Finance and Business Economics Review | Volume7/ Number2/ June/ 2023/ p162-180

An Assessment of the Libyan Oil and Gas Industry's Adoption of International Financial Reporting Standards (IFRSs)

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***Received**: 28/02/2023* ***Accepted**: 08/06/2023* ***Published**: 30/06/2023*

Abstract:

This research discusses the background of IFRS and how international organizations might help to promote the implementation of IFRS., and the progress of accounting. It discusses the pros and cons of adopting IFRS in industrialized countries. By focusing on Libya's decision to implement IFRS for its extractive industry, the study advances our understanding, a topic that has not before been investigated, and how to better comprehend the possible advantages and obstacles to IFRS adoption in developing countries. Also study aims to comprehend the variables, both internal and external influencing the sector transition to IFRS. The current assessment gave a general overview of the environment.

Furthermore, the unions in accounting and groups that the previous government had established had no interest in advancing accounting standards and procedures because they were quite political in nature. As a result, accounting education and training programs were either inadequate or non-existent.

Keywords: IFRS, gas and oil industry, international organizations**.**

(JEL) Classification: XN2 ،XN1.

1. Introduction:

In 2003, the International Accounting Standard Board (IASB) established strict accounting regulations to address global accounting disparities. The International Financial Reporting Standards (IFRS) were established to simplify accounting. By 2005, EU companies had to use IFRS, and other emerging nations followed suit. (Almansour, 2019). IFRS is comprehensive and widely accepted by investment markets worldwide (Alsuhaibani, 2012). The IFRS enhances comparability and transparency making the economy of underdeveloped countries more appealing for foreign investors (Laga, 2013; Bischof and Daske, 2013; Masoud, 2014),. However, many studies have identified factors that could delay or prevent IFRS implementation in underdeveloped nations. Cultural, political, and economic factors may make accounting standard harmonization difficult (Tyral, Woodward and Rakhimbekova, 2007; Nurunnabi, 2017). Many developing countries face adaptation costs including redesigning, consulting, and retraining (Alsuhaibani, 2012; Almansour, 2019).

The choice to adopt IFRS is based on the innovative institutional theory (NIT), according to which institutional factors can strongly influence whether a country adopts such requirements (Irvine, 2008; Ibrahim, 2014; Nurunnabi, 2015). Thus, using NIT's participation in the Middle East, North Africa, and Libyan developing countries' adoption of IFRS, this research investigates the influence of World Bank and accounting organization enforcements. NIT also examines administrative, regulatory, and cultural factors that may hinder IFRS adoption. IFRS implementation in Libya has been studied for pros and cons (Masoud, 2014;; Faraj and El-Firjani, 2014; Khaled; 2016 Binomran, 2021). Established economies have extensively investigated the implementation of the IFRSs (Masoud, 2014; Zakari, 2014; Bayoud, 2015), whereas developing economies have seen minimal research on this subject . The study's challenge is IFRS adoption literature in Libya. In developed economies, the use of international financial reporting standards has received substantial study. (Masoud, 2014; Bayoud, 2015), while developing nations have not (Laga 2013, Faraj and El-Firjani, 2014). Despite almost 160 nations adopting IFRS, Libya has not considered this.

Similar studies have focused on Libya's IFRS adoption challenges, according to the literature. However, Libyan enterprises' IFRS benefits seem to have been overlooked. Thus, a comprehensive analysis of Libya's oil and gas industry, its largest economic sector, is necessary. Prior study did not use enough data or focus on specific organizations. Thus, this study seeks to clarify the benefits and drawbacks of financial industry IFRS implementation.

Global corporate financial reporting standards have changed in recent years, especially in emerging nations. Despite the lack of consensus on a single accounting system for rising economies, It was thought that An effective accounting system that may stimulate economic growth was the International Financial Reporting Standards. Thus, developing states like Libya must embrace and implement such principles (IFRS).

1.2 Research objective

The paper examines the pros and cons of adopting IFRS in the oil and gas business. The study's objective is to critically assess Libya's IFRS and indigenous accounting methods. Determine IFRS's economic benefits in one of Libya's most important businesses (oil and gas).

1.3 Scientific and practical importance of research

This research aims to measure the impact of the application of IFRS in enhancing the qualitative characteristics of accounting information to achieve the quality of financial reports in the Libyan oil companies. In order to achieve study objective, the sample was includes: accountants ،auditors ،financial managers in the Libyan Oil Companies. There is a positive impact of the application of IFRS on the quality of financial reporting. Accounting information prepared in accordance with international standards helps decision makers to enhance current expectations and change them ،and their application helps to make comparisons to assess the financial performance of companies. Based on the results reached it is The need to transition to IFRS to produce quality accounting information. And work to raise the level of transparency in Libyan society and improve the conditions of registration in the Libyan capital market ،as to provide fair disclosure to all investors .and recommended that a revision to the legislations that were effective during the centrally planning economy stage ،including legal and economic systems ،is carried out. In a new setting government must be kept out of the financial stock market except organizing it.

2. Literature Review

2.1. Developed Countries adopting IFRS.

Despite the broad adoption of IFRS, Zehri and Abdelbaki said that the IAS/IFRS first edition was largely developed for industrialized countries. and that IFRS are better suited to those nations. In addition, just nine nations are represented on the IASB board, with five of those being Europe and the US the remainder coming from Canada, China, Japan, South Africa, and, and the remaining members . emphasized that since its founding in 1973, the IASC has campaigned for the adoption of IFRS by developed nations, particularly in 1995. In order to use the standards created by the IASC for their members, the International Organization of Securities Regulators approved them in 2000.

2.1.1. The European Union (EU) and Adoption of IFRS

In 1995, the EU commission finally recognized that the financial statement directives were inadequate and set out to improve international uniformity both within and outside of the EU. Since then, the EU has pushed the use of EU IASB standards companies . The Commission came to the conclusion that The IFRS seemed to be the most suitable typical for demands for global financial transparency in 1999 after acknowledging the benefits and practicality of more international harmonization (Yu, 2006). The Commission demanded that there be greater accounting harmonization and that all EU enterprises provide consolidated financial accounts in accordance with IFRS. Since January 2005, all publicly traded companies in the EU have complied with IFRS when generating financial accounts (Irvine, 2008). The required and optional IFRS implementation has inspired a rush of study in developed nations (De George et al., 2016).

For their part, According to Affes and Callimaci (2007), the reasons for the listed businesses in Germany and Austria adopting IAS/IFRS so quickly. According to a logistic regression carried out on 106 German and Austrian firms in the sample, the size of the company affects the possibility of early adoption of IAS/IFRS. On the other side, highly leveraged firms don't seem to care about the connection between predicted IAS/IFRS adoption and debt because Depending on certain calculations, their creditors may require compliance with the debt covenants. Furthermore, in an instance of 28 companies available on the Swiss stock market, Dumontier and Raffournier (1998) the debt-to-income ratio, the use of IAS, and business success were found to be statistically unrelated . The comparison across nations is not considered in this paper, even though doing so would strengthen the case for the adoption of IFRS. The focus of the next part will be on some current issues and potential benefits of implementing IFRS.

2.1.2. Advantages and Obstacles of IFRS Adoption in Developed Nations

interested investors can review the reports of different companies to decide where to put money this era of commercial globalization (Larson, 1993). An individual accounting system will also reduce the cost of creating financial reporting and make it simpler to transfer money and other resources between countries (Tyrrell).

Among the earliest created nations to adhere to the IFRS guidelines were Australia and the European Union. The creation of the IFRS is to reduce irregularity in accounting information and win investors' confidence (Agostino et al., 2010). (Tarca, Morris, and Moy, 2013; Florou and Pope, 2012). However, several factors warrant concern, Examples include IFRS (costs associated with endorsement, translation, interpretation, and implementation), a lack of continual education and training, effective lobbying, and varied enforcement tactics. (Hellmann, Perera, and Patel, 2010).

The UK upgraded its accounting rules after implementing IFRS, which produced better accounting statements .However, because they didn't have a significant impact on value relevance, IFRS didn't have a similar impact in Poland (Dobija and Klimczak, 2010). Furthermore, initial signs in Spain suggest that IFRS has not considerably boosted the value relevance of accounting data, according to Callao, Jarne, and Lainez (2007). This is crucial because it suggests that the application of local accounting standards in each nation, when coupled with IFRS principles, has a detrimental impact on the use of IFRS and the comparability of financial accounts.

Compared to enterprises in non-IFRS adopting nations Businesses in nations that have adopted IFRS have experienced a larger rise in trading volume and return volatility; nevertheless, 11 of the 13 IFRS-adopting nations were still using native GAAP . However, the ability to compare financial disclosure across nations using IFRS has been the key driver for moving to a single set of requirements. Instead of transitioning to domestic GAAP, IFRS is anticipated to enhance financial report comparability and benefit international investors. According to two stages of research across thirteen countries and 20 industries, IFRS harmonization provides better accrual quality than local GAAP (Aubert and Grudnitski, 2011). The average liquidity and capital cost remained constant even though the results of voluntary and compulsory IFRS implementation differed widely. The analysis found that IFRS implementation did not immediately result in profit comparability for cash flow and accruals throughout Europe. They also think that IFRS adopters will not see an immediate improvement in their situation because accounting harmonization is ineffective for learning from inter-firm comparisons (Lang et al., 2010). Between 2001 and 2007, it was noted that the mandated implementation of The financial markets in 46 different countries now have higher-quality information thanks in accordance with the International Financial Reporting Standards. Once IFRS is implemented, companies within the same jurisdiction that adopt They become less comparable to their domestic competitors. (reporting under GAAP) (Cascino and Gassen, 2015). Additionally, due to the variety of available accounting choices following IFRS has been adopted, making Less comparable book prices in France and Germany. (Liao et al., 2012). The implementation of by the French company provided proof of the improvement in financial statement quality for the first time. As a result, the value relevance of the optional IFRS equity adjustments was reliant on the information release (Cormier et al., 2009). After introducing IFRS, Devalle et al (2010).'s study abroad in

France, Italy, or the UK, and Germany demonstrated the significance and impact of book value and information content on profitability (Agostino et al., 2010).

2.2. Difficulties of IFRS Adoption in Developing Nations

Developing countries lack a reliable income source and are now in the early stages of economic expansion (World Bank 2019). IFRS has drawn a lot of attention from developing nations; while some have accepted it fully or in part, others, like Libya, have not. Although many factors may impact country-specifics and time, researchers concur that environmental factors are of utmost importance when determining whether or not emerging countries' adoption of the International Financial Reporting Standards (IFRS) (Othman and Kossentini, 2015, Shima and

The applicability of IFRS to developing countries has been questioned by several academics; while some believe it is essential to economic development. IFRS is one of several developing nations' methods for defining standards (Perera and Baydoun, 2007). On the other hand, Hassan et al. (2014) saw the Middle Eastern region's adoption of IFRS as part of a larger initiative to strengthen accounting governance and preserve investors' trust. According to Hassan et al. (2014), its hazards can be viewed as solely symbolic if it is not executed properly. According to Irvine (2008), adopting a global set of accounting standards, like IFRS, gives emerging economies legitimacy, enhances the quality of the information shared between nations, and promotes international investment However, given the diversity in political, economic, social, and cultural considerations, a single set of accounting standards, such as IFRS, may not provide further controls. While certain nations, like Zimbabwe& Iran, require the governing compatibility of IFRS with legal structure, others, like Pakistan, Thailand, Bangladesh, Nigeria, and the Arab Gulf Countries Co-operation Council (GCC), rely on local GAAPS alongside the IFRS. Even while many developing countries have fully or partially embraced IFRS, most of these countries are doing so because international organizations like the World Bank, WTO, and IFM are pressuring them to do so (Ibrahim,2014; Abeleje, 2019; Almansour, 2019).

2.3. IFRS Adoption in Libya

IFRS implementation in Libya has recently been the subject of literary discussion. For instance, studies on the implementation of IFRS in Libya have been conducted by Handley-Schachler (2012), Lega (2013), Masoud (2014), Zakari (2014), Faraj and El-Firjani (2014), Bayoud (2015), Khaled (2016), and Binomran

(2021). While these studies have provided background information, there are still many constraints that served as the foundation in this study.

Laga (2013) evaluated objections to the adoption of IFRS and showed that doing so would be challenging in Libya. Like Laga (2013), who focused on potential roadblocks to implementing IFRS in the instance of Libya even though there are several benefits of doing so, including raising the degree of equivalence and providing more trustworthy, accurate, transparent, and legal financial accounting data. Language hurdles are the biggest obstacles to the adoption and incorporation of IFRSs into Libyan accounting standards, along with the dearth of technical know-how and accounting competence among accounting professionals. In addition, there are several issues with the country's accounting framework that will make it challenging for Libya to implement IFRSs. Therefore, it is important to be aware of and take steps to overcome these real-world obstacles to ensure a smooth execution procedure and maximize the advantages of implementing IFRS (Laga, 2013). Even though the research by Handley-Schachler (2012) and Laga (2013) should be regarded as crucial in identifying problems with IFRS in Libya, these studies are based on extensive literature reviews with no primary data provided to substantiate the allegations.

The current study, in contrast, will take into account additional viewpoints from auditors, accountants, and financial managers . Like this, Faraj and El-Firjani (2014) looked at the challenges that Libyan-listed firms can encounter while implementing IFRS. According to the survey, the majority of businesses adhere to the rules and laws already in place, including Libyan tax and commercial legislation. Although these results could be considered crucial, they cannot be applied to other industries, such as oil and gas businesses, which do not operate on the Libyan stock market The significance of Libya's adoption of IFRS was examined by Bayoud (2015) utilizing the opinions expressed in the Libyan accounts . This study supported the idea that IFRS implementation in Libya would benefit all parties involved, but it also revealed a gap in Libyan Accounts' understanding of IFRS. Furthermore, the study did not take into account the reasons for delaying implementation of IFRS; instead, it concentrated solely on the causes and barriers related to doing so.

However, the researcher suggested more research be done to show the advantages and difficulties of implementing IFRS. Using a questionnaire, the Binomran (2021) survey investigated the driving forces behind Libya's adoption of IFRS. Binomran emphasized that economic expansion is the primary driver behind the adoption of IFRS in Libya. The benefits of implementing IFRS also serve as a strong incentive for Libya to choose that course of action. However, accounting education has less of an impact on Libya's decision to adopt IFRS. Despite the research's intriguing findings, just 56 subjects were used, which severely restricts its application. Additionally, because he only utilized one method, the researcher did not explain why his findings were what they were. The study did advise future research to employ the exploration approaches, though.

Even while developing nations have paid attention to adopting a common set of accounting standards like IFRSs, there is still a dearth of study and analysis on how emerging economies will adapt to the standards created and implemented in developed nations. According to the literature analysis, comparable trends are emerging in poorer nations, both implementing and accepting IFRS could be very challenging. , costly, & labor-intensive. The benefits of the accounting reform and the impact of IFRS adoption, particularly in the oil and gas industry, have not been thoroughly researched, even though numerous studies have been done within the Libyan context (Masoud 2014; Elhouderi 2014; Faraj and El-Firjani 2014; Masoud 2016). (Elhouderi 2014). To close this knowledge gap and better understand the present obstacles to the adoption of IFRS into Libyan accounting rules, this study uses a mixed method approach. Additionally, this study intends to assess whether opportunities will present themselves because of IFRS adoption in Libya. This study draws on previously published research as a foundation, but its goals are different because it seeks to understand why Libya has not yet adopted IFRS (reasons for the delay).

2.4. Advantages of Adopting IFRS in Developing Economies

The financial and technological capacity to set accounting and reporting standards is often lacking in poor countries. They might also lack the powerful professional organizations and regulatory agencies needed to develop and maintain their own accounting standards; thus, these nations can just adopt IFRS (Fino, 2019). The advantages followed by a discussion of this adoption.

2.4.1. Financial Details.

The implementation of the principles of international accounting would provide decision-makers, both national and international, with a homogenous, comparable, and reliable information product (Nulla, 2014). Transparency, Adopting IFRS has benefits for better reporting accuracy, Accountancy and market effectiveness, global the flow of international investment comparisons , to name a few. (Al-Mannai and Hindi, 2015; Li and Yang 2016; Nurunnabi, 2017). Financial reports made in accordance with IFRS are typically seen as more standardized and dependable compared to those prepared under domestic accounting standards, including being more educational for decision-makers (Alsuhaibani, 2012). Relevance is increased by implementing IFRS. and lowers the risk of earning management as shown by empirical investigations. compared to statements prepared in accordance with local standards (Nulla, 2014). Even nations that formerly complied with their national accounting requirements include increasingly cognizant of the value of comprehending their worldwide competitors' accounting (Almansour, 2019). Even if adopting IFRS is crucial, merely putting the regulations into practice is insufficient (Masoud, 2014A; Nurrunabi, 2017). Regulations for enhancing IFRS-based reporting's computer usability must be established because both required and optional disclosure are essential to the accounting system's comparability function.

According to Rose and Peiffer, if a nation consistently meets the good governance criteria of adopting IFRS, the norms, government personnel, culture, considering societal expectations, everyone will be less likely to act in an unethical manner (2019). The application of International Financial Reporting Standards (IFRS) has minimal impact. the economic development of underdeveloped nations, claim Zeghal and Mhedhbi (2006). The adoption of IFRS is not the only factor that can aid in a country's economic development, as reliable financial statements are required to boost investor confidence. The second topic w cover is the challenge of creating economic growth, which includes other factors including legal considerations, cultural aspects, and education.

2.5. Barriers of IFRS Adoption in Growing Economies

According to academics, the adoption of IFRS results in the production of high-quality accounting data, a rise in information that is relevant to value, better business comparability, and economic growth. In fact, IFRS is suitable depending on the capital market organizations that are subject to regulation, especially in industrialized countries with strict legal enforcement, control, and monitoring. Although there are many obstacles to implementing IFRSs, they are not all the same and the severity of each obstacle varies across nations. Understanding these difficulties would aid nations (like Libya) that have adopted or plan to adopt IFRS in realizing a more effective method of meeting international accounting standards (Wong, 2004).

2.5.1. Accounting training and Education

IFRS adoption decisions have been demonstrated to correspond with literacy level (Zehri and Chouaibi, 2013). This idea about the influence of literacy level on IFRS adoption decisions was supported by Archambault and Archambault (2009), who examined the results of 120 countries on IFRS adoption by listed businesses. While examining the factors affecting IFRS implementation in developing nations, noticed that nations at higher levels of literacy shown a greater enthusiasm in doing so. Additionally, the decision to adopt IFRS is favorably correlated with the countries' overall literacy rates. The credibility of the accounting profession may be at risk due to the absence of an accounting profession that has developed and is capable of interpreting and applying the most important IFRS provisions. Specifically in the beginning stages of adoption, this might result in mistakes and errors (Fino, 2019). To put it more precisely, a lack of accounting education might make it more difficult to apply the IFRS correctly. Obsolete curriculum, a lack of faculty, and outdated teaching techniques are some of the difficulties facing the accounting profession, all of which might hinder the use of IFRS in different ways. According to Fino (2019), implementing IFRS is an expensive process. Expenses for translation, employee training, software system changes , the acquisition modern accounting software, and required consulting services are a few examples of such expenses. Lack of knowledge and comprehension may make it more difficult for developing nations to implement IFRS. Because of this, several authors have called for increased education on the subject (Nurunnabi, 2015; Almotairy and Stainbank, 2014).

2.6. Libyan Accounting Rules, Regulations, and Practices.

Soon after India gained independence in 1951, the initial attempt to implement a set of business and financial regulations started to take shape. Prior to it, most of the business and accounting processes were based on ad hoc, uneven norms set up by the foreign occupiers. However, the need to create internationally compliant accounting services became more pronounced when oil was discovered and the steadily increasing demand for both national and international investment ventures.

2.7. Accounting and Auditing Rules

In 1973, Law 116 made the first attempt to regulate and standardize the country's accounting and auditing practices. This law placed a strong emphasis on the need for practitioners to have the necessary academic training and professional experience (Sharia., 2014). The following year, in 1975, the two associations were created. The Libyan Accounting and Audit Association (LAAA), which oversees implementing international accounting standards in the nation, was founded in the early months of 1975. An independent auditing agency known as the Libyan Audit Bureau (LAB), the second association after Law 79, was also founded in 1975. Early in the 1980s, the LAB made the decision to enlist the help of private sector auditors after becoming overburdened with an unprecedented quantity of auditing and monitoring. The Bureau agreed to classify and pay several private enterprises in exchange for this (Ali, 2005). The Law 11 of 1996 provided LAB new authority to monitor and prosecute any public entity found to be involved in financial corruption or irregularities to raise accounting and auditing standards Al-Arabi and Darwish (2003).

2.8. Procedures and Results

The number of accountants and auditors in Libya has been measured and evaluated extensively in research results. Here, a select few of these studies are mentioned. According to one of the earlier studies, Bait El-Mal (1990), there are some notable disparities across businesses when it comes to the Libyan criteria for publishing and reporting their financial information. The study's conclusions, in summary, suggest that numerous Libyan businesses utterly failed to adhere to international financial norms and procedures. Sratee's study from 2002, which looked at 13 publicly owned manufacturing firms, discovered irregular reporting dates to auditors and identified accounting reporting errors. The investigation also reveals that all these businesses have neglected to provide their cash-flow accounts. Al-Arabi and Darwish (2003), on the other hand, looked at the suitability of accounting standards and procedures in Libyan private enterprises. The analysis notes several errors and discrepancies in the accounting process, notably when it comes to amassed and merchandised inventories. The study shows that this problem is related to the weak and ineffective professional bodies and associations. Shareia (2014) also looked at the issue of accounting education and certification in Libya. The author has concluded that there is a serious lack of international validity and rigor in the accounting degrees offered by several universities in Libya. Eldanfour (2011) asserts that the LAAA has not mandated that companies follow standards while creating their financial statements. A small number of practicing accountants have also opposed reforms, lack the necessary licenses, and do not always adhere to LAAA recommendations, as the author states. Since 1957, there hasn't been much alteration or revision to commercial law, which forms the foundation of the nation's accounting architecture. Companies must still use the straight-line technique to compute depreciation for income tax purposes. Moreover, corporations are only permitted to carry forward costs for a maximum of five years in accordance with the law governing financial accounts. In addition, although the law stipulates guidelines for deductible and non-deductible expenses from taxable income, Buzied (1998) points out that it doesn't specify any accounting standard for calculating taxable income. This means that operating incomes and extraordinary incomes are not differentiated under the present tax code (Laga, 2013). Regarding the accounting bodies' performance, According to Hawashe (2014), the LAAA has not succeeded in raising the status of accountants and auditors in the nation following the 2011 revolution, despite the organization's continued existence.

2.9. Accrual in the Global Petroleum Industry

Oil and gas corporations are only allowed to and frequently use a few numbers of accounting techniques. Three techniques— area of interest, full cost (FC), and successful efforts (SE) techniques—will be thoroughly explained in this paper. The first two techniques are well-known and are allowed by IFRS. Regardless of whether the hunt for new oil and gas reserves is successful, all operating costs are capitalized when utilizing the full cost (FC) strategy. The Success Efforts (SE) technique, on the other hand, allows an organization to profit from the expenditures associated with successfully finding and locating fresh deposits. For failing operations, the associated operational costs are promptly assessed against earnings made during the same time. The third area of the accounting technique utilized in the oil and gas sectors—typically for the same regional environment — is the area of interest. In this instance, it is considered that this location, which has a mineral storage and a reservoir for oil or gas, is forming the ideal environment. Companies must cope with the various degrees of investment stages and related expenses for each step of investment. The accounting procedures that oil and gas businesses are required to use under the Libyan Petroleum Law (LPL) will also be examined in this study. All expenses related to the discovery with the use of petroleum or gas reserves treated as write-offs under the area of interest accounting approach. However, if the contract for the region is already in effect, certain requirements must be met before they can be carried forward: a) These costs must be spent on exploring and developing the oil or gas resources within the subject matter.

b) Exploitation and any exploring activities that haven't reached their reporting date will be continued to a point where they can be permitted for a logical evaluation. If not, the commercially recoverable deposits as well as other operationally and physically active reservoirs will still be present in the region of interest.

2.10. Demands and Factors Influencing IFRS Adoption in the Libyan Economies

Some nations have found adopting IFRS to be mandatory owing under the influence of outside parties, like the IMF, worldwide bank , and others., in addition to the potential benefits connected with it that may influence adoption decisions. Sucher and Alexander (2004) claim that the worldwide accounting firms (IAFs) are essential in promoting the use of IFRS by developing countries so that their companies can be listed internationally. In a subsequent study, Archambault and Archambault (2009) 120 created and developing were looked countries' (depending on contextual factors) decisions about the adoption of IFRS for their public trade enterprises. In their empirical model, the study found the substantial contributions of culture, political systems, and economic systems.

Business organizations or the government are the main forces behind IFRS implementation. For instance, the implementation of IFRS was mandated by the EU, Bangladesh, and Pakistan ,yet other nations like the UAE and Bahrain, businesses based there were the ones pushing for IFRS adoption. Due to the ineffectiveness of the accounting industry non the UAE, the nation considered the implementation of IFRS as a chance (Mufid, 2019). Determining whether a nation responds effectively to international norms when their application and enforcement are challenged is the key question. Nnadi (2012), on the other hand, investigated the impact of the British on the adoption of the IFRS in Ghana, Kenya, Nigeria, Zambia, South Africa, and Uganda. According to the survey, most of these nations use IFRS in the same manner as their former colonial masters. Some firms in developing nations are encouraged to implement IASs due to the involvement of multinational corporations. International Accounting Standards (IASs) application was made mandatory by Saudi Arabian and Qatari authorities because of an increase in the number of foreign banks adopting the standards on a voluntary basis. According to Dobija and Klimczak (2010), the adoption of IFRSs/IASs led to a reduction in the difference between Poland's GAAP and IAS, which in turn enhanced the harmonization of financial reporting. Therefore, FDI has become more alluring. According to Lasmin (2011), international authorities forced many people to accept the requirements. The worldwide financial markets are governed by the IMF and the World Bank. Their primary objective is to stimulate economic growth by disbursing funds to nations that meet the requirements for loans. They have a strong economic foundation in capitalism (Nurunnabi, 2015A). IAS/IFRS-compliant nations are open to trade with international agencies like the IMF and the World Bank (WB). As a prerequisite for funding to nations. According to Cooke and Wallace (1990), the WB and IMF are the main advocates for accounting cooperation in developing and emerging nations. International accounting firms are employed to ensure IAS/IFRS compliance. Rahman, Perera, and Ganesh (2002) assert that the Big Five companies (now known as the Big Four) are essential to the global standardization of accounting practices. As shown in Bahrain, where auditors counsel their clients on adopting IASs, the research suggests a connection between the adoption of IASs and the auditing profession (Al-Basteki, 1995). Additionally, Joshi and Ramadhan (2002) stated that Bahraini enterprises' adoption of IASs and the role of the Big Four external auditors are both directly related in the eyes of small business accountants. In a similar vein, Prather-Kinsey, and Meek (2004) examined the degree of compliance of businesses from different countries and found that businesses who have international firms audit them provide more financial data and adhere to the standard's standards more closely. As a result, because they are seen as trailblazers in the auditing profession in many nations, international accounting firms are thought to play a significant influence in the implementation of IFRS.

3. Conclusions and Findings

In emerging economies, using the International Financial Reporting Standards (IFRS) are increasingly important. The controversies about whether IFRS can be used in poor nations are briefly discussed, then the findings of a research to determine whether IFRS can be implemented in Libya are discussed. Adoption of IFRS has been proved to increase a nation's access to international markets and draw FDI by assuring possible foreign investors. There is a lot of promise for IFRS implementation in developing countries, but there are also a lot of difficulties. This study covered the elements that make IFRS adoption in developing nations successful, including the influence of international agencies like the World Bank and the IMF.

The study found that IFRS tend to boost economic growth, financial reporting quality, and transparency. But some individuals argue that these benefits will not materialize until there are strong enforcement mechanisms in place. Significant obstacles to IFRS implementation include a lack of such procedures and training to raise local awareness and understanding, as well as concerns about cultural incompatibilities with IFRS rules. By focusing on a hitherto unrecognized scenario—decision Libya's to use IFRS for the extractive industries—this paper advances understanding. These analyses have increased our understanding of the possible advantages and limitations on the use of IFRS in underdeveloped nations. The study also aims to comprehend the internal and external factors influencing the sector transition to IFRS. According to the conceptual framework of this work, coercive, normative, and mimetic pressures are primarily responsible for these factors.

The current assessment gave a general overview of the environment in Libya, considering the demographic, political, and economic characteristics of the nation throughout the last many decades. There were references to the decades after independence and the present. In a vast area with a tiny population and abundant oil and gas resources, one should anticipate economic prosperity. However, the previous administration, it ruled Libya for around 40 years, was unable to raise the requirements for education and employment of the populace because it mismanaged the saving money at other people's expense inconsequential political advantages. The accounting profession was not an exception: the development of professional groups and associations, the regulating measures and Articles, and the watchdogs all fell short of their promises….

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