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**STANDARDISATION OF ACCOUNTING PRACTICES IN
THE DEVELOPING COUNTRIES:
THE CASE OF KUWAIT.**

by

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I dedicate my thesis to my parents,
wife, and children.

Abstract

This study examines the causes, nature and consequences of deficiencies in Kuwait accounting; evaluates the accounting guidelines introduced in January 1987; and recommends a new approach for regulating accounting in Kuwait, to remedy the present deficiencies.

After reviewing the theory related to accounting standard-setting, we examine in detail the laws affecting the Kuwaiti accounting profession, and the accounting practices currently employed. It is shown that inadequate, piecemeal regulation, a weak profession, and the lack of a sound theoretical base founded on the characteristics and needs of the local environment, have resulted in ambiguity, and diverse practices. The information provided is therefore not sufficiently reliable and comparable to meet users' needs.

These assertions are supported by presentation and statistical analysis of the findings from an empirical survey of the views of users and preparers of financial information. A number of hypotheses are tested, related to the objectives and nature of financial information, and ways of improving the system.

We recommend greater uniformity in Kuwaiti accounting, and submit detailed proposal for reorganisation of the profession, including the creation of a new independent regulatory body.

Chapter Seven

The Second Questionnaire: Opinions of Preparers of

Financial Statements

7.1 Questionnaire II (Producers of Accounts)

This chapter is devoted to the examination of the second questionnaire (the accountants and other people concerned with the profession) to gauge the perception of accountants regarding the development of the accounting system in Kuwait.

7.1.1 The Questionnaire:

The questionnaire was constructed to analyse the impact of economic development and foreign accounting methods on the Kuwaiti accounting system, the role of the accounting profession in advancing the accounting system in Kuwait, and the development of the accounting system.

7.1.2 The Build-up of Question Sequence:

The questionnaire is self-explanatory. The respondents were instructed on how to complete the questionnaire, emphasising: (1) definition of the purpose of the questionnaire, (2) that the names of respondents would not be required. The questions were divided into five parts, each part identified with a title. The first three parts were concerned with economic development, foreign accounting methods, and the accounting profession. The fourth group of questions covered: (1) evaluation of the different parties concerned with the development

of the accounting profession, and (2) proposed solutions for developing the profession in general and setting accounting standards in particular. The final section was for general information.

7.1.3 The Order of Questions Within Each Question Sequence:

As emphasised in table (7-1), the first section of the questionnaire asked about the effect of economic development on different aspects of accounting. The second section asked about the impact of foreign accounting methods on the accounting system in Kuwait. The third section was concerned with evaluating the role of the accounting profession in developing the accounting system. Section four (like the fifth section in the first questionnaire) was devoted to examination of respondents' views towards the improvement and development of the accounting system, after evaluation of the current system and the parties concerned with the profession. The final part of the questionnaire was devoted to general information, for instance: qualifications, job title, ...etc.

7.1.4 Results of the Second Questionnaire:

In the previous chapter, the researcher explained the methods used for the empirical investigation. This chapter will present and discuss the results descriptively.

The discussion of the background factors of the participants includes qualifications, job titles, types of organisation, and nationality.

Descriptive statistics are used to indicate the respondents' evaluation of the impact of economic development, foreign accounting methods,

and the accounting profession, with regard to different aspects of accounting .

Finally, we discuss respondents' views regarding the contribution of parties concerned in developing the accounting system in Kuwait, their views regarding the proposed level of involvement of these parties in advancing the system, and their suggestions for future improvement. In this chapter emphasis will be on presentation of results, the testing of hypotheses will follow in a later chapter. Before the presentation of the data based on the field work, however, mention will be made by way of introduction of general data.

7.1.4.1 Respondents' Background Factors:

Information was gathered to provide means of classifying respondents according to qualifications, categories of job, work environment and nationality. The following sections discuss each of these background factors.

7.1.4.1.1 Qualifications

The respondents were classified into two main groups: respondents with accounting qualifications and respondents with other qualifications. The distribution of the two groups is shown in table (7-2) and table (7-3).

As can be seen from the first table, 88.9% of respondents have accounting qualifications. The breakdown of this qualification includes the following: 51.6% of the respondents have a bachelor degree, 10.6% have a master degree, 15.5% have a Ph.D., and 11.2%

have a professional degree. Respondents who do not have a recognised accounting qualification constitute 1.9% of the sample, while 9.3% of respondents did not specify which qualifications they had.

7.1.4.1.2 Job Title:

A variety of occupations were stated by respondents. Their positions are shown in the following table (7-4).

Although these respondents gave various and diversified replies due to their different backgrounds, these multiple responses provide an insight into the determining factors affecting their attitudes toward development of the accounting system. A first glance at the sample combination and the associated backgrounds of the participants indicates that 29.2% of respondents are auditors, 28.6% of them are accountants, 16.8% are academics, 11.8% of them are consultants, and 6.2% of them are financial manager or controllers. 7.5% of respondents did not specify their job title.

7.1.4.1.3 Type of Organisation:

The distribution of the respondents among different types of organisations is shown in table (7-5).

From this table it can be seen that investment companies and accounting firms constitute the majority of organisations represented (57.8%), 16.8% of the respondents are from academic institutions, and 17.4% of them from the government sector. 8.1% of respondents did not specify their work environment.

7.1.4.1.4 Nationality:

Table (7-6) shows that the majority of the respondents, 53.4%, are non-Kuwaiti.

Conclusion:

In conclusion, 88.9% of our respondents have accounting qualifications, 57.8%% of them work in investment companies and accounting firms, and finally 53.4% of our respondents are non-Kuwaiti.

7.1.4.2 Economic Development:

7.1.4.2.1 Respondents' Views on the Extent to Which the Economic Development Influences the Accounting System:

The respondents were instructed to rate the level of influence of economic development on the accounting system. On this rating, 1 meant highly favourable, 2 meant somewhat favourable, 3 meant neutral, 4 meant somewhat unfavourable, and 5 meant highly unfavourable.

The ratings determined by respondents are presented in table (7-7), from which, the following results can be summarised:

- As to the impact of economic development on the accounting system, table (7-7) indicates that accounting skills and qualifications, usage of information, expansion of accounting firms services, accounting education, and accounting and auditing practices, respectively, are the aspects most strongly

affected by economic development. More than 90% of the respondents considered that economic development has a favourable impact on these aspects.

- The other aspects (accounting requirements, quality of information provided, and professional ethics) were less affected by the economic development. 64.6% of the respondents considered economic development has a favourable impact on accounting requirements; 57.8% of them considered it has favourable impact on quality of information provided, and 48.5% considered it has favourable impact on professional ethics.
- The replies demonstrated some measures of agreement regarding the impact of the economic development on different accounting aspects. 93.8% of respondents considered that the economic development has a highly or somewhat favourable impact on accounting skills and qualifications, and also usage of information. 93.1% of respondents considered that the economic development has a highly or somewhat favourable impact on accounting education, and accounting and also auditing practices. 91.3% of respondents considered that economic development has a highly or somewhat favourable impact on expansion of accounting firms' services. 78.3% of respondents considered economic development has a highly favourable impact or neutral effect on accounting requirements. 77.1% of respondents considered economic development has a highly favourable impact or a neutral effect on quality of information provided, and finally, 75.8% of respondents considered that

economic development has a highly favourable impact or neutral effect on professional ethics.

7.1.4.2.2 Respondents' Views on the Relationship Between Economic Questions and Accounting System:

Respondents were asked to rate on a five point scale the level of agreement with various statements exploring the relationship between economic questions and the accounting system. On this rating, 1 meant agree, 3 meant neutral, 5 meant disagree.

The ratings determined by respondents are presented in table (7-8), which summarises the level of agreement with each proposition. From the table, the following can be noted:

- The first issue examined was the cause of the unofficial stock market crisis (Almanakh, 1982). The majority (66.5%) of respondents agreed that lack of adequate accounting information was one of the causes of this issue, a small percentage (18.6%) of the sample disagreed with this, and the remainder neither agreed nor disagreed.
- Regarding the underestimation of the value of financial information as a measure of industrial prosperity, most respondents (85.1%) agreed on this issue, and only a very small percentage disagreed (4.9%).
- The response of respondents to item (C), "the lack of proper accounting records hampers the expansion of commercial

sectors" was similar to the response to the previous item, in that more than 80% of the respondents agreed with this statement.

- Respondents were further requested to agree or disagree with the statement that the accounting outputs are not properly used for national purposes. More than 70% of respondents agreed with this statement.
- Not surprisingly, a large number (79.5%) of respondents agreed that the shortcomings in public planning are to some extent related to insufficient accounting information. 78% of respondents agreed that although accounting techniques have positive impact on economic prosperity, little consideration is given to this factor.
- Respondents were asked whether they agreed that Kuwait stock market efficiency is significantly related to and well served by the availability of adequate accounting information. Their responses broadly (81.4%) coincided with above statements.
- Regarding the question whether too little attention is given to the importance of accounting information for control and follow up in Kuwait, a substantial number of respondents answered in the affirmative (72.7%).
- Overall, it is apparent that respondents realise a positive relationship between economic issues and the accounting system.

7.1.4.3 Foreign Accounting Methods :

7.1.4.3.1 Respondents' Views on the Degree of Influence of the Foreign Accounting Methods on the Accounting System:

The respondents were asked to rate the degree of influence of foreign accounting methods on the accounting system. On this rating, 1 meant highly favourable, 2 meant somewhat favourable, 3 meant neutral, 4 meant somewhat unfavourable, and 5 meant highly unfavourable.

The ratings determined by respondents are presented in table (7-9), from which the following results can be summarised:

- Table (7-9) indicates that accounting skills and qualifications, and expansion of accounting firms' services, respectively, are the aspects most favourably affected by foreign accounting methods. 91.9% of respondents considered that foreign accounting methods have favourably affected accounting skills and qualifications, while 88.8% of them agreed on the favourable effect of foreign accounting methods on expansion of accounting firms' services.
- The other aspects were less favourably affected by foreign accounting methods; the percentage of agreement on these aspects ranged from 50.3% to 62.1%.
- The replies demonstrated some measure of agreement regarding the impact of foreign accounting methods on different aspects of accounting. 91.9% of respondents considered that foreign

accounting methods have a highly or somewhat favourable impact on accounting skills and qualifications. 88.8% of respondents considered that foreign accounting methods have a highly or somewhat favourable impact on expansion of accounting firms' services. 78.9% of respondents considered that foreign accounting methods have a highly favourable or neutral impact on accounting requirements. 76.9% of respondents considered that foreign accounting methods have a highly favourable or neutral impact on accounting education. 73.9% of respondents considered that foreign accounting methods have a highly favourable or neutral impact on usage of information. 72.7% of respondents considered that foreign accounting methods have a highly favourable or neutral impact on professional ethics.

7.1.4.3.2 Respondents Compliance with Accounting Practices:

The respondents were asked to reveal their pattern of compliance with accounting practices. The answers determined by respondents are presented in table (7-10). From the table the following can be noted:

- Only 8.1% of the respondents are practising in accordance with the Permanent Technical Committee Guidelines (PTCG).
- 3.1% of respondents who followed the Statements of Standards Accounting Practices (SSAP), while 5.6% follow Financial Accounting Standards (FAS).

- The majority of respondents (42.2%) follow International Accounting Standards (IAS).
- 36.6% of them followed more than one set of standards. Of those, most followed a combination of PTCG and IAS.

7.1.4.4 Accounting Profession:

7.1.4.4.1 Respondents' Views on the Contribution of the Accounting Profession in Developing the Accounting System:

In the third section of the questionnaire, respondents were asked to rate on a five point scale the degree of contribution of the accounting profession in developing the accounting system. On this rating, 1 meant encouraging, 3 meant neutral, and 5 meant discouraging.

The ratings determined by respondents are represented in table (7-11), from which the following can be noted:

- When we turn to the statistics covering the contribution of the accounting profession in advancing the accounting system, we see from table (7-11) that a higher incidence of neutral responses occurs here than in any previous results.
- The first issue examined was the contribution of the profession to accounting regulations. The majority (59.6%) of respondents considered the contribution of the profession in this aspect had been encouraging, whereas 5.2% considered it had been discouraging.

- Regarding conducting effective training for firms and individuals, less than half of the respondents agreed that the profession had performed this role, and a small percentage of the respondents disagreed on this (7.4%).
- Responses to item (C) of this question (organising local studies) were less positive, compared with the previous item. 37.3% of respondents felt that the profession's contribution had been positive.
- Not surprisingly, a low percentage of respondents (31%) felt that the profession is positively responding to national accounting demand. Half of them were neutral on this matter, and 18.6% of respondents had unfavourable views about the contribution of the profession.
- Respondents were further asked to indicate their views regarding the role of the profession in furnishing the market with well qualified accountants. 43.5% of them agreed that the profession had contributed encouragingly in this aspect, 8.6% of the respondents disagreed and 47.8% of them neither agreed nor disagreed.
- As to the contribution of the profession in providing an adequate information reporting system for investment decision making, the table indicates that 44.7% of the respondents reacted positively and the rest were neutral (43.5%) or felt the contribution was discouraging (11.8%).

- Respondents were asked about the contribution of the accounting profession in advancing public accounting procedures. Half of them agreed that the profession is contributing encouragingly, 42.2% of them were neutral, and the remainder disagreed. - Regarding the question of the profession strengthening channels of communication with international accounting bodies, the respondents who considered the profession has contributed positively were 47.8%, and the rest were neutral (40.4%) or disagreed (11.8%).
- The majority of the respondents considered that the profession is contributing positively toward setting binding ethical rules for accounting practices, but 7.4% of them disagreed.
- Also, it was observed from responses to this question that the profession was considered to be contributing positively toward sound public recognition by 48.5% of the respondents. However, 43.5% of responses neutral while 7.5% of respondents had unfavourable views on this matter.
- Only 41% of respondents agreed that the profession is co-ordinating with the government and private agencies in the advancement of the accounting function, 44.7% of them were neutral on this issue, and 14.3% disagreed.
- Regarding the contribution of the profession in ensuring sufficient education for accountants at university level, only 37.9% of respondents considered the profession to be making

encouraging contribution. 23.3% of them disagreed, and the rest were neutral.

- Finally, 51.6% of respondents agreed that the profession had contributed positively in assisting with the setting up of required standards for practising accountants' licences. 13.6% of them disagreed, while the rest (42.9%) were neither agreed nor disagreed.
- As to the degree of contribution of the profession to some accounting aspects, both median and mode are 3 (neutral) except in the case of contribution of the profession to accounting regulations (mode 1, median 2), and contribution in setting binding ethical rules for accounting practices (mode 3, median 2).
- Of those issues in which the respondents endorsed the contribution of the accounting profession, the most outstanding is that which deals with contribution to accounting regulation. 59.6% of respondents agreed that the profession has encouragingly contributed, with only 6.2% in the area of general disagreement, claiming they had not. The incidence of neutral responses here was 33.5%.
- The researcher notes that the most contentious issue was the contribution of the profession in ensuring sufficient education for accountants at university level. Only 37.9% generally agreed that the profession has a positive role in this issue, 23.6% believed the opposite, and 38.5% registered neutral response.

- The following can fairly describe the present status of the accounting profession, and why the respondents in general have low satisfaction with the contribution of the profession in improving the accounting system:
 - * It is found that public recognition of the accounting profession is low.
 - * An organised profession is not yet established in Kuwait, which affects the status of the accounting system as a whole.
 - * The role of accounting and accountants is underestimated by the public in general, and the government in particular.
 - * Kuwait lacks sound accounting rules, conducts, and ethical ruling.

7.1.5 Summary:

- A- 88.9% of the respondents have accounting qualifications, 57.8% of them work in investment companies and accounting firms, and finally, 53.4% of our respondents are non- Kuwaiti.
- B- Respondents demonstrated agreement regarding the impact of economic development on different aspects of accounting, e.g. accounting skills and qualifications, usage of information, accounting education,... etc.
- C- The positive relationship between economic issues and the accounting system was rated in the range from agree to slightly agree.
- D- The influence of foreign accounting methods was considered to be an incentive to the accounting system, the mean ranged from 1.684 to 2.608, representing somewhat favourable.

- E- The majority of the respondents follow IAS, others follow local or other international standards.
- F- The majority of respondents neither agreed nor disagreed regarding the favourable contribution of the accounting profession in advancing the accounting system.
- G- The answers regarding the contribution of the profession to different accounting aspects, ranged in the main from 2.113 to 2.714, which is not far from 3 (neutral).

7.2 Comparison Between Users' and Accountants' Views Regarding Improvement of the Accounting System:

This section concerns six questions which were asked of both categories (users and accountants), and will compare the two categories of respondents in terms of their evaluation of and ideas for improving the accounting system.

7.2.1 Respondents' Evaluation of the Performance of the Permanent Technical Committee (PTC):

The respondents were instructed to rate their evaluation of performance of PTC. On this rating, 1 meant excellent, 2 meant good, 3 meant moderate, 4 meant poor, and 5 meant not aware of the activity of the committee.

The rating determined by respondents is presented in tables (7-12, 13, and 14). The first table presents the users' evaluation of the performance of the PTC. The second one presents the accountants' evaluation of the performance of PTC. Table (7-14) presents a

comparison of the two samples' views regarding the same matter. From these, the following results can be summarised:

- From the tables, 10.2% to 26.6% of the users considered the PTC's performance to be excellent or good, whilst the accountants who considered the PTC's performance excellent or good ranged from 21.7% to 37.9%.
- In addition, 53.2% to 65.2% of users considered the PTC's performance to be moderate or poor, while the proportion of accountants who considered the PTC's performance to be moderate or poor ranged from 45.9% to 59.6%.
- The respondents who did not know about the performance of the PTC ranged from 18.4% to 32.9% in the case of the users , and from 13% to 18% for the accountants.
- In other words, the PTC's performance was more favourably regarded by the accountants than by the users. The grand mean for the users' sample, 3.599, and for the accountants' sample, 3.218.
- For the users, the mode and median scores for the best two activities, (setting objectives of financial reporting and quality of the guidelines) are 3 (moderate), and for the other four activities, the mode and median scores are 4 (poor).
- For the accountants, the mode score is 4 (poor) and the median score is 3 (moderate) for the first five activities, and for the worst two activities (allowing other parties to contribute in setting the

guidelines, and the manner in which the PTC has promulgated the guidelines) the mode and median scores are 4 (poor).

- The users and accountants demonstrated some measures of agreement in evaluating the activities of the PTC. The best three activities for the two samples are setting objectives of financial reporting, quality of the guidelines and mandatory compliance. The worst two activities for both respondents are allowing other parties to contribute in setting the guidelines, and the manner in which the PTC has promulgated the guidelines.
- Generally, respondents supported the proposition that the PTC has deficiencies in the performance of its tasks, making it difficult for it to achieve designated goals. This conclusion is very clear when referring to the mean, mode, and median scores. These scores are very high, indicating dissatisfaction of the respondents regarding the PTC's performance.

7.2.2 Respondents' Evaluation of the Present Contribution of Concerned Parties in Advancing the Accounting System:

The respondents were asked to rate the degree of contribution of the different concerned parties on a four point scale. On this rating, 1 meant excellent, 2 meant good, 3 meant moderate, and 4 meant poor.

The ratings determined by respondents are presented in three tables (7-15, 16, and 17). Table (7-15) presents a summary of the users' answers, the second table presents a summary of the accountants' answers, and table (7-17) presents a comparison of the two results. From these tables, the following can be noted:

- As to the degree of contribution from the users' point of view, table (7-15) indicates the following ranking, which is based on mean points scores ascribed to respondents' rating of each of the seven parties:
 - * Government (Ministry of Trade and Industry) (most contributing party);
 - * Kuwaiti Society for Accountants and Auditors (second most contributing party);
 - * Accounting firms (third most contributing party);
 - * Audit bureau (fourth most contributing party);
 - * Academic institutions (fifth most contributing party);
 - * Stock Exchange (sixth most contributing party); and
 - * Private sector (seventh most contributing party).

- Table (7-16) indicates that accountants rank the contribution of the various parties slightly differently. The table presents the following ranking, which is based on mean points scores ascribed to respondents' rating of each of the seven parties:
 - * Government (Ministry of Trade and Industry) (most contributing party);
 - * Kuwaiti Society for Accountants and Auditors (second most contributing party);
 - * Accounting firms (third most contributing party);
 - * Academic institutions (fourth most contributing party);
 - * Stock Exchange (fifth most contributing party);
 - * Audit bureau (sixth most contributing party); and
 - * Private sector (seventh most contributing party).

- The replies demonstrated some measure of agreement regarding the degree of contribution. More than two thirds of the respondents of the two samples considered that the government and Kuwaiti Society for Accountants and Auditors make a good or moderate contribution in advancing the accounting system. About 63% of the users considered that accounting firms make a good or moderate contribution, and the same percentage of accountants considered accounting firms make a good or poor contribution in advancing the accounting system.
- 64.6% to 73.4% of the users and 62.2% to 78.9% of the accountants considered that the audit bureau, stock exchange, private sector, and academic institutions make a moderate or poor contribution in advancing the accounting system.
- The mode and median score for the most contributing party (the government) is 2 (good) in both samples.
- The mode score for the least contributing party (private sector) is 4 (poor) and the median score is 3 (moderate) in both samples.
- The grand mean is 2.780 and 2.989 for users and accountants, respectively, which is near 3 (moderate). In other words, the accountants are slightly more dissatisfied than the users with the contribution of the different parties in advancing the accounting system.

- Generally, however, it seems that the respondents in both samples do not rate highly the contribution of the different concerned parties in advancing the accounting system.

7.2.3 Respondents' Views on Degree of Proposed Involvement of Concerned Parties in Improving the Accounting System:

Respondents were asked to rate on a five point scale the degree of proposed involvement of concerned parties in improving the accounting system. The scale ranged from 1 (high involvement) to 5 (low involvement). The ratings determined by respondents are presented in tables (7-18, 19, and 20). The first table presents the users' opinions as to the degree of involvement of the concerned parties in improving the accounting system, the second one presents the accountants' views on the same issue, and table (7-20) presents a comparison of the two samples views regarding the above issue, from which, the following results can be summarised:

- The users' ranking of the proposed involvement of concerned parties in improving the accounting system, revealed by table (7-18), is as follows:
 - * Kuwaiti Society for Accountants and Auditors (most involved party);
 - * Government (Ministry of Trade and Industry) (second most involved party);
 - * Accounting firms (third most involved party);
 - * Audit bureau (fourth most involved party);
 - * Stock Exchange (fifth most involved party);
 - * Academic institutions (sixth most involved party); and

- * Private sector (seventh most involved party).
- Table (7-19) indicates a different ranking of the degree of involvement from the accountants' point of view. The table reveals the following ranking, which is based on mean points scores ascribed to respondents' rating of each of the seven parties:
- * Kuwaiti Society for Accountants and Auditors (most involved party);
 - * Accounting firms (second most involved party);
 - * Government (Ministry of Trade and Industry) (third most involved party);
 - * Academic institutions (fourth most involved party);
 - * Stock Exchange (fifth most involved party);
 - * Private sector (sixth most involved party); and,
 - * Audit bureau (seventh most involved party).
- The replies demonstrated some measure of agreement regarding the proposed degree of involvement. 85.4% of users and 75.8% of accountants proposed that the government should be highly or quite highly involved in improving the accounting system. 89.9% of the users and 80.7% of the accountants proposed that the Kuwaiti Society for Accountants and Auditors should be highly or quite highly involved in improving the accounting system. 82.9% of the users and 83.9% of the accountants proposed that the accounting firms should be highly or quite highly involved in improving the accounting system. 74.1% of the users proposed that the accounting bureau should be highly or quite highly involved in improving the accounting system, and 69.2% of the

accountants proposed that it should be quite involved or neutral in improving the accounting system. About two thirds of the users and 70.8% of the accountants proposed that the stock exchange should be highly or quite highly involved in improving the accounting system. 70.2% of the users and 59% of the accountants proposed that the private sector should be quite involved or neutral in improving the accounting system. Finally, 61.4% of the users proposed that the academic institutions should be quite involved or neutral in improving the accounting system, and 72.1% of the accountants proposed such a party to be highly or quite highly involved in improving the accounting system.

- The mode and median scores for the proposition of the most involved party (KSAA) are 1 (high) for both samples.
- The mode and median scores for the proposition of the least involved party (private sector in the users' sample, and audit bureau for the accountants' sample) are 2 (quite high) for the two samples.

7.2.4 Respondents' Views on Choice of Structure to Develop the Accounting System:

This section examines possible ways of reforming the accounting system.

Respondents were asked to choose the appropriate sort of structure they considered necessary to reform the accounting system. Table (7-

21) presents a comparison of the two samples' results, from which the following results can be summarised:

- The sort of structure preferred by the two samples is a combination of professional and government input. Over half of the users and about two thirds of accountants chose this sort of structure for reforming the accounting system.
- 22.9% of the users would prefer an authoritative to provide the structure for developing the accounting system, and 10.6% of the accountants chose such a structure. 8.9% of users who chose professional guidelines to be the structure on which to develop the accounting system, while 13% of the accountants chose this sort of structure. Finally, 15.2% of users chose statutory requirements as a basis for developing the accounting system, whereas only 3.1% of accountants chose this sort of structure to improve the accounting system.
- The search for a type of accounting organisation adequate for Kuwait lies in the hands of the government. The environmental and professional inputs necessitate that the initial impetus be a state action. However, this regulation should be accompanied by more participation from the parties concerned, such as KSAA, accounting firms, academic institutions, ...etc.

7.2.5 Respondents' Views on the Ranking of Importance of Accounting Issues Requiring Improvement:

The respondents were instructed to rank the importance of different accounting issues requiring improvement on a six-point scale. On this ranking, 1 meant most important, and 6 meant sixth or least important. The ranking determined by respondents is presented in three tables (7-22, 23, and 24). Table (7-22) presents a summary of the users' results, table (7-23) presents a summary of the accountants' results, and the final table presents a comparison of the two results. From these tables, we can summarise the following results:

- Table (7-22) indicates the following ranking based on mean points scores ascribed by users to each of the six issues:
 - * Accounting and auditing standards (most important);
 - * Professional ethics (second most important);
 - * Legal requirements for accounting practices (third most important);
 - * Effective accounting services (fourth most important);
 - * Scrutinising of accounting education (fifth most important);
 - and,
 - * More organised professional body (sixth most important).
- Table (7-23) indicates the ranking of importance of different accounting issues requiring improvement as determined by accountants. This is similar to the previous ranking (determined by users) in the top three most important issues, but different in the others. From the table, the following ranking can be noticed:

- * Accounting and auditing standards (most important);
 - * Professional ethics (second most important);
 - * Legal requirements for accounting practices (third most important);
 - * Scrutinising of accounting education (fourth most important);
 - * More organised professional body (fifth most important); and,
 - * Effective accounting services (sixth most important).
- The majority of the two samples (69% of the users and 55% of the accountants) considered accounting and auditing standards as the most important issue requiring improvement.

7.2.6 Respondents' Views Regarding the Factors to be Considered in Setting the Accounting Standards:

Respondents were asked to rate on a three point scale the importance of specific factors to be considered in accounting standards setting. On scoring, 1 was defined as very important consideration, 2 as somewhat important consideration, and 3 being minor consideration.

The ratings determined by respondents are presented in tables (7-25, 26, and 27). Table (7-25) presents the users' views regarding the factors to be considered in accounting standards setting. Table (7-26) presents the accountants' views regarding the same matter. Finally, a comparison between the two results is presented in table (7-27). From these tables, the following can be summarised:

- According to users, complying with local needs, continuous monitoring of accounting problems, further consultation with

accounting firms and collaboration with international bodies, were rated as the four most important factors to be considered in setting accounting standards. Concentrating on practical rather than theoretical issues, greater contributions from KSAA, academic institutions, and the private sector, were rated as less important than the above factors.

- As to the factors to be considered by accountants in setting accounting standards, table (7-26) indicates the following ranking of the eight factors, based on mean point scores ascribed to respondents' rating of each of the factors. Continuous monitoring of accounting problems, collaboration with international bodies, complying with local needs, and further consultation with accounting firms, were rated as the four most important factors to be considered in setting accounting standards. Concentrating on practical rather than theoretical issues, greater contributions from KSAA, academic institutions, and private sector, were rated as less important than the above factors.
- From table (7-27) we can see that the two samples demonstrated agreement concerning the four least important factors to be considered in setting accounting standards, though there was some slight difference between the two samples in ranking the best four factors to be considered in setting accounting standards.
- The mode and median of the factors to be considered in setting accounting standards is 1 (very important consideration) in both

samples, except in the case of the least important factor (more contribution from the private sector), the mode and median for this factor according to the user is 2 (somewhat important consideration), the mode is 1 and the median is 2 for this factor according to accountants.

- The replies demonstrated some measure of agreement regarding the factors to be considered in setting accounting standards in both samples; 80% of respondents in both samples rated complying with local needs as a very important consideration. 74% of users and 84% of accountants rated the continuous monitoring of accounting problems as a very important consideration. 72% and 79% of users and accountants, respectively, rated further consultation with accounting firms as a very important consideration. Collaboration with international bodies was rated as a very important consideration by 67% of users and 81% of accountants. 65% of users and 75% of accountants rated more contribution from the Kuwaiti Society of accountants and auditors as a very important consideration. 62% and 66% of users and accountants, respectively, rated concentrating on practical, rather than theoretical issues, as a very important consideration. More contribution from the academic institutions was rated as a very important consideration by 58% of users and 65% of accountants. Finally, 54% of users rated more contribution from the private sector as a somewhat important consideration, and 48% of accountants rated this factor as a very important consideration.

7.2.7 Summary:

- A- The two samples' responses supported the proposition that the Permanent Technical Committee has deficiencies in the performance of its tasks, making it difficult for it to achieve its designated goals.
- B- This conclusion is very clear when referring to the means, mode, and median scores. These scores are very high, reflecting the dissatisfaction of the respondents regarding the PTC performance. The two samples demonstrated some measure of agreement in evaluating the activity of PTC, shown by their ratings of the best three and worst two activities conducted by the PTC.
- C- Respondents in both samples seemed not to rate highly the contribution of the different concerned parties in advancing the accounting system. As to the ranking of proposed involvement of concerned parties in improving the accounting system, the following were considered by the two samples to be the most involved in improving the accounting system: KSAA, government (Ministry of Trade and Industry), and accounting firms. The involvement of other parties was considered less important to the improvement of the accounting system.
- D- The structure preferred by the two samples for improving accounting system in Kuwait would be a combination of professional and government input. Over half of the users and two thirds of the accountants preferred this sort of structure for reforming the accounting system.

- E- Respondents in both samples demonstrated agreement regarding the most and the least important three issues in the accounting system requiring improvement. More than two thirds of the users and half of the accountants considered accounting and auditing standards as the most important issue requiring improvement.
- F- The two samples demonstrated agreement on the four most and least important factors to be considered in setting the accounting standards. The majority of the two samples considered these factors as very important considerations when setting accounting standards, except for greater contribution from the private sector, which they rated as a somewhat important consideration.

Supplement to Chapter Seven

Table (7-1): Design of the Accountants' Questionnaire

Section No	Title	No. of Questions	Its Sequence
1	Economic Development	2	1-2
2	Foreign Accounting Methods	2	3-4
3	Accounting Profession	1	5
4	Proposal	6	6-11
5	General Information	4	

Table (7-2): Accounting Qualifications

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
Bachelor of Commerce	2	83	51.6	56.8	56.8
Master Degree	3	17	10.6	11.6	68.5
Ph.D.	4	25	15.5	17.1	85.6
Professional Degree	5	18	11.2	12.3	97.9
None	7	3	1.9	2.1	100.0
	.	15	9.3	MISSING	
	Total	161	100.0	100.0	

Table (7-3): Other Qualifications

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
Business Administration	1	22	13.7	15.1	56.8
Economics	2	4	2.5	2.7	68.5
Statistics	3	4	2.5	2.7	85.6
Computer	4	5	3.1	3.4	97.9
Others	5	7	4.3	4.8	
None	6	104	64.6	71.2	100.0
	.	15	9.3	MISSING	
	Total	161	100.0	100.0	

Table (7-4): Job Title

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
Financial Manager	1	10	6.2	6.7	6.7
Accountant	2	46	28.6	30.9	37.6
Auditor	3	47	29.2	31.5	69.1
Academic	4	27	16.8	18.1	87.2
Consultant	5	19	11.8	12.8	100.0
	.	12	7.5	MISSING	
	Total	161	100.0	100.0	

Table (7-5): Type of Organisation

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
Investment Companies	1	52	6.2	35.1	35.1
Accounting Firms	2	41	25.5	27.7	62.8
Academic Institutions	3	27	16.8	18.2	81.1
Government Sector	4	28	17.4	18.9	100.0
	.	13	8.1	MISSING	
	Total	161	100.0	100.0	

Table (7-6): Nationality

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
Kuwaiti	1	60	37.3	41.1	41.1
Non-Kuwaiti	2	86	53.4	58.9	100.0
	.	15	9.3	MISSING	
	Total	161	100.0	100.0	

Table (7-7): Respondents' Views on the degree of influence of the economic development on the accounting aspects. (1=Highly Favourable, 2=Somewhat Favourable, 3=Neutral, 4=Somewhat Unfavourable, 5=Highly Unfavourable).

	Accounting Aspects	Degree of Influence					Mean	Ranking
		1	2	3	4	5		
		%	%	%	%	%		
A	Accounting Requirements	46.6	18.0	31.7	1.2	1.9	1.931	6
B	Professional Ethics	29.2	19.3	46.6	3.7	1.2	2.281	8
C	Accounting and Auditing practices	48.4	44.7	3.7	0.6	1.9	1.619	5
D	Accounting Skills and Qualifications	51.6	42.2	4.3	0.6	0.6	1.556	1
E	Accounting Education	44.7	48.4	6.2	0.0	0.0	1.613	4
F	Expansion of Accounting Firms Services	49.1	42.2	6.2	1.9	0.0	1.606	3
G	Usage of Information	47.2	46.6	4.3	1.2	0.0	1.594	2
H	Quality of Information Provided	39.8	18.0	37.3	1.2	2.5	2.075	7

Table (7-8): Respondents' views on the degree of agreement towards the relationship between economic questions and accounting system.
(1=Agree, 2=Slightly Agree, 3=Neutral, 4=Slightly Disagree, 5=Disagree).

Economic Questions	Degree of Agreement					Mean	Ranking
	1	2	3	4	5		
	%	%	%	%	%		
A One of the causes of the unofficial stock market crisis was the lack of adequate accounting information	51.6	14.9	14.3	9.3	9.3	2.094	8
B The value of financial information as an indicator of industrial prosperity is underestimated	57.8	27.3	9.9	3.7	1.2	1.634	1
C The lack of proper accounting records hampers the expansion of commercial sectors	56.5	23.6	12.4	4.3	1.9	1.698	2
D Accounting outputs are not properly used for national accounting purposes	39.1	31.1	21.7	5.6	1.2	1.975	7
E The shortcomings in public planning are to some extent related to insufficient accounting information	49.1	30.4	12.4	5.0	1.9	1.786	4
F Although accounting techniques have a positive impact on the economic prosperity, little consideration is given to this factor	50.9	26.1	10.6	8.7	2.5	1.843	5
G Kuwait stock market efficiency is significantly related to and well served by the availability of adequate accounting information	54.7	26.7	9.9	5.0	2.5	1.723	3
H Too little attention is given to the importance of accounting information for control and follow up in Kuwait	46.6	26.1	13.7	7.5	5.0	1.969	6

Table (7-9): Respondents' Views on the degree of influence of the foreign accounting methods on the accounting aspects.
(1=Major Incentive, 2=Minor Incentive, 3=Neutral, 4=Minor Disincentive, 5=Major Disincentive).

	Accounting Aspects	Degree of Influence					Mean	Ranking
		1	2	3	4	5		
		%	%	%	%	%		
A	Accounting Requirements	44.7	16.8	34.2	3.1	0.0	1.956	3
B	Professional Ethics	29.2	21.1	43.5	1.9	2.5	2.259	7
C	Accounting and Auditing practices	44.7	17.4	5.6	30.4	0.0	2.222	6
D	Accounting Skills and Qualifications	38.5	53.4	5.0	1.2	0.0	1.684	1
E	Accounting Education	39.8	19.9	37.3	1.2	0.0	2.000	4
F	Expansion of Accounting Firms' Services	44.1	44.7	5.6	3.1	0.6	1.690	2
G	Usage of Information	35.4	20.5	38.5	3.7	0.0	2.108	5
H	Quality of Information Provided	37.9	21.7	7.5	3.1	28.0	2.608	8

Table (7-10): Respondents' compliance with accounting practices.

Sort of Accounting Practices		Pattern of Compliance (%)	Ranking
A	Permanent Technical Committee Guidelines	8.1	3
B	Statements of Standard Accounting Practice (SSAP)	3.1	5
C	Financial Accounting Standards (FAS)	5.6	4
D	International Accounting Standards (IAS)	42.2	1
E	Other (combination of two or more accounting practices)	36.6	2

Table (7-11): Respondents' views on the degree of contribution of accounting profession on improving the accounting system.
(1=Encouraging, 2=Slightly Encouraging, 3=Neutral, 4=Slightly Discouraging, 5=Discouraging).

	Accounting Aspects	Degree of Contribution					Mean	Ranking
		1	2	3	4	5		
		%	%	%	%	%		
A	Contributing to accounting regulations	36.6	23.0	33.5	4.3	1.9	2.113	1
B	Conducting effective training for firms and individuals	23.6	24.8	44.1	6.8	0.6	2.360	3
C	Organising pertinent local studies	19.3	18.0	44.1	9.9	8.7	2.708	11
D	Positively responding to national accounting demand	9.3	21.7	49.1	13.0	5.6	2.836	13
E	Furnishing the market with well qualified accountants	28.5	15.5	47.8	4.3	4.3	2.416	5
F	Providing adequate information reporting for investment decision-making	21.1	23.6	43.5	5.6	6.2	2.522	8
G	Contributing to the advancement of public accounting procedures	26.7	23.6	42.2	5.6	2.5	2.422	6
H	Strengthening channels of communication with international accounting bodies	24.2	23.6	40.4	9.3	2.5	2.422	7
I	Setting binding ethical rules for accounting practices	29.8	23.0	39.1	3.1	4.3	2.288	2
J	Assisting in sound public recognition of accounting profession	23.0	25.5	43.5	5.0	2.5	2.381	4
K	Coordinating with government and private agencies in the advancement of the accounting function	18.0	23.0	44.7	8.7	5.6	2.609	10
L	Contributing in ensuring sufficient education for accountants at university level	23.0	14.9	38.5	14.9	8.7	2.714	12
M	Assisting with the setting of required standards for the practicing accountants' licenses	23.6	18.0	42.9	8.1	7.5	2.578	9

Table (7- 12): Respondents' evaluation of the performance of the Permanent Technical Committee (Users).
(1=Excellent, 2=Good, 3=Moderate, 4=Poor, 5=Don't Know)

	Activity	Pattern of Evaluation					Mean	Ranking
		1	2	3	4	5		
		%	%	%	%	%		
A	Setting objectives of financial reporting	12.0	14.6	29.1	24.1	20.3	3.259	1
B	Quality of the guidelines	7.6	16.5	31.6	25.9	18.4	3.310	2
C	Mandatory compliance	4.4	10.1	30.4	34.8	20.3	3.563	3
D	Consultating other concerned parties	2.5	13.3	23.4	35.4*	25.3	3.677	5
E	Time limit to comply with the guidelines	3.2	13.9	23.4	31.6	27.8	3.671	4
F	Allowing other parties to contribute in setting the guidelines	1.3	8.9	23.4	33.5	32.9	3.880	7
G	The manner in which the PTC has promulgated the guidelines	3.2	12.0	13.3	41.1	30.4	3.835	6

Table (7-13): Respondents' evaluation of the performance of the Permanent Technical Committee (Accountants).
(1=Excellent, 2=Good, 3=Moderate, 4=Poor, 5=Don't Know)

	Activity	Pattern of Evaluation					Mean	Ranking
		1	2	3	4	5		
		%	%	%	%	%		
A	Setting objectives of financial reporting	12.4	22.4	21.7	28.0	14.9	3.106	2
B	Quality of the guidelines	9.9	25.5	20.5	30.4	13.0	3.113	3
C	Mandatory compliance	12.4	25.5	15.5	30.4	14.9	3.101	1
D	Consulting other concerned parties	10.6	23.6	21.1	28.0	15.5	3.145	4
E	Time limit to comply with the guidelines	6.8	21.7	26.1	26.7	16.8	3.253	5
F	Allowing other parties to contribute in setting the guidelines	10.6	14.3	24.2	32.9	17.4	3.325	6
G	The manner in which the PTC has promulgated the guidelines	5.6	16.1	20.5	39.1	18.0	3.481	7

Table (7-14): Respondents' evaluation of the performance of the Permanent Technical Committee (U=Users, A=Accountants).
(1=Excellent, 2=Good, 3=Moderate, 4=Poor, 5=Don't Know)

Activity		Pattern of Evaluation					Mean	Ranking	
		1	2	3	4	5			
		%	%	%	%	%			
A	Setting objectives of financial reporting	U	12.0	14.6	29.1	24.1	20.3	3.259	1
A		12.4	22.4	21.7	28.0	14.9	3.106	2	
B	Quality of the guidelines	U	7.6	16.5	31.6	25.9	18.4	3.310	2
A		9.9	25.5	20.5	30.4	13.0	3.113	3	
C	Mandatory compliance	U	4.4	10.1	30.4	34.8	20.3	3.563	3
A		12.4	25.5	15.5	30.4	14.9	3.101	1	
D	Consultating other concerned parties	U	2.5	13.3	23.4	35.4	25.3	3.677	5
A		10.6	23.6	21.1	28.0	15.5	3.145	4	
E	Time limit to comply with the guidelines	U	3.2	13.9	23.4	31.6	27.8	3.671	4
A		6.8	21.7	26.1	26.7	16.8	3.253	5	
F	Allowing other parties to contribute in setting the guidelines	U	1.3	8.9	23.4	33.5	32.9	3.880	7
A		10.6	14.3	24.2	32.9	17.4	3.325	6	
G	The manner in which the PTC has promulgated the guidelines	U	3.2	12.0	13.3	41.1	30.4	3.835	6
A		5.6	16.1	20.5	39.1	18.0	3.481	7	

Table (7-15): Respondents' evaluation of the present contribution of concerned parties in advancing the accounting profession . (Users)
(1= Excellent, 2=Good, 3=Moderate, 4=Poor).

	Concerned Parties	Degree of Contribution				Mean	Ranking
		1	2	3	4		
		%	%	%	%		
A	Government (Ministry of Trade & Industry)	18.4	36.1	31.0	12.7	2.387	1
B	Kuwaiti Society for Accountants and Auditors	15.8	35.4	34.2	12.7	2.445	2
C	Accounting Firms	19.6	26.6	36.7	15.2	2.484	3
D	Audit Bureau	13.3	20.3	36.1	28.5	2.813	4
E	Stock Exchange	2.5	22.2	36.7	36.7	3.097	6
F	Private Sector	1.3	23.4	30.4	43.0	3.174	7
G	Academic Institutions	7.6	22.2	24.1	43.7	3.065	5

Table (7-16): Respondents' evaluation of the present contribution of concerned parties in advancing the accounting profession. (Accountants)
(1= Excellent, 2=Good, 3=Moderate, 4=Poor).

	Concerned Parties	Degree of Contribution				Mean	Ranking
		1	2	3	4		
		%	%	%	%		
A	Government (Ministry of Trade & Industry)	14.3	42.2	28.6	13.7	2.421	1
B	Kuwaiti Society for Accountants and Auditors	11.8	31.7	39.8	16.1	2.606	2
C	Accounting Firms	15.5	32.3	21.1	30.4	2.669	3
D	Audit Bureau	6.8	16.1	30.4	45.3	3.157	6
E	Stock Exchange	7.5	25.5	27.3	38.5	2.891	5
F	Private Sector	4.3	15.5	31.7	47.2	3.233	7
G	Academic Institutions	11.2	26.1	28.0	34.2	2.865	4

Table (7-17): Respondents' evaluation of the present contribution of concerned parties in advancing the accounting profession. (U=Users, A=Accountants)
(1= Excellent, 2=Good, 3=Moderate, 4=Poor).

Concerned Parties		Degree of Contribution				Mean	Ranking
		1	2	3	4		
		%	%	%	%		
A	Government (Ministry of Trade & Industry)	U	18.4	36.1	31.0	12.7	2.387
		A	14.3	42.2	28.6	13.7	2.421
B	Kuwaiti Society for Accountants and Auditors	U	15.8	35.4	34.2	12.7	2.445
		A	11.8	31.7	39.8	16.1	2.606
C	Accounting Firms	U	19.6	26.6	36.7	15.2	2.484
		A	15.5	32.3	21.1	30.4	2.669
D	Audit Bureau	U	13.3	20.3	36.1	28.5	2.813
		A	6.8	16.1	30.4	45.3	3.157
E	Stock Exchange	U	2.5	22.2	36.7	36.7	3.097
		A	7.5	25.5	27.3	38.5	2.981
F	Private Sector	U	1.3	23.4	30.4	43.0	3.174
		A	4.3	15.5	31.7	47.2	3.233
G	Academic Institutions	U	7.6	22.2	24.1	43.7	3.065
		A	11.2	26.1	28.0	34.2	2.856

Table (7-18): Respondents' views on degree of proposed involvement of concerned parties in improving the accounting profession. (Users)
(1=High, 2=Quite High, 3=Neutral, 4=Quite Low, 5=Low)

	Concerned Parties	Degree of Involvement					Mean	Ranking
		1	2	3	4	5		
		%	%	%	%	%		
A	Government (Ministry of Trade & Industry)	57.6	27.8	9.5	1.3	3.8	1.658	2
B	Kuwaiti Society for Accountants and Auditors	61.4	28.5	5.1	1.9	3.2	1.570	1
C	Accounting Firms	48.1	34.8	10.8	3.8	2.5	1.778	3
D	Audit Bureau	43.7	30.4	17.1	5.7	3.2	1.943	4
E	Stock Exchange	34.2	32.9	25.9	2.5	4.4	2.101	5
F	Private Sector	17.7	43.0	27.2	8.2	3.8	2.373	7
G	Academic Institutions	29.1	31.0	30.4	5.7	3.8	2.241	6

Table (7-19): Respondents' views on degree of proposed involvement of concerned parties in improving the accounting profession. (Accountants)
(1=High, 2=Quite High, 3=Neutral, 4=Quite Low, 5=Low)

Concerned Parties	Degree of Involvement					Mean	Ranking
	1	2	3	4	5		
	%	%	%	%	%		
A Government (Ministry of Trade & Industry)	47.8	28.0	13.0	3.1	7.5	1.938	3
B Kuwaiti Society for Accountants and Auditors	65.2	15.5	4.3	8.7	5.6	1.731	1
C Accounting Firms	37.3	46.6	11.2	1.9	1.9	1.830	2
D Audit Bureau	22.4	30.4	29.2	9.3	7.5	2.484	7
E Stock Exchange	32.9	37.9	16.1	7.5	5.0	2.131	5
F Private Sector	21.7	37.3	21.7	11.8	5.6	2.411	6
G Academic Institutions	34.2	37.9	17.4	8.1	1.9	2.050	4

Table (7-20) Respondents' views on degree of proposed involvement of concerned parties in improving the accounting profession. (U=Users, A=Accountants)
(1=High, 2=Quite High, 3=Neutral, 4=Quite Low, 5=Low)

Concerned Parties		Degree of Contribution					Mean	Ranking
		1	2	3	4	5		
		%	%	%	%	%		
A	Government (Ministry of Trade & Industry)	U A	57.6 47.8	27.8 28.0	9.5 13.0	1.3 3.1	1.658 1.938	2 3
B	Kuwaiti Society for Accountants and Auditors	U A	61.4 65.2	28.5 15.5	5.1 4.3	1.9 8.7	1.570 1.731	1 1
C	Accounting Firms	U A	48.1 37.3	34.8 46.6	10.8 11.2	3.8 1.9	1.778 1.830	3 2
D	Audit Bureau	U A	43.7 22.4	30.4 30.4	17.1 29.2	5.7 9.3	1.943 2.484	4 7
E	Stock Exchange	U A	34.2 32.9	32.9 37.9	25.9 16.1	2.5 7.5	2.101 2.131	5 5
F	Private Sector	U A	17.7 21.7	43.0 37.3	27.2 21.7	8.2 11.8	2.373 2.411	7 6
G	Academic Institutions	U A	29.1 34.2	31.0 37.9	30.4 17.4	5.7 8.1	2.241 2.050	6 4

Table (7-21): Respondents' views on choice sort of structure to develop the accounting system.

	Sort of Structure	Users		Accountants	
		%	Ranking	%	Ranking
A	Authoritative body	22.9	2	10.6	3
B	Professional Guidelines	8.9	4	13.0	2
C	Combination of Professional and Government input	51.3	1 st	64.6	1
D	Statutory Requirements	15.2	3	3.1	4

Table (7-22): Respondents' views on the ranking of importance of accounting points requiring improvement. (Users)
(1=Most Important, 2=Second Important, and so on).

Accounting Points		Ranking of Importance						Mean	Ranking
		1	2	3	4	5	6		
		%	%	%	%	%	%		
A	Accounting and Auditing Standards	69.0	17.1	3.2	8.2	1.3	1.3	1.595	1
B	Professional Ethics	13.9	18.4	12.7	21.5	16.5	17.5	3.595	2
C	More Organised Professional Body	1.3	12.0	19.6	16.5	28.5	22.2	4.253	6
D	Effective Accounting Service	0.0	19.6	21.5	29.1	12.7	16.5	3.867	4
E	Legal Requirements for Accounting Practices	3.8	20.9	21.5	14.6	20.3	19.0	3.835	3
F	Scrutinising of Accounting Education	12.0	12.0	20.9	10.1	20.9	24.1	3.880	5

Table (7-23): Respondents' views on the ranking of importance of accounting points requiring improvement. (Accountants)
(1=Most Important, 2=Second Important, and so on).

Accounting Points		Ranking of Importance						Mean	Ranking
		1	2	3	4	5	6		
		%	%	%	%	%	%		
A	Accounting and Auditing Standards	55.3	13.7	9.9	9.3	5.0	6.2	2.131	1
B	Professional Ethics	11.2	36.6	13.7	14.9	13.7	9.3	3.113	2
C	More Organised Professional Body	6.8	12.4	18.6	13.0	35.4	11.2	3.975	5
D	Effective Accounting Service	4.3	11.2	11.2	14.9	17.4	40.4	4.519	6
E	Legal Requirements for Accounting Practices	8.1	15.5	32.3	13.7	13.0	16.1	3.615	3
F	Scrutinising of Accounting Education	14.9	10.6	14.3	31.7	12.4	14.3	3.623	4

Table(7-24): Respondents' views on the ranking of importance of accounting points requiring improvement.
(U=Users, A=Accountants)
(1=Most Important, 2=Second Important, and so on).

Accounting Points		Ranking of Importance						Mean	Ranking
		1	2	3	4	5	6		
		%	%	%	%	%	%		
A	Accounting and Auditing Standards	U A	69.0 55.3	17.1 13.7	3.2 9.9	8.2 9.3	1.3 5.0	1.3 6.2	1 1
B	Professional Ethics	U A	13.9 11.2	18.4 36.6	12.7 13.7	21.5 14.9	16.5 13.7	17.5 9.3	2 2
C	More Organised Professional Body	U A	1.3 6.8	12.01 2.4	19.6 18.6	16.51 3.0	28.5 35.4	22.2 11.2	6 5
D	Effective Accounting Service	U A	0.0 4.3	19.6 11.2	21.5 11.2	29.1 14.9	12.7 17.4	16.5 40.4	4 6
E	Legal Requirements for Accounting Practices	U A	3.8 8.1	20.9 15.5	21.5 32.3	14.6 13.7	20.3 13.0	19.0 16.1	3 3
F	Scrutinising of Accounting Education	U A	12.0 14.9	12.0 10.6	20.9 14.3	10.1 31.7	20.9 12.4	24.1 14.3	5 4

Table (7-25): Respondents' views regarding the factors to be considered in accounting standards setting. (Users)
(1=Very Important Consideration, 2=Somewhat Important Consideration, 3=Minor Consideration).

The Factors		Degree of Importance			Mean	Ranking
		1	2	3		
		%	%	%		
A	Complying with local needs	80.4	18.4	1.3	1.209	1
B	Further consultation with accounting firms	71.5	25.3	3.2	1.316	3
C	Collaboration with international bodies	67.1	29.1	3.8	1.367	4
D	Concentrating on practical rather than theoretical issues	62.0	35.4	2.5	1.405	6
E	More contribution from the academic institutions	57.6	37.3	5.1	1.475	7
F	More contribution from the Kuwaiti Society of Accountants and Auditors	64.6	32.9	2.5	1.380	5
G	More contribution from the private sector	39.9	53.8	6.3	1.665	8
H	Continuous monitoring of accounting problems	74.1	22.8	3.2	1.291	2

Table (7-26): Respondents' views regarding the factors to be considered in accounting standards setting. (Accountants)
(1=Very Important Consideration, 2=Somewhat Important Consideration, 3=Minor Consideration).

	The Factors	Degree of Importance			Mean	Ranking
		1	2	3		
		%	%	%		
A	Complying with local needs	80.1	18.0	1.9	1.217	3
B	Further consultation with accounting firms	78.9	19.3	1.9	1.230	4
C	Collaboration with international bodies	80.7	18.6	0.6	1.199	2
D	Concentrating on practical rather than theoretical issues	65.8	28.6	4.3	1.377	6
E	More contribution from the academic institutions	65.2	30.4	3.7	1.381	7
F	More contribution from the Kuwaiti Society of Accountants and Auditors	74.5	21.1	3.7	1.288	5
G	More contribution from the private sector	48.4	37.3	13.7	1.650	8
H	Continuous monitoring of accounting problems	83.9	13.7	1.2	1.164	1

Table (7-27): Respondents' views regarding the factors to be considered in accounting standards setting. (U=Users, A=Accountants)
(1=Very Important Consideration, 2=Somewhat Important Consideration, 3=Minor Consideration).

The Factors		Degree of Importance			Mean	Ranking
		1	2	3		
		%	%	%		
A	Complying with local needs	U A	80.4 80.1	18.4 18.0	1.3 1.9	1 3
B	Further consultation with accounting firms	U A	71.5 78.9	25.3 19.3	3.2 1.9	3 4
C	Collaboration with international bodies	U A	67.1 80.7	29.1 18.6	3.8 0.6	4 2
D	Concentrating on practical rather than theoretical issues	U A	62.0 65.8	35.4 28.6	2.5 4.3	6 6
E	More contribution from the academic institutions	U A	57.6 65.2	37.3 30.4	5.1 3.7	7 7
F	More contribution from the Kuwaiti Society of Accountants and Auditors	U A	64.6 74.5	32.9 21.1	2.5 3.7	5 5
G	More contribution from the private sector	U A	39.9 48.4	53.8 37.3	6.3 13.7	8 8
H	Continuous monitoring of accounting problems	U A	74.1 83.9	22.8 13.7	3.2 1.2	2 1

Appendix

List of References

A> Kuwaiti Shareholding Companies (Public):

I - Bank Sector:

- 1- National Bank of Kuwait.
- 2- Gulf Bank.
- 3- Commercial Bank of Kuwait.
- 4- Al-Ahli Bank of Kuwait.
- 5- The Bank of Kuwait and Middle East.
- 6- Kuwait Real Estate Bank.
- 7- Burgan Bank.
- 8- Kuwait Finance House.

II- Investment Sector:

- 1- Kuwait Investment Company.
- 2- Kuwait Foreign Trading, Contracting, and Investment Company.
- 3- Kuwait International Investment Company.
- 4- Commercial Facilities Company.

III- Insurance Sector:

- 1- Kuwait Insurance Company.
- 2- Gulf Insurance Company.
- 3- Al-Ahleia Insurance Company.
- 4- Warba Insurance Company.

IV- Real State Sector:

- 1- Kuwait Real Estate Company.
- 2- United Realty Company.
- 3- Kuwait Real Estate Investment Consortium.
- 4- Salhiah Real Estate Company.
- 5- National Real Estate Company.
- 6- Kuwait Projects Company.

V- Industrial Sector:

- 1- The National Industries Company.
- 2- Kuwait Metal Pipes Industries Company.
- 3- Kuwait Cement Company.
- 4- Refrigeration Industry Company.
- 5- Gulf Cable and Electrical Industries Company.
- 6- National Automotive Manufacturing and Trading Company.
- 7- Kuwait Pharmaceutical Industries Company.
- 8- Kuwait Shipping and Repair Yard Company.
- 9- Contracting and Marine Services Company.

VI- Services Sector:

- 1- Overland Transport Company.
- 2- Kuwait National Cinemas Company.
- 3- Kuwait Hotels Company.
- 4- The Public Warehousing Company.
- 5- Mobile Telephone Systems Company.
- 6- Kuwait Commercial Market Complex Company.

VII- Food Sector:

- 1- Livestock Transport and Trading Company.
- 2- United Fisheries of Kuwait Company.
- 3- Kuwait United Poultry Company.
- 4- Kuwait Foods Company.
- 5- Agricultural Food Products Company.

B> Kuwaiti Shareholding Companies (Closed):

- 1- Real Estate Investment Company.
- 2- Intermediary for Financial Business Company.
- 3- National Financial Brokerage Company.
- 4- Hayat International Brokerage Company.
- 5- Al-Rabiya Financial Brokerage Company.
- 6- Communication and Information Consultancy Group.
- 7- Al-Shal Financial Consultancy Company.
- 8- Union Securities Brokerage Company.
- 9- Al-Arabi Securities Brokerage Company.
- 10- First Securities Brokerage Company.
- 11- Massaleh Investment and Finance Company.
- 12- Arab Financial Consultants Company.
- 13- Al-Seef Finance Brokerage Company.
- 14- Afro-Arab Company for Investment and International Trade.
- 15- Arab European International Trading Company.
- 16- The Industrial Bank Of Kuwait.
- 17- Kuwait International Finance Company.
- 18- International Realty Investment Group.
- 19- Al-Ahlia Investment Company.

- 20- Kuwait Real Estate Investment Company.
- 21- Kuwait Financial Centre Company.
- 22- International Financial Advisers.
- 23- Arab Trust Company.
- 24- Arab Asian Investment Company.
- 25- Financial Group of Kuwait.
- 26- Euro-Kuwaiti Investment Company.
- 27-The Arab European Financial Management Company.
- 28- Arab company for Trading Securities.
- 29- Kuwait Investment Group Company.
- 30- National Investment Group Company.
- 31- Al-Ahli of Kuwait Investment Company.
- 32- Securities Group Company.
- 33- First National Investment Group.
- 34- Al-Daeirah Investment Group Company.
- 35- The Securities House.
- 36- Bubyah Central Commercial Markets Group
Company.
- 37- Al-Jawhara Investment Company.
- 38- Industrial Investments Company.
- 39- Kuwait and Middle East Financial Investment
Company.
- 40- Al-Sahel for Development and Investment Company.
- 41- International Investment Company.

C> Government Authorities:

- 1- Expertises Department (Ministry of Justice).
- 2- Audit Bureau.
- 3- Stock Exchange.
- 4- Companies Department (Ministry of Trade and Industry).
- 5- Kuwait Investment Authority.
- 6- Kuwait Institute for Science Advancement.

D> Academic Institutions:

- 1- Accounting Department in Kuwait University.
- 2- Accounting Department in Commercial Studies Faculty.

E> Profession Society:

- 1- Kuwaiti Society for Accountants and Auditors.

F> Accounting Firms:

- 1- The Kuwaiti Firm for Auditing.
- 2- Abd-Alwahid Aman Auditing Firm.
- 3- Accounting and Auditing Centre Firm.
- 4- Abd-Alaziz Al-Mutawa and Partner Auditing Firm.
- 5- Gulf Auditing Firm.
- 6- Burgan Auditing Firm.
- 7- Al-Ahli Auditing Firm.
- 8- Arabian Auditing Firm.
- 9- Al-Ahli Accounting and Auditing Firm.
- 10- Khaled Al-Fahad Auditing Firm.

- 11- Al-Jazirah Auditing Firm.
- 12- Abdulruhman Al-Gaood and Partners Auditing Firm.
- 13- Abdullah Al-Mazini Auditing Firm.
- 14- Ali Al-Mufarrej Auditing Firm.
- 15- Ebrahim Al-Saleh Auditing Firm.
- 16- Al-Muneer Auditing Firm.
- 17- The United Accountants' Auditing Firm.
- 18- The Technical Firm For Auditing.
- 19- Warba Auditing Firm.
- 20- Arabian Chartered Accountants Firm.
- 21- Adnan Al-Hazeem Auditing Firm.
- 22- Masuod And Partners Auditing Firm.
- 23- Middle East Auditing Firm.
- 24- Al-Dar Auditing Firm.
- 25- Ali Taqi Auditing Firm.
- 26- Saoud Al-Humaidi Auditing Firm.
- 27- Jassem Al-Fahad Auditing Firm.
- 28- Union Auditing Firm.
- 29- Al-Asuosi Auditing Firm.
- 30- Abd-almohsen Al-Besher Auditing Firm.
- 31- Al-Dallal Auditing Firm.
- 32- Bader Al-Wazzan Auditing Firm.
- 33- Al-Bassam and Partners Auditing Firm.
- 34- Ahmed Al-Aiban and Partners Auditing Firm.
- 35- International Centre Auditing Firm.
- 36- Al-Daleel International Auditing Firm.
- 37- Accounting and Auditing Systems Centre.

- 38- Al-Wahuh Auditing Firm.
- 39- Al-Wehduh Auditing Firm.
- 40- Al-Otaibi Auditing Firm.
- 41- Al-Baian Auditing Firm.
- 42- Tareq Buresly Auditing Firm.

Chapter Eight

Analysis of Findings and Testing of Hypotheses

8.1 Introduction:

In the previous two chapters the researcher presented the descriptive empirical findings of the primary investigation of the accounting system in Kuwait. It was noted that the system suffers from some problems which affect the usefulness of the provided information. In this chapter, the researcher will present the last stage of the investigation of the system by testing the different hypotheses formulated in order to test the validity of the suggested model for evaluating the Kuwaiti accounting system.

The decisions involved in choosing a method of analysis will be discussed. A brief introduction to the correlation analysis as a general method for analysing data will be presented. In the presentation of correlation analysis, the first decision is to choose either parametric or non-parametric measures of association for the set of variables. After making this choice, the second decision is to select an appropriate correlation coefficient, as there are many of them. Even if we have selected the appropriate coefficient, there is still a decision to make concerning the choice of the appropriate form of this coefficient. For instance, in the case of the Kendall rank correlation coefficient, there are three forms: A, B, and C.

In summary, in this chapter we are mainly concerned with testing the hypotheses formulated. We will test: 1) three groups of hypotheses related

to the first questionnaire, 2) two groups of hypotheses related to the second questionnaire, and 3) one group of hypotheses related to comparison between the two questionnaires' answers regarding the improvement of the accounting system.

8.1.1 First Questionnaire:

The first group of hypotheses test the relationships, if any, which exist between the respondents' satisfaction with the structural characteristics, for instance, the relationship between the objectives and the qualitative characteristics of the information provided according to the system and the relationship between objectives and financial reporting

The second group relates to the interrelationship of structural characteristics. These hypotheses test the relationship, if any, which exists between the respondents' satisfaction with the components of each of the structural characteristics, for instance, the interrelationship between the qualitative characteristics of the information provided according to the system, and the interrelationship between the financial reporting.

The third group aims to study the effects of the background factors. In these hypotheses, we shall study the effects of the respondents' qualifications on their views regarding different questions.

8.1.2 Second Questionnaire:

The first group relates to the relationships between environmental factors. These hypotheses test the relationships, if any, which exists between the respondents view regarding the environmental factors.

The second group concerns the interrelationships among environmental factors. These hypotheses test the relationships, if any, which exist between the respondents' views and the components of each of the environmental factors, for instance, interrelationships between the economic development.

8.2 The Decisions Involved In Choosing a Method of Analysis:

Interest in correlation analysis centres on measuring the association between variables by studying the degree of dependence or interdependence between them, whereas in regression analysis, interest centres on explaining the dependence of one or more variables upon others with the purpose of predicting one variable from our knowledge of other variables.

In our research, we are interested in measuring the degree of dependence or interdependence between variables. In other words, we shall deal only with correlation, because of its more direct relationship to the analysis of our research results. However, the correlation analysis is affected by the level of measurement of our data and the distribution which underlies them.

It is necessary to employ some rationale for choosing between parametric and non-parametric tests. The level of measurement achieved in the research and the statistical distribution are two important criteria which should be considered in the choice of a statistical test. If we consider these two criteria in our research, we find that most of the data collected through the questionnaire are measured in the ordinal level and do not follow the normal distribution in most of the cases. Therefore, we shall

use non-parametric tests of association because of their more direct relationship to our research data. However, there are many non-parametric measures of association and this creates another problem of choice.

In our research, we will use partial correlation coefficient to eliminate the effects of some variables. Therefore, Kendall's tau is the appropriate correlation coefficient to be used in our research, as it has the advantage of being generalisable to a partial correlation. However, there are different forms of Kendall's tau coefficient. The criteria for choosing among Kendall's tau A, B, or C are as follows⁽¹⁾:

- If there are no pairs with ties, we can use Kendall's tau-a;
- If there are pairs with ties, we can use both Kendall's tau-b and C, having taken into consideration that Kendall's tau-b can attain +1 or -1 only for square table (if no marginal frequency is 0) and Kendall's tau-c can attain, or nearly attain, +1 or -1 for any RxC table. In most of the cases in our research, there are pairs with ties in different RxC tables. Therefore, we will use Kendall's tau-c.

8.3 Analysis of Hypotheses: Structural Characteristics' Relationships

8.3.1 Hypothesis Concerning the Relationship Between Satisfaction with the Meeting of Objectives and Qualitative Characteristics of the Provided Information

8.3.1.1 Analysis of Hypothesis One:

The first hypothesis reads as follows:

"There is a positive relationship between the respondents' satisfaction with the meeting of objectives and their view of

the qualitative characteristics of the information provided in the financial statements."

As mentioned before, Kendall's tau-c is used to measure the association between the two variables because the level of measurement is ordinal. The results are presented in summary tables (8-1), (8-2) and (8-3).

- The first table presents the relationship between the respondents' satisfaction with the meeting of objectives and their view of qualitative characteristics³ of the information provided in the balance sheet.
- The second table presents the relationship between the two variables concerning income statements
- The third table presents the relationship between the two variables concerning statement of source and application of funds.

As to balance sheet, the highest three correlation coefficients are (.62500, .61846 and .58926). And the lowest three coefficients are (.25995, .25962 and .24019).

Concerning income statement, the highest three correlation coefficients are (.63059, .61973 and .60402). And the lowest three coefficients are (.28910, .27863 and .25385).

Concerning statement of source and application of funds, the three correlation coefficients are (.57809, .55139 and .53171). And the lowest three coefficients are (.21786, .21104 and .19544).

In summary, the correlation coefficients presented in the previous summary tables are large enough for the acceptance of the hypothesis of a positive relationship between the respondents' satisfaction with the meeting of objectives and the qualitative characteristics of the provided information in different financial statements. In other words, hypothesis one is accepted.

8.3.2 Hypothesis Concerning the Relationship Between Objectives and Financial Reporting:

8.3.2.1 Analysis of Hypothesis Two:

The second hypothesis reads as follows:

"There is a positive relationship between the respondents' view of the degree of influence of the different financial statements on their financial decision-making and their pattern of reading these statements."

The results of using Kendall's tau-c as a measure of association are presented in table (8-4).

The results demonstrated some measure of agreement. It can be seen in table(8-5) that 76.6% of the respondents considered that the balance sheet and income statements have a maximum influence on financial decision making and they read it thoroughly.

According to the percentage of agreement, the respondents considered that both the balance sheet and income statements have maximum influence on their financial decision making, and they read them thoroughly. Also, they read thoroughly the statement of source and application of funds, current statement and cash flow statement. On the

hand, they read briefly, or do not read, the other statements, which have moderate or slight influence on financial decision-making.

The results demonstrate that there is a positive and statistically significant (at .05 level of significance -one tail test) relationship between the respondents' views of the degree of influence of the different financial statements and their pattern of reading of these statements with the exception of two relationships (among the nine studied relationships) which are not statistically significant.

In order to reach a decision about this hypothesis, the following factors have been considered:

- Low correlation coefficients (two cases which are .03557 and .05031) are not statistically significant.
- High correlation coefficients are highly statistically significant.

The above factors and the previous mentioned high percentage of agreement among respondents concerning this relationship lead to the acceptance of the hypothesis of a positive relationship existing between the degree of influence of the different financial statements on their decision-making and respondents' pattern of reading of these statements. In other words, hypothesis two is accepted.

8.3.3 Conclusion:

The main objective of testing this group of hypotheses was to shed some light on the relationships which may exist between the structural characteristics of the present accounting system in Kuwait. If there are relationships between the structural components, this will indicate -

subject to the limitations associated with multivariate analysis - the validity of the approach used in this research. The discussion and analysis of the two hypotheses in this section resulted in the acceptance of the following:

- A positive relationship between the respondents' view of satisfaction with the meeting of objectives and their view of the qualitative characteristics of the information provided in the financial statements.
- A positive relationship between the respondents' view of the degree of influence of the different financial statements on their decision-making and their pattern of reading these statements.

Thus, the results demonstrated that there are positive relationships existing between the different structural characteristics. These results show very clearly the validity of the approach used in this research, which is based on using the structural characteristics to evaluate the Kuwaiti accounting system.

In this section the relationships existing between the structural characteristics were tested. In the next section, we will test the interrelationships between the components of some of the structural characteristics.

8.4 Analysis of Hypotheses: Structural Characteristics' Interrelationships:

8.4.1 Hypotheses Concerning the Interrelationship Between the Qualitative Characteristics:

8.4.1.1 Analysis of Hypothesis Three:

The third hypothesis reads as follows:

"There is a positive relationship between the different scales measuring the qualitative characteristics of the information provided in balance sheet, income statement, and statement of source and application of funds"

The results of using Kendall's tau-c as a measure of association are summarised in tables (8-6), (8-7) and (8-8). The first table presents the correlation coefficient of the scales measuring the respondents' views of the qualitative characteristics of the provided information in balance sheet and income statement. The second table presents the correlation coefficient of the scales measuring the respondents' views of the qualitative characteristics of the provided information in balance sheet and statement of source and application of funds. The third table presents the correlation coefficient of the scales measuring the respondents' views of the qualitative characteristics of the provided information in income statement and statement of source and application of funds. From these tables, it can be noted that there is a high positive relationship (the lowest correlation coefficient is .64229) between the respondents' views regarding the measurement of the qualitative characteristics of the information provided in balance sheet, income statement and statement of source and application of funds.

Therefore, the relationships are statistically highly significant (at .05 level of significance -one tail test).

The above results lead to the acceptance of the hypothesis of a relationship existing between the respondents' different scales measuring the qualitative characteristics of the information provided in the three statements. In other words, hypothesis three is accepted.

8.4.1.2 Analysis of Hypothesis Four:

The fourth hypothesis reads as follows:

"There is a positive relationship between the respondents' view of the qualitative characteristics of the information disclosed in the balance sheet, income statement, and statement of source and application of funds, and their view of the degree of uniformity of such information."

As mentioned before, Kendall's tau-c is used to measure the association between the variables because the level of measurement is ordinal. The results are presented in three tables (8-9), (8-10), and (8-11).

- 1) The first table (8-9) presents the relationship between the respondents' view of the qualitative characteristics of the information disclosed in the Balance Sheet, and their view of the degree of uniformity of such information.
- 2) The second table (8-9) presents the relationship between the respondents' view of the qualitative characteristics of the information disclosed in the Income Statement, and their view of the degree of uniformity of such information.

- 3) The third table (8-11) presents the relationship between the respondents' view of the qualitative characteristics of the information disclosed in Statement of Source and Application of Funds, and their view of the degree of uniformity of such information.

From these tables, the following results can be concluded:

- There are positive relationships (the highest correlation coefficient is .58589, and the lowest correlation coefficient is .26662) between the respondents' view regarding measuring the qualitative characteristics of the information disclosed in the Balance Sheet, Income Statement, and Statement of Source and Application of Funds, and their views of the degree of uniformity of such information. Therefore the relationships are statistically significant (at .05 level of significance - one tail test).

The above results lead to the acceptance of the hypothesis of a relationship existing between the respondents' view regarding measurement of the qualitative characteristics of the information disclosed in Balance Sheet, Income Statement, and Statement of Source and Application of Funds, and their view of the degree of uniformity of such information. In other words, hypothesis four is accepted.

8.4.2 Hypothesis Concerning the Interrelationship Between the Financial Reporting:

8.4.2.1 Analysis of Hypothesis five:

The fifth hypothesis reads as follows:

"There is a positive relationship between the respondents' view of the ranking of importance of the different financial statements and their pattern of reading of these statements."

The results of using Kendall's tau-c as a measure of association are presented in table (8-12).

The results demonstrate that there is a positive and statistically significant (at .05 level of significance -one tail test) relationship between the respondents' view on the ranking of importance of the different financial statements and their pattern of reading of these statements, in seven relationships (among the nine studied relationship). Others are not statistically significant or negative relationships

In order to reach a decision about this hypothesis, the following factors have been considered:

- The negative relationships (two cases concerned with balance sheet and statement of source and application of funds) are not statistically significant.
- The low correlation coefficients (four cases which are .05127, .10614, .06767, and .11514) are also not statistically significant.
- The high correlation coefficients (three cases) are highly statistically significant.

The above factors lead to rejection of the hypothesis of a positive relationship between the ranking of importance of financial statements and the pattern of reading of these statements. In other words, hypothesis five is rejected.

Reasons for rejecting this hypothesis may be that these statements are useless with respect to the decision-making of the users or that the users are not able or willing to utilise this information in their investment decision-making. Therefore, respondents are looking for information which does not contained in any statement.

8.4.3 Hypothesis Concerning the Interrelationship Between Objectives:

8.4.3.1 Analysis of Hypothesis Six:

The sixth hypothesis reads as follows:

"There is a positive relationship between the different scales measuring the users' satisfaction with the information provided in financial statements."

The results of using Kendall's tau-c as a measure of association are presented in table (8-13). The table presents the relationships between the different scales measuring the users' satisfaction of the information provided in financial statements. The figures in the table reveal the following:

- There are a positive and statistically significant (at .05 level of significance -one tail test) relationships between the different scales measuring the users' satisfaction of the information provided in

financial statements, with no exception for any of the two hundred and seventy-six studied cases.

- The highest three correlation coefficients are;
 - * the relationship between earning per share and net profit available for distribution (.76921);
 - * the relationship between basis of carrying inventories and basis of determining cost of inventories (.75659);
 - * The relationship between retained earnings and movements in reserves (.75288).
- The lowest three correlation coefficients are;
 - * the relationship between basis of determining cost of inventories and ranking of auditor (.29332);
 - * the relationship between earning per share and ranking of auditor (.29262);
 - * the relationship between translation foreign currency methods and ranking of auditor (.23003).

In summary, the correlation coefficients presented in table (8-13) are large enough for the acceptance of the hypothesis of relationships between the different scales measuring satisfaction with the information provided in financial statements. In other words, hypothesis six is accepted.

8.4.4 Hypothesis Concerning the Interrelationship Between the Elements of the Financial Statements:

8.4.4.1 Analysis of Hypothesis Seven:

This hypothesis reads as follows:

"There is a positive relationship between the different scales measuring the importance of the information items disclosed in financial statements to decision making."

The results of using Kendall's, tau-c as a measure of association are presented in table (8-14). The figures in the table revealed the following:

- There are positive and statistically significant (at .05 level of significance -one tail test) relationships between the different scales measuring the importance of the information items disclosed in financial statements to decision making, with the exception of thirty five relationships which are positive but not statistically significant and two relationships which are negative, out of two hundred and seventy six studied cases.
- The highest three correlation coefficients are (.60281, .54941, and .52193).

The above results lead to the acceptance of the hypothesis of relationship existing between the different scales measuring the importance of the information items disclosed in financial statements to decision making. In other words, hypothesis seven is accepted.

8.4.5 Conclusion:

The main objective of testing this group of hypotheses was to determine the interrelationships which may exist between the components of some of the structural characteristics. The discussion and analysis of the five hypotheses in this section resulted in the acceptance of the following:

- The existence of positive interrelationships between the components of the first group of structural characteristics studied: qualitative characteristics (hypotheses three and four).
- Non-existence of positive interrelationships between the components of the second group of structural characteristics studied: financial reporting (hypothesis five).
- The existence of positive interrelationships between the components of the third group of structural characteristics studied: objectives (hypothesis six).
- The existence of positive interrelationships between the components of the fourth group structural characteristics studied: elements of financial statements (hypothesis seven).

The results demonstrated that there are positive and statistically significant interrelationships between the components of qualitative characteristics, objectives, and elements of financial statements.

The author will study the effect of background factors in the next section.

8.5 Analysis of Hypotheses: The Effect of the Background Factors:

8.5.1 Analysis of Hypothesis Eight:

The respondents were classified into two main groups: those with accounting qualifications and those with other qualifications. This hypothesis relates to the effect of the respondents' qualifications on their assessment of influence of the information provided in different financial statements and reports on financial decisions. It reads as follows:

"Respondents with accounting qualifications differ in their assessment of influence of the information provided in different financial statements and reports on financial decisions, compared with those respondents with other qualifications."

To test this hypothesis, the Mann-Whitney U test was chosen because the respondents' scores on the influence of the information provided in financial statements were measured on the ordinal level and there were two independent groups. Table (8-15) presents the results of using this test to examine the statistical significance of the differences between the two groups in their assessment of the influence of the different financial statements.

The test results presented in the following table show that:

- There are no statistically significant differences between the two groups in assessing the influence of the following statements and reports on the financial decisions:
 - * Balance Sheet,
 - * Income Statement,

- * Statement of Source and Application of Funds,
 - * Current Cost Statement,
 - * Value Added Statement,
 - * Group Account,
 - * Directors' Report, and
 - * Auditors' Report.
- There are statistically significant differences between the two groups in measuring the influence of the Cash Flow.

The test results presented in the table show that there are no statistically significant difference between the two groups in measuring the influence of different financial statements and reports on financial decisions at (.05) level of significance- two tail test.

The above results do not support the hypothesis that there are differences in measuring the influence of different financial statements according to the respondents' qualifications. In other words, hypothesis eight is rejected.

Reason for this may be that: (1) it is respondents' objectives not qualifications which affect in measuring the influence of different financial statements in their decision making; and respondents depend as a major source of investment analysis and direction on stockbrokers and the advice of friends rather than financial statements.⁽²⁾

8.5.2 Analysis of Hypothesis Nine:

This hypothesis concerns the effect, if any, of the respondents' qualifications on their view of the degree of uniformity of the financial statements. It reads as follows:

"Respondents with accounting qualifications differ in their view of the degree of uniformity of the financial statements and reports compared with those respondents with other qualifications."

To test this hypothesis, the Mann-Whitney U test was chosen because there were two independent groups and their scores of the degree of uniformity were measured on the ordinal level. Table (8-16) presents the results of using the test to examine the statistical significance of the difference between the two groups in their view of the degree of uniformity of the financial statements.

The test results presented in the table show that:

- There are statistically significant differences between the two groups in their view of the degree of uniformity of the financial statements and reports in respect of:
 - * Audit Report,
 - * Statement Outlook,
 - * Disclosure, and
 - * Understandability.
- There are no statistically significant differences between the two groups in their view of the degree of uniformity of the financial statements and reports in respect of:

- * Comparability, and
- * Accounting Practices Used.

The above results support the hypothesis that there are differences in the respondents' view of the degree of uniformity of financial statements and reports according to their qualifications. In other words, hypothesis nine is accepted.

Uniformity in this may reflect indirectly the regulation process of the profession which is designed to facilitate the tasks of accounting firms, and ease the responsibility of both external auditor and management, as of the comparability among published reports. This concept would be more understandable to respondents with an accounting qualification than to those without such a qualification.

8.5.3 Analysis of Hypothesis Ten:

This hypothesis concerns the effect, if any, of respondents' qualifications on their ranking of importance of different financial statements and reports. It reads as follows:

"Respondents with accounting qualifications differ in their ranking of importance of the different financial statements and reports compared with those respondents with other qualifications."

To test this hypothesis, the Mann-Whitney U test was chosen because there were two independent groups and their scores on the ranking of importance of different financial statements and reports were measured on the ordinal level. Table (8-17) presents the results of using the test to examine the statistical significance of the difference between the two

groups in ranking the importance of the different financial statements and reports.

The test results presented in the table show that there are no statistically significant differences between the two groups in ranking the importance of the different financial statements at (.05) level of significance- two tail test.

The above results do not support the hypothesis that there are differences in the ranking of the importance of the different financial statements and reports according to the respondents' qualifications. In other words, hypothesis ten is rejected.

Regardless of the respondents' background, most of them had a common role that of investors. This is why all of them are answering along the same lines.

8.5.4 Analysis of Hypothesis Eleven:

This hypothesis relates to the influence, if any, of the respondents' qualifications on their pattern of reading of the different financial statements and reports in the annual financial reports. It reads as follows:

"Respondents with accounting qualifications differ in their pattern of reading of the different financial statements and reports compared with those respondents with other qualifications."

To test this hypothesis, the Mann-Whitney U test was chosen because the respondents' scores on the pattern of reading of the different financial

statements and reports were measured on the ordinal level and there were two independent groups.

The test results presented in table (8-18) show that there are no statistically significant differences between the two groups in reading the different financial statements and reports at (.05) level of significance-two tail test.

The above results do not support the hypothesis that there are differences in the pattern of reading of the different financial statements and reports according to the respondents' qualifications. In other words, hypothesis eleven is rejected.

Reason for this is believed to be that most of the respondents have the same role regardless of background.

8.5.5 Conclusion:

The main objective of testing this group of hypotheses was to study the effects, if any, of the qualification background factor on the respondents' valuation regarding the components of some of the structural characteristics. The testing of the four hypotheses discussed and analysed in this section resulted in the acceptance of the following:

- When Mann-Whitney U test was used to examine the statistical significance of the differences between the two groups of respondents (respondents with accounting qualifications and respondents with other qualifications), differences in respondents' qualifications were found to be significant at levels which suggest that qualification factor has something to do with differences in the

view of the degree of uniformity of financial statements and reports (hypothesis nine).

- When Mann-Whitney U test was used to examine the statistical significance of the differences between the above two groups of respondents, differences in respondents' qualifications were found to be not significant and to have little to do with differences in: assessment of influence of the information provided in different financial statements and reports on financial decision-making (hypothesis eight); ranking of importance of different financial statements and reports (hypothesis ten); and, pattern of reading of financial statements and reports (hypothesis eleven).

8.6 Analyses of Hypotheses: Environmental Factors Relationships:

8.6.1 Hypothesis Concerning the Relationship Between Economic Development and Foreign Accounting Methods:

8.6.1.1 Hypothesis twelve:

This hypothesis reads as follows:

"There is a positive relationship between the respondents' view of effect of the economic development on different accounting aspects and their view of the effect of foreign accounting methods on these aspects."

The results of using Kendall's tau-c as a measure of association are presented in table (8-19).

The highest three correlation coefficients are with accounting requirements (.49692), quality of information provided (.47030), and accounting education (.38708). The lowest three correlation coefficients

are with expansion of accounting firms services (.28724), usage of information (.28019) and accountants' skills and qualifications (.26171).

The results demonstrate that there is a positive and statistically significant (at .05 level of significance -one tail test) relationship between the respondents' view of the effect of economic development on different accounting aspects and their view of the effect of foreign accounting methods on these aspects.

In summary, the correlation coefficient presented in the table (8-19) are large enough for the acceptance of hypothesis twelve.

8.6.2 Hypothesis Concerning the Relationship Between Economic Development and the Accounting Profession:

8.6.2.1 Hypothesis thirteen:

Hypothesis thirteen reads as follows.

"There is a positive relationship between the respondents' view of the effect of economic development on different accounting aspects and their evaluation of the present accounting profession."

As in previous hypotheses, Kendall's tau-c was used to measure the association between the two variables because the level of measurement was ordinal. The results are presented in summary table (8-20), from which the following results can be presented:

- The results demonstrate that there is a positive and statistically significant (at .05 level of significance -one tail test) relationship between the respondents' view of the effect of economic development on different accounting aspects and their evaluation of the present

accounting profession, with the exception of fifteen relationships (among the one hundred and four studied relationships) which are not statistically significant, and four negative relationships.

- In order to reach a decision about this hypothesis, the following factors were considered:
 - * The negative relationships are not statistically significant.
 - * The low correlation coefficients are also not statistically significant.
 - * The high correlation coefficients are highly statistically significant.

The above factors lead to the acceptance of the hypothesis of a positive relationship existing between the effect of economic development on different accounting aspects and the evaluation of the present accounting profession. In other words, hypothesis thirteen is accepted.

The interesting point about this hypothesis is that it relates economic development in particular to professional regulation in particular, as may be concluded from the stream of the hypothesis and analysis, which could give rise to the adoption of a general framework for regulating the profession.

8.6.3 Conclusion:

The main objective of testing this group of hypotheses was to shed some light on the relationships which may exist between the different environmental factors.

The discussion and analysis of the two hypotheses in this section resulted in the acceptance of the following:

- Existence of a positive relationship between the respondents' view of the effect of economic development on different accounting aspects and their view of the effect of foreign accounting methods on these aspects (hypothesis twelve).
- Existence of a positive relationship between the respondents' view of the effect of economic development on different accounting aspects and their view of the evaluation of the present accounting profession (hypothesis thirteen).

Thus, the results demonstrated that there are positive relationships existing between the different environmental factors which show very clearly the validity of the approach used in this research .

In this section the relationships existing between the environmental factors were tested. In the next section we will test the interrelationships between the components of some of the environmental factors.

8.7 Analyses of Hypotheses: Environmental Factors Interrelationships:

8.7.1 Hypothesis Concerning the Interrelationship Between Economic Development:

8.7.1.1 Analysis of Hypothesis Fourteen:

This hypothesis reads as follows:

"There is a positive relationship between the different scales evaluating the association between economic development and the accounting system."

The results of using Kendall's tau-c as a measure of association are presented in table (8-21). From the table the following can be noted:

The results demonstrate that there is a positive and statistically significant (at .05 level of significance -one tail test) association between the scales evaluating the association between economic development and the accounting system. The highest three correlations are .48910 .42324, and .40900. and the lowest three correlations are .17495, .16702, and .13963.

In summary, the correlation coefficient presented in table (8-21) is large enough for acceptance of the hypothesis of association between the scales measuring the association between economic development and the accounting system. In other words, hypothesis fourteen is accepted.

8.7.2 Hypothesis Concerning the Interrelationship Between the Accounting Profession:

8.7.2.1 Analysis of Hypothesis Fifteen:

This hypothesis reads as follows:

"There is a positive relationship between the different scales evaluating the present accounting profession."

The results of using Kendall's tau-c as a measure of association are presented in table (8-22). The figures in the table reveal the following:

- There are positive and statistically significant (at .05 level of significance -one tail test) relationships between the different scales evaluating the present accounting profession.

- The highest three correlation coefficients are: .61738, .58244, and .57646, and the lowest three correlation coefficient are: .31961, .30632, and .28341.

In summary, the correlation coefficients presented in table (8-22) are large enough for the acceptance of the hypothesis of relationships between the different scales evaluating the present accounting profession. In other words, hypothesis fifteen is accepted.

8.7.3 Conclusion:

The main objective of testing this group of hypotheses was to determine the interrelationships which may exist between the components of some of the environmental factors. The discussion and analysis of the two hypotheses in this section resulted in the acceptance of the following:

- Existence of a positive interrelationship between the components of the first studied environmental factor: economic development (hypothesis fourteen).
- Existence of a positive interrelationship between the components of the second studied environmental factor: the accounting profession (hypothesis fifteen).

The results demonstrated that there are two statistically significant interrelationships between the components of economic development, and the accounting profession.

8.8 Analysis of Hypotheses: The Effect of the Category Factor on the Respondents' View Regarding the Improvement of the Accounting System:

8.8.1 Analysis of Hypothesis Sixteen:

The respondents were classified into two main categories; users and accountants. This hypothesis relates to the influence of the respondents category on their evaluation of the PTC performance. It reads as follows:

"Users differ in their evaluation of the performance of the PTC compared with accountants."

To test this hypothesis, the Mann-Whitney U test was chosen because the respondents' scores on the evaluation of PTC performance are measured on the ordinal level and there are two independent groups. Table (8-23) presents the results of using the test to examine the statistical significance of the differences between the two groups in evaluating the PTC performance.

The test results presented in the table show that:

- There are statistically significant differences between the two groups in evaluating the following PTC activities:
 - * Mandatory compliance,
 - * Consultation with other concerned parties,
 - * Time limit to comply with the guidelines,
 - * Allowing other parties to contribute, and
 - * Manner of promulgation the guidelines.
- There are no statistically significant differences between the two groups in evaluating the following PTC activities:

- * Setting objectives of financial reporting, and
- * Quality of the guidelines.

These results demonstrate that accountants are more appreciative of the PTC's activities than are users.

The above results support the hypothesis that there are differences in the evaluation of the PTC's performance. In other words, hypothesis sixteen is accepted.

As for differentiated activities, there are practices among accountants which certainly differ from those of users, who may not apply such guidelines; users are not so concerned with formalities and promulgation procedures as are accountants; and no compulsory conditions are enforced on users as they are on accountants.

However, both parties share an appreciation of the information disclosed under the requirements.

8.8.2 Analysis of Hypothesis Seventeen:

This hypothesis concerns the effect, if any, of the respondents' category on their evaluation of the present contribution of different parties who are concerned about the accounting profession. It reads as follows:

"Users differ in their determination of the degree of contribution of the different parties in advancing the accounting system, compared with the accountants."

To test this hypothesis, the Mann-Whitney U test was chosen because there are two independent groups and their scores in evaluating the different parties' contribution are measured on the ordinal level. Table (8-

24) presents the results of using the test to examine the statistical significance of the differences between the two groups in evaluating different parties' contribution in advancing the accounting system.

The test results presented in the table show that:

- There are statistically significant differences between the two groups in evaluating the contribution of the following party in advancing the accounting system:
 - * Audit Bureau.
- There are no statistically significant differences between the two groups in evaluating the contribution of the following parties:
 - * Government (Ministry of Trade and Industry),
 - * Kuwaiti Society of Accountants and Auditors,
 - * Accounting Firms,
 - * Stock Exchange,
 - * Private Sector, and
 - * Academic Institutions.

The test results show that there are no statistically significant differences between the two groups in evaluating the contribution of different parties in advancing the accounting system (at .05 level of significance -two tail test).

The above results do not support the hypothesis that there are differences in evaluation of the contribution of different parties in advancing the accounting system. In other words, hypothesis seventeen is rejected.

Usually, users do not interfere in the process of disclosing financial statements among the concerned parties, but they exert pressure on the government agencies for better information. Thus, the main source of information in this respect is governmental and thus all other parties are seen as having little effect. This may be correct with respect to all listed parties except for the stock exchange, which presumably has a recognised role for users where there is a perfect market mechanism, which is lacking in Kuwait.

8.8.3 Analysis of Hypothesis Eighteen:

This hypothesis relates to the influence -if any- of the respondents' category on their view regarding the proposed degree of involvement of different parties in improving the accounting system. It reads as follows:

"Users differ in their proposed degree of involvement for the different parties in improving the accounting system, compared with the accountants."

To test this hypothesis, the Mann-Whitney U test was chosen because the respondents' scores are measured on the ordinal level and there are two independent groups. Table (8-25) presents the results of using the test to examine the statistical significance of the differences between the two groups as regards the proposed degree of involvement of the different parties in improving the accounting system.

The test results presented in the table show that:

- There are statistically significant differences between the two groups as regards proposed degree of involvement of the following parties:
 - * Government (Ministry of Trade and Industry), and

- * Audit Bureau.
- There are no statistically significant differences between the two groups as regards proposed degree of involvement of the following parties:
 - * Kuwaiti Society of Accountants and Auditors,
 - * Accounting Firms,
 - * Stock Exchange,
 - * Private Sector, and
 - * Academic Institutions.

The above results do not support the hypothesis that there are differences between the two groups in the proposed the degree of involvement of different parties in improving the accounting system. In other words, hypothesis eighteen is rejected.

This agrees with the previous hypothesis concerning users' perceptions as to who has the greater power to improve the accounting system. In other words, in their opinion, government represents authority, enforcement, available information, and most important, desire for regulation.

8.8.4 Analysis of Hypothesis Nineteen:

This hypothesis is related to the effect, if any, of the respondents' categories on their preferred structure for improving the accounting system. It reads as follows:

"Users differ in their preferred structure for improving the accounting system, compared with accountants."

To test this hypothesis, the Mann-Whitney U test was chosen because there are two independent groups and their scores as regards proposed structure for improvement are measured on the ordinal level. Table (8-26) presents the results of using the test to examine the statistical significance of the differences between the two groups in proposing sort of improvement for the accounting system.

The test results presented in the table show that there are no statistically significant differences between the two groups in terms of the sort of improvement proposed for the accounting system (at .05 level of significance -two tail test)

The above results do not support the hypothesis that there are differences in the preferred structure for improving the accounting system according to the respondents' categories. In other words, hypothesis nineteen is rejected.

As it is difficult, especially in our case, to differentiate perceptions according to background, it is based on objectives.

8.8.5 Analysis of Hypothesis Twenty:

This hypothesis concerns the effect, if any, of the respondents' categories on their ranking of the important areas of the accounting system requiring improvement. It reads as follows:

"Users differ in their ranking of the important areas of the accounting system requiring improvement, compared with accountants."

To test this hypothesis, the Mann-Whitney U test was chosen because there are two independent groups and their scores are measured on the ordinal level. Table (8-27) presents the results of using the test to examine the statistical significance of the differences between the two groups in ranking the important area requiring improvement in accounting system.

The test results presented in the table show that:

- There are statistically significant differences between the two groups in ranking the importance of the following areas:
 - * Accounting and auditing standards,
 - * Professional ethics, and
 - * Effective accounting services.
- There are no statistically significant differences between the two groups in ranking the importance of the following areas:
 - * Organised professional body,
 - * Legal requirements, and
 - * Scrutinising education.

The above results support the hypothesis that there are differences in ranking of the important areas of the accounting system requiring improvement. In other words hypothesis twenty is accepted.

8.8.6 Analysis of Hypothesis Twenty-one:

This hypothesis relates to the influence of the respondents' categories on their views of the factors which ought to be considered in improving the accounting system. It reads as follows:

" Users differ in their view of the factors which ought to be considered in improving the accounting system, compared with the accountants".

To test this hypothesis, the Mann-Whitney U test was chosen because the respondents' scores are measured on the ordinal level and there are two independent groups. Table (8-28) presents the results of using the test to examine the statistical significance of the differences between the two groups in their view regarding which factors ought to be considered in improving the accounting system.

The test results presented in the table show that:

- There are statistically significant differences between the two groups in considering the following points:
 - 1) Collaboration with international bodies.
 - 2) Continuous monitoring of accounting problems.
- There are no statistically significant differences between the two groups in considering the following points:
 - 1) Complying with local needs.
 - 2) Further consultation with accounting firms.
 - 3) Concentrating on practical issues.
 - 4) Contribution from academic institutions.
 - 5) Contribution from KSAA.
 - 6) Contribution from the private sector.

The above results do not support the hypothesis that there are differences in respondents' view regarding the factors which ought to be

considered in improving the accounting system. In other words, hypothesis twenty-one is rejected.

As mentioned before, it is difficult sometimes to differentiate perceptions according to background; it is based on objectives.

8.8.7 Conclusion:

The main objective of testing this group of hypotheses was to study the effects, if any, of the category factor (users and accountants) on the respondents' valuation of different questions concerning a proposed new approach to advance the Kuwaiti accounting system. The discussion and analysis of the six hypotheses in this section resulted in the acceptance of the following:

- Differences in respondents' category were found to be significant at levels which suggest that category factor has something to do with differences in: evaluation of the performance of the Permanent Technical Committee (hypothesis sixteen); and, ranking of the important area requiring improvement in the accounting system (hypothesis twenty).
- Differences in respondents' category were found to be not significant, and to have little to do with differences in: determination of the degree of contribution of the different parties in advancing the accounting system (hypothesis seventeen); proposed degree of involvement of the different parties in improving the accounting system (hypothesis eighteen); proposed sort of improvement for the accounting system (hypothesis nineteen); and, view of the factors

which ought to be considered in improving the accounting system (hypothesis twenty-one).

8.9 Conclusion:

The hypotheses formulated in this chapter concentrated on the relationships existing between the different structural characteristics, and environmental factors, and the interrelationships existing between the components of each of the structural characteristics, and environmental factors.

These results show the validity of the approach used in this research to evaluate the Kuwaiti Accounting system.

In this chapter, the author has presented the inferential empirical findings of the primary investigation of the Kuwaiti accounting system. Based on the results of the previous processes a treatment can be prescribed. This will be the subject of the next chapter.

References

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Supplement to Chapter Eight

Table (8-1): Correlation coefficient of the scales measuring the respondents' satisfaction with the objectives and their views of the qualitative characteristics of the provided information (Balance Sheet). (1 of 3)

Qualitative Characteristics		Reliability	Comparability	Understandbl	Relevancy	Consistency	Accuracy	Timing	Availability	Predict Value	Comprehens
Objectives:											
Dividends		.62500	.57661	.54244	.51695	.47837	.54594	.45271	.52317	.46830	.41960
Earning Per share		.57314	.57640	.48823	.46941	.45665	.52138	.42815	.55395	.52053	.44064
Net Profit for Distribution		.57387	.57261	.48390	.51442	.47436	.54805	.48069	.54668	.50675	.48603
Retained Earning		.57556	.55427	.51792	.49587	.45708	.48343	.43904	.47637	.47503	.40497
Reserves Movement		.50283	.50852	.47037	.42935	.43568	.45802	.43413	.43072	.40487	.34399
Exchange Gains&Losses		.41312	.43620	.39420	.40943	.38139	.35756	.29070	.31803	.33630	.25962
Sales & its cost		.46519	.45486	.43975	.47373	.43483	.38813	.31185	.37770	.41330	.26571
Term of debt		.61846	.57936	.49959	.51600	.56544	.45760	.45837	.48111	.50622	.38735
Depreciation method&rate		.49060	.49112	.41519	.45549	.49007	.44875	.40689	.47363	.46595	.35424
Goodwill&intangible asset		.48965	.49513	.40825	.49808	.48259	.48079	.43605	.43294	.43050	.33075
Research&Develop. cost		.46709	.45001	.39679	.39657	.46066	.45823	.40102	.42461	.44182	.33342
Translation Foreign		.34249	.33026	.26359	.33321	.33574	.29505	.27532	.30496	.35211	.24019
Currency Methods											(.0001)
Fixed Assets Revaluation		.45296	.43568	.39571	.39899	.46519	.39256	.37251	.37127	.42697	.36482
Fixed Assets Movements		.54478	.47637	.39290	.45159	.48923	.38750	.34773	.41343	.46307	.34399
Investments Variety		.47065	.40188	.44527	.40956	.41854	.40337	.39842	.45442	.39755	.36790
Extraordinary Items		.37106	.32710	.26630	.30876	.34080	.27798	.26603	.33996	.33118	.27062
Carrying Inventory basis		.44906	.44516	.41876	.39868	.51210	.45191	.41789	.41322	.50824	.38895
Inventory cost basis		.42745	.42334	.42861	.39225	.42218	.38750	.34634	.36800	.40433	.36065
Contingent liabilities		.41354	.44812	.39495	.43220	.42735	.35893	.32071	.38550	.39098	.27148
Associated Company		.45771	.43663	.41086	.42925	.42766	.33374	.30864	.36125	.30629	.27927
Acc.Practice Consistency		.51679	.52587	.43109	.47706	.56527	.49863	.37988	.43391	.40123	.32434
Comparative Figures		.58926	.56587	.52621	.55448	.55659	.54351	.42099	.48923	.46723	.38917
Post Balance Events		.37433	.41480	.34074	.41027	.43230	.37106	.39824	.42450	.36535	.33833
Ranking of Auditor		.25995	.28283	.28545	.29337	.41417	.39667	.33972	.33321	.27949	.30234

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-2): Correlation coefficient of the scales measuring the respondents' satisfaction with the objectives and their views of the qualitative characteristics of the provided information (Income Statement). (2 of 3)

Qualitative Characteristics	Reliability	Comparability	Understandbl	Relevancy	Consistency	Accuracy	Timing	Availability	Predict Value	Comprehens
Objectives:										
Dividends	.63059	.54520	.51710	.49988	.49207	.54910	.45848	.50472	.49212	.45581
Earning Per share	.61973	.56755	.50998	.50673	.48585	.53909	.42441	.51179	.53558	.43957
Net Profit for Distribution	.60402	.55068	.51528	.55153	.45360	.55785	.46638	.54236	.55524	.53334
Retained Earning	.54299	.52306	.53454	.49460	.45444	.47004	.45890	.47826	.49447	.46371
Reserves Movement	.49713	.49492	.46518	.44780	.43937	.44896	.44256	.44337	.46521	.41309
Exchange Gains&Losses	.43262	.34823	.34615	.36826	.40205	.33121	.32338	.36115	.34549	.32274
Sales & its cost	.44801	.39889	.44094	.31744	.45212	.39330	.33919	.40426	.40860	.31291
Term of debt	.54531	.54035	.54255	.50736	.53087	.48027	.47300	.51126	.50686	.43530
Depreciation method&rate	.49892	.47363	.45155	.47953	.52844	.45159	.41533	.44854	.45698	.39355
Goodwill&intangible asset	.47457	.48406	.49375	.51516	.44980	.46987	.42099	.45286	.41982	.41138
Research&Develop. cost	.47215	.40753	.38143	.35640	.49102	.46751	.44716	.43810	.42366	.37699
Translation Foreign Currency Methods	.36768	.29126	.25385	.30697	.35282	.29769	.28910	.31519	.31676	.29422
Fixed Assets Revaluation	.44790	.44337	.39560	.43894	.43599	.36115	.42056	.43304	.42687	.42131
Fixed Assets Movements	.54299	.49671	.43542	.46540	.49766	.40131	.39461	.43304	.42687	.42131
Investments Variety	.44716	.43135	.48945	.45292	.43210	.43199	.41908	.44086	.44159	.40556
Extraordinary Items	.34249	.33342	.30276	.33880	.39794	.29326	.27863	.33775	.32787	.30800
Carrying Inventory basis	.44263	.41185	.42460	.43947	.48079	.41322	.41960	.45792	.45389	.42558
Inventory cost basis	.41386	.40184	.41973	.42429	.40953	.35451	.38208	.41196	.38009	.40155
Contingent liabilities	.43241	.40142	.39885	.41776	.39267	.34829	.30352	.41055	.38329	.30170
Associated Company	.42777	.40764	.44981	.43778	.42208	.34080	.33299	.39446	.31793	.33748
Acc.Practice Consistency	.48956	.49393	.45815	.48913	.57745	.47514	.38938	.44812	.40476	.35339
Comparative Figures	.53044	.52475	.51301	.53245	.56565	.51453	.43573	.47626	.45282	.42366
Post Balance Events	.39467	.37939	.35838	.43536	.44000	.33553	.39536	.48564	.40700	.39611
Ranking of Auditor	.29010	.31709	.29367	.29505	.42904	.33975	.33267	.39319	.32701	.29049

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-3): Correlation coefficient of the scales measuring the respondents' satisfaction with the objectives and their views of the qualitative characteristics of the provided information (Statement of Source and Application of Funds). (3 of 3)

Qualitative Characteristics		Reliability	Comparability	Understandbl	Relevancy	Consistency	Accuracy	Timing	Availability	Predict Value	Comprehens
Objectives:											
Dividends		.57809	.48490	.43510	.45876	.42092	.44664	.41170	.45412	.43744	.36802
Earning Per share		.52623	.47869	.38305	.36589	.36884	.40605	.34570	.42334	.45869	.33267
Net Profit for Distribution		.53171	.51400	.40934	.36631	.35704	.45254	.39824	.46477	.50824	.43092
Retained Earning		.47552	.41438	.43499	.40363	.40300	.38371	.36717	.35219	.39654	.39365
Reserves Movement		.41586	.41386	.37439	.35651	.44063	.39910	.36556	.34871	.35745	.35275
Exchange Gains&Losses		.36146	.35936	.28902	.36853	.39731	.28862	.28440	.28156	.26827	.24627 (.0001)
Sales & its cost		.43515	.37369	.38651	.50904	.45539	.33427	.31217	.33975	.35072	.31452
Term of debt		.49745	.47668	.42969	.46688	.44242	.33711	.38084	.37011	.43199	.35830
Depreciation method&rate		.43504	.47215	.43759	.48006	.46140	.35936	.35958	.37559	.42078	.35852
Goodwill&intangible asset		.43399	.48585	.47979	.44021	.40732	.43283	.37550	.37527	.35286	.35382
Research&Develop. cost		.47879	.45623	.34063	.40152	.43631	.42545	.40850	.41892	.45015	.37304
Translation Foreign Currency Methods		.35872	.36832	.22637 (.0002)	.28630	.35556	.31023	.27554	.27618	.31783	.24980
Fixed Assets Revaluation		.37011	.40490	.36985	.39594	.41691	.30486	.33694	.32626	.32594	.37635
Fixed Assets Movements		.49165	.43262	.33728	.43146	.44369	.26860	.29551	.39298	.40155	.38821
Investments Variety		.43541	.36022	.42071	.39088	.42046	.30950	.32462	.33726	.38154	.41486
Extraordinary Items		.32910	.29242	.27203	.39688	.43589	.19544 (.0011)	.21786 (.0003)	.25626	.24926 (.0001)	.32530
Carrying Inventory basis		.34903	.38877	.36379	.38887	.44421	.31582	.37187	.29252	.38618	.40540
Inventory cost basis		.33037	.33353	.30157	.31477	.38107	.30022	.32840	.28609	.29871	.31024
Contingent liabilities		.46530	.41038	.40523	.40996	.39941	.25162	.26229	.25089	.29358	.34463
Associated Company		.42693	.32246	.36260	.39941	.41786	.21104 (.0005)	.25620	.26628	.22758 (.0002)	.33214
Acc.Practice Consistency		.44011	.44150	.34853	.40818	.55139	.34645	.30490	.32370	.33555	.32658
Comparative Figures		.49397	.49397	.44343	.45349	.51537	.43610	.39429	.39783	.37518	.36813
Post Balance Events		.34144	.37970	.27928	.30264	.40721	.29516	.38201	.34028	.31377	.32050
Ranking of Auditor		.31371	.37390	.31672	.30654	.43125	.32900	.37454	.28177	.28109	.33705

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-4): Correlation coefficient of the scales measuring the respondents' view of the degree of influence of the different financial statements and their pattern of reading of these statements.

Financial Statements	Balance Sheet	Income Statement	St.of S.& A.Funds	Current Cost St.	Cash Flow St.	Value AddedSt.	Group Accounts	Directors' Report	Auditors' Report
Balance Sheet	.03557 (.0924)								
Income Statement		.05031 (.0155)							
Statement of Source and Application of Funds			.29691						
Current Cost Statement.				.28322					
Cash Flow Statement					.32017				
Value Added Statement						.68725			
Group Accounts							.61195		
Directors' Report								.27996	
Auditors' Report									.23311 (.0002)

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-5): Percentage of agreement among respondents concerning the degree of influence of the different financial statements and their pattern of reading.

Financial Statements	%	Degree of Influence and Pattern of Reading
Balance Sheet.....	76.6	Maximum influence and read thoroughly.
Income Statement.....	76.6	Maximum influence and read thoroughly.
Statement of Source and Application of Funds.....	48.7	Considerable influence and read thoroughly.
Current Cost Statement..	36.3	Considerable influence and read thoroughly.
Cash Flow.....	38.7	Maximum influence and read thoroughly.
Value Added Statement..	32.9	Slight influence and do not read.
Group Accounts.....	33.5	Slight influence and do not read.
Directors' Report.....	38.0	Moderate influence and read briefly.
Auditors' Report.....	36.7	Moderate influence and read briefly.

Table (8-6): Correlation coefficient of the scales measuring the respondents' views of the qualitative characteristics of the provided information (Balance Sheet and Income Statement). (1 of 3)

Qualitative Characteristics	Reliability	Comparability	Understandability	Relevancy	Consistency	Accuracy	Timing	Availability	Predict Value	Comprehensivity
Reliability	.81063									
Comparability		.83182								
Understandability			.86500							
Relevancy				.85533						
Consistency					.85354					
Accuracy						.89423				
Timing							.90104			
Availability								.85912		
Predict value									.78485	
Comprehensivity										.86025

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-7): Correlation coefficient of the scales measuring the respondents' views of the qualitative characteristics of the provided information (Balance Sheet and Statement of Source and Application of Funds). (2 of 3)

Qualitative Characteristics	Reliability	Comparability	Understandability	Relevancy	Consistency	Accuracy	Timing	Availability	Predict Value	Comprehensivity
Reliability	.70859									
Comparability		.69984								
Understandability			.68202							
Relevancy				.66221						
Consistency					.73748					
Accuracy						.70870				
Timing							.76253			
Availability								.64819		
Predict value									.65370	
Comprehensivity										.66438

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-8): Correlation coefficient of the scales measuring the respondents' views of the qualitative characteristics of the provided information (Income Statement and Statement of Source and Application of Funds). (3 of 3)

Qualitative Characteristics	Reliability	Comparability	Understandability	Relevancy	Consistency	Accuracy	Timing	Availability	Predict Value	Comprehensivity
Reliability	.78808									
Comparability		.68698								
Understandability			.69890							
Relevancy				.64229						
Consistency					.77511					
Accuracy						.67244				
Timing							.80258			
Availability								.67634		
Predict value									.75441	
Comprehensivity										.71970

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-9): Correlation coefficient of the scales measuring the respondents' views of the degree of uniformity of the provided information, and their views of the qualitative characteristics of the provided information (Balance Sheet). (1 of 3)

Qualitative Characteristics	Comprehensiv ity	Accounting Practices Used	Audit Report	Statements Outlook	Level of Disclosure	Understandabi lity
Reliability	.54109	.57482	.50365	.45560	.32349	.39098
Comparability	.51822	.58589	.50835	.47626	.36076	.39696
Understandability	.49028	.53789	.50966	.44668	.35854	.37948
Relevancy	.48311	.51611	.51059	.47774	.38180	.42964
Consistency	.50261	.58526	.51935	.47088	.42227	.47290
Accuracy	.48828	.57240	.52555	.50662	.38810	.46467
Timing	.43925	.47695	.45901	.42900	.37028	.50641
Availability	.49355	.53455	.47257	.49629	.39098	.46286
Predict Value	.45057	.51476	.46929	.45634	.42157	.49591
Comprehensivity	.44331	.45890	.41519	.34912	.28534	.38597

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-10): Correlation coefficient of the scales measuring the respondents' views of the degree of uniformity of the provided information, and their views of the qualitative characteristics of the provided information (Income Statement). (2 of 3)

Qualitative Characteristics	Comprehensiv ity	Accounting Practices Used	Audit Report	Statements Outlook	Level of Disclosure	Understandabi lity
Reliability	.52981	.57767	.50045	.49294	.36621	.38735
Comparability	.55585	.55585	.49554	.48280	.35585	.43819
Understandability	.51430	.54006	.48090	.44808	.34154	.42147
Relevancy	.51221	.52707	.49799	.48680	.42302	.45944
Consistency	.49260	.56734	.52790	.50103	.39365	.40860
Accuracy	.52127	.57936	.50857	.49808	.33652	.45132
Timing	.45399	.47033	.46972	.41202	.30731	.45750
Availability	.51864	.53993	.51433	.49703	.41565	.52426
Predict Value	.48742	.48112	.50229	.48518	.36368	.50164
Comprehensivity	.45570	.47076	.45728	.35926	.28264	.39961

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-11): Correlation coefficient of the scales measuring the respondents' views of the degree of uniformity of the provided information, and their views of the qualitative characteristics of the provided information (Statement of Source and Application of Funds). (3 of 3)

Qualitative Characteristics	Comprehensivity	Accounting Practices Used	Audit Report	Statements Outlook	Level of Disclosure	Understandability
Reliability	.48448	.52971	.43402	.47763	.36332	.37995
Comparability	.49334	.54620	.54925	₪.537782	.36930	.38222
Understandability	.42925	.48087	.49384	.41822	.38968	.41457
Relevancy	.42123	.47152	.51903	.48343*	.38938	.43925
Consistency	.41449	.47436	.47300	.41396	.41074	.38532
Accuracy	.40584	.44896	.47183	.39298	.30843	.44919
Timing	.42142	.45303	.45111	.37721	.30298	.29149
Availability	.41944	.43663	.43189	.40173	.28995	.40348
Predict Value	.38863	.43231	.45284	.38415	.27084	.44267
Comprehensivity	.38415	.36631	.44549	.31046	.26662	.41811

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-12): Correlation Coefficient of the scales measuring the respondents' view of the ranking of importance of the different financial statements and their pattern of reading of these statements.

Financial Statements	Balance Sheet	Income Statement	St. of S. & A. Funds	Current Cost St.	Cash Flow St.	Value Added St.	Group Accounts	Directors' Report	Auditors' Report
Balance Sheet	-.00032 (.4963)								
Income Statement		.05127 (.0396)							
Statement of Source and Application of Funds			-.15879 (.0186)						
Current Cost Statement				.31742					
Cash Flow Statement					.10614 (.0408)				
Value Added Statement						.42443			
Group Accounts							.37231		
Directors' Report								.06767	
Auditors' Report									.11514 (.0489)

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-13): Correlation coefficient of the scales measuring the users' satisfaction with the information disclosed in financial statements.

Information Items	Dividends	E.P. Share	Net Profit	Retain Earning	Reserve Movement	Exchange G&losses	Sales& Its Cost	Term of Debt	Depreciation	Good will	R&D Cost	Foreign Currency
Dividends	-----											
Earning Per share	.73796	-----										
Net Profit for Distribution	.74127	.76921	-----									
Retained Earning	.68839	.63321	.70772	-----								
Reserves Movement	.66245	.62921	.59606	.75288	-----							
Exchange Gains& Losses	.53417	.44925	.44634	.53307	.63441	-----						
Sales & its cost	.60667	.48900	.47498	.58935	.59175	.68068	-----					
Term of debt	.61539	.58725	.61859	.60137	.56501	.50192	.55480	-----				
Depreciation method&rate	.55991	.55840	.58835	.53467	.49411	.51885	.57242	.70001	-----			
Goodwill&intangible asset	.67006	.54869	.59406	.59496	.57693	.51124	.60557	.62991	.48699	-----		
Research&Develop. cost	.52736	.49882	.49692	.48650	.50393	.51404	.53467	.50322	.58785	.52175	-----	
Translation Foreign Currency Methods	.37174	.47929	.41660	.43523	.49922	.49902	.47068	.38896	.46227	.42752	.66796	-----
Fixed Assets Revaluation	.42842	.40649	.40588	.48850	.52205	.52596	.40148	.45245	.51684	.51745	.59055	.51564
Fixed Assets Movements	.49982	.44344	.46757	.53417	.52806	.44774	.47288	.56622	.54028	.51534	.56972	.46797
Investments Variety	.51239	.48613	.55743	.53237	.50732	.36239	.41797	.55824	.56148	.53024	.54444	.44211
Extraordinary Items	.36993	.43032	.38736	.44734	.48710	.41189	.46918	.40608	.45546	.37654	.44244	.50703
Carrying Inventory basis	.48069	.44875	.46156	.51434	.53908	.49541	.46026	.54008	.51584	.54418	.54709	.46197
Inventory cost basis	.50082	.49051	.51013	.55840	.55870	.55690	.46867	.55059	.53617	.57092	.55540	.49942
Contingent liabilities	.42962	.37895	.43523	.45385	.44484	.45866	.52195	.44614	.47238	.49231	.47038	.38846
Associated Company	.46327	.42181	.42061	.49161	.51524	.47819	.52576	.51885	.47889	.50863	.42762	.41089
Acc.Practice Consistency	.48156	.45397	.50722	.54485	.53684	.49728	.50621	.53248	.52862	.49809	.50915	.44860
Comparative Figures	.59926	.55079	.60317	.57172	.49131	.43202	.50212	.56421	.57553	.64893	.47699	.37494
Post Balance Events	.39877	.46357	.54749	.46026	.46457	.47008	.44404	.46627	.52486	.47809	.48710	.47158
Ranking of Auditor	.34259	.29262	.37774	.33869	.35942	.32176	.33739	.32517	.33438	.36212	.33378	.23003 (.0001)

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-13): Correlation coefficient of the scales measuring the users' satisfaction with the information disclosed in financial statements.
(.....continued)

Information Items	FixAsset Revalu.	FixAsset Movement	Investment Variety	ExtraO rdinary	Inventory Basis	Inventory Cost	Contingent Liability	Associated Company	A.P.Con sistency	Compara tiveFigurs	PostBal Events	Auditor Ranks
Fixed Assets Revaluation	-----											
Fixed Assets Movements	.62660	-----										
Investments Variety	.55327	.62893	-----									
Extraordinary Items	.44154	.50773	.54333	-----								
Carrying Inventory basis	.60928	.56451	.57619	.50583	-----							
Inventory cost basis	.61579	.57903	.61098	.44845	.75659	-----						
Contingent liabilities	.49181	.54478	.55378	.48119	.55710	.55049	-----					
Associated Company	.51134	.58424	.63076	.52335	.56501	.60357	.65855	-----				
Acc.Practice Consistency	.47963	.62629	.59891	.55530	.54272	.53187	.52325	.62508	-----			
Comparative Figures	.45415	.51494	.55601	.45415	.52405	.53667	.50312	.50963	.66108	-----		
Post Balance Events	.45305	.46507	.50712	.49772	.47398	.48219	.57373	.52706	.56848	.59916	-----	
Ranking of Auditor	.31375	.32337	.33987	.32827	.32226	.29332	.41740	.37905	.40073	.43953	.53387	-----

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-14): Correlation coefficient of the scales measuring the importance of the information items disclosed in financial statements to decision making.

Information Items	Dividends	E.P. Share	Net Profit	Retain Earning	Reserve Movement	Exchange G&losses	Sales & Its Cost	Term of Debt	Depreciation	Good will	R&D Cost	Foreign Currency
Dividends	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Earning Per share	.37862	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net Profit for Distribution	.13276 (.0019)	.26350	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Retained Earning	.20427	.22648	.35640	-----	-----	-----	-----	-----	-----	-----	-----	-----
Reserves Movement	.23388	.21319	.15924 (.0011)	.38785	-----	-----	-----	-----	-----	-----	-----	-----
Exchange Gains&Losses	.20515 (.0001)	.29339	.14115 (.0037)	.20268 (.0002)	.44779	-----	-----	-----	-----	-----	-----	-----
Sales & its cost	.17607 (.0006)	.23936	.14706 (.0026)	.23419	.24088	.50029	-----	-----	-----	-----	-----	-----
Term of debt	.05162 (.1464)	.05649 (.1177)	.14727 (.0010)	.11136 (.0169)	.09290 (.0474)	.08280 (.0711)	.13175 (.0095)	-----	-----	-----	-----	-----
Depreciation method&rate	.04990 (.1542)	.10435 (.0138)	.10416 (.0143)	.12069 (.0106)	.18997 (.0003)	.17412 (.0010)	.13297 (.0089)	.37821	-----	-----	-----	-----
Goodwill&intangible asset	.13662 (.0054)	.07627 (.0714)	.11704 (.0124)	.22800	.24453	.29237	.24971	.13540 (.0076)	.17982 (.0006)	-----	-----	-----
Research&Develop. cost	.06532 (.1120)	.08933 (.0425)	.08337 (.0551)	.19433 (.0004)	.25772	.28446	.27739	.08469 (.0646)	.10145 (.0343)	.54941	-----	-----
Translation Foreign Currency Methods	.06684 (.1092)	.14771 (.0024)	.04797 (.1816)	.09960 (.0431)	.18429 (.0014)	.37938	.39028	.05578 (.1615)	.05107 (.1820)	.37588	.44895	-----
Fixed Assets Revaluation	.11725 (.0151)	.10609 (.0216)	.11481 (.0145)	.10163 (.0394)	.21583 (.0002)	.21172 (.0003)	.22952 (.0001)	.11491 (.0205)	.12536 (.0128)	.35772	.30285	.39231
Fixed Assets Movements	.18834 (.0002)	.17516 (.0004)	.12992 (.0067)	.19027 (.0005)	.25234	.27768	.32963	.10153 (.0354)	.13347 (.0087)	.36087	.36979	.42629
Investments Variety	.14098 (.0027)	.12168 (.0063)	-.03175 (.2591)	.08520 (.0575)	.17830 (.0009)	.17104 (.0016)	.21593 (.0001)	.16055 (.0011)	.20049 (.0001)	.14990 (.0045)	.13920 (.0076)	.05448 (.1734)
Extraordinary Items	.10203 (.0278)	.09595 (.0318)	.03885 (.2266)	.16360 (.0020)	.21441 (.0002)	.23350 (.0001)	.37466	.23155	.17191 (.0009)	.30843	.28419	.28713
Carrying Inventory basis	.03863 (.2375)	.03164 (.2722)	.13221 (.0059)	.17125 (.0015)	.15163 (.0066)	.20638 (.0004)	.27932	.18409 (.0005)	.11005 (.0247)	.42488	.38977	.33764
Inventory cost basis	.08651 (.0540)	.08175 (.0588)	.09270 (.0382)	.10234 (.0376)	.12343 (.0215)	.22498 (.0001)	.22486 (.0001)	.09108 (.0518)	.06562 (.1200)	.40346	.38156	.32202
Contingent liabilities	.18565 (.0005)	.19744 (.0002)	.04587 (.2023)	.12788 (.0173)	.16466 (.0052)	.28194	.24288 (.0001)	.21442 (.0001)	.12582 (.0161)	.21237 (.0005)	.17872 (.0028)	.26289
Associated Company	.20234 (.0001)	.19565 (.0001)	.00467 (.4640)	.02738 (.3148)	.15690 (.0046)	.32000	.34596	.19037 (.0003)	.21918	.29443	.24646	.21258 (.0003)
Acc.Practice Consistency	.14615 (.0020)	.17496 (.0002)	.08104 (.0504)	.07526 (.0830)	.15609 (.0034)	.23360	.23916	.08347 (.0571)	.20599	.31157	.18520 (.0007)	.23855
Comparative Figures	.09848 (.0258)	.16784 (.0003)	.10721 (.0146)	.16481 (.0011)	.23094	.18686 (.0007)	.20670 (.0002)	.00507 (.4616)	.11967 (.0111)	.30498	.27570	.28611
Post Balance Events	.08398 (.0538)	.22760	.09808 (.0266)	.16623 (.0014)	.25772	.24049	.22648 (.0001)	.07810 (.0750)	.13621 (.0059)	.17252 (.0018)	.23612	.16268 (.0034)
Ranking of Auditor	.12293 (.0113)	.19999 (.0001)	.05497 (.1469)	.03773 (.2562)	.19494 (.0007)	.17638 (.0022)	.18733 (.0012)	-.05649 (.1566)	.01011 (.4281)	.13824 (.0120)	.20510 (.0004)	.26378

(Significance levels are presented in parentheses otherwise it equals (.0000))

Table (8-14): Correlation coefficient of the scales measuring the importance of the information items disclosed in financial statements to decision making. (.....continued)

Information Items	FixAsset Revalu.	FixAsset Movement	Investment Variety	ExtraO rdinary	Inventory Basis	Inventory Cost	Contingent Liability	Associated Company.	A.P.Con sistency	Compara tiveFigurs	PostBal Events	Audior Ranks
Fixed Assets Revaluation	-----											
Fixed Assets Movements	.52193	-----										
Investments Variety	.14940 (.0050)	.18905 (.0006)	-----									
Extraordinary Items	.22658 (.0001)	.34444	.33226	-----								
Carrying Inventory basis	.33644	.41564	.07698 (.0908)	.30469	-----							
Inventory cost basis	.33825	.36939	.05619 (.1649)	.22922 (.0001)	.60281	-----						
Contingent liabilities	.24980 (.0001)	.31028	.21085 (.0003)	.27241 (.0001)	.20557 (.0008)	.31655	-----					
Associated Company	.28318	.34464	.27455	.28338	.28980	.30163	.50793	-----				
Acc.Practice Consistency	.25315	.29575	.16715 (.0011)	.15690 (.0031)	.34393	.33135	.35193	.45651	-----			
Comparative Figures	.28500	.28318	.19408 (.0002)	.19534 (.0003)	.25031	.24960	.25088	.29535	.35326	-----		
Post Balance Events	.15498 (.0048)	.22790 (.0001)	.22110	.22090 (.0001)	.19673 (.0005)	.22273 (.0001)	.31450	.33713	.29667	.44454	-----	
Ranking of Auditor	.26735	.17851 (.0019)	.13209 (.0108)	.10524 (.0418)	.11583 (.0297)	.17445 (.0023)	.21626 (.0004)	.29362	.31857	.41330	.42192	-----

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-15): Mann-Whitney U test results of examining the statistical significance of the differences in the assessment of influence of the information provided in different financial statements and reports on financial decisions, according to the qualifications.

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

A3BSHEET Influence of Balance Sheet O.

by QUALIFIC Qualifications

Mean Rank Cases

66.48 74 QUALIFIC = 1 Accounting

65.38 57 QUALIFIC = 2 Others

131 Total

U	W	Corrected for Ties	
2073.5	3726.5	Z	2-tailed P
		-.2638	.7920

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

B3ISTMNT Influence of Income St. O.

by QUALIFIC Qualifications

Mean Rank Cases

68.62 74 QUALIFIC = 1 Accounting

62.60 57 QUALIFIC = 2 Others

131 Total

U	W	Corrected for Ties	
1915.0	3568.0	Z	2-tailed P
		-1.3184	.1874

-- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

C3SSAFUN Influence of St. of S. & A. of Funds O.

by QUALIFIC Qualifications

Mean Rank Cases

64.47 74 QUALIFIC = 1 Accounting

67.99 57 QUALIFIC = 2 Others

131 Total

U	W	Corrected for Ties	
1995.5	3875.5	Z	2-tailed P
		-.6216	.5342

Table (8-15): Mann-Whitney U test results of examining the statistical significance of the differences in the assessment of influence of the information provided in different financial statements and reports on financial decisions, according to the qualifications. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

D3CSTMNT Influence of Current Cost St. O.

by QUALIFIC Qualifications

Mean Rank Cases

65.65 74 QUALIFIC = 1 Accounting

66.46 57 QUALIFIC = 2 Others

131 Total ,

Corrected for Ties

U	W	Z	2-tailed P
2083.0	3788.0	-.1361	.8917

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

E3CASHFL Influence of Cash Flow St. O.

by QUALIFIC Qualifications

Mean Rank Cases

59.95 73 QUALIFIC = 1 Accounting

72.61 57 QUALIFIC = 2 Others

130 Total

Corrected for Ties

U	W	Z	2-tailed P
1675.5	4138.5	-2.0968	.0360

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

F3VALUAD Influence of Value Added St. O.

by QUALIFIC Qualifications

Mean Rank Cases

63.69 73 QUALIFIC = 1 Accounting

66.71 56 QUALIFIC = 2 Others

129 Total

Corrected for Ties

U	W	Z	2-tailed P
1948.5	3735.5	-.4818	.6300

Table (8-15): Mann-Whitney U test results of examining the statistical significance of the differences in the assessment of influence of the information provided in different financial statements and reports on financial decisions, according to the qualifications. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

G3GROUPA Influence of Group Accounts O.

by QUALIFIC Qualifications

Mean Rank Cases

65.59 74 QUALIFIC = 1 Accounting

66.54 57 QUALIFIC = 2 Others

131 Total ,

Corrected for Ties

U	W	Z	2-tailed P
2078.5	3792.5	-.1494	.8813

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

H3DIRECT Influence of Directors' Report O.

by QUALIFIC Qualifications

Mean Rank Cases

66.68 74 QUALIFIC = 1 Accounting

63.95 56 QUALIFIC = 2 Others

130 Total

Corrected for Ties

U	W	Z	2-tailed P
1985.0	3581.0	-.4474	.6546

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

I3AUDITO Influence of Auditors' Report O.

by QUALIFIC Qualifications

Mean Rank Cases

64.55 74 QUALIFIC = 1 Accounting

67.88 57 QUALIFIC = 2 Others

131 Total

Corrected for Ties

U	W	Z	2-tailed P
2002.0	3869.0	-.5410	.5885

Table (8-16): Mann-Whitney U test results of examining the statistical significance of the differences in uniformity of the financial statements and reports, according to the qualifications.

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

A5COMPRES Deg.of Unif. in terms of Compreh. Q.C.

by QUALIFIC Qualifications

Mean Rank Cases

67.60	73	QUALIFIC = 1	Accounting
60.38	55	QUALIFIC = 2	Others

128 Total

U	W	Corrected for Ties	
		Z	2-tailed P
1781.0	3321.0	-1.1229	.2615

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

B5COMPARS Deg. of Unif. in terms of Acc. Used Q.C.

by QUALIFIC Qualifications

Mean Rank Cases

67.99	73	QUALIFIC = 1	Accounting
59.86	55	QUALIFIC = 2	Others

128 Total

U	W	Corrected for Ties	
		Z	2-tailed P
1752.5	3292.5	-1.2615	.2071

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

C5AUDIT Deg. of Unif. in Terms of Audit Re. Q.C.

by QUALIFIC Qualifications

Mean Rank Cases

72.21	73	QUALIFIC = 1	Accounting
54.27	55	QUALIFIC = 2	Others

128 Total

U	W	Corrected for Ties	
		Z	2-tailed P
1445.0	2985.0	-2.7768	.0055

Table (8-16): Mann-Whitney U test results of examining the statistical significance of the differences in uniformity of the financial statements and reports, according to the qualifications. (....continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

D5OUTLOO Deg.of Unif. in Terms of St. O.Look Q.C.

by QUALIFIC Qualifications

Mean Rank Cases

70.68 73 QUALIFIC = 1 Accounting
56.30 55 QUALIFIC = 2 Others

128 Total

U W Corrected for Ties
1556.5 3096.5 Z 2-tailed P
-2.2230 .0262

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

E5DISCLO Deg.of Unif. in Terms of Disclosure Q.C.

by QUALIFIC Qualifications

Mean Rank Cases

73.19 73 QUALIFIC = 1 Accounting
52.96 55 QUALIFIC = 2 Others

128 Total

U W Corrected for Ties
1373.0 2913.0 Z 2-tailed P
-3.1718 .0015

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

F5UNDERS Deg. of Unif. in Terms of Underst. Q.C.

by QUALIFIC Qualifications

Mean Rank Cases

71.32 73 QUALIFIC = 1 Accounting
55.45 55 QUALIFIC = 2 Others

128 Total

U W Corrected for Ties
1509.5 3049.5 Z 2-tailed P
-2.4702 .0135

Table (8-17): Mann-Whitney U test results of examining the statistical significance of the differences in ranking of importance of the different financial statements, according to the qualifications.

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

A6BSHEET Importance of Balance Sheet F.R.

by QUALIFIC Qualifications

Mean Rank Cases

65.45	74	QUALIFIC = 1	Accounting
66.71	57	QUALIFIC = 2	Others

131 Total

U	W	Z	Corrected for Ties 2-tailed P
2068.5	3802.5	-.2039	.8384

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

B6ISTMNT Importance of Income St. F.R.

by QUALIFIC Qualifications

Mean Rank Cases

65.24	74	QUALIFIC = 1	Accounting
66.98	57	QUALIFIC = 2	Others

131 Total

U	W	Z	Corrected for Ties 2-tailed P
2053.0	3818.0	-.2877	.7736

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

C6SSAFUN Importance of St. of S.&A. of Funds F.R.

by QUALIFIC Qualifications

Mean Rank Cases

65.26	74	QUALIFIC = 1	Accounting
66.96	57	QUALIFIC = 2	Others

131 Total

U	W	Z	Corrected for Ties 2-tailed P
2054.0	3817.0	-.2659	.7903

Table (8-17): Mann-Whitney U test results of examining the statistical significance of the differences in ranking of importance of the different financial statements, according to the qualifications. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

D6CSTMNT Importance of Current Cost St. F.R.

by QUALIFIC Qualifications

Mean Rank	Cases		
64.14	74	QUALIFIC = 1	Accounting
68.42	57	QUALIFIC = 2	Others

	131	Total	
			Corrected for Ties
U	W	Z	2-tailed P
1971.0	3900.0	-.6540	.5131

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

E6CASHFL Importance of Cash Flow St. F.R.

by QUALIFIC Qualifications

Mean Rank	Cases		
62.40	74	QUALIFIC = 1	Accounting
70.68	57	QUALIFIC = 2	Others

	131	Total	
			Corrected for Ties
U	W	Z	2-tailed P
1842.5	4028.5	-1.2631	.2066

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

F6VALUAD Importance of Value Added St. F.R.

by QUALIFIC Qualifications

Mean Rank	Cases		
62.05	73	QUALIFIC = 1	Accounting
69.92	57	QUALIFIC = 2	Others

	130	Total	
			Corrected for Ties
U	W	Z	2-tailed P
1828.5	3985.5	-1.2067	.2276

Table (8-17): Mann-Whitney U test results of examining the statistical significance of the differences in ranking of importance of the different financial statements, according to the qualifications. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

G6GROUPA Importance of Group Accounts F.R.

by QUALIFIC Qualifications

Mean Rank Cases

69.01 74 QUALIFIC = 1 Accounting
62.10 57 QUALIFIC = 2 Others

131 Total

U W Z Corrected for Ties
1886.5 3539.5 -1.0571 2-tailed P
.2905

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

H6DIRECT Importance of Directors' Report F.R.

by QUALIFIC Qualifications

Mean Rank Cases

71.04 74 QUALIFIC = 1 Accounting
59.46 57 QUALIFIC = 2 Others

131 Total

U W Z Corrected for Ties
1736.0 3389.0 -1.7872 2-tailed P
.0739

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

I6AUDITO Importance of Auditors' Report F.R.

by QUALIFIC Qualifications

Mean Rank Cases

66.08 74 QUALIFIC = 1 Accounting
65.89 57 QUALIFIC = 2 Others

131 Total

U W Z Corrected for Ties
2103.0 3756.0 -.0285 2-tailed P
.9773

Table (8-18): Mann-Whitney U test results of examining the statistical significance of the differences in the pattern of reading of the different financial statements and reports, according to the qualifications.

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

A7BSHEET Degree of Reading of Balance Sheet F.R.

by QUALIFIC Qualifications

Mean Rank Cases

65.27 74 QUALIFIC = 1 Accounting
66.95 57 QUALIFIC = 2 Others

131 Total

			Corrected for Ties
U	W	Z	2-tailed P
2055.0	3816.0	-.7554	.4500

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

B7ISTMNT Degree of Reading of Income St. F.R.

by QUALIFIC Qualifications

Mean Rank Cases

65.77 74 QUALIFIC = 1 Accounting
66.30 57 QUALIFIC = 2 Others

131 Total

			Corrected for Ties
U	W	Z	2-tailed P
2092.0	3779.0	-.2648	.7911

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

C7SSAFUN Degree of Reading of St.S.A. Funds F.R.

by QUALIFIC Qualifications

Mean Rank Cases

60.39 74 QUALIFIC = 1 Accounting
73.28 57 QUALIFIC = 2 Others

131 Total

			Corrected for Ties
U	W	Z	2-tailed P
1694.0	4177.0	-2.4916	.0127

Table (8-18): Mann-Whitney U test results of examining the statistical significance of the differences in the pattern of reading of the different financial statements and reports, according to the qualifications. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

D7CSTMNT Degree of Reading of Cur. Cost St. F.R.

by QUALIFIC Qualifications

Mean Rank Cases

58.76 73 QUALIFIC = 1 Accounting

74.13 57 QUALIFIC = 2 Others

130 Total

			Corrected for Ties
U	W	Z	2-tailed P
1588.5	4225.5	-2.7137	.0067

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

E7CASHFL Degree of Reading of Cash Flow St.F.R.

by QUALIFIC Qualifications

Mean Rank Cases

56.12 73 QUALIFIC = 1 Accounting

76.57 56 QUALIFIC = 2 Others

129 Total

			Corrected for Ties
U	W	Z	2-tailed P
1396.0	4288.0	-3.8963	.0001

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

F7VALUAD Degree of Reading of Value Add. St. F.R.

by QUALIFIC Qualifications

Mean Rank Cases

62.45 73 QUALIFIC = 1 Accounting

68.32 56 QUALIFIC = 2 Others

129 Total

			Corrected for Ties
U	W	Z	2-tailed P
1858.0	3826.0	-.9754	.3294

Table (8-18): Mann-Whitney U test results of examining the statistical significance of the differences in the pattern of reading of the different financial statements and reports, according to the qualifications.
(...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

G7GROUPA Degree of Reading of Group Accounts F.R.
by QUALIFIC Qualifications

Mean Rank Cases

62.26 73 QUALIFIC = 1 Accounting
69.65 57 QUALIFIC = 2 Others

130 Total

U W Z Corrected for Ties
1844.0 3970.0 -1.2031 2-tailed P
.2289

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

H7DIRECT Degree of Reading of Directors' Re. F.R.
by QUALIFIC Qualifications

Mean Rank Cases

61.57 73 QUALIFIC = 1 Accounting
70.54 57 QUALIFIC = 2 Others

130 Total

U W Z Corrected for Ties
1793.5 4020.5 -1.6203 2-tailed P
.1052

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

I7AUDITO Degree of Reading of Auditors' Re. F.R.
by QUALIFIC Qualifications

Mean Rank Cases

59.68 73 QUALIFIC = 1 Accounting
71.93 56 QUALIFIC = 2 Others

129 Total

U W Z Corrected for Ties
1656.0 4028.0 -2.0900 2-tailed P
.0366

Table (8-19): Correlation coefficient of the scales measuring the respondents' view of the effect of economic development on different accounting aspects and their view of the effect of foreign accounting methods on these aspects.

Accounting Aspects	Accounting Requirements	Professional Ethics	Acc&Aud Practices	Skills& Qualification	Accounting Education	Firms Services	Usage of Information	Information Quality
Accounting requirements	.49692							
Professional ethics		.33979						
Accounting and auditing practices			.37996					
Accountants skills & qualifications				.26171				
Accounting education.					.38708			
Expansion of accounting firms services						.28724		
Usage of information							.28019	
Quality of information provided								.47030

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-20): Correlation coefficient of the scales measuring the respondents' view of effect of the economic development on different accounting aspects and their evaluation of the present accounting profession.

Accounting Aspects Profession Activities	Accounting Requirements	Professional Ethics	Acc&Aud Practices	Skills& Qualification	Accounting Education	Firms Services	Usage of Information	Information Quality
Contributing to accounting regulations	.35654 (.0109)	.28125 (.0002)	.27646 (.0002)	.32080 (.0307)	.37699 (.1532)	.26740 (.3830)	.28229 (.0836)	.35827 (.0009)
Conducting effective training	.26377 (.0109)	.23643 (.0061)	.19443 (.0604)	.24883 (.0307)	.24750 (.1532)	.17333 (.0018)	.19208 (.0006)	.29301 (.0009)
Organising local pertinent studies	.13311 (.0109)	.14639 (.0061)	.08652 (.0604)	.10371 (.0307)	.06844 (.1532)	.01781 (.3830)	.08198 (.0836)	.18413 (.0009)
Positively responding to national accounting demand	.09674 (.0453)	.08913 (.0603)	-.02153 (.3476)	.11266 (.0196)	.10912 (.0489)	-.05085 (.1945)	-.03012 (.3033)	.08104 (.0804)
Furnishing the market with qualified accountants	.20752 (.0001)	.23398 (.0001)	.12295 (.0122)	.21250 (.0004)	.25383 (.0001)	.14406 (.0070)	.13115 (.0121)	.22220 (.0001)
Providing an adequate information reporting	.16260 (.0025)	.29258 (.0025)	.15518 (.0026)	.18555 (.0004)	.17391 (.0046)	.16052 (.0036)	.16198 (.0031)	.19155 (.0005)
Contributing to the advancement of public accounting	.23896 (.0004)	.23760 (.0004)	.16426 (.0016)	.21543 (.0011)	.23859 (.0002)	.19208 (.0006)	.15479 (.0044)	.17810 (.0012)
Strengthening channels with international accounting bodies	.19590 (.0004)	.25547 (.0004)	.15811 (.0024)	.17002 (.0011)	.18855 (.0025)	.10760 (.0368)	.17958 (.0013)	.16237 (.0030)
Setting binding ethical rules	.30339 (.0004)	.30448 (.0004)	.19738 (.0002)	.25737 (.0001)	.26866 (.0001)	.23111 (.0001)	.24482 (.0001)	.27936 (.0001)
Assisting in sound public recognition	.29521 (.0004)	.15928 (.0030)	.17510 (.0008)	.20371 (.0001)	.28289 (.0001)	.16823 (.0023)	.18479 (.0009)	.27224 (.0009)
Coordinating with government and private agencies	.14385 (.0064)	.11592 (.0231)	.08730 (.0580)	.15293 (.0028)	.16207 (.0075)	.02802 (.3191)	.10083 (.0441)	.11362 (.0260)
Ensuring sufficient education	.01973 (.3687)	.18828 (.0007)	.05225 (.1777)	.02686 (.3163)	.02906 (.3341)	-.05240 (.1939)	.06844 (.1277)	.03056 (.3041)
Setting required standards for accountants licenses	.19033 (.0005)	.19551 (.0004)	.12988 (.0100)	.15986 (.0020)	.18984 (.0023)	.03875 (.2589)	.14094 (.0088)	.15258 (.0047)

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-21): Correlation coefficient of the scales evaluating the relationship between economic questions and the accounting system.

Economic Questions	Market Crisis	Industrial Prosperity	Sectors' Expansion	National Acc.Purpos	Public Planning	Accounting Impact	Market Efficiency	Control& FollowUp
Inadequate information is one of the main causes of stock market crisis	-----							
Value of financial information is underestimated concerning industrial prosperity	.29141	-----						
Lack of proper accounting records hampers expansion of commercial sectors	.24245	.42324	-----					
Accounting outputs are not properly used for national accounting purposes	.35115	.31031	.29971	-----				
Insufficient accounting information causes shortcomings in public planning	.31476	.25395	.25944	.40900	-----			
Although the accounting techniques have positive impact on the economic prosperity, little consideration is given in this respect	.21399 (.0001)	.25757 (.0001)	.21651	.29462	.28832	-----		
Kuwait stock market efficiency is significantly attached to and well served by the availability of adequate accounting information	.23427	.28826	.29474	.22913	.33678	.29653	-----	
Too little attention is given to the importance of accounting information for control and follow up in Kuwait	.13963 (.0073)	.16702 (.0012)	.17495 (.0008)	.37865	.27279	.48910	.32146	-----

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-22): Correlation coefficient of the scales measuring the respondents' evaluation of the present accounting profession.

Profession Activities	Accou. Regulat	Effective Training	Local Studies	National Demand	Furnish Market	Adequate Inform.	Public Accou.	Internati Bodies	Ethical Rules	Public Recognit	Gov&Pr Agency	Sufficient Education
Contributing to accounting regulations	-----											
Conducting effective training	.52021	-----										
Organising local pertinent studies	.35879	.57097	-----									
Positively responding to national accounting demand	.32527	.34433	.46250	-----								
Furnishing the market with qualified accountants	.42676	.48600	.39061	.41612	-----							
Providing adequate information regarding	.49385	.48137	.43025	.36579	.43893	-----						
Contributing to the advancement of public accounting	.61738	.53702	.42601	.39605	.52081	.57646	-----					
Strengthening channels with international accounting bodies	.48818	.41077	.45918	.28341	.37383	.51956	.58244	-----				
Setting binding ethical rules	.53657	.46299	.35791	.33689	.42969	.45146	.50020	.50449	-----			
Assisting in sound public recognition	.53368	.45352	.36309	.33138	.40234	.46885	.53926	.49482	.50611	-----		
Coordinating with government and private agencies	.45566	.41308	.45793	.46141	.35309	.43739	.48571	.48436	.41172	.55781	-----	
Ensuring sufficient education	.36709	.40816	.53827	.47872	.40517	.51609	.47249	.53711	.44238	.34727	.48301	-----
Setting required standards for accountants licenses	.32754	.35242	.45041	.31961	.30632	.34528	.41868	.48648	.40713	.38301	.40488	.46082

(Significance levels are presented in parentheses, otherwise it equals (.0000)).

Table (8-23): Mann-Whitney U test results of examining the statistical significance of the differences in the evaluation of the performance of the PTC, according to classification of the sample.

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

SETTING Setting Objectives of Fin. Rep. P.

by CLASSIFI Classification

Mean Rank Cases

164.91 158 CLASSIFI = 1 Users
154.16 160 CLASSIFI = 2 Accountants

318 Total

U	W	Z	Corrected for Ties 2-tailed P
11786.0	26055.0	-1.0677	.2857

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

QUALITY Quality of the Guidelines P.

by CLASSIFI Classification

Mean Rank Cases

166.53 158 CLASSIFI = 1 Users
152.56 160 CLASSIFI = 2 Accountants

318 Total

U	W	Z	Corrected for Ties 2-tailed P
11530.0	26311.0	-1.3924	.1638

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

MANDATOR Mandatory Compliance P.

by CLASSIFI Classification

Mean Rank Cases

174.61 158 CLASSIFI = 1 Users
143.49 159 CLASSIFI = 2 Accountants

317 Total

U	W	Z	Corrected for Ties 2-tailed P
10094.5	27588.5	-3.1170	.0018

Table (8-23): Mann-Whitney U test results of examining the statistical significance of the differences in the evaluation of the performance of the PTC, according to classification of the sample. (....continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

CONSULTI	Consultation with Other Concerned Parties P.			
by CLASSIFI	Classification			
Mean Rank	Cases			
177.97	158	CLASSIFI = 1	Users	
140.15	159	CLASSIFI = 2	Accountants	

	317	Total		
			Corrected for Ties	
U	W	Z	2-tailed P	
9564.0	28119.0	-3.7864	.0002	

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

TIMELIMIT	Time Limit to Comply with the Guid. P.			
by CLASSIFI	Classification			
Mean Rank	Cases			
174.22	158	CLASSIFI = 1	Users	
142.78	158	CLASSIFI = 2	Accountants	

	316	Total		
			Corrected for Ties	
U	W	Z	2-tailed P	
9997.5	27527.5	-3.1530	.0016	

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

ALLOWING	Allowing Other Parties to Contribute P.			
by CLASSIFI	Classification			
Mean Rank	Cases			
179.51	158	CLASSIFI = 1	Users	
139.74	160	CLASSIFI = 2	Accountants	

	318	Total		
			Corrected for Ties	
U	W	Z	2-tailed P	
9479.0	28362.0	-3.9950	.0001	

Table (8-23): Mann-Whitney U test results of examining the statistical significance of the differences in the evaluation of the performance of the PTC, according to classification of the sample. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

MANNER		Manner of Promulgating the Guidelines P.		
by	CLASSIFI	Classification		
Mean Rank		Cases		
	174.27	158	CLASSIFI = 1	Users
	144.92	160	CLASSIFI = 2	Accountants

		318	Total	
				Corrected for Ties
U		W	Z	2-tailed P
10306.5		27534.5	-2.9794	.0029

Table (8-24): Mann-Whitney U test results of examining the statistical significance of the differences in the contribution of the different parties in advancing the accounting system, according to classification of the sample.

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

GOVERNMP	Present Contribution of the Gov. P.			
by CLASSIFI	Classification			
Mean Rank	Cases			
156.25	155	CLASSIFI = 1	Users	
158.72	159	CLASSIFI = 2	Accountants	

	314	Total		
			Corrected for Ties	
U	W	Z	2-tailed P	
12128.5	24218.5	-.2539	.7996	

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

KSAAP	Present Contribution of the KSAA P.			
by CLASSIFI	Classification			
Mean Rank	Cases			
150.11	155	CLASSIFI = 1	Users	
165.64	160	CLASSIFI = 2	Accountants	

	315	Total		
			Corrected for Ties	
U	W	Z	2-tailed P	
11177.5	23267.5	-1.5925	.1113	

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

FIRMSP	Present Contribution of the Acc. Fir. P.			
by CLASSIFI	Classification			
Mean Rank	Cases			
150.47	155	CLASSIFI = 1	Users	
165.29	160	CLASSIFI = 2	Accountants	

	315	Total		
			Corrected for Ties	
U	W	Z	2-tailed P	
11233.5	23323.5	-1.4964	.1345	

Table (8-24): Mann-Whitney U test results of examining the statistical significance of the differences in the contribution of the different parties in advancing the accounting system, according to classification of the sample. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

AUDITBUP Present Contrib. of the Audit Bureau P.
by CLASSIFI Classification

Mean Rank Cases

141.88 155 CLASSIFI = 1 Users
172.73 159 CLASSIFI = 2 Accountants

314 Total

U W Z Corrected for Ties
9901.5 21991.5 -3.1709 2-tailed P
.0015

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

STOCKXP Present Contribution of the S. Exch. P.
by CLASSIFI Classification

Mean Rank Cases

161.45 155 CLASSIFI = 1 Users
153.64 159 CLASSIFI = 2 Accountants

314 Total

U W Z Corrected for Ties
11709.5 25025.5 -.8053 2-tailed P
.4206

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

PRIVATEP Present Contribution of the Pri. Sec. P.
by CLASSIFI Classification

Mean Rank Cases

153.59 155 CLASSIFI = 1 Users
161.31 159 CLASSIFI = 2 Accountants

314 Total

U W Z Corrected for Ties
11716.5 23806.5 -.8103 2-tailed P
.4178

Table (8-24): Mann-Whitney U test results of examining the statistical significance of the differences in the contribution of the different parties in advancing the accounting system, according to classification of the sample. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

ACADEMP Present Contrib. of the Acad. Inst. P.				
by CLASSIFI	Classification			
Mean Rank	Cases			
166.79	154 CLASSIFI = 1 Users			
148.56	160 CLASSIFI = 2 Accountants			

	314 Total			
		Corrected for Ties		
U	W	Z	2-tailed P	
10889.5	25685.5	-1.8704	.0614	

Table (8-25): Mann-Whitney U test results of examining the statistical significance of the differences in the involvement for the different parties in improving the accounting system, according to classification of the sample.

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

GOVERNS Proposed Contribution of the Gov. P.

by CLASSIFI Classification

Mean Rank	Cases	
149.65	158	CLASSIFI = 1 Users
169.23	160	CLASSIFI = 2 Accountants

	318	Total

U	W	Z	Corrected for Ties 2-tailed P
11084.0	23645.0	-2.0847	.0371

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

KSAAS Proposed Contribution of the KSAA P.

by CLASSIFI Classification

Mean Rank	Cases	
159.61	158	CLASSIFI = 1 Users
159.39	160	CLASSIFI = 2 Accountants

	318	Total

U	W	Z	Corrected for Ties 2-tailed P
12622.5	25218.5	-.0249	.9801

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

FIRMSS Proposed Contrib. of the Acc. Fir. P.

by CLASSIFI Classification

Mean Rank	Cases	
153.22	158	CLASSIFI = 1 Users
164.75	159	CLASSIFI = 2 Accountants

	317	Total

U	W	Z	Corrected for Ties 2-tailed P
11647.5	24208.5	-1.2139	.2248

Table (8-25): Mann-Whitney U test results of examining the statistical significance of the differences in the involvement for the different parties in improving the accounting system, according to classification of the sample. (....continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

AUDITBUR Proposed Contrib. of the Audit Bureau P.
by CLASSIFI Classification

Mean Rank Cases

137.07 158 CLASSIFI = 1 Users
180.79 159 CLASSIFI = 2 Accountants

317 Total

U W Corrected for Ties
9096.0 21657.0 Z 2-tailed P
-4.4234 .0000

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

STOCKXS Proposed Contribution of the S. Exch. P.
by CLASSIFI Classification

Mean Rank Cases

159.60 158 CLASSIFI = 1 Users
159.40 160 CLASSIFI = 2 Accountants

318 Total

U W Corrected for Ties
12624.0 25217.0 Z 2-tailed P
-.0205 .9837

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

PRIVATES Proposed Contrib. of the Pri. Sec. P.
by CLASSIFI Classification

Mean Rank Cases

158.50 158 CLASSIFI = 1 Users
158.50 158 CLASSIFI = 2 Accountants

316 Total

U W Corrected for Ties
12482.0 25043.0 Z 2-tailed P
.0000 1.0000

Table (8-25): Mann-Whitney U test results of examining the statistical significance of the differences in the involvement for the different parties in improving the accounting system, according to classification of the sample. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

ACADEMS Proposed Contrib. of the Acad. Inst. P.				
by CLASSIFI	Classification			
Mean Rank	Cases			
168.11	158 CLASSIFI = 1 Users			
151.00	160 CLASSIFI = 2 Accountants			

	318 Total			
		Corrected for Ties		
U	W	Z	2-tailed P	
11280.0	26561.0	-1.7366	.0824	

Table (8-26): Mann-Whitney U test results of examining the statistical significance of the differences in the preferred structure for improving the accounting system, according to classification of the sample.

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

STRUCTUR Sort of Structure P.

by CLASSIFI Classification

Mean Rank Cases

155.81	158	CLASSIFI = 1	Users
164.11	161	CLASSIFI = 2	Accountants

319 Total

			Corrected for Ties
U	W	Z	2-tailed P
12056.5	24617.5	-.9002	.3680

Table (8-27): Mann-Whitney U test results of examining the statistical significance of the differences in the ranking of the important areas of the accounting system requiring improvement, according to classification of the sample.

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

ACCAUP Importance of the Acc. and Aud. Stds. P.

by CLASSIFI Classification

Mean Rank Cases

145.93	158	CLASSIFI = 1	Users
172.90	160	CLASSIFI = 2	Accountants

	318	Total	

U	W	Z	Corrected for Ties 2-tailed P
10496.0	23057.0	-3.0121	.0026

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

ETHICS Importance of the Pro. Ethics P.

by CLASSIFI Classification

Mean Rank Cases

172.61	158	CLASSIFI = 1	Users
146.56	160	CLASSIFI = 2	Accountants

	318	Total	

U	W	Z	Corrected for Ties 2-tailed P
10569.0	27272.0	-2.5748	.0100

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

ORGANISE Importance of the Org. Prof. Body P.

by CLASSIFI Classification

Mean Rank Cases

167.14	158	CLASSIFI = 1	Users
150.91	159	CLASSIFI = 2	Accountants

	317	Total	

U	W	Z	Corrected for Ties 2-tailed P
11274.5	26408.5	-1.6180	.1057

Table (8-27): Mann-Whitney U test results of examining the statistical significance of the differences in the ranking of the important areas of the accounting system requiring improvement, according to classification of the sample. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

EFFICINT Importance of the Effective Acc. Ser. P.

by CLASSIFI Classification

Mean Rank Cases

138.22	158	CLASSIFI = 1	Users
180.52	160	CLASSIFI = 2	Accountants

	318	Total	

			Corrected for Ties
U	W	Z	2-tailed P
9277.0	21838.0	-4.1992	.0000

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

LEGAL Importance of the Legal Requirements P.

by CLASSIFI Classification

Mean Rank Cases

166.08	158	CLASSIFI = 1	Users
154.03	161	CLASSIFI = 2	Accountants

	319	Total	

			Corrected for Ties
U	W	Z	2-tailed P
11758.5	26240.5	-1.1894	.2343

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

SCRUTINS Importance of the Scrutinising Educ. P.

by CLASSIFI Classification

Mean Rank Cases

166.22	158	CLASSIFI = 1	Users
151.82	159	CLASSIFI = 2	Accountants

	317	Total	

			Corrected for Ties
U	W	Z	2-tailed P
11420.0	26263.0	-1.4204	.1555

Table (8-28): Mann-Whitney U test results of examining the statistical significance of the differences in the factors to be considered in improving the accounting system, according to classification of the sample.

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

COMPLIAN Complying with Local Needs P.

by CLASSIFI Classification

Mean Rank Cases

159.70 158 CLASSIFI = 1 Users
160.29 161 CLASSIFI = 2 Accountants

319 Total

			Corrected for Ties
U	W	Z	2-tailed P
12672.0	25233.0	-.0826	.9342

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

FURTHER Further Consultation with Acc. Firms P.

by CLASSIFI Classification

Mean Rank Cases

166.04 158 CLASSIFI = 1 Users
154.07 161 CLASSIFI = 2 Accountants

319 Total

			Corrected for Ties
U	W	Z	2-tailed P
11765.0	26234.0	-1.5436	.1227

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

COLLABOR Collaboration with Int. Bodies P.

by CLASSIFI Classification

Mean Rank Cases

171.42 158 CLASSIFI = 1 Users
148.80 161 CLASSIFI = 2 Accountants

319 Total

			Corrected for Ties
U	W	Z	2-tailed P
10915.0	27084.0	-2.8722	.0041

Table (8-28): Mann-Whitney U test results of examining the statistical significance of the differences in the factors to be considered in improving the accounting system, according to classification of the sample. (....continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

CONCENTR Concentrating in Practical Issues P.

by CLASSIFI Classification

Mean Rank Cases

162.03 158 CLASSIFI = 1 Users
155.99 159 CLASSIFI = 2 Accountants

317 Total ,

U W Z Corrected for Ties
12082.0 25601.0 -.7016 2-tailed P
.4829

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

CONTRIBU Contribution from Academic Institu. P.

by CLASSIFI Classification

Mean Rank Cases

166.04 158 CLASSIFI = 1 Users
153.04 160 CLASSIFI = 2 Accountants

318 Total

U W Z Corrected for Ties
11606.0 26235.0 -1.4797 2-tailed P
.1389

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

KSAAC Contribution from the KSAA P.

by CLASSIFI Classification

Mean Rank Cases

167.30 158 CLASSIFI = 1 Users
151.80 160 CLASSIFI = 2 Accountants

318 Total

U W Z Corrected for Ties
11408.0 26433.0 -1.8786 2-tailed P
.0603

Table (8-28): Mann-Whitney U test results of examining the statistical significance of the differences in the factors to be considered in improving the accounting system, according to classification of the sample. (...continued)

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

PRIVATEC Contribution from Private Sector P.

by CLASSIFI Classification

Mean Rank Cases

162.58	158	CLASSIFI = 1	Users
156.46	160	CLASSIFI = 2	Accountants

318 Total

			Corrected for Ties
U	W	Z	2-tailed P
12153.0	25688.0	-.6572	.5110

- - - - - Mann-Whitney U - Wilcoxon Rank Sum W Test

CONTINUE Continuous Monitoring of Acc. Problem P.

by CLASSIFI Classification

Mean Rank Cases

167.75	158	CLASSIFI = 1	Users
150.31	159	CLASSIFI = 2	Accountants

317 Total

			Corrected for Ties
U	W	Z	2-tailed P
11178.5	26504.5	-2.4169	.0157

Part Four: Recommendations, Summary and Conclusions

**Chapter Nine : Recommendations for Future Accounting
Regulation in Kuwait**

Chapter Ten : Summary and Conclusions

Having, in the last two parts of this study, pursued the objectives outlined initially, by presenting both theoretical and empirical evidence of the deficiencies of Kuwaiti accounting regulation and practice, we aim in this part to fulfil our last objective, namely, to suggest a new regulatory framework by which these deficiencies may be addressed and solved in the future. This final part consists of two chapters. Chapter Nine presents our recommendations for future accounting regulation in Kuwait. Chapter Ten draws together the main findings of the study as a whole, to provide a summary and conclusions.

Chapter Nine

Recommendations for Future Accounting Regulation in Kuwait

9.1 Introduction:

In the last section of this research, some practical suggestions will be made for regulating the accounting profession in Kuwait, in order to avoid the weaknesses and deficiencies of past experiences. These are based on the analysis presented in the previous chapters, and the experience of developed countries.

This chapter is devoted to: 1) suggesting a body to proceed with the reorganisation of the profession, 2) assessing how its membership should be constituted, and 3) suggesting how it should perform its duties and what it should consider in order to function properly and effectively in pursuit of its objectives.

9.2 Issues Affecting the Use of Disclosed Financial Information:

There is no need to repeat here the discussion was presented in previous chapters, on respondents' comments as to which issues affect the use of disclosed financial information, but we will analyse these problems taking into consideration the following points:

- the historical background of the development of the accounting profession in Kuwait;
- information obtained from our review of annual financial reports of shareholding companies in Kuwait (1984-1986);
- the views of both samples as to the many problems highlighted by the questionnaire.

The following issues affect the use of disclosed financial information:

9.2.1 Qualitative Characteristics of Financial Information:

It is generally accepted that one of the main objects of any accountancy system is to provide information which helps in economic decision-making. Following the FASB conceptual framework as outlined in Chapters two and five appropriateness of financial information may be ascertained through analysing its qualitative characteristics⁽¹⁾. It was clear from the answers to the questionnaire that accounts users are dissatisfied with the qualitative characteristics of the disclosed financial information. Also, some individuals from the sample believed that financial information is not sufficient to be relied on exclusively, to do so may lead to incorrect economic decisions. This imperfection of the quality of information and its characteristics could be attributed to the following:-

- Accounts are prepared by insufficiently motivated accountants.
- There are too few highly qualified accountants for the following reasons:-
 - A- Accounting education is limited, and puts high emphasis on the theoretical side ,and less on the practical.
 - B- Many accountants are still deserting the accounting profession to better paid jobs or more socially-respectable posts.
 - C- Co-ordination between all interested parties is weak.

- There is a lack of legislation to force accountants to deliver high quality accounts.
- Lack of awareness of accounts users prevents them from demanding their legal right of adequate financial information.

To promote the qualitative characteristics of financial accounting we have to:

- set legislation to rationalise financial disclosure in such a way as to help investors and others when making economic decisions;
- promote and increase general awareness of investors to help them identify what they need to make successful investment decisions;
- develop accounting education to increase graduates' knowledge, with special concentration on practical aspects and quality rather than quantity of subjects studied;
- improve co-ordination with all parties and organise conferences to promote financial reports.

9.2.2 Measurement Criteria:

A weakness of the system is its use of the historical basis of valuation. This method does not give precise information, especially regarding inflation. Therefore, consideration must be given to the ability of any new system to produce current figures which reflect the real position of companies and other economic units.

By going back to the descriptive studies of the companies' position, one realises that companies do not take into consideration current cost, which makes predictions more difficult as users are relying on inaccurate information.

For instance, respondents stated that reports based on current cost have a high significance. On the other hand companies do not compile their reports taking into consideration this element, even in supplementary statements.

9.2.3 Financial Reporting:

We have clearly indicated the severity of the problems facing the accounting system and their negative impact on the usefulness of the prepared reports. The financial reports are the outcome of this accounting system. All problems, and attempts at solution, therefore directly affect them. For this reason, it is necessary to look simultaneously at two problems having a direct relationship with disclosed financial reports:

(1) Financial Reports Failure:

Respondents expressed dissatisfaction with the reports and their qualitative characteristics.

(2) Lack of ways of measuring:

(A) the success or failure of financial reports in accomplishing the task they were supposed to achieve for accounts users;

(B) the degree of perfection of disclosed financial information.

As a result, those who will rely on the profession to devise a measurement or means to enable them to monitor the preparation of financial reports will ask whether the reports are achieving their objectives as perceived, or whether there remains inaccuracies or faults which need be tackled.

Perhaps it would be helpful to point out some aspects which ought to be considered when viewing how to measure the degree of failure or success of the reports:

- Qualitative characteristics of the information in the reports.
- The extent of the success in providing information evaluated in accordance with current cost as well as historical cost.
- The extent of success in adopting measurement criteria to satisfy micro and macro accounting.

There is a pressing need to enhance the quality of financial reports disclosed by different economic units. Studies must consider the above factors, and examine different economic sectors, to reveal the existing differences in the quality of information disclosed by different sectors.

9.2.4 The Role of Accountants and Auditors:

The general assembly has not monitored management closely or participated in selecting auditors. This highlights another problem. Most general assemblies do not select auditors but delegate this authority to management. As a result, the auditors' neutrality is greatly affected, as they review the accounts of the management by whom they have been employed for the past

year. To prevent management having this upper hand, auditors should be appointed by a third party, otherwise they may face the choice between carrying out their tasks according to professional ethics, which might on some occasions lose them their client, or acting according to the will of management, which may involve misleading information. The main reasons for this are:

- Lack of awareness on the part of shareholders.
- The absence of professional ethics.
- None awareness of the government, of the importance of accounting.

Thus, those who stand to gain by improved accounting are not yet committed to change. The problem can not be achieved by blaming either auditors, shareholders, or management only. The government, through the Ministry of Trade, the Stock Market, and the Central Bank, must be pressed to participate in advancing the accounting system.

The economic crisis which occurred in the eighties showed the extent of this problem. In 1988, a list was published condemning some accounting firms for committing a number of offences. Accounting firms mushroomed during the Manakh crisis. Many of these firms were guilty of materialism, bias, and departure from professional ethics.

Although the certificate issued by the auditor authenticates the financial report as truly reflecting the financial position of the company, it was apparent from studying financial reports that companies disclose such reports after window-dressing which

may mislead accounts users. Companies also change accounting practices, and the form of report without stating their reasons for so doing. For these reasons one can say that published financial reports do not provide sufficient information to help accounts users to make decisions. Undoubtedly, only a person highly experienced with reports can read between lines and find out the real position of the company.

9.2.5 Accounting Education:

Other problems exist in the accounting profession in Kuwait which could be detected when we observed the current situation in professional education, before or after employment. There is, for instance, a decided lack of qualified accountants.

It is also well known that wherever accounting education is of a low quality, a greater need exists for unified accounting methods. With reference to the developing countries, whenever imperfections in accounting education and training occur, the accountants' evaluation falls short. Therefore, increased legislation and the availability of standards will improve the reports prepared by accountants.⁽²⁾

9.2.6 Economic Growth:

The needs of the free market in the industrialised states could be considered as the major factor in increasing the minimum information disclosure in financial reports. Therefore, accounting concepts and methods were developed and called for in these countries, as appropriate methods where there were large sectors and developed financial markets. Most developing

countries do not have booming financial markets, for historical, economic and cultural reasons. It is necessary, therefore, in the absence of a regulated financial market, to initiate new avenues to increase accounting information services which are desperately needed by those who use such information.⁽³⁾

One of the problems which emerged from study of the companies' annual reports, is that many of these companies have several investments which were not evaluated correctly, as some political decisions were introduced to protect debtors' positions when assets were re-valued.

For a long time, circumstances in the market made only investment decision in Kuwait a speculation, rather than an investment. In the absence of quantitative and qualitative analysis, those who dared most to venture were the masters of the market. Amazingly, successful speculation was based not on price increases, but on government intervention when problems arose. Thus, the government played a negative role in the crisis. It welcomed share price increases, but when share prices started to come down, the government intervened by buying shares of high value for different reasons. In the end, these measures were not effective.

The empirical research and interviews with some officials confirmed that the economic growth in the Gulf generally and Kuwait in particular had a positive impact on the accounting profession. This is confirmed by the fact that accounting services flourished considerably, even though some economic crises in

the area adversely affected the reliability of accounting information.

(1) In the mid-seventies, oil prices dramatically increased, causing an economic boom. This led to expansion in monetary and financial policies, without taking into consideration the inflationary effects of such policies. Among the effects of inflation was the stimulus for most companies to buy and sell property or shares, as the most profitable form of businesses. Thus, companies became financial assets (shares and property), and there was a trend away from economically productive to non-productive fields. The eventual slump in oil prices and reduction in the value of the Dinar resulted in high production expenditure (30% wages and other high property compensation ...etc.)

(2) The Manakh crisis (we previously explained its impact on the profession) affected the supposed or expected status of the profession. In addition to this situation, the lack of legislation or clear concepts on which the accounting profession could depend to define its relevance, caused many practitioners to behave in a way which caused many of their clients to lose their trust in them.

9.2.7 The Role of the Ministry of Trade:

Up to 1982, when the stock market crashed, the disclosure of financial information was not properly taken into consideration by the authorities responsible for the accounting profession in Kuwait. In the absence of a local professional committee to establish accounting principles and standards, and oversee their

implementation, checking on published financial reports was the responsibility of the Department of Companies, a Department of the Ministry of Trade. The checking was carried out routinely on a basis of formal requirements instead of on the substance which should emphasize the minimum financial information to be disclosed in the reports.⁽⁴⁾

The empirical research also showed that there has been a lack of effort to develop the profession in Kuwait, by specialists or by the government, represented by the Trade Ministry. The latter participated only in forming the Permanent Technical Committee for setting accounting standards. We analysed its work in an earlier chapters and saw that the way it performed its duties failed to bring solutions.

Both samples, when asked about their evaluation of the performance of the Permanent Technical Committee in setting accounting standards, raised criticisms which we feel should be taken into account in any new proposal. Both agreed that the committee suffered from:

- lack of clearly defined objectives of financial reports;
- poor quality of accounting standards quality;
- lack of consultation with interested parties when setting accounting standards;
- failure to give enough time to companies to implement and abide by new standards;
- failure to allow other interested parties to contribute in setting accounting standards;

- inadequate or inappropriate method of setting accounting standards;
- lack of suitable enforcement tools;
- lack of public hearings.

9.2.8 Lack of Wide Acceptance of the Accounting Profession by Kuwaiti Society:

Some of the problems of accounting in Kuwait can be put down to the fact that accountancy is not socially widely accepted as a profession nor regarded as important. It is regarded by a large sector of the society as a bookkeeping or money collecting (Cashier) function. This view negatively affects the advancement of the accounting profession in Kuwait, and most Kuwaiti families prefer to educate their sons for more socially acceptable professions such as medicine and engineering. Even those who study accountancy prefer to join a Government Department in order to maximise their status.

The government, on the other hand, also helped to bring about this problem, as it was not until recent years that it showed serious interest in the accounting profession or gave it the status it deserves. What is more, it did not appreciate the role accounting plays in planning and economic progress this can easily be detected by the lack of interest in accounting within the national planning for human resources, and the weakness of the procedure applied by Government Departments to regulate auditing (particularly regarding appointing and sacking auditors), or presentation of financial information. Even these few procedures were not applied sufficiently seriously and firmly.⁽⁵⁾

9.2.9 The Adoption of Foreign Accounting Methods:

It is clear to those who study accounting concepts and methods in Kuwait that they are a mixture of those known in the western world. These concepts and methods were taken and implemented in Kuwait without adaptation to suit local needs, or taking into consideration differences in environmental factors.

Among the reasons for the implementation of foreign accounting standards in Kuwait are the following:

- 1- Most multinational companies in the Middle East originated from UK & USA and when preparing their accounts they normally follow standards applied in the country of origin.
- 2- Most auditors have either a western education background or are partners in a foreign office.
- 3 - Arab experts who contributed to found the profession in Kuwait have applied standards implemented in their countries.
- 4 - Exchange of teachers and education methods has taken place with various countries.
- 5 - The British colonial management imposed the Companies Act on all its colonies.
- 6 - Proliferation of English as a second language in many developing countries increased the need for English and American references.⁽⁶⁾

The presence of foreign accounting offices have some advantages, especially in the absence of national accounting organisations. Such advantages included:

- 1- The link between national firms and foreign offices, as branches or partners, increases their customers' confidence in them and enables them to gain more customers.
- 2- Foreign Offices initiate training and qualifying programmes for local employees.
- 3- They provide local offices with manuals which explain the Standards adopted in the developed countries.
- 4- They supervise the performance of local offices to detect any deficiency by applying quality control. That is why, during the Manakh Market Crash, such offices broke regulations less than others.

Professionals in Kuwait imported and applied accounting methods without taking into consideration the environmental factors which affect the nature of the accounting system. It is widely recognised that accounting concepts and methods are the outcome of an interaction of many variables and environmental factors (economic, political, social, ...etc). Many studies have also confirmed that accounting standards are the result of the above interaction, rather than theory. Thus, differences among countries in respect of accounting methods and standards is due to the differences in their environment.⁽⁷⁾

For this reason, those who aim to promote an accounting profession in developing countries must comprehend the fact

that the desired development might not follow the same steps as in developed countries due, to environmental differences which affect the process. Moreover, developing countries desire to achieve progress as quickly as possible, and have the power and the means to mobilise energy and obtain qualifications.

For these reasons, it is not recommended developing countries use or adopt accounting methods and standards used by developed countries before industrialisation, without any modification or amendment.'

Chambers confirms that financial information resulting from the application of accounting methods and standards adopted from industrial countries would not be useful to improve a country's performance.⁽⁸⁾ Therefore, each country must develop its own accounting methods according to the local need and environment, to enable the profession to perform the task it is commissioned to perform.

Scott (1968), points out : ⁽⁹⁾

"developing nations should adopt organisations of accounting which consist of adaptations of modern ways to the special conditions of today's developing nations"

The developing countries need a comprehensive accounting system which can include all accounting information, to be used as a basis for economic decision making at all levels.

There are many instances which prove that governments in developing countries, as the main users of accounts, plays a considerable role. Their need of financial information differs

from that of other parties such as investors and creditors. This mean that the goals of financial information in the developing countries differ from those of developed countries.⁽¹⁰⁾

In fact, in most developing countries, the profession is not expected to play a role in organising professional issues but the government has the upper hand, in contrast to the situation in the industrial countries. The situation in developing countries is that financial reports do not have sufficient credibility and reliability in disclosing a company's true position, and will not be accepted, without legislation and standards to govern these matters.⁽¹¹⁾

There are two reasons why a national accounting system is required. First: the Anglo-American system might not be perfect for developing countries. Second: This accounting system might not be the best or most efficient way of meeting the needs of accounts users.⁽¹²⁾

There is much argument as to the suitability of the Anglo-American system for the developing countries. It has become clear from more than one study, that doubts are caused by some factors such as: environmental differences , tasks and type of business, organisation ownership differences, differences in the views and visions of account users about disclosure limits, differences in the quality of accounts users.⁽¹³⁾

The combined result of these factors is to facilitate the export of western accounting methods to developing countries, at the expense of their local requirements.

The absence of national accounting standards and methods is a serious matter about which many are concerned. This phenomenon could result in some affiliated local offices directly taking orders and recommendations from foreign organisations. Even when such standards are implemented, implementation is not universal, or is divorced from the underlying concepts. Customers and other account users may doubt the reliability of the professional accounting practitioner, especially when there is more than one method available and there is no accounting organisation to which to apply when conflict arises over the choice of accounting methods.⁽¹⁴⁾

9.3 Proposing an Independent Governmental Authority for Regulating the Accounting Profession in Kuwait:

Moonitz (1974), indicates that,⁽¹⁵⁾ the United States experience shows that professional circles are unable to acquire an enforcement power over their members. Customers and companies' management are not prepared to see the professional syndicates undertake to issue standards on their own, forcing the management to produce their financial reports in a certain shape and content. There is also no reason to suggest that government organisations, managements and account users would agree and accept what such a syndicate might set, as long as it has no power over them, since they are not members and there is no formal link between them.

Billard (1984)⁽¹⁶⁾ and Moonitz (1974)⁽¹⁷⁾ suggested that professional syndicates should act as professional advisers and provide the government, which has the real enforcement power over professionals and others, with ideas and suggestions.

Bromwich (1985), mentioned some fears and difficulties which face the private sector when proceeding to organise accounting profession in the developing countries. Expressing the view of those who believe that organisation of the profession in the developing countries must be the task of a governmental organisation, he reported that difficulties arise as a result of the political nature of setting standards, which it is not in the nature of the private sector to be able to overcome. These problems are:-

First: Lack of authority to legislate the profession.

Second: The difficulty in producing a unanimous decision ⁽¹⁸⁾

He also confirmed the need for specialized governmental authority or management for this reason saying:⁽¹⁹⁾

"...In some ways it is surprising that more countries have not established government-backed agencies of some type for accounting regulation. Those agencies that do exist generally arise from an unwillingness of the government or the community to rely on self-regulation by the securities industries."

Bromwich mentioned the advantages of giving the responsibility of organising the profession to a governmental authority, for the obvious reason that such authority implies enforcement power on practitioners and professionals-authority that could be assured by courts. This authority could also be strengthened and protected through legislations. In view of this, the advantages of regulating accounting profession through direct governmental legislation could also be preserved when regulating through a governmental organisation.⁽²⁰⁾

Organising the profession would not be the only goal of this governmental organisation but one of its tasks and responsibilities. Therefore it will be able to look at accounting standards with a view wider than that of an association or authority that is fully committed to setting accounting standards. Such an organisation, if it employed qualified professionals, would be able to set accounting legislation more quickly and efficiently than other parties.⁽²¹⁾

Another advantage of regulating the profession through a governmental organisation is the fact that such an organisation would have more independence than a professional association composed mostly of members from the same environment that it is trying to organise. Also it would be more able to achieve public accountability.

In a reaction to this, some scholars fear government taking the whole responsibility of organising the profession, Tweedie (1985) expressed the following doubts regarding such government activity:⁽²²⁾

"..First, such control may tend to be over-bureaucratic and be administered by those who do not have to deal either with the day-to-day practical problems of financial reporting or with developments in business which require new forms of reporting. Such bureaucracy could well lead to insensitivity to practical problems. Secondly, legislation tends to be inflexible and may fail to result in speedy action to deal with immediate reporting difficulties, as by nature it focuses on form and not on substance. Thirdly, since compliance is mandatory for a range of enterprises, laws tend either to be broad, leading to diversity in application or to be set at a minimum level. Fourthly, a

transfer of standard setting from the profession to the government could well reduce the profession's constant striving for improvement in practice, and lead more to a role of advocating of certain policies on behalf of the profession's clients. Fifthly, the government and its agencies are by no means immune from pressure groups and consequently may be arbitrary in their rulings, especially as the nature of governments may change."

However, it may be argued that it is inappropriate to leave standard selection to individuals or managements, because the financial information is not for their own use but for other individuals or organisations, who will use this information and compare it with other information from different companies. Lack of uniformity does not facilitate such comparison. Secondly, accounts users in developing countries are relatively inexperienced and their ability to analyse information is poor and limited. Thirdly, organisation is essential to enhance acceptance of accounting reports by users. Lack of reliability in accounting reports can also be attributed to the flexibility existing in accounting methods. It is hard to believe how two companies from the same sector can apply different methods and still produce true and fair information.⁽²³⁾

An AAA⁽²⁴⁾ report compiled in 1976 explained how professional associations in developing countries are not in a good position to regulate accounting or financial reports. Some countries do not recognise such associations at all. In view of this, it is not appropriate in these countries to rely on professional associations to organise the profession, but considerable reliance must be placed on the government to regulate the profession and continuously intervene by setting legislation to achieve this

task. In the USA, for instance, the SEC was founded after the crisis of 1929 in the American market, because of doubts as to the profession's ability to regulate itself and control the financial reports.

Moreover, because governments in developing countries are intervening in the economy, they are the main users of information, and it should serve their needs. Governmental efforts to regulate the accounting profession would help ensure that these needs are met, thereby enabling government to enhance its effectiveness in all areas, through better decision-making..

After the review of the accounting profession in Kuwait and in developing countries in general we discussed in the previous chapters the deficiencies of accounting in Kuwait, and the problems to be solved. What is required here is a proposal for binding regulations to overcome deficiencies existing at present in the accounting profession in Kuwait.

It is clear from the previous chapters and discussion that the accounting profession in Kuwait needs a definition to clarify who is responsible for the accounting profession. At the present time there are many entities who are responsible for the profession and all lack:-

- 1- Authority and responsibility.
- 2- Mandatory power.
- 3- Practical and professional ability to organise the profession.
- 4- Cadre of professional members:

The present situation in the accounting profession necessitates an organisation which is responsible for all aspects relating to the profession (technical, academic, regulatory matters, financial ...etc). This organisation should be a government organisation, to ensure the binding nature of its decisions. An independent or private sector body would not have sufficient power to impose its decisions on all parties in the country.

The profession in its present form is like a business service. It is primarily looked at as a customer service, and there is little recognition of its other duties such as the protection of investors' financial interests, contribution to national planning, and updating information for management and investment decisions. That is why it is necessary to speed up reorganisation of the profession, not only from the technical point of view, but also from the point of view of strategic foundation of the profession. In other words, goals and other related administrative matters must be clearly defined. This will not happen unless an organisation is founded to take the responsibility for defining goals and other related formalities, and implementing the necessary activities to achieve the objectives determined.

In addition to unifying the implementation of principles by companies and accounting offices, it should also verify the acceptability of financial reports, the way the audit service is conducted and its cost.

One of the most important things to be taken into account when issuing standards is the needs of those who use financial

information. Therefore priority must be given to identifying the types of users and the needs of each type. The organisation can then work out how to meet those needs.

Therefore the next problem to take care of is to determine the quality and quantity of the information which has to be disclosed to the decision maker.

Many countries have experience of setting accounting standards. This is especially the case in developed countries, some of which have made remarkable steps in this area. However, experience has shown that there are many different ways of choosing and developing standards; countries benefit from each other and learn from other's mistakes and experience. There is probably no reason to suggest there is one common way of setting accounting standards in those countries. Even those with common languages follow different paths, due to differences in environmental factors.

Three distinct stages⁽²⁵⁾ may offer the best approach for setting accounting standards. The proposed stages could be implemented step by step by one or more organisations connected with the reports such as; the accountants, those who deal with accounts, the auditors or the legislators.

9.3.1 Design Stage:

In this stage the problem will be identified, studied and verbally constructed. The identification of the problem and its recognition normally would come from one of the parties concerned with accounting, such as the university, accounting

offices, or professional associations. What is needed here is research to explain the size of the problem, its symptoms, the size of its effect and the areas affected.

Subsequently, the problem will be discussed by the appropriate committee, which has the power to consult those considered relevant. The discussion should also include those who first identified the problem. Attempts will be made to determine the best way to solve the problem. The views and suggestions obtained will form the basis for the draft of the new standard.

9.3.2 Approval Stage:

At this stage, the standard will be re-examined by the independent body, and the problem again discussed, and its size and effect approximated. When it is agreed that, the standard is likely to bring about a solution, it will be agreed upon and will be ready for implementation.

9.3.3 Enforcement Stage:

This stage will be composed of two steps. First an Exposure Draft is issued, whereby the new standard will be distributed among all companies who will be bound by it. There will be a period of one year during which any criticisms, suggestions, or recommendations may be made. Also, there should be meetings with people and organisations who have views worthy of discussion, to further understand and identify any deficiency in the standard, so it may be amended before the standard becomes compulsory the following year. The amended draft standard should by then be ready for implementation, and those

who do not act in accordance with its provisions should be subject to prosecution.

To overcome any deficiencies in the standard, campaigns should be mounted, first to educate the public about the importance of accounting, and second, to upgrade the knowledge of accountants and those who use financial reports, of the accounting standards concerned, to enable them to participate fully in the discussions about any standard.

This highlights the need for a specialized accounting magazine. We suggest that it should be published by the organisation which sets the accounting standards.

The main question remains, who will take the responsibility of each stage?

- 1- With regard to the first stage, which is actually the preparatory stage of the standard, those with high professional experience in accounting matters should take responsibility. Perhaps the profession is the likely candidate⁽²⁶⁾. By profession, we mean professional auditors and accountants who are responsible for preparing accounts and writing financial reports within companies.

Accounts users may be least experienced in this matter. Therefore their participation in the committee is not recommended. If the government were to interfere in the primary stage, that would no doubt affect many of the experienced individuals; therefore there is no need for their intervention at this stage.

- 2- The second stage is composed of two aspects, professional and political. For this reason, those who participate in this stage should be highly qualified and experienced to predict the degree of acceptance of the new standard among those who prepare or use accounts and financial reports.⁽²⁷⁾

In the United States, although FASB is responsible for the previous two stages, frequently the SEC intervenes and rejects some proposals.

- 3- The third stage should be in the hands of those who not only have the will but also the power of enforcement. Professional associations are not qualified for this stage because the enforcement they are likely to achieve can only cover their members. This would hardly be sufficient to force professionals and others to abide by the accounting standard.⁽²⁸⁾

Formation of a recognised body to follow up the setting of accounting standards should take into consideration the following:⁽²⁹⁾

Membership:

Those who will take part in organising the accounting profession in Kuwait, must:

- 1- have excellent technical and administrative capabilities;
- 2- fairly represent the departments and accounting sectors;
- 3- work full-time in this chapter.

The Committee's Relationship with the Accounting Profession and International Platforms:

There should be a close relationship between those who set standards and those who implement them. A continuous relationship with international professionals and societies, visits, exchange of ideas and attendance at relevant conferences is highly recommended to enable the members to maintain a regular and continuous update of accounting methods.

Requirement of Approval:

The proposed body has to set the conditions and the nature of the standards to be reviewed and approved. To determine the form the standard should take and the procedures to be followed by the standard presenter might take time.

In Australia, the ASRB (the department that sets the accounting standards) puts forward some conditions for those who present standard for approval. One of the main points is to see whether the standard was presented generally to the public or professionals, and the outcome of such presentation. To find out the main arguments to support the proposed standards, we have to analyse the following :

Defining the Problem:

It is necessary to examine in general terms, how the standard will solve problems. Connections should be made between the standard and international literature on similar problems, and

the solutions adopted by other professional institutions, pointing out the main differences between them, and the reasons.

Finally, it is necessary to consider the obstacles which faced the standard during the evaluation period. Why was it not accepted, and what are the answers to such obstacles?

Standard Selection:

Even if a standard-setting procedure is agreed the question arises, with which standard should we start?. It is difficult to point out who will have the responsibility, especially as the work environment is constantly changing, providing us with new problems.

It is probably best if all interested parties have a shared role in selection, through a joint committee. This would select standards and determine priorities for what is to be done.

How to Set Accounting Standards?:

No standard should be set before it has been publicised and circulated to those concerned, to evaluate their reaction. Therefore, there needs to be a newspaper or magazine to publish new standards and to receive comments and criticisms from professionals. If it is thought necessary, a meeting should be organised for discussion of the standard by those concerned.

The Form of the Standard:

The accounting standard should take a special form, because it will be regarded as binding legislation. Therefore the required wording must include introduction, definitions, and discussion.

The standard itself should be set in a different type from that used for introductions... etc..

Correction and Approval:

The question to be asked here is whether those authorised to approve the standards have the power to amend the wording and the form of the standard? It was clear to those concerned that the committee's duty is either to approve or reject the proposed standard, with no power to amend or re-phrase any standard.

Quantity of Standards and Necessity to Set Them:

Professional critics are not concerned with the number of standards; what is important to them is the extent to which these standards solve accounting problems, and the quality of the standards themselves.

9.4 General Recommendations for the Proposed Independent Governmental Organisation:

The following aspects must be considered by the organisation when regulating the accounting profession in Kuwait. They are the result of descriptive and analytical research

9.4.1 The Importance of the Financial Statements:

Income statements and balance sheets are the most important sources of information for accounting and financial reports users when they make their investment decisions, as was clear from the survey. For instance, in answer to the first question, those who were asked pointed out the main elements of information

they check before making an investment decision. Users indicated that the most important elements of information, are the profit to be distributed, retained profit, share profit, distributions, sales and cost of sales, all sorts of loans, and investment classification. All these elements appear in the annual balance sheets and income statements.

Despite the importance of these elements in financial statements and reports, respondents are dissatisfied with the disclosure of these items. For instance, net profit for distribution had an importance rating of 92.4%, but 48.2% of the sample was satisfied only if it was disclosed in the accounts. The less satisfactory factors obtained ratings between 51.9% - 12.2%. Thus, it is crucial for those who regulate the profession to insist on more information disclosure which could facilitate comprehension and benefit to accounts users.

When answering the sixth question about the importance ranking of sources of information, the balance sheet and income statements obtained averages of 1.905 and 1.734, which were very close, as opposed to other sources. The average for the third most important source, the statement of source and application of funds, was 3.918.

This outcome is also emphasised by the answer to question seven which asked to what extent the user reads different financial statements and reports. 90% fully read the income statement and balance sheet, then with less enthusiasm, the statement of source and application of funds, which appeared to be fully read by 75%.

When answering the third question the sample emphasised that the statements most influencing investment decisions are income statement and balance sheet, in that order.

Therefore, regulators must take account of the fact that users find only balance sheet and income statement worth reading to affect their decisions. Other statements and reports obtained influence ratings of 65% or less, whereas the influence of balance sheet and income statement was 77.86%, and 79.1% respectively.

In reply to the question on the importance of financial accounts to financial decisions, income statement and balance sheet came first and second with 88%, and 85.5% respectively. The other statements were of less effect, amounting only 5%-11.4%. Replies to the question about reading of financial statements and reports revealed that between 24.7% and 67.1% read statements briefly or not at all.

This makes it very important for the regulators to upgrade the level of other statements, which are regarded by accounts users in other countries as very influential on their investment decisions. Perhaps companies should be compelled to present such statements and emphasis should be placed on their importance and effect, with a view to enhancing their quality.

9.4.2 Qualitative Characteristics:

Regarding qualitative characteristics of the available information in financial reports, the sample were asked to what extent they were satisfied with information disclosed in the balance sheet,

income statement, and statement of source and application of funds. It was clear from the responses that only a few were satisfied with the qualitative characteristics of the disclosed information. 36.7% of the sample regarded the disclosed information in the balance sheet as sufficient and reliable, 28.5% in the case of income statement, but only 17.7% regarded the information on statement of source and application of funds as useful and reliable.

Other qualitative characteristics of the information were seen by the sample as less useful, 8.2% considered the information in the statement of source and application of funds as useful in terms of comprehensivity, 14.6% agreed that income statements are useful, 16.5% regarded balance sheets as useful in terms of comprehensivity.

The rest of the qualitative characteristics of the disclosed information on the financial statements and reports was not regarded as satisfactory by the account users. This indicates the urgent necessity for the reorganising body to try to upgrade the qualitative characteristics of the disclosed information to make it more credible, reliable, comparable with other information disclosed in other companies' accounts, understandable, helpful, suitable to decision making, harmonising with past disclosed information by the company, accurate, timely, capable of predicting future decisions, and comprehensive.

9.4.3 Degree of Uniformity:

Other subjects which should attract the responsible body to consider the importance of uniformity of accounting methods

applied by companies, are the form of the reports, degree of disclosure and other related matters. When the first sample (users of accounts) answered the fifth question, concerning their opinion on the degree of uniformity of the disclosed financial statements, 35.4% of the sample indicated that accounting methods used by companies were uniform and only 16.5% of the sample thought there was a degree of uniformity on the disclosure level. This proves that accounts users are not satisfied that reports prepared by different companies are comparable in terms of comprehensiveness, the methods applied, the audit report, form of the reports, degree of disclosure, or understandability.

These results confirm the need for the body responsible for regulating the accounting profession in Kuwait to upgrade the standard of the disclosed information by unifying the form and the content of reports.

9.4.4 Issues to be Tackled by the New Organisation:

The questionnaire addressed to the second sample revealed the views of accounts preparers and professionals in general to areas and problems that need to be dealt with. Most of the sample were in agreement on many problems and obstacles. Between 66.5% to 85.1% identified the following problems:-

- 1- The value of financial information for industrial prosperity is underestimated.
- 2- Lack of proper financial reports hampers the growth of the commercial sectors.

- 3- Non-availability of appropriate financial information affects the effectiveness of the financial market.
- 4- Mis-planning is a direct result of non-availability of enough financial information.
- 5- Although accounting methods have a positive impact on the success of the economy, in Kuwait they are not given such consideration.
- 6- Little care is given to control and follow up of accounting in Kuwait.
- 7- Accounting is not properly used for government purposes.
- 8- Lack of appropriate accounting information was one of the causes of stock market crash in Kuwait.

For this new regulatory body to succeed, it must make sure that financial information helps develop the Kuwaiti economy, is available when needed by all parties, is used to monitor the economy, and is used for supervision and follow-up of economic plans etc.

9.4.5 The Contribution of Different Parties in Advancing the Accounting Profession in Kuwait:

Inefficiency in accounting profession has also to be dealt with by the proposed organisation. The second sample were not in agreement in their responses to the question about the profession's contribution to the development of accounting. 59.6% believed that the profession has a positive role in setting account methods; 52.8% believe it has a positive role in setting

professional ethics, but a minority agreed that there are many aspects which the profession could help to develop. 48.5% to 31% thought the profession's contribution should be to organize professional training for individuals and companies; to increase respect for the profession and professionals in society; to supply the market with qualified and competent cadres; to develop general accounting methods; to supply the market with suitable accounting information for economic decisions; to help to find required standards for licensing accountants; to co-ordinate with the government and others to develop accounting services; to organise local professional studies; to ensure a high standard of accounting education in the university faculties; to respond positively to accounting demand by the government; and to strengthen the channels with the international organisations.

All the deficiencies found in practice indicate the need to implement a suitable strategy to upgrade the profession to meet the needs of Kuwaiti society.

The evaluation by the two samples of all parties' contributions in the development of the accounting profession, revealed their belief that the government, represented by the Ministry of Trade, has the highest interest in developing the accounting profession. Next come the Association of Accountants and Auditors, with accounting offices in third place. Both samples felt that the private sector has the lowest contribution of all.

It was also suggested that the Association should have the highest contribution in developing the accounting profession in Kuwait, probably by providing as many of its elected members as

necessary in all efforts to regulate the profession generally, and in issuing standards in particular. This implies strong and fruitful connections between the Association and the body responsible for regulating the profession, which could be maintained through continuous meetings, providing information on objectives of personnel affiliated to the Association, and programmes organised by the Association to enable the organising body to benefit fully from the Association and its members. Similarly, other interested parties should be in communication with the authoritative body, enabling it to have a well-balanced outlook in performing its duties.

It can also be pointed out that those concerned with accounting, whether as accountants or users, were not satisfied with past experience, where governmental agencies alone organised the profession. The majority in both samples insisted that the reorganising body should consist of professionals, in addition to governmental agencies.

9.4.6 Major Accounting Aspects Needing Improvement:

It could also be relevant to identify the accounting aspects which we think need improvement, recalling one of the questions both samples were asked. Both agreed, with a high majority, that the first problem to be discussed is issuing accounting and auditing standards; the second problem professional ethics; the third problem the setting up of requirements for practising the accounting profession. These three problems are the most important and therefore must be given priority by the professional reorganising body. There are also other problems

which need solving, although they were accorded lower priority than the three mentioned above. They include better accounting service, improvement of accounting education and development of specialized professional associations.

Some pressing problems for solution to be considered by the body were suggested by both samples, though there was disagreement among them, not only as to which should have priority, but also as to which of them would gain the acceptance of the majority. These were as follows:

- When setting the accounting standards, local requirements must be considered. Environmental and internal needs must have a clear impact on the accounting standard setting process which is meant to solve the problems facing Kuwait.
- The new body has to follow up and examine all problems concerning the accounting profession in Kuwait and help to solve them. In other words, it should not wait for the problem to be identified and presented to it by others, but should initiate its own study of the true situation in the profession and problems to be solved.
- There is a need for a strong mutual relationship between the body which sets the standards, the local and international organisations, and other parties concerned with the accounting profession, to give the body a chance continuously to update accounting development, its organisation, and research. Probably the most important ways of developing such a strong relationship are positive

participation in international organisations, participation in conferences, exchange of visits and the use of experts.

- The authoritative body should utilize the experts available in the accounting offices, by increasing contacts with them and encouraging them to comment.
- The professional association (Accountants and Auditors Association) should be accorded a bigger role in setting accounting standards, as the Association can direct its members' efforts. They work in various accounting-related organisations and can voice their views and comment on the discussed accounting problems. Each will look at them from a different angle, according to his job background and place of work. Thus the associations' importance is derived from the fact that it is a productive association and it is the organisation which contains all accounting related employees.
- Considerable concentration on practical, rather than theoretical, issues, is required. This requires that the new body keeps in touch with the profession, to observe what problems and obstacles need to be solved.
- Academic institutes should be involved in standard-setting, they can be encouraged to participate in relevant research etc, by the allocation of grants, or awards for studying certain accounting problems.

- Increased contact should be made with the private sector to benefit from its experts. It may also contribute towards financing some of the body's expenditure.

9.4.7 General Points to be Considered by the Authority:

These are the most important problems any regulating body must solve:

- 1- The first step for the body is to identify the objectives of the financial reports, taking into consideration what it would like to see in the reports, who uses such reports, and what are their needs. Consideration of such matters will enable regulation providing a foundation to rely on, and a guide-line to work within.
- 2- The regulating body should also encourage positive contributions by the interested parties, to include all available efforts and experiences and also to share the responsibility for the failure or success of the regulations with all parties. To achieve such a goal, there must be some mechanism to set accounting standards and regulatory Acts, which clarifies the areas and ways in which the parties can participate.
- 3- Standards should be clearly worded, unambiguous, comprehensive, and stating clearly the penalties for non-compliance.
- 4- Another aspect the body must look at, as it will undoubtedly affect its success or failure, is the availability of all necessary means to verify and assure compliance of all concerned. The

last Permanent Technical Committee lacked such strength, for it was formed of small non-specialised units, without enough manpower properly to execute such a big task.

9.5 Conclusion:

Briefly one can summarise the model of the proposed new organising body as being based on:

- 1- authority and binding legal power;
- 2- a scientific approach to the accounting standards-setting process;
- 3- representation of the concerned parties;
- 4- strong association with interested parties, both at the national and international levels;
- 5- formal procedure, such as: legislative, financial, and administrative formalities.

The role of the proposed organization in the accounting policy-making process is shown diagrammatically in Figure (9.1), which is based on the conceptual framework of Chapter Two.

In relation to the above, certain points emerged in the course of this chapter as to the duties and structure of the proposed organising body:

- 1- The accounting profession in Kuwait is desperately in need of a regulating independent authority with binding powers.
- 2- Its binding legislative powers should be derived from a governmental authority, which alone would have the power to endorse or reject recommendations for a new standard

or accounting regulation put forward by the organising body. Endorsement of a recommendation or draft standard would be followed by its formal legalisation of the powers of the governmental authority should not exceed endorsement or rejection of recommendations.

- 3- A feasible, fair and thorough solution to representing all concerned parties in the new body would be to allow all those involved in accounting and accounting users to participate in the body's activities.
- 4- The proposed accounting standard setting structure must consider the following:
 - * The nature of the users of disclosed financial information , and their requirements.
 - * Clear quantitative and qualitative specifications of the disclosed financial information.
 - * A defined procedure for the standard-setting process, such as draft exposure, public hearing, and correspondence.
 - * Follow-up and continuous evaluation to ensure perfect implementation and the effectiveness of standards.
 - * Continuous mutual coordination with other Arab professional or commercial associations, especially with regard to accounting standards and uniform financial reports of national and multinational organisations.

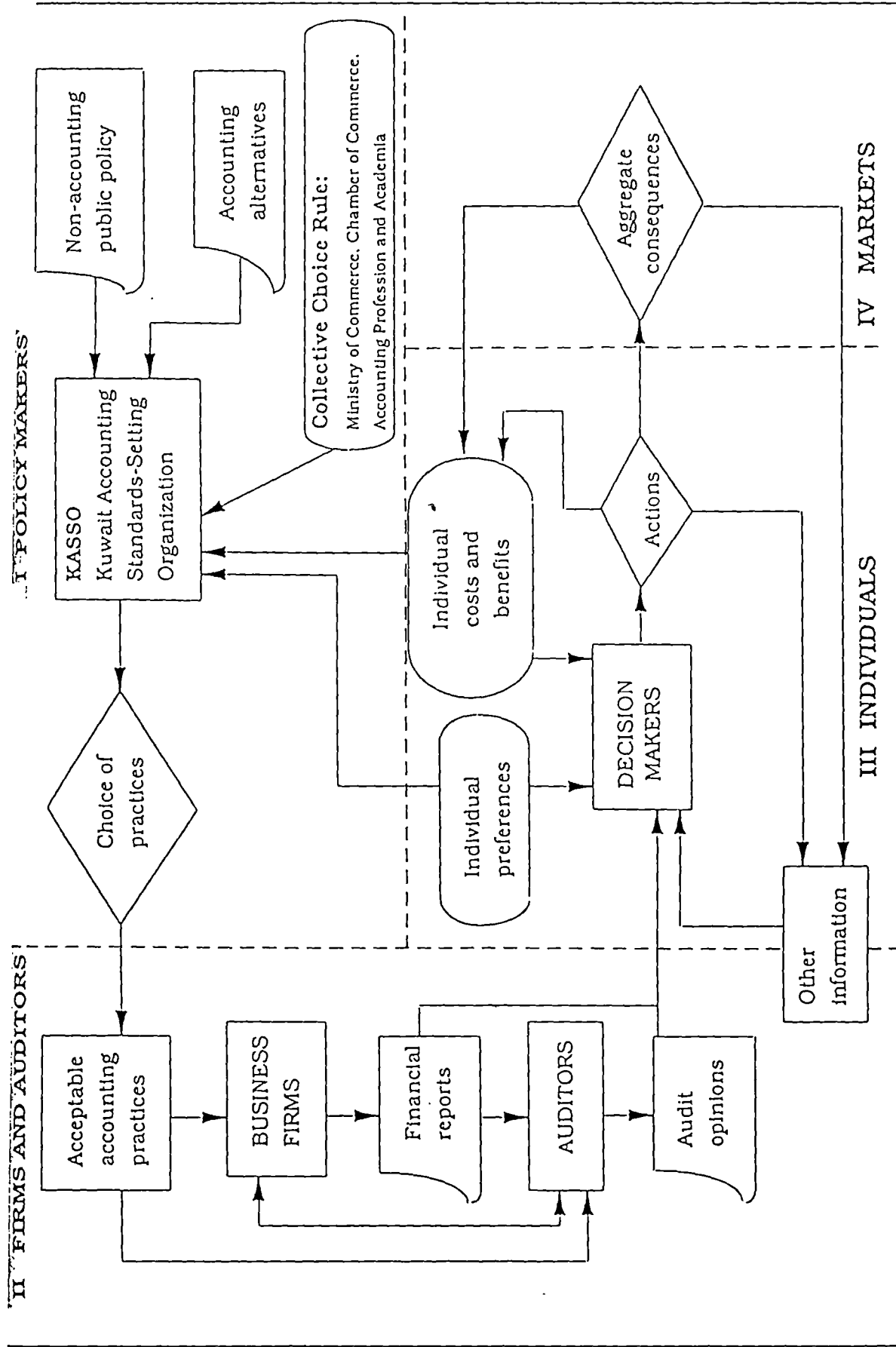


Figure 9.1 A model of the accounting policy making process in Kuwait

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Chapter Ten

Summary and Conclusions

10.1 Introduction:

In this final chapter the researcher presents the conclusion drawn from this research and offers recommendations concerning the improvements needed to bring the accounting profession in Kuwait to a level of professionalism at which it can serve the growing requirements of the developing economy of Kuwait

10.2 Summary and Conclusions:

The introduction and the utilization of modern accounting methods has a relatively recent history. In Kuwait, the introduction of accounting in its comprehensive modern form coincided with the flow of oil, when modern company structure, the natural environment for the implementation and the development of accounting, began to thrive. The empirical research carried out revealed that the first ever company to be registered in Kuwait was the Petroleum Company. Other private and governmental companies were soon to follow. Thus the National Bank of Kuwait was established in 1952.

Nevertheless, accounting as a profession is still in its first stages. Therefore, there is still only one professional association, which faces many challenges and has to stand against internal and external difficulties. Up to date, the accountant is regarded as a cashier. Research has been limited and there is a lack of specialised professional publications.

Present day Kuwait has experienced in recent years, outstanding economic development in various respects. The number of registered companies and other organisations increased dramatically, resulting in significant and rapid social and cultural changes, in addition to the introduction of new legal acts to regulate such momentous developments. In the meantime, the country also experienced legal and financial controversy and criticisms concerning the economic failure of some corporations and individuals. Probably the outstanding example of such failures is the economic crisis which Kuwait endured at the beginning of the last decade. The government is still faced with the consequences of this, but has been unable to find a solution that satisfies all parties concerned.

One of the reasons for this phenomenon is the fact that many citizens practiced business without prior knowledge of financial matters, financial background or past experience, which undoubtedly affected the performance of these companies.

The interaction of these elements developed a natural need for accounting service in Kuwait, a demand for a better understanding of various elements in accounting and a recognition of the importance of accounting within the society. Thus, it appears that the socio-economic circumstances are ripe for development of the accounting profession. What is needed is regulation of accounting-related matters. The government must enact legislation in order to pave the way for the profession to carry out its duties effectively.

The pursuit of such an objective speeds up the essential need for a legislative body, its prime objective being the organisation of the accounting profession in Kuwait. Its members should be drawn from the highly qualified and experienced elite, and there must be active participation of all parties concerned. The academic and professional qualifications of the members will enable them effectively to steer the body towards fulfilling its objectives. This possibility will be further enhanced if the members are equipped with a prior vision and anticipation of their task, the long term objectives of the body, and identification of the tools and methods to help achieving such goals. It is also essential to apprehend what society and the profession expect from each other. Consideration should be given to the historical experience and the accounting standards used by developing countries to adopt what may be suitable for Kuwait, taking environmental factors into consideration. Understanding is needed of standard-setting and the importance of pre-set standards in controlling the quality of financial reports disclosed by economic organisations, so that users of such reports may take correct economic decisions based on accurate information.

Analysis in the previous chapters indicated that many authorities in the past were unaware of the vital role accounting plays in developing planning and control, and also in facilitating successful economic, social, and political decisions. Accounting consciousness has grown, as a succession of accounting problems and crises, has highlighted the importance of financial information, at both micro and macro levels.

The previous chapters clearly demonstrated the deficiency in the disclosed financial information from the points of view of:

- insufficiency;
- historical information basis;
- length of processing time;
- lack of comparability with similar information.

These are the reasons behind the researcher's call for the formation of a new body entrusted with the responsibility and empowered with the authority to organise the accounting profession, and to define those who benefit from financial information through empirical, behavioural, and demand research. This requires a pre-designed plan for setting standards, implementation and enforcement. To function effectively, the body should be composed of members from accounting-related professions such as: members of the Accounting Society, the Stock Market, the Audit Bureau, the Accounting Department, the Ministry of Trade and Industry, the Central Bank, and the Private Sector.

The aims of this study were to investigate whether financial information users have access to appropriate statistics and information prior to their economic decisions, to identify the best way to develop the accounting profession in Kuwait, and to set the main characteristics for the proposed accounting system which is essential to solve the problems and challenges facing the profession in Kuwait at present. To realise such goals, it was necessary to start by examining the financial information disclosed by Kuwaiti shareholding companies, to inspect the nature and scope of the financial information disclosed in their

reports. The next step was to analyse all legislation regulating different aspects of the accounting profession, to gain an adequate apprehension of other elements related to the accounting profession, such as education. Thus, all aspects of the accounting system were examined to verify the adequacy of the disclosed information on which investment decisions are based.

Then, a questionnaire was carried out among those concerned, not only to inspect the degree of deficiencies in the present accounting profession but also to obtain their views as to how to overcome them, the main obstacles, and what sort of body should be responsible for overseeing the implementation of the proposed solution.

Literature on accounting-related matters in Kuwait had been very scarce. Therefore, the inspection of shareholding companies' accounts in Kuwait, and the questionnaire carried out among accountants and users of financial reports to better understanding of accounting realities in Kuwait.

This empirical study revealed the problems and deficiencies in the accounting profession in Kuwait to be as follows:

- 1- Legislation enacted by the authorities to regulate aspects of the accounting profession is not comprehensive and only suits some companies.
- 2- Many of laws and regulations are vague, ambiguous, and lack illustrative information, making them subject to different interpretations.

- 3- There is undue concern with form at the expense of content.
- 4- Legislation has therefore created misunderstanding, rather than leading to a better report performance.
- 5- Accounting education consists largely of translations of western literature in the field, with no consideration of the country's needs.
- 6- Undergraduate education qualifies students not for a innovative or analytical work, but for routine tasks only.
- 7- Research concerning local needs is generally weak and scarce from the qualitative and quantitative points of view.
- 8- The accounting profession is powerless and lacks regulation.
- 9- The role of the professionals in advancing the accounting profession is ineffective.
- 10- The authorities and academics have exerted hardly any effort to promote accounting thinking in Kuwait.
- 11- Accounting practices in use by Kuwaiti companies have a western background, and there is little, if any, consideration of the Kuwaiti environment.
- 12- The management of some companies have little understanding of accounting matters.
- 13- Accounting practices in use by some companies are unsubstantial, lacking unity of concept.

- 14- Diversity of practice, including frequent change, is the main characteristic of companies' accounting methods.
- 15- Internal auditing is ineffective. Only a few companies recognize the importance of such a task. It is normally carried out by accounting departments.
- 16- Most companies suffer shortages in the quantity and quality of accountants.
- 17- Co-ordination and relations between financial accounting and government accounting are inadequate.
- 18- The present accounting system does not provide decision-takers with adequate information, in either the public or private sectors.
- 19- The present accounting system does not provide the information needed for development and planning at different stages, including the information the government needs for implementation, control, and performance evaluation.

The existence of an effective accounting system might eventually alleviate the problems and challenges presently encountering the profession, a result which we hope would follow the proposed establishment of a body responsible entirely for regulating various accounting aspects. Such a regulation will eventually enable disclosed financial reports to be of great use for planning, implementation, control, and performance evaluation. By this means, it would be possible to overcome the

many current problems are direct results of inadequate reporting and lack of an effective accounting system.

To enable the recommended new system to overcome the present deficiencies, the researcher recommends the following:

- 1- A new body should be created to regulate the accounting profession, to set accounting standards, and to control their implementation.
- 2- The new body should supervise, and check financial information disclosed by companies, to examine the extent of their compliance with legislation and regulations issued by the regulating authorities.
- 3- Legislations and accounting instructions should be clear, and comprehensive.
- 4- Companies must comply with any binding legislation issued by the authority.
- 5- The profession must regulate its functions, encourage active membership, and with the help of other authorities, enforce the profession's ethics.
- 6- The professional association must encourage its members to attend or participate on conferences and seminars, or initiate their own research in accounting matters.
- 7- There is a need to educate management in companies, to qualify them to take responsibility and to apprehend the necessity of financial reports to all sectors of society.

- 8- Emphasis must be put on auditing. Auditors must be selected by general committees, not by management, to guarantee they are free of management control.
- 9- Accounting education should be directed towards the impact of environmental factors on the profession, including what needs for decision-making and critical analysis.
- 10- The accounting organisation must become the nucleus of accounting education.
- 11- Researchers in accounting should focus on cases close to the actual circumstances and environment of Kuwait.

To conclude, discussion in this research focuses on three objectives:

- 1- To draw the attention of officials, accountants, and all those concerned with accounting in Kuwait to the essential role accounting plays in economic and social development.
- 2- To try to provide an accounting system suitable for developing countries in general and Kuwait in particular.
- 3- To explore aspects of accounting information disclosure which deserve highlighting and study in order to overcome the existing problems.

In the end, accounting standards must become reality in Kuwait. Practical steps to realise this system should be taken, to enable the profession function effectively.

In the previous chapter we recommended proposals to organise the accounting profession in Kuwait. These proposals, we believe, are appropriate to overcome the problems presently facing the profession. Their main characteristics, as explained before are:

- An independent governmental organisation should be established, empowered to regulate the accounting profession in Kuwait by passing legislation and regulations which it considers relevant to overcoming present deficiencies.
- It should be authorised to deal with all matters relating to regulating the accounting profession, especially the setting of accounting standards.
- Employees of the body should possess certain educational and practical qualifications and managerial ability. A full-time staff with advanced managerial facilities should be provided. A strong link between the body and economic society in general is recommended. The body must be represented accountants, financial report users, local investors, governmental departments concerned with accounting, the Stock Market, the University...etc. A suitable job description for the members, assistants and the general manager must be set, and a realistic budget allocated to cover managerial and technical expenses, and sufficient financial incentive, to attract high-calibre members. The financing of such a venture could be shared by the government and the private sector.

- When setting accounting standards it may be wise to follow a three stage procedure (Design Stage - Approval Stage - Enforcement Stage). By giving sufficient time for the parties concerned to make their recommendations and criticisms and participate in fruitful discussion, it will be possible to select functional accounting standards, which not only disclose the real financial position of companies but also are respected by practitioners and users, who contributed to selecting them in the first place.
- There must be opportunity for discussion of new standards in open meetings.
- An introductory period (Draft Stage) to test the new standard against deficiencies is essential before enforcing the standard.
- A pre-set enforcement procedure to check compliance with the standard, penalties against defectors, and an enforcing body, are strongly recommended. There should be a clear indication to whom a standard is directed, those exempted and the reason why they are exempted.
- A thorough analysis of the proposed standards in the preparatory stages, before setting a standard is essential.
- A campaign to upgrade social perception of accounting and the importance of standards is needed, as a forerunner of the standard-setting process.

- Environmental elements must be considered when setting standards, in order to reflect the national culture and to satisfy local legislative, economic, and political needs.
- An accountancy magazine affiliated to the standard-setting body is fundamental as a vehicle for scientific discussion and analysis which will contribute to develop accounting in Kuwait. Also, by reflecting a real interest in the development of regional and international accounting thought, it would provide a chance for members to keep up with new developments in published articles, conferences, and seminars.

These are probably the most important characteristics of the body and its role. To conclude, it is believed that unless the desperately needed reforms in accounting profession in Kuwait are implemented, it will be extremely difficult to develop the profession sufficiently to face the economic problems of the region.

10.3 General Recommendations for Different Parties to Develop Accounting Profession in Kuwait:

10.3.1 Professional Association:

The accounting profession requires a considerable advancement to reach the level that would enable it to serve the Kuwaiti economy, which has undergone a remarkable expansion in recent decades.

Enthoven points out:⁽¹⁾

"The development of the accounting profession in the developing areas can be greatly accelerated and enhanced with the existence of a machinery through which organised and cooperative effort can be undertaken. This machinery is provided most effectively by a professional accounting organisation. A professional organisation is imperative for elevating the status of accountants for establishing and maintaining high standards of conduct and practice, and for disseminating information of common interest to all accountants. It is a vehicle through which its members could accomplish on a co-operative basis, what could not be accomplished by individuals or firms acting alone."

For this reason, the establishment and improvement of a professional association are the first steps in enhancing the accounting profession, as the association can perform many tasks which will contribute to social development. Of these tasks, essential ones are:-

- To assist the government in establishing standards and requirements for entry to the profession;
- To assists in promulgating local standards for accounting and auditing;
- To help identify the ethics of the profession;
- To monitor the behaviour of its members, and help decide disputes;
- To found a specialized magazine concerned with the profession in the country;
- To encourage researchers in accounting matters and participation in publishing scientific research;
- To participate in and initiate training, and attendance at conferences to enhance its members' competence;

- To represent the country in meetings and scientific conferences of international organisations.

In the following paragraphs some of these activities will be elaborated⁽²⁾:

10.3.1.1 Formation of national standards:

It is observable that the lack of local accounting standards and the continuous utilization of different accounting methods negatively affects the Kuwaiti economy as well as the research and innovative ability of the members, due to the total dependence on externally imported standards, with hardly any effort to check their usefulness for the realities of the profession in Kuwait. Thus, the association has the primary task of urgently encouraging the government to participate in setting standards.

Enthoven explains:⁽³⁾

"Accounting and auditing standards are a requirement for the development of a financial accounting profession. These standards are necessary for determining the appropriateness of accounting and reporting practices. Accounting and auditing standards are the foundations of the practice of the accounting profession; hence, they should be the initial concern of a professional organisation in a developing country."

10.3.1.2 Encouraging more accountants to join the profession:

Enthoven⁽⁴⁾ believes that:

"the profession progresses faster if it attracts bright, intelligent and superior young people to meet the expanding need for services."

One of the most important reasons why such people are deterred from joining the profession, as mentioned before, is the fact that the social status of the accounting profession is poor. Therefore, students normally select scientific specializations with good social status such as medicine or engineering. The second reason is the comparatively low wages given to accountants, especially at the beginning; accounting firms and governmental departments do not offer attractive wages to graduates. These problems must be addressed in order to encourage more recruits into the profession.

10.3.1.3 Encouraging research in accounting:

Little research in accounting has been accomplished, due to the deficiencies of the association and the scientific departments, as well as the lack of qualified research.

To encourage research, we suggest the existence of research units affiliated to both the association and the scientific departments, strong relations between these bodies, encouragement of research through financial assistance and awards to outstanding research on matters of local interest.

10.3.1.4 External relations with the professional associations and international organisations:

In view of its lack of qualified personnel, Kuwait needs to increase its contacts and relations with foreign experts. This could be achieved through bilateral relations or participation in the membership of international organisations. Recalling the questionnaire, most of the sample agreed that foreign expertise has a direct impact on different aspects of accounting. For this

reason, this source of influence must be harnessed to advance the profession in Kuwait.

10.3.1.5 Practitioners' responsibility in enhancing the profession:

The first step in setting up a profession has always been in the hands of the practitioners. Development of the accounting profession in UK and USA supports this argument. In these two countries, the members played an outstanding role, in that they founded the professional associations, and by their realistic efforts brought social respect to the profession. Thus, the practitioners have the main role in advancing their profession.

Enthoven⁽⁵⁾ believes that:

"the accounting firm itself also can be a major influence in enhancing the development of the profession and accounting. The way in which it organises and conducts its practice, deals with its clients, plans its own growth and recruits and administers its staff, largely will determine the course of the profession. Means available include performing quality work; establishing a reputation for integrity, objectivity, independence and competence, possessing expert knowledge of the business and of the environment in which business operates; and actively and aggressively assisting in the economic development of the country. The accounting firm should gear its objectives towards the enhancement of the profession, the development of the economy and the creation of an environment favourable to business".

The professionals and practitioners in Kuwait could promote the profession through cooperation with the parties that have a role in regulating the profession. (e.g. the Ministry, governmental

departments, the university, the stock market, and other parties). They could also support research, train new recruits, improve the profession by monitoring regulation of advancement within the profession and participate in meetings and conferences.

10.3.2 Accounting Departments in Academic Institutions:

The university, as the main higher education institute in Kuwait, has to play a greater role in promoting accounting the profession in Kuwait as follows:

- Emphasis should be put on the quality of university graduates, to ensure their positive participation in economic society.
- The university can assist in solving problems in the profession by encouraging and supporting serious research that discuss the market realities, in order to solve associated problems. The crisis in Kuwait should provide ample scope for research to an institute like Kuwait University, which could analyse what has happened, from a quantitative or qualitative point of view, or initiate means to solve the crisis. Students would be positively affected by the opportunity to participate in research teams, and gain first hand experience of the realities of the accounting profession. Thus, the standard of graduates would be enhanced.
- Members of the teaching staff should participate in committees and conferences to promote the profession.

- The market requires the graduate to have practical experience, and some knowledge of English language and computer operations. Thus, the university should consider these aspects to enable the graduate to be more accepted in the local market.

From what had been said previously, it can be seen that the university's accounting department does not provide the market with a high enough standard of graduates. Therefore we recommend the following:

- Emphasis on practical, as well as theoretical aspects;
- Focus on topics directly related to the profession;
- Greater emphasis on auxiliary subjects such as information, computing, management and economics;
- Focus on research that involves the students in problem-solving;
- Cooperation with accounting firms through part time jobs for some of the university students;
- Recruiting qualified professionals to lecture in the university, though present legislation prohibits non Ph.D holders from lecturing in the university.

10.3.3 Ministry of Trade:

The Ministry has failed to meet its responsibility for regulating the accounting profession in Kuwait, in the following respects:

- It has not promptly penalised accounting firms for improper conduct.
- It does not have a sufficiently highly-qualified staff.

- It has not given other parties the chance or the appropriate role to advance the profession.
- It has not framed appropriate legislation to solve the pressing problems.
- It has paid insufficient attention to development of a high quality accounting profession.

To overcome these points we recommend that the ministry should:-

- seek other parties' participation in reorganising the profession;
- exert more interest in and follow up of accounting problems;
- take a firm stand against those who bring the profession into disrepute;
- enact legislation to solve existing problems.

10.3.4 Accounting Firms:

These firms are equipped to take the initiative in promoting the profession, as their mission is directly linked with the profession. Many of their employees are professionally qualified through training and are familiar with professional international publications. Despite this, individuals lack the motivation to take a positive role, for fear of losing business. Another problem which affects the role of the firms is the negative role of the shareholders in leaving responsibility for selecting auditors to the management. Thus, the neutrality and reliability of auditors are in question, because the auditor has to examine those who employ him. In view of this, we recommend the following:

- The firms should assist in training new graduates.
- They should participate in the different committees concerned with the promotion of the profession.
- Attractive wages should be offered to graduates, in order to attract them to the profession.
- Those who dishonour the profession and fail to abide by its ethics should be disciplined.

10.3.5. Further Research

The research carried out in this thesis represents one step in the road to reforming accounting practice in Kuwait. Accounting standards-setting in a country where the reality is far from satisfactory is not an easy task and most certainty cannot be achieved in a research work by one individual subject to normal student constraints. There is no doubt that there is need for further research in at least three board areas. Our attempt to develop a conceptual framework should be supplemented by more work in formal modeling so that policy, prediction and policy implications can be derived with confidence. The whole spectrum of issues relating to the statistical work from data collection to hypothesis testing need more rigorous attention as more data becomes available. Lastly the proposed body needs further investigation to ensure reality and enforceability. Its own organizational structure as well relationship with other external relevant organizations should explicitly stated. A plan of action encompassing all necessary aspects would make a subject for an interesting research benefiting from other countries experiences. The possible generalization of this study's findings

to other oil producing countries and developing countries is worth pursuing.

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Appendix 1

Questionnaire About the Regulation of Accounting Profession in Kuwait

Users of the Financial Accounts and Reports

I would appreciate your assistance in agreeing to answer this questionnaire, which aims to determine attitudes and opinions about the importance, objectives and qualitative characteristics of the disclosed financial accounts and reports, and possible ways to develop the accounting profession.

I am currently a doctoral programme researcher at the Business School, City University. As part of my research, this questionnaire is designed to evaluate the environmental factors affecting different aspects of accounting and to investigate the views of those concerned, regarding the introduction of proposed accounting regulation.

I assure you that the confidentiality of your answers will be respected. None except the researcher will see the completed questionnaire.

Most questions can be answered with a tick (X) in the appropriate box, or with a circle (O) around the appropriate number. If you have any queries regarding the questionnaire, please contact me by telephone, number: 3982570.

I should be most grateful if you would please return the completed questionnaire as soon as possible.

Presented by: KHALED RASHED AL-HAJERI

QUESTIONNAIRE (I)

Part I--> Importance of the Elements of Financial Statements:

1- Please, state the importance of the following items to your decisions (investment and other): (put circle around appropriate number, 1=Very Important, 2=Slightly Important, 3=Neutral, 4=Slightly not Important, 5=Not at all Important)

	Important <---> Not Important Neutral				
A Dividends	1	2	3	4	5
B Earnings per share	1	2	3	4	5
C Net profit available for distribution	1	2	3	4	5
D Retained earnings and revenue reserves	1	2	3	4	5
E Movements in reserves	1	2	3	4	5
F Exchange gains and losses	1	2	3	4	5
G Sales and cost of sales for the period	1	2	3	4	5
H Outstanding loans amount interest rate, and term of debt..	1	2	3	4	5
I Methods and rates of depreciation	1	2	3	4	5
J Goodwill and intangible assets ..	1	2	3	4	5
K Research and development costs	1	2	3	4	5
L Translation foreign currency methods	1	2	3	4	5
M The basis of revaluation of fixed assets.....	1	2	3	4	5
N Movements on fixed asset accounts during the period.....	1	2	3	4	5
O Variety of company investments	1	2	3	4	5
P Extraordinary items (gains or losses).....	1	2	3	4	5
Q Basis of carrying inventories.....	1	2	3	4	5

R	Basis of determining cost of inventories	1	2	3	4	5
S	Contingent liabilities	1	2	3	4	5
T	Associated company treatment..	1	2	3	4	5
U	Consistency in application of accounting practices	1	2	3	4	5
V	Comparative figures for previous year	1	2	3	4	5
W	Post-balance sheet events	1	2	3	4	5
X	Ranking of auditor	1	2	3	4	5

Part (II)--> Objectives:

2- The following section concerned with supplying the users informational needs: you are asked to judge the degree of satisfaction of the following items on meeting your investment decisions: (put circle around appropriate number, 1=Very Satisfied, 2=Quite Satisfied, 3=Neutral, 4=Quite Dissatisfied, 5=Very Dissatisfied)

	Satisfied <---> Not Satisfied Neutral					
A	Dividends	1	2	3	4	5
B	Earnings per share	1	2	3	4	5
C	Net profit available for distribution	1	2	3	4	5
D	Retained earnings and revenue reserves	1	2	3	4	5
E	Movements in reserves	1	2	3	4	5
F	Exchange gains and losses	1	2	3	4	5
G	Sales and cost of sales for the period	1	2	3	4	5
H	Outstanding loans amount interest rate, and term of debt..	1	2	3	4	5
I	Methods and rates of depreciation	1	2	3	4	5
J	Goodwill and intangible assets ..	1	2	3	4	5
K	Research and development costs	1	2	3	4	5
L	Translation foreign currency methods	1	2	3	4	5

M	The basis of revaluation of fixed assets.....	1	2	3	4	5
N	Movements on fixed asset accounts during the period.....	1	2	3	4	5
O	Variety of company investments	1	2	3	4	5
P	Extraordinary items (gains or losses).....	1	2	3	4	5
Q	Basis of carrying inventories.....	1	2	3	4	5
R	Basis of determining cost of inventories.....	1	2	3	4	5
S	Contingent liabilities.....	1	2	3	4	5
T	Associated company treatment..	1	2	3	4	5
U	Consistency in application of accounting practices.....	1	2	3	4	5
V	Comparative figures for previous year.....	1	2	3	4	5
W	Post-balance sheet events.....	1	2	3	4	5
X	Ranking of auditor.....	1	2	3	4	5

3- What degree of influence does the following statements and reports have in your investment decisions: (put circle around appropriate number)

1=Maximum, 2=Considerable, 3=Moderate, 4=Slight, 5=None.

A	Balance Sheet.....	1	2	3	4	5
B	Income Statement.....	1	2	3	4	5
C	Statement of Source and Application of Funds.....	1	2	3	4	5
D	Current Cost Statement.....	1	2	3	4	5
E	Cash Flow.....	1	2	3	4	5
F	Value Added Statement.....	1	2	3	4	5
G	Group Accounts.....	1	2	3	4	5
H	Directors' Report.....	1	2	3	4	5
I	Auditors' Report.....	1	2	3	4	5

Part (III)--> Qualitative Characteristics:

4- The following section contain list of scales which are concerned with the qualitative characteristics of accounting information disclosed in balance sheet, income statement and statement of source and application of funds: you are asked to judge the usefulness of the information provided in the three statements of the following scales. (put appropriate number in each box)

(1=Very Useful, 2=Slightly Useful, 3=Neutral, 4=Slightly Unuseful, 5=Not at all Useful)

	Balance Sheet	Income Statement	St. of Source and Appl. of Funds
A Reliability.....			
B Comparability.....			
C Understandability.....			
D Relevancy.....			
E Consistency.....			
F Accuracy.....			
G Timing.....			
H Availability.....			
I Predict value.....			
J Comprehensivity.....			

5- When you compare the accounts of different companies what is the degree of uniformity in terms of: (put circle around appropriate number, 1=Very High, 2=Quite High, 3=Neutral, 4=Quite Low, 5=Very Low)

	Degree of Uniformity (High) <-----> (Low)				
A Comprehensivity.....	1	2	3	4	5
B Accounting practices used.....	1	2	3	4	5
C Audit report.....	1	2	3	4	5
D Statements outlook.....	1	2	3	4	5
E Level of disclosure.....	1	2	3	4	5
F Understandability.....	1	2	3	4	5

Part IV--> Financial Reporting:

6- What ranking of importance would you give to the following financial statements and reports on the financial decisions. (rank in priority)

1=Most Important, 2=Next Important, and so on.

	Ranking
A Balance sheet.....	
B Income statement.....	
C Statement of source and application of funds.....	
D Current cost statement.....	
E Cash flow statement.....	
F Value added Statement.....	
G Group accounts.....	
H Directors' report.....	
I Auditors' report.....	

7- To what degree do you read each of the following financial statements in company annual financial reports: (tick X in appropriate box)

	Do not Read	Read Briefly	Read Thoroughly
A Balance sheet.....			
B Income statement.....			
C Statement of source and application of funds.....			
D Current cost statement....			
E Cash flow statement.....			
F Value added Statement....			
G Group accounts.....			
H Directors' report.....			
I Auditors' report.....			

Part V--> Proposal:

8- What is your evaluation of the Permanent Technical Committee (PTC) performance in terms of: (tick X in appropriate box)

	Excellent	Good	Moderate	Poor	Don,t Know
A Setting objectives of financial reporting.....					
B Quality of the guidelines.....					
C Mandatory compliance					
D Consultating other concerned parties.....					
E Time limit to comply with the guidelines.....					
F Allowing other parties to contribute in setting the guidelines.					
G The manner in which the PTC has promulgated the guidelines.....					

9- How do you rate the present contribution of the following parties in advancing the accounting profession: (tick X in appropriate box)

	Excellent	Good	Moderate	Poor
A Government (Ministry of Trade and Industry).....				
B Kuwaiti Society for Accountants and Auditors..				
C Accounting firms.....				
D Audit Bureau.....				
E Stock Exchange.....				
F Private sector.....				
G Academic institutions.....				

10- In terms of responsibility who do you see should be involved in such improvements? (put circle around appropriate number, 1=High, 2=Quite High, 3=Neutral, 4=Quite Low, 5=Low)

		Involvement (High) <-----> (Low)				
A	Government (Ministry of Trade and Industry).....	1	2	3	4	5
B	Kuwaiti Society for Accountants and Auditors..	1	2	3	4	5
C	Accounting firms.....	1	2	3	4	5
D	Audit Bureau.....	1	2	3	4	5
E	Stock Exchange.....	1	2	3	4	5
F	Private sector.....	1	2	3	4	5
G	Academic institutions.....	1	2	3	4	5

11- What sort of structure do you want to see? (choose one)

- A- Authoritative body (same as SEC)..... []
- B- Professional guidelines..... []
- C- Combination of profession and government input..... []
- D- Statutory requirements..... []

12- In your opinion, which are the most important area requiring such improvement? (rank in priority)

1=Most Important, 2=Next Important, and so on.

	Ranking
A Accounting and auditing standards.....	
B Professional ethics.....	
C More organised professional bodies.....	
D Effective accounting services.....	
E Legal requirements for accounting practices.....	
F Scrutinising of accounting education.....	

13- For the following factors which ought to be considered in accounting standards setting, please tick the level of consideration. (tick X in appropriate box)

	Very Important Consideration	Somewhat Important Consideration	Minor Consideration
A Complying with local needs.....			
B Further consultation with accounting firms.....			
C Collaboration with international bodies.....			
D Concentrating on practical rather than theoretical issues.....			
E More contribution from the academic institutions			
F More contribution from the KSAA.....			
G More contribution from the private sector.....			
H Continuous monitoring of accounting problems...			

General Data:

- Accounting experience and occupation:

(a) Accounting qualifications.....

(b) Other qualifications.....

- Job title.....

- Name of the organisation.....

- Nationality.....

استفتاء عن تنظيم مهنة المحاسبة في الكويت

مستخدمي الحسابات المالية والتقارير

أقدر مساعدتكم في قبول الاجابة على هذا الاستفتاء الذي يهدف الى تحديد موافق وآراء عن اعمية مميزات الاهداف والتحليل الكمي للحسابات المالية والتقارير المكشوفة وتحديد اساليب ممكنة لتنمية مهنة المحاسبة .

انا اعمل حاليا كباحث برامج في المدرسة التجارية بجامعة المدينة ، ويشكل هذا الاستفتاء جزء من البحث الذي اقوم به والذي صمم لتقييم العوامل البيئية التي تؤثر على مظاهر المحاسبة واستقصاء آراء المعنيين فيما يتعلق بمقدمة تنظيم المحاسبة المقترحة .

أؤكد لكم بأن ايجاباتكم ستكون موضوع الثقة وأن الاستفتاء الكامل لن يراء سوى الباحث نفسه دون غيره .

يمكن الاجابة على الجزء الأكبر من الأسئلة بوضع علامة (X) في الخانة المخصصة أو برسم دائرة حول الرقم المخصص . يرجى الاتصال بي على هاتف رقم ٣٩٨٢٥٧٠ ان كان لديك أي استفسارات عن هذا الاستفتاء .

أكون لكم من الشاكرين ان تفضلت في اعاءة هذا الاستفتاء كاملا وبأسرع وقت ممكن

تقديم : خالد راشد الهاجري

استفتاء (١)

الجزء (١) - أهمية عناصر الكشوفات المالية :

- ١- الرجاء تحديد أهمية البنود التالية بالنسبة الى قراركم (استثمار أو ماشابه ذلك) : ارسم دائرة حول الرقم المناسب ، ١ = هام جدا ، ٢ = هام سطحي ، ٣ = محايد ، ٤ = غير هام سطحي ، ٥ = غير هام كلياً

هام < ٠.٠٠٠.٠٠٠ > غير هام
محايد

١	٢	٣	٤	٥	أ (توزيع أرباح
١	٢	٣	٤	٥	ب (الأرباح للسهم الواحد
١	٢	٣	٤	٥	ج (الربح الصافي الموجود للتوزيع
١	٢	٣	٤	٥	د (الأرباح المحتجزة والدخل الاحتياطي
١	٢	٣	٤	٥	هـ (التحركات في الاحتياطي
١	٢	٣	٤	٥	و (التغير في الأرباح والخسائر
١	٢	٣	٤	٥	س (المبيعات وتكلفة المبيعات للفترة
					ح (الديون الغير مدفوعة ، قيمة معدل الفائدة
١	٢	٣	٤	٥	والفترة الزمنية للدين
١	٢	٣	٤	٥	ط (أنظم الاستهلاك والمعدلات النسبية
١	٢	٣	٤	٥	ي (شجرة المحل والأصول الغير ملموسة
١	٢	٣	٤	٥	ك (تكاليف البحث والتطوير
١	٢	٣	٤	٥	ل (أساليب ترجمة (أو شرح) العملة الأجنبية
١	٢	٣	٤	٥	م (أساس تحديد قيمة جديدة للأصول الثابتة
					ن (التحركات لحسابات الأصول الثابتة ضمن
١	٢	٣	٤	٥	الفترة —————
١	٢	٣	٤	٥	ص (بنود استثنائية (الأرباح والخسائر)
١	٢	٣	٤	٥	ع (أساس القيام بجرد المخزون
١	٢	٣	٤	٥	ف (أساس تحديد تكلفة الجرد
١	٢	٣	٤	٥	ض (المسؤوليات (الديون) المشروطة
١	٢	٣	٤	٥	ق (معالجة الشركة المساعدة
١	٢	٣	٤	٥	ر (الثبات في تطبيق الممارسات الحسابية
١	٢	٣	٤	٥	ش (الأرقام المقارنة للعام السابق
١	٢	٣	٤	٥	ت (ترحيل أرقام الميزانية العمومية
١	٢	٣	٤	٥	ث (تقييم المدقق

الجزء (٢) - الأهداف :

٢- الجزء التالي له صلة بتزويد المعلومات المطلوبة للمستخدمين : لذا يطلب منكم أن تحكم درجة الاختناص للبنود التالية بما يتناسب مع قراراتكم الاستثمارية : أرسـم دائرة حول الرقم المناسب ، ١ = مقتنع جداً ، ٢ = مقتنع حقاً ، ٣ = محايد ، ٤ = غير مقتنع حقاً ، ٥ = غير مقتنع البتة

هام < ٠٠٠٠٠٠٠ > غير هام
محايد

١	٢	٣	٤	٥	أ (توزيع أرباح
١	٢	٣	٤	٥	ب (الأرباح للسهم الواحد
١	٢	٣	٤	٥	ج (الربح الصافي الموجود للتوزيع
١	٢	٣	٤	٥	د (الأرباح المحتجزة والدخل الاحتياطي
١	٢	٣	٤	٥	هـ (التحركات في الاحتياطي
١	٢	٣	٤	٥	و (التغير في الأرباح والخسائر
١	٢	٣	٤	٥	س (المبيعات وتكلفة المبيعات للفترة
					ح (الديون الغير مدفوعة ، قيمة معدل الفائدة
١	٢	٣	٤	٥	والفترة الزمنية للدين
١	٢	٣	٤	٥	ط (أنظم الاستهلاك والمعدلات النسبية
١	٢	٣	٤	٥	ي (شهرة المحل والأصول الغير ملموسة
١	٢	٣	٤	٥	ك (تكاليف البحث والتطوير
١	٢	٣	٤	٥	ل (أساليب ترجمة (أر شرح) العملة الأجنبية
١	٢	٣	٤	٥	م (أساس تحديد قيمة جديدة للأصول الثابتة
					ن (التحركات لحسابات الأصول الثابتة ضمن
١	٢	٣	٤	٥	الفترة —————
١	٢	٣	٤	٥	ص (بنود استثنائية (الأرباح والخسائر)
١	٢	٣	٤	٥	ع (أساس القيام بجرد المخزون
١	٢	٣	٤	٥	ف (أساس تحديد تكلفة الجرد
١	٢	٣	٤	٥	ض (المسؤوليات (الديون) المشروطة
١	٢	٣	٤	٥	ق (معالجة الشركة المساعدة
١	٢	٣	٤	٥	ر (الثبات في تطبيق الممارسات الحسابية
١	٢	٣	٤	٥	ش (الأرقام المقارنة للعام السابق
١	٢	٣	٤	٥	ت (ترحيل أرقام الميزانية العمومية
١	٢	٣	٤	٥	ث (تقييم المدقق

٣- ما هي درجة تأثير العبارات والتقارير التالية بالنسبة لقراراتك الاستثمارية : ارسـم دائرة حول الرقم المناسب ، ١ = الحد الأعلى ، ٢ = هام = ٣ = معتدل ، ٤ = طفيف ، ٥ = لا شيء

١	٢	٣	٤	٥	ا (الميزانية العمومية
١	٢	٣	٤	٥	ب (قائمة الايرادات
١	٢	٣	٤	٥	ج (قائمة مصادر الأموال واستخداماتها
١	٢	٣	٤	٥	د (قائمة التكاليف الجارية
١	٢	٣	٤	٥	هـ (التدفق النقدي
١	٢	٣	٤	٥	و (قائمة القيمة المضافة
١	٢	٣	٤	٥	س (حسابات المجموعة
١	٢	٣	٤	٥	ح (تقرير الادارة
١	٢	٣	٤	٥	ط (تقرير المدقق

الجزء (٣) - مميزات التحليل الكمي

٤- يحتوي القسم التالي على لائحة موازين تتعلق بمميزات التحليل الكمي للمعلومات الحسابية الظاهرة في الميزانية العمومية ، وقائمة الإيرادات وقائمة مصادر الأموال واستخداماتها : يطلب منك أن تحكم على منفعة المعلومات المزودة في العبارات الثلاثة للموازن التالية . ضع الرقم المناسب في كل خانة ، ١ = نافع جدا ، ٢ = نافع حقا ، ٣ = حيادي ، ٤ = نافع طفيف ، ٥ = غير نافع على الإطلاق

قائمة مصادر		الميزانية العمومية
الأموال	قائمة الإيرادات	
واستخداماتها		

أ (الجدارة

ب (المقارنة

ج (الفهم

د (التناسب بالموضوع

هـ (الثبات

و (الدقة

س (التوقيت

ح (وجود

ط (تنبأ القيمة

ي (مدى الإدراك

- ٥- عندما تقارن حسابات شركات مختلفة ، ما هي درجة التماثل بلنة كل من
 أرسم دائرة حول الرقم المناسب ، ١ = عالي جدا ، ٢ = عالي فعلا ، ٣ =
 حيادي ، ٤ = منخفض نوعا ما ، ٥ = منخفض جدا

درجة التوحيد
 عالي <٠٠٠٠> منخفض

١	٢	٣	٤	٥	أ (مدى الادراك
١	٢	٣	٤	٥	ب (الأساليب الحسابية المستخدمة
١	٢	٣	٤	٥	ج (تقرير التدقيق
١	٢	٣	٤	٥	د (متوقع القوائم والميزانيات
١	٢	٣	٤	٥	و (مستوى الافصاح
١	٢	٣	٤	٥	ز (الفهم

الجزء (٤) - تقديم التقارير المالية :

- ٦- ما هي درجة التقييم من حيث الأهمية التي تعطيها للقوائم والتقارير
 المالية بالنسبة للقرارات الحالية ، قيسم حسب الترتيب الأولي ، ١ = أهم
 شيء ، ٢ = ثاني أهم شيء ، وإلى آخره ٠٠٠٠٠٠٠

التقييم

أ (الميزانية العمومية
ب (قائمة الإيرادات
ج (قائمة مصادر الأموال واستخداماتها
د (قائمة التكاليف الجارية
هـ (قائمة التدفق النقدي
و (قائمة القيمة المضافة
س (حسابات المجموعة
ح (تقرير الإدارة
ط (تقرير المدقق

٧- الى أي درجة تقرأ القوائم الحالية في التقرير المالي السنوي : ضع علامة (X) في الخانة المناسبة :

أقرأها	أقرأها	
بتمعن	باختصار	لا أقرأها

أ (الميزانية العمومية

ب (قائمة الايرادات

ج (قائمة مصادر الأموال واستخداماتها

د (قائمة التكاليف الجارية

هـ (قائمة التدفق النقدي

و (قائمة القيمة المضافة

ز (حسابات المجموعة

ح (تقرير الادارة

ك (تقرير المدقق

الجزء (٥) - عرض :

٨- ما هو تفديرك عن اداء اللجنة الفنية الدائمة بالنسبة لكل من التالي ،
ضع علامة (X) في الخانة المناسبة

ممتاز جيد معتدل ضئيل لا أعرف

أ (وضع أهداف للتقارير الحالية

ب (نوعية الدلائل

ج (الاذعان الاجباري

د (استشارة جهات أخرى مهتمة

هـ (الوقت المحدد للاذعان بالتوجيهات

و (السماح لآخرين بالاسهام في وضع

التوجيهات

ز (الطريقة التي استخدمتها اللجنة

الفنية الدائمة لنشر التوجيهات

٩- كيف تقيّم الاسهام الحالي لكل من الجهات التالية بالنسبة لترقية مهنة المحاسبة ، ضع علامة (X) في الخانة المناسبة

ممتاز جيد معتدل ضئيل

أ (الحكومة (وزارة التجارة والصناعة)

ب (جمعية المحاسبين والمراجعين

الكويتية

ج (شركات المحاسبة

د (مكتب تدقيق

هـ) الأوراق المالية

و (القطاع الخاص

ز (المؤسسات الأكاديمية

١٠- فيما يتعلق بالمسؤولية من أن يكون مناسباً بالمشاركة في العمل لتلك التحسينات ؟ أرسم دائرة حول الرقم المناسب ، ١ = عالي ، ٢ = عالي نسبياً ٣ = محايد ، ٤ = منخفض حقاً

المشاركة

أ (الحكومة (وزارة التجارة والصناعة)

ب (جمعية المحاسبين والمراجعين

الكويتية

ج (شركات المحاسبة

د (مكتب تدقيق

هـ) الأوراق المالية

و (القطاع الخاص

ز (المؤسسات الأكاديمية

١١- أي نوع نظامي محبذ اليك ؟

أ (هيئة ذات سلطة (مثل لجنة الأوراق المالية والبورصة)

ب (التوجيهات الحرفية

ج (مزيج من المهن الحرفية ومشاركة المكونة

د (متطلبات تشريعية

١٢- ما هي أهم نقطة تتطلب تلك التحسينات حسب رأيك ؟ قِيم حسب الترتيب الأولي
١ = أهم شيء ، ٢ = ثاني أهم شيء ، والى آخره

التقييم

- أ (مقاييس المحاسبة والتدقيق
- ب (آداب المهن الحرفية
- ج (هيئات حرفية بمستوى تنظيم أكبر
- د (خدمات محاسبة فعالة
- هـ (متطلبات قانونية للمزاولة الحسابية
- و (التدقيق في تربية الثقافة الحاسبية

بيانات عامة

- الخبرة الحسابية والوظيفة :

(أ) المؤهل الحسابي

(ب) مؤهلات أخرى

- المسمى الوظيفي :

- اسم المؤسسة :

- الجنسية :

Appendix 2

Questionnaire About the Regulation of Accounting Profession in Kuwait

Preparers of the Financial Accounts and Reports

I would like to appreciate your assistance in agreeing to answer this questionnaire, which aims to determine attitudes and opinions about the regulation of the accounting profession in Kuwait, and possible ways to develop the accounting profession.

I am currently a doctoral programme researcher at the Business School, City University. As part of my research, this questionnaire is designed to evaluate the environmental factors affecting different aspects of accounting, and to investigate the views of those concerned regarding the introduction of proposed accounting regulation.

I assure you that the confidentiality of your answers will be respected. None except the researcher will see the completed questionnaire.

Most questions can be answered with a tick (X) in the appropriate box, or with a circle (O) around the appropriate number. If you have any queries regarding the questionnaire, please contact me by telephone, number: 3982570.

I should be most grateful if you would please return the completed questionnaire as soon as possible.

Presented by: KHALED RASHED AL-HAJERI

QUESTIONNAIRE (II)

Part I--> Economic Development:

1- What degree of influence does the economic development have on the following accounting aspects: (tick X in appropriate box)

		Favourable <-----> Unfavourable				
		Highly	Some what	Neutral	Some what	Highly
A	Accounting Requirements					
B	Professional Ethics					
C	Accounting and Auditing , practices					
D	Accounting Skills and Qualifications					
E	Accounting Education					
F	Expansion of Accounting Firms Services					
G	Usage of Information					
H	Quality of Information Provided					

2- Do you agree on the following statements: (put circle around appropriate number, 1=Agree, 2=Slightly Agree, 3=Neutral, 4=Slightly Disagree, 5=Disagree)

		Agree <---> Disagree Neutral				
A	One of the causes of the unofficial stock market crisis was the lack of adequate accounting information	1	2	3	4	5
B	The value of financial information as an indicator of industrial prosperity is underestimated	1	2	3	4	5
C	The lack of proper accounting records hampers the expansion of commercial sectors	1	2	3	4	5
D	Accounting outputs are not properly used for national accounting purposes	1	2	3	4	5
E	The shortcomings in public planning are to some extent related to insufficient accounting information	1	2	3	4	5
F	Although accounting techniques have a positive impact on the economic prosperity, little consideration is given to this factor	1	2	3	4	5

- G Kuwait stock market efficiency is significantly related to and well served by the availability of adequate accounting information
- H Too little attention is given to the importance of accounting information for control and follow up in Kuwait

1	2	3	4	5
1	2	3	4	5

Part II--> Foreign Accounting Methods:

3- What degree of influence does the foreign accounting methods have on the following accounting aspects? (tick X in appropriate box)

	Incentive <-----> Disincentive				
	Major	Minor	Neutral	Minor	Major
A Accounting Requirements					
B Professional Ethics					
C Accounting and Auditing practices					
D Accounting Skills and Qualifications					
E Accounting Education					
F Expansion of Accounting Firms' Services					
G Usage of Information					
H Quality of Information Provided					

4- What sort of accounting practices do you follow when preparing the accounts? (tick X in appropriate box)

- A- Permanent Technical Committee Guidelines..... []
- B- Statements of Standards Accounting Practice..... []
- C- American Accounting Standards FAS or ASP..... []
- D- International Accounting Standards..... []

Part III--> Accounting Profession:

5- How do you evaluate the present accounting profession in terms of: (put circle around appropriate number, 1=Encouraging, 2=Slightly Encouraging, 3=Neutral, 4=Slightly Discouraging, 5=Discouraging)

	Encouraging <---> Discouraging Neutral				
A Contributing to accounting regulations ..	1	2	3	4	5
B Conducting effective training for firms and individuals	1	2	3	4	5
C Organising pertinent local studies	1	2	3	4	5
D Positively responding to national accounting demand.....	1	2	3	4	5
E Furnishing the market with well and qualified accountants	1	2	3	4	5
F Providing an adequate information reporting for investment decision making	1	2	3	4	5
G Contributing to the advancement of public accounting procedures	1	2	3	4	5
H Strengthening channels of communication with international accounting bodies	1	2	3	4	5
I Setting binding ethical rules for accounting practices.....	1	2	3	4	5
J Assisting in sound public recognition of accounting profession	1	2	3	4	5
K Coordinating with government and private agencies in the advancement of the accounting function	1	2	3	4	5
L Contributing in ensuring sufficient education for accountants at university level	1	2	3	4	5
M Assisting with the setting of required standards for the practicing accountants licenses	1	2	3	4	5

Part IV--> Proposal:

6- What is your evaluation for the Permanent Technical Committee (PTC) performance in terms of: (tick X in appropriate box)

	Excellent	Good	Moderate	Poor	Don,t Know
A Setting objectives of financial reporting.....					
B Quality of the guidelines.....					
C Mandatory compliance					
D Consultating other concerned parties.....					
E Time limit to comply with the guidelines.....					
F Allowing other parties to contribute in setting the guidelines.					
G The manner in which the PTC has promulgated the guidelines.....					

7- How do you rate the present contribution of the following parties in advancing the accounting profession: (tick X in appropriate box)

	Excellent	Good	Moderate	Poor
A Government (Ministry of Trade and Industry).....				
B Kuwaiti Society for Accountants and Auditors..				
C Accounting firms.....				
D Audit Bureau.....				
E Stock Exchange.....				
F Private sector.....				
G Academic institutions.....				

8- In terms of responsibility who do you see should be involved in such improvements? (put circle around appropriate number, 1=High, 2=Quite High, 3=Neutral, 4=Quite Low, 5=Low)

		Involvement (High) <-----> (Low)				
A	Government (Ministry of Trade and Industry).....	1	2	3	4	5
B	Kuwaiti Society for Accountants and Auditors..	1	2	3	4	5
C	Accounting firms.....	1	2	3	4	5
D	Audit Bureau.....	1	2	3	4	5
E	Stock Exchange.....	1	2	3	4	5
F	Private sector.....	1	2	3	4	5
G	Academic institutions.....	1	2	3	4	5

9- What sort of structure do you want to see? (choose one)

- A- Authoritative body (same as SEC)..... []
- B- Professional guidelines..... []
- C- Combination of profession and government input..... []
- D- Statutory requirements..... []

10- In your opinion, which are the most important area requiring such improvement? (rank in priority)

1=Most Important, 2=Next Important, and so on.

	Ranking
A Accounting and auditing standards.....	
B Professional ethics.....	
C More organised professional bodies.....	
D Effective accounting services.....	
E Legal requirements for accounting practices.....	
F Scrutinising of accounting education.....	

11- For the following factors which ought to be considered in accounting standards setting, please tick the level of consideration. (tick X in appropriate box)

	Very Important Consideration	Somewhat Important Consideration	Minor Consideration
A Complying with local needs.....			
B Further consultation with accounting firms.....			
C Collaboration with international bodies.....			
D Concentrating on practical rather than theoretical issues.....			
E More contribution from the academic institutions			
F More contribution from the KSAA.....			
G More contribution from the private sector.....			
H Continuous monitoring of accounting problems...			

General Data:

- Accounting experience and occupation:

(a) Accounting qualifications.....

(b) Other qualifications.....

- Job title.....

- Name of the organisation.....

- Nationality.....

استفتاء عن تنظيم مهنة المحاسبة في الكويت

الى مجهزي الحسابات المالية والتقارير :

أرغب في تقديم شكري وامتناني لمساعدتكم في قبول الاجابة على هذا الاستفتاء ، الذي يهدف الى تحديد مواقف وآراء عن تنظيم مهنة المحاسبة في الكويت ، وايجاد الطرق الممكنة لتنمية مهنة المحاسبة .

انا أعمل حاليا كباحث برنامج درجة الدكتوراء في المدرسة التجارية ، بجامعة المدينة ويشكل هذا الاستفتاء جزء من البحث الذي أقوم به وقد ضم لتقييم العوامل البيئية التي تؤثر على مظاهر المحاسبة وأيضا استقصاء وجهات نظر المعنيين فيما يتعلق بمقدمة تنظيم المحاسبة المقترحة^{٩٠}.

أؤكد لكم بأن ايجاباتكم ستكون موضع الثقة وان الاستفتاء الكامل لن يراء سوى الباحث نفسه دون غيره .

يمكن الاجابة على الجزء الأكبر من الأسئلة بوضع علامة (x) في الخانة المخصصة أو يرسم دائرة حول الرقم المناسب . يرجى الاتصال بي على هاتف رقم ٣٩٨٢٥٧٠ ان كان لديك أي استفسارات عن هذا الاستفتاء .

أكون لكم من الشاكرين ان تفضلت باعادة هذا الاستفتاء كاملا وبأسرع وقت ممكن .

تقديم : خالد راشد الهاجري

استفتاء (٢)

الجزء (١) - التطوير الاقتصادي :

١- ما هي درجة تأثير التطوير الاقتصادي على النواحي المحاسبية التالية ، ضع علامة (x) في الخانة المناسبة :

مرتفع
الى حد ما حيادي الى حد ما مرتفع
ايجابي <٠٠٠٠٠٠٠> غير ايجابي

المتطلبات المحاسبية
آداب المهن الحرفية
ممارسات المحاسبة
والتدقيق
المهارات المحاسبية
والمؤهلات
الثقافة المحاسبية
توسيع خدمات المكاتب
المحاسبية
استخدام المعلومات
نوعية المعلومات المتوفرة

٢- هل توافق على العبارات التالية ، ارسـم دائرة حول الرقم المناسب ، ١ = موافق ، ٢ = موافق نوعاً ما ، ٣ = محايد ، ٤ = غير موافق نوعاً ما ، ٥ = غير موافق

موافق <٠٠٠٠٠٠> غير موافق
حيادي

- أ (أحد أسباب محنة الشوق الحالية الغير شرعية هو النقص في المعلومات المحاسبية الكافية
- ب (قيمة المعلومات الحالية كمؤشر لازدهار الصناعة لقي التقدير البـخس
- ج (عدم وجود تقارير محاسبية يعوق ازدهار القطاعات التجارية
- د (القدرات المحاسبية لا تستخدم بالوجه الصحيح لأغراض المحاسبة الوطنية
- هـ (التـقـصـيرات في التخطيط العام هي الى حد ما متعلقة بعدم وجود معلومات محاسبية كافية
- و (مع أن التقنية المحاسبية لها التأثير الايجابي على الازدهار الاقتصادي وقد أعطي هذا العنصر قليلا من الاعتبار
- ز (تتعلق كفاءة سوق الكويت للأوراق المالية بصورة بارزة وتقوم على خدمتها بشكل جيد توفر معلومات محاسبية مناسبة
- ط (لقد أعطيت أهمية المعلومات المحاسبية الاعتماد القليل في التحكم والمتابعة في الكويت

الجزء (١١) - نماذج محاسبية أجنبية :

٣- ما هي درجة تأثير النماذج المحاسبية الأجنبية على النواحي المحاسبية التالية (ضع علامة (x) في الخانة المناسبة)

حافز ————— بدون حافز
أهم أصغر محايد أصغر أهم

المتطلبات المحاسبية

آداب المهن الحرفية

ممارسات المحاسبة والتدقيق

الممارسات المحاسبية والمؤهلات

الثقافة المحاسبية

توسيع خدمات المكاتب المحاسبية

استخدام المعلومات

نوعية المعلومات المتوفرة

٤- أي نوع من الممارسات المحاسبية تتبع في تحضير الحسابات ؟ ضع علامة (x) في الخانة المناسبة

أ) توجيهات اللجنة الفنية الدائمة ()

ب) جداول مقاييس الممارسات المحاسبية ()

ج) مقاييس المحاسبات الأمريكية (FAS) أو (ASP) ()

د) مقاييس المحاسبات الدولية ()

الجزء (٣) - مهنة المحاسبة

٥- كيف تقيم مهنة المحاسبة الحالية بما يتعلق في : ارسم دائرة حول الرقم المناسب ، ١ = مشجع ، ٢ = مشجع نوعا ما ، ٣ = حيادي ، ٤ = غير مشجع نوعا ما ، ٥ = غير مشجع

مشجع () غير مشجع
حيادي

١	٢	٣	٤	٥	(أ) المساعدة في الأنظمة المحاسبية
١	٢	٣	٤	٥	(ب) مشاركة في التطوير الفعال للشركات والأفراد
١	٢	٣	٤	٥	(ج) تنظيم دراسات محلية ذات صلة بالموضوع
١	٢	٣	٤	٥	(د) ملزم ايجابيات لمتطلبات المحاسبة الوطنية
١	٢	٣	٤	٥	(هـ) امداد السوق بمحاسبين مؤهلين وكفؤين
١	٢	٣	٤	٥	(و) اعداد تقارير تحتوي على معلومات كافية لأصحاب القرار للاستثمار
١	٢	٣	٤	٥	(ز) المشاركة في الارتقاء بالاجراءات المحاسبية العامة
١	٢	٣	٤	٥	(ح) تقوية قنوات الاتصالات بالبيئات المحاسبية الدولية
١	٢	٣	٤	٥	(ط) وضع قوانين آداب الممارسات المحاسبية الملزمة
١	٢	٣	٤	٥	(ي) المساعدة في اعتماد رسمي صحيح لمهنة المحاسبة
١	٢	٣	٤	٥	(ك) التنسيق مع الادارات الحكومية والخاصة في تقدم الوظيفة المحاسبية
١	٢	٣	٤	٥	(ل) المشاركة في ضمان التعليم الكافي للمحاسبين في المستوى الجامعي
١	٢	٣	٤	٥	(م) المساعدة في وضع المقاييس المطلوبة لتراخيص المحاسبين الممارسين

الجزء (٤) - اقتراح

٦- ما هو تقييمك لأداء اللجنة الفنية الدائمة ناحية ، ضع علامة (x) في الخانة المناسبة :

ممتاز جيد معتدل ضئيل لا أعرف

(ا) تحديد أبعاد التقارير المالية.

(ب) جودة التوجيهات

(ج) التقيد بالالتزام

(د) التشاور مع الأطراف الأخرى المعنية

(هـ) الحد الزمني للتقيد مع التوجيهات

(و) السماح للأطراف الأخرى بالمشاركة

في وضع التوجيهات

(ز) طريقة إصدار ونشر التوجيهات

٧- كيف تقدر نسبة المساهمة الحالية للجهات التالية في الارتقاء بمهنة المحاسبة

ممتاز جيد معتدل ضئيل

(ا) الحكومة (وزارة التجارة والصناعة)

(ب) جمعية المحاسبين والمراجعين

الكوبيتية

(ج) شركات المحاسبة

(د) مكتب تدقيق

(هـ) الأوراق المالية

(و) القطاع الخاص

(ز) المؤسسات الأكاديمية

٨- في صورة المسؤولية من الذي ترى من الضروري اشراكه في هذه التحسينات ،
ضع دائرة حول الرقم المناسب ، ١ = مرتفع ، ٢ = مرتفع تماما ، ٣ = محايد
٤ = منخفض تماما ، ٥ = منخفض

ممتاز جيد معتدل ضئيل

ا (الحكومة (وزارة التجارة والصناعة)

ب (جمعية المحاسبين والمراجعين
الكويتية

ج (شركات المحاسبة

د (مكتب تدقيق

هـ (الأوراق المالية

و (القطاع الخاص

ز (المؤسسات الأكاديمية

٩- ما نوع البيكل الذي تريد ملاحظته (اختر واحدا) :

ا (هيئة مخولة (كما هو الحال في لجنة سوق الأوراق المالية) ()

ب (توجهات مهنية ()

ج (توحيد المدخل المهني والحكومي ()

د (متطلبات قانونية ()

١٠- في رأيك ما هي أكبر مجال هام يقتضي ذلك التحسين (ضع علامة حسب الأولوية)
١ = الأكثر أهمية ، ٢ = التالي في الأهمية ، الى آخره ٠٠٠٠٠٠

الترتيب .

ا (المقاييس المحاسبية وتدقيق الحسابات

ب (آداب المهنة

ج (هيئات مهنية أكثر تنظيما

د (خدمات محاسبية فعالة

هـ (متطلبات قانونية للممارسات المحاسبية

و (مراجعة التعليم المحاسبي

١١- بخصوص العوامل التالية والتي يجب أخذها بعين الاعتبار في وضع المعايير المحاسبية ، ضع علامة (X) في لائحة المناسبة لمستوى الاعتبار :

اعتبار	اعتبار	اعتبار
هام جدا	هام لحد ما	بسيط

- (أ) الالتزام بالاحتياجات المحلية
- (ب) تشاور لاحق مع المؤسسات المحاسبية
- (ج) التعاون مع الهيئات الدولية
- (د) التأكيد على المسائل العلمية وليست النظرية
- (هـ) مساهمة أكثر من المؤسسات العلمية
- (و) مساهمة أكثر من الجمعية الكويتية للمحاسبين ومدققي الحسابات
- (ز) مساهمة أكثر من جانب القطاع الخاص
- (ح) مراقبة مستمرة للمشاكل المحاسبية

بيانات عامة

- الخبرة الحسابية والوظيفة :

(أ) المؤهل الحسابي

(ب) مؤهلات أخرى

- المسمى الوظيفي :

- اسم المؤسسة :

- الجنسية :

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