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The reality of the changing process of accounting policies in Jordanian touristic companies

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Abstract

This study aimed at recognizing the reality of the changing process of accounting policies in Jordanian touristic companies, the factors affecting it, the parties who take part in taking the decision of changing, and if the decision is realistic and objective. This study is an explorative-analytical one, the researcher analyzed 83 forms of the study sample. The main result was that the rules and regulations have no role in stopping changing the accounting policies. Administrations and different departments don't participate in changing the accounting policies, and the new administration makes the change only because it wants to. These companies make these changes to win borrowers, and there is a clear shortage in the foundation of the relative importance and lack of understanding qualitative characteristics for the information which leads to the changing of the accounting policies.

The study strongly recommended organizing the process of the changing accounting policies in Jordanian touristic companies. Make the administrations and different departments in the foundation participate in the process of the changing accounting policies. And make use of the experience and capabilities of the outer parts specially offices of consultancy and auditing. And Jordanian touristic companies should equip itself with the clear foundation about the relative importance and try to understand the qualitative characteristics of information. All this with enough coordination with different administration in other Jordanian touristic companies when there is a change in the accounting policies.

Key Words: tourism sector, accounting policies, touristic companies.

1. Introduction:

Several parts participate in organizing the work foundation and principles that accounting depends on.

There are specialized organizations that issue principles, foundation and ways to guide or bid with by the economical project or to choose between the two if there are other choices.

The choice itself depends on the economical policies that the institutions use or follow.

The reason of this study is that there are different replacements for measuring and assessment accounting, the freedom of management to choose between different policies and ways, the possibilities of changing in the future to achieve its goals.

Changing the accounting polices is optional depending on the institution desire, or obligatory when the authoritative quarter delete a certain replacement or change it.

What matter for this study is the obligatory change, because following a certain accounting polices doesn't mean to abide by it for ever without changing but it could be changed by the institution when ever it choose to do that- if the change was not obligatory. There are different motivation for the institution to change, it could be related to investment, financing or to improve the image of the management or other motives.

The touristic sector which provide different services needs accounting polices that helps it to fill full its financial and accounting obligations to improve its performance during the successive periods, so the administration chooses between the available replacements keeping in mind that it is suitable to this sector, the competition it encounter and the difference in the nature of the product form other sectors which achieve the goals of the administration form these replacements.

2. The previous studies

2.1 Smith and Malkon study (2001)The aimed to test the use of the income increasing form the industrial companies, the study concluded that the companies which faces a financial crises without any possibility of collapsing soon, tends to increase the declared income by changing its accounting policies.

And the companies which faces a financial crises with a possibility of collapsing soon, tends not to increase the income.

2.2 Al Moumany and Al Hummood study (2000)The study aimed to determine the percentage of the actual declared indicator for the Jordanian industrial joint stock companies, the study concluded that the total declared percentage for the companies is between 53.5%-78.7%. and the average declared percentage reached 63.0% .

2.3 Al Da'woor and Al 'Abed study (2009):The study aimed to measure the effect of adopting gain management by the strategic management on issuing stocks in traded shares in Palestinian market for securities. The study concluded that the adoption of the unit economical management to the gain administration has an effect on the prices of shares traded in the Palestinian market for securities. Because there is a relation between the net profit of the economical unit which refers to the right of ownership and issuing the traded shares in the traded shares market in this market. And it also concluded that the economical unites may turn to profit administration strategy by following polices that have an effect on the stability of income for the sake of the administration, for taxation profits impulses and for avoiding the political costs and the costs of debt contracts . The study recommended issuing new rules to allow entering new financial tools to the market which was not there before.

2.4 Alfadel study (2006) The study aimed to recognize the effect of the environment factors that distinguish the thoughts, behavior, trends and culture of a certain community form other community with the differences of the management impulses in choosing accounting polices. The study concluded that it's not necessary that an explanation and illustration of phenomena in a certain community apply to other communities. The economical hidden motives after choosing the accounting polices in all the

administrations of the public joint stock companies in Jordan is not the same in the developed or developing countries.

The study recommended to follow the phenomena of profit management and observe it then manage it again in a consultation way not in using economical information way. It also recommended to choose the effect of the other changes in choosing the accounting policies like the effect of density of capitalism and the sort of the sector.

2.5 Al-Abdallat study (2002) The study aimed to show the relationship between the accounting policies and its effect on the accounting standards, especially in Iraq. The study concluded that accounting study is not abstract and there is a strong relationship between economy and politics in one side and economy and accounting on the other side, and between accounting and politics in the third side. And these overlapping relations have an effect and mutual reflections, and have an effect on the formation of accounting and its application and practice of standards and accounting policies.

The study recommended that the politicians and responsible people in the country should make a harmony between economical social and cultural needs to make it possible to subdue the international environment and its positives.

2.6 Seem (2005) The study aimed to deal with the idea of making the accounting standard international and the reasons that leads to the existence of an international accounting standard, have a look to the institution which work in making accounting standard whether on a regional or international level, recognize the degree of the support from the people in charge of accounting profession and the positives that could be achieved from abiding to the international accounting standard in Jordan because this has a lot of positives. And it also concluded that there are hindered that limits abiding by it like differences in economical, social, cultural and civilized circumstance and the variation in the concepts, behaviors and the governing values. The study recommended the enhancement of the abilities, skills and qualification of the workers in the accounting divisions and the financial department in the companies in order to compete internationally.

3. Problem of the Study

Accounting policies are subjected to change in the institution all the time or rarely, and the degree of change differs according to some specifications like the nature of the sector, economical factors, human cadres, administration, rules and regulation in the country of origin which may tend to keep a certain relative level of stability in the policies. The Jordanian touristic companies like other institutions which seek to change its accounting policies for specific reasons and in a way to serve its trends, so does this change come in a studies or random way. And what is the role of the rules and regulation in stopping this process. And what is the role of economical factors, human cadres, and the intellectual frame work in this.

4. Objectives of the Study

This study aims to demonstrate the reality of changing the accounting policies in the Jordanian touristic companies in Amman wherefrom the role of the rules and regulation in it, how much does the different

parts participate in the changing decision, if this decision have a realistic and objective reasons, if there is an economical and human forces for the change and the effect of the intellectual framework in this decision.

5. The importance of the study

The touristic companies are considered to be an important element in the component of the Jordanian economic it is a supporter to the treasury, contributor in securing work opportunities, and attract tourism and inventors. So it is important to maintain the safety of this sector in all areas including the accounting trend. And one of the most important things which needs to be studied in this framework is the changing of the accounting polices, which may affect

6. The question of the study:

6.1 The first question:

Does the rules and regulations hinders the process of changing the accounting polices in the touristic companies in Jordan?

6.2 The second question:

What are the parts in the changing the accounting polices in the touristic companies in Jordan?

6.3 The third question:

Does the decision of changing the accounting polices in the touristic companies in Jordan taken randomly?

6.4 The fourth question:

Is there an economical force for the changing in of accounting polices in the touristic companies in Jordan?

6.5 The fifth question

Does the intellectual framework have any effect on changing the accounting polices in the touristic companies in Jordan?

6.6 The sixth question:

Does the human cadre have any role in changing the accounting polices in the touristic companies in Jordan?

7. Methodology of the study

The study is an explanatory analytic one where it collects and analyzes data to achieve the results related to the study dimension.

8. Population and Sample of the Study:

The population is composed of the touristic companies in Jordan; the sample of the study was optimized to include only 25% of these companies

9. Tools of the study:

The primary tool of the study was the questionnaire which was designed to measure the reality of the touristic companies in the population of the study. 108 questionnaire were distributed to the specialists and the people acquainted with political accounting,

83 acceptable samples have been returned. The method of the questionnaire was based on closed

questions, were the available answers are (agree strongly, agree, unbiased, disagree, disagree strongly) in order. And the answers were considered (1, 2, 3, 4, and 5) in degrees in order.

10. The statistical methods used:

The statistical measures have been calculated are: arithmetic mean, t-test, Cronbach's alpha, standard deviation, According to the hypotheses or items, the standard to accept the question or the paragraph was the arithmetic mean should be greater than 3, 00, and to be significant, the t value should be greater than the tabulated value and the observed significance level should be less than 0.05.

11. Stability of Instrument

To test the stability of instrument the researcher applied Cronbach's Alpha coefficient Tests. Table 1 shows the results of this test as follows:

1. Alpha value for legislative dimension items was 0.73
2. Alpha value for people participation dimension items was 0.67
3. Alpha value for objectives and real excuse dimension items was 0.82
4. Alpha value for economical dimension items was 0.78
5. Alpha value for intellectual framework dimension items was 0.71
6. Alpha value for human cadre dimension items was 0.77
7. Alpha value for all combined items was 0.80

Therefore the instrument was stable since all values were >0.60

12. Validity of Instrument

The validity of instrument was verified through 2 ways

1. It was presented to different arbitrators to make sure that the entire item included in the instrument serve each dimension of the instrument. In the light of the arbitrators comments some sentences were alternated to make its composing and relation to the dimension it follows more clearly.
2. The validity of the instrument was also verified by using the Factorial Analysis to check the connection between the sentences and the dimension it's related to.

Table 1 shows the results of this analysis, where the saturation of all the items for each dimension were high, and >0.30 which is acceptable, this means that each item is related to the dimension it belongs to.

13. Description of Personal and Job Characteristics of Respondents

Table 2 shows a description of the personal and job factors of sample respondents as follows:

- Major: 38.55% of the sample were accounting major, 18.08 were Administration major, 10.84% were Economic major, 8.43% were Touristic Administration major, 7.23% were Financial major, 6.02% were Touristic major, 4.83% were Touristic Marketing major, 2.41% were English major, 3.61% were other majors.

- Educational level: 80.72% are Bachelor, 9.65% master, 6.02% Diploma, 3.61% high school.
- Years of experience: 40.96% between 10-6 years, 27.71% between 11-15 years, 21.69% are 15+, 9.64% between 1-5 years.
- Job level: the table shows that 37.35% are employees, 27.71% are head of a division 20.48% vice manager, 14.46% managers.

14. Answering the question of the study:

14.1 The first question:

Does the rules and regulations hinder the process of changing the accounting polices in the touristic companies in Jordan?

Table 3 shows that item 1 and 2 have a arithmetic means less than 3.00 which means that the rules and regulations have no role in hindering the process of changing the accounting polices are not statistically significant, so Whereas item 3 has an arithmetic means greater than 3.00 and observed significance levels less than 0.05, which means that they are statistically significant, so the economical standards applied in Jordan doesn't need a constant change in the accounting polices.

14.2 The second question:

What are the parts in the changing the accounting polices in the touristic companies in Jordan?

Table 4 shows that item 4 and 5 have a arithmetic means greater than 3.00 and observed significance levels less than 0.05 which means that the higher administration and accountants have a role in the decision of changing the accounting polices are statistically significant.

item 6 and 7 have a arithmetic means less than 3.00 which means that the administration and other division in the institution doesn't participate in the process of taking a decision for changing the accounting polices, or even benefit form the experience, and the qualification of any other outside parts are not statistically significant

14.3 The third question:

Does the decision of changing the accounting polices in the touristic companies in Jordan taken based on objective and realistic justifications.

Table 5 shows that item 9 and 10 have a arithmetic means greater than 3.00 and observed significance levels less than 0.05 which means that we understand that the changing the accounting polices doesn't happen randomly according to time and the articles of financial lists are statistically significant

Item 8 have a arithmetic means greater than 3.00 but the observed significance levels was less than 0.05 which means that the changing of the accounting polices isn't based on a well studied bases.

Item 11 have a arithmetic means less than 3.00, which means that the new administration change the accounting polices for the sake of change only are not statistically significant,

14.4 The fourth question:

Is there an economical forces for the changing of the accounting polices in the touristic companies in

Jordan.

Table 6 shows that expect item 14 all the other items have a arithmetic means less than 3.00 which means that they are not statistically significant.

Item 14 have arithmetic means greater 3.00 and observed significance level less than 0.05 which means that touristic companies do change their accounting polices in order to attract borrowers.

14.5 The fifth question

Does the intellectual framework have any effect on changing the accounting polices in the touristic companies in Jordan?

Table 7 shows that item 19 and 20 have a arithmetic means greater than 3.00 and observed significance levels less than 0.05 which means that lack of a clear foundation for the relative importance leads to the changing the accounting polices, and the misunderstanding of the quality characteristics of the information leads to the changing of the accounting polices are statistically significant.

Item 18 have a arithmetic means less than 3.00 which means that the rule of being cautious and careful doesn't lead to changing the accounting polices so it's not statistically significant.

14.6 The sixth question:

Does the human cadres make the change in the accounting polices in the touristic companies in Jordan efficiently.

Table 8 shows that expect item 24 all the other items have a arithmetic means greater than 3.00 and observed significance level less than 0.05 which means that they are statistically significant.

Item 24 have arithmetic means less than 3.00 which means that they are statistically significant and this shows that touristic companies do change their accounting polices in order to attract borrowers.

15. Results and Recommendations

15.1 Results

The study concluded that:

1. The rules and regulation has no role in changing the accounting polices
2. The accounting standard in applied in Jordan doesn't need a constant change in the accounting polices
3. The higher administration and the accountant participate in the decision of changing the accounting polices. Where as the other administrations and divisions in the institution doesn't participate in the decision of changing the accounting polices, and there is no use of the qualifications and experience of outsider parts
4. The accounting polices doesn't change randomly nor for the time neither for the items of the financial lists
5. The changing of the accounting polices is not based on a studied bases
6. New administration make a change in the accounting polices for the sake of change only
7. The nature of the touristic sector and the fierceness of competition it faces doesn't encourage the changing of the accounting polices, and Jordanian touristic companies doesn't change for

the sake of bringing investment or trying to reduce taxes, nor getting an outsider help. But it turns to changing to allure borrowers

8. The lack of a clear foundation for the relative importance and misunderstanding of the quality characteristics of the information leads to the changing of the accounting policies. whereas rule of being cautious and careful doesn't lead to that

15.2 Recommendations

The study recommends the followings:

1. The specialized authorities should organize the process of changing the accounting policies in the touristic companies in Jordan
2. The touristic companies in Jordan should try to make the administrations and divisions in the institution participate in the decision of changing the accounting policies. And make use of the qualifications and experience of outsider parts
3. The touristic companies should try to build the samples of the decision of changing the accounting policies on a studied and objective bases
4. The touristic companies should try to have a clear basics related to the relative importance, and try to understand the quality qualifications of the information.
5. Administrations in the Jordanian touristic companies should have enough coordination between them when changing the accounting policies
6. Make studies to build decision samples for the touristic companies, its goal is to overcome the point of weakness which this study has concluded.

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Table 1. The saturation of the paragraphs and results of Cronbach's alpha Test

Item/ dimension	saturation	Cronbach's alpha	Item/ dimension	saturation	Cronbach's alpha
legislative		0.73	12	0.38	
1	0.37		13	0.85	
2	0.61		14	0.80	
3	0.45		15	0.73	
for people participation		0.67	16	0.32	
4	0.49		17	0.47	
5	0.52		intellectual framework		0.71
6	0.78		18	0.67	
7	0.73		19	0.72	
objectives and real excuse		0.82	20	0.39	
8	0.57		Human cadre		0.77
9	0.84		21	0.59	
10	0.43		22	0.65	
11	0.36		23	0.74	
			24	0.77	
			Total		0.80

Table 2. Frequencies and percentages for the personal variables of the respondents

Factor		Repetition	Percentage
Major	Administration	15	18.08
	Financing	6	7.23
	Accounting	32	38.55
	Economic	9	10.84
	Touristic management	7	8.43
	Tourism	5	6.02
	Touristic marketing	4	4.83
	English	2	2.41
	others	3	3.61
Educational level	Secondary	3	3.61
	Diploma	5	6.02
	Bachelor	67	80.72
	Masters	8	9.65
Years of experience	1-5	8	9.64
	10-6	34	40.96
	15-11	23	27.71
	15+	18	21.69
Job level	Manager	12	14.46
	Vice manager	17	20.48
	Head of a division	23	27.71
	employee	31	37.35

Table 3. Arithmetic mean, standard deviations, t value, and observed significance level of legislation

Item No.	Item	Arithmetic mean	standard deviations	t value	observed significance level
1	Jordanian rules limits accounting polices	2.73	1.34	-1.18	0.07
2	The applied regulations limits the freedom of changing accounting polices	2.96	1.76	-0.19	0.85
3	Accounting standards enforced in Jordan doesn't need a constant change in the accounting polices	3.05	1.75	0.25	0.80

Table 4, Arithmetic mean, standard deviations, t value, and observed significance level of related to the participation of different parts

Item No.	Item	Arithmetic mean	standard deviations	t value	observed significance level
4	The higher administration participate in the decision of changing accounting policies	4.34	0.98	12.5	0.00
5	Accountant participate in the decision of changing accounting policies	3.70	1.21	5.27	0.00
6	the administration and other division in the institution participate in the decision of changing accounting policies	2.29	1.44	-4.48	0.00
7	A counseling to other outside parties is taken about the decision of changing accounting policies	2.78	1.66	-1.19	0.24

Table 5. Arithmetic mean, standard deviations, t value, and observed significance level of related to objective and realistic justifications

Item No.	Item	Arithmetic mean	standard deviations	t value	observed significance level
8	Changing the accounting polices based on studied bases	3.27	1.62	1.49	0.14
9	the changing of accounting polices doesn't happen randomly according to time	4.58	0.52	27.61	0.00
10	the changing of accounting polices doesn't happen randomly according to articles of financial lists.	4.43	0.65	20.71	0.00
11	the new administration	2.52	1.16	-3.78	0.00

	doesn't change the accounting polices for the sake of change only.				
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Table 6. Arithmetic mean, standard deviations, t value, and observed significance level of related to economical motive

Item No.	Item	Arithmetic mean	standard deviations	t value	observed significance level
12	The nature of the touristic sector encourage the changing of accounting polices	2.96	1.72	-0.19	0.85
13	The intense of competition in the touristic sector urge the administration to make changes in accounting polices	2.46	1.95	-2.53	0.01
14	touristic companies do change their accounting polices in order to attract borrowers.	3.73	1.27	5.27	0.00
15	Touristic companies change their accounting polices in order to attract investment	2.71	1.55	-1.70	0.09
16	Touristic companies change their accounting polices in order to reduce taxes	2.51	1.76	-2.55	0.01
17	Touristic companies change their accounting polices in order to gain outside contributions	2.20	1.63	-4.45	0.00

Table 7. Arithmetic mean, standard deviations, t value, and observed significance level of related to intellectual framework

Item No.	Item	Arithmetic mean	standard deviations	t value	observed significance level
18	being cautious and careful lead to changing the accounting polices	2.25	1.85	-3.69	0.00
19	lack of a clear foundation for the relative importance leads to the changing the accounting polices	3.83	1.23	6.17	0.00
20	misunderstanding of the quality characteristics of the information leads to the changing of the accounting polices	3.90	1.20	6.89	0.00

Table 8. Arithmetic mean, standard deviations, t value, and observed significance level of related human cadres

Item No.	Item	Arithmetic mean	standard deviations	t value	observed significance level
21	There are highly qualified professional people who are able to prepare the financial lists in the touristic companies and make changes in the accounting polices	4.17	1.14	9.38	0.00
22	There are highly qualified academic people who are able to prepare the financial lists in the touristic companies and make changes in the accounting polices	4.23	1.03	10.89	0.00
23	In the touristic companies there financial employees with a sprit of a collective participation which contribute in the changing of the accounting polices	4.11	0.88	11.43	0.00
24	There are a coordination between the different administrations when changing the accounting polices	2.18	1.37	-5.44	0.00

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