



The Impact of the Application of International Accounting Standards IAS/IFRS on the Algerian Financial Market

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Abstract ;	Article info
<i>Algeria, like other nations, cannot overlook globalization. Its resources, strategic location, and financial market offer opportunities for financial integration. A key requirement is reliable, high-quality information to attract investors. Globally, especially in Europe, financial market growth has been driven by adopting international accounting standards (IAS/IFRS). This article examines the potential impacts of IAS/IFRS adoption in Algeria, focusing on three goals: reducing financial information gaps, enhancing investor attraction, and improving corporate governance of listed companies. Insights are drawn from international studies.</i>	Received
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1. Introduction

Globalization had its first golden age in the 19th century. At the time when Europe dominated the world. There are precedents, Rome in antiquity radiated over an immense empire, Spain and the European powers reigned in the 16th century over the Atlantic area. Since 1945, it has been under the sign of Great Britain and then the United States that the westernization of the planet has continued to take on an exceptional scale.

How did the planet become a village? The term "Globalization" appeared in the 1980s, but it was a century earlier that the exploitation of trade combined with colonialization shrank the size of the globe, leading to a movement of unification that seemed irreversible.

First of all, what is globalization? Appearing in the United States at the beginning of the 1980s, the term "Globalization" translated into French as "Mundialization", then signifies the globalization of markets putting national or multinational economic and financial players in competition across the entire planet.

This concept reflects an undeniable liberation of trade, but in the 1990s it took on a plural meaning to account for a situation that was evolving with exceptional speed: first the collapse of communism, the conversion of China to a more open economy unified the world market by erasing the sphere of the autarkic economy born in 1917 with the USSR. These events closed the evolution observed at the beginning of the 1980s to the benefit of liberalism.

Then in 1990 a revolution in communication took place thanks to (NTIC) (New information and communication technologies) new information and communication technology in the internet phenomenon being the spectacular, the planet has become a village, the prophecies of FEZILE Maki wane are realized, the term globalization has been enriched with a new meaning, the universal and instantaneous transmission of information.

The concept of globalization has been further enriched by a cultural dimension. The propagation in real time and in all places of sound and image to show that the term of purely economic globalization. Initially, it goes well beyond this sphere to concern people, identities, values and thus touch on politics and even ideology.

The ideological crosses even more in the 4th component of the concept of globalization that which translates the global victory of economic, financial, political, cultural liberalism over communism and these successes of years.

There is now a dominant global ideology according to which freedom of trade and democracy are the only drivers capable of leading the entire world into a positive spiral of economic and social progress, political and cultural freedom and peace between nations.

During the twentieth century, the company has experienced great development in terms of its activity, its management and its decisions, especially since there was a separation between ownership and management.

The importance of the place occupied by capital markets in the financing of companies is unprecedented through financial globalization, their success as well as their sustainability depends largely on the willingness of investors who wish to put their capital into the circuit of these companies. Investors by their judgment of investing or not in a company influences its value and its performance.

For the investor to decide to invest, he must need an information base. This information is of accounting and financial origin and which occupies a prominent place in his investment decision. The aptitude, the quality as well as the quantity of this information received depends automatically and in a sine qua non way on the system of its production and its communication, which is the accounting system and the summary documents which result from the latter.

Each country has its own accounting system and its own information system but with the concept of globalization and economic liberation, this situation adheres to an internalization of companies as well as markets. This globalization requires information produced and communicated in a common international language. Which should be understandable by all. Which led to the adoption of the so-called international accounting standards IAS (international accounting standards).

The globalization of financial markets and the ever-increasing financial weight of international shareholders to lead companies in different continents to adopt their accounting systems and to adjust to the international standards produced by the ASB (Accounting Standards Board), it is in this context that the European Union has also adopted them for its listed companies since February 1, 2005. The adoption was implemented through the implementation of IAS/IFRS which requires companies to publish an annual and half-yearly financial report in compliance with IAS/IFRS accounting standards.

For this situation, we present a theoretical analysis relative to the expected consequences of the application of international accounting standards on the Algerian financial market. Consequently, the question that can be asked is the following:

What are the impacts of the application of international accounting standards IAS/IFRS on the Algerian financial market?

Drawing on the international experience documented in the literature. The intended purpose of this work is defined in three points. Firstly, it is to assess the expected impact of the application of international standards on the irregularity (asymmetry) of information of Algerian listed companies. Then, the analysis of the expected impact of this application on governance and disclosure of information at the level of Algerian companies and finally to know what will be the reaction of investors towards the financial market in the event of application of these standards.

This article presents a theoretical analysis of the anticipated effects of applying international accounting standards on the Algerian financial market. Therefore, the central question is: **What are the impacts of applying IAS/IFRS on the Algerian financial market?**

For there, we ask some secondary questions:

- 1- What is an IAS/IFRS accounting standard?
- 2- What are the main changes envisaged by IAS/IFRS?
- 3- What are the business functions that are affected by IAS/IFRS?

Aims of study:

By drawing on international literature, this work aims to:

1. Assess the expected impact of IAS/IFRS application on the information asymmetry of Algerian listed companies.
2. Analyze the expected influence of these standards on corporate governance and information disclosure.

3. Understand how investors may react to the financial market once these standards are implemented.

Concept of study:

IAS/IFRS accounting standard:

IAS/IFRS standards are a set of accounting rules that are developed and implemented by the IASB, whose aim is to allow harmonization of accounting practices at the international level. (Wilkinson, 1965) this idea was first expressed in 1965 under the term "accounting uniformity" which indicated "the establishment of a single financial statement for all investors, of any nationality" (Barbu, 2004). In an article published in the newspaper "Le Monde" on October 31, 2003, Thomas (E. Jones, 2003), vice-president of the IASB, presents the IAS/IFRS standards as "a decisive step forward for the economy likely to restore investor confidence in company accounts". The development of the standards was aimed at authorizing the intelligibility and comparability of company performance without restatement but simply by reading the financial statements and this over time and space.

The standards are therefore designated by a number of the type IAS xx or IFRS xx and the interpretations by a number of the type SIC (Standing Interpretation Committee) xx or IFRIC (International financial reporting standards) xx, where xx represents an ascending chronological order number.

In accordance with Article 4 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19.07.2002 on the application of international accounting standards, European companies appealing to public savings are required to prepare their consolidated accounts in accordance with the international accounting standards adopted by the European Union.

The IAS/IFRS standards are a set of accounting rules, developed by the IASB, in order to allow harmonization (Burlaud & Colasse, 2010) distinguishes harmonization from standardization, the first being supposed to authorize a diversity of practices and aim only to establish equivalences between them, while the second aims at the application of identical standards in a given geographical area and aims at the uniformity of accounting practices within this area, of accounting practices at the international level

An example: The IAS1 standard lists the components of financial statements:

- A balance Sheets;
- An income statement;
- a state indicating:
 - ✓ changes in equity;
 - ✓ or changes in equity other than those resulting from capital transactions with owners and distributions to owners;
- a cash flow statement;
- and accounting methods and explanatory notes.

The accounting standard serves investors and meets the information needs of investors; the standards are supposed to also meet the needs of other users (Burlaud & Colasse, 2010).

An accounting standard mainly aims to improve the methods of accounting and to facilitate the understanding and control of accounting. These are rules and principles that set the operating mode of accounting. They make it possible to harmonize the globalization of financial markets and to compare information on different companies.

2. The main changes envisaged by IAS/IFRS:

An accounting system is a system that defends financial information through the traceability and controllability of the information set up at the level of this system in order to allow shareholders to administer their companies, assess the performance of companies and access to financial markets in general, but what the adoption of IAS / IFRS standards has put forward two principles that have been neglected at the level of local accounting. These two principles are at the heart of IAS/IFRS.

These standards have brought about a real accounting transformation by introducing two new concepts: fair value and economic substance. The integration of fair value and the predominance of economic substance over legal form were strongly desired by the financial markets, which found that the accounting statements produced by listed companies were too far removed from their economic reality.

➤ Fair value

Historical cost is the basis of classical accounting, defined as the cost of an asset at its acquisition date, but through the international accounting standards IAS/IFRS this principle has been replaced by fair value, which represents the current value of the asset or the price at which it would be sold or replaced at the date the accounts are closed.

➤ The predominance of economic substance over legal form

The accounting principle of predominance of economic substance over legal form is the basis of the reliability of financial information. Compliance with this basis leads to transcribing and presenting in the financial statements the transactions carried out by the entity in accordance with their nature and their financial and economic reality, without taking into account their legal status. A leased asset does not legally belong to the company, but it has permanent economic use of it, so it is legitimate to restate this transaction by accounting for the asset as if it belonged to the company. This materializes the application of the accounting principle of preeminence of reality over appearance

2.1-The functions of the company that are concerned by IAS/IFRS:

The application of IAS/IFRS accounting standards does not exclusively affect the accounting field. All functions of the company are concerned, with the aim of gathering the relevant information for the preparation of financial statements, «IT specialists to adapt software settings, salespeople to note the date of acceptance of the asset by the customer (revenue recognition), lawyers to validate contract clauses, production managers to identify the components of fixed assets, researchers to determine the transition from the research phase to the development phase of a product, human resources managers to list all employee benefits (current or future), and so on. These are therefore many operational staff who have never been directly involved, and who must be trained to meet this requirement to pass information back to the accounting departments that record it."(CIRAC Economic Bulletin - Caroline Guiot - VIEWS ON THE GERMAN ECONOMY "German companies in the era of IAS/IFRS standards" , /2020.)

3. Theoretical basis:

Agency theory is the theoretical basis that provides a framework for explaining and analyzing issues related to information disclosures.

Among the authors who have had to study this phenomenon (Farma, 1980), (Farma & Juson, 1983), who stipulate that the leaders tend to serve their own interests to the detriment of those of the owners or investors and this is due to their procession of more important information than the other party. Obtaining information is an increasingly important need, but in reality, it is poorly distributed among the different market players.

In fact, in so-called managerial companies, investors do not play an active role in the management of the company, this role is limited to the managers, this situation of separation of roles between the owners (investors) and the managers is at the origin of the agency problem.

According to (Parrat, 1999) potential divergences of interests between different parts of the company maintain relationships which are frequently a source of conflict.

Through the research carried out by (Healy & Palepu, 2001), there are devices and tools that allow owners to examine, control and divert these obstacles or difficulties and put the interests of both parties in alignment through compensation contracts, the board of directors as well as the intermediaries of information transmissions which are financial analysts and rating agencies.

Basically, managers act in the primary interest of their companies, but there are agents who benefit from maximizing their personal wealth and do not necessarily act in the interest of investors. It is from this phenomenon that we speak of conflict of interest which gives rise to what is called agency cost.

As a result, disclosures of company-related information to investors help reduce agency costs or so-called monitoring costs and reduce information asymmetry between investors or shareholders and their managers who increasingly hold more information.

3.1-The application of international accounting standards and its impact on information asymmetry:

Information asymmetry allows us to analyze common behaviors and situations in the market economy. Most of the time, we see that in a market, one of the two players holds and has better information than the others, he knows more than the others about the conditions of the exchange, such as the quality of the product, the cost price, etc. This therefore contradicts the principle of transparency of information of the standard model of pure and perfect competition.

The liberal system cannot do without the asymmetry of information between the actors of the companies and this is due to the paradox of the interests of each of the actors (Capron, 2006). "The asymmetry of information remains the engine of the competitive foundation of the economic system". Organizing transparency and concealing confidential news by the leaders is one of the paradoxical functions that evokes a dilemma for the accounting standard setters.

Through the research of (Leuz & Verrecchia, 2000) were able to conclude, after having made an analysis on 21 companies listed on the German market that adopt the IAS/IFRS or US-GAAP standards, that these companies have a reduction in the asymmetry of information that was indicated by the reduction of the gap between the price of supply and demand of their securities and an increase in the volume of transactions due to the disclosure strategy that is linked to the application of international accounting standards. The two researchers did not find any significant difference that can arise from the difference in application between the IAS/IFRS standards and the American accounting standards. These results lead to say that the international accounting standards IAS/IFRS

and the US-GAAP are both effective in reducing the asymmetry of information and the companies that apply these standards are committed to exposing reliable and quality accounting information. The study of (Ashbugh& Pincus, 2001) will have allowed to set up an index which has the aim of measuring the difference between the application of international accounting standards IAS/IFRS and the application of local standards related to the country of origin. The study was based on the number of differences in disclosures and the restriction of the different accounting methods. Their study took a sample of 13 countries, the majority of which was composed of Swiss, Canadian and French companies. The results reveal that the greater the differences between the two methods applied, the higher the analysts' error. This shows that the application of international accounting standards allows analysts to be better informed about the company's performance and automatically reduces information asymmetry.

When we talk about information symmetry, we cannot ignore the following points which are directly linked to it:

3.1.1-Liquidity of shares

The liquidity of the stock is defined by the gap between the offer and the request price (bid-ask-spread) in relation to the volume of its transaction.

For the research carried out by (Welker, 1995) and (Sengupta, 1998) it was possible to highlight a negative and formal relationship between the level of disclosure given by analysts and the liquidity of the action (bid-ask-spread).

For (Diamond & Verrecchia, 1991) and (Kim & Verrecchia, 1994) it is observed that as soon as the level of information disclosure is high, the promoters (investors) are correlatively confident as to the fact that each transaction on the shares is made at a fair price which increases their liquidity.

Finally (Leuz& Verrecchia, 2000) were able to demonstrate that German companies that apply international accounting standards IAS/IFRS have a lower level of bid-ask-spread than companies that apply local accounting standards, better still they were able to highlight a positive relationship between the application of international accounting standards and the volume of its transactions.

3.1.2-The cost of capital

A company's cost of capital is the cost of all its debt plus the cost of all its equity capital, both common and preferred stock.

Cost of capital is an element through which investors make their decisions to invest in a stock. The lower the cost of capital, the more the investment volume increases in the company's stock.

To access this information, it will be necessary to refer once again to the volume of disclosure of this last object of investment, because its level is determined through access to information related to listed companies. Which lets us deduce that the symmetry of the information of the company leads to the increase of the cost of capital.

(Boston & Plumlee, 2002), through their research were able to deduce a negative relationship between the cost of capital and the level of disclosure in the reports made by analysts.

In this sense, we could consider that the adoption of IAS/IFRS standards will allow Algerian companies to reduce their information asymmetry, and consequently their financing capacity will increase.

3.2-Analyst tracking

The financial analyst is an advisor. He studies companies listed on the stock exchange to evaluate them. He scrutinizes information from financial or press databases. He intervenes on the markets, he evaluates companies in all their aspects: profitability, human resources, restructuring to be carried out, etc. He regularly meets with financial communication managers, financial directors, and general managers of companies in the sector he studies. The conclusions of the financial analyst are a major asset for the investment decision for investors at the financial market level.

Through the research carried out by (Lang & Lundholm, 1996), they were able to demonstrate that the distinguished quality of the financial information disclosed reduces the dispersion and errors of the analyses of the forecasts carried out by the financial analysts. On the other hand, the research of (Hope, 2013) demonstrated that the financial disclosure of good quality is translated into the forecasts of more precise results.

The authors (Francis & Shipper, 1999) as well as (Frankel, Johson & Skinner, 1999) found through their research that there is an improvement in analyst monitoring for companies that conduct conference calls, considered as voluntary financial disclosure.

In the same context, we could consider that the adoption of IAS/IFRS standards will allow financial analysts to better understand the financial information disclosed by the application of international standards, which will have a direct impact on their analyses and therefore a direct impact on the decisions of investors at the level of Algerian companies.

From what we have had to observe through these studies we can say that the obligation of disclosure of information which is linked to the international accounting standards IAS/IFRS and in a voluntary way allows to minimize in a visible and objective way the symmetry of information, which can be the case for companies listed in Algeria.

4.The impact of application of international accounting standards:

4.1-The application of international accounting standards and its impact on investor attraction:

If we take one of the opinions of (Cormier, Magnan & Morard, 2000), in relation to the conclusion related to Swiss companies of their research which states that the application of international accounting standards IAS/IFRS reduces the restraint of managers in terms of information, given that through the adoption of international standards are more restricted at the level of the presentation of information than their managerial accounting decisions. The second opinion is that the Swiss companies subject to its study choose the adoption of international accounting standards IAS / IFRS in order to improve the quality of information as well as its objective diversity directly related to the activity of the company is this is due to the advanced system of disclosure of information of the adopted system, even better after having tried the new international accounting system, the Swiss leaders who advise the adoption of international accounting standards due to its rigorous design of its financial statements which is characterized by a greater improvement in the credibility of the information displayed and it becomes a means by which the company can attract international investors and their financing. The listed companies their goal of adopting international accounting standards IAS / IFRS is to have financial statements that display a disclosure of information through

which it commits itself first and foremost to serve the needs of the investor in information related to the company which he wants to engage with it financially.

According to (Leuz& Verrecchia, 2000) German companies that adopt and apply international accounting standards IAS/IFRS are more transparent in terms of disclosed financial information than companies that adopt local standards and allow international comparability and thereby meet the needs of international investors.

From the investor's point of view, fair value is a market value, but not all assets are tradable on a market. The market cannot function ideally unless it is transparent and liquid, and in the case where the market does not function ideally, the market value is no longer fair value (Colasse, 2009). The standards that concern (fair value) and which are used to compare the performance of capital, favor the shareholder before the other stakeholders (the stakeholder) (Grégory & Aonzo, 2003).

Despite the criticisms of the accounting standards produced by the IASB, Article 9 of the IASB Conceptual Framework mentions the list of potential users of financial statements including investors, employees, suppliers, creditors, customers, States and the public. Article 10 of the same framework states that: the satisfaction of all the information needs of these users can only be achieved by financial statements, there are needs that are common to all.

For (Burlaud&Colasse, 2010) taking the context of agency theory, where shareholders put in place vigilance procedures in order to participate in reducing the information asymmetry of which shareholder-investors are victims (Burlaud&Colasse, 2010).

The State must commit to investing in the application of international accounting standards IAS/IFRS in order to be able to monitor and even control economic sectors as a powerful public authority and as a shareholder of public companies (Grégory & Aonzo, 2003).

The adoption of international accounting standards IAS/IFRS by Algerian companies listed on the stock exchange will play a positive role in attracting foreign investors, this is due to the clarity of the information received by the latter and especially that they have in front of them a common language that will facilitate their analyses as well as their financial forecasts. Therefore, the adoption of international accounting standards IAS/IFRS is a major asset for the confident attraction of foreign and local investors.

4.2-The application of international accounting standards and its impact on corporate governance:

Companies during globalization and economic liberation are faced with the internalization of their markets. Algerian companies are dominated by concentrated shareholding. In the case of dispersed shareholding, conflicts are triggered more particularly between the managers who manage and minority shareholders; while in the case of concentrated shareholding, these conflicts take on another dimension and invoke adversarial relationships between controlling shareholders and minority shareholders. With globalization, Algerian companies will be exposed to international investors. These companies publish their financial statements by applying the international accounting standards IAS / IFRS which put at the level of foreign investors all the needs for comparable and understandable information on the international level. As a result, companies inevitably attract foreign investors. This attraction of the latter disrupts the current governance of these companies and this by the implication of their shares in the function of the board of directors and by deduction

undertake its strategic or basic decisions and this situation can also affect at the same time the structure of their governance.

(Ginglinger&L'Her, 2002), have highlighted through their research that the presence of foreign institutional shareholders positively affects the reaction of the share price following the announcement of buyback programs and they support the adoption of international accounting standards of governance and their presence implies good protection of minority shareholders in the context of concentrated shareholding.

On the other hand, through the application or adoption of international accounting standards IAS/IFRS, financial statements reveal the results of the management of managers, which give their users the opportunity to evaluate their managers and by deduction they make the decision to maintain or replace them. As it allows shareholders to keep or sell their investments and make other economic decisions (Burlaud&Colasse, 2010).

5. Empirical framework:

5.1- Data collection tools:

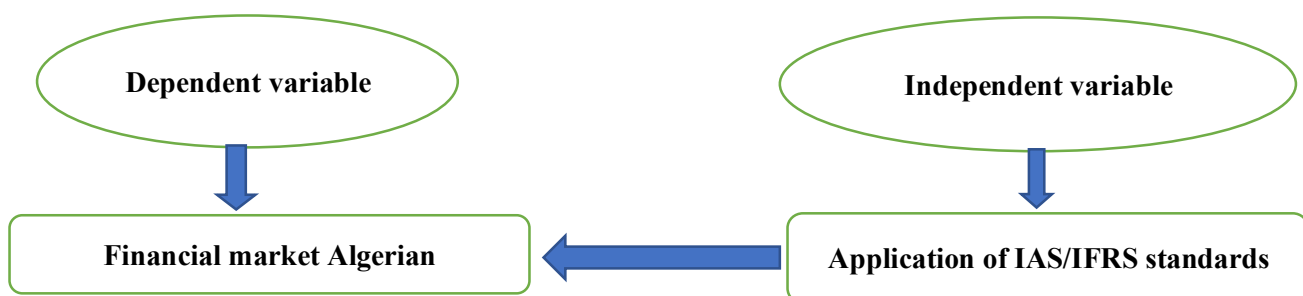
The theoretical data collection tools are from foreign and Arab sources and references, and also through the analysis and discussion of some results of the studies conducted on the research variables. The empirical data collection tools are through interviews with the accountants interviewed, as well as documents, files, bulletins and reports. The questionnaire was the main analysis tool, and this by adopting the Likert scale: (I totally agree, I agree, Neutral, I do not agree, I do not agree at all). The statistical tool used to process the data and extract the results consists of the Social Science Statistical Packages Program (SPSS), in addition, we used a set of statistical indicators for data processing:

Median: To determine the level of response of sample members to research variables and their measures.

Standard deviation: To diagnose the dispersion of response values.

The relevance of the questionnaire was verified by presenting it to a group of reviewers, and its reliability was confirmed by the Cronbach's Alpha coefficient.

Figure 01: Study variables



Source: Established by the authors.

5.2. Presentation of the study population and the sample:

In order to make a projection of the concepts studied in the theoretical part of this paper on the fact that the companies in question have adopted the concept of transformational leadership and its impact on the implementation of total quality management, we have chosen a random sample of accountants, chartered accountants and auditors working. A total of 310 questionnaires were distributed, 300 were validated.

Table No. 02. Distribution of questionnaires.

	Number	%
Number of questionnaires distributed	310	100
Number of rejected questionnaires	10	3.33
Number of valid questionnaires	300	96.67

Source: Established by the authors

Table No. 03. Sample distribution.

Variables		Staff	%
Sex	Male	188	65.5
	Female	112	37.5
Total		300	100
Age group	25-29	24	07.95
	30-39	52	17.06
	40-49	198	65.90
	> 50	26	09.09
Total		300	100
Schoollevel	Secondary	98	32.95
	University	180	59.65
	Vocational training	22	7.40
Total		300	100
Experience	< 05 years	40	13.63
	05-10 years	146	48.87
	11-15 yearsold	76	25
	>15 years	38	12.5
Total		300	100

Source: Established by the authors from SPSS results.

From the statistics presented above in the table, it is clear that the sample is composed of more men than women, with men representing 62.5% and women 37.5% of the total sample. This is explained by the nature of the sample, where the majority of the population is between 40 and 49 years old (65.90%), followed by 30–39-year-olds (17.06%), and finally (09.09%) for those over 50 years old. According to the results obtained, the data show that the predominant age group among the participants is 40 to 49 years old, representing 65.9%, suggesting that the majority of the accountants in the sample have considerable professional experience and are in an advanced stage of their career. Also, these data reveal that the majority of the participants hold university degrees (59.65%), reflecting a high level of education among the accountants in the sample. The lowest proportion is

those with professional training (7.40%). The data show that approximately half of the participants (48.87%) have between 5 and 10 years of experience, indicating that the sample includes a significant proportion of accountants in mid-career. In summary, the data suggest that the sample of accountants is mainly composed of men aged 40 to 49, with university degrees and between 5 and 10 years of professional experience. This composition can influence the results of studies relating to the profession and requires taking this diversity into account when analyzing the behaviors and needs of these experts.

5.3. Reliability test:

In order for the study to be targeted and to respond to a proven scientific dimension, it was subjected to the Alpha Cronbach coefficient test using SPSS software. The results of this coefficient are presented in the following table:

Table No. 02. CRONBACH ALPHA coefficient.

Variables	Cronbach's alpha
Application of IAS/IFRS standards	0.939
Algerian financial market	0.966
Total Questionnaire	0.968

Source: Established by the authors from SPSS results.

The table above shows that the coefficients of all the variables in the study are high and suitable for research (greater than 0.60). It is 0.968 for the entire questionnaire, 0.939 for the application of IAS/IFRS standards, and 0.966 for the Algerian financial market, which reflects the stability of the measuring instrument, and its acceptability for analysis.

5.4 Results of descriptive statistics:

Table 05: Median and standard deviation of the axes of the application of IAS/IFRS standards.

Variables	Leader influence	Motivation	Employee participation
Median	3.62	3.58	3.50
Standard deviation	0.89	0.96	0.94

Source: Established by the authors from SPSS results.

Table 06: Median and standard deviation of the axes of the Algerian financial market.

Variables	Support for managers	Improvement	Customers
Median	3.80	3.71	3.73
Standard deviation	0.80	0.93	0.91

Source: Established by the authors from SPSS results.

From the statistical results of the two previous tables, which show the arithmetic means and standard deviations of the axes of the two independent variables, (The application of IAS/IFRS standards) and the dependent variable (the Algerian financial market), it turns out that for both variables, most of the sample's responses ranged from medium to high. In fact, they were higher than the proposed mean (3) which indicates that the accountants surveyed have moderate and high characteristics according to the points of view of the research sample.

As for the responses to the questions related to the dependent variable, namely the Financial Market, most of the sample responses were above 3.6 as the median. In other words, at high levels. This indicates that companies indexed to the stock exchange attach great importance to the application of IAS/IFRS standards.

5.5 The results of the correlation relationship between the two variables:

H0: there is no statistical relationship between the application of IAS/IFRS standards and the Algerian financial market

H1: there is a statistical relationship between the application of IAS/IFRS standards and the Algerian financial market.

Table 07. Correlation matrix between study variables

Variables		International financial capital flows	Application of IAS/IFRS standards supports good governance	Stable and safe investment climate.	MF Algerian had a boost due to the application of IAS/IFRS standards.
International financial capital flows	Correlation coefficient (Spearman)	1	**1,000	897 **, 0	0.881
	SIG significancel evel		,000	,000	,000
Application of IAS/IFRS standards supports good governance	Correlation coefficient (Spearman)	**1,000	1	0.897**	**0 ,881
	SIG significancel evel	,000		,000	,000
Stable and safe investment climate.	Correlation coefficient (Spearman)	,897**	,897**	1	,988**
	SIG significancel evel	,000	,000		000,
MF Algerian had a boost due to the application of IAS/IFRS standards	Correlation coefficient (Spearman)	,881**	,881**	,988*	1
	SIG significancel evel	,000	,000	,000	

Source: Established by the authors from SPSS results.

5.6 Analysis and discussion:

- From the previous table, we see a positive correlation, this leads us to reject the null hypothesis H0 and accept the alternative hypothesis H1, this means that there is a statistical

relationship between the application of IAS/IFRS standards and the Algerian financial market, with correlation coefficient of 0.897.

- The application of IAS/IFRS standards has a very strong correlation (0.988) with the creation of a stable and safe investment climate, indicating that these standards contribute significantly to the stability and security of investments. There is also a strong correlation (0.881) with good governance and international financial capital flows, which shows that the adoption of these standards helps attract foreign capital and improves governance practices.
- The stable and safe investment climate is strongly correlated with the revival of the Algerian financial market (0.988), good governance (0.897) and international financial capital flows (0.897). This indicates that the stability and security of investments are crucial factors for the development of the financial market and the attraction of foreign capital, while promoting good governance practices.
- Good governance is highly correlated (1.000) with international financial capital flows, highlighting that strong governance practices are essential to attract foreign investment. Good governance is also highly correlated with the revival of the Algerian financial market (0.881) and a stable and safe investment climate (0.897), demonstrating its importance in financial development.
- International financial capital flows show a perfect correlation (1.000) with good governance, indicating that good governance is essential to attract international capital. There is also a strong correlation with the revival of the Algerian financial market (0.881) and a stable and safe investment climate (0.897), suggesting that IAS/IFRS standards, by promoting quality governance, stimulate foreign investment and strengthen the financial market.

In general, the strong and significant correlations between the application of IAS/IFRS standards and the various variables analyzed (revival of the financial market, stable and safe investment climate, good governance, flow of international financial capital) demonstrate the positive and crucial impact of these standards on the development of the Algerian financial market. The adoption of IAS/IFRS standards seems to strengthen investor confidence, improve governance practices and attract foreign capital, thus contributing to the stability and growth of the financial market.

1. Conclusion:

Accounting is an art. Through figures one can sketch a faithful image of an entity. It allows to describe the different activities as well as the different operations that the company has experienced during a given period. It also allows to describe the way or the managerial method that the company follows in the execution of its operations. It has the descriptive role through which a person can make a decision and one can only make it when one has information. Accounting is a source of information and a high-level source.

The application of IAS/IFRS standards has demonstrated a significant and positive impact on the Algerian financial market. Correlation analyses show that the adoption of these international standards is strongly associated with the revival of the financial market, the creation of a stable and safe investment climate, and the improvement of corporate governance.

More specifically, the results indicate that:

- A stable and secure investment climate is crucial to attract investment and ensure economic growth. The application of IAS/IFRS standards contributes significantly to this stability, as evidenced by the high correlations.
 - Good governance, facilitated by the adoption of IAS/IFRS standards, is essential to strengthen investor confidence. This good governance is directly linked to increased flows of international financial capital.
 - International financial capital flows are strongly influenced by the quality of governance and the stability of the investment climate, both of which are improved by IAS/IFRS standards.
- In summary, the adoption of IAS/IFRS in Algeria not only harmonizes accounting practices with international standards, but also plays a key role in boosting the financial market, stabilizing the investment environment and improving governance. These elements are essential to attract international capital and promote the country's sustainable economic development.

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