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The Development of Accounting Regulation in the Libyan Region Countries in Africa

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Abstract
This paper has identified the impact of Libya's unique accounting regulation, economic, political, religious, social and cultural systems on the development of its accounting profession in this country, and, by extension, on the way accounting is practiced. In order to have a better understanding of Libyan's present accounting practices, and its future development tendencies, we examine the path of transition in Libya from a planned economy to a market economy since the early days of the 20th century, which has resulted in fundamental changes such as the restructuring of state-owed enterprises, a noticeable growth in foreign direct investment, and an emerging private sector. These changes put immediate pressure on accounting practice to change to meet the demands of the new business environment. The examination, investigation and analysis have illuminated a number of important factors that have affected the development of regulation in Libya. We also examine Libyan's using IAS/IFRS advantage is as a global comparability of financial report. The standard adjust/change from national GAAP to support IAS/IFRS implementation will have impact to the Libyan accounting environment due to the different principles used to report the corporation financial activity framework.The findings indicate that Libyan companies have experienced pressure from business environmental factors, such as new state disclosure regulations, competition, deterioration of financial performance and the need for more accounting practices. Our conclusions could be of interest to other countries, particularly developing or emerging economy, who want to improve the high-quality of their accounting regulation and practices for decision making.
Keywords: Accounting regulation; Accounting practices; Auditing; IAS/IFRS; Libya

1. Introduction

There are some characteristics that make Libya different from other developing countries, in particular its religion, culture and economic conditions (Haniffa & Cooke, 2002). According to World Bank guidelines Libya's income precludes its being classified as a "developing" nation, but, with its first stock exchange operating since 2007 (Libya State, 2006), it could more accurately be categorised as an "emerging" (and more recently transition) economies into the network of international financial markets. Prior to the transition period companies were predominantly owned, controlled and supervised by government institutions. As such, it has some resources to call upon in implementing accounting systems. As a consequence, the World Bank report in (1960: 27) Libyans country joined to the Allied side to fight their Italian rulers and gain independence during World War II. After that, Libya experienced several foreign occupations of the Ottoman Empire (1551-1911). Thus influenced the defeat of Italian colonization (1911-1943) but led to the UK and French dominance of Libya for a time (1943-1950) (Terterove, 2002). Another important issue is that Libya remained as one of the poorest countries in the world until the discovery of oil in 1959, heavily dependent on agriculture and foreign aid (Library of Congress, 2005). In 1923, the Italian government introduced the first tax law in Libya's history, which was enforced in its original form from the Italian system and not modified to suit the Libyan context. Under this law, all companies operating in Libya were required to submit their financial statements and other accounts at the end of each fiscal year to the tax department (Bait El-Mal, 1990). This law was the cornerstone for establishing the accounting sector in Libya and stayed in effect until 1968 when it was replaced by a new income tax law. It is also clear that the centrally planned economy has an Islamic accounting model, based on macro-economics, which the western accounting model is based on micro-economics model emanates from a central holistic plan, whose focus is on national objectives (Taheri, 2000). In addition, the discovery of the oil and its exportation in 1961 was a key turning point; Libya had became one of richest countries in Africa that no longer needed to depend on outside aid and influence, specially UK and U.S. companies.

As a result, current accounting practices in Libya are based mainly on government legislation. For instance, every industrial company requirement by government should prepare a budget for the following year. Therefore, all most company, if not all, prepare their budget statement, not for the purposes of accounting information, but to provide a justification document to obtain foreign currency. However, in the early 1990s the country moved to liberalization of its economy, and some private companies have emerged and started to operate in Libya. The main aim of these enterprises is to offer services and goods to the public rather than to make a profit. Generally, this system needed some rules and laws to organize it and that happened when the government passed law no.9 in 1992 on partnership and collectively. Moreover, in 1997 the State issued the Act no. 5 to encourage foreign capital investment in Libya. The Act encourages foreign investments in areas that would result in transferring modern technology, multiplicity of income resource, and contributing to the development of the national product so as to help in its entry into the international markets. This resolution was in response to World Bank calls for privatization, while to an encouragement countries to move from a public to a private sector resolution of economic problems (Central Bank of Libya, 2006). In 2008, the government opened the stock market and to make more liberalization such as selling the public organisations to the employees and to other interested investors sell their shares.

This will provide a background for developing an understanding of the accounting profession in Libya is still in its infancy and its main emphasis is on preparing accounting system regulation including auditing, taxation, and accounting advice which is mainly imposed by the laws rather than driven by the desire to provide useful information to potential users (Bait-El-Mal et al., 1973; Kilani, 1988; Buzied, 1998). This paper addresses that gap, tracing the historical development of the accounting profession in Libya prior to its becoming potential role users in the future development needs. Thus its aim is to make a contribution to the an informed explanation of current practice, including the development of accounting system, and makes possible the identification of specific challenges the Libyan accounting profession faces in the future if it is to assist Libya in reaching its economic goals. Also, the paper is based on a literature review and archival research.

2. Literature Review

The purpose of this section is to review the literature on the concept, nature, importance and scope of accounting system and regulation in order to prepare for the study the development of accounting in Libya. In addition, Wallace (1990) argued that the study of accounting systems for any country should include not only a study of its accounting, but also should include a study of the practice and education of accounting in that country, within its environmental factors context. Environmental factors affecting accounting systems are one of the most popular criticisms of the accounting role in the last two decades has been that its traditional tools such as standard costing, budgeting, variance analysis, and cost volume profit analysis which are no longer sufficient to today's manufacturing companies (Johnson & Kaplan, 1987; Cooper & Kaplan, 1991; Ashton et al., 1995). These development relationships between accounting and its environment has a different history, values and political systems, they also have different patterns of accounting systems development (Cooke & Wallace, 1990), for instance, accounting in the U.S. is different accounting in other countries. Other writers recognise the existence of a 'gap' between theoretical models, which suggest how development accounting systems should be done (Drury et al., 1993; Ashton et al., 1995; Drury, 1996).

Despite change and evidence, in the Libyan environmental factors which are significantly different from those in the UK and the U.S., the Libyan accounting education system and accounting profession have been developed towards the accounting environment and the private sector of the UK and U.S. In this respect, it has been argued that the factors which have influenced the adoption of accounting practices (including accounting education and the accounting profession) in Libya are multinational companies, especially in the oil sector, international accounting firms (mainly from the UK and the U.S.), the accounting education system which relies on British and American texts, the accountants from other countries, and the Libyan accountants educated overseas (Bait-El-Mal et al., 1973; Bakar, 1998; Buzied, 1998; Saleh, 2001; Mahmud & Russell, 2003; Masoud, 2014). Among the economic factors that affect accounting systems are the nature of the ownership of a business, the nature of economic system, economic development plans, users of accounting systems and the stock market. As a result of government legislation in an economic system, many Acts have been issued to organise accounting systems in developing countries (Wallace, 1990; Belkaoui, 2000). Legislation includes tax law, commercial law and companies Acts. Furthermore, in developed countries such as U.S, the American Institute of Certified Public Accounting (AICPA) have a basic role in organising the accounting profession with Financial Accounting Standards Board (FASB), an independent body, issuing Financial Accounting Standards (FAS) which would be permitted in foreign companies listed on U.S. markets as an alternative to U.S., Generally Accepted Accounting Principles (GAAP). Actually, the GAAP continue to apply by several countries as the basis of tax calculation and anther countries used as adjust/change tax regulation to support IFRS immolation. However, in developing countries such as Libya, the government does not understand the role of accounting systems at their stage of economic and social development to provide managers with relevant information to make their decisions.

3. Adoption of Accounting Systems (AAS)

The previous discussions showed that accounting system reflect the economic, political, planning and control and social environment of the decision-making. Even the main objectives of accounting systems in developing counties are to fulfil economic and social development as fast as possible. It has been established that accounting systems have been developed from developed countries without any attention being paid to environmental and local needs. These explicit, therefore, environmental differences between Libya which has adopted UK and U.S. accounting systems, as an emerging economy, and UK and the U.S., as developed countries. As a weak point of Libyan accounting system, Bakar (1998) concluded that the direction of the powerful role of accounting professionals, unfortunately, was oriented towards, the UK and the U.S. private sectors. This has meant that to a large extent, accounting principles, auditing standards, accounting education opportunities and the institution of an accounting profession have been adopted from outside Libya and applied without a thorough consideration of local environmental factors. Clearly, accounting is an information system that has a role to play in significant level of economic activity development, as with any other information system, its usefulness depends on its ability to generate reliable and relevant information for decision-making.

4. Regulatory Accounting System (RAS)

Accounting is defined as a process of quantifying the financial activities of economic entities and providing this information to users to help them when making formal economic decisions (Cook & Winkle, 1988). Likewise, on examining the development of accounting regulations in Jordan, Al-Akra et al. (2009) have analyzed the impact of economic, political, legal and cultural factors on promoting the accounting practices. They came to conclude that the political and economic factors are the elements which most contribute to this development.

However, the major challenge for developing countries such as Libya is to develop regulatory systems compatible with globally reconised systems, and to be able sufficiently to enforce them. According to Cook & Wallance (1990) believed that regulations can help investors to distribute resources among companies more efficiently by reducing information asymmetry between information users and by reducing information costs to investors. Thus the UK and U.S-influenced Libyan accounting profession (Kilani, 1988) is not well developed (El-Sharif, 1980; Bengharbia, 1989; Selway, 2000). In this respect, it can argue that Western accounting practices were diffused to Libya through oil companies especially from the UK and the U.S. to Libya's oil companies, and then to non-oil companies as workforce move in and out of the oil sector. However, it is expected that Libyan companies' accounting systems and Libyan accountants may not provide the information needed by its socialist government for macro-economic purposes.

Accounting systems practice, however, in Libya is thus controlled by various laws which specify in great detail the requirements set out by the government to achieve its goals, and by the oversight of the accounting professional bodies, also strongly influenced by the religious, social and cultural development. As Libya is a centrally planned, politically ideologically driven country, its accounting systems and accounting profession have not been developed autonomously, but rather in response to government requirements. However, since Libya anticipates the achievement of economic development, it is necessary to devote attention to accounting systems which set up and provide accounting practicing. The development of a well educated accounting profession is an indispensable part of this process. Just as it is important to raise questions about the relevance of imported western accounting systems to the supply information needs of developing countries, it is a significant to understand and reflect on those influences on the development of the accounting profession practices in emerging nations.

4.1 Accounting Practices and Auditing Profession (APAP)

There are a number of laws issued and promulgated to regulate the accounting practice and auditing profession in Libya. Libyan commercial law and income tax law are considered to be the most important legal factors that influence the regulation of accounting practices. The Libyan Commercial Code (LCC) was established in November 28, 1953 requires companies to prepare an annual report, including an income statement and a balance sheet. The law does not specify what this report should include, nor does it deal with the formality that should be included in this report. Until the last modification in 1970, the (LCC) has been partially modified from time to time in order to meet the changing needs of society. The Code deals with commercial transactions between business enterprises. In 1967 the Financial System Law (FSL) first came into accounting practice (Libya State, 1967). This law allows the Secretary of Treasury to control the State Budget and plan for future expenditure (Article 1). The role of this controller is to prepare a report of the policies in the institutions and give it to the Secretary of Treasury. Thus the practice of accounting at organizational level is closely controlled and monitored by the Libyan government.

The Libyan Income Tax Law (LITL) was issued by the Italian income tax law during the period from 1923 to 1968. In 1968 a new income tax law was applied for the first time with a modification to suit the Libyan circumstances (Central Bank of Libya, 1971; 1977). This law was abolished in 1973 when the LITL no.64 was applied, and in 2004 when the law no.11 was issued and it had a major impact on accounting practice in Libya. The law consists of 130 articles divided into six parts. Therefore, all companies operating in Libya, including foreign companies, are required to provide their accounts to the tax authority including a balance sheet, a profit and loss account, notes to accounts, trading account, depreciation statement, and report signed by a Libyan external auditor. However, from the LITL it can be noticed that the cash flow statement and "other accounts not mentioned" are not requirements to submit. Consequently, with the introduction of Income Tax Law no.11 in 2004, there are now allowances for those with high incomes (Libya State, 2004), an encouragement to the private sector activity to make more profit and thus contribute to Libyan development accounting information systems. However, there is also no change made by tax regulation in Libya as response of International Financial

Reporting Standards (IFRS) implementation. For taxation purposes, Libya corporation need to prepare financial report based on national GAAP. Thus, Corporate Income Tax (CIT) in Libya is contributed about 20%. While for income determination, inventory valuation accepted for taxation purpose is lower of cost or net achievable value as determined in Libya Commercial Code.

Another piece of legislation is Libyan Petroleum Law, and it was issued in April 1955 Law no.25 which amended in 1983. Thus, law was the most comprehensive piece of legislation regulating the oil and gas sector in Libya. The National Oil Corporation of Libya (NOC) reorganized by both the Petroleum Law and the Decree no.10 of 1979, and both authorized it to enter into all types of petroleum exploitation agreements. The Petroleum Law was the first and only law to require consistency of principles over the years. However, the majority of oil and gas upstream industry are operated by Libyan international oil and gas companies (IOCs) who drafted the Libyan petroleum law and regulations (LPL) in the way of their interests. LPI formerly known as the Petroleum Research Centre, it was established in 1977 as the technical specializing of the NOC. LPL, therefore, permits oil and gas companies in Libya are specified to be capitalised or expensed under global standards. This is because NOC are owned by the government and IOCs do not have shares in the Libyan Stock Market (LSM) (which was established in later 2006).

In their turn, the Libyan Accountants and Auditors Association (LAAA) was established in June 1975, since the Certified Public Accountant CPA system was introduced officially by Law no.116 of 1973 (Masoud, 2014). After this date the profession became more formally organized and improving the conditions of oversee and regulate the accounting profession. It can be argue that the LAAA was established a long time ago, therefore, it has been done nothing to build any theoretical base for the accounting profession in Libyan economy with several limitations such as: it has failed to regulate itself and to recognize its obligation towards the public interest; no code of ethics has been suggested, and a number of its objectives have not been achieved. In 2006 the LAAA introduced the first Exposure Draft of Libyan Accounting Standards (LAS) which included 29 accounting standards based on IASs. Large multinational firms entered the country recently due to a failure to develop accounting and auditing standards. Although a much-needed Code of Ethics issues and their individual system that would improve professional practice is also sadly missing (Buzied, 1998; Bakar & Russell, 2003; Almalhuf, 2009).

On the 22nd of January, 2007, the Libyan government re-launched the State Accounting Bureau (SAB) under the Law no.31 passed in 1955 as the Institute of Financial Auditing (IFA) was introduced officially by Law no.3 passed in 2007, and instituted it as an independent body under the control of the General People's Congress (GPC) to review and control the investment and use of public funds. However, the Law no.3 of, 2007 did not clearly specify any particular accounting or auditing standards that have to be adopted, and consequently on the appreciation of the need for a well qualified, robust accounting profession. While, the SAB was combined with the Central Institute for General Administration Control (CIGAC) by Law no. 7 in, 1988. The IFA has the right to contract external auditors to carry out the task of auditing the financial statements of state enterprises.

4.2 Audit Profession Ethics (APE)

A code of ethics is considered to be one of the enhance corporation reputation and brand image (Singh et al., 2005). It clarifies the objectives the company pursues in order to conduct business. Abbott (1983: 2) stated that: "Ethics codes are the most concrete cultural form in which professions acknowledge their social obligations". This is because they can help familiarize employees about ethical issues. Furthermore Stevens (1994: 64) defined a code of ethics as "written documents through which corporations hope to shape employee behaviour and produce change by making explicit statements as to desired behaviour". Kilani (1988: 226-227) also points out that: "Not all countries, developed or developing have a formal code of ethics for their accounting profession. However, in countries that do not have formal code of ethics, the professionals may informally agree upon a fairly developed code of ethics". However, several researchers claim that code of ethics has focused mostly upon issues related to the behaviour within organizations (Singh, 2006; Rodriguez-Dominguez, et al., 2009), others look at whether organizations have code of ethics or not and to what extent they are effective (e.g., Lere & Gaumnitz, 2003; Webley & Werner, 2008).

In Libya context, as such a code of ethics has absence of any formal code of conduct in the country, which all most of the rules mentioned previously are dictated by the government and there is nothing stated by the profession. However, the Law no.116 of 1973 after fourteen years from its establishment a suggested code of ethics was proposed to LAAA requires all auditors to conduct their professional affairs according to the ethics of their profession. This code was taken completely from the American Institute of Certified Public Accounts' (AICPA's) code of ethics, and includes similar rules of conduct as in the U.S. remaining by the following principles as: integrity and objectivity, independence, a general standard of competence, auditing standards and conformity with accounting principles.

4.3 Accounting Education (AE)

The old accounting education system in Libya started in 1953, when the School of Public Administration was established to train government employees in the field of accounting. Since 1976 the accounting education system of American began to have an influence and gradually overtook the UK education programmes system, and many Libyan academic staff who had graduated in the U.S. came back to teach in Libya and also by the American companies which work in the Libyan oil sector (Bait-El-Mal et al., 1973; Kilani, 1988; Bakar, 1998). However, according to Kilani's (1988) pointed that, the U.S-based system is not very different from its UK-based counterpart and in both systems, the programme focuses heavily on financial accounting topics, in particular on technical or mechanical aspects of accounting, dealing with external reporting, taxation and external auditing.

During the period 1957-1976 the UK education system influenced the old accounting education curriculum in Benghazi University, as Libya was administered by Britain from 1943 to 1952, and also many of the accounting faculty members had their educations from the UK before they came to Libya to teach. In 1957, the accounting education system at university level started in Libya was first started by the establishment of the Accounting Department in the Faculty of Economics and Commerce at the Benghazi of Libya. During the period from 1957 to 1981 this faculty was the only one to offer accounting education at the university level which has played a major role in developing the accounting education (Masoud, 2014). From 1981 to 2000 other Libyan universities emerged and began to offer accounting programmes including the curriculum and the syllabus constructed in their faculties and department.

Recently, Libyan accounting education has witnessed several changes and developments including developing several accounting curricula, sending many accounting students who complete their education at abroad (PhDs, Master's, and Bachelor), and restructuring several accounting departments at Libyan universities. However, including ethical material in accounting curricula has not been considered in Libyan accounting education system. Researchers have repeatedly reported that moral development is highly associated with the level of education (Armstrong et al., 2003; Steven et al., 2006). Furthermore, according to the accounting education programme prospectuses, it is worth mentioning that there is one of main factors that has contributed to the slow development of accounting education and research level in Libya is the lack of PhD programmes except as a possible option on a Masters Programme (MSc).

It is clear that poorly developed accounting education programmes and the dearth of academic research skills, are incompatible with the economic development requirements of developing countries such as Libya. This incompatibility between economic development requirements and accounting education system and academic research is due to the deficiencies in the role of accountants and educators. The role of these professions is crucial in accelerating economic development and subsequently the extent of response of the accounting education regarding predictable change in the national economy. This is an issue which will hold university management responsible for the status of the university in regard to serving the community.

4.4 Auditing and Reporting System (ARS)

The key duty of auditors is to examine and evaluate the client's financial statements and to communicate their opinion about their veracity and reliability and if they comply with the stipulations of the International Financial Reporting Standards (IFRS). The contents and opinions in the audit report to interested parties such as investors and authorities can vary depending on the auditor's satisfaction or dissatisfaction with the company's accounts. As a consequence of that, the auditor expresses his or her opinion in one of four types of audit report: unqualified, qualified, adverse, and disclaimer of opinion. The purpose of independent expert opinion given in an audit is to lend credibility to the financial statements released by a company for specific situations (Hayes et al., 2005; Porter et al., 2008). Also, the purpose of auditing in both cases differs, as internal auditing is more concerned with efficiencies within the organisation, while external auditing is concerned with the financial performance of the company and expected returns to all stakeholders. Therefore, external auditors who can be believed to be free of bias or partisan interest need to be engaged to have the information in the reports 'checked out' (Porter et al.,2008). Regarding to the obstacles and problems facing the auditing profession in Libya, as Agbara (2011) argued that there are several factors that have influenced the development of the auditing profession in Libya, such as the socio-political and economic situation.

In this respect, Libyan audit context suffers from absence of national accounting principles and practices, auditing standards, and rules of professional conduct and ethics (Agbara, 2011) as there were no laws or regulations to ban Western accounting practices (Buzied, 1998) from the early 1970s to the present day. As a result, the choice of accounting standards, practices and techniques is left entirely to the interests of each company's accountants, managers and auditors in accordance with their education background (Kilani, 1988; Buzied, 1998). Zakari & Menacere (2012) believed that the state of auditing in Libya is undeveloped; it is often difficult to incriminate the auditors' skills for corporate misconduct. As a matter of fact, auditors fail to voice their qualms about the position of affairs for fear of future retaliations for their statements.

Auditing, therefore, is an important part of the communication process in accounting. However, to improve the accounting auditing status and the Libyan accounting profession should develop and adopt the standard for accounting and auditing which are suitable for Libyan environment in addition to taking the corporate social reporting and disclosure into the account which can be seen as relevant to the country's economic, social and political problems. This standard should be in the Libyan Companies Act or other legislation that organises businesses in Libya and should include the requirement to ensure the disclosure of corporate social responsibility information by Libyan companies to gain relevant financial information to make their investment decisions.

4.5 International Financial Reporting Standards (IFRS)

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) is now applied by almost country in the world as the reporting standard. In this regard, Masoud (2014) argued that there is no doubt that the adoption of IFRS in Libya, which is not an easy task due to certain weaknesses of its accounting infrastructure system. IFRS, Libya will gain many benefits including increasing accounting to achieve its potential contribution to economic development. In implementing IAS/IFRS should be improved to get the objects of fair value accounting with the crucial goal of increasing the level of comparability and providing more reliable, accurate, transparency and valid quality of financial accounting reporting. However, the process of implementing IAS/IFRS in Libya will maybe face several obstacles including lack of technical skills and inadequate knowledge of Libyan professional accountants' practices, the difficulty to develop existing accounting systems, the lack of a regulatory framework to cope with economic and social development, and inadequate education and training of accountants.

In their turn, the Libyan government enacted Law no. 11 in 2010 that governs the activity of LSM and the listed companies, which require all banks and companies to follow IASs. However, the difficulties that prevent listed companies from applying the IASs/IFRS are due to the fact that the weakness of the LSM governance system and external auditors and the inability of the vast majority of preparers and auditors to use the language accessibility in the preparation of the accounts. For instance, Omneya et al. (2003) have examined the language effect on the first introduction of IFRS in Egypt. They show that the IAS/IFRS are of higher complexity with regards to the local standards of country. Similarly, Chamisa (2000) have examined the international standards' role in improving the quality of financial information produced for a stock market in the developing countries. He illustrated that these standards are critically and crucially important for the developing countries with an active financial and capital market and are devoid of such importance regarding the other developing countries.

The argument is that, gap, tracing the historical development of the accounting profession in Libya prior to its becoming an emerging economy. This enables an informed explanation of current practice, including the accounting field system, and makes possible the identification of specific challenges the Libyan accounting profession and accounting education faces in the future, if it is to assist Libya in reaching its economic goals and establish a new IAS/IFRS adoption. As a response to the implementing IAS/IFRS in Libyan accounting, changing whole institutional infrastructure is difficult, so addressing adoption of IAS/IFRS will perhaps be the achieving any further improvements in accounting system practices with the following the goals: (a) organising rules; (b) improving the conditions of the accounting profession; (c) raising the standards of accountants; (d) auditors professionally; (e) academically, culturally and politically, and of organising and participating in conferences, and seminars related to accounting.

5. Conclusions

This study seeks to make an original contribution to knowledge by provides an important introduction to this area and has attempted to explore its significance for the high-quality accounting regulation practices. A critical review of this research has added to the existing body of literature and assists the researcher in obtaining new ideas and perspectives, exploring the significant improving accounting regulation related to adoption of IAS/IFRS and economic growth.

However, as mentioned previous, it is clear that the accounting regulation and profession practices in Libyan environment were adopted from western countries style, especially the UK and U.S., and it is not affected much by the Libyan culture and religion environment. That might be because the law and regulations which deal with companies' activities are old and not suited to new demands that stakeholders and the society might wish to express. Another reason might be that the stakeholders groups who might benefit from change are not have much power to force companies to disclose the kind of information which the accounting system does. Furthermore, the practice of implementing IAS/IFRSs in Libya will face several obstacles including lack of technical skills, training and inadequate knowledge of Libyan professional accounting, the difficulty to develop it existing high-quality accounting systems, amongst disclosure reports, and a regulatory framework to cope with economic and social development, and training of effective accounting.

As a result, companies' managers might assume that it is not necessary to try to provide information to the public about how companies operate, and the information is provided only to the users who need and request it, such as the tax department and the government auditor's office. In the same way, the new companies including the companies in the private sector follow the old traditional companies (public, services, oil companies, listed and non-listed industrial companies) which do the same business, which means that they follow them especially for preparing and providing the information which are to be included in the annual reports. Libya is a part of the Arabic Muslim world the Libyan environment is very similar to other Muslim countries; the main similar variables with other Arab countries are the religion, language and culture as well. However, there are differences between Libya and other Arab and Muslim countries, largely because of its political system and the resulting economic system as well. Furthermore, the society elements such as economy, politics and religions come together into one, where companies have little or no need to disclose information about them as that they are operating in the interests of the people as a whole. These findings could be fruitful and helpful for outside users of new regulators and also for accounting reports and legislators in their attempts to constrain the incidence of earnings accounting practices and to enhance the quality of accounting information.

Research Contribution to Knowledge

According to Nachmias & Nachmias (2008), there are various ways to demonstrate the originality of a research, this can relate to the development of new methodologies, tools and/or techniques, new areas of research, new interpretations of existing material, new applications of existing theories to new areas or a new blend of ideas. In terms of the present study, its contributions mainly pertain to its investigation and application of existing Libya's unique accounting regulation. The following points outline some contributions made by the study:

1. The findings of this study could be compared with other Arabic or developing countries who share similar socio-economic environments as well as with other developed countries.
2. The results of this study should help researchers or other parties interested in the timeliness of the accounting regulation since they highlight the most significant factors that may cause accounting practices in the Libyan context.
3. Given the dearth of theoretical framework develop new regulation and adoption of IAS/IFRS in Libya, it is hoped that the findings of this study will not only make a theoretical contribution but also make researchers and managers aware of the current state and development of both new regulation and IAS/IFRS in Libyan business companies and thus contribute to a better understanding of these techniques in the emerging and transitional countries and reduce the lag in the diffusion of new regulation among countries. It also provides significant insights into the role of institutions (e.g. academic institutions) and foreign companies, in the diffusion of changing the regulation in developing countries.

Based on the research outcomes, some study policy and recommendations are suggested to improve the accounting regulation and adoption of IAS/IFRS in Libya. In light of the study findings, the researcher recommends include:

1. Work should be undertaken to increase awareness among the preparers and auditors of financial reports of listed companies in the Libyan stock market with respect to the accounting practices through workshops, courses and seminars dealing with this subject, and to encourage these parties to follow new regulation and IAS/IFRS adoptions.
2. It is important to raise the level of coordination and interaction between universities, educational and training institutions and between companies listed in the Libyan stock market, and to bind the application of high- quality accounting regulation practices in order to blend theoretical knowledge with the practical experience of workers in these companies.
3. To improve the awareness of the importance of corporate social information, regulation policy and its disclosure, Libyan companies should be encouraged to publish their annual reports to a wider set of audiences, including government department and agencies, employees, consumers, local communities and society.
4. Companies should present natural resource conservation information in a section of the annual report preferably entitled 'social responsibility' in a form that is easy to understand, for both internal and external stakeholders. Moreover, the companies should give all stakeholders the right to access the company's information at any time, which would increase the company's transparency. This should be achieved through a greater awareness on the part of the accounting profession, the accounting education system, the legal requirements, governmental bodies and the media.
5. The accounting program of Libyan universities and colleges should be adapted in a way that includes the social role of accounting, corporate social reporting and regulation policy in Libya. The academics in the accounting field who work in Libyan universities and colleges can also affect the corporate reporting and disclosure practices in a country by carrying out research and entering into a dialogue with practitioners and official concerned.

Limitations of the Study

This study has achieved its aim and objectives; however, as any other study of this kind of research, it is subject to a number of limitations. These limitations and consequently when interpreting the results and findings of this study the following limitations have to be taken into consideration:

1. The study was conducted in the emerging economy of Libya, which has witnessed an alteration from a centrally planned to a market-based system. Therefore, caution is required in generalising the results to other countries, and more research should be undertaken in other developing economies.
2. The major complexity with this study is that no studies have been previously performed regarding the new regulation and implementation of adoption of IAS/IFRS influencing the accounting practicing in the Libyan context empirically. This would add to the originality and value of this study, as this study is descriptive will not have the added benefit of learning from others' mistakes.
3. There was a scarcity of empirical work previously conducted in the study area. This meant a lack of scales and measurements that could be used in order to establish a cause and influence study to examine the relationship between accounting regulation and reporting the adoption rates of IAS/IFRS. Additionally, most of the available studies revealed contentious findings that do not encourage future research, as hitherto mentioned.

Outline for Further Research

The limitations mentioned above, and other thoughts discussions of this study, which would need much empirical work to be done. The following are suggested areas for future research:

1. Due to the lack of high-quality published databases, this study uses secondary data, which were based on a literature review and on original archival research from accounting regulation. Although, further study can adapted and developed survey (questionnaire and interview) from prior studies or other databases related to the financial reporting company. In other words, this triangulation method or empirical approach will provide a better explanation of the relationship between high-quality accounting practices and framework adoption of accounting regulation in Libya.
2. Future research could expand the framework of this study, as more data becomes available in future, such material can be used for testing and identifying additional variables that could have influence on accounting environment - legal, economic, political and cultural- influenced the development of accounting practices in Libya over an extended period of time. Furthermore, study of the proposed model in other emerging countries could be performed in order to raise further explanation of the model and to reveal more generalised findings.
3. It would be particularly interesting to discover what are the new regulation accounting effects on the developing countries accounting practice (including Libya)? Does the adoption of IAS/IFRS have an effect on this new regulation? Finally, does the content of some accounting environment really enable to improve high-quality accounting information and disclosure?.

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