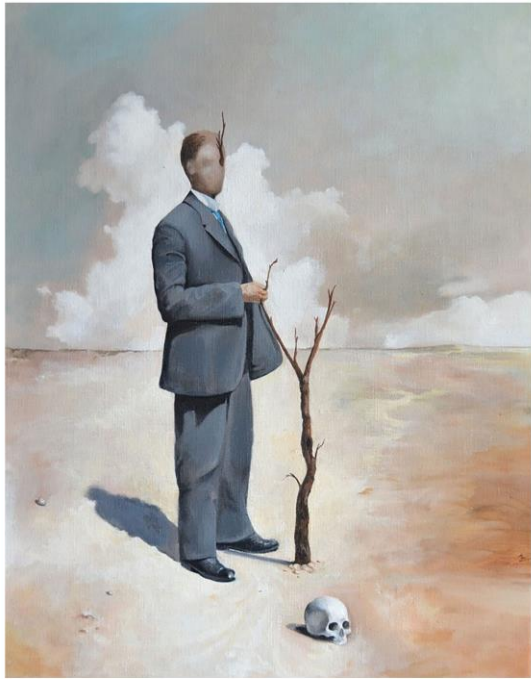


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## **Compliance with International Education Standards (IES 2) in Iraq towards the Adoption of International Accounting Standards**

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### **Abstract**

The purpose of the study is to determine the extent of Iraq's compliance with International Accounting Standards (IES2).

In the coming years, Iraq will seek to move to IFRS and IPSASs. In order for the transition process to be successful in all aspects of (adoption and implementation), it is necessary to prepare professional accountants who are committed to international standards of education. The research method is archival method that used secondary information sources with some unorganized interviews to compare accounting curricula in Iraq with international accounting curricula, in particular IES. In addition, questionnaire form was used. By comparing, the study found that the percentage of compliance in Iraq with the second standard of accounting education (IES2) is 55%, with some gaps particularly with regard to values and professional ethics, and in identifying the working environment, corporate governance, financial markets, organizational behavior and knowledge of information technology. During the questionnaire, which had 60 views of academics and professionals in the field of accounting to find out their Opinions on the importance of completing the educational requirements contained in the standard IES2 in the Iraqi environment.

The results of the questionnaire confirmed there is general agreement for the necessity of completing the IES2 educational requirements in the Iraqi environment, in order to prepare accounting curricula in Iraq for professional accountants who are able to understand adopt and implement the international accounting standards.

## **Cumplimiento de las Normas Internacionales de Educación (IES 2) en Irak hacia la adopción de las Normas Internacionales de Contabilidad**

### Resumen

El propósito del estudio es determinar el grado de cumplimiento de Irak con las Normas Internacionales de Contabilidad (IES2).

En los próximos años, Iraq buscará pasar a las NIIF y las NICSP. Para que el proceso de transición sea exitoso en todos los aspectos de (adopción e implementación), es necesario preparar contadores profesionales comprometidos con los estándares internacionales de educación. El método de investigación es un método de archivo que utilizó fuentes de información secundaria con algunas entrevistas no organizadas para comparar los planes de estudio de contabilidad en Irak con los planes de estudios de contabilidad internacionales, en particular IES. Además, se utilizó el formulario de cuestionario. Al comparar, el estudio encontró que el porcentaje de cumplimiento en Irak con el segundo estándar de educación contable (IES2) es del 55%, con algunas brechas particularmente con respecto a los valores y la ética profesional, y en la identificación del entorno de trabajo, gobierno corporativo, finanzas mercados, comportamiento organizacional y conocimiento de las tecnologías de la información. Durante el cuestionario, que contó con 60 opiniones de académicos y profesionales en el campo de la contabilidad para conocer sus Opiniones sobre la importancia de completar los requisitos educativos contenidos en la norma IES2 en el entorno iraquí. Los resultados del cuestionario confirmaron que existe un acuerdo general sobre la necesidad de completar los requisitos educativos de IES2 en el entorno iraquí, a fin de preparar planes de estudio de contabilidad en Irak para contadores profesionales que sean capaces de comprender, adoptar e implementar las normas internacionales de contabilidad.

### Introduction:

The Iraqi economy is headed towards liberalism, decentralization of ad-

ministration and the application of the free market economy model. This requires the adoption of international standards for financial reporting and IPSAS. In contrast, Iraq has not adopted any clear strategy to achieve this.

One of the prerequisites for adoption in the pre-application stage is to prepare graduates for a smooth transition to the adoption of international standards for financial reporting.

The research aims at presenting the similarities and differences between the model of the local curriculum and the international standards of accounting education, in particular IES2 (the content of professional accounting education programs).

The importance of the study is to be the first to discuss the readiness of the Iraqi environment to adopt IFRS and IPSASs in terms of qualifying universities and scientific institutions.

#### Literature Review

There are voices from many accounting bodies and researchers that have been calling to change the accounting education for more than 35 years ago and so far.

May et al. (1995) surveyed 984 accounting staff members to determine their views on the issues involved in the effort to change the accounting education. The results of the survey indicated that although there is general agreement that there is a need for change, there is a significant difference over the extent and shape of this change. This may be due to differences in the composition of the population of the teaching environment and the differences in the background of faculty members reflected their views and perceptions of the extent and form of the required change.

Early Armstrong (1987) reviewed the results of a test of the moral maturity of a sample of certified accountants. The results were at low averages compared to the publication in the psychology literature of other people who had similar educational levels. Armstrong raised questions about the implications of the author's research results on modern accounting education. Armstrong (1993) once again described one typical course in accounting ethics and professionalism (E & P) and called for the use of a "sandwich approach," consisting of a general course in ethics. Followed by a variety of accounting courses that help students to identify ethical issues and promote the need for mature moral thinking followed by a training course in ethics and occupation.

In the context of the change and development of accounting education, a new approach has emerged in education: "cooperative education". Cottell

Jr. & Millis (1992) presented a report on the implementation of cooperative learning in university accounting courses. This approach helps faculty members of universities and colleges to achieve a number of important outcomes, including positive effects on student achievement, multi-ethnic relationships, self-esteem, retention of students, and interaction with course content.

In an attempt for Wolk & Nikolai (1997) to assess the ability of accounting education programs to attract the types of students required by the profession according to the Myers-Briggs (MBTI) (Personal Preferences) Index for undergraduate and postgraduate students. The results (using the Kay box tests) indicated significant differences in some MBTI types among groups, which had implications for accounting programs as they attempted to implement the fundamental changes advocated by the profession and the Committee on Change in Accounting Education.

The AECC encouraged the expansion of learning beyond the formal curriculum. AECC called for two disciplines of accounting to help students develop the ability to “learn how to learn”. Leaby & Brazina (1998) described a learning method called concept mapping that allows students to understand how they learn and how new knowledge is constructed. Students can then use this technique to “learn how to learn” to acquire knowledge beyond their university experience. Kimmel (1995) provided a framework for integrating critical thinking into the accounting approach, and this framework sets out the essential elements of critical thinking.

With the start of the new century and the new millennium, it began to reflect on the expected changes in accounting practices and their effects on accounting education. Howieson (2003) reviewed the expected trends in business and skill set for accountants in the light of recent literature from the United Kingdom, the United States and Australia. These trends suggest that the role of the accountant in the preparation and keeping of records will be mitigated by the great development of technology. In contrast, the accounting profession will go towards business consultancy, where future accountants should act as “knowledge workers”. They should have analytical skills, innovative problem solving, communication and customer relationships. The increase in votes for a change in the overall status of university accounting education, especially after George W. Bush’s call for a collapse of Enron and subsequent corporate failures, is needed to move corporate accounts out of the shadows. Amneric & Craig (2004) proposed an agenda for the reform of accounting education that seeks greater responsiveness by accountants to three general issues: firstly, the political,

rhetorical and ideological nature of accounting; secondly, “speech poverty” in the accounting curriculum. Thirdly, the advantages of a better understanding of accounting history.

While continuing to advocate for changing current accounting methods, Burnett (2003) surveyed employers’ views of university graduates and members of the local CPA branch to ascertain the skills of new graduates and the effectiveness of educational innovations. The top four skills were analytical, Verbal communication, oral communication, and decision-making. Although the changes in accounting education have been made, the gap between the skills expected by employers and those of accounting graduates is still considerable. Based on the literature review, Bui & Porter (2010) proposed a framework for the accounting and performance gap in accounting education that included a forecast gap, a constraint gap, and a performance gap.

With regard to higher accounting education, the Pathways Committee has been established by the American Accounting Association (AAA) and the American Institute of Certified Public Accountants (AICPA) to study: the future structure of higher education for the accounting profession, to develop recommendations for educational courses to enter and retain the strongest possible community of students and academics. To achieve the mission of the Pathways Commission, (Behn et al: 2012) identified a wide range of views on the current and future challenges and opportunities of the profession. Among the recommendations of the Pathways Committee are:

- (a) Linking the accounting body with knowledge of the competency map.
- (b) Creating “curriculum models for the future.

(Lawson et al: 2014) proposed a framework for competency-based education aimed at applying a variety of career paths.

In Iraq, (Al-Jumaili and Zooni: 2010)& (Al-Zamili :2013) identified the shortcomings of accounting education and its failure to meet the requirements of the profession on the one hand, and lack of updating the accounting curriculum which contribute to the preparation of professional accounting cadres can cope with changes and developments in the accounting profession, on the other hand.

#### Accounting Education in Iraq

Iraqi higher education includes more than 35 government universities with more than 15 accounting departments, 62 private colleges with more than 18 accounting departments, and 16 government institutes. The percentage

of public universities that offer accounting programs is 42%, the percentage of private universities that offer accounting programs is 29%, and all government institutes offer accounting programs. In view of the need of the labor market for accounting professionals in Iraq, the accounting department is one of the leading and desirable sections of the students.

The curriculum for accounting education is determined by a committee called the Sectorial Committee responsible for the development of curricula with the approval of the Ministry of Higher Education in Iraq, which leads to a significant match in the accounting curriculum between the Iraqi universities and institutes.

The curriculum of the student of accounting in the diploma program is two years, while the curriculum for the undergraduate student (whether governmental or non-governmental) includes four years. The postgraduate courses in accounting are consisted of two academic directions, including a master and doctorate degree in accounting.

The second professional direction adopted by the Higher Institute for Financial and Accounting Studies of the University of Baghdad, which gives a professional certificate and the duration of study is from 3 to 5 years, and the Arab Institute of Certified Public Accountants in Iraq,

The table below shows the number and percentage of accounting teaching hours to the total number of teaching hours per week within four years within the undergraduate student's degree program.

**Table (1): Accounting hours for the accounting program**

Stage	Total teaching hours	Accounting hours	Percentage of hours of accounting teaching to total hours
<b>Firs</b>	<b>21</b>	<b>5</b>	<b>%26</b>
<b>Second</b>	<b>20</b>	<b>8</b>	<b>%40</b>
<b>Third</b>	<b>21</b>	<b>18</b>	<b>%86</b>
<b>Fourth</b>	<b>16</b>	<b>16</b>	<b>%100</b>
<b>Total</b>	<b>78</b>	<b>47</b>	<b>%60</b>

### International Accounting Standards for Education

International accounting standards are the bases for entering the world of professional practice. They emphasize an appropriate level of education to provide the necessary bases for acquiring the knowledge, skills, values and ethics required, whether through academic environments or training



courses. Moreover, it emphasizes that the curricula of accounting education should contain intellectual, technical, personal, and personal organizational relationships so that the accountant can solve the problems he faces and make the right decisions. In addition, it encourages broad public education because it is a part of professional accounting education achieved by understanding different cultures and knowledge of human behavior and understanding of changing economic, political and social ideas, issues and forces in the world (Jumaili and Zinoun, 2010: 5).

### 3: 4 Contents of International Accounting Standards

The IASB has issued a number of standards that deal with accounting education for students during the study and post-graduate stages. In addition, entry into the labor market. The criteria can be classified into two categories: pre-vocational and post-vocational standards as shown in the figure below:

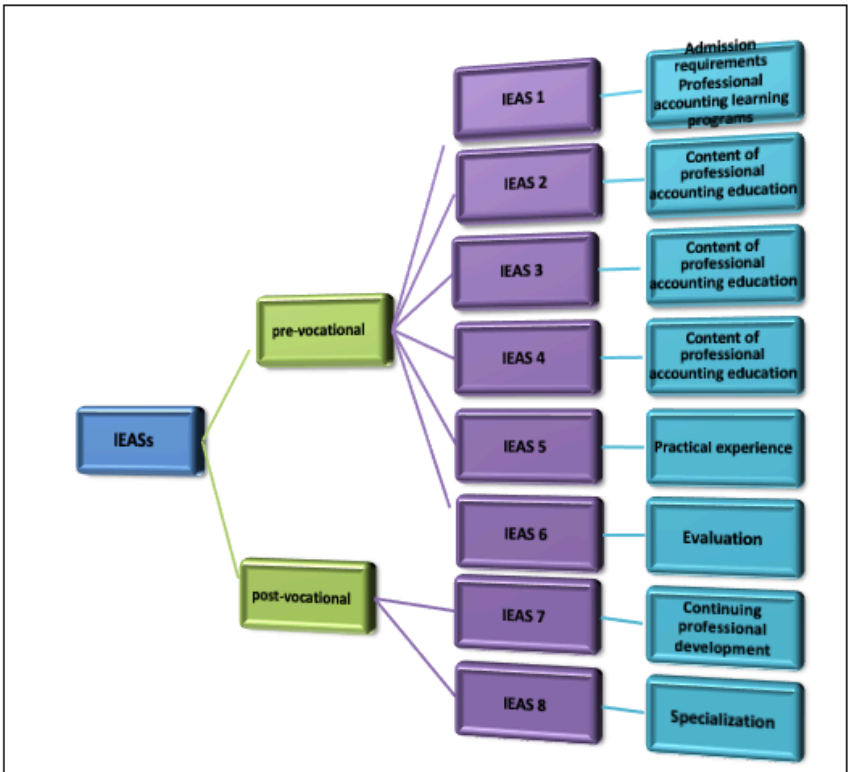


Figure (1): Contents of International Accounting Standards (IEASs)

## Standard 2: Content of Professional Accounting Education Programs:

This standard describes the knowledge content of the accounting education programs that the candidate graduates need to acquire until they become professional accountants, and it contains the set of courses to be studied by the accounting student.

### Research Methodology and Results

In order to determine Iraqi compliance with IES2, the following results are presented in the table below to facilitate the comparison of IES2 and accounting education practices in Iraq, they are:

No	Course	Extent of application in Iraq	Application Ratio
<b>first axis: Accounting, finance and related branches of knowledge</b>			
1	Financial Accounting and reporting	Applied	%86
2	Management Accounting and Control	Applied	
3	Taxes	Applied	
4	Trade and business law	Applied	
5	Audit and Confirming	Applied	
6	Financial and Financial Management	Applied	
7	Values and professional ethics	Not Applied	
<b>second axis: the element of organizational and commercial knowledge</b>			
1	Economy applied		%44
2	Business Environment	Not Applied	
3	Corporate Governance	Not Applied	
4	Financial Markets	Not Applied	
5	Quantitative methods	applied	
6	Organizational Behaviour	Not Applied	
7	Management and decision- making strategy	Applied	
8	Marketing International and international trade	Not Applied	
<b>third axis: IT knowledge and terms of reference</b>			
1	General information technology knowledge	Applied	%25
2	Knowledge of IT control systems	Not Applied	
3	IT tuning and steering jurisdictions	Not Applied	
4	Information Technology User Terms	Not Applied	

The results of the comparison of current accounting approaches in Iraq to IES2 were a total compliance rate of around 55%. While compliance rates according to the three axes of standard IES2 were as follows:

- The first axis (accounting and financial knowledge): the accounting and financial knowledge are the main basis for the qualification of a successful professional accountant. This topic is covered by the account-

ing curriculum in Iraq by 86%.

- The second axis (organizational knowledge and business management): provides organizational knowledge and business management content within which the professional accountant works. This topic is covered by the accounting curriculum in Iraq by 44%.

- The third axis (knowledge and qualification in the field of information technology) represents the knowledge and qualification in the field of information technology transform the role of professional accountant from a user of information systems to give it a greater role. The percentage of application of this axis in the accounting curriculum in Iraq was 25%. A questionnaire form submitted to specialists from academics and professionals to know the importance of completing coverage of all or most aspects of these axes in the Iraqi environment.

The questionnaire divided into three axes: The first axis of the opinion of the research sample of accounting and financial knowledge, the second one represents the views of the research sample on organizational knowledge and business management; the third one represents the views of the research sample of knowledge and qualification in the field of business technology.

Arithmetic mean, standard deviation, the measure of internal honesty and the level of stability have measured the three axes.

Table (3): Arithmetic mean and standard deviation for the accounting and financial knowledge paragraphs

NO	Paragraph	Arithmetic mean	Standard deviation	Coefficient of Variance	Materiality
1	The student must acquire the accounting program with ethical and professional responsibilities towards the profession environment.	4.48	0.81	18.08	1
2	The need for the student to acquire professional ethical values leading to a commitment to public interest and social responsibility.	4.46	0.91	20.40	3
3	The student's acquisition of professional ethical values leading to compliance with laws and regulations.	4.34	0.85	19.59	2
4	The student's acquisition of ethical and professional values leading to commitment to integrity, honesty, integrity and credibility.	4.30	1.03	23.95	4
	Total accounting and financial knowledge indicators.	4.40	0.90	0.20	

The questions of the first axis were characterized by internal consistency and stability, where the coefficient of correlation ranged between 0.64 - 0.77. The Cronbach's alpha 0.65 coefficient is higher than the standard persistence coefficient of 0.60. The general arithmetic mean of Axis 4.4. Was higher than the mean of 3.00 and that most of the respondents have been answered by the agreement that the student should be given by the accounting program with moral and professional responsibilities towards the environment of the profession. The standard deviation was 0.90 and the coefficient of variation was 0.20

Table (4): Arithmetic mean and standard deviation of knowledge, organizational and business management paragraphs

NO	Paragraph	Arithmetic mean	Standard deviation	Coefficient of Variance	Materiality
1	(Business environment), the student must acquire an understanding of the organizations and environments in which professional accountants work, such as the economic, legal, political and social situation and their effect.	4.36	0.99	22.71	4
2	(Business environment), the student must acquire environmental issues and sustainability reports.	4.52	0.81	17.92	1
3	(Corporate governance), the student must acquire an understanding of the role of a professional accountant in corporate governance and trade ethics.	4.32	1.02	23.61	6
4	(Financial markets), the student must acquire knowledge of trade and financial markets and their working mechanisms.	4.38	0.88	20.09	2
5	(Organizational Behavior), the student must acquire change management methods within the organizations.	4.30	0.97	22.56	3
6	(International Trade and globalization), the student must acquire the basic knowledge of international trade and finance and know the ways in which international business is managed in addition to the processes of globalization.	4.30	0.99	23.02	5

NO	Paragraph	Arithmetic mean	Standard deviation	Coefficient of Variance	Materiality
	Total knowledge, organizational and business management indicators.	4.36	0.94	0.22	

The questions of the second axis were characterized by internal consistency and persistence where the top of the correlation coefficient was 0.74 and the Cronbach's alpha 0.71 coefficient. The general arithmetic mean of the axis was 4.36, whereas the standard deviation was 0.94 and the coefficient of variation 0.22, where there was an agreement that the members of the sample did not have to give the student knowledge in the field of business environment, financial markets and organizational behavior.

Table (5): Arithmetic mean and standard deviation of knowledge and qualification paragraphs in the field of information technology

NO	Paragraph	Arithmetic mean	Standard deviation	Coefficient of Variance	Materiality
1	The student must acquire knowledge of control systems and control information technology.	4.22	1.09	25.83	4
2	The student must acquire knowledge of the information technology systems and their administrations that are suited for solving business and accounting problems.	4.44	0.95	21.40	2
3	The student must acquire an understanding of the accounting systems and business regulations.	4.48	0.84	18.75	1
4	The student must acquire knowledge of the standards of validation and accuracy of personal systems and measures to verify the authenticity and accuracy of personal systems.	4.28	1.03	24.07	3
	Total information technology knowledge and qualification indicators.	4.36	0.98	0.22	

The questions of the third axis are characterized by internal consistency and persistence where the highest correlation coefficient was 0.79. The Cronbach's alpha coefficient was 0.62 coefficient. The general arithmetic mean of the axis was 4.36, whereas the standard deviation was 0.98 and 0.22 coefficient of variation was 0.22. Where there was a general agreement for most of the sample to give the student the understanding of the

accounting systems, the business and knowledge systems of IT systems and their administrations that suitable for solving the problems of business and accounting.

#### Concluding Comments

The purpose of this paper is to identify the extent to which the accounting education curriculum in Iraq complies with the International Education Standard (IES2), and the results achieved can be summarized in two axes:

- The accounting education curriculum in Iraq conforms to the requirements of the International Education Standard (IES2) by 55%, with the accounting, finance and related knowledge branches having the highest compliance ratio of 86%, then the regulatory and business knowledge component that achieved a 44% match, and finally. The knowledge of information technology and its competencies have been the lowest in 25%. In this way, it can be said that the accounting curriculum in Iraq is in conformity with the requirements of the Standard (IES2) in a proportion of the accounting and financial materials. This percentage decreases the regulation and trade materials, while the graduate of accounting is largely lacking knowledge of information technology and how professionally employed.

- There is a general agreement for sample research from academics and accounting-related professionals on the completion of most requirements of the standard (IES2). Moreover, stressing the need for the student to acquire the accounting program ethical and professional responsibilities towards the profession environment and abide by laws and legislation. In addition, to provide student with knowledge of trade and financial markets and their working mechanisms, and address the extreme weakness in the understanding of accounting systems and business systems. IT systems and departments that are suited to solve the business and accounting problems of the graduates of the accounting study.

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