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The development of international accounting and auditing standards for fair value accounting in the Arab Middle East, Jordan: a systematic review

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ABSTRACT

A comprehensive literature review and analysis of auditing and "fair value accounting (FVA)" growth in Jordan and the "Arab - Middle Eastern (ME)" region are presented in this paper. It determines fair value implementation criteria and their impact on auditing pricing and application status. This paper reviewed relevant academic literature extensively. We used PRISMA principles to formulate questions and use systematic and explicit methods to identify, select, and critically evaluate relevant papers. More than 155 top accounting journal papers from 2000 to 2023 are reviewed. Qualitative content analysis of FVA literature revealed two main themes. The first theme, institutional factors on FVA application decisions in the region, has three main topics: theoretical underpinning, local factors, and accounting system heritage. The second theme is FVA's effects on auditing. The first theme found that institutional isomorphism drives FVA practices in Jordan, and the second theme shows that complex asset and liability estimates make FVA application difficult in Jordan. This review is the first to examine FVA and auditing. The identified subjects and subtopics' theoretical underpinning and practical applicability are reviewed. The analysis concludes with research recommendations and limitations.

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Business, Management and Accounting; Economics and Development; Commercial Law

1. Introduction

The 'International Accounting Standards Board (IASB)' prioritised 'fair value accounting (FVA)' after the release of the International Financial Reporting Standards (IFRS) (Bradbury & Scott, 2020; Terziet al., 2013). The fundamental objective of IFRS was to focus on the implementation of FVA, as stated by Khlif and Achek (2016) and Alharasis et al. (2022b). Based on established international accounting standards, specific assets were required to be reported as FVA in the income statement, balance sheet and stockholders' equity (Alharasis et al., 2022a; Landsman, 2007). This aligns with the numerous collaborative efforts undertaken by the IASB and the 'Financial Accounting Standards Board (FASB)' to enhance the adoption of FVA. Compared to traditional accounting methods, FVA offers more current and accurate information regarding a company's actual financial position. It also enhances transparency in financial reporting (Barth & Israeli, 2013; Guthrie et al., 2011; Power, 2010; Taplin et al., 2014). Nevertheless, from an auditing perspective, it presents notable difficulties, including intricate calculations and modifications when evaluating assets and liabilities (Laux & Leuz, 2009; Penman, 2007). Given the lack of completely efficient markets, it would be unreasonable to employ 'fair value measurement (FVM)', which relies on exit prices, to evaluate certain assets and liabilities (Alharasis et al., 2024a). The agency problem between owners

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and management increases the likelihood of financial statements being overstated or falsified (Alharasis, 2021).

Accounting studies that concentrate on 'Middle Eastern (ME)' countries are gaining popularity due to their common history, language, religion, beliefs, traditions and geographical proximity (Yu, 2008). The implementation of IFRS and other significant changes in accounting are made possible by the combination of political, financial and technological progress, which in turn have an impact on other aspects of life (Alberti-Alhtaybat et al., 2012). Despite the political instability in the region, Jordan maintains a relatively stable environment. Hassan et al. (2014) reported that the Jordanian economy has been significantly impacted by the political and economic conditions in the country. Although the government's intervention in the political problems of neighbouring countries increased, the economic structures of those nations were already established (Al-Akra et al., 2009). Al-Htaybat (2018) states that Jordanian enterprises have made notable progress in enhancing their conduct and the manner in which they provide financial information, owing to cultural and political factors.

Academics and industry professionals are highly enthusiastic about the fast-growing field of ME. Jordan distinguishes itself in the ME due to its advantageous geographical position, carefully implemented economic reforms, and focus on the service industry. Jordan demonstrates the importance of financial reporting and assurance as it garners more attention from international investors and institutions (Alharasis, 2024). In 2020, Jordan was ranked 75th out of 190 nations by the World Bank (WB, 2020). This accomplishment can be attributed to the country's comprehensive business environment and its substantial government incentives that foster and cultivate enterprises. Jordan is an attractive destination for initiating projects since it has ample access to venture capital markets and loans, despite its small size and limited natural resources. This study is motivated by a specific situation: historically, having a large amount of financial assets raises questions about the effectiveness of FVA and has a substantial impact on the accounting and auditing profession (Al-Yaseen & Aldeen Al-Khadash, 2011). The primary aim of this article is to discuss the progression of FVA and its substantial effects on the auditing and accounting domains. This paper provides an overview of the legal framework, economic climate and political climate of Jordan, with a specific focus on the country's developing financial reporting and accounting system for FVA. The qualitative literature review specifically examines the impact of FVA on the auditing and accounting industries. The examination identifies common themes and subjects linked to FVA in several nations.

Developed economies have performed minimal reviews on this field (see Thesing & Velte, 2021), whereas underdeveloped nations, especially the ME have not made any attempts (Alexeyeva & Mejia-Likosova, 2016; Alharasis et al., 2022a, 2022b, 2023; Ettredge et al., 2014; Sangchan et al., 2020). So far, there has been a lack of effort to examine the underlying concerns surrounding the implementation of FVA and its obvious impact on the auditing business, particularly audit fees. This paper intends to give a detailed overview of the history of FVA, a current measurement framework, and its impact on auditing methodologies in response to Khelif and Achek's (2016) request. This review contributes to existing knowledge by methodically reviewing the current literature spanning published studies from 2000 to 2023 and recommending prospective areas for future research. Thus, scholars and researchers may benefit from this article. An evaluation can support future research to solve knowledge gaps in an understudied accounting subject. This paper suggests that studying FVA's impact on the auditing industry would be highly beneficial. Scientists propose national and international researchers focus on this overlooked location. To inform policymakers and standard-setters about FVA's genuine influence on auditing and accounting. Alharasis et al. (2022a, 2022b, 2023), Khelif and Achek (2016) and Samaha and Khelif support this recommendation. Accounting bodies in nations without FVA, like some ME countries, may benefit from this study. It explores how FVA implementation affects auditing. Other countries' experiences can illuminate auditors' and preparers' main concerns and fair value's impact on audit processes.

The subsequent sections of this paper are organised in the following manner. Section 2 provides a chronological account of the evolution of FVA. The literature review is detailed in Section 3. The research technique is addressed in Section 4. Section 5 provides an exposition of the research findings and subsequent analysis. The paper is concluded in Section 6.

2. Background

2.1. Development of FVA

The evolution of FVA (Haswell & Evans, 2018) is indicated by the progress of technology, scientific advancements, and the shift towards prioritising market value over historical asset costs. According to Lachmann et al. (2011), governments in the ME largely focus on attracting foreign investors to enhance their trade and attract abroad investments. As a result, this tendency causes an increase in trading in the capital market in developed nations, which in turn promotes economic growth. In 2019, The Jordan Times reported that the Jordanian government allows international investors to increase their participation and contribution to economic activities by up to 100%. As a result, new investors have the chance to have complete authority and management over their company. Therefore, more than 50% of the shares on the Amman Stock Exchange (ASE) are owned by foreigners. The economic crisis that followed the global financial crisis (GFC) had a significant and damaging impact on the service economy, particularly in the financial sector. For example, banks witnessed a decrease in the market value of their financial assets, leading to substantial losses on their balance sheets. As a result, there were significant financial losses, which caused the GDP of the region to decline from 7.6% in 2008 to 2.3–3.1% in 2009–2010 (The Central Bank of Jordan, 2018). This encourages a strong drive to accelerate the implementation of FVA while highlighting the importance of efficient FVA processes in the region.

The region's FVA growth is heavily affected by a long-established culture that places a high priority on financial assets, market pressures that drive the use of fair prices, and the existence of challenging economic conditions. The introduction of FVA was established in the early 1970s with the development of the Statement of Financial Accounting Standards (SFAS) No. 12: Accounting for Certain Marketable Securities by the FASB in the year 2020 implemented a requirement stating that corporations are obligated to record marketable stocks at the lower of their portfolio cost or market value (FASB, 2020). Given that banks possess a significant quantity of financial assets, it is particularly suitable for them to value these assets at historical rates, which often leads to financial losses. The practice of selling financial assets at a market price that exceeds their historical costs was attractive and led to an appreciation in their value on the balance sheet. This practice led to the removal of less desirable assets from bankruptcy proceedings and raised concerns about the possible manipulation of financial reports by selectively buying or selling financial assets when their values differ from their true economic value, such as market or fair value. After facing difficulties, the FASB in the United States adopted a new standard by including FVA for financial assets and liabilities (Casualty Actuarial Society, 2000).

In 1994, the banking industry introduced the Statement of banking Accounting Standards (FAS) 115, which classified financial assets into three categories: 'held to maturity', 'held for sale' and 'held for trading'. FAS 115 enabled firms to give priority to their discounted cash flow when deciding whether to keep an asset till maturity. In addition, firms were mandated to employ fair value when evaluating the worth of assets that do not fit into the other two categories (FASB, 1993). The scope of FAS 133, which deals with the accounting for derivative instruments and hedging activities, has been broadened to allow for the inclusion of derivatives on the balance sheet at their fair value. Following the completion of the reinstatement procedure, FVA has emerged as a progressively formidable and contentious issue. The FASB established FAS 157: FVMs with the objective of offering a definitive and non-contentious definition of fair value. The intention behind this was to simplify matters and minimise disagreements (FASB, 2020). It provides a thorough framework for assessing and disclosing equitable value. In the same year, the IASB released a discussion paper called 'FVMs' which focused on the application of fair value in financial reporting (IAS Plus, 2006). In 2009, the IASB released an exposure draft called 'FVMs', which had a strong resemblance to SFAS No. 157. The process of convergence to establish a standardised framework for FVA was launched by the IASB and the FASB in 2010 (IAS Plus, 2009).

The FASB is responsible for creating rules for insurance accounting and financial instruments in the United States, whereas the IASB, previously known as International Accounting Standards Committee (IASC), has made substantial efforts to provide uniformity in accounting principles globally (Ball, 2016). The implementation of IAS 39 (IAS Plus, 2019) in 2001 was intended to enhance the worth of financial instruments. Two additional initiatives that warrant particular focus are IAS 41—Agriculture (2000), which

requires the implementation of the fair value model by all individuals involved in agricultural activities, and IAS 40—Investment Property (2000), which incorporates fair value added into non-financial assets (IAS Plus, 2019). In 2010, the introduction of a standardised framework for FVA resulted in the creation of new accounting standards and improvements to old ones. This was demonstrated by the FASB and the IASB, who respectively published Accounting Standards Codification 820 and IFRS 13. In the following section, we shall analyse these achievements in relation to the theoretical foundation of FVA.

3. Theoretical underpinning

The dominant theoretical framework has traditionally focused on the application of fundamental accounting ideas in relation to FVA, including its ramifications and the rationale behind choosing FVA. The choice of accounting systems is often explained by the institutional theory (BooLaky et al., 2018), agency theory and signalling theory (Khlif & Achek, 2016; Samaha & Khlif, 2016). The stakeholder theory expands on agency theory by emphasising the significance of furnishing stakeholders with precise and dependable financial information to facilitate their decision-making process. Several ideas have been suggested to investigate the various applications of FVA (Bar-Hod et al., 2020).

The Institutional theory hypothesis offers a rationale for the diverse degrees of implementation of FVA. The differences in accounting and financial operations stem from the changes in information requirements that develop due to the unique social, economic, political and legal settings of each region (Ball, 2001; Brown & Clinch, 1998). Scholars in this field of study primarily focus on the impact of institutional factors, namely coercive, mimetic and normative influences, on the decision to adopt IFRS (Tan et al., 2011). The decision to adopt IFRS, which includes FVA, can be explained by the existence of several pressures that require conformity in multiple dimensions. The pressures mentioned include both internal and external forces that exert coercive impact, as well as the phenomena of mimetic and normative isomorphism (Muda et al., 2024). The primary determinants influencing the fluctuation in the application status of FVA and its economic ramifications are environmental factors such as legislation, enforcement and regulations, educational attainment, economic expansion, cultural affiliation of a cluster of nations and the extent of external economic openness.

The institutional theory explains the core environmental factors that influence the implementation of IFRS in accounting regulation. The influences encompass several factors such as culture, political dynamics, legal systems, education, economic situations and national and international pressures. The main factors that drive the adoption of IFRS in the ME and North Africa (MENA) region are forces that lead to isomorphism, including coercive, normative and mimetic pressures. Moreover, the adherence to IFRS in certain countries in the MENA region, specifically Egypt, Jordan, Libya and the United Arab Emirates, is greatly influenced by economic, political, legal and cultural variables. This has been highlighted in studies conducted by BooLaky et al. (2018) and Hassan et al. (2014).

Ball et al. (2000) took a new approach to assess the advancement of FVA by studying its political dimensions. Zeghal and Mhedhbi (2006) analyse the importance of economic growth, the level of external economic openness, and the existence of an educated population and literacy rates. The accounting practice in Jordan is heavily influenced by its economic contacts with neighbouring countries and the international community. The primary reasons for this include Jordan's small dimensions, geographical positioning and restricted resources, together with the need to reduce bias towards foreign investors and encourage international commerce. Jordan has been significantly impacted by the implementation of FVA and IFRS by other governments. Jordan has had to adjust its reporting systems to meet the demands of the WB, global capital markets, trade partners and multinational firms (Al-Omari, 2010). The expansion of the accounting system in the ME, namely in Jordan, is greatly impacted by political and economic factors such as cultural influences, characteristics of firm ownership and globalisation (Al-Akra et al., 2009). Cultural factors, especially colonial history, are anticipated to have a substantial impact on the development of accounting practices in Jordan (Al-Akra et al., 2010; Al-Htaybat, 2018).

Japan maintains strong social and international relationships with its neighbouring countries. The ongoing process of globalisation has intensified the influence of international organisations and multinational enterprises in the ME, resulting in a swift growth of international capital markets. ME countries with strong economic positions tend to adopt the IFRS to conform to the requirements of globalisation and meet the

expectations of foreign investors. This predisposition is motivated by the aspiration to allure and maintain foreign investors, as indicated by research undertaken by Al-Akra et al. (2009), Boolaky (2006), Nobes et al. (2008) and Zeghal and Mhedhbi (2006). Jordan's strong dependence on remittances, external aid and foreign investments is mostly a result of the negative repercussions arising from difficult political and economic conditions, such as water scarcity, significant dependency on oil imports and regional instability. Consequently, it is necessary to comply with international developments in accounting and auditing and introduce improvements in corporate governance to promote transparency and comparability (Alharasis et al., 2021).

It is crucial to consider the above factors in the context of Jordan, specifically the high occurrence of family-controlled organisations in public corporations (Abdullatif, 2016; Claessens et al., 2000; Alharasis & Mustafa, 2024). Companies with a substantial degree of family ownership are more likely to prioritise maximising the value of the company and growing their wealth over a long period of time. This pattern is seen in Jordan, where family owners prioritise the expansion of their enterprise in order to enhance and maintain their social status. Business failures are often seen as individual failures, especially when they are attributed to competitors in the market. Successful enterprises are highly regarded in society, and family business owners are admired and prominent. The adoption of global accounting and auditing rules and their embrace by businesses in such circumstances demonstrates the status and standing of the family (Alhababsah, 2019). Family ownership has been crucial in the advancement of accounting and auditing throughout Jordan's history (Alharasis, 2023). The use of this measure has positively influenced the standard of financial reporting and has effectively mitigated the practice of manipulating earnings (Bui, 2024; Liu et al., 2014).

The auditing literature's theoretical underpinning is essentially based on the integration of agency theory, signalling theory and stakeholders' theory. This paradigm highlights the significance of auditing as a monitoring tool for shareholders, with the objective of reducing information asymmetry (Glover et al., 2019; Huang et al., 2016). The International Auditing and Assurance Standards Board (IAASB) introduced the practice of auditing FVA estimations in February 2008. This was done in accordance with the guidelines provided in the 'International Standards on Auditing (ISA)' 540 (IAASB, 2009). The implementation of ISA 540 required the creation of a specific protocol for carrying out audits of fair value (Dixon & Frolova, 2013). The mandate requires auditors to conduct a comprehensive assessment of issues related to increased risk, accounting discretion and intentional or unintentional biases by management (Sangchan et al., 2020), including the assessment of Level 3 fair value.

The main challenges faced in auditing fair values in the ME region are the lack of active markets, the complex nature of valuation procedures and the inadequate technical skills (Alharasis, 2023; Kumarasiri & Fisher, 2011). Alharasis et al. (2021) argue that the implementation of FVA poses difficulties in the auditing procedure, leading to longer durations and higher costs for audits. In addition, this phenomenon has a negative impact on the quality of auditing, as evidenced by studies conducted by Christensen et al. (2012), Glover et al. (2019), and Alharasis et al. (2024b). The main challenges in auditing fair values arise from the heightened reliance on uncertain estimations, complex assumptions and diverse valuation methods, which lead to subjective outcomes (see to supporting information Appendix C). Multiple research (Bratten et al., 2013; Cannon & Bedard, 2017; Glover et al., 2017) have found that when inherent risk assessments are increased, it leads to inherent ambiguity in estimating fair valuations. The importance of managerial manipulations and fraudulent activities in FVA is emphasised by multiple research (Jamaani et al., 2022; Joe et al., 2017). When managers encounter uncertain FVA, they tend to use complex valuation approaches. As a result, auditors need to carefully examine the many methodologies and underlying factors used by management (Alharasis et al., 2023; Bratten et al., 2013).

4. Systematic literature methodology

In order to elucidate the elements involved in the implementation of fair value and evaluate its impact on auditing prices and the status of its application, this study has undertaken a comprehensive examination of scholarly literature pertaining to this subject matter. The literature review encompasses the published research conducted from 2000 to 2023. The study of publications through open-sourced Google Scholar and academic databases was prioritised due to the contentious nature of the fair value concept in accounting literature and the extended timeframes required for evaluations and dissemination of academic

research. The inclusion criteria for the articles in the review were established as follows: they had to be published within the timeframe of 2000–2023, and they had to be published in reputable academic journals written in the English language. The specific list of publications included in the review may be found in supporting information [Appendix B](#). This measure has the potential to enhance the credibility of sources. In addition to our analysis, we examined factual information sourced from the official website of the IFRS foundation, as well as industry perspectives on the implementation of fair value (Fiechter & Novotny-Farkas, 2017; Freeman et al., 2017; Siekkinen, 2016). This meant that the evolving nature of fair value application among ME countries was taken into account. The analysis will be conducted from the introduction of the Amendment to IAS 39, which marked a significant milestone in FVA, to the paper submission in 2023. The distribution of publications over years is depicted in [Figure 2](#) (Panel A).

The literature review process commences by gathering scholarly articles from two primary sources, namely academic databases and Google Scholar. In this study, a comprehensive search was conducted across 14 journal databases pertaining to FVA and auditing pricing, encompassing published works. The names of the 14 electronic databases utilised in the study are presented in supporting information [Appendix A](#), namely in [Table a.1](#). Based on the conducted database search, a comprehensive examination of more than 20 prominent accounting, auditing and business periodicals has been undertaken (see supporting information [Appendix A](#) for reference). The journals that were chosen for inclusion in the review process are those ranked Q1 and Q2 according to the SCImago Ranking system. Please refer to supporting information [Appendix B](#) for a comprehensive list of the selected journals. The papers obtained from Google Scholar were cross-referenced with the outcomes obtained from academic databases in order to eliminate any duplicates, publications that did not meet the criteria for inclusion based on journal ranking, or papers that lacked full text access. The search query encompassed terms such as ‘fair value accounting’, ‘auditing fair value accounting’, ‘IFRS implementation factors’ and ‘audit prices’ in relation to the countries of ME and Jordan. The study adhered to the PRISMA methodology, which stands for Preferred Reporting Items for Systematic Reviews and Meta-Analyses. The methodology presented in this study offers a comprehensive checklist and a series of stages for conducting systematic reviews and meta-analyses. It has been extensively utilised in previous research, as evidenced by the works of Hay (2013, 2019), Hay et al. (2006) and Salehi et al. (2019). The study adhered to the PRISMA principles in order to develop research objectives and employ systematic and explicit approaches to identify, choose and critically assess pertinent literature.

The analysis commenced by retrieving meta-data from specific papers and was subsequently scrutinised by two researchers in a separate manner. The focus of the analysis pertained to the assessment of relevance and quality. The findings gathered through independent means were cross validated in order to triangulate the perspective and assemble the ultimate sample. The method for selection is specified in [Figure 1](#). The ultimate sample had a total of 155 articles.

A complete content analysis technique was employed to do further examination of the sampled papers. The aforementioned approach involves the examination of human interaction content within both spoken and written documents, with the aim of identifying prominent themes and subjects (Creswell & Creswell, 2017). The study utilised the inductive content analysis technique initially, wherein categories were produced from the raw data and subsequently entered into a categorisation matrix. This matrix served as a representation of the categories and facilitated the mapping of concepts. In order to confirm the generated categorisation matrix and ensure its accuracy in capturing the underlying concepts and phenomena, the deductive phase involved consulting with industry experts (Schreier, 2012).

5. Findings and discussion

The examination of the results revealed that a total of 155 publications were specifically selected as the final samples, encompassing various domains of IFRS, fair value and auditing literature review. Publications typically originate from three primary subject domains, namely the institutional demands of IFRS, the challenges posed by auditing in relation to FVMs, and the GFC. [Figure 2](#) (Panel A) displays the allocation of publications among these three domains, along with the categorisation of specific study areas. The findings from [Figure 2](#) (Panel B) indicate that the chosen papers are evenly spread out over different years, with a notable increase in the years 2009 and 2012. This is due to the ongoing debate among accounting scholars since 2008 regarding the alleged impact of FVMs on the occurrence of the GFC,

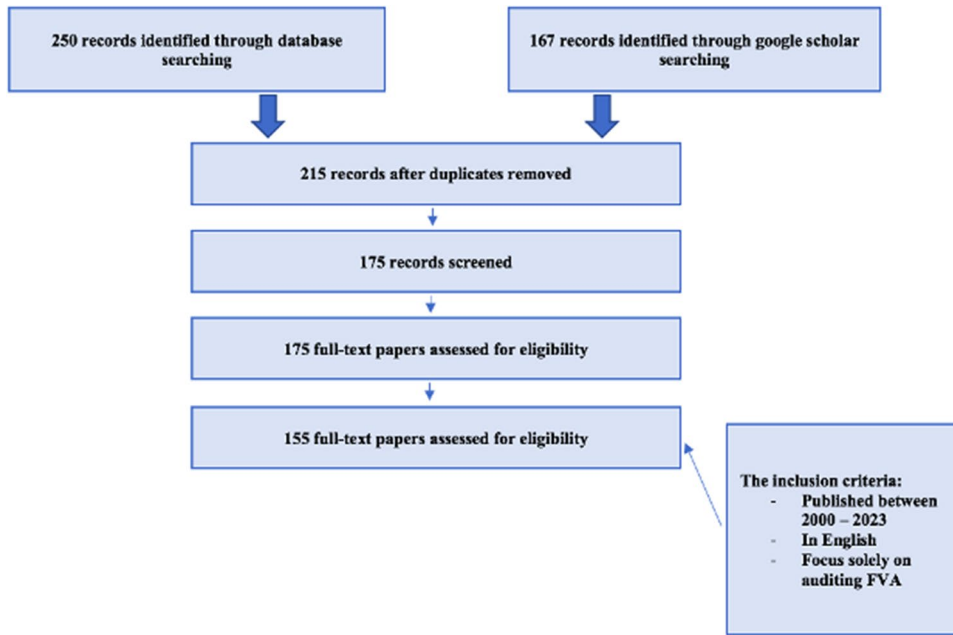


Figure 1. Literature review process: sample papers selection procedure.

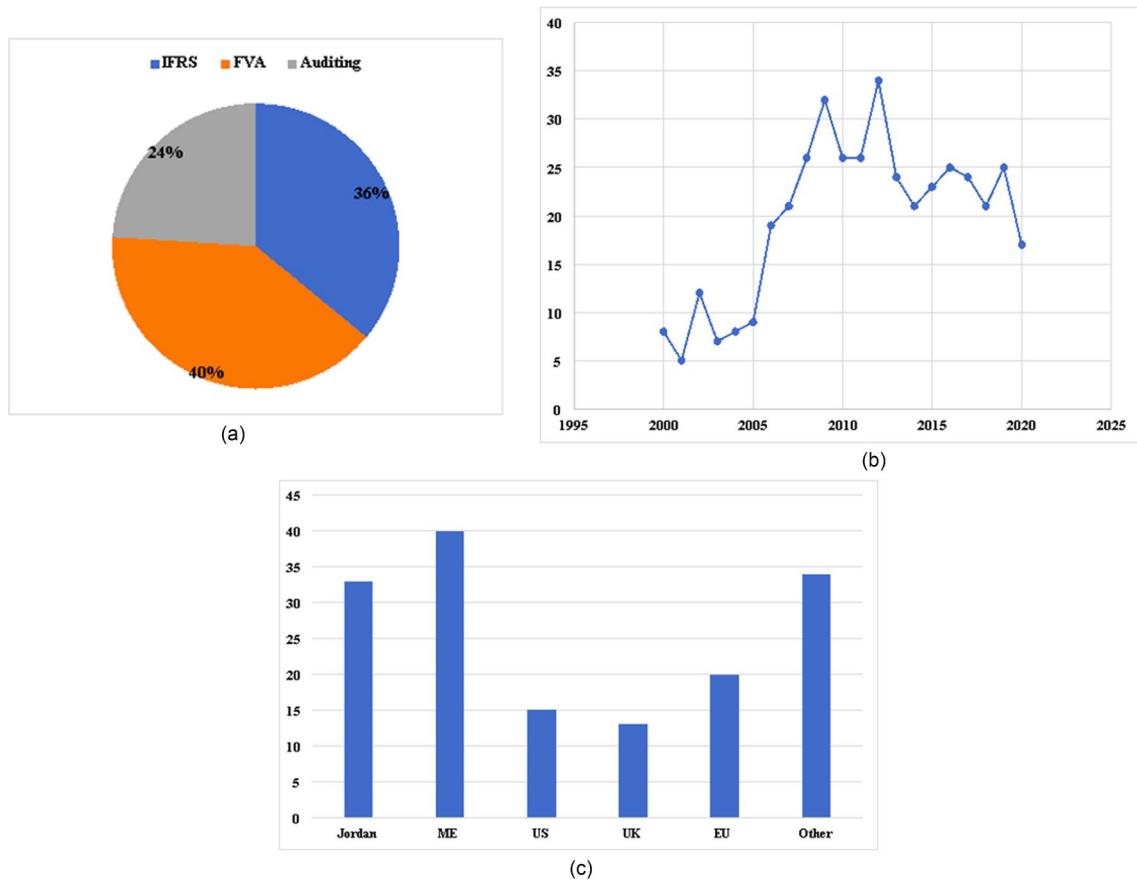


Figure 2. Analysis of the results. (Panel A) Distribution of identified papers across research areas. (Panel B) Distribution of publications across years (2000–2023). (Panel C) Distribution of publications across countries/regions.

which has become a significant focus of accounting research. For a more comprehensive understanding of the distributed sample across countries, refer to [Figure 2](#) (Panel C).

The qualitative content analysis resulted in the identification of two main themes: FVA and developments in the auditing profession. The primary subject matter revolves around the impact of institutional factors on the decision-making process of FVA applications in the region. The following topic explores the consequences of FVA on the auditing profession, specifically examining its impact on audit fees. Theme 1 consists of various subtopics, with the first one being the theoretical foundation. This comprises subtopics that are associated with institutional and political concepts. In addition, the study identified many sub-topics pertaining to local attributes, including family ownership, foreign investors and the impacts of globalisation. Additionally, the specific areas of accounting system heritage and evaluation were highlighted, with a particular emphasis on the adoption of IFRS. Theme 1 suggests that institutional isomorphism is crucial in the development and progress of FVA practices in Jordan. The second theme centres on the ramifications of FVA for the auditing profession, particularly for audit pricing. The domain covers topics related to auditing, including challenges faced in auditing, audit fees and the development of ISA. Theme 2 emphasises the specific difficulties that Jordan encounters when implementing FVA, mainly due to the complex process of assessing assets and liabilities. The current investigation yields the following outcomes.

Theme 1: FVA development

The three highlighted research areas reveal that the key factors influencing the adoption of FVA in Jordan are as follows. Firstly, there are compelling forces that emerge, such as the necessity for foreign aid from international institutions such as the 'WB and the International Monetary Fund (IMF)' (Alharasis et al., 2022b, 2023). Moreover, there is a strong emphasis on mimetic isomorphism, which refers to the need to synchronise accounting practices with trading partners that seek to benefit from their trade relationships with neighbouring countries (Al-Akra et al., 2009; Alharasis et al., 2022a; Jamaani et al., 2022). Due to the limited availability of natural resources in Jordan, Iraq and Libya, it is likely that these nations will adopt a trade structure similar to that of their trading partners in order to meet their capital market needs. Countries with strong economies, such as the United Arab Emirates, Saudi Arabia and Egypt, are less vulnerable to the effects of changes in accounting methods compared to smaller economies like Jordan. Moreover, it is evident that the normative influence exercised by the accounting profession has a substantial effect on the likelihood of adopting IFRS in ME countries and other emerging nations. These phenomena can be explained by the robust relationships that these economies have with their trading partners, as well as their eagerness to participate in international trade organisations and attract foreign direct investment. The phenomenon of professionals migrating across international borders with the purpose of transferring skills was identified as a consequence of normative pressure (Al-Htaybat, 2018; Byard et al., 2011; Tahat et al., 2018).

The Jordanian economy encountered difficulties in attracting foreign investment due to its limited domestic resources, as emphasised by Haddad et al. (2017) and Alharasis (2023). The significant support and interventions from Arab countries, together with the money sent back by expatriates and the growth of tourism in the 1980s, boosted domestic production and initiated a period of economic growth (Kanaan & Kardoosh, 2002). Consequently, the IMF and the WB enacted economic reform programmes as a consequence of this expansion. To increase private sector participation, the government introduced a privatisation plan and implemented measures to reduce state fuel subsidies (Encyclopaedia Britannica, 2019). The period between 1996 and 2000 is commonly recognised as a pivotal moment in Jordan's economic history, as it signified the adoption of IAS/IFRS. As a result, there was a significant increase in the foreign reserves held by banks in Jordan during this time. Between 2001 and 2010, Jordan introduced numerous changes and measures to address the effects of globalisation and the sway of international markets. The objective of these measures was to preserve the economic accessibility of the country to international investors and partners (Alharasis et al., 2023). The IMF and WB played a significant role in overseeing and implementing restructuring programmes in Jordan's economy, as documented by Tahat et al. (2018) and Alharasis et al. (2021).

Within the framework of modern globalisation, Jordan has successfully attracted international investment in the past few decades. International investors, Jordanian authorities and creditors depend on reports from external auditors that adhere to the ISA to obtain financial information. Alharasis et al. (2023) suggest that auditors' reports are seen as a more dependable and vital source of information pertaining to financial concerns. Consequently, this encourages international investments in the region and promotes economic stability. Jordan's government is actively focusing on attracting greater foreign investment. Therefore, the adoption of ISA is extremely important for users of financial accounts.

Jordan has strong social and international relationships. Al-Htaybat (2018) states that the creation of accounting information in businesses has been impacted by cultural and political factors, leading to diverse enhancements. Developing economies, such as Jordan, have implemented International Accounting Standards (IAS) and IFRS to improve the clarity and consistency of financial information. The purpose of this adoption is to streamline commerce between Arab nations and their global trading counterparts (Barth et al., 2008; He et al., 2012; Jacob & Madu, 2009; Tahat et al., 2018). Abdullatif (2016), Tahat et al. (2016) and Alharasis et al. (2022a) argue that the main objective of these standards is to increase the level of openness in companies' annual reports. This, in turn, helps investors and readers of these reports make well-informed decisions. The phenomenon of globalisation and the consequent expansion of international trade have become increasingly important in the region, resulting in major requirements for financial regulation and surveillance. The accounting and auditing perspective is essential for facilitating rapid organisational expansion and fostering opportunities for growth. It is crucial to promote progress and enhancements in this area, such as the adoption of global accounting and auditing standards (Barth et al., 2008; Hung & Subramanyam, 2007).

The ME countries can be said to possess a substantial level of common heritage, including language, beliefs, traditions, faiths and geography. These shared elements collectively contribute to the enhancement of their cultural, social and economic framework (Yu & Hassan, 2008). In this study, Boolaky et al. (2018) analyse the impact of economic, political, legal and cultural factors on accounting practices in different countries within the MENA region. They also investigate the level of professional competence in accounting and auditing. The accounting standards and practices in developing nations are designed to improve their comprehension of their unique social environment, so enabling them to efficiently meet the requirements of their economies (Samaha & Khlif, 2016; Shiri et al., 2016). Carnegie and Napier (2012) argue that accounting methods are influenced by the relationships between persons and their contextual environment. Judge et al. (2010) state that accounting procedures are modified and adjusted in response to changes in human needs and expectations. Boolaky et al. (2018) and Gray (1988) argue that accounting procedures and standards are often shaped by environmental factors in a specific context and timeframe. The widespread use of IAAS in the ME in recent decades can be credited to progress in politics, money and technology (Alberti-Alhtaybat et al., 2012; Alharasis et al., 2022b; Jamaani et al., 2022).

Theme 2: auditing development

Kumarasiri and Fisher (2011) found that emerging nations face comparable challenges in reviewing fair value calculations, as revealed by their analysis. This is mainly due to the heightened intricacy and peril linked to the inherent ambiguity connected with these assessments. Multiple key elements contribute to the challenges and complexities faced when auditing fair value statements. Management bias arises due to the lack of effective markets for many types of assets and liabilities, including financial instruments and investment properties. As a result, those responsible for making decisions are presented with inaccurate financial data (Alharasis et al., 2022a). Moreover, the recognition of unrealised gains or losses arising from the precise evaluations of the worth of assets and liabilities in companies' annual financial accounts. Therefore, recognising these concepts leads to increased volatility in stock prices, ultimately creating uncertain market conditions (Barth, 2007; Huang et al., 2016; Zaman & Chayasombat, 2014). Moreover, auditors face a lack of expertise, skills and training, which impairs their capacity to evaluate management's estimations. In addition, it is important to

highlight that the supervision of fair value assessments by external auditors in Jordan is deficient in terms of guidance from standard-setting bodies and regulatory authorities (Abdullatif, 2016; Alharasis et al., 2022a; Jamaani et al., 2022).

The audit market in Jordan is predominantly dominated by local Jordanian audit firms. Abdullatif (2016) and Alharasis et al. (2021) have found that a substantial majority of Jordanian businesses listed on the ASE are owned by families, making up 70% of the overall number. These family-owned businesses are mainly focused in the financial sector, where significant financial assets are traded. Fiechter and Novotny-Farkas (2017) reported that Jordanian firms have an average fair value of financial assets equivalent to 14%. Moreover, the study revealed that 77% of companies in Jordan have a strong inclination towards fair value. These companies are not proactively seeking a high-quality audit; instead, they are just fulfilling the legal obligation to have their financial reports examined by auditors who are approved by JACPA. Therefore, the audit's integrity may be jeopardised. Alhababsah (2019) conducted descriptive statistics and discovered that just 37% of Jordanian organisations opt for audits conducted by Big4 audit firms, while the remaining 70% of firms prefer local firms. Generally, clients in this category aim to minimise costs related to audits. Local audit firms demonstrate a deficiency in their ability to audit FVA, which has the potential to undermine the quality of their audits. Thus, it is likely that audit firms of this kind will strive to improve their expertise in FVA auditing to broaden their customer base and maintain their existing clients. Therefore, developing expertise in auditing FVA can be pursued in order to maintain clients, cultivate strong business relationships and maximise profitability for auditing firms. This situation intensifies the doubt surrounding the concept of auditor independence. This raises substantial questions about the degree of audit quality provided by local audit firms.

Based on the mentioned academic studies, it is clear that there has been a lack of research on the effects of FVA on the audit profession, specifically in relation to the improvement of ISA, particularly in the ME region. Only a few researchers (Alexeyeva & Mejia-Likosova, 2016; Ettredge et al., 2014; Goncharov et al., 2014; Yao et al., 2015) have studied the impact of FVA on audit fees. However, their findings have been inconclusive (Abbott et al., 2003; Alhababsah, 2019; He et al., 2017; Zaman et al., 2011). Researchers frequently argue that the adoption of FVM standards has led to heightened audit intricacy and legal obligations. The prevalence of agency conflicts and the high information asymmetry connected with financial information might be identified as the reasons for this. Moreover, the lack of skilled abilities among auditors in regard to the implementation and execution of FVM criteria has ultimately led to significant occurrences of audit failure (Diehl, 2010). Therefore, some researchers have shown that there is a statistically significant relationship between the transparency of fair value and the costs charged for audits. This relationship is particularly strong for fair value estimates that include high levels of uncertainty, specifically those based on Level 2 and Level 3 inputs.

Following major financial failures, such as the Asian economic crisis in the late 1990s and the GFC in 2007, there has been increased attention on the development of ISA. The heightened focus is specifically aimed at scrutinising complex assessments, such as fair values, as demonstrated by ISA 540 and ISA 545. The issue indicated above emerges due to concerns about the accuracy of financial statements and the compliance with auditing requirements with the introduction of FVA (BooLaky & Soobaroyen, 2017). Thus, when considering financial failure, it is crucial to reevaluate, alter or improve the role of auditing in contemporary society. This involves evaluating whether auditors have the necessary knowledge, independence and motivation to provide a precise and unbiased evaluation of company issues (Sikka, 2009).

The examination of the studied articles (Figure 2, Panel B) reveals that the majority of publications were released from 2008 to 2012, especially in the period that followed the GFC. The findings confirm the inadequate evaluation of the difficulties that arise in emerging economies (BooLaky & Soobaroyen, 2017). Emerging economies also actively utilise IFRS and its associated practices and concepts on a worldwide level (Nguyen, 2019). Pacter (2007) produced an extensive report that tackles various significant issues that exert a significant impact on developing countries. The factors outlined above, specifically the expenses associated with implementation and audit, limited human resources, the availability of reliable market information, volatility, high corruption rates and inadequate governance, could have a negative effect on the use of fair value. The study conducted by Siekkinen (2016) provides international data supporting the use of FVA by 1280 financial institutions listed in 42 countries globally. In addition, Fiechter and Novotny-Farkas (2017) released data from a total of 907 banks across 46 nations globally.

Fiechter and Novotny-Farkas (2017) conducted a study which suggests that the distribution of fair-valued assets and liabilities in the Arab ME, particularly in Jordan, is as outlined below: Bahrain represents 23.1% (99.8%) of the total, Egypt accounts for 8.6% (99.8%), Jordan contributes 13.8% (0%), Kuwait represents 6.1% (0.1%), Oman contributes 2.6% (0.5%) and Saudi Arabia accounts for 10% (0.8%). Based on the statistics, Bahrain exhibits the highest usage of fair-valued assets, whereas Oman has the lowest utilisation. Bahrain and Egypt own the highest quantities of financial obligations that are evaluated fairly, whereas Jordan does not utilise such accounts. In Siekkinen's (2016) analysis of the use of FVA for financial instruments, particularly financial assets and liabilities, it is concluded that Bahrain is the only Arab ME country with robust investor protection. Jordan and the UAE are categorised as having moderate investor protection, but Kuwait is regarded as having weak investor protection.

6. Conclusion, future research and implications

The study conducts a comprehensive content analysis of 155 publications in prominent accounting and auditing journals to determine the main reasons for adopting FVA by accounting organisations in the ME, with a specific emphasis on Jordan. This study provides an examination of the impact of FVA on the audit profession, specifically in relation to audit pricing. The content analysis findings unveiled two main themes. The first theme focuses on the practical aspects of FVA, covering a range of issues and sub-topics. The first element centres on the theoretical foundation, encompassing subtopics pertaining to institutional and political ideas. The second subject examines local issues, including family ownership, foreign investors and globalisation factors. Finally, the third theme delves into the historical background and assessment of the accounting system, with a particular focus on the implementation of IFRS. Additionally, the second theme of auditing development examines the impact of FVA on the auditing profession, particularly in relation to audit pricing. The scope of this study includes issues related to auditing, such as auditing concerns, audit fees and the development of ISA. This study covers several subjects related to the use of FVA in the field of accounting and auditing, using content analysis as a research approach.

To date, there has been little attempt to explore the fundamental problems concerning FVA and its clear impact on the auditing business, notably audit fees. As requested by Khlif and Achek (2016), this study discusses FVA's history, measurement framework and impact on auditing procedures. By meticulously analysing findings from 2000 to 2023 and suggesting future study topics, this review advances knowledge. Future research to solve knowledge gaps in this largely undeveloped accounting field can build on this review. According to this review, studying FVA's impact on the auditing industry would be very beneficial. According to current field research, scientists propose national and international researchers focus on this overlooked region. Policymakers and standard-setters should learn about FVA's genuine influence on auditing and accounting. This review studies FVA adoption's impact on auditing. Auditors and preparers' biggest challenges and fair value's impact on audit processes can be learned from other countries. IFAC and ISA require local audit firms to receive fair value training for IFRS. This paper helps fulfil that purpose. Financial data collected under fair value disclosure requirements may contain fraud and deception, therefore auditors must be vigilant.

This study confirms that institutional forces have a substantial impact on the progress of accounting in Jordan. According to the literature, the implementation of FVA in Jordan is influenced by institutional isomorphism, which includes coercive, mimetic and normative factors. The analysis suggests that auditing fair value estimations poses a greater risk than alternative estimating approaches. The primary reason for this is that the fair values of assets and liabilities are affected by inactive markets, which poses substantial challenges for auditors. Auditing fair value estimates, especially those categorised as Level 3, poses substantial difficulties. Auditors must give special attention and focus to these estimations, which requires them to acquire technical competence in fair valuation processes and the accompanying audit procedures. This article seeks to offer suggestions regarding the prioritisation of training and professional growth for FVA in the ME, particularly in Jordan.

This analysis emphasises the need for further evidence in the literature on auditing FV. Such evidence could be beneficial for several economies and help improve decision-making and learning related to fair value application. The analysis suggests that the theoretical examination of the influence of FVA is still in its nascent phase, highlighting the urgent requirement for additional research and exploration. The

authors strongly support the need for additional empirical research in this neglected area of accounting competence. This undertaking will thereafter improve understanding of this concept and offer assistance to regulatory bodies and economies that have not yet adopted FVA. Additional research on FVA and its influence on the auditing profession is urgently required to fill the current theoretical knowledge gap, specifically regarding audit and non-audit fees.

Subsequent studies should thoroughly examine the advantages and disadvantages of employing technology in FVA procedures, considering the ever-changing nature of the financial industry. There is a pressing need for research on how emerging technologies such as blockchain, artificial intelligence and big data analytics may enhance the transparency, precision and reliability of fair value estimations (Alharasis & Alkhwaldi, 2024; Alkhwaldi et al., 2024). This is because improvements in technology are continuously altering valuation methods and financial markets. It is necessary to study the regulatory consequences of adopting FVA technology. These repercussions encompass issues related to the administration, uniformity, adherence and oversight. The ethical considerations surrounding the use of technology in the valuation process encompass various aspects, including the privacy of personal information, algorithmic bias and accountability. These challenges necessitate comprehensive investigation. Embracing creative research methodologies and expanding interdisciplinary cooperation can enhance financial reporting in terms of confidence, honesty and efficiency in the future. This will enhance our comprehension of FVA in the technological era.

As a result, this article could be beneficial to scholars and researchers. It can serve as a foundation for future research that aims to fill knowledge gaps in this relatively untapped area of accounting. This paper contends that future research would substantially benefit from examining the influence of FVA on the auditing business. According to recent field research, scientists have recommended national and international researchers to prioritise this ignored region. The purpose is to educate policymakers and standard-setters about the true impact of FVA on the auditing and accounting industries. This recommendation has been backed by Alharasis et al. (2022a, 2022b, 2023), Khlif and Achek (2016) and Samaha and Khlif. This study could be useful for accounting bodies in countries where FVA has not yet been introduced, such as the ME. It examines the impact of FVA adoption on the auditing business. Other countries' experiences can provide valuable insights into the primary issues faced by auditors and preparers, as well as the impact of fair value on audit processes. IFAC and ISA have obliged local audit firms to receive the necessary training and education to implement fair value under IFRS. This paper contributes to accomplishing that goal. Auditors must be aware of the possibility of fraud and deception in publicly available financial data generated in accordance with fair value disclosure rules (Alharasis et al., 2023; Zhang et al., 2019).

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Author contributions

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Data availability statement

The data used to support the findings of this study are available upon request.

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