

Future Prospects for the Accounting Profession in Algeria

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Abstract :

This study aims to examine and present the current state of accounting profession in Algeria and attempt to outline the key requirements and visions for shaping its future in line with global advancements. The research problem revolves around the question: What are the future prospects for aligning the accounting profession in Algeria with international reference standards? A descriptive and analytical approach was employed to trace the evolution of this profession in accordance with legislation. Ultimately, the alternative hypothesis was confirmed, stating that there is a relationship between the development of accounting in Algeria and international accounting practices. The study concluded with a set of recommendations with a key emphasis on the need to enact legislative texts that align with international accounting standards. Furthermore, it suggests regular updates to these texts to ensure compatibility with the requirements of various sectors.

Keywords : Accounting profession, future prospects, Algeria

Jel Classification Codes : G41, M41, M48

1. INTRODUCTION:

In 2010, Algeria initiated substantial accounting reforms to ensure its alignment with international developments. Recognizing the vital role of accounting practices in Algerian economic institutions and their integration into the global economic landscape, the country implemented two significant milestones in its regulatory framework, fundamentally transforming accounting practices.

The first milestone was the enactment of Law 07-11, which governed the financial accounting system and took effect in 2010. However, over the course of 12 years, this legislation has ceased to meet the requirements of the dynamic international accounting environment, primarily due to the continuous evolution of International Financial Reporting Standards (IFRS). The second milestone emerged with the introduction of Law 10-01, which introduced novel mechanisms for the regulation and restructuring of the accounting profession. While this legislation provided an adequate legal framework, it necessitates updating and revision to effectively address the local and international realities of this profession. Presently, it falls short of complying with the standards established by international accounting bodies, including the International Federation of Accountants and the International Accounting Standards Board.

Furthermore, the auditing profession in Algeria has witnessed noteworthy progress, with the issuance of 16 Algerian auditing standards that partially adhere to the 34 International Standards on Auditing. This endeavor aims to enhance the quality of auditing services provided in the country. However, these advancements raise pertinent questions regarding the current state of the accounting profession in Algeria and the role of Algerian accounting bodies, notably the National Accounting Council. As the sole authority responsible for accounting unification, the National Accounting Council faces the challenge of navigating the continuous evolution of the profession on an international scale.

The question of the study:

Based on the aforementioned context, the study raises the following research problem:

What are the prospective avenues to bridge the gap between the accounting profession in Algeria and the evolving international reference standards?

Hypothesis:

Null Hypothesis: There is no relationship between the development of accounting in Algeria and international accounting.

Alternative Hypothesis: There is a relationship between the development of accounting in Algeria and international accounting.

The Objectives of the study:

The primary objectives of this study are:

- presenting a comprehensive analysis of the current state of the accounting profession in Algeria.
- identifying the key requirements.
- formulating a cohesive vision for the future trajectory of the profession in the country.

The importance of the study and Methodology:

This study holds substantial significance as it seeks to explore the evolving dynamics within the accounting profession and recognize the pivotal transformations that have influenced the field. Furthermore, it aims to assess the extent to which the profession adheres to international accounting standards. It also seeks to analyze how it adjusts laws and regulations to align with the ever-changing global accounting environment. In order to accomplish these objectives, a combination of descriptive and analytical methodologies was employed to address the theoretical aspect. Additionally, a survey was conducted to gather the insights of expert accountants, enabling a comprehensive examination of the advancements within the accounting profession.

2. Previous Studies (Literature Review):

Yassine Ben Hamza (2021) conducted a study titled "Requirements for Developing Accounting Competence in the Context of Financial Accounting System Implementation." The objective of this study was to identify the essential requirements for the progress of the Algerian accounting profession. These requirements were categorized into three main groups: economic, regulatory, and educational aspects. Notably, the educational aspect, which encompassed organized events bringing professionals and academics together, emerged as a crucial component among these requirements. To gather comprehensive insights, a field study was conducted, involving a sample of professional accountants and academics from selected accounting firms and universities.

The study yielded significant findings, shedding light on the gaps between accounting practices and the specific needs of the Algerian economic environment. The lack of stability in various markets, particularly the financial market, emerged as a major challenge, alongside delays in implementing specialized training programs for professional accountants. Moreover, the centralized nature of accounting profession regulations was identified as a potential impediment to the substantial development of the Algerian accounting profession within the framework of financial accounting system implementation. To address these issues, the study proposed several recommendations.

Firstly, the establishment of accounting standards tailored specifically for small and medium-sized enterprises (SMEs) was deemed crucial. Additionally, the study emphasized the importance of Algeria's participation in the International Federation of Accountants (IFAC) program for accounting qualification. Furthermore, a thorough review of the existing professional regulations was suggested to promote greater flexibility and adaptability.

Among the study's key recommendations was the urgent establishment of a dedicated professional institute to oversee the development and implementation of these proposed measures. Furthermore, the study highlighted the need for accounting standards specifically designed for SMEs, such as the International Financial Reporting Standards for SMEs (IFRS for SMEs), to better support the unique requirements of smaller businesses in Algeria.

In the same vein, Maamri Osama (2018) conducted a study titled "Requirements of the New Accounting Reform in Algeria: Aligning with International Financial Reporting Standards (IFRS) and Establishing a Suitable Accounting Environment." The study aimed to identify the fundamental requirements for the accounting reform in Algeria, considering the latest advancements in international standards, specifically the IFRS. The study not only aimed to highlight these requirements but also proposed viable solutions to create an appropriate accounting environment for the implementation of this reform.

The study concluded by outlining essential measures that could enhance accounting practices in Algeria. One key recommendation was to activate the role of the governing body responsible for accounting standardization and ensure the development of national accounting standards. This necessitated a dedicated commitment to the assigned responsibilities and the establishment of a specialized committee, derived from the Training and Standards Preparation Committee in Algeria. This committee would be

entrusted with the vital task of monitoring global developments and updating legislative regulations whenever necessary.

Additionally, the study emphasized the need for designing a new legislative framework for the accounting profession. This comprehensive framework would incorporate a series of legislative texts specifically tailored to sector-specific financial accounting systems. To maintain relevance, these systems would be periodically updated, drawing inspiration from the Algerian accounting standards derived from the IFRS.

In another study conducted by Bahida Ahmed (2018), entitled "The Future of Accounting and Auditing Professions in Algeria's Current Economic Conditions," the primary objective was to provide a comprehensive outlook on the future of these professions, considering their interaction with various environmental developments. Additionally, the study aimed to propose a range of strategic approaches that could contribute to the advancement of accounting and auditing in Algeria, ensuring alignment with national and global economic developments.

The study yielded notable findings. Despite witnessing numerous reforms, the accounting and auditing professions in Algeria still fall short of the desired level and lag behind their counterparts in advanced countries and even some Arab nations. This deficiency is worsened by the lack of coordination or a quasi-disconnection among professionals, supervisory authorities, and educational institutions, including institutes, universities, schools, and training centers. This fragmentation adversely impacts the quality of accounting education in Algeria. Additionally, the study identified a delay in updating the legal frameworks despite the dynamic external and internal environments that undergo continuous developments and changes.

As a conclusion, the study presents several recommendations that address the pertinent stakeholders responsible for the development of these professions, including supervisory authorities, professionals, and accounting education institutions. Each stakeholder is urged to fulfill their respective responsibilities and leverage their expertise in implementing the proposed recommendations, thereby facilitating the much-needed advancement of the accounting and auditing professions in Algeria.

In the same line, Abdelhalim Melliani conducted a study in 2022 titled "Accounting Reform in Algeria under International Accounting Standards IAS/IFRS." He aimed to understand the process of accounting reform and its impact on the accounting environment, while also identifying the obstacles hindering the implementation of the financial accounting system. To accomplish this, the researcher conducted an evaluative field

study to assess the effectiveness of accounting reforms process in Algeria, considering international accounting standards over a period of more than 10 years.

The study revealed several noteworthy findings, highlighting deficiencies in the Algerian accounting reforms that require immediate attention. Firstly, there is a lack of updates to the financial accounting system in line with international accounting standards. Secondly, there is an absence of a permanent, independent body responsible for continuous reform and updates whenever necessary. Furthermore, inadequate tax reforms do not align with Algerian accounting practices.

Based on the study's conclusions, several recommendations were put forth. Among the most significant recommendations is the establishment of a national organization entrusted with accounting reform and continuous updates. Additionally, it is crucial to enhance the principle of consulting all accounting stakeholders in Algeria to ensure their involvement and contribution to the reform process.

3. The Current State of the Accounting Profession in Algeria:

Accounting profession in Algeria was initially regulated in 1971 through Order No. 713-82, dated December 29, 1971 (Republic, Issue No. 20, May 1, 1991), which solely addressed the professions of certified accountants and auditors. As for the position of chief accountants in public institutions, it was assigned to the General Inspectorate of Finance. This order established the Higher Council of Accountancy, operating under the auspices of the Ministry of Finance. Its responsibilities included developing the national accounting plan and overseeing the activities of certified accountants and auditors. It should be noted that the authority to grant accreditations enabling the practice of this profession was vested in the Council, headed by a representative of the Ministry of Finance.

In the early 1990s, the need for reforms and modifications to the accounting profession emerged. Consequently, several consecutive legal texts were issued to address the legislative and regulatory deficiencies, enabling the profession to fulfill its assigned roles. A significant milestone in this regard was the enactment of Executive Law No. 11-2018 on April 27, 1991, which pertained to the profession of certified accountants, chief accountants, and auditors. This law played a pivotal role in shaping the accounting profession during this period. Additionally, it consolidated the three professional categories into a single independent entity known as the

¹ *Official Gazette of the People's Democratic Republic of Algeria, Issue No. 20, released on May 1, 1991.*

"National Organization of Certified Accountants, Chief Accountants, and Auditors."

In recent years, Algeria has undertaken accounting reforms due to its shift towards a market economy and adoption of international accounting standards. These reforms extended beyond the accounting system itself to encompass the reform and regulation of the accounting profession in Algeria. This was achieved through the issuance of a series of legal texts, particularly in response to the challenges faced by the profession, which can be attributed to various factors (Belghith, 2011):

Professional Qualification Deficiency: The accounting profession in Algeria suffers from the absence of a comprehensive training policy that adequately prepares Algerian accountants to work in accordance with professional standards. This includes being equipped to work in line with international applications, such as International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA).

Competitive Pressures: The profession faces challenges as foreign accounting expertise attempts to enter the Algerian market through international accounting firms. This places Algerian accountants, experts, and auditors at a disadvantage due to their limited resources and capabilities.

Lack of Regulatory Responsiveness: The profession experiences shortcomings in the performance of its professional organization's assigned tasks and its limited contribution to the reform process. This is due to its weakness and lack of influence within the Algerian accounting environment. Several factors contribute to this situation, including its relationship with the National Council of Accountants, as well as the absence of strong professional structures. Additionally, the profession lacks substantial engagement with international organizations and bodies that bring together professionals worldwide, such as the International Federation of Accountants (IFAC) and the Arab Society of Certified Accountants (LASB).

3.1. The Algerian accounting environment:

The Algerian accounting environment today is characterized by scientific and practical weakness and stagnation compared to the international accounting field. Despite 12 years of accounting reforms, the accounting environment has not witnessed any significant changes or improvements. The current state of the profession can be described as follows:

Table 1. Number of Accounting Practitioners up to 31/12/2021

Profession	Natural person	person moral	Total	ratio
Accounting Expert	323	9	332	%5.8
Account Commissioner	2729	16	2745	48.2%
Certified Accountant	2609	6	2615	%46
		Total	5692	100%

Source: (finance, 2022)Prepared by the researcher based on the decision of the Ministry of Finance No. 165 of April 14, 2021 specifying the lists of professionals Registered and accredited with the title of 2021 activity.

3.2.Stagnation of the financial accounting system:

While the International Accounting Standards Board (IASB) has been actively issuing new accounting standards and interpretations, the regulatory bodies in Algeria have only offered interpretive and complementary opinions through the Committee for Unifying Accounting Practices and Professional Disputes. Unfortunately, these opinions have not led to any significant intellectual changes in the system. As a result, the Algerian financial accounting system falls behind the ongoing advancements (Qadi, 2021) in international accounting practices.

Stagnation of Law 10-01 governing the accounting profession: The profession faces certain deficiencies under this law, which can be summarized as follows:

- Freezing of accreditation and suspension of internships: Since the last registration for interns in April 2010, it has become impossible to obtain internship acceptance. The role of the National Council of Accountants has been limited to processing the files of registered interns from 2010 who have received acceptance. Consequently, access to the profession remains virtually impossible for thousands of graduates (Namoun, 2019). In a national conference on the accounting and auditing profession held at the Higher School of Commerce, the late Habib Mohamed, President of the National Chamber of Accountants, stated that the generations of university

graduates since 2010 have been sacrificed. The freezing of both accreditation and internships is unjust to the interns and graduates alike.

- Delay in establishing the specialized institute for the accounting profession: The announcement of the institute, which falls under the authority of the Minister of Finance, was made to train accounting experts and accountants (Decree, July2012) exclusively. However, criticism has been raised regarding the institute's status as a public institution with an industrial and commercial character. Furthermore, the number of educational seats has been limited to 200, raising questions about the institute's ability to train professionals effectively given its industrial and commercial nature.
- Elimination of the independence of the accounting profession and professionals: The profession has become monopolized by public authorities represented by the Ministry of Finance, which assigned the National Council of Accountants to regulate the profession. This contradicts global trends in the accounting field, which call for the independence of professional organizations in supervision and regulation. Moreover, professional organizations for the three categories (accountants, accounting experts, certified accountants) have been rendered powerless and reduced to mere formal institutions.
- Failure to specify civil and criminal liability for professionals: Article 63 of Law 10-01 only addresses disciplinary compliance of professionals with the disciplinary committee, without addressing civil and criminal penalties. Consequently, professionals find themselves in a precarious situation without clear guidelines regarding liability.
- Weak performance of the National Council of Accountants: The National Council is characterized by its weak performance, as it is burdened with multiple tasks that have hindered its ability to plan projects effectively.
- Delay in issuing Algerian auditing standards: Only 16 Algerian auditing standards have been issued so far, out of the 34 international auditing standards adopted by the National Council of Accountants. The remaining standards have not yet been issued.

- Marginalization of academics: There is a lack of reliance on academics and academic products in the development of standards and laws governing professional practices.

4. Requirements for Shaping the Future of the Accounting Profession in Algeria:

In the face of the prevailing challenging circumstances, it has been deemed necessary to undertake reforms in the accounting profession, which has resulted in the issuance of various legal provisions. Among these, Law No. 10-01 (Gazette, 2010) holds particular significance as it pertains to the profession of accounting experts, auditors, and certified accountants. Under the authority of this law, the Algerian government has made the decision to reorganize the accounting profession, in addition to updating the overall framework of the National Council of Accountants and restructuring professional organizations. This restructuring process involves the dissolution of the national roster for accounting experts, auditors, and certified accountants, and the establishment of three professional bodies, with their respective authority transferred to the Ministry of Finance. The aforementioned law has facilitated the reorganization of the accounting profession in Algeria. It reflected the Ministry of Finance's endeavor to reclaim many of the powers that were relinquished under Law No. 91-08, the regulatory framework for the accounting profession. Consequently, the following changes have been instituted by this law:

1. Granting the accreditation to practice the profession falls within the purview of the Minister of Finance.
2. The responsibility for monitoring the professional and technical quality of the work conducted by accounting experts, auditors, and certified accountants now rests with the Minister of Finance.
3. The training of accounting experts and auditors is entrusted to a specialized educational institution affiliated with the Ministry of Finance, while the training of certified accountants is overseen by institutions under the jurisdiction of the Ministry of Vocational Training. As a result, recent accounting reforms have divested professional organizations of their previous powers, placing them under the direct supervision of the Ministry of Finance. This arrangement compromises their full independence, thereby raising concerns about the potential contradiction with internationally recognized standards.

Subsequently, a series of executive decrees were issued to regulate and fulfill the necessary requirements for shaping the future of the accounting profession in Algeria. Among the most notable ones are :

- The issuance of a set of executive decrees on January 27, 2011, primarily concerning the changes that affected the governing

authority of the accounting profession in Algeria. These decrees clarified the powers and responsibilities by establishing the composition, organization, and operational rules of the National Council of Accountants. They also defined the structure of the National Councils for the National Order of Expert Accountants, the National Chamber of Accountants, and the National Organization of Certified Accountants, along with their respective powers and operational guidelines. Additionally, conditions and procedures for accreditation to practice the accounting profession were specified (Gazette, 2011).

- The issuance of a set of executive decrees on February 16, 2011, generally addressing the procedures for determining university degrees that grant eligibility to participate in the contest for admission to the higher education institute for the accounting profession. These decrees also outlined the conditions and procedures for organizing the transitional final examination to obtain the Certified Accountant qualification. Furthermore, these decrees covered the methods for determining the solidarity mission of accountants (Gazette, 2011).
- Subsequently, the issuance of Executive Decree No. 11-202 on May 26, 2011, defined the criteria, formats, and deadlines for submitting reports by accountants (Gazette, Executive Decree No. 11-202, dated May 26, 2011, specifies the criteria for reports by accountants, their formats, and submission deadlines. The Official Gazette, 2010).
- Moreover, the issuance of Executive Decree No. 11-393 on November 24, 2011, established the conditions and procedures for conducting professional internships, as well as the reception and remuneration of trainee accountants and interns (Gazette, specifies the conditions and procedures for professional internships, reception, and payment of fees to accounting experts, accountants, and trainee accountants, 2011).

Through the chronological sequence of the evolution of the accounting profession in Algeria, it is evident that it has not kept pace with the changes in international accounting. This can be attributed to several reasons. Firstly, the failure to update the financial accounting system with international accounting standards.

Secondly, the lack of timely legislative amendments to align with evolving requirements. Additionally, the Algerian accounting profession has not

contributed to its own development by implementing sector-specific accounting standards within the framework of the financial accounting system.

This leads us to reject the null hypothesis that there is no relationship between the development of accounting in Algeria and international accounting. Instead, we accept the alternative hypothesis, which asserts that there is indeed a relationship between the development of accounting in Algeria and international accounting. This assertion is supported by the interviews we conducted with a group of experts and accountants.

5. CONCLUSION

In conclusion, the accounting reforms in Algeria have gone beyond the mere adoption of financial accounting standards. They have encompassed a comprehensive reform and regulation of the accounting profession, which has been facilitated through the issuance of various legal texts. The primary objective of these reforms is to restructure the accounting profession and update the overarching framework of the National Council of Accountants. Moreover, the Algerian accounting landscape has witnessed several additional reforms, including amendments to the Algerian tax system to ensure alignment with the new accounting practices dictated by the international accounting framework. Concurrently, efforts have been made to revamp the education and training system in accounting, aimed at enhancing and refining accounting practices across the nation.

Based on the findings of this study, several key recommendations have emerged. First and foremost, there is a pressing need to enact legislation that harmonizes with international accounting standards, while remaining adaptable to the unique requirements of diverse sectors. Additionally, it is advisable to establish a specialized institute dedicated to accounting and introduce a tiered system of accounting standards. Crucially, it is imperative to design a new legislative framework for the accounting profession that aligns seamlessly with international accounting standards. Furthermore, organizations and officials must accord greater significance to this sector, given its interdependence with multiple sectors of the economy. To ensure professional competence, it is recommended that responsible bodies provide periodic qualifications for accounting professionals. Ultimately, the Algerian financial accounting system exemplifies the country's commitment to converging with international accounting standards.

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