The Effect of Economic Factors and Stock Market in Implementing the International Accounting Standards in Libya

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ABSTRACT: *Several economical factors affects the development of accounting thought, initiated by the state interference in economical domain and appearance of governmental and national accounting systems and the expansion of external trade between nations and economical colonizing. In this paper, the structural relationship between economic factor and stock market from one side and the International Accounting Standards in the other side is investigated. This study aims to study the effect of economic factors and stock market in implementing the international accounting standards in Libya. The research focus on quantitative method with closed ended questionnaire. The populations targeted are the accountants, audit firms, and professional bodies in Libya. It further discusses the result of statistical tests presented notes the contribution of the study and identifies the potential implications of these results and provides limitations of this research and possible directions that could be taken in future research. The paper finds that the major changes in the country economic and stock market provided a momentum to the formulation of Libya Accounting Standards and has a significant effect in the implementation of International accounting standards in Libya.*

KEYWORDS : *Economy, International Accounting Standards, Libya, stock market*

I. INTRODUCTION

Concern with accounting standards generally specify the basics of sound methods to identify, measure, view and clarify elements of the financial statements and the impact of processes and events and circumstances on the financial position of the facility and the results of its work. The accounting standard is usually the element of specific elements of the financial statements with several factors identified like the accounting standards, political, economic factors and auditing firms.

Libya has a unique economic and political system. It is different from those classified as classical or bourgeois political and economic systems. Concerning to accounting standard as a measure or model or a fundamental principle aims to identify the basis of the proper way to identify, measure, presentation and disclosure elements of financial statements, the impact of processes, the events and circumstances on the financial position of the business and its results.

The founders of the accounting profession in Libya, as well as the Society of Accountants do not supervise and follow-up and care for programs to implement international accounting standards and was behind that, the disappearance or absence of commonly accepted accounting principles and enabled by the founders of the profession in Libya. Libya is classified as one of countries lacking transparency during the past forty years and as one of the most high Corruption state in the world. The past political regime used financial systems that hide the facts and information and protect corruption (Ashour, 2007).

Al though Libya had witnessed many essential changes in the different accounting fields, but the accounting system in Libya is very stagnant and no changes were observed for promoting the accounting system in Libya since the western systems were adopted, the accounting system in Libya is imported from outside and not developed as a response to the local environment requirements and specifically imported from the united states and UK. One of the important factors that need to be studied is the economic factor together with the stock market and how this factor can affect in a way of another in implementing the international accounting standards successfully in Libya. In the following sections, the literature review, research methodology, data analysis and results are presented to see how the economy of a development country like Libya can affect the assertion of international accounting standards.

II. LITERATURE REVIEW

Jeno (2010) traced the benefits of international accounting standards and their contribution to harmonization and globalization by purposing for accounting management. Findings show that a suitable accounting information system can help multinational enterprises accomplish their managerial functions on a

global basis. Shareia (2010) studied the historical development of the accounting profession in Libya, in order to identify challenges facing the profession as the country moves from a closed to emerging economy. In the context of institutional instability and unique cultural factors, the accounting profession in Libya faces educational and legal challenges if it will achieve its potential in assisting the country to reach its economic goals.

In a study for Kimura and Ogawa (2007), the mechanism by which various countries in the global economy may come to adopt a single accounting standard is examined. This standard would dominate the domestic standard of each country and would be called Global Generally Accepted Accounting Principles (GAAP). Results suggest that convergence of accounting standards occurs to achieve comparability when there is a great difference among accounting standards.

Perry and Nolke (2006) argued that the IAS's introduction of fair value accounting reflects and reinforces changed relations of production in which the financial sector increasingly dominates the productive sector; nationally institutionalized economic systems are undermined. Vivien et al, (2006) conducted a questionnaire survey of user's views on proposals for lease-accounting reform and on the potential economic consequences of their adoption. The sample of account preparers was based on the population of industrial and commercial U.K. listed companies. The results based on 132 responses, indicate that both groups accept that there are deficiencies in the current rules, but they do not agree on the way forward and believe that.

An investigation for the challenges to the successful implementation of international accounting and auditing standards which have been observed by the World Bank was done by Hegarty et al. (2004). The results presented do not purport to be reflective of the issues in developed market economies.

An investigation by Iatridi and Konstantia (2011) was done for the effects of adopting IFRSs on the financial statements of Greek listed companies. The results reflect short-term timing differences, which may reverse in later accounting periods. Also, companies should have anticipated IFRS adoption and might have adjusted their accounting policies accordingly, or even managed their reported numbers, in the period under investigation.

Floros (2007) researched the effects of adopting IAS on Greek stock market volatility. The relationship between IAS and stock market volatility for the Athens Stock Exchange using several GARCH models for modeling four indices was analyzed. The results suggest that there has been a negative but not significant effect on stock price volatility. During the sub periods, we find that good news has a lesser impact on stock return volatility.

Monsy (2006) examined in the field of international financial which related to the effect of the foreign investors on the Libyan stock market. The results explain that the newly information effect immediately after it has been published. It also affects the decision of foreign investors in the stock market in Libya in the great deal more than the effect of the benefits in the previous day whither the Libyan market or the international market.

Eccher and Healy (2000) investigated the usefulness of IAS in China. They conclude that information produced using IAS is no more useful than that prepared using Chinese standards. For stocks that can only be owned by international investors, IAS and China earnings and accruals have a similar association with annual stock returns, while for stocks that can be owned only by domestic investors, China earnings have a higher relation with annual stock returns than IAS earnings.

Based on the mentioned above, we can clearly realize that there is a strong relationship between economics factors with the stock market and the implementation and applying the international accounting standards. In the following section, an investigation with data collection is done to see how this relationship goes in the Libyan context.

III. METHODOLOGY
In this section, the effect of Audit firms and its mediating variable Tax department to implement the international accounting standards in Libya is explained.

- *International Accounting Standards*
The development of the profession in Libya is the most important thing needed in order to implementing international accepting accounting standards. Establishment of development accounting centres in the country to facilitate familiarity with new research and be able to exchange information should be accomplished. The accountants going on the accounting principles are generally accepted in the field of the profession and the foreign offices operating in Libya played an important role in inserting the international

accounting standards where the national offices benefit from occupational data and information issued by the professional accounting bodies in America and Britain.

Also would be increase the development of accounting if enrol international accounting accepting standards profession after the national economy experienced will be tremendous development, covering various activities, including expanding the ownership base and the emergence of contributing companies and encourage foreign investment and the establishment of joint companies in addition to the start of the activity of the stock market and efforts to join the Libya to the World Trade Organization and with what occurring nowadays in the world as great advances in the methods of science and technological knowledge with the increasing amount of competition between the various projects of local and international to provide the best services to meet the wishes of the members of human society and the satisfaction of its growing, diverse and in front of such facts and as a natural result it appears and highlights the importance of financial and accounting information that contribute to the success of these approaches and in considering the accounting as a profession and the system and as a tool to assess the performance of financial information useful to make the right decisions for the recruitment and allocation of funds and maintain assets and operations planning.

- *Economic influences*

Several economical factors impact the development of accounting thought, initiated by the state interference in economical domain and appearance of governmental and national accounting systems and the development of the economical thought by appearance of modern economical theories and expansion of external trade between nations and economical colonizing which found the concept of production on wide range in addition to the global economical developments especially during the great global doldrums where it impacted financial and prices accounting by inserting new concepts ,principles and methods particularly figuring personality and modern cost theory and appearance of public companies, financial companies, multinational companies and holding companies and subsidiaries and increasing of competition locally and internationally, therefore can display the main economical effects on the international accounting standards.

One of the most important element which expected to have direct and indirect effect on the international accounting standards for any county, the level of economical improvement and the nature, type of the economical system that followed. If the economical development for any country is low that mean that the economical, industrial, and commercial activities in addition to other activities can be limited and simple, there for the nature and type of accounting system which has been used is expected to be in simple form and the interest well be limited. And whenever the level of economical development is increase that can be reflected in the increase in the size and number of activities of the economical companies, there for the accounting should be improved in order to meet the new need of the decision makers.

Arfan & Radebough (1995) explain that whenever the size of commercial operation is increase and the relationship between the organization and foundation become complicated it well be necessary to improve and develop the new methods for the accounting. Lowe, provide observation and state that through his historical review, the accounting development was in form of Mounting operations are supported and overlapping and interfered with the economical development.

There for it's expected that the effect of differences can be clearly in the importance and the level of development of the accounting system between the counties which have limited economical development and the one which have improvement in economical development. In addition to that the type of economical system which applied in certain country has a relationship and effect on the type of the practice economical system in this country. In addition to that the privet ownership and the domination of the private sector on the economical activities is the major characteristics for these counties, where the individuals and companies have the rights for ownership and make the decision related to their activities and due to that the allowed accounting practices can be varied and applicable.

Some of the scholar believe that the capitalist economical system can provide the best environment for the accounting development compare to the other economical system, whereas the success and exist of the privet companies in the light of the capitalist economic system doesn't depend only on the production of the goods and services but rather than that its depend on accurate information which provided to the different groups which they have mutual benefits such as the investors and borrowers and others, because the level of uncertainty in the surrounding environment is high in the capitalist economical system, for this reason the decision makers are in

need for this kind of economical information in order to reduce the level of surrounding uncertainty (Watts, 1996).

One of the other element which expected to have influence on the international accounting standards, and it must be the reason in the differences in the accounting practices which is differ from country to another specially in the links and the economic relation with the other county as well.

We can say that the first type of this links and economic relation can effect on the international accounting standards which is the colonization bases, whereas the colonized counties usually adopt or force other to adopt the accounting system for the county which they are colonize, even if it's not appropriate for the level of economical growth and other environmental element. Therefore, there is a lot of external influence, create the form and diversity of the accounting in the international field, this has been done when a set of colonizing counties such as British, Span, France, and Italia colonize a lot of the counties around the world.

All this counties have tried to apply their financial account and non financial account in their colonize area this create diversity of the accounting system around the world and effected by this diversity in the great colonizing country. For example we can found that the international accounting standards for the country which has been colonize from British has been affected and still affected by the accounting system in Britain. We can found this system existed in Pakistan, India, Jakarta, Canada, America and some of the Arabic country, we also can found clear influence for the French colonizers on the countries which has been colonized by French such as Algeria, Tunisia, Lebanon, and other, the same things for the Spanish colonizers, and Italian colonizers.

The unions or the international, national economic league consider as additional element from the effected element on the accounting system, whereas, the European Economic community and Pact group, central American market all of them considered as one of the most biggest example for this economic league which have effect on the accounting system for the members of this group, which is differ according to the group which each country belong to. The European group considers one of the biggest groups which have effect on the international accounting standards for the counties the member in these groups. This group in the field of complete integration in the economic side, and in order to facilitate and create success for the economic integration, the essential need has been appeared specially for the review of its systems of accounting and its reconcile. Therefore these counties pay a huge effort in order to achieve the goal of integration for the accounting system and create the accounting balance between these countries.

Where it found and established financial companies and appeared the concept of independent figured personality of the enterprise at the beginning of forming the financial companies especially contributed and shareholding companies instead of property theory which was dominating at the beginning of the 19th century which was convenient for individual enterprises and for the companies owned by individuals which led to changing of the elements of payroll and financial position statement where the concept of independent figured personality means that the enterprise has a figured personality independent from the owners and others (alhasme, 2007).

In all civilized countries the laws and legislations govern the whole commercial and industrial works of the companies from establishing until the termination, which means that the companies are subjected to several rules within legal pathways to ensure the censorship and regularity which prevents misspending and admissibility of the rights of the capital owners or creditors or other parties. All of these confirm that accounting career needs more developments and adjustments of systematizing and ruling such systematizing and adjustments by more legal legislations which became a necessity in spite of that the influence of certain big companies may hinders such matters to be aspectual. It is necessary to develop a legislative and legal environment to be the fundamental base of conducting international accounting standards and many countries have issued commercial and economical, financial, occupational and civil legislations and laws and for such purpose.

- *Conceptual framework and measurements*
The conceptual framework that is going to be used is shown in fig 1. This framework shows that the economic factors have an influence on the stock market and the stock market influence on the implementation of international accounting standards. The economic factors measurement which is the independent variable is

economic system, economic development, economic influence, regional economic, privatization, economic relation and investment. The measurements of stock market which is the mediating variable are requirement stock market, new company listing and foreign companies. In the implementation of international accounting standards, the measurements are content familiarity, process smoothness, major problems, accounting department, barriers, promotional and clients. All of these measurements are attached with the demographic values for each respondent. The tables 1, 2, 3 and 4 show the details of each measurement in the conceptual framework.

- ***Research Hypothesis***

1) Economic factors have positive impact on implementing international accounting standards in Libya.

2) There is a significant positive relationship between economic factors and rule of stock market that affects the implementation of international accounting standards in Libya.

- ***Research Method & Data collection***

Researcher would be keen on the referendum must be short as much as possible, clear and accepted by the respondents, because if a questionnaire is too long and too complex, it will jeopardize the rate of full responses obtained. In turn, this weakens the statistical robustness of the results. Questionnaire need to be translated, taking into account the test translations, wordings, and question formulations through quantitative end-user tests. Questionnaire will be designed as follows: Total 25 questions (17 Research +8 Demographic) part1: Introduction to respondents, Instructions and organizing questions, Demographic data, part2: the dependent variable which is going to be the international accounting standards describe how the employees receive the idea of using IAS to prepare B/S, I/S in Libya. Part3: explain the economic factors and stock market and how they influence to implement the international accounting standards.

The relevant target population of focus to the study is the private offices (consulting and audit firms) employers in domestic and foreigner companies and student universities in Libya. The sampling method that has been chosen is proportionate stratified random sampling to cover 30 offices in Libya. Responses will be completed the questioners. The sample size we need it is 30 private offices consist it of 30 mangers and 350 employees of audit firms and 70 students of universities under training in the offices. The SmartPLS software is used to analyze the data collected.

In this research, using Quantitative study typically relies on the following methods for gathering information: Questioners and a self-administration questionnaire will used to measure the factors under investigation. If data are collected haphazardly, it will be difficult to answer our research questions in a conclusive way. Advantageously use a combination of different data collection techniques. Identify various sources of bias in data collection and ways of preventing bias. A skilful use of a combination of different techniques can reduce the chance of bias and will give a more comprehensive understanding of the topic under study.

IV. FINDINGS AND DISCUSSION

The descriptive statistics of the sample was first revealed from the dataset. Then the data was analyzed to be used in SEM according to requirements of SEM: the data was explored for missing parts and the outliers: the distribution shape of the data was examined: Exploratory factor analysis was conducted. The detailed results of these stages are given in the following subsections.

- ***Demographic profile***

This section analyses the various demographic characteristics of the respondents. Supporting tables and figures are provided with comparative information between the profiles. The overall demographic profile of the respondents is shown below. A total of 450 respondent's useable questionnaire were managed to collect according to the number of total accounting firms in Libya that are engaged in the accounting professions.

As shown in Table 5, majority of the respondents were male in gender. The male respondents were consisted of 450 (100%). Besides, the majority of respondents, 53 (11.8%) were having their own office, partner officer comprises of 81 (18%) respondents and other career centres were in total of 316 (70.2%) respondents. Next demographic profile was for experience of the respondents on practice of profession. It

consists of 53 respondents (11.8%) of less than one year, 1 to 5 years experience was found to have 181 (40.2%) respondents, 56 respondents (12.4%) were having 6 to 10 years of experience in their profession whereas 107 (23.8) respondents were having 10 to 15 years of total experience, and finally around 53 respondents (11.8%) were found to have above 15 to 20 years of experience. From the total 450 participants of the data collection in this study 341 respondents (75.8%) works their practice of profession as a full time, whereas the rest 109 (24.2%) respondents practice their profession as part time basis. Now it comes to the number of employees in their office and their capacity of work load. Around 49 (10.8%) respondents were chartered Accountants, group of partners performing their profession were 85 respondents and finally chartered accountant assisted by other assistants was found to be 316 (70.4%).

Finally, to explore relationship between international accounting standard and other independent variables economic factors and stock market, the composite mean was calculated for each conceptual constructs included in the proposed structural model. The results of analyses using *t*-test demonstrated that there were no statistically significant differences at the .05 level between International Accounting Standard and independent variables in terms of Implementation of international accounting standard (*p* values ranged from .080 to .780).

- *Exploratory Factor Analysis (EFA)*
In this study, EFA has been used before the confirmation steps suggested hereinafter identifying items which do not have the common core but which do produce additional dimensions and/or theoretical common grounds that might not have been detected through the review of literature; factor analysis was used to confirm whether the number of dimensions conceptualized can be verified empirically. In order to conduct factor analysis there are some of considerations that need to be kept in mind. First of all sample size plays an important role. (Ramsay, 2005) suggested that 300 cases are enough for the analysis. This study provide sample of 450 cases which is enough to conduct EFA.

Analysis of the measures for this study was performed through a two step process. First, exploratory factor analysis (EFA) was used to construct uni-dimensional scales. Some analysts like to perform a factor analysis on the data before doing anything else in the hope of determining the number of dimensions underlying the construct. Factor analysis can indeed be used to suggest dimensions. Much less prevalent is its use to confirm or refute components isolated by other means (Churchill Jr, 1979).

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Next, the reliability and internal consistency of the multiple items constituting each construct was estimated by the item-total correlation analysis. Beyond the examination of the loadings for each indicator on a relevant factor, composite reliability and variance extracted for a latent construct was calculated separately for each multiple item construct in the model. Finally, the convergent and discriminant validity of the measures was assessed through confirmatory factor analysis (CFA) with inter correlated factors.

Second the Kaiser-Meyer-Olkin measure should be greater than 0.5, otherwise the sample is not adequate. The Table 6 shows the KMO and Bartlett's Test results. The KMO measure is .92.2 (given in table 6) which is greater than the required value. Also the p value of Bartlett's test of sphericity is considered and this value should be smaller than .05; p (Sig.) value is .000 for this study (given in Table 6) which is consistent with the required value. According to KMO and Bartlett's test, the data set is suitable for EFA.

According to the results reached from pattern matrix, the items did not load any of the factors were extracted from the data to be used in confirmatory factor analysis (CFA). Also the items having factor load smaller than .4 were extracted from further analysis.

- **Exploratory Factor Analysis of Economic factors**
The Table 7 shows the KMO and Bartlett's Test results for Economic factors. The KMO measure is .943 (given in table 7) which is greater than the required value. Also the p value of Bartlett's test of sphericity is considered and this value should be smaller than .05; p (Sig.) value is .000 for this study (given in Table 7)

which is consistent with the required value of political factors. According to KMO and Bartlett's test, the data set is suitable for EFA.

- **Exploratory Factor Analysis of Role of Stock Market**

The Table 8 shows the KMO and Bartlett's Test results for stock market. The KMO measure is .741 (given in table 8) which is greater than the required value. Also the p value of Bartlett's test of sphericity is considered and this value should be smaller than .05; p (Sig.) value is .000 for this study (given in Table 8) which is consistent with the required value of political factors. According to KMO and Bartlett's test, the data set is suitable for EFA.

- **Validity of the Actual Data**

The validity of the data was assessed using the methodology adopted in similar research. Validity is the extent to which the data collected truly reflect the phenomenon that is being studied. Validity is used to assess the true meanings of response made in survey. (Sekaran, 2003) suggested several types of validity tests for testing the goodness of measures include content validity, criterion-related validity, and construct validity.Construct validity is used in this research testified to how well the results obtained from the use of the measure fit the theories around which the test was designed. Construct validity is established through correlation analysis and factor analysis. Correlation analysis is one way of establishing construct validity for this research. It indicates that the items that are indicators of a specific construct should converge or share a high proportion of variance in common. In other words it assess the degree to which two measures of the same concept are correlated, with high correlation indicating that the scale is measuring its intended concept.

- **Hypothesized model**

In this chapter, data analysis procedures are discussed first and followed by the results of statistical tests related to the hypotheses. The chapter concludes with presentation of the hypotheses tests. The research hypotheses were tested using structural equation modeling (SEM). SEM has two main components, a measurement component and a structural component. The measurement model describes how well various exogenous variables measure latent variables, i.e. it determines the relation between indicators and constructs, and enables the researcher to evaluate whether the constructs are measured with satisfactory accuracy. A confirmatory factor analysis is a measurement model, and determines how well various variables describe a factor or factors, or latent variables. The measurement models within a SEM incorporate estimates of errors of measurement of exogenous variables and their intended latent variable.The second component of a SEM is the structural component. The structural model describes the relationships between latent variables (i.e. constructs), and is used to test and analyze the hypothesized relationships. SEM allows for direct, indirect, and correlative effects to be explicitly modeled, unlike standard regression models, which allow only for explicit modeling of direct effects. It is the structural component of SEM that enables the analyst to make substantive statements about the relationships between latent variables, and the mechanisms underlying a process or phenomenon. The structural component of SEM is a kin to a system of simultaneous regression models.

Anderson and Gerbing (1988) and Mohamed (2002) suggest that both the measurement model and the structural model should be assessed sequentially, as this two stage approach reduces the likelihood of interpretational confounds because the validity of the constructs is established prior to investigating the hypothesized relationships.To know the influence of the exogenous variables on the endogenous variable it is very important to link the variables to each other and know the influence between each other. The hypothesized model shown below has linked each other to get an overview of the analysis. The researcher's task is to know the influence between the variables and detect the observed variables having more importance to the dimensions of the endogenous and exogenous variables.

- **Measurement Model**

Generated model shown above indicates the result of the hypothesized model without any changes in the modification indices. The standardized estimated is not considered to be fit as the criteria for the model fit is not up to the level. Thus through the re-specified model the model will be evaluated and try to make it fit.The effect of Stock market on implementation (b = 0.342, p < 0.000***).

An interaction effect using re-specified model was conducted to confirm the significant relationship between economic factors and implementation of International accounting standard. The significant level of factor loadings interaction between variables confirmed the influence in implementation of International accounting standard. According to Cohen and Cohen (1988), if the influence of predictors more than 40%, the study has confirmed the indicators are able and significant to figure the phenomena. The factor loadings of the

direct relationship also show that stock and political factors has a higher degree of effect on implementation of International accounting standard.The path coefficient measures provided in the table 9 indicates that there is very high impact of economic factors on the stock market. It was found to have 0.8418 (84.1%) impact on stock market. This says that the relationship between them is directional, i.e. when there is one unit of increase in the economic factor there is 0.8418 unit of increase in stock market performance.

Additionally, also the relationship between the control variable stock market and tax with the implementation of international accounting standard was critically analyzed. The table 10, shows the result of the hypothesis used in this study. From the finding it was known that all the variables and constructs are having positive and supporting relationship and impact between them. Thus it is considered that the model is fit for the study.
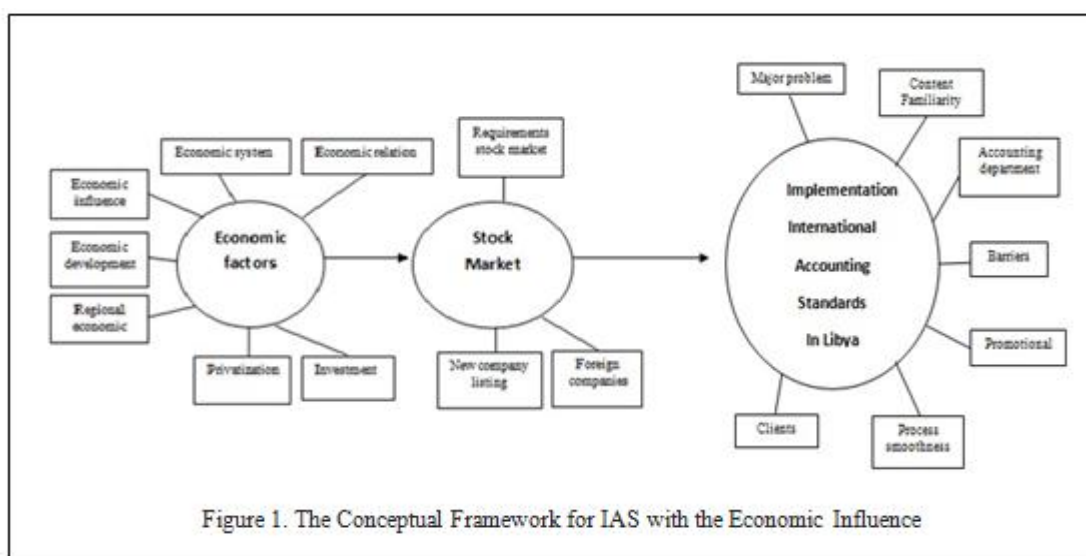
V. FIGURES AND TABLES

Figure 1. The Conceptual Framework for IAS with the Economic Influence

Table 1. Measurements of Demographic data

Variables	Definition	Items	Questions	Authors
Demographics	form containing a set of questions, especially one addressed to a statistically significant number of subjects as a way of gathering information for a survey	Qualification	Qualification of the participant.	Abdulaslam, aldargie (2009)
		Career	Career center within the Office of Audit.	
		Experience	Number of years of experience of the participants in the questionnaire.	
		Practice	Full-time to practice the profession.	
		Workers	Number of workers at the office and described?	
		Qualification	Qualification for office employees	
		Date	The date of the beginning of the office in practicing the profession	

Table 2. Measurements of International Accounting Standards

No.	Variables	Definition	Items	Questions	Authors
1.	International accounting standards	Standards for the preparation and presentation of financial statements.	Content familiarity	Are you familiar with the content of the international accounting standards?	Government of the Macao Special Administrative Region Financial Services Bureau Committee for the Registry of Auditors and Accountants. (2007)
			Accounting Department	Does the majority of your clients of your employer's audit firm responsible in accounting department aware that they must comply by the international accounting standards?	
			Clients	What is the situation regarding your clients' implementation of accounting standards?	
			Major Problems	What is/are the major problem(s) faced by (the majority of) these clients in relation to the implementation of the new accounting standards?	
			Smooth Process	Has the implementation of the Accounting Standards would be a smooth process for the majority of these clients?	
			Barriers	Please indicate the factors that hinder the smoothness in IAS?	
			Promotional	If you have any queries with regard to the implementation of Accounting Standards, whom would you turn to for answers?	

Table 3. Measurements of Economic variable data

No.	Variables	Definition	Items	Questions	Authors
2	Economic Factor	The science of utilization, distribution, consumption of services and materials. Living cost, human capital, household consumption, economic policy.	economic influence	The impact Economical influence to implement of the International Accounting standards	Rajeb.a (2007) Perry and Nolke (2006) Kimura and Ogawa (2007)
			economic development	Degree of economic development.	
			economic system	The type of applied economic system.	
			regional economic	International and regional economic conglomerates.	
			economic relations	Linkages and economic relations.	
			investment	The type and sources of conversion of the investment.	
			economic laws	Development of local economic laws.	

Table 4. Measurements of Rule of stock market data

NO	Mediating Variable	Definition	Items	Questions	Authors
3	Rule of stock market	The market in which shares are issued and traded either through exchanges or over-the-counter markets. Also known as the equity market.	The relation between economic factor and rule of stock market	How concerned are you personally about the relation between economic factor and stock market to implement international accounting standards?	Hassabel naby Hassan et al (2003)
			Attract foreigner company	Do the relation between economic department and stock market effect to attract Foreigner Company in Libya?	
			Influencing of stock market	Do the roles of stock market can be influenced between economic department and international accounting standards?	

Table 5. Demographic data analysis

Demographic Variable	Category	(N = 450) Frequency	Percentage
Gender	Male	450	100.0
Qualification			
	Bachelor Degree	291	64.70
	Master Degree	159	35.30
Career Center	Owner Office	53	11.80
	Partner Office	81	18.00
	Others	316	70.20
	Less than a year	53	11.80
	Above 1 to 5 years	181	40.20
	Above 5 to 10 years	56	12.40
Experience	Above 10 to 15 years	107	23.80
	Above 15 to 20 years	53	11.80
Practice the profession	Full time	341	75.80
	Part Time	109	24.20
	Chartered Accountant	49	10.90
Number of employees at the office and their capacity	Group of partners	85	18.90
	Chartered Accountant assisted by number of assistants	316	70.20
Qualification of office employees	Master of Accounting	141	31.30
	Bachelor of Accounting	279	62.00
	Diploma of Commerce	30	6.70
	External Audit	53	11.80
	Bookkeeping and financial statement preparation	155	34.40
Service provided by office	Tax return preparations	54	12.00
	Advisory Services	135	30.00
	Others	53	11.80

Table 6. International Accounting Standards

Items / Variables	Loadings 1
International Accounting Standards	
Smooth process	0.89
Clients	0.853
The content of the International accounting standard are familiar	0.843
Promotional	0.869
Accounting Department	0.882
Barriers	0.837
Problem facing	0.834
Eigenvalue	5.16
Variance (%) (73.71%)	73.71%
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	92.22%
Bartlett's Test of Sphericity	2595.904
Significant Level	0.00

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Table 7. Economic Factor data Analysis

Items / Variables	Loadings 1
Economic factor	
Economic Development	0.862
Economic System	0.872
Regional Economic	0.893
Economic influence	0.845
Economic relation	0.787
Privatization	0.879
Investment	0.867
Eigen value	5.157
Variance (%) (49.17%)	73.67%
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.943
Bartlett's Test of Sphericity	2508.877
Significant Level	0.000

Table 8. Stock Market data analysis

Items / Variables	Factor 1
Role of Stock Market	
Requirement stock market	0.898
foreign companies	0.917
New company listing	0.889
Eigen value	2.438
Variance (%) (69.72%)	81.27%
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.741
Bartlett's Test of Sphericity	745.955
Significant Level	0.00

Table 9. Measurement Model analysis

Path	Path coefficient	S.E.	t-value	p-value
Economic -> Stock	0. 8418	0.0297	6.135	.000***
Stock -> IAS	0.3412	0.0814	5.825	.000***

Table 10. Hypothesis Analysis Result

Hypotheses	Path	Predicted relationship	result
H1	Economic factors→ IAS	Positive	supported
H2	Economic factors→ Stock market	Positive	supported

VI. CONCLUSION

The main aim of the research conducted as to illustrate the authorized and professional bodies for the implementation of International Accounting Standard in Libya. As it was found from previous literature that the international accounting practices with that of local accounting practices have a major difference among themselves in terms of quality and preciseness, it is viable to confirm the importance of implementation of IAS in Libya. This study investigated the structural relationship between Stock Market and International Accounting Standard implementation. The investigation was greatly motivated by the inconsistent findings concerning this relationship that appears in the contemporary literature, thus becoming an important unsolved issue that needs to be scientifically revisited.In line with the assertion of many political factors proponents found to have empirically revealed that there is a significant positive relationship between stock market and the implementation of International accounting Standard. As typically reported in the literature, the purpose of this research is to increase the approach of implementation of International accounting standard in Libya that can increase accounting performance and increase the monitoring and globalization. The rule of stock market makes the implementation of IAS more vulnerable in Libya. As a response to the call for using a more rigorous statistical analysis, which is SEM in management research, a SEM framework was developed. A final score for each constructs was calculated by averaging the score of their respective items. A higher score indicates a higher influence of variables on Implementation of IAS. Additionally the finding of the study provides evidence concerning the positive relationship between exogenous variables rules of stock market and endogenous variable (implementation of IAS). As with many other organizations, accounting practices must also need to respond well to the development and gaining acceptance globally. With better accounting system would be able to effectively manage their quality information system, thus leading to better performance with improving transparency.

VII. ACKNOWLEDGEMENTS

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