

The Cultural Aspects of Accounting Development in the MENA Region

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ABSTRACT

Culture is defined as the collection of attitudes held by one group of people, which make it possible to classify that group of people differently from another group (Hofstede, 1997). Thus, many scholars i.e. (Hofstede, 1980; Gray, 1988; Perera, 1989, Saudagaran & Meek, 1997; Hofstede, 2010) considered the cultural influence as a critical factor on accounting development and practice on MENA region in particular and western countries in general. Moreover, the cultural environment is formed from combined characteristics such as “Language, religion, attitude, morals, values, law, education, politics, social organisation, technology, and material cultures” (Eldarragi, 2008: 79). Henceforth, as stressed by several studies (see Jaggi, 1975; Bromwich & Hopwood, 1983; Salter & Niswander, 1995) that culture has a high influence on accounting. Furthermore, Religions and beliefs as an element of Arab culture also deemed to be cultural influence factor on accounting standards and practices, i.e. charging of interest on loans/savings is prohibited by the Islamic religion. Hence, implementing such international accounting standards or principle on borrowing cost became inapplicable in any two countries trading with each other and following the Islamic rules and principle. Therefore, it is important to conduct an in-depth analysis following Hofstede’s power distance and uncertainty avoidance theory, accounting MENA countries, especially Arab countries if one would like to establish rigorous accounting practice that contributes to their economies development.

KEYWORDS

Accounting practice development, Cultural factor, , MENA

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