

AN EMPIRICAL INVESTIGATION OF THE CULTURE-IFRS MUTUAL RELATIONSHIP IN JORDAN

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Abstract

This paper investigates the mutual relationship between Jordanian practitioners' individualistic/collectivistic cultural orientation and the International Financial Reporting Standards (IFRS). It explores Jordanian accountants' perception of the importance of IFRS, the IFRS-embedded cultural values attributed to those accountants, and whether adopting IFRS has contributed to change their cultural orientation. A three-part questionnaire distributed to 81 Jordanian accountants reveals that their cultural orientation is more collectivistic than individualistic. Moreover, accountants who have practiced only IFRS have a more individualistic orientation than those with long experience with the pre-IFRS standards. As the paper analyses only one cultural dimension (i.e., collectivistic versus individualistic), further research should explore other cultural dimensions, such as power distance, masculinity and uncertainty avoidance, religion and language, and their interrelationships with IFRS. Our findings should be relevant to other countries, especially those with developing or emerging economies, as they strive to improve the effectiveness of their corporate financial information.

Keywords: Culture, Developing Countries, IFRS, Jordan

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1. Introduction

Many accounting studies argue that international accounting standards, which are based on Western culture, do not fit the cultural dimensions of developing countries such as those in the Middle East (Chand and White, 2007; Samuels and Oliga, 1982; Hove, 1989; Briston, 1983; Wallace, 1993; Larson and Kenny, 1995; Doupink & Salter, 1995; Askary, 2006; Tyrral et al., 2007; Ballas et al., 2010; Parlakkaya et al., 2011; Zeghal and Mhedhbi, 2012). Nevertheless, many of Middle Eastern securities markets have adopted the International Financial Reporting Standards (IFRS) despite their Western culture orientation (Abd El Razik, 2009).

Indeed, culture is one of the underlying forces affecting the adoption of IFRS, formerly known as the "IAS" (Perera, 1989). Several scholars argue that accounting practices may constitute and reshape the context in which accountants operate (Burchell et al., 1980; Fearnley and Hines, 2007). For example, Hassan (2008 a; b) argues that incorporating new reporting standards, particularly

the IFRS, for newly privatized (i.e., formerly public) organizations may increase organizational members' commitment to the kind of liberalization and privatization processes that require more democracy and transparency. Accounting standards sometimes serve to improve accounting practice by inducing cultural change. Dahawy et al. (2002, p. 211) argue that adopting IFRS constitutes a radical change in developing countries since these standards require accountants to exercise professional judgment and increase transparency.

One of the key aspects of studies on the culture-IFRS relationship is their use of either a comparative analysis across different countries or a focused analysis of accounting practices and cultures within a single country (Mir et al., 2009, p. 641); however, such studies have failed to examine how accounting practices contribute to changing accountants' and practitioners' cultures. This paper examines whether there is a mutual effect between Jordanian cultural values, particularly individualism and collectivism, and practitioners' perception of the IFRS. The paper investigates how IFRS

adoption has helped change Jordanian accountants' cultural orientation. To address this question, the paper asks 1) to what extent Jordanian professional accountants perceive the IFRS to be important, 2) what type of cultural values are attributed to Jordanian professional accountants, and 3) whether IFRS adoption, among other societal changes, has contributed to changes in practitioners' cultural values.

Although several IFRS studies have examined the IFRS' effect on and/or suitability for developing and emerging economies (Tyrral et al., 2007; Ballas et al., 2010; Parlakkaya et al., 2011; Zeghal and Mhedhbi, 2012), none has investigated the mutual interrelationship between the perceived importance of IFRS and individualism or collectivism. This paper closes this research gap and expands on prior studies by examining that mutual relationship as it occurs in Jordan, a developing Middle Eastern nation. The paper's results should help the International Accounting Standard Board (IASB) induce a convergence between practitioners' cultures and IFRS adoption (Alfredson et al., 2009).

Jordan was chosen for this study for several reasons. First, despite its collectivistic culture, the country has undergone numerous socio-economic changes over the last twenty years that may have led to cultural changes. Second, though studies have investigated the development and suitability of IFRS in Jordan (Habouni, 2005; AlAkra et al., 2009; Rahalhle, 2010; Siam and Rahalhle, 2010), none provides an in-depth examination of the relationship between individualism and collectivism and the perceived importance of IFRS in Jordan. Third, Jordan is one of the Middle Eastern countries that requires the application of a full, unmodified version of IFRS, through its Company Act Law of 1997 and Securities Market Law of 2002 (A-Akra et al., 2009, Halbouni, 2009). These circumstances provide an excellent opportunity to investigate the culture-IFRS relationship.

The rest of this paper is organized as follows. The next section provides a literature review and hypotheses development. The third section describes Jordan's institutional context. Section four discusses the design of the empirical study, while section five discusses the empirical results, and the conclusion closes the discussion.

2. Literature Review and Hypothesis Development

Matsumoto and Kupperbusch (2001) define culture as an "organized system of rules for living, shared by a group of people and communicated from one generation to the next" (p. 114). Culture manifests itself not only in values but also in more superficial ways, such as symbols, heroes, and rituals (Hofstede, 2001, p. 1). Violet (1983) defines culture as a learning behavior and a product of human

activities that, in turn, shape our personalities, behavior, and attitudes.

Hofstede (1997) argues that the concept of "national culture" has several dimensions (see also Schwartz, 1994; Trompenaars and Hampden-Turner, 1998; Kluckhohn and Strodtbeck, 1961), one of which is the distinction between Individualism and collectivism. This dimension, Man and Lam (2003) argue, appears to be the most significant difference among cultures. The importance of that dimension is best described by Early and Gibson (1998, as cited in Man and Lam, 2003): "a key distinguishing characteristic of work behavior in societies is the way members relate to one another as a group. The pattern of responses with which individuals relate to their groups reflects their degree of individualism or collectivism" (p. 265).

Individualistic cultures promote the needs, wishes, and desires of individuals over groups, while collectivistic cultures foster the needs, wishes, and desires of in-groups over individuals (Matsumoto and Kupperbusch, 2001). People in collectivistic cultures belong to strong, cohesive in-groups (Ding et al., 2005). Individualism is considered by many Western cultures as an expression of freedom. Collectivism, at the other extreme, is often rooted in societies where basic survival depends on shared group values, in-group cohesion, and obedience to group aims.

Individualism is characterized by an emphasis on the self as separate from others. It evokes a strong motivation in individualists to express their inner attributes (Triandis, 1996). People in individualistic cultures are viewed as independent, with a unique character that distinguishes them from others (Markus and Kitayama, 1991), while collectivism is characterized by an emphasis on belonging to at least one collective. Collectivists value social norms, cooperation, obligations, interpersonal harmony, and group cohesion (Triandis, 1995). People in collectivistic cultures view the self as inherently interdependent on the group to which they belong (Markus and Kitayama, 1991).

Hofstede's model of culture has been criticized on the grounds that 1) the model is not representative, being derived from a survey on a single company in the early 1980s (McSweeney, 2002), 2) the data on which the model is based are too old to be relevant to current issues (Combs et al., 2011), 3) it is not certain that culture can systematically cause behavioral differences among people from different countries (Williamson, 2002). Despite these criticisms, Hofstede's model remains one of the most frequently cited in culture studies; it has been used extensively in business research and has been found to be empirically valid in several studies (e.g., Schwartz, 1992; Trompenaars, 1993; Combs et al., 2011). Given this support, this

study uses Hofstede's model as a basis for its assumptions and empirical methodology.

2.1 The effect of culture on IFRS

Several studies have examined the influence of culture on accounting practices (Belkaoui and Picur, 1991; Douppnik and Richter, 2004; Patel et al., 2002; Yin Fah, 2008; Clements et al., 2010). Douppnik and Riccio (2006) argue that cultural differences may cause accountants from different countries to differ in their application of a common accounting standard.

Hofstede (1984) has identified four factors operating in international differences among cultural values: uncertainty avoidance, power distance, masculinity (versus femininity) and collectivism (versus individuality). Gray (1988) finds a causal relationship between accounting and cultural values and argues that the accounting values of professionalism (versus statutory control) and flexibility (versus uniformity) characterize the authority and enforcement aspects of an accounting system. He adds that the measurement and disclosure characteristics of an accounting system reflect the accounting values of optimism (versus conservatism) and transparency (versus secrecy). Perera (1989) believes that Gray (1988) helped identify a direct association between the values of the accounting sub-culture and the societal dimensions of individualism and uncertainty avoidance. Differences in accounting systems can thus be explained in terms of their cultural environments (Belkaoui and Picur, 1991; Roberts et al. 1998).

Perera (1989) placed developing and Middle Eastern nations near the bottom of the individualism-versus-collectivism scale. Fechner and Kilgore (1994), Agami and Alkafaji (1978), Ndubizu (1984), and Samuel and Oliga (1982) have discussed the rationale of extending international standards to the developing world despite the wide variety among the nations' values and beliefs. They argue that accounting information is not politically neutral and that the IASs are based on the needs of users in developed countries. Samuel and Oliga (1982) posit that accounting must respond to social needs while reflecting the social, political, legal, and economic conditions of the nations in which it operates; what might be good for developed countries might not be relevant to developing ones.

Chaned et al. (2009) found evidence that cultural values still have a significant effect on how accountants from various cultural backgrounds interpret and apply accounting standards. Douppnik and Riccio (2006) suggest that national cultural values can affect accountants' interpretation of the suitability of IFRSs and that; consequently, differences in cultural values across countries could lead to differences in accountants' recognition,

judgments, and disclosure decisions. A number of studies have suggested that differences in cultural values affect accountants' professional judgments (Schultz and Lopez, 2001; Patel et al., 2002; Douppnik and Richter, 2004; Douppnik and Riccio, 2006; Yin Fah, 2008; Tsakumis, 2007; Chand et al., 2009).

For example, Haskins et al. (1996) argue that accounting means different things to financial information users from different cultures. Lawrence (1996) adds that personal beliefs, aspirations, and motivations influence demands for financial information and shape people's choices of accounting practices. Likewise, Mueller et al. (1997) find increasing attention being paid to investigations of culture's influence on accounting concepts, standards, and practices. Therefore, this paper hypothesizes the following:

H1: Jordanian professional accountants' culture orientation influences their perception of the IFRS.

2.2 The effect of IFRS on culture

Jia-xue (2009) argues that, as a society progresses towards more modern and industrialized patterns, its cultural values change. He adds that, when a society moves towards a liberal economy and competitive resource allocation, the advantages of collectivism lessen; the society becomes more complex and diverse, and individualism flourishes. Man and Lam (2003) add that the "individualism" and "collectivism" concepts are not universal or homogenous within nations, as nations comprise many diverse cultures. Man and Lam (2003) stress that every individual has both individualistic and collectivistic tendencies and that life experiences will evoke one tendency or the other.

A fundamental aspect of IFRS adoption in developing countries is their imposition through regulatory requirements. This imposition occurs, Hassan (2008 a; b) argues, not entirely to improve financial reporting and disclosure but also to serve other social and political objectives deemed important by regulators during the course of national transformation. Developing countries adopt IFRS not only to participate in the "global" economy and secure a continuous flow of foreign investment but also to remove, or, as Oliver (1992) terms it, "de-institutionalize," the inherited secretive and collective culture of Arab Middle Eastern countries (Hassan, 2008b).

Furthermore, scholars argue that the cultural values of individualism and collectivism differ in their relative emphases within single groups (Markus and Kitayama, 1991; Schwartz, 1994; Triandis, 1995; Freeman and Bordia, 2001; Oyserman et al., 2002; Ghosh, 2004; Chiao et al., 2009). Despite the views on culture's impact prevalent in accounting studies, this paper contests

the assumption that culture influences accounting practices and examines how the application of IFRS in Jordan has led to a change in the practitioners' culture. Specifically, the paper argues that the introduction of IFRS to Jordan via the 2002 Securities Law helped transform practitioners' collectivistic culture into a more individualistic one.

H2: The introduction of IFRS to Jordan helped change practitioners' collectivistic culture into an individualistic one.

3. Jordan's Institutional Change

Though Jordan has been classified as collectivist (Hofstede, 2011), institutional changes over the last 20 years may have moved it nearer to individualism. This section attempts to analyze the institutional changes behind Jordan's cultural change.

Until World War I, Jordan was part of the Islamic Ottoman Empire. Jordan became a British colony in 1921 (Al-Othman, 2012). In 1948, Jordan gained its independence and joined the United Nations as the Hashemite Kingdom of Jordan. Since then, Jordan has witnessed major socio-economic change in which the government has been a key player. Jordan is a constitutional hereditary monarchy with a parliamentary government. It is politically stable, with freedom of the press and private property guaranteed. Jordan's population is just above 6 million, of which the majority are Arab Muslims, with small communities of Circassians, Armenians, and Chechens, who have adapted to Arabic culture. The state religion is Islam, but others enjoy freedom of religion; about 6% of the population is Christian (U.S. Department of State, 2011). The official language is Arabic, while English is used widely in commerce and government.

Jordan is a small country with limited natural resources. Its economy consists of the service and industrial sectors. The service sector comprises government, tourism, transportation, communication, and financial services, employing about 70% of the workforce. The major Jordanian industries are potash, phosphate, and gypsum mining, while cement, fertilizer, and refined petroleum products manufacturing are also significant industries (U.S. Department of State, 2011). About a third of Jordan's rapid economic growth occurred in the industrial sector, while the service sector's share was equal or higher; agriculture plays a minor role in the Jordanian economy, as the nation's water resources are limited. Jordan's 2011 nominal GDP was \$26.893 billion, and its annual growth rate was 3% (Wikipedia, 2013).

Half of Jordan's population consists of indigenous Bedouins, most of whom are employed

in the public sector (Beard and Al-Rai, 1999). Most of Jordanians are considered educated and hard-working; and their influence in Jordan life has led to a greater emphasis on Jordan social and economic developments in an attempt to join the global economy (Wikipedia, 2013). Hospitality is a cornerstone of Arab life. It is commonplace for Jordanian families to welcome strangers into their home (TDS, 2011). The typical family in Jordan is extended. Family units are often led by sheikhs whose rule depends on the size of their families, their wealth, and the strength of their personalities. Education levels and social well-being indicators are relatively higher than that on other countries in the region. Most Jordanian woman are Muslims, wear scarves, well educated and receive pay equal to that of males when they work (TDS, 2011), yet they follow the Arab tradition in which their closet male relatives may have some influences in their decisions.

The first Company Law, established by the Ministry of Industry and Trade in 1964, was loosely stated and very limited (Naser and Al-Khatib, 2000). The Temporary Company Law of 1989 required companies to prepare an annual report, including a profit and loss account and balance sheet, with comparative figures and explanatory notes. In 1997, Company Law No. 22 was issued, and Securities Law No. 76 was issued in 2002. Both mandated the use of IASs/IFRSs by all Jordanian public shareholding companies (Al-Akra et al., 2009). In 1995, the Jordanian government brought in the Law for Investment Promotion to attract foreign investments and joint ventures to Jordan.

The first law concerning the auditing profession, the Accounting Auditing Profession Law No. 10, was issued in 1961. Through the 1964 Law No. 12, auditing became compulsory for all public companies. The Profession Law No. 32 was issued in 1985, founding the Jordanian Association of Public Accountants (JACPA). This law regulated auditors and made membership of the association compulsory, effectively superseding law No. 10. In 1986, the Accounts Auditors Classification Regulation was issued, followed in 1987 by the Auditors Association Regulation. In 2003, a new Accountancy Profession Law 73/2003 established the High Council for Accounting and Auditing responsible for the oversight of the auditing profession (Jordan, 2009).

The Jordanian tax law has very limited requirements concerning income measurement and asset valuation methods. The law requires certain types of companies operating in Jordan to prepare their records according to the generally accepted accounting principles approved by the relevant authorities.

Before 1997, The Jordanian government was involved in developing the economy through a

number of state-owned small and medium-sized industrial, financial, and service companies. In 1997, the Jordanian government's participation in public shareholding companies represented around 15% of the total. Due to the debt and inefficiency of Jordan's public sector institutions and corporations, large-scale privatization took place in 1997, with the government's overall investment dropping to 6% by 2004 after the sale of most of its investments through strategies such as initial price offering and divestiture, sales to strategic investors, concession agreements, management contracts, and franchising. To ensure the success of the privatization program and fulfill foreign and new owners' requirements concerning disclosure and accounting information quality, Jordan revised the institutional framework for corporate governance structures, corporate disclosure rules, and legal systems by issuing the 1997 Company Law, 1997 Temporary Securities Law, and the 2002 Securities Law (Al-Akra et al., 2010).

In 2001, Jordan became a member of the World Trade Organization after a series of free market reforms; Jordan now has more trade agreements than any other country in the region. Jordan's free trade agreement with the U.S., the first in the Arab world, made the U.S. one of Jordan's most significant markets. Jordan has six special economic zones that attract significant investment as well as new industries and services to the less developed areas of the country, where unemployment and poverty are particularly acute (Al-Akra et al., 2009). In 2009, the Jordanian banking sector expanded its international operations, through the sector applies conservative policies while managing the national economy, helping the country escape the brunt of the global financial crisis and post a surplus instead (Economy Watch, 2012).

In early 1989, the Jordanian government adopted a structural adjustment program supported by the International Monetary Fund (IMF) and the World Bank (Al-Othman, 2012). However, unemployment increased following the 1990 Gulf War, leading many to leave to find work in the Arab Gulf. In 1991, the government continued its efforts to implement a structural reform program. The reform program included 1) financial loans and aid for investment, 2) transforming the public sector into a private sector (privatization), 3) ending the subsidization of food programs, and 4) rescheduling foreign debts (Al-Othman, 2012). Among the aims of the reform program was ending the misuse of the country's economic resources and improving Jordan's political and economic spheres in the absence of an established infrastructure of transparency and accountability.

The foregoing analysis shows that Jordan is undergoing socio-economic changes that have contributed to changing the country's economic

structure. Jordan has adopted the IFRS as part of these changes (Halbouni, 2005). These standards, developed within the Western cultural context, may, together with other changes, reshape the country's collectivistic cultural orientation into a more individualistic one. The next section empirically investigates this possibility.

4. Empirical Study

4.1 Sample

To investigate the interrelationships between cultural values and IFRS in Jordan, a three-part questionnaire was designed and distributed to 150 Jordanian professional accountants (see Table 1). Part one asks four questions measuring the effect of demographic variables (i.e., gender, current work, years with current profession, and qualifications). Following the prior literature, part two asks seventeen questions measuring respondents' perceptions of the importance of IFRS (see Tyrral et al., 2007; Ballas et al., 2010; Parlakkaya et al., 2011; Zeghal and Mhedhbi, 2012; see Table 2). Part three asks seventeen questions measuring respondents' social values (i.e., individualistic versus collectivistic). This last set of questions includes 1) nine questions exploring respondents' individualistic cultural values and 2) eight questions exploring their collectivistic cultural values. The third part's questions, adopted from Tjosvold et al. (2003) and Xie et al. (2007) were designed to test the cultural dimensions of individualism and collectivism in psychology studies. The authors modified these questions to make them applicable to this study and understandable to professional accountants, the target sample. All questions were answered on a five-point scale on which 1 indicates "strongly disagree" and 5 "strongly agree." A total of 101 questionnaires (or 67.3% of those sent) were returned, of which 20 (13.3%) incomplete responses were excluded. Thus, 81 questionnaires (54%) were included in this study.

4.2 Descriptive analysis and reliability test

Table 1 presents the respondents' characteristics and backgrounds. The respondents are accountants working as external auditors (14), internal auditors (11), financial accountants (10), management accountants (7), financial analysts (12), chief accountants (6), heads of accounting departments (8), others (11) working as financial managers, senior consultants, heads of audit departments, or cost accounting controllers; two respondents did not specify their positions.

Table 1 also shows that 81.5% of the respondents are male and 14.8% female. Furthermore, 67.5% have fewer than ten years of

experience in their current profession and work with different aspects of accounting. Therefore, the respondents' profile suggests that the results of this study can be generalized.

Cronbach's alpha was used to test the reliability of the items composing each

questionnaire construct. The test results show 83.6% for respondents' perceptions of the importance of IFRS, 65.7% for the individualism constructs, and 81.9% for the collectivism constructs. These scores are near or greater than the 0.70 threshold recommended by Nunnally (1978).

Table 1. Descriptive analysis of organizations' & respondents' backgrounds

Gender	Total	Male	Female	Missing		
No. Cases	81	66	12	3		
Percentage	100%	81.5%	14.8%	3.7%		
Current Position	Total	External Auditor	Internal Auditor	Financial Accountant	Management Accountant	Financial Analyst
No. Cases	81	14	11	10	7	12
Percentage	100%	17.3	13.6%	12.3 %	8.6%	14.8%
		Chief Accountant	Head of Accounting Department	Others	Missing	
		6	8	11	2	
		7.4%	9.9%	13.6%	2.5%	
Years of Post Qualifications	Total	< 5	6 - 10	11-20	>20	
No. Cases	80	36	18	23	3	
Percentage	100%	45%	22.5%	28.8%	3.8%	
Qualifications	Total	Bachelor	Master	Professional Certificate	Others	
No. Cases	81	57	13	8	3	
Percentage	100%	70.4	16%	9.9%	3.7%	

5. Empirical Results

5.1 Results on the perceptions of IFRS

Table 2 shows that the 17 constructs related to respondents' perceptions of the importance of IFRS are highly positive (Average = > 3.00). The table also ranks the constructs based on their mean averages. The findings indicate that Jordanian accountants have a highly positive perception of IFRS and that they believe that it enables the presentation of accurate information, promotes transparency, improves shareholder trust, enhances the quality of financial report analysis, facilitates the quotation of companies in international capital markets, improves the comparability of financial results and decision making, and improves the accuracy of accounting information. The responses

to a 17-item survey concerning perceptions of IFRS implementation reveal that Jordanian accountants had highly positive perceptions (Average = 3.92).

To test for significant differences between the neutral value of 3 and the averages of the items listed above, a sample t-test was performed. As Table 2 indicates, the mean value of respondents' positive perceptions of IFRS differs significantly from 3 ($t = 19.731$, $p = .000$). Therefore, we can conclude that Jordanian accountants agree on each question presented in Table 2. We note that question 17 had the lowest mean (2.58), with a significant difference below the neutral value of 3, indicating that respondents are not aware of the importance of IFRS just because "everyone says so," as presented in question 17.

Table 2. Descriptive analysis on the importance of IFRS

Rank		Mean	SD	t-value	Sig.
1.	IFRS enables the presentation of accurate information.	4.23	.763	14.367	.000**
2.	The application of IFRS promotes transparency in financial reporting.	4.19	.709	15.043	.000**
3.	The use of IFRS increases corporate stakeholder trust.	4.16	.679	15.376	.000**
4.	IFRS increases the quality level of financial report analysis.	4.15	.615	16.812	.000**
5.	IFRS facilitates the quotation of companies in international capital markets.	4.14	.771	13.265	.000**
6.	The use of IFRS increases decision making accuracy.	4.12	.731	13.829	.000**
6.	IFRS makes the comparability of the financial results of companies across different periods more reliable and easier.	4.12	.827	12.221	.000**
8.	The use of IFRS facilitates the audit activities of corporations.	4.07	.787	12.282	.000**
9.	IFRS promises comprehensive and timely financial information.	4.02	.758	12.168	.000**
10.	The use of IFRS provides decision makers with more qualitative financial information.	4.00	.671	13.416	.000**
11.	IFRS enables the keeping track of pieces of information.	3.94	.659	12.823	.000**
12.	I believe that IFRS has a special status.	3.93	.808	10.242	.000**
13.	The use of IFRS reduces the work of an investor.	3.83	.905	8.222	.000**
14.	IFRS are becoming necessities for achieving efficient corporate governance.	3.80	.872	8.282	.000**
15.	The use of IFRS improves relationships with customers and creditors nationally/internationally.	3.65	.809	7.282	.000**
16.	The use of IFRS affects the quality of accounting records and documentation.	3.65	.964	6.110	.000**
17.	IFRS are good just because everybody says so.	2.58	1.05	-3.608	.000**
	Overall Perceptions of IFRS	3.92	.413	19.731	.000**

** Significant at 5%

5.2 Results on the effect of individualistic/collectivistic culture on IFRS

This section presents the empirical results concerning the effect of cultural orientation (individualistic or collectivistic) on the perceived importance of IFRS among Jordanian professional accountants. Table 3 presents respondents' scores on the culture measures. The table shows that the averages for the nine constructs varied between 2.90 and 3.98 within a range of 1.08. Most constructs of the individualism measure are rated as positive (Average = > 3.00), and two items are rated as negative (Average = < 3.00).

These findings show that Jordanian accountants like *competition, do the job better than*

others, being independent in professional judgment, self dependence, being unique, and doing their own things. Table 3 also shows that Jordanian accountants do not like "getting tense because of others' better work," and those who "rarely share their knowledge." As the table also shows, the responses to the nine individualism items reveals that the Jordanian accountants agreed on their positive individualism perceptions (Average = 3.57) of themselves when communicating with others and implementing work-related tasks. These findings indicate that Jordanian accountants have relatively highly individualistic perspectives; the mean value is significantly different from 3 ($t = 10.182, p = .000$).

Table 3. Respondents' Scores on the Individualism Cultural Measures

		Mean	SD	t-value	Sig.
1.	I like IFRS because competition is a main underlying concept behind these standards.	3.62	1.043	5.323	.000**
2.	If someone applies/knows IFRS better than I do, I become tensed.	2.90	1.125	-.790	.432
3.	It is important that I do my professional job better than others do.	3.96	.834	10.328	.000**
4.	I enjoy working in situations involving competition.	3.98	.856	10.182	.000**
5.	I believe that, without competition, it is not possible to have good standards.	3.29	1.0578	2.431	.017**
6.	If co-workers have knowledge of IFRS, they rarely share their knowledge.	2.99	.968	-.115	.909
7.	Being unique by knowing all aspects of IFRS is very important to me.	3.86	.833	9.337	.000**
8.	When I search for an interpretation of an IFRS, I would rather depend on myself than others.	3.43	.974	3.993	.000**
9.	Being independent in my professional judgment is very important to me.	3.95	.893	9.580	.000**
	Overall Individualism	3.57	.493	10.182	.000**

** Significant at 5%

Table 4 presents respondents' score on the collectivistic measures. The table shows that the averages for the eight constructs varied between 3.75 and 4.70 within a range of 0.95. All the collectivism items are rated highly positively by the accountants (Average = > 3.00), indicating that they have highly collectivist perspectives.

The findings show that Jordanian accountants like "consulting," "helping," "sharing experience,"

"working, cooperating and spending time with others," and "respecting group decisions." It also shows that the responses to collectivism's 8-construct measures reveal that the accountants agreed on their highly positive collectivism perceptions (Average = 4.16) of themselves, with a mean value significantly different from 3 ($t = 12.89$, $p = .000$).

Table 4. Respondents' Scores on the Collectivism Measures

		Mean	SD	t-value	Sig.
1.	In applying IFRS, I am happy to share my experience with others.	4.10	.880	11.178	.000**
2.	It is important to me to have co-workers who have longer experience with IFRS.	3.75	.929	7.295	.000**
3.	If one of my co-workers is facing difficulty in applying IFRS, I will help him.	4.16	.729	13.939	.000**
4.	If my co-worker receives a professional award, I feel proud.	4.15	.935	10.951	.000**
5.	I feel good when I cooperate with others in interpreting and applying IFRS.	4.11	.871	11.419	.000**
6.	Though IFRS takes more time to apply, I have no problem spending that time.	4.11	.758	13.188	.000**
7.	I respect my colleagues' decisions, interpretations, and explanations related to IFRS.	4.01	.787	11.500	.000**
8.	Colleagues should consult each other regarding the application of IFRS.	4.70	4.363	3.514	.000**
	Overall Collectivism	4.16	.785	12.89	.000**

** Significant at 5%

Given the above results, the study finds that Jordanian accountants show a higher level of collectivism perspectives (Average = 4.16) than individualism perspectives (Average = 3.57). The range of the averages' difference is 0.59, indicating that the accountants give the strongest consideration to cooperation, the perceptions of colleagues, and their social image when doing jobs such as consulting, sharing, and supporting. Furthermore, though the accountants have individualism perceptions concerning themselves, they are secondary to behavior related to others.

To test the effect of cultural orientation on the perception of the importance of IFRS, this study examined whether the difference between the collectivistic and individualistic averages is significant. A paired samples t-test was run at alpha significant level 0.05 (2-tailed). The results indicate that a significant difference exists between the individualism and collectivism averages ($t = -6.532$,

$p = .000$). This result reinforces the culture relativity notion described in Traindas (1995), according to which cultural values may differ in their relative emphases within the same group. Accordingly, we can conclude that, although Jordanian accountants are more collectivistic, they also possess an individualistic culture orientation.

To identify which cultural orientation significantly affects perceptions of IFRS, this study applied a regression analysis, as presented in Tables 5 and 6. Both tables show that individualism and collectivism significantly affect Jordanian accountants' perceptions of IFRS; the P-value is ≤ 0.05 . Table 6 shows that 39.1% of participants' perceptions are affected by their collectivistic attributes while only 15.3% are affected by their individualistic cultural values, as indicated in Table 5.

Table 5. Regression results on the effect of individualistic values on the perceptions of IFRS

Independent Variables	B	Beta	t-value	Significance
Constant	2.743		8.804	.000
Individualism	.330	.406	3.820	.000**

Note: $R^2 = 0.165$, Adj. $R^2 = 0.153$, F-value 14.593, ** significant at 0.01 level.

Table 6. Regression results on the effect of collectivistic values on the perceptions of IFRS

Independent Variables	B	Beta	t-value	Significance
Constant	2.067		7.768	.000
Collectivism	.455	.631	7.052	.000**

Note: $R^2 = 0.399$, Adj. $R^2 = 0.391$, F-value 49.729, ** significant at 0.01.

This result confirms that Jordanian professional accountants' cultural orientation influences their perceptions of the importance of IFRS. We ran an ANOVA test to determine whether respondents' demographic variables affected their perceptions of the importance of IFRS and their cultural orientation (collectivistic or individualistic). The test shows no significant association between any of the demographic variables and participants' perceptions of the importance of IFRS or cultural orientation.

5.3 Results on IFRS' effects on culture

To test the effect of IFRS on Jordanian culture, the sample was divided into two subsamples based on the respondents' work experience 1) The first group comprises the 54 respondents (67.5% of the sample) with fewer than ten years of work experience, and 2) the second group comprises the 26 (32.5%) with more than ten years. The underlying assumption here is that professional accountants with ten or more years of work experience will have a more collectivistic orientation, whereas those with fewer than ten years of experience will have an individualistic orientation as they have always practiced accounting under the IFRS as required by the 1997 Jordanian Company Law and the 2002 Securities Law. We expected respondents with less than ten years of experience to have a perception of the IFRS significantly different from that of participants with more than ten years of experience since they have been exposed only to the IFRS.

To ensure that work experience was a good proxy for IFRS' influence on cultural orientation, we tested the effect of work experience on the 17

constructs measuring the importance of IFRS, as shown in Table 7. The table indicates that the IFRS perceptions of those accountants with fewer than ten years of experience differ significantly from those of accountants with more than ten years of experience for only three questions and only at the 5% level. The difference is not significant for the other questions measuring the perceived importance of IFRS.

These findings highlight two main issues. First, work experience has little effect on the 17 neutral constructs measuring the perceived importance of IFRS, suggesting that using work experience as a proxy for IFRS' influence on cultural orientation seems acceptable. Second, Table 7 shows that Jordanian accountants with fewer than ten years of work experience place a heavier emphasis on issues related to the quality of accounting information and investment decisions.

In investigating the influence of IFRS application on practitioners' cultural orientation, this study examined the difference between the two groups' responses to the two sets of questions on individualistic and collectivistic cultural orientations (see tables 8 and 9). Tables 8 and 9 show that the Jordanian accountants possess a collectivistic culture. Table 8 shows that both groups tend to oppose the individualistic characteristics associated with IFRS. Table 8 indicates that there is no significant difference in individualistic cultural orientation between Jordanian accountants with fewer than ten years work experience and those with more than ten (F-value = .674, $p = .414$).

Table 7. Respondents' Perceptions of IFRS, classified by years of experience

		< 10 Years		> 10 Years		F-Value	Sig.
Rank		Mean	SD	Mean	SD	F-Value	Sig.
3.	The use of IFRS increases corporations' stakeholders' trust.	4.16	.773	4.11	.516	6.722	.011* *
4.	IFRS increases the quality level of financial report analysis.	4.14	.707	4.12	.431	5.374	.023* *
6.	The use of IFRS increases decision making accuracy.	4.14	.842	4.04	.528	9.708	.003* *

** Significant at 5%,

Table 8. The effect of IFRS on the individualism cultural orientation

		< 10 Years		> 10 Years		F-Value	Sig.
No.		Mean	SD	Mean	SD	F-Value	Sig.
1.	I like IFRS because competition is a main underlying concept behind these standards.	3.63	1.103	3.62	0.941	1.257	.266
2.	If someone applies/knows IFRS better than me, I get tense.	2.96	1.181	2.81	1.021	.484	.489
3.	It is important that I do my professional job better than others do.	4.057	0.908	3.769	0.652	1.184	.280
4.	I enjoy working in situations involving competition.	3.98	0.866	3.923	0.845	.076	.784
5.	I believe that, without competition, it is not possible to have good standards.	3.28	1.063	3.34	1.056	.023	.880
6.	If co-workers have knowledge of IFRS, they rarely share their knowledge.	3.019	.981	2.962	.958	.147	.703
7.	Being unique by knowing all aspects of IFRS is very important to me.	3.02	0.981	2.962	.958	1.383	.243
8.	When I search for an interpretation of an IFRS, I would rather depend on myself than others.	3.46	1.022	3.308	.838	2.469	.120
9.	Being independent in my professional judgment is very important to me.	4.000	.0112	3.923	.796	.630	.430
Overall Individualism		3.61	.515	3.50	.456	.674	.414

By contrast, Table 9 shows a tendency to support a collectivistic cultural orientation. The table also indicates that there is no significant difference in collectivistic cultural orientation between Jordanian accountants with fewer than ten years work experience and those with more than ten years except for two questions and only at a 10% significance level. Therefore, we conclude that IFRS had no significant influence on the Jordanian

accountants' cultural orientation. Jordanian accountants are generally collectivistic yet possess aspects of the individualistic cultural orientation. These results are consistent with the definition of "cultural relativity" in Triandis (1989), in which every individual possesses a mix of cultural orientations, the differences depending on the situation.

Table 9. The effect of IFRS on the collectivism cultural orientation

		< 10 Years		> 10 Years		F-Value	Sig.
No.		Mean	SD	Mean	SD	F-Value	Sig.
1.	In applying the IFRS, I am happy to share my experience with others.	4.000	1.000	4.308	.549	2.883	.094*
2.	It is important to me to have co-workers who have longer experience with IFRS.	3.722	.960	3.77	.863	1.351	.249
3.	If one of my co-workers is facing difficulty in applying IFRS, I will help him.	4.148	.787	4.154	.675	.154	.695
4.	If my co-worker receives a professional award, I feel proud.	4.154	.978	4.12	.864	.855	.358
5.	I feel good when I cooperate with others in interpreting and applying the IFRS.	4.057	.989	4.231	.587	1.885	.174
6.	Though the IFRS take more time to apply, I have no problem spending that time.	4.074	.773	4.192	.749	.118	.733
7.	I respect my colleagues' decisions, interpretations, and explanations related to the IFRS.	4.000	.832	4.039	.720	.095	.759
8.	Colleagues should consult each other regarding the application of the IFRS.	4.222	.769	4.23	.514	3.628	.060*
Overall Collectivism		4.15	.9004	4.13	.523	1.456	.230

* Significant at 10%

6. Conclusion

This study conducted a survey to investigate the influence of Jordanian practitioners' cultural orientation on their perceptions of IFRS and to determine whether the introduction of IFRS in Jordan has contributed to a change in the practitioners' cultural values. The results show that Jordanian accountants have more collectivistic attributes than individualistic ones. These results agree with the findings in Sabri (2012, p. 208) that Jordanians tend strongly towards collectivism. Nevertheless, the significant differences found for some items based on work experience are consistent with the findings in Freeman and Bordia (2001) and Schwartz (1994) that all societies have at least some aspects of both individualistic and collectivistic worldviews. Our findings indicate that Jordanian accountants' collectivistic attributes affect their positive attitudes to IFRS and that IFRS improves the accuracy of accounting information, promotes transparency and comparability, increases shareholders' trust, and enhances the evaluation and analyses of Jordanian financial information.

Clements et al. (2010) find that there is a lack of association between culture and IFRS because, they argue, the well-designed IFRS accommodates multiple cultural dimensions. This paper partially confirms those findings by showing that Jordanian accountants' cultural orientation has a balancing effect on their perceptions of the importance of IFRS, which thus appears to allow the integration of different cultural aspects. The accountants' positive perceptions of IFRS can also be attributed to Jordan's lack of national accounting standards. Siam and Rahahleh (2010, p. 31) have called upon the Jordanian accountancy profession to design and promote accounting standards that fairly reflect the results of business enterprises in Jordan. Adopting IFRS seems to be appropriate for rather than harmful to developing countries such as Jordan (see also Chamisa, 2000; Joshi and Ramadhan, 2002; Ismail et al., 2010; Bova and Pereira, 2012). However, these results do not agree with those of several other studies (see Perera, 1989a; Irvine and Lucas, 2006; Crains, 1999; Street and Gray, 2001).

Consistent with Sabri (2012), this paper shows that, when political, social, and economic environments change, people's cultural values also change. Sabri (2012) states that social changes such as growth in economic, educational, and democratic terms influence work-related cultural dimensions and hence reshape a society's cultural values. This paper has shown how Jordan's macro socio-economic changes, intertwined with the introduction of IFRS, have contributed to reshaping Jordanian accountants' cultural orientation. This paper therefore has important policy implications for accounting standards setters and regulators both

in Jordan and across the international business community.

Although Jordanian accounting regulators must consider cultural sensitivities when discussing the adoption of new accounting practices introduced under the banner of international best practices, they must also recognize that professional accountants' cultural orientation has been reshaped by Jordan's socio-economic changes. They must also understand how the new practices are contributing to the country's societal changes. At the same time, Jordan's accountancy profession must also acknowledge this reality in way that enables a further development of the country's capital market.

Jordan's acceptance of Western-based accounting practices such as IFRS is a sign to international business. Since information-based IFRS is widely accepted in annual reports, international organizations trust not only accounting report information but also the country's modernization policies designed to foster democratization and transparency (Al-Othman, 2012). The results show that Jordanian accountants with fewer than ten years of work experience have perceptions of some IFRS-related aspects significantly different from those of accountants with more than ten years of experience. This difference could be attributed to the modernization policies that Jordan has pursued over the last ten years (Al-Othman, 2012; A-Akra et al., 2009; Shihab-Eldin, 2008). The paper's results indicate that Jordanian accountants have some individualistic features but more collectivist attitudes, consistent with the definition of "cultural relativity" in Triandis (1989), in which every individual possess a mix of cultural orientation, the differences depending on the situation. These results will also help the International Accounting Standard Board (IASB) as they show how IFRS can contribute to bringing about a convergence in practitioners' cultures (Alfredson et al., 2009).

One of this paper's limitations is that it addresses only one of Hofstede's cultural dimensions (individualism versus collectivism) and does not examine other cultural dimensions, such as power distance, masculinity, or uncertainty avoidance. This limitation represents an area of future research, wherein researchers could investigate how IFRS has contributed to changing these dimensions in Jordan. Another limitation is that the paper did not investigate the effect of religion, language, economic development, the legal system, and political forces on the mutual relationship between culture and IFRS. These issues represent more areas for future research.

Examining the interrelationship between cultural orientations and accounting standards in emerging economies and developing countries has become more ambiguous and theoretically

complex, yet the desire to adopt accounting standards that coincide with international ones will continue. This process is becoming increasingly complex, especially given the mismatch between the cultural values of developing countries and the IFRS' embedded values. This study explains how cultural orientation and IFRS affect each other and how both have contributed to reshaping Jordan's professional cultural orientation.

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