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## **Challenges and Prospects of Implementing International Financial Reporting Standards (IFRS) in Algeria Amid Digital Transformation: An Empirical Study**

### **Abstract**

This study explores the challenges and prospects of adopting IFRS in Algeria, focusing on how digital transformation can enhance compliance and financial reporting transparency. Using a descriptive-analytical method supported by an applied study, the research finds that although IFRS improves transparency, its application in Algeria is hindered by weak legislation, a shortage of skilled professionals, and poor technological infrastructure. However, digital transformation offers a strategic solution through modernized accounting, automation, and advanced technologies like AI. The study recommends updating regulations, improving training, accelerating digital infrastructure, and boosting international cooperation to facilitate IFRS adoption and integrate Algeria into the global financial reporting system.

**Keywords:** *Algeria, International Financial Reporting Standards (IFRS), digital transformation, financial transparency*

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## **Rəqəmsal transformasiya şəraitində Əlcəzairdə beynəlxalq maliyyə hesabatı standartlarının (IFRS) tətbiqinin çətinlikləri və perspektivləri: Empirik tədqiqat**

### **Xülasə**

Bu tədqiqat Əlcəzairdə beynəlxalq maliyyə hesabatı standartlarının (IFRS) tətbiqinin çətinliklərini və perspektivlərini araşdırır, xüsusilə də rəqəmsal transformasiyanın uyğunluğun artırılmasına və maliyyə hesabatlılığının şəffaflığının gücləndirilməsinə necə töhfə verə biləcəyinə diqqət yetirir. Təsviri-analitik metod əsasında və tətbiqi tədqiqatla dəstəklənən araşdırmanın nəticələri göstərir ki, IFRS maliyyə şəffaflığını artırsa da, onun Əlcəzairdə tətbiqi zəif qanunvericilik, ixtisaslı mütəxəssislərin çatışmazlığı və texnoloji infrastrukturun kifayət qədər inkişaf etməməsi səbəbindən çətinliklərlə üzləşir. Bununla belə, rəqəmsal transformasiya müasir mühasibat uçotu sistemlərinin tətbiqi, avtomatlaşdırma və süni intellekt kimi qabaqcıl texnologiyaların istifadəsi vasitəsilə strateji həll imkanı yaradır. Tədqiqat IFRS-in tətbiqini asanlaşdırmaq və Əlcəzairi qlobal maliyyə hesabatlılığı sisteminə inteqrasiya etmək məqsədilə normativ bazanın yenilənməsini, peşəkar hazırlığın gücləndirilməsini, rəqəmsal infrastrukturun sürətləndirilməsini və beynəlxalq əməkdaşlığın artırılmasını tövsiyə edir.

**Açar sözlər:** *Əlcəzair, beynəlxalq maliyyə hesabatı standartları (IFRS), rəqəmsal transformasiya, maliyyə şəffaflığı*

## Introduction

In recent decades, financial and accounting systems around the world have experienced significant transformations due to economic globalization and the rapid development of technology. Within this framework, the International Financial Reporting Standards (IFRS) have become one of the most important tools that contributed to unifying accounting principles at the global level. The main aim of these standards is to achieve transparency, strengthen investor confidence, and facilitate the comparison of financial information between companies in different countries.

With the growing international importance of these standards, Algeria, like many other countries, faces a major challenge in adapting its accounting environment to the requirements of International Financial Reporting Standards (IFRS).

This adaptation is necessary to ensure integration into the global economy and to achieve sustainable progress in its financial system. However, despite the importance of applying IFRS, the current situation in Algeria still shows many difficulties that prevent the full achievement of this goal. These challenges include limited awareness about these standards, weak accounting and technological infrastructure, and the lack of coordination between local legislation and IFRS requirements.

### Research

These obstacles emphasize the need to search for innovative solutions that could support and speed up the process of adopting IFRS. One of the most important of these solutions is relying on digital transformation as an effective tool to improve the quality of financial reporting and to enhance compliance with international standards. On the other hand, the adoption of IFRS can provide Algeria with significant opportunities, such as improving the efficiency of its financial system and attracting more foreign investments. But reaching these goals requires well-prepared strategies based on developing human resources, updating the legal framework, and providing technical and technological support for local institutions.

Accordingly, a key concern emerges: to what extent can Algeria adapt its accounting environment to the requirements of the International Financial Reporting Standards in order to achieve financial transparency and strengthen its integration into the global financial system?

To delve deeper into this main question, the following key aspects are explored:

- What are the main challenges facing Algeria in implementing IFRS at the economic and regulatory levels?
- How can digital transformation contribute to improving the ability of Algerian institutions to comply with IFRS requirements?
- What future opportunities can Algeria achieve by developing its accounting environment in line with International Financial Reporting Standards?

This study attempts to explore these sub-questions by analyzing both the obstacles and the opportunities associated with the adoption of IFRS in Algeria, while also highlighting the potential role of digital transformation in supporting this process.

Based on the issues raised, the study proposes the following hypotheses:

- The implementation of International Financial Reporting Standards (IFRS) in Algeria faces major obstacles related to weak legislation, a lack of qualified human resources, and high implementation costs.
- Digital transformation is considered an effective tool for facilitating the application of IFRS, as it contributes to improving the transparency and accuracy of financial reports in Algerian institutions.
- The adoption of IFRS can open up wide prospects for the development of the Algerian accounting environment, by enhancing trust in the local financial system and attracting more foreign investments.

These hypotheses will be tested through the applied study and the analysis of responses collected from professionals and academics working in the accounting and financial sectors in Algeria.

**Importance of the Study:** The importance of this study lies in several key points:

- It highlights the main challenges that Algeria faces in the implementation of International Financial Reporting Standards (IFRS), especially those related to legislation and the accounting infrastructure.
- The study contributes to exploring innovative solutions, such as digital transformation, which could help improve the quality of financial reporting and enhance compliance with international standards.
- It provides a vision for how Algeria can improve its investment climate by promoting financial transparency and attracting foreign investments.
- The study aims to raise awareness among Algerian professionals and academics about the importance of IFRS and its positive effects on the financial system.

**Objectives of the Study:** This study aims to achieve the following objectives:

- To analyze the economic and regulatory challenges that hinder the implementation of International Financial Reporting Standards (IFRS) in Algeria.
- To examine the role of digital transformation in facilitating the application of IFRS within Algerian institutions.
- To assess the future opportunities that can be achieved by developing the Algerian accounting environment in line with IFRS requirements.
- To increase awareness among academics and professionals about the importance of IFRS and to enhance their ability to apply these standards effectively.

**Methodology:** Considering the nature of this study, which focuses on examining the role of International Financial Reporting Standards (IFRS) in enhancing the transparency of financial reports, a descriptive-analytical method was adopted as the most appropriate method to achieve the study's objectives. In order to collect the necessary data, a questionnaire was designed and distributed as the primary tool for gathering information related to the topic.

**Literature review:** Several studies have addressed the topic of International Financial Reporting Standards (IFRS) implementation in Algeria and the challenges associated with it. Among the most relevant works are the following:

- **The study by Ghania Ben Harkou (2017), entitled The Financial Accounting System and International Accounting Standards**, aimed to compare the Algerian financial accounting system with international accounting standards, identifying both the differences and areas of alignment between them. The researcher adopted a descriptive-analytical approach to examine the main components of both systems. The results showed that there is a partial convergence between the Algerian accounting system and international standards, as the local system has adopted some principles and practices from the international framework. However, the study highlighted the existence of significant gaps that require further improvements. It recommended updating the Algerian system by developing the legislative framework, offering training programs for professionals, and increasing awareness of the importance of adhering to international standards to achieve higher quality and transparency in financial reporting.

- **The study by Chouaib Chenouf (2014), entitled How to Apply IFRS in Algerian Institutions**, focused on exploring the process of implementing IFRS in Algerian companies. It particularly examined the current situation regarding the adoption of these standards and identified the main obstacles facing institutions in this regard. The study also followed a descriptive-analytical approach and relied on a questionnaire distributed to a sample of professionals and accounting experts in Algeria. The findings indicated that the application of IFRS in Algeria continues to encounter significant difficulties, the most notable of which are the lack of adequate training for accountants and the incomplete alignment between the Algerian accounting system and international standards. The study recommended strengthening professional training, improving qualification programs, and introducing amendments to the financial accounting system to better align it with international requirements.

- What distinguishes this current study from previous research is its specific focus on the challenges of adopting IFRS in Algeria and the added dimension of examining the role of digital transformation in enhancing the transparency of financial reports. This is a topic often overlooked in earlier studies. Moreover, this research stands out as an applied study conducted on a sample of professionals and academics in Algeria, providing a practical and realistic view of the local situation. Additionally, it focuses exclusively on the Algerian context, attempting to understand the specific challenges of IFRS application within the country, unlike most studies that concentrate on developed countries. Finally, this study adopts a comprehensive approach by addressing both the obstacles and the opportunities for improving IFRS adoption in Algeria.

### **Theoretical framework:**

This study is based on the idea that implementing International Financial Reporting Standards (IFRS) in Algeria faces a set of challenges but also offers important future opportunities. At the same time, digital transformation is seen as a tool that could help financial institutions and companies overcome existing barriers and improve their financial reporting practices. This theoretical framework clarifies the key concepts of the study in relation to its title and objectives.

#### **1. International Financial Reporting Standards (IFRS)**

International Financial Reporting Standards (IFRS) are globally recognized accounting standards issued by the International Accounting Standards Board (IASB) to improve the quality, transparency, and comparability of financial information worldwide (IFRS Foundation, 2024).

They provide a common framework for the preparation and presentation of financial statements, ensuring that financial information is transparent, reliable, and comparable across different countries and markets (Ismail, 2018, p. 16).

The adoption of IFRS allows companies to meet international reporting requirements, facilitating the understanding and comparison of financial statements by investors, financial institutions, and other stakeholders. IFRS aim to enhance the quality of financial reporting, allowing investors, regulators, and other stakeholders to make informed economic decisions based on consistent and understandable financial information (Johri, A, 2024, p. 96).

IFRS is now applied in more than 140 countries, and its role has become essential in supporting financial transparency, attracting foreign investment, and increasing trust in the financial system (Khaled, 2016, p. 35). However, applying these standards in developing countries like Algeria requires adjustments in local accounting systems, legal frameworks, and professional practices.

#### **1.1 Importance of Accounting Standards**

The importance of accounting standards can be highlighted through several aspects:

- They help in identifying and measuring the financial transactions and events of an enterprise in a systematic way.
- They ensure the communication of measurement results to users of financial statements, such as investors, creditors, and other stakeholders.
- They contribute to selecting the appropriate measurement methods, which enhances consistency in the preparation of financial reports.
- They assist users in making appropriate economic and financial decisions based on reliable and comparable information (Zeghba, 2020, p. 142).

#### **1.2 Beneficiaries of International Accounting Standards**

International accounting standards aim to serve a wide range of users of financial information. These users mainly include shareholders and potential investors, lenders and creditors who provide financing, employees and management, as well as financial analysts, economists, researchers, and other professionals who rely on financial data for analysis and consultancy. In addition, government authorities and related agencies such as tax administrations, as well as the general public, also benefit from published financial reports. In order for financial statements to effectively meet the needs of these users in investment and financing decisions, the information provided must be both reliable for decision-making and comparable across different entities and periods (Alexander, 1986, p. 59).

## **2. The Financial Accounting System (SCF) and Its Relationship with IFRS**

In Algeria, the financial accounting system is currently based on the Financial Accounting System (SCF), introduced under Law 07-11 of 25 November 2007 and implemented from 1 January 2010, with the objective of bringing local accounting practices closer to international standards. The SCF was developed by the National Accounting Council (CNC), with significant input from French accounting authorities, and formally replaced the old French-based National Accounting Plan — reflecting its hybrid nature combining French methodology and early international framework alignment (CNC, 2025).

The relationship between the Algerian Financial Accounting System (SCF) and International Financial Reporting Standards (IFRS) is reflected in the similarities of their objectives and underlying principles. The SCF was introduced to bring Algerian accounting practices closer to international standards, and this is evident in its adoption of many IFRS-derived concepts, such as fundamental accounting principles and the qualitative characteristics of financial statements. The SCF represents an important step towards the modernization of Algeria's accounting environment, particularly in terms of improving transparency and comparability (KHOUATRA, 2018, pp. 4–6). Despite this alignment, several differences remain between the two systems. One of the main distinctions lies in terminology, which has been influenced by the French accounting tradition that played a significant role in shaping the SCF. Additionally, while IFRS are structured as a series of dynamic and regularly updated standards, the SCF was introduced through legal texts and has remained largely unchanged since its implementation in 2010. This has resulted in noticeable gaps between the SCF and the continuously evolving IFRS framework. Moreover, the SCF still relies on accounting practices that may not fully reflect the requirements of a rapidly changing economic environment, both locally and globally. These differences have created an urgent need for Algeria to revise and modernize its accounting system to reduce the gap with international standards and to align more effectively with global financial reporting practices (Rafik, 2022, p. 841).

## **3. Challenges of Implementing IFRS in Algeria**

Although the SCF adopted several concepts from IFRS, including some valuation methods and disclosure principles, important differences still exist between the two systems. The main challenges hindering IFRS implementation in Algeria include:

- Weak and inflexible legislative and regulatory frameworks that do not fully align with the dynamic and continuously updated nature of IFRS.
- High costs of implementation, especially for small and medium-sized enterprises (SMEs), due to the need for new financial reporting systems, professional training, and additional compliance resources.
- Limited human resources and technical expertise in applying IFRS and interpreting its complex and evolving financial reporting requirements.
- Resistance to change from certain accounting and financial institutions accustomed to traditional, tax-focused accounting practices.
- Limited digital infrastructure and outdated information systems, making it difficult for many companies to efficiently implement international financial reporting requirements.
- An underdeveloped financial market and weak investment culture, reducing both the supply and demand for transparent, high-quality, and comparable financial information within the Algerian economy.
- Government monopoly over accounting regulation, where the Ministry of Finance retains exclusive authority over issuing accounting standards, limiting the participation of professional accounting bodies in standard-setting and reform processes.
- A narrow perception of accounting's role, with many Algerian businesses viewing accounting primarily as a tax compliance tool, rather than as a system for producing transparent, decision-useful financial information for investors and stakeholders.
- Challenges in adapting to the dynamic, frequently updated nature of IAS/IFRS, as Algeria's rigid accounting system lacks the flexibility to implement amendments or new standards as introduced by the IASB (Benkous, 2025, pp. 1156–1159). These challenges explain why IFRS is

currently applied in Algeria only by a small number of large companies with international ties or foreign shareholders.

#### **4. Prospects of IFRS Adoption for Algeria:**

Despite these challenges, the adoption of IFRS presents many future opportunities for Algeria's financial and accounting system. These include :

- Improving Algeria's ranking in international financial reports and indices by enhancing the transparency and credibility of financial statements.
- Attracting more foreign investment by providing investors with clear, reliable, and internationally comparable financial data.
- Helping Algerian companies access international markets and form partnerships with foreign businesses.
- Strengthening financial governance and reducing risks related to financial manipulation and errors (Bouarar, 2017, p. 48). These expected benefits encourage the country to continue modernizing its accounting system and support the gradual adoption of IFRS.

#### **5. The Role of Digital Transformation:**

Digital transformation refers to the process of integrating advanced technologies such as cloud accounting, automated financial reporting systems, artificial intelligence, and blockchain into financial and accounting processes (Meraghni, 2021, p. 251). In the context of Algeria's financial system, digital transformation plays an important role in facilitating the adoption of IFRS by:

- Automating accounting and reporting processes, reducing errors, and improving reporting speed.
- Lowering operational and compliance costs, especially for smaller companies.
- Helping companies manage complex financial data according to IFRS rules.
- Overcoming procedural delays and inefficiencies common in traditional reporting systems.
- Strengthening transparency, data security, and traceability, which are essential for applying IFRS effectively (Touil, 2024). However, the success of digital transformation initiatives depends on improving Algeria's technological infrastructure, investing in financial technologies, and supporting the professional training of accountants and auditors.

This theoretical framework provides the foundation for analyzing the practical challenges and prospects of IFRS implementation in Algeria as explored through the empirical field study. The next section will present the research methodology and discuss the findings in light of these theoretical concepts.

#### **The experimental framework for the study.**

To support the theoretical aspects of this study and test the validity of the proposed hypotheses, an empirical applied study was conducted. The study relied on a structured questionnaire as the primary tool for data collection. This questionnaire was designed to gather the opinions and perceptions of a selected sample of professionals and academics working in the fields of accounting, auditing, and financial management in Algeria.

The aim of this field study was to gain a clearer understanding of the practical challenges facing the application of IFRS in the Algerian context, as well as to evaluate the potential role of digital transformation in facilitating compliance with these standards. The questionnaire was also used to explore the expected opportunities that could result from aligning the Algerian accounting system with IFRS.

The results of the questionnaire were analyzed statistically using the SPSS software, which allowed for the measurement of frequencies, averages, and standard deviations, in addition to performing T-tests to examine the validity of the study's hypotheses. This empirical method provided valuable insights into the current realities of financial reporting practices in Algeria and the perceptions of those directly involved in the profession.

### 1. Questionnaire Structure and Validity Testing

In order to achieve the objectives of this study and to collect the necessary data, a structured questionnaire was prepared as the main tool for the field study. The questionnaire was designed to explore the opinions of professionals and academics regarding the role of International Financial Reporting Standards (IFRS) in enhancing financial reporting transparency, the challenges related to their implementation, and the potential contribution of digital transformation in overcoming these obstacles.

### 2. Validity of the Questionnaire

To ensure the validity of the questionnaire, it was reviewed by a group of university professors specializing in accounting and financial sciences, who possess extensive experience in the field. Based on their observations and suggestions, some adjustments were made to certain items to improve their clarity, relevance, and consistency with the study's objectives. This review process helped confirm the suitability of the questionnaire as a reliable instrument for data collection.

### 3. Reliability of the Questionnaire

The internal consistency of the questionnaire items was tested using Cronbach's Alpha coefficient. This test was applied to assess the reliability of the different sections of the questionnaire, as well as the tool as a whole. The results showed acceptable reliability values for the study, as indicated in the following table:

**Table 1.**  
Cronbach's Alpha Values for Each Section.

Section	Number of Items	Cronbach's Alpha
Axis Two	5	0.732
Axis Three	5	0.743
Axis Four	5	0.725
Overall	15	0.734

**Source: Prepared by the researchers based on SPSS 20 results**

#### Reliability of the Questionnaire (Revised Cronbach's Alpha Analysis)

To evaluate the internal consistency of the questionnaire, Cronbach's Alpha coefficient was used as a standard reliability test. This statistical measure is widely employed in social sciences to assess the degree to which items within a given construct consistently reflect the same underlying concept. The test was applied to each section of the questionnaire as well as the instrument as a whole.

After adjustments, the reliability coefficients for all sections exceeded the acceptable threshold of 0.70, indicating a high level of internal consistency and reliability across the different axes of the questionnaire. The revised results are presented in the following table:

The table shows that all Cronbach's Alpha values are above 0.70, indicating acceptable to good internal consistency for each axis. This suggests that the questionnaire items are reliable and measure the intended constructs consistently, making the tool suitable for statistical analysis and hypothesis testing.

- **Study Sample**

The study sample consisted of accounting professionals and academics working in various financial and business institutions in Algeria. A total of 120 questionnaires were distributed randomly to individuals working as certified accountants, auditors, financial managers, and accounting experts. After excluding invalid or incomplete responses, 70 valid questionnaires were retrieved and used for the analysis.

The diversity of the respondents in terms of job position, educational background, and years of professional experience contributed to obtaining a balanced and realistic view of the current situation

regarding IFRS implementation in Algeria. This sample also reflects a range of perspectives from both the academic field and practical accounting environments.

#### 4. Statistical Analysis Methods

The data collected through the questionnaire were processed and analyzed using the SPSS 20 statistical software. The study relied on several descriptive and inferential statistical methods to achieve its objectives and test the proposed hypotheses. The main techniques used included percentages, arithmetic means, standard deviations, and the one-sample T-test to assess the significance of the results related to the study variables.

To measure respondents' attitudes and opinions toward the questionnaire items, a Likert scale was adopted. This scale included five response options, reflecting varying degrees of agreement or disagreement with each statement, as shown in the following table:

**Table 2.**  
Likert Scale Response Categories and Corresponding Numerical Weights Used in the Questionnaire.

StronglyDisagree	Disagree	Neutral	Agree	StronglyAgree
1	2	3	4	5

#### Prepared by the researchers

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**Prepared by the researchers**

After collecting the responses, the arithmetic mean was calculated for each item, and the overall direction of the respondents' views was determined based on the weighted average value. The following table illustrates the criteria used to interpret the mean values:

**Table 3.**  
 Interpretation Guidelines for Arithmetic Mean Scores of Respondents' Opinions.

Mean Value	InterpretationLevel
From 1.00 to 1.79	VeryLow
From 1.80 to 2.59	Low
From 2.60 to 3.30	Moderate
From 3.40 to 4.19	High
From 4.20 to 5.00	Very High

**Prepared by the researchers based on the questionnaire results**

This system enabled the study to clearly identify the level of agreement among the respondents regarding each item, as well as to determine the overall trends in opinions related to the challenges, opportunities, and impact of digital transformation on the application of IFRS in Algeria.

**6. Results Analysis and Hypotheses Testing**

After collecting and processing the data, the results were analyzed in order to test the study's hypotheses related to the challenges of adopting International Financial Reporting Standards (IFRS), the role of digital transformation in improving financial transparency, and the potential impact of IFRS on the development of Algeria's accounting environment.

**6.1 Axis One: Demographic Characteristics of the Respondents**

Table 4 presents the demographic and professional characteristics of the study sample. As shown in the table below, the respondents represented a diverse group in terms of gender, job position, academic qualification, and professional experience.

**Table 4.**  
 Demographic and Professional Profile of the Study Sample.

Variable	Category	Frequency	Percentage
<b>Gender</b>	Male	55	78.57%
	Female	15	21.43%
	<b>Total</b>	<b>70</b>	<b>100%</b>
<b>Job Title</b>	Certified Accountant	22	31.42%
	Account Manager	10	14.28%
	Accounting Expert	18	25.71%
	Auditor	3	4.28%
	Financial Manager	17	24.28%
	<b>Total</b>	<b>70</b>	<b>100%</b>
<b>Academic Qualification</b>	Master's Degree	13	18.57%
	Magister	33	47.14%
	Bachelor's Degree	16	22.85%
	Doctorate	8	11.43%
	<b>Total</b>	<b>70</b>	<b>100%</b>
<b>Years of Experience</b>	Less than 5 years	12	17.14%
	5 to 10 years	23	32.85%
	10 to 15 years	25	35.71%
	More than 15 years	10	14.28%
	<b>Total</b>	<b>70</b>	<b>100%</b>

**Prepared by the researchers based on questionnaire results**

The table above shows that the majority of the respondents were male, representing 78.57% of the sample, while females made up 21.43%. This gender distribution reflects the traditional tendency in the Algerian accounting profession, where male participation remains dominant.

In terms of job positions, certified accountants constituted the largest group, accounting for 31.42% of respondents, followed by accounting experts with 25.71%, and financial managers with 24.28%. The proportion of auditors was relatively low at only 4.28%, which may reflect the limited prevalence of this position compared to other roles within the local accounting environment.

Regarding academic qualifications, the largest percentage of respondents held a Magister degree (47.14%), followed by those with a Bachelor's degree (22.85%), while Doctorate holders made up 11.43% of the sample. This reflects a generally high educational level among the respondents, most of whom occupy positions of professional responsibility.

As for professional experience, the highest proportion of participants (35.71%) had between 10 and 15 years of experience, indicating that a significant portion of the sample consists of seasoned professionals with practical expertise in the accounting field. This characteristic enhances the credibility of their opinions regarding the challenges and prospects related to IFRS implementation in Algeria.

## 6.2. Axis Two: Challenges of Applying IFRS in Algeria

This section presents the results related to the main challenges facing the application of International Financial Reporting Standards (IFRS) in Algeria, based on the opinions of the study sample. Table 5 summarizes the respondents' views regarding these challenges.

**Table 5.**  
 Respondents' Opinions on the  
 Challenges of Applying IFRS in Algeria.

Statement	Mean	Std. Dev.	Interpretation
The application of IFRS in Algeria is limited to a small number of large companies, reflecting a lack of full awareness of the importance of these standards.	3.99	0.625	Agree
Legal and regulatory restrictions in Algeria represent a major obstacle to the proper and effective adoption of IFRS.	4.06	0.657	Agree
The legislative framework in Algeria lacks full alignment with IFRS requirements, which hinders its effective implementation.	3.93	0.635	Agree
Algerian companies face high costs in applying IFRS, as it requires significant investments in training and technological infrastructure.	4.01	0.709	Strongly Agree
Many small and medium-sized enterprises (SMEs) face difficulty in understanding IFRS due to insufficient training and limited resources.	4.01	0.780	Agree
<b>Overall Mean</b>	<b>4.03</b>	<b>0.68</b>	<b>Agree</b>

### Prepared by the researchers based on SPSS 20 outputs

The results presented in Table 5 highlight a set of major challenges associated with the implementation of IFRS in Algeria. There appears to be broad agreement among the respondents regarding the importance of these issues.

The findings indicate that IFRS is largely applied by a limited number of large companies in Algeria, which is reflected in the relatively high mean score of 3.99 with a standard deviation of 0.625. This suggests that these companies possess the financial and human resources necessary for adopting IFRS, in contrast to small and medium-sized enterprises (SMEs), which remain less equipped to meet these requirements.

The challenges faced by SMEs were particularly evident, with this item receiving one of the highest mean scores at 4.01 and a standard deviation of 0.780. This reflects a common perception among respondents that smaller businesses lack the resources and necessary training to effectively implement IFRS, especially in areas related to technological infrastructure and staff capacity.

Regarding the legislative framework, there were also clear concerns about its inadequacy and its role in obstructing the adoption process. This issue registered a mean score of 3.93 with a standard deviation of 0.635. Although there was some variation in opinions, the majority of respondents agreed that updating and improving accounting legislation is a pressing need to support the application of IFRS in Algeria.

Finally, respondents showed strong agreement on the issue of high implementation costs, with a mean score of 4.01. This further confirms that the financial burden associated with adopting IFRS, particularly in terms of training costs and technological investments, remains a significant barrier for many institutions.

**Table 6.**  
 One-Sample T-Test Results for IFRS  
 Implementation Challenges.

N	Mean	Std. Dev.	T Value	DF	Sig
70	4.03	0.68	12.72	71	0.000

Prepared by the researchers based on SPSS 20 results

**Notes:**

- DF = Degrees of Freedom
- Sig. = Significance Level
- Std. Dev. = Standard Deviation

As shown in Table 6, the calculated T-value of 12.72 exceeds the critical value of 3.00, and the significance level is less than 0.05. This indicates a statistically significant result. Therefore, the null hypothesis ( $H_0$ ) is rejected, and the alternative hypothesis ( $H_1$ ) is accepted.

Accordingly, it can be concluded that the application of IFRS in Algeria does face several significant obstacles, most notably the weakness of the legislative framework and the high costs of implementation.

**6.3. Axis Three: The Role of Digital Transformation in Supporting IFRS Implementation**

This section focuses on examining the role of digital transformation as a fundamental tool for facilitating the application of International Financial Reporting Standards (IFRS) in Algeria. Table 7 presents the opinions of the study sample regarding the impact of digital transformation on improving the efficiency and transparency of financial reporting processes.

**Table 7.**  
 Respondents' Opinions on the Role of Digital  
 Transformation in Enhancing IFRS Implementation.

Statement	Mean	Std. Dev.	Interpretation
Digital transformation is considered an essential tool for facilitating the application of IFRS through the automation of accounting processes and improving the accuracy of financial reports.	2.96	0.824	Agree
Artificial intelligence and blockchain technologies contribute to enhancing transparency and credibility in financial reporting.	4.25	0.647	Agree
Digital transformation can help overcome traditional challenges such as slow procedures or data manipulation, thus contributing to a more effective application of international standards.	3.76	1.196	Agree
Weak technological infrastructure in some Algerian institutions may hinder the required digital transformation needed for effective IFRS application.	3.99	1.042	Strongly Agree
Digital transformation is considered a vital tool for achieving transparency and enhancing Algeria's competitiveness in the international financial market.	2.23	0.871	Agree
<b>Overall Mean</b>	<b>3.43</b>	<b>0.92</b>	<b>Agree</b>

### Prepared by the researchers based on SPSS 20 results

The table above highlights the significant role that digital transformation can play in supporting the implementation of IFRS in Algeria. The results show a noticeable appreciation among respondents for the importance of digital tools in enhancing financial reporting transparency and efficiency.

The first statement regarding the essential role of digital transformation in automating accounting processes and improving the accuracy of financial reports received a mean score of 2.96 with a standard deviation of 0.824. This result reflects a moderate level of agreement, suggesting some variation in views among respondents about the current readiness of Algerian institutions for such transformation.

In contrast, the statement about the contribution of advanced technologies such as artificial intelligence and blockchain to improving transparency and credibility in financial reporting achieved the highest mean score of 4.25 and a standard deviation of 0.647. This indicates a strong consensus among respondents regarding the strategic importance of adopting these modern technologies in the financial reporting process.

Furthermore, respondents expressed considerable agreement with the idea that digital transformation can help overcome traditional obstacles, such as bureaucratic delays and data manipulation, which often hinder effective financial reporting. This is reflected in a mean score of 3.76 with a relatively high standard deviation of 1.196, suggesting that while most respondents agreed, opinions varied regarding the current feasibility of these improvements.

The item addressing the weakness of technological infrastructure in some Algerian institutions also scored highly, with a mean of 3.99. This confirms that limitations in digital infrastructure remain a significant barrier to achieving full IFRS implementation through digital means.

### Testing the Second Hypothesis

To verify the validity of the second hypothesis, a one-sample T-test was conducted to assess whether digital transformation is considered an effective tool for facilitating IFRS application in Algerian institutions. The test results are shown in Table 8.

**Table 8.**  
One-Sample T-Test Results for the Role of Digital Transformation in IFRS Implementation.

N	Mean	Std. Dev.	T Value	DF	Sig.
70	3.43	0.92	4.05	71	0.000

### Prepared by the researchers based on SPSS 20 results

As shown in Table 8, the calculated T-value of 4.05 is higher than the critical value of 3.00, with a significance level lower than 0.05. This indicates a statistically significant result. Accordingly, the null hypothesis ( $H_0$ ) is rejected, and the alternative hypothesis ( $H_1$ ) is accepted.

This confirms that digital transformation plays a significant role in facilitating the application of IFRS in Algeria by contributing to improved transparency, accuracy, and efficiency in financial reporting processes.

### 6.4. Axis Four: Future Opportunities for Developing the Algerian Accounting Environment through IFRS

This section explores the future opportunities that could be achieved by developing Algeria's accounting environment in line with International Financial Reporting Standards (IFRS). Table 9 summarizes the opinions of the study participants regarding these potential opportunities.

**Table 9.**  
 Respondents' Opinions on Future Opportunities for  
 Developing Algeria's Accounting Environment through IFRS.

Statement	Mean	Std. Dev.	Interpretation
The implementation of IFRS can help Algeria improve its ranking in international reports and increase its ability to attract foreign investments.	4.33	0.651	Strongly Agree
The adoption of IFRS can open up greater opportunities for Algerian companies to expand into international markets and strengthen collaboration with global companies.	3.43	0.986	Agree
Enhancing transparency and credibility in financial reporting through IFRS can contribute to better financial governance and increase investor confidence in the Algerian market.	4.23	1.038	Agree
IFRS provides a unified framework that could support the development of local accounting systems and improve the efficiency of Algeria's financial system.	2.11	1.246	Agree
Moving towards IFRS may strengthen the ability of Algerian institutions to adapt to global economic changes and contribute to building a more stable accounting environment.	4.87	0.630	Agree
<b>Overall Mean</b>	<b>3.79</b>	<b>0.91</b>	<b>Agree</b>

**Prepared by the researchers based on SPSS 20 results**

The results in Table 9 reflect a general consensus among participants on the importance of adopting IFRS for the development of the accounting profession and financial system in Algeria. The overall mean value for this section reached 3.79, with a standard deviation of 0.91, indicating a generally positive view of the benefits of aligning Algeria's accounting practices with international standards.

The highest-rated statement related to the ability of IFRS implementation to improve Algeria's ranking in international financial reports and attract foreign investments. This item achieved a mean score of 4.33 with a standard deviation of 0.651, showing strong agreement among respondents on the potential economic benefits of adopting IFRS at the national level.

Another notable result was the respondents' strong belief in the role of IFRS in promoting transparency and credibility in financial reporting. This item recorded a mean score of 4.23, confirming the respondents' conviction that improving the quality of financial information can enhance investor confidence and support better financial governance in the Algerian market.

In contrast, the statement regarding IFRS as a tool for directly developing local accounting systems and increasing the efficiency of the financial system received a lower mean score of 2.11, with a relatively high standard deviation of 1.246. This result suggests a degree of variation in opinions, with some respondents uncertain about the immediate impact of IFRS adoption on internal accounting system improvements.

However, respondents showed strong agreement that moving towards IFRS would enhance the capacity of Algerian institutions to adapt to ongoing global economic changes and contribute to building a more stable and resilient accounting environment. This statement received the highest mean score of 4.87, indicating almost unanimous agreement on the strategic importance of IFRS adoption in positioning Algeria within the evolving international financial landscape.

### Testing the Third Hypothesis

To test the third hypothesis, a one-sample T-test was conducted to determine whether IFRS adoption can create significant opportunities for developing the Algerian accounting environment and strengthening confidence in the local financial system. The results are presented in Table 10.

**Table 10.**  
One-Sample T-Test Results for Future Opportunities through IFRS Adoption.

N	Mean	Std. Dev.	T Value	DF	Sig.
70	3.79	0.91	7.45	71	0.000

### Prepared by the researchers based on SPSS 20 results

As shown in Table 10, the calculated T-value of 7.45 is higher than the critical value of 3.00, and the significance level is lower than 0.05, confirming the statistical significance of the result. Therefore, the null hypothesis ( $H_0$ ) is rejected, and the alternative hypothesis ( $H_1$ ) is accepted.

This result confirms that the adoption of IFRS can indeed open up wide prospects for developing the Algerian accounting environment in a way that enhances confidence in the local financial system and contributes to its integration into the global financial reporting framework.

### Conclusion

This study examined the application of International Financial Reporting Standards (IFRS) in Algeria, focusing on the main challenges that hinder their effective implementation and the role of digital transformation in supporting this process. Through a combination of descriptive and analytical methods and an empirical field study involving a sample of professionals and academics in accounting and financial fields, the study provided valuable insights into the current situation of IFRS adoption in the Algerian context.

The results confirmed that while IFRS adoption contributes significantly to improving the transparency, credibility, and comparability of financial reports, its implementation in Algeria continues to face considerable obstacles. These challenges are mainly related to weak legislative frameworks, a shortage of qualified human resources, and high implementation costs, particularly for small and medium-sized enterprises. Additionally, the study highlighted the insufficient technological infrastructure in many Algerian institutions, which limits their capacity to fully benefit from digital transformation tools that could facilitate IFRS application.

Despite these challenges, the findings emphasized that digital transformation offers an important opportunity to modernize accounting practices, automate reporting processes, and enhance the reliability and transparency of financial information. Furthermore, the adoption of IFRS can open up several future prospects for Algeria, including improving the country's international financial classification, attracting foreign investment, and expanding the ability of Algerian companies to enter international markets.

However, the study also revealed some hesitation among respondents regarding the immediate impact of IFRS on the development of local accounting systems, which indicates that realizing the full benefits of these standards will require addressing several structural and operational constraints.

Based on the study's findings, the following practical recommendations are proposed to improve the accounting environment in Algeria and support the effective adoption of IFRS:

- There is a need to revise and modernize Algeria's financial accounting system (SCF) to align it with the latest developments in IFRS and international financial reporting practices.
- Organizing specialized training programs and workshops for accounting professionals, auditors, and financial managers is essential to enhance their knowledge of IFRS applications and reporting requirements.

- It is important to strengthen technological infrastructure and encourage the adoption of advanced technologies such as artificial intelligence and blockchain to improve the accuracy and efficiency of financial reporting processes.

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