An attempt to evaluate The Legitimacy of Accounting Reform Decision in Developing Countries under IFRS: An analytical perspective of the new institutional theory Case study of Algeria

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Abstract:

Despite the criticism of the legitimacy of the international financial reporting standards (IRFS), Algeria has adopted a reform strategy that takes IFRS to keep pace with economic development and efficiency requirements. However, this strategy was the matter of criticism and accountability of the key actors .Through this study, we aim to evaluate the legitimacy of accounting reform in developing countries from the perspective of the new institutional theory. To do this, we adopted a case study of Algeria by using a variety of tools such as: interview, observation and analysis of archival data. On the base of sociological approach of the new institutional theory, the study finds that the accounting reform in Algeria does not legitimate, because institutional pressure is a major factor that drives the decision of the reform on one hand, and on the other hand, the dominance of the state in making and managing accounting reform.

Keywords: International Financial Reporting Standards (IFRS); New Institutional Theory; Accounting reform; Algeria.

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1. INTRODUCTION

The International Financial Reporting Standards (IFRS) become a globalized set of accounting standards throughout the world. Many developing countries have adopted accounting strategy reform toward IFRS as a step to gaining legitimacy; because they believe that, the countries that adopt IFRS at the highest level of transparency and comparability are more legitimate and therefore have more significant opportunities to attract more investments, increase the financial surplus and achieve higher economic growth rates. However, many studies have proved otherwise, the adoption of IFRS represents one of the forms of global pressure for change in the name of legitimacy and the interests of the dominant powers and not to meet economic benefits.

Some researchers, such as (ROSSER, 1999, p. 14), have emphasized that accounting reform in developing countries is a kind of new colonial domination. The researchers (KAYA & KOCH, 2015, p. 02) have pointed out that countries with a relatively low quality of governance institutions are more likely to adopt the new set of accounting standards. Using the perspective of the new institutional theory, (VELLAM, 2012, p. 04) explains the reasons for low standards compliance in Poland with the dominance of the state authority and its influence on the standards process. (HASSAN, RANKIN, & LU, 2014, p. 15) concluded that the most important force in the decision to adopt IFRS is the coercive pressure of western forces. it also notes that the accounting system in Iraq is likely to advance further due to mimetic and normative pressures from Iraq's trading partners, multinational corporations and the accounting profession.

Algeria, like many developing countries, adopted a reform strategy toward IFRS, while relevant parties have criticized this strategy. Most of the professionals express their disappointment that they were not involved in the reform project. As a result, the relationship of the professionals with the ministry has been a long struggle ended with the closure of the department of the former National Order of Chartered Accountants, Statutory Auditors and Chartered Accountants and the restoration of the ministry's guardianship in the organization and conduct of the profession. These limits and weaknesses raise the question about the ability to achieve a consensus among the relevant parties in accounting reform, to get an adequate level of acceptance and recognition to ensure the legitimacy and success of accounting reform in Algeria.

To answer this question, this study aims to examine and clarify the legitimacy of accounting reform in Algeria, by using the qualitative research method to select the respondents in a non-random way (the Purposive Sample). We also use a variety of tools such as: interview, observation, and analysis of archival data.

Moreover, this paper has a conceptual contribution. It contributes to the understanding that achieving isomorphism in the pursuit of the legitimacy of all kinds (coercive, normative, Mimetic) represent a trend that contradicts the real concept of legitimism that bases on the motivation of acceptance and recognition.

2. Accounting reform strategies in developing countries: literature review

In a globalized environment, both developing and developed countries face an increasingly similar set of pressures that contribute to economic, political and even cultural similarities between communities. Many researchers, say that the decision to adopt IFRS in developing countries related to social pressures of isomorphic changes of the new institutional theory, believing that these countries are more likely to adopt international norms with many limitations. They also show that there is a complex mix of foreign (external) and national (internal) factors that justify the Early adoption of IFRS in these States as a way to be a legitimate participant in the global models consider (imagined) as legitimate (ZEGHAL & MHEDHBI, 2006, p. 06).

The demands of international institutions to standardize and harmonize financial reports worldwide represents one of the most important sources of external pressures. In addition, the World Bank and the International Monetary Fund (IMF) have provided financial assistance to adopt international standards during the crisis in Asian countries and encourage the use of IFRS. In particular, the World Bank grants $ 200,000 to the Bangladesh government to develop its accounting and auditing system (MIR & RAHAMAN, 2005, p. 08). In 1999, the World Bank and the International Monetary Fund launched the "Accounting and Auditing Reports on the Observance of Standards and Codes" initiative (A & AROSC), which was considered one of the objectives to promote financial stability, during the adoption and implementation of international standards.

In addition, the extent to which a country relies on foreign financial resources has been classified as a factor that reflects the nature of the IFRS adoption, which can range from acceptance to resistance, which mean meaning that some countries require IFRS, while others allow adoption of IFRS or the maintenance of national standards (ALON & DWYER, 2014, p. 05). In the same context, NOBES & ZEFF (2008) highlight the differences observed in the adoption of IFRS (NOBES & ZEFF, 2008, p. 07). They show that some countries adopt IFRS in their full form while others derive their national standards from IFRS or allow them for specific purposes. Stronger and more financially independent countries are less likely to adopt IFRS and are more potent in maintaining their authority to set their standards. Developing countries seeking to compete in the global market are more willing to adopt a reporting system that perceives as appropriate and legitimate (IRVINE, 2008, p. 05). Irvine also points out that the decision to move to IFRS is motivated by a desire to avoid costly investments in the national standard-setting process (IRVINE, 2008, p. 06).

In fact, developing countries face several factors at the national level that weaken their negotiating bargaining position in resisting convergence or taking action to confront the dangers of convergence and isomorphism. Governance and development are one of the factors responsible for facing this (NOBES C. , 1998, p. 07).The quality of governance is the basis of a country's infrastructure, which confirms the fact that individuals can participate and express their views on government policies, the transparency of the law and the credibility of public institutions.

Governance in most developing countries reflects the dominance of state power and institutions on the economic and political sphere fabric and hence its monopoly on managing accounting change. Countries with robust or developed infrastructure or governance are less likely to be under international pressure to make changes to national accounting policies and standards (GLOBERMAN & SHAPIRO, 2003). As an example of a developing country, there is a need for collaborative action and coordination among those involved in ensuring the proper follow-up and adoption of IFRS, (MIR & RAHAMAN, 2005, p. 07) demonstrate the conflict between the principal actors in accounting change in Bangladesh. There is an apparent tension between national unification bodies due to a lack of consultation with members of the Institute of Cost and Management Accountants of Bangladesh (ICMAB) and only in cooperation with the Institute of Chartered Accountants of Bangladesh (ICAB). ICMAB members considered Bangladesh's convergence strategies towards IFRS as undemocratic.

In this regard, the countries with a lower level of development are more likely to adopt international norms and standards and are attempting to obtain official recognition by the dominant forces. Also, the level of development reflects the state's need for foreign financial resources, which weakens its bargaining position and exert pressure on it. To assess the legitimacy of the IFRS adoption decision in developing country, we will first define the concept of legitimacy and who should be legitimate?

2.1 The Weberian approach of legitimacy

The theorist Max Weber defines the legitimacy in the relationship of power (domination) between at least two parties, one of them (stronger party), he is the dominant, who has the right to rule, while he has the duty to recognition and acceptance of this right by the rest (the weaker party) (WEBER, 1978, p. 06) From this perspective, The Weberian approach is based on who has specific characteristics (self-value) that presupposes his power and justify his duty of obedience. Weber sees only three sources of these characteristics (traditional, charismatic and legal legitimacy) without description or identification them.

The sociologist and economist Habermas criticizes sharply the Weberian concept of legitimacy, according to him, Weber confuses between legitimacy and submission to the power, while Max Weber shows that acceptance and recognition are based on the belief in the intrinsic value of the stronger party (WEBER, 1978, p. 06).

In addition, Max Weber does not address consensus among the weaker parties about the belief in the intrinsic value of the stronger party if they were more than one party, while Habermas (Habermas, 1973, P05) addresses the concept of legitimacy in terms of participating in the formulation of procedures and rules to reach a consensus on the motivation for building these rules. The agreed views among relevant parties must be based on arguments and justifications that provide a rational basis for acceptance by all, even against certain special interests and thus to achieve efficiency and equality in the distribution of benefits. Habermas presents the procedural legitimacy (Habermas, 1973, P05)

The strength of the Weberian approach is based on who has the motivation that presupposes the right to role while assumes recognition and acceptance by the others, whereas the Habermas concept focuses on the procedural aspect of establishing legitimacy. Between the two concepts, some thinkers such as Zimmermann and others, present a concept that separates institutional legitimacy from procedural one and they explain that organizational structures should facilitate accountability and control of the processes and behaviors involved in their activities, while the procedures should be fair Transparency and participation are achieved (Zimmermann 2008,p10). The graph (01) shows the relation between Weberian and Habermas approach of legitimacy.

2.2 The new institutional theory (NIS) approach of legitimacy

The new institutional theory (NIS) emerged in the late of 1970s with (MEYER & ROWAN, 1977) and (DIMAGGIO & POWELL, 1983). However, its origins date back to the 19th century with the emergence of the old sociology institutional theory. This one did not integrate the institution as an organizational structure but analyzing the economy as a system in constant transformation (such as individual work within group work.

Over the past 20 years, researches in accounting has begun under the new institutional theory perspective (MEZIAS, 1990) (FOGARTY, 1992) including several branches such as: accounting profession and accounting options for companies and organizations issuing accounting standards and the legitimacy of international accounting organization (DIMAGGIO & POWELL, 1983, p. 04).

The new institutional theory seeks to develop a view on the sociology of institutions, in the sense of the way they interact and the way they affect society. As institutions operate in an environment with other competing institutions, they are influenced by each other to become "homogenous" although, they evolve in different ways (DIMAGGIO & POWELL, 1983, p. 04). The theory confirms the fact that institutions adopt existing structures and procedures that are legitimate by other institutions in their field, to be accepted and recognized, so to be itself legitimate regardless the self-value (actual usefulness) of these existing structures and procedures. Legitimacy here is a fundamental concept for understanding the institutional dynamics of the new institutional theory.

The institution here is a general and relative concept according to the studied organizational field, as it can be an organization in the environment of organizations or state in the environment of countries, and maybe an entity in the corporate environment. Some critics of the new institutional theory (NIS) have been ambiguous in separating the organization as an institution and the environment as an institution. Some of the accounting theorists have failed to establish a clear distinction between the two concepts. However, some others show that the institution is an individual (party) in the institutional environment. it can be an organization, structures, and procedures that aims to develop and to sustain something essential in its economic, social and political environment in which it effectively participates
The sociological perspective seeks to explain how factors in the institutional environment affect the institution to adopt structures and procedures that are socially accepted and that such step is not necessarily based on economic efficiency. Therefore, NIS emphasizes the fact that institutions tend to adopt stand-alone models imposed on them in the institutional environment rather than seeking to achieve efficiency and efficiency standards in the context of free competition to gain the characteristics of a force that qualifies for recognition and acceptance from society.

2.3 The Criticism of the legitimacy concept of the new institutional theory (NIS)

DiMaggio and Powell say that they use the Weberian concept of legitimacy to formulate their new institutional theory (DIMAGGIO & POWELL, 1983, p. 04), which leads to a striking paradox. Both the concept of legitimacy and the new institutional theory demonstrate that the motivation for acceptance and recognition is the motive for seeking legitimacy, but the difference between the two concepts is relied on the source of acceptance and recognition, on who has the motive to seek the legitimacy. The figure (02) shows the difference between the two perspectives in dealing with the concept of legitimacy.

The above figure shows that the two approaches look for the legitimacy, but the difference in who wants to be recognized and accepted (the stranger or the weaker party)? The sociological perspective of the new institutional theory confirms that the weaker party seeks to be accepted and recognized from the stranger one not because he has a self-value but because the stranger party exerts pressure on him. While Weberian explain that the stranger party who should seek the recognition and acceptance, he has a self-value that enables him to be recognized and accepted. The NIS theory leads us to think that legitimacy from the sociological perspective is submission to hegemony or, as expressed by Habermas when he comments on of the Weberian concept of legitimacy, Submission to power in the name of legitimacy regardless of the intrinsic value of the dominant. Recent studies, such as (DOBREV & GOTSOPOULOS, 2010), describe the sociological perspective of the legitimacy as the "*legitimacy vacuum*" and tried to explain how the pursuit of such legitimacy reduces the chances of survival.

In addition, Brunsson and Meyer show that the legitimacy is counter to efficiency, where efficiency is linked to the technical environment, which refers to all standards of efficiency and effectiveness, the legitimacy is related to the external institutional environment that connects to all admission and recognition criteria. The researchers add that these two sets of current standards in the institutional environment often overlap while developing separately in the same institution, often pushing institutions to try to improve external legitimacy, while they try to justify their actions by improving efficiency, that leads to a kind of double language and many contradictions and decisions that may look strange and dubious.

3. The legitimacy model of accounting reform in Algeria

3.1 Data collection

In the present study, we use the qualitative research method to select the respondents in a non-random way, the "Purposive Sample"). The goal of using qualitative research is to deliberately identify interviews, identify people who can help us to understand the meaning of the interview and the problem of the study. This sample is not representative of all views but is a solid basis for scientific analysis and a rich source of information.

3. 1. 1. Interviews

We conducted 130 interviews in a more focused manner and with a broader group of respondents, divided into four groups, as shown in the table (01).

Through the interview tool, we aim to obtain an opportunity to deal directly and observe the personal expressions of the interviewees, which are:

- *The Policymakers*: which represent the membres from National Accounting Council (CNC), The National Order of Chartered Accountants, National Chamber of Auditors (CNCC), National Organization of Chartered Accountants. The sample members were selected from this category by their direct and indirect participation in the decision-making process.
- *The Accountants and Professionals*: We interviewed a variety of these group, who were deliberately chosen as active peoples in the representation and organization of the profession.
- *The Users of Financial Statements*: this category represented individuals such as professionals from tax authorities, bank managers, commercial registrars and economic institutions.
- *The Academics and researchers*: This category consisted university professors specializing in accounting, as well as some postgraduate students in the same specialization.

3. 1. 2. Documentary Analysis

This tool includes several documents to enable us to understand the problem of the study in general. The most important are as follows:

- Presentation of the draft law containing the financial accounting system SCF before presented the National People's Assembly by the Minister of Finance, the Official Journal of the deliberations of the National People's Assembly, dated 12 September 2007;
- The interventions of the deputies during the public session held on Monday, September 03, 2007, the sixth legislative session of the first regular session on the discussion of the draft law containing the financial accounting system SCF;
- Legal texts and rules in general, and regulations on finance and accounting in particular;
- Numerous studies and research related to accounting reform in both developing and developed countries;
- Reports issued by national and international professional bodies such as the International Financial Reporting Standards (IFRS) and related parties.

3. 1. 3. Observation

The observation tool is essential in the field study as a necessary and primary source, which enables us to identify facts and behaviors at the time they occur, as well as being a source and a primary means of acquiring knowledge automatically. Through our interviews and field visits, we were able to record, overall, a set of observations that helped us in guiding research methodology and extrapolating reality.

4. RESULTS AND DISCUSSION

4.1. Limits and weaknesses of Algerian economic and political environment

- **Structure and governance**

Governance is one of the new factors that monitors the impact of political variables on rational decision-making based on development and economic efficiency, highlighting some governance indicators that provide insight into many strengths or weaknesses of a country that stand, as well as the weakness of its position in the context of its international relations.

To assess the fragility of Algeria's governance system as one of the shortcomings limits that have been used to put pressure on it from stronger parties, we have selected some governance variables based primarily on previous studies that addressed accounting reform issues.

Governance quality indicators as obtained from a World Bank publication list six dimensions of governance: voice and accountability, political stability, governance effectiveness, organizational quality, the rule of law and control of corruption. Governance indicators, according to the same source, range between 2.5 and 2.5, where the higher the value, the worse the quality of governance and the less it is judged poor.

Algeria suffers from the weak position in the context of international relations, its professional institutions in general and its accounting in particular are in a permanent struggle with the government over power. The governance indicators indicate the fragility of the regime and the continued deterioration of the political situation over the years. The political system suffers from a severe weakness in political stability, the index of the latter reaches a maximum (-1.78) in 2003, the highest index over time compared to other indicators. Hassab (2003) points out that political stability in a country is critical to the development of accountability. An enabling environment and political freedom mean that there is cooperation between state institutions and professional bodies to positively influence the development and reform of accounting. The Voice and Accountability Index mean the ability of citizens to participate in the selection, monitoring and accountability of their governments emphasizes the undemocratic nature of the rapprochement strategy resulting from the hegemony of the state authority and its institutions that created and strengthened the conflict between the various actors in the management of change in Algeria; On the other hand, there are relatively high levels of government corruption, which reduces the chances of political will to manage any change. Countries with weak governance structures are more susceptible to international pressures for changes in national accounting policy (ALON & DWYER, 2014, p. 10) adds that the level of economic and civil freedom is a critical factor in the development of accounting practices and systems. He noted that countries with low levels of freedoms and the inability of citizens to choose their representatives democratically, they cannot establish an accounting system based on the principle of "full and fair disclosure" or the establishment of a strong and influential accounting profession.

- **The specificity of the economic climate**

The ability of a country to raise the economic and social well-being of its population is mostly a reflection of the effectiveness and efficiency of the use of available financial resources in light of the internal and external factors affecting its development. A study conducted by (LASMIN, 2011, p. 05) confirmed that countries with weak economic growth are more likely to adopt IFRS. Their weak financial position and weak institutions with few alternatives to strengthen their economies make them more involved in global markets and more vulnerable to external pressures. In this regard, the new institutional theory suggests that countries with less economic development have a weak negotiating role and are more susceptible to the influences of external factors and forces. Many developing countries rely on foreign financial aid to alleviate their budget deficit. Some of this aid is in the form of foreign private investment, known as the foreign direct investment (FDI). Others are in the form of grants or loans and often accompanied by conditions. The use of such assistance has become an integral part of economic development and reform plans in most developing countries.

The improvement and deterioration of the indicators of the Algerian economy links to the oil revenue until it became known as the "rent economy." Oil considers the main engine of this economy. This has made it hostage to the movement of price fluctuations of oil, which already links to external factors. The Algerian oil industry accounts for more than 30% of GDP, 95% of exports and 60% of government revenues. Algeria's crude oil reserves are about $ 96 billion, or about 10% of the world's reserves, as the Algerian economy relies heavily on the oil sector and is subject to price fluctuations.

The previous data indicated that the economic and political climate in Algeria is fragile, leading to accounting reform that responds to foreign interests rather than economic benefits, and confirms the fact that individuals cannot express their views on the political system and authority and make decisions based on development and economic efficiency. And the reliance on Algeria's rent economy to weaken its negotiating role and make it more vulnerable to external influences and factors.

- **The International Monetary Fund and its policies to impose economic reform in Algeria**

Faced with the worsening external indebtedness, deteriorating economic conditions in Algeria and the resulting oil crisis since 1986, Algeria has resorted to the International Monetary Fund for loans to meet its external deficit. Under Article IV of its Statute, IFAD agreed with the Algerian Government to pursue and support its economic reform program in exchange for funding under certain conditions, as part of its efforts to promoting transparency, control, and crisis prevention. Despite the seriousness of this step because of the increasing foreign intervention in the formulation and supervision of development programs, Algeria has not had the option to do so under the pressure of a number of factors that limited its ability to negotiate and made it a rare form of vitality that could have been the basis for the start-up effort In the way of development. UNFPA has emphasized its position on economic reform policies and the rapid implementation of reform programs.

The agreement resulted in several aspects, notably the reform of the public sector and privatization, the issues of increasing transparency and promoting the safety of governance and governance, as well as integration into the global economy by developing financial markets and guaranteeing free trade and multilateral trade. This reflect in practical results with the support of the Fund in various forms of discussions and advice, technical assistance, training, as well as lending.

Thus, the role of the Fund has been increasing in the direction of the national economy since the end of the 1980s. This role has increased with the entry of Algeria into a second oil crisis in 1998 and the consequent increasing deficit in Algeria's current balances. The latter has again forced to resort to external loans, In May 1999, the International Monetary Fund (IMF) and the International Monetary Fund (IMF) agreed to grant Algeria a credit of US $ 300 million under emergency compensatory finance to help offset the temporary shortfall in exports of goods and services. Effect and compression International Monetary Fund.

4.2. Motives of accounting reform in Algeria and the process of changes

Some of the respondents said that the reform decision in Algeria came to create a recognized and internationally accepted system. They see that motives such as: to be recognized (legitimate) as a full member of the international community, bringing accounting practices in Algeria closer to international references; attracting foreign investors; reducing costs of preparing new accounting standards; seeking a competitive and open market economy, are reasons behind making the adoption decision in Algeria regardless of local obstacles. Despite others: four (04) policymakers and two (02) professionals and three (03) academics conclude that foreign investors do not need effective accounting systems to improve transparency in their reports, but opportunities for investment, cheap labor, and tax divisions are a prerequisite for attracting foreign investment to Algeria.

In addition, for the motive of seeking a competitive and open market economy, some respondents have confirmed that the desired economic benefits from the adoption of IFRS are not achievable at least in the short term. The domestic capital market is still almost non-existent, weak economic institutions, the absence of a reference to the determination of prices and values, the cost of translation, training, changes in software systems, and the need for consulting services. All these make some rules and standards pending and cannot be applied.

The President of the National Chamber of Statutory Auditors (CNCC), said that the adoption of IFRS was to enable and provide comparable and reliable information to national and international decision-makers. It is a good step to make Investors in global markets seriously consider investing in Algeria. However, this opinion does not mean that Algeria has a good position to deal with a reform strategy. The fragility of the economic and political situation in Algeria precipitated external pressure, primarily by the World Bank and the International Monetary Fund. In 2001, Algeria received a grant from the World Bank to facilitate adoption within the next two years.

The World Bank supported the need for reform on a large scale because Algeria's accounting and auditing rules are weak. The Algerian government has advised improvement in this area to be a priority. The Fund's control over aid funds has given it enormous influence to pressure governments, especially in times of economic crisis. There is consensus among respondents that the main driving force behind the reform project is donor and lending institutions. Institutional arrangements for Algeria's decision-making reform included the International Monetary Fund (IMF) and the Ministry of Finance. The process began with an IMF request, to improve accounting standards as part of transparency requirements and to take steps to increase its oversight capacity and integrate into the international economy. IFM did not mention the need to adopt IFRS, or other standards directly, but its report about Algeria, the Report on the Observance of Standards and Codes (ROSCs) pointed out the need to comply with internationally accepted standards for bringing companies to the stock market. The same report said that despite the great efforts made since 1993 to develop the capital market there is very vague financial information, so the report stipulates the need to improve accounting standards in the presentation and analysis of financial and accounting positions, both the public and private sectors. In addition, Algeria received financial assistance from the Fund to expedite the process of accounting reform as part of its aid packages. Before the preparation of the SCF project, the Ministry of Finance held intensive consultations on how to deal with the recommended international standards, which should be fully adopted and then face the problem of being unwilling to apply and understand them, or partially adopt them while maintaining the Code of the past National Accounting Plan (PCN). These discussions ended with the second option for a good reason, namely, the phasing out of the old system in the minds of professionals and stakeholders over the past 35 years in implementation. The President of the (CNCC), confirmed that Algeria adopted the application of the standards in part through the preparation of the accounting system Financial and SCF with keeping the code of accounts that have undergone some amendments only, adding that this to take into account the specificity of the Algerian economy.

The accountability reform initiative was launched by the State, represented by the National Accounting Council (CNC), under the authority of the Minister responsible for Finance, which was established by Legislative Decree No. 96-318 of September 25, 1996. The CNC assigned the task of preparing the reform project to a specialized committee of French experts to make the draft accounting system.

4.3. The role and impact of relevant parties

Despite there were two professional bodies in the country (National Accounting Council and the former National Order of Chartered Accountants, Statutory Auditors and Chartered). The Ministry has made its decisions through the (CNC) to prepare the project as the only authority empowered to accounting without consulting the rest of the relevant parties concerned with change and reform.

- **The role and impact of the professionals**

Most of the professionals interviewed expressed their disappointment that they were not involved in the reform project and the SCF, which should be more transparent and that the responsibility for its development should be through the delegation of a joint national committee representing all relevant parties. Although some professionals are involved in the reform process, this category does not represent professionals, the CNC had identified a particular group of professionals and used them against the professionals themselves. Some others professionals interviewed have argued that the process is flawed because of its undemocratic nature of reform strategy.

As a result, the relationship of the professionals with the CNC has been a long struggle ended with the closure of the department of the former national order of chartered accountants, auditors and chartered accountants and the restoration of the ministry's guardianship in the organization and conduct of the profession. Thus, instead of initiating the process of reform and focusing their efforts on managing change, the profession has become a hindrance to keeping up with and supporting reform. It must be restructured following the new situation, which created a contradiction between the reform of the accounting system and the financial information. Including transparency, on the one hand, and the reform of the profession, which made it a minimum margin of freedom through the establishment of three independent professional organizations with an expansion of the State's supervisory role.

- **The role and impact of economic entities**

The entities are, the first concerned with SCF applications, they did not have any representation or intervention to defend their financial information needs and what should be included in the recognition and measurement requirements. At the level of entities, the CNC worked on how to ensure the smooth transition of the SCF system and made them accept the idea of work with it.

- **The role and impact of researchers and academics**

The role and influence of researchers and academics in the accounting reform strategy were almost nonexistent. The university and its researchers were not involved in any of the steps of managing the change, and their views were not considered as a locomotive for the process of transition and the basic rule of interest for researchers. Directly from the ministry concerned. The correspondence sent by the Ministry to higher education institutions on 17 November 2009 stated that new teaching programs should be observed following the SCF without mentioning the content of these programs.

5. CONCLUSION

Our paper concluded that accounting reform in Algeria was not the result of rational choices by the ruling authority for efficiency and economic development, but it is a kind of new colonial domination and pressure. The dominance of powers such as international financial investors, the International Monetary Fund and the World Bank, which exploited the weak negotiating position of developing countries due to periodic economic crises and the need to attract aid External mechanism. Algeria has a weak bargaining position in the global economy; it has no choice; it adopts accounting policies that serve the interests of the dominant parties at the expense of national economic development and benefits. Moreover, it is also obliged to provide a legal, political and financial environment conducive to the reproduction of capital, and concessions to capital forces which will ensure the continued health of the capitalist economy. This, in turn, means that structural changes in global and local economies are often translated into policy change because they reinforce the position of dominant groups face to face with other groups.

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4. RESULTS AND DISCUSSION

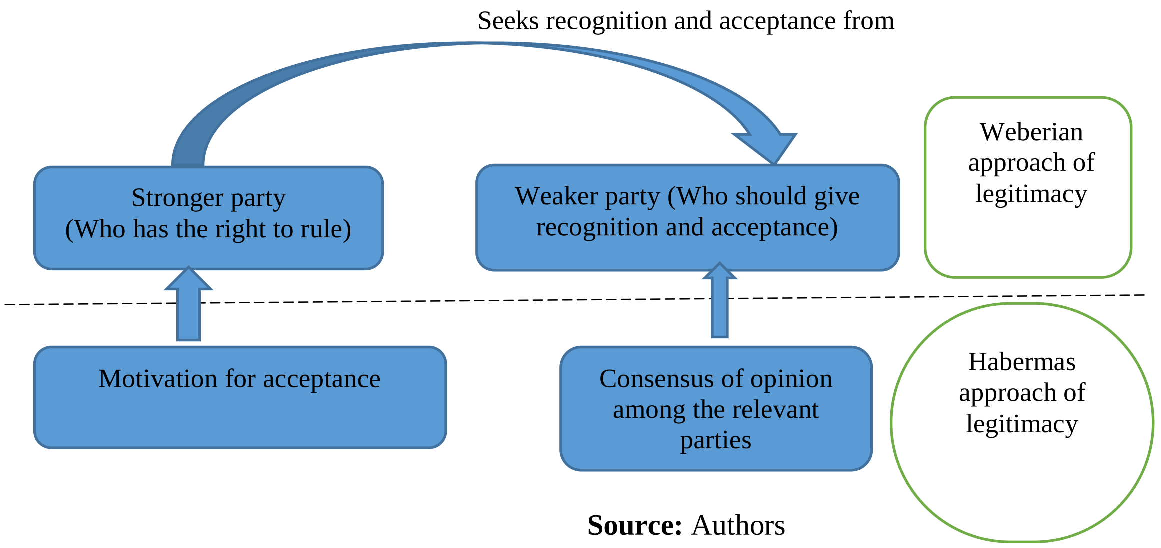
Enter your results in this section; summarize the collected data and the analysis performed on those data relevant to the discourse that is to follow. After presenting the results, you are in a position to evaluate and interpret their implications, especially with respect to your original hypotheses.

Table 1: Distribution of respondents

Group of respondents	Number	%
policymakers	10	7,69
professionals	67	51,54
Users of Financial Statements	24	18,46
Academics and Researchers	29	22,31
Total	**130**	**100**

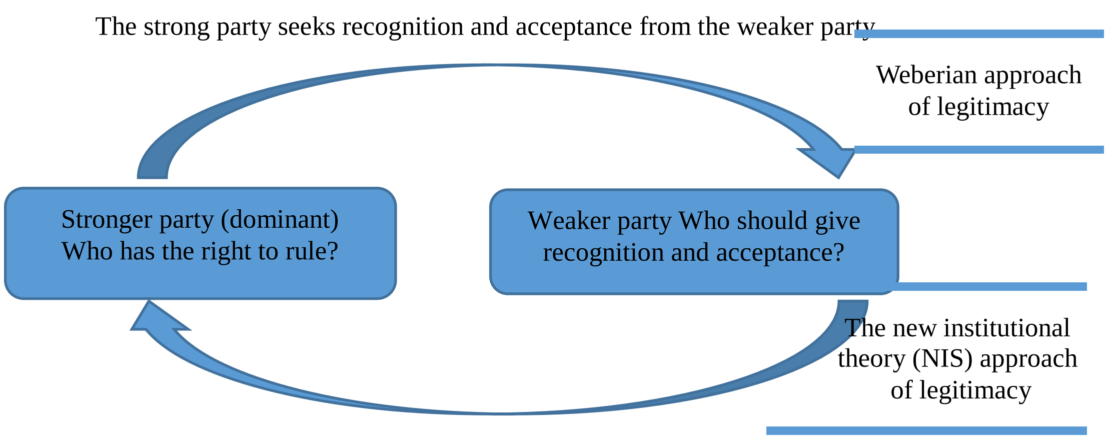
Source: Authors

Fig.1. The relation between Weberian and Habermas approach of legitimacy



Source: Authors

Fig.2. The difference between Weberian and NIS approach of legitimacy



Source: Authors