

# The Role of Accounting Information in Economic Development

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**Abstract:** *The purpose of this study is to make a statement about the significance of accounting and scientific research accounting in achieving economic development through accounting information and the need to develop accounting for economic development through the study of how trends and the scope of such research are related to economic development. derives from the study's attempt to demonstrate the function of accounting in economic development and to connect the advancement of the accounting process to scientific research by putting forth a framework for that research, which highlights the significance of this study. The proposed strategy for the development of accounting for economic development through scientific research accountant developing countries seek to achieve a better economic and social status through the implementation of long-term developmental plans. Accounting covers aspects related to handicaps and problems of accounting in developing countries, trends and scope of the scientific research of accounting and its role in economic development. It is well known that a variety of criteria and aspects, including the availability of information that can be used to guide decision-making for the purposes of developing, putting these plans into action, and monitoring their progress, affect how successful these efforts are.*

*The availability of the information needed for creating, carrying out, and monitoring these plans is how the accounting information contributes to the success of the development plans while maintaining the integrity of these decisions. Such plans' failure is ascribed to the lack of a thorough assessment of the accounting function in successful economic development plans*

**Keywords:** Accounting research, economic development, and accounting information

## I. INTRODUCTION

The availability of the information needed for developing, implementing, and monitoring these plans results in the accounting information playing a beneficial role in the integrity of decisions as well as the success of development plans.

The fundamental reason why such plans frequently fail is that their contribution to successful economic growth plans was not given a meaningful appraisal. In addition, such a model can include certain economically unimportant factors that are covered. However, there is information available about them. A lack of knowledge about the relative scarcity of the resources available causes them to be unfairly distributed, and a similar lack of knowledge about the success of the development plan prevents any modification of these plans.

Due to the fact that accounting is one of the social sciences that aims to meet the diverse needs of both private and public business facilities, it is impacted by changes in the overall economic, social, legal, and political conditions that are present in each nation or specific environment at any given time. The needs that are a result of the economic, social, legal, and political environments in which accounting operates alter as a result of many environmental factors.

Based on the financial and administrative challenges that developing nations face, such as the lack of product factors and rapid population growth rates, as well as international changes affecting prices and the developed nations' control over the wealth of developing nations, it can be determined that the accounting scientific research bears the largest burden of developing the necessary studies and proposals. By examining the attitudes and scope of the accounting scientific research contributing to economic development, it will be possible to determine the extent to which

accountancy and accounting scientific research are crucial to achieving economic development through accounting information and the necessity of developing the accountancy which serves the latter.

According to the researcher, this study is significant because it is the first to attempt to define the role of accounting in economic development and link the development of accountancy with the process of scientific research by proposing an accounting scientific research framework that addresses a variety of accounting issues and challenges that developing nations must deal with.

The following primary questions are addressed by this research: Does accounting information support a country's economic growth?

Additionally, this topic has a number of subquestions that this study also aims to address. They are as follows: What are the perspectives and areas of accounting scientific research, and what function does accounting scientific research play in economic development? What plan has been put forth to advance accounting so that economic development can be attained through accounting scientific research?

## **II. LITERATURE REVIEW**

Although it was crucial to build and design the scientific research as well as achieve good integration between the results that were previously discovered in the scope of these studies, it should be noted that the prior accounting studies pertaining to this research are incredibly uncommon, whether at a level of Arabic or foreign literatures. The following studies that are most significant to this research will be discussed in this section:

In the Arab Republic of Egypt between 1998–1998 at all local and international levels, Al-study Sharqawi's from 2000 studied the key attitudes of the researches and compared the accounting findings of this analysis. The main attitudes of the arbitrated accounting researches that were published in the Accounting, Administration and Insurance Journal were compared in this study because they were regarded as a sample of the accounting researches that were related to the main attitudes of the arbitrated accounting researches at a local level at the time that they were published in the international journal. This study discovered that the research conducted locally and those conducted internationally differed greatly from one another. For instance, at the international level, the research pertaining to the securities markets has occupied the top spot. The researchers have a keen interest in this area, and the ratio of such research has approximately amounted to 28.75% of the total internationally published researches during the entire period of the study, whereas the research pertaining to the accounting has occupied the tenth position. Additionally, this study revealed that some research topics, such administrative accountancy and cost accountancy, have held the first and second positions at the local level while holding the fifth and sixth positions internationally.

The study also discovered that the relative relevance of the accounting researches published in the various accounting sectors in the 1990s at a local level was not significantly different from that importance in the 1980s. However, the study revealed that on a global scale, the relative importance of various research areas in the 1990s was different from such importance, particularly of the accounting researches related to the securities markets and financial accounting, among others; the level of confidence reached 95%. In general, this study came to the conclusion that while there are many factors influencing the researching attitudes of the accounting thought at local and international levels, and even though international periodicals are locally accessible, the importance of the researching fields at local and international levels differs significantly.

Al-study Khadaish's from 2002 intends to detect accounting research attitudes in Jordanian arbitrated journals published by public universities and to ascertain if these investigations are theoretical and deductive or field and inductive. Additionally, it seeks to systematically assess these studies' contributions to Jordan's general accounting knowledge and application by determining their level of contribution. From 1996 to 2001, this study was carried out. The study discovered that 91% of the studies it included were field studies, whereas the theoretical accounting studies made up only 5% of the overall studies. According to the study's findings, accounting research related to the financial market, which accounted for 35% of all published accounting research during the study period, and auditing, which accounted for 16% of all published accounting research, were the two main areas of emphasis for accounting research conducted in Jordan during that time. 14 percent of all published research has been in accounting in other domains. Additionally, the researchers did not pay much attention to other accounting disciplines. Research connected to various significant accounting fields, including financial accountancy, tax accountancy, administrative accountancy, and cost accountancy,

has a percentage of 7%, 3%, 5%, and 3%, respectively. This investigation came to the conclusion that the accounting studies that were published in the arbitrated journals produced by the public universities did not advance or add to the body of knowledge regarding accounting theory generally. This is because the majority of these studies were conducted on the ground, and their findings were restricted to the Jordanian environment, particularly the industrial environment, even though these businesses accounted for no more than 10% of the country's industrial sectors. The findings of this study also demonstrated that some research fields, rather than other significant research fields, were of interest to researchers.

- Al-2003 Hezan's study sought to quantitatively analyse the attitudes of accounting researches related to various accounting fields in the Kingdom of Saudi Arabia based on studies published in scientific journals produced by the kingdom's universities and higher educational institutions between 1980 and 2000 and contrast them with the attitudes of accounting researches carried out on a global scale. The findings of this study showed that there was a significant overlap in the researchers' interests in accounting research connected to financial accountancy and auditing over the study period at both the local and global levels. Additionally, it was demonstrated that the level of the kingdom differs from the level of the world in terms of the researchers' interest in the subject of administrative and cost accounting.

In his 2009 study, Hillis Abdullah sought to compare the attitudes of accounting researches conducted internationally with those of researches conducted in Palestine between the beginning of 2004 and the end of 2008 that were published in scientific publications produced by Palestinian universities. The results of this study revealed a high overlap between the researchers' interests in accounting studies connected to auditing at the level of Palestine and those in the same accounting fields worldwide during the study period. Additionally, it was demonstrated that there are differences between researchers' interests in the field of financial accountancy at the level of Palestine and researchers' interests in the same accounting sector at the global level. Additionally, it was discovered that the researchers' interests in administrative and cost accountancy differ from one another. This means that, during the study period, the researchers' local interest in these fields lagged behind international developments in the scientific study of accounting thought, particularly in the areas of financial accountancy and administrative and cost accountancy.

By reviewing the previous studies, it can be noted that they have touched upon the attitudes of the accounting researches published in the arbitrated journals. However, they have not connected such attributes with the economic developments. This study, therefore, attempts to identify the role of accountancy in the economic development as well as the mechanism of developing the accountancy in order to serve the economic development through the accounting scientific research.

### **Significance of Accounting information in promoting Economic development**

As was already said, one of the challenges to the success of development plans and economic development in developing nations is a lack of the right information at the right time. As a result, the accounting field will be burdened with a great deal of duty in order to obtain the crucial accounting data needed to make development-related decisions. Here, it is necessary to define the departments impacted by the accountancy activity as well as the volume and kind of accounting information; these issues are covered in more detail below:

According to Brain and Taylor, those who are impacted by accounting activity fall into three categories:

The first category relates to the accountancy occupation and includes the accountants responsible for organising the occupation as well as the department responsible for creating and developing accounting principles and standards globally; this category is influenced by the organisational structure of the accounting occupation and the presence of official authorities such as the accountancy bureau as well as non-official authorities such as the accountants union.

The second category relates to the users, including the external users of financial reports; the goal of accountancy is to provide the necessary information of the numbers of the economic resources. This category is also impacted by the nature of laws that interfere with determining the controls of producing and publishing such information as well as the rate of economic growth.

The third group consists of the people in charge of carrying out the facility's objectives by carrying out various tasks related to setting objectives, creating plans, and monitoring the execution of those plans, which also involves making choices. Through the availability of numerous administrative reports, accountancy compiles and transmits the information necessary to carry out these tasks with ease.

The aforementioned information leads us to the conclusion that it is possible to identify the quantity and format of accounting data by offering a management of information that is willing to give such data. To enable the occupation to subject this information to the criteria of the accounting measurement and disclosure, this management must also be able to identify the appropriate methods for measuring the information. The management and employees' contributions will also be helpful to data users.

To be suitable for decision-makers, accounting information must contain a number of qualitative characteristics, which are listed below:

1- Appropriateness: This refers to the ability of accounting information to influence a decision. For accounting information to be considered appropriate, it must possess the following qualities: (1) It must be predicative; (2) It must be available whenever the decision-maker requires it; and (3) It must allow the decision-maker to confirm the accuracy of earlier predictions.

2- The information can potentially be trusted, which calls for the accounting data to be largely objective. As a result, the decision-maker can rely on this data. These qualities must be present for such information to be trusted: It must accurately depict the phenomenon, be unbiased and corroborated, and be non-selective.

3- The capability of comparing various facilities or time periods.

Based on the information above, we draw the conclusion that accounting helps economic development plans succeed and that this function will manifest itself if the information needed to create, carry out, and monitor the plans is made available. Implementing the development's requirements will be advantageous if the information is accurate and trustworthy.

### III. CONCLUSION

- Accounting plays a crucial and beneficial part in the success of economic development plans; this role arises from its ability to provide data that helps to distribute resources as effectively as possible and advance development plans. Therefore, the goal of scientific study should be to evaluate the data that the units require and to prepare studies on the degree of compatibility and suitability of the present systems as well as the requirement for developing these systems.
- The goals of accounting information users are linked to the nature of the accounting information; as a result, when the goals of the accounting information users are not clearly defined, the role and significance of accounting scientific research in developing the accountancy in a way that meets their needs and promotes economic development by issuing and establishing the accountancy's standards and rules is increased.
- The development of the accounting systems in emerging countries is linked to the improvement of accountancy in such countries. Thus, the objective of accounting scientific study should be to investigate both the reality of accountancy and the necessary processes for creating accounting systems. As a result, it helps to meet the objectives associated to providing the useful information that aids in economic development.
- The development of the controlling systems, which ensure that the accounting systems development process is successful, goes hand in hand with and strengthens the development of the accounting systems.

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