UNIVERSITY OF CALGARY

**Look Who's Talking: A Postcolonial Critique of
the Discourse on International Accounting**

by

Armond Manassian

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The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies for acceptance, a thesis entitled "Look Who's Talking: A Postcolonial Critique of the Discourse on International Accounting" submitted by Armond Manassian in partial fulfillment of the requirements for the degree of Doctor of Philosophy.

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ABSTRACT

This study seeks to provide a step toward the examination of the belief that international accounting is inextricably linked to the globalization movement that is sweeping all economies. The purpose of this study is to analyze trends in international accounting research as exemplified in two accounting journals, *Advances in International Accounting* and *The International Journal of Accounting Education and Research*, from 1987 to 1996. A multidimensional approach is employed to examine the international breadth of the research, the extent of foreign authorship, and the amount of collaborative efforts. This study applies a critical perspective to the extant international accounting literature. A postcolonial lens is used to determine how the concept of “international accounting” is constructed and to identify the driving forces shaping this construction.

By bringing issues of interest and ideology to the forefront the results of the study serve to highlight broader issues of social conflict, which are often lacking in mainstream accounting research. This study investigates the manner in which “otherness” is constructed in the international accounting literature through a combination of ideological strategies. A critical hermeneutic methodology is utilized to uncover these hidden meanings and presuppositions. The results of this study highlight the interrelationship between the construction of a professional field and the support it draws and creates for itself through the field of textuality to enhance and perpetuate relationships of domination and control. The results of this study shed light on the driving forces behind the formation and structure of international accounting as an academic discipline and help

provide direction for further development in this field of inquiry.

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DEDICATION

I dedicate this thesis to my wife, Pamela, who faithfully stayed by my side through every step of the way. She labored in love to provide the physical and emotional support I needed while taking care of our two beautiful children, Kristelle and Dylan, who were born during my years of study in the PhD program.

TABLE OF CONTENTS

Approval Page	ii
Abstract	iii
Acknowledgements	iv
Dedication	v
Table of Contents	vi
List of Tables	ix
List of Figures	x
List of Terms and Abbreviations	xi
 CHAPTER ONE: INTRODUCTION	 1
Objective	3
Globalization Discourse	4
 CHAPTER TWO: LITERATURE REVIEW	 18
 CHAPTER THREE: THEORETICAL FRAMEWORK	 32
Critical Theory	33
Postcolonial Theory	36
 CHAPTER FOUR: METHODOLOGY	 47
Ideology and Discourse	47
Metaphors of Accounting Theory	53
Hermeneutics as a System of Interpretation	57
 CHAPTER FIVE: RESEARCH STRATEGIES	 67
Identification of Journals	67
Identification of Events	69
Phase I – Descriptive Background Information	72
Author	73
Phase II – Qualitative Analysis	76
Selection of Articles	77
Development of Qualitative Themes	80
 CHAPTER SIX: DESCRIPTIVE BACKGROUND INFORMATION	 88
Country Concentration	88
Institutional Affiliation Concentration	89
Authorship Concentration	91
Amount of Collaborative Efforts	92
 CHAPTER SEVEN: QUALITATIVE ANALYSIS (THEMES ONE AND TWO)	 95
Theme One: Problematic	95

What Is the Problem?	95
Why Is this a Problem?	96
Who Are the Problem Solvers?	101
Who Are the Problem Makers?	103
What Are the Obstacles?	105
Whose Interest Is Being Served?	119
What Ideological Strategy Is Used?	130
Summary	136
Theme Two: Unimportant	137
How Is Importance Assigned by Linking Accounting and Economic Development?	139
How Is Importance Assigned by Justifying a Country Study?	143
How Is Importance Assigned by Tallying Studies of a Country?	145
Who Set the Criteria of Importance?	147
Whose Interest Is Being Served?	151
What Ideological Strategy Is Used?	157
Summary	161
 CHAPTER EIGHT: QUALITATIVE ANALYSIS (THEMES THREE AND FOUR)	 166
Theme Three: Inadequate	166
What Is the Judgment of the Important Passed on the Unimportant?	167
Accounting Systems and Accounting Professions	167
Environmental Factors	173
What Criteria Are Used for Judgment?	175
Whose Interest Is Being Served?	180
What Ideological Strategy Is Used?	185
Summary	187
Theme Four: Irrational	188
What Characteristics Are Used to Construct Irrationality?	190
Personal	190
Unethical	191
Confused	195
Religious	197
Ideological	200
Emotional	203
Unreliable	206
Secretive	208
Delusional	210
Ancient	212
Unstable	213
Whose Interest Is Being Served?	214
What Ideological Strategy Is Used?	226

Summary	228
CHAPTER NINE: QUALITATIVE ANALYSIS (THEMES FIVE AND SIX)	230
Theme Five: Passive	230
How Does Imitation Constitute Passivity?	231
How Does Lack of Initiative Constitute Passivity?	233
How Does Dependence on West Constitute Passivity?	236
Whose Interest Is Being Served?	238
What Ideological Strategy Is Used?	252
Summary	254
Theme Six: Savable	255
How Does Adoption of Western Accounting Save the "Other?"	257
How Does Technical Assistance from the West Save the "Other?"	260
How Does Economic Co-operation with the West Save the "Other?"	263
Whose Interest Is Being Served?	266
What Ideological Strategy Is Used?	274
Summary	277
CHAPTER TEN: HISTORICAL CONTEXT	279
CHAPTER ELEVEN: CONCLUSION	296
Recommendations	303
Qualifications	314
Suggestions for Future Research	322
REFERENCES	325
APPENDIX A	342
APPENDIX B	343
APPENDIX C	345
APPENDIX D	348
APPENDIX E	350
APPENDIX F	351
APPENDIX G	387
APPENDIX H	398

LIST OF TABLES

TABLE #	TITLE	PAGE #
1	The Hierarchical System of Colonialist Binaries	342
2	International Journal of Accounting Education and Research - Country Concentration	343
3	Advances in International Accounting - Country Concentration	344
4	International Journal of Accounting Education and Research - Institutional Affiliation Concentration	345
5	Advances in International Accounting - Institutional Affiliation Concentration	347
6	International Journal of Accounting Education and Research - Authorship Concentration	348
7	Advances in International Accounting - Authorship Concentration	349
8	Advances in International Accounting - Collaborative Efforts	350
9	International Journal of Accounting Education and Research - Collaborative Efforts	350

LIST OF FIGURES

FIGURE #	TITLE	PAGE #
1	The Nature of Colonialism	41

LIST OF TERMS AND ABBREVIATIONS

ABBREVIATIONS

AACSB	American Assembly of Collegiate Schools of Business
AIA	Advances in International Accounting
EU	European Union
FASB	Financial Accounting Standards Board
GAAP	Generally Accepted Accounting Principles
IAS	International Accounting Standard
IASC	International Accounting Standards Committee
IJAER	International Journal of Accounting Education and Research
IOSCO	International Organization of Securities Commissions
MNC	Multinational Corporation

DEFINITIONS OF ABBREVIATIONS

AACSB	A influential private organization that provides accreditation to business schools around the world; also referred to as the AACSB – The International Association for Management Education
AIA	An academic international accounting journal examined in this study
EU	An economic trading bloc made up of most European countries; sometimes referred to as the EC (European Community or the EEC (European Economic Community)
FASB	A private organization in the U.S. which issues statements of financial accounting standards representing authoritative expressions of GAAP
GAAP	A set principles developed by accounting professions to guide accountants in measuring and reporting financial events
IAS	A standard issued by the IASC to be used a guideline for accountants in all countries of the world

IASC	A private organization with representatives from professional accounting bodies in various countries with the aim of harmonizing accounting standards all over the world
IOSCO	A private organization with representatives from various countries with the aim of harmonizing regulations of securities commissions all over the world
MNC	A corporation conducting operations in several countries

DEFINITIONS OF TERMS

Colonialism	The settlement of colonies by dominant countries resulting from imperialistic attitudes
Critical Theory	An investigative approach aimed at bringing about change through criticisms of social and cultural values that determine various relationships
Dehistoricizing	An ideological strategy resulting from universalizing and naturalizing initiatives in which a belief is made to seem like a natural phenomenon not affected in any way by social elements.
Developed Countries	A group of countries commonly considered to be economically advanced, notably the U.S., Canada, Australia, Japan, and western European countries
Developing Countries	All countries commonly considered to be less economically advanced than the developed countries, used synonymously with "less-developed," "underdeveloped countries" and "Third World"
Globalization	A conceptualization of the world that suggests that all business and economic activities are global in nature and local actions are subjected to processes occurring on a world-wide scale
Hermeneutics	An investigative approach characterized by an interpretive search for meaning by studying language as a medium of conveying cultural viewpoints

Imperialism	Attempts of dominant countries to control other peoples from a distance
International Accounting	Accounting issues pertaining to comparison of accounting systems across countries or relating to international business operations or harmonization of accounting systems internationally
Legitimation	An ideological strategy through which a dominant power seeks consent to its authority from its subjects
Naturalization	An ideological strategy in which the beliefs of a dominant groups are made to seem natural and beyond questioning
Orientalism	The discourse embodied in the systematic discipline employed by Western cultures to manage and produce the Orient politically, sociologically, militarily, ideologically, scientifically, and imaginatively
“Other”	An identity formed through dominant discursive strategies that is ontologically opposite to the West in all its ascribed characteristics
Postcolonialism	A theoretical framework aimed at analyzing discursive formations and uncovering ideological underpinnings that perpetuate unequal social relations causing to domination
Rationalization	An ideological strategy used to provide an explanation to an intended audience that is logically appealing and in accordance with prevailing beliefs and attitudes
Third World	All countries commonly considered to be less economically advanced than the developed countries, used synonymously with “developing countries,” “less-developed countries” and “underdeveloped countries”
Universalization	An ideological strategy in which values and beliefs that are specific to a certain group and place and time are portrayed to be those of all peoples in all places at all times.
West	A group of countries commonly considered as economically advanced countries, used synonymously with “developed countries”, although when used in discussing dominant ideological influences on the production of academic knowledge Japan’s role is downplayed

CHAPTER ONE: INTRODUCTION

“We enter the closing decade of the twentieth century with the acute awareness that national destinies are being shaped by the forces of global competition. In such a world, operating, financing, and investing decisions are colored by their international implications. As many of these decisions are premised on accounting data, a knowledge of international accounting issues is crucial for achieving proper interpretation and understanding in international business communications...International accounting as a specialist field of inquiry was at an early stage of maturation. It should now be apparent that it is no longer a maturing specialty, but rather an integral feature of the global business and financial scene (Choi & Mueller, 1992, p. xiii).

The above excerpt is illustrative of two beliefs: 1) the study of international accounting is increasing in importance because of its ramifications upon business practices world-wide, and 2) international accounting is inextricably linked to the globalization movement that is sweeping all economies. Indeed, the availability of accounting information constitutes an integral and indispensable input to the existence and acceleration of this movement. The current study seeks to provide an initial step toward the examination of such beliefs and their impact on international accounting through the investigation of the academic literature in this field. The purpose of this study is to conduct a qualitative analysis of trends in international accounting research appearing in academic accounting journals from 1987 to 1996 and to offer suggestions for future research directions. The study employs several classification schemes to identify and assess trends in international accounting research. In introducing the journals a multidimensional approach is employed to provide the reader with a general descriptive background, pertinent characteristics such as the international breadth of the research, the authorship concentration, the institutional affiliation concentration, and the extent of foreign authorship. The strength of this study lies in the fact that it applies a

critical perspective to the extant international accounting literature using a postcolonial lens to determine how the concept of "international accounting" is constructed and what are the driving forces shaping this construction. This is accomplished by answering the following questions: Who is doing international accounting? Whose interest is being served by the particular way in which "international accounting" is constructed? Who is absent from this conversation? What is the role of international accounting literature in mediating unequal social relations and constructing the "other"?

Conducting such an analysis is of vital importance in enhancing the self-reflexivity essential for the advancement of international accounting as an academic field of inquiry. This means adopting a view of international accounting as a willed human work. This study keeps in sight the alliance or relationship between academic cultural work, political tendencies and the realities of domination. The purpose of this study is not to establish a concrete link between knowledge and politics, but to investigate the nature of such a relationship within international accounting and the historical circumstances surrounding the production of literature in this academic field. This involves an analysis of material interests of the participants in the international accounting discourse. The analysis proceeds against a background of the historical and political developments taking place in the world during the time period examined. Feasibility concerns dictate narrowing down the number of journals under consideration to two, published either in the U.S. or the U.K. since these are generally considered to be centers of accounting research. Thus, it is recognized that selection of journals published in other countries may potentially lead to results that differ substantially from those uncovered in this research program.

Objectives

This study conducts a critical analysis of the academic literature on international accounting appearing during the time period 1987-1996. More specifically this program of research aims to:

- 1) Provide an introductory background to the journals through an analytic classification of published international accounting literature along the following dimensions:
 - a) Extent of foreign authorship (number of authors from countries other than the one in which the journal is published),
 - b) Degree of authorship concentration (number of articles written by any one author)
 - c) Degree of institutional affiliation concentration (number of articles pertaining to authors from any one educational institution),
 - d) Extent of collaborative efforts (number of articles authored by more than one individual)
- 2) Identify who is absent from such conversation and the construction of the "other" in providing structure to the field.
- 3) Identify the partisan nature of international accounting literature in mediating unequal social relations. Whose interest is being served?
- 4) Examine how academic literature on international accounting might be influenced by historical developments.

Many of these issues have been addressed by the critical accounting literature on a broad basis as indicated by the studies cited in developing the theoretical background to this research program. It is believed that the benefits derived from this effort will prove to be invaluable in unmasking the distortions present in the international accounting literature and provide crucial insights regarding possible future directions for research in this field of study?

The study draws upon postcolonial theory in providing a conceptual framework to investigate the questions stated above and to develop possible answers. This study attempts to point to the importance of understanding practically and normatively how

access to, and participation in, discourses, both theoretical and practical, is systematically structured.

This research program is composed of two parts: a preliminary descriptive component, and an analytical qualitative component. The data gathered and presented in the quantitative component provides the means of meeting the first objective, which is introducing the reader to the journals. The analytical contribution of the research, which is qualitative in nature, provides the means of meeting the remaining objectives. These two components are described in greater detail in the section **Research Strategies** (page 67).

In analyzing the discourse on international accounting as represented by the academic literature one must take note of the wider discourse within which it is situated - the globalization discourse. The opening paragraph in the introduction illustrates the perception that international accounting receives its importance from its indispensable function in facilitating the globalization movement. The following section builds the theoretical foundation for treating the international accounting discourse as being situated within the globalization discourse.

Globalization Discourse

The term “globalization” seems to have acquired increased usage in the vocabularies of a great variety of individuals representing the media, academia, and the business world. According to Spich (1995, p. 7),

Globalization is a conceptualization of the international political economy, which suggests and believes essentially that all economic activity, whether local, regional or national, must be conducted within a perspective and attitude that constantly is global and world-wide in its scope.... Preparing for the global world is the constant message suggesting that local and immediate actions are subject to and secondary to higher and grander economic processes which occur on a global scale (Spich, 1995, p. 7).

A cursory examination of this definition may not indicate anything that is strikingly new or recent. For many years debates have raged between those who believe that products and services should be standardized for all inhabitants of this planet and those who believe business should always adopt a local perspective in meetings needs. However, the prevalence of the globalization message and the frequency with which it is voiced in various institutional settings seems to have increased in recent times. In the 1990s we have experienced a predominance of the standardized global model (Walle, 1992, p. 35). Most globalization discourses attempt to provide some explanation of the transformations sweeping our present age; however, some venture beyond description and depict these changes as necessary and ideal (Paolini in Darby, 1997, p. 35). The popular message is that this is the direction in which every country and society should be heading.

How has the discourse of globalization attained such widespread proliferation? Steingard and Fitzgibbons (1996, p. 30) identify the industrialized Western countries such as Germany, the United Kingdom, France, the United States, and Japan as the powerful proponents behind the global movement. The United States is considered to be the most visible and powerful member of this group. The impetus for this movement stems from the fact that these countries have faced the limits of economic growth within

their local boundaries. The saturation of local markets has necessitated a continual search for new customers who can be exploited in an attempt to preserve and maintain economic growth in industrialized countries. Within this atmosphere the globalization discourse has been favorably received due to the following two factors: 1) expansion of free markets, and 2) allegiance of academic and business communities (Steingard & Fitzgibbons, 1996, p. 31).

The first one is the continuous expansion of the free market system, which has historical roots. The industrialized countries have encountered conditions back home, which have led Western firms to look elsewhere for new sources of labor and new markets for their products and services. This search has become increasingly vital for their survival due to declining population growths in home economies and high degrees of market saturation in various industries. The free flow of capital across national boundaries has allowed a continuous fuelling of this engine of search.

The second factor instrumental in the popularization of the globalization message is the willingness exhibited by the academic and business communities to jump on the bandwagon. Management of the global-capitalistic system occupies center stage in the development of curricula in American/Western management schools. The business community has played a rather significant role in reinforcing this development. This influence is felt through the substantial funds contributed toward research grants and consulting opportunities within various universities. Unfortunately, this apparently wholehearted assimilation of the globalization paradigm has not been met with a corresponding level of critical evaluation that is expected of institutions of higher

learning. Steingard and Fitzgibbons (1995, p. 43) emphasize the importance of this lack of reflexivity about globalization in contemporary teaching materials.

In tracing the roots of globalization theory one can realize a strong adherence to a theory of unilateral cultural evolution (Walle, 1992, p. 37). This theory as embraced in the late nineteenth century asserts that all societies develop through distinctive stages that are common and inevitable in achieving “progress”. Technology not only provides the driving force for this evolution but also acts as a measure of success. Such a conceptualization of the world and the historical development of societies would place the Western cultures at the pinnacle of the hierarchy with the natural purpose or right to remake the rest of the world in their image. This form of “Social Darwinism” is predicated upon a fundamental set of ideas combining notions of progress, competition, and selection and survival (Spich, 1995, p. 15). The globalization discourse has not attempted to make these value systems transparent and open to scrutiny. The assumptions underlying these processes are left unchallenged.

By assuming that world wide cultural homogeneity will occur and is ultimately inevitable, unilateral cultural evolution theories provided fertile grounds for colonization to be regarded as a humanitarian act aimed at underdeveloped regions in that it would accelerate their progress. Although this type of Social Darwinism and its legitimization of colonialism had been abandoned as a mistake, in the last few decades, anthropologists have again argued that technological progress is the main force that drives social change on a universal basis. The global orientation of international business today is a reflection of this resurgence (Walle, 1992, p. 38), and serves to legitimate a new form of colonialism - corporate colonialism (Appadurai, 1997, p. 31).

The central role that technology occupies is in the globalization discourse is highlighted in the following quotation:

In The Medium is the Message, McLuhan and Fiore (1967) posited the emergence of a global village as a result of the development and integration of electronic technologies. Others, both within and outside the information technology community, have taken up this theme repeatedly over the past few decades as information and communication technologies have become increasingly sophisticated and increasingly available. The theme has become quite attractive to the business community. These technologies, the argument goes, will help us overcome the information "towers of Babel" which have sprung up in the business sector. More importantly, they will enable us to usher in the "age of people power" and the "age of spreading knowledge" to arrive at a "borderless world" of "global citizenship" (Green & Ruhleder, 1995, p. 55).

Numerous other authors emphasize the importance of technology as the driving force behind globalization or as an equal force working hand in hand with globalization. In *Globalization, Technology, and Competition* (Bradley et al., 1993, p. 3) the authors declare that these two forces are the most significant drivers of strategic change in the corporate world today with ever increasing implications for the future of organizations. Information technology and communication systems are of particular importance in bringing about this united world that is envisioned for the future. The common information space that will be brought about will allow us to think of the world as one allowing for a greater number of individuals to be involved in decision-making policy regarding the affairs of this one world (Cleveland, 1985, p. 18). Peter Senge (1990, p. 69) envisions a world of greater interdependence and accelerated change resulting from the overwhelming amount of information that will be available to a greater number of individuals. The need to think of the whole world as one unit is brought about through practice of systems thinking or what the author refers to as the "fifth discipline". Thus we are finding ourselves in a situation of transition from an "Industrial Economy" to an

“Information Economy” in which technology (particularly information technology) and globalization seem to be in a mutually reinforcing cause-and-effect circle (Bradley et al., 1992, p. 4). Advances in information technology enable attempts to globalize. Research in information technology in turn is driven by the felt need to globalize.

It is in this process of tying together successful globalization efforts and use of advances in information technology that accounting enters the picture. Indeed, a great portion of the information that businesses need to think and operate globally is of an accounting nature. The integration of financial markets on a world-wide basis is a driving force that pulls accounting into the globalization discourse. The question often asked is, “Can accounting remain a local practice despite the globalization of markets?” Ohmae (1990, p. 215), for example, envisions the prosperity that is to be achieved in the future stemming from technological breakthroughs in the communication industry and financial deregulation of industrial economies. This development in turn raises the need for comparable measurements of financial statements (Gottlieb, 1996, p. 36). The following quotation provides a clear description of how the concepts of globalization, information technology, and financial deregulation are believed to be inter-linked.

The integration of world capital markets (service institutions) through electronic communications (service technologies) has forced almost all manufacturers into some form of globalization, much greater disaggregation, and major shift in sourcing strategies (Quinn, 1992, p. 228).

The concept of “international accounting” comes into existence as a result of this connection of accounting to the information technology that is driving and being driven by the globalization discourse. Choi and Mueller (1992, p. 1) state that accounting is a practice that is not inherently international but is beginning to build international

dimensions. Among the many environmental factors which are considered instrumental in leading to the internationalization of the field, they list global thinking, economic vulnerability of the US, and global capital markets, multinational corporations (MNCs), non-comparable earnings and ratios, and the need for international standards. It is easy to recognize many of these factors as similar in nature to the ones incorporated in this thesis in developing the following argument: advances in information technology have fostered the globalization of business and the internationalization of accounting.

The saturation of local markets within the economies of the industrialized countries and particularly that of the U.S. provided impetus for global thinking. This “global” conceptualization of managerial decision-making was and continues to be facilitated to a great extent by advances in information technology. Accounting data comprise a substantial and integral part of the total package that provides structure to information technology networks used by multinational corporations. Many articles in practitioner journals of accounting illustrate this tight relationship between the internationalization of accounting and the globalization of business. Hatherly (1997, p. 66) identifies two styles of managerial control in attempting to shed light on the debate of whether accounting is global or local. The first style of control, which, the author calls mechanistic accountability, treats accounts as an input to a global database of performance information.

Accounting standards provide the technically specified interface through which the company ‘plugs into’ this database and downloads information in universally readable form (Hatherly, 1997, p. 66).

In line with this form of control, Gottlieb (1996, p. 38) outlines the costs of international disharmony in accounting standards by point out that decision-making in an

increasingly global business environment is not facilitated. Through such reasoning the international accounting discourse becomes tightly situated within the globalization discourse. In contrast, the second style of control, which may be called organic, embodies a more conceptualized view of accounting. It treats accounting as an identity development process for the company in relation to its internal and external environments.

One must take into consideration the fact that the globalization discourse has not progressed without a fair amount of criticism. Walle (1992, p. 37) presents evidence of the persistence of cultural and regional diversity even within societies that are considered to be melting pots. He further criticizes the globalization paradigm for not being able to deal with ideology and social structure (p. 38). Steingard and Fitzgibbons (1997, pp. 32-45) identify four myths of globalization through a process of deconstruction. These are the following:

- 1) Globalization leads to one healthy world culture;
- 2) Globalization brings prosperity to person and planet;
- 3) The global market spreads naturally;
- 4) Globalization is value-free.

It is interesting to note the emphasis that these studies (Walle, 1992; Steingard & Fitzgibbons, 1997) place on language in the construction of such myths. The examination highlights how the globalization discourse tends to privilege some interests at the expense of others through the dichotomizing tendency of language. This usually works to silence some voices. This type of analysis is very much in line with the type of analysis proposed for this study as reflected in that critical theory and postcolonial theory are to guide the selection of questions to be investigated. Spich (1995, p. 7) emphasizes

the reductionist tendencies of the globalization discourse in taking complex issues and transforming them into single base cases of the global phenomenon. Spich (1995) goes on to provide guidelines for minimizing the problems created by myth and ideology in the globalization discourse, which Spich (1995, p. 25) appropriately refers to as folklore. In this process Spich (1995) recommends that any advanced discourse can progress in an ideal fashion only if it nurtures a critical intellectual tradition within it to question the developments of concepts and theory.

It is with this recommendation in mind that the current study proposes to constitute part of the critical intellectual tradition for international accounting as an advanced discourse. Although criticisms on a general level of the globalization discourse and the accounting discourse have been the subject of many studies (see articles cited in previous paragraphs), such treatments have not been extended to international accounting as a unique discourse. In treating the academic literature on international accounting as a discourse the current study will build on these prior research endeavors.

The era of Western colonialism has been superseded by a new era of expansionism. Physical forms of domination that affected over two-thirds of the world peoples have given way to more subtle forms of domination and subjugation under the catch-cry of a New World order, one that results from globalization. The tie that binds is economic in nature since it is the globalization of modernity that reaches beyond its Western borders to encompass the rest of the world. What position does the Third World assume in the globalization discourse? It tends to disappear at the edges. Thus, out of necessity the researcher must position himself/herself at the edge in order to capture alternate conceptualizations of the world and rethink the boundaries of globalization and

international accounting, which encompass a global perspective. The limits and weaknesses of the globalization discourse, which is primarily directed at understanding the First World, are all the more evident at the margins.

The objective of this study is to relate the “international” in international accounting to modes of thought and contexts that may seem far removed from global politics. It is believed that this endeavor will reveal the selectivity with which the “international” is constructed within this discipline. There is an apparent established commitment to the global within the international accounting discourse, which avoids the complications of other levels of enquiry. In other words, there seems to be a greater interest in issues that are claimed to blanket the entire globe rather than examination of how peoples’ lives are affected locally with changes affecting economic, legal, and social institutions. Thus, the international accounting literature joins hands with other globe-oriented ideologies in attempts to pattern the entire world. A view from above (accounting systems in service of global financial markets) provides guidance in structuring this discipline neglecting views from below (accounting systems in service of local business transactions). It is hoped that this study will lead to alternative modes of investigation that will allow a look from the inside (how a developing society perceives its accounting needs) rather than the current one from the outside (how the international community perceives the accounting needs of a developing society).

The goals of this study extend beyond the immediate impact on the development of international accounting as a field of study to encompass a greater social cause. When discourse is blocked, the very intersubjectivity and sociality of human beings is threatened: co-operation is endangered, belief can no longer be grounded, consent cannot

be justified, and attention is distracted. As discourse is denied to participants, they are likely to be rendered dependent, powerless, ignorant, and mystified. It is hoped that the results of this study will provide an understanding of such trends with the possibility of counteracting the trends.

The proposed study is very ambitious in the goals it seeks to accomplish. The immediate focus is to highlight challenges facing the continued development of international accounting as a field of study. It is hoped that by unmasking myths in the creation of a reality and revealing the partisan role of international accounting in mediating unequal social relations, the quality of research in the field can be improved. Based on the results of the analysis, specific recommendations will be made regarding possible directions for future research in overcoming the deficiencies identified. By drawing attention to the construction of the “other” in international accounting and identifying who is absent from the discourse, steps may be taken to increase the extent of international coverage by providing adequate access to those that are not privileged with the necessary resources.

The research has practical implications as well. Companies operating in the present business environment are faced with rapid technological changes and increasing pressure to globalize in an attempt to stay competitive. Often these initiatives are undertaken with a very narrow perspective, which has profit as the underlying driving force. The social implications of such decisions receive relatively little attention or do not come into the picture at all. It is hoped that the results of the current research will allow international accounting scholars to reflect on the instrumentality of this body of literature in furthering such myopic views of the world. By drawing attention to non-

profit ramifications of the globalization paradigm the international accounting literature may help managers of companies to think more critically of their decisions to enter new territories. Managers will be led to question what globalization means in different contexts and examine how their global initiatives affect people's lives in various parts of the world.

Managers' perceptions of the adequacy and quality of accounting systems as well as the compatibility of cultures encountered abroad may be influenced to a great extent by portrayals in academic literature. This is especially relevant in the context of multinational corporations. The tendency is to assume that local accounting systems are inadequate and the corporation must insist that the accounting employed in any international subsidiary conform to the standards and procedures practiced at corporate headquarters in an economically advanced country. Relatively little thought is directed at finding innovative solutions that allow the subsidiary to incorporate local accounting standards. This tendency is often strengthened by stereotypical descriptions of cultures of other peoples that are often negative and highlight differences and incompatibilities with the home base culture. The results of the current study may prove fruitful in providing means to counter these developments in the international accounting literature, which in turn may encourage managers to espouse a higher degree of multiplicity in evaluating alternatives.

The results of the analysis conducted in this research program may provide guidance to organizations such as the International Accounting Standards Committee (IASC) to broaden its perspective and allow more democratic participation in its attempts to harmonize accounting standards globally. The current standards promulgated by the

IASC show a high degree of correlation with accounting standards of economically advanced countries. There is a tendency in the international accounting literature to operationalize harmonization as conformity to IASC standards. It is hoped that by highlighting the issues of interest underlying these initiatives the current study will encourage international accounting scholars to develop more critical approaches toward the feasibility and desirability of accounting standard harmonization and consider alternative measures of operationalization. Furthermore, it is believed that the results of this research endeavor may encourage the IASC to adopt a more democratic stance that will consider multiple accounting sources (particularly those of developing countries) in devising international standards.

The remainder of the thesis is organized as follows:

Chapter two (page 18) provides a review of the literature considered relevant to this study. Chapter three (page 32) provides a description of the theoretical framework employed with a general explanation of critical theory followed by a more detailed explanation of postcolonial theory. Chapter four (page 47) highlights the methodological stance utilized in this thesis. This section emphasizes the role of ideology in framing discourses. The choice of hermeneutics as an appropriate methodology is justified under the premise that an interpretive and critical analysis of the international accounting literature is necessary. Chapter five (page 67) provides detail regarding the research strategies employed. This section explains the procedures employed to identify the pertinent journals and events (time span) to be studied. Furthermore, Phase I (page 72) of this section provides an explanation of the manner in which the articles are analyzed based on authorship characteristics to provide a descriptive background for the study. In

addition, Phase II (page 76) explains the procedures used to conduct the qualitative analysis of this research including the selection of the pertinent articles constituting the data set and the development of the qualitative themes.

Chapter six (page 88) provides descriptive background information on the journals involved. This goal is achieved by presenting a quantitative picture of the articles covered along the following dimensions: country concentration, institutional affiliation concentration, authorships concentration, and degree of collaborative effort. Chapter seven (page 95) highlights the manner in which the first two qualitative themes unfold throughout the literature. The analysis investigates the portrayal of the “other” as problematic and unimportant. Chapter eight (page 166) investigates the development of the next two qualitative themes: the “other” as inadequate and irrational. Chapter nine (page 230) analyzes the construction of the “other” as passive and savable as the final qualitative themes emerging from the literature. Chapter ten (page 279) provides a brief historical context for the qualitative analysis conducted in chapters seven through nine. Chapter eleven (page 296), which constitutes the conclusion of this thesis, includes the relevant qualifications of the analysis, the author’s recommendations and suggestions for future research.

CHAPTER TWO: LITERATURE REVIEW

Most of the extant accounting literature on the quality and amount of international accounting research deals primarily with the quality of international accounting research, although some literature addresses the amount in specific areas of study (Wallace & Gernon, 1991; Gray, 1988). These surveys of international accounting research generally analyze research methodologies and question research quality since descriptive methodologies have traditionally dominated this field (AAA, 1993; Gernon & Wallace, 1995). Studies that are primarily descriptive lack the richness of those that employ various theoretical lenses in examining the phenomena. These research endeavors do not make significant contributions toward the development and advancement of a conceptual framework for conducting international accounting research. Mueller (1979) provides an example of the critical stance taken regarding the quality of international accounting research. In assessing the emerging trends in this field, the study concluded that academic research in international accounting in the 1960s and 1970s was basically descriptive and comparative (Mueller, 1979).

A review of research on disclosures of revenue and assets by geographic area, also conducted in this period, concluded that most studies were descriptive in nature (Mohr, 1983). Bindon and Gernon (1987) conducted a study on the developmental stages of research in certain international, financial and management accounting issues (translation, inflation, consolidation, transfer pricing, performance evaluation and control, and investing and financing decisions) during the 1960s and 1970s. The results indicated limited progress in the development of theory for these specific international accounting topics. A later review of the literature on transnational financial reporting concluded that

descriptive studies dominated the literature (Meek & Saudagaran, 1990). Finally, a study of international comparative financial reporting articles from 1973 to 1990 concluded the majority was descriptive (Wallace & Gernon, 1991). Thus, researchers typically question the perception of quality in international accounting research because of its descriptive nature (AAA, 1993).

In cases where the literature has ventured beyond description, generally it has failed to develop a coherent explanation of how and why accounting systems differ from country to country (Wallace & Gernon, 1991). Thus, there is a need for a more rigorous and theoretical evaluation of the different types of accounting around the globe. Bindon and Gernon (1987) concluded that a few of the reported efforts have developed beyond the comparison and analyses of observed phenomena. Scholars should be encouraged to direct their intellectual efforts at investigating the historical development of accounting principles by examining why practices and standards take on particular forms in particular settings rather than just providing descriptions of these forms. They must be willing to dig beneath the surface to examine how accounting systems affect other aspects of social life. Wallace and Gernon (1991) contend that it is the absence of a critical review of the different types of methodologies used in international accounting that has probably prevented the research from paralleling the growth of empirical research in other areas of accounting.

Several researchers reviewed quantitative and other analytical dimensions of academic accounting research, but their studies were limited in scope in terms of the number of journals and the research dimensions. Leung (1988), for example, used only one analytical dimension, geography, when analyzing the authorship of articles in one

journal, *The International Journal of Accounting Education and Research*, from 1975 to 1984 to provide evidence on the diversity of geographic location of authors. Leung (1988) concludes that no single group of individuals dominated authorship in this journal. Furthermore, the journal was accessible to a wide range of audiences and received contributions from a vast array of scholars around the world. There was no indication of institutional influence in this journal since it had the lowest level of school concentration compared to other leading accounting journals. In a similar vein, the current study provides descriptive background data on two journals during the time period (1987-1996), but does not support similar results. One journal is the same one examined by Leung (1988), the *International Journal of Accounting Education and Research* (later renamed the *International Journal of Accounting*). The other journal is *Advances in International Accounting*. The reasons for selecting these two particular journals are outlined in the **Research Strategies** section (page 67).

Recent studies conducted on non-international academic accounting journals, such as *Auditing: A Journal of Practice & Theory*, have categorized published manuscripts attempting to determine trends (Smith & Krogstad 1988, 1991). Only two research dimensions were utilized in these studies - topic and research method. A study of accounting education issues also addressed only topic and research method (Lehman & Street, 1990). Another study covered the same two dimensions in *The Accounting Review* for a four-year period from June 1982 through May 1986 (Sundem, 1987). Further, Dyckman and Zeff (1984) classified articles based on research methods in articles published in the *Journal of Accounting Review* from 1963 through 1982. The study classified articles based on research methods only.

Each of these related studies limited its survey primarily to one journal and classified the research results along one or two analytical dimensions. These studies highlight the importance of self-reflectivity in any academic discipline. It is important to examine the trends that are developing over time in a given field of inquiry and analyze the forces giving shape and providing direction to the discipline. It is only through such reviews that recommendations can be made to alter the future direction of research activity. As such, these research endeavors share a common objective with the current research program. The aim of this study is to build upon and complement the results of these previous studies.

This study extends previous analyses of international accounting research. It extends not only the time period covered but also the number of journals surveyed and the dimensions studied. However, the greatest contribution of this study lies in the fact that it brings a critical perspective to the analysis. To the researcher's knowledge the level of critical analysis proposed for this study has never been utilized in a survey of international accounting literature before. The nature of the field lends itself to theorizing about comparability of accounting systems and descriptions of accounting practice in various national settings. The lack of a critical evaluation of such literature indicates a lack of concern with the validity (value-laden nature) of the statements being made.

Adler (1984) provides a review of the history and directions of international, comparative, and cross-cultural management research from a methodological perspective in an attempt to answer the following questions.

- 1) Does the literature address pertinent issues?
- 2) Does the literature employ appropriate perspectives in addressing these issues?

3) Is confidence in the research results of the literature justified?

An examination of Adler's (1984) classificatory approach and its relevance to the international accounting literature can provide a preliminary basis for a more detailed critical analysis (Gernon and Wallace, 1995). It is argued that the failure to recognize unequal social relations present in the literature hinders the development of theoretical wealth in the field. Adler (1984) expresses the need for researchers to highlight the power issues involved in organizational systems. Accounting systems like organizational systems are cultural driven. They arise as a result of human initiatives directed at finding possible solutions to mutually encountered problems. The structures of these systems including that of "international accounting" can be viewed as mechanisms to handle these power relationships. However, these structures also constitute rules of the games members have to play. The players may feel naturally constrained to follow rational strategies within the limits of the game; however, they must not lose sight of the fact that the game itself is a man-made construct. Thus, it is greatly influenced by the attitudes and cultural values of those involved.

The purpose of the proposed study is to overcome this deficiency in the literature by analyzing how the discourse of international accounting literature is not only premised on unequal social relations but that it also perpetuates these relations. The studies that follow suggest that accounting has functioned as a tool providing legitimacy to inherently unequal social relations. The work of Cooper and Sherer (1984) shows that labor is accorded a less privileged position in comparison to capital in that it is treated as cost. In macro level calculations of GNP paid labor is differentiated from unpaid labor, in effect reinforcing gender inequalities (Waring, 1988, 1999). The results of a study undertaken

by Tinker (1980) are of particular interest to the proposed program of research. The author concluded that the implications of accounting reports extend well beyond national boundaries in that the superiority of core countries is furthered at the expense of peripheral countries and their inhabitants. The common element tying these studies to the one proposed is a recognition that discourses including those pertaining to accounting are extremely powerful in constructing and maintaining the hegemonic status of superior classes and countries (Cooper, 1980).

The reviews of international accounting and international management literature that have been summarized above do not incorporate a postcolonial perspective. However, theorizations of colonialism and imperialism are evident in many accounting studies. In these instances the purpose ultimately is to uncover the manner in which accounting is implicated in facilitating the colonialist agenda. Johnson and Caygill (1971) and Johnson (1973, 1982) highlight the historical processes that allowed the development of the accounting profession in Britain to serve as an effective tool in empire building activities. Johnson (1982) asserts that the British accounting profession acted as an imperial body serving imperial interests. Davie (2000) builds upon these studies by examining the manner in which accounting practice provided the calculative means of generating information necessary to further imperialist activities. The investigation unfolds within the context of a specific British colony – Fiji. The complicity of accounting practices in imperialist agendas is uncovered in pre-annexation and post-annexation activities and programs of the British government in Fiji. Davie (2000) indicates that any difficulty encountered by the British in governing the Fijians was ultimately blamed on the Fijians. The documents analyzed in Davie (2000) illustrate

how accounting information was used to construct an image of the colonized as unable to comprehend accounting information, unable to resist bribes, and espousing social values deemed conflictual with accounting philosophies. It is interesting to note that the analysis of international accounting literature conducted in the current research program uncovers similar constructions of the “other” as culturally problematic, inadequate, and unethical.

Annisette (2000a) investigates the professionalization of accounting bodies within a wider context of imperialism. The author highlights the manner in which the education and certification of professional accountants in Trinidad and Tobago, a British colony, was dominated by the British Association of Chartered Certified Accountants. The professionalization of accounting in Trinidad and Tobago is analyzed in light of similar pressures in other British colonies. While in Australia the British based Society of Accountants and Auditors was able to set up local branches and substantially influence the development of local accounting policy (Chua & Poullaos, 1993), British associations encountered significant resistance to similar initiatives in Canada stemming from local professionalization attempts (Richardson, 1987). In this context, attention is drawn to the role played by self-selected elites in the professionalization of accounting bodies in settler colonies as serving to close-off market opportunities for non-elite practitioners (Chua & Poullaos, 1998).

Annisette (2000a) builds on these studies by emphasizing the complex interplay of external and local interests on the professionalization of accountancy in Trinidad and Tobago. The author investigates the manner in which elite segments of the local accounting profession succeeded in establishing a relative degree of autonomy from the

state and subverted its efforts to indigenize the education and certification of accountants in favor of domination by British accounting institutions. These efforts were successful due to their compatibility with broader aims of international capitalism. The author concludes that such power-knowledge transfers by local actors facilitate the understanding of contemporary imperialism.

Annisette (2000b) draws attention to the absence of studies utilizing race as an analytical measure in investigating exclusionary practices involved in the historical professionalization of accounting bodies. The premise of this study stems from literature emphasizing the importance of race in constructing social relations at all levels: political, economic, and ideological (Rex, 1986). The deterministic nature of these social relations often results in conflict, discrimination and oppression. Rex (1986) identifies a colonial society as a classic example of race related interactions. Annisette (2000b) investigates the development of the accounting profession in Trinidad and Tobago, a British colony. From the earliest importation of accounting into the colony the profession assumed a white and particularly British image. The documents analyzed in this study highlight the discursive practices employed to link social categories with particular kinds of labor in effectuating occupational closure of the accounting profession. These activities serve to advance the interests of British imperialism. The study traces the complicity of accounting elites in thwarting the success of local initiatives within the profession. It is interesting to note that M.Sc. Accounting degree, designed by locals to train professional accountants was criticized by British professionals as having no consideration of IASC standards and ridiculed for covering Soviet accounting. The analysis conducted in the current research program uncovers a similar treatment within the international accounting

literature, which accords the IASC a venerated position and highlights the failure of socialist accounting.

Neu (1999) investigates the plight of indigenous peoples in Canada by tracing the developments leading to their identification as a governable population. Particular emphasis is given to accounting as a technology of government. Cost-cutting tendencies prevalent in early nineteenth century Britain contributed to the reconsideration of the military machinery required in maintaining empire building initiatives. Accounting techniques were instrumental in the identification and examination of indigenous peoples of Canada as a potential site of reducing military expenditures. Accounting allowed government from a distance by making visible the military configurations of distant locations. Military personnel interrogated the “truth” of accounting numbers brought to light by maps of military operations.

As Canada’s population and economic activity continued to increase British official became increasingly wary of the related costs. Colonialists were faced with the daunting task of coordinating three related objectives. The first was the need for fiscal responsibility. The second was the felt need to control indigenous peoples and minimize their interference with settlement activities. The third objective stemmed from the prevalent notion that indigenous peoples needed to be protected and civilized. The dilemma was resolved by finding ways to manipulate the type of annual “presents” given to the Indians. Neu (1999) concludes the accounting techniques and procedures were fundamental in providing the calculations necessary in framing the problem and providing a solution consistent with such a framing.

Neu (2000a) extends this type of analysis in contextualizing the increasing number of confrontations between Canadian army/police and first nations people over land claims. In every instance the Indians claim that the land is rightfully theirs while the Canadian government claims that it has been appropriately paid for. Once again the author utilizes a governmentality perspective to determine what constitutes a purchase, and what exchanges were completed. Furthermore, Neu (2000a) highlights the role accounting numbers played in these particular exchanges and in the colonization process itself.

The conclusion is that during the 1830-1860 time period government strategies towards indigenous people changed in an attempt to affect their habits, customs and behavior. This interference was achieved by manipulating accounting numbers in the emergence of relations of funding. The documents analyzed indicate that a unilateral change in the form of payment of yearly annuities brought into existence interventions that continue to the present day. The author concludes that the present inability of indigenous peoples to sustain themselves is in part a result of the government's appropriation of the most useful territories for the use of white settlers. These actions are part of a larger scheme by the Canadian government to control action with as little expenditure as possible. Accounting numbers provide a discursive field for rationalizing this culture of colonialism.

In a similar study of Canada's First Nations, Neu (2000b) investigated accounting's complicity in the implementation of colonialist agendas. This research endeavor adopts a postcolonial perspective (Headrick 1981, 1988; Said 1979) to trace the manner in which accountability relations allowed colonialist objectives to find their way

into practice. It is shown that the dire consequences of these practices often culminated in the genocide of indigenous peoples. The study highlights the manner in which the governmentality of Canada's First Nations was and continues to be achieved through diverse forces that resort to accounting calculations. These calculations aim at constructing a portrait of people in other places that accords the colonialist a privileged position in identifying problematic issues and devising modes of intervention. A host of examples are employed to illustrate the multifaceted approach used by the Canadian government to bring about containment and domination of Canada's First Nations with genocidal outcomes. The common element in these examples is a reliance on accounting techniques and accountability relationships by the government to effectuate control from afar. In a similar vein, the current research program investigates the manner in which the international accounting literature problematizes selective issues and paves the way for control and intervention in "other" accounting systems.

The purpose of the literature review conducted above is to highlight the contributions of two streams of literature. The first stream constitutes those studies that have undertaken reviews of international accounting literature. The second stream constitutes those studies that have aimed to uncover the manner in which accounting is implicated in the perpetuation of relationships of force and domination. The current research program draws together both streams of literature in that it aims to conduct an interpretive and critical review of the international accounting literature with the purpose of uncovering discursive strategies that advance the interests of a particular group over the interests of others. It is believed that the results of this study will constitute a

significant and indispensable step forward in answering the questions posed by Adler (1984) as pertaining to international accounting.

The objectives of this research endeavor are in line with other studies that have attempted to provide a critical examination of developments in the international accounting literature. Roberts (1995) and Boczeko (2000) represent significant efforts to enhance the self-reflectivity of international accounting as a discipline. These papers focus their criticism on an important spectrum of international accounting literature, a group of articles that attempts to provide an international classification of accounting systems. Roberts (1995) begins by dividing these studies into three main groups based on methodological approaches utilized. The first group is comprised of those studies that classify accounting systems according to extrinsic influences. Accounting systems in different countries are classified in terms of factors that in some manner bear upon the nature and practice of accounting in those countries. The second group of studies uses intrinsic factors to construct an international classification of accounting systems. The divergence or resemblance of accounting systems in different countries is analyzed in terms of the nature of practices in the countries under consideration. A third group of studies emphasizes measurement practices used in public companies in developed countries.

Roberts (1995) argues that the very idea of classification entails a way of viewing the world, thus relativizing the “truth” of the classification. These classification schemes which have as their purpose the description or comparison of accounting systems fail to recognize that such descriptions or comparisons are presupposed or part of the taxonomic process. The author suggests that purpose of such studies should be to aid policymakers

in developmental processes. The author encourages scholars to relinquish the criterion of objectivity in judging classification studies and to develop criteria that reflect the purposes to which the taxonomy may be put. Researchers must be explicit regarding their taxonomic principles and assumptions. Roberts (1995) cautions against the dangers of ethnocentrism in classification studies since “accounting” as the object of classification may often be taken at face value without explicit mention of the attributes of the object being analyzed. Thus, it is possible for the taxonomic process to structure an imperialistic view in the way we think about accounting. Such developments may mislead and conceal the nature of accounting in different countries.

Boczko (2000) provides an extremely relevant critique of contemporary accounting classification studies by locating the discussion within a neo Marxian political economy. The author asserts that contemporary classification studies are tainted by notions of hierarchy that are central to an ideology of economic liberalism and exemplary of the social priorities of capital. The desire to understand diversity in this literature is reflective of the changing priorities of capital and the need to bring distant accounting systems under its control.

Boczko (2000) acknowledges the close relationship between culture, society, and institutional arrangements. The author asserts that contemporary accounting classification studies fail to recognize how social and political arrangements are continually being reconfigured to maintain the social power of capital. These studies perpetuate myths of neutrality and objectivity of accounting as a by-product of such arrangements. The author contends that accounting allows social and economic activities to become knowable, measurable, and manageable at a distance and serves as a tool to

settle conflicting claims of various parties, often resulting in the perpetuation of power and domination by elite groups in society.

Based on this evaluation of the literature on accounting classification Boczko (2000) recommends a political economy of classification that will entail three imperatives. The first imperative is for such studies to transcend a neo classical economic agenda with the trappings of efficiency and wealth maximization that ignore equity and social distribution. The second imperative is to recognize how existing power relations are supported by market mechanisms and how unequal exchanges constituting the priorities of capital alienate and marginalize sectors of society. The third imperative is to develop a critical appreciation of the function and purpose of accounting. Understanding the social context of accounting will permit a refocusing on how it is classified.

The objectives of this thesis are in line with the critical stance and liberating recommendations put forward by Roberts (1995) and Boczko (2000); however, the literature under investigation is not limited to accounting classification studies. The international accounting literature, as exemplified by articles appearing in two leading academic journals, is examined using a postcolonial lens in an attempt to increase the self-reflectivity of the field. It is important at this juncture to elaborate on the critical nature of postcolonial theory and why it lends itself as an appropriate theoretical framework taking into consideration the nature of this study.

CHAPTER THREE: THEORETICAL FRAMEWORK

This study involves an interpretive analysis of the international accounting literature as represented by two academic journals. This entails consideration of the manner in which the discourse represents various countries and related individuals, organizations, and accounting systems. The purpose is to go beyond the manifest meaning of the text to uncover hidden agendas that are constitutive and reflective of unequal power relations.

The theoretical framework that is utilized must be conducive to furthering the goals of this research project. Postcolonialism, as expounded later in this section, presents itself as an ideal theoretical lens as it seeks to address the perpetuation of power through dominant discourses. Edward Said (1979) asserts that it is impossible to study various countries or attempt to understand institutions in various cultural settings without investigating the manner in which they are surrounded by power structures. The international accounting literature is replete with studies conducted by various authors of accounting systems or accounting professions existing in other cultural settings. Often a distinction is made between the advanced countries and the developing countries in this literature. The relationship between these two groups of countries is one of power, domination, and complex forms of hegemony. It may be suggested that the critical nature of postcolonial theory places it within a broader stream of critical theories. A brief description of the main characteristics of critical theory that are utilized within a postcolonial perspective is outlined below.

Critical Theory

An examination of any broad spectrum of academic literature will reveal numerous references and approaches that claim to come under the umbrella of critical theory. This varied treatment often causes a certain degree of confusion. A group of writers at the Institute of Social Research located at the University of Frankfurt is often credited with providing the foundations for this theoretical tradition. The influential figures in this group that later became known as the Frankfurt School were Herbert Marcuse, Max Horkheimer, and Theodor Adorno (Forester in Morgan, 1983; Carter et al., 1997). These writers carried on the torch of German philosophical and social thought evidenced in the writings in of Kant, Marx, and Hegel. Any research endeavor that espouses a critical paradigm aims to bring about change by presenting criticisms of social and cultural values that determine various relationships. A common set of assumptions provides the structural framework for critical studies as expounded by Forester (in Morgan, 1983) and Carter et al., (1997). These assumptions are briefly explained in the paragraphs that appear below:

- 1) All thought is premised upon power relations that arise as a result of social and historical developments;
- 2) Associations (signified/signifier, concept/object) which are not naturally inherent in social settings or fixed over time are often products of capitalistic relations;
- 3) Ideological influences bear upon the presentation of phenomena as factual. As such, all assertions are value-laden;
- 4) The formation and development of subjectivity (conscious and unconscious awareness) is highly susceptible to forces that become manifest through language;
- 5) Most social relationships are characterized by power struggles between unequal groups. Some individuals or groups are accorded a higher status for a variety of reasons. These forms of privileging often lead to acts of oppression especially when the less privileged accept their fate as inevitable and natural;
- 6) Resistance is most effective when attempts are made to highlight the interconnections between various forms of oppression;

7) Most mainstream research practices often exhibit a high degree of complicity in perpetuating subjugation on various levels. The effects of such efforts, intentional or otherwise, are to strengthen oppression along lines demarcating differences of class, race, and gender.

Critical theory can thus be seen as a structural phenomenology. It is a phenomenology because it attends to the skilled and contingent social construction and negotiation of intersubjective meanings. It is structural because it attends to the historical stage on which social actors meet, speak, conflict, listen, or engage with one another (Forester in Morgan, 1983, p. 235).

The limiting effects of ideology in framing discourses can thus be examined through use of a critical theoretical perspective. Communicative actions are interpreted as being subject to moral and political underpinnings. Critical theory is perfectly suited to uncovering the manner in which symbolic aspects of communicative acts are instrumental in shaping the lives of individuals in various organized social situations. The strength of this type of analysis lies in a linkage of micro social actions on the part of individuals with a macro understanding of the contextual settings in which these actions take place (Forester in Morgan, 1983). The ultimate goal is to bring to the surface relationships of power to social reality, which may be hidden deep within social institutions. This means unveiling the structure of meaning that facilitates domination and the processes by which communicative acts are distorted resulting in a perpetuation of such domination and power. Any critical endeavor will be guided by a motivation to uncover the processes through which these deep structural meanings are instrumental in selecting the issues and questions that will be legitimately open for debate with any given social setting. The purpose is to explicate the manner in which a particular discourse privileges some interest groups at the expense of others (Zak, 1996; p. 503). The use of language to distort communication often serves as a tool to widen the gap between these

groups of people based on power, influence, class, culture, ethnicity, and gender. Thus, aspects of critical theory were deemed perfectly suited for the proposed study in that there is a possibility for the following activities:

- 1) an empirical examination of the contexts within which communicative interaction takes place,
- 2) an interpretive approach in uncovering meaning,
- 3) an analysis of processes leading to distortions in forms of communications.

This research endeavor, utilizing a critical approach, is premised upon the belief that language plays a significant role in actually creating meaning which in turn functions as a determinant of behavior at the point of expression (Zak, 1996, p. 511).

Applying a critical theory perspective to the international accounting literature will necessarily involve analysis of the language and symbols that will open a window into the deep structural meaning of the field as shaped by power agendas. In analyzing the discourse in international accounting one can recognize four claims to the validity of what is being said as is true of any communication. Listeners (readers) will evaluate the following four claims as outlined by Forester (in Morgan, 1983, p. 236):

- 1) A claim is made that what is said truly represents a particular state of affairs (truth);
- 2) A claim is made that the context within which a statement is made is appropriate (legitimacy);
- 3) A claim is made that what is said is intentional and stems from the sincerity of the speaker (sincerity);
- 4) A claim is made that the meaning of what is said is clear and can easily be grasped by any ordinary individual (comprehensibility).

In an act of communication, the speaker or writer intends to persuade the listener to accept these claims in hope of bringing about certain effects. In acceptance of the truth claim the listener displays a willingness to re-evaluate and change his/her beliefs accordingly. The listener lends his consent in accepting the legitimacy claim. By

accepting the sincerity and clarity claims, the listener places his/her trust in the speaker and pays attention to what is being said. In the context of an academic discipline such as international accounting a critical examination of these claims within the literature is essential in order to determine the direction of current developments and possibly affect future development. In light of this study's ultimate goal of self-reflexivity, aspects of critical theory were considered perfectly suited in unmasking the above-mentioned effects in the discourse on international accounting.

Postcolonial Theory

This study superimposes a postcolonial dimension to the critical perspective adopted. As stated before, the nature of the discourse in international accounting often involves descriptions of other accounting systems with the purpose of comparison. The accounting practices in many developing countries reflect adoption of first world nation practices, the transfer of which usually occurred during periods of colonization. The adoption of Islamic banking by Iran and Pakistan indicate an effort to adopt accounting systems that are more congruent with local cultural values. The efforts of the International Accounting Standards Committee (IASC) to harmonize accounting standards world-wide reflect the power issues underlying the relationship between developed and developing nations. In most cases, the IASC promulgates standards that are chosen from among existing national accounting disclosure options in developed countries (Wallace, 1990; Hove, 1990). Nevertheless, the Committee joined national standards setters, or accounting professions, in projects aimed at establishing new standards. None of the joint efforts includes a member from a developing country.

Further, between 1973 and 1989, the IASB (International Accounting Standards Board) established 46 technical committees composed of 40 IASC members exclusively from developed countries (Wallace, 1990). However, only a few developing countries incorporate IAS in their national accounting rules (Wallace, 1990); others develop their own. China is a case in point. China is not the only developing country that has not adopted the IAS. More recent studies by the IASC paint a rosier picture. A survey of 67 countries conducted by the IASC in 1996 (IASC Insight, October 1977, p. 15) revealed that 10 countries used the IAS as their national standards. Fourteen countries used these standards with relevant modifications for local needs. Another 29 countries developed accounting standards separately but with some similarity to the relevant IAS. Eleven countries developed standards separately. This group was comprised mostly of advanced countries. Three countries did not have national accounting standards.

The question that this research attempts to answer is whether it is reasonable to expect the same power struggle and resistance to be reflected in the academic literature on international accounting. Does the discourse on international accounting attempt to mask and perpetuate these unequal social relations between the developed countries and the undeveloped countries? It is to this end that postcolonial theory lends itself to the purposes of this study in investigating this possibility. A postcolonial perspective is helpful in examining the manner in which social forces bear upon the marginality of certain individuals or groups. Attention is focused upon uncovering the ideological underpinnings in bringing about an understanding of center-periphery discourses. Postcolonial theory goes substantially beyond earlier theoretical perspectives on

colonialism and imperialism in attempting to analyze the various dimensions of relationships between dominant groups and marginal groups.

“Post-colonialism”, as it is now used in its various fields, describes a remarkably heterogeneous set of subject positions, professional fields, and critical enterprises. It has been used as a way of ordering a critique of totalizing forms of Western historicism; as a portmanteau term for a retooled notion of “class”, as a subset of both postmodernism and post-structuralism (and conversely, as the condition from which those two structures of cultural logic and cultural critique themselves are seen to emerge); as the name for a condition of nativist longing in post-independence national groupings; as a cultural marker of non-residency for a third-world intellectual cadre; as the inevitable underside of a fractured and ambivalent discourse of colonialist power; as an oppositional form of “reading practice” (Slemon in Ashcroft et al., 1995, p. 45).

The variety of definitions that are commonly used in describing postcolonial research is often confusing. In many cases the confusion arises from or is aggravated by disagreements regarding the meaning and usage of the term “colonialism” itself. One of the common elements that tie most postcolonial studies together is a treatment of colonialism as a discursive formation that is infused with ideological underpinnings. This means that the analysis goes beyond the economic and political forms of domination encapsulated in the word “colonialism” (Slemon in Ashcroft et al., 1995, p. 46). However, most postcolonial studies attempt to highlight the complex and subtle ways in which discursive strategies are intertwined with economic developments that effectively result in the continued subjugation of certain groups through relationships of power and domination. The ultimate goal of any postcolonial endeavor is to bring about resistance by subverting the discourses that center upon Western conceptualization of knowledge which aim to create the Third World in the Western image of the world (Parry in Mongia, 1997, p. 84). The emancipation sought by postcolonial scholars extends beyond resistance to the various manifestations of colonialist discourse. The paramount objective

of these counter-discursive strategies is to shatter and dismantle the power structures that perpetuate the economic and cultural domination of Third World peoples. In attempting to highlight differences from Western narratives postcolonialism encourages different ways of seeing and endeavors to make heard voices that are otherwise silenced through Western strategies that are universalized by power (Darby, 1997, pp. 12-13). Drawing attention to silences is a prerequisite to economic and cultural liberation.

In this respect postcolonialism presents a more sophisticated formulation of imperialism and its effects by examining the exercise of power through institutions and structures that have survived physical colonial domination. As such, postcolonial literature recognizes a difference between colonialism and imperialism and is concerned with uncovering ideological formations that have been used and continue to be used to justify these processes. Imperialism refers to the desire to rule and control which has often led to acts of colonialism in which distant territories are annexed and settled by a dominating metropolitan force in the act of empire building (Madgoff, 1978; Robinson, 1986; Wesseling, 1997; Hodgkin, 1972; Gallagher & Robinson, 1953). While it may be easier to recognize manifest acts of formal empire building through political rule (colonialism), the greatest challenge to postcolonial scholars is investigating informal acts of empire building (imperialism), which may take on more complex and subtle forms of domination.

Postcolonialism provides the researcher with a valuable tool in examining the processes through which institutions and structures that have survived colonialism perpetuate domination and subjugation through representation (Nandy, 1983; Tiffin & Lawson, 1994). Some of the important characteristics of postcolonial analyses include an

emphasis on subjectivity and how it is constructed through various discourses and a commitment to the marginal and its liberation. Modernity constitutes a central theme in Western conceptualizations of the world that are constructed as universal. As such, it presents itself as a focal point or target of postcolonial criticism. The interpretive nature of postcolonial analysis presents a challenge to positivism in that emphasis is placed on the search for hidden meanings rather than the development of statements that are falsifiable through empirical observations.

Postcolonial theory recognizes that of paramount importance to the discourse of colonization is the availability of an ontological “other” which it seeks to construct. The various strategies utilized in colonialism's efforts at constructing and regulating “others” can be expressed diagrammatically as shown in Figure 1 on the next page.

Line A (left to right) represents the group of theories that emphasize the direct effects of colonization as evidenced in economic and political domination. These theories, in effect, do not recognize the possibility of the exercise of power and domination through the production of ideas and their propagation as real. On the other hand, line BC emphasizes the role of institutional forces in education and the power of professional fields of knowledge (e.g. accounting) within those institutions in manufacturing consent. Line DE represents those theories that investigate the ways in which colonialist relations are reproduced in literary works, art, advertising, sculpture, etc. These theories emphasize the ideological underpinnings of these fields of semiotic representations.

Numerous scholarly endeavors utilize these approaches. Slemon (in Ashcroft et al., 1995, p. 47) provides a brief review of some of these efforts. Along line BC Edward

Figure 1
The Nature of Colonialism

Source: Slemon in Ashcroft et al., (1995, p.46)

Said (1979) illustrates the political aspects of the discourse on “Orientalism” within colonialism. Alan Bishop (1990) examines how an apparently “neutral” subject as mathematics becomes a vehicle of instilling Western concepts in African school children. The work of Timothy Mitchell (1992) is instrumental in depicting the process by which a discipline such as political science is shaped to a large extent through a European colonialist engagement with the culture of Egypt. Talal Asad (1973) investigates the active role of anthropology in reproducing colonial relations.

Slemon (in Ashcroft et al., 1995) goes on to provide a more complex analysis of the work of Said (1979), which is pertinent to the goals of the study proposed here. Said's (1979) work on Orientalism highlights the interrelationship between the construction of a professional field (top of diagram) and the support it draws and creates for itself through the field of textuality (bottom of diagram) to enhance and perpetuate relationships of domination and control. Thus, in this instance, the colonialist agenda operates through a set of complex relationships represented by up and down movements along line F. A body of literature may act as an accomplice in reducing or excluding the “other.” However, an interpretive analysis of texts may offer possibilities to uncover the dynamics of self/other, to encounter the “other” by resisting “othering.” It is believed that the analysis of international accounting literature utilized in this study proceeds along line DE providing the groundwork for further analysis along line F.

This is highlighted through the research questions outlined as objectives of this endeavor and the research strategies proposed. The primary focus is to explicate the process through which “otherness” is constructed in the academic discourse on international accounting. This will provide input into the examination of how

“international accounting” itself is constructed as a discipline.

Exposing the centrality of “otherness” in colonialist discourses and unraveling the processes through which it is constructed have constituted the agendas of many postcolonial theorists. Prasad (1997) discusses how this ontological “other” is used by colonialist discourses to epitomize all the opposite characteristics of the image the West creates for itself epistemologically and ontologically. Table 1 in Appendix A provides a summary of the binary polarities used by the West to construct a self-image, which is diametrically opposite to that of the non-West. Thus, the discourse of colonization effectively attempts to shape the subjectivities of the colonizer and the colonized. This type of discourse relies heavily upon the concept of fixity in the ideological construction of “otherness” (Bhabha in Mongia, 1997, p. 37). Thus, colonialist discourses portray the colonialist's ever-present need to establish the fact that he (the colonialist) knows the natives better than they know themselves. Edward Said emphasizes the play of power within colonialist discourses as instrumental in constructing the colonized as a fixed reality that constitutes an entirely knowable and visible “other” (Said, 1979, pp. 31-49).

Accepting the truth, sincerity, legitimacy, and clarity of such a claim implies the following: 1) the native is quite simple, 2) understanding and controlling are part of the same package. Understanding is a precondition to control and effective control is adequate proof of understanding (Achebe in Ashcroft et al., 1995, p. 58). These aspects of colonialist discourses have worked to silence “other” voices in an attempt to create authenticity. Griffiths (in Ashcroft et al., 1995, p. 238) in analyzing the uprising of the Andoke Yarocamena Indians in Australia against a rubber company illustrates how the media represent the “positions” and “voices” of the indigene as impinging upon the

“territoriality” of the authentic. The world is represented through a fundamental systematic discourse of the conqueror that excludes or overrides the possibility of the Indians speaking their own position. Appiah (in Mongia, 1997, p. 57) provides an analysis of the discourse surrounding an art exhibition put on by the Center for African Art in New York in 1987. Through extensive quoting of commentaries by David Rockefeller, an art collector, Appiah illustrates two points. Rockefeller’s position as buyer at the center allows him to say anything he wishes about the arts of Africa. Lela Kouakou’s position as a poor African art producer dwelling at the margins only allows her words to serve as parts of the commodification of the art. In a similar vein, Achebe (in Ashcroft et al., 1995, p. 61) provides a sophisticated counter-critique of colonialist critiques of African literature. He concludes that Westerners have attempted to portray the African novel as a particular Western genre. In effect, denying its existence or ascribing any inherent virtue to it unless one is interested in studying Western novels. Once more, this shows the reluctance of colonialist discourse to accept sensibilities of voices other than its own. As part of a deeper analysis of colonialist discourse Ahmad (in Ashcroft et al., 1995, p. 78) questions ideological effects of a “First, Second, and Third World” classificatory scheme.

I find it significant that First and Second Worlds are defined in terms of their production systems (capitalism and socialism respectively), whereas the third category - the Third World - is defined purely in terms of an “experience” of externally inserted phenomena. That which is constitutive of human history itself is present in the first two cases, absent in the third case. Ideologically, this classification divides the world between those who make history and those who are mere objects of it...(Ahmad in Ashcroft et al., p. 78).

Spivak (in Mongia, 1997, p. 200) asserts that the main function of the term Third World is to give a proper name to a generalized margin. The desire of the center to have

an identifiable margin effectively forces a cultural identity to be thrust upon it. These claims of marginality assure validation from the center in what Spivak refers to as an economic principle of identification through separation (Spivak in Mongia, 1997, p. 200). Postcolonial theory provides a valuable lens in studying the discourse in international accounting. In conjunction with the studies mentioned above and other postcolonial writings the purpose is to investigate the means by which Western powers have maintained their codes in the colonial domination of many parts of the world. Physical acts of domination, however, have given way to subjugation through discursive practices of knowledge production. Waldenfels (in Brinker-Gabler, 1995, p. 37) refers to the belief that a characteristic of Western thought that often manifests itself is its desire and ability to appropriate and dominate the rest of the world. This research program seeks to interrogate the discourses and discursive strategies in the academic literature on international accounting to uncover hegemonic and ideological tendencies serving centrist positions in creating the subjectivities of the colonizer and the colonized. It is important to mention that the proposed study attempts to highlight a process not an arrival or final output. To this end Stuart Hall (in Rutherford, 1990, p. 222) defines subjectivity as a narrative or story that is told or spoken. It is not something that is found naturally. Likewise, an identity is a creation that is always evolving through representation. It is never complete but is in the continual process of formation. Bhabha (in Mongia, 1997, p. 37) suggests that the role of intervention in colonial discourse should shift from identifying images as negative or positive to explicating the processes of subjectification made possible through such discourses. In conjunction with the hermeneutic approach adopted in this study Edward Said (in Mongia, 1997, p. 32)

emphasizes the important role that language plays in bringing about these constructed representations through its own systems of encoding, expressing, and exchanging messages. Thus, written language is incapable of delivering a presence but a representation. The counter-discursive postcolonial field that is employed in this study aims to uncover assumptions in the literature, subverting the text for postcolonial purposes. Tiffin (in Ashcroft et al., 1995, p. 97) refers to this type of activity as canonical counter-discourse.

CHAPTER FOUR: METHODOLOGY

Although the overall nature of the proposed study is qualitative, certain aspects of the analysis are quantitative. The classificatory schemes that are utilized (e.g. authorship concentration, extent of co-authorship) entail some form of content analysis. Content analysis as a method of textual investigation has gained acceptance. The fundamental procedure is to establish relevant categories and to provide a tally of the number of items (various elements in a text) that fall within each category. Establishing the categories is a factor of the questions under investigation in the proposed research program. Accurate counts of the items enhance the reliability and validity of the findings (Silverman, 1993). The section **Research Strategies** (page 67) provides further detail regarding the use of this quantitative technique in data collection and analysis.

Ideology and Discourse

Lavoie (1987) discusses the prevalent examination of accounting as the language of business, a form of interpersonal communication. Studies that employ this perspective highlight the communicative functions of accounting; thus, opening up the debate as to what methodological approach is appropriate for conducting scientific research in accounting. Accountants and accounting organizations have often portrayed accounting information as possessing characteristics of objectivity and neutrality (Morgan, 1988; p. 482). In a parallel movement to raise accounting research to the status of “scientific” inquiry the choices researchers make between competing theories of accounting have also been portrayed to be objective and value-free. By studying accounting as a language the

focus shifts away from a positivistic philosophy to investigating the kinds of meanings being communicated in this language and the coordinative functions permitted by its use.

In contrast, many critical studies in accounting have focused on the analysis of theoretical “discourses” of accounting (Cooper & Hopper, 1987, p. 411). This type of discourse analysis is central to the studies by Lehman and Tinker (1987), and Knights and Collinson (1987). They treat accounting as a form of literary discourse which functions as a symbolization and interpretation of the social world. Lehman and Tinker (1987) base their arguments on the concepts of hegemony and the nature of the modern state. Laughlin (1987), however, asserts that accounting systems should be regarded as language systems. What these studies have in common is an emphasis on the need to consider the interpretive nature of accounting and accounting research. When accounting is considered to be a language or a form of discourse it embodies the participants’ ways of seeing the real world. Of course, any way of seeing is also a way of not seeing. Tinker (1988, p. 167) argues further that the empirical indeterminacy of theories provides an open door for values and social biases to taint scientific analysis. In what the author describes as “this-is-the-best-of-all-possible-worlds” theorizing scientific research is pre-structured by prevailing perceptions and beliefs. Thus, scholars will be inclined to selectively pursue certain types of discoveries while shunning others. In essence, this conceptualization of scientific research and the way it affects economic and social affairs lends support to the “invention” view of scientific progress rather than the “discovery” view. Thus, Tinker (1988, p. 166) emphasizes the constructionist role of science in the invention of phenomena. The researcher is no longer viewed as an unbiased, objective being observing and discovering phenomena that exist empirically beyond his/her

influence prior to being found. The researcher is not only an active agent in introducing the perceptions necessary for recognizing a new phenomenon, but is involved in creating the phenomenon itself. Language is of particular importance in pre-structuring this inventive role of science. This is highlighted by an example that Barnes uses to develop his thesis. A scanning radio telescope first recorded the signal from Uranus (a pulsar) by chance. At the time a strong inclination existed in the scientific community to dismiss this signal as a smudge on the chart since no theoretical expectation could support the discovery of a new star.

Uranus's early signals were not encodable in the original scientific language. To obtain a collective meaning for the signal, a reconstruction of the language, attitudes, beliefs, perceptions, values and concepts of a scientific community was needed. The example illustrates how a specific discovery may be predicated on certain social, psychological, value and political predispositions (Tinker, 1988, p. 167).

In pointing out that the laws of physics only apply within clearly defined parameters Morgan (1988, p. 477) also contends that all knowledge obtained through scientific inquiry is a partial representation of reality. As mentioned earlier this conclusion is especially offensive to many accountants and accounting researchers who have often equated the numerical view with an objective view. That is the idea that numbers provide accountants an objective means of representing reality "as is". Reverting back to the treatment of accounting as language one is led to conclude that what is said usually leaves a great deal unsaid. Many accounting scholars have questioned mainstream accounting theory by investigating the unseen, the unsaid (Cooper & Hopper, 1987, p. 407).

Treating accounting as discourse or language brings the questions of interest and ideology to the forefront. Participants in a discourse bring their conceptions of a complex reality to the table in hope of serving certain interests. Agency theory, for example, is premised upon the analysis of actors behaving in self-interested manners. The actors are usually grouped into principals and agents. These categorizations may compromise a variety of individuals such as employers and employees, shareholders and managers, shareholders and bondholders, etc. In each case an individual actor's interests often conflict with the interests of others (Jensen & Meckling, 1976; Watts & Zimmerman, 1986; Baiman, 1982). Another stream of research investigates the legitimization function of accounting. These authors seek to expose accounting as a tool to manage public impressions and satisfy stakeholder interests (Patten, 1991; Roberts 1992; Neu et al., 1998). Richardson (1987) provides a detailed overview of the accounting literature which treats accounting as a "legitimation institution" from three broad perspectives: structural-functionalist, social constructionist, and hegemonic.

In a similar vein, many authors have questioned the taken-for-granted assumptions, which permeate mainstream accounting research. These articles aim to illustrate the partisan nature of accounting in constructing partial and often distorted representations of reality. A theory of interest provides an underlying framework for many of these critical studies in accounting (Armstrong, 1985, 1987; Berry et al., 1985; Burchell et al., 1980, 1985; Cooper, 1980; Hoogvelt & Tinker, 1978; Hopwood, 1985, 1987; Hopper et al., 1987; Lehman & Tinker, 1987; Loft, 1986; Merino & Neimark, 1982; Miller & O'Leary, 1987; Thompson, 1987). Individual values are further preconditioned by social and institutional factors, which are instrumental in the

commodification of research activities (Baritz, 1960; Kidron, 1974; Rose & Rose, 1969; Shaw, 1975).

Conceptualizations of interest overlap and are often fused with broader issues of ideology and control (Tinker et al., 1982). The following quotation encapsulates the close connection between interests, ideology and the exercise of control in scientific endeavors.

In social systems, characterized by competition and conflict, scientific disciplines may be captured by vested interests, with the result that theories become ideological instruments, used in social, conflict, in a struggle for control (Tinker, 1988, p. 168).

Other researchers have also pointed out the failure of mainstream accounting research to address the issues of social conflict and control as exemplified by the following quotation.

Organizational conflict is not seen as reflective of deeper social conflict between classes of people with unequal access to social and economic resources. Constructs such as sustained domination, exploitation, and structural contradictions do not appear in mainstream accounting literature. And conflicting interest groups are classified as possessing different legal rights within a given system of property rights...They are not categorized using antagonistic dimensions such as class or ownership of wealth (Chua, 1986, p. 609).

There are numerous other examples of research endeavors that seek to highlight the ideological bases that are prevalent in much of mainstream accounting literature. Hunt III et al., (1990) explicate the ideological properties of agency theory in tracing its influence on accounting research. Since they view agency theory as rooted in neoclassical economics, they base their analysis on the works of other authors who have criticized neoclassicism as ideological (Marglin, 1984; Kelman, 1987). They present a strong argument for the effects of empiricist accounting methodology in shaping the nature of academic discourse regarding accounting theory (Hunt III, 1988; p. 451). Thus,

they contend that some forms of knowledge are privileged over other forms not because of the intellectual competence of the arguments used but because of the political nature of accounting research embedded in the ideological power ascribed to its scientific nature. In a related fashion, Tinker (1988) aims to uncover the ideological underpinnings of agency and transaction cost theories. The author emphasizes how these theories mask the appropriative role of accounting in distributional conflicts (Tinker, 1988; p. 168). In extending the work of Ollman (1975) on social ideology, the author describes three traits of theoretical ideology:

- 1) Empirical data seldom confer a commensurate degree of authority on any theoretical position as exemplified by public policy based on such a position.
- 2) Within any theory certain social interests are advanced at the expense of others due to hidden assumptions.
- 3) Conflicting social needs provide the conditioning that acts as fertile soil for the birth of theoretical ideology.

It is easy to conclude from the above discussion that the treatment of accounting and accounting research as a form of discourse is not new. Likewise the investigation of such discourses being infused with social interests and steeped in ideological assumptions with the ultimate effect of perpetuating domination and exploitation has been the object of many studies. Morgan (1988) provides a detailed listing of the metaphors that have been used to exert an impact on recent accounting theory. These metaphors have been replicated below from the original article. An asterisk “*” before each metaphor indicates the appropriateness of the metaphor to the arguments advanced so far in providing the theoretical basis for the proposed study.

Metaphors of Accounting Theory

Accounting as history: the view that accounting is concerned with providing a faithful record of the transactions of an enterprise, and with reporting such transactions in a manner suited to the needs of users (e.g. Paton & Littleton, 1940; Littleton, 1953).

Accounting as economics: the view that accounting should try to mirror current economic realities and reflect basic economic principles (see, for example, Davis et al., 1982).

Accounting as information: the view that accounting should form part of a wider MIS framework (e.g. Prakash & Rappaport, 1977; Snowball, 1980).

**Accounting as language:* the view that accounting provides concepts and frameworks which structure thought, conversation, perceptions and decision making (e.g. Belkaoui, 1978), especially to support capitalism.

**Accounting as rhetoric:* the view that accounting, and the debate about different accounting systems, is largely a question of argument and discourse where various proponents attempt to convince others of the superiority of one principle over another (e.g. Arrington, 1987).

**Accounting as politics:* the view that accounting and accounting systems reflect and support the values and needs of specific interest groups, and that accounting information is constructed and used as a resource in shaping corporate politics, especially in decision-making and impression management (e.g. Burchell et al., 1980).

**Accounting as mythology:* the view that accounting systems provide a societal resource to be used in sustaining myths of rationality, and as a means of justifying, rationalizing and legitimizing decisions that ultimately serve other individual and social ends (e.g. Boland, 1982).

Accounting as magic: the view that underneath the veneer of rationality, accounting and the use of accounting information forms part of a societal "rite" serving the same functions for modern decision makers as the entrails of chickens served for old witch doctors (e.g. Gambling, 1977).

Accounting as disciplined control: the view that one of the primary functions of accounting is to exercise surveillance by creating "visibility": just as prisons are often designed to maximize the visibility and scrutiny of inmates, accounting systems are often designed to increase the visibility and scrutiny exercised over employees, even those working in remote locations without direct forms of supervision (e.g. Burchell et al., 1980).

**Accounting as ideology:* the view that accounting systems form part of the ideological apparatus that sustains the ability of a society to produce and reproduce itself in accordance with clearly defined principles (e.g. Merino & Neimark, 1982, Tinker et al., 1982).

**Accounting as domination and exploitation:* the view that accounting provides techniques for the extraction of wealth in support of elite interest groups, both at the expense of Mother Nature (in terms of natural resources and the ecological balance of the planet), and of the people employed in the service of others (e.g. Tinker, 1985) (Morgan, 1988, p. 481).

The type of analysis that this study seeks to accomplish is in line with many of the metaphors that have been used for accounting theory. Therefore, the treatment of accounting as discourse for the purposes of uncovering ideological elements that help structure and reinforce unequal social relations is based on a strong theoretical foundation. The concept of ideology is one of the most difficult to define and indeed as Tinker (1988, p. 173) points out a great deal of controversy has surrounded its formulation in the social sciences (Blackburn, 1972; Plamenatz, 1970; Dobb, 1973; Lukacs, 1971; Marcuse, 1964; Habermas, 1971, 1976; Katouzian, 1980; Lecourt, 1981; Althusser, 1969). The concept of ideology adopted in this study will be based to a large extent on the work of Eagleton (1991). Eagleton emphasizes the discursive formation of ideology and the interpretive nature of uncovering the process through which its effects are manifest.

...there is a third way between thinking of ideology as disembodied ideas on the one hand, and as nothing but a matter of certain behavior patterns on the other. This is to regard ideology as a discursive or semiotic phenomenon. And this at once emphasizes its materiality (since signs are material entities), and preserves the sense that it is essentially concerned with meanings. Talk of signs and discourses is inherently social and practical, whereas terms like 'consciousness' are residues of an idealist tradition of thought (Eagleton, 1991, p. 194).

Ideology takes on the form of a set of effects within a discourse rather than a set of discourses. "Closure" is an example of such an effect whereby some signifiers in a language are fixed in a commanding position while other forms of signification are excluded. Therefore, consciousness and subjectivity are formed through a network of signifiers around and between us rather than within us. Language assumes paramount importance as a site of social struggle. It is also important to note that Eagleton's conception of ideology emphasizes a process rather than an output. In explicating this

process Eagleton identifies several strategies that are commonly employed (1991, pp. 51-61).

Rationalization is one such strategy. In this case the subject attempts to provide an explanation to the intended audience that is either logically acceptable or ethically appealing, and in line with the prevailing beliefs, attitudes, ideas and feelings. The true motives of such an explanation are not readily perceptible.

Legitimation refers to the efforts of a dominant power attempting to seek consent to its authority from its subjects. Once again the common notion is that the underlying illicit interests of such efforts are not made evident in an attempt to gain respectability. Efforts to gain legitimation are considered successful when subjects choose to judge their behavior by criteria, which are imposed by the dominating power.

Universalizing is a method of legitimation. As the term suggests values and beliefs that are specific to a certain group and place and time are portrayed to be those of all peoples in all places at all times. Thus, what is temporal is made to seem eternal. When efforts at universalizing fail, the self-interested nature of an ideology is exposed.

Naturalization is a related strategy in which the beliefs of the ruling power are made to seem natural and beyond questioning. The current state of affairs is presented as the best of all worlds and as such it is impossible to imagine any other state of affairs. The social reality that is constructed is so tightly devised that no room for critique exists.

Dehistoricizing is a result of the universalizing and naturalizing initiatives of ideological formations. The ideology is made to seem like a natural phenomenon not affected in any way by social elements. Thus, the conception of ideology that Eagleton puts forward is a process by which interests that are particular to a certain group in a

certain place at a certain time are perpetuated in the service of political power through one or more of the strategies outlined above. This process view of ideology is particularly well suited for the purposes of this study in that it allows the researcher to treat the international accounting literature as a discourse in which particular interests may be masked through any combination of the ideological strategies outlined. It facilitates a means of analyzing the lived experiences of individuals as shaped by networks of signification that constitute them.

In attempting to uncover the ideological underpinnings of the international accounting discourse the major contribution of this study takes on a qualitative nature. A variety of methodologies (semiotics, hermeneutics, ethnography) would be appropriate for the purposes outlined. As the research activities unfolded, hermeneutics presented itself as the most appropriate research methodology in answering the research questions.

The understanding of hermeneutics as an interpretive tool has not remained static over time. Various meanings and definitions of hermeneutics have been put forward representing historical stages in the development of the philosophical underpinnings to the problem of interpretation. The common element in all these definitions is that hermeneutics concerns the science of interpretation. Palmer (1969, p. 33) provides the following six definitions:

- 1) the theory of biblical exegesis;
- 2) general philological methodology;
- 3) the science of all linguistic understanding;
- 4) the methodological foundation of Geisteswissenschaften;
- 5) the methodology of existence and of existential understanding;
- 6) the system of interpretation used by man to reach the meaning behind myths and symbols.

These definitions, which appear in roughly chronological order, are illustrative of emphasis on different aspects of the act of interpretation. The essence of hermeneutics also changes with the corresponding change in emphasis. Taking into consideration the critical nature of the study proposed and the reliance on postcolonial theory it is evident that the sixth definition of hermeneutics, which signifies the most recent historical approach, provides the best fit.

Hermeneutics as a System of Interpretation

Lee (1991) emphasizes the need for more interpretive frameworks to be used in organizational research by highlighting important differences between the natural sciences and the social sciences. In contrast to the natural sciences that are governed by the behavior of atoms, molecules, and electrons, the social sciences involve the study of people. In their behavior and interaction people create and attach meaning to the world they live and move in. They also assign meaning to their behavior in this world. Therefore, it is possible that the same element, whether it is a human action, an institution, or a written text, may have different meanings for different individuals including the researcher. Thus, in light of this intersubjectively created meaning, the researcher is compelled to extend his/her concern to analyzing the meanings of human behavior for the participants. The effort that is exerted should go beyond what is empirically observable or overtly manifest.

An interpretive understanding is needed for a researcher to understand human subjects and how these subjects understand themselves and the world around them. How

can such an understanding be obtained? A variety of methodologies present themselves as alternatives. These would include anthropological ethnography, sociological-participant observation, and hermeneutical interpretation of documentary artifacts.

Treating accounting as a language or discourse raises the question as to what is the most appropriate methodology for studying any language. The methodology that is selected must be conducive to the interpretive search for intelligible meaning rather than a positivistic search for absolute statements subject to falsification (Lavoie, 1987, p. 579). Mainstream accounting research is heavily influenced by positivistic methodologies. This development can be discussed within a greater debate regarding the literature on the progress of scientific knowledge. Bernstein (1983, p. 8) describes how, within modern philosophy of science, there are efforts to forge a new path that attempts to transcend the two present methodological fears of objectivism and relativism. These two camps represent opposite ends of the methodological spectrum. While objectivism entails the search for a single determinable solution to the choice of theory, relativism relinquishes the need to search for any single truth. In such cases the justification of the choice of theory is not a solvable issue. The scientific community has been socialized in a manner to favor non-algorithmic solutions. In essence this follows what Kuhn (1976, p. 190) refers to when discussing the nature of competitive paradigms as being comparable but not commensurable. It is the discursive interaction between the members of a scientific community that determines the success of a particular theory not its inherent pre-given characteristics. This embodies the hermeneutic dimension of science.

What I as a physicist had to discover for myself, most historians learn by example in the course of professional training. Consciously or not, they are all practitioners of the hermeneutic method. In my case, however, the discovery of hermeneutics did more than make history seem consequential. Its most immediate and decisive effect was instead on my view of science (Kuhn, 1977, p. xiii).

For the purposes of this study the hermeneutic interpretation of documents is considered an appropriate methodology. This is due to the fact that the study attempts to investigate the manner in which “otherness” is constructed in a body of literature as represented by academic journals of international accounting.

What constitutes the essence of a hermeneutically derived understanding? Paul Ricoeur in *De la'interpetation* (1965) defines hermeneutics as a theory of rules that govern the interpretation of a particular text or collection of signs capable of being considered as text. Hermeneutics is the process of deciphering, which goes from manifest content and meaning to latent or hidden meaning. The object of interpretation (i.e., the text in the very broadest sense) may be the symbols in a dream or even the myths and symbols of society or literature. In connection to this study the object of interpretation would be the symbols and myths present in the academic literature pertaining to international accounting.

The most important task of the interpreter is to determine the fundamental question that the text attempts to answer. The act of treating the text as an object of interpretation renders it a medium for presenting the researcher with a question. An understanding of the text is accomplished by understanding the question that it presents. Language plays a central role in facilitating the fusion of horizons that this understanding attempts to bring about. Language is used in the interpretation and, therefore, is a pivotal

issue in hermeneutic philosophy. The penetrative power of language and the linguisticity of all understanding are emphasized by Heidegger (1967, p. 145).

The focus of hermeneutics as a means of interpretation is not given by establishing an understanding of existence but by understanding language, or to understand existence in terms of a language. What does this mean in regards to interpretation of text? The only purpose of such interpretation is no longer to discover the author's intention but to analyze the content or subject matter of the text as it addresses itself to the researcher, who in turn responds with words. Language is the medium through which such dialogue takes place. Language creates the necessary space for participants to bring their individual biases into the game of establishing the factuality of our world (Bleicher, 1980, p. 115). In the context of this research program, the analysis that is conducted does not aim to uncover the "true" intentions of the authors of the articles examined or the "true" intentions of the journals in which the articles appear. The interpretation that emerges recognizes that a host of environmental influences bear upon the constructions that are uncovered through a dialogical process between the researcher and the text. Some of these influences are representative of formalized structures of universities and journals and dominant Western discourses which impact the production of academic literature in these journals. As such, the results of the study are not meant to be interpreted as constituting conscious writing strategies of the authors.

Broader cultural values that are conveyed through language tend to affect a person's understanding of life experiences. Presuppositions are significant aspect of a communicative process that uses language. Indeed, mutual communication between scientists is made possible because of shared understandings, which come about as a

result of enculturation (Gadamer, 1975, p. 324). Language provides a primary means of transmission of these presuppositions and acts as a window through which individuals comprehend the world (Gadamer, 1976, p. 87). Language acts as a very powerful medium in that what is meant goes beyond what is articulated in words. To this end, hermeneutics lends itself as an appropriate methodology for analyzing discourse and language in an attempt to uncover hidden meanings and presuppositions. Thompson et al. (1994) indicates that the purpose of hermeneutic research should be to investigate the unspoken background of socially shared meanings through which individuals enable themselves to interpret their world. This necessitates an inherent distrust of what may seem as an obvious manifestation of reality.

Identifying and analyzing the manner in which language acts as a medium for conveying specific cultural viewpoints, is a necessary and reasonable component of a hermeneutic study of any text. Dreyfus and Wakefield (1990) adopt this perspective in emphasizing that language is more than a collection of words and grammatical rules, it embodies a system of interrelated meanings constituting a culturally shared framework of reference to house any particular act of communication. An individual's understanding of life situations is a factor of this shared cultural heritage as transmitted through language. Over time some of these elements of cultural meanings become fully incorporated into a person's view on the world through the process of socialization.

Ricoeur (1981) discusses the manner in which the meaning of a text is a manifestation of the pre-existing socially constructed world in which it is produced and interpreted. This concept provides the underlying premise for the five central concepts that are put forward as components of a hermeneutic endeavor. The meaning of a text

may refer to the intention of the author, or the intended audience, or the originating culture but is not limited to these players. The text takes on a life of its own (autonomization) as it is distanced (distanciation) from its original author, original audience, and originating culture. A present reader actualizes (appropriation) the meaning of the text through interpretation. This very act of interpretation is, to a large extent, a factor of social (social construction) forces shaping a person's view of the world. The reader then becomes transformed (enactment) as an agent of this socially constructed world because he/she is no longer a free individual (if ever he/she was) exercising a free will to imagine anything he/she wishes.

A loss of free will does not necessarily entail complete surrender of control to the socially constructed world that appropriates the reader. There is the possibility of bringing about change by modifying various aspects of this world such as its institutionalized values, customs, and behaviors. It is this characteristic of attempting to effectuate change that provides a critical flavor to the type of hermeneutic analysis employed in many studies (Bleicher, 1980, 1982; Burrell & Morgan 1979; Gadamer, 1975, 1976; Habermas, 1990a, 1990b; Moch & Fields, 1985; Palmer, 1969; Phillips & Brown, 1993; Thompson, 1981; Weinsheimer & Marshall, 1989). Critical hermeneutics has become a significant epistemological position for conducting critical textual interpretation. It is a methodology that is suitable for digging beneath the surface and perfectly appropriate for use in the current study regarding the construction of "otherness" in the discourse on international accounting.

Philips et al. (1993) outlines structural aspects of critical hermeneutics that render it appropriate for this study. The most significant contribution of critical hermeneutics to

this study lies in its extension of previous interpretive frameworks to the study of international accounting literature as represented by refereed academic journals. Academic societies and academic disciplines are speech communities sharing socially constructed systems of meanings. The first benefit of critical hermeneutics is that it provides a structured method of investigating the role of symbolic phenomena in the international accounting discipline. This socially constructed system of meanings takes on the form of texts (academic journals) that allow members in this game to interact and create meaning to the activities. The second contribution of a critical hermeneutic approach lies in the fact that it allows a structured method for examining the sources of these texts. Knowing who produced the text and why it was produced are important questions since they highlight the connections between power and culture. This treatment brings up the issue that there is the possibility of powerful actors managing the culture. The third contribution of critical hermeneutics lies in the provision it makes for various methods of analysis of academic texts. These include semiotics, discourse analysis, psychoanalytic criticism, and the ethnographic techniques that are interpretive. This thesis treats the international accounting literature as discourse; therefore, it incorporates discourse analysis as the primary method.

Critical hermeneutics as expounded by Phillips et al. (1993) inextricably links culture and communication. The individual players use language to affect the culture through the creation of values, institutions, etc. Therefore, this culture exists intersubjectively among these players as a collection of texts of various kinds that derive meaning from the interactions of the players. The important part to remember is that although all players participate in forming the culture and providing shape to its

manifestation, not all participate on an equal basis. This is the most important aspect of critical hermeneutics for the type of analysis conducted in this study. The strength of this study stems from its critical component that addresses the relation of culture and power in attempting to explain the manipulation of culture by those who are powerful. The purpose of the study is to highlight how powerful players in the international accounting game effectively institute a form of social control that removes the need to exercise control directly.

It is important to reiterate that the understanding that is obtained through a hermeneutic experience constitutes a dialogical process in which the author of the text and the interpreter (reader) participate in a discourse. Through this participation their conceptual horizons are fused in some manner. In trying to make sense of this world, the findings of an interpretive study incorporating a hermeneutic philosophy will reflect a fusion of horizons between the researcher and the informants (Arnold & Fischer, 1994; Taylor, 1977). An important characteristic of this fusion is that the openness of the text as well as that of the interpreter renders the horizon of meaning as virtually unlimited. The understanding that emerges from this study, as from any other hermeneutic endeavor, is provisional in the sense that the interpretations must not be considered dogmatically fixed. It is possible that certain characteristics of the texts may unfold over time or other related information may emerge that will shed new light on the meanings that are derived. The understanding that results from the interpretation of the texts is subject to modification according to these possible developments.

What implication does the above discussion have for research in accounting?

Chua (1986, p. 604) presents an effective critique of mainstream accounting research and

calls on scholars to consider using critical and interpretive approaches as alternative methodologies. The use of critical hermeneutics by such authors as Lehman and Tinker (1987) in analyzing accounting discourses in academic journals is a positive step toward the enrichment of accounting research and provides a model for the proposed study. This study uses a critical interpretive approach in uncovering the hidden meanings and presuppositions within international accounting texts. A critical hermeneutic methodology presents itself as an ideal tool in achieving the objectives of this research endeavor. This is especially true when one takes into consideration the choice of postcolonialism as the theoretical lens for investigating the construction of “otherness” in the international accounting literature.

The choice of critical hermeneutics as an appropriate methodology for conducting the research required in this thesis is in line with other studies aimed at understanding various forms of communication. Phillips and Brown (1993) treat organizational communication as symbolic phenomena, texts that require interpretation. In particular, they investigate the manner in which a corporation’s image advertising campaign highlights the struggles of interested groups to shape and support preferred patterns of power and dominance. The authors emphasize the importance of texts in maintaining or changing the fabric of organizational and societal groups. One step in this direction is to know who produced the text and why it was produced. The treatment of international accounting as a discourse in which various interested parties struggle to maintain or shape patterns of power and dominance necessitates a critical hermeneutical methodology, which highlights the individuals producing the texts and the reasons for their production.

Lee (1994) provides another illustration of the use of critical hermeneutics in the interpretation of communication. In this article the author analyzes managerial e-mail messages as rich sources of information that allow the users of this communication medium to understand themselves, their own use of the medium, and their organizational context. Gabriel (1991) conducts a similar analysis of storytelling in an organizational setting. The author refers to this phenomenon as “organizational folklore” and adopts a hermeneutic stance in uncovering elements of organizational culture, which may not be expressed in straight talk. The interpretive nature of investigating these processes necessitates a critical hermeneutic approach. Once again, the treatment of international accounting as a discourse, would also necessitate the use of critical hermeneutics since the purpose is to uncover the manner in which the participants use the communication medium (accounting texts) to understand themselves, their own use of the medium, and their international context.

CHAPTER FIVE: RESEARCH STRATEGIES

In discussing the data collection and analysis methods a distinction was made between the descriptive and qualitative portions of the study. These were designated as Phase I, and Phase II of the study. Before proceeding with the analysis involved in these two phases it was necessary to establish criteria for selection of the journals to be examined and determine the events (articles within a certain time period) that would be considered as data elements.

Identification of Journals

Two methods have been commonly used to evaluate journals: citation analysis and opinion surveys. Citation analysis is a method of ascribing importance to a particular journal or a particular author by determining the number of times that author or journals has been cited in the relevant literature. The assumption is that journals and authors that are cited more frequently are more influential. Opinion surveys involve ascribing importance to journals or authors based on the judgments or opinions of individuals who are considered to be influential in the discipline. It is assumed that these individuals possess the expertise to perceive the comparative qualities of various journals. Brown and Heufner (1994, p. 225) provide a review of research utilizing either of these two methods as well as studies investigating their respective strengths and weaknesses.

The main criticisms of citation analysis are the following:

- 1) Many citations are negative (critical of a journal or author) rather than positive (Croom, 1970),
- 2) Citations are biased in favor of certain authors - popular authors (May, 1967), those who write review articles (Woodward & Henson, 1976), and those whose papers are methodological (Margolis, 1967).

The main criticisms of opinion surveys are the following:

- 1) There is the possibility of response bias if the opinions of respondents differ from those of non-respondents,
- 2) There is the possibility of sample representation bias when results are not applicable to groups that are not sampled,
- 3) There is the possibility of position bias due to the order in which journals are listed (Brown and Heufner, 1994, p. 225).

For the purposes of this study both these methods of journal selection were examined carefully. Feasibility concerns necessitated the selection of the two most prestigious international accounting journals. Identifying these journals through the *Social Science Citation Index* or the *Accounting Research Directory* proved to be difficult since many accounting journals are not included. The journals that were considered as possibilities were those that had the word “international” in their titles accompanied by an accounting related word such as “accounting”, “auditing”, “taxation”, etc. It is possible that accounting journals that do not conform to the criteria mentioned would contain articles pertaining to international accounting issues. However, searching all accounting journals for articles with international implications was not feasible for this research endeavor. Furthermore, it was deemed desirable to narrow the selection to those journals whose overall focus is geared primarily toward international accounting issues. It is reasonable to assume that these journals would target a more specific audience and would seek out contributions that are more representative of an international spectrum of views and geographic locations. Using the criteria outlined above for the selection of journals and the data available in an opinion survey such as Brown and Heufner (1994) pinpointed two journals: *International Journal of Accounting Education and Research* (U.S.), and *Advances in International Accounting* (U.S.). From the journals that were

considered to be “international” these two received the highest rating for perceived quality in the Brown and Heufner (1994) survey.

These two journals were considered to be appropriate for the purposes of this study after a careful examination of their aims, scopes, and intended audiences. Both journals espouse a philosophy of advancing accounting theory and practice from an international perspective. They seek to solicit articles from a broad spectrum of origins that aid in understanding accounting’s potential ability in recording and interpreting international economic transactions. They emphasize the increasingly important role of accounting in an interdependent global economy. As such, they have a broad intended audience that encompasses all academicians and practitioners interested in the international implications of accounting regardless of their geographic location.

Identification of Events

It was necessary to focus on a subset of events. Three possible strategies have been utilized. One approach selects two endpoints to a period and provides a comprehensive analysis of these differing points (Preston et al., 1995). For example, a study may investigate the number of teenage suicides in the years 1980 and 1990 and attempt to provide an explanation of the differences observed. A second approach considers intermediate points as well as endpoints to periodize (divide into smaller units) the data (Tinker & Neimark, 1987). For example, a study may investigate the transformation of sexual attitudes in Canada over three decades from the year 1960 to the year 1990. The analysis would take each decade (1960s, 1970s, 1980s) as a unit in examining the social developments affecting sexual attitudes. A third approach considers

intermediate points as well as endpoints and allows the internal documents or observations to periodize the data (Neu & Saleem, 1996). For example, a study may track the profitability of the automobile industry in the United States over the last 50 years. The analysis would allow for certain variables such as wars, oil market fluctuations, etc. to divide this 50 year period into smaller units that are relevant in interpreting the data. The approach taken in this research effort was to select two endpoints and analyze all the intermediate points inclusive of the endpoints. No attempt was made to periodize the data. The goal was to examine ten volumes of each journal. This indicated a selection of the years 1987 and 1997 as endpoints.

The choice of 1987 as a starting point was deemed appropriate for a number of reasons. To begin with, this is the year when the first volume of the journal *Advances in International Accounting* was published. Therefore, this year presented itself as a natural selection for a starting point. Situating the international accounting discourse within the wider discourse on globalization compels one to consider the historical development of this paradigm for possible alternatives in selection of the events to be examined. Levitt's global theory, asserting that consumers and products were becoming increasingly identical all over the world leading to the globalization of financial markets and all business transactions, first appeared in a 1983 *Harvard Business Review* article (Walle, 1992, p. 35). This article lent great impetus to the globalization discourse. It is reasonable to assume that there would be a few years of lag time for the academic literature in accounting to truly pick up the "international" momentum in espousing the globalization paradigm. In this regard choosing 1987 as a starting point for examination of academic articles on international accounting seemed justified.

Another reason for the selection of 1987 as a starting point in this research program ties in with the activities of the IASC (International Accounting Standards Committee) an organization which actively promotes the harmonization of accounting standards and bears great influence on harmonization discourse within the international accounting literature. In 1987 the IASC initiated an accounting standard Comparability project. In the same year the International Organization of Securities Commissions (IOSCO) joined the IASC's Consultative Group in supporting the Comparability project. Coincidentally, this is the same year in which the first IASC bound volume of international accounting standards was published (IASC, 2000).

Accreditation requirements exert a great deal of influence upon the curricula, student diversity, and faculty composition at any particular university. These elements in turn have a great impact upon the type of research activities conducted at an institution of higher learning. One accrediting organization, which has had a significant amount of influence upon these developments, is the AACSB – The International Association for Management Education. This organization was formerly called the AACSB (American Assembly of Collegiate Schools of Business). In 1974 this organization changed its accreditation requirements to include an international perspective in the business curriculum (Leung, 1988, p. 179). The AACSB set up workshops for internationalizing the Accounting Curriculum in 1978. At this juncture it was suggested that at least one international accounting course should be required at the doctoral level to help orient future faculty to the international implications of accounting.

The AACSB continues to encourage greater internationalization of curricula as well as increased diversity among students and faculty members within institutions

seeking accreditation. It is reasonable to assume that such requirements would constitute a great driving force in shaping the future of accounting research. A number of years would be necessary for universities to start implementing the proposed changes. There would also be a time lag before doctoral students graduating from these newly “internationalized” programs would begin to publish research in international accounting. Choosing the year 1987 as a starting point for the examination of international accounting literature seems reasonable since it allows an approximate ten year time lag from the 1978 AACSB requirement to internationalize the curricula in doctoral programs.

Once the end points for the selection of events to be examined were determined then there was a need to decide what elements of each article would be of interest in providing answers to the questions under investigation. The two phases of the analysis necessitate the selection of different elements of the articles that would be of relevance. These criteria are described in detail in the following two sections that outline the procedure used in Phase I and Phase II of the study.

Phase I – Descriptive Background Information

The method of data collection in this section involved document analysis with the purpose of developing a classificatory scheme. Each article was considered as a distinct record with four fields of interest: the title, the author, the abstract (introduction), and the body.

The first three elements (title, author, and abstract) provided data for constructing a preliminary background picture of the journals involved. They were used in particular to construct the classificatory schemes described in the **Introduction** (page 1). The use

of documents, as was the case here, often entails some form of content analysis. The goal was to conduct a systematic examination of the published articles to document patterns. The greatest strengths of the content analysis method are that it is unobtrusive and non-reactive (Cohen & Fredler, 1974; Funkhouser, 1973; Gottschalk, 1979; Greenberg, 1980; Luckenbill, 1981). The researcher determines where the greatest emphasis lies after the data have been gathered. In the descriptions of the procedures that follow an attempt is made to make the method as explicit to the reader as possible so that results can be checked as well as the care with which the analysis has been applied.

The last element (body) was used to provide the bulk of the qualitative analysis, which is the main contribution of this program of research.

Author

The purpose in considering the authors of the articles was to present the reader with a preliminary picture regarding the geographic dispersion of contributions to each journal. The objective was not to arrive at any absolute statement regarding the cultural forces bearing upon the creation of any article. At this juncture it is important to acknowledge that a host of factors bear upon the development of any individual author's subjectivity. These may pertain to class, ethnicity, gender, education, employment status, etc., and may influence the author's subject position to varying degrees. Concentrating on one to the exclusion of the others ignores their interconnectedness and complexity. Any assertion made regarding an author's cultural background based on such an analysis is simplistic and overly deterministic. A thorough understanding of why certain types of articles appear in the journals under examination would require an in-depth analysis of

these factors. Due to feasibility constraints, such an investigation was considered to be beyond the scope of this research program.

For the purposes of this study it was determined that a preliminary background to the journals may be constructed by presenting the reader with information regarding the educational institutions at which the authors were employed when the articles were published (Hasselback, 1995; Prather & Rueschhoff 1996; Brown, 1996). Institutional affiliation may greatly influence the type of research represented in these journals; however, one must recognize that individuals employed in North American universities (as well institutions in other parts of the world) may have conflictual subject positions due to other ascribed characteristics. Tinker (1988) highlights the importance of the institutional setting in which modern research is conducted.

Institutions train, hire, promote, pay, motivate and fire individual researchers, and help decide what research should be undertaken through the commodification of research activities (Tinker, 1988, p. 168).

The extent of foreign authorship, concentration of authorship, concentration of institutional affiliation and extent of collaborative efforts were deemed sufficient classificatory schemes for the purpose of this research program and provided an introductory background (partial as it may be) for the presentation of the results of the qualitative analysis. A simple tallying procedure was followed to arrive at the totals for each of these classifications. In determining the extent of foreign authorship the country of an author's institutional affiliation was the deciding factor. For example, if an author's institutional affiliation at the time of publication were the University of Calgary then Canada would be considered to be the country of authorship. To determine authorship

concentration a simple tally was made of the number of articles written by any single author. Likewise, to determine institutional affiliation concentration a simple tally was made of the number of articles written by authors employed at any single institution at the time of publication.

For all three of the classifications mentioned above (extent of foreign authorship, authorship concentration, and institutional affiliation concentration) any individual tally (count) was presented as a ratio of the number of authors involved. For example if a particular article was written by a single author from the University of Calgary, then the following procedure was followed to arrive at a tally for each of the three classifications:

- a) Canada received one point as a country in determining extent of foreign authorship,
- b) That individual author received one point in determining authorship concentration,
- c) The University of Calgary received one point in determining institutional affiliation concentration.

On the other hand, if the article was co-authored by an individual from University of Texas and an individual from the Lebanese University then the following procedure was followed:

- a) The U.S. and Lebanon each received a score of $\frac{1}{2}$ in determining extent of foreign authorship.
- b) Each one of the authors involved received a score of $\frac{1}{2}$ in determining authorship concentration.
- c) The University of Texas and the Lebanese University each received a score of $\frac{1}{2}$ in determining institutional affiliation concentration.

This type of tallying is consistent with procedures followed in other studies (Lukka & Kasanen, 1966; Dyl & Lilly, 1985) that have taken on similar or related analyses. Dyl and Lilly (1985) for example, concluded that 45% of the articles in the most significant English speaking accounting research journals (in 1978-1981) were

produced by only 25 faculties, most of them representing the U.S. Lukka and Kasanen (1996) examined six leading English language research journals during the period 1984-1993. The results of the study indicated that accounting is still a local discipline by nature in that the authors and the empirical evidence used in the research papers were clustered along country lines. An article was considered to be local if the origins of the researcher, journal, and data were the same. Approximately 77% of the articles examined in this study fell in this category. The purpose of developing these schemes in the current research program was to create an introductory descriptive background for the analysis to be undertaken in the next phase, determining power struggles between the “center” and the “periphery” in international accounting literature leading to the construction of the “other”. This helped present a picture of the diversity of geographic locations of the authors of the articles examined. Evaluating the number of collaborative efforts provided further insights into the extent of “internationalism” in the literature. In this case three categories were used: 1) single author, and 2) multiple author (all) 3) and multiple author (advanced nation and developing country collaboration). The third category represents a subset of the second category. The results are presented in the section **Descriptive Background Information** (page 88) of this thesis.

Phase II - Qualitative Analysis

One primary data collection method was employed during this phase of the research program. That primary method was document analysis.

This method involved the analysis of articles appearing in the academic journals that were selected. However, not all the articles appearing in these journals during the time period specific were considered to be relevant to the objectives of the study. A procedure was followed that involved a number of rounds of elimination in order to arrive at core number of articles that possessed the characteristics of interest for this study. These rounds of elimination were based on a detailed examination of the title and abstract of each article. The process that was followed is described below.

Selection of Articles

Two possibilities presented themselves as viable alternatives for the selection of the articles to be considered. The first possibility was to analyze all the articles appearing in the journals that were selected and which were published during the specified time frame. The second alternative was to use citation analysis of the journals selected to narrow down the number of articles analyzed. One possibility would be to choose those which are considered “classics” (papers cited four or more times per year since year of publication), and “near classics” (papers cited three times per year since year of publication) (Brown, 1996, p. 723). A final decision was made to review all the articles appearing in the journals under examination in order to achieve a greater depth of analysis.

In reviewing all the articles the purpose was to conduct a content analysis of the words appearing in the titles to determine whether or not the subjects were related to international accounting issues. In determining the international qualifications of an article a first round of elimination was accomplished using a procedure introduced by

Lukka and Kasanen (1966, p. 760) to determine if articles have local or global impact.

These authors analyzed empirical accounting research in their study. An article was considered local if the author was employed at an institution within the country in which the journal was published and used local (country of publication) data. On the other hand, if the author was not employed at an institution within the country of publication and used foreign (not from country of publication) data then the article was considered to be foreign or have global impact. The two journals that were examined in this research program are published in the United States. Therefore, articles that were authored by individuals from educational institutions within the U.S. and used only U.S. data without any international ramifications were eliminated.

This round of elimination was augmented by other criteria denoting “international” relevance. Gray (1985, 1989) provides the following definition of international accounting: The research must relate to 1) the comparison of accounting across countries, 2) an issue relevant to international business operations or investment, including portfolio investment, or 3) standardization or harmonization of accounting systems internationally, both internally and externally. Accounting research is not international just because it is conducted in another country. When such research is extended to consider the comparative dimension and the international issues arising, it becomes international. To determine the international implications of an article emphasis was placed on locating the names of particular countries or specific geographic regions as well as scanning for the words “global”, “national” or other derivatives such as “international”, “transnational”, or “multinational”. It was decided that titles that conformed to the above criteria or any subset thereof constituted the desired qualities to

be considered international in scope. Alternately, titles that did not conform to any element of the above criteria were considered to have no international implication. Therefore, this part of the analysis aimed at creating two main categories of articles: 1) those considered international in nature and 2) those not considered international in nature. The abstracts of the articles were examined in the same manner for further detail. These methods are consistent with those adopted by similar classificatory studies (Inkpen & Beamish, 1994; Prather & Rueschhoff, 1996).

The group of articles that was deemed to have international implication was narrowed down further in that articles that investigated or compared only advanced countries as their subjects were eliminated. The theoretical lens used in this research (postcolonialism) provided the basis for making this decision. In this context it is important to acknowledge that the group of articles eliminated in this round could have been very informative in investigating relational characteristics of members of the center (economically advanced countries). It is reasonable that another study employing a postcolonial perspective would consider examining these relationships as insightful. However, for the purposes of this study the decision was made to limit the articles under examination to those characterizing relationships between the center (economically advanced countries) and the periphery (developing countries). It is understandable that other researchers might have decided to bracket the study using different criteria.

In any case, the objective here was to create two groups of articles: 1) those that were appropriate for the analysis and 2) those that were inappropriate for the analysis. The first group of articles (articles considered appropriate for postcolonial analysis) was finalized as comprising the data set to be examined in this study. The primary goal of

this research was to determine how “otherness” is constructed in the international accounting literature. A central aspect of this type of analysis is investigation of the image the West creates for itself in comparison to the “other.” The analysis of the discourse proceeds along the lines of “center”, versus “margins.” Since the journals examined were published in the U.S., a western country, then articles that investigated the non-West or compared the West to the non-West were deemed of interest.

The second round of elimination resulted in a core number of articles that were considered to be appropriate for the objectives of this research. The ten volumes of the journal *Advances in International Accounting* contained a total of 145 articles. Out of this total 37 were eliminated resulting in 108 that constituted the pertinent data set. This group of articles represented approximately 75% of the total. The ten volumes of the *International Journal of Accounting Education and Research* contained a total of 215 articles. Out of this total 65 were eliminated resulting in 150 that constituted the pertinent data set. This group represented approximately 70% of the total. Combining the numerical data regarding both journals provides a similar aggregate picture. The ten volumes of the two journals examined contained a total of 360 articles. After the two rounds of elimination 258 articles were selected as possessing the desired characteristics for the objectives of the research. This number represented approximately 71.7% of the total possible.

Development of Qualitative Themes

Generating categories of data for cells in a matrix can be an important focusing device for the study. Tightly structured, highly organized data gathering and analyzing

schemes, however, often filter out the unusual--the puzzle that if attended to and pursued, would provide a recasting of the entire research endeavor. Thus an attempt was made to strike a balance between efficiency considerations and design flexibility. The search for relevant information was guided to a great extent by some of the findings and general conclusions derived from the pilot study and driven by the theoretical lens (postcolonialism) employed. Schatzman and Strauss (1973) provide a picture of the difficulties involved in qualitative data collection and analysis.

Qualitative data are exceedingly complex, and not readily convertible into standard measurable units of objects seen and heard; they vary in level of abstraction, in frequency of occurrence, in relevance to central questions in the research. Also, they vary in the source or ground from which they are experienced...Our model researcher starts analyzing very early in the research process. For him, the option represents an analytic strategy: he needs to analyze as he goes along both to adjust his observation strategies, shifting some emphasis towards those experiences which bear upon the development of his understanding, and generally, to exercise control over his emerging ideas by virtually simultaneous "checking" or "testing" of these ideas...Probably the most fundamental operation in the analysis of qualitative data is that of discovering significant classes of things, persons and events and the properties which characterize them. In this process, which continues throughout the research, the analyst gradually comes to reveal his own "is's" and "because's": he names classes and links one with another, at first with 'simple' statements (propositions) that express the linkages, and continues this process until his propositions fall into sets, in an ever-increasing density of linkages (Schatzman & Strauss, 1973, pp. 108-110 in Marshall & Rossman, 1995, p. 112).

One method that provided a great degree of guidance in developing the relevant categories for this study is called Membership Categorization Device (MCD) Analysis. Silverman (1993, p. 80) provides a description of this method using the works of Sacks (1992) as examples. A brief look at one of these examples helps further an understanding of the analysis involved. Consider the description below in which the identities of the individuals involved are concealed:

The X cried. The Y picked it up.

Most individuals are inclined to hear X as a baby. Hearing X as a baby, they are then inclined to hear Y as an adult and most possibly the baby's mother. In fact most people will conclude that the mother's act of picking up the baby was brought about as a direct result of the baby's crying. The inclination is to hear the story as a description without observing of the circumstances, which it characterizes.

Any description has the potential of providing “accurate” depictions of different aspects of an individual or object. Each description effectively causes that individual or object to be viewed in a certain way, thus creating a unique identity. Each identity is heard as a category from some collection of categories (membership categorization device MCD). In the example above we hear “mother” as a category from the collection “family.” Often choosing a particular category from an MCD precludes an individual or object from being identified with another category from the same device. When a speaker to describe two members of a population uses two or more categories, the inclination is to hear them as belonging to the same collection when such a possibility exists. Furthermore, if one category from a given collection is used to describe one member, then the inclination is to conclude that other categories from the same collection may be used to describe other members of the population. Of great relevance to the purposes of this project is the assertion that “common sense” plays a great role in associating certain kinds of activities with certain membership categories. Thus, social identity often becomes a function of the activity of the person that is identified. Subjective assessments with moral connotation can be formulated based on descriptions of behavior as conforming to activities appropriate to a social identity (Silverman, 1993, p. 82). The article by Lehman and Tinker (1987) in which a scheme of categorization

was employed in analysis of the accounting literature appearing in several academic journals provided a relevant example to follow. Although not explicitly stated, elements of MCD analysis can be found in this work. The Lehman and Tinker (1987) study attempted to elaborate the relationship between certain accounting discourses and the social conflicts in which these discourses are embedded. The study examined 442 articles and divided them into 18 discourse categories. This means that the articles were categorized according to their shared meanings, connotations, and associations. The study concluded that discursive accounting practices are not neutral but are used as ideological weapons by various participants in the distribution of wealth.

The current study used similar procedures in grouping the excerpts from various international accounting articles into classes. This was done on the basis of shared meanings, connotations, and associations. Strict adherence to the procedures outlined in MCD analysis was not the goal in this research endeavor. However, the underlying principles were used as guidelines in development of the relevant categories of analysis. The international accounting literature is replete with descriptions of accounting systems in other places. Any description may capture “accurate” characteristics of the person, organization, or country under study. Yet any description or explanation creates an image and invites the reader to view the phenomenon in a certain way, which may preclude the reader from viewing it in another. The theoretical lens employed in this study provided the framework for developing the relevant categories that emerged from the analysis. This type of content analysis is referred to as “interpretative content analysis” (Kolbe & Burnett, 1991, p. 247). In such an analysis no attempt is made to

generalize to a larger population. The purpose is to uncover and explain underlying meaning.

Each article was treated as a unique record. The title, abstract, and body of each article were analyzed to determine possible hidden meanings that are masked by myths in the discourse. The text was analyzed in careful detail using a postcolonial critical approach. Particular attention was given to identifying hegemonic tendencies on the part of a privileged or dominant class in creating the “other”. The analysis proceeded along the dimensions of developed countries versus developing countries while recognizing the problematic nature of these categorizations. The terms “developed” or “advanced” and “developing” have been used throughout the international accounting literature based on an understanding that has become commonly accepted. The quotation that appears below was taken from one of the articles examined and is indicative of the difficulties associated with the usage of these terms.

Dean (1988) suggested that any definition of “developing countries” would be problematic. Indeed, various definitions are in use. Historically, the euphemism “developing” was introduced in the United Nations, to replace the less polite expressions of “backward” and “underdeveloped” with respect to a group of countries that were the concern of UN donor members (Higgins 1968, 22). But even as early as 1949, when this term first appeared in official documents, a group of experts appointed then by the UN Secretary-General recognized that there was already difficulty in interpreting it (United Nations 1949). “Developing Countries” were then operationally defined as a synonym for “poor countries,” those whose per capita real income was low when compared with that of the United States, Canada, Australia, and Western Europe (Chan & Khumawala, 1993, p. 321).

This definition continues to be problematic especially in light of its origin. It is not clear what individuals constituted this group of experts, what was their area of expertise, or what criteria they used in arriving at this definition. Though riddled with deficiencies, this definition constitutes the basis for analyzing discursive formations in

the international accounting literature examined along the binary categorizations (developed/developing) deemed relevant to the study. The lack of a more sophisticated definition and the prevalent use of the terms in connection with the definition put forward render this decision suitable for the purposes of this study.

The analysis of the international accounting articles selected proceeded against a general historical background created by data from the popular press of the dominant countries involved during the time period under consideration. This is justifiable since the two accounting journals examined are published in a developed country and may privilege a certain class with respect to others. This is in line with the guidelines proposed by Marshall and Rossman (1995) for designing qualitative studies.

The analytic process demands a heightened awareness of the data, a focused attention to those data, and openness to the subtle, tacit undercurrents of social life. Identifying salient themes, recurring ideas or language, and patterns of belief that link people and settings together is the most intellectually challenging phase of data analysis and one that can integrate the entire endeavor (Marshall & Rossman, 1995, p. 114).

Each article was read in its entirety inclusive of the title, abstract, and body. Excerpts were selected that were considered pertinent for further analysis and development of categories. The selection of these excerpts was based on their potential for hidden meanings and creation of an image of what was being described. As such, these quotations went beyond mere descriptions of the technical aspects of accounting systems. Not all articles yielded items for further considerations.

A careful examination and review of these excerpts to determine characteristics of “otherness” developed in the literature generated 15 categories. This was accomplished by trying to identify regularities or commonalties in the excerpts. Patton (1990, p. 306) defines such categories as “analyst-constructed typologies” as opposed to “indigenous

typologies.” Indigenous typologies are expressed by the participants in a study or pre-exist as part of the data, while analyst-constructed typologies are created by the researcher as reflective of distinct categories determined by variations occurring in the observations.

A second round of reading and careful analysis of the excerpts was undertaken to bring about internal convergence and external divergence (Guba, 1978). The purpose here was to ensure that each category was internally consistent yet distinct from other categories. As a result of this second round of examination the previous 15 categories were broken down into six major categories which constituted the framework for the development of six themes: 1) problematic, 2) unimportant, 3) inadequate, 4) irrational, 5) passive, and 6) savable. The Analysis section of this thesis investigates the unfolding of these six themes in the international accounting literature from a postcolonial perspective. The goal is to discover how “otherness” is constructed in the literature through these six themes. The Analysis section is divided into three main chapters; each deals with two of the themes that emerged from the data. The first chapter, **Chapter Seven** (page 95), deals with the themes “problematic” and “unimportant” examines the image created of the “other” as potential participant in the issue of accounting standard harmonization. The “other” is responsible for existence of the harmonization problem and is unimportant in the solution seeking activity. The second chapter, **Chapter Eight** (page 166), deals with the themes “inadequate” and “irrational”. This chapter examines the judgment passed on the “other” by the solution seekers to the harmonization issue. The final chapter, **Chapter Nine** (page 230), investigates the unfolding of the themes

“passive” and “savable.” This chapter provides the capstone of what is finally to become of the “other” in solving the harmonization issue.

It is believed that the strength of the study lies in the fact that the research strategies employed in connection with the suggested theoretical and methodological framework provided an ideal approach to answering the research questions identified. At stake here is the pragmatic molding and reproduction of the citizenry's social and political identities, beliefs and knowledge, consent and deference, trust and confidence, attention and sensibility. In revealing the structure of communicative action the results of the study will alert readers to the subtle and possibly systematic ways in which social action, and social actors, may be deceived, mislead, manipulated, or mystified. The study will show how structures of organized action may function to make legitimate, unforced political consensus or political discourse difficult to achieve.

CHAPTER SIX: DESCRIPTIVE BACKGROUND INFORMATION

Country Concentration

An examination of the countries from which the articles originated revealed interesting results. The seven countries yielding the greatest number of articles in each journal are presented in Tables 2 and 3 of Appendix B (the reader is reminded to refer to the section **Research Strategies** (page 67) for a description of the tallying process).

In both journals the United States represented the highest contribution of articles. The ten volumes of the *International Journal of Accounting Education and Research* contained 215 articles. The number of articles contributed by authors employed at educational institutions in the United States was 118.75 (Refer to Table 2 in Appendix B). This represented 55.2% of the total contribution. A review of ten years of publication of the Journal *Advances in International Accounting* revealed even a higher level of concentration. A total of 145 articles were examined. The number of articles contributed by authors employed at educational institutions in the United States was 80.04 (Refer to Table 3 in Appendix B). This represented 55.2% of the total contribution. The top seven countries with the highest number of contributions in the journal *Advances in International Accounting* were: the United States, Canada, the United Kingdom, the Netherlands, Australia, New Zealand, and Japan representing an aggregate contribution of 83.4% of the total. All these countries are economically advanced countries with a majority being English-speaking.

The top seven countries with the highest number of contributions in the journal *International Journal of Accounting Education and Research* were: the United States, the United Kingdom, Hong Kong, Australia, Canada, New Zealand, and Singapore

representing an aggregate contribution of 85% of the total. With the exception of Hong Kong all these countries represent economically advanced nations and are, virtually, the same group of countries represented in the breakdown of articles in *Advances in International Accounting* with the exception of Hong Kong (IAER) and the Netherlands (AIA).

These numbers are indicative of a high degree of concentration in the geographic locations from which articles are accepted for publication in the two journals examined in this research project. Specifically, one may conclude that the advanced countries have a much greater representation in the production of international accounting literature in these journals than do the developing countries. One likely explanation of this trend is the greater number of institutions of higher learning in advanced countries compared to those in developing countries. However, this explanation does not negate the fact that the advanced nations are accorded a greater role in guiding the development of this discipline.

Institutional Affiliation Concentration

A relevant characteristic of the journals used in constructing the introductory background was obtained by a look at the diversity and concentration of educational institutions contributing to these journals. The educational institutions that were responsible for publication of a number of articles in excess of one are presented Tables 4 and 5 of Appendix C (the reader is reminded to refer to the section **Research Strategies** (page 67) for a description of the tallying process).

For the journal *Advances in International Accounting* the educational institution

that received the highest score (8.5) was the Florida International University (Refer to Table 5 of Appendix C). The total number of universities whose individual contributions to AIA exceeded one was 27. Out of these 27 universities 19 were located in the United States representing 70% of the institutions with a score greater than one. The educational institutions, which received a score greater than one represented the following countries: the United States, Canada, the Netherlands, New Zealand, Bahrain, Nigeria, and Australia. The majority of these countries are economically advanced nations with the exception of Bahrain and Nigeria.

The journal *International Journal of Accounting Education and Research* displayed a higher degree of dispersion. The education institution that received the highest score was the Chinese University of Hong Kong (Refer to Table 4 in Appendix C). There were a total of 45 universities whose submissions exceeded one article. Out of these 45 universities 27 were located in the United States representing 60% of the institutions with a score greater than one. The educational institutions which received a score greater than one represented the following countries: the United States, the United Kingdom, Hong Kong, New Zealand, Australia, Singapore, Canada, Egypt, and the Netherlands. Once again the majority of these countries are economically advanced nations with the exception of Hong Kong, Singapore, and Egypt.

This descriptive information would also indicate that institutions that have the greatest bearing on the development of the international accounting literature as exemplified in these journals are located in advanced countries. A qualification to this conclusion is considering the relative importance of publication in various academic circles. The Western academic world values publication very highly in determining

tenure and granting promotions. Any scholar seeking to establish a name in Western academe must become a prolific publisher. Publication may not be emphasized to the same extent in educational institutions of higher learning located in other countries.

Authorship Concentration

A background picture of the journals is not complete without a look at the concentration of authors contributing to these journals. The purpose here is to determine whether certain authors exert a greater influence in shaping the literature compared to others. The number of articles written by any individual author was used as a measure of this influence. The authors, who received a score greater than one, indicating that they published more than one article, are listed in Tables 6 and 7 of Appendix D (the reader is reminded to refer to the section **Research Strategies** (page 67) for a description of the tallying process).

For the journal *Advances in International Accounting*, the results show that 16 authors received a score greater than one (Refer to Table 7 in Appendix D). These authors accounted for 37.94 articles. Out of this group of authors, 9 authors were employed at educational institutions within the United States at the time of publication. This represents approximately 56.3% of the total. The remaining seven authors represented economically advanced countries with the exception of one from Nigeria. One particular author received the highest score, a total of 4.33 articles. This author was affiliated with a university located in the United States. Another approach to determining the influence of this particular group of authors would be to measure the proportion of articles published by this group as a ratio of the total number of articles

published in this journal. The ten volumes of this journal that were examined yielded the following total figures. The total number of articles published was 145. The total number of authors involved was 189. Therefore, 8.5% (16/189) of the authors accounted for 26.2% (37.94/145) of the articles published in these ten volumes of the journal.

For the journal *International Journal of Accounting Education and Research*, the findings were quite similar. There were 20 authors who received a score greater than one indicating publication of more than one article (Refer to Table 6 in Appendix D). These authors accounted for 35.31 articles. Out of this group of authors 13 were affiliated with educational institutions within the United States. This number represents approximately 65% of the total. Two of the remaining six authors represented economically advanced countries, one was from Egypt, two were from Singapore, and two were from Hong Kong. Once again the majority of the countries represented in this group of 20 are economically advanced countries with the exception of Hong Kong and Singapore. The author who received the highest score (3.33) in this group was affiliated with an educational institution in the United States. Interestingly, this was the same author who received the highest score in the analysis of the journal *Advances in International Accounting*. Analysis of the ten volumes resulted in the following total figures. The total number of articles was 215, while the total number of authors was 349. Therefore, 5.7% (20/349) of the authors involved accounted for 16.4% (35.31/215) of the total number of articles published. In both journals there is an apparent disproportionate influence by a handful of authors in the development of the international accounting literature.

Amount of Collaborative Efforts

A final characteristic of interest used to construct an introductory background to the journals examined in this research program was the extent of collaborative efforts represented by the articles during the relevant time period.

A general picture of this was obtained by tallying the number of articles that were written by single authors versus those by multiple authors. The numbers obtained from the analysis of the two journals are presented in Tables 8 and 9 of Appendix E.

For the journal *Advances in International Accounting*, a total of 145 articles were examined as mentioned. The number of articles written by single authors was 78 (Refer to Table 9 in Appendix E). This represented approximately 53.8% of the total. The remaining 67 articles, representing approximately 46.2% of the total, were written by multiple authors (2 authors: 49; 3 authors: 16; 4 authors: 2). An examination of the articles that were collaborative efforts revealed that only 10 articles constituted joint efforts between authors from advanced countries and authors from developing countries. This number represented a mere 14.9% of the total number of co-authored articles and only 6.9% of the total number of articles published within the time period examined.

For the journal *International Journal of Accounting Education and Research*, a total of 215 articles were examined in this study. The number of single-author articles amounted to 73, which represented approximately 34% of the total (Refer to Table 8 in Appendix E). The remaining 142 articles, representing approximately 66% of the total, were written by multiple authors (2 authors: 98; 3 authors: 36; 4 authors: 6; 5 authors: 2). An examination of these co-authored articles revealed that only 21 constituted joint efforts between authors from advanced countries and authors from developing countries. This number represented a mere 14.8% of the total number of collaborative efforts and

only 9.8% of the total number of articles published within the time period under examination.

These results must be viewed in light of the fact that the academic community accords a higher status to single-authored articles in merit assessment procedures. However, the desirability of such a treatment in academic disciplines with international dimensions is questionable. The *International Journal of Accounting Education and Research* shows a greater degree of collaborative efforts than the journal *Advances in International Accounting*. The majority of articles in the former journal were classified as multiple-author articles, while the majority of articles appearing in the latter journal were single-author articles. In any case, the number of collaborative efforts in both journals does not represent a substantial degree of co-operative research efforts between scholars from advanced countries and scholars from developing countries.

The objective of the descriptive data presented in the preceding paragraphs has not been to make any statistical inferences as answers to hypotheses. The purpose has been to provide the reader with a background picture to serve as an introduction to the journals examined in the study. It is believed that such a background facilitates a broad context within which to locate the qualitative analysis that has been the main contribution of this research program.

In summarizing the findings of the analysis done in the preceding section one may conclude that the measures of country concentration, institutional affiliation concentration, and authorship concentration all indicate a disproportionate representation of western English-speaking countries in the international accounting literature. Furthermore, the dominating influence of the U.S. is clearly evident in both journals.

CHAPTER SEVEN: QUALITATIVE ANALYSIS (THEMES ONE AND TWO)

THEME ONE: PROBLEMATIC

International accounting research is geared toward solving a problem. There is a general purpose that seems to be the driving force behind the production of such research. It is true that a very broad range of topics and subjects are covered but the overall picture illustrates the presence of a fundamental concern that shapes and provides direction to this field of academic literature. Indeed, the reason for the very existence of this discipline seems to be premised upon the notion that a certain problem needs to be addressed. A problem is a question proposed for solution, or a knotty point requiring clearing up. This part of the study attempts to identify the representation of this problem or knotty point in the discourse of international accounting literature and the way that “otherness” is constructed in relation to this concern. As this theme evolves throughout the literature, many related issues unfold. The following discussion attempts to reconstruct this theme by analyzing these aspects.

- 1) What is the problem?
- 2) Why is this a problem?
- 3) Who are the problem solvers?
- 4) Who are the problem makers?
- 5) What are the obstacles?
- 6) Whose interest is being served?
- 7) What ideological strategy is used?

1) What Is the Problem?

The international accounting literature examined in this research is devoted to investigating, describing, and comparing accounting systems as they appear in different settings around the world. The fact that significant differences do exist is presented as a

problem. There is seldom discussion of how the discipline is enriched by this variety and multiplicity. Rather, the opposite is true in that there appears to be a felt need for harmonization or standardization (Mielke & Giacomino, 1987; Baliga, 1993; Tang, 1994; Adhikari & Tondkar, 1992; Needles Jr., 1989). In this light, the differences that do come up from country to country or region to region create obstacles or impediments to the harmonization process. Accounting systems in other places are subjects of study to the extent that understanding them can facilitate the harmonization process or are instrumental in furthering a better understanding of accounting systems as they exist in industrialized Western countries. As such, the reward of conducting such research does not lie in the knowledge that is gained from analyzing an alternative accounting system's contribution to the enrichment of this field of inquiry. Rather, the benefit is derived from identifying differences that can be "ironed out" in achieving the harmonization that seems to be the desired goal. This does not mean that all authors and articles are strong advocates of harmonization or standardization. Indeed, as elaborated further in this section, some authors present the view that harmonization may not be possible or practical or even desirable from some standpoint. However, the point is that a significant portion of the literature unfolds itself within the context of the harmonization debate.

2) Why Is This a Problem?

Attempts to expound differences in accounting systems world-wide as related to harmonization activities find their roots in the globalization paradigm. Thus, the international accounting discourse is placed and situated within the globalization discourse as theorized earlier in this thesis. What is the connecting link? Differences in

accounting systems truly do present a “problem” in that they slow down or hinder the globalization of business activities that is sweeping the economies of countries around the world. Globalization is portrayed as a natural, desirable, and to a great extent, inevitable economic reality. Within the same context harmonization of accounting systems world-wide is also natural, desirable, and perhaps inevitable as well. Therefore, differences in accounting systems pose a “problem” in that they impede the harmonization necessary to facilitate globalization. As such, the literature is geared toward presenting solutions to this “question” or “problem” and ironing out this “knotty point.” Some of the excerpts appearing below indicate a felt need to justify the importance of the studies by reference to the rapid pace of globalization and its consequences. The flip side of the coin would be the conclusion that in the absence of globalization, harmonization of accounting standards would not present itself as an urgent need; and, therefore, there would not exist any need to study accounting systems of other countries.

The quotations that appear below and in Appendix F are illustrative of the interrelated importance of international accounting and the globalization movement. Globalization creates the need to study international accounting and to harmonize accounting systems world-wide. The term “accounting” as used in the literature under investigation comprises all aspects of accounting including auditing.

Globalization of international capital markets has increased the need to improve financial reporting. Wide reporting variations among countries reduce the reliability and effectiveness of financial analysis of transnational corporations (Mielke & Giacomino, 1987, p. 143).

Harmonization is motivated by the fact that accounting differences may negatively affect the globalization of capital markets. But whether harmonization actually occurs depends on the interaction of certain external and internal conditions (Tang, 1994, p. 149).

It is suggested that the harmonization of accounting is a function of the general level of economic and globalization development. This is because the more globalization, the more need and pressure to remove obstacles of accounting differences. Therefore, it is often hypothesized that harmonization is more likely to take place in a country or region with a high level of economic development and globalization (Tang, 1994, p. 149).

Forces in the world economy today are commonly agreed to be increasing the importance of international auditing and the need for the international harmonization of auditing standards. Among these forces are the increase in international trade and investment, the growth of multinational corporations, and the internationalization of the accounting profession (Needles Jr., 1989, p. 2).

In these quotations the authors emphasize the need for international harmonization of accounting or auditing standards. The authors go on to identify the driving forces behind such a need for harmonization. The forces that are identified pertain more specifically to developments in the West or industrialized world. Industrialized countries are the ones experiencing greater increases in international trade and investment. According to *The World Competitiveness Yearbook* (1999) the top ten countries ranked according to extent of participation in international trade and investment are: 1-U.S., 2-Singapore, 3-Luxembourg, 4-United Kingdom, 5-China Hong Kong, 6-Netherlands, 7-Germany, 8-Ireland, 9-France, 10-Belgium. The remainder of the list also indicates that most of the industrialized countries have high rankings.

Transnational corporations or multinational corporations are identified in several of the quotations as being impacted by the diversity of accounting standards and practices world-wide. These organizations face the problem of reduced reliability of information needed for international decision-making aspects. The growth of multinational corporations is also primarily a concern of industrialized countries. If one were to consider the distribution of transnational corporations among various countries in the

world it is easy to conclude that the majority of such business entities exist in the West or in industrialized countries.

Hoover's Handbook of World Business (1999) lists the top 100 multinational corporations according to their market values as taken from the September 18, 1998 issue of the *Wall Street Journal*. The distribution of these corporations among various countries is as follows: U.S.-59, U.K.-10, Germany-9, Switzerland-6, France-4, Japan-3, Italy-3, Netherlands/U.K.-2, Netherlands-2, Sweden-1, and Spain-1. The 1993 issue of *Crossborder* lists the top 50 multinational moneymakers according to sales. The distribution of these multinational corporations according to countries is as follows: U.S.-25, U.K.-16, France-3, Japan-2, Netherlands-2, Sweden-1, and Italy-1.

So, who is facing this problem? The answer is transnational corporations and by extension the industrialized world. As for the internationalization of the accounting profession, the major international accounting firms are all headquartered in the West or industrialized countries with an increasing number of their branches opening up in countries around the world. Once again, one may conclude that developments in the industrialized world are providing the main impetus for addressing the need for international harmonization of auditing standards.

The overall picture presented by these quotations is illustrative of the fact that variations in accounting practices among countries pose a problem. There is a need to address this problem because of the globalization of international capital markets. If this globalization were not taking place this need to study and discover these variations would not arise. Thus, globalization provides the justification for conducting such inquiries.

Individual country studies are also premised upon the need for harmonization.

A great number of these articles indicate a need to justify selection of countries other than the advanced countries as subjects of research. The criteria of selection are the prevalence of the globalization movement and the possible contribution to harmonization of accounting standards or benefits that may accrue to the advanced countries. The quotations listed below and appearing in Appendix F constitute a sampling that is illustrative of this type of emphasis indicating who is facing the problem.

This study explores the main determinants of the differences in the financial ratio norms between Guatemalan and U.S. firms; it also estimates the direction and the approximate magnitude of the adjustments needed to enable a more meaningful comparison of firms' performance across the two countries...(Aguirre & Hagigi, 1987, p. 170).

U.S. investors have several ideal opportunities to diversify their portfolios internationally by investing in Central America...The prospective investor in Guatemala should be aware of the different economic culture, business conditions, and accounting practices of this country (Aguirre & Hagigi, 1987, p. 185).

Harmonizing accounting principles throughout the world is important in order to simplify access to financial markets and facilitate commerce among nations...While harmonization may not be a major goal for developing nations, they nonetheless face the critical problem of improving their accounting systems (Tipgos, 1987, p 385).

The purpose of this study is to determine how feasible it is to apply Western behavioral theories in the context of accounting control in Mainland China by studying a company in China. The results of this study may provide useful information for international investors so that they can understand the behavior of Chinese employees, and to adopt accounting control techniques that are more appropriate to the Chinese cultural setting. As many Western businessmen have found it difficult to manage Chinese employees in Mainland China, the results of this study may help present and future international investors to manage their businesses in China more effectively (Chan & Lee, 1997, p. 166).

...even if these ratios are used directly by Soviet decision makers, they may have a quite different meaning in the Soviet decision context than that commonly assumed in Western interpretations (Hoyt & Legault, 1987, p. 269).

Singapore is an international center of business and finance and has attracted multinational corporations from all over the world to set up their operation headquarters, branches or subsidiaries in the island state. For obvious reasons, it positively promoted harmonization of international accounting standards (Han, 1993, p. 150).

These factors of the Uruguayan environment create havoc with the accounting standards developed for industrialized countries where capital funding plays a significant role (Carmony, 1987, p. 46).

All these quotations indicate that the increasing pace of globalization and international trade creates problems that in one way or another need to be addressed by international accounting research. It is clear that the countries that are truly experiencing this surge in international trade are the industrialized countries of the West. Any need to understand accounting systems or cultures elsewhere is premised on the notion that it will facilitate better control and better management of foreign elements to the advantage of the Western companies having operations in these countries. This is an important insight because it effectively portrays the developing countries as being part of the problem that is being faced by developed countries. This issue will be dealt with more extensively later. Some authors (Aguirre & Hagigi, 1987, p. 170; Chan & Lee, 1997, p. 166) go so far as to relate the problem to U.S. companies or U.S. investors in particular. Therefore, these problems are of more immediate concern to them than to the developing countries. In fact, it is the accounting systems of the developing countries that are creating the problem for the industrialized countries.

3) Who Are the Problem Solvers?

Once the international accounting literature establishes the premise that a problem does exist it proceeds to build a scenario indicating that certain parties are actively involved in the process of finding a solution to the problem. It is important to analyze the

manner in which this scenario is built because it presents certain groups of countries (industrialized Western countries) as taking the initiative to resolve this issue. The quotations that appear below are illustrative of this virtuous position accorded to some nations and multilateral organizations (Note: See Appendix F for a full listing).

For example, the World Bank and the International Monetary Fund play key roles in the financing of the transition to a market economy. The funds used for aid by these organizations are provided by private-sector investors in developed countries. These investors demand periodic financial statements prepared according to GAAP of the developed countries (see Hove 1986). The UK has one of the most developed financial reporting systems of any country and Poland can learn from the UK experience in this respect (Adams & McMillan, 1997, p. 160).

A number of countries, realizing the need for harmonization, formed the International Accounting Standards Committee in 1972 in order to formulate and publish in the public interest, basic standards to be observed in the presentation of audited accounts and financial statements and to promote their world-wide acceptance and observance (Han, 1993, p. 149).

The impending global economic and trade unification of the 1990s highlights the need for the harmonization of accounting standards, including the disclosure of international financial activities of multinational corporations (MCs) by their geographic areas of operation. Some domestic and international standard-setting organizations have established their own sets of rules and guidelines requiring geographic segment disclosures. These rule makers realize the increasing importance of international investment and the positive contributions of the information reported for various geographic areas of investors and creditors. Further, many international regulatory organizations have acknowledge the need for disclosure due to the significant role MCs play in influencing social and economic decisions of sovereign governments (United Nations, 1977 in Ahadiat & Stewart, 1992, p. 27).

These quotations indicate that it is the Western industrialized countries accompanied by multilateral agencies such as the UN, World Bank, and International Monetary Fund, and the International Accounting Standards Committee that are actively seeking solutions to the problem of diverse accounting systems. This argument flows logically from the understanding established in the previous section that the problem of harmonization is one that concerns or affects the Western industrialized countries. They

are the ones who are experiencing the surge of international trade and growth of multinational corporations due to saturation of their local economies.

The multilateral agencies referred to are also heavily dominated and influenced by Western industrialized countries. The last quotation (United Nations, 1977 in Ahadiat & Stewart, 1992, p. 27) indicates that the World Bank and International Monetary Fund, who do provide financial assistance to developing countries, use funds that are provided by private-sector investors in developed countries. These investors require periodic financial statements that conform to GAAP developed in industrialized countries. Whether these multilateral organizations function to further the interests of all their constituents is an important question. This issue will be dealt with in greater detail in the section that analyses the interplay of interests in the globalization and harmonization discourse. One organization that stands out as the champion of harmonization is the International Accounting Standards Committee. Thus, it is important to study the structure of this organization and its aims and objectives in advocating accounting standards to be accepted internationally.

What has been established thus far is that globalization creates a necessity for harmonization of accounting standards world-wide and the countries responsible for finding solutions to this problem are the Western industrialized countries since they are impacted the most by such developments.

4) Who Are the Problem Makers?

What role is assigned to the developing countries? It is very difficult to find an article that accords an equal place to the developing countries as problem solvers.

Indeed, it is the accounting systems in these countries that are creating the problem and impeding globalization and international trade. By extension, these countries are treated as part of the problem. Thus, in portraying other accounting systems, the international accounting literature accords them the characteristic of being problematic—problematic in regards to the urgent issue of accounting harmonization. The quotations that appear below are indicative of this type of treatment.

A classification in accounting may also help shape development rather than merely describe how things are. For example, classification facilitates the study of the logic of and of the difficulties facing harmonization, discussed later. Further by studying a classification, a developing country might be better able to understand the available accounting systems, and which would be most appropriate for its own purposes (Nobes, 1987, p 3).

As China moves into the mainstream of world economics it brings to the international research arena a new set of accounting practices and procedures to be measured, massaged, and meshed into existing or new research models (Hu & Marts, 1991, p. 143).

The purposes of this article are to survey the accounting educational system in Egypt, Jordan, Saudi Arabia, Libya, Iraq, and Kuwait to identify similarities and differences between the systems of these countries and those of developed countries, to evaluate whether their systems serve their economic and social needs, and to recommend solutions for problems identified. The study is based on data collected from educational institutions, professional organizations, and available literature both in these nations, the United States, and in other countries. The purpose of this study is to contribute a better understanding of the educational systems of these countries and to contribute to a beneficial harmonization in accounting educational practices (Agami & Alkafaji, 1987, pp. 145-146).

The first quotation above puts forward the idea that classification schemes that try to group countries with similar accounting practices should eventually foster harmonization. It is assumed that such research allows developing countries to “understand” what alternative accounting systems are available and make the decision as to what would be most appropriate for their setting. These statements indicate the belief

that harmonization will be advanced by developing countries learning to conform to accounting systems of developed or industrialized countries.

In the second quotation above China's entry into mainstream economics creates problems for the existing accepted accounting systems. These problems will somehow have to be solved by initiatives taken by Western industrialized countries.

In a similar fashion the last quotation portrays the West as a problem solver in regards to accounting education and accounting systems in the Middle East. These countries are studied to identify inadequacies in their accounting systems and to provide "solutions" that will help improve their state of affairs. The underlying motive or eventual goal is stated as facilitating further harmonization of accounting standards world-wide. There is no indication that the harmonization of accounting standards may not be an immediate concern of the countries that are the subjects of the study.

5) What Are the Obstacles?

The international accounting literature attempts to portray the world-wide harmonization of accounting standards as the ultimate goal of the discipline. The quotations appearing below illustrate the fact that the path to attaining this goal is not entirely free from obstacles. This would seem to indicate that harmonization is not a goal that is shared by all parties involved. Those who are portrayed as participants in the solution-finding activity are depicted as espousing accounting standard harmonization as a necessary and desirable goal. However, those who are not portrayed as solution seekers and are instead portrayed as those creating obstacles for the problem solvers. The

quotation that appear below draw attention to the belief that culture and nationalism constitute major obstacles to harmonization initiatives.

The question is whose culture and whose nationalism constitutes creating the problem. Obviously, it is not the economically advanced countries since their accounting systems are sophisticated and do not need to change anyway. The third quotation (Most, 1994, p. 5) draws an analogy between universality of accounting and universality of human rights. In this context the countries of Asia and Africa are identified as problem makers because they adhere to the belief that human rights are subject to cultural considerations. Thus, circumstances surrounding these two opposing camps are not characterized by peaceful differences of opinion. One may get the impression that there is heightened tension between these two groups. While one group actively seeks to improve the economic well being of all involved, the other group actively (and perhaps foolishly) tries to undermine these efforts by erecting impediments. The relationship is characterized by antagonism through which the enlightened solution-seekers must break down the barriers erected by the problem makers. One group is accorded the role of heroes while the other group is accorded the role of villains although these groups are not directly identified. The ultimate triumph of the heroes is assured by the fact that the obstacles erected by the villains are not significant enough to pose any threat.

It has been argued that a set of international auditing standards would enhance the confidence users can place in financial statements prepared in other countries, thereby improving international comparability and facilitating the efficient allocation of economic resources world-wide through the integration of capital markets. Culture is often cited as the most serious barrier obstructing the harmonization process. Differences in culture across countries give rise to problems of interpretation. For example, while the auditing standard requiring auditor independence may be the same across countries, systematic cultural differences across countries may cause perceptions of auditor independence to differ cross-nationally (Agacer & Doupnik, 1991, p. 221).

While many cultural differences exist among well-developed nations, differences can be extremely pronounced between technologically advanced countries and less well-developed states. These include differences among financial institutions and arrangements and the structure of the accounting establishment including how, if at all accounting standards are promulgated...Nationalism and cultural differences are important factors but they are by no means impossible obstacles on the road to improved financial reporting and increasing harmonization (Wolk & Heaston, 1992, p. 108).

The assumption that national culture presents an impediment to the adoption of international standards of accounting and financial reporting finds its counterpart in debates on human rights. There, we find a split between those countries which proclaim the universality of human rights and those countries (notably Asian and African) which insist that human rights are subject to cultural, national, and even political interests, leading to the conclusion that human rights may be determined by government (Most, 1994, p. 5).

Nationalism in the context of harmonization refers to standard-setting agencies in the various countries attempting to maintain independence and sovereignty relative to the drafting of accounting standards. While the problem of nationalism should not be under-estimated, we do not believe this presents quite as serious a problem as might have been the case a generation ago. The continuing growth in international trade, cross-border financing and, in particular, the growing power and importance of multinational firms contribute to the need for increasing interdependence and cooperation. Newer developments may be even more important. The emergence of the European Community (EC), the end of the Cold War, and the dissolution of the Soviet Union may lead to greater cooperation among national standard-setting bodies, even though they still maintain independence and autonomy (Wolk & Heaston, 1992, pp. 107-108).

What are the main obstacles or hindrances standing in the way of harmonization of accounting standards? It is interesting to note that in the quotations that appear above the obstacle that is mentioned most often in conjunction to harmonization efforts is "culture." This would seem to indicate that the accounting systems that are in use in various regions of the world in some manner are reflections of the corresponding cultures of those regions. Can we conclude that efforts to harmonize accounting systems run contrary to efforts to maintain cultural diversity and in fact bring about a homogenizing effect that erases aspects of the distinctiveness of cultural identities?

It is clear that nationalism and culture are constructed as impediments or obstacles in the problem solving process of achieving harmonization of accounting standards. However, this is not entirely surprising considering the point of view espoused by a great portion of the literature regarding globalization and harmonization of accounting standards. The issue of location assumes great importance in this analysis. Since the West and the industrialized countries are portrayed as problem solvers while the developing countries are part of the problem then it is natural to conclude that characteristics of the developing countries are also part of the problem. This is especially true of nationalism since it creates a significant resistance to the harmonization process. In reality the relationship between international accounting and power is a relation of asymmetry between locations. International accounting obtains its special identity through a conceptual movement between places. Authors in one geographic location seek to investigate and describe accounting systems in other geographic locations for a particular audience. This is achieved by writing about cultural and accounting differences. In a sense it is an attempt to recreate a “there”, “here”. The encounter between West and Third World as embodied in international accounting is one of unequal powers. This is why the issue of nationalism lies hidden or dormant in most of the literature and where it does surface it is negatively constructed.

One must keep in mind the importance of nationalism in fostering the resistance to colonial activities in the past leading to the independence of many states from Western domination. To a certain extent nationalism is responsible for creating conditions necessary for the birth and development of international accounting as a discipline. In a postcolonial sense nationalism still provides the resistance to other forms of domination

that have survived the colonial era. This is the primary reason why it is negatively portrayed in the international accounting literature. It is never the nationalism of the U.S. or the West that is a problem because it is assumed that it is not the U.S. or the West that needs to change for accounting harmonization to take place.

Although nationalism and culture are considered to be obstacles in the harmonization process at this stage they are not considered to be significant enough to prevent such an eventuality. The strength and momentum of the globalization movement are considered to be strong enough to crush and cause the dissipation of such an opposing force. This belief is manifest in the second and fourth quotations appearing above (Wolk & Heaston, 1992, pp107-108).

How important is culture and why does it pose an obstacle to harmonization? The importance of culture may be analyzed by identifying what functions it serves. Ali Mazrui (in Brinker-Gabler, 1995, p. 334) identifies seven functions of culture in discussing the role of Third World universities in perpetuating cultural dependency on the West.

- 1) The first function of culture is to provide a person with lens of perception and cognition. In other words, culture constitutes the tint of the spectacles employed by an individual in viewing his/her world. Not only does culture affect a person's understanding of the phenomena occurring around him/her but also it fundamentally affects the manner in which these phenomena are perceived in the first place.
- 2) The second function of culture is that it acts as a determinant of motives that guide behavior. The motives for getting married may vary greatly from one cultural setting to the next. In one culture a person may get married as an expression of love and

commitment to another individual, while in another cultural setting a person's decision to get married may be guided by economic considerations or social stigma attached to unmarried individuals.

- 3) The third function of culture is to provide criteria for evaluation. This means that a person's cultural background affects the manner in which he/she attributes worth and value to elements in his/her environment. What a person considers beautiful or ugly is to a large extent a function of culture. What is considered ethical or unethical in business dealings may vary from one culture to another.
- 4) The fourth function of culture is to provide a basis for identification. An individual may feel the need to be associated with a certain group having a unique set of symbols and customs. Culture is a great determinant of the degree to which such a need is felt and acted upon.
- 5) The fifth function of culture is that it acts as a mode of communication. Within any given culture language takes on primary importance in facilitating the act of communication. Culture affects the way language is used to convey ideas and how various words are perceived and understood. It may also be said that language acts as a factor in shaping culture.
- 6) The sixth function of culture is to provide a basis of establishing social hierarchies. In one society social status may be determined purely on the basis of wealth while another society may ascribe primary importance to education or occupation as relevant factors.
- 7) The final function of culture identified by Mazrui (in Brinker-Gabler, 1995, p. 334) is that of determining the structure of a system of production and consumption. Patterns

of production and consumption are interdependent in that each may affect and in turn be affected by the other.

What is the relationship between accounting and culture? Does culture affect the type of accounting standards adopted in a society, or is the relationship in the opposite direction? The accounting standards that exist in any society are a product of the accounting practices followed. These practices develop in response to characteristics of business transactions and relationships that may vary significantly from country to country. A host of elements may affect these practices such as capital markets, financial intermediaries, government, accounting professions, etc (Zarzeski, 1996, p. 19). One may conclude that accounting practices are culture driven and by extension accounting standards are culture driven as well. All seven functions of culture that are identified above have a bearing on the type of business transactions and business relationships that may evolve in a society. Several studies have indicated that national accounting systems are affected by cultural patterns (Mueller, 1967; Radebaugh, 1975; Belkaoui, 1983; Salter & Niswander, 1995). Gray (1985) asserts that firms in advanced countries will be more transparent in their accounting disclosures since they seek to be evaluated by society. On the other hand, firms in developing countries will probably be more secretive because most business transactions and relationships are personal in nature and involve private interaction. We can see that several of the functions of culture identified by Mazrui (1995) have a direct bearing on such a conclusion. For example, the degree of secrecy, which impacts the transparency of accounting disclosures, is a function of cultures influence on the mode of production and consumption, its influence on behavior, its role as a medium of communication, and its function as a lens of perception.

In order to understand why the international accounting literature presents culture as an impediment in solving the problem of harmonization of accounting standards one may wish to analyze what function of culture is responsible for creating the problem. To begin with, let us recall that harmonization advocates are effectively placing the international accounting discourse within the globalization discourse. The global paradigm emphasizes a worldview, espousing the idea that all issues of importance are increasingly taking on global characteristics. Any attention paid to culture would entail considering the local rather than the global. Therefore, a discussion of cultural issues is philosophically counterproductive and must be avoided. This would seem to indicate that no single function of culture is entirely to blame for this incoherence but rather all the functions of culture are suspect.

Globalization discourses do not devote a great deal of effort in analyzing the extent to which certain processes and experiences are truly global. Neither do such discourses attempt to identify how global the perception of globalization truly is. Economic disparities between various geographic regions of the world would greatly affect the extent to which globalize modernity with all its trappings is received and accepted as a present or inevitable phenomenon. The harmonization issue falls into perspective when one thinks of cultural differences as being determined through market forces. A firm operating locally would be concerned with a local market and its related culture. This would be quite different from a firm operating globally in a global market with a totally different culture. Higher levels of disclosure would be required in a global environment. As a firm moves from a local playing field to become a global player then

it may undertake some cultural borrowing from this global market culture in order to survive.

Since the international accounting literature is situated within the globalization discourse it conveniently assumes that all firms in all countries of the world are making this transition or plan to do so. In this regard local cultures present a problem because they affect accounting systems in use through all the seven functions identified by Mazrui (1995). A global set of accounting standards will receive international acceptance only through the de-emphasis of local cultures.

The argument to date has revolved around the inability of globalization discourses to see the trees for the wood. In highlighting modernity's expanded reach, the global becomes a blanket thrown over the various cultures of the world in the process of standardization. Certain features and processes of modern life are internationalized from a narrow Western experience and standpoint so that they seem to cover the whole world. This point of perception is crucial. The undeniable veneer of globalization is mistaken for something more deep-seated and comprehensive (Paolini in Darby, 1997, p. 52).

The fact that many regions of the world are experiencing pervasive forces calling for the revitalization of tradition and culture are ignored or downplayed by globalization discourses. The nationalistic fervor burning in many Third World countries is indicative of a fact that the resistance posed by these societies is not necessarily against modernization but against the Western notion of modernization, which can be referred to as Westernization. Mazrui (in Brinker-Gabler, 1995) suggests that Japan is a good example of a society, which has openly embraced modernization while trying to avoid Westernization. In attempting to protect themselves from the West the Japanese have been selective in what aspects of Western life they have imitated. Their purpose and focus has always been to borrow technology while maintaining their cultural independence. However, one might expect that a careful examination of various aspects

of cultural life in Japan may not reveal such a pristine state. Unfortunately, other societies have not been as selective or single-minded in their modernization efforts.

Culture and tradition play a vital role in assuring that a society's "self" is not lost in the modernization process. However, international relations researchers tend to turn a blind eye toward such indigenization efforts assuming that they are temporary, insignificant and subject to eventual failure. In a similar vein, the international accounting literature must of necessity de-emphasize the importance of tradition and culture in view of the broad and sweeping forces that are bringing about globalization of accounting with the ultimate result of harmonization of accounting standards.

It is no surprise that culture is treated as a barrier or obstacle, but not one to be taken very seriously since it is easily surmountable. By focusing on the economic element, globalization discourses miss the crucial point that culture may provide the main ideological battleground where the nature and effect of such processes may eventually be determined. Thus, by focusing on a projected future the present with its accompanying issues is too easily brushed off as unimportant. In the universalization of Western hopes (harmonization of accounting standards) the Third World disappears.

Several of the functions of culture are highlighted in the writings of Frantz Fanon (1963, pp. 190-199) as the author emphasizes the linkages between nationhood and culture as elements that must coexist to provide a basis for resistance to colonial domination. The two primary functions that seem to capture the author's attention are providing a sense of identity and a means of perception. Fanon (1963, p. 169) is critical of those who scoff at the zeal with which Third World intellectuals may defend and attempt to prove the existence of a native culture. Fanon (1963, p. 169) points out that

such individuals are themselves products of a German or French culture, which they can easily hide behind without a need to prove its existence since such an existence is uncontested in the elaborate process of knowledge production.

On the other hand, Fanon (1963, pp. 190-199) sympathizes with the passionate efforts of Third World intellectuals to search for a pre-existing culture (prior to colonialism), which can be maintained and strengthened. Fanon (1963, pp. 190-199) grants legitimacy to such efforts stating that the objective is to avoid being lost to the culture of the West and being estranged from the local people. Those who would downplay the importance of such efforts or actively try to derail them are perpetuating colonialism's power not only to control a people's present and future, but also to reach into the past and distort and destroy their history. Those who would do away with culture are affecting the ways in which identities and perceptions are formed paving the way for unhindered acceptance of ideas (e.g. harmonization of accounting standards), which are not interest-free as they are made to seem. However, the effects of such attempts run much deeper in that they help in maintaining and enhancing existing relationships of power of domination. They grant legitimacy to the uncontested existence and authenticity of some cultures (Western) while questioning the existence or need for other cultures.

Cabral (in Williams & Chrisman, 1994, p. 53) emphasizes the importance of culture by stating that foreign domination, regardless of its physical and material manifestations, can only be sustained through the systematic repression of the cultural life of the people concerned. Two alternatives are suggested for accomplishing such a purpose. The first alternative would be to eliminate a great portion of the population of

the dominated region. Thus, rendering cultural resistance a virtual impossibility.

However, this alternative is not really viable since it would constitute genocide and create an international uproar. It would also remove the object of domination, which would ultimately defeat the purpose. The second alternative, which is more practical and effective, would be to transplant the culture of the dominating power intact to the culture of the dominated people. This would effectively fuse economic and political domination with the cultural identity and destroy any possibility of future resistance. Once again we can see that culture is not only a factor or element in the dissemination of ideas. Culture also plays a major role in the attempts to wield and maintain power within certain relationships.

The importance of culture is inextricably tied with the necessary existence of a nation. In many instances culture is discussed in a national setting. When one refers to a particular culture invariably reference is being made to the culture of a particular nation. In this context national consciousness becomes an effective way of defending and preserving culture. At this stage it is important to recognize that nationalism often acts as a double-edged sword. In many situations the imposition of a "nation-state" effectively wipes out other particularities. In such cases the overriding culture may lack any true value for members forced into its boundaries causing the disintegration of traditional cultures. Manifestations of such struggles can be seen in the struggles of many peoples for autonomy. The Basque separatist movement in Spain, the Kurdish uprising in Iraq, the Chechen rebellion in Russia, and the Quebec secessionist movement in Canada are but a few examples. However, a detailed problematization of nationalism with all its underpinnings is not the objective of this study and indeed lies beyond its scope.

In a situation of colonial domination culture becomes more susceptible to destruction, since it lacks the support of a national state. It is interesting to note that in a postcolonial setting there are forces at work to decrease the importance of national boundaries. These are the same forces that would encourage the devaluation of national cultures in the broad and sweeping trends that are heralding globalization. Fanon (1963, pp. 196-197) discusses the interdependence of nationhood and culture in the following manner:

The nation is not only the condition of culture, its fruitfulness, its continuous renewal, and its deepening; it is also a necessity. It is the fight for national existence which sets culture moving and opens to it the doors of creation. Later on it is the nation which will ensure the conditions and framework necessary to culture. The nation gathers together the various indispensable elements necessary for the creation of a culture, those elements which alone can give it credibility, validity, life and a creative power. In the same way it is its national character that will make such a culture open to other cultures and which will enable it to influence and permeate other cultures. A non-existent culture can hardly be expected to have bearing on reality, or to influence reality. The first necessity is the re-establishment of the nation in order to give life to national culture in the strictly biological sense of the phrase (Fanon, 1963, pp. 196-197).

Some may argue that preoccupation with national claims is a thing of the past. The increasingly global nature of events and issues forces us all to adopt a worldview. Concerted action is necessary to help create a world order. Any attention directed solely to the national level will inhibit co-operation and hinder communication in achieving these lofty goals. This could not be further away from the truth. Skipping the national phase has serious consequences. Consciousness of self is a prerequisite to the establishment of communication with others. It does not close the door on such communication but rather makes sure that the door is effectively open. It is through national consciousness that a society guarantees the enrichment of its culture and through understanding of self and others becomes a likely candidate to make a worthwhile

contribution on the international scene. Thus, international consciousness receives strength and impetus from national consciousness. Therefore, it is the responsibility of the intellectual to actively encourage the building up of his/her nation.

Physical acts of colonialism robbed many societies of the national consciousness necessary to develop a true identity. Whether or not such consciousness existed before colonial domination, its future development as a framework for cultural expression was violently thwarted. Although many of these nations have attained independence, they are still being robbed from the cultural consciousness that is a prerequisite to the enrichment of their individual cultures. The culprit now is globalization, which has effectively replaced colonialism as a force that attempts to destroy national boundaries. Thus, globalization robs societies of the catalyst for cultural enrichment and international participation.

If harmonization of accounting standards means a sacrifice of local cultures then its desirability is questionable. By espousing harmonization as a major goal the international accounting literature pays allegiance to the globalization paradigm. The results of Zarzeski's (1996) study indicate that within any country (particularly developing countries) firms that are internationally dependent will disclose accounting information in a manner different from their home culture. They borrow the global culture. Desire to operate in the international market is enough of an incentive to spontaneously encourage harmonization of accounting standards. De-emphasizing harmonization will allow the international accounting literature to turn the spotlight away from culture as an impediment. Global issues should be discussed within local boundaries that accord local culture a more important position. It is only by localizing

the globalization paradigm that international accounting removes the spotlight from culture as an obstacle in the harmonization problem. Any progress in harmonization of accounting standards that may come about as a result of cultural change will be less contrived.

6) Whose Interest Is Being Served?

Issues of interest have received a significant amount of attention in accounting literature as indicated earlier in this thesis. However, this treatment has not been extended to the literature of international accounting as an academic field. At this stage an analysis of conflicting interests and the manner in which they are evidenced in the literature necessitates a closer look at harmonization and how it is operationalized. A significant portion of the literature discusses harmonization in light of conformity to standards promulgated by the International Accounting Standards Committee. It is important to take a brief look at the history and structure of this organization in view of its predominance in this endeavor.

The initial step in creation of the International Accounting Standards Committee involved the following countries: United States, Canada, and the United Kingdom. Together they formed the Accountants International Study Group (AISG) in 1966. This group was later expanded to include nine countries. Today, over one hundred countries are represented in the membership of the IASC.

In much of the international accounting literature harmonization is discussed in light of the international accounting standards (IASs) or activities of the IASC. The quotation, which appears below is indicative of the degree of prominence granted to this

organization in advocating and measuring harmonization of accounting standards on a world-wide basis.

Harmonization is operationalized here as the adoption of IASs. This convention was chosen for several reasons. First, the IASC is generally considered to be the current leader in the international accounting harmonization effort (Choi and Mueller 1992; Coopers and Lybrand 1992; Wyatt and Yopse 1993; Berton 1995; Nobes and Parker 1995). Though several notable regional attempts at harmonization can be cited (i.e., the EU, the OCAM, and the FASB's current efforts with Canada, Chile, and Mexico), the IASC is truly global in its approach. Further, IASs are considered to represent the most complete attempt at codifying a set of harmonized accounting standards. Other agencies, such as the UN and the OECD, have introduced either general concepts or particular topics of international harmonization, but the IASC's efforts have produced the most complete, issue-specific set of standards. Further, the IASs are acceptable on some of the world's stock exchanges; giving IASs a level of international credibility not afforded any other attempted harmonization effort. Finally, many have explicitly stated that the adoption of IASs may be the solution to the accounting needs in many developing countries (Samuels and Piper 1985; Belkaoui 1988; Nobes and Parker 1995). Accordingly, operationalizing harmonization as the adoption of IASs is reasonable (Larson & Kenny, 1996, p. 13).

One may wish to point out that the accountancy bodies of several developing countries are represented on the IASC as well. Although this is true, it is easy to see that the balance of power is not equal. Out of the ten individuals serving on the executive committee only one represents a developing nation, India (IASC, 2000). The IASC will continue to be dominated by accountancy bodies of developed countries. The accountancy bodies of developing countries stand little chance of forming an effective opposition block. Since the IASC is a non-profit organization it depends on the financial contributions from its constituents. A look at the contributing firms reveals that they are predominantly headquartered in advanced countries and include the top international accounting firms (IASC, 2000). It is reasonable to assume that the advanced countries will be able to exert a greater influence on the activities and decisions of the IASC. Thus, the benefits to developing countries of world-wide harmonization of accounting standards

as championed by such organizations is highly questionable or, for all practical purposes, non-existent. The question to ask is whether the IASC truly represents the interests of all its members or constituents in formulating and advancing accounting standards.

It must be said at this juncture that international accounting literature is not entirely blind to issues of conflict of interest in such organizations as the International Accounting Standards Committee. The greatest reservation is regarding the applicability and suitability of such standards for developing countries.

Rivera (1989, p. 324) states that from its very inception the IASC has been dominated by a few powerful industrial countries who have generally provided the guidance in shaping the model under which the accounting standards have been developed. The assumption in the undertakings of this organization has been that the standards and principles developed for economically advanced countries should be transferred or transplanted to developing countries without any problems. Many of the subjects that are dealt with in IASs are superfluous or irrelevant for developing countries at their stage of economic development. The author refers to the IASC's own confession that it has generally followed the practices in countries with well-developed accounting professions.

Rivera (1989, p. 324) provides a detailed analysis of IASs as compared to U.S. GAAP. The conclusion drawn is that they are virtually identical. In most cases the formulation of an IAS was preceded by an equivalent formulation of an accounting policy by the FASB. This close relationship has also been highlighted by studies

conducted by the AICPA in which no material difference was found between the two sets of standards.

Rivera (1989) goes on to underscore the fundamental assumptions that provide the bases for the conceptual framework for the standards issued by this organization. These are: 1) going concern, 2) consistency, and 3) the accrual process. These are complemented by three “considerations”: 1) prudence, 2) substance over form, and 3) materiality. These principles have not been tested in different economic environments where variables such as inflation, unemployment, may take on various degrees of magnitude. The mere fact that they have been tried and adopted in advanced economies seems to be enough for the IASC to espouse them as doctrine. Thus, the true international contexts of these standards or their appropriateness for developing economies, has not been investigated and does not seem to be an issue (Rivera, 1989, p. 328).

IASs may be considered to represent a relatively sophisticated accounting system because IASs have been thoroughly developed over more than 20 years. Many also note the similarity of IASs to U.K. and U.S. accounting regimes (Nobes and Parker 1995; Hove 1989 in Larson & Kenny, 1996, p. 14)

Doupnik and Salter (1995) describe the activities of the IASC as being conciliatory toward the advanced countries. This is due to the fact that most standards that are developed by this organization are reflective of practices in countries with a “good” accounting tradition. This indicates that there is a burden on the part of the IASC to appease the advanced nations. A great deal of flexibility is built into the standards issued by the IASC. Although this may be regarded as a positive factor, the main reason for such a development is that the IASC does not wish to antagonize any of the major

accounting countries. Thus, the IASC attempts to avoid by the possibility of maintaining standards that are in conflict with those issued in these countries, notably the U.S. and U.K. The political dimension of the standard-setting process is quite significant. (Rivera, 1989, p. 328)

Another multilateral organization, which has also been involved in the harmonization debate, has been the United Nations. The conflict of interests surrounding such activities is illustrated in the quotation that appears below.

The principal forum in which the issue of accounting harmonization has been debated from the standpoint of social control is the United Nations. In the 1970s the lesser-developed countries attempted to force their agenda (technology transfer, sanctions against South Africa; redistribution of wealth from North to South) on developed countries by asserting control over multinational corporations (MNCs). This led to the creation of the UN Commission on Transnational Corporations, which undertook certain initiatives designed to establish expanded standardized financial reporting for the benefit of governments in host countries. The countries concerned eventually accepted the fact that it was not in their economic interest to burden MNCs with special reporting requirements, and face was saved when the UN Center For the Study of Transnational Corporations asserted that the accounting standards of developed countries provided host governments with virtually all the information they required (Most, 1993, pp. 7-8).

Analysis of the manner in which the conflict of interests is portrayed in this quotation brings forth some interesting insights. To begin with, it is made clear that there are essentially two opposing parties in the debate over the harmonization of accounting standards. These two parties are: 1) lesser-developed countries, and 2) developed countries. The second point that is made quite clear is that these two parties have opposing interests. The party that is portrayed as aggressive and, to a certain extent, out of line is the lesser-developed countries. The quotation gives the impression that they unjustifiably attempted (or continue to attempt) to force their agenda on developed countries in an attempt to bring about a redistribution of wealth. In other words, the

MNCs of host countries are portrayed as passively going about their normal business while being unjustly attacked by governments of host countries in an attempt to extract more income. Note how Most (1993) discusses the final outcome of this conflict. The United Nations as a neutral parent set about the task of settling the dispute between two of its squabbling children by forming a special task force to study the issue. The recommendation of this task force of “experts” was that the accounting standards of advanced countries provided all the information that host governments needed regarding the operations of MNCs. In other words, the task force categorically endorsed the accounting standards and procedures of advanced countries as suitable and appropriate for developing countries. Most (1993) concludes by stating that the developing countries eventually had to admit that what they were demanding was not really in their best interest. They were misguided and were forced to accept the fact that accounting standards of advanced nations are appropriate for their environments. This conclusion is presented as an indisputable fact. This seems to suggest that such a conclusion would emerge even if a neutral task force had not been set up to investigate the matter. The point is that by allowing the neutral task force to reveal this “truth” face was saved in that the lesser-developed countries did not have to openly concede to being defeated by the superior claims of the developed countries.

Once again the question that comes to mind is how impartial the task force really was. The question to pose on a larger scale is whether the United Nations is an appropriate location for the determination of such issues that involve conflicting interests. Is it possible to trust the neutrality of such multilateral organizations as the UN or the IASC? Do these organizations truly serve the interests of all their constituencies on an

equal basis? Are these organizations not influenced to a great extent by a select group of countries that dominate through their economic power and control (contribution of funds)?

Another way of articulating the issues of interest within the harmonization debate is to discuss the costs and benefits of such a development as they accrue to different parties. To a large extent this would be dependent on whose standards need changing. From the point of view of a developing country, if harmonization means no change in local standards, but only change in foreign standards, then there is no economic consequence. The capital allocation process would not be affected adversely in regards to local capital providers. However, as will be discussed later in this thesis (theme six, savable), the burden of change lies squarely with developing countries. This means that they are the ones to bear all the direct costs and adverse economic consequences of harmonization while foreign (advanced) countries stand to benefit the most. One may be led to believe that local (developing) governments stand to benefit in the form of increased joint ventures and transfer of technology from advanced countries. This should be the main motivation for developing countries to espouse harmonization. The actual accrual of such benefits is debatable when MNCs are allowed a free hand in their transfer pricing strategies and selective choice of countries or locations that present the greatest market for their products.

On the one hand, proponents of harmonization contend that the increased comparability and efficiency of financial reporting gained by harmonizing international accounting will facilitate cross-national capital flows and encourage international investment (Berton 1995; Nobes and Parker 1995; Radebaugh and Gray 1993). Conversely, opponents of harmonization question the existence of such benefits, particularly in developing countries (Hove 1989; Samuels and Piper 1985). The debate has become heated at times, with some harmonization opponents accusing proponents of modern day "colonialism" (Samuels and Piper 1985) and proponents accusing some harmonization opponents of "emotionalism" (Wyatt 1991) (Larson & Kenny, 1996, p. 2).

An indication that asymmetric accrual of costs and benefits to these different parties in harmonization developments is the fact that harmonization is pursued more aggressively by developed countries than by developing countries. Although of concern to the developing countries, it does not seem to constitute a major agenda item. The conclusion is that certain developments in advanced countries have precipitated the desire expressed by such countries to achieve harmonization of accounting standards on a world-wide basis.

For a great portion of the twentieth century advanced countries were content to concentrate on development of accounting within their local contexts. This is due to the fact that the economies of these countries were characterized by large domestic markets that acted as insulation against foreign competition. These were markets eroded due to entry of foreign competitors and maturity of many industries. Managers in these countries began to turn their eyes toward foreign markets in order to survive and remain competitive. As a result of this internationalization of business activities in advanced countries, international accounting has begun to assume prominence. Thus, grappling with accounting systems of other countries and concerns of harmonization did not come into existence as a matter of choice or curiosity but as a matter of survival for companies in advanced countries. These initiatives to exploit investment opportunities abroad

receive greater impetus in the wake of economic reforms that are opening up some of the countries that were considered closed before. The impact of these investment decisions is greatly affected by the accounting techniques and standards used to evaluate such prospects and the accounting standards and practices in place where the information for such decisions needs to be obtained on a continuous basis. In all cases, there is no pressure for advanced countries to change their accounting systems and practices or learn to understand the accounting systems of other countries. Instead the pressure is directed towards developing countries to change their accounting systems and practices to facilitate control and decision making on the part of managers in the advanced countries. The quotation below is illustrative of the forces behind the pressures to change.

The first pressure for change in accounting came from foreign investors. They were concerned that Chinese accounting standards were so different from those they were familiar with that these standards may not correctly account for their investment or help them to assess the performance of foreign invested enterprises in China (Tang, 1994, p.154).

We are led to conclude that the harmonization discourse is infused with interests (Lehman & Tinker, 1987). The way the discourse is framed indicates conflict. It is a political process in which the interests of different parties come into play. The conflict arises between interests of local groups versus interests of foreign users. It is apparent that the harmonization process places greater emphasis on the interests of foreigners while neglecting the interests of local users who bear the greatest impact in regards to possible economic, social, and cultural change. This is due to the fact that harmonization often means change of local (developing country) standards in favor of international standards. These differences will continue to persist within the harmonization discourse

as long as the standards are considered from the viewpoint of acceptability to advanced countries.

The manner in which the issue of accounting standard harmonization has been framed clearly serves the interests of developed countries. They constitute the party that stands to benefit the most from this urgent need. They have effectively portrayed themselves as the ones suitable to take up the torch in solving this problem that is holding back international trade and preventing countries all over the world from maximizing their economic welfare. By presenting the developing countries as part of the problem, rather than part of the solution process, they have effectively shown that there is a need for change and interference in the accounting systems of these countries. Thus, conveniently removing themselves from the spotlight of change or compromise. The different aspect of this construction will be analyzed further in the rest of this thesis (the next five themes). At this stage the important characteristic of “otherness” that emerges is problematic. This places developed countries in a nice position of those trying to untie the “knot” and the developing countries as the “knot” that has to be untied.

Hove (1989) is an author who recognized this apparent lack of concern for developing countries in these harmonization initiatives. The author comments on the likelihood (or lack thereof) of multilateral organizations such as the IASC to make any recommendations that would be to the benefit of developing countries. Hove (1989) supports this assertion by indicating that professional accountancy bodies like the British accountancy institutes and the American Institute of Certified Public Accountants dominate the IASC. The representation of these organizations is reflective of the upper hand accorded to advanced countries. In regards to transfer pricing issues, the author

encourages developing countries to continue their efforts and formulate policies regarding information requirements and disclosure rules on their own if they wish to stand a chance to become equal partners in negotiations with MNCs, rather than adopting standards prescribed by the IASC. The model prescribed by the IASC is not a user-oriented one that emphasizes information disclosure that is preventative of unfair transfer pricing strategies by MNCs in developing countries. Standard 24 as put forward by the IASC does not portray such an orientation and as such is geared more towards the needs of developed countries. The survival of the IASC is contingent upon the support it receives from developed countries for the pronouncements that it makes. It is not likely to take a stand that is contrary to accepted accounting principles in these countries.

Briston (in Hove, 1989) states that international accounting standards are mostly developed by adopting the lowest common denominator of practices in western countries. Gray et al. (in Hove, 1989) indicates that international accounting standards are developed with the special needs of the investment and banking community in mind with references to practices in the U.K. and the U.S.

In conclusion since the IASC is an organization that is dominated by representatives from advanced countries then operationalizing harmonization as conformity to IASC standards is not interest-free. The one common language that everyone is asked to speak is that of the advanced countries. The call to unite and rally under the banner of the IASC serves the interest of the industrially advanced countries. It is not surprising that it is this group of countries that is the most vocal in trying to bring about such a development.

7) What Ideological Strategy Is Used? (Universalization, Naturalization)

This section provides an analysis of the ideological tools used in the international accounting literature to mask the issues of interest that provide the grounding of the harmonization discourse and the construction of “other” as problematic in this noble effort. The first strategy is the portrayal of accounting as a science that is objective and value-free with principles and theories that can be applied throughout the world in much the same manner. In this “universalization” process national, and cultural environments have no bearing on accounting systems. The quotations below are illustrative of this universal characteristic of accounting.

Therefore, harmonization assumes that various environmental variables are not significant enough factors to impede a universal accounting system. Indeed, Aitken and Islam (1984) analyzed objections to IASs that were based on environmental factors and they concluded that the objections were unfounded because the environmental factors cited were irrelevant to the selection of an accounting method, and that IASs met the needs of developing countries (Larson & Kenny, 1996, p. 13).

Accounting is a field that uses a set of universally understood and generally accepted principles and practices. Despite many national and regional differences in the legal, institutional, and environmental conditions of accounting and even in some of its conceptual and procedural aspects, accounting in general is a useful universal technical language (Foroughi & Reed, 1987, p. 70).

The double-entry system and its basic techniques of debits and credits; the nearly standardized principles of objectivity and accounting entity; the methods of cost computation of the basic financial statements, and the principles of accounting period, materiality, conservatism, consistency, going concern, and the matching of expenses and revenues are universally understood, generally accepted, and continuously used. Thus, despite some national and regional differences in the interpretation and application of some of the accounting concepts and methods such as the concepts of full disclosure, historical cost measurement, and revenue recognition, accounting is one area of academic knowledge and of practice that has achieved a wide degree of international acceptance (Foroughi & Reed, 1987, p. 70).

If one is led to believe that accounting and its concepts and theories are universal, and indeed universally accepted, then the issue of harmonization seems to be a natural effort deemed desirable in improving the welfare of all. The effectiveness of the ideological strategy employed here is primarily dependent upon the reader's acceptance of two claims (see four claims in **Theoretical Framework**, page 32). The first claim pertains to the "truth" of the assertions being made. The literature aims to convince the reader that accounting is "truly" global. The second claim is one of "comprehensibility." Accounting is something that is understood by all global citizens. Therefore, the assertion that accounting is universal does not need any further explanation. It is a factual statement that is easily understood by all interested parties. Thus, the adoption of international accounting standards is made to seem natural and any obstacle or resistance to such a development made to seem unnatural. This "naturalization" of accounting harmonization receives its strength and force from the direct universalization and naturalization of the globalization discourse, which purports that the world is becoming a smaller place. We are all living in a global "village." The following two quotations provide perfect examples of this type of strategy at work.

Concurrent with this research, a major effort to establish international accounting and financial reporting standards has been undertaken. It is assumed by both practitioners and scholars involved in this effort that environmental factors are not an obstacle in persuading countries, particularly developing countries, to adopt the standards of the so-called "dominant accounting countries" (IASB 1982, 1989). Yet the *Wall Street Journal* reported on June 4, 1993, that even so relatively advanced a developing country as the Philippines, with an active, respected, and outgoing accounting profession, has not been able to implement disclosure regulations (Most, 1994, p. 5).

If we accept the global environmental and cultural context of accounting, then it becomes clear that accounting at the national level, with its inherently ethnocentric focus, is only a part of the broader scheme of things, i.e., a subset of global accounting. Recent developments in the world of international business and finance, coupled with dramatic improvements in communications information technology, confirm the relevance of this perspective. Research issues should thus be examined in their global context. Not to do so is to ignore the fact that the world really has become a smaller place (Gray, 1989, p. 306).

The primary ideological strategy employed at this stage of the construction of “otherness” as problematic is universalization. The quotations above indicate the belief that globalization and the increasing importance of multinational corporations are phenomena that are occurring all over the world. There is no indication that these developments might be affecting some parts of the world to a much greater extent than other parts. Furthermore, it is interesting to note the emphasis placed on the universality of accounting and its related principles. Indeed, accounting as it is known in the West is portrayed as a language that is spoken all over the world. If such is the case, then there really should not be any obstacles to harmonization. Accounting is presented as an academic field that is truly universal and culture-free. National and environmental considerations are ignored or assumed to be irrelevant or insignificant. How can anyone oppose harmonization when the purpose is to allow a universally accepted common language to be spoken in a better manner? Some political and economic events are referred to as naturally leading toward greater co-operation in harmonization. These events are drawn upon to show that the world is really becoming a smaller place and achieving harmonization is becoming easier especially when one compares accounting to human rights. We would all expect a minimum level of human rights and individual well-being. It is also natural to expect a minimum level of accounting principles and techniques to insure individual well-being. This is a very rosy and optimistic portrayal of

the situation without due consideration of the differences that persist in legal, social and economic environments. Hove (1989) states that the harmonization efforts as taken on by developed countries through such organizations as the IASC have conveniently assumed this problem away, or never bothered to identify it.

Within the globalization discourse the developing countries (Third World) assume an invisible position at the center. The practice is for these countries to become incorporated and homogenized in discussions of global culture. The strength of the analysis undertaken in this thesis resides in the fact that by placing ourselves at the edge we are able to rethink the limits, boundaries, and alternative agendas of the globalization discourse and international accounting. From the previous discussion in this section it can be concluded that the globalization discourse is directed primarily to an understanding of the industrialized countries and steeped in Western epistemology. This fact is made evident only at the margins. Focusing on the global while enlarging our vision causes us to lose sight of the particularities that may not conform to the desired overall picture. The reason for this is obvious. Focusing on the specifics of the developing world exposes the limitations of the globalization discourse and by extension the limitations of the international accounting discourse.

The globalization discourse as it appears in different disciplines (including international accounting) refers to certain institutional and social trends as effectively causing a shrinking of the world. Values are becoming more global, cultures more integrated, and national boundaries less significant in international trade. Paolini (in Darby, 1997) states that underpinning all these developments is the globalization of modernity from its original characterization as Western to encompass the rest of the

world. We may accept that aspects of modernity are captured in the term “global”; however, this is done unevenly and selectively. This is achieved by magnifying certain developments particular to the industrialized world beyond their specifically Western context. Paolini (in Darby, 1997) uses two developments as examples to illustrate this tendency, which happen to be referred to in the international accounting literature. The existence of trading blocks such as the EU and NAFTA and the rapid technological developments in the sphere of communications are often touted as evidence of the strength and pace of the disappearance of borders and the world becoming a smaller place. These developments are indicative of trading strength or computer technology that is not present in a wide variety of developing countries. Indeed, both these developments are often referred to as evidence of the natural trend for harmonization of accounting standards, since accounting information comprises an integral part of the information network that is so affected by advances in communication and international trade.

If one is to accept the existence of a global condition then where does the developing (Third) world fit in this scenario? Paolini (in Darby, 1997) indicates that there are three basic representations of the Third World in late modernity. In the first type of representation the Third World is simply ignored or drawn in as an incorporated element. By turning a blind eye to the Third World the discourse denies its existence, which serves to silence and repress. Any inclusion of the Third World uses a single dimension and fails to distinguish any heterogeneity in this group of countries. The second representation of the Third World in the globalization discourse accords it a position opposite to the West. The significance of the Third World lies in its “otherness” and functions to break discursive practices of Western dominance. As such, it exist

outside of the modernity/globalization discourse as an “other” which forces the modern/global to encounter itself and stop and question the assumptions about the non-European world. The purpose in such a rendering is to empower the Third World to resist Western hegemony. This is typically a postmodern treatment. The third approach is motivated by a concern to expose inequality in North-South relationships. This approach emphasizes the economic and material framework underlying such a relationship. Western hegemony is viewed as the driving force behind the global process. The uneven or unequal effects of globalization and related discourses are exemplified in the peripheral position that the Third World assumes. The emphasis here is to highlight how the Third World is exploited due to uneven distribution of powers in these discourses rather than denying the existence of globalization.

The approach used in this thesis to uncover the ideological strategies in masking the issues of interest in the international accounting discourse is a combination of the second and third approaches. The purpose is to unravel the manner in which the developing countries are constructed as an “other” that is opposite to the West. It is hoped that this will highlight the manner in which the developing countries are exploited through asymmetrical power relations underlying the globalization discourse and its related harmonization discourse.

At this stage of investigation of the construction of “otherness” in the international accounting literature, the conclusion is that the developing countries are portrayed as the problem while the advanced countries are portrayed as problem solvers in the harmonization agenda. This is mainly achieved through an ideological strategy of universalization of accounting as a value-free science and universalization and

naturalization of globalization as leading and pertaining to harmonization efforts regarding accounting standards.

Summary

Has the international accounting literature provided fertile soil for a truly international perspective on accounting as outlined through this discussion of national consciousness and culture as necessary elements to international communication?

The international accounting literature is concerned with solving a problem. The problem is facilitating the harmonization of accounting standards on a world-wide basis. The accounting systems of other countries are studied in view of accomplishing this objective. Harmonization is primarily defined as compliance with standards and pronouncements of the International Accounting Standards Committee (IASC). Certain countries are portrayed as active solution seekers in this situation while others are portrayed as being part of the problem. The Western industrialized countries are constructed as the heroes who through their vision and foresight can truly determine what is needed to improve the destiny of the entire planet. The Third world countries are constructed as the villains who not only do not share this vision but also actively create obstacles and barriers by hanging on to cultural trappings of the past and refusing to be progressive.

By presenting culture as an obstacle or problem the international accounting literature neglects to pay attention to the local. The effect of such an attempt is to rob Third World (developing) countries from utilizing the functions of culture that will allow its societies to become effective participants in the international accounting discourse.

National consciousness and culture are necessary for these countries to develop their unique lens of perception and cognition regarding “international” issues. Furthermore, going through such a phase is necessary to develop a unique sense of identity and establish criteria for evaluation of the merits and demerits of alternatives to solve the problem posed by the international accounting literature.

The end result is that the Third World disappears in the grand plans of the West. Its voice is silenced since its identity is not allowed to emerge. The West is portrayed as the great problem solver that will not allow the “others” to stand in its way of bringing about a satisfactory solution. The “other” is constructed as a problem that must be handled and solved if the objective is to improve the welfare of mankind. Indeed the prediction is made that the West will ultimately triumph over the obstacles that are encountered along the way.

THEME TWO: UNIMPORTANT

Once the knot that needs untangling has been identified and the problem solvers have also been identified, then the literature evolves to build criteria for assigning importance to these actors. Naturally, the criteria will then eliminate the developing countries as unimportant in this regard. The purpose here is to justify the right of developed countries to set about the task of untangling the knot, which is the need for greater harmonization in accounting standards world-wide. The literature builds the argument that a country’s accounting system is very closely tied to its stage of economic development. Every country’s primary objective is to achieve greater economic development. Indeed, each country’s success is a function of the level of economic

development it has achieved. The belief is that economic development occurs in a linear progression as each country moves through distinctive stages that signify improvement or betterment. This creates a convenient hierarchy in which some countries (Western industrialized nations) are considered more successful or ahead of other countries (developing nations). Those who are further along the road of economic development are considered grownup or mature while those that are further behind are considered young or immature. Thus, the mature countries would naturally possess a greater degree of wisdom and knowledge to be imparted to the immature countries as advice. This knowledge and wisdom would naturally have been gained through the experience of growing up or achieving advanced economic development. The discussion of the manner in which the “other” is constructed as unimportant proceeds along the following major sections.

- 1) How is importance assigned by linking accounting with economic development?
- 2) How is importance assigned by justifying a country study?
- 3) How is importance assigned by tallying studies of a country?
- 4) Who set the criteria of importance?
- 5) Whose interest is being served?
- 6) What ideological strategy is used?

The literature, as represented by the references used in answering the above questions, builds a close causal relationship between a country's accounting system and that country's stage of economic development. Thus, it is easily shown that those countries that are the most economically advanced will naturally have the most advanced and sophisticated accounting systems. Thus, they are the ones who are accorded the right to comment on other accounting systems and determine the improvements that are necessary. The conclusion is that since economic development is the goal of every

society, and every society's accounting system is a reflection of its stage of economic development, then it is the accounting systems of developing countries that need adjustment, and improvement to bring about the ultimate goal of harmonization. In this context, the developed countries and their accounting systems are important, while the developing countries and their accounting systems are unimportant. The word important can be defined as something or someone that has the characteristic of bearing import, weight, or consequence. This is the position accorded developed countries in the international accounting discourse. The flip side of the coin is that developing countries have no bearing or weight in the harmonization process. Other terms that signify this relationship that are derived from postcolonial theory are: "center" versus "periphery" or "margin." These terms are indicative of the position the West's accords itself in dominant discourses versus that of its "other." The West is the all-important element in any discourse. It occupies the center. The "other" is important only to the extent that it can be instrumental in constructing the West's image. It always exists at the margins. In this case the developing countries are necessary in the harmonization discourse only to the extent that they help create the image of the West as the problem solver.

The quotations below establish the role of economic development as the criterion for judging success and according importance. These quotations are illustrative of assigning importance to advanced countries in several ways. The first group of quotations attempts to establish a direct link between sophistication of the accounting systems and accounting profession in a country and its degree of economic development.

1) How Is Importance Assigned by Linking Accounting with Economic Development?

The literature, as exemplified by the references in this section and the quotations in Appendix F, seeks to create a link between the stage of economic development of a country and the sophistication of its accounting system. In many instances this close link is assumed to exist instead of being established through evidence. The extension of this type of reasoning leads to development of success measures. Those countries that are the most economically advanced are the most successful and the developing countries are less successful. It is assumed that the overriding objective of every country is to achieve rapid economic growth.

Chang and Khumawala (1993) state specifically that the primary goal of developing countries is to find shortcut methods of catching up to industrialized nations with a minimal amount of shock to the general public as possible. Tipgos (1987) presents an analysis of models for improving accounting education in Middle Eastern countries. Both models discussed emphasize economic development of Third World countries as the overriding objective of accounting in these countries. This is preceded by the assertion that emphasizing harmonization goals are like putting the cart before the horse. It presupposes that the accounting systems in these countries are comparable to those in advanced economies. Tipgos (1987) then proceeds to pass judgment on the accounting systems that exist in “most” countries by stating that the “reality” is that these accounting systems are extremely outdated and can only improve through drastic changes, which he characterizes as overhauls. In a similar vein, Bloom and Naciri (1990) states that the primary objective of the Soviet Union is to achieve rapid and steady economic growth which is a common objective of all modern nations.

Belief in this close relationship is further evidenced in statements made by Western officials in their analysis and descriptions of developing countries. The quotations that appear below are illustrations of the manner in which the international accounting literature perceives this close relationship.

During the International Congress of Accountants held in Mexico City in 1982, John N. Turner, former Canadian finance minister, stated that "it is being increasingly recognized, especially by the World Bank, that there exists a very close relationship between the deficient economic situation of a particular country and its lack of capacity in the field of accountancy (Dominguez, 1988, p. 281).

Why do countries adopt the accounting systems they do? Although specific reasons may vary somewhat from country to country and from time period to time period, there is general agreement that a positive relationship exists between both accounting and equity market development...and between accounting and economic growth (Larson & Kenny, 1996, p. 4).

The study's analysis of economic development theories and their relationship to various accounting standard-setting strategies is important for several reasons. First, countries, especially developing countries, are interested in facilitating the growth of their equity markets and in financing and fostering economic growth. To the extent that accounting is related to equity market development and economic growth, a study that addresses the comparative values of various accounting standard-setting strategies may be useful for developing countries as they create, develop, and/or modify their accounting systems. In a similar vein, the analysis may also be valuable to standard-setters in former communist and socialist countries as they develop accounting systems to shift from centrally planned to market-based economies (Larson & Kenny, 1996, p. 3).

Indications of the importance assigned to economic strength are also evidenced in descriptions of international relations among the countries in which the East is portrayed as economically inferior and dependent upon the West, which is portrayed as economically superior and independent. Hoyt and Legault (1987) portray the economic superiority of the West in analyzing Soviet decision-making behavior in selecting U.S. suppliers of goods and services. They state that the decision is primarily an Eastern government initiative, which may be refused or accepted by a Western company. Craig

and Diga (1996) highlight the prominence of the U.S. securities market as a justification for ASEAN countries (with Brunei and Singapore as exceptions) to follow U.S.-style regulations in structuring their securities markets (Craig & Diga, 1996, p. 252).

As a related issue the manner in which economic strength and economic growth are measured are also determined by Western philosophical concepts that are considered to be universally accepted or orthodox. Concepts of economic growth and strength as put forward by the West are considered to be appropriate criteria in developing the hierarchy of importance necessary for construction of the "other" as inferior or unimportant. This acceptance of orthodox notions of development is exemplified in the following quotation.

Bornschiefer et al. (1978) and Kahn (1989) used the change in economic growth to measure economic development. Such a measure is consistent with the orthodox paradigm of economic development. Because the countries examined in the present study have organized capital markets, the orthodox paradigm matches their philosophical orientation to economic development. Thus, economic development is measured using the orthodox approach (Ndubizu, 1992, p. 155).

The act of assigning hierarchy or importance to various countries in the international accounting literature as pertaining to harmonization is most explicitly stated in the conceptualization of "vital" countries by Mason (1978). Mason used two sets of criteria in identifying "vital" countries. The first set included economic factors and the second set included accounting factors such as a country's contribution to accounting thought or strength of its accounting profession. This type of classification has served as the basis of various studies in the literature. Agacer and Doupnik (1991, p. 227) justify the selection of the countries in the study on the basis of the criteria proposed by Mason. The author declares that the intent was to ensure that "important" countries were being studied. In a similar vein, Nobes (1987) stresses the need to develop a model based on the evolution of accounting practice. The model that is proposed is developed through an

analysis of large public companies in the western world. Nobes (1987) justifies the process of selection by indicating that Mason considers the countries that were selected vital in any discussion of international harmonization of accounting standards. Using Mason's second criterion Donleavy (1987, p. 87) accords the Soviets a lesser degree of importance in accounting discussions by judging their contribution to accounting as consisting of only one model worthy of note – the Leontief's input-output matrix. The quotation that appears below places two countries in the spotlight and in an attempt to compare their standing along the lines of the second criterion advanced by Mason.

Britain's lengthy corporate audit tradition dating back to the nineteenth century, its status as the birthplace of many of the largest multinational accountancy firms, and its historical reliance on professional regulation of accounting and auditing practice stand in some contrast to Spain, where, accounting regulations have retained a much more distinctive legalistic character (traditionally following the Continental, as distinct from the Anglo-Saxon model). Many of the most significant developments in the provision of audit services have come only in the last decade in conjunction with Spain's membership of the EC, the requisite, but enthusiastic implementation of EC Company Law Directives, and the growing investment by multinational corporations (Benau et al., 1993, p. 282).

2) How Is Importance Assigned by Justifying a Country Study?

The primacy of economic strength in assigning importance to various parties in the international accounting literature is also evidenced by the manner in which different authors justify their selection of countries that are subjects of study. Berry (1987) emphasizes the importance of studying the German accounting systems by reminding us that Germany is very similar to the U.S., in that it is a highly industrialized country with a GNP that ranks 4th in the world. The basis of similarity between these two countries is economic strength. In a similar vein, Comiskey and Mulford (1990) consider studying

the accounting systems of Korea and Japan a worthwhile endeavor due to the economic prominence of this area (Pacific Rim) in international markets. Once again some form of identification with the U.S. is used to assign importance (Comiskey & Mulford, 1990). In this case the accounting systems of these three countries are compared and contrasted. One is led to believe that if a country or region is not economically powerful or cannot be compared or contrasted to the U.S. then justifying the research effort will be rather difficult.

Two national cultures that are important to world trade, but differ markedly in their cultural heritage were studied: the United States and Taiwan (Karnes et al., 1989, p. 30).

This study seeks to add to our knowledge of auditors' report in different countries. The form and content of the English-language version of the auditors' reports in six countries were examined: France, Germany, Japan, Netherlands, the United Kingdom, and the United States. These countries were chosen because of their importance in any consideration of international harmonization. Five of these six countries (France, Germany, the Netherlands, the United Kingdom, and the United States) have long been recognized, on the basis of economic and accounting factors, as being vital for such purposes (Mason 1977; Nobes and Parker 1995). In addition, Japan was included because of its international economic importance (Jones & Karbhari, 1996, p. 131).

The quotations that appear above indicate a need to justify the selection of certain countries that are investigated and researched. In all these cases economic strength is put forward as the indisputable reason. Jones and Karbhari (1996, p. 131) go even further by declaring some countries as "vital" for any consideration of accounting harmonization. Of course, what is left unsaid is that those countries that are not mentioned are obviously "not vital." This type of dichotomy attempts to place some countries at the center of the international accounting discourse while permanently assigning other countries to a position at the margin. What these rankings fail to highlight is the fact that the selection of such a criterion of importance is done from a Western point of view. Furthermore, the

manner in which the criterion is operationalized and measured is in turn constructed from a Western perspective. These issues will be analyzed and investigated further in the sections (Questions 4 and 5) that attempt to uncover the underlying interests in such a construction by exposing the ideological strategies employed.

3) How Is Importance Assigned by Tallying Studies of a Country?

There is a third manner in which the international accounting literature assigns importance to some countries and not to others. A clear evidence of this selective treatment is the sheer volume of studies, which uses advanced countries as its primary subjects compared to the smaller number of studies, which has developing countries as its primary subjects. For example, Stout et al. (1988) accord the Western developed countries a higher degree of importance in the fact that their proposal of internationalizing accounting topics in undergraduate programs is to examine transnational income statement disclosure differences between the U.S., Australia, Great Britain, and West Germany. It is important to qualify these assertions by recognizing that in many cases scholarship efforts are undertaken merely to publish papers and receive merit in academic circles. Convenience of location and accessibility of data are important factors in facilitating the production of papers.

Even in situations where other countries are chosen as subjects of study the issues that are investigated are often reflective of issues that are considered important in the West. The conclusion being that if something is important in the West it naturally is important everywhere else. Such authors remind us that the kinds of questions that have been addressed by researchers in the U.S. can also be addressed at the international level.

If these questions are relevant to the U.S. investor they are probably also relevant to the international investor. This stems from the fact that the U.S. and the U.K. are considered forerunners in the development of accounting practice. For example, Adams and McMillan (1997, pp. 141-142) attempt to provide a description of the current state of accounting in Poland with an evaluation of the reforms deemed necessary. Adams and McMillan (1997) do state that the majority of studies that analyze the factors affecting the development of accounting practices concentrate on Western developed countries. However, Adams and McMillan (1997) conclude that these factors are general and can be used to provide a framework for studying the Polish accounting system. Other authors such as Mielke and Giacomino (1987) outline the reason for examining European cash flow systems as the provision of recommendation to the International Accounting Standards Committee which in turn can be used as recommendations for development of accounting systems in developing countries.

The international accounting literature is self-reflective to a certain extent on this issue. Some authors have recognized this fact and have proceeded to point out the heavy treatment accorded to advanced nations. In reviewing the research conducted on markets for audit services some authors (Simon et al., 1992, p. 235; Simon & Taylor, 1997, p. 87) have concluded that the vast majority have focused on highly developed English-speaking countries such as the United States, the United Kingdom, Australia, and New Zealand.

The hierarchy of importance is highlighted by the fact that there is a growing amount of research on national systems of accounting focused particularly on the Anglo-American countries - U.S., Canada, U.K., Australia, New Zealand and continental

Europe. In the middle 1970s subsequent to the entry of the U.K. into EEC, accounting in continental Europe became a significant research issue (Perera & Matthews, 1990, p. 218; Perera, 1989, p. 42). In contrast to this large body of research the focus on developing countries or Third World countries has been scant. Some studies (Grove & Bazley, 1993, p. 117) explicitly state that developing countries are not subjects of interest because they do not have structured and sophisticated capital markets. As these studies aim to improve efficiency in international capital markets they tend to ignore accounting principles of developing countries. The quotation that appears below illustrates the great challenges facing accounting researchers in eliminating this gap.

Many trends in the development of accounting and financial reporting in Francophone Africa unlike the former British colonies, have received little attention in the works of Anglo-Saxon researchers. This relative neglect, lack of interest, or lukewarm attitude could partly be attributed to linguistic problems, sparse data, nonfamiliarity resulting from difficulty of access to information, and the relatively low level of research activity in these countries themselves. Whatever the reasons, there remains a gap in the literature. Wallace (1990, pp. 43-44) outlines the research agenda for Third World accounting under the heading "Unresolved Issues" as follows: "No comparative analysis of the accounting systems of African countries has been conducted. No study has also been undertaken to compare a typical British colony with a former French colony so as to reveal which of the two imperial countries left a 'better' accounting legacy. 'Better' connotes the system which is more relevant to the country's needs and ability to maintain and administer after the originators have left. Africa provides examples of countries with undiluted colonial experience. There is an urgent need for deeper understanding of accounting systems in developing countries. This need can be fulfilled by intensive research of those issues peculiar to developing countries...More descriptive studies are needed on various developing countries not reported in the literature...Little has been written on the state of management and social accounting and on the sociology of accountants in these countries (Elad, 1996, p. 48).

4) Who Set the Criteria of Importance?

The quotations presented in this section clearly establish the perceived linkage between a country's stage of economic development and its importance as a player in the

international accounting discourse that is geared toward harmonization. Economic development is often portrayed as a process that is linear with reference to Rostow's stages of economic development. Rostow formulated five stages of economic growth. These are: 1) traditional society, 2) preconditions for take-off, 3) take-off, 4) maturity 5) mass consumption (Hunt, 1989, p. 97). For example, Larson and Kenny (1996, p. 14) state that most developing countries would fall into the earlier stages of Rostow's stages of economic development and thus question the appropriateness of IASs which are quite sophisticated in the simple economic environments of such countries.

The overall conclusion of such a depiction is that the Western industrialized countries are further along the road than the developing countries and thus reserve the right to pass judgment as to what the developing countries must do to catch up. The existence of these stages and their applicability in different settings of time are not questioned. The assumption is that if the industrialized countries were able to get to the stage that they are in now, there is no reason why the developing countries cannot achieve the same accomplishment. The quotations that appear below are illustrative of this belief.

A peasant society in a subsistence or feudal economy neither needs nor can use accounting and financial reporting; an urban society or merchants will produce accounting systems appropriate to its functions; and a developing country that possesses one or more world-cities will adopt the control and reporting systems that have proved beneficial in others. This is what happened in Ancient Rome when, six centuries after its foundation, it established contact with Greek civilization, and modified its laws in order to develop commerce following its Mediterranean conquests. This is what happened in other European countries, as centers of commerce spread from Italy to Germany, the Low Countries, and England during the late Middle Ages. This is what happened in Japan in the nineteenth century and in Brazil and Singapore after World War II. The reasons why this cannot happen in Afghanistan or Zambia have yet to be explained (Most, 1994, p. 10).

Modernization theory is positive and optimistic in that it sees no reason why all countries, including today's poorer countries, cannot repeat the successful developmental strategies and experiences of Western industrialized countries (Kick and Sharda 1986 in Larson & Kenny, 1996, p. 8).

It is worthwhile to take a closer look at developmental economics as has become known in the West and trace some of the forces that shaped the West's interest in explaining the underdeveloped regions of the world.

The origins of developmental economics as known in academic circles today can be traced back to developments in Latin America in the 1930s and 1940s, and concerns voiced in Europe and North America in the 1940s and 1950s over the state of the rest of the world (Hunt, 1989, p.44). While economists in Latin America were grappling with new issues in their local economies that seemed to defy solutions posed by neo-classical paradigms, the Western thinkers (European and North American) were primarily concerned with molding the rest of the world according to their view of international stability. Promoting economic development in the regions considered to be economically "underdeveloped" was seen as a tool to stop the spread of communism, and as such, commanded a high level of political urgency. This overall goal is best illustrated in these quotations from Rostow (in Hunt, 1989) whose work is greatly referenced in the current international accounting literature.

We as a people (the United States) have made a momentous choice. We have now clearly ruled out one conceivable approach to our international problem: namely a military attack on the Soviet Union and Communist China initiated by the United States...That American decision has an important consequence, it means that the American people must find other ways for protecting their interests. The alternative to total war initiated by the United States is not peace. Until a different spirit and different policy prevail in Moscow and Peking the alternative for the United States is a mixture of military, political and economic activity...(Rostow, 1955, p. vii in Hunt, 1989, p. 45).

The United States must develop a more vigorous economic policy in Asia. Without such a policy our political and military efforts in Asia will continue to have weak foundations...Asia's economic aspirations are linked closely to the highest political and human goals of Asia's peoples: and American economic policy in Asia has, therefore, important political as well as economic meaning (Rostow, 1955, p. 43 in Hunt, 1989, p. 45).

It is interesting to note that from the earliest theorizations of economic development or underdevelopment in the Third World the preoccupation in the West with such matters has been self-serving. With such an underlying political agenda, it is hard to believe that any policy recommendations to governments of the Third World would be purely in their best interest. All such suggestions would be made in light of the bigger picture of protecting and maintaining Western interests around the world. How is it that such Western theories, which came into existence to further Western interests are still used in the international accounting literature to assign importance to various regions of the world? The very portrayal of the world as divided into "developed" countries and "underdeveloped" countries, has its origin in Western theorizations to further Western interests. Before discussing the origins of these terms and their related connotations it is useful to list some of the fundamental elements or postulates that Rostow's theory of stages of economic development had in common with other writers whose work became known as the "expanding capitalist nucleus" (Hunt, 1989, pp. 62-63).

1. Economic development is the ultimate goal of every society and economic growth can be measured by increase in per capita income.
2. Economic development is achieved by creation of a capitalist economy capable of self-sustained growth and characterized by rising real wages.
3. There are common characteristics that facilitated this transformation, which can be identified in all countries.
4. The rate of capital formation is the primary factor in bringing about this economic development. Capital formation is a function of the level of saving within a society.

5. The capitalist class in a society is the primary force in bringing about the necessary capital accumulation since they save a greater proportion of their income compared to other sectors in society.
6. For the chain reactions that are exemplary of economic development to be initiated a class of capitalists must emerge first.
7. A society willing to entrust a greater and greater proportion of its income into the hands of the capitalists would maximize the rate of economic growth possible.

In studying the conceptual foundations of the expanding capitalist nucleus paradigm the interests of a particular group (capitalists) in society are placed center stage. Thus, proposing such models as strategies for developing countries to improve their economic status serves to mould the rest of the world in ways that will serve the interests of particular groups of people considered to be important in the West. This conception of how economic development is to be achieved is closely tied with the main reason why the West became interested in the state of underdevelopment in the Third World – namely, to contain and counter the spread of communism.

The criteria for defining economic success and measuring economic growth are clearly products of how the West views the rest of the world and how it would wish to change or alter the picture to serve its own interest. The interest-laden nature of the birth and growth of development economics in the West has served to concretize certain terms, which perpetuate a dichotomous view of the world to make it more controllable and manageable by the West.

5) Whose Interest Is Being Served?

Once the case has been built that international accounting is here to solve a problem the literature goes on to set up a hierarchy of importance for those involved. Under the first theme diversity of accounting standards around the world was presented

as the problem that needs to be solved through harmonization. This is due to the fact that the international accounting discourse is situated within the globalization discourse which sets economic development and modernization as paramount objectives for any given society and the world as a whole. Economic development is used once more to provide the structural framework for the second theme that emerges.

The international accounting literature builds the link between the degree of sophistication of a society's accounting system and its stage of economic development. Economic development is used to gauge a country's success and to assign importance vis-à-vis other countries. Once again we see that the literature does not go into great detail exploring the various meanings and viewpoints on development. Rather a narrow definition is put forward that is primarily a Western notion of equating economic development with industrialization. The literature does not concern itself with the degree to which such a criterion of success is shared or espoused by various societies or countries under investigation. An assumption is made that economic development is the ultimate goal of every society and that those that have attained a higher degree of economic development are more successful. Those societies that are less developed economically are accorded an inferior position. It is assumed that they are envious of the more advanced societies and wish to catch up to them as fast as possible.

In civil societies certain ideas and cultural forms will predominate not by force or totalitarianism but by consent. The term often used to describe such cultural leadership and influence is hegemony. It is a useful tool in understanding the type of pervasive acceptance of certain ideas as uncontested in the West. The hegemonic nature of the terms "development" and "industrialization" is evident in the manner in which they are

utilized in various discourses such as international accounting to ascribe importance to various countries or regions of the world. These serve to create an image of the West as advanced and important while “others” are backward and unimportant.

Yet, as more recent commentaries on postindustrialism make clear, the global hegemony of industrialism is increasing, not declining. For the West, postindustrialism perhaps means ‘post-Fordism’ and the relative decline of the traditional heavy industries, but it also means computerization, robotics, transnational corporations, and the ‘regime of flexible accumulation’ that some economists now call the ‘third industrial revolution.’ Meanwhile ‘modernization’ and ‘development’ – euphemisms for the continued economic exploitation that, as early as 1965, Kwame Nkrumah called ‘neo-colonialism’ – are the order of the day in India and apparently everywhere else around the globe (Brantlinger, 1996, p. 481).

In a similar fashion Said (1979, p. 7) describes European culture as hegemonic inside and outside Europe. The European identity is constructed as being superior to all “other” identities and cultures. Said elaborates on this dichotomy between “us” Europeans and “others” by describing the hegemonic nature of “oriental” discourses in asserting the superiority of Europe over the backwardness of the Orient. Then Said (1979, p. 206) traces the development of such binary categorizations to early nineteenth century work on the biological bases of racial inequality and attempts to find scientific validity for the division of races into advanced and backward peoples. Orientalist discourses tend to assign fixity to the position of backward or uncivilized races. The notion of development in any true sense of the word is denied. These societies may have had glorious pasts but their present situation is dismal. Said is critical of the fact that such constructions do not leave room for any contradictory or opposing renditions of “reality.” Loomba (in Williams & Chrisman, 1994, p. 315) mirrors Said’s concern for the inferior position accorded the Third World by analyzing discussions of Orientalist responses to India. These descriptions speak admirably of India’s past but leave no doubt

that the glory is a matter of history and the present is a far cry from that ancient splendor. The present situation of these societies is portrayed as a disappointment, an unrecoverable falling-away from the past.

Classification schemes that categorize countries of the world into two binary opposites of “Developed” and “Underdeveloped” succumb to the same hidden agenda of portraying a group of countries as superior and the other group as eternally inferior. The international accounting literature is effective in perpetuating the hegemonic nature of Western discourses by emphasizing economic development as the criterion for ascribing importance to the players involved in solving the international accounting “problem.” The pertinent question to be asked is not whether certain regions of the world are truly less “developed” than other regions of the world using even a narrow Western definition of development, which emphasize industrialization through capitalism. Rather, the important question to be asked is what is the effect of setting up “development” as the ultimate goal of any society and how does this further the cause of harmonization of accounting standards as espoused by the international accounting literature.

In criticism of development ideology one may point out that those countries that have pursued policies in which economic development has taken center-stage have become economically more dependent upon the West subsequent to decolonization. This is in part due to the fact that rapid industrialization has been attempted through the incurring of large amounts of debt to facilitate accumulation of capital. The ultimate result has been heightened levels of poverty due to increased levels of national debt and interest burdens. Spivak (in Williams & Chrisman, 1994, p. 83) goes to great length in describing this relationship of dependence as that of two groups of countries. First World

countries, which comprise the first group, are in a position to invest capital. Third World countries, which comprise the second group, provide the field for investment. Spivak (in Williams & Chrisman, 1994, p. 83) goes on to identify the international division of labor and the growth of multinational capital as causes of the maintenance of subsistence wage levels in Third World countries. Totalitarian Third World governments that espouse “development” and “modernization” ideologies ensure the existence of these necessary conditions. Thus, the development ideology that is championed by the international accounting literature as the basis for assigning importance to various countries is, to a certain extent, the cause of the current economic status in which these countries find themselves.

Any proponent of development ideology would have us believe that there really is no alternative for the underdeveloped countries but to try to play catch-up to the advanced countries. The argument put forward is that this can only be done through continually pursuing industrialization and modernization projects. This is the true road to economic independence and prosperity. Any other alternative is considered to be unrealistic and backward looking. No attempt is made to consider the possibility that industrialism has reached a phase of stagnation where its continued advance and progress is hindered by obstacles of its own making. Proposing industrialization as the only course of action for “underdeveloped” countries is sending them down a road, which they may not be able to travel, and may eventually lead to a dead-end. There is no investigation of the possibility that the village culture so entrenched in some parts of the world may pose a viable economic alternative. The wholesale adoption of modernization goals and objectives by societies and governments around the world has effectively

erased this option from consideration. Various regions of the world are dressed in the garb of modernization with a “one-size-fits-all” philosophy.

Has industrialization delivered the promises of welfare and prosperity so staunchly ascribed to it? Are those economically advanced countries that have pursued paths of industrialization and modernization on the way to becoming utopian societies? Indeed those who would sing the praises of modernization and industrialization are many. Any advocate would readily point out that certain aspects of the daily lives of individuals living in these societies have indeed shown marked improvements. The relevant statistics (increase in per capita GNP, increase in life expectancy, etc.) would be quoted to substantiate the claim that industrialization and modernization constitutes the framework through which humanity may continue to progress. Any in depth evaluation of modernization and industrialization as paths to development would show mixed reviews.

Taking a more skeptical stance one may say this definition of development has truly failed the test. Once the common ideology of development is placed under the magnifying glass the trouble spots take on a much blacker color. The damaging effects of the relentless pursuit of modernization become all the more apparent. Thus, advanced countries are waking up to the fact that continued economic and industrial expansion may not only prove to be an undesirable goal but a very elusive one as well. In some countries such as Britain, a champion of industrialism and colonialism, there is increasing emphasis on de-industrialization (Coomaraswamy, 1989 in Brantlinger, 1996). While this type of counter-movement picks up steam the majority of Third World countries continue their incessant efforts to industrialize. This determination on the part of these governments fails to consider the feasibility and desirability of the “underdeveloped”

world espousing catch-up development programs to join the ranks of the economically advanced countries. Alternative viewpoints are needed more urgently now than ever before. Coomaraswamy (1989 in Brantlinger, 1996, p. 485) is an author that has recognized this urgent need but goes much further in identifying the damaging effects of the hidden agenda enshrined in the common development ideology that is promulgated today.

The inspired tradition rejects ambition, competition and quantitative standards; (but) our modern "civilization" is based on the notions of social advancement, free enterprise (devil take the hindmost) and production in quantity. The one considers man's needs, which are "but little here below"; the other considers his wants, to which no limit can be set, and of which the number is artificially multiplied by advertisement. The manufacturer for profits must...create an ever-expanding world market for his surplus produced by those whom Dr. [Albert] Schweitzer calls "over-occupied men." It is...the incubus of world trade that makes industrial "civilizations" a "curse to humanity," and from the industrial concept of progress...that modern wars have risen and will arise; it is on the same impoverished soil that empires have grown" (Coomaraswamy, 1989, p. 7 in Brantlinger, 1996, p. 485).

7) What Ideological Strategy Is Used? (Dehistoricizing)

The ideological strategy used is to dehistoricize development economics by masking the issues of interest surrounding the birth and promulgation of these theories and their related terms: "developed", "developing", "underdeveloped", etc.

Furthermore, dehistoricizing is also used as an ideological strategy to mask the manner in which the industrialized countries achieved their "developed" status and the factors leading to the assignment of "underdeveloped" status to the Third World. The terms "developed" and "underdeveloped" only have meaning in relation to each other.

The construction of "others" as unimportant and inferior due to their economic status compared to the industrialized world rests on the attempt to ignore the historical

context of the emergence of development economics and the related dichotomous terms “developed” and “underdeveloped”. The effectiveness of the ideological strategy employed in this section rests primarily on a “legitimacy” claim (see four claims in **Theoretical Framework**, page 32).

The literature aims to convince the reader that the assertion that developing countries are less important than economically advanced countries in the harmonization debate is appropriately within context. As expounded in the previous paragraphs, no significant attempt is made by the international accounting literature to provide details as to how the advanced countries acquired their economic standing which accords them a prominent position compared to “others.” The reader is led to believe that economic development is indeed inextricably linked to importance; therefore, it is legitimate to assert that industrially advanced countries are more important.

Ramirez-Faria (1991) portrays a three-stage historical sequence to the manner in which the West divides the world into conceptually manageable categories. The first stage corresponds to the time period before the nineteenth century in which the world was divided into different comparable high cultures and civilizations. The second stage corresponds to the time period constituting the nineteenth century up to the Second World War. In this era the world was divided into advanced capitalist countries and the rest of the world, which was portrayed as politically and culturally backward. The third stage began after the Second World War and divided the world into economically developed and underdeveloped blocs.

These classifications are Western and do not incorporate any Marxist or Third World views of history or economic development. Theories and explanations of the

world such as the expanding capitalist nucleus paradigm are imbued with cultural and political perceptions. All three stages outlined above have served the interests of the West in that it has been able to consistently portray itself as culturally superior. In the early stages (first and second) this Eurocentric outlook on the rest of the world was distinct and rigid but came under increasing criticism. This led to the developments in the third stage where the superior/inferior dichotomy assumed a much more humanitarian, economic guise. This served to divide the world into the same blocs as before under the previous two stages but replaced the bases from race and cultural inequalities to economic inequalities.

The concept of “underdevelopment” replaced the previous portrayals of Third World inhabitants as “backward” and “inferior” and paved the way for more direct interference by the West in the form of humanitarian efforts to improve the economic lot of such peoples. The fact that “underdevelopment” gained such widespread acceptance and usage is due to the manner in which it signifies a notion of backwardness that is numerically measurable. It has led to a variety of new phrases which are used often in international accounting such as “developing countries”, “less developed countries”, and so on. In a postcolonial sense use of such terms has served to consolidate The West’s image as superior and the Third World as inferior as brought about by exclusive divisions along economic inequalities. This has served to perpetuate the power and domination practiced through colonialism during previous stages when the lines of division were based on race and culture. However, it does present a more hopeful and optimistic outlook in that all countries are portrayed as having the possibility to narrow this

constructed gap and improve their economic status by joining the ranks of developed countries.

This linear view of economic progress as portrayed by distinctive stages that all countries can go through suffers from a neglect of the historical context within which the current advanced countries achieved their “developed” status and the Third World (developing) countries were assigned a “developing” status. There is no acknowledgement that a country’s prospects for development are closely tied to and determined by its position in the international economy, which in turn is historically determined. The international economy was vastly different when the “advanced” countries passed through certain phases of economic development. Thus, the same cannot be expected of developing countries today.

There is no consideration that trade between advanced capitalist economies and developing countries is characterized by unequal exchanges. In some ways these inequalities have served to facilitate the achievement of advanced economic status by some countries and closed certain doors of opportunity for other countries to do likewise. The quotations that appear below provide a sampling of the prevalent use of the terms “developed” and “developing” in constructing a binary categorization of peoples and countries. The second quotation is of particular interest since it indicates the sources of classification rules in applying a “spheres of influence” model to accounting systems of various countries. The rules have a distinctly Western origin having been proposed by the American Accounting Association. Furthermore, the rules of set theory that are used delineate a clear dichotomy between developed and developing countries. The last quotation provides a possible explanation for the need for such a dichotomy as being

premised upon Western linear thinking which seeks to define dualism in all aspects of life. This dualism arises as a direct consequence of the rationalist and materialist character of Western thinking.

Cook and Wallace have found that a simple dichotomous variable based on level of economic development (developed/underdeveloped) absorbs the explanatory power of several economic variables considered jointly in explaining differences in countries' accounting system. For this study, a country's level of development (LDEV) was scored on a binary scale (developed/underdeveloped) based upon classifications provided in World Development Report (Doupnik & Salter, 1995, p. 197).

Some proposed rules of classification have been summarized by the American Accounting Association (1977, pp. 77-78). Drawing on set theory, four properties were seen as useful. First, the characteristics of classification should be adhered to consistently...Secondly, a good classification should contain sufficient subsets to exhaust a given universe...Thirdly, all subsets should be mutually exclusive in such a way that no element may fall into more than one of them (Nobes, 1987, p. 5).

There have been some further "subjective" classifications based on "spheres of influence."...This classification may be useful when examining the accounting practices of developing countries...It adds no hierarchy (Nobes, 1987, p. 13).

To those conditioned to the rationalist and materialist Western culture, which is characterized by dualism, the interdependence of the polar opposites is a frustrating conception, because it seems to deny any possibility or progress (Watts 1979). This way of thinking results from the Western linear (as distinct from Eastern cyclic) view of the world...the analysis of the nature of reality put forward by Morgan and Smircich (1980) does not allow for the possibility that the basic ontological assumption sets of objectivity and subjectivity can co-exist, because they are polar opposites. By contrast, the concept of "yin-yang" for example, not only recognizes but also emphasizes the coexistence of conflicting views (Perera, 1994, p. 278).

Summary

The international accounting literature assigns a position of prominence to economic development among the goals that any society may pursue. The assumption is made that all choices regarding accounting systems in use relate to this primary objective.

Furthermore, the conclusion is drawn that those countries that happen to be the most economically advanced are also the ones who have the most sophisticated accounting systems. They are also the ones who have made the most worthwhile contribution to the advancement of accounting as a science.

In setting up economic development as the criterion for assigning importance to various regions of the world the international accounting discourse perpetuates the hegemonic nature of Western knowledge which considers the industrialized countries as the center and treats the Third World as existing in the margins or periphery. Thus, the Western “self” is constructed to represent all that is important while the “other” is relegated to a position of unimportance. This has the effect of silencing the voices of any who would oppose or question the “interest-free” Western agenda of spreading economic “development” through free markets. Furthermore, a state of fixity is attributed to this relationship although there is an overt preaching of hope for the Third World to catch up to the First World by accelerated programs of economic development. The fixity stems from the fact that the Third World is considered “underdeveloped” in relation to the First World. The relational aspects of these terms are a permanent feature of the image that is created of the West and its “others.”

These terms have been used effectively by the West to create an image of itself and an “other” that stands in opposition or contrast to this image. In the international accounting literature this image has served to portray the West as vital and important in the international accounting discourse especially as it pertains to harmonization of accounting standards. Portraying the “other” as unimportant in this discourse allows the West to assume a position from which it can pass judgment on the “other” and prescribe

solutions for solving the problem identified in Theme One that may involve direct interference in altering the “other” without consultation. Furthermore, the link between accounting and stage of economic development is portrayed as a universally accepted relationship. This accepted relationship is then used to build the argument that developing countries should be accorded a lower status than Western industrialized countries. This provides legitimacy to the notion that Western industrialized countries should be the ones calling the shots and identifying ways to untangle the problem of accounting harmonization.

The attempt is not just to reflect the world through certain images, but to also use those images to condition individuals to see the world in a certain way. Those countries who have adopted such philosophies wholeheartedly in a sense have succumbed to this conditioning and see themselves from a position outside themselves – a position that places the West and its culture at the center and views the rest of the universe at the boundaries.

Elites in Third world countries often play a significant role in propagating ideas and beliefs that perpetuate cultural dependence on the West. These individuals, who in most cases have been educated in the West, return to their home countries ready to impart the “knowledge” they have assimilated during their sojourns abroad. This knowledge is not limited to technical innovations but is often infused with foreign cultural values that they seek to instill in the locals. Having become more like Westerners they feel a sense of superiority towards their fellow countrymen. While identifying with the West they actively seek ways in which they can encourage their home countries to become like the West. Spivak (in Williams & Chrisman, 1994) recognizes the important role played by

the elite in colonial activities that silence voices. Mazrui (in Brinker-Gabler, 1995) draws attention to the significance of societal elites in maintaining cultural dependence in a postcolonial world. Mazrui (in Brinker-Gabler, 1995) concludes that in many African countries independence simply heralded the transfer of power from the West to the Westernized. Further examination of the functions of elites in developing countries would prove informative in analyzing the drive to become like the West and may constitute the subject of other research endeavors, though beyond the scope of the current project.

By believing that all societies can and must pass through the needle's eye of capitalist industrialization to achieve prosperity dominant groups (inside and outside Third World countries) show allegiance to the Western notion of history which views time as a progressive ordered whole. This translates into the idea that all societies must pass through the same stages to attain prosperity and those that are at more advanced stages of economic development have attained a greater degree of success and are in a position to judge those who need to catch up.

Enthusiasts that adhere to this philosophy look to a bright future where a new world order will emerge. With more countries adopting neo-liberal market economies old barriers and division will begin to disintegrate and heralding a new era of peace and prosperity for all. This Western universalism may not be in line with many of the grassroots movements springing up in various parts of the world. These are individuals who would see a different course to the formation of history. There are those who would oppose the unidirectional attribute of Western historicism. These would be individuals who believe that an alternative to the development ideology is urgently needed. These

would be individuals who believe that industrialization and modernization are not roads to prosperity but traps that bring about the eventual destruction of civilizations.

CHAPTER EIGHT: QUALITATIVE ANALYSIS (THEMES THREE AND FOUR)

THEME THREE: INADEQUATE

Once it has been established that the economically advanced countries are the important ones in this problem-solving situation then the stage is set for these countries to pass judgment on the others. This means that the industrialized countries have the right to describe other accounting systems as they see fit in order to lay the groundwork for the harmonization that is so necessary world-wide. In general, the purpose here is to present the argument that accounting systems in developing countries are vastly inferior to those of the industrialized countries. The articles below indicate the manner in which other accounting systems are described as primitive, unsophisticated, lacking, and indeed in many cases complete failures. In analyzing the nature of these descriptions two broad categories may be utilized: 1) descriptions of the accounting system pertaining to a particular country or its accounting profession and 2) descriptions of other environmental factors that bear upon the accounting system and profession within that country. Furthermore, the quotations that have emerged through the data analysis are related to certain geographic regions or particular economic settings such as socialist economies (Soviet Union, China, Poland, India, etc) and other developing economies. The analysis that proceeds will attempt to follow the categorizations that have emerged. An important issue is to identify the standards or criteria that are used in passing such judgment which in turn serve to uncover the ideological strategies used to mask the interest-laden nature of portraying the “other” as inadequate.

The discussion in this section will proceed by analyzing the following aspects of the development of the third theme emerging from the literature. This theme, which involves the construction of the “other” as inadequate will answer these questions:

- 1) What is the judgment of the important passed on the unimportant?
 - A) Accounting systems and accounting professions
 - B) Environmental factors
- 2) What criteria are used for judgment?
- 3) Whose interest is being served?
- 4) What ideological strategy is used?

1) What Is the Judgment of the Important Passed on the Unimportant?

In analyzing the quotations that appear in this section and Appendix F it becomes obvious that the judgment reserved for the unimportant (Third World countries) is that they are inadequate by the standards put forward by the important (First World Countries). This status of inadequacy that is accorded to the “others” is presented in a comprehensive manner. The judgment is passed not only on the actual accounting systems of these countries but is also reserved for other environmental factors surrounding these systems. Examples of such environmental factors would include the educational systems of these countries, as well as the literacy and sophistication of the general public and more particularly the users of accounting information.

A) Accounting Systems and Accounting Professions

The international accounting literature portrays a rather dismal overall picture of the state of accounting in socialist economies. These systems are made to seem inferior and lagging far behind those in place in Western industrialized countries. This portrayal

encompasses not only the former Soviet Union, but also extends to other countries that have based their accounting systems in some form or another on the Soviet model.

Donleavy (1987, p. 85) confidently points out that the communication function of financial reporting is absent in communist environments. The author goes on to assert and draw support from previous studies in describing the state of Soviet accounting as “disappointingly” close to mere bookkeeping (Donleavy, 1987, p. 86). This picture of failure is enhanced by the description of Soviet accounting taking shape under party control and elaborate but futile planning (Donleavy, 1987, p. 87). This mention of futile planning reinforces the depiction of other accounting systems as trying to achieve success but unable to accomplish such a status.

The portrayal of accountants in such systems as mere bookkeepers is further emphasized in the manner in which Adams and McMillan (1997, p. 144) describe the state of accounting in Poland.

During communism the government became the sole user of accounting information and thus there was no need for external financial reporting. Accountants were simply bookkeepers required to follow detailed rules (Jaruga 1979). The accounting standard setting function has always been undertaken by the Ministry of Finance, thus further reducing the role of the accounting profession. However, the profession did increase in importance in the 1980s due to an increase in foreign investment and the realization by the government that it could no longer control all aspects of the economy (Arthur Andersen 1991). The standard-setting role, however, remains within the state’s mandate with the profession only acting as advisors (Adams & McMillan, 1997, p. 144)

Dugar et al. (1995, pp. 3-5) traces the underdeveloped state of the auditing profession in India to the adoption of a centralized economic system modeled along the lines of the Soviet Union subsequent to its declaration of independence from British colonial rule in 1947. The author asserts that the Indian public sector has suffered from continuous losses due to the fact that the companies in these industries have been used as

tools in accomplishing national goals. A combination of acts on the part of government such as take-overs of financially distressed companies and investment in high-risk situations has contributed to this situation of sustained under-performance. The auditing industry is affected in that auditors are not held accountable for the financial conditions of audited public companies and thus face lower risk and perform sub-quality audits.

The common element tying these descriptions together is the fact that they are concerned with depicting the state of accounting in a socialistic environment. One might question whose point of view is employed in the judgments that are formed in these descriptions. The judgment that is being passed is strictly from the point of view of an outsider. Who is the party that is disappointed at these revelations? Is there any discussion as to how the Soviets perceive the state of their accounting system or how Indians perceive the state of their auditing industry? Or is the disappointment on the part of Westerners who have judged the system to be inadequate and falling short of the accounting systems practiced in the West. With the expression of this kind of sentiment the hope is to create a feeling of shame on the part of the Soviets for failing to match up to the expectations of the West.

A country, which has received a great deal of attention in the international accounting literature, is China. This may be due to the fact that it presents such a large potential market for exporting goods and services. The picture that is portrayed here is rather negative in describing China's old ties to the Soviet Union but optimistic in regards to potential moves to adopt accounting procedures that are closer to those found in the West. Zhijun (1988) describes the old accounting system as having great defects and

being replete with weaknesses that rendered it incapable of meeting the needs of a planned consumer economy. Once again we see the description of the accounting system in such a setting as being oversimplified and comprising mere bookkeeping.

The reason put forward is that the rigid rules prescribed under a uniform system emphasize form over substance. Zhijun (1988) and Vaidya et al. (1995) state that the situation in China was exacerbated by the fact that the already crude Soviet-based system was subjected to further simplification during the period of the Cultural Revolution. This resulted in a loss of an entire generation of accounting thought. The system in place did not aim to fulfill the need of presenting the essence of economic transactions. The author goes on to state that there is an immediate need for advanced accounting and auditing theory to be incorporated into the education system. However, there is a shortage of professors and other qualified professionals.

On a similar note, Xiao et al. (1995, p. 191) discusses the apparent misguided use of uniform accounting in China to achieve macroeconomic objectives. The author questions not only the usefulness of such objectives but the feasibility as well. The assertion is that the Chinese system does not take into the consideration the substantial costs involved in adopting uniform accounting systems in hopes of achieving unattainable goals. "Failure" of centrally planned economies is put forward as proof that such objectives are not within reach. Fang and Tang (1991) states that protection of the socialist properties has paralyzed accounting in China from serving other managerial purposes leading to a stagnant system that lacks any initiative for progress.

The ray of hope that shines into this bleak picture of reliance on Soviet-style accounting is the fact that China is currently undertaking initiatives to move away from

such an accounting system and embrace theories and practices that are more closely aligned with Western accounting systems. Zhijun (1988) describes these changes as transforming the Chinese economic system into a revived economy full of vitality. Once again the impression here is that under the previous system there was stagnation, and lack of energy. The old system was one that was dead and needed reviving. Only by becoming more like the West can this situation be remedied. This possibility of improvement will be explored in subsequent themes.

This description of accounting systems in other countries as being simple, unsophisticated, and inadequate is not confined to studies that evaluate accounting practices in socialistic environments. The same trend can be seen in descriptions of accounting systems in developing countries in general. Some particular instances will be highlighted at this point in time to establish the building blocks of the overall picture, which is portrayed in the international accounting literature.

In describing the Brazilian system of monetary correction, Doupnik (1987, p. 133) portrays a system that is too simple and results in a loss of information. The author describes the fact that inventory is not corrected for inflation as problematic and an issue which needs empirical support.

Haqiqi & Pomeranz (1987) provide a review of some studies of Islamic banks that have found no uniformity of content, terminology, form and kind of statement. Thus, assigning the characteristics of deficiency, or inadequacy to the statements put out by this type of accounting. The article goes on to mention some of the problems with Islamic banking. These include the following: a) shortage of experts in Islamic banking, b) absence of accounting (and auditing) standards pertinent to Islamic banks, c) lack of

uniform standards of credit analysis, d) potential conflicts with central banks, e) potential conflict between domestic banks, foreign banks, and Islamic banks, e) difficulties in cash management, f) lack of a deposit insurance system.

Rivera (1987, p. 290) states “Americanization” of accounting in Mexico is probably due to absence of written accounting principles in Mexico prior to 1969 and the presence of major U.S. accounting firms. The state of the Mexico Stock Exchange before 1975 is described as typical of underdeveloped securities markets (Wong-Boren, 1987, p. 37). This is to say that the amount of new private shares issued was small and information was inadequate leading to relatively little trading and a high degree of manipulation.

In looking at Middle Eastern countries Abdelsalam and Satin (1988) express the possibility that the Saudi financial markets are not efficient with respect to share value information. Two reasons are put forward: the fact that news may spread slowly or, the possibility that Saudi investors do not know how to interpret the information. The overall picture of the Saudi financial market that is painted is one of inefficiency and lack of sophistication.

Such descriptions of the poor state of accounting professions in various countries are easy to find. Examples would include the descriptions of accounting systems in Thailand (Akathaporn et al., 1993), Nigeria (Osiegbu, 1987), and Taiwan (Graham & Wang, 1995). The quotation below makes a general statement about the lack of trained individuals in developing countries as a whole and focuses our attention further on the state of the auditing industry in Central American countries. It is worth noting that this

excerpt does pinpoint the importance of social and cultural traditions in training programs for auditors in developing countries.

A number of studies have identified a shortage of trained, or even educated, people to meet the accounting and auditing needs of developing countries (Most, 1991, p. 245). The author's experience supports the view of some that the Central American audit professions are themselves in an underdeveloped state, and are not ready to participate fully in addressing national problems of corruption. Thus, he proposes long term programs to train local auditors in audit approaches linked to their social and cultural traditions (Pomeranz, 1991, p. 269).

In all cases the portrayal is that of a system or profession that lacks structure, sophistication, and regulation. This type of portrayal does not pertain only to the accounting profession within a country but also to other environmental factors that may influence or have a bearing on the sophistication of the accounting system and profession. The overall purpose of this grand picture is to portray developing countries as inferior and inadequate in comparison to the West and in need of some sort of change. The issue of interests underlying such a portrayal will be analyzed later in this theme. To complete this portrayal the following quotations provide examples of how other environmental factors in a country are also brought under the umbrella of inadequacy.

B) Environmental Factors

The literature attempts to build a totalizing picture by showing that other environmental factors in these countries are also inadequate and unsophisticated. Generally, the descriptions deal with such issues as the state of education, poverty, health, availability of professors, textbooks, and other elements necessary for the ideal development of an accounting profession and a commensurate accounting system. Some

of these descriptions are provided in this section as an illustration of the role the literature plays in constructing these portrayals.

India is a land of the extremes of rich and poor, where 60% of the population is still illiterate. Poverty, education, and health have been recognized as main concerns of the government since its independence from the British in 1947 (Singh 1966), although little progress has been made with any of them (Chang & Khumawala, 1994, p. 323).

This description shows India to be a country riddled with numerous problems.

The various elements that are mentioned are important in creating an environment where accounting can flourish, particularly the level of literacy and the level of education. This quotation attempts to highlight the incapability of the Indian government to make any real progress in these matters without British assistance. The blame is placed on the socialist economy and the related accounting problems, which it brings along. What this achieves is to show that alternate economic systems will not produce the necessary accounting systems to bring about economic advancement and development as is the case in Western industrialized countries. In this context, a study investigating the role played by India's post-independence economic policies and its corresponding accounting systems in surviving the worst Asian economic downturns might prove highly informative. Descriptions of other developing countries are similar in many respects. In the quotations that appear in Appendix F the authors attempt to portray the poor quality of accounting education and the dismal state of accounting professions in Indonesia, Korea, Thailand, and China.

Another area of concern highlighted in the international accounting literature has to do with the level of sophistication of users of accounting information in various developing countries. Once again the judgment is that the users have very little understanding of accounting concepts and usefulness of accounting information as

compared to users in the West. A couple of quotations appear below that are illustrative of this judgment.

...the same users of accounting information are present in each country. The reason for this similarity is obvious: the countries represented are similar; they are economically very advanced, have essentially the same political and commercial systems, and are comparable socially and, to a substantial extent, culturally. A list of users for a country diverse in these respects would probably be quite different. In a country such as Malta, for example, a list of local accounting users would not include sophisticated users such as accounting analysts and advisers or regulatory agencies, such as a stock exchange. Instead, a list of its users would mainly include the traditional ones... (Francalanza, 1988, p. 168).

The professional factors... indicate a dismal picture of the public's recognition of the role of accounting and its benefits. Perhaps a major reason for this is that most commerce in Thailand is characterized by a large number of small and medium-sized family-owned enterprises where there is an owner/manager control environment. Managers, middle managers, and owners of these businesses find accounting difficult to understand. They have very little knowledge about its role and benefits, and they consider accounting necessary only for tax purposes. Accounting information is not considered to be useful for making business decisions, thus the benefits of developing a good accounting system do not seem to justify its cost. However, the influx of foreign investment is rapidly changing the small, owner/manager nature of much business operation in Thailand. This fact indicates the necessity of attention to development of accounting standards and systems (Akathaporn et al., 1993, p. 264).

2) What Criteria Are Used for Judgment?

In judging the adequacy of accounting systems or professions certain standards must be used. Accounting systems and accounting professions are in existence to serve the needs of the societies in which they operate. It would seem logical that the criterion used in judging the adequacy and appropriateness of these systems would be developed domestically and would reflect the degree to which these systems serve the needs of the society. In most of the articles reviewed in the international accounting literature the basis of judgment appears to be how well the systems of developed countries compare to

those in advanced industrial countries. This criterion is stated in various forms. In some of the quotes that appear below the specific countries are mentioned as constituting the standard of comparison. The United States and Britain (U.K.) are two prominent examples. In other cases, the authors use broader terms that encompass countries that are perceived to have common heritage. Examples of these terms include words such as "Western", "European", or "Anglo-American" systems. Finally, some of the articles appeal to "international" or "global" practices as promulgated by multilateral organizations such as the International Accounting Standards Committee or the United Nations as constituting the criteria against which the adequacy of accounting systems in developing countries are examined.

What is common among these standards is the fact that none of them take into consideration the needs and circumstances of the environments in which the accounting systems of these developing countries actually operate. There is no evidence of incorporation of local input into the determination of the standards to be used. The West is held up as the unquestionable model that all developing countries should aspire to emulate. Thus, the West serves as the ultimate standard against which all "others" should be compared. The few quotations that follow are illustrative of this tendency. The issues surrounding the interests that come into this portrayal of developing countries as inferior to West are investigated further under the section that uncovers the ideological strategies used in this aspect of the construction of "otherness".

Donleavy (1987) sets about the task of evaluating the state of financial accounting in the Soviet Union. He asks the following question:

A question arises whether our conceptual framework for accounting can embrace accounting in a noncapitalist economy, or whether the latter environment produces bookkeeping rather than accounting (Donleavy, 1987, p. 85).

It is clear that the standard to be used in judging the adequacy of accounting systems elsewhere is how well they match up to "our" conceptual framework. Before conducting the analysis a hint is already made about the conclusions in that it is expected that accounting in the former Soviet Union would be nothing more than mere bookkeeping.

Donleavy (1987, p. 87) provides a quote from Bailey describing Soviet accounting as being at the pre-management accounting state - lacking responsibility accounting, not applying cost to cost centers, not having departmental budgets and standard costing, and having very limited awareness of advances in Anglo-American accounting procedures. The Soviets are described as suspicious of Western accounting methods, which are condemned as directed to the maximum exploitation of the working people (Donleavy, 1987, p. 87). This type of description clearly assigns a hierarchy to the accounting systems. The attempt here is to show that Western accounting has arrived at the management state with Soviet accounting lagging far behind. This deficiency is augmented by the fact that the Soviets apparently have no awareness of the advances made in the Anglo-American world.

There is no professional accounting body in the USSR, and therefore there are no regulations, rules, standards, or any form of recommendations issued or introduced by the profession. In fact, a profession as such plays no role in accounting development and there are no public accountants. Accountants have no right to use judgment in carrying out their daily work. The regulations must be followed strictly. This was not the case before the 1917 October Revolution, when accountants played an important role in society (AlNajjar, 1991, pp. 44-45).

Until recently there was no change in the status of accounting profession in the USSR. However, in the mid-1970s it was decided by some authorities to hold an all-union conference of accounting specialists. ...This conference was described as a great step on the road to improving the role of the accounting profession, but so far little is known in the west about any progress (AlNajjar, 1991, pp. 44-45).

The description of the state of accounting in the Soviet Union is quite dismal.

The author makes clear that this dismal state was brought on by the socialist revolution that took place. Ever since the Soviet accounting system has been suffering from this lack of progress. Indeed, even when certain events were hailed by the Soviets as significant steps forward, the West still accords a status of failure. It is clear from this description that the West views such accounting systems as inadequate despite the assertions made by those directly involved in the system. This indicates the higher judgment that the West reserves for itself. The quotations in Appendix F provide further indication of the status of failure that is accorded to the Soviet accounting system.

In an article aimed at identifying cross-cultural impact on international audit quality, Lampe and Sutton (1992, p. 213) identify the following dimensions: 1) English versus non-English speaking, 2) Western versus Eastern culture, and 3) developed versus third world nations. These standards for measuring international audit quality are clearly set from the point of view of a Westerner. The authors go on to mention that the closer a country is to the apex (English speaking, Western, and developed) of this three-dimensional matrix the higher the audit quality will be. As a country's characteristics move away from this apex audit quality begins to decline. This type of analysis assigns the highest degree of accounting sophistication and quality to those systems that exist in countries that are Western, English speaking and industrially advanced. These types of criteria accord inferior status to some countries on a permanent basis. For example, how

can a country that is non-English speaking change to an English-speaking nation, or is it expected of countries that espouse an Eastern culture to change and take on Western culture?

The United Nations has drawn attention to the inadequate state today of accounting in the Third World (Journal of Accountancy, 1993). The accounting and auditing standards of developing countries are said to be far behind those of the United States and Europe. For example, in nearly half of the nations of Africa, the accounting profession is virtually nonexistent, there is no certification process, little accounting education, and few or no accounting tests. Some, including the chairman of the UN Intergovernmental Working Group of Experts for International Standards of Accounting and Reporting, have seen in this a rallying cry to action (Most, 1994, pp. 9-10).

This quotation describes the state of accounting in the Third World as inadequate as judged by the United Nations, a multilateral organization. The accounting systems in developed countries (United States and Europe) are used as a standard of measure. The adequacy of accounting systems in Third World countries are not described in terms of meeting local needs but in terms of how they match up to accounting systems of the U.S. and European countries. The author adds validity to this assertion by quoting the chairman of the UN Intergovernmental Working Group of Experts for International Standards of Accounting and Reporting. It is clear that the purpose of such a working group would be to take actions that foster harmonization of accounting standards world-wide. Thus, it is understandable that in light of such a purpose the state of accounting in the Third World would be dismal and problematic.

Where the regulations are completely new, they tend instead to be far less detailed than those promulgated by the IASC. This can be seen in particular in the area of consolidated accounts where the regulations say little more than "consolidation is required where relevant." Likewise, the rules for leased assets and intangible assets, including positive goodwill, are extremely sketchy. This, coupled with the detailed regulations that exist in other areas, means that the current regulations are a somewhat strange mixture of rules allowing no discretion in some areas but virtually complete discretion in other areas. This position is obviously far from ideal, and is an intermediate position reflecting a partial move from the UAR to a more Western-oriented system. Given this, the question that needs to be answered is: what form should the next trench of accounting reforms take? (Roberts et al., 1995, pp. 211-212).

The adequacy of the accounting system in China is evaluated in light of IASC standards. Based on these criteria the Chinese accounting standards are considered to be too tight in some areas and too loose in others. The discussion does not revolve around the idea of whether the state of these standards is suitable for the Chinese environment, but how close do they come to international standards as promulgated by the International Accounting Standards Committee. It is obvious that Western standards are used to gauge the adequacy and sophistication of the accounting system in China with questions as to where it should go from here or how it should be reformed further.

3) Whose Interest Is Being Served?

The construction of the West as important and the "others" as unimportant sets up the stage for the important players to pass judgment on those considered unimportant. As the quotations above indicate the overall assessment of the important players is that all "others" are inadequate and inferior. The West sets itself up as the universal standard against which all "others" must be judged. Using its own criteria the "other" is constructed to be inadequate and incomplete. This serves only to strengthen the image of the West as all that is full, complete, and adequate. Edward Said (1979, pp. 208-209)

traces similar constructions of the East as inferior and weak in other literary and cultural sources.

...in discussions of the Orient, the Orient is all absence, whereas one feels that the Orientalist and what he says is presence; yet we must not forget that the Orientalist's presence is enabled by the Orient's effective absence. This fact of substitution and displacement, as we must call it, clearly places on the Orientalist himself a certain pressure to reduce the Orient in his work, even after he has devoted a good deal of time to elucidating and exposing it. How else can one explain major scholarly production of the type we associate with Julius Wellhausen and Theodor Noldeke and, overriding it, those bare, sweeping statements that almost totally denigrate their chosen subject matter? Thus Noldeke could declare in 1887 that the sum total of his work as an Orientalist was to confirm his 'low opinion' of the Eastern peoples. And like Carl Becker, Noldeke was a philhellenist, who showed his love of Greece curiously by displaying a positive dislike of the Orient, which after all was what he studied as a scholar (Said, 1979, pp. 208-209).

What is the effect of such a construction of the East as inferior and the West as superior? The ultimate effect is to create an impression that some countries or regions of the world have attained a state or characteristic of completeness where no change is necessary. This is the image that the West would like to portray of itself. That is, things are all right the way they are. On the other hand, the "other" is constructed as deficient or lacking. These countries or regions of the world are not all right as they are. They are in a state of inadequacy. This not only makes a statement about their current position but indicates a need for change and improvement to measure up to the standards set up by the West.

The international accounting literature builds on the unequal relations of power in the production of knowledge by these images that are constructed of the East (developing countries in general) and the West. This is in conformity with the Western intellectual tradition as pointed out by Thiong'o (1986, p. 18). This author reminds us of some of the assertions made by giant philosophers of the West such as Hume and Thomas Jefferson

who declared the Negro to be naturally inferior to the whites in both mental and physical capacities. Thiong'o (1986, p. 18) also refers to Hegel's damning pronouncements of Africa being shrouded in a veil of darkness and the African character lacking any harmony with humanity. Although these statements refer particularly to the black race or to Africa they can be extended to other non-white races since Western discourses tend to have a homogenizing effect of grouping together all that is different from the West. Because these other races are inferior the accounting systems they develop and use will also be inferior to those employed in the West.

Under the Western gaze The East (developing countries in general) is accorded a position of deficiency and defectiveness. The necessity for the East (developing countries) to be viewed through the eyes of the West is established through the first two themes (problematic, unimportant) that have been discussed earlier. In particular, we must refer back to the development of international accounting as being concerned with solving a specific problem – the problem of harmonization of accounting standards on a world-wide basis. We must also keep in mind that the West is portrayed as the active problem solver in this context, while the “other” is constructed as being part of the problem. To this end the East (developing countries) must be viewed through the all-knowing and all-encompassing gaze of the West. Since the “other” is portrayed as unimportant in the solution finding process it is relegated to a position of passivity presenting itself to the West as an object of examination and scrutiny. The West is triumphantly held up as the universal standard of measurement against which the East (developing countries) is measured and found wanting.

Homi Bhabha (1994, p. 42) recalls the profound imagery used by Fanon (1986) to describe the cutting gaze of the white man, which reduces the black man to deficiency and nothingness, in effect denying a true identity.

I had to meet the white man's eyes. An unfamiliar weight burdened me. In the white world the man of color encounters difficulties in the development of his bodily schema...I was battered down by tom-toms, cannibalism, intellectual deficiency, fetishism, racial defects...I took myself far off from my own presence...What else could it be for me but an amputation, an excision, a haemorrhage that spattered my whole body with black blood (Bhabha, 1994, p. 42)?

In this violent portrayal the white man's gaze dissects the black man's body effectively reserving a sense of identity and personhood only to the white man. The black man is portrayed as primitive and degenerate lacking identity that may develop through civil progress. Once again, although these descriptions pertain to the physical attributes of the black man as viewed through the white man's eyes they are characteristic of a much broader perspective used by the West to analyze and dissect the East (developing countries) or all that is non-western. These measurements and comparisons are not limited to physical attributes as this imagery may suggest. The international accounting literature accomplishes this by comparing accounting systems in other countries to those found in industrialized Western countries. Recognizing Western accounting systems as the standard of reference invariably results in a judgment of inadequacy and deficiency for all other systems. By setting up the West as the universal point of reference the "other" becomes a "particular." The final effect is that the universal subsumes all the particulars and in this process becomes universalized.

The Western gaze that declares the East (developing countries) to be inadequate and inferior also effectuates a relationship of dependence. The developing countries are in need of the West to perform this critical gazing and evaluation since they are not

capable of doing this objectively. Furthermore, since the West constitutes the universal point of reference against which the developing countries fall short, it is always needed as a benchmark that the developing countries can use in measuring their progress. Ali Mazrui (in Brinker-Gabler, 1995, p. 335) describes two types of dependency relationships. One type of relationship is described as a situation of surplus need. In this case, when comparing any two parties to a relationship, one can conclude that whichever party is in greater need of the other is considered to be the dependent party in the relationship. The author refers to the second type of dependency as deficit control. In this case when comparing any two parties to a relationship one can conclude that whichever party has less control over the relationship is considered to be the dependent party in the relationship.

The international accounting literature perpetuates both types of dependency relationships between East (developing countries) and West. In the first instance since the developing countries are portrayed as unimportant in solving the international accounting problem they constitute the dependent party since they clearly have less control over the relationship. In the second instance since the developing countries need to look to the West as their standard of performance – a level of sophistication which they must aspire to achieve, then they are considered the party that is more in need of the other. On both accounts the developing countries are constructed as being dependent on the West and not the other way around.

4) What Ideological Strategy Is Used? (Naturalization)

This aspect of the construction of “otherness” in the international accounting literature focuses on portraying superior/inferior relationship between the advanced industrial countries and the developing countries. The purpose is to accord Western accounting systems a higher status than those existing elsewhere with the extended conclusion that other countries must strive to match up to the Western standards.

This clearly serves the interests of Western industrialized countries since their systems are identified as the standards against which all other systems must be judged and evaluated. This strategy seeks to naturalize the belief that Western accounting systems constitute all that is good and correct and desirable in accounting. There is no critical examination of the actual state of accounting systems in Western industrialized countries and how well these systems serve the societies in which they operate. The literature attempts to naturalize the acceptance of these systems just as they are as representing perfection.

There is also very little discussion as to whether the accounting systems in developing countries meet the needs of the societies in which they operate. It would seem that the adequacy of such systems should be determined based on the functions that they serve in these societies. Discussions of the qualities of these accounting systems and accounting professions are mostly made within the context of comparison to those existing in the West. This type of comparison is also extended to discussions of other environmental factors affecting the accounting systems and accounting professions. This includes descriptions of public health, poverty levels, educational systems, and user sophistication in other countries. This type of discourse brings about a totalizing effect in

portraying the “other” as inferior to the West and allows the West to construct an image of itself as superior.

The objective here is to construct an image of the West as a standard of excellence and perfection. This standard is made to seem natural and beyond questioning. This is achieved by minimizing any discussion of alternative standards or criteria for judging the adequacy of accounting systems in developing countries. Thus, the belief that the West is the ultimate standard of excellence in accounting is made to seem natural and beyond questioning. The effectiveness of the ideological strategy employed in this section rests primarily upon a “comprehensibility” claim (see four claims in **Theoretical Framework**, page 32). Once the international accounting literature has established the “fact” that economically advanced countries are more important than developing countries then it is only a matter of “common sense” to conclude that the accounting systems of the advanced countries should constitute the natural standard of comparison. The international accounting literature aims to help the reader accept that coming to such an “understanding” of the state of affairs is only logical and rational.

This construction of the “other” as inferior to the West and needing to catch up to the West clearly serves the interest of the West. There is no burden of change on the part of the industrialized world but the entire burden of change falls on the developing world. This ties in very tightly to the aspects of the construction of “otherness” discussed in the previous two themes. The international accounting literature is aimed at solving a problem – the problem of harmonization of accounting standards world-wide, which is brought on by the rapid and inevitable pace of globalization. Other accounting systems

are portrayed as being part of the problem that needs to be solved or the knot that needs to be untangled. Furthermore, in attempting to find solutions to the problem the “others” are portrayed as unimportant due to the fact that they are not as economically advanced as the industrialized countries. Therefore, the industrialized countries are constructed to be the important players in this situation and thus they reserve the right to pass judgment in describing the “others”. Portraying the “other” as inferior and in need of change only serves to reinforce the aspects of “otherness” that are constructed in the previous two themes. In a sense a circle begins to emerge. Since the “other” accounting systems are inadequate and inferior compared to the West then they are all the more instrumental in creating the problem that the international accounting literature is grappling with and must be considered unimportant in the question for solution due to their inferiority.

Summary

Once the West is portrayed as important in finding a solution to the accounting harmonization problem it is set up in a position to pass judgment on those who are not important in this process. As such the industrialized West sets up itself as a universal standard of measurement against which all other societies must be measured. The West through its critical gaze acts as judge and dissects all others in accordance to the rules and criteria it established. In this respect all others come up short. The effects of such a depiction are truly profound and disastrous.

The primary impact is to present the “other” as primitive, degenerate, and defective. In contrast the image of the West is one of completeness and fullness. This

entails further repercussions. For one, the West does not need to change in any manner to attain a true degree of success. On the other hand, the East (developing countries) is in need of changing in order to overcome its deficiency and inadequacy and become more similar to the West.

In this process the East (developing countries) is denied any true sense of identity and ends up as some sort of “particular” to the West. In the act of setting up the West as the universal standard of performance, the particulars are subsumed and the West becomes universalized. All “others” disappear into nothingness at the margins.

This portrayal effectuates a dependency relationship between the developing countries and West in which developing countries are constructed as being dependent on the West. This is due to the fact that developing countries are accorded less control in this process than the West and they are constructed as needing the West to evaluate their status and provide relevant benchmarks for their progress in attaining success.

What has been achieved through these three themes is that the West has identified the problem that the international accounting literature should be concerned with. The West has decided who are the important players in this solution seeking activity. The West has accorded itself the right to pass judgment on “others” according to its own standards.

THEME FOUR: IRRATIONAL

As highlighted in previous sections of this thesis accounting is often portrayed as a discipline that is scientific and objective. By extension, those who are involved in the progress of accounting (accounting researchers and standard developers) are portrayed as

rational, scientific, and free from bias. These are the characteristics that are often associated with a “scientific community” which comprises the group of individuals responsible for the advancement of knowledge in any given discipline. The notion that is entertained in much of the accounting literature is that through rational processes of testing theories accounting knowledge will continue to improve. This creates an overall picture of accounting systems including all the individuals involved in such systems as functioning within the boundaries of logic and rationality. Of course, this is the expectation that would exist if the accounting systems in question were sophisticated and well developed.

What has been accomplished in the previous three themes (problematic, unimportant, inadequate) is a depiction of other accounting systems as inadequate as compared to the ultimate standards of Western industrialized countries. The fourth theme shows how the international accounting literature goes further in removing Third World countries from the problem solving efforts in accounting standard harmonization by rendering them unqualified to be members of the “scientific community” in accounting. This is accomplished by ascribing irrational qualities or characteristics to the accounting systems and related individuals in developing countries. A variety of descriptions are employed in the construction of this image. The following aspects of the construction of the “other” as irrational are discussed in this section.

- 1) What characteristics are used to construct irrationality?
 - A) Personal
 - B) Unethical
 - C) Confused
 - D) Religious
 - E) Ideological
 - F) Emotional

- G) Unreliable
- H) Secretive
- I) Delusional
- J) Ancient
- K) Unstable
- 2) Whose interest is being served?
- 3) What ideological strategy is used?

1) What Characteristics Are Used to Construct Irrationality?

A) Personal

One of the characteristics that are highlighted is the personal nature of business relationships in developing countries. The attempt here is to show that in developing countries since business activities are governed by personal relationships accounting information plays a minimal role in decision-making. The scientific and objective nature of accounting information is greatly reduced since it is not employed in logical decision-making processes. The quotations that appear below are illustrative of this portrayal of the prominence of personal relationships. This construction ultimately serves to create and perpetuate another dichotomy: West as scientific, East (developing countries) as unscientific. This helps develop the justification for excluding developing countries from the “scientific community” of accounting that is charged with the responsibility of solving the main problem of accounting standard harmonization.

Many businesses in Uruguay are still organized around the extended family, the Uruguayan's most trusted friends... A significant portion of a business executive's time and energy must be devoted to developing and maintaining friendships. The ultimate result of public power is control. The exercise of this control leads to centralized decision making in business and government, with little need for team work or delegation. As a result of these cultural attributes, managers often do not make use of the accounting information available when making economic decisions. Although managers are knowledgeable in scientific management decision-making processes, the resistance of cultural values to change precludes any assimilation to them (Carmony, 1987, pp. 44-45).

After all, most business and credit arrangements undertaken in the PRC in the past had more to do with personal relationships than with financial position. Even today, employing local facilitators and local advisors is a common way for enterprises to make sure they are properly introduced to those individuals with whom a personal relationship is somewhat the price of admission to doing business in the PRC. In a system where the legal system is just developing and has not been seriously tested, financial statements may have a less important role in decision making (Graham, 1996, p. 32).

The purpose of the quotations that appear above is to present the affairs in these various countries as being governed by personal relationships rather than professional standards of conduct. The ultimate effect of this type of portrayal is that individuals from these countries would not be capable of rational thought processes since they would allow personal interests to cloud their decisions.

B) Unethical

Another means of rendering developing countries unsuitable candidates for participation in accounting harmonization is achieved by questioning their ethical reasoning capability. Financial accounting systems in these environments are ineffective due to the fact that they are subject to manipulation by the government and private industries. As a result the accounting information that is generated through such systems is considered to be inaccurate and unreliable. The natural conclusion is that accounting theories and methods employed in these other systems do not contain any redeeming qualities for consideration in the harmonization debate because of the fact these systems are defective as a result of the unethical standards of those involved in using these systems.

The international accounting literature builds this image by highlighting the

widespread practice and acceptance of corruption in Third World countries. An effort is made to portray the West as adhering to higher standards of morality in contrast to the degenerate state of ethical reasoning and conduct in the Third World. In some instances the articles portray these other accounting systems as incapable of producing reliable and accurate data due to cultural aspects of the environments in which they operate. As such, these articles go a step further by assigning certain fixity to the unethical nature of these individuals as determined by cultural factors that preclude them from being otherwise. A few of these articles present the West as the victim of the misdeeds of developing countries. This type of portrayal not only constructs an image of developing countries as unethical, but also attempts to highlight the antagonistic nature of such unethical behavior as directed toward the West. The image that emerges of the West is that of the moral party attempting to carry on with normal business while that of the East (developing countries) is of the guilty party, which due to its degenerate nature presents an obstacle for the normal functioning of the West.

By constructing an image of the "other" as corrupt, unethical, and manipulative the West effectively reinforces the image of itself as moral and ethical. This furthers the portrayal of West as superior and provides legitimacy for assigning to the West the responsibility of solving the harmonization dilemma encountered in the international accounting discourse. Furthermore, it provides grounds for exclusion of developing countries as active participants in this problem solving activity and reinforces their image as being part of the problem that needs to be resolved by the West. The excerpts that appear below are illustrative of the construction of this aspect of "otherness" in the international accounting literature. Further examples are provided in Appendix F.

Since there is no clear requirement of consistency, firms can choose one method in one period and another method in another period, depending on management's perception of the firm's profitability. All the above examples of creative manipulations are not rare in China. These kinds of manipulation cause the financial information users, except (maybe) the government, to disregard the accounting information as "inaccurate and irrelevant". The costly uniform regulations cannot stop manipulations (Lefebvre & Lin, 1990, p. 179).

Since ethical reasoning is measured and premised on the basis of justice and fairness, this concept is suggested to be consistent with individualism, small power distance, and short term orientation. A higher level of ethical reasoning can be interpreted to be consistent with the dimension of individualism as the post-conventional level focuses on personally held principles. Thus, collectivism is seen to be incompatible with the personally held principles of the highest level of post-conventional ethical reasoning. The cultural dimension of small power distance which is characterized by more equal relationships among people is congruous with the highest levels of ethical reasoning: social justice and personally held principles. Since USA is classified by Hofstede as relatively low on the dimension of power distance, it is expected that the auditors' levels of ethical reasoning be comparatively higher. As short term orientation exemplifies the characteristics of personal steadiness and stability, saving face, respect for tradition, and reciprocation of greetings, favors and gifts, it is commensurate with higher levels of ethical reasoning which focus on societal consensus and social co-operation. Therefore, it is posited that auditors in the USA, characterized by the three pertinent cultural dimensions: small power distance, short term orientation, and high individualism, would have higher P scores than auditors in Hong Kong, with large power distance, long term orientation, and low individualism (Tsui, 1996, pp. 125-126).

Corruption is a pervasive problem, especially in the less developed countries. Although corruption is rooted in ancient tradition, it tends to be a cyclical phenomenon. Based on case studies involving Iran, Mexico, and China, it appears possible to achieve equilibria between the acts of corrupt officials, and efforts at auditing (Pomeranz, 1991, p. 263).

Laws of different cultures have varied philosophical bases. Western law is based primarily on Greek philosophy which assumes members to be literate and have regard for other individuals. Islamic law is based on religious intuition rather than logical thought, and contains a permanent state of belligerence and pugnacity against nonbelievers. Black African law is based on nonliterate tribal oriented thinking while the Chinese concept of law is predominantly Confucian. Indianized Asian law contains metaphysical constructs based on scripture. A cross-cultural legal-based problem commonly stated by U.S. auditors is that compliance with the Foreign Corrupt Practices Act would prohibit U.S.-based MNCs from engaging in certain business practices considered legal, moral, and even necessary in many other countries (Lampe & Sutton, 1992, p. 217).

The quotations that appear above attempt to portray other peoples as unethical compared to Westerners. Adaptations and adjustments to local needs are often viewed as “innovation” in particular settings while constituting “corruption” in other settings. Various reasons are put forward including pervasive corruption, cultural characteristics, and philosophical bases of law systems. All these quotations have the same effect in that they present the “other” as incapable of participation in the accounting harmonization debate because any suggestion from this “other” would be tainted with unethical reasoning.

The last quotation is worthy of special consideration. Lampe and Sutton (1992, p. 217) make categorical statements about law systems governing the behavior of entire races. Western law is based on an assumption of literacy and education. It portrayed as espousing a benevolent concern for others. Islamic law is void of logical thought. Furthermore, it is not benevolent to others but rather hostile and aggressive toward non-believers. Black law is based on tribal thinking while Chinese law is based on the teaching of one person Confucius. Indian law is based on metaphysical concepts. Only the description of Western law is done in a positive light while all other law systems are portrayed as defective and illogical due to various foundations. It is natural to conclude that the accounting systems employed in any particular country would conform to the philosophical underpinnings of the legal system within which it is to function. Therefore, the accounting systems of these countries would be far from ideal since they are not steeped in logical thought processes and do not embody a concern for others in society.

C) Confused

Clarity of purpose and a focused sense of direction in an accounting system are suggested as constituting evidence of rational thought processes in the international accounting literature. This connection is not made explicit in so many words. This is the interpretation that may be arrived at by analyzing the descriptions of accounting systems elsewhere as opposed to those that are found in Western industrialized countries. The overall image that is portrayed of accounting systems in developing countries is one of confusion and absence of purpose. This objective is achieved through a variety of discursive tools.

One method used to construct an image of confusion is to bring to view potential underlying contradictions within such systems. The excerpts that appear below build the description of such contradictions as damaging to the effectiveness of these accounting systems, while emphasizing the apparent lack of effort on the part of those involved in identifying solutions. The ultimate effect of such contradictions is to reduce the effectiveness of these accounting systems and render them meaningless in extreme cases.

A related strategy is to pinpoint the incongruence or incompatibility of the accounting systems adopted in these countries and other environmental factors. This state of confusion is also brought to light by discrepancies between written accounting standards and procedures and what is actually practiced by those involved in the accounting systems in these countries. Often times there seems to be an ignorance of what the accepted standards are since a host of conflicting procedures are employed indiscriminately with no unifying conceptual framework. In the first quotation that

appears below Graham (1996) provides such a description of the accounting standards in china. The effect of the construction of “other” as confused is to legitimate the exclusion of Third World countries as potential contributors to the progress of international accounting.

One observation of our visit is the apparent shortage of printed official documents, including the recently enacted accounting “conceptual framework” document or the individual accounting standards being considered in the “exposure” process. This difficulty in communication contributes to the differing quotations we received in August of 1994 of the number of draft accounting standards then currently on exposure: twenty-one, twenty-seven and thirty-three. Undoubtedly there was some confusion between those standards that were currently in place or in exposure, and those about to be released or in some stage of development (Graham, 1996, p. 27).

There are articles published in English which are written or co-authored by mainland Chinese, and which address or involve Chinese public accounting/auditing...However, these articles do not acknowledge the fact that there are actually two officially and formally recognized sectors of public accounting in China. They either deal with one of them, or confuse them. In Chinese publications, accounting and auditing firms are also always dealt with separately. However, the conflicts, and even vicious attacks between these two sectors are probably known to all Chinese readers who have an interest in Chinese practicing accounting and auditing (Macve & Liu, 1995, p. 48).

Prior to 1965, Soviet industry was encouraged to produce as much of everything as possible with the resources provided. Incentives and evaluations of enterprise performance were related almost entirely to the gross output index and cost reduction. The use of this partial success indicator in evaluating enterprise performance had resulted over the years in considerable losses to the Soviet economy, in build-ups of unwanted inventories and goods of low quality, and in disincentive to new product development (Nove, 1956, p. 21). In order to eliminate these problems, the government introduced the Economic Reform Law in 1965. This law reintroduced the concepts of profit and profitability in measuring and valuing enterprise performance. It was also considered an attempt to combat the partial success indicator myopia that afflicted Soviet industry for almost half a century (Maunder, 1972, p. 300) (AlNajjar, 1991, pp. 45-46).

The quotations that appear above are aimed at portraying the “other” in a perpetual state of confusion. This is accomplished in various ways. In the first quotation the individuals involved are portrayed as ignorant of the accounting standards that are in place versus those that in the exposure process. In the second quotation the individuals

involved are shown to be ignorant of the differences between the two main sectors of public accounting in the country. In the last quotation the individuals involved seem to be suffering from a form of blurred vision in regards to choosing appropriate benchmarks success and efficiency. The common element in all these excerpts is the fact that the “other” is confused and lost and therefore not capable of contributing in any worthwhile fashion to accounting issues that have international ramifications (harmonization of accounting standards).

D) Religious

Another means employed in the international accounting literature to discredit the “other” as irrational is to ascribe a characteristic of religiosity. In this portrayal the East (developing countries) is set up as a diametrical opposite of the West, which due to its secular characteristic is active in bringing about technological advances and scientific progress unfettered by the constricting properties of religious dogma. We are reminded of the influence of religion in impeding scientific progress during the Dark Ages when scientists were threatened with excommunication from the church because of professing beliefs contrary to the teachings of the established religious institutions. The effects of the Enlightenment era still resonate through the descriptions of accounting systems in other places as being subservient to religious objectives that render them less scientific and less acceptable to the accounting scientific community.

This type of description extends primarily to those countries that are predominantly Muslim and are experimenting with the adoption of Islamic banking and its related accounting techniques and procedures. The effect of such a portrayal is to

enhance the dichotomy of the West as rational and logical, and the developing countries as irrational and illogical. The underlying assumption is that a system that is based on religious precepts and principles is not capable of incorporating scientific knowledge and thus is not conducive to progress and improvement.

The issue of technological superiority is also woven into this construction of the "other" as irrational. It is natural to conclude that the West, which is secular and scientific, will incorporate the latest technology in developing information systems that include accounting, while developing countries, which are shackled by religious considerations will not be instrumental in this cause and will remain unaffected and stagnant.

A heavy reliance on the oil industry and the active involvement of foreign countries and multinational corporations in its economy have exposed Saudi Arabia to some very advanced external influences, mitigated by the conservative traditional forces of its Islamic inhabitants and neighboring countries (Hagigi & Hubbard, 1988, p. 152).

Thomas Molnar, wrote that in ancient societies, man had a religiously rooted reverence for his social superiors, to whom he felt he ought to bring propitiating gifts as one did to gods, spirits, and demons. Civilization has dismantled the traditional network, replacing it with a rootless and often more abusive bureaucracy. Nonetheless, Molnar believes that the tribal connection has remained as the only genuine political reality in most of the Third World. He adds that what has changed is not the mentality of bribery but the amounts, which have increased (Molnar 1986) (Pomeranz, 1994, p. 255).

Unlike common Western political notions of taxes and levies, zakat has uniquely different dimensions to it. The obligation to pay zakat is one of the most important religious duties of Muslim, ranking in importance second only to the obligation to pray (salat) (Sabzwari 1979, 3; Siddiqi 1982, 8). However, while prayer is an act of worship expressing a Muslim's gratitude for the bodily blessings bestowed by God, zakat is an act of worship expressing a Muslim's gratitude of Islamic economics. Zakat is a tithe, similar to past tithing practices of both Judaism and Christianity. Like other tithes, its purpose is to purify the surplus wealth of the relatively well-to-do by redistribution to the destitute and needy (Siddiqi 1982, 9; Muslehuddin 1974, 78). Neither conventional taxes nor levies can lay claim to such a specific function (Clarke et al., 1996, p. 197).

The common element that ties the excerpts above together is that they attempt to portray the "other" as steeped in tradition and religious beliefs. This is in contrast to the West, whose civilizations continue to advance and progress due to their reliance on technology and science. The second quotation makes this contrast very clear in that civilization has dismantled traditional networks that continue to exist in the Third World. This dichotomy would suggest that the Third World choose to remain uncivilized and shackled by the traditional mentalities of bribery to appease superiors or gods and demons. The first excerpt also highlights this dichotomy by emphasizing the fact that due to certain developments the country of Saudi Arabia is being exposed to advanced external influences, which are in sharp contrast to the conservative nature of its Islamic inhabitants. This would seem to suggest that the religious nature of the inhabitants of this country, to a certain extent, renders them incapable of dealing with technology. The last quotation emphasizes the fact that many of the business transactions done in the Muslim world have religious foundations. Although this is presented in positive light the effect is to portray these people as constrained by religion. In any discussion of accounting that would involve an international issue (harmonization of accounting standards) one would expect the participants to be free from biases stemming from religion and tradition. This

type of portrayal of the “other” effectively removes these countries from being considered as scientific contributors to this problem.

E) Ideological

Objectivity and the value-free nature of accounting systems are often touted as hallmarks of the degree to which they achieve scientific status. In the international accounting literature Western accounting is portrayed as rational and logical due to the fact that its development preceded primarily due to efforts in the private profession rather than being influenced by the dictates of government. On the other hand the accounting systems that exist elsewhere are portrayed as less rational due to the fact that they were shaped primarily through initiatives of various governments or governmental institutions. In such situations the accounting system that eventually emerges is shaped to meet the philosophical goals and objectives of the government. In these cases the advance of accounting thought and research is hampered due to ideological underpinnings surrounding the creation and adoption of accounting theories and procedures.

This type of description is primarily used in connection with socialist economies. The accounting systems of various countries such as the former Soviet Union, China, Poland, Hungary are portrayed as steeped in ideology and trapped in endless searches for improvement which are not possible because of the tainted spectacles worn by those involved in these systems. In many of the quotations that appear below these individuals are ridiculed as delusional or blind (or having blurred vision) and unable to see the clear picture of a better accounting system possible through imitation of the West. These other accounting systems are described as deficient and crippled by the necessity of

conforming to the requirements imposed by the respective governments in producing the information sought to achieve national objectives.

The ultimate purpose in the construction of “other” as influenced by ideology is to render all aspects of these accounting systems as technically inferior to the West and thus, not fit for consideration in the harmonization debate elaborated in the international accounting literature. Once again this portrayal legitimizes the superior position of the Western industrialized countries as leaders in the accounting world who are rightfully assigned the responsibility of solving international accounting problems. The silencing of the voice of developing countries and socialist countries in the international accounting literature is legitimized since their judgment cannot be relied upon as free from ideological bias.

Due to political fluctuations, accounting in China has not progressed rapidly in the last few decades. Its function seemed very largely “to protect socialist properties!” The tragedy is that the emphasis on “protection” has paralyzed accounting from serving other managerial purposes (Lefebvre & Lin, 1990, p. 170).

In addition, any discussion of the contemporary Chinese culture cannot be complete without a consideration of the political scene after the People’s Republic of China was formed in 1949 (Dittmer 1983). Since then, the Chinese Communist Party has shaped the Chinese culture toward a strong sense of group consciousness (consistent with the Confucian tradition of inequality). Therefore, the older managers...emphasize a harmonious working environment and behave submissively and passively toward their superiors...The Chinese Socialist ideology, which emphasizes obedience to the Party and contribution to the country (Kuo and Myers 1986), has also characterized the Chinese people’s preference for inner development (Smith 1991). Individuals are expected to sublimate their personal aspirations. Under the shadow of socialism people are molded to sacrifice their own wishes. Again, this contemporary Chinese Socialist ideology is reinforced by the traditional Confucian view that the government should regard itself as the parent of its people. In other words, the government is to control its people and to reward the obedient citizens...the older managers are obedient citizens in the firm and they do not consider self-actualization needs as important to them (Chan & Lee, 1997, pp. 179-180).

...the public sector in India has been chronically prone to incurring losses. In part, this is due to the fact that, over time, these corporations have become tools for furthering the economic agenda of the government in power; they have ventured into high-risk, capital-intensive industries unattractive to the private sector and (at the behest of government) have engaged in takeovers of financially distressed private sector companies to preserve employment opportunities. Therefore, auditors are rarely held accountable for the financial condition of the auditees and, faced with reduced risk, may charge lower fees than for comparable private sector clients (Dugar et al., 1995, p. 5).

After the Bolshevik October Revolution of 1917 in Russia, Marxist economic theory was applied, and a change in the function of accounting occurred. Instead of serving private business interests, accounting was to serve the development of the new communist State, the Union of Soviet Socialist Republics (AlNajjar, 1991, p. 39).

Thus far, Soviet accounting has been a tool of centralized economic control, burdened by inflexible, authoritarian methods. Its purpose is to aid the decision-making process of the central planners as a tool of political-economic control. The planners then mandate production and performance standards at the enterprise level. In this capacity, from the perspective of Gorbachev's perestroika, Soviet accounting is part of the problem. Soviet accounting's macro-economic orientation has restricted the autonomy of the enterprise manager, removing any bond between him and his market, and in doing so has desensitized the industrial process to the true needs of the society. This approach has also divorced enterprise management from important aspect of the decision-making process, stifling creative and innovative thinking as a social contribution and directing such thinking instead to conjuring ways of "getting round" the inflexible system. Success inevitably requires working outside the system (Shama & McMahan, 1990, pp. 166-167).

With adherence to the policy of opening to the outside world, cultural exchanges between China and foreign countries have markedly increased. Many new ideologies and different ways of thinking from foreign countries have shocked many Chinese academicians and practitioners, especially the younger generation. More and more researchers have realized that the emancipation of the mind is one of the most important foundations enabling them to explore truth. Thus, they intend to discard outmoded conventions and obsolete methodologies. In this new historical situation, some fundamental principles guiding socialist modernization have been restudied. Marxism is considered a theory subject to development in the wake of a different environment. Socialism is thought to have no standard model to be followed. Hence comes the theory of the 'Primary State of Socialism' (Fang & Tang, 1991, p. 102).

More and more academicians and practitioners have realized that the influence of traditional thought emanating from a small-scale rural economy, the pernicious ideology of a feudal society, and the rigid Soviet model is so inflexible that it continues to be harmful to the advance of reform, as well as to people's ways of thinking and behavior. Facing a changing world, Chinese accountants have not only to expand their common body of knowledge, but also to discard prejudices which were shaped during the past several decades. The shift of ideology is a painful thing, but it is the only way to keep pace with the development of society (Fang & Tang, 1991, p. 102).

This group of quotations portrays the "other" as steeped in ideology. The majority of the excerpts refer to accounting in a socialistic setting. The common element that ties these quotations together is the fact that accounting systems in the related countries are not subject to improvement through scientific research. This is due to the fact that accounting is there to serve ideological purposes in the hand of the various governments. This type of depiction may not necessarily be critical or negative in an immediate sense. However, it effectively removes these other countries from being participants in the harmonization debate in the international accounting literature. Since the accounting systems in these countries did not evolve in connection to developments in the business world then they cannot effectively contribute to an understanding of international issues. A related conclusion may be that accounting professionals from these countries have no real experience in problem solving since they always had to follow the dictates of their governments. Therefore, they cannot reasonably help in solving international accounting issues.

F) Emotional

Society (as exemplified in the West) often ascribes a higher degree of admiration and acceptability to behavior that is governed by rational thought processes rather than

behavior that is governed by emotional concerns. Actions that are undertaken primarily based on emotions cannot produce results that are optimal. If a problem needs to be solved the natural tendency would be to assign the responsibility to an individual or group of individuals that operate rationally rather than emotionally.

Once again the international accounting literature creates a dichotomy in this regard. It portrays the West as rational and dependable, while developing countries are portrayed as emotional and undependable. Various emotional aspects of the East or developing world are highlighted in this construction. Suspicion is a mental state, which arises either due to rational thought process or emotions. If suspicion is unfounded (not based on logical reasoning), then it is most likely a product of emotions. The excerpts that appear below show the developing world as being suspicious of the West and, therefore, resistant to any of the logical initiatives put forward by the developed world to assist the Third World in improving the state of accounting in this group of countries. The actions of the West are portrayed to be free of self-interest. This makes the suspicion of developing countries that is directed toward the West all the more perplexing. While suspicious of any proposal put forward by the West, developing countries are also portrayed as envious of the advanced status achieved by the West. This envy often manifests itself in hostile acts toward the West such as expropriation of multinational resources in developing countries and nationalization. This attitude of suspicion and envy is extended to the manner in which developing countries view harmonization.

The international accounting literature builds the case that developing countries view accounting harmonization proposals by the West with suspicion and apprehension. This is set against a background that presents the case of accounting harmonization as

logical, rational, and natural. This effectively creates an image of the West as going about the normal business of solving international accounting problems and improving the state of affairs globally, while developing countries create obstacles by their unfounded suspicion and mistrust of the West.

The effect of this portrayal of the “other” as emotional is to downgrade any possible contribution that the East or developing world could make in the international accounting scene. This, in turn, provides justification for the West to take the banner of accounting harmonization single-handedly with just cause to exclude the East from the scientific community of accounting scholars.

In developing countries, the political costs for large firms may be more than in developed countries, because political pressure groups in these countries look particularly closely at large foreign corporations, which they regard as sources of exploitation and agents of “Western imperialism”. Subsidiaries of multinational companies usually are significant entities in the economies of developing countries, and hence operate under constant threat of increasing government control, nationalization, or expropriation (Ahmed & Nicholls, 1994, p. 66).

Furthermore, in many countries with a colonial past harmonization is viewed with apprehension, suspicion, and distrust (Tipgos, 1987, p. 385).

On the one hand, proponents of harmonization contend that the increased comparability and efficiency of financial reporting gained by harmonizing international accounting will facilitate cross-national capital flows and encourage international investment (Berton 1995; Nobes and Parker 1995; Radebaugh and Gray 1993). Conversely, opponents of harmonization question the existence of such benefits, particularly in developing countries (Hove 1989; Samuels and Piper 1985). The debate has become heated at times, with some harmonization opponents accusing proponents of modern day colonialism (Samuels and Piper 1985) and proponents accusing some harmonization opponents of emotionalism (Wyatt 1991) (Larson & Kenny, 1996, p. 2).

What the above quotations accomplish is to create an image of the “other” as suspicious of the West while the West is portrayed as benevolent and selfless. The hidden conclusion is that the suspicion of developing countries toward the West is

unfounded; therefore, it is not based on rational thought processes. This would seem to indicate that the actions of developing countries toward the West that take on a hostile nature due to this suspicion are grounded in emotions. The effect of such an image is to remove the “other” as an equal partner in the problem solving activity of international accounting. The “other” would not be able to enter into such a co-operative effort with the West in good faith. Any decision or action by the “other” would be tainted by the emotional suspicion it harbors for the West.

G) Unreliable

In solving any problem an individual needs to maintain objectivity. Since the international accounting literature has set about the task of solving the harmonization problem it attempts to exclude certain parties from the solution-seeking activity by portraying them as unreliable and not objective. The purpose here is to find some justification for furthering the argument that the advanced countries are the ones in the position to solve this problem since they are less affected by culture. This places them in a position to be objective in evaluating the various alternatives and choosing the optimum course of action. Conversely, the other countries are presented as greatly influenced by culture and therefore not able to evaluate alternatives objectively, thus, rendering their voices unreliable. As the quotations that appear below will indicate the ultimate effect of this type of portrayal is to silence the voices of the “others”.

Jaggi used concepts developed by Parsons and Shils (1950) to identify the different patterns of value orientations of individuals in different countries; "Universalism," representing a value orientation toward institutionalized obligation to society, and "Particularism," representing a value orientation toward institutionalized obligation to friendship... In an attempt to classify countries on the basis of the value orientation of individuals, Jaggi identified countries which possess complex technology, emphasize individual freedom and mobility, and appreciate competition and achieved status as predominantly universalistic. Those countries that are less technical, less scientific, and less urban were identified as predominantly particularistic value oriented. Accordingly, the economically developed countries are categorized under the former group, and the developing countries under the latter. Extending this classification to work situations, individuals in universalistic societies are expected to be impersonal in their relations with other individuals, loyal to the firm, and honor their obligations to society. In the work situation of particularistic societies, individuals are assessed by others primarily in terms of their relations with them, and evaluation in an impersonal and objective manner is rare. Jaggi noted that this kind of impersonal association is also extended to the adult's entire social world, which influences perceptions of social situations and close personal bonds. He draws support for the argument from management literature (for example, Harbison and Myers, 1959; Haire, Ghiselli, and Porter, 1966). With regard to information disclosure, it can be argued that managers with universalistic value orientations are likely to be committed to disclosing relatively reliable information compared to those with particularistic value orientations, who are not likely to accept obligations to outsiders or to society. The obligations of the particularistic value oriented managers will be related to family members owning and managing firms with external reporting practices designed to meet legal and customary requirements. This may result in relatively low reliability of information disclosed in financial statements because these statements are not central to the family interests (Perera & Matthews, 1990, pp. 224-225).

Several studies have examined the impact of culture on accounting and financial reporting. Jaggi hypothesized that the reliability of disclosures in developing countries is not likely to be high because of the cultural environment in those countries. Jaggi's hypothesis was supported by studies on the disclosure of information in developing countries by Singhvi in India and Seidler in Turkey (Agacer & Doupnik, 1991, p. 222).

Attitude toward culture is dependent on culture. The collectivist environments find culture as a national control approach, thereby reinforcing existing relationships, in strong individualist environments cultures importance and efficacy are underplayed, leading to a resistance toward research demonstrating the importance of culture as a variable. (Dean, 1988, p. 237)

The purpose of the quotations that appear above is to show that the "other" can't be counted on in solving a major international issue such as harmonization of accounting

standards. The reason for this is that the “other” is not objective in making decisions.

The common objective in the excerpts above is to show that culture unduly affects the decisions of people in other places. The reliability of accounting information in these settings is purported to be very low. Individuals in these societies are highly affected by personal relationships and tend not to honor their obligations to society. The first quotation is of particular interest. It not only uses the binary categorizations of “advanced” versus “developing” but also proceeds to assign other characteristics to these two groups. The advanced countries possess complex technology, and value mobility, individual freedom, and competition. The developing countries are less urban, less scientific, and less technical. Certainly these are not characteristics that would be desirable in solving a “technical” and “scientific” problem such as accounting standard harmonization. This excerpt proceeds to paint the picture of the “other” as unreliable and incapable of being objective due to these cultural traits.

The use of culture as an excuse for silencing the voices of “others” goes hand in hand with the development of the “other” as problematic in the first theme. In the development of the first theme culture was cited as the major obstacle in the path of accounting standard harmonization. The cultures of peoples in other places create hindrances to the ready adoption of international (Western) accounting standards. At the same time, the cultures of these people preclude them from being objective and reliable in helping solve the harmonization problem.

H) Secretive

A characteristic that is often despised in humans is that of being secretive. This is

certainly not considered to be an honorable virtue. Those who are not willing to bring forth their interests into an open discussion are not considered to be trustworthy. By pointing out characteristics of individuals in other places that render them secretive the international accounting literature attempts to create an image that will discourage open dialogue with these elements in solving any mutual problem. After all, one of the founding principles of Western accounting is full disclosure. The quotations that appear below are indicative of this portrayal. They go beyond the mere description of phenomenon in other places in that they bring about a feeling of unease and lack of confidence. The “other” is constructed as a shadowy figure that one would want to avoid and leave out of any significant problem-solving activity.

The first two excerpts that appear below pertain to a study regarding the adequacy of accounting disclosure by firms in Guatemala, while the last quotation pertains to adequacy of disclosure by firms in Cameroon.

Almost all the firms consider it prudent to avoid the disclosure of their cost structure, their sales volume, and other important figures because they do not wish to attract additional competition (Aguirre & Hagigi, 1987, p. 174).

The data published in the official newspaper are of very limited value for several reasons. First, they are not current and are unorganized; the newspaper is always behind schedule...Second, the published figures do not describe a complete picture of the firm's economic reality...Third, it is very hard to find a continuous time series of statements for a given company because the newspaper does not print them by industry classification or by date of preparation...Fourth, because companies know that the penalty for late submission is negligible, they are, sometimes, motivated not to disclose the information for a few years and then send it all at once (Aguirre & Hagigi, 1987, p. 177).

This finding is not consistent with the Gray model... which presents African attitudes relating to secrecy and conservatism as a homogenous set of values. However, the mismatch here can be explained, in part, by external influences, particularly when viewed against the backdrop of French and British colonialism, in terms of the educational, administrative, legal, or other institutional structures which may have distorted or swamped the indigenous values of elite Cameroonians who trained under these systems (Elad 1983) (Elad, 1996, p. 68).

What the above excerpts accomplish is the presentation of other people (and their related accounting systems) as being secretive. The first two quotations indicate that all the firms that were sampled in Guatemala avoided disclosing certain information about their operations. They intentionally withheld information to protect their self-interest. The last quotation is interesting in that it finds an apparent anomaly. According to models employed in the study the Cameroonians, who are Africans, should display a high level of secrecy in disclosing accounting information yet the findings of this particular study do not corroborate this assumption. The explanation that is provided is that this apparent lack of secretive behavior is due to contact with Westerners. The conclusion is that the “other” would naturally be secretive unless influenced by the West. Once again this creates an image of the “other” that is less than desirable for a partner who would be involved in solving the accounting standard harmonization issue.

I) Delusional

A prerequisite to the problem-solving activity is possession of the mental capability to think through things logically. This would mean being able to establish a clear picture of the causes and effects of various courses of action. A great part of being rational is having the skill and willingness to accept one’s faults or shortcomings. In order for progress to be achieved through corrective action, mistakes of the past must be identified. Achieving a solution to the harmonization problem of the international accounting discourse requires a reality check of what systems work and what systems don’t.

The international accounting literature creates an image of “others” as being delusional, not being able to cope with reality. The quotations that are presented below refer particularly to the former Soviet Union and accounting systems geared toward achieving the macro objectives of the state. The purpose is to show that these “other” individuals live in denial of their mistakes. Therefore, they are incapable of rational thought processes required to solve the international accounting problem.

“The business life of Ibansk follows a strictly defined course. It is decided at a high level to raise everything, to increase everything, to improve everything and to eliminate all shortcomings.’ And when the plan failed, finally they got around to science. And what they found plunged them into bewilderment. Ibansk, it turned out, was full to bursting with Doctors of Science. Oh ho! So that’s what the matter is! That’s why there are all these shortages, deficits, errors, deviations! We shall have to come to grips with the Doctors and liquidate them as a class.” (Zinovieve, 1981, p. 492 in Donleavy, 1987, p. 86)

“I have constructed a mathematical theory of Ibanskian society,’ said Teacher. ‘Here are some examples of the postulates on which the theory was based: if the number of cows is multiplied by n , the number of permanent civil servants in the field of agriculture will be multiplied by $2n$; if the number of cosmonauts is multiplied by m , and the area of ground under cultivation is multiplied by k , the probability of accidents in space would increase by $(m+k)/L$ where L is the coefficient of growth in capital investment in the national liberation struggle of underdeveloped nations to free themselves from the yoke.’” (Zinoviev, 1981, pp. 680-681 in Donleavy, 1987, p. 87).

The Soviets, who have apparently searched for almost a half a century for alternative success indicators of enterprise activity, had to settle finally for the old capitalistic concepts of profit and profitability (Gorelik, 1971, p. 14). As a consequence, in the USSR, the relative importance of accounting is increasing steadily (AlNajjar, 1991, p. 45).

The quotations that appear above all pertain to the former Soviet Union as the champion of socialistic accounting, which is contrary to the Western model. The common element in these excerpts is the construction of the “other” as being unable to see facts for what they are. The impression is given that these individuals (or accounting systems) have tended to run in circles while the answer has always been right under their noses. They are incapable of admitting their faults and learning that the West has already

found all the necessary answers. The first two excerpts are particularly interesting. These descriptions are very satirical in nature and ridicule the Soviets for being so wrapped up in their theories that they are delusional. In the first quotation the Soviets blindly follow the dictates of people in higher authority who merely want to increase everything without any knowledge of how to do so. The impression is given that they are incapable of scientific thought processes and yet when their nonsensical plans fail they seek to blame others. They do not admit their own mistakes and instead want to eliminate the “Doctors of Science” as the cause of their failure. The second quotation ridicules the Leontief model, which is supposed to be the only “significant” contribution of the Soviets to accounting. The author attempts to show the artificiality of this model by showing that its postulates are based on such ridiculous things as the number of cows in predicting the number of accidents in space. These excerpts present the “other” as completely delusional. They are completely ignorant of the reality of things and incapable of rational thinking. This attitude of being blind to the truth removes them from being considered as equal partners in the accounting harmonization issues.

J) Ancient

As mentioned earlier in this thesis the international accounting discourse is situated within the globalization discourse, which is premised on the notion of modernization through economic development. Part of this message is the good news that technology is making our world a smaller place. Being at the cutting edge of technology is deemed important in any problem-solving situation. The case of accounting standard harmonization is no exception.

In the quotation that appears below an attempt is made to create a dichotomy

between those who are technologically advanced (Western countries) and those who are ancient (Third World countries). Furthermore, those who are ancient are blamed for the failure of a construction project. Constructing the “others” as ancient effectively eliminates the need for their voices to be heard. Since they are ancient and steeped in tradition they are incapable of being “scientific” and contributing positively to solving the problem at hand.

The final cost of a project to build a high technology hospital in Riyadh, Saudi Arabia was twenty-five times the estimated cost. Kharbada (1984) attributed the overrun to “the transplant of ultra modern technology on ancient lands” (Okopny, 1991, p. 256).

K) Unstable

When problems arise it is common for any individual or group to seek stability in establishing a platform from which the problem can be attacked. Without a sure footing no method of attack can be devised. Stability is a quality that is often sought in dealing with uncertainty.

The quotations that appear below portray the “other” as being subject to instability. This allows the West to construct an image of itself as possessing the desirable characteristic of stability. The “others” cannot be relied upon to help in solving the international accounting problem because they are not in control of their own welfare. How can they be entrusted with solving a problem that is global in nature and involves the welfare of many all over the world? It is true that these quotations are not direct depictions of the accounting systems in these countries but the image of instability that they create casts doubt on the ability of these accounting systems to develop with any degree of sophistication.

Looking at the turmoil which characterizes the political situations in many developing countries, and observing that some are run by dictatorships and others struggle to establish democracy, one might be excused for concluding that an independent government accountant or auditor would not have a long life expectancy there, or could at best anticipate a brief career. Nevertheless, it should be remembered that conditions in England in 1314, when the first Comptroller General of the Exchequer was appointed, were not so very different; yet, the establishment of a set of legal constraints on the behavior of public officials was viewed as both desirable and feasible. Developing countries must acknowledge a similar need for accountability and auditor independence (Most, 1991, p. 246).

Executives change with disconcerting regularity, and legislators are notoriously fickle in their allegiances, but courts of law display constancies that an accountant, and more particularly an auditor, must be able to rely on in the performance of his/her duties (Most, 1991, p. 246).

Pakistan is a South Asian country that gained independence following the partition of the Indian subcontinent at the end of British rule in 1947. Since that time Pakistan has been challenged to develop economically, and foreign aid has assisted in the development that has occurred. Economic reforms that were instituted in 1990 have slowed under the direction of Prime Minister Bhutto since 1993. Karachi, Pakistan's business center, has been somewhat destabilized in recent years by terrorism and political violence between religious and ethnic factions (Simon & Taylor, 1997, p. 88).

Stability within a country is necessary for the progress of any academic discipline.

This is so that a relative degree of continuity can be assured so that research efforts can build on previous results. By portraying the "other" countries as unstable the international accounting literature allows the reader to conclude that the accounting systems in these countries would not be sophisticated because of lack of continuity of research. This helps silence their voices as likely candidates in solving the international accounting problem.

2) Whose Interest Is Being Served?

The next major theme developed by the international accounting literature to establish the groundwork for intervention in other cultures and societies constitutes an

evaluative judgment regarding their cognitive capacities. It is worthwhile to trace the individual steps employed in the construction of this image thus far. The major goal of the international accounting literature is to solve a problem – to bring about a harmonization of accounting standards world-wide. The Western industrialized countries are the active solution seekers while the “other” constitutes part of the problem. By using economic development as the criterion assigning importance to various countries and regions, the international accounting literature identifies the Western industrialized countries as important elements in this process while the “other” is unimportant. Thus, the West is in a position to pass judgment on the “other” as inadequate and deficient. This, in turn, indicates a need for the “other” to change and conform to the expectations of the West, to become more similar to the West so that the collective welfare of all will be enhanced.

Attention is directed now to the formation of an evaluative judgment regarding the “other’s” capacity for change. The question posed is whether the “other” possesses the necessary qualities to effectuate change in a single-handed fashion without assistance or guidance from the West. For any individual to bring about any type of change two characteristics are necessary. In the first place there must be the capability or capacity for change. This capacity may take on various dimensions such as the physical, the mental, the social, etc. Possessing the capability for change is not a sufficient condition for change to actually take place. There also must be a determined willingness to bring about change. Without any real initiative for change nothing will ever happen.

The international accounting literature constructs an image of the “other” as lacking both characteristics necessary for change and improvement. To begin with, the

capacity for change is not present. This is accomplished by painting a picture of the “other” as immature compared to the West. In a sense the relationship portrayed is that of a parent and a child. The parent, being mature and well experienced, is aware of what is good and important for the child’s well being. On the other hand, since the child is immature he/she does not possess the mental capacity to evaluate the circumstances surrounding him/her or to form a judgment as to what action is necessary to improve his/her welfare. The parent is well aware that the child will eventually mature and sees this potential in the child. On the other hand, the child is oblivious of the future and what it may hold in store and just lives for the moment.

What kind of behavior would be expected of a child? It is expected for a child’s behavior not to be dictated by rational thought processes. A range of emotions may govern a child’s actions. The quotations listed below indicate that the international accounting literature attempts to construct an image of the “other” by assigning certain attributes that connote a lack of rationality. These attributes may include displays of hatred, jealousy, fear, delusion, and suspicion. All this works to set the “other” apart as savage and barbarian, needing to be civilized. The West as a protective parent is there to assist the “other” through this period of childhood where it runs the risk of being destroyed through its own folly and ignorance.

This paternal bearing is reminiscent of colonial relations. The colonizing power often envisioned itself as an enlightened parent fulfilling a necessary task of guiding a wayward colony in the paths of development and progress. The efforts of the colonial powers were directed at convincing the natives that that without colonialism they would be left in darkness. Frantz Fanon (1963, p. 170) describes the purpose of such powers as

that of instilling within the natives a belief that the colonial presence was necessary to avoid any reversion back to barbarism and degradation. In this sense the image of the colonial power was not so much that of a parent protecting his/her child from the environment but rather that of a parent exerting all effort to prevent the child from hurting himself/herself or committing suicide. As such, there is something fundamentally wrong with the child. It is perverse or possesses evil inclinations. The parent's task is compounded by the fact that it is necessary to protect the child from itself – from bringing about its own destruction.

Brantlinger (1996) reminds us of the manner in which Ruskin (1985, p. 189 in Brantlinger, 1996, pp. 468-469) refers directly to India as a wayward child of Britain as the mother. The passage that the author quotes is interesting in many respects. To begin with, it identifies Britain as a Christian mother being accountable for the children that are entrusted to her care as her jewels. All virtuous attributes are assigned to Britain while the base passions of desire for worldly power and glory are assigned to India as a barbarian nation. Once again, we see the assertion that without a colonizing power, the colonized world be left to barbarian destruction. In this case, Britain is encouraged to relinquish desire for wealth and glory since as a mature identity it should be outgrowing this stage of development. The West (Britain) is portrayed as possessing the following characteristics: mother, civilized, and Christian. While the East (India) is portrayed as possessing the following characteristics: son, barbarian, non-Christian.

In driving this point home, Brantlinger (1996) quotes further from other literary productions of Ruskin (1965, pp. 89-90 in Brantlinger, 1996, p. 470) that are illustrative

of this depiction of India as barbaric and in need of being governed and ruled by Britain. It is worth quoting one exemplary passage here.

'Since the race of man began its course of sin on this earth,' Ruskin declares, 'nothing has ever been done by it so significative of all bestial, and lower than bestial degradation, as the acts of the Indian race' in 1857. These 'acts of the Indian mutineer' equal 'cruelty stretched to its fiercest against the gentle and unoffending, and corruption festered to its loathsome.' The paradox is, however, that Indians are also 'lovers of art,' in contrast to the dour Scots, whose only art – so Ruskin claims – is their tartan kilts. The Scots are too puritanically virtuous to produce any art; the Indians produce much 'subtle' and seemingly beautiful art, but it is, Ruskin believes, degraded and unnatural. 'Out of the peat cottage come faith, courage, self-sacrifice, purity, and piety, and whatever else is fruitful in the work of Heaven; out of the ivory palace come treachery, cruelty, cowardice, idolatry, bestiality, - whatever else is fruitful in the work of hell' (Brantlinger, 1996, p. 470).

Brantlinger (1996, p. 471) goes on further to illustrate this point by reiterating what Edward Said finds as contradictory in Kipling's fascination and love for India. We are reminded that as a child Kipling had great admiration for the color and beauty of Indian art but often associated manifestations of culture with "irrational energy" and "barbarism." As an adult Kipling expressed belief in the necessity for the West (white man) to take on the responsibility of ensuring the continued progress of civilization, which would ultimately result in the final erasure of barbarism. An unfortunate consequence of this process is the eventual disappearance of the art that is so closely associated with barbarism.

Brantlinger (1996, p. 471) asserts that Kipling and Ruskin are both instrumental in praising the West for its role in bringing about civilization and industrialization yet they express fond feelings toward the artful Indians whom they portray as a "diabolical" race. The expressed need for Britain to conquer and rule India is not primarily to bring about the civilization of the Indians or the saving of a damned diabolical race but to further the

good of the world and the Indians as well. Here the authors are appealing to a broader and nobler cause. The similarity in this depiction and the image constructed through the international accounting literature is great. In a sense, non-western countries who have defective and deficient accounting systems compared to the West are not aware of the fact that they need to change and save themselves from destruction. The West is in a position as a parent who is mature (has the most sophisticated accounting systems) to advice the child to change and become more like the parent. This, however, is not solely for the benefit of the child but is put forward to bring about a much broader and more important goal, which will benefit the world as a whole. This worthy goal is the eventual harmonization of accounting standards on a world-wide basis, which will herald an improvement of living standards for all global citizens through the improvement of world trade.

The international accounting literature parallels the colonial discourses in creating an image of the “other” as an element that must be subjugated for its own good and the good of everyone involved. The purpose is to show that the “other” is weighed down by a host of problems and complexities that make redemption on its own merits an impossible feat. Other authors have been critical of the manner in which colonialism constructed an image of the colonial powers as necessary to rescue the natives of the Third World. Frantz Fanon (1963, p. 171) shows great concern for the treatment of Africa in the colonial tradition. This author goes into great detail outlining the construction of this image of Africa. It is important to note that this is achieved through a sweeping generalization about the entire continent. No time is wasted in focusing on the national level. Once again we see how the colonial pen destroys any possibility of the

“other” forming a true identity by removing the national element so necessary for the formation of such an identity. The entire continent is treated with broad strokes of the brush that paint it as

...the haunt of savages, a country riddled with superstitions and fanaticism, destined for contempt, weighed down by the curse of God, a country of cannibals – in short, the Negro’s country (Fanon, 1963, p. 171).

Several of the characteristics ascribed to Africa have been employed by some authors in the international accounting literature (as exemplified in the excerpts listed throughout the development of this theme) in describing accounting systems in other places. In like manner a portrait is created of the inability to improve or progress because of the shackles that tie them down – the shackles of superstition and fanaticism. In this quotation these pronouncements are considered to possess a certain authenticity and finality since they constitute a curse from God. This type of description presents their situation as indeed inescapable if attempted through their own strength and capacities. The colonial powers come to the rescue to remove the mantle of night and darkness that has shrouded this continent for centuries. It is only through the intervention of these powers that light can begin to shine through this seemingly impenetrable blackness.

These broad sweeping strokes are also evident in the international accounting literature. As can be seen in some of the articles analyzed, the authors often group together underdeveloped or developing countries in discussing the adequacy or sophistication of their accounting systems. This type of categorization robs these countries by denying each a unique sense of identity, accompanied by a unique list of problems and aspirations. In this manner resistance on a national level is made impossible. The inferiority of these accounting systems is portrayed as a factor of the

irrationality of those adopting these systems. The cultures of these people are riddled by superstition and fanaticism and therefore hinder any true sense of progress and development in the form of improved and sophisticated accounting systems. Therefore, there must be a way to escape this seemingly impenetrable darkness. The solution that is presented points to the industrialized Western countries as the saviors who can assist the developing countries by encouraging them to conform and not resist the international harmonization of accounting standards. Thus, the Western countries will remove the mantle of darkness shrouding the developing countries.

The oppression and domination of the colonizing power is totalizing in its effects. The colonizer is not satisfied in convincing himself of the non-existence of the dominated nation, but exerts extreme effort to convince the colonized individual of the low status of his nation and culture compared to that of the colonizer. It is the goal of the colonizer to force upon the colonized individual recognition of the unreality of his nation and to admit the confused and imperfect nature of his entire being. It is only in the installation of such a belief that the colonizer rests and finds fulfillment in his act of domination and oppression.

An illustration of this type of forceful persuasion is evident in the efforts exerted by some colonial powers to effectuate a shift in the dominated people from using a local language to using the language of the colonizer. Thiong'o (1986, p. 11) provides a profound and disturbing accounting of such a process in describing the activities of the British in Kenya. The author describes how the control of school was removed from the hand of the natives and placed under the jurisdiction of the District Education Boards, which happen to be chaired by Englishmen. It became clear quite soon that there was a

decided goal to establish English as the official language in all educational institutions. The English language was placed on a venerated pedestal and all other languages in Kenya were to humbly accept their inferior status and pay homage to English as the superior language. The dominant power set about to convince the natives of their confused and intellectually inferior status by associating such characteristics with use of the local language. The author explains how students who were unfortunate enough to be caught speaking Gikuyu were subjected to physical abuse. This was accomplished by striking the individual three to five times with a cane on the exposed buttocks. Even greater humiliation was heaped upon the student by forcing him/her to wear a sign around the neck with the inscribed words "I AM STUPID", or "I AM A DONKEY" inscribed. Here we can see the overt attempt to establish a connection between use of a local language and stupidity or being subhuman. The colonizers intended to convince the colonized individuals that if they were left to their own ways and customs they would continue to be inferior. It is only by acquiring characteristics of the colonial power (speaking English) that they have a hope of improving their dismal condition and attaining some form of improvement and progress.

Of interest is the procedure that was used to identify those who had violated the rules. At the beginning of the day a button was given to a student. This student was assigned the task to pass on the button to the first individual he notices speaking the mother tongue. The object was to get rid of the button so this individual, in turn, would pass the button on to the first person he would catch speaking the mother tongue and not English. This "game" would continue until the end of the day when the person who would be caught by the administrators as being still in possession of the button would be

called into the office for questioning. This student would be asked to reveal the person from whom he received the button. This next person would be called in for questioning and the same procedure would be followed until the entire chain of culprits would be identified and punished. This entire procedure had a deeply disastrous effect. Its purpose was not only to instill within these young minds the belief that their mother tongue was inferior and something to be despised, but effectively trained them to take an active role in this procedure by acting as traitors to their culture and local community.

In what way is the international accounting literature instrumental in accomplishing the same result? Reference is made to the confused and imperfect nature of accounting systems used in other parts of the world. These systems are portrayed as being products of the efforts of individuals who are riddled with superstitions and fanaticism. By pointing out these imperfections the international accounting literature attempts to persuade the peoples of these countries and regions of the world to relinquish these defective systems and admit their helplessness. The solution that is presented is to conform and adopt international accounting standards, which are nothing but a reflection of the accounting systems used in advanced industrialized countries. What type of persuasion is used and is it forced in any sense of the word? Some may argue that these Third World countries are simply being presented with alternatives, which they may accept or reject. These proponents would like to depict the type of persuasion as a gentle nudging in the right direction. They would wish to conjure up images of a mother protecting her child not just from the environment but also from all the child's actions that can be self-destructive.

There are a host of developments taking place in the international scene that constitute much more than just a gentle nudging. Many of these have been elaborated upon in earlier sections of this thesis but it is worthwhile to touch on them once again at this juncture. The formation of economic trading blocs is one development that has greatly accelerated the pace and pressure for harmonization of accounting standards. Those countries joining an economic trading bloc are supposed to reap great benefits in the form of increased economic development and improvement in standards of living. However, these benefits do come at a cost, which is the increased homogenization of cultures among member countries. Part of this pressure to conform manifests itself in the need for these countries to have similar accounting standards to facilitate the smooth flow of information so that all business activities may occur across national borders. Those countries that insist on clinging to local traditions in hope of maintaining their local cultures will eventually be left out of this economic trading blocs and find fewer partners willing to play along. This will result in an uneven playing field. The future prospects of a country or region are determined to large extent by actions of other countries that are in a position to punish a country for thinking “nationally” rather than “internationally.”

Another related phenomenon is the increasing power and influence wielded by multinational corporations. Countries that are anxious to attract foreign investment allow substantial privileges to these business entities. These firms control a significant portion of the total resources in many economies around the world. As they establish a stronghold in any given country they continue to operate (maintain their accounting records) in a manner similar to their home environment, which often is a Western host country. There is little pressure or incentive for them to conform to local accounting

standards and regulations. It is rather easy for them to conveniently ignore these standards in favor of those espoused by their home country. In fact, the opposite may be true. There may be a great deal of pressure on other firms to adopt the standards of the multinational corporations if they wish to conduct business with them on a regular basis. Thus, the overall effect of the presence of such organizations is to act as a positive force for the international harmonization of accounting standards and a negative force for the maintenance of local standards and cultures.

Multilateral agencies embody yet another element in the increased pressure to sacrifice the local for the international. These would include such organizations as the United Nations, the World Bank, the International Monetary Fund, and the IASC. Often in the name of relief and development these institutions embark on programs that have a profound and far-reaching impact upon the lives of the peoples of various Third World countries. In order to benefit from the “assistance” offered by these organizations, Third World countries are forced to play by their rules. This often entails conformity to their accounting standards and regulations. Once again we see the pressure to abandon local accounting procedures in favor of Western or “international” standards. The message sounded by these multilateral agencies is loud and clear: “If you know what’s good for you, you’ll do what we say, and **DON’T BE STUPID ABOUT IT.**”

Do these forces constitute a gentle nudge in the right direction or are they more symptomatic of a forceful shoving that demands conformity? The stage is set in a manner that depicts resistance as futile and indeed irrational. The attack on national culture is similar to that in colonial domination as expressed by Frantz Fanon (1963, p. 191).

A national culture under colonial domination is a contested culture whose destruction is sought in systematic fashion. It very quickly becomes a culture condemned to secrecy. This idea of a clandestine culture is immediately seen in the reactions of the occupying power which interprets attachments to traditions as faithfulness to the spirit of the nation and as a refusal to submit (Fanon, 1963, p. 191).

3) What Ideological Strategy Is Used? (Rationalization)

Rationalization as an ideological strategy is a very effective tool. Eagleton (1991) describes this strategy as a situation in which the subject attempts to provide an explanation to the intended audience that is either logically acceptable or ethically appealing and in line with the prevailing beliefs, attitudes, ideas and feelings. The true motives of such an explanation are not readily perceptible.

The international accounting literature has set about the task of solving a problem. The scientific method of problem solving is a rational thought process, which involves identifying the problem, looking at alternative courses of action, evaluating the strengths and weaknesses of each alternative, and selecting the best alternative. The entire notion of finding a solution to the accounting standard harmonization that is needed because of globalization is premised on rational steps to be taken. By painting a picture of the “other” as irrational the literature appeals to the rationality of the intended audience of readers to accept the fact that the “other” must be excluded from the solution seeking activity. The effectiveness of the ideological strategy employed in this section rests primarily upon three interrelated claims (see four claims in **Theoretical Framework**, page 32). The international accounting literature resorts to a “legitimacy” claim. A host of stereotypical depictions are employed to exclude developing countries from being

effective participants in the harmonization issue. It is hoped that the reader will accept these depictions as valid and made within the appropriate context. There also is a reliance on a “comprehensibility” claim. If the “other” is indeed irrational then it is only “understandable” that such a party is excluded from the circle of problem solvers. Everyone involved must surely agree that this is a logical step. Finally, the international accounting literature resorts to a “sincerity” claim. An attempt is made to persuade the reader that the differences that are highlighted between various accounting systems and various peoples are value-free. It is the purpose of the literature merely to describe and expound.

Construction of the “other” as irrational is accomplished by attributing certain traits to the “other” that have negative connotations in the accepted beliefs, and attitudes and feelings of the West. For example, what is the true motive of describing peoples of other cultures as being governed by personal relationships? Is this just a mere description of how people behave in other countries? Does it not cast some doubt on the reliability of such individuals since in Western cultures such a person would not be considered objective in handling any problem or finding an appropriate solution? What is the purpose of describing the “other” as religious? Is this done simply to highlight differences? Does it not cast some doubt on the person’s ability to think rationally since in the West religious individuals are often portrayed as being out of touch with reality and often opposed to scientific and technological progress?

The same type of conclusion can be drawn regarding any of the attributes that have been highlighted in this section in constructing the “other” as irrational. In every case the hidden message is that peoples of other countries should not play a significant

role in the problem-solving activity because they possess characteristics that are not considered ideal or acceptable according to the beliefs and feelings of a Western audience. This true motive is not readily perceptible since one may get the feeling that these descriptions are just a means of gaining more in-depth information regarding the peoples and accounting systems of other countries. By explaining other cultures in this manner the literature rationalizes the beliefs that they are in need of change and that they cannot be allowed to join the circle in the standard harmonization debate.

Summary

What has been accomplished through theme four (irrational) is the construction of the “other” as irrational. This has been accomplished by ascribing various characteristics that render the “other” as incapable of logical thought processes to solve the accounting standard harmonization problem. These traits have been assigned to the accounting systems of other countries or more indirectly to environmental factors surrounding these systems or the peoples of these countries.

The following traits constitute a small portion of the negative image that is created: unethical, emotional, religious, delusional, unstable, confused and secretive. The development of this theme in the international accounting literature is an important step in removing the “other” from having any possible bearing upon the issue of accounting standard harmonization. Furthermore, it is a significant move toward the creation of a need for intervention in the accounting systems of other countries.

The welfare of all individuals around the world rests on the possibility of reducing trade barriers through the development of common accounting standards. It is only

appropriate to conclude that this activity must come to fruition through the valiant efforts of those who are rational (the West). Since those who are irrational (Third World countries) cannot effectively contribute to this process in a meaningful way, then they should willingly step aside or change themselves as required. Their willingness and capability to change as deemed necessary is explored in the development of the next theme.

CHAPTER NINE: QUALITATIVE ANALYSIS (THEMES FIVE AND SIX)

THEME FIVE: PASSIVE

Throughout the development of the previous themes the literature has built the argument that accounting systems of other countries are standing in the way of solving the problem of accounting standard harmonization. Although an urgent solution to this problem is needed there seems to be an impasse. The enlightened countries, which are justifiably in a position to evaluate other systems, have determined that these other systems are in desperate need of change. This judgment is passed as though the countries involved are incapable of analyzing their own situation. This only serves to compound the predicament they are in.

The trail of themes that has been constructed thus far leads to the unavoidable question of whether these countries and their related accounting systems are capable of initiating change and conforming to the wishes of the enlightened countries. For change to take place there are two necessary conditions that must exist. First, there must be a willingness to change. Secondly, there must be an identifiable capacity or capability for change.

In the development of this theme the advanced countries place the ball in the court of the Third World countries. In essence they are saying, "We have shown you that you are inferior and inadequate." "We have selflessly pointed out how you need to change in order to help the international community even though you were not rational enough to see this need." "Now it is your turn to rise to the occasion." "Go ahead, now is the time to change."

Unfortunately, the advanced countries do not stop at this. They immediately

realize that the Third World countries are incapable of change. This is an important revelation because it provides justified cause for the advanced countries to step in and bring about the necessary change so that the welfare of citizens all over the world will be improved. This theme of rescuing the developing countries is explored in Theme six (savable). The construction of the “other” as passive unfolds within the context of the following questions and sections.

- 1) How does imitation constitute passivity?
- 2) How does lack of initiative constitute passivity?
- 3) How does dependence on West constitute passivity?
- 4) Whose interest is being served?
- 5) What ideological strategy is used?

1) How Does Imitation Constitute Passivity?

We live in a world where originality is accorded a very high value. Often organizations go to great lengths to assert and maintain the originality of their products and their names. This is accomplished through various means such as labels, trademarks, patents, etc. All imitators are frowned upon and accorded a much lower status. Originality is a very important quality for the advancement of any field of study or discipline. However, originality in organizations and in the accounting profession is often viewed as counterproductive. At the same time any creativity in peripheral countries is construed as corruption. Further consideration of these contradictions is needed in the literature.

Throughout the development of the previous themes the international accounting literature has portrayed the “other” as inadequate and needing to change, and indeed incapable of advancing the discipline of international accounting. By constructing an

image of the “other” as imitators the literature builds the case against the possibility of bringing any improvement to the discipline by their own merits. The “others” are satisfied to take a second seat as imitators. It is natural to conclude that they will not change to become part of the problem-solving activity. The quotations that appear below are effective in constructing this aspect of the passive image.

Historically, Mexican accounting and auditing rules have closely tracked those of the American Institute of Certified Public Accountants; consequently, the professional guidance governing the auditor's responsibility for the discovery of fraud tends to be ambivalent. The AICPA's rules are undergoing reappraisal and the Mexicans will follow. In addition, United States' definitions of audit scope are being broadened, another development likely to be mirrored in Mexico (Pomeranz, 1991, pp. 267-268).

All of the countries of continental Western Europe belong to the Romano-Germanic family. This legal system has spread to other parts of the world through colonization and through voluntary reception in those non-European countries where the need to modernize or the desire to Westernize has led to the penetration of European ideas (Salter & Douppnik, 1992, p. 8).

Soviet accountants decided to learn from Western accounting in compliance with Lenin's ideology of borrowing from the achievements of capitalism. During the 1920s and early 1930s, Soviet accounting delegations visited Western countries. They selected the best available accounting systems in the United States, France, and Germany. They then modified Western accounting systems to conform to Marxist theory and communist needs. Profit was abandoned as a measure of efficiency and performance evaluation. Accounting rules were rigid and compulsory, and accountants lost their pride and became clerks and minor civil servants (AlNajjar, 1991, p. 40).

Uruguayan affiliates of multinational corporations necessarily adopt the sophisticated accounting systems of their parents both for external and internal reporting needs. This, however, creates several problems for the Uruguayan affiliate. First, as a practical matter, fiscal year ends typically fall during a company's peak operating cycle since the climate is reversed from the north. Second, the extensive financial planning and precise accounting data are of little utility in the unpredictable economic environment, especially to executives who prefer centralized, ad hoc decision making. The cost of compiling accurate data (if possible) is greater than any benefit local management might receive since a two-tiered accounting system would be needed. As a result, most accounting data are sent to the head office and receive little attention from local managers. (Carmony, 1987, p. 53)

The accounting and reporting system for foreign corporations and subsidiaries is generally similar to that of the country of the parent company. As such, theory, policy, and practice assume the characteristics of the parent's country. In a sense, the system operates separately from the Uruguayan systems and exists in a vacuum that ignores the Uruguayan environment (Carmony, 1987, p. 53)

In addition to this complaint, practical company litigation and procedural matters compel a review of the 1968 Companies Act. In its Report on the Reform of Nigerian Company Law of 1988 (Vol 1, at p. 2), the Nigerian Law Reform Commission commenting on the above inadequacies observed that "with the paucity of Nigerian cases on Company law and the present heavy cost of obtaining English law reports and textbooks, the difficulty in finding the law in this country can be well imagined.." This is a testimony to the fact that 30 years after independence Nigeria still referred to England for legal inspiration (Okike, 1994, p. 80).

Before discussing the curious provisions of this decree, it is worth mentioning that the final legal document which arose from the dual and consecutive deliberations of the Law Reform Commission and the Constituent Assembly was a carbon copy of the UK Companies Act 1985 (Okike, 1994, p. 80).

One way in which the passivity of the "other" is highlighted is by emphasizing its lack of originality. The excerpts that appear above accomplish this by indicating the copycat nature of accounting systems in other countries. Since the accounting systems in other countries tend to be merely duplicates of accounting systems found in advanced Western countries then it is logical to conclude that the other countries would not be able to lead in research efforts to solve an international accounting problem. Thus, the accounting systems of other countries are accorded a lower status, second to that given to the accounting systems of advanced countries.

2) How Does Lack of Initiative Constitute Passivity?

Constructing an image of the "other" as passive is accomplished by highlighting its apparent lack of initiative. The quotations that appear in this section refer to aspects of other cultures that encourage complacency. These individuals are portrayed as having

a psychological need to be dependent and submissive and enjoy being told what to do.

The activities that they willingly engage in are aimless – lacking any worthwhile purpose.

These descriptions do not apply directly to the accounting systems in these developing countries (including Mexico and China) but the hidden conclusion is that the related accounting systems will never improve because none of the individuals involved will take the initiative on his/her own. If they are happy with their own dismal state of affairs how can they be expected to provide any significant input to solving the problem expounded in the international accounting literature. They have in essence willingly allowed the industrialized world to take the reins and be at the forefront.

Additionally, to date there has not been any mandate that CPA firms be organized under any specific legal or entity structure. A culture which historically values negotiation and consensus for conflict resolution may have obviated the need to consider these issues until pressed by further economic advances (Graham, 1996, p. 25).

Although the reward system is performance-oriented, the managers are still not very efficient. Very often they just sit in their offices, sipping tea, and chatting about apparently aimless topics even though there is a lot of work pending. Most managers agree that reward should be linked to performance, but it is too difficult to reach the unrealistic target. Moreover, the sales activities are totally controlled by the sales department. Other managers can do nothing about sales promotion (Chan & Lee, 1997, p. 176).

...the managers prefer to accept instructions from their superiors rather than using their own initiative to express their own concern. This is also consistent with the Chinese long-established culture of top-down communication. Different attitudes between younger managers and older managers in China were studied recently (Chan, Poon, and Tang 1997). In that recent study, unlike in the West, companies managed by older leaders with the nonparticipative attitude are considered better governed enterprises in China in comparison with the companies managed by younger leaders. In other words, the traditional Chinese cultural values of top-down communication, dictatorial leadership style, and pseudo-democratic management process are still accepted as the legitimate mainstream social norms in the society (Chan & Lee, 1997, p. 178).

Societies in which power tends to be distributed unequally can remain so because this situation satisfies the psychological need for dependence of the people without power. In other words, the value systems of the two groups are complementary (Perera, 1989, p. 45).

Most developing countries can be categorized as strong uncertainty avoidance societies, as the future remains essentially unpredictable and there is high degree of anxiety among people. In such societies there is an emotional need for legal protection and government interference to safeguard public interest. In addition, being large power distance societies, there is a high degree of centralization of authority in developing countries, and there tends to be a psychological need for dependence of the people without power. These factors would seem to indicate favorable conditions for legal and government control in accounting. Furthermore, as developing countries in general are collectivist oriented they tend to demonstrate a strong preference for maintenance of uniformity on the grounds of individualist values, such as preference for flexibility in action. Also, to the extent that they are strong uncertainty avoidance societies, there is an emotional need for formalization to guide behavior. This is supported by a tendency to regard deviant ideas as a threat and not to tolerate them. Finally, as all developing countries are large power distance societies, there is significant emphasis on maintaining order, which is also a factor in favor of uniformity. Gray's classification of countries on the basis of accounting values clearly reflects these tendencies (Perera, 1989, p. 54).

Another major variable, besides geographical proximity, that explains the heavy Mexican dependency on American practice is the lack of accounting research in Mexico. This lack of research is attributed, in part, to the considerable research being done in the United States that makes accounting research in Mexico seem redundant (Wong-Boren, 1987, p. 33).

The passivity of the "other" is further emphasized by highlighting its dependence on the West for accounting research. The excerpts that appear above have a common goal of showing a lack of initiative on the part of individuals in other countries to solve their accounting problems and improve their accounting systems. Some of the quotations that appear above make an attempt to trace this apparent lack of initiative to cultural variables. This helps assign a state of fixity to the complacency of these people. By constructing the "other" as indifferent or lacking initiative the international accounting literature helps remove them from consideration as participants in solving the international accounting problem. This type of portrayal further allows the West to present itself as the problem solver and ready to step in and intervene in the affairs of

these other countries since they are not willing or capable of taking the necessary measures to help themselves. If solving the problem of harmonization of accounting standards is being held up because of the lethargy of Third World countries then the West can legitimately take full control and improve the well being of the entire world.

2) How Does Dependence on West Constitute Passivity?

One may find it amusing that in cases where the literature ascribes to “others” the recognition of their inadequate state and the willingness to change it divests them of any real power to do so. The quotations that appear in this section are illustrative of the depiction of the “others” as helpless and dependent upon the benevolence of the West. This is accomplished by demonstrating the lack of resources (textbooks, teachers, regulating bodies) and lack of technical knowledge to effectuate change. Thus, these countries are portrayed as incapable of improving the dismal state of their accounting systems.

In all respects the West is far ahead of these other countries and in desperation they reach out to the West for guidance. It is impossible for these countries to improve their accounting systems through their own initiatives. Even if they are willing to do so, it is beyond their control. They must resign themselves to the fact that they will always be in need of the West to lead the way and solve any problems that come about in the field of international accounting.

While harmonization may not be a major goal for developing nations, they nonetheless face the critical problem of improving their accounting systems. To this end, assistance from developed countries is imperative. In discussing this problem, Enthoven argues that "helping to improve accounting in Third World nations isn't only a matter of economic self-interest; there is also the moral obligation to support accounting colleagues and businesses in developing regions" (Enthoven 1983, p. 110). It must be emphasized, however, that assistance in improving accounting in these countries must be based on a logical, well-thought-out framework to avoid pitfalls experienced in developed countries (Tipgos, 1987, p. 385).

First, given the importance of profitability in foreigners' decisions to direct capital at Mexican companies, accounting policy makers in the United States and Canada should continue encouraging Mexico to improve its financial reporting standards and practices. Most notably, Mexico should be encouraged to continue reviewing the degree to which its financial reporting standards comply with those of the United States and Canada. Correspondingly, in order to focus more attention on these standards and their current uses, efforts should also be made to provide greater assistance to Mexico in developing its CPA exams (Hazera, 1996, p. 190).

Gorbachev understands that the only solution for the Soviet Union's economic problem is to acquire modern technology and an enormous input of capital investment from the West, as well as capital saving at home. He may sincerely want to introduce economic reforms and open up the Soviet economy, but whether accounting rules will be modernized seems highly unlikely. A country like the Soviet Union will always want a highly uniform accounting system, regardless of new decentralization laws. The Soviet accounting profession is poor and has no power to change this situation. Even if promised reforms lead to the creation of a profession of accountants, their role will be very limited, and Soviet bookkeepers will continue to play basically the same role for years to come (AlNajjar, 1991, p. 62).

In the majority of developing countries, accounting education and practice are modeled on criteria relevant to industrialized countries. It is common for less developed countries to receive economic aid from developed countries. As recipient countries, these developing countries are usually very dependent on the donor nations for technological assistance, especially in the field of education. All too often the donor nation's systems are adopted wholesale without any thorough understanding of what the recipient's real problems are.....Indonesia has received financial and technical assistance to improve accounting education from major foreign aid agencies, particularly from the World Bank, as early as the 1950s. Despite large sums being spent and the involvement of many experts, professional accounting practice in Nigeria is greatly influenced by international accounting firms. From 1927, when a UK firm first founded an office in the country, to the present day, the market for auditing services has been largely monopolized and nurtured by foreign firms. In addition to the Big Six firms located in the country, many of the middle 15 international firms are also present. (Okike, 1994, p. 81)

The Soviets, who have apparently searched for almost a half a century for alternative success indicators of enterprise activity, had to settle finally for the old capitalistic concepts of profit and profitability (Gorelik, 1971, p. 14). As a consequence, in the USSR, the relative importance of accounting is increasing steadily (AlNajjar, 1991, p. 45).

The common thread running through the quotations above is the portrayal of the “other” passive by showing its dependence on the West for guidance. The other countries are shown to be ignorant of their dismal affairs and not capable of bringing about the necessary changes. It is through encouragement from the advanced nations that these countries are to evaluate their current positions and reach out to the West for solving their weaknesses. This assistance may come in the form of foreign direct investment or financial aid. In the second excerpt, for example, it is Canada and the U.S. that are to guide Mexico in its efforts to improve its accounting system. Accounting in a socialistic setting is the subject of the third quotation. Once again we see a depiction of this system as incapable of bringing about progress independently of Western efforts. By presenting the “other” as helpless the international accounting literature is instrumental in paving the way for intervention in these countries in order to improve the welfare of all global citizens.

4) Whose Interest Is Being Served?

The grand objective in the construction of the “other” in the international accounting literature is to pave the way for intervention to bring about the desired change sought by the dominant powers. The previous themes have established the fact that the accounting systems of Third World countries are inadequate and in desperate need of change. There are two conditions that are necessary to bring about change. There must exist a capability for change and a willingness to bring about the necessary change. The

literature builds the case that these countries are incapable of initiating change as expounded in the previous theme. The analysis in this section of the thesis proceeds to illustrate how the international accounting literature goes further by building the case that the countries which are in need of change, are not willing to change. The purpose here is to deny any value to efforts to put forward by these countries and to establish their entire presence as an imitation of the West, completely void of any originality. This “fact,” in turn, sets up the stage for active efforts on the part of the Western industrialized countries to intervene in the affairs of others and co-opt them into their systems. Any form of resistance is futile and is portrayed as contrary to common sense and thus subject to criticism and justified undermining.

The objective of presenting the “other” as passive and lacking originality is characteristic of relationships that existed during actual colonial domination. In the eyes of the colonial powers, these conditions necessitated physical subjugation and control in order to bring about the improved welfare not only of the subjects but all the parties involved. The insistence of the dominated people to hang on to a national culture whose ultimate dissolution was inevitable was portrayed as futile and contrary to all rules of common sense. Thus, the dominant powers actively worked at denying the dominated people a sense of national identity to present the act of subjugation as natural and possessing inherently redeeming qualities. Frantz Fanon (1963, pp. 191-192) describes the manner in which colonial powers view the senseless attempts of the dominated people and the gradual disappearance of any originality of their true culture over a period of time.

This persistence in following forms of cultures which are already condemned to extinction is already a demonstration of nationality; but it is a demonstration which is a throw-back to the laws of inertia. There is no taking of the offensive and no redefining of relationships. There is simply a concentration on a hard core of culture which is becoming more and more shriveled up, inert and empty. By the time a century or two of exploitation has passed there comes about a veritable emaciation of the stock of national culture. It becomes a set of automatic habits, some traditions of dress and a few broken-down institutions. Little movement can be discerned in such remnants of culture; there is no real creativity and no overflowing life. The poverty of the people, national oppression and the inhibition of culture are one and the same thing. After a century of colonial domination we find a culture which is rigid in the extreme, or rather what we find are the dregs of culture, its mineral strata. The withering away of the reality of the nation and the death-pangs of the national culture are linked to each other in a mutual dependence (Fanon, 1963, pp. 191-192).

Here we see a vicious circle in operation. The physical act of colonial domination brings about an eventual destruction of the culture of the subjugated people. The creativity, originality, and the very will to live is thwarted and crushed into submission. The longer the domination continues the more pronounced these effects become. Yet the very presence of such conditions seems to provide an acceptable justification for the need for domination and control. The colonial powers view the dominated group as passive, lacking any true initiative and incapable of progress without acknowledging that the physical act of colonial domination is the main contributing factor in establishing such a state of affairs.

The quotations from the international accounting literature that are used in the development of the passivity theme are indicative of a similar kind of treatment used in the construction of the "other" in this discourse. The accounting systems in other countries are portrayed as inadequate and in need of change. There is a very limited possibility of change and improvement since these countries lack the originality and initiative to bring about change. Their systems are mere reflections of the accounting systems developed and espoused in the Western industrialized countries. If accounting

systems are truly products of cultural processes then one may conclude accounting systems that are unoriginal are symptomatic of cultures that are dead and not progressive. It is not important that the stifled nature of the accounting systems in these countries may in turn be due to direct or indirect effects of colonial domination. Nevertheless, the existence of such conditions provides ample justification for continued but novel ways of subjugation and manipulation. These opportunities manifest themselves in the apparently benign suggestions made by the Western industrialized countries that underdeveloped countries should adopt international accounting standards that will facilitate the harmonization of accounting standards on a world-wide basis and improve the economic welfare of all global citizens.

The construction of the image of the “other” as passive and penetrable is not new but is in line with a tradition established by a long list of literary endeavors spanning a wide range of disciplines. While it is not the purpose of this thesis to trace these developments in any systematic fashion, it is worthwhile to highlight some of the conclusions drawn by other authors regarding similar colonial discourses. The picture that emerges by such comparison is that the international accounting literature is implicated in the process of “worlding” so characteristic of writings that set up a dichotomous relationship between East (developing countries) and West.

One such author is Edward Said (1979, p. 206) who analyses the manner in which Europeans construct an image of the Middle East and its people. Said makes a distinction between “latent Orientalism” and “manifest Orientalism.” While manifest Orientalism may be subject to change and transformation depending on the differences in expressed views regarding the Orient, its languages, societies, histories, and cultures, latent

Orientalism is less subject to change but takes on the form of a set of beliefs that are durable and unanimous. All the writers that he reviews were unanimous in portraying the Orient as separate from Europe, emphasizing “its eccentricity, its backwardness, its silent indifference, its feminine penetrability, its supine malleability.” These characteristics were assigned to the Orient as permanent qualities that could not be changed. The Orient existed in a space and time lacking any initiative or possibility of progress in science and culture as being experienced in the advanced Western countries. Because of its inability and unwillingness to change and progress the Orient is always portrayed as a region of the world in need of the West. The Orient is assigned a permanent status as a part of the world that can achieve redemption only through the care and attention bestowed upon it through the gracious efforts of the West as it took the Orient under its protective wings.

Philip Darby (1997, p. 2) also refers to the manner in which dominant discourses or discourses of the dominant employ the practice of “worlding”, which is categorizing various regions of the world as different or particular through the use of names. These practices often present the Orient as a region that is in a permanent state of passivity and decline while the African continent is portrayed as permanently in the grips of darkness and blackness. The use of these images for the “other” also serves as an effective way of creating an image of the West’s “self” as active, enlightened, and progressive. The international accounting literature follows a common practice establishing these binary polarities but in a narrower discursive circle. The contribution of the East (developing countries) to the progress of accounting is evaluated as being non-existent or insignificant for all practical purposes. In the sphere of accounting the developing countries are once again portrayed as passive and un-progressive waiting for the West’s initiative to lead

and fill in the gap created by their passivity. The development of accounting as a science is attributed to the West's active role in expending the effort to conduct the necessary research. The West's activity not only compensates for the East's (developing countries) inactivity, it also constitutes a justified cause for its perpetuation. Since the West is fulfilling this role in a most satisfactory manner the East (developing countries) should be content to maintain its passivity by sitting on the sidelines and taking the necessary advice from the West. Thus, the international accounting literature works hand in hand with other dominant discourses to create a mapping of the world that serves to maintain and perpetuate the subjugation of the "other."

Edward Said (1979, p. 208) points out that when reference is made to the Orient (the East) in contemporary Western culture the position accorded to this region of the world is that of imitator of the West. Western scholars have exhibited a disregard or lack of knowledge of any intellectual efforts undertaken by their Eastern counterparts. In cases where any acknowledgement of such efforts exists the notion put forward is that they lack any creative or genuine substance. These cultural activities of Eastern scholars do not possess any inherent value. It is only through the attention bestowed upon them by the West that they become valuable and redeemable. Only the West can add the necessary ingredient to bring these dead and worthless intellectual efforts to life. It is only as these efforts are incorporated in the West's grand knowledge production machinery that they attain any value. The West is portrayed as all that is full and complete while the East is portrayed as all that constitutes absence and nothingness. Yet the very fullness or presence of the West is made possible only in the incompleteness and

absence of the East. The East is passive and waiting to be judged while the West is active and possesses all the necessary characteristics to act as judge.

Thiong'o (1986, pp. 17-30) is another writer who discusses the attempts of colonial powers to portray the "other" as passive and lacking originality while ascribing all creative virtues to the West. This author relates his personal experience as a writer interacting and receiving feedback from his colleagues in academic circles. As an African writer Thiong'o spent seventeen years writing in the English language before reverting to writing in Gikuyu, his mother tongue. Thiong'o (1986, pp. 27-30) expresses his surprise at the reaction of his European colleagues regarding these new intellectual efforts. The shift away from English as the medium of writing was not received warmly by others but was questioned and criticized. During his travels in Europe he was often confronted with the question "Why have you abandoned us?" This is an interesting question. It is phrased in a manner to force the author to pay attention to his sense of identity. In a sense this question indicates recognition of Thiong'o's intellectual contributions in that a Western community of scholars is willing to include him among its ranks. In another sense it indicates that use of a language other than English precludes a scholar from membership in this academic community. The use of the word "us" indicates a binary categorization that implies true academicians are those who continue using the English language as a medium to express their thoughts. Those who depart from this practice are abandoning this camp and going against the flow of what is natural and acceptable. It is common sense that African writers should use English as the outlet for their creative efforts even though it is not their mother tongue. An African writer using his mother tongue as a mode of creative expression is portrayed as doing something

abnormal and leaving the ranks of “us” to join some “other” group. Thiong’o (1986, pp. 27-30) uses his experience as an illustration of how successful and far-reaching imperialism has been in distorting African realities and creating an upside down version that is regarded as normal. Thiong’o (1986, pp. 27-30) suggests that this treatment of English versus Gikuyu is characteristic of a broader conceptualization of Africa as being in need of Europe to save it from poverty and to provide this Dark Continent with some redeeming qualities. The West overlooks the fact that in many respects it is Africa and its intellectuals and natural resources that have provided impetus to cultural developments in Europe and America.

Here we can see the West’s efforts to create an image of the “other” as passive and uncreative as compared to the West itself. These efforts are not limited to the creation of such an image but go much further by actively imposing this image upon the “other” and treating all resistance to such an imposition as subversive threats that must be undermined and dismantled. Thiong’o (1986, p. 30) provides a description of the aggressive nature assumed by dominant powers in attempting to crush resistance and perpetuate passivity in the dominated people.

A writer who tries to communicate the message of revolutionary unity and hope in the languages of the people becomes a subversive character. It is then that writing in African languages becomes a subversive or treasonable offence with such a writer facing possibilities of prison, exile or even death. For him there are no ‘national’ accolades, no new year honors, only abuse and slander and innumerable lies from the mouths of the armed power of a ruling minority – ruling, that is on behalf of US-led imperialism – and who see in democracy a real threat. A democratic participation of the people in the shaping of their own lives or in discussing their own lives in languages that allow for mutual comprehension is seen as being dangerous to the good government of a country and its institutions. African languages addressing themselves to the lives of the people become the enemy of a neo-colonial state (Thiong’o, 1986, p. 30).

The ruling minority works hard at justifying its presence and continued existence. It is not satisfied with convincing itself that it is the savior of the wretched yet undeserving majority. A colonial power can only rest when its main objective has been fully achieved. That is to instill within the subjugated people a belief that since they have no inherent redeeming qualities it is best for them to assume a position of passivity and allow the dominant power to take control. Any initiative or effort taken by the natives to determine their own destiny is portrayed as counterproductive and inherently wrong since it works to unravel the good that can be accomplished for these poor people by the dominant power. Thus, we see a vicious circle developing. The “other” is portrayed as passive and incapable and unwilling of taking the initiative to effectuate the necessary change. Yet the dominant powers continually remind the subjugated majority of their passivity and encourage continued passivity so that the dominant powers can bring about the changes that they deem necessary in a manner that they deem appropriate.

Through the images that these discourses construct dominant powers take an active role in shaping their own subjectivity and the subjectivity of the dominated group. Homi Bhabha (1994, pp. 44-45) provides an analysis of this image creating activity through three conditions that he puts forward as constituting the “process of identification” in colonial relations. In the first place, the very state of existence brings about an outward focus since it seeks to establish the meaning of such existence as being relative to something or someone else. Homi Bhabha (1994, p. 45) goes on to describe this process as being characterized by the looks that are exchanged between the colonialists and their subjects. The underlying factor that structures these glances and helps shape the subjectivity of each party is the element of desire. The second aspect of

this process is characterized by a doubling in the sense that the colonized subject wishes to occupy the colonizers place and yet be able to maintain his own position. The “otherness” that emerges is neither the colonialist self nor the colonized “other” but the distance that exists between them. Thus, the final condition is an unfolding of an image of identity that is produced rather than a substantiation of a pre-given identity. In this process of production the objective is to transform the subject in a manner so that it can assume the identity that is ascribed to it.

The created image should never be treated as a reflection of reality but as a mere appearance of an authoritative identity. A necessary prerequisite for the formation of such an image is the negation or denial of any sort of originality. It is only through such a process that the image or identity that emerges is a façade, an illusion of some authentic presence when it constitutes nothing more than an absence. This ultimately results in an elimination of anything that is “other.” Waldenfels (in Brinker-Gabler, 1995, p. 38) describes a continuing struggle that is evident in the process of appropriation. This process unfolds on a slightly different level in that the various parties involved are individuals that are striving to further their own self-interest and achieve self-preservation.

The first condition in this process of appropriation is referred to as egocentrism. What is sought in this stage is to portray the “other” as a variation of the self. The assumption underlying this type of treatment is that the “other” gets its worth only by rightfully receiving some characteristic/s that are imputed by the “self.” The “other” is not portrayed as something that is alien but is presented as a common part of some whole or as particular aspect of a rule. This gives rise to a form of trans-subjectivity that

effectively erases the possibility of formation of true subjectivities by any of the parties involved.

The second stage is referred to as ethnocentrism. Here the focus shifts from individuals to encompass groups that form the basis of identification. Its strongest manifestation takes on the form of Eurocentrism. The treatment that is accorded to Europe as a group of countries or individuals is that of a leader. Europe is portrayed as all that is progressive and innovative. The “we” of Europeans are at the forefront while “others” assume the position of followers. All historical events and cultural efforts are interpreted as fitting and corroborating this grand narrative. The ultimate appropriation comes to fruition in the fact that anything that does not harmonize with such a portrayal is marginalized and eventually eliminated.

The effects of these processes as outlined by Bhabha (1994, pp. 44-45) and Waldenfels (in Brinker-Gabler, 1995, p. 38) can be traced in various fields and disciplines. While some would assert that these processes have slowed down or come to a complete halt within many spheres of Western cultural production, the international accounting literature is still replete with remnants of such processes as exemplified in the major themes developed in this research project. The development of theme five (passive) is exemplary of this type of treatment. The ultimate purpose or objective is to present the “other” as passive and lacking originality. By negating the authenticity and originality of the “other” the West effectively denies it any access to the process of identification. The “other” becomes appropriated as another version of the West, an imitation that is constructed as an illusionary presence. When all that really is there is a

gaping absence that is manifested by the marginalization and elimination of the “other” and the silencing of its voice.

The West embarks on a course of action whose final result is to enforce and perpetuate the passivity of the developing countries and convinces them that assuming such a position is necessary. The ultimate victory of such a system of domination comes when those who are dominated accept their role and begin to praise the system for its virtuous qualities. The reactions of the subjugated people may take on many forms. It is possible that there may be a group who frantically searches for any vestiges of original culture by hanging on to fragments of traditions. On the other hand, there may also be those who openly embrace the culture and customs of the dominating force. These are the individuals who effectively deny themselves any originality and anxiously copy the ways of the occupiers. They openly acknowledge their own passivity by the allegiance they exhibit to the originality of the West. This is manifested in the fact that they take every opportunity to criticize their own culture and quickly assume the culture and identity of the occupying powers.

Thiong'o (1986, pp. 19-20) would argue that one of the most obvious external manifestations of this allegiance to the originality of the occupying force is the abandonment of mother tongues by Third World writers as the vehicles for expressing their creative ideas. It is through acts of imperialism that European languages have been placed on a pedestal as unchallenged in their use for intellectual efforts. By extolling the virtues of European languages the Third World intellectual adds credence to the belief that the West embodies all originality while the East (developing countries) is forever destined to a position of passivity and lack of initiative.

One may easily assume that a Third World intellectual who is well versed in a European language has also acquired other aspects of Western culture. In many parts of the world acquiring a European language is accomplished through a formal Western-style educational system. Mazrui (in Brinker-Gabler, 1995, p. 344) asserts that this problem is especially pronounced in many African countries. The case can be made for Third World countries in general. In many of these countries conducting a professional or academic conference in any discipline with a non-European language as the primary medium of exchange is practically impossible. Furthermore, almost all formal education at higher levels is accomplished through the use of some European language as the medium of instruction.

It is possible that some Third World intellectuals would be pleased by this state of affairs. They praise the occupying powers for improving the lot of the natives. They revel in the glory and prestige of using a European language for expressing their creative thoughts as though the language itself is somehow the source of this creativity. These individuals provide support for the willingness of developing countries to relinquish all rights to participate in the process of identification. They submissively allow themselves to be appropriated into the image created by the West. In their fatalistic logic such an outcome is not only desirable but also inevitable. In many regions where such a philosophy is widespread the effects are disastrous. The dependency that results from colonial relations does not end with national independence but takes on a new form, that of cultural dependence, whose effects are more far-reaching and long lasting. In the postcolonial era we see a transfer of power from the West to the Westernized. The new

occupants of the pinnacles of power are those who have exchanged their old cultural selves for new ones.

This type of development marks the ultimate triumph of any system of domination. The characteristic of passivity that is ascribed to the subjugated people is justified in the final sense when those individuals willingly accept their marginalized role and look to the West for their redemption and continued progress. This brings about a perpetuation of the passivity of the “other” and provides the West with a justification for its continued intervention and domination.

The quotations that are highlighted in the development of theme five (passive) indicate that the international accounting literature plays a role maintaining and enhancing these unequal power relations. It portrays the accounting systems of other countries (underdeveloped countries) as lacking originality and creativity. Since these countries have not made any worthwhile contribution to the development of accounting as a science it is natural to assign them a passive role. This is justified since these countries, which have inadequate and inferior systems do not show any capability or willingness to change and bring about the necessary transformations to join the ranks of the advanced countries. The West seeks the final confirmation of the passivity of the Third World countries by attempting to convince them that they are in need of Western accounting standards as embodied in the ones put forward by the International Accounting Standards Committee. It is of paramount importance that the East (developing countries) be made to believe that there is no alternative but to resign itself to the active problem-solving initiatives of the West. Once this objective has been achieved

then the stage can be set for the presentation of these systems as savable and controllable by the enlightened efforts of the West.

5) What Ideological Strategy Is Used? (Rationalization, Legitimation)

In constructing the “other” as passive a combination of ideological strategies are used. Once again the primary strategy is rationalization in which the dominant Western countries attempt to provide an explanation of why the developing countries cannot be counted on to improve their accounting systems to become more in line with those of advanced countries.

Here we see descriptions of other cultures as being collectivist. Some of the quotations go into detail describing how individuals in these societies seek the consensus of the whole group in providing meaning to their activities. In these societies those who are in subordinate positions have a psychological need to depend on others for direction and purpose. Other quotations portray these cultures as imitators of the West when one considers the accounting systems that they employ. In the West where originality is valued very highly imitators are looked down upon. It is important to be different from everyone else. The United States and other Western countries are highly individualistic according to Hofstede’s (1984) cultural scales. What is the purpose of highlighting the fact that other countries are more collectivist or that their accounting systems are highly imitative of Western systems?

These arguments are used as tools to explain to the audience that these societies are passive. They do not possess the capability to change their own systems to improve

their own welfare. Therefore, it is unrealistic to expect them to be active participants in the harmonization debate. The true motives of such a portrayal are to destroy the credibility of these countries as active participants in the international accounting scene.

A related ideological strategy that ties in closely to rationalization of these arguments is legitimization. The way the case is constructed serves to further the cause of the Western countries as ultimate authorities in accounting. The attempt here is to convince all including the developing countries that the West can only assume the position of solution seeker in the international accounting problem. The fact that most developing countries already have adopted accounting systems patterned after those in industrialized countries and the fact that most accounting textbooks used are printed in the West constitutes legitimate reasons for allowing the advanced countries to take control. It may be true that these developments are to some extent a result of initiatives taken by developing countries themselves, which have come to accept some degree of dependence on the West as an indisputable fact of life. However, the international accounting literature uses these developments to construct an image that encourages further domination. The effectiveness of the ideological strategy employed in this section rests primarily on a “legitimacy” claim (see four claims in **Theoretical Framework**, page 32). The literature utilizes certain “factual” descriptions to establish the passivity of the “other.” The aim is to persuade the reader that these depictions are made within the appropriate context and are free from any personal bias. The literature does not make any significant attempts to indicate that these descriptions have negative consequences when interpreted within the light of Western values. Furthermore, no attempt is made to

highlight the circumstances contributing to the state of affairs experienced by the “other” in these descriptions.

The articles examined do not go into detail as to how such a portrayal and conclusion will allow the Western countries to devise solutions that will ultimately serve their own interests rather than the interests of a global community. The issues of interests do play a significant role in establishing the West as the accounting authority of the world. This type of ideological strategy is used in the development of the next theme as well which portrays the developing countries as savable due to the gracious and selfless efforts of the advanced countries.

Summary

The international accounting literature paves the way for intervention in the accounting systems of other countries. Constructing an image of the “other” as passive is the final step in this endeavor. The previous themes have established the “other” as being part of a problem that must be solved. The “other” is not important in the solution finding activity and is judged to be inadequate by those who are solution seekers. Furthermore, the “other” is irrational and cannot be expected to change. This is due to the lack of two important qualities: willingness and capacity to change.

As constructed in this theme the “others” are shown to lack the willingness and capability to improve their lot and become important players in the international accounting game. This is evidenced by the fact that these individuals are eager to be led rather than to lead. They lack any true originality and are satisfied to be mere imitators of the West. Furthermore, even if they did decide to change their state of affairs they do not

have the capacity to do so. They are helpless and forever dependent on the West for technical assistance.

The “others” stand in the way of achieving harmonization of accounting standards on an international level and yet they are not in a position to bring about the necessary changes for this harmonization to take place. Therefore, it is the rightful duty of the industrialized West to step in and bring about the necessary changes. Can the accounting systems of these countries truly be saved? Is there hope for their improvement and the eventual solving of the international accounting problem? The answers to these questions unfold through the development of the next theme.

THEME SIX: SAVEABLE

The international accounting literature has come full circle and finally identified a solution to the problem that seems to be perplexing this field of inquiry. The problem of international harmonization of accounting standards will eventually be solved in the eyes of the West if the developing countries accept the adoption of accounting standards of advanced Western countries. This solution is not only in the best interest of the developing countries but will serve to maximize the welfare of all global citizens in a world where individual destinies are increasingly inter-linked. The economies of developing countries will flourish and result in the improvement of the standards of living in these countries. The world in general will be a better place since the spread of free market capitalism will be facilitated without any hindrances. This is due to the fact that all parties involved will have adopted a uniform set of accounting standards. This will allow the entire world to become one global market where products and services and

financial resources can flow freely across borders since all economic transactions will be recorded and measured in a uniform fashion.

This solution is the best and indeed the only alternative available. The international accounting literature has effectively set up the prerequisite logical stepping-stones to arrive at this conclusion. The rapid and inevitable pace of globalization necessitates the development of a set of accounting standards that can be used internationally. The enlightened Western countries have recognized this need and are attempting to solve the problem. The developing countries are part of the problem because their accounting systems are inadequate compared to those of the advanced countries. Yet the developing countries, which are irrational about this issue, do not possess the willingness or physical capability to change as required of them. The burden of bringing these countries into conformity falls back on the Western advanced economies.

The solution to the problem faced by the international accounting literature unfolds in this last theme (savable) as the literature constructs an image of the “other” as savable. This is a continuation of the bleak picture painted in the previous theme, which portrayed the “other” as hopelessly unwilling and incapable of saving itself. In this last theme the industrialized Western countries come to the rescue. The quotations that appear in this section and in Appendix F reveal three important ways that the “other” is portrayed as an object of a benevolent redemptive act on the part of the advanced countries. First, the accounting systems of developing countries are considered redeemable if they copy the accounting systems of the West. Second, the accounting systems of developing countries can be improved through technical assistance from the

West such as provision of teachers, textbooks, and educational funding. Third, the accounting systems of developing countries can be improved through economic ties with the West that will result in the transformation of their accounting systems.

The analysis in this part of the thesis incorporates the three elements and includes the following main sections.

- 1) How does adoption of Western accounting save the “other”?
- 2) How does technical assistance from the West save the “other”?
- 3) How does economic co-operation with the West save the “other”?
- 4) Whose interest is being served?
- 5) What ideological strategy is used?

1) How Does Adoption of Western Accounting Save the “Other?”

The primary means used to motivate the developing countries to change their accounting systems to be more in line with those existing in advanced countries is to encourage them to borrow or copy aspects of these accounting systems directly. This is the quickest and most efficient route to achieving a desired level of sophistication that they cannot attain on their own initiatives.

The quotations that appear in this section and Appendix F build this imperative in several ways. One strategy that is used is to point out that the accounting systems in existence in some of the developing countries are deficient and need drastic overhaul. This is particularly true if the developing country wishes to attract investment from advanced countries. Therefore, encouraging developing countries to play copycats is not suggesting a drastic change to conform to the wishes of other countries but just asking them to continue a past trend that is truly in their best interest. The quotations that appear below are examples of this type of framing of the issue. Once again we see an active

role assigned to the West (U.S. and Canada) in helping Mexico realize what it really needs. China is also encouraged to conform to Western accounting practices to create a “world class” image so that foreigners will be encouraged to invest in this country. Once again a superior position (world class) is assigned to the accounting systems of the West and an inferior position assigned to the accounting systems of “others.” This situation can be remedied if the other countries are willing to copy the systems of the West.

First, given the importance of profitability in foreigners’ decisions to direct capital at Mexican companies, accounting policy makers in the United States and Canada should continue encouraging Mexico to improve its financial reporting standards and practices. Most notably, Mexico should be encouraged to continue reviewing the degree to which its financial reporting standards comply with those of the United States and Canada. Correspondingly, in order to focus more attention on these standards and their current uses, efforts should also be made to provide greater assistance to Mexico in developing its CPA exams. Second, given the impact of firm size on foreign investment, U.S. and Canadian policy makers should recognize that, even with efforts to improve “formal” Mexican financial reporting, special attention should be directed at assessing and addressing the availability to foreign investors of financial information on smaller Mexican firms. At present, such efforts should focus on attempting to direct the attention of analysts and investors toward small firms currently listed on the exchange. On a more prospective basis, however, efforts should also be made to increase the availability of financial information on small firms attempting to go public (Hazera, 1996, p. 190).

Conformity to United States and world standards will make financial statements more credible to foreign investors and thereby will assist China in its economic reforms. China must create a world-class image of confidence and trust in the professionals who prepare financial statements and attest to their reliability (Taussig et al., 1994, p. 39).

Another category of quotations indicates the need for developing countries to adopt international accounting standards as put forward by the IASC. The standards of this organization are very similar to those of industrialized countries like the U.S. and U.K. The quotation that appears below indicates the belief that adopting international accounting standards should occur smoothly in most developing countries without any major obstacles. There is an expressed degree of surprise that developing countries have

not been conforming to this type of expectation.

Concurrent with this research, a major effort to establish international accounting and financial reporting standards has been undertaken. It is assumed by both practitioners and scholars involved in this effort that environmental factors are not an obstacle in persuading countries, particularly developing countries, to adopt the standards of the so-called dominant accounting countries (IASB 1982, 1989). Yet the *Wall Street Journal* reported on June 4, 1993, that even so relatively advanced a developing country as The Philippines, with an active, respected, and outgoing accounting profession, has not been able to implement disclosure regulations (Most, 1994, p. 5).

A final category includes those quotations that make specific recommendations to developing countries using certain models. Westerners have designed these models. As such, they incorporate Western philosophical concepts. The simple message to the developing countries is, "Change, and become like us." The quotation that appears below pertains to a model being developed by the French to be used by Polish accountants. It is surprising that the underlying interest in taking on such an endeavor is not to help the developing countries in some sort of selfless manner. The stated purpose is to counter the powerful effect of Anglo-Saxon models that apparently are being spread to more regions of the world. From such a framing of the issue one may conclude that attempts to persuade developing countries to adopt accounting systems of advanced countries are directed at equalizing the balance of power among advanced nations.

The French have justified the preparation of this guide by describing it as an attempt to challenge the powerful force of the Anglo-Saxon influence in accounting and have admitted that their aim is that the "SCE becomes an international accounting conceptual framework not only for the Eastern European countries but also to be adopted by Asia, Africa...indeed the Anglo-Saxon world (Delesalle 1992,62)" (Adams & McMillan, 1997, p. 153).

The common theme in the quotations that appear above is the assertion that there are positive influences acting upon the accounting systems of developing countries that

render them savable from the point of view of the advanced countries. These countries are savable because their accounting systems can simply be modeled and shaped after those that exist in advanced countries. This is logical and reasonable and certainly in the best interest of the developing countries. The arguments are framed in such a way to show that there is hope for the developing countries if only they would realize that they have to be more like the advanced countries.

2) How Does Technical Assistance from the West Save the “Other?”

The quotations in this section highlight the dependence of the developing countries on the Western industrialized countries for technical assistance in improving their accounting systems. This group of quotations is mainly concerned with establishing an expressed need for change or to give a direct imperative that change must occur for these countries to survive and flourish.

The purpose of the excerpts appearing below is to discuss the inadequacy of the developing countries in regard to the technical know-how to copy an advanced system even after the need to copy and the choice of system has been established. The concern here is with macro-environmental aspects surrounding the functioning of the accounting systems in these various countries. These aspects would include such things as the educational system as comprised of universities, instructors, textbooks, etc.

Some quotations point out instances in which Western countries help develop the accounting curriculum in Third World universities, or provide the teachers, and textbooks to bring about an improvement in these systems. The activities of multilateral organizations such as the UN are included in this category. The first quotation that

appears below is particularly interesting. It does not dispute the necessity of Western initiatives in bringing about the necessary changes in the accounting systems of developing countries. However it does provide a slight justification for the negative backlash toward the manner in which such initiatives are implemented.

The main focus of the Know-How Fund is on the development of the higher education sector through curriculum and staff development, but it also addresses the training needs of accounting technicians through support to vocational schools and the needs of practitioners through assistance to the Polish Association of Accountants (Grant 1992; Llewellyn Smith 1994). It has been referred to as “misplaced altruism” because Polish experts were not involved in the planning stages of the project. It may thus be viewed by Polish accountants as the coercive imposition of British expertise rather than as an attempt to provide assistance (MacGregor 1990) (Adams & McMillan, 1997, p. 151).

Existing international organizations in collaboration with the UN may best be able to work with accounting organizations especially in respect of the critical issue of regional technical assistance to developing countries (Enthoven, 1988, p. 207).

The main impact on accounting education in Indonesia due to the departure of the Dutch was the gradual replacement of the Dutch influence with American influence. With the assistance of the Ford Foundation, the University of California (Berkeley) provided teaching staff on a five-year contract to the University of Indonesia and at the same time provided opportunities for Indonesians to study in the United States. The Ford Foundation also assisted Gadjah Mada University, which was affiliated with the University of Wisconsin (Foo, 1988, p.129).

The International Consortium of Government Financial Management encourages its members to collaborate in development programs which channel technical assistance and higher developed technologies to developing countries (Enthoven, 1988, p. 213).

Other quotations highlight the historical manner in which accounting professions in many developing countries were started through the initiatives of individuals from the West. Yet others illustrate the need for Third World intellectuals to be trained and obtain certification in the West so that upon their return they will be well equipped to bring about the necessary changes in the local accounting systems. The first quotation that appears below indicates that changing a country’s accounting system is often

accompanied by corresponding changes in the nation's political, economic, and cultural profiles. Japan and China are held up as success stories demonstrating the savable nature of such countries.

...most commentators on international accounting point out that a country's "accounting system" is a function of its history and culture, and its social, political, legal, and educational systems. Because these differ, they argue, national and ethnocentric motivations stand in the way of harmonization of accounting, because countries will not give up their traditional practices. This is both true and false. It is true in the sense that it may not be possible for a country to change accounting without at the same time changing its political, economic, and even cultural profile. But this has been done, in Meiji Japan, again in post-World War II Japan, in modern China, and in the European Community (Most, 1994, p. 8).

Accounting theory and practice in the United States has had a major influence on accounting education in Thailand, perhaps because many of the Thai instructors have completed their graduate studies in the United States. Additionally, Chulalongkorn University has arranged several cooperative programs with American universities such as Northwestern University and the University of Pennsylvania, and has invited visiting professors from the United States to teach and help design graduate programs in business (Akathaporn et al., 1993, p. 260).

The Nigerian government has attempted, however, to encourage natives to enter the profession by awarding scholarships to citizens to study accountancy in Britain or the United States (Osiegbu, 1987, p. 67).

A final category includes those quotations that document the penetration of Western public accounting firms into Third World regions and the improvement that is brought about in the local accounting systems as a result of their presence.

...In response, in 1905 and 1906, respectively, Price Waterhouse & Co. And Deloitte, Plender Griffiths & Company began operations in Mexico. The establishment of these and other foreign CPA firms gradually increased the availability of American books and journals in the libraries of Mexican universities and of Mexican CPA firms. The result was a gradual erosion of the French influence on the accounting profession and the emergence of the American influence- one that became dominant. The creation of new companies and the establishment of foreign CPA firms seem to have had a positive impact on the interest in accounting as a profession. An indication of this increased interest is the much larger number of accounting books published by Mexican authors between 1870 and 1903 compared with previous years (Wong-Boren, 1987, pp. 26-27).

Most observers would agree that the audit technologies of the largest, and predominantly U.S.-based, international audit firms are both sophisticated and extensive. Also, since all audits share common elements of information gathering and evaluation, it would seem that these audit firms' technologies should adequately meet the demands of engagements in a variety of countries, especially ones with less fully developed accounting and securities market regulations. This line of reasoning also suggests that local audit firms from the less developed countries should benefit from emulating the technologies of their large international competitors. The United States is selected for study because of the international dominance of its audit firms. Taiwan was paired to the United States because the latter is its dominant trading partner. Because the United States exerts extensive influence over Taiwan's financial markets and institutions, the transferability of audit technologies between them is likely to be a major concern (Chow & Hwang, 1994, pp. 218-219).

The quotations that appear above create the impression that even if developing countries were to realize that they must copy the accounting systems of advanced countries they cannot accomplish this task on their own. Yet, all hope is not lost. The developing countries are still savable thanks to the technical assistance that the advanced countries so readily provide. The advanced countries are portrayed as the active agents in rendering the developing countries savable. By providing textbooks, teachers, and funding they can effectively help the developing countries adopt and copy the accounting systems of the West in order to be saved. Once again the advanced nations come to the rescue. This portrayal is all the more convincing since some developing countries readily admit their need for technical assistance by sending their intellectual abroad to be trained in the ways of the West.

3) How Does Economic Co-operation with the West Save the "Other?"

The quotations that appear in this section highlight a more indirect effect on the accounting systems of developing countries. Adopting the accounting systems of Western countries is presented as a natural outcome of certain developments rather than

being an imperative in and of itself.

The quotations in this section build on the argument established earlier on in the second theme (unimportant) of this thesis which states that economic development is the primary goal of every country especially of developing countries who would like to catch up to the industrialized nations. In many ways achieving economic development necessitates establishing partnerships with Western firms headquartered in the industrial countries. In order for two people to work together they must speak the same language. Therefore, in order for these partnerships to function smoothly it is necessary for the developing countries to have accounting systems that are comparable to those in Western countries.

These economic interactions place pressure on developing countries to change. This may come about as a result of a host country wanting to attract foreign direct investment, or establish a joint venture with a foreign business firm. It may also be triggered by a desire to have stocks of local companies listed on foreign stock exchanges in order to attract capital, or by a desire for a country to be included in a regional trading block. The assumption that underlies all these quotations is the belief that if these countries want to improve their economic standing then they must change their accounting systems.

Considering the momentous events currently developing in Eastern Europe and the Soviet Union, there is an urgent need for the accounting profession in the United States and Western world to pay special attention to the accounting problems and possibilities presented by East-West joint ventures. There is a growing realization that "the partners in a joint venture need to speak a common language, that of international accounting" (ref 2, p. 68) (Shama & McMahan, 1990, p. 165).

From the preceding Spenglerian viewpoint, however, such external factors have little force. A peasant society in a subsistence or feudal economy neither needs nor can use accounting and financial reporting; an urban society or merchants will produce accounting systems appropriate to its functions; and a developing country that possesses one or more world-cities will adopt the control and reporting systems that have proved beneficial in others. This is what happened in Ancient Rome when, six centuries after its foundation, it established contact with Greek civilization, and modified its laws in order to develop commerce following its Mediterranean conquests. This is what happened in other European countries, as centers of commerce spread from Italy to Germany, the Low Countries, and England during the late Middle Ages. This is what happened in Japan in the nineteenth century and in Brazil and Singapore after World War II. The reasons why this cannot happen in Afghanistan or Zambia have yet to be explained. (Most, 1994, p. 10)

While the foreign parties receive direct and immediate benefit, what the local parties acquire are rather long-term benefit. If the purpose of changing accounting regulations is to attract more foreign investment, this goal has been achieved. Since the publication of the new regulation, foreign investment has been increasing continuously. China benefits from the influx of foreign investment which advanced technology and management skills (Tang, 1994, p. 157).

With the collapse of communism in East Central Europe, the new democratic governments are actively seeking foreign investment as an important element in the transformation from centrally planned to free market economic systems. These countries understand that the development of a legal framework within which Western-style business can be conducted is necessary for substantial foreign investment to take place. Accounting and financial reporting are seen as important components of this legal framework. Toward this end, countries of East Central Europe and the former Soviet Union have enacted legislation putting into place an accounting framework more in line with Western and international standards (Rolfe & Doupnik, 1995, pp. 223-224).

This last group of quotations presents the picture that the developing countries are savable by association with the advanced countries. Through economic co-operation the accounting systems in these developing countries will eventually mirror those found in advanced countries. This ties in with the globalization paradigm, which encases the international accounting discourse. There is recognition that countries are all becoming part of a global economy. If the developing countries do not wish to be left out, then it is natural to assume that their accounting systems will change accordingly to ensure a

viable position in the future. Once again the suggestion to adopt the accounting systems of advanced countries is in the best interest of the developing countries.

4) Whose Interest Is Being Served?

Through the developments of the previous themes the industrialized West has placed itself in a position that is unassailable as the champion of the development of accounting as a science. It is the active party in solving the problem being faced by international accounting, namely, the harmonization of accounting standards globally. The Third World countries which, are presented as constituting a major part of the problem, must eventually be handled and brought into conformity in paving the way to find a solution for this global issue. The accounting systems of these countries are inadequate and inferior by far compared to those in the Western countries. Yet these “other” countries do not exhibit the capability and willingness to bring about change and improvement. However, their passivity and lack of initiative should not be taken as a sure sign that the international accounting problem will never be solved. Indeed, there is hope since these countries are savable and controllable thanks to the enlightened initiatives of the West. In the development of this final theme the international accounting literature constructs an image of the East (developing countries) that fits into the West’s program of intervention and manipulation.

This theme embodies the grand culmination of the process of setting up the West in a position to comfortably alter other accounting systems. The development of the previous themes has insured minimal resistance to this final outcome. The industrialized world can feel secure that it is not to blame for this conclusive demonstration of a need to

step in and take control. Physical characteristics of domination as evidenced by colonial relations in the past can now be conveniently replaced or extended through more subtle forms of domination. This is not because the West is hungry for power but because the developing countries are responsible for a state of affairs that demands the West's action. The discourse has worked to blame the victim of domination for the perpetuation of such a relationship. Colonial relationships were encouraged to a great extent by beliefs that peoples of other countries were inferior barbarians that needed to be subjugated and controlled for their own welfare and the welfare of the rest of the world. The same type of argument now emerges in the depiction of other accounting systems as inferior and savable only through the enlightened intervention and control of the West. Brantlinger (1996, p. 469) provides an illuminating example of this act of blaming the victim in colonial writings. He points out how Ruskin (1985, p. 189 in Brantlinger, 1996, p. 469) envisions an ideal Britain free from barbaric desires, which are ascribed to the Indians. Any uncivilized act on the part of the British is traced back to the Indians. By blaming the victims one can rationalize their continued domination and uphold the belief that they must be conquered and ruled for their own good and the good of the world.

While placing the blame for these dismal circumstances squarely on the shoulders of the developing nations the international accounting literature does not present any viable options for them to take on their own. They have to accept the fact that their only salvation comes through their unconditional surrender to the dictates of the industrialized world. No other alternatives exist since they are helpless on their own. This is analogous to the relationship between a parent and child. The parent, who is mature in contrast to the child, continually imparts knowledge and wisdom to the child so that the child may

modify his behavior in order to survive in a world of danger and uncertainty.

Although a great deal of children's learning may take place through exploration and discovery, some parents refuse to allow their children this freedom. With the passage of time children do eventually become adults but some parents refuse to accept their children as equals and maintain a parent-child hierarchy. By dictating their actions they encourage them to imitate rather than develop their own sense of identity. This is the type of relationship that the international accounting literature encourages between advanced countries and developing countries. The developing countries are considered immature and incapable of discovering their own ways of improving their accounting systems. The advanced countries assume the position of a parent asking the child to imitate him/her. Homi Bhabha (1994, p. 61) provides a discussion of this discomfort with difference and the desire for power in colonial relationships by reviewing the work of Franz Fanon. The passage that is quoted below is illustrative of the loss of identity and depersonalization of the colonial man in attempts to understand the "other."

'And yet the Negro knows there is a difference. He wants it... The former slave needs a challenge to his humanity.' In the absence of such a challenge, Fanon argues, the colonized can only imitate, never identify, a distinction nicely made by the psychoanalyst Annie Reich: 'It is imitation... when the child holds the newspaper like his father. It is identification when the child learns to read.' In disavowing the culturally differentiated condition of the colonial world in demanding '*Turn White or disappear*' – the colonizer is himself caught in the ambivalence of paranoid identification, alternating between fantasies of megalomania and persecution (Bhabha, 1994, p. 61).

The international accounting literature is critical of the developing countries for being mere imitators of the advanced countries yet by encouraging them to adopt the accounting systems that are in existence in advanced countries they encourage them to be perpetual imitators, without a chance of establishing their own identity. This type of

cultural penetration is reminiscent of colonial relationships. Ali Mazrui (in Brinker-Gabler, 1995, p.339) discusses the manner in which the British government encouraged the acceleration of higher education in its colonies by analyzing the "Asquith Report" of 1945. One of the main premises of this report was that local leaders and instructors were to be trained in the West so that they could improve the quality of their indigenous constituency through their newly acquired Western skills.

The international accounting literature exhibits a discomfort with diversity in accounting systems and by justifying Western intervention in other systems for the sake of accounting standard harmonization it becomes instrumental in perpetuating unequal power relations that are characteristic of colonial times. This constitutes the West's way of denying the "otherness" of the "other" or attempting to appropriate it, subsuming it within the same absolute subject, the West. Anything that remains "other" or different causes horror and must be brought under control. This is the ultimate purpose of the development of this theme, which shows the construction of the "other" as savable. It can be made to be the "same" so that it is no longer "other."

The desire to control what is different as expressed in the international accounting literature finds it parallel in other colonialist discourses. Edward Said (1979, p. 12) traces this attitude in a variety of literary works that he draws upon in creating his definition of Orientalism. The quotation that appears below encapsulates this idea.

Therefore, Orientalism is ...a distribution of geopolitical awareness into aesthetic, scholarly, economic, sociological, historical and philological texts; it is an elaboration not only of a basic geographical distinction (the world is made up of two unequal halves, Orient, and Occident) but also of a whole series of 'interests' which, by such means as scholarly discovery, philological reconstruction, psychological analysis, landscape and sociological description, it not only creates but also maintains; it is, rather than expresses, a certain will or intention to understand, in some cases to control, manipulate, even to incorporate, what is manifestly different (or alternative and novel) world; it is, above all, a discourse that is by no means in direct, corresponding relationship with political power in the raw, but rather is produced and exists in an uneven exchange with various kinds of power, shaped to a degree by the exchange with power political (as with a colonial or imperial establishment), power intellectual (as with reigning sciences like comparative linguistics or anatomy, or any of the modern policy sciences), power cultural (as with orthodoxies and canons of taste, texts, values), power moral (as with ideas about what 'we' do and what 'they' cannot do or understand as 'we' do). Indeed, my real argument is that Orientalism is – and does not simply represent – a considerable dimension of modern political-intellectual culture, and as such has less to do with the Orient than it does with 'our' world (Said, 1979, p. 12)

By reviewing the six main themes that have emerged throughout this research on can conclude that the international accounting literature is implicated in perpetuating unequal power relations through many of the processes described above. It is founded upon a description of the world as being composed of two unequal halves (developed countries and developing countries). Scholarly effort in this field of study is infused with interest, which works to create and maintain this unequal distribution of power. This ultimately translates into a will to control, manipulate and incorporate what is different. Of the various classes or levels of power struggle that Said identifies in the quotation above international accounting is implicated most directly in the "power intellectual" category. This is due to the fact that international accounting is concerned with the comparison and harmonization of accounting standards in the development of accounting as a scientific field if inquiry.

The ultimate goal of accounting standard harmonization is to create a uniform medium of communication between the various countries or regions of the world so that there can be a free and uninterrupted flow of financial transactions. The research that is conducted to achieve this goal is presented as a pursuit of truth when a more critical analysis along the lines proposed by Said indicates that it is instrumental in the pursuit of power. Expecting developing countries to adopt the accounting standards of advanced countries in order to insure the uniformity of the medium of intercourse in business helps the advanced countries legitimize their claims to sovereignty. This is accomplished not by force of the sword (as during colonial relations) but by furthering a “right understanding” between advanced and developing countries. This is accomplished in two ways. First, by upholding the superiority of Western accounting systems it legitimizes the intervention of these countries in the affairs of developing nations by establishing a “truth” that transcends national boundaries. Second, by creating a class of native users of international standards it transforms them into subjects under the jurisdiction of multilateral (Western) organizations. The link between power and knowledge then surfaces in the equation of accuracy of accounting systems with political right, which can be instrumental in justifying physical or economic subjugation of other territories.

The binary conceptualizations of “self” and “other” are embodied in two categories, the advanced countries whose sophisticated accounting systems are very similar, and the developing countries, which form a vast heterogeneous mass of unsophisticated accounting systems. In order for the incorporation and appropriation uncovered in Theme Six to materialize the developing countries are reduced to consolidated knowable identities. In taking on accounting standard harmonization as a

goal the international accounting literature intends not only to create an ideal universal business language, but also to create a collective ear or common audience to hear the call of empire. In order for Western countries to exert their political and economic authority (perhaps through multilateral organizations) they need an audience. As yet, this audience does not exist. A shared communicative medium would link together the advanced countries and the developing countries that would further the West's goals of domination. If certain accounting standards are truly accepted on a universal basis then they are no longer considered foreign and are considered to bring about a "right understanding" of any given economic reality between these two groups of countries.

The incorporation that is sought by the international accounting literature is not one of creating equals through a common medium of intercourse. The two parties mentioned above do not have an equal bearing or input in creating this common medium. The attempt is to maintain a hierarchy and demand submission. However, this is disguised under the banner of "international standards" to hide the tyranny that would become evident otherwise. Any failure to establish a genuine communication within such a structure is blamed on the developing countries who not only refuse to speak the language (international accounting standards) required of them but whose cultural characteristics impede the progress in developing a medium. By adopting a common language (international standards) the developing countries take on a sameness that allows them to be governed by the capitalistic free market model. By not being active participants in creating such a language they retain an "otherness" that makes them require further government. In this way they become more than subjects but less than citizens. Homi Bhabha (1994, p. 44) reviews the manner in which Franz Fanon discusses

the attempted meshing of “self” and “other” in the construction of colonial identity.

What emerges is a subject that is a bizarre figure of desire, an “otherness” of the self that requires psychoanalytic investigation.

The effects of proposals for the harmonization of accounting procedures go beyond the standardization of accounting systems in various countries. They bring about a division of users of such systems into class categories based on their competence in the newly appropriated universal language. This can serve to erect class barriers necessary for the reproduction of capitalist relations of production.

The message that is preached is that adopting these common standards will improve the economies of the developing countries as well as the economies of all others involved. However, the consensus that is envisioned through such a process is not arrived at through the free exchange of ideas. In reality it opens the gate for a flood of Western ideas to pour into the cultures of the developing countries. This provides a philosophical justification of domination in the name of freedom. It only serves to further establish Western cultures at the summit of a hierarchy of development and guarantees the maintenance of such a system of power. These developments accord Western knowledge an intrinsically superior position and justify the necessity of its deployment in other settings. When a common accounting system emerges, it will facilitate this flow of knowledge over other obstacles.

In the end the noble goals of the West in encouraging the developing countries to adopt Western standards are shrouded in self-interest and work to the detriment of the recipients of such advice. The West encases its arguments in selfless acts of attempting to modernize and civilize the rest of the world. What often results is that local cultures

are stifled and begin to wither under stagnation. Former institutions that may have been fertile in many respects are replaced gradually with new ones that possess a façade of creativity and improvement but lack any true originality. They function under the supervision of an oppressing foreign entity reminiscent of inert institutions set up under colonial domination.

Accounting is the language of business. Encouraging countries to adopt accounting standards of other countries is similar to encouraging them to use a foreign language in their transactions. Thiong'o joins the voices of other writers such as David Diop in decrying the cultural stagnation brought about by the use of foreign languages by African writers during and shortly after colonial domination. It is fitting to quote an excerpt from this analysis to highlight the extension of similar effects to the use of foreign accounting standards by developing countries.

The African creator, deprived of the use of his language and cut off from his people, might turn out to be only the representative of a literary trend (and that not necessarily the least gratuitous) of the conquering nation. His works, having become a perfect illustration of the assimilationist policy through imagination and style, will doubtless rouse the warm applause of a certain group of critics. In fact, these praises will go mostly to colonialism which, when it can no longer keep its subjects in slavery, transforms them into docile intellectuals patterned after Western literary fashions which, besides, is another more subtle form of bastardization (Diop in Thiong'o, 1986, p. 25).

6) What Ideological Strategy Is Used? (Legitimation)

The primary ideological strategy utilized in the development of this theme is of legitimation. According to Eagleton (1991, pp. 51-61) legitimation refers to the efforts of a dominant power attempting to seek consent to its authority from its subjects. Once again the common notion is that the underlying illicit interests of such efforts are not

made evident in an attempt to gain respectability. Efforts to gain legitimation are considered successful when subjects choose to judge their behavior by criteria, which are imposed by the dominating power. The attempt in theme six is to legitimize intervention in the accounting systems of developing countries to bring them up to the standards of those used in developing countries. The main purpose that is put forward is to assist the developing countries in their quest for economic development so that they may catch up to the advanced countries as soon as possible. By constructing the “other” as savable through the efforts of the dominant powers (Western industrialized countries) the literature serves to legitimize their authority in accounting matters and by extension legitimizes their right to intervene in the accounting systems of other countries to improve world trade. The effectiveness of the ideological strategy employed in this section is dependent upon the reader’s acceptance of two claims (see four claims in **Theoretical Framework**, page 32). The literature attempts to establish a sincerity claim. The goal is to depict the economically advanced countries as have a genuine concern for the welfare of the developing countries. All indications of self-interest disappear in portrayals of the noble acts of the advanced countries. The assertion that developing countries should change and adopt the accounting systems of advanced countries is portrayed as being in the best interest of the developing countries and all global citizens. The West effectively claims to be the sincere savior of the world. The second claim is a “legitimacy” claim. Once the literature attempts to persuade the reader of the sincerity of the economically advanced countries then it encourages the reader to accept the assertion of the need for intervention in accounting systems of other countries as legitimate. Expressions of the West’s desire to lead the developing countries into a better situation

are made within an appropriate context.

As illustrated in the analysis in this section the literature attempts to build a common medium of communication between the two camps. The purpose that is put forward is to create a “right understanding” between them so that world commerce can proceed without any unnecessary hindrances. However, the suggestion for developing countries to adopt “international standards” legitimizes the authority of those (Western countries) promulgating these standards and further legitimizes their continued domination of the rest of the world not through physical conquest but through economic initiatives.

The clearest indication of this type of ideology at work can be seen in the attempts made in the literature to bring about the incorporation of the two exclusive identities of the advanced countries and the developing countries. If the “other” is to be incorporated it must of necessity possess some characteristics of sameness. Yet achieving complete sameness distorts the boundaries of the two identities and is a cause of insecurity. Therefore, a complete meshing of these identities as equals is not possible. The literature purports to create a common medium of communication for these entities, yet does not provide a means for an equal participation by each entity in the creation and design of this medium of intercourse. The only alternative that is presented as a common language is the language that is already spoken by the advanced countries (Western accounting standards). Thus, hidden behind the mask of encouraging a “right understanding” between the parties is a strategy of legitimizing the authority of the advanced countries since it is their language that is held up as the only possible solution to bring about this shared understanding. Adoption of this common language legitimizes the West’s

inherent right to pass judgment on the developing countries as second-class citizens and to continue the economic domination of these regions.

The success of this legitimation strategy remains to be determined. If the subjects (developing countries) readily accept the authority of the dominant group in the sphere of accounting standards then the legitimation strategy will bear results. Some developing countries do adhere to international accounting standards as put forward by the IASC and encouraged by other multilateral organizations, yet there are numerous countries that have not adopted these standards and seem to resist such an eventuality.

Summary

The development of theme six brings to fruition the West's program of intervention in the affairs of other countries. This is the ultimate goal of the international accounting literature examined in this research, which has presented a logical path to this conclusion. The main message that is developed in this theme is that the accounting systems of other countries, although fraught with shortcomings, are redeemable through the gallant efforts of the Western countries.

Three primary arguments are put forward to advance the conclusion. The first way that this is accomplished is to give the developing countries an imperative to change their accounting systems in order to avoid certain pitfalls and to become more like advanced countries. The second tactic used is to elaborate the structural weakness in the environmental variables surrounding accounting systems in the developing countries. This allows the West to present itself as a benevolent instructor ready to provide the

necessary technical assistance to overcome these weaknesses. The last method used is to present the assimilation of Western accounting practices as a natural outcome of the need for economic development in Third World countries which draws them into business partnership with Western counterparts.

Theme six (savable) constitutes the cornerstone of the construction of “otherness” in the international accounting literature. By showing that the accounting systems of the developing countries can be saved it provides a convenient solution to the problem of accounting standard harmonization. This eventual outcome provides justification of the unfolding of the previous themes in the manner that they occur. The international accounting community (or Western industrialized countries) can be at rest knowing that their relentless efforts have found a way not only to improve the welfare of developing countries, but more importantly, to maximize the welfare of all global citizens. The fact that the solution to the problem has been identified, however, does not mean that it will be easy to implement.

CHAPTER TEN: HISTORICAL CONTEXT

The interpretation of the construction of “otherness” that emerges from an examination of the international accounting discourse in academic journals can be further enriched by an analysis of the historical developments taking place in the world during the time period under study. The purpose for such an investigation is to provide a broad contextual base for the analysis and to identify external forces bearing influence upon the manner in which the discourse unfolds.

A review of the qualitative analysis conducted in this thesis will reveal that a significant portion of the quotations analyzed pertains to discussion of accounting systems in developing (Third World) countries or accounting systems in socialistic environments. Discussions of accounting systems in Nigeria and Saudi Arabia are exemplary of the former category while discussions of accounting systems in China, Russia, Poland, and Hungary are exemplary of the latter category. It is not entirely surprising to see these categories emerging as the “other” of the advanced industrialized West. Thiong’o (1993, p. 55) asserts that imperialism manifests its force to dominate by leveling attacks on three groups of countries or individuals.

Imperialism is a three-headed monster with one head spitting or threatening to spit fire at the socialist world; the other head is spitting fire at the working people in its own home base; and the third head is directing fire and brimstone at the national liberation struggles in the “Third” World that seem committed to fundamental social change (Thiong’o, 1993, p. 55).

Due to the nature of international accounting literature and the article selection process that was governed to a great extent by the theoretical lens (postcolonialism) employed, virtually no analysis was possible in conjunction with the second head of Thiong’o’s imperialist dragon. In other words, since the analysis concentrated on

discussion of accounting systems on a cross-national basis it was only natural that the “other” that emerged was reflective of struggles against the first and third heads of the imperialist dragon described above.

An examination of political and historical developments during this time period sheds light on the reasons for the imperialist dragon to direct its fury on the groups identified in the quotation above. The events that will be discussed in the next few paragraphs provide a historical context for the analysis of “otherness” and were obtained from the Scarruffi website (Scaruffi, 2000). This Internet source provides a chronology of the modern world based on reports and discussions in major news media such as Associated Press, BBC News, NBC News, and CNN News, plus a host of U.S. newspapers, world newspapers, magazines, radio and television sources.

A careful examination of the most significant political and historical events during this time period presents a parallel development of confrontational relationships between the West and its “others.” It is important to keep in mind that the decade preceding the time period studied (1987-1996) represented an era of hostility between the West and the Soviet Union characterized by the term “cold war.” The Soviet Union was consistently portrayed as the enemy, an enemy that was becoming increasingly feeble and destabilized.

The nuclear arms race between the Soviet Union and the United States was still a topical issue. In 1983 the nuclear arms race escalated between Reagan and Andropov. The West portrayed the Soviet Union as a constant threat to the safety of citizens in the free world by keeping alive an ever-present threat of nuclear war. Counteracting the spread of communism still constituted a major agenda in U.S. foreign policy. The

downing of a Korean civilian jet with 269 passengers by a Soviet fight in 1983 served to reinforce this image of irrational threat.

A series of events helped to create an image of the Soviet Union as an enemy that was faltering and losing ground. A series of rapid changes in Soviet leadership only served to enhance this feeling of instability and weakness. In 1982 Breznev passed away and was succeeded by Andropov. In a matter of two years time Andropov passed away and was succeeded by Chernenko in 1984. One year later, Gorbachev succeeded Chernenko. Through these changes the Soviet Union began to lose its image as an opposing “superpower” to the U.S. In contrast, the West experienced an age of stability with leaders who maintained their positions of power for several years into the 1990s such as Kohl, Mitterand, Thatcher, and Reagan.

In the year 1988 Gorbachev initiated a campaign of liberalization, reconstruction (“perestroika”) and openness (“glasnost”), which eventually culminated in the fragmentation of the Soviet Union into many republics. The secessionist movements picked up speed in 1989, and by the end of 1991 the Soviet Union was no more. Several other events took place during this time period or shortly before that created international embarrassment for the Soviet Union (later Russia) and enforced its image of failure. In 1986 a nuclear reactor in the Ukraine (Chernobyl) exploded drawing attention to the Soviet’s inefficiency and negligence in the nuclear age. The radioactive contamination from the fallout resulted in many deaths, caused numerous illness and deformities, contaminated crops, and devastated the entire landscape for years to come. Another event that strengthened the image of failure was Russia’s treatment of the Chechen uprising. In 1994 Russia attacked Chechnya to bring the rebels under control. By 1996

Russia had to withdraw after tens of thousands of people died. Chechnya attained autonomy. Throughout this period the Russian economy continued to falter and Russia became dependent on aid packages from the West.

Within a small fraction of the time period examined a host of developments in other countries transpired that reinforced the image of failure for communism and socialism. In 1980 Polish workers under the leadership of Lech Walesa established the Solidarity movement, which eventually led to the downfall of the government in 1989. By 1989 most Eastern European governments broke away from communism and established democratic governments. In the same year the Berlin Wall was reopened and in the next year, 1990, the two German republics were reunited. In 1989 Ceausescu, the Romanian communist leader was deposed and executed. In the year 1992 Mujahideen guerrillas dislodged the communist regime in Kabul, Afghanistan. In China the political winds of change were felt as well although not with such drastic results. In 1989 students demonstrated in Tiananmen Square and were shot by soldiers. The reforms sweeping over China took on more of an economic nature. In 1984 Deng Xiaoping pushed China towards the free market and by 1997 Jiang Zemin legalized private enterprise.

What is the significance of these events? This was a time period of extreme changes. The balance of power in world politics changed drastically. Whereas there used to be talk of two opposing superpowers (U.S. and Soviet Union) now it is generally agreed that there is only one (U.S.). In many respects these events helped create an image of socialism as an ideology that is failing or destined for failure along with its corresponding political and economic institutions. The media used the political and economic events of this time period to reinforce this image. It is not surprising that the

international accounting literature parallels these trends by ridiculing the accounting systems in countries like Russia and China and encouraging them to accept the inevitability of switching over to Western accounting systems to ensure future prosperity. Just as these societies eventually came to the realization that they needed to change their political and economic institutions to be more in line with Western forms, they must also accept the fact that changing their accounting systems must follow a similar path.

Just as the socialist world waned in significance as a potential threat to the West, the Third World emerged as the new enemy that posed a threat to Western peace and prosperity. The Third World became the new problem to be solved by the West. A primary factor lending support to the creation of an image of the Third World as problematic was the political instability in many developing countries during this time period. In 1980 Iran and Iraq began a war that would last eight years and result in numerous deaths. In 1987 the Palestinian fight for autonomy escalated as the Palestinians staged the "Intifada" uprising against Israel in the occupied territories, which would last till 1993. In 1990 Iraq invaded Kuwait claiming it as part of its own territory. There was continued unrest in Lebanon until a peace was brokered in 1991. Violence in Algeria continued to escalate beginning in the year 1992. By the year 1997 100,000 people were killed. In 1994 Ethnic massacres in Rwanda caused half a million deaths. In the same year an anti-Israeli bomb in Buenos Aires killed 90 people while a Jewish settler killed 30 Palestinians in a mosque.

During this time period several acts of violence were committed against Westerners or Western interests which helped reinforce the image of hostility of the Third World toward the West. In 1983, terrorists blew up the American and French

installations in Beirut. In 1995, Palestinian terrorists hijacked the cruise ship Achille Lauro. In 1988 Libyan terrorists blew up a U.S. civilian airliner. In 1994 Algerian terrorists hijacked a French plane.

The time period examined in this research program (1987-1996), and the years immediately prior or subsequent to this period, constitute an era when the West felt increasingly comfortable to flex its military muscle in defense of its interests. In 1981 American and Libyan fighter planes engaged in combat off the coast of Libya. When Argentina occupied the Falkland Islands in 1982, the British sent their navy to restore order and maintain control of the islands. In 1989 the U.S. took a more aggressive role in fighting the Colombian cartels in the drug wars. In the same year the U.S. invaded Panama. In 1991 the U.S. led a coalition of nations to wage war against Iraq and to free Kuwait. In 1994 the U.S. invaded Haiti to restore Aristide to power.

A review of the events listed in the previous paragraphs indicates the increasing prominence of the Third World as a source of problem for the West. It also indicates the increasingly interventionist stance of the West in solving the problem. It is reasonable to assume that the international accounting literature mirrors this treatment of the Third World. The accounting systems of these countries pose a problem to the peace and prosperity of the Western industrialized nations. By not conforming to Western expectations these countries threaten the interests of the West in that they hinder the development of international financial markets and the spread of Western capitalism. In solving these problems the West assumes an increasingly interventionist role as well. The accounting systems of these "other" countries must conform to Western practices in order for the welfare of all global citizens to be maximized. The pressure that is exerted

manifests itself as neutral and value-free. Through such organizations as the IMF and the World Bank and through the force of multinational corporations, Third World countries are coming under increasing pressure to change their accounting systems and adopt those of the more powerful Western nations.

Thus, we see that the international accounting literature mirrors the political events of the time period examined by identifying two enemies or problems of the West – the socialist world and the developing countries. The significance of the former as a problem is waning while the significance of the latter as a potential problem is on the rise. The socialist world should conform to Western accounting practices because of failure of its own systems, just as the economic institutions governed by socialism have crumbled rendering the socialist world an object of ridicule. The developing countries must adopt Western accounting practices because of their own inexperience. Both of these groups of countries pose problems to be solved by the West. The West's interests are threatened in that international harmonization of accounting standards is impeded by their reluctance to change in the desired direction. The West presents itself as the problem solver that is willing to intervene and bring about the ultimate welfare of everyone involved by exerting pressure on the "other" accounting systems to conform. Its position parallels its political stand as policeman of the world willing to use military intervention to bring about peace, maintain the balance of power, and protect the welfare of the international community.

The interpretation of the developments in the international accounting literature resulting from the analysis conducted in this research can be contextualized within a broader framework that overlays the political dimension discussed above with economic,

social and cultural dimensions. The information used in constructing this framework is derived from Castells' (1996-1998) three-volume treatise *The Information Age: Economy, Society and Culture*, which portrays a grand picture of the forces shaping the closing years of this millennium. Reference will be made to the sweeping changes identified by Castells and parallels will be drawn to the trends identified in the international accounting literature.

In the first volume *The Rise of the Network Society* (1996) Castells asserts that we are currently living in an "information age" brought about by the accelerated technological developments in the computer and communications industries. Dominant functions in this age are increasingly organized around networks. These networks constitute the structural blocks of society and determine the interrelated manifestations of production, power, and culture. Presence or absence in the network as well as the positioning of one network versus another can lead to social change and act as a source of domination.

Each network is made up of a series of connected nodes. The type of node depends on the type of network under consideration. For example, there is a global financial network with various stock exchange markets constituting the relevant nodes. If two nodes are within the same network the distance (intensity and frequency of physical, social, economic, political, and cultural flows) is zero (more frequent, more intense), while if two nodes are not within the same network the distance is infinite. Networks are open structures and can expand by addition of new nodes. The possible expansion is limitless. There are switches, which connect various networks. The power holders are those who control the switches.

The network society is a capitalist society, which has two main characteristics: it is global, and it is structured around a network of financial flows. Knowledge generated through information technology is indispensable to the smooth and efficient operation of financial capital. In the network society capital assumes global characteristics while labor remains an individualized element. There is a greater contradiction between the bare logic of capital and cultural values of human experience. Dominant functions, which are organized in the network of flows, stand in sharp contrast to subordinate functions, which are organized in disconnected locales. The eventual outcome of these developments is that the dominant networks of computerized financial flows switch off functions, groups of individuals, and geographic territories deemed to be non-essential.

The grand picture developed by Castells in *The Rise of the Network Society* (1996) finds close parallels in the analysis conducted in this research program and thus provides a suitable contextualization of the findings. The drive to harmonize accounting standards is constitutive of a desire to create a network – a network where the accounting systems of various countries correspond to nodes that are already part of the network or exist outside the network as prospective new nodes. In order for transfer to occur between the nodes in an ideal fashion they must share the same language. Initiatives to encourage developing countries to adopt “international” standards characterize attempts to expand the network by adding new nodes.

The rise of this network (accounting systems) is closely connected to technological developments in the computer and communications industry, forces that have given rise to the network society on a general level. Furthermore, the formation of

an accounting system network is directly linked to the financial flows that have worked to globalize capital through information technology. There are switches, which control the connection between this network of financial flows and the network of accounting systems. The holders of these switches are multinational corporations of advanced countries, which affect peoples' lives around the world by directing capital flows premised upon accounting information. The power holders wish to bring the accounting systems of developing countries into the network while marginalizing the peoples of these countries as non-essential in the decision-making process. By excluding these groups of individuals from the network, the power holders effectively exercise domination through the functioning of the network.

In the second volume *The Power of Identity* (1997) Castells asserts that these emerging global networks of wealth, power, and information cause a crisis of identity. The nation-state, which is bypassed by these processes, tends to lose its capacity to represent its constituencies. This is accompanied by the deterioration and eventual demise of the welfare state brought on by the increasing privatization of public agencies. Removal of these safety nets causes a worsening of living conditions for a majority of people. The individualization of labor contrasted with the networking of capital causes the labor movement to lose steam. Churches lose their influence. Challenges to patriarchalism disturb the transmittance of cultural codes. Political ideologies that are nation-state based lose meaning. As a result of this interrelated process sources of "legitimizing identities" begin to disappear. This results in the disintegration of society as a meaning social system.

What emerges from this breakdown of society is a world made up exclusively of markets, networks, individuals, and organizations driven solely by rational expectations. Various groups and individuals rise up to resist these global flows by championing values of God, nation, and family. Therefore, there is a constant struggle between those powerful elites that are identity-less global individuals claiming to be citizens of the world and the resisters who continue to be attached in various forms to communal identities. These initiatives of resistance give birth to project identities, which aim to reshape a new civil society and a new state. These efforts oppose and try to counter the dominant logic of the network society by leveling their attacks against its three building blocks – space, time, and technology.

In such a system, locations of power become less identifiable. Power circulates in various global networks of wealth, information, and images. It does not disappear, but continues to shape society by dominating its members. Power manifests itself in new codes of information and representations, which influence the creation of institutions, shape peoples' lives and determine their behavior. The sites of struggle and manifestation of power are peoples' minds. This is why identities become increasingly important in these power struggles. They allow resistance to be anchored in some elements of the social fabric from where attacks can be mounted against the codes that construct behavior and institutions. The agencies that aim to bring about change in cultural codes must be symbol mobilizers attempting to subvert the cultural codes framing communication in the network society. These agencies may be divided into two categories. The prophets are those who would give a face and a voice to the insurgents. By giving identity to the resisters, the prophets legitimize their struggles and provide a

possibility for seizing power. The other agency is networking, mirroring yet counteracting the networking logic of domination in the information society. They not only share information, but also act as producers and distributors of cultural codes.

The descriptions above find strong parallels within the analysis conducted in this research program. The loss of sources of legitimizing identities in the network society is strongly reflected in the attack on culture and nationalism within the international accounting literature. Culture and nationalism are seen as impediments or obstacles to the harmonization efforts undertaken to establish uniform accounting systems around the world. Thus, the rise of the “accounting system” network constitutes a verifiable force in the predicted demise of the nation-state and the resulting loss of identity foretold by Castells (1997) and highlighted in the results of the analysis undertaken in this research program.

The locations of power within the accounting system network are increasingly diffused and are effective in creating the image of a world solely made up of financial markets ruled by rational expectations. This treatment is evident in the manner in which the literature builds the argument in favor of harmonization of accounting standards as an eventuality that is rational and of benefit of all participants. Rational expectations are also relied upon to portray opposition to such efforts as illogical and constructing the “other” as incapable of participation in this decision-making process.

It is interesting to note that Castells (1997) identifies peoples’ minds as comprising the battlegrounds or primary sites of power struggles. Intellectual efforts showcased in academic journals are prime example of initiatives to affect peoples’ minds. Therefore, analysis of the academic literature in international accounting constitutes a

significant attempt at understanding the issues put forward and the related interplay of interest and ideology in attempting to control minds. In a sense academicians can be seen as part of the group of identity-less global individuals who claim to function within the bounds of rationality and yet are far removed from the daily lived experiences of accounting practitioners in other countries.

Castells (1997) also identifies the manifestations of power through images and representations that promulgate certain cultural codes with the networks to affect individual behavior. However, resistance is also possible through two particular types of agencies – prophets and networks. The analysis conducted in this thesis has highlighted the manner in which the international accounting literature is implicated in constructing images and representations of the “other” that are infused with interest and advance certain cultural codes within the “accounting system” network. The purpose of this thesis is to function as a “prophet”, a symbol mobilizer, hoping to give a face and a voice to resistance and highlight the importance of cultural formations of identity. Examples of networking as a resistance mechanism can also be found in the accounting realm. Islamic banking is a good illustration of networking among individuals, institutions, and countries to hold on to identities tied to the religious element of social structures. Development of accounting practices based on religious precepts can be viewed as resistance to the rise of the international “accounting system” network.

In the last volume of this treatise entitled *End of Millennium* (1998), Castells provides a summary of the major trends and processes shaping our world as we enter a new millennium and offers some insightful predictions about the future. The most important transformative social changes of the information age are summarized under

three categories. The first trend pertains to the separation of labor into two exclusive camps – those who produce information and those who provide generic, replaceable labor. The second major trend involves the discarding of large segments of individuals, regions, and countries, which are considered non-essential. The third trend is the increasing contrast between the global logic of the dominant networks and the daily-lived experiences of human beings.

Two possible reactions can be expected from the excluded masses. The first reaction is a twisting of the rules of global capitalism set in place by the network society. This alternate system takes on the form of a global criminal economy and its influence will be felt in all spheres of life. The second option is for the excluded to willingly opt out of the global systems set in place by the network society. However, this decision will often be accompanied by violent power struggles due to the interconnectedness of all basic structures of life. These struggles will constitute forceful attempts to assert alternative sets of values.

A set of multilateral institutions such as the International Monetary Fund and World Bank backed by the G-7 countries will assume responsibility for policing the global economy and intervening to uphold the rules of global capitalism. A similar development is forecasted on the political level where institutions such as the United Nations and other regional international institutions will feel compelled to use security alliances such as NATO to enforce decisions in the best interest of global citizens. Security deliberations will be premised upon three grand developments. The first involves continued tension in the Pacific characterized by China's assertion of global power, Japan's national obsession, and reactions from Korea, Indonesia, and India. The

second issue is Russia's resurrection to power, casting off the shackles of humiliation.

Security alignments will be determined by the manner in which Russia becomes integrated into the global system. The third issue involves the development of new means of warfare. Society will become increasingly vulnerable as new technologies become accessible to individuals with strong convictions. This is greatly due to the fact that infrastructure elements of everyday life will become increasingly complex and inter-linked. In the political sphere decision-making will take on a pretentious multilateral face while military implementation will increasingly be unilateral as the United States is recognized as the sole military superpower.

As the institutions of civil society disintegrate and disappear, people become individualized and continue their existence at a distance from the established halls of power. They seek to make sense of their lives through their daily experiences and attempt to build their own sets of values surrounding the family, their only refuge in the turbulent times. Castells (1998) concludes that the twenty-first century will be characterized as informed bewilderment.

Many of the predictions put forward by Castells (1998) are mirrored in the international accounting literature and allow a contextualization of the results derived from the analysis in this research endeavor. The global logic of the international "accounting system" network becomes increasingly removed from the daily, lived experiences of people around the world. As expounded in the analysis the accounting systems develop in various parts of the world to meet the transaction needs of individuals, which are culturally driven. The harmonization drive that encourages developing countries to adopt accounting standards of advanced countries effectively

destroys the ties between accounting systems and local cultures and thus, distances the “accounting system” network from the life experiences of individuals. The “accounting system” network causes certain groups of peoples to be discarded as non-essential by pulling their corresponding accounting systems into the network as new nodes but excluding those involved from determining the language to be shared in the network.

Opting out of the system is one of the two options available for those who are excluded. As Castells (1998) explains this option is not always characterized by a peaceful withdrawal. There is often pressure from multilateral organizations to become part of the network. This type of struggle is evident in the international accounting literature. The decision to maintain accounting systems that reflect local cultural dimensions often comes under pressure from multinational corporations and multilateral organizations such as the International Monetary Fund and the World Bank. By being powerful players in the international network of capital flows (extending financial loans) these organizations encourage developing countries to change their accounting systems to facilitate particular types of development programs. The analysis conducted in this thesis also highlights the manner in which the UN is often implicated in these initiatives by emphasizing the need for developing countries to improve their accounting systems to foster development. In this respect the findings of this research program are in line with Castells’ predictions.

Russia and China, two countries Castells mentions as future political powers, have received a fair deal of attention in the international accounting literature. It is interesting to note that Castells predicts that Russia will emerge from its current state of humiliation. This humiliation is quite evident in the international accounting literature,

which portrays the socialist accounting system as an object of ridicule. How Russia will be integrated into the system of global networks and how its accounting systems will evolve remain to be explored in the literature. China's increasing presence on the economic and political scene is also reflected in the abundance of studies examining the accounting system in this country. There is a manifest need to investigate the varied possibilities of bringing China's accounting system into the global "accounting system" network and to make it understood by the international community. The manner in which this will eventually be accomplished remains to be seen.

In conclusion, the analysis conducted in this thesis is very much in line with the developments outlined by Castells in his explanation of the trends structuring our societies as we move into a new millennium. By espousing international harmonization of accounting standards as a primary objective, the international accounting literature exhibits characteristics that are typical of systems operating in network societies. It is also implicated in the disintegration of the nation state and other cultural sources of legitimizing identities. Thus, such unbridled initiatives may eventually lead to a state of affairs where estranged individuals experience informed bewilderment. What this research endeavor calls for is a greater critical stance on the part of international accounting scholars. It is hoped that the results of this study will encourage greater self-reflectivity and draw attention to the manner in which the academic discourse on international accounting is implicated in broader societal changes.

CHAPTER ELEVEN: CONCLUSION

The analysis conducted in this research endeavor has revealed the preoccupation of the international accounting literature, as exemplified by the two journals examined, with the harmonization of accounting standards. A variety of topics and countries are investigated, uncovering diversity of accounting systems as posing an impediment to the globalization movement. In this light, establishing a uniform set of accounting standards to be employed around the world is presented as an urgent imperative. The analysis of the construction of “other” accounting systems within such a framing of the international accounting discourse unfolded through six major themes (problematic, unimportant, inadequate, irrational, passive, savable). The image that is portrayed of the “other” is infused with issues of interest as evidenced by various ideological strategies employed. The international accounting discourse is implicated with other colonial discourses in furthering the hegemonic nature of Western knowledge and maintaining the power and domination of Western advanced countries over the rest of the world.

A central feature of this ideological construction of “otherness” is assigning fixity to the differentiating characteristics of the West and the non-West. This is primarily achieved by resorting to stereotypical descriptions highlighting what is already known of these other cultures and yet needs to be repeated in the production of international accounting knowledge. This feature of the stereotypical discourse ensures its repeatability over time. Through its hold on claims of truth and predictability it perpetuates processes of domination and marginalization. The discriminatory power that results from such developments in the international accounting literatures allows some countries (advanced nations) to solve the harmonization issue while others (developing

nations) are left out.

Colonial discourses embody a need to place the “other” under the watchful gaze of the dominant power. There is a tendency to glance at the “other” in an act of placing it under surveillance and then turning away in disgust and confirmation of a lack of originality. Then there is an act of glancing back at the dominant power in an affirmation of identity. Bhabha (1994, p. 76) reminds us of Fanon’s experience with the gaze of a white girl that fixes him as something different, and then glancing back at her mother for a sense of identity. “Look, a Negro...Mama, see the Negro! I’m frightened” (Fanon in Bhabha, 1994, p. 76). Such behavior is a factor of racial and cultural stereotypes encountered early in life when a person is taught about white heroes and black villains. Bhabha (1994, p. 76) asserts that such depictions, which are ideologically driven, persist in many aspects of the daily lives of individuals in colonial societies. As such, a significant function of the stereotype is to make the “other” visible and seen.

In like manner the international accounting literature places the accounting systems of other countries under the watchful surveillance of the Western eye. In making the other accounting systems visible and seen, it portrays developing countries as villains that impede the constructive work of the heroes (the advanced nations). In analyzing the manner in which “otherness” is constructed, the first theme (problematic) that emerged portrayed the West as the problem solvers trying to bring about a harmonization of accounting standards that will improve the welfare of all global citizens. The West glances at the “other” and realizes that it is different and fearful. “Their accounting systems are different from ours. If they do not change, they will create an obstacle to our harmonization project. They will jeopardize everyone’s welfare.” The West then

glances back at itself and reaffirms its identity just as the white girl in Fanon's experience glances back at her mother for identification, disavowing the Negroid type. "We, advanced nations, all have similar accounting systems. We are not causing the problem. The developing countries who are different are the ones causing the problem." Thus, the international accounting literature is instrumental in perpetuating the stereotypes upon which colonial discourses revolve to find identity with the positive characteristics of the West and turn away from the negative characteristics of the "other."

The exercise of colonial power occurs within a wide range of the stereotype, which sometimes may contain oppositional elements (love/hate). What is common in all these discursive strategies is a construction or rendering of race/color as something visible in forming the basis of knowledge production. Bhabha (1994, p. 79) agrees with Fanon in asserting that the force of these representations arises from the fact that economics is used as the substructure as well as the superstructure. What this means is that a circular argument is relied upon to give the colonial discourse its uniqueness. The advanced countries are judged as being rich because they are white. In a parallel fashion the advanced countries are white because they are rich.

There are strong traces of such circular reinforcing constructions within the international accounting literature. In the development of theme two (unimportant), economic development is used as the primary yardstick for measuring success and assigning importance to the various parties involved in the harmonization issue. The literature, as examined in this study, builds a close link between the economic development of any country and the degree of sophistication of its accounting system. The circular argument described by Fanon (in Bhabha, 1994, p. 79) can be revised by

replacing the term denoting color with a phrase descriptive of the quality of the accounting system. Advanced countries are rich because they have sophisticated accounting systems. These countries have sophisticated accounting systems because they are rich. The tightness of this construction has a discriminatory effect that excludes the developing countries from participation in the international accounting discourse. By constantly making visible the links between economic development and accounting, the literature emphasizes the need to recognize differences, the perception of which is vital in the construction of the “other” as unimportant.

The function of the stereotype is not to create a false representation of reality in colonial discourses but to lend force to their discriminatory effects using a variety of ambivalent strategies. Through these strategies the “other” is constructed as an object of fear and desire, hate and love, disavowal and acknowledgement mixed in unequal proportions in different situations. There is an expressed need for the “other” but only if it is made to be palatable to the West.

This type of treatment is evident in the international accounting literature examined in this study. The analysis presented in theme three (inadequate) and theme four (irrational) of this thesis uncovered the stereotypical descriptions used in the literature to ascribe all the negative qualities of inferiority and degeneracy to the accounting systems of other countries. In these themes the backwardness of the “other” is set up in stark contrast to the progressiveness of the West. The images constructed through these discursive strategies perpetuate the perceived superiority of the West and its rightful position to pass judgment on the rest of the world.

In colonial discourse skin often becomes a site for making visible the darkness

surrounding certain races. Bhabha (1994, p. 82) uses a description by Fanon in which a white boy looks upon a black man shivering in the cold. The terms used to describe the black man are animal, bad, mean, and ugly, while the white boy is described as handsome. The white boy shivers as well because he believes that the black man is shivering with rage or hatred toward the white boy. He is afraid that the black man will harm him (eat him up).

The international accounting literature is implicated in the propagation of such stereotypical depictions. A country's accounting system replaces color as the site for making visible the darkness surrounding the "other." The white Westerners have good accounting systems, while the non-white "others" have poor accounting systems. While accounting systems constitute the primary site for highlighting differences they are closely tied with other stereotypical descriptions of the cultures of people of different color. This type of construction is elaborated upon in the analysis of theme four (irrational) where characteristics such as unethical, confused, emotional (suspicious, hateful), secretive, and unreliable are ascribed to the "other." These qualities bear a great degree of resemblance to the characteristics used in Fanon's (in Bhabha, 1994, p. 82) description of the white child's encounter with the black man and his ultimate fear that the black man will eat him up. The international accounting literature presents the advanced nations as fearful or worried that accounting systems of developing countries, due to their dissimilarity to Western systems, will harm the West by creating obstacles to the globalization of capital markets and business activities.

A significant function of the stereotype in colonial discourses is to deny the colonized any true sense of identity. As mentioned earlier, it is the site of struggle

between fantasy and defense. There is a search for originality that tends to be shattered by differences in culture. This disavowal of difference turns the colonial subject into an imitation resorting to mimicry of the West, leaving him/her no place to fit in. This type of treatment is evident in the international accounting literature in the development of theme five (passive). The analysis in this theme unfolded the manner in which the literature created an image of the “other” as lacking originality. The portrayal showed other accounting systems as being different yet imitative of the West, lacking initiative, and helplessly in need of the West. This portrayal was accomplished by resorting to stereotypical descriptions of the other cultures as being “collectivist” and consensus driven. Thus, suggesting the impossibility of any initiative on their part for solving any problem especially the accounting harmonization issue. These stereotypical descriptions are simplifications not because they constitute false realities but because they assign fixity to the representation of the “other.”

The mimicry of the West is not frowned upon; indeed, it is actively encouraged by initiatives of the West to mould the “other” into something similar to the West, but not quite. The ambivalent nature of the international accounting discourse becomes evident in the development of theme six (savable) in which other accounting systems are considered to have certain redeeming qualities that can be made fruitful only through initiatives of the West. There is something to be desired in the “other” that renders it redeemable in the sight of the West. It is a similarity that is acknowledged by the West but never fully – a partial similarity.

The judgment is that the colonial subject is not entirely lost but under certain circumstances and through the guidance afforded through colonial domination he/she can

be improved. This type of judgment effectively denies the colonial subject the power of self-determination and legitimizes the authority and domination exercised through colonial relationships. The international accounting literature effectively perpetuates this type of treatment. The accounting systems of other countries, although inferior and inadequate, are considered to be redeemable through the initiatives of the West. The primary mode of redemption is encouraging them to copy the accounting systems employed in advanced nations. Comparability and relevance are important qualitative characteristics of accounting information. Encouraging developing countries to pattern their accounting systems after those in the West enhances comparability on an international level while reducing the relevance of such systems on a local level. The ultimate purpose of any accounting system is to serve the needs of the society within which it is employed. It is driven by the business transactions that are prevalent in a given culture. Therefore, suggestions that developing countries should imitate advanced countries champion a qualitative characteristic (comparability) that is important to others (international investors) while sacrificing a qualitative characteristic (relevance) deemed more important to the local users. These suggestions do not take into consideration the fact that comparability on an international level might also be compromised because the underlying transactions of the various systems are different. This renders comparisons of various accounting systems meaningless reducing relevance to international and local users.

It is important to note that copying the systems of advanced countries does not automatically allow the developing countries to be placed in the same league as them. They are still placed in a different category as “secondary citizens.” Being westernized

(Americanized, Anglicized) is not the same as being accepted as Western (American, English). By claiming to know the native and his accounting system the international accounting literature perpetuates discriminatory forms of political control as appropriate. The West is justified in intervening in the accounting systems of other countries to render them more similar to those in advanced countries. In this process the “other” is made to be more governable and not fully admitted to equal partnership in solving the accounting standard harmonization problem.

This is the eventual outcome of a range of stereotypical strategies employed through the discourse in the production of international accounting knowledge. This ideological formation in the literature allows the West to take upon itself the burden of civilizing the rest of the world and to join hands with other political and economic forces in hierarchization and marginalization of societies. The superiority of the West is held up as it continues to occupy the center in the international accounting literature, while the “others” are assigned an inferior status at the margins never to participate fully in giving direction to this field of inquiry.

Recommendations

The international accounting literature as exemplified by the two journals examined in this research project is implicated in perpetuating the hegemonic nature of Western discourses. The development of international accounting as an academic field is presented as a history of the West and universalizes the dreams and fears of the West in providing direction to this field of inquiry. The stereotypical strategies employed in the literature have the ultimate discriminatory effect of marginalizing the developing world

and maintaining the domination of the advanced countries. This goal of this research endeavor has been to highlight the discursive process through which this ideological formation takes place, thus, providing an initial site for resistance. The grand objective is to begin a process or change that will culminate in the enrichment of this field. To this end a number of recommendations is put forward regarding the forces influencing the processes and outcomes of intellectual labor in international accounting. A host of factors bear upon the production of intellectual material as illustrated in this quotation from Rajan (1997, p. 596) in her discussion of the role of Third World academics.

It is my contention that it is not only the large events and overarching conditions—ethnic conflict, center-periphery hierarchies, migrancy, global capital—but also the lesser but more immediate issues—professional rewards and penalties, institutional sites of pressures and permissions, the disciplinary aspects of “theory”—that govern intellectual labor (Rajan, 1997, p. 596).

The first class of recommendations pertains to the site of the international accounting discourse as examined in this study. Thus, this class of recommendations concerns the “lesser” issues identified in the quotation above and stems from the descriptive background information pertaining to the journals examined in this research program. The hope is that the two journals investigated will exert efforts to internationalize the process through which articles find their way into publication and become part of the knowledge production mechanism. Both journals espouse aims of advancing academic and professional understanding of accounting theory and practice through international perspectives. They claim to encourage a broad view of the origins of accounting theory and its function in a global economy. These descriptions taken from the journals themselves would seem to indicate a broad intended audience, not limited to the West. Yet there are improvements that can be made in the publication process to

enhance a truly international perspective and audience.

The first recommendation pertains to the editorial boards of these journals. In both cases the editorial boards are made up exclusively of members from economically advanced nations and heavily dominated by the representation from the United States. Thus, the acceptance of articles and the determination of what subjects and issues have true “international” implication are seen through the eyes of the West (advanced countries). The contents of the articles and the theoretical frameworks that are considered appropriate for publication would naturally need to conform to characteristics in line with Western expectations of academic literature. If these journals truly aim to reach an international audience they need to take greater initiatives in adopting a truly international screening process. The mixture of cultural backgrounds represented on the editorial board should be as varied as possible. Particular attention should be given to increasing the representation from developing countries. This will be an initial step in assuring a multiplicity of viewpoints in determining what issues are important enough to be brought into the international accounting discourse.

A related aspect of internationalizing the production of academic literature in these two journals is to aggressively pursue a policy, which increases the degree of foreign authorship. As evidenced by the results of this study, a substantial portion of the contributions made to these journals originate in the United States. Furthermore, analysis of the institutional affiliations of the authors reveals that the advanced countries have a heavy hand in structuring this field. Contributions from other countries must be actively sought. Careful consideration should be given to the possibility of accepting submissions in foreign languages, which may then be translated to English.

Co-authorship of articles must be encouraged, especially collaborative efforts between authors from developed and developing countries. A further incentive to increasing the number of collaborative efforts would be to affect the merit system to accord co-authored articles higher status than single-authored articles. Special recognition awards and research grants could be set up for international students studying in Western institutions, as well as students in non-western universities, to conduct research using data from their own (developing) countries. It is reasonable to assume that taking on such initiatives will entail greater financial costs. However, the enrichment of the literature that would come about as a result of such efforts is invaluable. Once again a special attempt should be made to increase the contributions from developing countries. These initiatives will enhance the possibility of a level playing field where the multiplicity of the cultural forces bearing upon the construction of international accounting will be augmented.

The second group of recommendations concerns the “large” events identified by Rajan (1997, p. 596) and stems from the qualitative analysis conducted in this research program. It is believed that the main contribution of this study has been to encourage greater self-reflectivity in the field of international accounting. The results have highlighted the ideological underpinnings and the interplay of interests in constructing the “other” and giving direction to this discipline. As such, the primary recommendation stemming from the analysis is the espousal of a continuous critical evaluation of the developments that structure international accounting as an academic field of inquiry.

It is important to come to the realization that the current state of the international accounting discourse will exert great influence upon the directions this field of discipline

may take in the future. The types of statements made and the consensus derived from them will be built upon and passed on to determine the types of statements to be made in the future. The type of work exhibited in the international accounting journals investigated will affect the direction and tone of future research. The weight of such awareness dictates the interventionist stance of this research endeavor in proposing some recommendations. Fanon (1963, pp. 178-179) identifies three phases in a native intellectual's work of resistance. The first phase bears evidence of assimilation of the culture of the occupying power. The second phase is marked by disturbance, an awareness of what is happening and what could have been. The third phase is the fighting phase is to shake up the people and produce a revolutionary literature. The purpose of the recommendations made in this study is to move the international accounting community into the third phase, to shake it up and bring about change.

The international accounting discourse presents the history of accounting as a history of the West. The world is equated with the West (economically advanced countries). The interpretation of the issues affecting the development of accounting thought and practice is a narrow one primarily affected by the fears and aspirations of the West. A prime objective of this research endeavor is to make visible the unseen and thus move the international accounting discourse to another level. Spivak (in Williams & Chrisman, 1994, pp. 80-81) suggests that a discourse can be moved to a new level by highlighting material, which previously had no perceived importance. This can be accomplished by rendering visible the mechanisms through which the discourse silences certain voices. This process can be initiated by a recommendation to decolonize conceptualizations of "globalization" and "modernity" as driving forces in the

international accounting discourse.

The universalistic qualities ascribed to the globalization paradigm must be stripped away. This does not mean that the international accounting literature must deny that certain aspects of business transaction are increasingly becoming global in nature. However, investigation of accounting systems in a particular setting must examine what particular aspects of business transactions have taken on global qualities pertinent to the region being examined. In other words, globalization must be contextualized. Any suggestion for change regarding a particular accounting system must incorporate a deep discussion of the manner in which that change will affect people's lives and be in line with the "local" global movements. Thus, the emphasis should be removed from globalization as the driving force behind accounting change. Rather, the social needs of a society should be emphasized as the driving force for accounting change in accommodating local trends exhibiting global characteristics.

A related recommendation pertains to the preaching of modernity as the universal road to prosperity. The international accounting literature examined emphasizes the role of accounting in bringing about economic development. The message put forward is that all societies have the potential of becoming like the Western industrialized societies by following their examples. Accounting is portrayed as a tool in achieving this objective. Since this objective is one that all societies should pursue then the conclusion is that Western industrialized societies must have managed to use this tool (accounting) more effectively. Industrialization as embodied in the conceptualization of modernity must not be regarded as an end in and of itself, but rather as a means to an end. As such, other means must be investigated in bringing about social prosperity. Once again, the

alternative means that may be considered viable options should depend on the culture of the region being studied. This treatment will encourage de-emphasizing the West and its path to prosperity as the natural example to follow with regards to accounting.

International accounting research must abandon harmonization of accounting standards as the ultimate goal of such research. This is not to suggest that accounting standard harmonization should not constitute the subject of any study. On the contrary, investigating similarities and differences between accounting systems employed in various settings should continue to be a fruitful area of research. However, the selection of subjects of study should not be guided by an all-consuming goal of achieving the accounting harmonization so desired by Western nations to facilitate their neo-colonial domination of the rest of the world. This change of paradigm will ensure a different treatment of accounting diversity. Instead of differences being regarded as unwanted problems that need to be ironed out, they will be viewed as elements that can contribute to the richness of this field. Examination of harmonization effects will take on a more positive and descriptive tone rather than being declarations that are normative and judgmental.

In situations where accounting standards harmonization does constitute the subject of study, the International Accounting Standards Committee (IASC) must not be held up as the unquestionable authority. Any discussion of this organization must encompass an examination of the relationships of power underlying its activities and pronouncements. Use of the IASC standards in measuring the convergence of accounting systems will be richer and more meaningful if accompanied by careful examinations of the social, political, and historic forces bearing upon that convergence as well as the

forces bearing upon the development of the IASC as a multilateral organization.

Furthermore, the appropriateness of IASC standards must be evaluated on an individual basis taking into consideration the particularities of the country under investigation.

Thus, the standards promulgated by this organization will not be regarded as a set of rules to be fully adopted by various countries but as general guidelines that may be incorporated into the existing accounting systems of these countries. Any such incorporation should result from the initiatives of the country itself according to its own needs and time constraints.

The international accounting literature should take on a more critical and interventionist stance in regards to the IASC. The domination of this organization by representatives of advanced countries should be challenged more vigorously. In particular, the literature should encourage greater representation from developing countries at the higher levels such as the Executive Board. It is only through such initiatives that the international accounting discipline can reduce the role of the IASC as a tool in spreading Western cultural domination. Philip Darby (1997, p. 17) outlines the role of postcolonial critics as that of attacking global structures that may be obstacles to social change due to their entrenched interests. He strongly urges scholars to give more weight to the problems of the Third World rather than merely attempting to change approaches to dealing with them.

In order for the international accounting literature to be truly "international" in flavor it must emphasize the importance of local cultures rather than treating them as obstacles and impediments to the universalizing agenda of the West. There must be an expressed recognition that accounting systems develop in response to the needs of a

society, which to a large extent are determined by culture. It is through cultural consciousness that a society seeks to develop its sense of identity. It is through confidence in identity that a society adapts and evolves in a manner that attempts to maximize the welfare of its members. It is through such a process that a society places itself in a position to make worthwhile contributions on an international scale.

Localization and empowerment need not come through attempts to discover an original culture, but by nurturing all cultural forms as deemed appropriate. Brinker-Gabler (1995, p. 7) describes the process of identity formation through cultural consciousness as an ongoing process that is never complete. A new model is proposed for resisting the repression of "othering", which is a result of modes of representation that perpetuate inequalities and injustice. This model should allow people to investigate the way they have been positioned in particular discourses and devise ways of repositioning themselves.

The final recommendation stems from the preceding one. The international accounting literature should move away from suggestions that developing countries adopt the accounting systems of developed countries purely on the grounds that they are more sophisticated. Emphasizing local culture will empower various societies to decide how their accounting systems should evolve. Developing countries must be allowed to appropriate aspects of the accounting systems of advanced countries rather than being appropriated by those systems. The advanced nations should also be encouraged to look at the systems in developing countries for lessons that may prove useful in improving their systems. Thus, the international development of accounting theory must be enriched by a multiplicity of views rather than being the domain of solely the English-

speaking industrialized countries. Thus, developing countries will become part of the problem solving activity in the international accounting community, equal partners with their Western counterparts, rather than being considered part of the problem.

It is believed that incorporating the recommendations made in this study will truly enrich the international accounting literature. These steps will provide a point of resistance against the hegemonic nature of the production of Western knowledge. Actively pursuing these goals will allow a multiplicity of voices shaping the future direction of this field of inquiry and reduce the discriminatory and marginalizing effects of the current ideological discourse. Edward Said (1979, p. 15) emphasizes the need for intellectual endeavors to articulate the relationships between cultural work and realities of politics and domination. The aim is not to establish a direct link between politics and culture but to determine the nature of the relationship in the historical circumstances of the study. The recommendations that have been made will be instrumental in allowing international accounting scholars to make that connection. It is time for this academic discipline to pull away from perpetuating unequal relationships of power reminiscent of colonial times. As Philip Darby (1997, p. 24) suggests the role of the postcolonial intellectual is to look ahead and consider Third World futures. It believed that the findings of this research will not only illuminate the process by which international accounting has become what it is but will also provide guidance for what might yet be. It is time to put the “international” into international accounting.

The recommendations made in this study will not be complete without a consideration of the close link between the production of academic literature and the institutional practices of centers of higher learning. There is a circular cause and effect

relationship between these two elements that has the potential for profoundly influencing the direction of future developments in this field. The types of articles that graduate students are exposed to in completing their degrees will have a great impact in shaping their views of the world and the types of research they will choose to conduct. In a similar fashion, the views of graduate students and their research preferences will determine to a great extent what material will be available to influence and shape the preference of future generations of scholars. A number of recommendations are in order in light of this self-reinforcing process.

Educational institutions of higher learning should take aggressive measure in increasing cultural diversity among students as well as faculty. This suggestion is valid for universities in advanced countries as well as developing countries. As much as possible, attempts should be made to have cultural backgrounds represented from advanced countries as well as developing countries. Such initiative should have an impact on the multiplicity of views expressed and discussed in any educational setting (class, seminar, debate, discussion group, etc.).

Professors should be encouraged to include a vast array of cultural viewpoints in the instructional material they use. Greater emphasis should be placed on culture as a factor in the production and dissemination of academic knowledge. Reading material for graduate courses should be designed in a manner to incorporate the significance of culture. Students should be made aware of the apparent deficiency in international accounting research expounding cultural underpinnings. Furthermore, they should be encouraged to take on research that examines the interconnected relational aspects of accounting and culture.

Institutions of higher learning should encourage research that involves data from other countries, especially developing countries. This can be achieved by providing financial incentives in the form of awards and research grants designated for research covering particular geographic regions. Institutions in advanced countries should take greater initiatives to establish faculty exchange programs (visiting professors) with universities in developing countries and vice versa. It is reasonable to assume that such initiative will greatly enhance the number of collaborative efforts appearing in international accounting journals stemming from co-operative activities of scholars in advanced regions and developing regions.

Universities in developing countries must seriously consider the manner in which they may be implicated in perpetuating cultural dependence on the West. Attempts must be made to incorporate textbooks that are written and published locally as instructional resource material in the development of curricula. In general, there needs to be a de-emphasis in the selection of candidates with external degrees as having higher qualifications and bringing greater prestige to the university standing. Achieving success in such areas will not be easy and may take a great deal of time since it may be closely tied to deep-seated values held by the general public. However, local universities can be strong forces in shaping these values and bringing about change in the desired direction.

Qualifications

It is important to keep in mind certain characteristics regarding the nature of this study and the results that were obtained. These aspects constitute qualifications and, as such, should not be viewed as limitations.

An essential aspect of this research endeavor was its interpretive stance. The interpretation of the texts that emerged was that of the researcher. It must be recognized that other researchers may arrive at other possible interpretations utilizing other theoretical lenses. No attempt was made to establish the factuality of the interpretation. However, an attempt was made to indicate the plausibility of the interpretation through a postcolonial analysis that examines the social, political, and historical context within which the text functions.

The documents that were analyzed were treated as a block of texts infused with deep meanings. This block was not selected as a sample from some larger population to form some sort of empirical conclusion. No attempt was made to generalize from this set of documents to any larger universe. The researcher recognizes the possibility that another set of documents (from these same journals or other journals) would yield a different interpretation.

It is also important to highlight the fact that some excerpts from the articles examined do exhibit a degree of self-reflectivity and critical evaluation of discursive elements that are “commonly” accepted within international accounting circles. The quotation that appears below indicates recognition of the fact that certain regions of the world are under-represented in the research endeavors of international accounting scholars. Attention is drawn to the gap in the literature pertaining to Third World countries especially those situated in the African continent. This excerpt is valuable in advancing a critical examination of the manner in which importance is assigned in the international accounting literature to various geographic regions as subjects of study.

Many trends in the development of accounting and financial reporting in Francophone Africa unlike in the former British colonies, have received little attention in the works of Anglo-Saxon researchers. This relative neglect, lack of interest, or lukewarm attitude could partly be attributed to linguistic problems, sparse data, nonfamiliarity resulting from difficulty of access to information, and the relatively low level of research activity in these countries themselves. Whatever the reasons, there remains a gap in the literature. Wallace (1990, 43-44) outlines the research agenda for Third World accounting under the heading "Unresolved Issues" as follows: "No comparative analysis of the accounting systems of African countries has been conducted. No study has also been undertaken to compare a typical British colony with a former French colony so as to reveal which of the two imperial countries left a 'better' accounting legacy. 'Better' connotes the system which is more relevant to the country's needs and ability to maintain and administer after the originators have left. Africa provides examples of countries with undiluted colonial experience...There is an urgent need for a deeper understanding of accounting systems in developing countries. This need can be fulfilled by intensive research of those issues peculiar to developing countries...More descriptive studies are needed on various developing countries not reported in the literature...Little has been written on the state of management and social accounting and on the sociology of accountants in these countries." (Elad, 1996, p. 48)

Some excerpts from various articles are critical of the manner in which "otherness" is constructed in the literature. The critical nature of these discursive formations may not be explicitly stated; however, they provide a counter measure to the image that has emerged through the qualitative analysis of depictions within the articles examined. In the quotations that appear below one can recognize an attempt to portray the "other" in positive light indicating the possibility that the West may actually be in a position to learn something from the "other" and incorporate some of its attributes.

The growth of world-wide financial networks and of the reputation of Muslims for trustworthiness and trends toward revitalizing Islamic laws and economics, accompanied by substantial oil revenues have fostered expansion of Islamic banking (Haqiqi & Pomeranz, 1987, p. 153).

In a western profitmaking enterprise, maximization of profit and minimization of loss represent the "bottom line." But Islamic economics is different. As Crane says: "Western economists generally cannot conceive of any measure that extends beyond the material world, whereas Muslims generally cannot conceive of any measure that does not." Zakah, the giving of one's bounty to others, represents one of the pillars of Islam (Haqiqi & Pomeranz, 1987, p. 156).

This financial calculation within Islam demonstrates the practicability of meshing the moral and financial prudential principles which pervade the zakat mechanism. In contrast, Western taxation systems have more secular underpinnings. In part, this may be due to the greater extent to which knowledge and human endeavor have been secularized in non-Islamic countries than in countries where Islamic thought is strong. A virulent outcome of the scientific revolution of the sixteenth century in the Christian world was to exclude God and the idea of divine intervention from the vicissitudes of everyday phenomena in the physical world. For the physical world – God’s creation ‘ was no longer perceived in science to be the center around which all else revolved. Copernicus had seen to that and Galileo had suffered excommunication for professing it. Bacon, Descartes, Newton, and their like-minded contemporaries hammered it home and the Reformation in Europe sealed the issue. In contrast, in Islam, God remains the central focus of all knowledge and economic activity. Paradoxically, physical asset valuation in that context has been resolved in a workable fashion, whereas in the Western world of extreme secularism, it remains the most bitterly contested issue in accounting (Clarke et al., 1996, pp. 206-207).

The discussion of other accounting systems exemplified in the quotations above pertains to those existing in Islamic countries. Once again the “other” is presented as religious as opposed to the West, which is presented as secular. However, in these instances religiosity is presented as a characteristic that is admired and one that should be emulated.

The first two quotations emphasize personality traits of Muslims that stem from their devout religiosity. The first excerpt asserts that Muslims have a reputation for trustworthiness and it is this reputation that is partly responsible for the increasing popularity and expansion of Islamic banking. Although the word “religion” is not mentioned in this context, the reputation for trustworthiness is associated with profession of a certain faith – Islam. The second quotation is critical of Western economic perspectives, which are centered upon the profit incentive and fail to assign any relevance to considerations that go beyond the material world. In this respect, the Muslims who practice Zakah as a form of taxation dictated by Islam are portrayed as generous. They

are not concerned about profit but willingly give of their bounties to others.

The last quotation emphasizes the practicality of accounting based on Islamic precepts as compared to Western practices. The assertion made is that the superiority of Islamic accounting practices stems from the blending of moral and financial principles in such systems. Asset valuation under such circumstances is presented as workable and unproblematic. The opposite case is made for Western accounting systems where asset valuation still remains problematic and contested. Religiosity is presented in a positive light in that the West is criticized for its secularization of knowledge and scientific progress in contrast to Islamic settings where God still holds a central position in deliberations of everyday life. One is led to believe that some of the problems encountered in Western accounting systems may be ameliorated if there were a willingness to learn from the religiosity of the “other.”

What is the effect of these portrayals of the “other?” Although there is a recognized attempt to convince the reader that the West has something to learn the efficacy of such an effort is doubtful. These depictions emphasize the religiosity of the “other” which further enhances the unscientific character ascribed by the West. As outlined in the analysis of this study, the West’s portrayal of the harmonization debate as a scientific issue removes the “other” as potential participant due to its unscientific nature. The quotations that appear above may lend support to this rationalization.

Another group of quotations pass judgment on the accounting systems in other places as inadequate but are more willing to place part of the blame on the shoulders of the advanced countries that interfered with the cultural developments of vast regions of

the world through colonization initiatives. The excerpts that appear below are illustrative of this type of portrayal.

In most developing countries, accounting was introduced not because it was needed for development, but because it was needed to facilitate the accounting and reporting requirements of transnational corporations operating in those countries. The Committee on International Accounting Operations and Education of the American Accounting Association (hereinafter referred to as Committee) in its 1976-78 report, on accounting education and the Third World, states the problem in this manner (committee, p. viii):

"The price that is still being paid for that past subservience, in the form of educational systems cluttered with the relics of colonialism, is less obvious. One of the themes which recurs in the country studies which form the core of this report is the extent to which accounting curricula in those countries which were formerly British colonies, for example, still retain material which never had much relevance to local conditions and has hardly any at all now. Perhaps, one should not be surprised at this situation because we all know how slowly our own curricula in the so-called advanced countries adapt to changing conditions. This intellectual lag is one part of the problems which money alone will not cure." (Tiggos, 1987, p. 384)

The British policy of indirect rule did not interfere with existing indigenous power structures, local customs, authorities of local chiefs and so on, which were instead used to facilitate colonial administration. By contrast, the French pursued an assimilationist policy based on their ambition to create a class of black Frenchmen with values, aspirations, and cognitive styles analogous to those of their metropolitan French counterparts. As Clignet and Foster (1964, 191) point out: "the aim of assimilation is the elimination of parochial cultures and the creation of men who are peers and culturally undifferentiated." (Prather-Stewart, 1995, p. 68)

These excerpts offer the suggestions that part of the blame for the dismal state of accounting in Third World countries lies on the shoulders of the advanced nations. The first quotation indicates that the introduction of accounting into developing countries by economically advanced nations occurred to further the interests of the latter group. It is interesting that the word "subservience" is used in affixing blame rather than "domination." Subservience suggests passivity on the part of the subjugated while domination would indicate force on the part of the aggressor. Thus there is an insinuation that the developing countries are not entirely blameless for the state of their accounting

systems. There still is an expectation of change on the part of the developing countries but their sluggish response is excused by indicating that advanced countries are also slow to change.

The second quotation is rather interesting in that it differentiates between the colonial activities of the British and the French. While the French are portrayed as interventionist, wanting to create “others” in their own image, the British are portrayed as non-interventionist, allowing local cultures to flourish and prosper. This distinction is highly questionable. However, at least there is an admission that colonial activities thwarted local cultures in some manner and thus the accounting systems in these countries are reflections of that thwarting activity. This critical self-reflectivity is commendable.

A final group of quotations is concerned with the manner in which developing countries are to achieve improvements in their accounting systems. These excerpts are skeptical of suggestions that the path to salvation lies in direct imitation of accounting systems of advanced countries. Thus, they allow the developing countries a relative degree of autonomy in determining the best path to follow rather than portraying the Western countries as the only ones capable of saving the developing countries.

Indonesia's current weak educational and professional accounting practices indicate that implanting foreign educational systems and practices en bloc into developing countries is not always practical (Foo, 1988, p. 133).

At the micro level, the nationalistic ego of most countries requires auditing standards to reflect the unique characteristics of the particular country, and environment, and culture. This argument seems to prevail both for developed and developing countries...On the other hand, developing countries are resisting international standards on the grounds that Western practices are not relevant to their own economies. At the macro level, there is pressure from the international financial markets for more uniformity of reporting and auditing (Needles Jr., 1989, p.9).

Despite Malta's limitations due to size, stage of accounting development, and commercial sophistication, the process should follow these stages. Maltese accounting standards should not be reproductions of standards issued abroad under the misguided belief that the country cannot issue better ones, but their issuance should be preceded by research which, although considering foreign studies and conclusions, focuses mainly on local conditions. The local standard-setting authority should commission such research to some specialist body, such as the Faculty of Management Studies at the University of Malta (Francalanza, 1988, pp.176-177).

Funds and expert advice may be given, but the developing countries must determine their own programs to meet their individual needs. Cooperative efforts might bear better results because problems or weaknesses can be identified and efforts directed to solve them. The crux of the matter is to supervise and review progress regularly with the employment of full-time staff, both from the recipient and donor nations working together to meet the objective (Foo, 1988, p.133).

The first quotation questions the desirability of copying the accounting systems of advanced nations without any adjustments to local needs. The weak state of accounting in Indonesia is used as an example to support this argument. However, the excerpt leaves unsaid the desirability of this type of implantation in other settings. Once again, there is an implicit judgment that the accounting system in this country is in need of change.

While recognizing the need for change, the second quotation provides an explanation of the resistance put forward as being a factor of the nationalistic ego of the countries involved. There is no discussion as to whether such resistance is justified or not; however, the developing countries are not singled out as the only ones with ego problems. This argument is extended to the developed countries as well. In so doing, the excerpt allows a sympathetic understanding of the resistance put forward by developing countries toward international standards, which they consider irrelevant to their local settings.

The third quotation is interesting in that it places the initiative of change on the local element - the Maltese people. However, it does not rule out the possibility of

learning from the West in order to bring about the necessary changes. The quotation is critical of the notion that developing countries (Malta in this case) lack the capability to issue sophisticated accounting standards and are forced to reproduce those of advanced countries. The fourth quotation follows in the footsteps of the third one in that the main initiative for change is placed in the hands of the developing country. However, once again there is an explicit statement of the possibility of advice and guidance from the advanced countries. These excerpts are illuminating in that they emphasize local needs and portray the developing countries as the ones who are accorded the responsibility of determining their own destinies rather being passive objects of the saving efforts of the advanced nations.

It is worth noting that the quotations highlighted in this section provide a qualifying counter-measure to the major themes uncovered in the qualitative analysis conducted in this thesis. They constitute a qualification in that they do not fit into the pattern of themes identified and analyzed. They help strengthen the conclusion and recommendations of this research program in that they represent a critical, self-reflective stance toward the literature as purposed by this research program.

Suggestions for Future Research

Varying some of the dimensions of the research strategies employed can complement the results of the current study. One possibility is to examine a different time period covered by the same two journals, or a different time period covered by either one of the journals. The results of such an investigation would greatly enrich the findings of the current research by highlighting possible changes in the major themes covered in

these journals and establishing trends in the construction of “other” in these publications.

Another possibility is to examine the articles appearing during the same time period but published in other international accounting journals. An alternative would be to look at articles that have international implications within accounting journals in general. The feasibility of such studies may be an inhibiting factor but the results would provide great insight in comparison to those obtained in this research program. Applying a postcolonial analysis to other articles appearing during the same time period would prove valuable in allowing a wealth of interpretation regarding the forces shaping and giving direction to the development of international accounting as an academic discipline.

It would be interesting to conduct an interpretive analysis of the same set of documents (same journals, same time period) but varying the theoretical framework or the methodology. For example, one may wish to employ a postcolonial lens but use a semiotic approach to investigate the deep meaning behind various signs and symbols used in the international accounting literature. The results of such a study would provide further enrichment and deeper meaning to the results of the current analysis. The current research program identified the harmonization of accounting standards as the primary problem addressed by the literature and investigated the construction of the “other” in light of this problem. It is possible that employing a different theoretical lens or different methodology would cause other major themes to surface in conjunction with the ones examined in this study or in different directions. Some of these themes may revolve around discussions of various kinds of models such as planning models, costing models, taxation models, etc.

One may wish to complement the results of the current study by providing a cross-disciplinary perspective. This would mean that the researcher may choose to utilize the same theoretical lens (postcolonialism) to examine the construction of “otherness” in a related field such as international human resource management during the same time period investigated by this current study. The object of such a program would be to determine if such an interpretation would identify similar forces shaping the development of international human resource management as an academic field of inquiry. Such an interpretation would provide greater insight in the social, historical, and political forces exerting influence upon intellectual work in academics during this time period.

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APPENDIX A

Table 1

The Hierarchical System of Colonialist Binaries

WEST	NON-WEST
Active	Passive
Center	Margin/Periphery
Civilized	Primitive/Savage
Colonizer	Colonized
Developed	Backward/Undeveloped/Underdeveloped/ Developing
Fullness/Plenitude/Completeness	Lack/Inadequacy/Incompleteness
Historical (People with History)	Ahistorical (People without History)
The Liberated	The Savable
Masculine	Feminine/Effeminate
Modern	Archaic
Nation	Tribe
Occidental	Oriental
Scientific	Superstitious
Secular	Non-Secular
Subject	Object
Superior	Inferior
The Vanguard	The Led
White	Black/Brown/Yellow

Source: Anshuman et al. (1997).

APPENDIX B**TABLE 2****INTERNATIONAL JOURNAL OF ACCOUNTING EDUCATION AND RESEARCH
COUNTRY CONCENTRATION**

Country	# of articles
United States	118.75
UK	12.92
Hong Kong	12.75
Australia	12.50
Canada	10.67
New Zealand	10.17
Singapore	5.00
Japan	4.50
Belgium	2.83
Netherlands	2.50
Egypt	2.00
China	2.00
Spain	1.58
Germany	1.50
Israel	1.50
Zimbabwe	1.00
Indonesia	1.00
Turkey	1.00
France	1.00
India	1.00
Malta	1.00
Sweden	1.00
Finland	1.00
Saudi Arabia	1.00
Nigeria	1.00
Korea	1.00
Brazil	0.67
Italy	0.50
Jordan	0.50
Guatemala	0.50
Taiwan	0.33
Mexico	0.33

APPENDIX B**TABLE 3****ADVANCES IN INTERNATIONAL ACCOUNTING
COUNTRY CONCENTRATION**

Country	# of articles
US	80.04
Canada	13.33
UK	7.75
Netherlands	6.00
Australia	5.50
New Zealand	5.37
Japan	3.00
Nigeria	3.00
Hong Kong	2.25
Bahrain	2.00
China	2.00
Finland	2.00
Oman	1.50
Korea	1.33
France	1.20
Singapore	1.00
Saudi Arabia	1.00
Sweden	1.00
Germany	1.00
Belgium	1.00
Greece	1.00
Spain	1.00
Afghanistan	0.50
Sudan	0.50
Malaysia	0.33
Kuwait	0.20
Italy	0.20

APPENDIX C**TABLE 4**

**INTERNATIONAL JOURNAL OF ACCOUNTING EDUCATION AND RESEARCH
INSTITUTIONAL AFFILIATION CONCENTRATION
PARTIAL LIST, SCORES >1**

Educational Institution	Country	#of articles
Chinese University of Hong Kong	Hong Kong	6.25
University of South Carolina	USA	4.83
Massey University	New Zealand	4.50
City University of Hong Kong	Hong Kong	3.50
Drexel University	USA	3.00
University of Exeter	UK	3.00
National University of Singapore	Singapore	2.67
University of Notre Dame	USA	2.67
Boston University	USA	2.50
City Polytechnic of Hong Kong	Hong Kong	2.50
Texas A & M University	USA	2.50
University of Saskatchewan	Canada	2.50
Victoria University	New Zealand	2.50
Wayne State University	USA	2.50
Nanyang Technological Institute	Singapore	2.33
University of Newcastle	Australia	2.17
American University of Cairo	Egypt	2.00
DePaul University	USA	2.00
Middle Tennessee State University	USA	2.00
Rutgers University	USA	2.00
Tawson State University	USA	2.00
University of California	USA	2.00
University of Lowell	USA	2.00
University of North Florida	USA	2.00
Vrije Universiteit	Netherlands	2.00
University of Leeds	UK	1.75
University of Houston	USA	1.67
University of Western Sydney	Australia	1.67
Virginia Commonwealth University	USA	1.67
Australian National University	Australia	1.50
Boston College	USA	1.50

		346
Case Western Reserve University	USA	1.50
Fordham University	USA	1.50
Oakland University	USA	1.50
Oregon State University	USA	1.50
Southern Illinois University	USA	1.50
University of Otago	New Zealand	1.50
University of Richmond	USA	1.50
University of Wales	UK	1.50
Georgetown University	USA	1.33
Kennesaw State University	USA	1.33
Trinity University	USA	1.33
University of Nevada	USA	1.25
University of Central Lancashire	UK	1.17
University of Georgia	USA	1.17

APPENDIX C**TABLE 5**

**ADVANCES IN INTERNATIONAL ACCOUNTING
INSTITUTIONAL AFFILIATION CONCENTRATION
PARTIAL LIST, SCORES >1**

Educational Institution	Country	# of articles
Florida International University	USA	8.50
University of Illinois	USA	7.20
University of South Carolina	USA	4.83
University of Amsterdam	Netherlands	4.00
University of Notre Dame	USA	3.67
Massey University	New Zealand	3.37
John Carrol University	USA	3.33
Concordia University	Canada	3.00
East Carolina University	USA	3.00
University of Houston	USA	2.67
Georgia Institute of Technology	USA	2.50
Drexel University	USA	2.00
Gerogetown University	USA	2.00
University of Bahrain	Bahrain	2.00
University of Ibadan	Nigeria	2.00
University of North Texas	USA	2.00
Cleveland State University	USA	1.83
University of Saskatchewan	Canada	1.75
Texas A & M University	USA	1.50
University of Nebraska	USA	1.50
University of Quebec	Canada	1.50
California State University	USA	1.33
University of Newcastle	Australia	1.33
Bowling Green State University	USA	1.17
Ohio University	USA	1.17
University of Hawaii	USA	1.17
Virginia Commonwealth University	USA	1.17

APPENDIX D**TABLE 6**

**INTERNATIONAL JOURNAL OF ACCOUNTING EDUCATION AND RESEARCH
AUTHORSHIP CONCENTRATION
PARTIAL LIST, SCORES >1**

Author	Country	# of articles
Doupnik, Timothy S.	USA	3.33
Ndubizu, Gordian	USA	2.50
Needles, Belverd E. Jr.	USA	2.33
Borkowski, Susan C.	USA	2.00
Farag, Shawki M.	Egypt	2.00
Hagigi, Moshe	USA	2.00
McGuinness, Paul	Hong Kong	2.00
Perera, M. H. B.	New Zealand	1.83
Ahadiat, Nasrollah	USA	1.50
Gray, Sidney J.	UK	1.50
Kirsch, Robert J.	USA	1.50
Mak, Y. T.	Singapore	1.50
McEnroe, John E.	USA	1.50
Rezaee, Zabihollah	USA	1.50
Schweikart, James A.	USA	1.50
Tsui, Judy	Hong Kong	1.50
Fekrat, M. Ali	USA	1.33
Foo, See Liang	Singapore	1.33
Hermanson, Dana R.	USA	1.33
Simon, Daniel T.	USA	1.33

APPENDIX D**TABLE 7****ADVANCES IN INTERNATIONAL ACCOUNTING****AUTHORSHIP CONCENTRATION****PARTIAL LIST, SCORES >1**

Author	Country	# of articles
Doupnik, Timothy S.	USA	4.33
Most, Kenneth S.	USA	4.00
Belkaoui, Ahmed	USA	3.53
Van Offeren, Dick H.	Netherlands	3.00
Bloom, Robert	USA	2.67
Pomeranz, Felix	USA	2.50
Ariyo, Ademola	Nigeria	2.00
Fekrat, M. Ali	USA	2.00
Ndubizu, Gordian	USA	2.00
Takao, Horiji	Japan	2.00
Troberg, Pontus Henrik	Finland	2.00
Fuglister, Jayne	USA	1.83
Perera, M. H. B.	New Zealand	1.83
Fortin, Anne	Canada	1.50
Rueschhoff, Norlin G.	USA	1.50
Lindsay, Daryl	Canada	1.25

APPENDIX E**TABLE 8****ADVANCES IN INTERNATIONAL ACCOUNTING
COLLABORATIVE EFFORTS**

# of Authors	# of Articles
Articles Written by 1 Author	78
Articles Written by 2 Authors	49
Articles Written by 3 Authors	16
Articles Written by 4 Authors	2
Total	145
Articles Representing Joint Efforts By Developed and Developing Countries	10

TABLE 9**INTERNATIONAL JOURNAL OF ACCOUNTING EDUCATION AND RESEARCH
COLLABORATIVE EFFORTS**

# of Authors	# of Articles
Articles Written by 1 Author	73
Articles Written by 2 Authors	98
Articles Written by 3 Authors	36
Articles Written by 4 Authors	6
Articles Written by 5 Authors	2
Total	215
Articles Representing Joint Efforts By Developed and Developing Countries	21

APPENDIX F

THEME ONE: PROBLEMATIC

In a world of increasing interdependence with pervasive economic activities across national boundaries, harmonization of accounting and auditing standards is urgently needed (Han, 1993, p. 149).

Users of English-language international bank financial reports need to exercise caution when reviewing these reports since they: 1) originate in different languages; 2) are based on different sets of accounting measurement and disclosure standards; and 3) reflect different cultural standards for business practices and business ethics.

Comparability in measurement and disclosure standards for inter-national banks is important to ensure that depositors, investors, and borrowers can adequately assess a bank's efficiency, risk, and operating practices (Schroeder & Gobson, 1994, p. 122).

The accounting and auditing environment varies from country to country. Financial statements, particularly from large international corporations, may be utilized by foreign investors not fully cognizant of these international variations (Jones & Karbhari, 1996, p. 130).

Globalization of business operations has placed new demand on the accounting education profession (Stout et al, 1988, p. 150).

As the world's businesses adopt a more international perspective, the accounting profession has an increased responsibility to provide consistent financial information to international users. Although international accounting and auditing standard setting bodies exist, their existence does not necessarily ensure that all business practices will be viewed similarly by members of the accounting profession from different national cultures. In particular, their own national culture may have a significant impact on the way members of the accounting profession perceive ethical situations (Karnes et al, 1989, p. 30).

The economy in which U.S. companies operate is increasingly becoming a world economy. Twenty-five years ago the company that had foreign operations was rare and such operations were generally limited to large corporations. A majority of large U.S. companies today have foreign operations as do many small and medium-sized companies. One of the problems that arise in this situation is how to evaluate managers of foreign subsidiaries (Tearney & Baridwan, 1989, p. 251).

Understanding of international similarities and differences in the audit services market is important because of the increasingly global nature of business and the worldwide scope of the services and quality standards advertised by large international accounting firms (Walker & Johnson, 1996, p. 1).

The international aspects of accounting issue a global challenge: not just to researcher in the United States but also to those in Europe, the Middle East, Africa, Russia, China, Japan, Asia, Australia, South America and elsewhere.

In a world of growing international relationships of a political, social and especially economic nature, it has become imperative to incorporate an international perspective into accounting: not as a supplement to but as an integral part of our thinking, our research, our teaching, and our practice (Gray, 1989, p. 291).

We will present a summarization of the evolution of Chinese accounting in order to enhance its understanding by world accounting and business, and to promote the advancement of international accounting (Zhijun, 1988, p. 100).

This study seeks to collect data from U.S.-based internal auditors who have experience in performing audits in multiple countries for their MNCs. To the extent that experienced auditors' perceptions of the factors impacting audit quality accurately reflect a comprehensive set of cross-cultural attitudinal variables existing

in other countries, a proper clustering of countries based on the multidimensional variables can be generated (Lampe & Sutton, 1992, p. 229).

...given the impact of firm size on foreign investment, U.S. and Canadian policy makers should recognize that, even with efforts to improve "formal" Mexican financial reporting, special attention should be directed at assessing and addressing the availability to foreign investors of financial information on smaller Mexican firms (Hazera, 1996, p. 190).

At the micro level, the nationalistic ego of most countries requires auditing standards to reflect the unique characteristics of the particular country, and environment, and culture. This argument seems to prevail both for developed and developing countries...On the other hand, developing countries are resisting international standards on the grounds that Western practices are not relevant to their own economies. At the macro level, there is pressure from the international financial markets for more uniformity of reporting and auditing (Needles Jr., 1989, p. 9).

On the one hand, the home country wants control over MNC's resources sent abroad, to ensure efficiency and profit; on the other hand, the host nation wishes to control MNC's operations, to serve the interests of its national goals. This conflict of interest is exacerbated by the presence of growing nationalism and the absence of generally accepted international laws governing the operations of MNCs and their relations with host countries (Hosseini & Rezaee, 1990, p. 44).

Contrasting legal systems and providers of finance, the influence of taxation the relative strength of the accounting profession, and nationalism may account for the slow progress of accounting harmonization (Tang, 1994, p. 147).

The most important qualitative characteristics of useful accounting information, external information in particular, are truthfulness and comparability. These basic qualitative characteristics of accounting information are emphasized all over the world (Zhijun, 1988, p. 105-106).

The assumption that national culture presents an impediment to the adoption of international standards of accounting and financial reporting finds its counterpart in debates on human rights. There, we find a split between those countries which proclaim the universality of human rights and those countries (notably Asian and African) which insist that human rights are subject to cultural, national, and even political interests, leading to the conclusion that human rights may be determined by government (Most, 1994, P. 5).

Nationalism in the context of harmonization refers to standard-setting agencies in the various countries attempting to maintain independence and sovereignty relative to the drafting of accounting standards. While the problem of nationalism should not be under-estimated, we do not believe this presents quite as serious a problem as might have been the case of generation ago. The continuing growth in international trade, cross-border financing and, in particular, the growing power and importance of multinational firms contribute to the need for increasing interdependence and cooperation. Newer developments may be even more important. The emergence of the European Community (EC), the end of the Cold War, and the dissolution of the Soviet Union may lead to greater cooperation among national standard-setting bodies, even though they still maintain independence and autonomy (Wolk & Heaston, 1992, p. 107-108).

THEME TWO: UNIMPORTANT

Accounting appears as a major associate of economic growth as it provides the information links needed for the efficient functioning of the investment, trade, fiscal, and monetary forces in the economy (Riahi-Belkaoui, 1995, p. 95).

Though the great majority of member countries of IASC and IFAC have cognate accounting and auditing practices, there are some countries with differences arising from a variety of reasons. Some are due to the

consequences of history; others are the result of their divergent stages of political and economic development. In many cases, the differences arise out of tax laws. The accounting standards of a country often correlate with its standard of education and its stage of economic development. Hence, a few countries have a modicum of accounting standards. Each country tends to set its own standards to meet its own needs. Inertia to change impedes the process of harmonization (Han, 1993, p. 151).

Singapore and Indonesia are both classified as developing nations; however, due to cultural, political, and historical accounting graduates produced. For example, despite Indonesia's large population of 170 million, it has only approximately 4,000 registered accountants compared with more than 5,000 registered accountants in Singapore, which as a population of only slightly more than 2.5 million...According to Enthoven, accounting systems operate within the socioeconomic framework and need to be in tune with it. The desired accounting educational pattern to be followed must consider economic aims and means (Foo, 1988, p. 125).

The reasons for adopting a system that largely mirrors that of the United States are readily apparent. With the United States being a major world power with arguably the most developed accounting system of any country, it perhaps provides an obvious example to follow. Any such tendency is reinforced both by demands of international agencies such as the World Bank for financial statements to be based upon U.S. GAAP and by the need for companies to follow U.S. GAAP if they wish to trade their shares in the United States (Roberts et al, 1995, p. 215).

Modernization theory is positive and optimistic in that it sees no reason why all countries, including today's poorer countries, cannot repeat the successful developmental strategies and experiences of Western industrialized countries (Kick and Sharda 1986) (Larson & Kenny, 1996, p. 8). **USE IN THEME 2**

Dean (1988) suggested that any definition of "developing countries" would be problematic. Indeed, various definitions are in use. Historically, the euphemism "developing" was introduced in the United Nations, to replace the less polite expressions of "backward" and "underdeveloped" with respect to a group of countries that were the concern of UN donor members (Higgins 1968, 22). But even as early as 1949, when this term first appeared in official documents, a group of experts appointed then by the UN Secretary-General recognized that there was already difficulty in interpreting it (United Nations 1949). "Developing Countries" were then operationally defined as a synonym for "poor countries," those whose per capita real income was low when compared with that of the United States, Canada, Australia, and Western Europe (Chan & Khumawala, 1993, p. 321).

The literature of development economics suggests that the primary objective of developing countries is to achieve economic development through the best possible use of available scarce resources and that foreign direct investments can contribute to the attainment of this objective if the social benefits of such investments exceed the social costs (Rahman, 1990, p. 89).

The United States is selected for study because of the international dominance of its audit firms. Taiwan was paired to the United States because the latter is its dominant trading partner. Because the United States exerts extensive influence over Taiwan's financial markets and institutions, the transferability of audit technologies between them is likely to be a major concern (Chow & Hwang, 1994, p. 218-219).

It is worthwhile to compare the market for audit services in these countries – Hong Kong, Singapore, and Malaysia – because the dynamic growth displayed by the economies of the Pacific Rim countries in recent years makes them a potentially important market for both domestic and international audit firms. Understanding the similarities and differences between these markets and those of more developed nations should increase our knowledge of the increasingly interdependent world economy as it relates to accounting (Simon et al, 1992, p. 235).

We consider this project important because of the increased prominence of the KSE in the global investment community. At the end of 1989, the KSE was the tenth largest exchange in the world in terms

of market capitalization....In our view, the Korean capital market, supported by one of the fastest-growing economies in the world, will provide an attractive investment opportunity to North American investors and will play a major role in the evolution of a global financial market (Spagnola & Brannan, 1994, p. 47).

Scholars of accounting history have observed and frequently asserted that the practice of accounting and the development of its techniques and related reports have been closely interwoven with the political and economic developments in various countries. Such assertion is invariably validated by empirical evidence. However, for the purposes of this paper an attempt is made to abstract from the specific country experience by linking accounting responses to economic conditions and changes affecting two groups of countries: the industrial market economies and the developing countries. Such an attempt may provide an appropriate basis for understanding accounting developments over the past few decades and identifying the main trends which are expected to prevail in the 1990s – the last decade of this century (Farag, 1991, p. 243).

THEME THREE: INADEQUATE

Parry and Groves noted that the number of professionally qualified accountants is insufficient to provide them for all large industrial enterprises in Bangladesh. Only a limited number of enterprises employ professionally qualified accountants; the rest manage with some part-qualified or unqualified accountants (Ahmed & Nicholls, 1994, p. 66).

There are unavoidable problems, challenges, and responsibilities associated with maturity, and coming of age. The auditing profession in Nigeria has recently encountered difficulties and problems that have threatened its very existence and survival. (Okike, 1994, p. 82).

When the accounting profession is considered, it becomes apparent that the use of accounting standards may be inappropriate, at least until current training initiatives have borne fruit. Traditionally, accountants have been trained primarily to simply follow the UAR and have not been trained to apply professional judgment in producing figures that reflect economic reality. In addition, there is a very severe shortage of professionally trained accountants. This means that they are unlikely to be able to adequately cope with a system that requires them to exert professional judgment (Roberts et al, 1995, p. 216).

The French system may also be more appropriate to the level of accounting skill currently available in Poland (see Wallace and Briston 1993) in that Polish accountants have traditionally been trained to simply follow detailed instructions and are, at present, unlikely to be able to cope adequately with a system that requires them to exert professional judgment (Adams & McMillan, 1997, p. 160).

The United Nations has drawn attention to the inadequate state today of accounting in the Third World (*Journal of Accountancy* 1993). The accounting and auditing standards of developing countries are said to be far behind those of the United States and Europe. For example, in nearly half the nations of Africa, the accounting profession is virtually nonexistent, there is no certification process, little accounting education, and few or no accounting texts. Some, including the chairman of the UN Intergovernmental Working Group of Experts for International Standards of Accounting and Reporting, have seen in this a rallying cry to action (Most, 1994, p. 9-10).

THEME 4: IRRATIONAL

In addition, Taiwanese capital markets historically have been loosely regulated. The lack of regulation has resulted in speculative Taiwanese business owners also contributes to a reluctance to release detailed

trading based on factors unrelated to company fundamentals. These factors have all contributed to a general lack of supply and demand for financial reporting (Graham & Wang, 1995, p. 150).

Could such cultural issues, such as respect for seniors, a general mistrust of foreign influence and power, the desire to avoid direct confrontation and research agreeable compromises, as well as the concept of "saving face", create issues that go well beyond the standard research formulations of questions of audit judgment? Closely held businesses are reluctant to publish external financial reports either because they do not require external financing or because financing requirements are met by other closely held family businesses. The conservatism of consensus and skill in applying and interpreting audit results. Within the general society, it is reported that unpopular or confusing regulations may sometimes be simply ignored. There is a long-standing saying in the Southeastern provinces: "The heavens are high, and the Emperor is far away," meaning a general sense of freedom from the "rules" in these regions. Nevertheless, there is an overall cultural respect for and obedience to near-by authority. This is particularly evident in family matters and the immediate work environment. Family business relationships are very common, often leading to the subordination of individual interests to meet overall family goals and needs. Will the historical trait of only doing business with individuals where a personal relationship has been established impact a profession that has struggled in Western society to guard its perceived independence? What issues of training or supervision should be recognized as a result of cultural and societal attitudes? Are there issues that relate to the historical isolation or independence of some provinces that could influence audit judgment, teamwork and performance? Research can be effective in identifying issues that will advance the profession's importance and image in the developing economy. Respect and obedience for nearby authority, but eager to slack off when authority is removed, suspicious of foreigners and stranger. These factors can all culminate in considerable time-constrained stress in an industry already awash in talent shortages, complexity, and rapid change (Graham, 1996, 27).

The political system of modern India was modelled after the British example. However, it must function within a nation whose culture, social/economic structure and societal values differ dramatically from those which produced the parliament of Westminster. While legislators are becoming more issue oriented, the population as a whole still has a very low sense of political efficacy. Traditional approaches such as the caste, personal contacts, bribery, kinship, and community ties are still used to accomplish personal and political tasks, rather than through organized, democratic mechanisms. The confrontation of traditional modes of action with a westernized government establishment has resulted in a compromising political environment that must cope with the worst features of two value systems (Kochanek 1974, 42-3) (Chan & Khumawala, 1993, p. 323).

The conceptual foundation of accounting in China differs from the United States

1. China's economic system is socialist.
2. Many fiscal procedures derive from China's past affiliation with communist Russia;
3. China's business is conducted more on the basis of personal relationships than written contracts and statutory codes; and China does not suffer U.S. generally accepted accounting principles (GAAP) overload (Taussig et al, 1994, p. 30).

Some Chinese accounting peculiarities can be explained by cultural factors. Business in China relies more on honour, trust, and personal relation, than on written contracts and statutory regulations. Chinese say "rely on people rather than law" (Li 1989). Due to the absence of a national code of accounting, inconsistencies across firms exist in practice. Central government promulgations often are interpreted at times by provincial agencies (Taussig et al, 1994, p. 33).

UNETHICAL

I did not know how much had been written on the subject of corruption until I read the impressive bibliography presented at the end of the Gould and Amaro-Reyes study. The authors recognized that...measures to improve administrative performance may prove ineffective if corruption be permitted to

run rampant. They claim that administrative productivity, effectiveness and efficiency can be undermined by corruption, and improvements in management capabilities may be similar negated by its attendant effects (Gould and Amaro-Reyes, 1983, p. 2) (Dominguez, 1988, p. 282).

This is an illustration of the Nigerian cultural factor. If Ani's assertion is correct, this indicates that at very high level in the Nigerian scene matters of crucial importance to the future of the country can be manipulated in the hands of politicians and civil servants (see Gormley, 1985). Documents drafted by the Law Reform Commission, and confirmed by the Assembly and the AFRC, miraculously feature extraneous and undiscussed provisions at the final printing stage. However, CAMD 1990 carried the "offending" provision, and for one year before its repeal, the auditors and client companies experimented with its requirement. What ensued from the experimentation was chaos and indeterminacy and this probably hastened its demise.

Before discussing the first year's experience of this provision, it is also necessary to discuss briefly the other curious (albeit short-lived) provisions (Okike, 1994, p. 84).

Again, however, many companies spent a great deal of executive time and expense to prepare contract proposals, to pursue lengthy negotiations, and to provide detailed product information. In surveying many of the companies, a concern voiced by some was that they had been used as a sounding board for Soviet negotiators who then tried to obtain more favorable prices from the company's competitors (Hoyt & Legault, 1987, p. 264).

By far the most serious limitation in the application of the SMC has arisen from the use of government indices for monetary correction purposes, beginning with the Readjustable National Treasury Obligation (ORTN) index (Doupnik et al, 1995, p. 304).

Conceptual problems with SMC not identified by Brazilians but by foreigners. For the first time in the history of the SMC, an index compiled by a non-governmental organization, and therefore not subject to government manipulation, was prescribed for monetary correction (Doupnik et al, 1995, p. 306).

Expansion of the auditing techniques used, and concepts, such as the risk-oriented approach to audit planning, applied in practice can assist greatly in the development of the new skills and perspectives needed to address the increasing risks from fraud and corruption that plague many enterprises and are a source of criticism to the profession. (Graham, 1996, p. 28).

...people considered tax revenue as wasted by a corrupt government and, therefore, regarded it as morally justifiable to pay as little tax as possible (Aguirre & Hagigi, 1987, p. 177)

Because tax law does not allow consolidation, all legal entities are treated separately. Thus, firms are sometimes motivated to divide themselves into several legal entities according to their functional components.....These subunits of one economic entity can potentially report different transfer prices in such a way to minimize tax payments

A significant number of transactions are not recorded in the books, despite governmental efforts to the contrary. Doing business by means of invoices costs an additional 7 percent in value-added tax (VAT) (Aguirre & Hagigi, 1987, p. 178)

...certain companies might report economically meaningless figures. For example, the authors found four companies in the same group that report exactly the same amount of accounts receivable (A483,000) on their balance sheet. The four statements are signed by the same CPA and by the same corporate executive officer (Aguirre & Hagigi, 1987, p. 179)

A significant portion of such debt is either directly or indirectly supplied by the owner (or a bank or financiera). This is done in most cases to generate interest deductions for tax purposes whenever the marginal tax rates of the owner and the company are different...Especially in the rural areas, it is difficult to verify a company's payroll. This enables many employers to inflate their company's reported payroll to benefit from tax deductions (Aguirre & Hagigi, 1987, p. 180)

To determine why managements may wish to influence improperly auditors, the author examined the correlation between income reported and the related audit opinions. Assuming that a management wishes to report high earnings (good news), management might be tempted to use accounting methods which are not generally accepted, if income falls from the expected level...In general, management will "pay the price" of a qualified opinion to present a healthy picture of the company (Schweikart & O'Connor, 1989, p. 80).

Successful firms are usually not held to their financial plans, but as Kontorovich and Shlapentokh noted, the irony is that the "successful" enterprises are often those which find ways of getting around the inflexibility of the planned system (Ref. 13, p. 43). Thus, accounting for the enterprise manager has become as much a tool of deception as it is a method of information communication to central planners (Shama & McMahan, 1990, p. 162).

The problems of the uniform regulation of financial reports in China appear to be inevitable. Due to the contradictory situation of a decentralized economy and centralized accounting regulations, many accounting manipulations, sometimes called "creative accounting", are practiced (Lefebvre & Lin, 1990, p. 177)

The amount and the periods of amortization of these expenses are not restricted. Firms can amortize more "Deferred Charges" when the income in that period is high or amortize less when the profit is low. This account becomes the income "Smoothing" account and quite often is subject to managerial manipulation. Another manipulation account is "Accrued Expense". It is the account of "Fund Sources" or liabilities of the balance sheet. In fact, this is similar to a contingent liability. It is used to record the future expenses expected to occur but actually not paid. For example, warrants, fixed assets overhaul expense, interest expense, etc. It is often used to adjust the target costs. If the actual cost of the product is low, enterprises use this account to "increase" expenses in order to reduce the profit or vice versa (Lefebvre & Lin, 1990, p. 178)

Since there is no clear requirement of consistency, firms can choose one method in one period and another method in another period, depending on management's perception of the firm's profitability. All the above examples of creative manipulations are not rare in China. These kinds of manipulation cause the financial information users, except (maybe) the government, to disregard the accounting information as "inaccurate and irrelevant". The costly uniform regulations can not stop manipulations (Lefebvre & Lin, 1990, p. 179).

Another problem noted by some respondents is the unethical behavior of many accountants and auditors (e.g., compromising accounting and auditing standards for self-benefit). As a result, accounting reports of companies, in particular small businesses are not viewed as credible (Akathaporn et al, 1993, p. 265).

When compared to other professions, the accounting profession is not perceived to be prestigious profession in Thailand. The major contributing factors are the low usage of accounting information in making business and economic decisions, unsophisticated Thai accounting systems, and questionable behavior of many accountants and auditors. As a result, the accounting profession has not been able to attract a high number of qualified individuals (Akathaporn et al, 1993, p. 265).

A notable feature of corporate accounts in Hong Kong is the relatively high incidence rate of extraordinary items. The recurring nature of these items, across time and firms, suggests patterns of usage that belies the description or prefix "extraordinary" (Lynn & McGuinness, 1995, p. 62).

This again is indicative of a high incidence rate in Eis and, more importantly, indicates a greater propensity, on the part of Hong Kong firms, to adjust their earnings through Eis when compared to firms in the United States (Lynn & McGuinness, 1995, p. 64).

Congress enacted the 1977 FCPA with the understanding that bribery by business officials was per se unethical and detrimental to American business. Despite the fact that bribery is simply a way of doing

business in many countries, and that by restricting American companies in this fashion, Congress was providing foreign companies (whose countries were less concerned as to the morality of bribery) with export incentives and an opportunity to edge out American companies in many situations. As was indicated at hearings on the original FCPA, Congress believed that bribery (a) tainted the credibility of American business operations and the principles of free enterprise in general; b) caused embarrassment with allies and foes alike; c) created foreign policy difficulties; and d) generally tarnished the world's image of the U.S.A (Reinstein & Spalding, 1991, p. 19).

Ostensibly, the major reason for the restatement of fixed assets prior to 1964 was to provide firms with a more realistic basis for the calculation of excess profits. The true objective is somewhat ambiguous, however, because the restatement amount was itself subject to a tax. The national legislature apparently realized that a surtax levied on inflation-induced profits was damaging, but was not willing to reduce an important source of revenue (Doupnik, 1987, p. 113).

Manipulation of the ORTN index (by the government) was the problem most cited and considered most grievous by the interview subjects (Doupnik, 1987, p. 129).

Some cultures tolerate theft as a form of alternative compensation for workers who are low on the wage scale (Okopny, 1991, p. 255).

The case of Iran reflects the cyclical nature of corruption/reform/corruption; perhaps more significantly, the Iranian experience may point to possible solutions to the corruption problem via grass roots monitoring, and increases in the numbers of accounting professionals (Pomeranz, 1991, p. 266-267).

The same action constrained by one culture may be approved by another. For example, lying to or misleading a U.S. auditor is approved action in some Eastern cultures while eating with the right hand would be unacceptable (Lampe & Sutton, 1992, p. 217).

A study of the Salvadorean central bank by a "Big Six" auditing firm found that Salvadorean businessmen were illegally circumventing rules on the use of foreign exchange (Pomeranz, 1991, p. 269).

In a 1987 speech, Leon Febres Cordero, then Constitutional President of the Republic of Ecuador, identified corruption as a great problem confronting his country and commented on the paralysing effect on democratic institutions. He issued a challenge to his audience of accountants: deal with corruption before crisis dimensions are reached...An article about the flight of capital from Mexico provides a sweeping description of bureaucratic corruption: "There is....plenty of outright graft in converting dollars borrowed by government projects into private wealth. The actual pathways are endless: phony intermediary companies that recontract with foreign suppliers... and take a hefty spread; importers who get permits to purchase foreign exchange for imports that either never get bought or are wildly overinvoiced; developers who get public loans for projects that don't exist; local 'consultants' who are paid by U.S. suppliers in New York dollar accounts, and so on" (Henry 1986, p. 22) (Pomeranz, 1994, p. 254).

The greater the degree of difficulty in English communications with auditees, the lesser the ability to efficiently obtain audit evidence with the degree of confidence needed to attain the audit competency objective. In addition to the pure language barrier, auditors perceived that auditees used nonEnglish language excuses to intentionally withhold information even to the extent of misleading the auditor. This attitude was interrelated with the dimension considered second in importance – deviation from Western philosophy (Lampe & Sutton, 1992, 229-230).

CONFUSED

Where the regulations are completely new, they tend instead to be far less detailed than those promulgated by the IASC. This can be seen in particular in the area of consolidated accounts where the regulations say little more than "consolidation is required where relevant." Likewise, the rules for leased assets and intangible assets, including positive goodwill, are extremely sketchy. This, coupled with the detailed

regulations that exist in other areas, means that the current regulations are a somewhat strange mixture of rules allowing no discretion in some areas but virtually complete discretion in other areas. This position is obviously far from ideal, and is an intermediate position reflecting a partial move from the UAR to a more Western-oriented system. Given this, the question that needs to be answered is: what form should the next trench of accounting reforms take? (Roberts et al, 1995, p. 211-212).

As far as we are aware, their respective arguments, which have long been described separately mainly in their own publications, have never been examined and compared together although this is probably the most sensitive current issue in Chinese public accountancy. Probably because of its sensitiveness, officials and academicians are not willing to touch upon this issue. However, although it is controversial to attempt to explore this issue in depth, it must be confronted in the interest of the profession as a whole (Macve & Liu, 1995, p. 51).

Many contradictions appear in some AP governments' decisions to attract foreign investments on one hand and to prevent being "robbed" by ITP manipulations of the investors on the other. The problem is that these two policies are intertwined. To attract foreign investment, many Asian countries offer some preferential policies. These preferential policies in turn provide incentives for MNEs to "rob" the host countries through the tax saving mechanism of ITP manipulations (Lin et al, 1993, p. 54).

The comparison between Spain and Britain is of further interest in that the two countries seem to represent quite polar extremes in terms of audit expectations. In Britain, the audit expectations gap has persistently highlighted the extent to which auditors are not meeting the expectations of recipients of the audit service. In contrast, in Spain, in both professional, governmental and academic circles, the issue of audit expectations has tended to be discussed in much more positive terms: as a necessary, essential element in the development of a modern democracy; and as function promising to provide much, rather than something not seen as delivering its promises. This contrast is made more intriguing given the considerable involvement in Spain of the same multinational accountancy firms whose practices have been regarded as not meeting auditing expectations in Britain (Benau et al, 1993, p. 282).

As far as we are aware, their respective arguments, which have long been described separately mainly in their own publications, have never been examined and compared together although this is probably the most sensitive current issue in Chinese public accountancy. Probably because of its sensitiveness, officials and academicians are not willing to touch upon this issue. However, although it is controversial to attempt to explore this issue in depth, it must be confronted in the interest of the profession as a whole (Macve & Liu, 1995, p. 51).

Based on the relevant articles, the strongest argument from the public finance sector is that "governmental auditing" (i.e. state auditing) and "non-governmental auditing" (i.e., public auditing) should be clearly distinguished from each other. Auditing firms, which are labeled as having "blindly developed," are criticized and even viciously attacked on the grounds that the auditing firms sponsored by state audit departments have obscured the division between public auditing and governmental auditing...A further argument from the public finance sector is that CPAs are a world-wide recognized profession, and their reports enjoy high international authority. Accounting firms composed of CPAs are thus in line with international conventions and practice, while auditing firms are peculiar to China. Gu (1991, p.4) wrote an article to introduce CPA matters when the Chinese Vice-Premier visited Shanghai and expressed his concern of the "CPA cause" in early 1991. Gu wrote that in foreign countries only CPAs exist in the sphere of public auditing, therefore they do not have the problem of the conflicts and confusions which exist between accounting firms and other firms (e.g. auditing firms and other similar firms) in China. Hu (1991) and Zheng (1991, p. 33) for example, judge that the audit of joint ventures with both Chinese and foreign investment by the state audit departments or auditing firms is not in line with international conventions; Zheng even asserts that doing so is not beneficial to the introduction of foreign capital (Macve & Liu, 1995, p. 52).

One observation of our visit is the apparent shortage of printed official documents, including the recently enacted accounting "conceptual framework" document or the individual accounting standards being

considered in the "exposure" process. This difficulty in communication contributes to the differing quotations we received in August of 1994 of the number of draft accounting standards then currently on exposure: twenty-one, twenty-seven and thirty-three. Undoubtedly there was some confusion between those standards that were currently in place or in exposure, and those about to be released or in some stage of development (Graham, 1996, p. 27).

Users in the long run will find that the principles of financial analysis, adapted to the Chinese environment, can assist in identifying the "long-term" value of an enterprise, which may help stabilize the erratic, sometimes casino-like domestic Chinese stock market. Effective research on user needs may assist in matching the growing sophistication of different investors for more and better reporting and disclosure without overwhelming users with too much information (Graham, 1996, p. 28).

The state of bankruptcy is rare; a State subsidy to failing enterprises was and is still more common. While the going concern concept is explicitly written into the new accounting law, what is not well understood is the non-going concern concept. No equivalent of the US Chapter 11 Bankruptcy laws exist as yet, and the State has often chosen to support floundering entities with loans or subsidies for fear that unemployment or social unrest could result (Graham, 1996, p. 30).

To obtain these bonuses, enterprise managers throughout the Soviet bloc entered plan outputs well below what they expected to achieve and plan inputs well above what they needed (Nove, 1977; Segal, 1980). Lenin (1924) boasted, "the accounting and control necessary...have been simplified to the extraordinarily simple operations...of supervising and recording, knowledge of the four rules of arithmetic and issuing the appropriate receipts." (Donleavy, 1987, p. 86)

Given the importance of cash management, it seems that corporations in Korea and Japan do not give the proper amount of attention to cash flows (Kim et al, 1991, p. 111).

Adding to the confusion as to which authority has ultimate power to regulate is the fact that location is not the deciding factor. An enterprise or a given factory can be ministry affiliated, province affiliated, city affiliated, or even country affiliated, usually related to the size and significance of the enterprise (Hu & Marts, 1991, p. 145).

Unlike other frameworks, ASBE provides little discussion on user information needs. Three groups of users are identified: 1) the government, 2) management, and 3) other relevant parties. The objectives of financial accounting and reporting are to meet the information needs of these three groups. An inference can be made from chapter 9 of ASBE concerning financial statements that a general purpose reporting approach is required; that is, the same set of financial statements should be provided for all the three groups. However, possible differences among the information needs of these groups are not acknowledged and, therefore, it is unclear just how these different requirements can be met (Xiao et al, 1995, p. 190).

The focus on Cameroon is justified in several respects. Cameroon has aptly been described as "Africa in miniature" not only from geographical, sociological, or historical viewpoints but also from an accounting perspective (Joseph 1977; Delesalle 1987). As the only country in Africa which uses both French and English as official languages, and with a strong bilingual heritage, modern Cameroon has had to battle with the arduous task of harmonizing and integrating the French and the British educational, legal, administrative, and accounting systems (Elad and Gray 1991). These systems are also the main institutional influences underwriting the different configurations of accounting traditions in Africa (United Nations 1990). It is, therefore, likely that the backdrops of French and British colonialism may have distorted or swamped the indigenous values of Cameroonian accountants who trained under the two imperial systems, given that France and Britain lie in opposite quadrants of the graph in Figure 3 (Elad, 1996, p. 55).

RELIGIOUS

The criterion of social goodness is the degree to which it can help its individuals to prosper and develop their potential. Morality rests on the principle of the fear of God's displeasure and the sense of responsibility to God. Individuals with Islamic beliefs might find it difficult to establish a system that is responsible for the collective welfare of others (Hagigi & Hubbard, 1988, p. 153).

The lack of case precedent is an Islamic influence because interpretation rests on the Koran and the sayings of the Prophet Mohammed, not on interpretations of these sources (Hagigi & Hubbard, 1988, p. 154).

The Islamic influence may have its impact through the use of straight-line depreciation as the only acceptable method. This approach seems a pragmatic reflection of the structure of society. Material possessions last only so many years; they are not consumed more in the first year than in the second, and so forth; rather, things deteriorate at a steady rate (Hagigi & Hubbard, 1988, p. 156).

Islamic banking operations are not limited to Arab soil, or Islamic countries, but are spreading throughout the world. One reason is the "growing trend toward transcending national boundaries, and unifying Muslims into a political and economic entity that could have a significant impact on the pattern of world trade... Since Muslims are inclined to follow Islamic traditions, there is a tendency to establish an Islamic economic system in every Islamic nation..." (Abdel-Magid, p. 81) (Haqiqi & Pomeranz, 1987, p. 155).

The conflict which arises between endeavours to evaluate employees under a merit system, and time-honoured desires for religio-political loyalty continues to be prevalent in Iran's civil service (Pomeranz, 1991, p. 266).

A levy on periodic income is the principal source of public finance in most Western economies with Judeo-Christian underpinnings. The process involved separates secular precepts from religious and moral precepts. In contrast, Islamic economies have steadfastly pursued a levy on wealth, zakat, in which religious, ethical, and moral precepts are linked explicitly to the Islamic theory of public finance (Clarke et al, 1996, p. 195).

IDEOLOGICAL

Soviet writers frequently refer to the chief bookkeeper as a state inspector, and indeed, he is often characterized as "the all-seeing eye of the state administration," ensuring that the enterprise's management does not violate the constraints imposed by the higher planning authorities within which the enterprise is required to function while simultaneously fulfilling the requirements of the state plan (AlNajjar, 1991, p. 54).

As in some European countries, accounting regulations in China are prescribed centrally by the government. The Chinese professional accounting body, the China Accounting Society, only acts as a consultant agency. It does not have decision-making authority. Accounting regulations are published by the Ministry of Finance in the name of the State Council. The current regulations fully reflect the control style of the socialist state--the government as owner (Lefebvre & Lin, 1990, p. 171).

Firstly, public auditing firms in capitalist countries mainly serve the private economy and they are in themselves privately owned; while our Chinese social auditing mainly serves the socialist economy based on public ownership, and social auditing firms are state-owned institutional units. Secondly, in capitalist countries, public auditing has nothing to do with state auditing, while in China social auditing, state auditing and internal auditing constitute an entire and complete auditing structure (network). Thirdly, in capitalist countries, profit-making is the purpose of public auditing firms, and their services are intended to earn high income; while in China, social auditing serves the development of the planned commodity

economy, and charging fees or services is intended to recover costs to make the activity self-sustaining (Macve & Liu, 1995, p. 52).

What is really different and may bring China closer to realizing its economic potential is China's creation of a unique "socialist-market" economy wherein investors are invited to bring their capital, technology, and management skills to the table to create a "partnership" with the People's Republic of China. It is a long way for a culture to travel from the philosophy of "from each according to their ability, to each according to their need" to Paramount Leader Deng Xiaoping's concept: "To get rich is glorious." However the consensus is that current trends are now "unstoppable"....Because the current trends involve deep ideological issues (moving from a Communist, centrally planned economy to a more market based economy) and cultural changes (moving from a rural to a more urban society), there needs to be some structure to the change, lest the turmoil witnessed in the breakup of the Soviet Union be repeated (Graham, 1996, p. 20).

Unlike the western role of accounting in providing business communication and management information, in China, accounting has served the historical role of data gathering and compliance reporting. In response to the emergence of China into the international economic marketplace, new accounting standards are under development to meet the expanded needs of business and other financial statement users (Graham, 1996, p. 21).

At an early stage of the New China, traditional opinion emphasized the technical aspect of accounting, a technical methodology using special symbols and numbers, as well as some specific rules, which could be used in all countries. But in the mid-1950s, owing to the introduction of Soviet accounting theory, most academics and practitioners turned to a "class" view, that accounting is an ideology that would only serve the ruling class's interest in a given society. This meant that there would be a clear distinction between socialist accounting and capitalistic accounting. However, both of these two extremes have been criticized and reevaluated and a "dual nature" view has emerged recently (Zhijun, 1988, p. 107).

Since accounting practice cannot be separated from its environment, a part of the basic principles will mainly reflect the specific requirements or demands of a certain social, political and economic system, which give direction to accounting practices in a particular environment. They may be called the "Directive Basic Principles" only applicable to a given society; for example, the principles of "legitimacy" and "politicization" in socialist countries (Zhijun, 1988, p. 108-109).

Accounting in China has a very long history. Both accounting and auditing systems were highly developed, at least as regards the recording of economic and financial transactions, more than 2,000 years ago. Indeed, the emergence of the first form of accounting can be traced back to the Shang Dynasty (1500-1000 BC). However, accounting failed to develop rapidly after this, partly due to China's history of political instability and partly because of the Chinese culture (Tang et al. 1994). Confucianism, with its pro-agriculture, anticommence bias, has been a very important influence in China. Under this philosophy, peasants were considered the producers of wealth, providing both food and other essential raw materials, while merchants were regarded as nonproductive parasites. Accounting, being a commercial activity, was therefore ascribed a low status. Following the foundation of the Peoples' Republic of China (PRC), Confucianism was heavily criticized as a feudal philosophy although it still had a significant influence on the Chinese culture. This attitude toward accounting was reenforced by Marxism, which has a similar anticommercial bias, being based upon a belief that wealth is created only through production activities, with most service activities, including accounting, being excluded from wealth creation (Roberts et al, 1995, p. 203-204).

The development of ASBE was guided by three principles (China 1992): 1) the standards should be adapted to a socialist market economy and an economic structure where many forms of ownership exist but the public ownership occupies a dominant position; 2) the standard setting should draw upon foreign accounting theory, international conventions, and China's own practices, as well as being as close to international accounting standards as possible; and 3) the standards should be in harmony with fiscal and taxation rules while maintaining the independence of accounting standards (Xiao et al, 1995, p. 179).

It is interesting to note that the word “capital” appears in ASBE, whereas previously it was prohibited ideologically. In the meantime, a great many concepts under UASs (some of which would normally appear in public sector accounting) have been invalidated, such as specific purpose funds, fixed funds, current funds, and so on (Xiao et al, 1995, p. 184).

...the Soviets expected to obtain Most Favored Nation status and were already committed in many instances when this project was blocked by the U.S. Congress in 1974 (Hoyt, 1983). This would account for the lack of convincing evidence for choosing companies with higher liquidity ratings. It might also suggest that a less favorable liquidity position was desirable because the companies could be expected to secure government guaranteed through Eximbank (Hoyt & Legault, 1987, p. 277).

While it is clear that the combinations of R&D, size, liquidity, net worth, and debt provide helpful classifications about the nature of the Soviet choice of U.S. firms in East-West trade, their meaning is not unambiguous. Undoubtedly, political considerations color in part the decisions that are taken (Hoyt & Legault, 1987, p. 278)

Previously accounting was regarded as a tool to provide data for national planning (Zhijun, 1988, p. 100).

Stalin forced leading accounting scholars from public life, banning their works and closing all accounting associations and journals. “The consequence was an accounting crisis and radical reorganization of accounting on new, Soviet principles....the European connection that linked accounting in Russia with accounting in a wider world was severed” (Ref.6,p.31). As a result, Soviet accounting was never able to develop independently of the state. It has evolved as little more than a tool of control, conformity and authority. It is subject to the Plan (Shama & McMahan, 1990, p. 160-161).

For perestroika to be successful in these area, however, the paralyzing grip of central planning and control must be broken. This will require a radical shift in perspective for the Soviets – a shift from decision-making at the macro, national level to decision-making at the micro,enterprise level, from a collective orientation towards individual and personal responsibility, from a centrally planned economy to an open, free-market economy (Shama & McMahan, 1990, p. 167).

It was, however, argued that in the long run, it may not be practical or sensible to simply copy or imitate the western system of management accounting. Because management accounting, as accounting in general, is seen in China not just as a set of techniques and methods but a theoretical system and a set of approaches in which socioeconomic, cultural and ideological factors may play an important role (Bromwich & Wang, 1991, p. 61).

Fortunately, in China, unlike in the USSR (at least in the past), the concept of management accounting is not held to be ‘permeated with untoward ideological connotations’ just because it originated among the leading industrial corporations of the most advanced capitalist economies. This does not mean, on the other hand, that Chinese management accounting will blindly follow the western system. Given the above analysis, it would seem reasonable to expect that the Chinese system of management accounting will be developed by assimilating both elements of western approaches and also of Chinese experiences in this field (Bromwich & Wang, 1991, p. 62).

Prior to 1965, Soviet industry was encouraged to produce as much of everything as possible with the resources provided. Incentives and evaluations of enterprise performance were related almost entirely to the “gross output index” and cost reduction. The use of this partial success indicator in evaluating enterprise performance had resulted over the years in considerable losses to the Soviet economy, in build-ups of unwanted inventories and goods of low quality, and in disincentive to new product development (Nove, 1956, p. 21). In order to eliminate these problems, the government introduced the Economic Reform Law in 1965. This law reintroduced the concepts of profit and profitability in measuring and valuing enterprise performance. It was also considered an attempt to combat the “partial success indicator myopia” that afflicted Soviet industry for almost half a century (AlNajjar, 1991, p. 45-46).

Once again history plays a part here. Since enterprises historically were, and most still are, State owned, State credit was always by definition "good", and bad debt provisions were/are generally unnecessary. There seems to be a "go-slow" attitude toward change that is reflected in the broadening of the Chinese principles to accommodate the expectations of business partners from more advanced nations. P. 30 Slow in adopting change, unjustified and blind belief in the State, in need of accommodating business partners from more advanced nations (Graham, 1996, p. 30).

In recent years, economic cooperation and cross investments between AP countries and regions have expanded very rapidly. Newly industrialized countries, such as Japan, South Korea, Taiwan, and Hong Kong, invested greatly in LDC countries, such as China, Thailand, Indonesia, and the Philippines.....Section 3 discusses the possible disadvantages for the local governments when ITP is practiced. We discuss the situations when the local governments wish to be "robbed" and do not wish to be "robbed". p. 50 In summary, ITP manipulation is the result of the exploitation of the related country environmental differences and internal management considerations. The existing environments in AP countries are conducive to sustaining manipulative ITP practices. With the use of accounting techniques, ITP can be an important factor in this area (Lin et al, 1993, p. 57).

There were growing doubts among the Chinese academics and regulators that the Chinese accounting principles and regulations, which were shaped in the 1950s under the strong influence of the Russian model, were able to provide a true and fair view of the financial position and results of an enterprise. A fundamental reform of the accounting system had been suggested to accommodate economic reform and a more market-oriented economic system. All these changes in attitude are important to create a climate suitable for fundamental changes in accounting regulations and practices (Tang, 1994, p. 155).

The difference between the two Chinas--ROC and the People's Republic of China (PROC)--are best reflected in their economic development. The ideology of national development of Dr. Sun Yat-sen, who ended the Chin Dynasty and is widely recognized as the founder of the modern China, is consistently followed in Taiwan (Gregor et al. 1981, 13). Sun's philosophy of state intervention in development maintained that all matters that could not be taken up by private concerns and those with monopolistic characters should be taken up as national undertakings. (Gregor et al. 1981, 20) (Chang & Khumawala, 1993, p. 326).

EMOTIONAL

As described above, most of the accounting principles included in the EAS are very similar to those included in the IASC Framework (IASC 1993), although there are also some important differences....the interpretation accorded to the concept of prudence is also quite different. This is a new and controversial concept for Chinese accounting. According to the EAS, the "principle of prudence should be followed in reasonably determining the possible loss and expense" (Article 18). However, the applications of this principle in the EAS are greatly restricted. The reasons for this are twofold. First, prudence had always been regarded as a feature of capitalist accounting which could be used systematically by management to manipulate profits and thus exploit the workers. As such, criticisms of the concept of prudence are found in nearly all Chinese accounting textbooks. Second, prudence tends to result in a reduction in reported profits and corporate taxes, which are based upon reported profits (Roberts et al, 1995, p. 207-208).

In addition, there are political ramifications of specifying what accounting ought to be doing in developing countries, connected with the wave of nationalism in such countries and their continuing distrust of the intentions of developed countries, particularly where a colonial relationship has existed in the past, Seidler (1969, p. 37) underscores this point: "Often more troublesome than legal problems is a form of nationalism which might be labeled 'Fiscal Ethnocentrism.' Although the power of the former colonialists to control directly the government structure of most of the developing countries has largely disappeared, suspicions of their ability and desire to continue to manipulate control are strong. There appears to be a distinct tendency, in certain instances, for the developing countries to reject ideas coming from the developed

countries simply because of their historical origins." (Tipgos, 1987, p. 387-389).

UNRELIABLE

The degree of deviation by an auditee from adherence to Western philosophy was perceived to be directly correlated with problems in maintaining a necessary level of understanding and relationship between auditor and auditee. For example, several common behaviors in U.S. culture are considered offensive and/or insulting in Eastern culture (e.g., showing the soles of your shoes while sitting in a meeting, pointing at a person, etc.). Further, simply selecting the audit team becomes much more important as a gray-haired male will immediately command respect while a female will tend to receive little, if any, respect. In general, failure to understand and comply with such cross-cultural differences is likely to result in a less effective and less efficient audit. The greater the deviation from Western philosophy, the greater the difficulty for U.S. auditors to complete a quality audit (Lampe & Sutton, 1992, p. 229).

DELUSIONAL

World-system theory and dependency theory have roots in both Marxist and fascist ideologies (Chirot and Hall 1982). That being the case, their solutions to the problem of poor economic development differ markedly from those promoted by modernization theorists. Rather than interaction and imitation as prescribed by modernization theorists, world-system theorists argue that developing countries should close themselves off from the world and independently industrialize and develop through the uniting of their people for this great task. World-system theory espouses an isolationist notion that a country can be built (or rebuilt) from the inside without interaction with the outside (generally, capitalist) world. Solutions, then, rest upon programs of internal reforms rather than on altering the nature of world trade, although some world-system theorists also advance the idea of international solidarity with other Third World countries (Webster 1990) (Larson & Kenny, 1996, p. 11).

THEME 5: PASSIVE

But foreign investment eventually made Chinese regulators understand that changes are necessary. The attitude of the Chinese people towards Western accounting practices has gradually changed. Some western principles and concepts, e.g. conservatism, the lower of cost and value, and accelerated depreciation methods, were no longer criticized. People in China realized that if foreign investment is essential and crucial for the modernization of the Chinese economy, accounting differences should not be an obstacle (Tang, 1994, p. 155).

There are also cultural issues that encourage an attitude of separateness and independence between the provinces. English, while now taught extensively, is still not readily understood in oral communication or spoken. Interestingly, however, the Shanghai University of finance and Economics has instituted English as the official classroom language for its accounting courses and also uses Western accounting textbooks. Leading American universities, such as Rutgers University in New Jersey, have formed strategic alliances with Chinese businesses and universities to provide Western educational programs and cultural exchanges for businessmen and students (Graham, 1996, p. 32).

To some degree Islamic banks have adopted US type accounting principles. Despite the differing philosophy, the success of individual banks is still measured by profits (Haqiqi & Pomeranz, 1987, p. 158).

Erik Trolle-Schulz Managing Director of IBS (Islamic Banking System International) said, "Our pilot bank is operating in the strictest banking environment in Europe; our success will open the doors to the EEC for other Islamic banks" ("Islamic Banking: A Crisis of Credibility," p. 13). This stems partly from the fact

that IBI has to submit significant transactions to Danish authority (Haqiqi & Pomeranz, 1987, p. 162-163).

Three factors identified in East-West trade studies which could serve as Eastern motivations in the choice of Western partners are technology, credit, and political leverage...The technology relationship seems fairly straightforward, an unambiguous confirmation of the intent to purchase Western technology (Hoyt & Legault, 1987, p.275-276).

The author states that the "Americanization" of accounting in Mexico is probably due to absence of written accounting principles in Mexico prior to 1969 and the presence of major US accounting firms. Different from the FASB, the commission is a committee of the Mexican Institute of Public Accountants. As was the case for SFAS 33, the Mexican Standard B-7 was considered part of an experimental, evolutionary process (Rivera, 1987, p. 291).

In recent years, there has been tremendous interest in improving the accounting profession in Third World countries, and studies have been made to identify the best possible means of transferring advanced accounting knowledge to these countries (Tipgos, 1987, p. 384).

In this way, the procedures and methods of enterprise accounting in China have been expanded significantly, blazing new trails to effective and efficient accounting procedures such as shift-group accounting, analysis of operating performance and economic responsibility system, etc., and also introducing, digesting and popularizing a set of effective approaches and managerial accounting procedures used in Western countries, including cost-volume-profit analysis, variable budgeting, fund accounting, and so on (Zhijun, 1988, p. 102).

Standards should first of all be developed to meet the needs of the individual countries; however international and regional organizations can be extremely helpful in assisting in this design (Enthoven, 1988, p. 218).

For many years the United Nations has been active in public sector financial management. Its role in this area has been mostly one of providing technical assistance to developing countries (Dean, 1988, p. 232).

According to Wesberry other Western Hemisphere countries have devised their professional auditing standards in large degree based upon those of the U.S. If this is true then the similarities found in the UN study are not really indicative of principles and concepts that are accepted internationally. Can the presence of similarities be explained by dominating international influences which have been present (Dean, 1988, p 239-241).

There is no professional accounting body in the USSR, and therefore there are no regulations, rules, standards, or any form of recommendations issued or introduced by the profession. In fact, a profession as such plays no role in accounting development and there are no public accountants. Accountants have no right to use judgment in carrying out their daily work. The regulations must be followed strictly. This was not the case before the 1917 October Revolution, when accountants played an important role in society (AlNajjar, 1991, p. 44).

On the whole, Soviet uniform accounting has served the nation in facilitating the main Soviet achievement, namely, conversion of the Soviet Union from a predominantly agrarian nation to an industrial world power. On the other hand, the current collapse of the Soviet economy goes unprotected by an adaptable accounting profession. (AlNajjar, 1991, p. 49).

Given the fact the government have historically not promoted their own accounting and auditing functions, it is obvious that there are significant obstacles in the path of initiating and operating accounting controls over public expenditure, and, more specifically, auditable records based on systems of accrual accounting. This observation is borne out by the experience of the World Bank, the International Labour Office, and other organizations which have made efforts over the years to improve accounting in developing countries

(Most, 1991, p. 245).

The government of Singapore in 1966 established an accounting program at the University of Singapore, and imported a foreign academic to design it, in order to increase production of accounting professionals, which had previously depended largely on accounting firms (Most, 1991, p. 245).

English-speaking professional accountancy bodies have taken the plunge and, over the last several years, begun the slow painful process of developing standards for public sector accountability reporting (Peursem & Partt, 1992, p. 290).

A casual observation of the annual reports of corporations domiciled in different jurisdictions leads to the conclusion that a degree of harmonization is in fact taking place. Not only do the English language versions of the annual reports of companies in non-English language countries resemble those of their English-language counterparts; a similar phenomenon can be seen from their home country language reports. Whether this harmonization is a function of international accounting standard-setting, a flattering imitation of United States annual reporting, or simply the result of a consistent approach by managers and accountants trying to improve their financial statements, is an unresearched question. Nor is it clear whether the degree of comparability observed is spurious, concealing differences of substance behind a facade of form (Doost and Ligon 1986) (Most, 1993, p. 10-11).

The political system of modern India was modelled after the British example. However, it must function within a nation whose culture, social/economic structure and societal values differ dramatically from those which produced the parliament of Westminster. While legislators are becoming more issue oriented, the population as a whole still has a very low sense of political efficacy. Traditional approaches such as the caste, personal contacts, bribery, kinship, and community ties are still used to accomplish personal and political tasks, rather than through organized, democratic mechanisms. The confrontation of traditional modes of action with a westernized government establishment has resulted in a compromising political environment that must cope with the worst features of two value systems (Kochanek 1974, 42-3) (Chang & Khumawala, 1993, p. 323).

The origin of the present system of accounts and audit may be traced to systems of financial management introduced by Britain early in the 1860s, influenced by the long distance trade from the Indian Ocean. A Strong British flavour can still be found in the accounting and financial reporting model. However, modifications in accounting principles have been made to meet the endemic needs in recent years (Chang & Khumawala, 1993, p. 325).

The development of ASBE started in October 1988, when an Accounting Standards Task Force (ASTF) was established under the Accounting Affairs Administration (AAA), which has been the authoritative body in dealing with accounting affairs and is subordinated to the Ministry of Finance. ASTF was intended to develop accounting standards similar to those prevailing in the United States and the United Kingdom... The development of ASBE was guided by three principles (China 1992): 1) the standards should be adapted to a socialist market economy and an economic structure where many forms of ownership exist but the public ownership occupies a dominant position; 2) the standard setting should draw upon foreign accounting theory, international conventions, and China's own practices, as well as being as close to international accounting standards as possible; and 3) the standards should be in harmony with fiscal and taxation rules while maintaining the independence of accounting standards (Xiao et al, 1995, p. 179).

Until the early part of this century, single entry bookkeeping predominated, although many Western accounting methods began to be imported into the country in the 1920s (Lin and Deng 1992). However, these were still relatively underdeveloped when the PRC was formed in 1949, and, with the change to a communist system, China adopted wholesale the Soviet system of accounting. Despite attempts at developing a unique Chinese system, both during the period of the Great Leap Forward (1958-1965) and the Cultural Revolution (1966-1976), the accounting system remained largely unchanged until economic liberalization began in the late 1970's (Roberts et al, 1995, p. 104).

Clearly, the EAS involves a significant move toward a Western accounting system. Major changes from the old UAR include the requirement to use the credit/debit system of bookkeeping only. Fund accounting is no longer permitted, with enterprises now having to provide a balance sheet, using Western-style assets and liabilities. In addition, for the first time, enterprises have to provide both a statement of changes in financial position and consolidated financial statements (Roberts et al, 1995, p. 107).

These changes mean that the financial statements of all Chinese enterprises will look very similar to those found in the West. However, this does not mean that the statements will be identical to those produced by companies from Western countries. To see how similar Chinese statements are to those found in the West, the specific measurement and recognition rules need to be compared. The obvious comparator is, perhaps, not the accounting rules of any one specific country but rather International Accounting Standards. While no single country follows all of the standards of the IASC in all respects, it can be argued that the IASC has succeeded in codifying Western GAAP to the extent that such a GAAP might be said to exist (Roberts et al, 1995, p. 207).

With the collapse of communism in East Central Europe, the new democratic governments are actively seeking foreign investment as an important element in the transformation from centrally planned to free market economic systems. These countries understand that the development of a legal framework within which Western-style business can be conducted is necessary for substantial foreign investment to take place. Accounting and financial reporting are seen as important components of this legal framework. Toward this end, countries of East Central Europe and the former Soviet Union have enacted legislation putting into place an accounting framework more in line with Western and international standards (Rolfe & Douplik, 1995, p. 223-224).

Legislation passed in 1991 in Poland, Hungary, and Czechoslovakia has reoriented the accounting systems in those countries toward their Western counterparts. While the foundation of the three systems are closer now to those found in the United States and other Western countries, potential investors need to be aware that some significant differences remain (Rolfe & Douplik, 1995, p. 243-244).

In conjunction with this trend, Mexico's capital markets and financial reporting began converging with their North American counterparts. For example, foreign investment in Mexican equity securities, much of it from the United States and Canada, increased dramatically. Also, U.S. investment services began programs to increase the amount of financial information available on small Mexican firms. Mexico passed laws allowing foreign financial service firms to operate in Mexico. The Mexican accounting profession began implementing an "American-style" CPA certification. Studies appeared in Mexico which compared Mexican financial reporting standards with those of the United States and Canada (Hazera, 1996, p. 180).

The accounting and auditing environment in Pakistan is broadly similar to that in many other countries, especially current and former members of the British Commonwealth. For example, one well-known taxonomy classified Pakistan as best described by the "British Commonwealth Model," based on accounting measurement practices but less similar to the Commonwealth model when disclosure practices were used to classify countries (Nair and Frank 1980) (Simon & Taylor, 1997, p. 91).

A number of features of the previous communist accounting system remain. Therefore, an appreciation of the influences on the development of accounting is necessary in order to fully understand the present state of Polish accounting and the consequent need for reform. Previous studies of the factors affecting the development of accounting have concentrated on the financial reporting systems in developed Western countries (Nobes 1983, 1992; Meek and Saudagaran 1990). However, these factors are general in nature and can therefore be used in the context of the Polish accounting system (Adams & McMillan, 1997, p. 141-142).

Accounting in Poland has developed in response to a number of influences external to the Polish environment. For example, the Polish Commercial Code of 1934 was largely based on the German code,

while the revisions to the accounting plan in 1974 were based on the French experience (Jaruga 1992). However, the greatest influence on Polish accounting emanated from the former Soviet Union... There has been a direct influence of the European Union (EU) Directives on the post-communist accounting regulations in the shape of the Accounting Act of 1994 demonstrating the continuing influence of historical political and economic ties. This has also resulted in Polish accounting being more consistent with International Accounting Standards (IAS) (KPMG Polska Sp.z.o.o. 1995) (Adams & McMillan, 1997, p. 143).

During communism the government became the sole user of accounting information and thus there was no need for external financial reporting. Accountants were simply bookkeepers required to follow detailed rules (Jaruga 1979). The accounting standard-setting function has always been undertaken by the Ministry of Finance, thus further reducing the role of the accounting profession. However, the profession did increase in importance in the 1980s due to an increase in foreign investment and the realization by the government that it could no longer control all aspects of the economy (Arthur Andersen 1991). The standard-setting role, however, remains within the state's mandate with the profession only acting as advisors (Adams & McMillan, 1997, p. 144).

The civilizations of different countries have all made contributions to the development of modern accounting. For this reason, as a useful means of economic calculation and information systems, accounting inevitably has certain inherent techniques that will never be affected by varied social, legal and economic systems or ideologies. Accounting has continuity and most of its techniques are applicable in all countries. As a result, the "Dual nature" opinion encourages rather than discourages the continuous assimilation of advanced techniques, methods or theories of other countries, including Western capitalist countries and Soviet or East bloc countries, to promote the development of accounting theory and practice in China. Obviously, this opinion is more realistic and reasonable, and it has become popular (Zhijun, 1988, p. 108).

More recently, Gorbachev has started to shake the Soviet economy from decades of lethargy, open the machinery of government to public scrutiny, and inject a new flexibility into Soviet behavior abroad. In his book *Perestroika* (1987) (restructuring), Gorbachev's first step in restructuring is *glasnost* (to speak out) on the faults of the current system. He argues that "you cannot fix it if you do not admit it is broken." He openly confesses that Soviet social, economic, and political life are stagnant. Gorbachev acknowledges that the archaic central planning techniques, particularly those instituted by Stalin in the 1930s, have resulted in artificial shortages of manpower, low production, social inefficiencies, shoddy goods, and almost nonexistent services. According to him, the present system encourages surliness, mediocrity, formalism, toadyism, vulgarity, and disrespect for the law which has produced bureaucratic gridlock. He admits that his country is on the verge of crisis and promises to introduce changes (Gorbachev, 1987), (AlNajjar, 1991, p. 40).

During the 1920s, Soviet accounting specialists were concerned with imitating the best accounting practice of the West. It has been suggested that the origin of certain Soviet accounting developments can be found in German accounting (Gambling, 1965, p.40). Many books including Schmalenbach's book *Die Kontenrahmen* (Charts of accounts) were translated into Russian and published in the late 1920s (Singer, 1943, p.66). Furthermore, a Soviet delegation attended the International Congress of Accountants in Amsterdam in 1926, and another one that took place in New York during the period of September 9-14, 1929. The delegation also visited a number of large U.S. companies and on their return journey visited France and Germany and had a lengthy discussion with accounting experts in these countries (AlNajjar, 1991, p. 47-48).

The UK Companies ACTS from 1844 to 1948 were exported largely in unchanged forms to many of the then British colonies such as Singapore (Brison and Liang 1990), India (Bose 1988), and much of Southern Africa (Enthoven 1977; Jagetia and Nwadike 1983), and the influence of the French plan is clearly seen in the OCAM plan countries of Western Africa (UN 1991) (Roberts et al, 1995, p. 214).

For instance, most accountants employed by the CDC were educated in British, American, Nigerian, or

Ghanian institutions, with a substantial number being either holders of accounting or business degrees, or part-qualified or full members of professional bodies in these countries. As argued by Briston (1987), the Anglo-Saxon educational and legal systems emphasise an external reporting model designed to protect private shareholders and investors. Those who were trained in this system are likely to favor such reporting values. On the other hand, most accountants at the SABC trained either at the French-influenced.....or similar institutions in France...Thus, the French legalistic and macroeconomic accounting orientation acquired from their educational experiences may explain the relatively high level of conservatism and secrecy (Elad, 1996, p. 68).

Poland is not the only newly emerging economy to look to Western accounting practices. For example, Bulgaria developed accounting regulations that are based to a great extent on the French accounting Plan and China's accounting reforms are modeled on that of the IASC and Anglo-Saxon countries such as the UK and the United States....In the case of Poland, the Accounting Act of 1994 was shown to be consistent with the EU Directives and IAS in many areas. However, with the ongoing developments in IAS, the development of more complex business transactions, and probable future entry into the EU, the act will, at some point, require a rewrite to bring it even close in line with Western accounting practices and to deal with more technical issues. Decisions will therefore have to be made as to the direction of future accounting reforms (Adams & McMillan, 1997, p. 160).

In the traditional Confucian system of values (Smith 1991), Chinese people accept that power in society can be distributed unequally. The Confucian school denied that there could be a society of uniformity and equality. Instead it believed that there was a natural hierarchy as human beings were different in intelligence and ability (Chu 1994). Consequently, people in a society could not be given the same roles and treated as equal. Confucius emphasized the importance of making social distinctions plain and gave his justification for the necessity of class distinction for the sake of distributing scarce resources. In other words, everyone in the society finds his correct position and assumes his duty accordingly (Chan & Lee, 1997, p. 179).

The recent military government has shown a strong interest in upgrading accounting and reporting practice to U.S. standards through regulation (Carmony, 1987, p. 45).

The Inter-American Accounting Association includes members from both American continents, and the resolutions of its conferences tend to adhere to traditional U.S. accounting principles; the Jornadas is composed of accountants from the southern South American countries (Argentina, Brazil, Chile, Paraguay, and Uruguay). Its resolutions define accounting in a broader sense, reflecting the values of the cultures represented (Carmony, 1987, p. 48).

Uruguay is tremendously affected by occurrences in the international environment. The majority of these influences originate in the United States or Britain; Argentine influences are not as apparent due to the similarity of accounting systems...Foreign texts and exchange professors have assisted the university in obtaining much theoretical and practical information on management and accounting for large corporations. Relatively little information relating to the small businesses typical of Uruguay is available. Further, none of this information considers the Uruguayan environment, especially at the cultural level...Foreign accounting and reporting policy-making bodies provide important input for policy in Uruguay, both by the Colegio and the government (Carmony, 1987, p. 52).

Modern accounting education in Nigeria has been influenced by the British accounting educational pattern as a result of the former colonial relationship between the countries. Before 1965, Nigerians had to take the qualifying examinations of the Institute of Chartered Accountants of England and Wales or of other international institutes to become a professional accountant (Osiegbu, 1987, p. 58).

In 1958, Herbert Keeling, the city treasurer of Worthing, Great Britain, visited Lagos, Nigeria, on a library assignment.Mr Keeling suggested the formation of an accounting association to attract local interests. The suggestion materialized in 1960 with the founding of the Association of Accountants (Osiegbu, 1987, p. 58).

This article does not suggest that IASC merely react to FASB's current standard by "rubber-stamping" SFAS No. 95; however, considering the considerable effort applied by FASB and its staff to the cash-flow reporting issue, we believe that it is wise to consider seriously each of FASB's requirements (Mielke & Geacomino, 1987, p. 149).

The format for SCFP that is proposed by author to be drafted by the IASC is almost exact copy of format used in U.S. (Mielke & Geacomino, 1987, p. 150-151).

A wide variety of business enterprises exists in Guatemala. Firms can be grouped into two main categories: 1) companies with relatively sophisticated management and easy excess to capital, including the large subsidiaries of multinationals, and 2) a large group of small firms. Accounting serves the first group as an important tool for planning and investment decisions. The accounting practices used by this group are heavily influenced by the U.S. accounting system. Accounting does not play an important roll for the small firms; however, its importance is measured mainly by its impact on the tax calculations (Aguirre & Hagigi, 1987, p. 174).

As with the other areas of accounting, the auditing profession in Guatemala is heavily influenced by U.S. auditing practices. U.S. generally accepted auditing standards are followed here... The nature of the technical bulletins is very similar to that of FASB standards, and some of them even include translations of such standards (Aguirre & Hagigi, 1987, p. 176).

...In response, in 1905 and 1906, respectively, Price Waterhouse & Co. And Deloitte, Plender Griffiths & Company began operations in Mexico. The establishment of these and other foreign CPA firms gradually increased the availability of American books and journals in the libraries of Mexican universities and of Mexican CPA firms. The result was a gradual erosion of the French influence on the accounting profession and the emergence of the American influence- one that became dominant. The creation of new companies and the establishment of foreign CPA firms seem to have had a positive impact on the interest in accounting as a profession. An indication of this increased interest is the much larger number of accounting books published by Mexican authors between 1870 and 1903 compared with previous years (Wong-Boren, 1987, p. 26-27).

The corporations whose securities are traded on the MSE must periodically comply with a series of requirements imposed by the exchange. The annual requirements are, for all practical purposes, identical to those required by the Commission (Wong-Boren, 1987, p. 37).

Singapore and Indonesia are both classified as developing nations; however, due to cultural, political, and historical reasons, their accounting educational systems differ both in structure and the quantity and quality of the accounting graduates produced. For example, despite Indonesia's large population of 170 million, it has only approximately 4,000 registered accountants compared with more than 5,000 registered accountants in Singapore, which as a population of only slightly more than 2.5 million.....According to Enthoven, accounting systems operate within the socioeconomic framework and need to be in tune with it. The desired accounting educational pattern to be followed must consider economic aims and means. In Many Third World economies, one of the major weaknesses is the lack of correlation between educational requirements and the socioec onomic environment. They also often duplicate foreign educational systems without assessing them carefully in view of the country's requirements (Foo, 1988, p. 125).

The efforts by the Chinese to enhance their accounting systems together with their strides to update and upgrade themselves are extremely laudable. China may well become again a major force in accounting in the decades to come, but cooperation and assistance in a variety of fields seems needed to attain the goals of self-sustained accounting development, and to become again a valuable member of an international accounting community (Frag, 1988, p. 149).

Although foreign education helped reduce the gap at a time when Saudi Arabia could offer only limited accounting education facilities, foreign education was not tailored to the unique local conditions. These

circumstances and the existing regulations did not motivate enough Saudis to become certified accountants. This lack of qualified Saudi accountants has also increased the reliance on external factors for accounting services to meet the needs of the rapidly developing Saudi economy (Hagigi & Hubbard, 1988, p. 152-153).

Many of the cost categories in the Saudi law are consistent with those in the U.S. law. Perhaps this could be viewed as evidence of the influence of multinational and U.S. educational accounting practices (Hagigi & Hubbard, 1988, p. 156).

Many companies have to prepare two sets of financial reports, one set is in conformity with the "Chinese Format", another with the "IAS format" or Western way. Such a complicated regulation system results in major information production, without great benefits.Therefore a modified and diversified user-oriented financial accounting regulation and practice system is needed. One of the existing references for the Chinese accounting "perestroika" is to transfer the current Chinese accounting system to the IAS presentation practice. A comparison of IAS and Chinese practice and a reclassification of the Chinese financial reporting form into the IAS form appear necessary and interesting for many users of Chinese financial reports (Lefebvre & Lin, 1990, p. 172).

I have little doubt that somewhere in the Soviet Union, there is a researcher hoping that perestroika will extend to the introduction of a capital market and that one day he will be able to relate share prices to published accounting reports in the USSR (Oppong, 1993, p. 73).

To conclude, although Hong Kong does have its accounting practices shaped by the UK model, in the present situation it is still not vital to adopt segmental reporting. However, with the continuous economic development in Hong Kong, the need for segmental reporting may be much more substantial in the future. At present, there is a lack of strong evidence to support the statement that the Hong Kong environment is similar to that of the countries adopting segmental reporting (Chan et al, 1993, p. 243).

Currently Singapore does not have an accounting standard or recommendation for recording such complex capital issues. However, because Singapore accounting standards are normally modelled after the IASC standards, there may be changes in these standards in the future (Price Waterhouse, 1992) (Vaidya et al, 1995, p. 28-29).

While the public finance sector argues that auditing firms are not in line with "international conventions," Ma (1992, p. 32) asserts that "the exercise of the Practicing Auditors system not only suits the development of our planned commodity economy, but is also a beneficial importation of foreign experiences."...Social auditing organizations in our country (i.e., auditing firms – original) is a new audit sector which is established and developed based on the following conditions: to respond to a demand for developing a socialist commodity economy after the exercise of the "reform and openness"; to draw on the beneficial experience of foreign public auditing; and to take into account the circumstances of our country...The concept of "international conventions"...is increasingly becoming "fashionable", and frequently appears in Chinese publications, and is used to argue either for or against new phenomena, without any clear definition or explicit explanation. As far as accounting and auditing firms are concerned, we would argue that each of them may or may not be in line with "international conventions" (Macve & Liu, 1995, p. 53-54).

The standard of education in Indonesia is generally poor. This has led the government to seek overseas assistance since the 1950s. Unfortunately, despite these efforts, progress has been slow. In Indonesia, a very large country with many different cultures and languages, coordination and supervision at every level of education are very important. The consequences of neglecting these are dual accounting educational systems and varying standards in practice (Foo, 1988, p. 133).

The 'open door' policy declared by the Chinese government in 1978 encouraged the importation from the west of management techniques and brought western management accounting into China. The changes in the Chinese enterprise accounting system have since been linked to the spread and application of western

management accounting. As we can see from the description and analysis in the later part of this paper, the recent efforts to develop Chinese management accounting could be regarded as causing a fundamental change in the Chinese accounting system as well as being the ultimate result of the spread of western management accounting (Bromwich & Wang, 1991, p. 4). **

At that stage, the reformers made great use as the argument for reform the late leader Mao's saying that 'We must firmly reject and criticise all the decadent bourgeois systems, ideologies and ways of life of foreign countries. But this should in no way prevent us from learning the advanced sciences and technologies of capitalist countries and whatever is scientific in the management of their enterprises. Thus, accounting techniques, especially those of management accounting began, under this philosophy, to be transferred from the west to China in the late 1970s, as they were regarded as 'a necessary subject of management know-how' and because of their perceived technical nature (Bromwich & Wang, 1991, p.4). **

As more and more western books and journals became available in China and as Chinese students and academics went abroad, 'advanced management accounting', which might be said to have developed in the west since the 1970s, has become known to Chinese accounting academics. This type of management accounting has found a place in China in academic journals, some newly-published textbooks and syllabi for postgraduate students at some universities. At least some of these 'advanced' techniques and new ideas, such as information economics and agency theory, seem, as yet, to be beyond the comprehension of most practitioners and even of some academics in China (Bromwich & Wang, 1991, p. 61).

One view was that Chinese management accounting should not indiscriminately copy the western version although it was accepted that it was necessary initially to introduce both comprehensively and accurately into Chinese accounting knowledge the western version of management accounting, when learning and assimilating were the main concerns. It was, however, argued that in the long run, it may not be practical or sensible to simply copy or imitate the western system of management accounting. Because management accounting, as accounting in general, is seen in China not just as a set of techniques and methods but a theoretical system and a set of approaches in which socioeconomic, cultural and ideological factors may play an important role (Bromwich & Wang, 1991, p. 61).

Many Chinese writers agree that in spite of a different socioeconomic system and cultural background, Chinese management accounting may still use the Anglo-American system as its main frame of reference, because although the subject originated in these countries, many of the concepts and techniques developed seem to represent a trend for future development in many other countries. However, in developing a Chinese management accounting system, many writers believe that special attention should be paid to two other systems which differ from the Anglo-American systems to varying degrees – the Soviet system and the Japanese system (Bromwich & Wang, 1991, p. 62).

Japan, among the developed industrial countries, is said to have a unique style of management, combining the western principles with the Japanese culture and ideology. Some Chinese accountants argue that Japanese management systems and their approaches to management accounting are more meaningful to and suitable for Chinese enterprises (Bromwich & Wang, 1991, p. 63).

Adherence to the policy of opening to the outside world also has had a profound influence on the recent development of accounting. The total amount of foreign capital used by China had reached more than \$41 billion at the end of 1988, of which \$29.5 billion were from foreign loans. In business dealing with foreigners, accounting inevitably serves as a business language in communication. Accounting conventions and principles observed by international business community have a great influence on Chinese accounting. Some evidence for this can be found in the accounting regulations for enterprises with foreign investment and even in the accounting regulations for state-owned enterprises (Reinstein & Spalding, 1991, p. 99).

This means that, as most other former British colonies, Nigeria inherited at independence a democratic constitution following the parliamentary democracy practices of the United Kingdom and the many other

rules and regulations left behind by the colonial government. A review of the international accounting literature (such as Seidler, 1967; Johnson and Caygill, 1971; Briston, 1978; Walton, 1987) suggests that the state of accounting in former colonies can be traced to their colonial past. This means that the accounting practices in these countries (basically developing) are expected to reflect those of the United Kingdom. But according to Wallace (1992) such assumptions are simplistic and conceal some extremely complex analytical problems (Okike, 1994, p. 79).

Despite attempts to assert Nigeria's political and economic independence, the 1968 Act mirrored the UK Companies Act of 1948 to a large extent (Okike, 1994, p. 79).

The mimicking of the UK Company Act was criticized by Nigerians (see Okike, 1985, 1989) for the failure to deal with the rapid economic and commercial developments of the country and for not taking bold steps to deal with peculiarly Nigerian company law problems (Okike, 1994, p. 80).

With the different accounting regulations, not surprisingly, Chinese joint venture accounting practices are different from local firms, and in fact much closer to international or Western practices (Tang, 1994, p. 153).

But foreign investment eventually made Chinese regulators understand that changes are necessary. The attitude of the Chinese people towards Western accounting practices has gradually changed. Some western principles and concepts, e.g., conservatism, the lower of cost and value, and accelerated depreciation methods, were no longer criticized. People in China realized that if foreign investment is essential and crucial for the modernization of the Chinese economy, accounting differences should not be an obstacle (Tang, 1994, p. 155).

There were growing doubts among the Chinese academics and regulators that the Chinese accounting principles and regulations, which were shaped in the 1950s under the strong influence of the Russian model, were able to provide a true and fair view of the financial position and results of an enterprise. A fundamental reform of the accounting system had been suggested to accommodate economic reform and a more market-oriented economic system. All these changes in attitude are important to create a climate suitable for fundamental changes in accounting regulations and practice (Tang, 1994, p. 155).

The observation of compatible standards, therefore, may not reflect active compliance with IAS. Taiwan accounting standards may be in compliance with IAS because US GAAP is compatible with IAS and Taiwan relies on US GAAP in developing its accounting standards. On the other hand, observation that standards are not compatible does not imply an unwillingness of individual countries to participate in a worldwide accounting framework. In other words, IAS may be unsuitable to the economic information peculiar to a particular country. Taiwanese GAAP, however, because of the export-oriented economy of Taiwan, is likely to comply with IAS despite the influence of US GAAP (Graham & Wang, 1995, p. 160).

Competition is creating significant challenges for Chinese CPA firms who even today proudly recount how clients would previously "come to them" because of their prestigious reputation. Significant interest in the pricing strategies of Western firms was expressed by some CPA firms (Graham, 1996, p. 24).

There are also cultural issues that encourage an attitude of separateness and independence between the provinces. English, while now taught extensively, is still not readily understood in oral communication or spoken. Interestingly, however, the Shanghai University of Finance and Economics has instituted English as the official classroom language for its accounting courses and also uses Western accounting textbooks. Leading American universities, such as Rutgers University in New Jersey, have formed strategic alliances with Chinese businesses and universities to provide Western educational programs and cultural exchanges for businessmen and students (Graham, 1996, p. 32).

Analysis of national companies laws within ASEAN reveals four patterns of development:

A British approach (adopted by Brunei, Malaysia and Singapore)

A Dutch approach (adopted by Indonesia)

A US approach (adopted by the Philippines)

A mixed-country approach adopted by Thailand) (Craig & Diga, 1996, p. 244-245)

Companies laws in ASEAN are affected strongly by each country's former colonial links...Thailand, which was never colonized, is an exceptional case. Unlike other ASEAN countries, no exogenous legal system was imposed upon Thailand. Instead, Thailand modelled its commercial laws upon selected Eastern and Western legal systems, including those of Britain, Japan and Germany, reflecting its important trading links with these major economic powers during the late 1800s and early 1900s (Craig & Diga, 1996, p. 246).

The single theoretical limitation of the current system is the noncorrection of inventory, which is a result of the desire to make monetary correction feasible for all companies. The simplicity of the procedures also leads to the problems of information loss and difficulty in understanding the monetary correction amounts. The noncorrection of inventory is not perceived by financial statement users in Brazil as an important problem. Loss of information and lack of understanding are, however. Whether the noncorrection of inventory results in material misstatements of GPL-adjusted income is open to empirical investigation (Doupnik, 1987, p. 133-134).

Although foreign education helped reduce the gap at a time when Saudi Arabia could offer only limited accounting education facilities, foreign education was not tailored to the unique local conditions. These circumstances and the existing regulations did not motivate enough Saudis to become certified accountants. This lack of qualified Saudi accountants has also increased the reliance on external factors for accounting services to meet the needs of the rapidly developing Saudi economy (Hagigi & Hubbard, 1988, p. 152-153).

Prior to the emergence of the oil sector, relatively insignificant trade and commerce activity was dominated by small, privately held firms. To the extent that accounting records were maintained at all, they were simplistic and on a single-entry basis. The growth of large companies and the separation of management and ownership has necessitated a change toward the more informative Western-style accounting practices. This rapid change in accounting emphasis in Saudi Arabia was met first through the use of expatriate labor and subsequently by attempting to educate Saudis both domestically and abroad (Hagigi & Hubbard, 1988, p. 152).

In Many Third World economies, one of the major weaknesses is the lack of correlation between educational requirements and the socio-economic environment. They also often duplicate foreign educational systems without assessing them carefully in view of the country's requirements (Foo, 1988, p. 125).

The Mexican Law of Securities Market (1981) is described by the author as an abbreviated counterpart of US Securities Act of 1933 and the Securities Exchange Act of 1934.

The National Securities Commission, a federal government agency is said to be similar to the US SEC. A Commission of Accounting Principles, structured along the lines of the American FASB, is the organism in charge of dictating accounting principles in Mexico (Rivera, 1987, p. 290).

Reading such principles reveals the tremendous U.S. influence on Mexican accounting practices. For example, the Mexican accounting principles Series A were highly influenced by Accounting Principles Board (APB) Statement No. 4; Bulletin B4, "Statement of Changes in Financial Position," was almost literally translated from APB Opinion No. 19. When the process of adopting a new accounting principle in the United States takes a long time, the MIPA may adopt the principle before it becomes accepted in the United States...MIPA's code of professional ethics is another example of the important influence that the United States has had on the development of accounting in Mexico.The similarity of the Mexican code to its American counterpart is apparent (Wong-Boren, 1987, p. 33).

According to Vladimir Ilyich Lenin: "Accounting and control – this is the main thing that is required for the proper functioning of the first phase of communist society....Be able if necessary to learn from the capitalists. Adopt whatever they have that is sensible and advantageous" 9Ref.10,p.12).

In 1921, Lenin's New Economic Plan was introduced. It borrowed heavily from European accounting and called for learning from the achievements of capitalism (Shama & McMahan, 1990, p. 160).

Changes of concepts and ideas were seen as a prerequisite to successful practical application of management accounting techniques in China. Some commentators believe that western management accounting not only provided some new methods and techniques, but more significantly provided new concepts and ideas which help Chinese accountants to understand accounting from a new perspective. Changes in cost concepts have been especially important. For instance, the phrase 'different costs for different purposes' has smashed the bonds of the previously prevailing Chinese idea of an unique concept of cost, resulting in a variety of cost concepts being accepted (Bromwich & Wang, 1991, p. 60).

Since India's economy was largely developed during the period in which it was a British colony, the structure of the accounting profession and company financial reporting requirements in India are similar to those found in the UK and other Commonwealth nations (Walker & Johnson, 1996, p. 12).

The Big Six audited 68% of the sample for Malaysia, 78% for Hong kong and 83% for Singapore. All three countries tend to follow the reporting standards of British Commonwealth nations (Walker & Johnson, 1996, p. 13).

With some modifications, ASEAN countries other than Brunei and Singapore have opted for U.S.-style regulation of their securities markets. The worldwide pre-eminence of the U.S. securities markets has probably been the crucial factor for this choice. Nonetheless, the accounting standards-setting approach of ASEAN countries differs from both the U.s. and U.K. approach (Craig & Diga, 1996, p. 252).

David and Brierly (1985) have identified three major families of legal systems: Romano-Germanic (Code) law, Common law, and Socialist law. (As the Soviet Union and its former satellites are not included within the scope of the current study, discussion of Socialist law is not of immediate interest). All of the countries of continental Western Europe belong to the Romano-Germanic family. This legal system has spread to other parts of the world through colonization and through voluntary reception in those non-European countries where the need to modernize or the desire to Westernize has led to the penetration of European ideas (Salter & Doupanik, 1992, p. 8).

To a very large extent, the developing countries, therefore, have adopted those accounting practices that exist in more developed countries. In particular, most countries that fall within the U.K. or U.S. spheres of influence have adopted IASs with or without adaptation to their own specific circumstances. However, many researchers have argued that the wholesale adoption of such accounting regulations is inappropriate (Roberts et al, 1995, p. 214).

All managers of JV are expected to adopt a passive, conforming role and to support the decisions of Mr. Y. There are 12 departmental managers, which can be broadly classified into two categories by their behaviors.

The category I managers are more educated and younger (in general aged under 35). They are less influenced by the leftist political stance of the Cultural Revolution (1966-1976).....They are much affected by the open-door policy and Western culture. They are individualistic, achievement-oriented, and they want autonomy and democracy in the work environment...The category II managers (in general aged over 35) have gone through the leftist period in China—the Maoist era and the Cultural Revolution. Although China is now much more open than before and everything is changing, the new era has not changed them as much as it has changed the young people. They are still characterized as submissive, traditional, collectivist, and they emphasize a harmonious relationship with other people (Chan & Lee, 1997, p. 174-175).

During communism the government became the sole user of accounting information and thus there was no need for external financial reporting. Accountants were simply bookkeepers required to follow detailed rules (Jaruga 1979). The accounting standard-setting function has always been undertaken by the Ministry

of Finance, thus further reducing the role of the accounting profession. However, the profession did increase in importance in the 1980s due to an increase in foreign investment and the realization by the government that it could no longer control all aspects of the economy (Arthur Andersen 1991). The standard-setting role, however, remains within the state's mandate with the profession only acting as advisors (Adams & McMillan, 1997, p. 144).

Until recently there was no change in the status of the accounting profession in the USSR. However, in the mid-1970s it was decided by some authorities to hold an all-union conference of accounting specialists....This conference was described as a great step on the road to improving the role of the accounting profession, but so far little is known in the west about any progress (AlNajjar, 1991, p. 45).

Conformity to United States and world standards will make financial statements more credible to foreign investors and thereby will assist China in its economic reforms (Taussig et al, 1994, p. 39).

The French and Belgian accounting systems can be seen as intermediary models between accounting in a planned economy and the relatively "laissez faire approach to accounting in the UK. The proposed reclassification may suggest that Poland is purposely moving toward the French continental model of accounting and therefore would greatly benefit from the use of the SCE as outlined previously. Also the relative similarity between the French and Polish accounting systems may allow Poland to look at the French experience as a guide to finding solutions to its current accounting problems. However, the fact that Poland is moving away from a macro-planned economy and more toward a market economy may suggest that the current similarity between the French and Polish accounting systems is transitory and that Poland is instead gradually moving toward the Anglo-Saxon model of accounting. Whatever interpretation is taken from the above results, it is evident that Poland has moved away from the previous macro-planned system of accounting in operation during communism. The transition toward Western style accounting is certain to act as an impetus to foreign investment and facilitate integration with the EU (Adams & McMillan, 1997, p. 159-160).

A number of internal and competing external forces have shaped the current tax practices in Saudi Arabia, including influences from developing countries such as Egypt and Pakistan, and from giant multinationals or developed countries such as the United States. The development of tax accounting practices in Saudi Arabia is especially interesting because of the country's recent, exceptionally rapid economic development. A heavy reliance on the oil industry and the active involvement of foreign countries and multinational corporations in its economy have exposed Saudi Arabia to some very advanced external influences, mitigated by the conservative traditional forces of its Islamic inhabitants and neighboring countries (Hagigi & Hubbard, 1988, p. 152).

Having examined the aid provided by the UK and France in the sphere of accountancy it would be interesting to determine the present relative similarity between French, UK, and Polish accounting. This may provide an indication of the extent to which this international aid has had a direct influence on recent developments in Polish accounting. Nobes (1992) suggests that by studying a classification, a developing country might be better able to understand the available accounting systems and ascertain which would be most appropriate for its own purposes. In summary, a reclassification of Poland's accounting system may act as a guide to the future development of accounting in that country and other Eastern European countries by indicating the results of recent reforms and highlighting the relative differences and similarities between the Polish accounting system and the various other models that are available (Adams & McMillan, 1997, p. 155).

Prior to the emergence of the oil sector, relatively insignificant trade and commerce activity was dominated by small, privately held firms. To the extent that accounting records were maintained at all, they were simplistic and on a single-entry basis. The growth of large companies and the separation of management and ownership has necessitated a change toward the more informative Western-style accounting practices. This rapid change in accounting emphasis in Saudi Arabia was met first through the use of expatriate labor and subsequently by attempting to educate Saudis both domestically and abroad (Hagigi & Hubbard, 1988, p. 152). MAYBE FOR THEME 6

Accounting theory and practice in the United States has had a major influence on accounting education in Thailand, perhaps because many of the Thai instructors have completed their graduate studies in the United States. Additionally, Chulalongkorn University has arranged several cooperative programs with American universities such as Northwestern University and the University of Pennsylvania, and has invited visiting professors from the United States to teach and help design graduate programs in business (Akathaporn et al, 1993, p. 260).

The accounting and auditing programs in all of the domestic universities are influenced by the U.S. system. The majority of the Big Eight firms have offices in Guatemala, and their representatives sometimes hold certified public accounting (CPA) certificates from both the United States and Guatemala. Most of the accounting and auditing textbooks used in Guatemalan schools are translations of U.S. books. The publications of the Financial Accounting Standards Board (FASB), especially on generally accepted accounting principles, are becoming more and more familiar to Guatemalan students majoring in accounting (Aguirre & Hagigi, 1987, p. 175).

Britain's lengthy corporate audit tradition dating back to the nineteenth century, its status as the birthplace of many of the largest multinational accountancy firms, and its historical reliance on professional regulation of accounting and auditing practice stand in some contrast to Spain, where, accounting regulations have retained a much more distinctive legalistic character (traditionally following the Continental, as distinct from the Anglo-Saxon model. Many of the most significant developments in the provision of audit services have come only in the last decade in conjunction with Spain's membership of the EC, the requisite, but enthusiastic, implementation of EC Company Law Directives, and the growing investment by multinational corporations...in Spain (Benau et al, 1993, p. 282).

The bitter experience with the Dutch led the Indonesians to turn to the United States, which was instrumental in securing Indonesia's political independence from the Netherlands. The U.S. influence replaced the Dutch in many areas, and in the field of accounting this took the forms of financial and technical aids to develop the accounting infrastructure, train teachers, grant overseas training to the Indonesians, supply teachers and textbooks, and develop accounting systems at all levels of accounting training and education (Foo, 1988, p. 133).

The U.S. influence was established through the Arabian American Oil Company (ARAMCO), which since its early days, has provided significant guidance to the Saudi tax administration and legislation. This influence continues through the education of accountants and auditors by Americans both in the United States and Saudi Arabia. This advanced and specialized education is needed for several factors (Hagigi & Hubbard, 1988, p. 152).

The purpose of this paper is to review the slow growth of public sector accounting and auditing in developed countries, and to identify the contribution that these techniques can make to the economic development of countries that are less-developed. In the process, we hope to draw attention to measures that might aid the developing countries to harness accounting and auditing as engines of decision making (Most, 1991, p. 238).

Modern accounting education in Nigeria has been influenced by the British accounting educational pattern as a result of the former colonial relationship between the countries. Before 1965, Nigerians had to take the qualifying examinations of the Institute of Chartered Accountants of England and Wales or of other international institutes to become a professional accountant...Accounting education was introduced to

Nigeria by British accountants who were sent there to protect the financial interests of British firms (Osiegbu, 1987, p. 58).

THEME 6: SAVEABLE

This article reports the results of the examination of European cash-flow statements with the objective to propose specific cash-flow requirements for consideration by the International Accounting Standards Committee (IASC)...Cash-flow reporting provides IASC with an excellent opportunity to be proactive (rather than reactive) to FASB standards. (Mielke & Giacomino, 1987, p. 144).

The format for SCFP that is proposed by author to be drafted by the IASC is almost exact copy of format used in U.S. (Mielke & Giacomino, 1987, p. 150-151).

By any standards, Singapore cannot be classified as a developing country, the category with which Indonesia is identified. Because of Singapore's long-standing cordial ties with the United Kingdom, the U.K. influence still prevails (Foo, 1988, p. 132).

If the utilization of accounting information is to be encouraged locally, this avoidance of disclosing activities cannot be allowed to continue. Malta should follow the example set by the United Kingdom and should abolish the private exempt companies (Francalanza, 1988, p. 173).

These concern foreign currency translation.....They are insufficient; the need exists for standards similar to the English SSAP No 2. and IAS No. 1, both entitled "Disclosure of Accounting Policies...(Francalanza, 1988, p. 175-176).

Many companies have to prepare two sets of financial reports, one set is in conformity with the "Chinese Format", another with the "IAS format" or Western way. Such a complicated regulation system results in major information production, without great benefits.Therefore a modified and diversified user-oriented financial accounting regulation and practice system is needed. One of the existing references for the Chinese accounting "perestroika" is to transfer the current Chinese accounting system to the IAS presentation practice. A comparison of IAS and Chinese practice and a reclassification of the Chinese financial reporting form into the IAS form appear necessary and interesting for many users of Chinese financial reports (Lefebvre & Lin, 1990, p. 172).

One of the possible reforms in current Chinese accounting regulation is to be in harmony with international practices and to follow IAS requirements. Particularly Joint Ventures need such reform (Lefebvre & Lin, 1990, p. 181).

I have little doubt that somewhere in the Soviet Union, there is a researcher hoping that perestroika will extend to the introduction of a capital market and that one day he will be able to relate share prices to published accounting reports in the USSR (Oppong, 1993, p. 73).

Enthoven (1981) has suggested that the proper accounting education for developing countries is a combination of business enterprise accounting,... governmental accounting, national income accounting,...and financial and operational auditing (Akathaporn et al, 1993, p. 267).

This paper discusses two of the most significant proposals to improve accounting education in developing countries. These proposals, one by the Committee on International Accounting Operations and Education of the American Accounting Association (AAA Model-EDA) and the other by Professor George M. Scott (Scott Model-EEvA), related the objectives of accounting to the economic development of a particular Third World country. This paper argues that this approach to improving accounting education in developing countries is defective, and even myopic. Several reasons are cited to support this viewpoint. As an alternative, the paper proposes a comprehensive model, the two-tiered accounting education model, which is intended 1) to improve accounting education in general, 2) to provide the accounting manpower

needs of economic development, both short- and long-run and 3) to allow the accounting profession in Third World countries to develop (Tipgos, 1987, p.383).

While harmonization may not be a major goal for developing nations, they nonetheless face the critical problem of improving their accounting systems. To this end, assistance from developed countries is imperative. In discussing this problem, Enthoven argues that "helping to improve accounting in Third World nations isn't only a matter of economic self-interest; there is also the moral obligation to support accounting colleagues and businesses in developing regions" (Enthoven 1983, p. 110). It must be emphasized, however, that assistance in improving accounting in these countries must be based on a logical, well-thought-out framework to avoid pitfalls experienced in developed countries (Tipgos, 1987, p. 385).

In this way, the procedures and methods of enterprise accounting in China have been expanded significantly, blazing new trails to effective and efficient accounting procedures such as shift-group accounting, analysis of operating performance and economic responsibility system, etc., and also introducing, digesting and popularizing a set of effective approaches and managerial accounting procedures used in Western countries, including cost-volume-profit analysis, variable budgeting, fund accounting, and so on (Zhijun, 1988, p. 102).

Standards should first of all be developed to meet the needs of the individual countries; however international and regional organizations can be extremely helpful in assisting in this design (Enthoven, 1988, p. 218).

In setting the guidelines for effective international governmental accounting standards the author builds on a conceptual framework for public sector accounting developed in the US and presumes that these issues are shared by many other governments (Enthoven, 1988, p. 219).

In the US, the Association of Government Accountants has developed a Common Body of Knowledge for government accountants which also might be useful in international context (Enthoven, 1988, p. 224)

Authors suggest steps for developing international accounting standards in government accounting: "The development and experience of the US Government Accounting Standards Board and similar efforts carried out in Canada, Australia, and Western Europe could be a backbone for such a framework for international governmental accounting standards. Such a framework of suggested guidelines would be of major benefit especially for many developing countries which haven't had the time to reappraise or reevaluate norms of government accounting (Enthoven, 1988, p. 225).

Standard setting is not a purely technical process but largely a political process. P. 226
The initial role of developing guidelines which will eventually become standards will fall upon IFAC, IASC, UN, World Bank, IMF, ICGFM (Enthoven, 1988, p. 227).

The purpose of this paper is to review the slow growth of public sector accounting and auditing in developed countries, and to identify the contribution that these techniques can make to the economic development of countries that are less-developed. In the process, we hope to draw attention to measures that might aid the developing countries to harness accounting and auditing as engines of decision making (Most, 1991, p. 238).

In terms of the entity viewed as an accounting system, cash accounting is clearly a subsystem. Important though it is, this system excludes other portions of the system, and not necessarily the unimportant parts. That is why accrual accounting for governments of developing countries is recommended (Most, 1991, p. 243).

Concurrent with this research, a major effort to establish international accounting and financial reporting standards has been undertaken. It is assumed by both practitioners and scholars involved in this effort that environmental factors are not an obstacle in persuading countries, particularly developing countries, to

adopt the standards of the so-called "dominant accounting countries" (IASC 1982, 1989). Yet the *Wall Street Journal* reported on June 4, 1993, that even so relatively advanced a developing country as The Philippines, with an active, respected, and outgoing accounting profession, has not been able to implement disclosure regulations (Most, 1994, p. 5).

Since the Jordanian Association of Accountants accepted the IAS in January, 1989, and it became obligatory in January, 1990, selection of index items has been based on IAS disclosure items which are considered quite appropriate and free from personal bias. This makes it possible to judge the degree of compliance of disclosure on financial information via the IASs Nos. 1 and 5 (Solas, 1994, p. 45).

Other elements of a national anticorruption program include:...2. Prescribe standards of internal control; the standards established by New York state represent a convenient model (New York 1987) (Pomeranz, 1994, p. 260).

The last 10 years have seen a proliferation of accounting regulations and standards in China. Among these, Accounting Standards for Business Enterprises was introduced in 1992 to replace the then existing uniform accounting systems (UASs), to standardize accounting practice throughout the country, and to bring Chinese accounting in line with internationally accepted practices. It has introduced the most fundamental and far-reaching changes to accounting and is said to have caused an "accounting storm." It has made existing accounting textbooks out of date and created an urgent need to retrain almost every accountant. Furthermore, ASBE is also seen as a conceptual framework which will guide the setting of the forthcoming accounting standards. The main purpose of this paper is to examine whether these expectations can be realized and whether the claims made for ASBE are justified (Xiao et al, 1995, p. 178).

ASBE is intended to make financial statements prepared by Chinese companies understandable and communicable, so it incorporates many internationally accepted features...It is interesting to note that the word "capital" appears in ASBE, whereas previously it was prohibited ideologically. In the meantime, a great many concepts under UASs (some of which would normally appear in public sector accounting) have been invalidated, such as specific purpose funds, fixed funds, current funds, and so on (Xiao et al, 1995, p. 184).

These changes mean that the financial statements of all Chinese enterprises will look very similar to those found in the West. However, this does not mean that the statements will be identical to those produced by companies from Western countries. To see how similar Chinese statements are to those found in the West, the specific measurement and recognition rules need to be compared. The obvious comparator is, perhaps, not the accounting rules of any one specific country but rather International Accounting Standards. While no single country follows all of the standards of the IASC in all respects, it can be argued that the IASC has succeeded in codifying Western GAAP to the extent that such a GAAP might be said to exist (Roberts et al, 1995, p. 207).

The different objective of accounting led to a number of significant differences between Eastern European accounting and international (Western) standards (Rolfe & Doupnik, 1995, p. 226).

A number of features of the previous communist accounting system remain. Therefore, an appreciation of the influences on the development of accounting is necessary in order to fully understand the present state of Polish accounting and the consequent need for reform. Previous studies of the factors affecting the development of accounting have concentrated on the financial reporting systems in developed Western countries (Nobes 1983, 1992; Meek and Saudagaran 1990). However, these factors are general in nature and can therefore be used in the context of the Polish accounting system (Adams & McMillan, 1997, p. 141-142).

Since the fall of communism Poland has come under increasing pressure to change from a uniform accounting system oriented toward providing the sole user, the government, with information for planning purposes, to one more suited to the needs of a market economy. These pressures have come from, in particular, the reopening of the Warsaw Stock Exchange and a desire to harmonize with the EU. The

following examination of these "internal" pressures for change is intended to provide an insight into some of the many changes taking place in Poland and the challenges facing the Ministry of Finance in developing an accounting system similar to those in operation in developed Western countries (Adams & McMillan, 1997, p. 144-145).

In conclusion it can be stated that, although the Accounting Act of 1994 does not cover all aspects of Western accounting practice (for example long-term contracts and work in progress are not included), and is relatively nontechnical in a number of areas which are new to Polish accounting such as consolidation, it contains much more detailed guidance on most accounting issues (see Merchant 1994). The new detailed regulations are likely to reduce the present diversity in disclosure practices and will therefore improve comparability. Also, because they are more in line with Western GAAP, less tax oriented and allow greater freedom in the choice of accounting policies, foreign investors may have more confidence in the Polish accounting system. This could act as an impetus to foreign investment (Adams & McMillan, 1997, p. 147-150).

Having examined the aid provided by the UK and France in the sphere of accountancy it would be interesting to determine the present relative similarity between French, UK, and Polish accounting. This may provide an indication of the extent to which this international aid has had a direct influence on recent developments in Polish accounting. Nobes (1992) suggests that by studying a classification, a developing country might be better able to understand the available accounting systems and ascertain which would be most appropriate for its own purposes. In summary, a reclassification of Poland's accounting system may act as a guide to the future development of accounting in that country and other Eastern European countries by indicating the results of recent reforms and highlighting the relative differences and similarities between the Polish accounting system and the various other models that are available (Adams & McMillan, 1997, p. 155).

The French and Belgian accounting systems can be seen as intermediary models between accounting in a planned economy and the relatively "laissez faire" approach to accounting in the UK. The proposed reclassification may suggest that Poland is purposely moving toward the French continental model of accounting and therefore would greatly benefit from the use of the SCE as outlined previously. Also the relative similarity between the French and Polish accounting systems may allow Poland to look at the French experience as a guide to finding solutions to its current accounting problems. However, the fact that Poland is moving away from a macro-planned economy and more toward a market economy may suggest that the current similarity between the French and Polish accounting systems is transitory and that Poland is instead gradually moving toward the Anglo-Saxon model of accounting. Whatever interpretation is taken from the above results, it is evident that Poland has moved away from the previous macro-planned system of accounting in operation during communism. The transition toward Western style accounting is certain to act as an impetus to foreign investment and facilitate integration with the EU (Adams & McMillan, 1997, p. 159 - 160).

The framework follows the initiative of the IASC in only allowing one solution for each accounting problem in order to achieve comparability of accounting information between companies and over time. it defines 161 terms of accounting vocabulary which may prove useful to the accounting professions in Eastern Europe, providing them with a better understanding of accounting within the context of a market economy (Delesalle 1992) (Adams & McMillan, 1997, p. 152).

However, the SCE can be seen as an admirable attempt to counter the presumption that the Anglo-Saxon accounting system, because of its world influence, represents the only type of accounting that Eastern European countries can or should adopt. The French system has a lot to offer and the SCE could be a useful and practical guide for the implementation of an accounting system in Poland. Poland could adopt aspects of this system best suited to its accounting environment (Adams & McMillan, 1997, p. 154).

While it is essential to place accounting and auditing in its appropriate social context, governments of developing countries cannot operate in isolation and must seek to accord with norms of professional behavior. The Nigerian experiment is a total departure from global norms. However, the auditing

profession in Nigeria needs more than ever before to restore public confidence in its role of ensuring public accountability. This is the time for ICAN and its members to reappraise their role in the society. This point is further emphasized by the Senior Partner (Chief Ani) of the oldest and largest accounting firm in Nigeria (Peat Marwick Ani Ogunde), who cautions that "ICAN must look inwards and carry out a thorough house cleaning exercise to brighten its image and restore public confidence" (Ani, 1990:11) (Okike, 1994, p. 89).

Currently, the Philippines is the only SEAN country not to attempt to harmonize its local standards with the IASC standards. It is conceivable, however, that if the rest of ASEAN adopts IASC accounting standards, the Philippines might be pressured to conform to, or at least recognize, IASC standards for domestic reporting purposes as well. Overall, the possibility of accounting harmonization in ASEAN depends greatly on whether regulators and professional accountancy bodies in each country can be persuaded to rely more extensively upon IASC standards (Craig & Diga, 1996, p. 252).

If such a process of adoption and adaptation is to be followed, then there are features of the U.S. system that are attractive. In particular, China needs to set accounting rules that cover such areas as consolidated accounts, leases, foreign currency translation, and intangible assets. In many of these areas, the United States has the most advanced standards of any country (Roberts et al, 1995, p. 217).

In light of current initiatives in the adoption of MVA for the banking industry, the United States is attempting to prevent a future crisis in financial institutions by:Perhaps other countries should take into consideration the current initiatives on MVA in the United States and their impact on financial reporting in establishing new accounting and financial reporting standards as well as governmental rules and regulations for their own banks and for the global banking community. Specifically, the IASC should consider the initiatives on MVA in the United States and their perceived financial and managerial impacts in finalizing its proposed standards on MVA (ED40) for the international business community. P. 220
THEME 6

Nevertheless, another group of basic principles is the generalization of accounting experience over a long period. They include the basic requirements closely related to the characteristics of accounting practice in a consumer economy, which are probably usable by all social systems or countries with consumer economies. These include the matching principle, the realization principle, etc., and would be described as the "Professional Basic Principles." (Zhijun, 1988, p. 109)

Countries developing accounting systems are encouraged by the IASC to use International Accounting Standards as a substitute for creating their own standards. This can be seen as financially desirable in that Poland would not have to use extensive resources to develop its own standards and the potential benefit in the form of increased foreign investment may be significant. Indeed, as shown in Table 1, the Accounting Law of 1994 is consistent with IAS in most areas. However, despite the IASC's bold statement that such adoption will enhance local accounting practices, the extent to which these standards can be considered relevant to the Polish environment where the information needs of investors is not paramount, is debatable (see Briston 1984) (Adams & McMillan, 1997, p. 154).

The format and nature of the corruption fighting organization depend on societal and cultural patterns and cannot be discussed in a global manner. However, certain experiences in the United States and in the United Kingdom may be instructive (Pomeranz, 1991, p. 270).

The U.S. influence was established through the Arabian American Oil Company (ARAMCO), which since its early days, has provided significant guidance to the Saudi tax administration and legislation. This influence continues through the education of accountants and auditors by Americans both in the United States and Saudi Arabia. This advanced and specialized education is needed for several factors:..Prior to the emergence of the oil sector, relatively insignificant trade and commerce activity was dominated by small, privately held firms. To the extent that accounting records were maintained at all, they were simplistic and on a single-entry basis. The growth of large companies and the separation of management and ownership has necessitated a change toward the more informative Western-style accounting practices.

This rapid change in accounting emphasis in Saudi Arabia was met first through the use of expatriate labor and subsequently by attempting to educate Saudis both domestically and abroad (Hagigi & Hubbard, 1988, p. 152).

EDA and EevA are certainly an excellent first step toward improving accounting in developing countries. Perhaps the strongest point in their favor is that EDA and EevA require full control over the curriculum offered by the educational system so that, in the long run, the developing country has the opportunity to improve the quality and quantity of the much-needed accounting manpower (Tipgos, 1987, p. 387).

EEVA is basically an adaptation of an American system that requires liberal arts courses as part of the curriculum, mainly during the first two years, before the student is admitted into the accounting program (Tipgos, 1987, p. 388).

For many years the United Nations has been active in public sector financial management. Its role in this area has been mostly one of providing technical assistance to developing countries (Dean, 1988, p. 232).

In addition to technical assistance, the United Nations has also been concerned with more general dissemination of knowledge and ideas about public sector financial management... Work on government auditing standards received impetus and direction from the Expert Group Meeting on Public Accounting and Auditing held in Mexico City in early 1984. The meeting felt that it was essential for developing countries to formulate and adopt such standards, but that due to differences in local needs, a model set of standards would not be as useful as a comparative study (Dean, 1988, p. 233).

A related question, relevant to the significance of the research, is whether the term auditing standards is culturally specific (Dean, 1988, p. 237).

...Only thus will the professionals and their associations from other parts of the world feel motivated to help us, for we will need their contributions and advice (Dominguez, 1988, p. 285).

The SABC case study was conducted about a decade after the company had adopted the OCAM (French) Plan.....It was explained that the conversion was without significant resistance for several reasons.....A final reason concerns the early educational reforms in Francophone Cameroon during the 1970s, which gave OCAM an entrenched grip on all accounting courses at secondary schools, technical and teacher training colleges, professional schools, and universities. The SABC almost exclusively recruits graduates of these institutions to occupy various accounting positions from the level of bookkeeper and technician to that of chief accountant. Such personnel may naturally be inclined to see OCAM rules as the only authentic accounting principles which confer legitimacy, credibility, and rationality on organizational decisions based on them. The SABC's elite accountants were holders of the *Diplome d'Etudes Comptables Superieures* or graduates of the *Ecole Superieure de Commerces* and business schools. This trend is peculiar to most Francophone companies since the Experts-Comptables are generally engaged as independent public practitioners (Elad, 1996, p. 68).

The practical assistance offered by France and the UK is then examined and the extent to which this assistance allows Poland's accounting system to develop in a manner beneficial to the long-term future of Polish accounting is critically appraised. Most literature to date has concentrated on the current status of Polish accounting and little critical analysis has been carried out of the aid provided by France and the UK ...There is thus a need to increase awareness as to the disadvantages as well as advantages of international influences on the development of accounting in newly emerging market economies (Adams & McMillan, 1997, p. 141).

However, the expatriates involved, at least initially, do not have a thorough knowledge of accounting in Poland and are often unfamiliar with the accounting culture which they are unable to adapt to the needs of the Polish environment (see, for example, Wallace and Briston 1993). In fact, many of the graduates employed by these firms start training with a view to sitting for the UK ACCA exams rather than the Polish CA exams which require a longer period of training. The knowledge that such students obtain is, therefore,

specific to the UK environment, the emphasis being on external reporting and auditing. This is not currently suitable in its entirety for the Polish environment given the still significant influence of the public sector and the infancy of the Warsaw Stock Exchange. These firms have, however assisted in the development of Polish accounting and indeed consider themselves as Polish (Sheridon 1994) (Adams & McMillan, 1997, p. 152).

MCs play a significant role in world economy and trade. Their contribution to the social and economic welfare, particularly in developing and underdeveloped countries, is of vital importance. In addition, they are of such size that their activities can influence, at least indirectly, political movements in host countries (Ahadiat & Stewart, 1992, p. 48).

The current increased foreign investment has brought more international influence, principally from the United States, to the accounting system (Caromony, 1987, p. 46).

The interactions of international organizations and companies with domestic educational systems, regulatory bodies, and economies clearly serve to define the level of harmonization of audit practice in a given country with international standards. However, we need to know how these interactions take place, how much interaction is necessary, and how they can be facilitated (Needles Jr., 1989, p. 10).

Britain's lengthy corporate audit tradition dating back to the nineteenth century, its status as the birthplace of many of the largest multinational accountancy firms, and its historical reliance on professional regulation of accounting and auditing practice stand in some contrast to Spain, where, accounting regulations have retained a much more distinctive legalistic character (traditionally following the Continental, as distinct from the Anglo-Saxon model. Many of the most significant developments in the provision of audit services have come only in the last decade in conjunction with Spain's membership of the EC, the requisite, but enthusiastic, implementation of EC Company Law Directives, and the growing investment by multinational corporations...in Spain (Benau et al, 1993, p. 282).

With growing worldwide interest in investing in China, interest in studying Chinese managerial behavior is also expanding. In the management accounting area study of cultural differences has also become important, as culture affects people and their needs, wants, aspirations, and managerial philosophy and practice. The impact of cultural factors on the effectiveness of management accounting system implementation can open up avenues for further research. In China, as programs for economic reforms continue, many more Western management accounting techniques will be introduced to Chinese enterprises. However, the effects of such Western techniques on Chinese firms still await further research (Chan & Lee, 1997, p. 181).

The dizzying demands to keep pace with the local as well as the international accounting standards as dictated by the accounting and reporting needs of the investors in China, have been eased lately by the alliances formed between the large international accounting and auditing firms and select Chinese firms. However, language and culture barriers create interesting anecdotal stories of these "marriages" of skills and resources and value systems of these groups (Graham, 1996, p. 25).

Through mutual cooperation of international scholars, advances in research can lead to effective and practical advances in the PRC and in different countries and assist in the development of the economics of the world (Graham, 1996, p. 32).

Despite the best efforts of the Communist Party in the Soviet Union to keep the process of change under control, it appears that "change" has acquired a momentum of its own. The inevitable historical process now threatens to impose its will on the Soviet Union, ready or not. For the Soviets, to refuse change would be to see their country not only lose its status as a superpower but also to witness its joining the ranks of the Third World. To accept the challenge of change, however, will require a complete transformation of Soviet society. Gorbachev appears to have accepted the challenge and has set out to lead his country into the twenty-first century as a bona fide member of the First World. His method is vaguely reminiscent of the

father of communism, Karl Marx, although his direction is radically different. Gorbachev, like Marx, seeks change by way of consciousness raising at all levels: political, economic, social, and moral. However, for Gorbachev the tool of change has been democratization as embodied in glasnost and perestroika. In the political arena he has introduced elections, and in the economic realm he has proposed a market economy. From an accounting perspective, consciousness raising also involves a transformation of accounting from being merely a tool of financial accounting to serve central planning and control, to method of managerial accounting, serving as a catalyst for change at the enterprise level (Shama & McMahan, 1990, p. 165).

This paper suggests that the transition from a planned to a market economy will generally follow paths similar to those taken by Western countries as they left behind their authoritarian tradition. The process begins at the political level with individual freedom and progresses to the macro-economic level with a simultaneous expression at the enterprise level. As a result, the role of accounting will change to reflect the new economic and political system in which it will operate, as suggested in Theoretical Framework of this paper. These changes are summarized in Table 2... As can be seen, these changes are divided into political, economic and accounting categories. All are interrelated in a sequential manner. Soviet accounting cannot evolve into the autonomous management technique required in a market economy without reform of the centrally planned economy. In turn, economic reform is dependant on political reform, at which point the ultimate dissolution of Marxist-Leninist economic and political principles will take place. This sequence can begin to be seen in the recent developments in the Soviet Union... As market economy continues to be introduced into the Soviet Union and the until-recently Soviet bloc countries, accounting will change from a tool of central control to a managerial tool, from being state-dominated to being profession oriented, from a tool of statistical economics to an autonomous method of promoting productivity, efficiency, and accountability. Indications of these changes are provided by legal changes regarding private property, foreign investment and currency convertibility. Thus, private property is legal in all Eastern bloc countries, and foreign investors may own more than 50 percent in a joint venture in most such countries. Furthermore, foreign investors in Hungary, Yugoslavia, and East Germany can repatriate profits in hard currencies, and Poland is expected to follow suit (Shama & McMahan, 1990, p. 168-169).

APPENDIX G

DATA SET

ADVANCES IN INTERNATIONAL ACCOUNTING

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APPENDIX H**DATA SET****THE INTERNATIONAL JOURNAL OF ACCOUNTING EDUCATION AND RESEARCH**

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