

The Implementation of the Financial Accounting System in Economic Enterprises: A Comparative Analysis of the Public and Private Sectors

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Abstract:

This study aimed to show the reality of The adoption and Implementation of the financial accounting system and the potential difference in dealing with this transition, based on the different ownership of the organizations (public or private), where the studied question was:

-What is the reality of the application of the financial accounting system in the public and private sectors?

The study concluded that the application of the accounting financial system has been adopted by all organizations, but with a clear difference in terms of control, utilization and ease of adaptation to the different stages and procedures between public and private sector organizations, for historical and objective reasons that the study presents in the applied aspect.

Keywords: Financial accounting system, Legislation laws, Transformation challenges, Public sector, Private sector.

Introduction:

More than a decade has passed since the adoption of the Financial Accounting System (SCF) and the abandonment of its predecessor. Despite this, research and academic literature continue to emerge, aiming to address various aspects and dimensions that may reveal shortcomings or require further analysis. Among the underexplored areas is the impact of ownership structure on the application of the Financial Accounting System. It is widely acknowledged that ownership type plays a significant role in shaping accounting philosophies, orientations, and policies.

Moreover, the adoption of modifications and the implementation of the SCF are merely steps within a broader series of economic reforms accompanied by legislative adjustments. These reforms have been characterized by increased openness in ownership structures, driven by the rising trend of privatization and the encouragement of private investment. At the same time, various reform programs have been introduced in the public sector.

This study focuses on the application of the SCF in both public and private sector enterprises, aiming to highlight the key differences between the two. It seeks to answer the following research question:

- What is the current state of the application of the Financial Accounting System in the public and private sectors?
- What are the most notable differences observed in this regard?

To address this research question, our study has been structured into two main aspects:

1. Theoretical Framework:

This section explores fundamental concepts related to the Financial Accounting System (SCF) and key aspects derived from studies on its practical application.

1.1 Empirical Study:

The empirical component is based on an analysis of data collected from a survey distributed to accountants working in both public and private sector enterprises that formed the study sample.

1.2 Previous Studies:

One relevant study is that of *Kimosh Bilal*, titled "*The Relevance of Intangible Assets in the Valuation of Algerian Enterprises.*" This research aimed to examine the extent to which intangible assets are suitable for evaluating companies listed on the Algerian Stock Exchange. It assessed their representation in financial statements and analyzed their relationship with firms' market values, as reflected in stock prices. The study ultimately sought to measure the contribution of intangible assets to corporate valuation and their impact on the relevance of other accounting information.

The study was conducted between 2005 and 2013 using linear regression models. According to the findings, intangible assets were deemed relevant for evaluating companies listed on the Algerian Stock Exchange. However, their ability to explain the market value of these companies was weak, and they did not significantly impact the relevance of other accounting information.

Similarly, the study by *Belkheir Bakkari* and *Adnan Mokaddem*, titled "*Assessment of the Application of Accounting Rules for the Valuation and Recognition of Intangible Assets under the Financial Accounting System,*" examined the implementation of accounting rules for the valuation and recognition of intangible assets in enterprises operating in a knowledge-based economy—where intangible assets are a key pillar.

This study explored the concept of intangible assets and the accounting principles governing them, as outlined in International Accounting Standard (IAS) 38, as well as in the Financial Accounting System (SCF). The empirical part of the study involved a survey with a series of questions on intangible asset accounting.

Among the key findings was a strong inclination among respondents toward aligning the accounting rules for intangible assets in the SCF with international accounting standards while considering national specificities. However, the study also highlighted a lack of adherence to these rules in

practice due to objective constraints, along with significant challenges in the practical application of intangible asset accounting.

The study by *Smach Kamal* and *Ayachi Fatima Zahra*, titled "*Challenges of Measurement and Accounting Disclosure of Intangible Assets*," aimed to shed light on the key challenges and issues related to the measurement and disclosure of intangible assets. It explored the accounting treatment of such assets in accordance with International Accounting Standards (IAS) and the Financial Accounting System (SCF), while also examining the reality of intangible assets within the Algerian business environment.

The findings of this study indicated that the primary challenge in the accounting measurement of intangible assets stems from the recognition criteria for these assets, whether under international accounting standards or the SCF. Meanwhile, the most significant challenge in the accounting disclosure of intangible assets lies in the confidentiality of the disclosed information, as it could potentially benefit competing enterprises.

2. The Financial Accounting System:

2.1 Definition of the Financial Accounting System and the Legal Texts Governing Its Implementation:

The Financial Accounting System (SCF) has been defined in various ways due to the interest it has garnered from researchers across different fields. The Algerian legal framework officially introduced it through Law 07/11, published in the Algerian Official Gazette No. 74, dated 25/11/2007. Article 1 of this law designates it as financial accounting and defines it as:

"A set of procedures and regulatory texts that govern the financial and accounting activities of enterprises required to apply it, in accordance with agreed-upon international financial and accounting standards (Khenoush 2009, 291)."

This definition aligns with the economic concept of financial accounting, which is described as:

"A system for organizing financial information that allows for the storage, classification, evaluation, and recording of basic numerical data, ultimately presenting financial statements that provide a true reflection of the financial position, assets, and treasury status of the enterprise at the end of the fiscal year (Chenouf 2009, 26)."

Another definition states that financial accounting is:

"A system that organizes, stores, evaluates, and records financial information, enabling the presentation of financial statements that offer a clear and transparent picture of an enterprise's financial position and performance at the end of the fiscal year (Zegmar 2022, 822)."

The transition and implementation of the Financial Accounting System (SCF) were regulated by a series of legal texts, instructions, and decrees. The most significant of these include (Boubir 2013, 18):

- Law 07-11, dated 25/11/2007, which establishes the Financial Accounting System (SCF).
- Ordinance 02-08, issued in July 2008, as part of the Supplementary Finance Law, which set 01/01/2010 as the official start date for SCF implementation.
- Executive Decree 08-156, dated 26/05/2008, issued to enforce Law 07-11.
- Decree No. 09-110, dated 27/04/2009, which defines the conditions and modalities for adopting accounting systems using information technology.
- Ordinance 09-01 (2009), issued by the Ministry of Finance, mandating the separation of accounting from taxation.
- Instruction No. 01 from the National Accounting Council, which provides guidelines for the transition from the previous National Accounting Plan (PCN) to the Financial Accounting System (SCF).
- Instructions from the National Accounting Council regarding the technical aspects of certain operations related to this transition.
- A series of directives issued by the Central Bank to adapt banking accounting practices.

2.2 Reasons for Algeria's Adoption of the Financial Accounting System:

The absence of financial accounting standards and a regulatory framework for standardization—along with the existence of diverse and inconsistent requirements and information issued by various non-uniform entities—negatively impacted the national economy. Consequently, Algeria adopted the Financial Accounting System (SCF) with the aim of:

- Facilitating the decision-making process.
- Avoiding errors in decision-making.
- Eliminating complexities and providing a clearer, more transparent reading of financial information ([Belkadi 2014, 53](#)).

2.3 Objectives of the Financial Accounting System and Its Implementation Methodology:

The Financial Accounting System (SCF) has several key objectives, summarized as follows ([Khalifa and Berhouma 2014, 164](#)):

- Developing accounting standards.
- Preparing financial statements.
- Interpreting financial information contained in financial statements for users, ensuring compliance with accounting standards.
- Assessing the degree of conformity between financial statements and accounting standards.

Some scholars consider the SCF to be a hybrid system, combining Anglo-Saxon accounting principles with a cultural accounting framework inherited from European systems. This approach was intended to prevent disruption within the professional accounting community, which had been operating under the previous system until 2010 ([Chachoua 2018, 55](#)).

To achieve the intended objectives, Instruction No. 02-2009 issued by the National Accounting Council outlined several transition measures, primarily including:

- Preparing an opening balance sheet for the fiscal year 2010, aligned with the new system.
- Restating financial information from 2009 for comparative purposes and adjusting the required modifications by allocating them to equity in the opening balance sheet.
- Adopting explanatory annexes to clarify the impact of transitioning to the new system on the enterprise's financial position ([Saim and Achouche 2019, 240](#)).

2.4 The Reality of the Financial Accounting System in Algerian Economic Enterprises ([Saadawi and Khladi 2020, 05-04](#)):

The driving force of Algeria's economy is its economic enterprises operating across various sectors. Since transitioning to a market economy, the state has implemented fundamental and tangible reforms, with Algerian enterprises receiving the primary focus of these efforts. These reforms aimed at developing and enhancing enterprises to foster economic growth. However, most of these efforts were centered solely on the production sector, with the objective of achieving developmental goals. As a result, the managerial and governance aspects of Algerian enterprises—which play a crucial role in driving qualitative progress—were largely neglected.

With the introduction of the Financial Accounting System (SCF) in Algeria, several challenges emerged, leading to difficulties in its implementation. The most significant issues include:

- The incompatibility of the Algerian economic environment with the principles and content of the Financial Accounting System.
- The number of active enterprises in Algeria is approximately 800,000, the majority of which are family-owned and small-sized.
- The Financial Accounting System (SCF) aims to enhance transparency and improve the visibility of enterprises. However, its implementation in Algerian enterprises has been challenging due to the prevalence of corruption and false financial reporting.
- The low level of accounting expertise among Algerian accountants in enterprises.
- The inadequate valuation of assets in Algerian enterprises has hindered adaptation to the Financial Accounting System. Additionally, there has been a challenge in mastering financial analysis techniques under the new system. The shift in accounting standards has altered the methodology of financial analysts, as significant differences exist between the new and the previous system, both in terms of account presentation and structural composition ([Amalou 2018, 03](#)).
- Limited use of information and communication technology (ICT), despite the Financial Accounting System (SCF) relying heavily on it, given its modern and advanced nature.

- Many enterprises avoid revaluing their assets due to a lack of information regarding the timelines and rules for determining fair value, as well as the absence of an efficient asset market, leading to a lack of confidence in valuations (Khamadj 2021, 34).
- Lack of retraining and professional development for accountants responsible for implementing the Financial Accounting System in economic enterprises.
- Most enterprises do not engage research laboratories or higher education institutions for consultation or to address financial and economic challenges they encounter.
- The predominance of small and medium-sized enterprises (SMEs) within the national economic framework, characterized by limited financial and technical resources, making it difficult for them to implement a complex system like the Financial Accounting System (SCF) (Khamadj 2021, 34).
- Some critics have raised concerns about the performance of the National Accounting Council, arguing that it lacks adaptability and flexibility. They highlight its failure to evolve and self-assess, as well as its reluctance to introduce procedural adjustments or regulatory amendments based on feedback from experienced professionals and academic experts in the field (Chachoua 2018, 61).

All these factors have, in one way or another, driven us to conduct a field study, through which we aim to examine our research problem in practical terms, as presented in the following section.

3. Empirical Study on the Financial Accounting System in Algerian Economic Enterprises:

3.1 Distribution and Collection of the Survey:

After completing the preparation of the survey questionnaire, we proceeded with its distribution to accountants working in economic enterprises. A total of 50 questionnaires were evenly distributed: 25 to the public sector and 25 to the private sector.

What particularly caught our attention—and even surprised us—was that the reception and treatment we received from public sector institutions were significantly better than in the private sector, where we were perceived as intruders or time-wasters.

After distributing the survey and conducting interviews with accountants, we set a 20-day deadline for collection, from May 18, 2019, to June 2, 2019. Out of the 50 distributed surveys, we successfully retrieved 35 responses. However, 7 of these responses were rejected due to a lack of seriousness and credibility.

3.2 Survey Analysis:

3.2.1 Analysis of Responses in the Public Sector:

A. Dimension One: General Information About the Enterprise:

The general information is summarized in the following table:

Table (01): General Information on Public Sector Enterprises

Number			Indicator
16.43			Years of Service
Executives	Managerial Staff	Administrative Staff	Number of Employees
493	72	186	
34.5%			Market Coverage Rate

Source: Prepared by the researchers based on survey data.

Key Observations from the Table:

- The average years of operation exceed 16 years, indicating that most accountants have substantial professional experience. This suggests that they have worked under both the National Accounting Plan (PCN) and the transition period to the Financial Accounting System (SCF). It is also likely that they have undergone multiple training programs during these periods, which underscores their competence and expertise in the field.
- The average number of employees is well-distributed across various administrative and operational levels.
- The market coverage rate is 34.5%, a significant percentage, which confirms that the enterprises included in the study are leading institutions in their respective sectors.

B. Dimension Two: The Financial Accounting System (SCF) in the Enterprise:

Table (02): The Financial Accounting System (SCF) in Public Sector Enterprises

Answer	Very Poor	Poor	Average	Good	Very Good
Question	0	0	3	7	4
How do you evaluate your transition to SCF in terms of accounting information control?	0	0	21.43%	50%	28.57%
How do you assess the extent of your benefit from training?	0	0	4	10	0
	0%	0%	28.57%	71.43%	0%
Does your company have a Research & Development department?	Yes		5	No	9
			35.71%		64.29%
If yes, how do you evaluate the department's productivity?	1	0	1	2	1
	20%	0%	20%	40%	20%
To what extent has the Financial Accounting System (SCF)	0	1	3	8	2
	0%	7.14%	21.43%	57.15%	14.28%

facilitated accounting tasks?					
Have you encountered challenges in implementing SCF?	Yes		7	No	7
			50%		50%
	Minimal	Mild	Moderate	Severe	Very Severe
If yes, how would you rate the severity of these challenges?	0	2	5	0	0
	0%	28.57%	71.28%	0%	0%
	Timing	Technical	Accounting	Legal	Tax Authority Issues
What is the nature of these challenges?	2	4	4	2	2
	14.29%	28.57%	28.57%	14.29%	14.29%
How do you evaluate your productivity under SCF?	0	1	2	8	3
	0	7.14%	14.28%	57.14%	21.43%
How do you assess SCF in terms of its ability to facilitate asset valuation?	1	1	3	8	1
	7.14%	7.14%	21.43%	57.14%	7.14%
With the transition to SCF, is there a vision towards adopting international accounting standards?	Yes		13	No	1
			0.9286		0.0714

Source: Prepared by the researchers based on survey data.

Key Findings from the Table:

- Regarding the first question, 21.43% of respondents stated that their transition to SCF in terms of accounting information control was at a moderate level. This indicates a lack of full mastery over valuation techniques, to begin with. Meanwhile, 50% of accountants rated their control as good, reflecting their competence and experience in the field. Additionally, 28.57% assessed their control as very good, which could be attributed to their experience and participation in specialized training programs.
- Regarding the degree of benefit from training, 71.43% rated their training experience as good, indicating that they received high-quality training and comprehended the SCF framework. However, 28.57% rated their benefit as moderate, possibly because they struggled to grasp certain aspects of SCF or lacked sufficient practical experience.
- Regarding the third question: "Does your company have a Research & Development (R&D) department?" 35.71% responded yes, suggesting that their enterprises keep pace with current

economic demands and changes while actively seeking improvement through R&D initiatives. In contrast, 64.29% answered no, indicating that their enterprises do not prioritize research and development, instead relying on traditional operational methods. This neglect of innovation could negatively impact their market performance, hinder their ability to adapt to consumer preferences, and ultimately lead to adverse business outcomes.

- Regarding the 35.71% who stated that their companies have an R&D department:
 - 20% rated its activity as very weak, which may indicate inefficiency among its employees or a lack of reliance on the department altogether.
 - Another 20% rated its activity as moderate, suggesting limited resources and capabilities among its staff.
 - 40% rated it as good, implying that employees deliver acceptable performance, contribute to the company's growth, and enhance market positioning.
 - Lastly, 20% rated it as very good, indicating that the right personnel are in the right positions and that the employees demonstrate high levels of professionalism and expertise, which positively impacts the company's market presence and overall performance.
- Regarding the extent to which the Financial Accounting System (SCF) facilitates accounting tasks:
 - 7.14% rated it as poor, possibly due to ambiguities, lack of experience, or inadequate training.
 - 21.43% rated it as moderate, which may suggest insufficient familiarity with accounting aspects, limited experience, or weak training.
 - The majority, 57.15%, rated it as good, reflecting their acquired expertise and strong training background.
 - 14.28% rated it as very good, which signifies extensive experience, seniority, and high-quality practical training.
- Regarding the challenges encountered in implementing SCF:
 - The responses were evenly split, with 50% answering "Yes" and 50% answering "No", indicating that the Financial Accounting System is not free from difficulties in comprehension and application.
- For those who faced challenges in implementation, the severity of these issues varied:
 - 28.57% reported minor issues, meaning that these problems did not significantly disrupt workflow.
 - 71.43% considered the challenges moderate, implying that they hindered smooth operations and consumed considerable time.

- The specific challenges encountered were as follows:
 - 14.29% identified timing issues, indicating that accounting tasks are not completed within the designated timeframe and require more time under the Financial Accounting System (SCF).
 - 28.57% faced technical difficulties, meaning that the SCF is complex and unclear regarding certain accounting procedures.
 - 28.57% reported accounting-related challenges, likely due to poor training and a lack of experience.
 - 14.29% encountered legal difficulties, which stem from the SCF not covering all accounting operations comprehensively, creating loopholes that accountants may exploit. Additionally, the legal environment is unstable, with frequent regulatory changes, negatively affecting accounting processes.
 - Finally, 14.29% faced issues related to tax authorities, as enterprises often engage in false reporting to evade burdensome taxes as a form of tax avoidance, leading to conflicts with tax authorities.
- Regarding the evaluation of accountants' productivity under the Financial Accounting System (SCF):
 - 7.14% rated it as poor, indicating a lack of competence and experience.
 - 14.28% rated it as average, which also suggests insufficient expertise and proficiency.
 - 57.15% rated it as good, reflecting adequate skills and experience in the accounting field.
 - 21.43% rated it as very good, implying that they possess strong expertise and have undergone high-quality training.
- Regarding the assessment of SCF in terms of its ability to facilitate asset valuation:
 - 7.14% rated it as very poor, which may be attributed to the nature of the assets being evaluated.
 - 7.14% rated it as poor, possibly due to difficulties in asset valuation.
 - 21.43% rated it as average, suggesting that asset valuation is somewhat neglected within enterprises.
 - 57.15% rated it as good, and 7.14% rated it as very good, indicating that assets are present, properly valued, and accurately recorded at their fair value. Additionally, this suggests that some assets are easier to evaluate than others.
- Regarding responses to the question of whether the transition to SCF reflects a shift towards adopting international accounting standards:

- 92.86% of accountants responded affirmatively, confirming their awareness of international standards and their aspiration for further improvements in accounting practices.
- The remaining 7.14% responded negatively, which could be due to a lack of familiarity or inadequate exposure to international accounting standards.

3.3 Analysis of Responses in the Private Sector:

3.3.1 Dimension One: General Information About Enterprises:

The results are summarized in the following table:

Table (03): General Information on Private Sector Enterprises

Value			Indicator
13.43			Years of Experience
Executives	Managerial Staff	Administrative Staff	Number of Employees
22	17	22	
38.21%			Market Coverage Rate

Source: Prepared by the researchers based on survey data.

Table (04): The Financial Accounting System (SCF) in Private Sector Enterprises

Answer	Very Poor	Poor	Average		Good	Very Good
Question	0	0	5		6	3
How do you evaluate your transition to SCF in terms of accounting information control?	0%	0%	35.71%		42.86%	21.43%
How do you assess the extent of your benefit from training?	0	0	2		6	6
	0%	0%	14.28%		42.86%	42.86%
Does your company have a Research & Development department?	Yes	8	No		6	
		57.14%			42.86%	
If yes, how do you evaluate the	0	0	1		5	2
	0%	0%	12.5%		6.25%	25%

department's productivity?					
To what extent has the Financial Accounting System (SCF) facilitated accounting tasks?	0	0	4	7	3
	0%	0%	28.57%	50%	21.43%
Have you encountered challenges in implementing SCF?	Yes		5	No	9
			35.71%		64.29%
	Minimal	Mild	Moderate	Severe	Very Severe
If yes, how would you rate the severity of these challenges?	0	1	4	0	0
	0%	20%	80%	0%	0%
	Timing	Technical	Accounting	Legal	Tax Authority Issues
What is the nature of these challenges?	1	1	1	1	4
	12.5%	12.5%	12.5%	12.5%	50%
How do you evaluate your productivity under SCF?	0	0	0	9	5
	0%	0%	0%	64.29%	35.71%
How do you assess SCF in terms of its ability to facilitate asset valuation?	0	0	5	5	4
	0%	0%	35.71%	35.71%	28.57%
With the transition to SCF, is there a vision towards adopting international accounting standards?	Yes		14	No	0
			1		0

Source: Prepared by the researchers based on survey data.

Based on the results presented in the table, we conclude the following:

- 42.86% of respondents believe that their transition to SCF in terms of accounting information control is good, suggesting a strong command of valuation techniques. Meanwhile, 35.71%

rated their control as average, which may indicate that these accountants are relatively new to the profession. The remaining 21.43% rated their control as very good, reflecting substantial expertise and proficiency in their field.

- Regarding the benefit from training, 42.86% rated their experience as good or very good, which may be attributed to high-quality training received at specialized institutions. These respondents believe that training has significantly contributed to their professional performance. On the other hand, 14.28% rated their training experience as average, possibly due to uncertainties or difficulties in grasping certain aspects of the SCF framework.
- Regarding the presence of a Research & Development (R&D) department in the enterprise: 57.14% of respondents answered "yes," indicating that these enterprises are actively working towards development and progress. Meanwhile, 42.86% answered "no," suggesting that these enterprises do not keep pace with current economic changes and continue to operate using traditional methods.
- Among enterprises that have an R&D department, the evaluation of its performance was 62.5% good and 25% very good, possibly due to the competence of its employees and the institution's encouragement of their work. In contrast, 12.5% rated its performance as average, which may be attributed to limited resources available to the employees.
- Regarding the extent to which the Financial Accounting System (SCF) facilitates accounting tasks (Question 5):
 - 50% rated its effectiveness as good, while 21.43% rated it as very good, likely due to their understanding of SCF operations and acquired experience.
 - Meanwhile, 28.57% rated it as average, possibly due to limited experience or insufficient training.
- Regarding Question 6, on whether respondents encountered difficulties implementing SCF:
 - 35.71% answered "yes," likely due to difficulties adapting to the new system.
 - 64.29% answered "no," indicating that they have successfully integrated SCF into their work.
- For those who faced challenges, their evaluation of the severity of these difficulties was as follows:
 - 20% considered them minor, meaning that they did not significantly impact workflow and also indicating that no enterprise is completely free from challenges.
 - The remaining 80% rated them as moderate, suggesting that these challenges may have affected productivity and resulted in time inefficiencies.
- Regarding the nature of the challenges encountered, the most significant issue was with the tax authorities, reported by 50% of respondents, indicating that Algerian tax regulations do

not facilitate the operations of these enterprises. The remaining challenges were evenly distributed among different areas, each accounting for 12.5%:

- Timing-related issues, where tasks are not completed on schedule and require extended time.
 - Technical challenges, possibly due to the complexity and ambiguity of the SCF in certain accounting procedures.
 - Accounting-related problems, likely stemming from insufficient experience and inadequate training.
 - Legal challenges, which may be linked to false financial reporting by some enterprises.
- Regarding Question 9, 64.29% rated their performance as good, indicating a strong understanding of the Financial Accounting System (SCF), while 35.71% rated it as very good, reflecting substantial experience and high-quality training in their field.
 - Regarding the assessment of SCF in terms of its ability to facilitate asset valuation:
 - 35.71% rated it as average, suggesting that these enterprises tend to neglect asset valuation to some extent.
 - 28.58% rated it as very good, indicating that accountants in these enterprises fully implement the SCF framework.
 - The remaining 35.71% rated it as good, signifying that asset valuation is conducted properly and not overlooked, or that the assets involved are relatively easy to assess.
 - Regarding the question on whether transitioning to SCF reflects a shift toward adopting international accounting standards, 100% of respondents answered "yes", indicating that all enterprises have a forward-looking perspective and are committed to progress, development, and growth.

3.4 Comparison of the Reality of Public and Private Sector Enterprises:

3.4.1 Comparison Between Enterprises and the Financial Accounting System (SCF):

A. General Information About Enterprises:

Table (05): Comparison of General Information About Enterprises

Indicator	Similarities	Differences
Years of Experience	Accountants in both sectors have similar levels of expertise.	A slight difference exists, as accountants in the public sector tend to have more experience compared to their counterparts in the private sector.

Number of Employees	Both sectors rely on highly qualified personnel.	The public sector has a significantly larger workforce due to social employment policies, whereas the private sector prioritizes efficiency and effective management.
Market Coverage Rate	Both sectors have a significant market presence.	The private sector surpasses the public sector in market coverage due to its stronger marketing performance, as well as advanced technology and resources.

Source: Prepared by the researchers based on survey data.

Based on the table, it is evident that accountants in the public sector have greater experience compared to their counterparts in the private sector. Additionally, the number of employees in the public sector is significantly higher than in the private sector, largely due to social employment policies aimed at maintaining social stability. Conversely, the market coverage rate in the private sector surpasses that of the public sector, primarily due to a stronger work ethic and more effective marketing strategies.

B. The Financial Accounting System (SCF) in Enterprises:

The key differences between the two sectors in terms of SCF implementation are summarized in the following table:

Table (06): Comparison of the Financial Accounting System (SCF) in Enterprises

Indicator	Similarities	Differences
Question Number		
Question 1	The transition had a positive impact, as it aligns with the original objectives set for SCF.	Private sector accountants have better control over SCF compared to those in the public sector, as the private sector attracts skilled professionals and emphasizes serious work ethics.
Question 2	Both sectors rely on training to enhance employee competence.	Private sector accountants benefit significantly from high-quality training programs, which enhance their expertise and competitiveness, unlike those in the public sector.
Question 3	Most enterprises have a Research & Development (R&D) department.	The private sector excels in this area, as it operates in a highly competitive environment where only the most efficient survive, unlike the public sector, which is characterized by less competition and market dominance.
Question 4	All R&D departments are	The private sector surpasses the public sector as it

	actively engaged in operations.	constantly strives for innovation, market penetration, and profit maximization, whereas the public sector lacks competition but benefits from broader market reach.
Question 5	The SCF has contributed to simplifying and streamlining accounting operations in both sectors.	The private sector is more efficient, likely because accountants in private firms have prior experience or have received superior training, whereas the public sector tends to hire recent graduates to reduce salary costs.
Question 6	Both sectors face challenges in implementing SCF.	Private sector accountants have better knowledge of SCF and handle issues more effectively than those in the public sector, where accountants lack the necessary experience and expertise.
Question 7	Challenges related to SCF implementation vary in intensity across both sectors.	The private sector faces fewer and less severe challenges compared to the public sector, possibly due to state policies affecting public enterprises.
Question 8	Both sectors face similar challenges.	The public sector is more affected by technical and accounting issues, while private sector accountants struggle more with tax-related challenges.
Question 9	Accountants in both sectors demonstrate good productivity.	Private sector accountants perform significantly better than those in the public sector, due to higher competence and a stronger work ethic.
Question 10	Both sectors possess accounting knowledge and learning capabilities.	Private sector accountants are more knowledgeable and well-versed in accounting sciences, whereas public sector accountants have only moderate or limited expertise.
Question 11	Both sectors share a positive outlook on SCF.	Public sector accountants have a fair understanding of international accounting standards, but their knowledge remains moderate due to lower competency levels.

Source: Prepared by the researchers based on survey data.

4. Conclusion

In conclusion, based on the findings presented in the table, it can be stated that the private sector outperforms the public sector in all aspects related to the implementation of the Financial Accounting System (SCF). This superiority is primarily due to intense competition in the private sector and the survival-of-the-fittest principle in the market. Consequently, private sector enterprises are constantly striving to enhance their capabilities, improve their resources, and renew themselves to keep pace with developments and changing circumstances. They also actively seek to attract highly skilled accountants to expand into new markets while maintaining their existing market presence to maximize profitability.

On the other hand, the public sector, which operates under monopolistic conditions and lacks competitive pressure, remains structurally weaker compared to the private sector. This lack of competition has resulted in limited development efforts, a failure to modernize operations, and a reliance on less-qualified accountants, primarily due to the high cost of experienced professionals in the labor market. Furthermore, public enterprises have struggled to adapt to globalization and contemporary financial developments.

Based on these insights, the following key findings can be highlighted:

- Enterprises in both sectors faced challenges and difficulties in implementing the Financial Accounting System, with the public sector experiencing more profound struggles.
- The public sector surpasses the private sector in terms of accountants' years of professional experience.
- Both sectors are fully aware of the necessity to adapt to and effectively manage the SCF system.
- Private sector accountants demonstrate better control over SCF compared to those in the public sector, which may be primarily attributed to the effectiveness of training programs implemented in each sector.
- One of the main factors explaining the differences between the two sectors is the significant role played by Research & Development (R&D) departments, as they are directly linked to training programs. These departments appear to be more advanced and active in the public sector compared to the private sector.

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