and make the country's economy more accessible to global commerce, the country's financial markets need to be reformed and new rules issued or revised. In order to grow its economy and attract international investors, Jordan has adopted the "International Accounting Standards" (IAS)[/IFRS], the most significant reform that has been executed,]14[.

The contextual factors inside a country determine its standards, procedures, policies, and ambitions. Therefore, it is critical to understand Jordan's unique qualities and how they influence the country's economy and the accounting and auditing industry, [3], [11], [15], [16], [17].

Both regional and international factors have played significant roles in shaping Jordan's economic landscape. The government has developed economic strategies to enhance economic growth, particularly after the 1948 conflict, and the area has maintained political stability for the most of its modern history, [18], [19], [20], [21]. As a result of the Arab-Israeli war in 1948, the massive inflow of Palestinians refugees gave spirit to Jordan's economy. At that time, Jordan's population tripled from about 500,000 to 1.5 million in period 1948-1950. This flow of financial and human capital caused the increasing demand for housing, goods, and services, boosting production, [22], [23], [24], [25]. Further to this, the Palestinian entrepreneurs played a critical role in activating the private sector. They joined the Jordanian commercial elite in establishing small and medium enterprises which were mainly concentrated in the Amman area, [26].

Table 1. Industrial Production of Selected Commodities

Year	Phosphate	Cement	Potash	Fertilizer	Chemical Acids
1968	1590.9	357.6	-	-	-
1970	938.9	377.6	-	-	-
1972	709.0	661.3	-	-	-
1974	1674.8	614.7	-	-	-
1976	1701.8	582.4	-	-	-
1978	2302.7	553.0	-	-	-
1980	3906.8	912.7	-	-	-
1982	4390.7	788.4	15.1	116.4	-
1984	6262.0	2026.3	486.9	541.0	1194.6
1985	5918.8	2022.9	908.6	510.5	1007.6

Source: Compiled by the authors based on [10]

Economic planning and the "Import Substitution Industrialization" (ISI) approach are two examples that fit this description and helped increase Jordan's GDP. The first blueprint was approved between 1962 and 1967 and consisted of constructing the fundamental public services and infrastructure,]27], [28], [29], [30[. The Aqaba port and other Jordanian industries began to take shape in the mid-1960s (Table 1).

The export of phosphate and potash has been the target of several attempts to expand the economy. A rise in the "Gross Domestic Product" (GDP) per capita from 1968 to 1972 is one indicator of how this contributed to the expansion of Jordan's economy (Table 2). However, the GDP per capita increased during this period with the exception of the 1970 but this increase was consequential. The real income per capita fell slightly due to the abnormal increase in population, [31], [32], [33], [34], [35]. In addition, during this period Jordan lost its relationship with the West Bank, which participated about 30-40% of GDP, [36], [37[.

Table 2. Jordanian Economic Indicators (2011–2019)

Year	GDP annual growth rate	Trade balance % of GDP	Debit Ratios to GDP	Foreign Currency Reserves in JD million
2000	2	-26.31	100.48	2474.0
2001	3.5	-24.67	96.48	2763.0
2002	3.1	-18.93	99.72	2578.0
2003	3.1	-20.67	99.64	3495.0
2004	5.1	-29.83	91.82	4740.0
2005	5.8	-40.93	84.31	4744.0
2006	6.3	-33.53	76.33	6102.0
2007	6	-37.01	73.77	6870.0
2008	5.2	-30.58	60.24	7440.0
2009	2.4	-22.35	64.78	10878.0
2010	3.1	-20.49	67.11	12241.0
2011	3.08	-25.84	70.73	10592.2
2012	2.98	-27.63	80.7	9450.2
2013	2.6	-29.19	86.678	8004.3
2014	3.2	-26.04	89	11174.7
2015	2	-22.58	93.4	12293.5
2016	2.3	-20.74	95.1	12829.8
2017	1.9	-21.23	95.6	11646.5
2018	2	-18.92	94.41	11476.7
2019	2.1	-20.90	96.71	12069.0

Source: Compiled by the authors based on [13]

Additionally, several industries, such phosphate, cement, and potash, have been seeing rise in their production rates, [25].

The Jordanian economy was under pressure to attract international investment due to its rapid expansion and limited internal resources, [11], [13], [14],]25], [28[. The 1980s were a time of rapid economic expansion, spurred on by increased foreign aid and subsidies, remittances from expatriates, and a surge in tourism,]25], [29], [30], [31], [32].

International Monetary Fund and World Bank economic reform programmes were established in response to this expansion. Launching a privatisation initiative and cutting state fuel subsidies were attempts by the government to boost the private sector's participation,]33], [34], [35]. The most formative years for Jordan's economy, which saw the implementation of IAS/IFRS, were between 1992 and 2000. Banks in Jordan saw a noticeable rise in their foreign reserve holdings as a result of this. From 2001 to 2010, Jordan implemented new reforms and advancements to maintain its economy accessible to global investors and partners, in response to the impact of globalisation and challenges from foreign markets,]36[. The free market and the private sector were the backbone of Jordan's economy at the time,]35[. The International Monetary Fund and the World Bank oversaw major economic reforms and advancements in Jordan, [38[.

In addition to establishing the Free Trade Agreement [FTA] with the United States and other Arab nations, Jordan's economy grew at a pace of about 6.5 percent,]39[. Along with the "Gulf Cooperation Council" [GCC], and the "European Union" the established mutually beneficial connections. Education reform and privatisation initiatives contributed to Jordan's economic transition to a knowledge-based model,]35[.

The Executive Privatisation Commission (EPC) was formed in 200 to devise a privatisation programme and implement the new Privatisation Law. To boost the economy of Jordan, the government implemented liberal economic policies. By 2009, Jordan's economy had risen to prominence as one of the region's most progressive and dynamic, [40], [41], [42]. By combining conservative policies with the contemporary banking sector, the "Central Bank of Jordan" (CBJ) was able to recover from the effects of the "Global Financial Crisis" (GFC) and make its economy more appealing to investors, [43], [44], [45], [46]. The World Bank ranked Jordan as an upper middle-income economy in 2011 but after that, circumstances in the area became worse, and over 590,000 Syrian migrants came streaming in]47], [48[. Since 2017, the MENA nations have been Jordan's primary trade partners. This is due to the government's efforts to diversify and become energy independent, as well as its promotion of the country through deals with Gulf countries and Shell for energy supply,]49], [50], [51[. Economic changes, which the IMF has required, were a priority for the Jordanian administration. The Jordan Investment Board (JIB) was established in April 2015 to streamline licencing and permitting processes, thanks to a new Investment Law that was approved in 2014. This board serves as a complete platform for both local and international investors. In addition, the World Bank and the Organisation for Economic Cooperation and Development (OECD) together launched a project to enhance investor protection measures and to fortify investment legislation, [39], [52], [53], [54], [55].

Despite the fact that successive administrations increased levels of indirect taxes, a new income tax legislation was announced in December 2014, marking a significant step towards enhancing government revenue. The new Income Tax Law No. 38 of 2018 was published in the Official Gazette on 2 December 2018, making amendments to Income Tax Law No. 34 of 2014, which were published on 1 January 2019, and went into force. Organisations were subject to fines under the tax code if they failed to keep accurate records of financial transactions and submit audited financial accounts, [55].

Several changes to banking laws have been made to provide the (CBJ) more power to ensure financial stability and to make managers more accountable in order to improve corporate governance. Additionally, the licencing of a credit bureau, which would result in the provision of information on the creditworthiness of borrowers, and the consolidation of lender protection are both significantly impacted by the first bankruptcy/insolvency law,]56[. With the goal of revitalising the economy and putting an end to poverty, unemployment, and the budget deficit, the Jordanian government launched a ten-year plan in 2015 called Jordan 2025: A National Vision and Strategy for the years 2014–2022 (Table 3). With the goal of revitalising the economy and putting an end to poverty, unemployment, and the budget deficit, the Jordanian government launched a ten-year plan in 2015 called Jordan 2025: A National Vision and Strategy for the years 2014–2025, refer to Table 3. Improving commerce with neighbouring nations, particularly those in GCC area, was central to this plan's export-oriented economic strategy,]35].

Table 3. Key Performance Indicators- Macroeconomic Stability (2014-2025)

Indicator	Baseline 2014	2017	2021	2025
GDP real growth rate	3.1	4.9	6.9	7.5
Ratio of local revenues to current expenses	86.4	100.1	114.0	130.0
Budget deficit as a percentage of GDP (after grants)	(3.5)	(1.2)	(0.8)	0.0
Budget deficit as a percentage of GDP (before grants)	(8.1)	(4.0)	(1.0)	0.0
Government units' deficit rate	(5.0)	(2.0)	0.0	0.0
Consolidated budget deficit rate after grants	(8.5)	(3.2)	(0.8)	0.0
Ration of total public debt (as a percentage of GDP)	82.3	76.0	57.0	47.4

Source: Compiled by the authors based on [3]

3 The Growth of Jordan's Auditing and Accounting

3.1 Development of Capital Market in Jordan

In 1930, Arab Bank became the first publicly traded firm in Jordan. In 1931, the Jordan Tobacco & Cigarettes firm was founded. In 1938, the Jordanian Electric Power Company was created. And in 1951, Jordan Cement Factories was established. Capital market development in Jordan began in the 1960s, [55]. Financial statement preparation standards were initially included in the Company Act of 1964. The Company Act of 1989, subsequently, confirmed and enlarged upon the disclosure obligations that businesses were required to furnish under the Company Act of 1964. Companies were obligated to create and submit a balance sheet and profit and loss statement in compliance with GAAP under both legislations,]18], [55]. In 1989, the "Jordanian Association of Certified Public Accountants" (JACPA) was established as an official accounting body. There were no Jordanian-specific regional accounting rules in existence back then. When it came to encouraging Jordanian businesses to use IAS in the 1990s, JACPA was a key player. Companies may use either GAAP or IASs as they saw fit since it lacked the authority to mandate that listed corporations adhere strictly to IASs,]52]. In 1976, the government and the World Bank's "International Finance Corporation" (IFC) collaborated on an economic strategy to set up a securities market. In response to the need to establish additional publicly traded firms in the capital market, the "Amman Financial Market" (AFM) was established in January 1978 and formally began operations in 1978 with the promulgation of Temporary Law No. 31, [3]. Listed Jordanian companies were not required to disclose any particular information in their annual reports under the AFM legislation of 1976 or its 1990 revision, [12].

More thorough financial reporting, including audited financial accounts, became necessary as market activity intensified,]32[. Many obligations pertaining to corporate transparency in Jordan were imposed with the Company Act No.22, 1997. Penalties for non-compliance, including delisting and fines, were reinforced, and listed businesses in Jordan are required to produce their financial information in conformance with IFRS,]17[. Amazing changes and improvements occurred in the Jordanian capital market because of this. In order to help the capital market function, three important Jordanian institutions came into being: the "Securities Depository Centre" (SDC), the" Amman Stock Exchange" (ASE), and the "Jordan Securities Commission" (JSC). The first set of guidelines for the corporate governance structure of Jordanian firms came from the Company Act No. 23 of 1997, which aimed to safeguard the interests and rights of shareholders,]16[. Compliance with IFRS corporate disclosure standards and other matters pertaining to internal controls were also addressed by the audit committees that were mandated for the listed corporations. These committees were to be comprised of three non-executive directors,]36[. Foreign investment trade has grown substantially since then, propelling the ASE to the position of leading regional securities market,]56[. As a result, the market's size and trade volume have grown substantially in comparison to MENA nations,]38].

The financial information that listed enterprises are required to disclose and provide by the JSC Law No. 1 1998, in accordance with the requirements of the Commission for Enhancing Transparency. Adopting international accounting standards was necessary since, up to that point, no local body had supervised local accounting and auditing processes. The details of what businesses in Jordan are required to include in their annual reports were laid forth in Law No. 22 of 1997. Companies on the stock exchange are required by the JSC to disclose their financial data in accordance with the "International Auditing and Accounting Standards" (IAAS). The regulation does not, however, mandate that listed companies adhere to "internationally recognised accounting and auditing principles",]17], [18[. On top of that, the law did not stipulate any particular disclosure standards or structure. In addition, the law mandated that public shareholding corporations be audited by external auditors using authorised international auditing standards,]18[.

The Securities Law of 2002 was more effective than the Companies Law of 1997, and it was accompanied by new "Directives of Disclosures and Auditing and Accounting Standards" that were published based on it. A number of legal entities, including JSC, SDC, and ASE, oversee the capital market, and the law strengthened their authority by increasing disclosure requirements, [31]. These organisations were given the power to punish businesses that didn't follow the rules. The legislation also authorised ASE trading and the ownership of up to 100% of a company's shares by foreign investors,]18[. Therefore, at the end of 2019, 51.7% of the entire market value of firms listed at the ASE was owned by foreigners. Arab investors accounted for 37.3%, while 14.4% were non-Arab. Also, from 66 in 1978 to around 235 in 2019—a huge increase—the number of listed enterprises,]56[.

3.2 Accounting and Financial Reporting System Development

The commercial law of Jordan governs the foundation for financial reporting for all kinds of firms. Financial statements, internal controls, and the suitability of the business for trade and asset protection are all responsibilities of the external auditor that public shareholding firms are required to employ under firms Law No. 22 in 1997. Also, within three months following the conclusion of the fiscal year, all publicly traded firms must compile their audited financial statements. These statements must include the company's income statement, balance sheet, assets, and liabilities. Another requirement is that companies must have their semi-annual financial statements ready for auditing by their respective accounting firms no later than two months after the half fiscal year ends,]45[. In compliance with Securities Law No. 76, 2002, audits of listed firms in the first ASE market are to be conducted in line with International Standards on Auditing, and quarterly financial statements must be prepared in line with IFRSs/ISAs,]55[.

3.3 Accounting and Auditing as a Profession's Evolution

According to Jordan's company rules, which reflect the country's political and economic climate, public ownership businesses were compelled to adhere to worldwide accounting and auditing standards in 1989. The "International Federation of Accountants" (IFAC) membership agreements have been in existence since 1988, and this adaption followed suit, [14]. In order to boost investor trust in Jordanian enterprises, this requirement is crucial for improving the quality of their annual reports, [55]. The ISA is the exclusive authority on accounting in Jordan, and JACPA is no exception. Both external auditors and those utilising financial data look to ISAs as a roadmap,]2],[3],[49[. It is the duty of the external auditor to safeguard the requirements and interests of the company's users and shareholders, as stated in Article 21 of Jordanian Law No. 22, 1997,]44], [47[. After that, a slew of laws was passed mandating that auditors in Jordan adhere to global standards for accounting and auditing. These laws emphasised the need of auditors verifying the items in financial statements and expressing a final opinion in accordance with these standards. The laws of Jordan, such as the law governing accounting careers No. 73 of 2003 and the Jordanian company's law No. 22 of 1997, must be followed by auditors, [50[.

Due to the rudimentary economy of the 1920s, Jordan did not have any audit businesses functioning. Auditors hailing from the West Bank were tasked with performing accounting and auditing duties. George, Kader and Co. was the first Jordanian audit company in 1944; Saba and Co. was the second. From Jerusalem to Amman, Jordan, Saba and company relocated in 1948. Up until the early 1950s, these two businesses controlled the audit market in Jordan,]16[. The tremendous progress in the accounting and auditing profession in Jordan during the 1950s satisfied the demands for economic expansion and followed the formation of a number of big firms,]3], [20[. In the years that followed, both the quantity and quality of businesses seeking accounting and auditing services skyrocketed. Because of this, there were 20 audit companies in Jordan by 1975,]21[.

The Auditing Profession Practice Law No. 10 was the initial law in Jordan to provide regulations for the auditing profession in 1961. According to this law, regardless of their academic degrees, foreign auditors with two years of experience in Jordan can practise auditing and have a licence to do so, [9], [46]. After that, Auditing Profession Practice Law No. 12 in 1964 superseded Auditing Profession Practice Law No. 10 in 1961, which mandated the auditing of all accounts for publicly traded companies,]19[. In 1985, in response to the needs of contemporary businesses, the Auditing Profession Practice Law No. 32 was issued. An advanced degree in accounting and successful completion of the exam administered by the High Council of the Accounting Profession were thereafter mandated by legislation as the bare minimum for external auditors, [39[. Article 18 of this law made a significant addition by creating the JACPA, the primary agency in charge of overseeing audit companies, **[**35**]**. In 1987, JACPA took over the task of overseeing the quality of financial reporting and assessing professional standards,]28[. Professional Practice Licences are now mandatory for auditors in Jordan per Law No. 73 of 2003 Accounting Career Law. A Jordanian citizen or permanent resident without a criminal record is required to apply for this licence. Applicants must also have completed the accounting training courses (minimum 40 hours per year), a bachelor's degree or diploma in accounting, and a pass rate of approximately 15% on the "Jordanian Certified Public Accountant" JCPA exam administered by the Licencing Committee. A wide range of accounting subjects are covered in the JCPA test, including auditing, financial accounting, company law, sales and income taxes, and cost and managerial accounting,]52]. The topics covered on this test are identical to those on the US CPA exam.

Foreign investment has been a boon to Jordan in the last several decades, thanks to globalisation. Users of financial information, such as creditors, authorities in Jordan, and international investors, rely on reports issued by external auditors in compliance with the ISA. Foreign investment in the region is encouraged and economic stability is promoted because auditors' reports are seen as providing more reliable and crucial disclosures concerning financial facts,]51]. Increasing investment from outside is a top priority for the Jordanian administration. Thus, users of the financial statements must embrace ISA as it becomes an important requirement, [3[.

3.4 Exposure to IFRS and its History of Implementation in Jordan

The "International Accounting Standards Board" IASB was formed from the reorganised "International Accounting Standards Committee" IASC in 2001. The IASs were originally released in 1971. Based in London, the UK, the IASB is an independent organisation that serves the public interest. Their primary goal is to provide a unified set of accounting standards that are universally recognised and respected for their high quality, clarity, enforceability, and understandability,]28[. By 2001, the International Accounting Standards Board had embraced IASs and was creating and publishing new IFRSs,]36[. Internationally accepted financial reporting standards, issued by the International Accounting Standards Board IASB and its predecessor, the International Accounting Standards Committee IASC, are essential for improved accounting information that more accurately reflects a company's real economic status and performance, [39[.

The reporting standards of IAS/IFRS were implemented by tens of thousands of economies worldwide by 2005, including the European Union (EU), Hong Kong, Australia, and Canada, all of which adopted IAS/IFRS at around the same time, [36[(Table 5, Appendix). The globe mostly embraced IFRS in a short amount of time, despite the fact that the cost-benefit analyses of doing so were unclear. Because of differences in legislation, culture, and institutions, the relative merits of IFRSs vary from one nation to the next. Several studies have noted that IFRS implementation levels differ among nations, [27], [28], [29]. Institutional, cultural, legal, political, and economic variables, as well as enforcement methods, vary from country to country, which accounts for the observed diversity,]19[. Over the last several years, a vast majority of public enterprises in over 140 countries have integrated IFRS into their accounting framework, [15], and approximately 90 countries have followed the International Accounting Standards Board's recommendation and implemented the complete version of IFRS, [16]. Several international organisations have indicated their support for this modification, including the World Bank, the International Monetary Fund, the Basel Committee, the International Federation of Accountants, and the International Organisation of Securities Commissions, [27[.

As early as 1988, when Jordan joined the IASC, substantial reforms to accounting laws commenced. In 1989, the JACPA was formed as a local accounting body after this. After that, in

1990, the IASC recommended that the JACPA implement the IASs for all Jordanian businesses. Accounting records and audited financial information were to be prepared and presented by all Jordanian enterprises governed by the enterprises Law in 1997 in accordance with "internationally recognised accounting and auditing principles",]17[. Once again, the structure of Jordan's governance policy was created in 1997 by the Companies Law. All listed businesses are expected to follow the financial reporting criteria of IFRS, and auditing needs to be done within the principles of ISAs. This was proclaimed by the JSC shortly after the Securities Act No. 23 was published in 1998,]9[. For emerging markets like Jordan's to attain highly transparent and comparably priced financial information—which would foster international trade between Arab nations and their foreign business partners—the adoption of IAS/IFRS is essential, [46].

The primary goal of these mandates is to encourage more detailed information to be included in companies' annual reports. Therefore, it is crucial to enhance the quality of financial reporting in order to aid consumers in making decisions. Accounting information that is readily available to consumers will inspire trust, making the issue of data quality more important than ever before, [16[. Policymakers in Jordan, such as JACPA, rely only on the IFRSs/ISAs, despite the fact that the country's economic climate differs significantly from that of industrialised nations, [10[. Public listed shareholding enterprises governed by the JSC, financial firms regulated by the CBJ, and insurance firms regulated by the "Jordanian Insurance Commission" JIC are the three groups whose adoption of IFRS Standards is consequently mandated by certain rules. The fundamental goal of these regulations is to enhance the quality of financial reporting by increasing the quantity of financial information disclosures in company annual reports. Consequently, external auditors must review the annual reports of Jordanian listed companies in order to comply with regulatory requirements,]16[.

4 Theory Underpinnings: Progress in Accounting and Institutional Theory

Institutional theory is the main subject of this part. Because of this, we may build a more thorough theoretical framework to comprehend accounting decision, i.e., the adoption of IFRS. Regardless of their practicality or applicability, businesses often adopt management methods, processes, and structures that are seen as acceptable by other businesses operating in the same sector. Imitation, duplication, coercion, and normative pressures all contribute to the transmission of long-established and legitimated structures or activities through customs and traditions,]49[.

[43] and [51], were the first to publish research on institutional theory in the field of accounting. Institutions, according to their "new" institutional theory, respond to environmental constraints by adopting socially acceptable structures and processes as optimal organisational strategies (Figure 1) The literature on this topic has seen accounting as a symbol of legitimacy,]44], [46]. Meyer and Rowan stated that the trend towards generally accepted procedures, for instance GAAP, provide firstly, a bulwark against any perception of irrationality; and secondly, an enhanced continued moral and/or financial support system from external resource providers. In practice, actual organizational structures and procedures do not always comply with their external expectations or how they are perceived image-wise,]47[. Some studies have classified this deliberate or accidental disconnection between the outside appearance and the underlying structures and procedures as a type of "de-coupling", [49]. Researchers in the field of accounting have looked into the ways in which companies purposefully separate the technical aspects of accounting from the real institutional structures and procedures that make accounting tick.

Institutions from outside the organisation can seep into its inner workings and explain any congruence between organisational arrangements and societal-level results that result from these institutions. The term for this is "isomorphism". According to [48], the two main parts of it are: two types of isomorphism: competitive and institutional. Organisations are driven to adopt and execute structures and procedures that are least expensive while still maximising efficiency by competitive pressures. The following are the three additional sub-categories of institutional isomorphism, [49]: first, coercive isomorphism -

when firms are compelled to adopt particular internal structures and procedures as a result of pressure from outside sources like government laws, regulations, and supplier relationships; second, emetic isomorphism, when organisations mimic the internal workings of other institutions; and third, normative isomorphism, wherein organisations mimic the workings of particular dominating professions, professional bodies, and consultants.

It is clear that the institutionalised attitudes, norms, and regulations ingrained in what governments, professional bodies, and public opinion all need are a primary source for creating accounting systems and accounting standards. Organisations typically need to be selective in how they react to the broader institutional environment or context due to the numerous and frequently conflicting demands that these entities face. There has been a dearth of investigation into the impact of contextual and environmental factors, particularly in the context of auditing and financial information preparation for corporations, despite the widespread use of institutional theory in accounting research, [14], [17], [47], [48], [50]. The primary goal of this article is to help readers comprehend how various contextual and environmental elements impact the choice to comply with IAS/IFRS.

Institutional theory states that in order for organisations to gain legitimacy and stay in business, they must adhere to the rules, norms, and social values of their institutional context,]49[.

In order to gain credibility, people or organisations work to satisfy the expectations of the people or organisations that play a pivotal role in their operations. The three pillars upon which this legitimacy rests are cultural-cognitive, normative, and regulatory, as stated, [50]. Within this body of work, [44] investigated the potential for national-level adoption of IFRS in the United States via the lens of institutional isomorphism. It was suggested that multi-dimensional isomorphic forces will drive convergence with IFRS. Mimetic and moral isomorphism, as well as external and internal coercive pressures, are examples of such forces. When one group exerts pressure on another, such as a government agency, regulator, or other business, this is known as coercive pressure, [48],]49]. Mimetic isomorphism happens when businesses align their operations with other well-established systems and similar institutions in reaction to uncertainty and particular US financial crises,]3[. The advice of major accounting companies and professional organisations on best practices are examples of normative isomorphism,]44[.

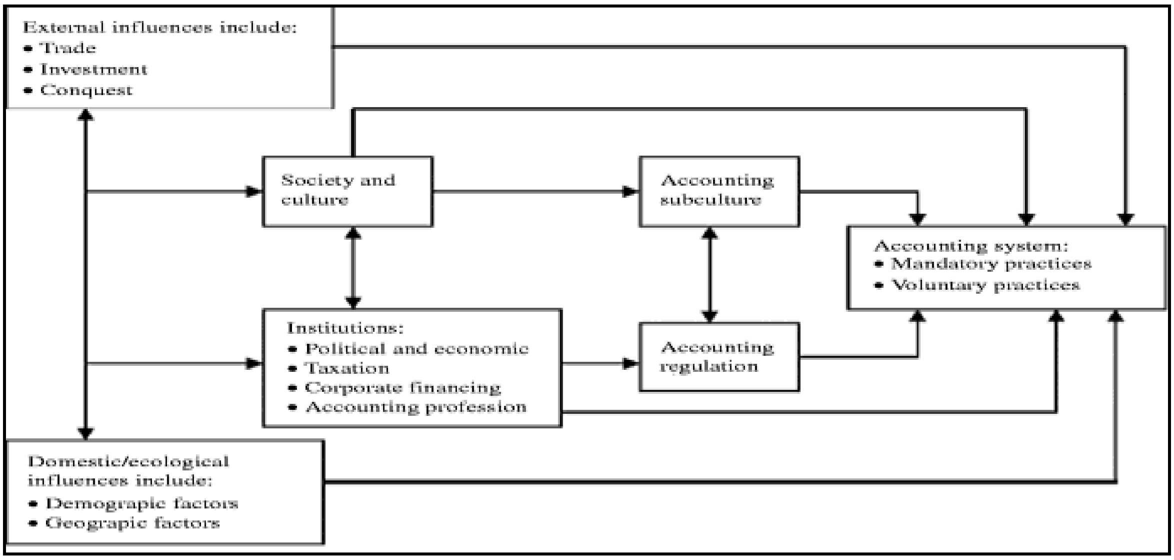

Fig. 1: Gray's conceptual framework, [13]

5 Discussion: Institutional Pressures and Accounting Development and IFRS Adoption

This section examines the key drivers of changes to accounting procedures that led to the adoption of IFRS in developing nations, with a focus on Jordan, using the institutional isomorphism pressures as a framework. The majority of the evidence for this argument came from studies conducted recently and observations made about Jordan's economy. The questions posed at the outset of the article were intended to be addressed in this section by exploring potential solutions. This is how all three forms of isomorphism may shed light on the evolution of Jordan's accounting and auditing industry.

5.1 Coercive Isomorphism Pressure

The coercive pressure reflects the contention that outside pressures from international institutions i.e., the WB and IMF force organisations to conform to international standards and rules, [3], [14], [17].

Actually, remittances, foreign assistance, and investments are crucial to Jordan's economy because of the country's water shortage and dearth of natural resources. Forests, coal, water, energy, and commercial/industrial oil are all in short supply in Jordan,]40[. Furthermore, the increase in population and a subsequently high unemployment rate resulted from the fact that Jordan will not survive without receiving external financial support, [47[. More emphatically, the population in Jordan has risen rapidly due to the emigration of people from neighbouring countries as a consequence of their traumatic political and economic circumstances, such as Palestine, Iraq and more recently Syria (Table 4), **[**50**]**. The high influx of refugees has doubled the rate of unemployment and therefore put Jordan’s economy under high pressure with much more government spending since those refugees had to be settled and fed, **[**25**]**.

Most of Jordan's resources came from contributions and external help from Arab or international powers, as well as remittances from Jordanians working abroad. This caused Jordan to become heavily reliant on foreign aid,]18]. Beyond the restructuring programmes overseen by the IMF and WB, inclusive economic alterations also contributed to notable advancements in Jordan's economy, [38]. According to the major tenets of institutional theory, institutional isomorphic forces were the driving force behind Jordan's dramatic shift to IFRS. In general, Jordan's involvement in the global economy creates coercive pressure. The World Bank and the International Monetary Fund really used coercion to hasten the implementation of IFRS. This is because acquiring the required capital and guidance for economic development is a top priority.

5.1.1 Mimetic Isomorphism Pressure

Mimetic pressure reflects the desirability of corporations to obtain legitimacy through imitating those other companies that were successful and legitimate,]3[. Such corporations may be neighbouring nations that provide outstanding comparable financial data, [37] or trading partners. These demands stem from the country's propensity to entice international corporations, Foreign direct investment FDI, and trade partners for domestic private companies. The primary goal of the Jordanian government is to attract investments from outside, which is driving this trend, [31[. Consequently, more stakeholders must have access to high-quality financial information that satisfies their needs. Countries with less robust governance and control structures also need to ensure that their accounting laws are in line with those of their trade partners.

Table 4. Population Development 2000-2017 **[**In 000**]**

Year	Population	Year	Population	Year	Population	Year	Population
2000	4857.0	2005	5597.0	2010	6490.0	2015	9798.0
2001	4978.0	2006	5758.0	2011	6698.0	2016	9798.0
2002	5098.0	2007	5928.0	2012	6993.0	2017	10053.0
2003	5230.0	2008	6106.0	2013	7427.0	2018	9956.0
2004	5103.6	2009	6293.0	2014	8114.0	2019	10458.0

Source: Compiled by the authors based [48]

5.1.2 Normative Isomorphism Pressure

Within certain corporate settings, there is a tendency for employees to operate in accordance with the prevailing norms of the group's shared ideas and values,]50]. The most popular example of the outcomes of normative pressure is the tendency to improve the level of education, skills, training and knowledge,]45[. This has been supported by [41[who assert that normative pressure caused by the world's accounting profession has encouraged Egypt to move toward IFRS adoption. Most Jordanian academics and accountants have degrees from institutions in the United States or the United Kingdom, therefore it stands to reason that their country's accounting curriculum is heavily influenced by American and British practices and theories. The expansion of accounting and auditing in recent years is very congruent with educational trends, and there is a strong correlation between accounting education in industrialised nations and these trends, [17]. The field of accounting and auditing has seen significant transformations in recent years, and Jordan's educational system has evolved swiftly to keep up. University accounting programmes in Jordan often mimic their American and British counterparts. Professionals in the accounting field are able to hone their auditing and accounting abilities while the economy is doing well, [2]. Listed companies in the capital market are increasingly implementing IAS/IFRS and ISA due to normative pressure from the accounting and auditing profession, including JACPA, which is represented in the IASC and IFAC. Compliance with IAS is mandatory for Jordanian listed corporations, and penalties for non-compliance are outlined in the Securities Act No. 23 of 1997. This is expected to reawaken pressure from the accounting profession and encourage Jordan's accounting and auditing practices to seek support through the creation of new accounting training sessions, such as university courses, [3].

5.2 Institutional Pressures to Adopt IFRS and Its Consequences

5.2.1 Institutional Pressures to Adopt IFRS

IFRSs promise to offer more transparent, comparable and accountable financial information for market participants,]30[. The produced financial information under IFRS becomes an essential requirement in the global markets, which currently consider such information as a basis for making uniform or consistent economic decisions. In fact, consumers would be better able to spot advantageous investment possibilities and financial hazards globally if clear and comparable financial data were readily available,]1[. When it comes to preparing and reporting financial accounts, IFRS offers a consistent, unified standard,]2],[13],[14[. Minimising the expense of worldwide reporting is the end result of using common trustworthy accounting terminology,]40[. Along with globalisation, this is why most nations' adoption of IFRSs is crucial for economic success. Accounting practices, rules, and goals are all products of a nation's unique setting. Consequently, it is critical to understand the environmental features and elements impacting Jordan, as well as their implications for the accounting and auditing industry in Jordan and the country's economy, [11], [25], [32].

Through an examination of the implementation of IFRS as outlined by the IASB, one may delve into the topic of environmental pressures and their effects by way of institutional theory. This line of inquiry centred on scholars like, [14], who sought to understand the driving forces underlying the recent shifts in accounting standards in Indonesia]15,[in Egypt]14[,in Jordan]17[and in Nepal]18[. Research like this identifies cultural, governmental, legal, educational, economic, national, and international influences as the main environmental elements that push for the adoption of IFRS.

In developing nations, political considerations have a significant impact on the accounting system's structure. Additionally, the adoption choice might be impacted by factors like economic development, the level of external economic openness, the literacy rate, and the educated population, [2], [3], [4],]17[, find that the three types of isomorphism strongly influenced IFRS-adoption decision in the Egypt (i.e. IMF aid, the desirability of the accountant to adopt IFRS and education level), [33], [34]. It has been suggested by]6[, that IFRS adoption in developing countries is justified also by the reliance of such countries on their trade partners that appear to be IFRS adopters in their geographical region,]39[. Building on this, [55] argued that IFRS adoption is a must for countries with strong economic ties to other countries that have already done so in order to level the playing field for international investors and make it easier for multinational corporations to conduct business. The extent to which Bahraini enterprises have adopted IAS was investigated by [48]. The study concludes that these businesses' access to bank loans is enhanced after adopting

IASs because the efficacy of publicly available financial data is enhanced.

Coercion from governments and international bodies has led to the adoption of IFRS in Iraq, according to institutional theorists, [41]. This adoption is driven by isomorphic pressures, which may be defined as normative, mimetic, and coercive. [1], conducted a more current study in which researchers looked at the evolution of accounting methods and the degree to which several MENA countries—including Egypt, Jordan, Libya, and the UAE—adopted IFRS. Through the prism of institutional theory, the researchers examine how cultural, governmental, legal, and economic aspects influenced the evolution of accounting procedures in various nations and how adaptable the accounting profession is. This study's results indicate that the latter two considerations are critical for IFRS compliance. In terms of professional accounting processes and means of obtaining capital, it also concludes that Egypt, Jordan, and the UAE may achieve a comparable level with their key trading partners, which include the US, the UK, Germany, and Italy, [1], [3], [5], [6].

Furthermore, the objective of [17], was to identify the primary determinants impacting the adoption of IFRS in Jordan and to investigate the associated elements that both encourage and constrain its implementation. According to the findings, several variables impact the evolution of accounting standards and practices. In a nutshell, environmental advances are a major component. Other important things include starting the privatisation programme, creating the capital market, joining several free trade agreements, passing new business legislation, and applying IAS/IFRS and ISA. In addition, according to [38], the following factors place pressure on accounting practices, including the adoption of IFRS, in Jordan: the country's colonial history, pressure from large economic organisations and international donor institutions; government enforcement mechanisms, such as privatisation and corporate governance programmes; the economy's openness to international funding and trade; and the development of education normatively.

[4], uses institutional theory to determine that trade partners and multinational businesses are mimetic pressures, the Big Four accounting firms are normative pressures, and the World Bank and capital markets are the primary sources of coercive pressures. Accounting regulations in Jordan are shaped by the country's and the region's colonial past, according to [14]. In addition, they mention a number of potential environmental variables that might affect the implementation of IFRS, including political and economic considerations, privatisation, and others. The impact of external influences is higher than that of internal ones, according to [17]. Some examples of such elements include the following: the educational system, cultural norms and practices, international factors or globalisation, the legal system, taxes, and the economic and political climate.

5.2.2 IFRS Implementation Influences

Financial reporting is the most important issue concerning professional accountants, regulators and other financial report users. Such reports are critical in communicating the results of financial events and transactions. In turn, this assists the users who may need this information to make business decisions, based on their assessment of the financial performance and state of a business,]13[. There are two primary goals of IFRS adoption, as stated by [36]. As a whole, IFRS is an effort to improve financial reporting and, more specifically, to make global comparisons of companies' financial statements easier. In line with the goals of IFRS to enhance the quality of companies' financial statements, the International Accounting Standards Board places a focus on the openness of financial reporting.

Regarding this matter, [38], detailed how the stock markets of a few MENA countries saw diverse outcomes after adopting IFRS. The impact of IFRS adoption on MENA stock markets has been studied by [11]. The study found that the stock market growth of MENA nations was positively impacted by the implementation of IFRS. [39], notes that IFRS is crucial for improving the accuracy of financial reporting, but that the distinctive institutional, economic, and regulatory landscapes of MENA nations have led to conflicting findings. [47], used data from 95 companies across multiple MENA nations to analyse how IFRS adoption affected FDI. According to their findings, IFRS adoption boosts FDI. In addition, using a pricing model and data from two emerging nations—Turkey and Malaysia—Turel, [53], has studied how IFRS adoption affected book value and reported earnings, respectively. In the time after IFRS was implemented in Turkey, the results show that book values and earnings became more relevant to value. In Malaysia, though, you'll see the polar opposite. Based on the findings of [54], examined how the adoption of IFRS affected discretionary accruals in China. There has been no decrease in managerial discretion via profits management as a result of IFRS adoption, according to both research. Using a sample of Kenyan enterprises, [55], looked at how IFRS affected the proportion of foreign ownership and share turnover. They provide evidence that there is a positive and statistically significant relationship between the proportion of foreign ownership and share turnover as well as compliance with IFRS.

Regarding the Middle East, [54], gives data from Egypt on how the revised EASs, mostly promoted by IFRS since 2006, have affected adoption. The results show that the goal of such adoption was not to lessen profits management. Adopting IAS/IFRS standards is crucial for economies like Jordan's to achieve high levels of financial information openness and comparability, which would facilitate international trade between the Arab and global worlds,]2]. When such countries adopt IFRSs, it will improve the quality of their financial reports that are released, which is the primary reason for doing so, [12]. Worldwide investors will reap the benefits of this and IFRS's contribution to a more consistent and comparable financial reporting system,]56[.

Several researchers, including [12], who emphasised the importance of IFRS in creating a welcoming environment for investment by both local and international firms, have also addressed other beneficial outcomes, [10]. Furthermore, there are more benefits than negatives to IFRS implementation in Jordan, as confirmed by [27]. According to the study's author, regulatory entities should make keeping tabs on businesses a top priority. Developing nations' market development and economic growth can be enhanced by the adoption of IFRS, according to [12], [14] and [15]. The United Arab Emirates UAE, Jordan, Kazakhstan, and Egypt are among the many code-law nations that have adopted IFRS,]1], [17[.

Thereby, IFRSs intended to improve the quality of financial information by increasing openness via fostering worldwide comparability, [3]. In the long run, our work reduces the cost of capital by making it easier for market participants—including investors and other stakeholders—to make educated business decisions and removing investment risks, [13]. Convergence with IFRS increased financial reporting comparability in both emerging and developed nations, according to various research, [7], [15], [17], [30]. Adopting IFRS, [1], would be a collective statement from Arab nations to their trading partners about their dedication to transparent and comparable accounting reporting standards. Therefore, IFRS has been adopted by these nations in part because of the accounting system that their trade partners employ, [15].

5.3 Lessons from the Jordanian Experience for other Middle Eastern Economies

Based on the institutional framework, the preceding discussion underlines the main incentives that have influenced, and continue to affect, IFRS adoption in Jordan. Jordan seems an ideal setting to make a valid analysis regarding the institutional pressures to lead to substantial improvements in accounting practices for the last 20 years. This implies that other ME nations may benefit much from numerous experiences when it comes to this adaption. In section 3, it is said that JACPA was instrumental in Jordan's transition to a free market economy via its participation in the IASC and IFAC. The stock market, privatisation, membership of various free trade agreements, introduction of various business regulations, and adoption of IAS/IFRS were all environmental remarkable advances that contributed to economic progress, [21]. Referring to other nations in the region which lack specialised accounting bodies and weak governance and oversight schemes, they may face coercive isomorphism pressures caused by their tendency to attract foreign investment or activate the investments in the private sector. Countries rich with high reserves of oil and gas, such as Iraq, Saudi Arabia, UAE, Kuwait and Bahrain may emphasise engaging foreign investors to get assistance in extracting such precious reserves, making economic growth possible. Consequently, these nations need to strengthen their accounting systems through IFRS adoption, [3], [5], [7], [8], [13], [20], [38].

Furthermore, other economies in the region seek financial aid and advice to reinforce their economies. Such nations are more likely to face significant pressure to implement IFRS caused by powerful international aid institutions. Economies, like Jordan which have a poor or small economy are more likely to be dependent on international aid for their basic requirements. Consequently, these nations are subject to the coercive pressures of a range of powerful global organizations which assist them in getting foreign aid,]29[. International financial institutions like the World Bank and the International Monetary Fund provide them with the funds they need to meet their capital market needs, ensure improvements to the economy as a whole, and advance the adoption of IFRS. This will lead to more uniform and transparent financial reporting by businesses worldwide, which will improve the efficiency of the capital market, [32[. This estimate, which pertains to the transition to IFRS caused by different coercive forces in different contexts, is supported by an analysis of previous studies. [33], state that foreign assistance is a major motivator for adopting IFRS. Further supporting the enormous influence of the IMF and WB in changing the accounting and auditing profession in Jordan, [34], in the UAE shows how the coercive demands from the WB were a major factor in the introduction of IFRS,]14], [17], [18[.

The mimetic isomorphism pressure on the practices of Arab and foreign trade partners in Jordan is likely to extend to other ME economies. The importance of harmonising their accounting practices with trade partners, lies in seeking benefits from trade partnerships with neighbouring nations. Put another way, according to [21], there is a direct correlation between the number of countries adopting a certain set of standards and the amount of pressure other countries feel to do the same. For instance, if IFRS adoption becomes the norm in the Arab League, Arab countries who reject the standards would have poor trade links with their neighbours and will miss out on chances for economic progress, [35]. Due to the limited natural resources in Jordan and some small economies, such as Iraq, Libya and Algeria, they are more likely to copy the same format as their trade partners to meet their capital market needs. Small economies like Jordan's are less likely to be impacted by changes in accounting methods compared to larger economies like Saudi Arabia, Egypt, and the United Arab Emirates. A number of significant environmental reforms and changes in ME nations also contributed to the requirement to implement IFRS. [36], state that the region's enforcement methods and investor protection schemas are crucial in ensuring complete adherence to IFRS. When it comes to IFRS implementation, countries with weak investor protections, including Iran, Yemen, and the Syrian Arab Republic, tend to have greater issues, [37], [38[.

Regarding the normative pressure, it has been evident following the previous discussion that accounting profession pressures influence the likelihood of IFRS implementation in the ME countries and developing countries more generally. This due to the solid ties of such economies with their trade partners and being open to international trade organisations and direct foreign investment. Normative pressure caused a noticeable movement of experts across national borders for the purpose of transferring skills. This situation is likely to lead to exposing alternative methods and systems which, therefore, increase the requirement for more rigorous accounting systems and frameworks, like IFRS, [39], [40]. As a consequence, universities' courses are more subject to developing and reflecting skills and knowledge their academics undertake in the form of examinations in other nations, Western nations in particular. As mentioned above, many economies have already required IFRS implementation for all entities, including Jordan, Lebanon, Egypt, Kuwait, and Bahrain. The enforcement mechanisms and investor protection measures in place impact the accounting profession's perception of the impact of normative pressure on the application of IFRS, [43], [44[,]50], [56]. Again, in the case of Jordan, the extensive role of JACPA in developing preparers' and auditors' skills and knowledge following IFRS adoption played a vital role in reinforcing compliance with such practices. This is in addition to the corporate governance reforms and investor protection programmes, [2].

6 Conclusion

This study provides a synopsis of Jordan's auditing and accounting history, highlighting the country's efforts to adopt IFRS and discussing the possible effects of institutional forces on the evolution of the profession. Our research lends credence to the idea that institutional isomorphism—including normative, mimetic, and coercive pressures—is driving the evolution of auditing and accounting in Jordan. One striking example of coercive isomorphic pressure is the adoption of IFRS in Jordan, which has led to extraordinary changes in the accounting profession. This push comes from the World Bank and the International Monetary Fund, among other global financial organisations and markets. Normative and mimetic isomorphic pressures drive further advances as a result of the necessity to acquire cash and guidance to aid economic progress. Attracting multinational corporations, FDI, and international trade partners to local private companies in the country is an example of a mimetic isomorphic pressure. Additional assistance is encouraged through the provision of accounting training sessions, such as courses offered by professional institutions, and awareness creation initiatives, thanks to normative isomorphic demand from accounting groups like JACPA.

There are several ways in which the present paper adds to the body of knowledge. First, this solid work grounding on the economic, political, and regulatory landscape of Jordan. Second, the study uses factual data to determine the key elements that enable significant improvements in the region's accounting processes. Third, in order to address a vacuum in our knowledge about the evolution of accounting systems, particularly in Jordan, this study outlines the key repercussions that followed this deployment locally. Fourth, by employing the institutional theoretical lens, it bridges the gap between IFRS adoption and the incorporation of institutional aspects. The financial markets, practitioners, regulators, and standard-setters may all benefit from this study as it details the primary motivations and pressures. Fifth, the examination's last section might shed light on the forces driving the shift to IFRS, which is a crucial consideration. The findings of this study can, in all likelihood, be used by those responsible for establishing accounting standards to better account for the specifics of the ME area, both in the creation of new standards and the revision of current ones.

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APPENDIX

Table 5. IFRS adoption by jurisdictions based on IASB's report 2018

Country	IFRS application status	Country	IFRS application status	Country	IFRS application status
1. Afghanistan	*Required*	2. Albania	*Required*	3. Angola	*Required*
4. Anguilla	*Required*	5. Antigua and Barbuda	*Required*	6. Argentina	*Required*
7. Armenia	*Required*	8. Australia	*Required*	9. Austria	*Required*
10. Azerbaijan	*Required*	11. Bahamas	*Required*	12. Bahrain*	*Required*
13. Bangladesh	*Required*	14. Barbados	*Permitted*	15. Belarus	*Required*
16. Belgium	*Required*	17. Belize	*Required*	18. Benin	*Required*
19. Bermuda	*Permitted*	20. Bhutan	*Permitted*	21. Bolivia	*None*
22. Bosnia and Herzegovina	*Required*	23. Botswana	*Required*	24. Brazil	*Required*
25. Brunei Darussalam	*Required*	26. Bulgaria	*Required*	27. Burkina Faso	*Required*
28. Cambodia	*Required*	29. Cameroon	*Required*	30. Canada	*Required*
31. Cayman Islands	*Permitted*	32. Central African Republic	*Required*	33. Chad	*Required*
34. Chile	*Required*	35. China	*None*	36. Colombia	*Required*
37. Comoros	*Required*	38. Costa Rica	*Required*	39. Croatia	*Required*
40. Cyprus	*Required*	41. Czech Republic	*Required*	42. Côte d'Ivoire	*Required*
43. Democratic Republic of Congo	*Required*	44. Denmark	*Required*	45. Dominica	*Required*
46. Dominican Republic	*Required*	47. Ecuador	*Required*	48. Egypt*	*Required*
49. El Salvador	*Required*	50. Equatorial Guinea	*Required*	51. Estonia	*Required*
52. Eswatini	*Required*	53. European Union	*Required*	54. Fiji	*Required*
55. Finland	*Required*	56. France	*Required*	57. Gabon	*Required*
58. Gambia	*Required*	59. Georgia	*Required*	60. Germany	*Required*
61. Ghana	*Required*	62. Greece	*Required*	63. Grenada	*Required*
64. Guatemala	*Permitted*	65. Guinea	*Required*	66. Guinea-Bissau	*Required*
67. Guyana	*Required*	68. Honduras	*Required*	69. Hong Kong SAR	*Required*
70. Hungary	*Required*	71. Iceland	*Required*	72. India	*None*
73. Indonesia	*None*	74. Iran	*Required*	75. Iraq*	*Required*
76. Ireland	*Required*	77. Israel	*Required*	78. Italy	*Required*
79. Jamaica	*Required*	80. Japan	*Permitted*	81. Jordan*	*Required*

Key:
-Required: require IFRS Standards for all or most companies.
-Permitted: permit all or most companies to use IFRS Standards.
-None: no official IFRS adoption, local GAAP applicable.
-Both: IFRS adoption is Required or permitted.
**Arab Middle Eastern*

Country	**IFRS application status**	**Country**	**IFRS application status**	**Country**	**IFRS application status**
82. Kazakhstan	*Required*	83. Kenya	*Required*	84. Kosovo	*Required*
85. Kuwait*	*Required*	86. Latvia	*Required*	87. Lesotho	*Required*
88. Liberia	*Required*	89. Liechtenstein	*Required*	90. Lithuania	*Required*
91. Luxembourg	*Required*	92. Macao SAR	*None*	93. Macedonia	*Required*
94. Madagascar	*Permitted*	95. Malawi	*Required*	96. Malaysia	*Required*
97. Maldives	*Required*	98. Mali	*Required*	99. Malta	*Required*
100. Mauritius	*Required*	101. Mexico	*Required*	102. Moldova	*Required*
103. Mongolia	*Required*	104. Montenegro	*Required*	105. Montserrat	*Required*
106. Myanmar	*None*	107. Namibia	*Required*	108. Nepal	*Required*
109. Netherlands	*Required*	110. New Zealand	*Required*	111. Nicaragua	*Permitted*
112. Niger	*Required*	113. Nigeria	*Required*	114. Norway	*Required*
115. Oman*	*Required*	116. Pakistan	*Required*	117. Palestine*	*Required*
118. Panama	*Permitted*	119. Papua New Guinea	*Required*	120. Paraguay	*Permitted*
121. Peru	*Required*	122. Philippines	*Required*	123. Poland	*Required*
124. Portugal	*Required*	125. Qatar*	*Required*	126. Republic of the Congo	*Required*
127. Romania	*Required*	128. Russia	*Required*	129. Rwanda	*Required*
130. Saudi Arabia*	*Required*	131. Senegal	*Required*	132. Serbia	*Required*
133. Sierra Leone	*Required*	134. Singapore	*Required:* SFRS	135. Slovakia	*Required*
136. Slovenia	*Required*	137. South Africa	*Required*	138. South Korea	*Required*
139. Spain	*Required*	140. Sri Lanka	*Required*	141. St Kitts and Nevis	*Required*
142. St Lucia	*Required*	143. St Vincent and the Grenadines	*Required*	144. Suriname	*Permitted*
145. Sweden	*Required*	146. Switzerland	*Permitted*	147. Syria*	*Required*
148. Chinese Taipei	*Both*	149. Tanzania	*Required*	150. Thailand	*None*
151. Timor-Leste	*None*	152. Togo	*Required*	153. Trinidad and Tobago	*Required*
154. Turkey	*Required*	155. Uganda	*Required*	156. Ukraine	*Required*
157. United Arab Emirates*	*Required*	158. United Kingdom	*Required*	159. United States	*None*
160. Uruguay	*Required*	161. Uzbekistan	*Required*	162. Venezuela	*Required*
163. Vietnam	*None*	164. Yemen*	*Required*	165. Zambia	*Required*
166. Zimbabwe	*Required*				

Key:	*Count:*
-Required: require IFRS Standards for all or most companies.	*144*
-Permitted: permit all or most companies to use IFRS Standards.	*12*
-None: no official IFRS adoption, local GAAP applicable.	*11*
-Both: IFRS adoption is Required or permitted.	*1*
**Arab Middle Eastern countries*	

Contribution of Individual Authors to the Creation of a Scientific Article [Ghostwriting Policy]

The authors equally contributed in the present research, at all stages from the formulation of the problem to the final findings and solution.

Sources of Funding for Research Presented in a Scientific Article or Scientific Article Itself

No funding was received for conducting this study.

Conflict of Interest

The authors have no conflict of interest to declare.