

The Practices of IAS in Omani Government Entities: A Legitimacy Theory Approach

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Abstract

The International Accounting Standard (IAS) has been practised in GCC countries including Oman for last several years. It is known that Government/Public sector plays the vital role in the socio-economic development of GCC countries. However, the effectiveness of IAS practice has so far not been studied in Omani public sector despite a few reports demonstrate the differences of IAS in GCC countries including Oman. This explanatory study explores the IAS practice for capital assets, i.e. whether and how Omani governmental entities practise IAS for controlling assets within the perspective of Legitimacy Theory (LT). LT argues that organizations tend to establish congruence between its activities and the norms accepted by the larger social system in which those organizations exist. According to LT, government entities would report their capital assets within the requirements of stakeholders and it will change in different social context. LT is believed to be useful in explaining the governmental behaviour in accounting for their capital assets. This study found that Omani government sector's capital assets and its accounting procedures are not maintained as per the requirement of IAS, i.e. concerned practice is not legitimate with International Accounting Standards set by the Financial Accounting Standards Board (FASB) including Statement no 34.