

The Role of Political Stability in the Development of Accounting

Mezban Mohammed Farhan¹, Muthana Rokan Jasim² , Ahmed Jasim Hameed³

¹, Tikrit university, Iraq, email: Mezban.m@tu.edu.iq

², Tikrit university, Iraq, email: Muthana.R.52@tu.edu.iq

³, Tikrit university, Iraq, email: ahjaa@tu.edu.iq

<p>Article history Submitted: 24 March, 2023 Revised: 01 April, 2023 Accepted: 04 April, 2023</p>	<p>Abstract Political stability is an important element in the development of accounting. Not only political stability is reflected in accounting, but also it is reflected in all aspects of life. So, if we look at the advanced countries, we see that political stability played a positive role in its development in general and in accounting in particular. An example of these countries are United States, in which accounting has developed quickly and succeeded based on political stability and economic growth, and the European Union countries, which worked to establish a strong economic bloc and the accounting developed by adopting the IAS & IFRS standards. If we reviewed the Asian environment, we would find the best evidence, which is Japan. Japan was defeated in World War II, but it has turned into a sophisticated industrial country, one of the reason of developing is political stability that reflected positively in accounting in Japan. Likewise, the Arab countries with political stability have developed significantly at all levels, including the Saudi Arabia, accounting positively developed by adopting International Accounting Standards and International Financial Reporting Standards.</p>
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1. Introduction

The development of accounting is a dependent variable, and political stability is an independent variable. It is noticeable that the unstable politically countries cannot develop the economy and accounting. This is because corruption is spreading. If we want to develop the economy, we firstly need to build a political stable country, secondly to work on economy developing, and thirdly, development of accounting, on the contrary, we find the political stable countries have a good economy and accounting [1]. This research measures the effects of political stability, especially the development of accounting in politically stable countries, and the research sample as following (United States, Japan, European Union, Saudi Arabia) included the sample from different countries to achieve the desired goal of the study, the researchers used the descriptive analytical approach to proof of the study hypothesis. The research problem can be formulated with the following: Is there a role for political stability in developing accounting?. The study aims to explain the role of political stability of countries into development of economic and accounting. According to the researchers, this is the first study that links the variables of the study, political stability and the development of accounting, and the importance of the study lies in this, the research was organized as follows: The second section provides the concept of political stability; The third section provides the relationship of political stability with accounting, the fourth section, the development of accounting in the sample of the politically stable countries, the fifth section is the conclusions.

2. Political stability

The system of government differs from one country to another, full dictatorship and full democracy between countries can be found, depending on the type of government [2]. The concept of political stability is the stability of the government (the remaining throughout the election period) and the stability of the political system (where the government is changed from the legal side according to the constitution), and the internal and external legal stability [3]. Many studies mention that a political stability is the absence of political violation, and cases that indicate to political violation, which can be classified into several categories: [4]–[6]: the first category includes all events that threaten the country at the political and economic levels such as coups, revolutions and government crises, the second category includes events that reflect the discomfort of the citizen and his inability to the political system represented in many forms such as general strikes, riots and anti -government demonstrations, While the third category includes mutual violation events between the disputed parties, such as the reaction of the demonstrators against government policies such as guilt and assassinations. In addition to other changes such as racial discrimination, economic discrimination against ethnic minorities, civil wars and wars.

The main condition for achieving a stable economic growth for any country is the existence of a strong and stable political structure, the presidential government system is a presidential system that constitutes the basis of political stability. The strong political power that knows what it does and reassures its environment will remove many doubts in the future, however and with the support of this policy strong, the economy will guarantee stable growth, the unstable structure in politics is undoubtedly the most important factor that affects economic stability [7]. [8], [9] mention that the quality of the government index around the world by dividing government quality variables into five categories, and they find that the rich countries have better governments than poor governments, countries with religious and linguistic homogeneity have better governments than heterogeneous governments, public law countries enjoy better governments than the countries of French civil law or the countries of law the socialist, as the quality of governments is closely related to its intervention in the private sectors, yet they did not mention whether the political stability of governments is going along with its intervention in the private sectors. [10] is looking for the reason for the different investment rates across countries, and he found in his study a link from political instability with the quality of an owner equity. [9], [11], [12] investigates the impact of political stability on investments in the less advanced countries by looking at procedures such as the number of assassinations, coups and riots, found a short -term, positive causal relationship from instability to investment, especially in low -income countries. Other researchers concluded that political instability has a negative impact on investment. The results of the investigation conducted about how the twelve political risks components of the ICRG database affect the investment activity of multinational companies with these results. Some scientists have focused on the effects of organizational uncertainty on investments, by investigating investment behavior in the election years compared to years other than elections. [1] provide evidence that political uncertainty leads companies to reduce investments until the uncertainty is resolved. [13] found a negative relationship between capital investment and the total level of uncertainty associated with future policies and organizational results. [14] believes that the unstable political situation discourages private investments that affect the economy negatively, while corruption is defined as "an exchange between two parties that has an impact on the allocation of resources either immediately or in the future, and it involves using or Using public or collective responsibility to achieve special goals. [9] point that definition is wide enough to include both political corruption, where one of the parties is an employee uses his position to achieve special gains, in addition to economic corruption, as one of the parties uses the economic power derived from his company to achieve special gains. By definition, corruption requires illegal practices, and it is often related to illegal cash payments, poor customize of assets, and other inappropriate economic transactions [11]. Corruption has been described as a serious global problem that affects countries all over the world. Moreover, corruption reduces foreign direct investment and economic growth, and reduces investment in education and health. It also increases corruption and distorts public investment and reduces public expenditures to operate and maintain investments and reduces corruption from the revenues generated by taxes, which contributes to the inability of some governments to work properly [15]. Corruption leads to the erosion of confidence in the political system and reduce personal confidence in society [16] sees it is clear that corruption represents a serious problem for international business, and that understanding the shareholders (and possible solutions) of corruption is necessary. Theoretical scientists have suggested three central elements of corruption, and sees the three elements as follows:

1. Someone must have a discretionary power.
2. There should be an economic connection with the authority.
3. The legal/ judicial system must provide a low probability enough to detect and/ or the punishment for the violation.

From the above, the researchers believe that political stability has a fundamental role in economic growth, and this is reflected in the development of accounting. The more political stability, the economy grows and needs to develop accounting methods, and on the contrary, the more political instability, the economy is going through a shrinkage, and this is reflected in development of accounting.

3. The relationship of political stability and Accounting

There are a lot of literature on both corruption and accounting, but there is no study between political stability and the development of accounting. This research studies the relationship between political stability and accounting. [17] believe that the increase in the level of control of corruption and political stability may reduce the number of fraud cases. A positive relationship between political contributions and future performance of American companies. The normal conditions in which politicians may use accounting information in a political way recently is the focus of researchers' attention [18]. Accounting numbers from government institutions can be managed and used by politicians as a justification for a set of options, usually during national election campaigns, mainly in critical situations to legitimize their decisions. However, the financial reports of companies, which are entities, are tangible listed, which were mainly considered within the field of financial market research, while advertising did not play an important role, the interest in the financial reports of companies and their use by politicians remains different in research [19]. Politicians and organizers in the democratic state are expected to serve the interests of its citizens, and therefore no prior change should be made in any rule without taking this goal in mind, which undoubtedly must apply the same to the rules public that represent the basis of the process of setting accounting standards [20]. It is important to note that the concept of public interest is open to interpretations. It is subject to an ideological perspective, and it differs between the stakeholders and judicial authorities and differs over time according to the circumstances [21].

All of these aspects are of special importance in an international context, with the development of international accounting standards whose standards are applied in different countries and in a period of time some dramatic changes occurred in the economy, including a severe financial crisis that affected all countries, But with differences in intensity and some national characteristics, it should be noted that although the governments of the individual countries in the European Union lost their sovereignty in relation to the rules of accounting for the unified accounts of public companies, national institutions oversee their implementation, so the correct application of international standards is controlled To prepare financial reports at the Qatari level [22], Governments and politicians constitute a certain type of stakeholder who may not only be interested in accounting numbers, but also have greater power than others to influence them, providing the context of international standards for preparing financial reports and circumstances surrounding them in different countries in an interesting research field, where the interaction between achieving the public interest, with its various interpretations of the owners of different interest, and the use of accounting to obtain political goals to a conflicting scenario, however, rarely analyzed these types of studies from a multidisciplinary and experimental perspective [2].

There was a time when accounting was not related to politics, however it is well acceptable at the present time that the rules of accounting had economic consequences. Traditional accounting research was based on the Agency theory and the concept of self-interest to explain the preferences and incentives of various stakeholders for their actions, including politicians [23]. There is a point of view that politicians often expect short-term economic effects while excluding long-term consequences, governments are often criticized for taking short-term measures by improving the current performance to refer to a high capacity, although their short-term biases may lead to manipulate the numbers. Due to the importance of the financial sector in relation to the global economy, research based on the agency's theory has focused on this sector to provide arguments that explain how politicians have specific incentives to interfere in the financial reports of banks in financial entities in an opportunistic manner. Politicians can exercise this intervention by interfering in the process of setting accounting standards, as well as affecting corporate accounting practices, when it is not politicians who set the standards, they can interfere in the process of setting accounting standards through several mechanisms. The consultation period is provided in the so-called "obligatory legal procedures" the opportunity to influence standards of standards and was the focus of researchers' attention [24].

Nevertheless, there are other lower public pressure procedures and invisible to the outside world and are not subject to any scrutiny, yet it argues, the most successful does not leave any evidence, the pressure of politicians' dates on the authors of the standards the increasing importance of accounting in the various sectors of the economy. In particular, the emergence of political intervention in financial tools accounting was noticeable and became clearer when the financial crisis erupted, in the European Union the advantages and defects of political intervention in the standards of accounting [25]. In addition to interfering in the process of setting standards, politicians may also interfere directly in accounting practices either by having a stake in a company or by controlling the procedures With less profit quality [26]. Control of the perpetrators is another mechanism used to influence the way in which the standards are implemented at the local level, the anecdotal evidence of the United States of America was described. Based on archival data, there is also evidence in the European Union that governments interfered with accounting practices of financial entities by controlling national enforcement agencies. There is also experimental evidence on the most lenient situation for accounting perpetrators and auditors towards income reduction practices, in general. In particular, to avoid litigation risks. In addition, the political ties of the entities also affect the enforcement situations, as these entities are documented less in enforcement procedures [27], [28].

From the foregoing, the researchers believe that political has positive and negative effects on accounting, so politicians seek to gain their interests in interfering by Intervention in accounting, and this is considered a negative effect, and this method is spread in the unstable countries politically. As for the aspect that benefits and develops accounting, it is political stability and the economic growth that follows and the development of accounting methods, and that the economic growth whenever it increases needs to be developed more in the accounting methods, and the researchers will study some politically stable countries to prove the role of political stability on the development of accounting in those countries.

4. The Development of Accounting in Selected Politically Stable Countries

4.1 United States of America

The United States is one of the most prominent countries that worked to develop accounting due to its need for this development. The development chain was as follows:

In 1927, Price water house Coopers became an accounting advisor in the New York Stock Exchange, represented by George, and in 1931 the AIA committee for accounting terms collected 126 pages for definitions and accounting terminology. What was published as a preliminary report by the institute, and in 1933 the New York Stock Exchange announced that from now on, independent audits will require for companies that want to be include. In 1934 the issuance of the Securities Law, which requires periodic reports by companies whose securities are registered in the national stock exchanges (It was modified in 1964 to include companies operating outside the stock exchange that have assets of more than one million dollars and 500 or more shareholders) The Securities and Exchange Committee Law also enacted (SEC), and in 1936 the American Accounting Association (AAA) was established. In 1937 SEC, the President of the Accountants issued the first version of the Accounting Series (ASR). In 1938 AIA publishes a statement of accounting principles,

written by Thomas E. Sanders, Henry Rand Philsel, and Sunder Support, as well as the AIA Council approved the expansion of the Accounting Procedures Committee (CAP) to 21 members [29], [30].

In 1939, based on the CAP proposal, AIA and CAP declares to issue statement on accounting, And the establishment of a research section, in 1939, CAP released the first four accounting research bulletins (ARBS), and in 1940 AAA published an introduction to corporate accounting standards by W.A. Paton and A.C Littleton explains Monograph in detail AAA's "temporary statement", as well. Seven other reports were issued to the committee later in in 1941 CAP No. 11 of ARB, in which he recommended that profits of shares should be recorded at fair value. In 1943, NYSE publicly supported the CAP position. In 1944-1945 CAP issued the 23 and 24 of the ARB numbers regarding the allocation of income tax and goodwill, followed by ASR 53 and 50 where the Securities and Exchange Committee deals with parts of the two publications. In 1947, CAP issued ARB version No. 32 in which the concept of "current operating performance" of the income statement. In 1947-1948, CAP hurriedly issued No. 33 ARB, which recommends not to use a decrease the price level. It is opposed by many large companies and some leaders of the accounting profession. In 1952 CAP, ARB no.11 (revised) on shares profits, and publicly supported in 1953 by NYSE. In 1953 CAP, No. 43 ARB is issued, which is the reformulation and review of 34 ARB on Accounting, and the Terminology Committee issues the ATB Thermology Bulletin No. It is a review and appeal of the eight terms of ARB 1 [31], [32].

Other three ATB were released, and in 1957-1958. In 1959, the Council accepts the comprehensive recommendations of the Special Committee concerned with the research program and replace the Research Department with the Department of Accounting Research. The CAP and the Termination Committee replaced by the Accounting Principles Board (APB), In 1961-1962 AICPA publishes accounting research studies 1 and 3, on assumptions and principles, which APB rejected as "very radically different. In 1963-1964 APB issue's opinion No. 3, which recommends that cash data be provided as "supplementary information in financial reports". In 1966 a committee of AAA issued a study entitled a statement of the basic accounting theory, and in 1966-1967 APB issues opinion No. 8 (pensions), No 9 (extraordinary items and profits of each share), In 1970 after five years of study and many drafts, APB issued statement No. 4, "The basic concepts and the principles of accounting on which the financial statements are based on business companies, It is the first declaration of the Board of Directors on the basic principles, and in 1971 in response to criticism inside and outside the accounting profession [33], [34].

In 1972, John C Berton, Professor of Accounting at the University of Colombia, appointed SEC, who will consist of representatives of AICPA, FEI, NAA, FAF, AAA, and the council budget suggests between \$ 2-3 million, The establishment of a consulting council for financial accounting standards, consisting of "familiar persons and participants in the problems of communicating financial information. Many Big Eight companies are making donations of \$ 1 million to the institution, APB continues its activities during 1972, but it will be replaced in early 1973. American Institute of Certified Public Accountants (AICPA) issued a report calling for the termination of the Principles of Accounting Principles (APB) and the establishment of a fully independent financial accounting standards board (Seidler 1972), The Financial Accounting Standards Council sets the generally accepted accounting principles in the United States, the hierarchical sequence consists of five levels of the principles of acceptable accounting in general, Class A, which is the highest category, consists of financial accounting standards data (SFAS), Interpretations of the Financial Accounting Standards Council (FIN), opinions of accounting principles, and accounting research bulletins (ARB), SFAS and FIS are released by FASB. On April 28, 1981, the Securities and Exchange Commission (SEC) ordered the connection of the ITS and the implementation system with the assistance of computer (CAES) of the National Association of Securities Traders (NASD) automatically, RIEgle-NEAL Law on Banking and Branch Efficiency Act of 1994 (Dick 2006). law updating the 2000 commodity futures contracts between the CFTC and the Securities and Exchange Committee (SEC) explain many financial tools. In 2000, law updating the commodity futures contracts between the CFTC and the (SEC) explain many Financial Instruments [35], [36].

Also passed on public companies accounting and investor protection law for the year 2002, which is referred to more commonly called Sarbanes-Oxley (SOX), on July 25, 2002, after many "prominent companies [in] financial scandals and bankruptcy cases: Enron and WorldCom participated Xerox and Sunbeam. SOX was a direct response to these scandals, sox contain three main ingredients, First, in an attempt to provide the market participants with access to identical information and equal opportunities. Second, in an attempt to establish accountability and monitoring within companies, Sox asks the CEO and CFO for all companies to sign the budgets they provide to the Securities and Exchange, in addition, SOX requires that the companies circulated publicly have an independent board of directors, third, Sox assigned "more monitoring by accountants, as well as monitoring by independent managers, SOX established the (PCAOB) "to recruit auditors to enforce current laws against fraud by companies officials" PCAOB, in charge of "registration, standards, inspection, investigation, and punishing audit companies for public companies, The New York Agreement with the International Accounting Standards Board (IASB) on September 18, 2002 (FASB on the web) was issued, the stated goal of the Financial Accounting Standards Board was to align the Generally Accepted Accounting Principles in the United States with international standards [32], [34], [36].

From the foregoing, the researchers conclude that the United States (it is a political stable state) has evolved in accounting significantly, because it is politically stable and its economy has witnessed a great growth and development that increased the need to develop accounting, and that the historical path for the development of accounting is observed positively and the development of accounting is still ongoing. As well as the treatments for the problems facing the United States, such

as the great recession, and the financial crisis that it witnessed at the end of the twentieth century, were positive treatments, and in particular related to accounting, from that, the researchers prove their hypothesis that political stability has a positive role in the development of accounting.

4.2 Japan

After the Second World War, the legal system was called a trio of codes consisting of CC Commercial Law, Securities and Exchange Law (SEL), CITL Company Income Tax Law (CITL), Which formed a "somewhat detailed law on the basis of disclosure according to the principles of Japanese accounting that is generally accepted. In this triple system, accounting profit calculated under SEL, the profits available for-profit distributions calculated under CC, and the income subject to tax calculated under CITL are almost equal in Japan, Unlike the United States and the United Kingdom, where these accounting numbers differ. Under the triple system, Japanese accounting principles, including basic principles, accounting standards, interpretation, and implementation instructions (issued by the Japanese Institute for certificated Public Accountants, JICPA) are compatible with the three laws (CC, SEL, CITL) It cannot be overcome (Benston et al., 2006) Although the Partnership Standards Authority of the Public Sector was the main pillar of this system, the authority was not active in issuing standards, directives and interpretations, yet "he spent a lot of time reconciling the various accounting requirements of the rules. The unified accounting system in Japan was based on the opinion on the establishment of a unified financial data system, issued by BADC in June 1975, and the decree of terms, models and methods of preparing consolidated financial statements "The Ministry of Financial Decree No. 28 of 1976" [37], [38].

In 1996, Japanese governments launched the so -called "Grand Financial Bang" to liberalize the financial sector. After the bubble economy in 1991, In addition to the financial reform, the accounting reform ("The Big Bang of Accounting") to improve the quality of Japanese accounting standards was urgent. Financial Accounting Standards Foundation (FASF), the Constituent Commission for ASBJ, was established in July 2001, instantly laid ASBJ and Japanese accounting standards were carefully reviewed, these reviews dealt with accounting standards for consolidated financial statements, retirement advantages, accounting impact, financial instruments, low asset value, and business combinations [39], [40].

The "Grand Explion for Accounting" also facilitated the changes in the legal system: one of which was the legal change from CC to the company CA in 2006, and the other was the transfer from SEL to the Financial and Stock Exchange Law (FIEA), In 2006, the other was the transition from SEL to the Financial Instruments and Stock Exchange Law (FIEA), also in 2006, unlike the provisions mentioned in CC, CA delegates the accounting regulations of the listed public companies listed and not listed to FIEA. Under these circumstances, Article 193 of the FIEA Law (Conditions, Models, and Methods of Preparing Financial Data is determined). The legal basis for accounting standards, the Financial Services Agency (FSA) originally owns the authority to set accounting standards in Japan, and this authority has been delegated to BADC (the public sector) under the Cabinet order to regulate the Financial Services Authority, not to ASBJ (private sector). In addition to concerns or criticisms about the weak legal status of its accounting standards, ASBJ was facing pressure to accelerate the rapprochement with international standards to prepare financial reports, initially ASBJ took "cautious rapprochement approach"[41], [42].

However, the "Tokyo Agreement" with IASB and ASBJ in the United States, 2007 has changed a lot, and the situation has shifted significantly when the Business Accounting Council agreed. It allowed the individual Japanese companies to start using international standards to prepare voluntary financial reports in their consolidated financial statements from the fiscal year ending March 31, 2010. On June 20, 2013, BAC issued a report on the use of international standards for the preparation of financial reports in Japan. The current policy confirms Japan's commitment with the aim of one set of high -quality international accounting standards, in light of the current situation, the voluntary application of international standards to prepare financial reports by Japanese companies for their consolidated financial statement is accepted, and international standards for the preparation of financial reports that Japanese companies use must be standards IFRS. ASBJ has established a working group to ratify International Financial Reporting Standards, consisting of users, auditors, and researchers, which held 17 general meetings in July 2014, ASBJ has released a draft display of international standards in Japan (JMIS): accounting standards that include international standards for financial reports and ASBJ modifications, ASBJ has released international standards in Japan (JMIS): accounting standards that include international standards for financial reports and amendments ASBJ [43], [44].

Despite the importance of approval of international standards for the preparation of financial reports in Japan and JMIS is a "tool" to obtain legal support for JMIS, similar to international financial standards reports (IFRS) and Generally Accepted Accounting Principles in (US GAAP). Where the Financial Services Authority suggested reviewing the Terminology and Models Law and methods for preparing consolidated financial statements. The Japanese Council of Ministers clearly pointed to "promoting the increase in the number of companies that voluntarily adopt international financial reports standards " as a goal for the first time in a decision of the Japanese Council of Ministers in the strategy of stimulating Japan, The Japanese Council of Ministers also conducted a survey and interviews to determine "how companies that voluntarily adopted international financial reports standards over any challenges they faced during their transfer to international standards for financial reports, as well as the advantages that they brought to convert them to international financial reports standards. In April 2015, the Financial Services Authority published a report on international financial reports standards. this report indicates that the number of companies that adopt international financial reports standards have increased since 2010, especially after 2014, when The Japanese Council of Ministers presented a strategy stimulating Japan [39], [41], [44].

From the foregoing, the researchers believe that Japan after the Second World War dealt positively, worked on the country's stability politically, and began with accelerating steps in comprehensive economic development, which strengthened the country's efforts to get rid of the effects of the war and rise in the country and turned from an agricultural country into an advanced industrial country in various fields, The development of accounting had a large share, and that the course of the development of accounting was in contact with the development of the economy, thanks to this political stability in Japan, and this is supported by the proof of the study hypothesis that political stability has a role in developing accounting.

4.3 European Union

Due to the frustrating experiences that faced the European Union and its countries members in negotiations with the Securities and Exchange Committee in an attempt to obtain mutual recognition of European and American accounting standards during the late 1980s and early 1990s, the Commission did not see any realistic opportunity to export it, the concept of accounting coordination through the Atlantic to the United States And obtaining the acceptance of European financial statements without settling the policy of mutual recognition. To provide European companies with the opportunity to participate in international capital markets without competitive defects regarding the preparation of financial reports, as well as improving the gravity and safety of the European capital market in addition to the lack of loss of influence on international developments, the commission was forced to respond, to reach the goal of rapprochement with European accounting rules with internationally accepted standards, Since 1995, the European Union accounting regulations have been gradually developed towards the compulsory demand of the companies listed to implement international accounting standards by 2005, and the various initiatives and documents that can be considered additional features in this process [45], [46].

In 1995, the commission announced in its message, "Accounting Coordination: a new strategy for international coordination. Although accounting coordination through the fourth and seventh directives had a positive impact on the business across the border as well as financing activities within the European Union, the current accounting rules based on the directives did not meet the challenges that users and standards of standards must confront them. The Commission has decided to participate by establishing internationally acceptable standards by supporting the joint permanent committee and cooperating with them for the purpose of achieving compatibility with IAS and accounting directions. Therefore, as a first step, the Commission decided in 1996 to establish a communication committee, composed of government experts, whose task is to facilitate the application for directives in addition to providing advice to the commission and examining the IAS consensus. The main conclusion of the Communication Committee was that the directives were compatible with international accounting standards except for two small cases, with the condition that the options listed in the directives are in line with international accounting standards [47], [48].

The second conformity project was implemented by the Communication Committee, and as a result, one dispute was resolved in a 1996 study by reviewing the IAS6 standard. Building a framework for work, which was published in 1998 with the aim of ensuring the liquidity of European capital markets, The Commission explained that it turned the focus of its attention in accounting coordination from the limited accountability companies for those who actively participated in the capital markets similar to the US approach, financial reports began to be seen as a tool to protect the efficiency of the capital market, and the committee mentioned the following:

The goal is to stimulate cross -border investment through more transparency and a better comparison of accounts, in addition, the Commission will review whether the listed companies should be required to prepare their financial statements with a more consistent framework, such as international accounting standards. Based on visions on the compatibility between IAS and the directions required through previous studies, the European authorities took a historic decision developed during the European Lisbon Council in 2000 as part of the commission plan for financial services. As well as the relevant proposal to the organization regarding the application of international accounting standards. The Commission expressed its intention to claim consolidated financial statements in accordance with international accounting standards from European companies listed by 2005, as well as establishing an effective accreditation process for standards and infrastructure for implementation. According to a study conducted by PRICE Water House Coopers, the commitment of a commission to international accounting standards matches the condemnation of 79 % of 717 financial managers of European Union companies (PWC Deutsche Revision, 2000). Also in the summer of 2001, the consulting group for the preparation of European financial reports (EFRAG) was established as a private sector institution, which combines various European groups interested in preparing financial reports [49], [50].

From the foregoing, the researchers conclude that the European Union is not a country, but it is made up of several countries that seek to unify and develop the economy, and the European Union is considered one of the best economic blocs at the present time. It is considered a political stable and the countries seek to join it, but the restrictions imposed by the European Union for the joining of the remaining European countries may be the cause, and the European Union considers these restrictions the reason to be stabilize. The European Union worked to replace the currency with a unified currency of the European Union at the end of the twentieth century, as well as sought to develop accounting and replace various accounting systems in member countries to adopt international accounting standards and international financial report standards at the beginning of the twenty -first century. Thus, political stability in the European Union led to the development of accounting in member countries, which enhances the proof of the research hypothesis, there is a role for political stability in developing accounting (Previous version of the Saudi Companies Law, which was issued in 1965)

[51], [52]. On the need to keep accounting records, and that companies are required to sign a contract with a Certified Public Accountant (CPA) To audit their financial statements, these reforms aimed to enable best practices. At this stage, most audit companies relied on professional behavior standards and ethics derived from other countries.

4.4 Saudi Arabia

It is important to understand the developmental stages of accounting, because it contributes to changing business and society as a whole. The development of accounting in the Kingdom of Saudi Arabia has gone through three historical stages.

The first stage: from 1930 to 1973

Before 1930, there were no laws regulating accounting and auditing in the Saudi Arabia, after 1930, the profession of financial reports began and recognized it in crystallization when the business organization stipulated at this stage, most audit companies relied on professional behavior standards and ethics derived from other countries.

The second stage: from 1974 to 1991

The issuance of the first law for certified public accountant (recognized as the first law for auditors) in 1974 was the cornerstone that helped organize the profession, efforts contributed to the development of accounting, such as the efforts of Al -Rashid Consulting and Accountants, a specialized national professional company, It conducted a study to compare the accounting status in a number of countries, in addition to that, King Saud University participated in developing the accounting profession by starting a series of seminars that provided the opportunity for those interested in the profession to exchange opinions and ideas, King Saud University has also contributed to the establishment of the Saudi Accounting Association, which played an important role in establishing four consulting committees concerned with accounting, education and training standards, professional ethics rules, and accounting regulations. In 1985, the first set of accounting and auditing standards was released by the Ministry of Commercial and Investment (MCI). Although the creation of these standards was a great achievement, there are some defects in these standards, and compliance with these standards was voluntary and was in the hands of practitioners, who did not face any real pressure to comply [53], [54].

The third stage: from 1992 to 2016

In 1992, the second law of legal accountants (known as the second law of auditors) was issued, it caused noticeable changes, Article (19) stipulated the establishment of a body in the name of the Saudi Organization for Chartered and Professional Accountants (SOCPA), It is an independent professional organization operating under the supervision of the Ministry of commercial and Investment (MCI), It is responsible for organizing the accounting and review profession and all matters that may lead to the development of accounting and improve its status. The establishment of the Saudi Accountants Authority reflects a milestone in the history of accounting in Saudi Arabia, as it contributed to rapid reforms and developments, The Saudi Organization for Chartered and Professional Accountants was assigned to issue, review and develop local accounting and audit standards, which were valid until the dates of activating international financial reports standards (IFRS). In general, the Saudi Organization for Chartered and Professional Accountants (SOCPA) has issued 22 standards for accounting, 15 standards for auditing, various accounting, review, and professional views that were largely compatible with the international standards [55].

With the rapid developments, the Saudi Organization for Chartered and Professional Accountants felt that local accounting standards were not effective and did not cover the comprehensive topics that arise in the modern environment, so in 2002, the Saudi Organization for Chartered and Professional Accountants SOCPA announced: "In the event of a problem that has not been issued a standard before SOCPA, international standards must be followed in this regard. This was an indication of the move in the future towards international standards, This announcement was associated with another important announcement, in which it stated that banks and insurance companies, whether listed or not listed, were required by the Saudi Arabian Monetary Agency (SAMA) to disclose under international financial standards reports, without any amendments as of 2008, before this date, they were required to be reported according to the standards of SOCPA, the Saudi organization for chartered and professional accountants noted a great spread of international standards for the preparation of financial reports around the world, at first the Saudi Organization for Chartered and Professional was hesitant to follow other countries that adopted these standards, and in the end he was convinced of the need to the adoption of international financial standards reports. The Steering Committee of the Saudi organization for chartered and professional accountants tried to take advantage of previous studies in achieving positives and avoiding negatives to adopt international standard [56].

After the discussion, the guideline committee decided by a majority of its members to consider a project appropriate to transform international standards that take into account local factors, such as the rules of Sharia, prevailing regulations, and the level of technical readiness, the guideline committee recommended that this transition be gradual and within a sufficient period of time to prepare the local environment technically and professionally. The most prominent step was in 2012 when the Board of Directors of the Saudi organization for chartered and professional accountants agreed to adopt international financial reports standards (IFRS) at its tenth meeting of its sixth session. This project had a five -year time frame (from 2012 to 2017), to provide a smooth and gradual implementation of the project, and to assist in assessing its

process. Among the other prominent events, which are a reform in the accounting profession, is the establishment of the "Lists" program by the Ministry of commercial and Investment (MCI) in cooperation with the Saudi organization for chartered and professional accountants and authority for zakat and income. This program must be understood because it has changed the way companies work in Saudi Arabia, since November 1, 2015, all companies, including commercial and industrial and auditing companies in Saudi Arabia, have been asked to download audited financial statements on the website "lists" electronically [57], [58].

The researchers find that Saudi Arabia has gone through a state of political stability since the establishment of the Kingdom and so far, and this reflected positively on economic growth in general and the development of accounting in particular. As we have followed the accounting development since the foundation of the Kingdom until now, we see a great development despite the difference that exists with other countries in terms of religion and culture. We find that the Kingdom was able to develop accounting in it despite these differences, and that it promotes the proof of the research hypothesis there is a role for political stability in developing accounting.

5. Conclusions

The main goal of this research is to determine the role of political stability in development of accounting. We find that the political stable countries have evolved in an accounting in a way that is equivalent to economic development in those countries. The researchers used the descriptive analytical approach to prove the hypothesis of the study by studying the development of accounting in the politically stable countries chosen in the research. The study demonstrated that there is a role for political stability in development of accounting in politically stable countries, by studying accounting development in the selected countries. The researchers found that the United States, which is one of the politically stable countries, which has evolved accounting and development continues. Likewise, Japan, political stability after the Second World War played a fundamental role in economic growth and turned from an agricultural country into an advanced industrial country, that was reflected in the affirmative of the development of accounting. Also in the European Union, the political stability of the member countries led to developing of accounting. On another hand the Saudi Arabia, political stability played a positive motivation in developing accounting.

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