

**The Inappropriateness of Western Economic Power Frameworks of
Accounting in Conducting Accounting Research in Emerging Economies:
A Review of the Evidence**

by

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Abstract

The frameworks of accounting used by Western economic powers have been consistently been criticized for not keeping pace with the modern socio-political and economic development of the developed countries for which these frameworks were specifically evolved to serve. The use of such frameworks for research investigations in developing economies with socio-political, economic and cultural environments entirely different from those of the developed countries has become questionable and suspicious. The use is questionable in the sense that the colonial environment, which these frameworks served, has changed, but the frameworks still remain as the “map” and the “lens” used to understand the complexities surrounding the emergence and development of accounting in developing economies. It has also become more suspicious because, despite the awareness of the inappropriateness of these frameworks for accounting research in developing economies, developed countries still continue to impose these frameworks on most developing economies, under the pretext of setting international standards. This paper examines the various criticisms that have been leveled against the use of these frameworks for accounting research in developed countries. Further evidence is provided on the criticisms of the use of these frameworks to conduct accounting research investigations in developing countries. The paper also provides empirical evidence which suggests that these frameworks have become instruments of international mobility of capital in continuing to position the economies of the Western economic powers at the expense of the fragile economies of most emerging economies. On account of these criticisms, and considering the socio-political, economic and cultural circumstances peculiar to emerging economies, the paper suggests that the emerging economies could be better served with more appropriate and relevant frameworks of accounting which take into account their social history and cultural circumstances.

Keywords:

Developed Western economic powers; Frameworks of Accounting; Emerging Economies; Relevance; Inappropriateness; Socio-Economic, Political, Cultural Environment.

Introduction

The frameworks of accounting adopted by Western economic powers have consistently been criticized for not keeping pace with the modern socio-political and economic development of the Western capitalist countries, for which they were specifically evolved to serve (Cooper, 1995; Sikka and Willmot, 1996; Robson and Cooper, 1990; Willmot, 1986). The adoption of such frameworks for accounting research in emerging economies, with socio-economic political environments entirely different from those of the developed capitalist world, have also faced increasing criticism from accounting commentators in many developing countries (see for example, Wallace and Williams 1994; Briston, 1978, 1990; Seidler, 1969; Enthoven, 1977; Ndubizu, 1994). In recent times there has also been an increased awareness on the part of many developing countries' accounting commentators and researchers that the forceful adoption of the Western economic power frameworks of accounting to conduct accounting research in developing countries could be a deliberate attempt by the developed Western capitalist world to hamper the growth of developing countries' economies (see Susela, 1999). Despite these criticisms and increasing awareness of their limitations and drawbacks, accounting researchers on developing countries, especially those from the developed countries, still continue to portray these acclaimed legacies of inappropriate technology as suitable frameworks which could be adopted to conduct research investigations into accounting in developing countries (Bakre, 2004). There is no doubt that dependency or internationalisation, in particularly the use of the Western economic powers frameworks of accounting to conduct research on most developing countries accounting investigations, has been significant especially during the period of colonization or before the independence of developing nations. However, after independence, the colonial environment which had necessitated the adoption of these frameworks had changed and new post-independence socio-political and economic developments have replaced the colonial environments, particularly in the globalization era. This seems to

therefore suggest that there should also be a deliberate effort to search for more relevant and more appropriate frameworks which could properly illuminate accounting in the post-independence era of emerging economies. The continued adoption of the Western economic powers' frameworks of accounting to conduct accounting research in developing economies after independence, in particular, assumes that the way and purpose for which accounting emerged in developing countries were similar to those of the developed Western capitalist nations. In reality, however, this is not so. In the developed countries the accountancy profession emerged to serve the needs of capital and the continuous expansion of capitalism. In developing economies the emergence and development of the accountancy profession has been linked to "cultural" and "global" influences within the context of which the accountancy profession in developing countries continues to develop (Bakre, 2001; Annisette, 2000; Uche, 2002; Sian, 2006). Moreover, the main purpose of accounting in developing economies is for it to act as the engine of growth of the economy, and not as a tool for the international mobility of capital which the Western capitalist frameworks are primarily designed to achieve (Mendes, 1990).

The above differences in the emergence and purpose of the accountancy profession are part of the evidence justifying the argument that the frameworks that drive accounting in the developed countries should ideally be different from those in developing countries. However, despite the above facts, and the evidence, most of the researchers on developing countries, what come mostly from the developed capitalist world, still have the erroneous belief that what is applicable to the developed economies can automatically be applied to developing economies, and even without any adjustments being made (Wallace and Williams 1994). Such researchers may, in most cases, not even be familiar with the socio-political and economic environments of developing countries, let alone be involved in the problems of these emerging nations in respect of which they conduct their investigations (Enthoven, 1977).

For example, most developing economies were colonized by the more developed Western economic powers (Britain, France, Spain, Portugal etc).

Furthermore, the economies of these developing countries were integrated into the colonizers' economy and the other developed World global capitalist economies which had been their giant trading partners after independence (Wallace and Williams, 1994). This socio-historical evidence suggests that these economies could be better served with more appropriate frameworks of accounting entirely different from those of the developed capitalist countries and which currently drive accounting research in the developing economies.

The remainder of this paper is divided into five sections. Section 2 examines the competing Western economic power frameworks of accounting research, which are also used to conduct accounting research on developing countries. Section 3 examines the various criticisms of the use of Western capitalist World frameworks of accounting for research investigations in developed countries. Section 4 examines some of the criticisms regarding the inappropriateness of Western capitalist World frameworks in conducting accounting research in developing economies. Section 5 also examines the Western capitalist World frameworks of accounting as modern instruments for the international mobility of capital. Section 6 examines the need for adopting an appropriate framework of accounting for research in developing countries. Section 7 concludes the paper in the form of a summary and discussion.

Alternative Developed World Frameworks of Accounting

Any understanding of the empirical research in accounting is dependent upon theories. Each theory, however, has a limited capacity to throw light on the issues involved. For this reason, a combination of theories needs to be deployed. Consequently, in recent times, accounting researchers have borrowed from the three paradigm of positivism, the interpretive and critical perspectives of social science, and the sociological and philosophical schools of thought to conduct investigations into accounting issues in developed countries (see, for example, Sikka and Willmott, 1995; Tinker, 1984, 1985). Paradoxically, these developed Western countries' frameworks of accounting have also been used and adopted

for accounting research in most emerging economies (see, for example, Mephram, 1977; Macbeath, 1982). These include the conventional approach, which includes the trait and functionalist approaches to the profession (see Mephram, 1977); and the critical approaches, which include the Weberian, Marxian, Foucauldian and Hebermasian approaches to the profession (see Okike, 1994; Anisette, 1996; Almotary, 1999; Bakre, 2004c). However, most of the sociological and philosophical alternative schools of thought which have been adopted and used in accounting investigations have been criticized for not keeping pace with the modern economic development of most developed Western nations (see Willmot, 1986; Coopers, 1995) These criticisms have become more pronounced when these frameworks are being used to investigate accounting research in emerging economies with different socio-political, economic and cultural environments (Ndubizu, 1994; Susela, 1999). Moreover, accounting researchers, mostly from the developing economies, have unanimously argued that the adoption of such theoretical frameworks may not give sufficient regard to the appropriateness of these frameworks for the economic requirements of emerging nations (see, for example, Nwadike, 1994; Wallace and Williams, 1994). For details of the limitations of these frameworks for accounting research in emerging economies in particular, see Bakre (2004). The empirical evidence for these criticisms in both the developed and the developing economies is considered in the next sections.

Criticisms within the Developed World Economies

Many studies relating to the emergence, regulation and organization of the accounting profession in developed countries have been influenced by the adoption of one of the theoretical frameworks discussed above. However, the adoption of these frameworks has been subjected to various criticisms in respect of their irrelevance to the modern economies of most developed economies.

Thus, for example, Macdonald (1984), Johnson and Cargill (1971) and Kedslie (1990) applied the sociological perspective of the conventional (trait and

functionalist) theoretical approaches to the professions to explain the formation of different heterogeneous accounting professions in the UK and the USA. These studies discussed how the efforts of accountants to define and advance their interests through the formation and development of professional associations became instruments of competition, antagonism and the building up of opposing camps between the different professional associations formed in the UK and the USA. Paradoxically, this heterogeneity and organizational fission has been successfully exported and subsequently adopted in most accounting professions that were formed in the majority of the developing countries, in particularly the British colonies of the Commonwealth after their respective independence. However, such heterogeneity and organizational fission which has continued to characterize these newly formed professions in the former colonies has made them liable to criticism in their respective societies as to whether these professional bodies were formed to protect personal interests or to protect the public interest. Furthermore, such criticisms have consistently questioned the rationale behind the adoption of Western accounting frameworks by many emerging economies, thus thereby creating more awareness than ever before in emerging economies that the adopted Western accounting frameworks might not after all be compatible with the socio-political, economic and cultural environments of developing economies.

Robson and Cooper (1990) adopted a social contextual approach to explore the development of accountancy in the UK, in the context of its emergence into what is conventionally seen as a professional form. They reported on how the differences in status have been perceived by members of each of the six heterogeneous professional bodies established in the UK. They further showed how this has often constrained the capacity of the profession to act with unity in order to respond positively to the social context that called for their existence. They argued that, while institutional forms that constituted the accounting profession, presented difficulties of co-ordination and control, particularly in the event of professional crises, tensions also emerge from the variety of practices that accountants had now come to pursue. Consequently,

instead of accounting knowledge reflecting practice, the relationship between accounting theory and practice had been, and continues to be, a contradictory one. Robson and Cooper further contended that the continued expansion of the accounting profession was a response to politics, scandal, fraud and lobbying to have its validity and relevance widely accepted, and also to have its end results acted upon by clients and regulators. As a result, they recommended that, instead of applying these understandings of the profession in general, that critical accounting researchers should consider the development of a framework which would explain the specific development of accountancy practices and knowledge in their social context. However, this seems to be a recommendation directed at emerging economies in particular, where the conventional approaches have already been subjected to various forms of criticism and it has been argued that an appropriate approach relevant to the socio-political, economic, and cultural environment of emerging economies needed to be evolved and utilized. Thus, it was argued that Western World accounting frameworks, which might not bear any relevance to their peculiar socio-political and economic environment, should be avoided as much as possible

Using a Weberian approach to the professions, Chua and Poullaos (1998) adopted the theory of “closure” amidst the construction of market to examine the historical analysis of an attempt by the Victoria Accounting Association in Australia to promote itself as the leading producer of accountants in Australia, from its formation to the demise of the Public Accountants Bill. Their study examined the use of “social closure” by the Victoria Accounting Association, and how its activities were significantly shaped by multiple and changing divisions within the association, as well as between the association and the competing colonial and imperial associations. The study also examined the impact of autonomous state agencies and wider political and communal tensions. In particular, the study examined how the imperial discourses and institutions, which mutated when transplanted from the metropolitan centre to the penal periphery, were material. The study found that the Victoria Accounting Association, which had started on the basis of openness, had confronted many

difficulties in its attempt to shift from openness to “closure” in order to gain market power. The study concluded that the diverse strategies employed by the Victoria Accounting Association to negotiate market power, in order to achieve the objective of closure, could not succeed. These attempts faced different obstacles from the class competitors, and more obstacles from the state agencies, the business community and the financial press. This scenario thus reinforced the conclusion of Chua and Poullaos (1993) that “a perpetual drive to exclude competitors or achieve monopoly as somehow essential to professionalization is unhelpful”. However, such a conclusion in particular served to alert the accounting professions in emerging economies to the danger associated with the use of the “closure” strategy to control an occupation. The use of closure strategy may be more harmful to the delicate nature of emerging economies than those of the developed World, which was where the “closure” strategy had originated. This suggests that the Weberian notion of “closure” may also be irrelevant to the peculiar nature of the economies of developing countries (see, for example, Bakre, 2001; Annisette, 2000; Okike, 1994).

Willmott (1986) examined the development of the major accountancy bodies in the United Kingdom. He argued that the construction and organization of the work of accountancy professionals was positioned in relation to their contributions to social and economic reproduction, analysed in terms of the identification, organization, articulation and pursuit of interests within a dominant capitalist structure of power relations. However, he argued that the organization of the profession could not be properly understood without a proper understanding of the legal, political, and socio-economic contexts which had given rise to the profession’s emergence and subsequent development. He further argued that developments in the market and the modern state had been the two major forces that had shaped the development and application of technology. It was therefore suggested that professional associations had been formed by those whose social background, market position and abstract skills had favoured the strategy of professionalization as the principal means of carving and securing a favourable niche within the labour market. As a result, he

concluded that, in the course of their professional claims, the political analysis of professional associations departed markedly from more established accounts of their formation and role. Moreover, received wisdom tended to decontextualize and depoliticise their existence. The above limitations of the framework, particularly the creation of monopoly power, the exploitation of labour and defence of personal interests as against public interests, were additional evidence which continued to raise our awareness of the fact that Western capitalist World frameworks of accounting may not be appropriate for the economic environment of emerging economies.

A study by Sikka and Willmott (1995b) identified the complex relationship which exists between the state and the accountancy profession in the United Kingdom. They asserted that such a relationship must be situated in the context of the contradictory pressures and demands of a capitalist economy. They argued that in the United Kingdom the accountancy bodies functioned as quasi-state regulators under the Financial Services Act of 1986 and the Companies Act of 1989. They also argued that the state, which is supposed to be the protector of society, has increased its reliance on the accounting profession as a regulatory mechanism and has widened the jurisdiction of auditors by giving them (in the financial sector) obligations to report fraud to the regulators. The major criticism of the state-profession relationship was that it encouraged the state to shield accountants from being accountable for their responsibilities to the society that called for their existence. It also made the politician rely on accountants to generate funds that enabled the state to execute its social programme, and therefore guaranteed that politicians retained their office. However, the consequence of this reliance was that it made the institution of accountancy and accountants rely on the state to continue to pursue their own personal economic interests as against the public interest (Hinds, 1989). The state-profession relationship has in recent times faced various criticisms in most emerging economies where the institutions of accounting, accountants and auditors hide under the umbrella of the state to pursue their own personal interests by

exploiting and defrauding the economies of the societies that call for their existence (see for example, Bakre, 2008; Bakre, 2001).

Cooper (1995) adopted a broadly cultural Marxist perspective to examine the role of accounting in the maintenance of an advanced capitalist state. She argued that the accounting profession, along with the media, the church, and cultural and voluntary organizations, could be considered to be part of civil society in the sense that they frequently promoted the ideology of the status quo. In so doing, the accounting profession acted to uphold the existing social order. She further argued that, on the one hand the accounting profession appeared to be reluctant to align itself to any particular political party and insisted on its neutrality; but on the other hand the accounting profession also acted in the interests of the state in propagating the existing social order. Thus, Cooper's study seemed to agree with a similar study by Sikka and Willmott (1995b) which claimed that the complex relationship between the state and the accountancy profession could be situated within the contradictory pressures and demands of a capitalist economy. Cooper (1995) further argued that, in order to maintain the support of the accounting profession, the UK could refuse to alter laws relating to auditing. It could even attempt to starve opposing organizations, such as trade unions, by restricting their funds. She concluded that the above complexities suggested that many of the powers of the accounting profession derived their effectiveness from the state's more coercive abilities. Thus, her study further enhanced our understanding that the accounting profession, particularly in the developed World, had emerged to serve the needs of capital and the continuous expansion of capitalism. However, it has been argued that the main purpose of accounting in emerging economies is to act as the engine of growth of the economy (Mendes, 1990). The above difference in purpose between the accountancy profession in developed and developing economies again seems to suggest that developing countries need to evolve appropriate frameworks of accounting relevant to their socio-political and economic problems, rather than merely to adopt the deemed inappropriate Western economic power frameworks of accounting.

The above criticisms of these theoretical frameworks for conducting accountancy research in the economic environments of the Western economic powers, for which they were originally evolved to serve, continue to create scepticism and suspicion when the same frameworks are now being used to conduct accounting research in developing economies, for which they were not specifically designed to apply.

The next section provides evidence in respect of the inappropriateness of the Western capitalist World frameworks of accounting adopted in conducting accounting research in emerging economies.

Criticisms from the Developing Economies

In most emerging economies the use of the conventional approaches (trait and functionalist) for analysing the emergence and development of the accounting organizations and the professions has suffered from being a decontextualized approach. Haug (1977) has argued that a series of historical events and social changes has been converging to diminish professional control. According to Haug (1977):

World wide increase in education levels, new division of professional labour involving the increasing use of lesser trained personnel, growing adherence to an ideology of public accountability, and occupational equality, the aggregation of clients in bureaucratic settings with consequent recognition of their common condition, and the computer revolution in data handling technology have all diminished professional control. (p. 56.)

In a study on the accounting profession in developing countries in particular Ezejulue (1976), MacGregor and Moores (1992), Pok (1995), and Perera and Velayutham (1996) found that in most developing countries the organization of the accounting profession had been linked to accounting education, rather than to the traditional vocational apprenticeship method. These

researchers contended that accounting education had played a significant role in the development of the profession that had emerged in these nations. In respect of the development of the accounting profession in New Zealand, for example, MacGregor and Moores (1992) claimed that:

Since 1989, the New Zealand Society of Accountants (NZSA) has ceased to offer its own examinations. Although there have been two previous attempts (1967, 1971) to make the profession graduate-only entry, the NZSA has rejected this option. To replace its own examinations a new alternative to degree entry has been created. (pp.69–79.)

However, by replacing its own examination with a new alternative to degree entry into the New Zealand Society of Accountants, there seemed to be awareness in the accountancy profession that the traditional framework of examination might not be serving its main purpose. In other words, the traditional means of examination might not be relevant to the socio-political, economic and cultural environment of New Zealand.

As Ezejulue (1976) remarked, in the case of the development of the accounting profession in Nigeria, the effect of university education was to combine professionalism with intellectualism in an accounting educational package, making for a broad-based education, which was what modern Nigerian accountants required. As Ezejulue (1976) explained:

“Nigeria needs modern and enriched accounting education and not what may be dismissed as advanced bookkeeping that has no relevance to the Nigerian social context. It is only by changing our attitude towards accounting education, especially in areas of content and subject-matter, quality of tutorials, level of students, quality of research and learning environment, that we can come close to shedding the too-often emphasised vocational and book-keeping image of existing professional accounting education”. (pp.76-77.)

The case of Nigeria provides added evidence to support the argument for the irrelevance of the Western traditional framework of accounting to the needs and requirements of the socio-political and economic development of emerging economies.

Adopting a critical approach, Susela (1999) used Marxian theories to explain the conflicts and tensions which existed within the Malaysian accounting profession and the power struggle there in the attempt to dominate the accounting standard-setting process within the context of a rapidly developing economy. The study showed how different interest groups and parochial interests, along with the use of self-protection, affected the process of establishing Malaysian accounting standards. However, the study found that, because of this development, International Accounting Standards (IASs) had been subjected to criticisms in the Malaysian business community, because the IASs did not meet the approval of the business community, especially the corporations in Malaysia. Consequently, the IASs are now viewed by the key players in the Malaysian standard-setting process as an attempt by the developed countries to hamper the growth of developing countries. This construction of the IASs as an interfering outsider is just one aspect of the growing awareness by market players of the importance of being involved in the standard-setting process. Susela concluded that the activities of the accounting profession in Malaysia, particularly the standard-setting process, were an outcome of the political process of power and conflict. The case of Malaysia therefore provides additional evidence of the continuing awareness of informed people in developing countries of the irrelevance of the Western capitalist World's frameworks of accounting in the socio-political and economic environment of most emerging economies.

In order to consider the auditing profession in Saudi Arabia, Al-Motairy (1999) adopted a critical Foucauldian approach as a partial explanation for understanding multi-dimensional perspectives where social, economic, political and institutional factors combine. He argued that this perspective may explain

how the auditing profession in Saudi Arabia had occurred, but that it may not be able to explain why such professionalization had occurred. He claimed that to explain why such professionalisation had occurred, researcher needed to adopt additional theoretical perspectives. However, the outcome of his investigation suggested that the Foucauldian approach was still also limited as a theoretical framework for investigating the emergence and development of a profession such as accounting, particularly in developing countries. Moreover, such an approach, which lacked continuity, might not be relevant in adequately illuminating the complexities surrounding the emergence and development of the accounting profession in most emerging economies, all of which had continuity between the period of colonisation and independence (Annisette, 2000).

Okike (1994) examined the adoption of the Weberian closure policy by the Institute of Chartered Accountants of Nigeria (ICAN) in order to continue to exclude many eligible Nigerians from qualifying to become members of ICAN. She reported that such steps later became unhelpful for ICAN itself. She explained that, after the auditing profession (under the control of ICAN) became localized, in the course of its exclusion practices it had confronted many challenges to its legitimacy. These challenges were the three important provisions that were contained in Nigeria's Company and Allied Matters Decree of 1990 (CAMD) with potential negative consequences of challenging the ICAN "closure strategy". These provisions include section 359(2) which provided that a legal practitioner shall countersign the auditor's report.¹ The second provision was section 358(c) which was an attempt to prevent auditors in Nigeria performing other non-audit services for a client company.² The third provision which really challenged the "closure strategy" of ICAN was section 2 of the CAMD 1990.³ However, while sections 358(c) and 359(2) have been repealed as

¹ This provision effectively empowered legal practitioners to compete in the accountancy market with ICAN, thereby challenging ICAN's closure strategy.

² Section 358© states that the following shall not qualify for appointment as an auditor of a company: a person or firm who or which offers to the company professional advice in a consultancy capacity in respect of secretariat, taxation or financial management.

³ Section 2 gives statutory support for the creation of new accounting professional organisations. However, the same section 2 of the decree granted unrivalled (or rather unthreatened) existence to other professional bodies, such as the Nigerian Bar Association.

a result of representations by ICAN, section 2 remains on the statute book to continue to challenge the “closure strategy” of ICAN. Consequently, some other professional bodies, such as the Association of National Accountants of Nigeria (ANAN) and the Institute of Certified Public Accountants of Nigeria (ICPAN), have also been established to compete with ICAN. This situation again confirms the conclusion of Chua and Poullaos (1993) that a perpetual drive to exclude competitors or to achieve a monopoly as something essential to professionalization is unhelpful. Thus, a Weberian closure policy may not be an appropriate theoretical framework for illuminating the emergence and any subsequent development of the accounting profession in developing countries.

Annisette (1996) reported on the use of the conventional approaches (trait and functionalist) and the critical approach of Weberian “closure” by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) to discourage the localization of the accountancy profession in Trinidad and Tobago. She explained how the UK-based Association of Chartered Certified Accountants (ACCA) products that dominated the profession had fought tooth and nail to discourage the efforts of the government to localize the profession. Paradoxically, since the formation of the profession there had been many complaints from the business community and the government that the traditional means of qualification, mostly accounting qualifications from the UK, was irrelevant to the then current situation of Trinidad and Tobago’s economic development (see for example, Ramlogan, 1985). There had been additional complaints that this means of qualification also consumed huge quantities of the scarce foreign exchange of Trinidad and Tobago. As a result, many discussions took place on how to localize the profession in the country.⁴ As the colonially-oriented majority ICATT members believed that such a step could result in de-professionalization, which could threaten their legitimacy and question their “closure strategy”, they declined to support the move. As Annisette reported, the

⁴ One outcome of the discussions was the decision to ask the University of the West Indies, St. Augustine campus, to incorporate the University’s BSc Economics programme with an accountancy elective degree into the professional stream of Trinidad and Tobago’s ICATT. There was also a discussion on the government’s proposal to establish an Institute of Banking Management and Accountancy to serve as a training ground for the Institute.

consequence of the closure was that the accountancy profession in Trinidad and Tobago, which was established with the primary objective of localising the profession, had to shift the paradigm from localization to internationalisation. The Trinidad and Tobago case is another example which supports the argument that the conventional approach and Weberian closure strategy may not be helpful for the growth of the accounting profession and the economic development of emerging economies.

Macbeath (1982) adopted a socio-political and cultural perspective to assess the progress made in the development in Jamaica of accounting practice and thought during the previous 20 years (1962–1982). He found that financial reporting in Jamaica depended on the accounting standards and trends established in Europe and North America. He argued that it had been a long and arduous task for the profession and accountants in commerce to convince their clients and employees that some of the new standards and concepts developed in Europe and North America and adopted by the Institute of Chartered Accountants of Jamaica (ICAJ) should be introduced. He argued that in a number of cases it had only been the introduction of sanctions by the Institute of Chartered Accountants of Jamaica (ICAJ) that had enabled accountants, both in practice and in commerce, to put new standards into effect. The normal reaction to many of these proposals was that, while the standards or concepts might be appropriate for circumstances in Europe and North America, they had little or no relevance in Jamaica (see for example, Preston, 1990). This seems to suggest that the developing countries were not passive accepters of the Western World-dictated accounting framework, which might bear no relevance to their economies. However, the capitalistic interests of the Western economic powers and those of their minority collaborators, who dominate the profession in most developing countries, have continued to make Western accountants and their local collaborators to continued to impose these inappropriate frameworks on developing economies under the pretence of their being international frameworks.

The above analyses seem to support the general claim that the urge of developed economies to force their frameworks of accounting on emerging economies is to enable the Western economic powers to continue to position their economies in the economic environment of developing countries (see Hove, 1986; Samuel and Oliga, 1982). In other words, to enable Western economic powers to continued to use these frameworks as instruments of international mobility of the developing World capital. The next section provides the evidence to justify the above claim.

Instrument of International Mobility of Developing World Capital

Much of the accounting research conducted in the USA and the UK analyses the usefulness of accounting information for investors and shareholders (Kenny and Larson, 1995). Some specific studies conducted by researchers on the rationales for accounting information in emerging economies have concentrated mainly on the need for accounting information for economic development (Wallace, 1993). The above difference in accounting information needs of developed and developing countries seems to suggest that developed capitalist World frameworks of accounting may not be appropriate for research investigations in developing countries. However, despite significant differences in the usefulness of accounting information in developed and emerging economies, some researchers still continue to adopt developed World frameworks of accounting to conduct research investigations into developing economies (Ndubizu, 1994). This practice mostly by researchers from the developed World, who may not be familiar with or be involved in the socio-political and economic environment of emerging economies, continue to impact on the results of research investigations on developing economies (Enthoven, 1977).

For example, the Committee on International Accounting Operations and Education of the American Accounting Association has developed a model, referred to as the Economic Development Accountancy (EDA) proposal, which is aimed at improving accounting education in the many developing countries

surveyed (see Tipgo, 1987). As a result, the Committee called for the application of actual and potential accounting systems, techniques, procedures, and data to enhance economic development within a nation or nations (p. 20). The Committee also attempted to integrate all branches of accounting to serve effectively both micro and macro socio-economic decisions (Tipgos, 1987). However, this EDA model has been criticized on the ground that it may eventually lead to American accounting technology being put in place in the countries concerned, thereby creating perpetual dependency (see Briston, 1990). This problem is currently being experienced in the Philippines where the American Accounting Association helped to establish accounting profession. The consequence of this American assistantship is that the accounting profession in the Philippines today remains dependent on the American accounting profession, and there is little capacity for the system to be adapted to the special needs and requirements of the socio-political and economic environment in the Philippines.

Scott's Economic Evaluation Accounting Proposal (EEAP) of 1970 related to the objectives of accounting in the economic development of a particular developing country. The EEPA required the structuring of the accounting system to provide information that would facilitate the economic evaluation of enterprises and the activities of management, foreign investors and the government (Scott, 1970). However, the main problem associated with the EEPA assistantship programme was that the researchers concerned with the programme were mainly from the USA. As a result, they might only have been familiar with the use of American frameworks of accounting in conducting their investigations in developing countries. Moreover, the foreign investors were mostly transnational corporations, which are mainly from advanced capitalist countries, and whose primary aims and objectives are to rigorously pursue the global cause of capitalism, which may be in conflict with the accounting requirements of developing countries. Thus, despite the laudable objectives of Scott's Economic Evaluation Accounting Proposal, the practicality of its execution suggests that it still rested upon maintaining the status quo. Consequently, the proposal seemed to be very far removed from realistically assisting developing

countries to evolve accounting frameworks relevant to their own socio-political and economic problems.

Seidler (1967) undertook an in-depth study of the role of accounting in the economic development of Turkey. The study drew attention to almost every area where accounting information could be of helpful and of immense service to a developing nation's taxation, control of public and state enterprises, price regulation, allocation of scarce foreign resources, as well as the development of capital markets, the use of electronic data-processing, and the transfer of accounting knowledge. The study also made suggestions for the future direction of accounting and economic development in Turkey which, it was further argued, could serve as useful lessons for other developing countries. Again this study used the generalized framework of assistance based on the Anglo-American accounting model which failed to take account of the specific accounting information requirements of the socio-economic environment of Turkey. Such a model has a considerable tendency to further promote dependency in the accounting profession of Turkey, which may be in conflict with the accounting requirements of the socio-political and economic problems of Turkey. In addition, it may eventually deny Turkey the opportunity to search for its own solutions to its own particular financial reporting requirements relevant to its socio-political and economic environment. This is creating an awareness within the accounting profession in Turkey that, as is being advocated in other developing countries, Turkey needs to evolve its own accounting framework that is integrated with its own social history and cultural circumstances and which will therefore better serve its economy, rather than being dependent on the Anglo-American frameworks, which may not be relevant for adequately solving Turkey's own economic problems.

Chaderton and Taylor (1993) claimed that a major concern in the Caribbean region was the suitability of accounting systems for local needs, particularly in the economic development of the region. They argued that this had been a central issue in the development of accounting for a long time. Chaderton and Taylor emphasised that what was fundamental was the notion that

accounting systems matter for economic development. This was implicit in much of the development of accounting: accounting systems contribute to economic development and the lack of developed accounting systems acts as a barrier to economic development in emerging economies. However, the accounting professions in all the English-speaking Caribbean countries, on which this investigation was based, still continued to derive their values in terms of professional qualifications from the UK-based ACCA. Concerted efforts put forward by the Caribbean countries, individually and jointly, to create accounting frameworks that better address the socio-economic problems of the region have consistently been frustrated by the influence of the UK-based ACCA and its loyalist members of the profession in the Caribbean (see Bakre, 2004). This therefore suggests that Caribbean countries should endeavour to find local solutions to their framework of financial reporting problems, rather than to continue to mimic the ACCA's accounting framework, which it has been argued bears no relevance to the Caribbean countries' regional economic problems (see, for example, ICAC Annual Report, 1998; Thurborn, 1990).

Chang (1992) argued that the national accounting professions of developing countries should meet the challenges and needs of the economy in which they functioned. However, having advocated for the evolution of national accounting system to meet the local needs and requirements, Chang nevertheless defended the course of internationalisation or globalisation which somehow seems to contradict his argument for accounting system to take into account local requirements. Chang went on to say that Taiwan's economy had recently undergone significant expansion, internationalisation and liberalization and that this had necessitated many changes in Taiwan's accounting profession. However, this claim seems to suggest somewhat contradictorily that the only way for the Taiwan economy, and indeed all emerging economies, to survive is by strictly following the rules of the "old economic order" of the advanced capitalist societies. On the other hand, it had been consistently argued that such a development could in the long term spell doom for the socio-political and economic development of most emerging economies (see Susela, 1999).

Foo (1993), in analysing the state of the accounting profession in Brunei, stated that the accounting profession in each of the countries of the Association of South East Asia Nations (ASEAN) had an important part to play in the region's economic development process. This included ensuring confidence among foreign investors that their investments were properly accounted for and audited by professionally qualified persons who were just as competent, independent and credible as those from the host countries if not more so. This claim provides a strong case for supporting the argument that the role of accounting, as fashioned by the developed Western World for the developing economies has to continue to safeguard the interests of the developed World capital to the detriment of the developing World capital. On the other hand, the question of competent auditors seems to suggest that auditors from the investors' countries should be given priority over local auditors. This suggestion, if implemented, may, however, eventually lead the countries of the Association of South East Asia Nations to perpetually depend on the accounting profession from the Western economic powers, without any capacity to search for and create indigenous profession relevant to their own region.

Thus, the proposals and general beliefs, assumptions and postulations that were claimed to be the underlying rationales for the adoption of Western capitalist World frameworks of accounting for research investigations in developing countries have been further criticized by accounting commentators. For example, Tipgos (1987) observed that these beliefs, assumptions and postulations underlying the adoption of Western economic power frameworks of accounting for research in developing countries created conceptual and political conflicts between the actual needs of emerging economies and the economic interests of the Western economic powers that provided this assistance. As a result, such conflicts of interests might affect the success of the proposals, beliefs and assumptions.

The foregoing therefore suggests that developing economies in particular need to evolve more appropriate frameworks of accounting for their own socio-political, economic and cultural environments. The next section examines some

of the issues involved in developing appropriate theoretical frameworks of accounting for research in emerging economies.

Developing Appropriate Frameworks for Emerging Economies

It has been argued (see, for example, Ndubizu, 1994; Enthoven, 1977) that Western economic power frameworks of accounting technology (conventional and critical theories) may not necessarily be appropriate for conducting any meaningful research investigations in emerging economies. The reason behind this argument is that the emergence and development of accounting can only be understood in the context of its relevance to the socio-economic and political environment and institutions to which it relates (Carnegie and Napier, 1996; Willmot, 1986). Enthoven (1977) appealed to accounting researchers on emerging economies in particular to become involved in the socio-political and economic environment of emerging economies in order to be able to base the outcomes of their investigations on reality, rather than on the assumptions derived from the experience of the Western economic powers. Miller (1994) also encouraged accounting researchers to consider the conditions of social relations and institutional practices which formed the basis of the emergence and subsequent development of a particular accounting event. Thus Miller (1994) warned that:

“If we are to understand fully how particular ways of accounting have emerged and why such significance is accorded them, we have to move beyond the boundaries of the organisation and examine the social and institutional practice of accounting” (p.20.)

Miller therefore supports the argument that the socio-cultural environment of emerging economies is a vital factor that should be taken into consideration in any accounting research concerning the emerging nations (Talaga and Ndubizu, 1986). However, some researchers seem to have adopted the habit of carrying

out research in emerging economies without first studying the socio-cultural environments of those countries. As Wallace and Williams (1994) argued, this may have serious consequences for the economic development of emerging economies. As culture explains how the political, social, legal economic and technological environments are connected, Ndubizu (1994) therefore warned that careful intervention in the emerging economies by accounting associations and the governments of developed countries required an in-depth study of the various aspects of the environment and the culture that unified these elements. He noted that studies of West African culture and organization, for example, had shown that particularism was a common phenomenon. Ndubizu also noted that West African culture attached importance to “tribal loyalties” and “extended family” obligations, which had an effect on how professionals, such as auditors, accountants, and doctors performed their professional duties. However, the Financial Accounting Standard Board of the USA (FASB) has argued that accountability may not be practicable in an environment where particularism is a common phenomenon. Thus Ndubizu (1994) argued that the emerging economies may be better served with a new accountability theory or framework that best reflected their “social history” and “cultural circumstances”, instead of just adopting conventional and critical accounting frameworks, of the Western economic powers which might not reflect the reality of their socio-economic history and cultural circumstances. As Carnegie and Napier (1996) also suggested:

“We can better understand the past and the present development in accounting through enriched theoretical perspectives, appealing to a range of historical, social, political and cultural modes of explanation and aim not just to document accounting’s past but enable us more effectively to evaluate accounting present” (p. 9.)

In order to understand the accounting past and present of most developing countries, it is essential to first and foremost understand the socio-

political, economic and cultural history which has given rise for and continues to shape the World outlook of these societies. It is important to understand that the economies of most of these countries were integrated into the economies of the colonizers and of the capitalist World during and after colonization. This integration has continued to shape the socio-political and economic development aspirations of most developing countries even after their respective independence. The integration into the economy of the colonisers and the capitalist World cannot therefore be ignored in any consideration of the development of meaningful and appropriate frameworks of accounting for accounting research in emerging economies.

Summary and Discussion

This paper has provided evidence from developed and developing countries which seems to suggest that the use of Western economic power frameworks of accounting for research investigations in developing countries is a legacy of inappropriate technology. In providing the evidence, studies relating to the Western capitalist world frameworks of accounting adopted in accounting research in both developed and emerging economies were reviewed. The review of the studies is based on the sociology of professions, in which conventional and critical frameworks of accounting which have been utilized to analyse accounting research in both developed and emerging economies, have been analytically examined. The examination has shown how accountancy as a profession has developed from both developed and emerging economies. While in the developed countries the accountancy profession emerged to serve the needs of capital and the continuous expansion of capitalism, in developing countries the emergence and development of the accountancy profession has been linked to “historical”, “cultural” and “global” influences within the context in which the accountancy profession continues to develop in emerging economies. The above developments suggest that emerging economies may be better served with more appropriate frameworks of accounting which are entirely different from the

frameworks that drive accounting in the developed world, but which have also been subject to various criticisms in the economic environments of most developed countries. Contrary to this suggestion, however, most accounting research in emerging economies has been conducted using advanced Western capitalist World frameworks of accounting, which have been argued to be inappropriate to the economic environments of developing economies. The belief of most researchers conducting research on developing countries is that any framework utilised for research investigations in developed countries is automatically applicable to developing countries, and without any adjustment. This belief has created conflicts between the actual purpose of accounting in developing countries and what the developed Western capitalist world frameworks are meant to achieve in the economic environment of emerging economies.

The studies based on the developed countries show that most of the frameworks have been criticised for their inability for dealing with the modern economic environment and development of most developed countries. As a result, researchers on developed economies have proposed that frameworks should be developed that are better suited for conducting investigations in respect of the developed countries (see, for example, Cooper, 1995). This awareness has become more important in the case of emerging economies where the Western world adopted framework of accounting has been observed to be a legacy of inappropriate technology (see Hove, 1986). As a result, developed world frameworks of accounting adopted in emerging economies have in recent years been heavily criticised for acting as instruments of international mobility of capital, which positions itself in conflict with the accounting requirements of emerging economies. For example, most developed countries which have evolved these frameworks have a socio-political, economic and cultural environment which is entirely different from that of most developing countries. This therefore suggests that developing countries could be better served if there were different frameworks that were relevant and had a direct bearing on their socio-political, economic and cultural environment. As a result,

researchers on emerging economies have been challenged to adopt a framework that considers the social history and cultural circumstances of emerging economies, rather than just to emulate the developed world frameworks of accounting and without considering their appropriateness to the economic environment of most emerging economies in respect of which they conduct their investigations.

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