AN ANALYSIS OF THE EMERGENCE AND GROWTH OF ACCOUNTANCY PROFESSION IN DEVELOPING ECONOMIES:
THE CASE OF SUDAN
1956 - 2010

A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy

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August 2016
Declaration

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the item is the result of work which has been carried out since the official commencement date of the approved research program; any editorial work, paid or unpaid, carried out by a third party is acknowledged; and, ethics procedures and guidelines have been followed.

Peter Lokaro Ngrimwa

4 November 2016
DEDICATION

This doctoral thesis is devoted to my dear late wife FERIDA EFREM MODI who passed away in Melbourne, Australia. In life, she had always offered me continuous solace in my moments of disenchantment in general. I also honour my late parents: mother Cecilia Kiden and my father Karlo Bilal who implanted in me the drive to succeed and educated me to cope with the complexities of life. Their supportive spirits have inspired me to accomplish this higher educational achievement. Finally, I would like to make a solemn tribute to my late sibling Martin Aligo. George Ondogo who disappeared without trace in Sudan since 1992 is also remembered. Finally, my sibling Angelo Lawya in South Sudan deserves a place of honour in this Ph.D. accomplishment.
ACKNOWLEDGEMENT

This thesis would not have been accomplished without the focused guidance of my first supervisor, Associate Professor Prem Yapa who persistently and painstakingly steered me throughout the length and breadth of this doctoral thesis. I similarly acknowledge the useful counsels of Dr. Michael Kend, my second supervisor who advised on the trend of my research work. I also extend my gratitude to my external associate supervisor Professor Christopher Napier of the Royal Holloway, University of London for his trendy and valuable advice, especially with regard to perspectives in Islamic corporate institutions. I am also indebted to Associate Professor Marcia Anisette of the Schulich School of Business, York University in Canada for the constructive and invaluable criticisms she had made towards the accomplishment of this thesis. I am likewise indebted to the staff members of the two Durham University Libraries. Of particular mention are Jane Hogan of the Palace Green Library, who assisted me to locate the pertinent archival material in the Library; Tony Cleeve of Bill Bryson Library who photocopied for me useful material for my thesis and Richard Holmes, who also assisted me by explaining to me the ground rules of how to use the reference material’s section. All of them made my trip to Durham in England worth remembering and fortified my resolve to complete this doctoral thesis. Further indebtedness goes to Mohamed S. A. Haggar, the former Auditor General of the Republic of Sudan, and currently the principal Partner of Hasibeen Group, Statutory Auditors, Certified Accountants and Management consultants in Khartoum, Sudan who sent to me valuable archival data from Sudan. Likewise, Mr. Weiyuan Xin, a senior teacher at Dandenong High School willingly assisted me in extracting diagrams from some articles used in this doctoral thesis. Finally my encomiums to Joseph Onen Oreste and Alphonse Liwa Martin who have kept courteous companionship with me after the passing on of my dear wife.
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Acronyms and abbreviations

AAOIFI  Accounting and Auditing Organization for Islamic Financial Institutions
AAPA  American Association of Public Accountants
ACCA  Association of Chartered Certified Accountants
AGC  Auditor General’s Chamber
A.I.C.P.A.  American Institute of Certified Public Accountants
CIMA  Chartered Institute of Management Accountants
AIP  Accounting from Islamic Perspective
AL  Arab League (Sudan is a member of the Arab League countries)
ASCA  Arab Society of Certified Accountants
SAAPOC  Sudan Accounting and Auditing Professions Organization Council (Sudan)
CBS  Central Bank of Sudan
CIBAFI  Council for Islamic Banks and Financial Institutions
CICPA  Chinese Institute of Certified Public Accountants
CIPFA  Chartered Institute of Public Finance and Accountancy
CNPC  China National Petroleum Corporation
COMESA  Common Market for Eastern and Southern Africa
CPA  Certified Public Accountants (America)
CPA  Comprehensive Peace Agreement (Sudan-South Sudan)
EPAAA  Ethiopian Professional Association of Accountants and Auditors
EU  European Union
FAP  Federation of Accounting Professions
FDI  Foreign Direct Investment
GDP  Gross Domestic Product (GDP per capita)
GNPOC  Greater Nile Petroleum Operating Company
GONU  Government of National Unity
GOS  Government of Sudan
GPUAA  General Professional Union of Accountants and Auditors
HSCC  Higher Shari’a Control Commission (Operate under the CBS)
HSSB  High Shari’a Supervisory Board
IAS  Institute of Accounting Studies (Sudan)
ICAEW  Institute of Chartered Accountants in England and Wales
ICAI  Institute of Chartered Accountants in Ireland
Abstract

This is an empirical investigation into the development of the accounting profession in the Republic of Sudan in the post-independence era (1956-2010) as a qualitative case study, taking into note the local accountancy association, the Sudan Council of Certified Accountants (SCCA) which was established in the late 1980s, as well as the Arab Society of Certified Accountants (ASCA) which was first established in 1984 as a non-profit professional accounting association in London, UK. The theoretical framework of this study is drawn from the sociology of the profession (SOP) including the state and the profession framework. Laughlin (1995) and Llewellyn’s (2003) methodological constructions on qualitative accounting research been employed in the study. This study uses a combination of archival, secondary, as well as in-depth interview data, the influence of state-profession symbiosis on the growth of the accounting profession in the Sudan. The most salient trend in the nearly six decades since Sudan gained political independence from her colonial master has been the persistent presence of the country’s military at the apex of the nation, virtually undermining and diminishing all traces of democratic practices, thus impacting on all political and professional institutions in the country, as well as emasculating the socio-cultural and economic facets of the lives of the ordinary Sudanese citizens - a setting that had fuelled the pervasive civil wars over the years and had steered Sudan to the subsequent partition of the former largest country in Africa into two independent states in 2011.

The study conceptualizes the process of state and the accountancy profession as a series of interactions between occupational associations and various social institutions, in relation to a particular set of conditions. In this perspective, the interactions involve negotiation, posturing, confrontation, conflict and conciliation; other social institutions include the State, corporations and higher education.

This study found that Sudan’s connection with Britain and the continuing British interests in the post-independence period have significantly impacted upon Sudan’s business, social, political and educational spheres. The British-based Association of Chartered Certified Accountants (ACCA) is dominating in the accounting profession in the Sudan despite the existence of the country’s local accountancy associations. This study also found that albeit Sudan inherited its Anglo-Saxon accounting system from Britain, the presence of the ASCA and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the adoption of Islamic Shari’a by the Sudanese Parliament in 1983 as well as the Islamization of the country’s economy and the financial sector in 1992 through the Central Bank of Sudan (CBS), Ministry of Finance and National Economy (MoFNE), Ministry of Human Resources Development and Labour (MoHRDL) has created a unique feature (i.e Islamic perspective ) in the accounting profession when compared to former British colonies. The unique finding of accounting profession in Sudan is that while many former British colonies contested for localization of accounting based on their national ethos, interestingly, Sudanese accounting profession associated with religious path in developing the profession.
Chapter 1: Introduction

1.1 Introduction: Background to research

This chapter explains the development of the accountancy profession in the Sudan in a span of time stretching over five decades (1956-2010). It is an empirical investigation into the development of the accounting profession in the Republic of Sudan in the post-independence era and presented as a case study under state-profession relationship. The study further informs how the dynamics of state-profession interactions, structure of the economy, the role of the state in accommodating both Islamic and secular perspectives in the country, interactions between the state and global forces, and attributes of the aspiring associations that have impacted on the professionalization endeavour. Besides, the study also encompasses the local accountancy association, the Sudan Council of Certified Accountants (SCCA) which was set up in the late 1980s; the British-based Association of Chartered Certified Accountants (ACCA), its legacy and impact in terms of the development of the accounting profession in the Sudan; the Arab Society of Certified Accountants (ASCA) set up in 1984 and finally, the advent of the Islamic accounting perspectives (IAP) on the corporate scene in the Sudan, that involves the Accounting and Auditing Professions for Islamic Financial Institution (AAOIFI) in a single case study.

The study researches the state and the accounting professionalization process in the Republic of Sudan during the past five decades (1956-2010), and further, conceptualizes the process of state and the accountancy profession as a series of interactions between occupational associations and various social institutions in relation to a particular set of conditions. The interactions involve negotiation, posturing, confrontation, conflicts and conciliation of these various interest group. Furthermore, other important social institutional actors include the State, corporations and higher education.
The theoretical framework of this research project is drawn from the sociology of the professions including the state and the profession framework. Thus, the main data collection for this research was through semi-structured interviews and archival records. In addition, secondary sources such as published articles, relevant legislation, government reports, books and websites were reviewed. Like in all other colonies and dominions across the globe, Great Britain was similarly involved in shaping the accountancy profession during the condominium period in the Sudan (1898-1956).

This chapter has been structured as follows: Section 1.2 presents Sudan’s historical, geographical, cultural and political setting dating back to the colonial era, while section 1.3 shows an overview of the country’s economy including the oil resource and agriculture that has remained the mainstay of Sudan’s economy. Section 1.4 explains the motivation for this research study, and section 1.5 exhibits the conceptual framework while the research objectives come under section 1.6 and then followed by the research question Sections 1.7 and 1.8 provide the rationale for the study and section 1.9 presents the methodology applied in the research, and section 1.10 concludes the chapter with the organization of the thesis.

1.2 Sudan Setting

Perhaps the most salient trend in the fifty-four years from 1956 to 2010 since Sudan gained political independence from British colonial rule has been the persistent presence of the country’s military at the apex of the nation, virtually undermining and diminishing all traces of democratic practices, thus impacting on all political and professional institutions including the accountancy profession in the country, as well as emasculating the socio-cultural and economic facets of the lives of the ordinary Sudanese citizens - a setting that had fueled the pervasive civil wars over the years and had steered Sudan to the subsequent partition of the former largest country in Africa into two independent states (South and North) in 2011.
Conceivably an important question to propound at this juncture would be as to how the various seemingly diametrically opposed and conflicting “interest” parties such as the accountancy bodies mentioned above, with perhaps irreconcilable agendas could be accommodated under one roof of the state’s regulatory jurisdiction. The response to this probe would certainly contribute colossally to the understanding of the accounting profession in the Sudan. The study likewise builds upon the somewhat inadequate literature in the domain of “accountancy professionalization in emerging economies” and attempts to enlarge this area for future research interests which would shade more light on the development of the accountancy profession in the Sudan within the framework of state-profession symbiosis.

Located in North East of Africa, Sudan\(^1\) acquired its name from the skin colour of its inhabitants, hence “\textit{bilad al- Soudan}\(^2\)”, for lands of the blacks, as christened by Medieval Arabs (Abd Al-Rahim, 1970, p. 237; Al-Naqar, 1969; Brett, 1983). The Sudanese state had existed as the largest country on the African continent by land mass, before the secession of the Republic of South Sudan from the country in 2011, following five decades of devastating civil war. It is worth of mention that there are political and racial complexities that shape the dynamic of the country at the moment that are embedded in the turbulent history of the Sudan seldom explored by anyone in the country (Collins, 1976).

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\(^1\) Sudan is a developing country; it split into two independent states in 2011 following five decades of internecine armed conflicts. The secession of South Sudan from the Sudan was the culmination of the successful implementation of the Comprehensive Peace Agreement (CPA) concluded in 2005 between the government of Sudan and the Sudan people’s Liberation Movement (SPLM) in context of that conflict. Sudan’s population is 37,159,349 (2012 est.) and a gross domestic product (GDP) of $58,768,800,833 (2012); a growth rate of -10 per cent with inflation rate of 37.3 per cent (2012). Life expectancy is 61 years.

\(^2\) \textit{Bilad al-Sudan} is, literally, the 'Land of the Blacks', which, in classical Arabic terminology, denoted the belt south of the Sahara and between the Atlantic and the Nile, which is inhabited by black peoples.
Sudan has two divergent races: the African which constitutes 60 per cent of the population of the country (before the secession of South Sudan in July 2011) and the Arab³ that makes up the remaining 40 per cent. It is likewise important to note that both ‘race’ and ‘religion’ are key elements that have shaped the country’s societal construct, defining the power base in the country, and have been all along a single contributory factor in exacerbating the long and interlocking civil wars that lasted for five decades between the African population in the Southern part of the country and the Arab rulers that inhabit the northern sector of the Sudan.

Two salient features define the former Africa’s largest country, one natural and the other artificial. The world’s longest river (4,000 miles) emerges from Lake Victoria in Uganda and runs through Sudan before ending in the Mediterranean Sea. The artificial element has been the persistent and decimating civil wars that have turned the country into a large battle field, and the debacle began in August 1955 between the Arab Muslim north and the Christian African south of Sudan in which over two million people died in Southern Sudan when the guns finally went silent in 2005, following the peaceful settlement of the conflict that culminated in the Comprehensive Peace Agreement (CPA), yet other sporadic armed confrontations still persist unabated in various regions of the country between the central government in Khartoum and the peripheral areas of the state to this date.

³ Arab Muslim migrations to the Sudan took place in the 13th-15th centuries from both Egypt and the Arabian Peninsula. Intermarriage of Arabs with people from local tribes Islamicized large portions of northern Sudan in both religion and law (Collins, 1976), however the group still remains in the minority
1.3 Sudan’s Economy Overview

The economy of Sudan is classified as developing. It depends wholly on Agriculture which is largely traditional and less mechanized. This sector is the mainstay of the country’s economy. Since Sudan attained its political independence in 1956, the country has experienced shifts in economic systems- capitalist in the 1950s to socialist system in the 1970s to Islamic from the 1980s to the year 2010. Despite these swings in the economic systems, Sudan’s economy is still struggling with high rates of inflation, trade deficits and depressed levels of income as well as foreign debt crisis (Mohsin, 2002).

1.3.1 Economic Developments

Sudan has implemented a range of macroeconomic and structural reforms over the past decade under successive IMF Staff Monitored Programmes (SMPs). These reforms included the adoption of banking sector reforms, liberalization of the exchange system and other structural measures. They contributed to restoring macroeconomic and financial stability, thereby creating the condition for sustained growth in the country.

1.3.2 Real GDP growth

The real GDP growth in Sudan has been largely driven by high production of oil, rising Foreign Direct Investment (FDI) inflows and Government investment to some extent. However, real GDP growth slowed down from 6.8% in 2008 to 4.5% in 2009; as a result of the global crisis and the decline in international oil prices (refer to Annex II). With recovery in the oil prices and world economy, FDI inflows and the ongoing reforms, real GDP growth was expected to rebound to 5.5% in 2010. Average annual inflation fell from 14% in 2008 to 11% in 2009, and was anticipated to drop to 10% in 2010 (African Development Group, 2010/2011).
It was in the second half of 2008, when Sudan's economy boomed on the back of increases in oil production, high oil prices, and large inflows of foreign direct investment. GDP growth registered more than 10% per year in 2006 and 2007. Basic economic data and demographic overview in 2010 are presented in Table 1.1 and Table 1.2. From 1997 to date, Sudan has been working with the International Monetary Fund (IMF) to implement macroeconomic reforms, including a managed float of the exchange rate. Sudan began exporting crude oil in the last quarter of 1999. Agricultural production remains important, because it employs 80 per cent of the work force and contributes a third of GDP. The Darfur conflict, the aftermath of two decades of civil war in the south, the lack of basic infrastructure in large areas, and a reliance by much of the population on subsistence agriculture ensure much of the population remain at or below the poverty line for years despite rapid rises in average per capita income. In January 2007, the government introduced a new currency, the Sudanese Pound, at an initial exchange rate of $1.00 equals 2 Sudanese Pounds.

**Table 1.1 Basic Data on Sudan’s economy (2010)**

<table>
<thead>
<tr>
<th>Data</th>
<th>Value</th>
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<tbody>
<tr>
<td>GDP</td>
<td>$88.95 billion</td>
</tr>
<tr>
<td>Income per Capita</td>
<td>$2,200</td>
</tr>
<tr>
<td>Inflation</td>
<td>16.5</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>Petroleum, Natural gas, gold, copper</td>
</tr>
<tr>
<td>Agriculture</td>
<td>32.2 per cent of GDP</td>
</tr>
<tr>
<td>Industry</td>
<td>36 percent of GDP</td>
</tr>
<tr>
<td>Foreign Trade: Imports</td>
<td>$7.757 billion</td>
</tr>
<tr>
<td>Exports</td>
<td>$13.62 billion</td>
</tr>
<tr>
<td>Currency Exchange Rate</td>
<td>$2.28 Sudanese Pounds = $1USD (January 2009)</td>
</tr>
</tbody>
</table>


**Table 1.2 Demographic profile overview (2010)**

<table>
<thead>
<tr>
<th>Data</th>
<th>Value</th>
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<tbody>
<tr>
<td>Population of Sudan</td>
<td>41 million</td>
</tr>
<tr>
<td>Population of Negroid extraction</td>
<td>52 per cent of the total population of the country</td>
</tr>
<tr>
<td>Arabs</td>
<td>39 per cent</td>
</tr>
<tr>
<td>Beja</td>
<td>6 per cent</td>
</tr>
<tr>
<td>Others</td>
<td>3 per cent</td>
</tr>
</tbody>
</table>
Sudan has significant natural resources, but since independence its economy has been constrained by civil war, debt, and mismanagement. Although it has recently turned its economy around with sound economic policies and infrastructure investments, it still faces formidable economic problems, one of them being the low level of per capita output. Since 1997 Sudan has been implementing IMF macroeconomic reforms. In 1999 Sudan began exporting crude oil and in the last quarter of 1999 recorded its first trade surplus, which, along with improvements in monetary policy, has stabilized the exchange rate. Increased oil production, revived light industry, and expanded export processing zones yielded gross domestic product (GDP) growth of an estimated 5.9 percent in 2003.

Agriculture remains Sudan's most important sector of the economy; however, most farming is rain fed and susceptible to drought. Oil production continues to rise annually and in 2003 constituted more than 80 percent of export earnings. Chronic instability, including the long-standing civil war between the Muslim North and the Christian South, the rebellion in Darfur that broke out in 2003 (Sharkey, 2008), adverse weather, and weak world agricultural prices ensure that much of the population of the country remains at or below the poverty line. Sudan also suffers from endemic corruption, an undeveloped and neglected physical infrastructure, and a financial system still in need of major reform.

Wealth is concentrated in the central Nile corridor region, the northern, eastern, southern, and western regions being markedly less prosperous. Gross Domestic Product (GDP): GDP was US$12 billion in 2001 and was estimated at US$13.4 billion in 2002 and US$15.4 billion in 2003. Per capita GDP was about US$415 in 2002. Since 1999, economic growth has averaged about 6 percent annually, helping account for an estimated doubling in the size of the economy between 1996 and 2003. In 2003 estimates, GDP by sector was: agriculture, 39 percent; industry, 19 percent; and services, 4 percent4.

1.4 Motivation

The evolution of the accounting profession and practices in emerging economies owe their origin to colonial involvements in the past and in the aftermath of post-independence indigenous rule in these emerging economies. The advent and development of the accounting profession in the English-speaking world was evidently linked to British imperialism in its scramble for colonies and Empire-building at the turn of the 19 century and the beginning of the 20 century (Johnson & Caygil, 1971; Johnson, 1982). The colonial powers had simply left their legacies behind and continued to influence the development of the accounting and other professions in these countries through various approaches including the setting up of their professional accountancy bodies. Some of these countries adopted the colonial accounting systems but with modifications fine-tuned to the idiosyncrasies of their particular local environments. The Sudan’s Companies Act 1925 and other corporate regulatory regimes that still exist today in the country are British colonial legacies.

This study examines the professionalization of accounting process in the Sudan in the aftermath of the country’s independence from Britain from 1956 to 2010, accentuating the various professional wrangles and the conflicting boundary lines within the profession as well as the influence of the British professional accounting institutions on the local and regional professional accounting bodies in the context of state-profession symbiosis. Albeit Sudan secured its political independence in 1956, the legislation that formally established the accounting profession in the country was enacted in the country’s Parliament in 1988; hence the researcher deems that the Certified Accountants Act 1988 that deals with the formation of the accounting profession in the Sudan represents a milestone in the process of
professionalization of accounting in the country. The Figure 1.1 shows the project research timeline that depicts the framework of the study.

At this juncture, it is worthwhile to note that the those accountants possessing British qualifications such as the ACCA are characterized by supremacist tendencies and they consider themselves an ‘elite-class’ while the graduates from the local SCCA are regarded as ‘non-elite’ or second grade accountants, leading to the marginalization of the latter group. Furthermore, the presence of the ASCA and the AAOIFI in the Sudanese accounting profession makes an interesting scenario for the researcher to undertake this research study. The adoption of Islamic Shari’a (Islamic Law) by Sudan’s Parliament in 1983 as well as the Islamization of the country’s economy and the financial sector in 1992 through the CBOS is an added impetus to this research. In addition to this, the major international accounting and audit firms that regularly travel to Sudan to conduct audit work for multinational corporate entities and non-governmental organisations normally use conventional accounting system as opposed to the Islamic accounting system linked to the Bahraini-based AAOIFI. This study will find out how the accounting profession in the Sudan copes with the pressure emanating from both systems – Islamic and conventional. The overall consideration is given to the importance of improving the accounting and auditing systems so as to assist in the economic development of the country.

As shown below in the research project’s historical setting, Figure 1.1 exhibits the historical developments from the beginning of the Condominium period in 1899 up to 2010 at the threshold of the secession of the Republic of South Sudan. The Figure 1.1 notes the break of the first civil war in the country in 1955 prior to the granting of political independence to Sudan in 1956. The first military coup in 1958 ushered in the beginning of state sanctioned religious discrimination through what was known as the Missionary Act 1962 in which the military government restricted Christianity and persecuted church leaders beginning from
1962. Moreover, in 1958 following the coup d’état was also the birth of Sudan’s Institute of Accounting Studies (IAS). The IAS was founded by Sudan’s government to provide professional training for bookkeepers and accountants in the country after independence. The Figure 1.1 also depicts Sudan’s second coup staged by the country’s powerful military in 1969, then there was the discovery and exploitation of Sudanese oil resource since 1978 by Chevron Company of USA (Standard Oil of California) that made an important contribution to the national economy, but had also fueled the intermittent five decade civil war in the country that continued from 1983 and consequently led to the secession of the Republic of South Sudan in 2011. While the SCCA was created by a Certified Accountants Act in 1988, the Sudan Council of Accounting and Auditing professions Organization (SAAPOC) Act was established in 2004 to replace the Act of 1988. Sudan’s oil industry has attracted a number of major multinational companies that invested in the industry including Asian, European and Canadian companies. The oil became the major contributor of instability that led to unprecedented human rights abuses in Africa.
Figure 1.1 Sudan’s Historical setting: The Post-independence Period covered by the research (1956-2010)

Historical and political setting (1898-2010)
- First discovery of oil in Sudan (1978)
- Mahdia era
- Condominium Era, 1899-1954

Accounting setting (1988-2010)
- Banking Act 1992
- Sudan’s first military coup
- Sudan’s second military coup
- Sudan’s third military coup
- Sudan’s first North-South civil war
- Sudan’s second North-South civil war
- Sudan’s first accountancy body set up
- Islamic shari’a in Sudan
- IAS 1958
- Missionary Act 1962
- Sudan’s Companies Act 1925
- AAPOC 2004
- Independence of South Sudan, 2011

1.5 Conceptual Framework

Sudan being one of the former colonies of the UK, the accounting profession in the country was premised on the British conventional accounting system, and fostered by those ‘elite’-group that possess British accounting qualifications. The aim of this study is to explore the connections among the various parties – the state and the occupational groups in relation to the professionalization process in the Sudan. As shown in the conceptual frameworks below, the colonial influence is seen in the continuing application of the Sudan’s Companies Act 1925 alongside other corporate regulatory practices. The proliferation of the influences of the ACCA, the Institute of Chartered Accountants in England and Wales (ICAEW), and Chartered Institute of Management Accountants (CIMA) through the professional courses managed and run by the British Council in Sudan adds to the entrenched British colonial
influence but contributes immensely to the development of the accounting profession in the country. In analyzing the process of professionalization in the country, regard should be had on the state-profession symbiosis. The state involvement in the accounting profession is through the Ministry of Finance and National Economy (MoFNE) as well as the Ministry of Education and Scientific Research (MoESR). It is important to specifically note that the University accreditation has played a vanguard role in the development of the accounting profession in the Sudan. Other contributors to the emergence of the profession are the global oil corporations that moved to Sudan in the 1990s, following the discovery and exploitation of the oil resource in the country. These multinational companies including the Big Four accountancy firms have employed international accounting and auditing standards or standards applicable in their respective countries in the Sudan, as opposed to the Islamic perspectives employed by the AAOIFI corporate entities.

Furthermore, by adhering and conforming to the International Accounting Standard Board’s (IASBs) pronouncements, the International Accounting Standards (IASs) and the International Financial Reporting Standards (IFRS), the accession has placed Sudan on the path of synchronizing its accounting and auditing practices with that of the global system, thus creating a positive environment towards the development of the accounting profession in the country. This conceptual framework (Figure 1.2) was framed by the researcher based on the literature and experience of accounting in the Sudan, and it was intended to guide the researcher to examine the development of the accounting profession in the Sudan. The emergence and development of the Sudanese accountancy profession from 1956 to 2010 involves various actors and perspectives. The creation of the Institute of Accountants back in 1958 under the supervision of the former Ministry of Finance and Economic Planning was paramount in the professionalization project. Likewise, the creation of the Sudan’s Council of Certified Accountants through the Parliamentary legislative Act of 1988 did shape the
direction of the accounting profession in the country. However, the influences of the British professional bodies like the ACCA have played a remarkable role in the accounting profession in the Sudan.

Other colonial influences as seen in Figure 1.2 include the Sudan Companies Act 1925 that exists to date, the Bill of Exchange Act 1917 and the Insolvency Act 1929. In the figure the state exercises control through various state agencies such as the Ministry of Finance and the Universities in the Sudan that became indispensable in that they provide training for accountants for both public and private sectors. The SAAPoC formulates policies that involve training and examinations, as well as accreditation in addition to maintaining links with Universities.

It is worthwhile acknowledging the existence of both economic and political environment in the Sudan as they tend to impact on the development of accountancy profession. The relationship between the economic environment and accounting has been the subject of sizeable accounting literature; (Mueller 1967; Nair and Frank, 1980; Belkaoui, 1983, Choi and Mueller 1984, Arpen and Radebaugh, 1985, Belkaouoi, 1985; Nobes, 1988; Adhikari, Tondkar, 1992). It is argued that factors such as type of economic system, stage of economic development, growth pattern of an economy, extent of government intervention and expenditures, inflation, level of exports, size and complexity of business firms, nature of business ownership, sources of funds and stage of development of capital markets can exert an important influence on the accounting practices of a country. It is however important to emphasize that the type of economic system is one of the key determinants of the status of the accounting system in general and financial reporting and disclosure in particular. While the political factors have been cited by a number of authors as one of the determinants of the financial reporting systems and practices (Belkaoui, 1983; Choi and Mueller, 1984; Radebaugh and Gray, 1993; and Nobes,
1988). It is argued that political freedom is important to the development of accountancy in general and reporting and disclosure in particular. Political suppression which deprives people of their rights to select members of their government and participate in setting laws and policies is more likely to hinder the development of a strong accounting profession. This is because loss of freedom implies hindrance to the tradition of a full and fair disclosure. Thus the relationship between political freedom and accounting freedom to report and disclose is claimed to be positive.

Furthermore, the cultural environment is likewise important in that culture is considered as a powerful environmental factor that affects a country’s accounting system and practices. The commonly held view is that the culture and the religion of a country influences its choice of accounting techniques. Culture has been defined by Hofstede (1980) as “the collective programming of the mind which distinguishes the members of one human group from another" and that culture is a collection of societal norms consisting of values, that is, a broad tendency to prefer certain state of affairs over others which is shared by major groups within a nation.

In a related development, education also plays an essential role in the development of the accountancy profession as education is considered as an important determinant of financial reporting and disclosure. Though this view is originally held based on intuition (Gray, 1988, Cooke & Wallace, 1990), empirical findings have supported it (Abayo and Roberts, 1993, Ahmed and Nicholls, 1994). Level of education affects provision as well as usage of financial information. If accounting posts at all levels in company are occupied by those having good academic background in accounting, then they will be more inclined to preserve professionalism and disclose full, fair and reliable information. However education is also essential for users of accounting information because if the
demand function is weak, business entities may not be keen to provide the information appropriate for decision making.

To sum up the factors that accounting research emphasizes as determinants of the state of financial reporting system and practices include economic, political, legal, cultural, professional and educational factors. Thus, employing the literature, the following diagram assisted in the formulation of the research question.

**Figure 1.2 Conceptual Framework**
1.6 Research objectives

This thesis is structured as a historical case study that aims to examine the development of the accountancy profession in Sudan in a span of five decades beginning from 1956 to 2010. The objectives of this research are presented as follows:

1. To comprehend the influence of the British professional body, namely the ACCA, on the professionalization process in the Sudan;
2. To explore the interaction between the state on the one hand and the various professional groups such as the SCCA and the ASCA including the impact of using the AAOIFI standards on the other, in the accounting professionalization process in the Sudan;
3. To examine the impact of Islamic accounting perspective on the process of professionalization of accounting in the Sudan;
4. To understand how the accountancy profession cope with the pressure emanating from both the IASB, the AAOIFI and the impact of the Islamic shari’a laws in the Sudan;
5. To understand the role of accreditation and training in the accounting professionalization process.

Built upon the research objectives, the single research question and its three affiliated constituent parts are framed in context of the development of the accountancy profession in the Sudan since the early days of the Condominium rule in the Sudan. The dominance of the British ACCA and the secular-Islamic incompatibility forms the kernel of the research question in this study.
1.7 Research questions

1. What is and what has been the nature and extent of the professional challenges, maintenance of controls, conflicts and interactions between professional groups and the influence of the ACCA on the professionalization of accounting in the Sudan?

**Sub questions:**

1. What was the nature and extent of the institutional influence of British-based professional accountancy bodies (such as ACCA) on the development of the accountancy profession in the Sudan?

2. How did the state maintain conditions which gave rise to exercising controls to the accounting profession?

3. What contributions have the shari’a-compliant companies make towards the development of the accounting profession in the Sudan?

1.8 Rationale for the study

The notion of professionalism has been observed by Birkett and Evans (2005) as an approach of analyzing occupational associations in context of the theories of the professions. The strategies that have been deployed to achieve professionalism include work, market and training. The strategies of closure in context of work and market have been widely explored in the studies of the accounting history (for example, Walker, 1991, 1995; Walker and Shackleton, 1995; 1998 and Chua and Poullaos, 1993, 1998). While in regards to the literature on the accounting profession’s control higher education leading to professionalism, lesser studies have been conducted in that context (Annisette, 2000; Evans, 2003). As Sudan officially became a British colony from 1898 until early 1956, it is quite evident that the country’s accounting system based on Anglo-American model was implemented in the
country by the Condominium administration. The British Barclays bank opened its branch in Sudan before World War I, dominating the industry alongside Bank of Egypt which opened its doors in Sudan in 1901 before their nationalization by the Sudanese government in 1970 (Kaikati, 1980). The British accounting system is still in existence today as demonstrated through the existence of the Sudan’s Company’s Act 1925 which was established during the colonial period, though there is also Islamic accounting system operating alongside the conventional one in the Sudan since 1983 when Islamic Shari’a was legislated by Sudan’s Parliament in that year (Wurburg, 1990). The Islamic laws derived from the north Sudanese societal fabrics have affected both the professional and corporate environments in the country.

The establishment of the institute of accounting studies (IAS) in 1958 that operated under the jurisdiction of the Ministry of Finance did not do much in terms of addressing the shortages of qualified accountants in the country, despite the fact that under the 1982 agreement with the World Bank the IAS had secured funding from the International Development Association (IDA). Under a 1982 agreement with the World Bank, the IAS was to be given financial assistance through an IDA loan and it is planned that the IAS will significantly increase the scope of its activities.

However, following the setting up of the SCCA in the 1980s which was modeled on the British ACCA, the situation began to improve, as local graduates filled professional accounting positions in both the private and public sectors, but yet the demand for the British qualifications still soars up in the country (MOFEP Report, 1983). It is important to note that the evolvement of an accounting and auditing systems with local flavor and tuned to the idiosyncrasies of Sudan forms a central component of this research. Furthermore, there have not been consistent studies carried out in the Sudan in regards to the professionalization of
the accounting profession, but negligible explorations were in the past few years conducted on auditing and the investigations of corrupt practices in the public sector (El-Nafabi, 2002).

Hence, this thesis enhances the research knowledge on empirical as well as theoretical levels. Primarily, the empirical constituent is involved with the investigation of the development of the accounting profession in the unique situation of the Sudan where Islam is a dominant force in the society. This knowledge augments the existing knowledge with the historical studies of the Sociology of the Professions (SOP). As stated in the introduction, the studies in this field have progressed further to explore the emergence of the profession in developing and emerging economies. As these countries have increased their roles in global trade, understanding the development of the accounting process in different contexts is beneficial for policy makers to make changes to correspond to their specific business settings.

Moreover, evolving themes and concepts in this thesis likewise aid the development of the accounting knowledge on a theoretical level. According to the discussion about theory in qualitative accounting research, theorizing expresses the meaning and significance of social phenomena, it negotiates peoples’ everyday experiences and it generates expectations about the social world (Llewelyn, 2003, p.667). Theory is included to sustain policymaking, while in context of the accounting profession, understanding the factors that influence the development of this profession adds value to the society. This thesis consequently aims to understand the accountancy profession in the Sudan in context of the state-profession relations that in turn has been impacted upon by the British - CCA and the Islamic shari’a laws existing in the Sudan, hence seeking to provide a comprehensive understanding of Sudan’s accountancy profession.
1.9 Methods

This is a qualitative research based on a case study of the accountancy profession in the Sudan. The research methods include in-depth interviews, archival records, and secondary sources that have been employed to collect data. The determination of a research approach is based on the researcher’s world view about knowledge or the ontological and epistemological perspective as stated by Llewelyn (2003). As will be explored further at a later stage, ontology in this thesis deals with the subjective reality of the social world, whereas the epistemology lies within the replication of theory as against the generalization of the social phenomena through lived experience (Llewelyn, 2003, p.692). As would be seen later in chapter 4, Laughlin (1995) provides a suitable discussion on the methodological choices which refers to the dimensions of theory, methodology and change. This leads to the development of the middle-range thinking approach that is adopted in this thesis which is detailed in chapter three. The middle-range approach discusses theory with some broad understanding of relationships. The approach is accommodating and allows the researcher to adjust the research process according to the actual pertinent situations. The researcher is indispensable as being part of discovery process. Subsequently, data obtained, which is presented in descriptive and analytical form, becomes available as a qualitative research (Laughlin, 1995, p.80). As the theoretical framework of this research project is drawn from the state and the profession framework as well as the sociology of the professions, the main data collection for this research was assembled through in-depth interviews and archival records. In addition, secondary sources such as published articles, relevant legislation, government reports, books and websites were reviewed.

Like in all other colonies and dominions across the globe, Great Britain was similarly involved in shaping the accountancy profession during the condominium period in the Sudan (1898-1956). Moreover, Laughlin (1995) and Llewelyn (2003) present a discussion on
qualitative accounting research that refers to the conceptual framing of organizational actions, events, processes, and structures. This equally applies to the accountancy development projects. Llewelyn (2003, p.699) indicates that quantitative research, informed by the positivism, is yet in the dominant location over qualitative research, nevertheless the later research approach, using interpretive methodologies has become increasingly prominent (Caramanis, 2005; Chua and Poullaos, 1998). The construction of case studies and systematic research methods, in addition to structured questionnaires, semi-structured interview and focus group interview are convenient in exploring an observed reality and offer explanations in any irregularities and relationships between empirical phenomena (Llewelyn, 2003, p.699). Snowballing approach that did locate the relevant accounting professionals has been applied in this study. Therefore, this thesis applies a qualitative research approach to describe the development of the accountancy profession in Sudan. The approach makes room for the researcher to employ a combination of data collection techniques; in-depth interviews, archival records and secondary data, enabling the researcher to validate and to ensure the reliability of findings suggested in the method of triangulation (Patton, 1990) as multiple sources of data collection approaches have different merits and drawbacks (Gillham, 2000, p.13).

It has further been established that most studies in professionalization project (Ballas, 1998; Caramanis, 1999; Carnegie and Edwards, 2001; Chua and Poullaos, 2002; Cooper and Robson, 2006; McKinstry, 1997; Richardson, 1988; Sikka and Willmott, 1995; Suddaby et al, 2009; Uche, 2002; Walker, 1991, 1995, 2004; Yapa, 1999, 2003, 2006, 2010; Yapa and Hao, 2007, Yapa et al, 2016) commission qualitative research to explain the transformation of the accountancy profession. Here, researchers are in a far better position to gain rich information and lucid understanding as revealed by previous studies. Therefore, the qualitative research is determined to be useful in exploring the development of the accounting profession in Sudan.
1.10 Organization of the thesis

This thesis is set out in 8 chapters as follows:

Chapter 1 introduces the context of the study including the research background, research objectives, rationale for the study and outline of the methodology and method employed in this research including a comprehensive background about Sudan’s post-independent political, socio-economic and cultural settings. The chapter also gives a concise description of each chapter of the thesis. The research methods are based on in-depth interviews, archival records, and secondary data which are manually analyzed.

Chapter 2 presents the State and the Profession Symbiosis in Relation to the Development of Accountancy Profession, that is, the role of the state in regulating the accountancy profession in different settings. It also carries out a comprehensive review of the literature of the accountancy profession in developing countries, as the accountancy practices being applied in a number of developing economies have their origin in advanced countries via colonialism or foreign investments. The development of the Accounting profession in African, Asian and the Caribbean countries has likewise been explored. In this regard the concepts of closure and the Neo-Weberian, imperialism and colonialism as well as accounting for Islamic perspective have also been examined.

Substantial academic research have been conducted on the professionalization of accounting in Western countries especially in the UK, which was then spread to developing countries (British colonies) in Africa and Asia over the last few decades. This chapter concludes with a discussion of the research findings by other researchers around the globe in relation to the professional development area and funneled it to the research gap which leads to the research questions of this thesis. Perspective on the Islamic accounting have also been in focus in light of the shari’a laws in the country and the growing number of secular multinational companies operation in the Sudan.
Chapter 3 explored the basis for the structure of this study by reviewing both the theoretical and empirical foundations used by researchers in examining the process of developing the accounting profession. It discusses the theoretical framework that gives a context for the analysis of the study that uses the theory of the sociology of the professions (SOP). The chapter examined the emergence of the professions and the definition of the professions as well as the professionalization process. The theory of the sociology of the professions (SOP) has been used. The chapter also went to further to discuss the functionalist, interactionalism and critical perspectives. The conceptual framework has been discussed also.

Chapter 4 presents the research methods utilized in the thesis. It begins with a discussion of the research methodology which is based on the middle-range thinking approach of Laughlin (1995) and the conceptual framing of Llewelyn (2003). These two approaches explain the research methodology and method utilized in the qualitative research. Middle-range thinking involves an equal combination of theory and methodology and provides the researcher with a conclusive tie to skeletal theory and empirical richness (Laughlin, 1995) based on precise information. The Chapter further explored theorization in accounting qualitative research. The conceptual framing alternatively known as “theorizing” in empirical qualitative research encompasses both the theorizing of researchers and that of the organizational actors they study (Llewelyn, 2003). Theorization is the “added value” of qualitative academic research. Conceptual framing can offer greater understanding of the empirical issues under discussion. The chapter presented semi-structure interviews and stated the process for collecting and analysing the different types of data such as archival and secondary and the profile of interview participants, data validation through triangulation process.

Chapter 5 discusses Sudan’s Post-independence Socio-political, economic and accountancy location for three decades (1958-1988). It also presents empirical evidence on
the accounting profession in the Sudan from 1956 to 1988. This is followed by the
development of the oil industry and the appearance of foreign multinational companies in the
Sudan. The chapter also reviews the Islamic shari’a and the Islamization of Sudan’s economy
and financial sectors under the jurisdiction of the Islamic state.

Chapter 6 discusses the Accounting profession after the establishment of the Sudan
Council of Certified Accountants (SCCA) in 1984 as well as the development of the
accounting profession from 2004 when the SAAPOC was created to 2010 that marks the end
of this research project. Under this period, the profession witnessed an absolute exe
regulation of the accounting and auditing profession in the Sudan through the regulatory
authority and control of the SAAPOC. The SAAPOC contributed to the improvement of the
profession.

Chapter 7 presents main research findings which are linked to the SOP. The SOP
indicates that social factors have exerted the most influence on the development of the
accounting profession during the study period. Under the state-profession relationship, the
state has all along been the most significant influencing factor on the profession. The joint
Examination Board between the ACCA and the SCCA has also helped improve the quality of
the accounting and auditing graduates. The unique feature of accounting development in
Sudan is that while many former British colonies contested for localization of accounting
based on national their ethos, interestingly, Sudanese accounting profession aligned with
religious path in developing the profession.

Chapter 8 presents findings, summary of the thesis, limitations of the research conclusion,
implications and future research.
Chapter 2 Literature Review

2.1 Introduction

As previous studies on the development of the accounting profession in various locations have been examined in professionalization literature. This chapter critically reviews the extant literature on professionalization of accounting to understand the research gap in the professionalisation of accounting in developing and emerging economics particularly on the Sudanese accounting profession. This chapter is organized as follows. Section 2.2 presents the State and the Profession Symbiosis in relation to the development of accountancy profession, that is, the role of the state in regulating the accountancy profession in different settings. Section 2.3 carries out a comprehensive review of the literature of the accountancy profession in developing countries, as the accountancy practices being applied in a number of developing economies have their origin in advanced countries via colonialism or foreign investments. Section 2.3.1 presents the development of the Accounting profession in African countries, and section 2.3.2 discusses the development of the accountancy profession in Asian countries. Section 2.3.3 deals with the accounting profession in the Middle Eastern countries, while section 2.3.4 presents the development of the accountancy profession in Caribbean Nations. Section 2.4 discusses the professional accounting closure, and section 2.4.1 examines the Neo-Weberian Concept. Section 2.5 presents the influence of the international Big 4 accounting and auditing firms in developing economies. Section 2.6 examines imperialism and colonialism and section 2.7 finally explores the Islamic accounting perspective. Section 2.8 provides the summary of the chapter.
2.2 The State and the Profession Symbiosis in Relation to the Development of Accountancy Profession

Examining the notion of the state as employed in the realm of contemporary politics is worthwhile in the understanding of the link between the state on the one hand and the accounting profession on the other. In this study, the state connotes a capitalist socio-political and economic institution. The term “State” is characteristically a present-day and Western phrase and approach of organizing political authority and the conduct of government (Dunleavy and O’Leary, 1987). According to the Puxty et al (1987), the ‘State’ refers to the authority of hierarchical control, which plays a crucial role in the creation of accounting practices and related services. An example is the passage of the Commercial Codes and Accounting Regulations etc. The idea of ‘the State’ essentially is that there should be a single, unified source of authority in each area, drawing upon the undivided loyalties of a population, operating in a well-organized and permanently continuing way, and directed towards the interests of a whole society.

Many professionalization projects in Anglo-Saxon countries have accentuated self-regulation, autonomy and self-control of the accounting profession and considered the limited role of the state as a regulatory body to support the monopoly of the profession (De Beedle, 2002; Pavalko, 1971). A number of studies, both in advanced capitalist countries (Burrage and Torstendahl, 1990; Chua and Poulaos, 1993; Collins, 1990; Dunn and Sikka, 1998; Loft, 1986; Sikka and Willmott, 1995; Tinker, 1984; Walker and Shackleton, 1995) and the emerging economies (Demirag, 1993) have shown that the state is a key player in shaping the context within which the accountancy profession emerges and operates (Dedoulis & Caramanis, 2007, p.397).

The importance of the State in understanding the development of the profession has been highlighted by various researchers (Chua & Poullaos, 1993; Poullaos, 1993; Robson et
al., 1994; Walker, 1995; Walker & Shackleton, 1995; Caramanis, 1999 Beelde, 2002). Accordingly, accounting associations under advanced capitalism are increasingly intertwined with the state in the regulation of economic activity (Richardson, 1988, p. 382). In order to achieve monopoly or licensure, a profession must have a functional relationship with the state, as the overall strategy of a professional group is best understood in terms of social closure (Macdonald, 1995). The 1980s and 1990s saw a surge and proliferation of studies of professionals, professions and processes of professionalization (Cooper, Robson, 2006). The state-profession connection is of paramount importance in the development of the professionalization projects. Cooper and Robson (2006, p. 415) further maintain that, a common position in the accounting literature is to examine both the process of professionalization and accounting and audit regulation within and around professional associations and related organizations, such as standard setting bodies and regulatory agencies.

Professions are viewed as being established by the state and provided special privileges and powers in recognition of their competencies, unique body of knowledge, and their explicit commitment to serve the public interest, that is, the elements mentioned by Walker (1991). Authors on the professions have long recognized the importance of the state to the professionalization of occupations, including accountancy (Poullaos, 1993, p. 196; Susela, 2010). The state normally directs the activities of the professional body (Freidson, 1970, p. 47). The type of government in power (military or democratic) remarkably influences the development and direction of the accounting professional associations in a country. Likewise, societal expectations and various interest groups have impacted on the development of the accountancy profession (Uche, 2002). The state-profession is underscored by the following excerpt as observed by Sinclair:
“In every modern society there is a ‘state’, that is, a set of related institutionalized arrangements and practices whose aim is to ensure that all citizens perform and conform to sets of socially-constituted rules. ‘State’ practices draw upon the power-knowledges of diverse bodies of experts - accountants, lawyers, statisticians, etc. In turn, these experts and their associations of practitioners are shaped and regulated to varying degrees by ‘state’ practices and agencies” (Sinclair; 1994).

Conversely, the state has always derived marked gains in soliciting help from specialties other than accounting, such as taxation, to assist in the process of regulation. Little attention has hitherto been paid to the role of accounting and taxation in colonial/imperial contexts (Bush, Maltby, 2004, pp. 5-6). As Hopkins (1999) observes, taxation was fundamental to colonial rule everywhere, but taxation has enjoyed fairly trivial practical attention in the history of accounting (Lamb, 2001, p. 274). Albeit distinct from accounting, taxation has played a substantial role in regulation by applying accounting practice to provide regulative techniques (Lamb, 2001).

The relationship of the state and the profession is usually dynamic and complex (Wallace, 1992). In some cases, the laws have been put in place to bring the profession under the control of the state (Wallace, 1992). Such professions, thus, ultimately depend on the power of the state to protect their domain of ‘expertise’ (Larson, 1977). Torstendahl has stated that:

The state has been the most important friend of the professions (in order to domesticize them, of course) in some societies and it has been abhorred by them in others, at certain times. Knowledge has always been used by both state and industry in general terms, and the groups which has had problem-solving capacities or, at least, have managed to give the impression that they have these have been asked, implored or ordered to help. Sometimes a group has diligently managed to manoeuvre strategically in this situation in order to establish itself in a very privileged position, while another group has not been able to do so (Torstendahl, 1990).
Poullaos (1993) states that writers on the professions have long recognized the importance of the state to the professionalization of occupations, accountancy included (see also Willmott, 1986; Torstendahl, 1990). Johnson (1982) and Willmott (1986) have been among those who have stressed the profession-state dynamic, that is, the mutuality of state and profession formation. The importance of the State in understanding the development of the profession has been highlighted by researchers (Chua & Poullaos, 1993; Robson et al., 1994; Walker, 1995; Walker & Shackleton, 1995; Caramanis, 1999; De Beelde, 2002). Some of these researchers have also analysed the attempt by Victorian accountants to attain a Royal Charter from 1904 to 1906 and its antecedent world dating from 1885 to 1903. They acknowledge that the Australasian Corporation of Public Accountants (ACPA) was founded in 1907, the first Australian national association of public accountants and their clerks. From 1907 to 1914 it endeavoured, against the opposition of both Australian and British associations, to obtain a royal charter. The ACPA’s charter attempt brought into focus struggles within the emergent accountancy ‘profession’ both in Australia and Britain. It also became implicated in the process of state formation during a formative period in Australia’s political history (Carnegie, 1996).

In regards to state-profession nexus, Chua and Poullaos (1973, p. 693) particularly state that Neo-Marxist research has focused more on the profession-state axis and usefully highlights the central role of the state. However, each of the recent substantive empirical studies of the accounting profession within this sub-stream contains certain weaknesses and leaves room for future research. The research of Puxty et al (1987), for example, offers little explanation of local variation in the profession-state axis. As Richardson (1989b) comments, the ideal-type conception of corporatism used by Puxty et al (1987) succeeds in demonstrating that differences exist in accounting regulation across four countries in roughly the same stage of economic development but stops short of demonstrating how the
contradictions inherent in the interaction of various modes of social order are managed within the context of specific national histories and institutions. Torstendahl also points out that the state has been the most important friend (or foe) of the professions in some societies at certain times and that "rising interest in the state as something with an explanatory power in itself, which cannot be reduced to class interests or individual motives, makes it urgent to take a standpoint on the content of the relation between professions and states" (Torstendahl, 1990, p. 6).

The Anglo-Saxon literature on professions classically presents two diametrically opposed views of the relationships between states and professions, each corresponding to a specific political and institutional environment. Continental countries (France, Italy, Germany…) are generally defined by their high degree of "stateness": in these countries, states act mainly as "creators" of professional groups and professional "jurisdictions", in order to intervene in the various sectors of social life. As Abbott states:

"The French state not only organizes professions and structures their jurisdictions, it also displays an endless ability to create professional work" (Abbott, 1988, p. 161).

The role of the nation-state has always been critical in theorizing about professions and, in particular, differentiating between Anglo-American and European systems of professions (Burrage and Torstendahl, 1990a, 1990b). The role of the nation-state had been seen to be paramount because states had granted legitimacy, for example, by licensing professional activity, setting standards of practice and regulation, acting as guarantor of professional education (not least by giving public funds for academic education and scientific research) and by paying for services provided by professional experts and practitioners (Evetts, 2013). The relationship of the State and the profession is usually vibrant and to certain measure quite intricate. In some cases, laws have been put in place to bring the profession under the control of the State (Wallace, 1992, p. 34). Such professions, therefore, ultimately depend on the
power of the State to protect their domain of “expertise” (Larson, 1977, p. xii). The state–profession relationship has been a recurring theme in mainstream sociological literature on accounting professionalization (Ballas, 1998; Caramanis, 1999; Chua & Poullaos, 1993; 1998; Loft, 1986; Sikka & Willmott, 1995; Brint, 1993; Miller, 1990; Tinker, 1984; Walker, 1995; Walker & Shackleton, 1995). This body of literature has documented the role of the state and the interrelationships between accounting groups and state agencies (Caramanis, 2002).

Furthermore the reaction of the state to the objective of the profession could depend on factors such as: the type of government in place, whether democratic or military; public expectations; developmental requirements of the State; knowledge base of the profession; social relationships and professional lobbying (Uche, 2002). Moreover, authors on the professions have long recognized the importance of the state to the professionalization of occupations, including accountancy (Poullaos, 1993, p. 196; Chua & Sinclair, 1994; Chua & Poullaos, 1993; Susela, 2010). The state normally directs the activities of the professional body (Freidson, 1970, p. 47).

In the Sudan, the role of the state is indispensable in fostering political stability in the face of widespread civil wars that have raged since August 1955, a year before the country attained independence from Britain. Among other issues, the state regulates the accounting profession in the Sudan through the MoFNE as well as the recently SAAPoC. The Sudan Council of Certified Accountants Act 1988, being the first piece of legislation that established the accounting profession in the country was supported by the State.
2.3 A comprehensive review of the literature of the accountancy profession in Developing countries

The development of the accountancy systems in the emerging economies is linked to cultural, political and educational factors (Seidler, 1967; Nair and Frank, 1980; Nobes, 1983, 1984; Perera, 1987). The accountancy practices being applied in a number of developing economies have their origin in advanced countries via colonialism or foreign investments (Radebaugh, 1975; Perera, 1980; Chandler and Holzer, 1984), or through the operations of Multinational firms, foreign aid and education (Ghartey, 1978; Hove, 1986, Agami and AlKafaji, 1987).

Accounting as a profession has a very important role to play in the economic development of all nations. The American Accounting Association (AAA 1986) states that the function of accounting is to provide qualitative information, primarily financial in nature, about economic entities that is intended to be useful in economic decisions (Romanus and Arowoshegbe, 2014). With developing countries increasingly seeking to improve their accounting systems, a study of the development of the accountancy profession can contribute to the understanding of how other countries have tackled or hope to tackle the development of their own accountancy professions, especially if the study analyses the issues and problems which arose as the accountancy profession was introduced. The accounting history literature has witnessed a myriad studies on accountancy professions in the Anglo-Saxon context; for example, studies of accountancy professions in the U.K., U.S., and Australia [Lee, 1997; Kedslie, 1990; Chua and Poullaos, 1993, 1998, 2002; Robson et al., 1994; Shackleton, 1995; Walker and Shackleton, 1995, 1998; Carnegie and Parker, 1999; Carnegie and Edwards, 2001; Walker, 2004]. These research studies focused almost exclusively on the English speaking countries and the United Kingdom in particular. Chua and Poullaos (1993) have argued that previous studies of the development of the accounting
profession in the Anglo-Saxon world identified three broad categories of interests as being significant in explaining the professionalization process: governmental (i.e. the state), capitalist and occupational (mainly the accounting profession). In most of these studies the emphasis in the study of the state-profession interaction was on how the state and the profession developed a mutually beneficial relationship and how professional associations used this relationship to advance the interests of their members. In a further development, Mitchell and Sikka (2002) citing others as seen below, observe that a considerable body of sociological literature on the professions draws attention to the processes by which accountants have mobilised notions of knowledge, skills, training, competence, ethics, independence, discipline and claims of serving the public interest to advance their social, economic and political interests and secure control of markets and niches (Willmott, 1986; Abbott, 1988; Macdonald, 1995).

Only recently have researchers started to study accounting professions in non-Anglo-Saxon states and in post-colonial states [Annisette, 1999, 2000; Dyball and Valcarcel, 1999; Susela, 1999; Yapa, 1999 and 2006; Uche, 2002; Xu and Xu, 2003; Bakre, 2005a, b; Sian, 2006]. These researchers began to describe the development of the accounting profession in the emerging economies and the links of these countries’ to their former colonisers, for example Johnson's studies are also useful in that they identify some general tendencies about the nature and formation of the professions in erstwhile British colonies. Usually originating as overseas branches of Empire-aggressive UK professional associations, colonial professional bodies very early established a strong client relationship with the colonial state (Annisette, 2000). In spite of the prominence of accounting in organization and society, yet Burchell et al (1980, p.22) lament that so little is known about the organization of the accountancy profession including the wider social and economic contexts of its development (Willmott, 1986), given the fact that modern accountants shoulder a significant responsibility
for the development and regulation of modern economy (Stacey, 1954; Johnson, 1980). Willmott (1986) indeed affirms that accounting plays a central role in the regulation of economic affairs in respect of the calculation of national and personal income, the costing of government expenditures, the administration of taxation and credit facilities and the appraisal of investments and corporate reporting to capital markets. Hence accounting actually concerns the government and the public at large (Earl, 1983, p.100; Metcalf, 1976).

West (1996) observed that contributions made to explaining the professionalization of accounting can be grouped into two main themes. First, attempts have been made to identify the incentives for accountants to organise into associations and pursue professional status. Second, attempts have been made to explain the apparent success of accountants in achieving vocational ascendancy and closure over accounting work. The process of professionalization of accounting entails similar process found in other vocations. As accounting comes to be seen not as a technical activity but as a social practice that is deeply intertwined with wider socio-political institutions, researchers have focused on the institutional arrangements that represent, regulate and examine accounting practitioners and their work. As previously stated in this study, the historical contributions on the professionalization of accountants similarly disclose the complexity of organizational strategies, how they succeed and why they fail. Allen (1991) explored the strategies deployed by the accountancy bodies in Australia to achieve and maintain professional dominance and status during the second half of the twentieth century, he however established that dominance was most successfully achieved in relation to knowledge claims and professional ethics. The profession was least successful in securing state support for measures, such as registration, which would validate professional dominance. Shackleton (1995) illustrated that the pursuit of professional privileges is not assisted by inter-organisational competition and the existence of intra-professional status differences. Studies of the British accountancy profession’s attempts to actualize closure
strategies also revealed the debility of its organisations and actors when engaging in the political arena. Walker and Shackleton (1998) pointed to the complexities of gaining the sanction of the state for monopolistic dominance particularly when professional elites exhibit a naive comprehension of the policy making process and the workings of government. While the profession has not always secured advantages from the state, its practitioners perform important functions within it, especially those operating in the public sector. As well as introducing a Gramscian approach to studying the profession. Goddard (2002) reveals public sector accountants and their professional organizations as constituted by, and as agents in, the transmission of the dominant ideologies of the state.

Hence, given the fact that accounts have been in existence since records began, it was not until the industrial revolution the accountancy profession took the form it is today. The demand for professional accountants brought the need to protect the public from scamp practitioners who had the potential to damage the reputation of genuine, honest accountants. In order to elevate their status and gain respectability for their work, accountants required an organisation that would be able to regulate the education and training of new members, set standards of conduct and have the authority to punish those who broke the rules.

2.3.1 The development of the Accounting profession in African countries

Despite the archaeological significance of Africa, not very much is known about the cultural and social context of the continent beyond the extreme poverty images often documented in media circles (Rahman, 2010). With a landmass three times the size of continental United States, Africa boasts fifty-four sovereign countries with significant cultural and socioeconomic diversity—a continent that some have described aptly as “a rich mosaic of diversity” (Schraeder, 2004, p. 2). Over the last couple of centuries Africa has come under significant Western influence, none more direct than the colonization of the continent by various Western powers and the more subtle Christian evangelism that now has
a major stranglehold south of the Sahara. However, it is important to note that there is a
growing body of literature, albeit scanty that explores the role of accounting in political
governance processes within the African continent. The genesis of the accounting profession
in Africa is well documented. In fact, there have been accounting bodies in Anglophone
Africa since 1894\(^5\) when the Institute of Accountants and Auditors in the South African
Republic was established. Currently there are only two countries in Anglophone Africa,
Eritrea and Somalia that do not have some form of accounting association. To be effective, an
accounting profession needs a strong body and good teaching institution. The absence of a
body can slow down the development of the profession.

As Samuels and Oliga (1982), and Perera (1989) lamentably stated that, the
accounting systems in many developing countries do not truly reflect the local needs or
circumstances, and that their systems are largely the extensions of those developed in other
countries, particularly the Western countries apparently sounds plausible. Thus, accounting
rules in developing countries often have foreign guidelines with no domestic relevance.
Accounting in many developing countries lacks consistency in both its current practice and
theory. In most of these countries, it is difficult to compare and assess financial statements,
construct effective budgets, measure efficiency and performance of enterprises, and design
reliable national economic plans. The amount of economically useful information generated
by the enterprise accounting system for decision making is often insufficient, unreliable and
untimely. As a result, investors, creditors, governmental and foreign institutions do not rely
on financial reports of the enterprises. Therefore, the deficiency of reliable accounting
statements could deter economic development. Similarly, Hove (1986) argues that existing
accounting practices in almost all developing countries were imposed by developed countries
through colonialism, operations of multinational corporations, professional international

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\(^5\) Education and Training of Accountants in Sub-Saharan Anglophone Africa: A Report commissioned
by the World Bank specialist in 1996 (See archival data reference no.5).
accounting institutions, and the special conditions in economic aid agreements, rather than in response to the social needs of those countries.

In this research only four countries have been selected in this section to represent Africa, namely: Nigeria, South Africa, Kenya and Ethiopia.

The Republic of South Africa, being a former settler colony on the continent unlike other African non-settler countries that came under British rule makes an interesting scenario to explore in terms of the professionalization of accountancy. There have been accounting bodies in Anglophone Africa since 1894 when the Institute of Accountants and Auditors in the South African Republic was established (Sonia, 1996). It is also important to note that the former apartheid South Africa provides a classic example of racial discrimination and profiling in all aspects of life. By the turn of the millennium, only about one percent of the chartered accountants in South Africa were from the black majority of the population. This was the practice of institutionalized social closure as apartheid receded to the background and gave way to political freedom in country in the last quarter of the 20th century; chartered accounting firms began to hire black South African trainees for the first time (Hammond, et al, 2009).

It must be stated that the social closure theory originates with Max Weber as an attempt to develop a general framework for understanding all forms of exclusion within society. The codes of social closure are thus defined, broadly as the formal and informal rules governing the practice of monopoly and exclusion on any basis, whether be it race, ethnicity, gender, religion, citizenship, property, education or other credentials such as professional licensing. When apartheid was dismantled, it gave way to political freedom in South Africa in the last quarter of the 20th century; chartered accounting firms began to hire black South African trainees for the first time. The study examines the oral histories of black chartered
accountants within the context of social closure theory and South Africa’s changing political and ideological landscape (Hammond et al, 2009).

The South African professional accounting experience was different again (Noyce, 1954). Numerous bodies were formed in the four colonies (later provinces). The most important, but by no means the only and not the earliest, to emerge in each province were the Transvaal Society of Accountants (1904), the Cape Society of Accountants and Auditors (1907) (originally the Society of Accountants in the Cape Colony), the Society of Accountants and Auditors in the Orange Free State (1908) (originally in the Orange River Colony) and the Natal Society of Accountants (1909). All of these bodies were established in the years between the end of the Boer War in 1902 and the formation of the Union of South Africa in 1910. All were given weak exclusionary names reminiscent of that of the Society of Accountants and Auditors in the UK, of which many members of the South African societies were also members. A non-member of the UK Society who called himself an incorporated accountant was successfully restrained from so doing by legal action initiated by local members of the Society (Garrett, 1961, p.144).

In the 1920s the four Societies worked together to achieve legislation conferring upon their members as from 1928 the use of the strong exclusionary designation Chartered Accountant (South Africa). Although referred to as the chartered societies, the four bodies retained their existing names until 1970, when each took the title Society of Chartered Accountants preceded by the name of the province. A Joint Council of the Societies of Chartered Accountants of South Africa was formed in 1945 and renamed the National Council of Chartered Accountants (South Africa) in 1966. It was dissolved in 1980 and replaced by the South African Institute of Chartered Accountants (SAICA). The SAICA was an “Institute” but the provincial bodies remained “Societies” until they were transformed into regional branches (neutrally named Central, Eastern, Northern and Southern) in the 1990s.
These regions are not coterminous with the old four provinces but chartered accountancy in South Africa continues to be administered from offices in Johannesburg, Cape Town, Durban and Bloemfontein (Parker, 2005).

In Nigeria, the British set in motion the introduction of modern accounting practices in 1861, and the first qualified accountant is thought to have arrived in Nigeria in 1905. He was Mr. Charles Ernest Dale, an Incorporated Accountant, who served as the first Treasurer and Financial Commissioner to the Colonial Government of Nigeria (Wallace, 1992). But the establishment of a Nigerian accountancy profession was a slow process. Unlike in India, where the profession arrived about thirty years before independence (Kapadia, 1973), this process did not occur in Nigeria until the colonial masters left the country. Like most other former British colonies, Nigeria inherited, at independence, a constitution following the parliamentary democracy of the United Kingdom and many other rules and regulations left behind by the colonial government, hence, the international accounting literature has more often linked the development of the Nigerian and other developing nations’ accounting profession to their colonial roots, in the case of Nigeria – to the United Kingdom (for example, Seidler, 1967; Johnson and Caygill, 1971; Briston, 1978 and Walton, 1986), however, this perspective was challenged by Wallace (1992), who states that post-independence Nigeria had passed through a different political systems ranging from the UK’s style of Parliamentary democracy to the American Presidential system and military dictatorships. Furthermore, the economy had transformed from agrarian, cash-crop-based to an oil-based economy. Wallace (1988: 224) argues that these changes have influence the development of the accounting profession in Nigeria and that it is no longer a colonial-based accounting system. Wallace (1992) further contends that the transformation indicates that Nigeria retains a rich tapestry of economic and political history for the study of accounting development in a former colony, in that, first, it forms a good setting for studying the extent
of accounting technology, rules and procedures inherited from a colonial country, and second, the transformation of the country's economic and political agenda designs the environment favorable for the development of an indigenous accountancy profession.

In Kenya, it was from the expatriate elite in this segregated society, that professional accountants first emerged in the country. The presence of professional accountants in Kenya can be dated to 1907 when the first known English Chartered Accountant, E.B. Gill, established a practice in Nairobi (Source: Personal papers and recollections of Alison Davies, grand-daughter of E.B. Gill). The rise in organized commercial activity in the early twentieth century, necessitated legislation and the Companies Ordinance of 1921 (drawn from British legislation) established requirements for accounts and audit for companies operating in the colony. The legislation also introduced rudimentary regulations for auditors, excluding all but the members of the established British associations from acting as auditors. Further Companies legislation was enacted in Kenya in 1933, based on the Tanganyika Ordinance, 1931 (itself drawn from British legislation). In common with other colonies, the majority of early accountants working in colonial Kenya were expatriates who provided accountancy and audit services to individuals, settler farmers, companies and the Administration. Despite this, professional organization did not occur in Kenya until after the Second World War and the next section is an examination of the environment within which this occurred (Sian, 2011).

The process of accounting professionalization in Ethiopia exhibits distinct patterns in the three epochs when the country’s state ideology has been at different positions in the continuum from market-oriented to centrally-planned economic policies. Prior to 1974, Ethiopia was a feudal society under transition to capitalism (Tesema, 2003). From 1968 to 1973, the country’s private sector accounted for 59 percent of the nation’s manufacturing output with the rest being produced by state-owned enterprises (Mihret et al, 2012).
Ethiopia’s accounting practice and professional organization are influenced by UK practices and the UK-based ACCA although Ethiopia has existed as an independent nation throughout its recorded history. In 1974 a revolution occurred in Ethiopia due to discontent from the people about the ruling class’s control of land. A communist military government controlled state power following the revolution and ruled Ethiopia until 1991 (Mihret et al., 2012). This government followed a centrally-planned economic policy as a result of which it nationalized virtually all private enterprises, restructured them as state-owned enterprises (SOEs) and established new SOEs. During this period, private enterprise was discouraged and the dominant focus of the state remained abolishing feudal, bourgeoisie and petty bourgeoisie classes. Kinfu (1990, p. 212) stated: Following the collapse of the former USSR (in 1991) the military government of Ethiopia, which was supported by the USSR, was weakened. A coalition of opposition fronts that had been confronting the military regime through armed insurrection throughout the communist years of Ethiopia overthrew the regime and the current government took power in 1991. Subsequently, the country embarked on major economic policy reforms in the direction of a market-oriented economic system (Tesema, 2003) under the technical and financial assistance of the World Bank and International Monetary Fund (IMF). As a result, the state privatized a number of SOEs and granted enhanced management autonomy to the remaining SOEs by Proclamation No. 25/1992 (Government of Ethiopia, 1992). Nevertheless, similar to the earlier two episodes covered in this study, SOEs continue to dominate the economy (World Bank, 2007) and thus the state remains a major employer of professional accountancy labour. An historical account of the accounting professionalization processes in the country during the past century is presented next. Although Ethiopia is one of the world’s earliest civilizations (Turchin et al., 2006, p. 222), the start of modern accounting in the country is traced to the beginning of the twentieth century (Kinfu, 1990). According to Kinfu (1990), the keeping of formal records of
government activities started in the 1900s when Emperor Menelik established a Finance and Guada (meaning treasury) Ministry, which was responsible for keeping records of the King’s treasury. Kinfu also indicates that modern financial accounting in the private sector was started in Ethiopia in 1905 when the Bank of Abyssinia was established as a branch of the Bank of Egypt, which was in turn administered under the British financial system (Turchin et al., 2006, p.7). Kinfu pointed out that, despite Italian and French involvement in the affairs of the Bank of Abyssinia, mainly British experts controlled its administration with successive British nationals as governors until 1931. As a result, British accounting terminology, financial reporting requirements and personnel training left their footprints. This observation lends support to Frank’s (1979) classification of Ethiopia’s pre-communist financial reporting practices mainly under the British Commonwealth model.

2.3.2 The development of the accountancy profession in Asian countries

It is largely acknowledged that the ‘birth’ of professional accounting bodies and the market for accounting labour as observed by Yapa and Jacobs (2000), depends on the level of industrialization of a society and the specific social context (Hoskin & Macve, 1986; Edwards et al., 2007). Many developing countries have had agrarian, Stalinist, communist and bureaucratic systems (Brown & Thomas, 1982). Military dictatorships have also been a characteristic of sub-Saharan African countries (Uche, 2002; 2010), while the countries of Eastern Europe have transitioned from communism to market capitalism, but not all countries have followed a similar pattern of development and therefore models of professional development in some transitional economies in Association of South east Asian Nations (ASEAN) need to be further examined (Seal et al., 1996). In this perspective, the dynamic nature of the state-accountancy profession relationship has been mostly explored within a western democratic and capitalist context, but less and less in countries under communist government; hence, this section discusses the development of the accountancy profession in
the People’s Republic of China (PRC), thus presenting a comprehensive picture of the state-
profession under different and contrasting political, economic and ideological perspective.

The accountancy profession in People’s Republic of China (PRC) is very young and
inexperienced compared to most Western countries. The Certified Public Accountants (CPA)
qualification first emerged in the country in 1918, but it had experienced very slow growth, in
particular after the Chinese Communist party rose to power in 1949. From 1949 to the late
1970s, the development of the CPA profession suffered further setbacks. From 1949 to 1977,
under the influence of the Soviet Union, PRC was run as a centrally planned economy. In this
period, the opportunity for private accounting services was limited. The accountants were not
regarded as a prominent group and consequently the accounting profession was not
considered important. The national system of recognizing and supervising certified public
accountants came to an end in 1951 (Gao, 1992, p. 15). During the 1950s, after the 1949
revolution, PRC carried out socialist reform and private ownership rights were transformed,
gradually, into socialist public ownership. Isolated from Western countries, PRC allied itself
with its large and powerful neighbor, the Union of Socialist Republics as they shared the
social system and belief in communism. By 1956, the socialist transformation was basically
complete (Xu, 1995, p.59; Wei and Eddie, 1996, p. 8). CPA firms gradually disappeared
(Yapa and Hao, 2007, p.29) as they lost their social context in a centralized and planned
economy (CICPA, 1999, p. 11; Xu, 1995; Yee, 2001). During the past five decades, the
political and economic landscape in PRC had undergone several reforms. Two major events,
namely the “Great leap forward” (1958-1961) and the “Cultural revolution” (1966-1976),
took place during this period. The former period saw the establishment of rapid
collectivization and control of communal administration by the Party representatives. This
period mostly considered the introduction of “accounting without books”. The Chinese
accountants were considered intellectuals and belonging to the “bourgeois class”, and they
suffered both physically and mentally. Consequently, development of the CPA profession was suspended in 1966.

The literature on Chinese professionalization of accounting maintains that China has existed for over 5000 years in the country’s history, but accountancy, as a profession in China\(^6\), was only established in 1918. At the time, it was set up mainly to serve the development of domestic economy. With the founding of the People’s Republic of China in 1949, the country adopted a planned economy (Yapa and Hao, 2007). This meant professional accountants were not widely utilized and that led to the continued dormancy of the profession in China. It was not until 1980, with the dramatic era of policy reform and opening up in China that the focus of building a national accountancy profession was restored. Professional accountants were now needed to serve foreign-funded enterprises in China. In October 1993, the monumental CPA Law was created in China. It was the first of its kind after the policy adoption of reform and opening up. In addition, CPA's roles were stipulated in China’s legal system of *Company Law*, the *Securities Law*, the *Enterprise Bankruptcy Law*, the *Law on State-Owned Enterprises*, the *Commercial Bank Law* (Chen et al, 1997). It was a time, to use a well-known term, when there was a “convergence” of global economic development and a shift in China’s policies. Thus, the 1990s was important in the development of the Chinese accountancy profession as stated. This period can also be considered as a dramatic turning point in China’s accounting history as significant reforms have occurred in the financial reporting arena. It was the year that the Enterprise Accounting Standards (EASs) became effective (Ministry of Finance, 1992a). The objectives of this document are to guide the production of accounting information and to standardize the financial accounting and reporting of all enterprises (Tang *et al*, 2000). The tremendous

\(^6\) A Remark by Dr. Chen Yugui for Baker Tilly International 2012 Global Annual Conference Yugui, Deputy President & Secretary General of CICPA Beijing, October 22, 2012
growth in the accountancy profession leads to increased importance placed on the role and function of China’s accountancy professional body.

Chinese Institute for Certified Public Accountants (CICPA) was founded in November 1988 in accordance with The Law of the People’s Republic of China for Certified Public Accountants. CICPA exercises the management and service functions of the profession under The Law of the People’s Republic of China for Certified Public Accountants and stipulated by The Charter of the Chinese Institute of Certified Public Accountants along with the duties assigned by the Ministry of Finance.

The Chinese accounting reform, which began in 1993, is symbolised by the publication of the Enterprise Basic Accounting Standard and the amendment of the accounting law (Ding, 2000). This reform abandoned totally the Soviet-inspired system, which conformed to demands of a planned economy. It also presents other facets. The first is constituted by the reform of accounting regulation (Order No. 5 of the Ministry of Finance published on 30 November 1992). It was put into practice on 1 July 1993, and completed by the amendment of the accounting law (29 December 1993). The second facet is the elaboration of CPA law. After an eclipse of the profession since 1950s, the CPA system, which was introduced firstly in 1918, was re-established at the end of 1980 by the Order of the Ministry of Finance. Since then, this profession has been developing so rapidly that there were 58,000 CPAs and 6,700 accounting firms by the end of April 1997. Because of its increasing importance, this profession required a higher standardization. On 10 May 1997, the China Association of Chartered Accountants integrated into the International Federation of Accountants (IFAC) and so automatically into the IASC (Ding, 2000). The third facet is represented by the publication of the company law (29 December 1993). It is the first law standardizing companies in the history of the People’s Republic of China. Besides the contents about the constitution and the running of companies (incorporated company and
limited liability company), there are also dispositions concerning the disclosure of accounting and financial information: composition of annual report, communication delay and verification by a CPA. The fourth facet is constituted by the Chinese fiscal reform of 13 December 1993. A number of documents have been made to establish VAT and other various taxes based on turnover, as well as corporate and individual income taxes. In order to put this reform into practice, the Ministry of Finance published several regulations indicating the accounting treatment of these fiscal requirements. The last facet concerns the application of the stock operation regulation system.

There are now two stock exchanges in existence in China: one in Shanghai, since 19 December 1990, the other in Shenzhen (a special economic zone near Hong Kong) since April 3, 1991.

Vietnam is a large country of 86 million people with a communist government directing a centralised and planned economy (La Porta, Lopez-de-Silanes, Shleiffer, & Vishny, 1998). Therefore, the Vietnamese setting provides a contrast to the US, Canada and UK based studies of accounting profession (Sikka and Willmott, 1995; Willmott, 1986; Burchell et, al. 1985; Walker, 1991; 1995; Maltby, 1999; Edwards et al., 2007; Richardson, 2010). Nearly millennium of Chinese invasion, a century of French colonization and nearly thirty years of war, Vietnam in the last decade is a rapidly developing country with a growth rate about 7 percent (Fforde, 2009). In Vietnam, unlike the Western capitalist countries, the state is unique in many respects. It is a one-party centrally controlled constitutional republic, which has embarked on the path of economic renovation and liberalization since 1986, operating under the leadership of the Vietnamese Communist Party (VCP).

Similar to China (Yee, 2009), Marxism has been the dominant influence over Vietnam for over 30 years. Most importantly, the Vietnamese government plays a much more dominant role in society than governments in Western countries. It is the
Vietnamese leaders’ endeavour to maintain a socialist ideal, in a belief that a socialist Vietnam will bring prosperity to all the Vietnamese people in a ‘civilized and equitable society’ as per the VCP’s slogan in the late 1990s (Beresford and Tran, 2004; Beresford, 2008; Respondek, Tran and Nguyen, 2010). This is a contrasting feature in Vietnam, where the state plays a dominant role in the social and economic development, which in turn influences the development of accounting (Bui, 2011). The Vietnam Association of Accountants and Auditors (hereinafter referred to as the Association) is a social-professional body of organizations and individuals involved in the accounting and auditing (accountancy) practice in Vietnam. The VAA object is to gather and to unite all organizations and individuals being involved in the accountancy practice in Vietnam towards the cause of developing the profession, upgrading practitioners skills and upholding their professional ethics for higher dedication to the country’s management of economic, financial issues and integration into the community of accountancy bodies in the region and across the world. The Association operates under the State management jurisdiction of the Ministry of Finance of Vietnam (MOF) and is a member of Vietnam Union of Sciences and Technologies Associations (VUSTA) and a full member of the International Federation of Accountants (IFAC) and ASEAN Federation of Accountants (AFA).

It is worth of note that the Vietnamese Association of Accountants and Auditors (VAA) is the only professional accounting body in Vietnam. It was established on 10 January 1994, while the Vietnam Association of Certified Practicing Auditors (VACPA) as a sub-unit of VAA was established on 15 April 2005 in Hanoi, marking an important landmark of Vietnam's auditing sector in the process of integrating into the world economy. Even though the VAA has been established for 20 years and members of International Federation

of Accountants (IFAC) and ASEAN Federation of Accountants (ASEAN Federation of Accountants, 2013), its operational efficiency is quite limited. In other words, the VAA is not fully meeting the objectives outlined by the IFAC (International Federation of Accountants, 2010b). For this reason, the Vietnam Association of Public Accountants (VACPA) was established by the Ministry of Finance (MOF) on 15 April 2005 and started to operate from 1 January 2006 (Nguyen, Hooper and Sinclair, 2014). On 14 July 2005, with the issuance of Decision No. 47/2005/QDBTC, the MOF officially authorised the VACPA to manage and supervise auditing practice (Vietnam Association of Certified Public Accountants [VACPA], 2012). Neither the VAA nor VACPA are self-regulated. In fact, both the entry requirements and regulation process are solely undertaken by the MOF. Accounting field is operating mainly under tight control and detailed instructions of the MOF (Nguyen et al., 2011).

In the context of the study of accountancy professions in postcolonial India, the country is important for several reasons. India was one of the first countries to be colonized by the British and was important enough to have an office dedicated to it, the India Office, separate from the Colonial Office which dealt collectively with all other British colonies. India was also one of the first countries to gain independence from Britain after World War II, and the path of professionalization there showed some interesting features, falling between the processes of professionalization in settler and non-settler post-colonial states. Today, India is the largest secular democracy in the world and is becoming increasingly important in economic terms (Verma and Gray, 2006).

In India, Verma (2010) argues that the influence of imperialism featured on the establishment of the Institute of Chartered Accountants in India (ICAI) and that the importance of the state-profession axis in determining the outcome of the professionalization process in India is prominent throughout the formation of the ICAI. The ICAI was established in 1949, soon after independence, by the Chartered Accountants Act, 1949.
However, the process can be traced back to an earlier time, in particular to the 1930s when the Indian Accountancy Board (IAB), one of the main institutions involved in the birth of the ICAI, was itself born. Auditors in India, known as registered accountants, had been required to register with local governments since 1913. The IAB was created in 1932 by the government of India using powers given to it under the Companies (Amendment) Bill, 1930.

The role of the IAB was to advise the governor general on all matters of administration relating to accountancy and auditing and to assist him in maintaining the standards of qualification and conduct of persons enrolled on the register of accountants [Companies (Amendment) Bill, 1930]. It was intended by the accountants on the IAB that the IAB would, in time, develop into an autonomous accounting profession in India, very much along the lines of the British model with an accounting profession independent of the government and other interested parties, headed by an independent accounting institute run by elected members. This had not occurred by the time of independence, and the first aim of the Indian accountants was to implement this plan (Verma and Gray, 2006).

The Indian accountants on the IAB initiated the creation of the ICAI through discussions with the Ministry of Commerce (MC) regarding the possibility of setting up an accounting institute. The initial strategy was to establish an independent private accounting institute run by an elected council of accountants which, it was hoped, would have informal government backing. However, very early on, this process came under the control of the MC which was itself influenced by the Ministry of Finance (MF). What emerged was a very different institutional structure than that envisaged by the IAB. The ICAI was eventually given a parliamentary charter and was operationalized under the Chartered Accountants Act, 1949 [The Chartered Accountants Act, 1949; Indian parliamentary debates on the Chartered Accountants Bill 1948, April 1949; Kapadia, 1972]. The ICAI was born within six months of the Chartered Accountants Act becoming law in May 1949. The council of the ICAI was
staffed with elected representatives from the membership plus nominated representatives from the government, both the MC and the MF, as well as from chambers of commerce representing the corporate sector. The council held its first meeting on November 15, 1949, and elected G.P. Kapadia, an important figure in the creation of the ICAI, as its first president.

The ICAI gained some authority from its statutory basis and government backing. However, it still needed to persuade the government and the wider community of its expertise and credentials in accounting. In particular, it wanted to demonstrate to the government and wider interest groups that the ICAI was indeed the leader of a "reputable profession" with strong procedures and processes and which regulated its members effectively. The reasons for this desire were two-fold: first, the ICAI sought to pre-empt any undue interference by the government in their affairs and, second, it wanted to prevent the development of rival professional accounting organizations. The ICAI did this by seeking to establish a strong, competent secretariat and to develop processes to deal with examinations, education, professional ethics, and discipline. In doing so, the Indian professional institute was able to control entrance into the newly formed organization, to implement its own educational and training requirements using internally controlled professional examinations.

In practice, there was little interference from the government and others outside the Institute in these matters. In adopting these practices, the ICAI modeled itself very much on the British design, that of a private-sector professional body setting its own examinations and training regulations, but without adopting British accounting qualifications directly. Throughout the period, there were both formal and social interactions between the ICAI and the government. For example, government officials were represented on the council of the ICAI and were invited to attend key functions. On the whole, there was support for the ICAI. The government expected the ICAI to create a strong, semi-independent, and ethical accounting profession (p. 138). Verma (2010, p. 211) states that the British model of an
autonomous profession was accepted as the appropriate model of professionalization by Indian accountants, and there was insignificant involvement of the British government and accounting institutes in the establishment of the accounting profession in post-independence India.

The accountancy practice in the Philippines date back to the pre-Spanish period, when Filipinos conducted business with Chinese, Indians and Malays from neighboring countries. These trading activities forced Filipinos to prepare crude accounting records that were based mainly on cash receipts and payments (Emelita, 1994). The Philippines has, for a significant part of its recent history, been exposed to many foreign cultures and influences. The Spanish brought substantial changes to language and religion. The first accounting firms were established by the British in the 1700s. However, the comparatively short American colonial period was the most significant in influencing the Philippines major institutions, including educational system and the formalization of the professions. A number of American businesses established themselves in the Philippines during the 1920s and 1930s. Their activities and requirements influenced the establishment and initial growth period of the Public accounting profession (Emelita, 1994). During this time, the passage of the Accountancy Act 1923 created the Board of accountancy (BOA) and gave it the authority to issue Certified Public Accountant (CPA) certificates. Six years later, the Philippine Institute of Certified Public Accountants was established within the private sector to represent professional interests. Many of the larger Philippine companies were subsidiaries or branches of American companies — their accounting reflected US practices. Even after independence, the US maintained close links with the Philippines through trade and investment. These links strongly influenced public and private sector accounting regulation and practices. Until the mid-1990s, private sector accounting standards replicated those of the US (Although PICPA issued pronouncements to cover issues not covered by the US standards—for instance,
“Revaluation of Fixed Assets”). Likewise, the Philippine accounting and auditing regulatory framework is similar to the US framework. It includes both governmental and a supervised form of self-regulation. The Accountancy Act 1967, which replaced the Accountancy Act 1923, governed the standardization of accounting education, stipulated the examination process for CPA registration, and regulated the practice of accountancy. The Act allowed only Philippine citizens, and citizens of foreign countries extending similar privileges to Philippine citizens with respect to the practice of accountancy, to take the CPA exam and to practice accountancy. The Revised Accountancy Act 1975, which replaced the Accountancy Act 1967, remains in force and is the key piece of legislation that governs accounting and auditing arrangements. Philippine accounting and auditing moved away from US influences towards international practices in the 1990s. For instance, International Accounting Standards (IASs) became the basis for Philippine accounting standards in 1996. In the wake of the 1997-98 Asian financial crisis, much attention has focused on accounting and auditing arrangements. While the Philippines weathered the crisis better than many of its neighbours, foreign direct investment (FDI) levels have fallen substantially in the past 3 years—the world economic slowdown is reinforcing this trend. Among a menu of options to make the Philippines a more attractive destination for FDI, one of the more effective choices is to adopt best-practice accounting and auditing standards, and to ensure that these standards are rigorously monitored and enforced. The Philippine accounting system is strongly influenced by US and, more recently, international practices. In 1923 the Philippine government formally recognized accounting as a profession. The sixth Philippines Legislature gave official recognition by passing Act No. 3105 on March 17, 1923. The law created the Board of Accountancy vested with authority to promulgate rules and regulations, to set professional standards for the accounting profession practice and to issue certified public accountant certificates to those who have qualified in accordance with the requirements of the law either
by a waiver of the certified public accountant examination or after passing the same. Six years after the passage of the Accountancy Act, a group of 50 CPAs, mostly practitioners, organized the Philippines Institute of Certified Public Accountants (PICPA) to promote and maintain high professional and ethical standards among CPAs and to encourage cordial relations among them (Cruz, 2008).

As noted by Dyball (1999), there is a de jure system in the Philippines where the state, through the Accounting Standards Council (ASC), the Auditing Standards and Practices Council (ASPC) and the Professional Regulation Commission (PRC), regulates the practice of accountancy with the accredited official organisation of accountants, the Philippine Institute of Certified Public Accountants (PICPA). This is demonstrated by the fact that the regulatory functions pertaining to licensing, maintenance of ethical standards, and disciplining of members are vested in the PRC. Accounting standards, on the other hand, are largely prescribed by PICPA, subject to approval by the PRC.

In Malaysia, the Malaysian Association of Certified Public Accountants (MACPA) came into being in 1958 while the Malaysian Institute of Accountants (MIA) was created in 1967. Susela (2010) argues that the relationship between these two bodies has since then been less affable owing to interference from activities of foreign professional bodies. It must be noted that British colonial rule in Malaya as the country was then called resulted indirectly in an economic divide among the various races that necessitated concerned efforts by the post-colonial government to rectify racial economic dis equilibrium while actively promoting economic development (Susela, 2010, p.99).

The accountancy profession is controlled by the Accountants Act 1967, which is administered by the Ministry of Finance. This Act created the Malaysian Institute of Accountants (MIA) which is responsible for licensing and registering the accountancy profession in Malaysia. In addition, Malaysia also has the Malaysian Association of Certified
Public Accountants (MACPA) which was incorporated in 1958. This body is a self-
regulatory professional entity. The majority of members of the MACPA are also members of
MIA, but many members of MIA are not members of MACPA (Baydoun et al, 1997).

The MICPA has been developing the accounting profession in Malaysia by providing
accounting graduates with an avenue to become a Certified Public Accountant, or better
known as CPA since 1958. MICPA has been a cornerstone in the setting of accounting
standards since then and has played a technical advisory role for Malaysian regulatory bodies
responsible for carving out the business and financial landscape of this nation since its
formation. MICPA has more than 3,100 members and over 500 registered students. Members
of the Institute are entitled to the description “certified public accountant” and to the
designation CPA. The depth of technical accounting knowledge and understanding of the
Malaysian business environment has helped MICPA shape its core professional accountancy
programme – the MICPA-ICAA programme, to suit business professionals practicing in
Malaysia whilst increasing their accessibility to the accounting profession on international
shores. The partnership between MICPA and ICAA has widened the horizons of programme
graduates in terms of international opportunities and access to resources such as the Global
Accounting Alliance (GAA) which provides support from a network of professional
accounting bodies in 11 different countries (CPA Malaysia, 2014).

Both MIA and MACPA undertake to review standards issued by the International
Standards Accounting Committee and to adapt these to local conditions. In addition, the MIA
and MACPA also issue Malaysian accounting standards (MASs) to include areas which are
not covered under International Accounting Standards (IAS). The financial reporting in
Malaysia is governed by the Companies Act 1965. This Act requires that companies prepare
annual audited financial reports in accordance with the Ninth Schedule of the Act. The Ninth
Schedule prescribes only minimal disclosure requirements for profit and loss accounts and
balance sheets of companies. Like in all English colonies, Malaysian companies Act follows the British model in that it requires publish financial statements to reflect a true and fair view (Baydoun et al, 1997, pp.106-107).

As a developing country, Sri Lanka, gained political independence from Britain in 1948, as such it is quite natural that its regulatory system contains traces of the former British tradition that include companies legislation and auditor general among other things, while maintaining a well-developed financial sector with securities exchange and a professional accountancy body, the Institute of Chartered Accounting of Sri-Lanka (ICASL) that was set up in 1959 (Yapa, 2006). On a further note, Yapa (2010, p. 124; 140) explains the rise of the accountancy in Sri-Lanka and the wide disparity that existed between the elitist group of accountants, holding both British Accounting qualifications and social prominence in Sri-Lanka, on one hand, and the non-elite Registered Accountants (RAs) or the indigenous accountants with home-sourced education and qualifications on the other, in the period 1959-1977. Prior to the country’s independence in 1941 up to post-independence period in 1959, the only authoritative body of accountancy in Sri-Lanka was the “Accountancy Board”, which was set up by the colonial government to issue regulations and conduct examinations for the selection of suitable candidates for the government accounting service (Yapa, 2010). He further lamented that the exclusive group who helped establish the Institute of Chartered Accountants of Sri-Lanka (ICASL), were inclined to creating an environment of accounting closure in the country. Control of accounting and accountants in Sri Lanka is through three forces, namely, the stock market, legislation and self-regulation. Of these, the stock market seems to be the least important, because of the small number of companies whose accounting come under the rules of the Colombo Stock Market. Legal control is affected by the Companies Ordinance and by Tax Legislation. However, as far as the publication of financial statements is concerned, accounting records are not required to be kept in conformance with
tax law, and the Companies Ordinance establishes the primary legal control over accounting and accountants. It requires every company to maintain certain records and to have them audited by a qualified auditor every year (Perera, 2005). However, while it specifies certain rules to be adhered to in preparing the balance sheet, no such rules have been laid down in the case of the profit and loss account. In the United Kingdom the ultimate power of directing an investigation into the affairs of a company, including accounting, is conferred on the Board of Trade. In the absence of such an organization in Sri Lanka, the Companies Ordinance apportions the functions of the Board of Trade partly to the Director of Commerce and partly to the Registrar of Companies. But in actual practice these functions have little to do with accounting regulation. Further, although the Companies Ordinance specifies some relationships between a firm and its auditors that are not permitted, audit standards are not defined by law.

2.3.3 Accounting profession in the Middle Eastern countries

This section discusses the development of the accounting profession in the Kingdom of Saudi Arabia, Bahrain, the state of Israel, Lebanon and the Arab Republic of Egypt. It is important to explore the accountancy profession in the Middle East countries, as this region is the birth place of the Islamic faith that has significantly impacted on millions of the inhabitants of this area and the development of the accountancy profession. Review begins with the Kingdom of Saudi Arabia.

Saudi Arabia is a rich oil-producing state with strong economic and political ties to the USA. Its accounting profession is controlled by the Ministry of Commerce (MOC). The MOC, the official agency of the profession, is responsible for issuing public accountant certificates and exercising a disciplinary role. The Saudi accounting profession was given a formal standing by a Royal decree in August 1974. The decree was titled Nazam Al Muhasibean, which translates as “Rules and Regulations for Public Accountants. This was
followed by the formation of the High Commission of Public Accountants composed of representatives from the Ministry of Commerce, the General Public Accounting Office and the academia and the accounting profession (Abdallah, 2001, p.102). In 1986, the MOC approved the financial accounting objectives and concepts as a conceptual framework and basis for financial accounting standards. In the same year, it issued two publications (1) Accounting Objectives and Concepts, which present the Saudi Arabian Standards of General Presentation and Disclosure in the Financial Statements; and (2) Auditing Standards, which emphasise the professional qualifications of auditors including the discussion of independence, due care, and documentation of auditors’ papers. Both the Accounting Objectives and Auditing Standards may be considered the source of guidelines for the accounting profession and the private sector. The new concepts and standards are similar to the accounting principles issued by the American Institute of Public Certified Accountants (IACPA), however, compliance with the new concepts and standards is not currently enforced by the independent governmental agency or a private organization. The Saudi Accounting Association (SAA), through its special technical committee comprising Saudi and non-Saudi accountants, and in coordination with the Ministry of Commerce, is in the process of formulating new accounting standards in the Kingdom (Abdallah, 2001, p.102). The kingdom is in the early stage of developing its accounting standards. The Standard of General Presentation and Disclosure, issued by the MOC in 1990 is the only formal generally accepted set of accounting principles in Saudi Arabia (Abdallah, 2001, p.102).

Bahrain is a constitutional monarchy headed by a king. Its accountancy body, the Bahrain Accountants Association (BAA) was established in 1971 (Ministry of Industry and Commerce website8). The accounting and auditing profession is regulated by the government.

8 http://www.moic.gov.bh/En/Commerce/DomesticTrade/Corporate%20Governance/Who%20are%20we/Pages/Center%20for%20International%20Private%20Enterprise%20%28CIPE%29.aspx
The professional accounting bodies have no regulatory authority to issue licenses to accountants and auditors or to establish accounting and auditing standards. The Directorate of Commerce and Company Affairs under the Ministry of Industry and Commerce (MoIC) is responsible for regulating financial reporting and controlling the accounting and auditing profession (Al Mezan Bureau). The BAA is considered to be one of the oldest associations in Bahrain and the Region. In 1992, it was re-registered with the Ministry of Labour after creating a new organization based on the Social and Cultural regulations for associations and clubs put forward by the Ministry of Labour. Its objectives include: Professional supervision and control of all its members to upgrade their professional standard in accordance with the accounting standards and safeguard their rights; Develop the concepts of the accounting profession in Bahrain in order to serve the economic boom and finance; Cooperation with associations and relevant institutes within and outside Bahrain; Provide the members with further information and accounting standards as well as in the area of auditing; Overseeing scientific research in various fields of accounting and auditing (Bahraini Ministry of Industry and Commerce. In the realm of the accountancy profession in the Kingdom, the Commercial Companies Law 2001 governs the financial reporting requirements in Bahrain.

All corporate entities established under the Commercial Companies Law are required to maintain adequate accounting books and records in order to reflect the operations of such entities and submit annual audited financial statements to MOIC (Al Mezan Bureau). It is important to note that the Islamic financial institutions in the country are required to comply with the guidelines issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The AAOIFI is an Islamic international autonomous non-for-profit

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*RSM International, Global Excellence in Audit, Tax and Consulting, Doing Business in Bahrain: AL Mezan Bureau Public Accountants and Management Consultants is a correspondent of RSM International and has two branches one in Bahrain & the second in Qatar.*
corporate body that is responsible for preparing accounting, auditing, governance, ethics and Shari’a standards for Islamic financial institutions and the industry.

The state of Israel provides an important empirical site for understanding the influence of global forces on domestic accounting professions due to its unique history and place in global politics (Richardson and MacDonald 2002). The history of the accounting profession in Israel\(^\text{10}\) thus provides opportunities to enrich our understanding of global influences on domestic accounting professions as well as adding a new context to the large literature on the development of accounting in various nation states. Recent study reveals that the profession in the state of Israel has evolved through four stages that have been given the following labels: British influence (1920–1948), state building (1948–1977), market model (1977–1994), and globalization (1994–present). In each stage, the emerging drivers of change overlaying, yet not eradicating the vestiges of previous accounting regimes, are seen in a process of sedimentation of institutions (Cooper et al. 1996). The authority that supervises the profession in Israel is delegated by law to the Israel CPA Council. The council is a statutory body subordinate to the Ministry of Justice and headed by the general manager of the Ministry of Justice. The Auditors Law and the bylaws set accordingly regulate matters concerning licensing, exams, and continuous supervision of the profession in Israel. The Institute of Certified Public Accountants in Israel is a voluntary body of licensed accountants which was established 77 years ago. The Institute is involved in certain areas of fiscal lawmaking process in the Knesset and also acts as advisor to the bodies supervising government controlled companies, insurance companies, banks and other institutions on issues of professional standards and related matters. The Institute of Certified Public Accountants in Israel is an active member in the International Federation of Accountants (IFAC). It is also a member of the International Accounting Standards Board (IASB), the

\(^{10}\) Institute of Certified Public Accountants in Israel
Federation des Experts Comptables Europeens (FEE) and the Federation des Experts Comptables Mediterranees (FCM). Additionally, the Institute is affiliated with most international accounting and auditing associations and participates in many of their meetings and conferences. The profession in Israel works in close cooperation with the principal professional institutes in the world. It initiates adjustments and changes according to economical developments in the state of Israel and the world at large. (https://www.icpas.org.il/english/BackgroundInformation.asp) Sourced 7 September 2015.

The history of the accounting profession in Israel thus provides opportunities to enrich our understanding of global influences on domestic accounting professions as well as adding a new context to the large literature on the development of accountancy profession in various nation states.

Like many third world countries, Egypt and Lebanon have been engaged in liberalisation policies during the past 20 years and are heavily dependent on foreign loans and investments. Under the pressure of the World Bank and the IMF, a number of institutional reforms have been engaged, whose objective was to improve “economic governance”. Audit and accountancy were one important aspect of these reforms.

Accountancy is a tool that can be used diversely by a range of social and economic actors and stakeholders concerned by the enterprise, from the State, entrepreneurs, investors, to works councils. When the state becomes the first economic actor, in planned economies, it mobilises economic resources for the sake of political and social interests and imposes to the enterprise a different logic from the logic of the market. The development of accountancy, as a technical tool and a professional activity, takes new directions.

Egypt had developed under British rule as an elite free profession, but this legacy was covered by a long period of planned economy, followed by liberalizing economic policies
with structural adjustment program under the auspices of the World Bank and the IMF. In the
1960s, the country gave a clear illustration of how accountancy could be affected by
economic choices. The control of the State over the economy, the “socialist laws” of 1961
and the nationalisation of banks and industrial and commercial establishments, was followed
by the development of state audit agencies and a quasi-nationalisation of the accounting
profession. “Far from being capital-market oriented, accountancy then followed the principles
of macro accounting with strong government intervention to control the economy, and was
closely connected with accounting for tax purposes” (CNUCED/UNCTD, 2008\textsuperscript{11}).

In Egypt, a long transition from planned economy and a state-employed profession, to
a market-driven economy and a liberal profession, has resulted in a strong divide between a
small globalized elite and a large number of rank and file low qualified and low paid
accountants. Until the beginning of the 1990s, accountancy was submitted to state
regulations, and a unified audit and accountancy system. The reopening of the stock market
in 1992 favoured the introduction of IAS, until 1997, when a program of Egyptian accounting
standards, harmonized on IAS, started. Two bodies claim today to represent the profession, a
clear expression of the tension between old and new, and between two representations of a
profession.

The origin of accountancy practices in Egypt can be traced to ancient Egyptian
civilization, and the temples that exhibit paintings of early accounting records and activities.
Modern accounting practices can be dated back from November 1883. However, the
Egyptian Royal Society for accountants and auditors, established in 1946, along the lines of
its counterpart in the United Kingdom, was the first and only organization for professional
accountants in Egypt. To become a member one had to pass comprehensive exams in

\textsuperscript{11} World Investment Report: TransnationalCorporations and the Infrastructure Challenge.
accounting and auditing. In 1951 the first act organizing accounting and auditing practices in Egypt was issued. Under this act, a registry was set and a committee was formed in the Ministry of Finance to review applications and grant licenses to practice accounting and auditing. The adoption of this act and the rise of the national feelings after the 1952 revolution increased the number of professional accountants and led to the passage of Act 394 in 1955, which established the Syndicate for Accountants and Auditors (Farag, 2009).

The Egyptian Society for Accountants and Auditors (ESAA) emerged again in 1977 and continued the mission of the former Royal Society. It is the association of chartered accountants that develops educational and professional standards for its members (ROSC Report 2002). The Society is a member of the International Federation of Accountants (IFAC). However, the Society does not function as a self-regulating body in line with the recommendations of IFAC, as exemplified by its lack of a disciplinary committee with power to ensure its members comply with rules of professional conduct. A Royal Charter in 1946 established the Egyptian Society of Accountants and Auditors. It was given further statutory recognition by the Ministerial Order No. 2280. The Society is run by a board of directors and is constituted under its own statutes (WB Report, 2002). At the end of 2007, the total membership of ESAA reached 1372 of which 482 are non-practicing. The ESAA is drafting a new code of conduct to be issued by the Ministry of Finance. Egypt adopted the International Auditing Standards, after translation, as of September 1, 2008. Training programs in international accounting and auditing standards are being conducted by ESAA for its members.

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12 Report on the observance of standards and codes (ROSC of the World Bank) in the Arab Republic of Egypt on accounting and auditing. This report was prepared by a team from the World Bank on the basis of the findings from a diagnostic review carried out in Egypt in May 2002. The information provided in this report was updated in December 2002.
members and non-members. ESAA is the only representative of Egypt in IFAC (The Egyptian Society for Accountants and Auditors, 2007).

International accounting firms formed partnerships with the small number of leading Egyptian firms making this a difficult market for new, small, domestic firms to enter or survive. In an effort to increase the supply of qualified accountants, ESAA and ACCA have agreed to facilitate the process for ESAA members to become members of ACCA after passing the required exams. The British ACCA and the American CPA are the two foreign qualifications some Egyptian accountants try to obtain. There is a general belief that such qualifications are more valuable than the domestic one as it opens career possibilities abroad and with international accounting firms (Farag, 2009).

Hence, the major economic changes which have occurred in Egypt since the mid-1970s have had three major impacts on accounting. First, the objective of accounting has changed from serving the needs of a centrally planned and controlled economy to serving the needs of a market-oriented economy. Second, the accounting system applied in most operating enterprise has changed from an Egyptian standardized accounting system to one based on international accounting standards. Third, the users of accounting information have expanded from the government as the sole user to multiple and diverse user groups. The accounting profession, defined in a broad sense to include all organizations, firms, academic institutions, and scholars, did not seem to anticipate the changes and coped with their effects in an ad-hoc rather than a comprehensive manner. A full assessment of the cumulative effect of developments in the economy on the accounting profession has not yet been made. The review of the evolution of the accounting profession reveals that its response to the changing conditions in Egyptian society has always been slow, incomplete, and fragmented. Aside from the two decades of the 1950s and 1960s, the profession has not led the way or acted in a
timely fashion to meet the challenges demanded by a changing environment, as demonstrated by the developments since the mid-1970s.

In order for the profession to be in a position to manage change rather than react to it, an independent institution devoted to long-range planning and accounting policy research needs to be established. The institution should bring together diverse disciplines such as law, economics, information and computer sciences, statistics, policy analysis, psychology, and political science to analyze and shape the profession's problems and prospects. A long-term plan to meet the expanding needs of a private economy as it interconnects with the global economy is needed. The plan should focus on the key ingredients of any profession (Farag, 2009).

Lebanon continued at independence to develop as a financial and commercial web, taking advantage of the socialist turn of many neighbouring countries (Egypt, Syria, Iraq). A dynamic market economy, based on family enterprise and the development of financial services, flourished until the first half of the 70s, with little intervention from the state (Longuenesse, 2009, p.6)

In Lebanon, an accounting profession was recently institutionalised, through the creation of a professional corporatist association, the LACPA (Lebanese Association of Certified Public Accountants, or Ordre des Experts Comptables Libanais, OECL, in French). This unification has not yet allowed the profession to overcome the divisions and conflicts, which arouse from the conditions of its institutionalisation. Many professionals have worked in the Gulf countries, and a new generation of highly qualified accountants, open to international standards and codes, is by now arriving on the market (Longuenesse 2006). The intervention of the state in accountancy regulation was minimum and late: surprisingly, it was during the civil war, in 1983, that an accounting system (plan comptable) was published, and a high
council for accountancy created in 1984. As soon as 1996, the IAS were introduced and made compulsory for banks first, then progressively, for firms of different size.

The law on the accounting profession, which was promulgated in 1994, was part of the efforts of the ministry of finance to adapt the institutions to the demands of international donors and partners. For the first time, membership became compulsory for licensed accountants and auditors. Two previous bodies had preceded it: an elitist professional British influenced society, the MESAA (Middle East Society of Accountants and Auditors), and a professional union of individual accountancy practitioners, both created in 1963-64. The second one was the only to be officially recognized by the state as speaking in the name of the profession. Both were member of the IFAC. The LACPA had in 2005, 1230 practicing members (i.e. in private practice), 365 « non-practicing » (employed either in banks or financial institutions, or in the ministry of finance), plus 290 trainees. The identities of “non-practicing” members, the conditions of their affiliation, were highly controversial. Many also criticized the admission of small practitioners, as a transitory measure. The “real number” of “good” professional was sometimes evaluated as not more than 450, whereas the WB ROSC quotes a figure of 250 auditors (Longuenesse, 2009).

2.3.4 The development of the accountancy profession in Caribbean Nations

This section explores the emergence and development of the accountancy profession in the Caribbean nations, namely Trinidad and Tobago and Jamaica.

In Trinidad and Tobago, as in most of the English-speaking Caribbean and other culturally dominated societies (Nobes, 1998), the legislative framework and the pronouncements of professional accountancy bodies are the major influences on financial reporting (Cooke and Wallace, 1990). Other factors identified in the international accounting literature, such as the corporate financing system in place when the accounting systems were
developed, the level of education, the level of economic development, and the social, political
and taxation systems of a country (Nobes, 1998) seem to have little unique explanatory
power regarding the nature of financial reporting in Trinidad and Tobago. Consistent with
Trinidad and Tobago's status as a satellite of the western metropolis (Wallace and Briston,
1993), both the legislative framework and the pronouncements of professional accountancy
bodies are in turn influenced by the country's colonial legacy and its dominant economic and
social ties.

Prior to the adoption of IAS as the national standards of Trinidad and Tobago on
February 24, 1988, neither the Institute of Chartered Accountants of Trinidad and Tobago
(ICATT) nor the government of Trinidad and Tobago had officially prescribed any
accounting standards for Trinidad and Tobago. As a result, members of the ICATT, the
Trinidad and Tobago accounting profession as a whole, and corporate issuers of financial
reports selected generally accepted accounting principles (GAAP) from several jurisdictions
based, in part, on the preferences of auditors and the outcome desired by the management of
the reporting entity. Jamaica first became a colony under Spanish rule between 1495 and
1655, before falling under British rule from 1855 to August 1962, as one of the oldest British
colonies outside Europe (Bakre, 2010).

Albeit early accountancy in Jamaica dates back to the emergence of pirates, the slave
trade, sugar plantations and other elements of its diverse and tempestuous history (Mepham,
1977), the formal history of accounting regulation in the colony can be traced back to the
nineteenth century. Two years after passing the passing of UK’s Companies Act 1862, the
Jamaican legislature subsequently passed its own first Companies Act in 1864 based on the
UK Act (Bakre, 2010, p.147). Moreover, Bakre (2005) has explored the extent of British
colonial impact on the development of the accountancy profession in Jamaica. He
investigated explored the extent of British colonial impact on the development of the
accountancy profession in Jamaica, and argue that during the colonial era, the practice of accountancy in Jamaica was firmly under the control of some foreign professional bodies, in which those from the UK were dominant (Salmon, 1998).

The consequence of this development in colonial Jamaica was that the Black majority in the country had been denied the opportunity of becoming qualified accountants, but in the post-independence era, the Jamaican accountants and government made radical changes in the accounting profession by creating the Institute of Chartered Accountants of Jamaica (ICAJ), that eventually replaced all forms of colonial bodies operating in the island. It was further felt that the proposed Jamaican body, ICAJ, should set its own professional examinations and credential prospective Jamaican accountants, while Annisette (2000) contends that studies in the professionalization of accounting in Trinidad and Tobago have shown how its education and certification requirement has been successfully managed by elite accountants to exercise control over the ACCA.

The consequence of this development in colonial Jamaica was that the Black majority in the country had been denied the opportunity of becoming qualified accountants, let alone to practise as chartered accountants in their own country (Rattray, 1963a, 1963b). The existing colonial accounting firms refused to article Afro-Jamaicans, and advised them that the policies of their parent bodies in England required that they travel to England to get articed in order to become qualified accountants (Rattray, 1963a, 1963b). Paradoxically, the same parent bodies in England consistently refused to article ‘non-white’ students all over the world on the racial excuse that such students would not be acceptable to their London clients (Smith, 1962).

As for the Jamaicans, the attitude of the colonial government made the matter worse, as it refused to employ even the few Afro-Jamaicans who were able to cross the hurdle and became qualified accountants (Nunes, 1962). In order to address this issue, at independence,
it was the aspiration of the new Jamaican government and the Jamaican accountants to bring about radical changes in the island’s accounting profession. As a result, the new independent government of Jamaica and the Jamaican accountants sought to put in place a new Jamaican accounting professional body the Institute of Chartered Accountants of Jamaica (ICAJ), to replace all forms of colonial bodies operating in the island. It was further felt that the proposed Jamaican body, ICAJ, should set its own professional examinations and credential prospective Jamaican accountants.

In order to achieve this post-independence national objective, it decided to enact a national accountancy law. The proposed national accountancy law was to incorporate a clause, which would guarantee the conduct of local examinations and also protect the interest of the Jamaican accountants against any external encroachments. While these two objectives were the main issues that led to the enactment of the national accountancy law of 1968, the finally enacted national accountancy law became silent on these same issues. Instead, the clause contained in the enacted national accountancy law of 1968, now effectively empowered the ICAJ, if it deems fit, to seek external examinations and credentialing of prospective Jamaican accountants (see the Public Accountancy Law, 1968). As the main purpose of the national accountancy law seemed to have been defeated by the clause, the majority accountants in Jamaica had no choice than to again, identify the UK-based ACCA out of many foreign professional bodies in the island to see them through to independence in the profession. At the initial stage of the negotiation between the newly established ICAJ and the ACCA, the ACCA had agreed in principle to see the ICAJ through to independence in the profession. However, having gained its full control over the institution of the ICAJ, the ACCA had to change its earlier commitments from a ‘caretaker of the ICAJ, to the ‘landlord’ of the ICAJ against the spirit of the establishment of the ICAJ. The ACCA’s inconsistency, continued to receive the support of the minority but powerful global capitalist elite members.
of the ICAJ who supported the internationalization of the profession particularly under the
ccontrol of the UK-based ACCA. On one hand, the position of the ACCA had attracted
criticisms from the majority local capitalist elite members of the ICAJ, who supported the full
localisation of the profession in Jamaica (Bakre, 2005).

In this context and due to the awareness of the irrelevance of the inherited imperial
accountancy to the socioeconomic problems of the Caribbean economies, the Chartered
Institutes in the region led by the Institute of Chartered Accountants of Jamaica (ICAJ),
agreed in a joint communiqué in September 1988 to establish the Institute of Chartered
Accountants of the Caribbean (ICAC) that would conduct its own examinations relevant to
the socioeconomic problems of the Caribbean. While the ICAC was formerly established in
October 1988, its main objective of putting in place its own examinations relevant to the
Caribbean economies continues to be a failure. This failure is due to some internal and
external forces. Internally, there is the presence of professional bodies from the various
Caribbean countries who could not agree among themselves on the way to move forward
after the irrespective independence, due to different colonial histories and global allegiances.
Externally, the colonial and global accountancy professional bodies operating in the
Caribbean, particularly the UK-based ACCA does not want to lose its lucrative accountancy
market in the region and as such would not likely take any step that could lead the Caribbean
countries to be independent of it in accountancy profession (Bakre, 2003).

The following Table 2.1 shows a few developing countries that were dominated by the
British ACCA, the American CPA and other Systems.
Table 2.1
Developing countries that were dominated by the British ACCA, the American CPA and other Systems.

<table>
<thead>
<tr>
<th>British ACCA</th>
<th>American CPA</th>
<th>Socialist system</th>
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<tbody>
<tr>
<td>Australia</td>
<td>Philippines</td>
<td>China</td>
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<td>India</td>
<td>Vietnam</td>
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<td>Sri Lanka</td>
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<td>South Africa</td>
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<td>Jamaica</td>
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<td>Nigeria</td>
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<td>Trinidad &amp; Tobago</td>
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<td>Malaysia</td>
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2.4 Professional Accounting closure

A large body of sociological research has examined the process of professional closure through which the accounting and audit industry monopolizes the market for accounting services by controlling entry into the “profession” though licensing and qualification standards, enabling it to profit from higher fees by controlling the supply of accounting services (Abbott, 1988; Annisette, 2000, 2003; Chua and Poullaos, 1998, 2002; Grey, 1998; Hammond, 1997, 2002; Hammond and Streeter, 1994; Hammond et al., 2009; Lehman, 1992; McKeen and Richardson, 1998; Robson et al., 1994; Walker and Shackleton, 1998).

Understandably, the social closure theory originated with Max Weber as an attempt to develop a general framework for understanding all forms of exclusion within society. Weber used the term closure to explain the process of subordination whereby one group monopolizes advantages by closing off opportunities to another group of outsiders which it considers inferior and therefore ineligible (Murphy 1986).
2.4.1 The Neo-Weberian Concept

Generally, research informed by Weber largely refers to his work on social closure. Closure arises when social groups seek to regulate market conditions to their preference and advantage, despite competition from others, by restricting access to opportunities (Weber, 1978). Social closure theory originated with Max Weber as an attempt to develop a general framework for understanding all forms of exclusion within society. Codes of social closure are, thus, defined broadly as the formal and informal rules governing the practice of monopoly and exclusion on any basis, whether it be race, ethnicity, gender, religion, citizenship, property, education or other credentials such as professional licensing (Hammond et al, 2009, p.706; Sian, 2007). Frank Parkin, another eminent British theorist of the sociological dialogues (Alexander, 2005) had also contributed to the development of the concept of Neo-Weberian particularly through the *Class, Status and Party* (Weber, 1946).

The notion of closure is further explored under professional closure below. Moreover, Chua and Poullaos (1998) extended a neo-Weberian perspective to analyze a historical case study of an Australian accounting association between 1886-1903. The period of the study was the intersection of three key tensions in the economic, social, ideational and political spheres. The study shifted focus to investigate the interactions between the ICAEW and accounting associations in self-governing colonies in Australia, British North America and South Africa in the period between 1880 and 1907 (Chua and Poullaos, 2002, p.409). Both Chua and Poullaos claimed that Weber’s class-status-party model enables an in-depth understanding of the cross-border professionalization projects of accountants. They found that: (a) the concept of monopolistic closure was imprecise; and (b) its activities were significantly shaped by multiple and changing divisions within the association, between competing colonial and imperial associations, the actions of ‘autonomous’ state agencies and wider political and communal tensions. Specifically, imperial discourses and institutions,
which mutated when transplanted from the metropolitan centre to the penal (then productive) periphery, were material (Chua and Poullaos, 1998, p.155).

Continuing the development of the Weberian theory of closure Parkin (1979) proposed that there are two reciprocal modes of closure, exclusion and usurpation. Exclusion involves the exercise of power through subordination to secure advantages by closing off the opportunities for group below it. Conversely, usurpation involves the exercise of power in an effort to gain the advantages reserved to a group above it. These concepts provide the means for interpreting the process by which a profession or professional organization mobilizes power in order to enhance or defend its share of resources or rewards (Parkin, 1979; Murphy 1984). Weber (1978) suggested that individuals tended to create bureaucracies to regulate social relationships and this certainly is evident in the accounting associations and the accounting profession (Perrin and Laing, 2011).

The rampant practice of professional closure as shown in the neo-Weberian concept of social closure is seemingly practiced by virtually all professions. Professional closure is expressly designed for the benefit of achieving monopolization in the profession by those who consider themselves elites against those regarded as subaltern or non-elites is prevalent. The Weberian model of social stratification identifies professions as collective interest groups or ‘status groups’ that attempt to control the market through closure and seek not only economic advantage but also “high occupational status honour” (Collins, 1990, p.36; Ramirez, 2001). In accountancy, various authors have analysed the closure process by reference to the use of such traditional, formal devices in Britain and in other countries adopting the British model of professionalization (Chua & Poullaos, 1998; Chua & Poullaos, 2002; Kedslie, 1990; Lee, 1990; Macdonald, 1985; Walker, 1991; Walker & Shackleton, 1998; Willmott, 1986).
In light of this assertion, the advent of professionalization projects in Britain and the United States is generally shown as directed by organized groups of accountants motivated by a longing to monopolize or dominate a market for accounting services (e.g. Kedslie, 1990; Macdonald, 1984; Mills and Young, 1999; Miranti, 1986; Previts and Merino, 1998; Richardson, 1987, 1989; Robinson, 1984; Walker, 1991, 1995, 2004; Willmott, 1986). In this regard, exclusionary closure strategies in professionalization projects are based on establishing boundaries which permit entry to those eligible whilst excluding ineligibles (Saks, 1983; Murphy, 1984). Thus closure has further been defined as “the process of mobilizing power in order to enhance or defend a group’s share of rewards or resources” (Murphy, 1984, p.548). Invariably, it is the occupational group, seeking elevation to professional status that devises formal eligibility criteria resulting in the creation of a self-selecting elitist group. Such a practice virtually exists in all post-independence developing economies, and also between local accounting associations and the more dominant Western professional associations like the British ACCA as shown in the case of Jamaica in which the Institute of Chartered Accountants of Jamaica (ICAJ) attempted to localise in the 1950s, but turned out to be a fiasco due to the steadfast determination of the minority members of the ICAJ and the UK-based ACCA that resolved to continue to enjoy the monopoly of the accountancy market in Jamaica (Hopper, Tsameny, Uddin and Wickramasinghe, 2012; Mihret, 2012; Sian, 2011; 2006, 2010; Hammond, Clayton, Arnold, 2009; 2012; Zelinschi, 2009; Uche, 2002;2010; Potter, Conway, Benard, 2007; Sian, 2007, 2006; Bakre, 2006; Hammond, 2003; ; Ramirez, 2001; Walker, Shackleton, 1998; Hammond, 1997). Annisette (2000) concurred and further lamented that the domination of developing countries in all domains by their erstwhile colonial masters had always constituted the core policy of the imperial powers, and that UK-based accountancy institution intermeshed with those of the local accounting elite to undermine the nationalistic goal of indigenising accountancy training
in Trinidad and Tobago. While the British colonisers may have firmly controlled the accountancy profession in the Caribbean nations of Jamaica and Trinidad and Tobago after the latter secured non-violent political independence, the setting was slightly different in Kenya, another British colony in East Africa. After Kenya attained its political independence in 1963 through violent armed struggle mounted by the *Mau Mau* insurgents against British rule, the Kenyatta government then set out to transform professional organisations in the country in order to operationalize its own policy, and this reversal of policy opened the door for Kenyan accountants, after the nullification of many of the entry barriers to the profession for Africans that had been erected in colonial times (Sian, 2007).

In a further development of closure, Larson (1977) examined how professions organised themselves to attain market power. She defined professionalisation as ‘… the process by which producers of special services sought to constitute and control a market for their expertise' (1977, p. xvi), and ‘...a collective assertion of special social status and as a collective process of upward social mobility' (1977, p. xvi). She argued that market control and social mobility were the two dimensions of the professional project (1977, p. xvii). Following Larson’s (1977) work, a working theory of the professions was developed in MacDonald’s (1995, p. 32) work shown in Figure 2.2 as follows.
According to Hammond et al (2012), the professionalization project is, thus, not only a matter of erecting legal barriers to entry, but also a project of legitimating those barriers by portraying them as necessary to assure the public that accounting practitioners possess the requisite body of “professional” knowledge and expertise.

2.5 The International Big 4 Accounting and Auditing Companies in Sudan

The Big 4 are the leading firms in the accounting and consulting industry, namely: Pricewaterhouse Coopers (PwC), Ernst & Young (EY), Deloitte, and KPMG. They dominate the industry in terms of their size, global reach, and reputation, among other factors. These four firms are at the forefront of any accounting related issues throughout the world and in doing so serve any clients who require accounting and consulting expertise. At least one of these firms counts every single Fortune 100 and 500 company as a client, while they also
serve a vast array of other smaller clients such as private companies and high growth start-ups. The Big 4 also garner massive amounts of media attention due to the vital role they play in the world’s most important companies. For these reasons and more these firms have come to be known as the Big 4, which has become a term that is internationally recognized to refer to these industry giants (The Big 4, 2016).

As the Big Four run worldwide operations, they employ more than 700,000 people and pull in revenues of more than $US100 billion a year, more than the annual economic output of Ecuador (Sydney Morning Herald, November 6, 2014)\textsuperscript{13}

The accounting giants have their roots mostly in alliances formed in late 19th and early 20th centuries by US and UK accounting firms. Their continuing Anglo-American flavour and their global clout is a reflection of Wall Street and London's dominance within the world's financial system. The firms are structured as decentralised alliances of local partnerships in different countries, but much of their top leadership is based in the United States and Britain. Legal battles over the past decade have raised questions about whether governments see the major accounting firms, like major banks, as "too big to fail". This unwritten policy, anti-corruption campaigners say, has discouraged real reform at the big audit firms because they know authorities will only go so far in punishing bad behaviour. The big four have also gained clout and inside knowledge by helping governments of various countries write the laws that establish the offshore system's rules of engagement, and by lobbying heavily to keep the rules to their liking. Austin Mitchell, a member of the UK Parliament, has gone so far as to call the big four "more powerful than government".

\textsuperscript{13} Big four audit firms behind global profit shifting. Published in Sydney Morning Herald BusinessDay on November 6, 2014.

As the flow of money into tax havens has become an increasingly hot issue, financial transparency advocates fear the big audit firms will use their expertise and influence to undermine efforts to reform the offshore system. The firms have lobbied, for example, against proposals that would give national tax authorities more power to demand information on global corporations' activities around the world.\(^\text{14}\)

Critics say big four accountants shuttle back and forth between the accounting industry and government so often in Europe and other regions that it undermines authorities' efforts to police the industry and enforce tax laws.

Over the past decade, the Big 4 have gained a foothold in China by auditing Chinese firms that hope to sell shares in America. In order to roll out a U.S. public offering, Chinese businesses need the approval of the U.S. Securities and Exchange Commission. The Big 4 provided the gloss of respectability that Chinese executives needed to win over American regulators and investors.\(^\text{15}\)

"You have got this revolving doors thing, where gamekeepers – if they are any). In the Sudan, the BIG 4 have not set up their offices in the country for a fundamental reason: Sudan had been placed under international sanctions

\textbf{2.6 Imperialism and Colonialism}

Imperialism as observed by Galtung (1990, p.83) is one way in which the centre nation has power over the periphery nation so as to bring about a condition of disharmony of interest between them. In other words, the essence of Galtung’s theory of imperialism is the division of the world into 'centre’ and periphery’ nations, themselves divided into centres and

\(^{14}\) Big 4 Audit Firms Play Big Role in Offshore Murk, published by the International Consortium of Investigative Journalists at the Centre for Public Integrity. (http://www.icij.org/project/luxembourg-leaks/big-4-audit-firms-play-big-role-offshore-murk). Sourced 26 January 2016

\(^{15}\) ibid
peripheries (Gidengil, 1978), while the Stanford Encyclopedia of Philosophy\textsuperscript{16} defines colonialism as a practice of domination, which involves the subjugation of one people to another. One of the difficulties in defining colonialism is that it is hard to distinguish it from imperialism. Frequently the two concepts are treated as synonyms. Like colonialism, imperialism also involves political and economic control over a dependent territory. Imperialism, on the other hand, comes from the Latin term \textit{imperium}, meaning to command. Thus, the term imperialism draws attention to the way that one country exercises power over another, whether through settlement, sovereignty, or indirect mechanisms of control\textsuperscript{17}.

According to Said (1983, p.8), imperialism is a multifaceted concept that refers to the practice, the theory and the attitudes of a dominating metropolitan centre ruling a distant territory. Galtung identified five forms of imperialism based on the nature of interaction between the centre and the periphery as being: (a) economic, (b) political (c) military, (d) communicative and (e) cultural. Each type of imperialism reflects different means of influence and different and different objectives from the perspective of the ruling state (Richardson, 2010, pp.54 and 55). Accounting is intertwined with each of these forms of imperialism.

Annisette (2000) observes that the nature and development of modern-day professional structures in Britain and its former colonies are linked to the process of imperial expansion. Johnson (1982) characterized the British professional bodies as imperial bodies with imperial interests. These professions and the British imperialist state developed in close symbiosis and it was this unique articulation of profession formation and state formation in

\textsuperscript{17} ibid
the context of an Empire which gave rise to the most note peculiarities of the British professions (Johnson, 1982 p.631).

In a further development (Nkrumah, 1965) argues that colonialism today has been replaced by neo-colonialism, and that the essence of neo-colonialism is that the state which is subject to it is in theory independent and possesses all the outward trappings of international sovereignty, but in reality, its economic system and thus its political policy is directed from outside. This position supports the contention that the development of the accounting profession in the former colonial states is linked to imperialism. Where neo-colonialism exists, the power exercising control is often the state which formerly ruled the territory in question, but this is not necessarily the situation today. For example, in the case of former South Vietnam, France was the imperial power; however, the neo-colonial control has passed to the USA (Nkrumah, 1965).

Moreover, the process for professional training and certification of accountants in Trinidad and Tobago stands out as unique when compared to that of other high status occupation in the country. Whereas the system of training and certification for doctors, lawyers and engineers is indigenously based, and conducted in and by indigenous University, in the case of accountancy, the country virtually relies on foreign based institutions for the training and certification of its practitioners (p.634). Kim (2004) notes that in the last three decades or so, there has been a growing interest amongst critical accounting researchers in articulating the role of accounting and the accountancy profession in the enactment and maintenance of western colonial imperialism.

The following Table 2.2 shows a few developing countries that were dominated by the British ACCA, the American CPA and other Systems.
Table 2.2: Classification of Accounting System by Dominant Influence

<table>
<thead>
<tr>
<th>British</th>
<th>USA</th>
<th>European</th>
<th>Socialist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Japan</td>
<td>Cambodia</td>
<td>China</td>
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<tr>
<td>Brunei</td>
<td>Philippines</td>
<td>Indonesia</td>
<td>North Korea</td>
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<tr>
<td>Hong Kong</td>
<td>South Korea</td>
<td>Macau</td>
<td>Vietnam</td>
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<tr>
<td>Malaysia</td>
<td>Taiwan</td>
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<tr>
<td>Singapore</td>
<td>Thailand</td>
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<tr>
<td>New Zealand</td>
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<tr>
<td>Papua New Guinea</td>
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Source: Baydoun et al. (1997, p.39)

2.6.1 Imperialism and the accountancy profession

Subsequent to the seminal work of Johnson (Johnson, 1972, 1973, 1977; Johnson & Caygill, 1971), a rising interest in the role of the accounting profession in imperialism became widespread. Much of the work is informed by historical development, examining the role of the British state and the British profession in setting up accounting associations in its former colonies. Chua and Poullaos (1998, 2002), MacDonald and Richardson (2004) and Carnegie and Edwards (2001) have looked at the formation of accounting associations in settler colonies (such as Australia, Canada and South Africa) and Annisette (2000) and Bakre (2005, 2006) has examined non-settler colonies (Trinidad and Tobago and Jamaica, respectively). Caramanis (1999, 2002) studies contemporary imperialism, examining the role of the US and the OECD in frustrating the efforts of Greek accountants to retain and regain their monopoly of statutory auditing (Cooper and Robson, 2006, p.419).
Studies of the accounting profession in imperialism seem of enduring value, since they trace the role of accounting profession in helping to constitute specific views of nationhood (Dyball, Poullaos, & Chua, 2007), facilitating the spread of international capital and communicating forms of accounting and management knowledge.

Moreover, the historical studies illustrate the role of settlers and indigenous elites in the creation of an accounting profession. For example, Caramanis (2005) demonstrates how the Greek profession emerged out of contests between modernising and traditional local elites. These studies also indicate how fears of contamination of social standing in the home country discouraged elite British accounting associations from converting their social capital into economic capital, in terms of growth of membership overseas. Elite UK associations did not want to support the development of indigenous accountants, but would help their own expatriate members to obtain practise rights (Chua & Poullaos, 2002). A related issue, explored by both Anissette (1999) and Briston and Kedslie (1997), is the role of education and examining bodies in the spread of accounting knowledge, particularly that based upon British accounting—a more subtle, although probably no less coercive influence than the direct forms of colonial influence on embryonic professional bodies. These studies help us understand current developments in the global spread of accounting knowledge, and the inter-connection between education and the pursuit of practice rights as mechanisms for expanding the global market power of accountants from Anglo-American countries. In addition, the relation between the UK profession and the embryonic US profession has been examined by Previts and Merino (1998) and Miranti (1990). US accounting seems to have been crucially affected by the spread of British capital investment, particularly in terms of the spread to the US of UK firms and the spread of a view of accounting rules based on laissez faire, the market, self-regulation and individual rights (e.g., Allen & McDermott, 1993). However, the professional bodies themselves, and professional education and codes of conduct, arose out of...
a complex inter-play of British expatriates and locals, with many of the latter being seen by
the former as ‘ungentlemanly’, and consequently likely to bring the embryonic US profession
into disrepute (Preston, Cooper, Scarbrough, & Chilton, 1995). Here we see the role of
ethnicity and class in the development of US professional bodies, issues that have been a
central feature of the development of accounting bodies in many countries (Annisette, 2003;
Dezaley, 1995; Walker, 2002). For example, Richardson (1987) examines the historical,
inter-professional rivalry in a Canadian context, where Scottish accountants saw themselves
as more competent, of higher social standing, and more trustworthy than accountants from
other ethnic backgrounds. These inter-connections between competence, ethnicity and social
class continue to be played out in many jurisdictions in disputes over the monopoly of the
audit function (Cooper and Robson, 2006, P.420).

A contrasting and non-secular perception to the imperialism and the accountancy
profession is the Islamic perspective in the development of the accountancy profession in the
Sudan as seen in the following sub-section.

2.7 Islamic Perspective in Accounting

Much of the theoretical, normative and prescriptive research in Islamic economics, finance
and accounting emphasizes the social and moral character of these disciplines (Kamla, 2009).
Islamic accounting” could be understood in a religious sense (Napier, 2009). What concepts
of accountability are stated or implied (Leaman and Ali, 2008) in the authoritative sources of
Islamic doctrine, the Qur’an and the Sunnah (sayings and acts of the Prophet).

The term Islamic accounting is used to describe the distinctive body of accounting
ideas and practices. Islamic accounting is defined as “the process of identifying, measuring
and communicating economic and other relevant information, inspired by the Islamic
worldview and ethics, and complied with the shari’a (Islamic law) – in order to permit
informed judgments and decisions by potential and expected users of information that is, to enhance social welfare and seek mardhatillah (the blessings of Allah)” (Abdul Rahman, 2009).

The term Shari'a literally means "the road to the watering place," or "the clear path to be followed." Another source renders the term into English as the "Whole Duty of Man." In the legal context, Shari'a means "the sacred law of Islam." The Shari'a is a divine jurisprudence, which is to say that the rules thereof are considered as coming directly from God. One scholar defined the Shari'a as: "The path not only leading to Allah, the Most High, but the path believed by all Muslims to be the path shown by Allah, the Creator Himself through His Messenger, Prophet Muhammad.", There are four major sources of Shari'a. The first and most important is the Koran. The second is that of the Sunna, which is comprised of collections of sayings and records (the Hadith) of what the Prophet Muhammad is recorded to have said, done, approved, or forbidden. The third source is that of consensus (ijma), which is the recorded agreement of Islamic legal scholars (and perhaps the laity) on any particular point of law. The final major source of Shari'a is that of the concept of deduction by analogy (qiyas), which involves the recourse to logic and reason. As stated by one scholar.

The study of Islamic accounting (Vinnicombe, 2010) has grown in recent years with substantive contributions from scholars such as Baydoun and Willet (1995, 1997), Gambling and Karim (1986) and Lewis and Algaoud (2001). The implications of Islam for accounting principles and practices, and the theoretical framework from which accounting standards for Islamic entities could potentially be derived (Baydoun and Willett, 2000; Lewis, 2001; Perera, 1989).

From an examination of the relevant literature, including the Islamic accounting and economics literature, it is clear that Islamic societies do need an accounting system that suits the ideology and values of Muslims, to assist them in meeting their religious obligations
(Hameed, 2001). However, despite recognizing that Western accounting is inconsistent with the values and principles of Islam, it is still found to dominate accounting practice and education in Islamic countries.

The literature suggests a number of possible reasons for the adoption of the Western (in particular the Anglo-American) accounting system in these countries, including the impact of colonialism, the needs of multinational corporations and the demands attached to the provision of financial aid (Hove, 1986; Briston, 1978; Cooke and Wallace, 1990). In short, accounting that has been employed in these nations is intended to serve the needs of various external parties rather than the needs of local and indigenous people (Hove, 1986; Samuels and Oliga, 1982). The elucidation of Islamic resurgence in general and the emergence of Islamic movements in particular can be seen through two distinguished approaches. One approach explains the emergence with social, economic, and political variables, while the other approach additionally focuses on religious, cultural, and historical variables (Sorensen, 2002).

Plainly the development of Islamic finance in the Sudan has been through the Islamisation of economic and financial sectors along with the political shift towards Islam (Ahmed, 2007). “Islamic accounting” could be understood in a religious sense (Napier, 2009). In Sudan, Islamic culture predominantly exists, while other values and religious beliefs including Christianity also exist. The controversial Islamic Shari’a became embedded in the country’s constitution since 1983, fueling the civil war and carrying it to a new high of brutality between the Arab dominated government in the North and the Christian South who resisted the imposition of the theocratic rule in the country.

The Accounting profession is largely secular in Sudan. The latest addition to Sudanese accounting profession is AAOIFI. The AAOIFI which is based in Bahrain was established in 1990 in order to develop and promote the application of accounting, auditing,
governance, and ethics standards based on Islamic principles for Islamic financial institutions. The AAOIFI has nearly 200 institutional members from 45 countries around the world. The AAOIFI has issues nearly 26 Islamic accounting standards. The financial institutions such as commercial banks and insurance companies are required to prepare their financial statements to comply with AAOIFI standards. These activities are monitored by the financial regulators in Sudan such as Insurance supervisory authority and the Central Bank of Sudan (World Bank Report, 2010). The Islamic accounting, especially in the banking area began to be noticeable in the Sudan in the aftermath of the introduction of the Islamic Shari’a in 1983 (Hamdi, 1980, p.115). Drawing inspiration from these laws, a number of Islamic banks appeared on the scene. The implementation of the Shari’a provided the opportunity to Islamize the Sudanese economy and hence most of the old Islamic institutions had the chance to be revived to adopt the Islamic trajectory.

2.8 Establishing the research gaps

Significant research works on professionalization of accounting projects have been realized in many different countries, but the literature on professional accounting is yet to be produced in the Sudan as conducted in a number of developing countries such as Kenya, Nigeria, South Africa, Ethiopia, Trinidad and Tobago, Jamaica, Sri Lanka, India and Malaysia, just to name a few. The exploration of the literature shows that a sizable number of emerging economies developed their accounting profession premised and modelled on colonial precept and influence. Britain and other imperial nations did dominate in all professions in the developing countries. The result was that the colonial models have created huge impacts on the development of the accounting profession in these countries.

The literature review also demonstrates that there is a uniform pattern in the development of the accounting profession in those countries that were under colonial rule, for
example the accounting profession in the Sudan is a replica of the British system in all respects. Furthermore, the structure of the Sudan Council of Certified Accountants is also modelled on the British ACCA. There exists controversy among Sudan’s professional accountants and academics in regards to the membership of the CAAPAO. As such it is not clear as to who regulates the accounting profession in the country.

Another issue is the existence of the age-old Sudan’s Companies Act 1925. So far no attempts have been made by the relevant government authorities to carry out amendments on the Act. Furthermore, the British based ACCA conducts training sets examination for candidates who intend to acquire the ACCA qualifications in the Sudan, hence increasing the popularity of the ACCA over the local accounting bodies. The existence of the Islamic Shari’a laws in the Sudan back in 1983; influences the accounting profession in that the Bahraini-based AAOIFI code of practices are used in financial reporting.

The Central Bank of Sudan carry out oversees the institutions that apply the AAOIFI standards. Sudan’s corporate entities apply the international accounting reporting standards. Hence there may be conflicts between the institutions that adopt the international financial reporting standards and the Shari’a-compliant institutions in the country and this warrants exploration.

This study covers the period from 1956 when political independence was granted to the Sudan by the British dominated condominium administration until 2010 on the threshold of the secession of South Sudan from the Republic of Sudan. With the dominant position of the British-based ACCA compared to the local accounting association and other accounting bodies, the need to investigate this incongruity in the oil-rich African country constitutes an imperative dimension in this research project.
Lately in the wake of the oil exploitation in the country, several multinational companies both petroleum corporations and the Big Four have also moved to Sudan, thus influencing the country’s accounting and auditing profession as well as impacting on the financial reporting system which was largely secular before 1983. The outcome of this research project will be used by the policy makers in the Sudan as well as adding to international literature. Hence, the literature on professionalization of both developing and developed countries has been reviewed accordingly.

2.9 Summary of the literature

In reviewing the literature of the developing economies pertaining to the growth of their accountancy profession, two dimensions emerge, namely, the embedded influence of colonialisation and that of commercialization. This is perceptible in view of the fact that the activities of the industrial Western countries such as Britain, the United States of America and a number of European countries reveal the domination of the economies and politics of these developing countries via colonial links. Sudan, Nigeria, Trinidad and Tobago, India and Philippines, just to name a few, have demonstrated the penumbra of colonial legacies in their accountancy profession in such areas as legislation or companies Acts, the legal and the tax systems. For example, Sudan’s Companies Act 1925 that exists until today was modeled on the UK’s Companies Act 1908. Via the proliferation of globalization, the Western conglomerates including the Big Four have continued to dominate in the developing countries under the guise of commercialization. Furthermore the Western countries did introduce in the developing countries their mode of accounting profession as well as their accounting bodies such as the British ACCA, ICAEW and the American CPA as found in the Philippines today. But as the emerging economies maintain varied political and economic systems that emanate from long historical and cultural influences and subsequently coalesced into state ideologies, these have given rise to different professionalization process in these countries. The concept
of closure is less practiced in developing economies because of state control. Moreover, the literature review shows that the development of the accounting profession in the emerging economies have been influenced by commercialization and colonialism. Another façade of the literature review demonstrates the emergence and operationalisation of Islamic concepts in the accountancy profession such as in the case of the Bahraini-based AAOIFI standards that are applied in a number of Islamic countries particularly in the Middle East and a number of Asian nations. The literature on developing countries further demonstrates the impacts of the following considerable premises on the growth of the accounting profession as follows: (1) colonial influence (2) state and regulations; (3) economic and political environment, and; (4) accounting professional bodies. These premises are central elements that influence the development of the accounting profession.

2.10 Conclusion

As different countries in the developing world have varied forms of systems of governments accentuated by dissimilar socio-political and cultural arrangements, it becomes evidently clear that the definition of the term ‘professionalization’ would reflect these diversities and likewise acquire varied connotations. In this context, albeit most of the developing countries share identical pattern of accounting professionalization process that bears Western colonial legacies, there are plainly marked differences between the Western models of professionalisation and those applied in the emerging economies.

The SOP literature demonstrates the drive of research interest in functionalism, interactionism and critical perspectives. The importance of both the functionalism and interactionism can be appreciated in the context of comprehending the professional characteristics and interaction of the profession in society. Moreover, the functionalism theory introduced by Durkham (1957) was more ascendant until the 1960s, and Willmott
(1986, p.557) further maintained that the sociology of the professions incorporates a number of contrasting approaches, and that before the early 1970's "functionalist" and "interactionist" perspectives became dominant, but since then a more "critical" approach, which draws heavily upon the work of Weber and Marx, has emerged. Equally, the critical perspective is quite indispensable in analyzing the development of the accounting profession. In other words it provides the essential paraphernalia for exploring the essence of the accounting profession (See Chapter 3). Hence, this thesis employed the critical perspective as one of the research methods in analysing the development of the accounting profession in Sudan.
Chapter 3 Theoretical framework

3.1 Introduction

The preceding Chapter explored various frameworks deemed essential for the understanding of the growth of accounting profession in the Sudan. These include the literature on professionalization process in general and the professionalization of accounting in particular from the perspective of developed and developing economies. The aim of this chapter is to examine and prepare the basis for the structure of this study by reviewing both the theoretical and empirical foundations used by researchers in examining the process of developing the accounting profession. This chapter provides comprehensive understanding of Sociology of Professions (SOP) as a grand theory and its framework including sub-divisions to understand the applicability of it to this research. The interaction between the accounting profession and the state as well as the accounting from the Islamic accounting domain that the researcher deems pertinent to the understanding of the development and growth of the accounting profession in the Sudan have been reviewed.

This Chapter will be guided chiefly by the “middle-range” thinking approach developed by Laughlin (1995) and Llewellyn (2003) on qualitative exploration and employs a single empirical case study. The aim of this chapter is to explore prior studies relevant to the research conducted and it presents an appraisal of past research conducted on the sociology of professions and professionalization of accounting in the developed and developing economies. It is intended to assist in identifying pitfalls in previous research explorations, ascertain research gaps and address them in this study, thus constructing a premise for addressing the research question in the antecedent chapter. The rest of the chapter is organized as follows:
Section 3.2 explores the sociology of the professions and the closure. Section 3.3 reviews the literature on the professions and professionalization process and further explores the accounting profession in developed and developing countries. It also analyses accounting from Islamic perspective (AIP); while Section 3.4 focuses on the state-profession symbiosis. Section 3.5 presents accreditation and training and Section 3.6 investigates globalization and the impact of the transnational corporations on the accounting profession in Sudan. Section 3.7 examines social stratification in the accounting profession, and Section 3.8 presents the Summary of the chapter together with the research gaps established. Thus the next section in this chapter begins with the emergence of the conception on the professions.

### 3.2 Emergence of professions

Studies of the professions visibly illustrate the intricate interplay between general conceptions of society and history, sociological theory, definitions of social categories, empirical research and political values – or, more briefly, between theory, facts and politics. Perkin (2011) gives an insight into the origin of professions:

> Three occupations shared a common background in the reformed Christianity and social humanism of the Reformation and the Renaissance which they learned in the grammar school and, for the highest ranks, at the universities, and took their places in the hierarchical society according to their family connections, access to patronage, education and innate ability, as individuals rather than members of a unified occupational elite (Perkin, 2011:1).

According to Perkin’s observations it is vital to understanding of the social and educational implications of the professions, which have created social stratification. The social utility of the professions and their resilience in the face of threats from industrial and governmental bureaucracies have been highlighted by sociologists such as Carr-Saunders and Wilson (1933):
Inherit, preserve and pass on a tradition …they engender modes of life, habits of thought and standards of judgement which render them centres of resistance to crude forces which threaten steady and peaceful evolution …The family, the church and the universities, certain associations of intellectuals, and above all the great professions, stand like rocks against which the waves raised by these forces beat in vain (Carr-Saunders and Wilson, 1933: 497):

The importance of organised professional groups emerging from the necessity to both establish and maintain professional standards, according to Elliott (1972):

The professional group controls a body of expert knowledge which is applied to specialised tasks. This poses special problems of social control. Such problems can be seen in the relationship between the unskilled clients or, more generally, in the tension between values developed within the profession and the values of the wider society. Social control in the professional group takes two forms. The professional institutions oversee all the functions of the profession. They lay down standards controlling entry to the group. Through the training necessary to achieve these qualifications, and through associations with professional peers, the individual acquires the norms and values of the group. Through these, mechanisms of social control become internalised. Such internalization is peculiarly necessary because of the opportunities which exist for exploitation in professional practice and because of the loose control which can be exercised by institutions, especially in individual practice situations (Elliott, 1972:11).

It ordinarily deals with categorization, description and analysis of professional groups in the society. For working purposes of this thesis the 'profession' has been defined simply as an occupational group that is recognized by the state and the public as having special knowledge and expertise in a particular field. The 'professionalization' has been defined as the process by which such a group obtains status and the privileges of a profession. Behind these working definitions, of course, lies a large body of literature on professions. Professions emerged as institutionalized occupations in a Victorian Britain as a result of economic and social changes such as population shifts, industrialization of commerce and trade, decline of the church and involvement of the state in matters of poverty, health and education (see, e.g. Smout, 1986). Organized professions were means by which the middle class exercised cultural control and established its social status (Bledstein, 1976). There was a small number of accountants in Scotland in 1853, who became the pioneers of the individuals to ever form the first
professional society of accountants in Scotland (Brown, 1905a). It is often argued that the ‘birth’ of professional accounting bodies and the market for accounting labour, depends on the level of industrialisation of a society and the specific societal context, therefore the development of the accounting profession is tied to the rise and development of industrial society (Hoskin and Macve, 1986; 1994; Sikka and Willmott, 1995; Willmott, 1986; Burchell et al, 1985; Walker, 1991; 1995). Therefore the development of the accounting profession is entwined with the rise and development of industrial society. The stage was clearly set in the UK for a formal professionalization process to start in the mid to late 1800s. The professional was perceived as an independent and knowledgeable practitioner with specific obligation to act in the public interest. Carr-Saunders and Wilson (1933) acknowledge that the traditional literature on professionalization suggests professional tasks have a history and reputation as privileged work with altruistic objectives. However, there is an alternative economic view of the role of professionals. In this context professionals are seen as organizing to gain market control of an occupational service by means of monopolistic exclusion of individuals deemed unworthy or unqualified to provide it (Larson, 1977). Professionals are perceived to create explicit mechanisms to operationalize this strategy, including entry prerequisites, institutionalized programmes of academic education and work-related training and experience. Unless an individual satisfies these criteria, professional membership is impossible and certain service opportunities denied. It was in the nineteenth century that professionalization emerged as an institutional process coupled with the formation of privileged associations and legal backing in many part of the world (Perkin, 1989). The number of professionals increased significantly, leading in turn to more formal professionalism in industrial societies.
The professional monopoly is established when the state grants exclusive rights of service only to certified professionals. Each of these features is evident in the formation and development of the accountancy profession.

### 3.3 Definition of professionalization

The literature on the sociology of the professions concentrates on how professionalization is defined (See Freidson, 1970, 1988; Turner and Hodge, 1970; Vollmer and Mills, 1996), and how occupations become professions. While examining the definition of the profession, many analysts concentrated on the combination of expertise, collective organisation and collegial control, ethical standards and work in a “public service” The Webster Third New International Dictionary observes the profession thus:

> A calling requiring specialised knowledge and often long and intensive preparation including instruction in skills and methods, as well as in scientific, historical, or scholarly principles underlying such skills and methods, maintaining by force of organisation or concerted opinion, high standards of achievement and conduct and committing its members to continued study and to a kind of work which has for its prime purpose the rendering of a public service (p.1811).

Alternatively, professions as perceived by Evetts (2003) are essentially the knowledge based category of occupations which usually follow a period of tertiary education and vocational training and experience. Richardson (1988) argues that the knowledge of the professions has always been a key attribute used to distinguish professional from non-professional occupations (Millerson, 1964; Moore, 1970, pp. 233 and 244; Elliott, 1972, pp. 126 and 130), while Lee (1995, p.48), states that the term professional is used to denote occupations organized in institutional form, whose practitioners are committed explicitly to serve the public interest, and who offer client services related directly to an intellectually-based body of knowledge. Bledstein (1976, as cited by Lee) contends that organized professions were means by which the middle class exercised cultural control and established its social status.

In a similar setting, the Latin root of “profession” and “professional” is *professare*, to profess,
a word that implies a declaration of one’s beliefs, based on one’s knowledge, experience and values (Farrugia, 1996; Lester 2010). While the Oxford Dictionary defines a profession as, ‘A vocation or calling, one that involves some branch of advanced learning or science’ (Cheetham & Chivers, 2005). However, the sociology literature views a profession as having among other attributes: a defined body of knowledge; specific recognition by society as a profession; an ethical code; and a defined cultural tradition (Abbot, 1988; Greenwood, 1957). Arguably, these perspectives that we will examine in a while are in line with the assertion (Klegon, 1978) that the main thrust of the studies of the professions by American sociologists has been the elaboration of definitional criteria by which professions can be distinguished from non-professions. In his attempt to define the profession Carr-Saunders (1966) had these to say:

The acquisition of special skill and training among members of an occupation, the establishment of minimum fees or salaries, the formation of professional associations, the formulation of professional codes of ethics, and the establishment and enforcement of minimum qualifications for entrance into professional practice (Carr-Saunders, 1966, p.43).

The term ‘profession’ came gradually to be distinguished from the general run of occupations in England in the course of the eighteenth century, and the original professions to be clearly identified were the traditional ones of divinity, law and medicine (Corfield, 1995, pp. 19–20). Yet the knowledge base of the clergy is sacred, and for the lawyers, the knowledge base is subject to purposive action and in many ways not abstract and theoretical. Finally the knowledge base for doctors is scientific (Klegon, 1978). Accordingly, there is no way to build modern profession on the precept and prescription of these old-fashioned forms of professions. In other words sociologists should devise a fitting definition for the term profession to conform to the practice as used today.
Finally, social scientists also concur that professions are occupations with special power and prestige. Larson (1977) added that society grants these rewards as professions possess special competence, and also because professions are devoted to service of the public, above and beyond material incentives. However, conflict still abounds as to the operational definition of the term “professions”. While the definition of professions had generated widespread disagreement among sociologists and researchers, Saks (2012) argues that defining a profession is not a pointless exercise in relation to knowledge and expertise and other claimed features of profession – as it is actually at the root of understanding what professions are about and how they operate. Accordingly, he contends that the main issue is the terms on which definitions of professions are constructed in the Anglo-American and Western European context.

3.4 Professionalization process

As explained above, the concept of professionalization is commonly used to describe how occupations become recognized as professions and how they consolidate their status and improving their services (Neal and Morgan, 2000). Historical studies that used different theoretical perspectives, deriving mostly from the literature of the sociology of professions, were conducted by various researchers in both the English and non-English speaking countries (Willmott, 1986; Puxty et al, 1987; Walker, 1995; Caramanis, 1999, 2002, 2005). However, the works of Carr-Saunders and Wilson published in their seminal paper in 1933; *The Profession*, is generally designated as the starting point for the systematic study of specific professional groups. In this regard, the process of professionalization is conceptualized as a series of interplays between occupational associations and other social institutions, in relation to a particular set of conditions (Birkett and Evans, 2005). As noted by Parry and Parry (1977, p.118), professionalization is similarly understood as a strategy for controlling an occupation, involving solidarity and closure which regulates the supply of
professional workers to the market and also provides a basis for the domination of institutions, organizations and other occupations associated with it. Alternatively, Willmott (1986, p.558) states that professionalization is a strategy developed by skilled workers for consolidating and increasing the social distance between themselves and their “clients”. A more insightful perspective was presented by Carr-Saunder and Wilson (1933), arguing that traditional literature on professionalization suggests that professional tasks possess a history and reputation as privileged work with altruistic objectives. Larson (1977) believed that professionals were perceived as organizing to gain market control of an occupational service by means of monopolistic exclusion of individuals deemed unworthy or unqualified to provide the service.

The professions play a central role in the economies and societies of the modern world, and, as such, have commanded considerable academic attention. One of the fundamental issues in the functioning and maintenance of any profession is the way in which individuals are ‘made’ into professionals. The nature of this process will have important implications for the ability of a profession to attract clients as well as to establish its wider position in society (Anderson-Gough, Grey, Robson, 2002).

To examine the process of professionalization, prior studies have employed three perspectives as state above: functionalist, interactionist and/or critical to explain the development of professional accounting associations. Willmott (1986) indicates that the functionalist and interactionist views were dominant before the 1970s, whereas the critical perspective has dominated at a later stage. The functionalist view shows that the crux of professionalization rests on the profession’s ability to produce professionals with esoteric knowledge and skills who are to serve society in an altruistic fashion. Hence, in view of this paradigm, the presence of specialized knowledge of members of the profession that enables them to provide honourable, high-skill service to society has been considered central to the
recognition of professions. Besides, the interactionist perspective regards professional associations as interest groups that defend the interest of their members by convincing the community to grant them the right position in society and to seek their services. Thus, under this view professionalization is a result of symbolic interactions where meanings are negotiated for professions to be bestowed the desired image in society (Sian, 2006; Uche, 2002; Walker, 2004; Willmott, 1986; Yapa, 1999).

Traditionally, professionalization of an occupational group involves the gradual attainment of the structural or institutional characteristics associated with professions, including licensing or certification examinations, a national association and self-regulatory mechanisms (Shafer et al, 2005; Larson, 1977). While the term professionalization refers to the path taken by occupational associations to attain professionalism (Birkett, Evans, 2005; West, 2012). The professionalization approach is based upon the theory that occupations go through a number of common stages as they become professions, or a series of interactions between occupational associations and other social institutions, in relation to a particular set of conditions. The interactions involve negotiation, posturing, confrontation, conflict and conciliation; other social institutions include the state, corporations and higher education (Vollmer and Mills, 1996; Siegrist, 1990; Freedman, 1976; Parkin, 1979; Turner & Hodge, 1970). Furthermore, professionalization is also termed as “the establishment and maintenance of conditions which give rise to the exercise of control by an occupational association so that it can move towards the end–state of professionalization” (Johnson, 1972; Larson, 1977; Abbott, 1988; Freidson, 1994; Macdonald, 1995). Millerson (1964) has attempted to summarize numerous previous publications by various researchers over many years concerning the traits needed to achieve public recognition of professional status. A paraphrased summary list of Millerson’s required traits as adopted by Garcia and Lampe (2011, p.8) is:
A profession involves a skill based on theoretical knowledge.

Attaining the skill and knowledge requires extensive education and training.

New entrants to the profession must demonstrate competence.

Integrity is maintained by adherence to a code of ethics.

A strong service ethic oriented to the public good exists.

The profession is organized and self-regulated.

Autonomy (independence, integrity and objectivity) in professional

A conceptual model of accounting professionalism posited by Birkett and Evans (2005) encompasses three key conditions that define professionalism, namely: professional power; associational control; and, sustaining ideology (Birkett and Evans, 2005), while the Australian Council of Professions identify following attributes of a profession - A disciplined group of individuals who adhere to high ethical standards and uphold themselves to, and are accepted by, the public as possessing special knowledge and skills in a widely recognised, organised body of learning derived from education and training at a high level, and who are prepared to exercise this knowledge and these skills in the interest of others. Inherent in this definition is the concept that the responsibility for the welfare, health and safety of the community shall take precedence over other considerations’ (ACCC, 1997).

In an effort to resolve the definition wrangle, there have been attempts made to define sequences of professionalization by a number of researchers, the most influential being Wilensky (1964) who understood professionalization as the sequence of seven steps as depicted in figure 2.1: (1) a job becomes a full-time occupation; (2) establishing a training school; (3) establishing a university program; (4) founding a local professional association; (5) founding a national professional association; (6) creation of a state license; (7) creation of a code of ethics, as cited by (Mieg, 2008). It is an established fact that sociological studies of
professions have traditionally focused on definitional list making in an attempt to differentiate professions from nonprofessions (Klegon, 1978).

**Figure 3.1 Professionalization Traits**

Wilensky (1964) saw professionalisation as the sequence of the seven steps in this figure as adapted by Taylor and Francis (2008).

Moreover, Richardson (1987) stimulates the professionalization debate by stating that the attributes of an occupation necessary to sustain and legitimate a claim to professional status can be understood only by examining the dialectic relationship between the professionalization of an occupation and the social structures and processes in which that occupation is entrenched (see Johnson, 1977; Hue, 1980; Larson, 1977) and that the attainment of professional status within this perspective involves the skilled production of social imagery and ongoing negotiation of occupational privilege (Also see Portwood and Fielding, 1981).

Attempts to define the profession by reference to a checklist of attributes reached their highest point with Millerson’s (1964; 4). According to him, professionalization is the process by which occupation undergoes transformation to become a profession’ (Millerson, p. 10).
his study, Millerson (1964) named the following features of a profession as presented in the
Figure 3.2 below:

(a) A profession involves a skill based on theoretical knowledge.
(b) The skill requires training and education.
(c) The professional must demonstrate competence by passing a test.
(d) Integrity is maintained by adherence to a code of conduct.
(e) The service is for the public good.
(f) The profession is organized.

(g) Autonomy

Figure 3.2 the professionalization process

The desirable qualities for achieving public recognition of professional status as adapted by
Millerson (1964) from the work of various researchers.

3.5 The sociology of the professions (SOP)

The sociology of professions literature contains a general recognition of accountancy as a
profession (Carr-Saunders 1928: 3; Carr-Saunders and Wilson 1933: 208-27; Wilensky 1964:
1988: 25; Macdonald 1995). The literature presented from the emergence of the professions
was sourced from empirical work of previous studies on the professionalization of accounting projects, and in these studies, the sociology of professions notion was used as key framework. Moreover, up to the close of the 1960s the sociology of the professions was an area in which functionalist theory flourished, due in large measure to the emphasis which Durkheim (1957) placed on professional ethics (Macdonald, 1995). For Durkheim, the main intellectual concern of sociology is the study of social facts and he argued that rather than applying sociological methods to the study of individuals, sociologists should instead examine social facts, that is, the aspects of social life that shape our actions as individuals, such as the state of the economy or the influence of religion (Giddens, 2009, pp. 14-15). Durkheim further argues that societies have a reality of their own, that means, there is more to society than simply the actions and interests of its individual members.

It is worth noting that the sociology of the professions was created with a distinctively Anglo-American focus (Faulconbridge and Muzio, 2012). It identified the professions as associations of gentlemen that emerged autonomously to institutionalize and regulate a specific area of practice (Johnson, 1972; Larson, 1977). In the literature of the sociology of the professions, studies have been conducted by a number of researchers from different perspectives, including trait, functionalist and critical approaches (See Figure 3.1 below). This is discussed later in this chapter in the subsequent sections.

Abbott, (1988) presents the evolution of professional groups and professional jurisdiction as a series of small incremental decisions, actions and events and different groups jostle for recognition and status. The sociology literature views a profession as having among other attributes: a defined body of knowledge; specific recognition by society as a profession; an ethical code; and a demarcated cultural tradition (Abbot, 1988; Greenwood, 1957), while American sociologists have noted that the key concept in the study of the professions has been the elaboration of definitional criteria by which professions can be distinguished from
non-professions (Klegon, 1978). Brint (1993) states that a more substantial contribution to the
development of the notion of the sociology of professions was made by Freidson following
the publication of his two major Papers: “Professionalism and the Organization of Middle-
Class Labor in Post-industrial Society” (Freidson, 1973b) and “Professions and Occupational
Principles (Freidson, 1973a), that was followed a decade later by his production of
“Professional Powers” (Freidson 1986). One of these acclaimed contributions introduces a
new concept of the professions embedded in the social organization of occupational labor
markets as well as providing an analysis of the spheres of professional control that emanated
from the knowledge of monopolies and gatekeeping activities of the profession (Brint, 1993).
Hence, Carr-Saunders and Wilson (1933) viewed the professions as a stable force in society.
Furthermore, Willmott (1986); Richardson (1987) and Macdonald (1995); Allen (1991);
Chua and Poullaos (1998); Burrage Jarausch and Siegrist (1990); Johnson (1972); Klegon
(1978); Robson and Cooper (1990); and Wilensky, (1964) have all stated that the sociology
of the professions emerged in consequence of the efforts exerted by the functionalist and the
interactionist practitioners. The Functionalist theorists emphasis the belief that professionals
attain the recognition of the society because of the specialized skills they hold and the close
solidarity of its members (Goode, 1957; Hughes, 1963; Halmos, 1970). The functionalism
theory introduced by Durkham (1957) was more ascendant until the 1960s, and Willmott
(1986, p.557) further maintained that the sociology of the professions incorporates a number
of contrasting approaches, and that before the early 1970's "functionalist" and "interactionist"
perspectives became dominant, but since then a more "critical" approach, which draws
heavily upon the work of Weber and Marx, has emerged. As observed by Aranya and
Amernic, (1981), and in view of the classical sociological theory of professions, society
grants power and prestige to professions because professionals possess bodies of knowledge
which are linked to the central needs and values of the social system (Parsons, 1954; Goode,
1957; Hughes, 1963). In return, society expects professionals to be committed to the service of the public, above and beyond material incentives (Vollmer & Mills, 1966; Moore, 1970; Larson, 1977), however, it remains an open debate as to whether professions are what they professed to be, that is, sustaining public interests or simply self-interested groups. Within the last half a century or so, in the exploration of professionalization projects, diverse theoretical standpoints were advanced and utilized to comprehend the growth of the professions. These perspectives were acquired from the Sociology of the Professions (SOP) which concentrated on developing and increasing the sociological knowledge (Calhoun et al., 2007, p.1). Sociology in turn is the science of society, of social relations and of social institutions. The theory has been enlarged to enhance the development of the profession from these standpoints.

The SOP literature demonstrates the drive of research interest in functionalism, interactionism and critical perspectives. The importance of both the functionalism and interactionism can be appreciated in the context of comprehending the professional characteristics and interaction of the profession in society. Moreover, the functionalism theory introduced by Durkham (1957) was more ascendant until the 1960s, and Willmott (1986, p.557) further maintained that the sociology of the professions incorporates a number of contrasting approaches, and that before the early 1970's "functionalist" and "interactionist" perspectives became dominant, but since then a more "critical" approach, which draws heavily upon the work of Weber and Marx, has emerged. Equally, the critical perspective is quite indispensable in analyzing the development of the accounting profession. In other words it provides the essential paraphernalia for exploring the essence of the accounting profession. Hence, this thesis employed the critical perspective using political construct in analyzing the empirical evidence on the Sudanese accounting profession. The political construct of a society is the attributes and characteristics that define the roles of authority and
government along with the control of its people. There are two large constituents within a
political construct that are inter-related and most critical research. The first is the political
system of a society and the second is the dominant political ideology that directs and shapes
it. They are analysed and discussed in this study.

The link between between the sociological approach of the professionalization and the
development of the accountancy profession can also be explored thus: Studies of the
professions clearly illustrate the intricate interplay between general conceptions of society
and history as well as sociological theories. Moreover, it is vital to emphasize that. After a
long period of neglect, the role of accounting in shaping the economy is currently being
rediscovered by sociologists (Callon, 1998; Fligstein, 1990, Grannovevetter, 1985). This
neglect is curious, in so far as accounting was accorded a pivotal role at the outset of the
sociological enterprise. Weber placed accounting at the heart of rational capitalistic economic
activity, while those of Marx accorded accounting a central role in the development and
reproduction capitalistic social relations (Miller, 2007, p.285). Together with the arguments
of Weber, Sombart helped establish a link between accounting and sociology. Accounting
was therefore identified as a proper object of sociological analysis. Moreover, the sociology
of worth complements extant sociological approaches to accounting by providing a language
and a conceptual tool-box for understanding the multiple rationalities in which accounting is
implicated (Annisette & Richardson, 2011, p.229). While Lee (1995, p.48), states that the
term professional is used to denote occupations organized in institutional form, whose
practitioners are committed explicitly to serve the public interest, and who offer client
services related directly to an intellectually-based body of knowledge. As accounting is a
social discipline and sociology is the science of society, of social relations and of social
institutions. The link between the sociological approach of the professionalization and the
development of the accountancy profession in Sudan can be explained thus: Sudan presents a
relevant situation in that Sudan’s accounting profession is interwoven with the social fabric of the Islamic community (UMMA). Studies of the professions clearly illustrate the intricate interplay between general conceptions of society and history as well as sociological theories. In this sense, sociological theories deal with social institutions and individuals members of the communities. Islam provides a strong bond between the community and the accounting profession as illustrated below:

![Diagram: The Theory of the Sociology of the professions]

This figure illustrates how the accounting profession in the Sudan becomes an integral part of the UMMA (the Islamic community). In this context, it is quite apparent that the choice of the theory of the sociology of the professions suits the development of the accountancy profession in the Sudan.

Seen below is the framework of the theory of sociology of the professions (SOP) as used in professionalization projects, encompassing the Neo-Weberian perspective which specifically explores the notion of social closure (Figure 3.1) in relations to class stratification system that involves elites versus non-elites wrangles. The theory of the SOP is used in this thesis. Hence, this section presents an inclusive account and elucidation of the sociology of the professions as a grand theory and its framework in order to help understand this research.
3.5.1 Functionalism, Interactionist and Critical Perspectives in SOP

There are differing opinions as to what constitutes a theory (Gelso, 2006; Harlow, 2009; Henderikus, 2007; 2010). In the academic literature, definitions of theory range from the simple and succinct to the complex and elaborate (Gay and Weaver, 2011). For example, Gelso (2006) succinctly stated that—a theory is a statement of the suspected relationship between and among variables (p. 2). Heinen (1985) defines a theory as a group of logically organized laws or relationships that constitutes explanation in a discipline (p. 414). Similarly, Sutton and Staw (1995) argue that a theory must essentially answer the question why. It describes causal relationships and explains the ordering and timing of events in that relationship as well as reasons why a relationship exists.

Source: Developed by the researcher for this study
Researchers have adopted a variety of theoretical approaches: functionalist, interactionist and critical perspectives (Willmott, 1986; Saks, 1983). Critical researchers, in particular, share a scepticism of the intrinsic functionality of ‘professional’ groups and highlight the social relations and processes that enable the production and reproduction of ‘professions’ and professional privilege (Chua and Poullaos, 1998, p.196). As shown in figure 3.1, functionalism holds that society is a complex system whose various parts work together to produce stability and solidarity. Prior studies employed the functionalist, interactionist and/or critical perspectives to explain the development of professional accounting associations. The functionalist view indicates that the crux of professionalization rests on the profession's ability to produce professionals with esoteric knowledge and skills who are to serve society in an altruistic fashion (Mihret et al, 2009) It emphasises the importance of moral consensus, in maintaining order and stability in society.

Functionalists regard order and balance as the normal state of society – this social equilibrium is grounded in the existence of a moral consensus among the members of society. For instance, Durkheim argued that religion reaffirms people’s adherence to core social values, thereby contributing to the maintenance of social cohesion.

As stated by Carr-Saunders and Wilson (1933); Wilensky (1964), and previously shown in this study, the sociological studies of the profession had focused on the definition and characteristics of the professions. Two models of trait and functionalist had been introduced to examine professionalization projects. The trait model was applied to identify the fundamental characteristics of the professional occupations (Johnson, 1972).

Alongside a number of other researchers, Willmott (1986); Yapa (1999) maintain that the functionalist perspective perceives professions as integrated communities whose members
undertake highly skilled tasks that are crucial to the integration and smooth operation of society (Carr-Saunders and Wilson, 1933; Greenwood, 1957).

The interactionist view maintains that professions are interest groups that attempt to convince society to seek their services so as to defend and further the interests of their members. Furthermore, functionalism holds that society is a complex system whose various parts work together to produce stability and solidarity (Giddens, 2012). More recently studies have taken a critical perspective to examine the professionalization processes within the context of state-profession dynamics and professions’ attempts for collective social mobility within a set of power relations. According to this perspective, professions define and defend the interests of their members by creating professional monopoly through a process of closure and exclusion to prevent non-members from accessing professional practice (Sian, 2006; Uche, 2002; Walker, 2004; Willmott, 1986; Yapa, 1999). The existence of seemingly distinctive attributes of professions, such as the possession of esoteric or arcane knowledge, autonomy, altruism and self-discipline, are presumed, emphasized and largely unquestioned (Barber, 1963; Ritzer, 1972). The role of the professional association is to ensure that individual members are properly trained, that during their careers they contribute positively to society and that the traits of professionalism are in place (Yapa, 1999). Under this approach, failure to professionalize may be the result of a failure on the part of the occupation to adequately perform the functions assigned to it or to otherwise achieve or demonstrate the existence of professional attributes, whether because of the inadequacies of the professional association or otherwise. Interactionists believe that the functionalists do not adequately explain the existence of professions (Yapa, 1999, p.330), and the functionalist perspective came under criticisms and disowned by sociologists in the early 1970s (Macdonald, 1995), while Interactionists insist on studying professions as interest groups that attempted to convince others of the legitimacy of their claim to professional recognition; Roth, 1974).
Falling short of achieving professional status may reflect the deficient political skills of an occupation's leadership. In this respect, the professional body is regarded as a basic organizational instrument for defining and securing a respectable and valued social identity which assists members in their dealings with their clients and colleagues (Becker et al., 1961). Therefore, this approach involves an understanding of a problematical, negotiated meaning of “profession” and a recognition of the segmented and interest-conditioned nature of professional associations (Willmott, 1986). Failure of a professionalization project may indicate internal competition or other factors which prevent the association's leaders from persuading others that the title and status of profession is merited. The critical perspective insists on the importance of structural factors, whether within the occupation or the markets for services and accounting labour, or in society more broadly. Professional bodies are seen as a means of achieving collective social mobility by securing control over a niche within the market for skilled labour (Larson, 1977; Klegon, 1978; Parkin, 1979). It also "provides a basis for the domination of institutions, organisations and other occupations associated with it" (Parry and Parry, 1977, p. 118). This view of professions has the potential to stimulate and broaden the public debate over the accountability of accountancy in respect of its regulation and development, and the social and economic consequences. Conversely, this approach has recognized the importance of the underlying structure of power relations in facilitating the process of professionalization and, in particular, in enabling the formation and development of associations of professionals (Willmott, 1986). Moreover, the role of government and its rethinking of the profession through recognition and legitimation has been investigated and acknowledged (e.g. see Chua and Poullaos, 1993; Walker, 1991). It is argued that the organization of the profession should be understood as a medium of, as well as an outcome of, the pervasive forces of the market and the centralized power of the state. As Johnson (1982) puts it, the professions are emergent as a condition of state formation and state
formation is a major condition of professional autonomy. Thus, professional associations are seen as inescapably political bodies whose power derives from their organizational capacity to continuously secure from the market and the state the right to control and regulate the supply of, and influence the demand for, accounting labour. This has been clearly explained by Willmott, citing the case of the accounting profession in the United Kingdom. As Willmott (1986) has pointed out, in Britain the professional bodies have control over entry to their respective professions, have regulatory control, and enjoy some degree of autonomy from the state. From a critical perspective point of view, failure to achieve professional status may thus stem from a failure to close out competitors from valuable markets or inability to solicit the backing of powerful clients or other sections in society (the state included), while maintaining some autonomy from both market and state (Yapa, 1999).

Interactionist perspective emphasizes primarily on the consequences of the occupational group’s interaction with society in determining how and when professional status is conferred on an occupational group (Elliot, 1972). Garcia and Lampe (2011) state that the most basic statement of interactionism is that professional recognition is provided to an occupational group when the public becomes aware (is convinced) that the members of, and practice services provided by, the occupational groups are: (1) differentially recognizable from the laity, (2) substantially beneficial and improving the overall good, and (3) needed by society, while critical theory is simply an extension of the monopolist reasoning and that it is a political power rather than economic aspects that control achievements of society and, therefore, distinguish a profession from an occupational group (Willmott, 1986). Willmott states that “professional associations are primarily, but not exclusively, political bodies whose purpose is to define, organize, secure, and advance the interests of their (influential) members” (Willmott, 1986, p. 556). A clear example of combining monopolistic control with political power is the restricted licensure process for limited occupational groups (Garcia and
Lampe, 2011). A political structure allows such occupational groups, via licensure, to control entrance to, development of, monitoring of, and pricing of the services provided to society. Critical theory is critical of all the professions and implies that politically attained monopolistic power is used for self-interest by large organizations to control the occupational work force and over-charge society monopolistic rents for needed essential services (Garcia and Lampe, p.10). Finally, Willmott (1986) indicates that the functionalist and interactionist perspectives were dominant before the 1970s, whereas the critical perspective has dominated afterwards. Under the functionalist view, albeit criticized by an number of scholars (Hammond, Clayton and Arnold, 2012), the crux of professionalization was regarded to rest on the profession’s ability to produce the right professional with the competence as well as the commitment to serve society with altruistic motives. Thus, according to this paradigm, the presence of specialized knowledge of members of the profession that enables them to provide honorable, high-skill service to society has been considered central to the recognition of professions (Merhat et al, 2011). The interactionist perspective views professional associations as interest groups that defend the interest of their members by convincing the community to grant them the right position in society and to seek their services. Thus, under this view professionalization is a result of symbolic interactions where meanings are negotiated for professions to be accorded the desired image in society (Sian, 2006; Uche, 2002; Walker, 2004; Willmott, 1986; Yapa, 1999). More recently, studies on professionalization have taken a more critical perspective (Chua & Poullaos, 1998; Sian, 2007; Walker and Shackleton, 1996). These studies use the sociological theories of Max Weber and/or Karl Marx to examine the professionalization processes within the wider context of power relations.

More recently studies have taken a critical perspective to examine the professionalization processes within the context of state-profession dynamics and professions’ attempts for
collective social mobility within a set of power relations. According to this perspective, professions define and defend the interests of their members by creating professional monopoly through a process of closure and exclusion to prevent non-members from accessing professional practice (Sian, 2006; Uche, 2002; Walker, 2004; Willmott, 1986; Yapa, 1999).

The foregoing perspectives on professionalization have mainly been employed to interpret accounting professionalization processes in Anglo-American settings, where competition among occupational groups served as a major driver for professionalization (Mihret et al., 2012). Some studies on former British colonies – for example, Uche (2002) on Nigeria, Sian (2006, 2007) on Kenya and Yapa (2006) on Sri Lanka – and other developing countries, e.g. Seal et al. (1996) on the Czech Republic, obtained useful insights by using the lens of the Anglo-American professionalization model. These studies, as well as Yapa’s (1999) work on Brunei, highlight an additional dimension of cross-border competition of professions whereby transnational professional associations’ struggle for turf at a more global level. The studies suggest how such a trend influenced indigenous professional associations’ struggles for jurisdiction in developing nations at large. Recent studies specifically explain the imperialistic character of this transnational influence on accounting professionalization by illustrating that it is closely intertwined with the role of the British Empire (Carnegie and Parker, 1999; Chua and Poullaos, 2002; Parker, 2005).

3.6 Conceptual Framework

As stated earlier, Sudan is an Islamic country that had been a colony of Britain and ruled under Western secular laws. It is an oil producing emerging economy that is developing its accountancy profession along a dual track – Islamic and secular, albeit the state actually favours Islamic system. This thesis describes the development of the accountancy profession
under oscillating modes of government between the country’s military and civilian administration between 1956 and 2010.

This research work is aimed at investigating the various interactions between the state and the profession on the development of the accountancy profession between the period 1956 to 2010, and to analytically explore the evolution of the accountancy profession in the Republic of Sudan. Accordingly, this study focuses on the factors that influence the development of the profession. Based on the theoretical interpretation supported by the conceptual framework (Figure 1.2) and literature review, this thesis explains the development of the accountancy profession in the country.

Sudan being one of the former colonies of the UK, the accounting profession in the country was premised on the British conventional accounting system, and fostered by those elite group that possess British accounting qualifications, but today the profession is on the verge of being Islamised owing to the adoption of the Islamic shari’a in the country. The aim of this study is hence, to explore the connections among the various parties – the state and the occupational groups in relation to the professionalization process in the Sudan. As shown in the conceptual frameworks below, the colonial influence is seen in the continuing application of the Sudan’s Companies Act 1925 alongside other corporate regulatory practices. The proliferation of the influences of the Association of Chartered Certified Accountants (ACCA), the Institute of Chartered Accountants in England and Wales (ICAEW), and Chartered Institute of Management Accountants (CIMA) through the professional courses managed and run by the British Council in Sudan adds to the entrenched British colonial influence but contributes immensely to the development of the accounting profession in the country.

3.7 Conclusion
There is no unanimous consensus as to the definition of professionalization, as different nations have varied distinctive prevailing features such as state ideology, politico-economic system, culture, and the colonization history of each country, albeit most of these countries share identical pattern of the accounting professionalization process, which is more often premised on Western models. As a matter of fact so many variants of the professionalization process can be found in every nation, in consequence of the distinctiveness of each country. In the case of Sudan, the professionalization process is British but with a marked blend of Islamic structure. The sociology of the professions maintains that accounting is an important aspect of social development as it provides the best value to the society through its functions, which require specialized knowledge and technical skills. The sociological literature demonstrates the thrust of research interest in functionalism, interactionism, and critical perspectives. Both the functionalism and interactionist perspectives assists in the comprehension of the character of the profession and its integrative role with the society. At the other continuum, the critical perspective upholds that professions define and defend the interests of their members by creating professional monopoly through a process of closure and exclusion to prevent non-members from accessing professional practice. Hence, it has the ability to analyze the development of the accounting profession in a broader framework and, offers more methods to improve best value through which to serve society. Hence, the Sociology of the profession has been applied in this thesis to analyze the development of the accounting profession in the Sudan.
Chapter 4 Research Methodology and Methods

4.1 Introduction

The objective of Chapter 2 has been to present the literature review on the process of accountancy professionalization in an attempt to comprehend and accordingly appreciate the evolutionary trend of the accountancy profession in developed and developing economies. The literature review has thus helped in establishing the gaps associated with the need to develop the profession in Sudan. Chapter 2 likewise justifies the choice of methodology and methods applied in this thesis after exploring previous works on professionalization projects, while chapter three provides comprehensive understanding of Sociology of Professions as a grand theory and its framework including sub-divisions to enable readers of this study understand how the SOP is applied to this research. Critical perspective, interaction as well as functionalist conceptions have contributed to the understanding of the development of the accountancy profession in the Sudan. This chapter examines the research methodology adopted in this thesis. It begins by outlining the thinking that underpins the approach taken with the research study, discussing the researcher’s interpretivist stance to research and the consequent choice of a qualitative research approach. It is worthwhile to note also that qualitative research uses a naturalistic approach that seeks to understand phenomena in context-specific settings such as "real world setting [where] the researcher does not attempt to manipulate the phenomenon of interest" (Patton, 2001, p. 39). Qualitative research, broadly defined, means "any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification" (Strauss and Corbin, 1990, p. 17) and instead, the kind of research that produces findings arrived from real-world settings where the "phenomenon of interest unfold naturally" (Patton, 2001, p. 39).
4.2 Research Methodology

Broadly speaking, Methodology is, the way in which a researcher conducts research. Both Yin (2003) and Silverman (2005) maintain that methodology can refer to the theoretical analysis of the methods appropriate to a field of study or to the body of methods and principles related to a branch of knowledge. Llewellyn (1992) adopted Bryman’s (1984) definitions of methodology as the epistemological framework for the research, and method as the technique for doing that research. Yin (2003) defines methodology as the overall approach to the research process, from the theoretical underpinning to the collection and analysis of data and method as the various means by which data can be collected and/or analyses (Yin, 2003, p. 55). Conversely, Gaffikin (2008) defines methodology as ‘... the framework of the means for gaining knowledge’ (Gaffikin, 2008, p.7) and explained that it ‘... the framework of the means for gaining knowledge’.

Laughlin (1995) offers a discussion on the dimensions of theoretical and methodological choices related to ontology, human nature, society, epistemology, and methodology. Laughlin (1995) claims that the position on being (ontology), the role of the investigator (human nature), perceptions of society (society), perceptions understanding (epistemology) and ways to investigate the world (methodology) are implicit in the various approaches to empirical research (Laughlin, 1995, p.66). Expressing these in the context of choices, Laughlin (1995) reclassifies these key elements into three broad bands: theory, methodology and change. Understanding these elements is beneficial for undertaking any empirical investigation. Therefore, the next section details the methodology choices in Laughlin’s work. A properly designed methodology assists in enabling the validity and reliability of data collected for research to be determined. The methodology demonstrates to anyone how the study was conducted.
4.2.1 Methodology Choices of Laughlin

Laughlin applies the term choices when determining the theory, methodology and changes in research (Figure 4.1). As seen in the table below the theory and methodology dimensions are designed in a linear shape. Those researchers who believe in high levels of prior theorising will also derive value in theoretically defining the approaches of investigation. Hence, it calls for testing of the theory to explain the phenomenon against assorted hypothesis, thus improving the ability of the research process to create new knowledge which could potentially be inferred and applied worldwide. While the choice of theory ascertains the nature of the world under investigation, the methodology choice determines the role of the researcher in the discovery process, and also establishes the position of change in the situation being investigated. Thus, the collaboration between theory, methodology, and change leads to the development of the research approach as summarized in Table 4.1: high-high-low, low-low-low, and medium-medium-medium below\textsuperscript{18}.

Table 4.1: Dimensions on the Choice Process for Empirical Research

![Table 4.1: Dimensions on the Choice Process for Empirical Research](image)

Source: Laughlin (1995, p.68)

\textsuperscript{11} Theory, methodology and change ordering
The low-low-low method is the extreme opposite of the above approach. Values and personal views are central for producing new knowledge more than testing theory as in the scientific process. The prevailing situation is expressed through the observation of the researcher. Therefore, emerging knowledge is based on the ability of the researcher to describe existing conditions in the real world; there isn’t any natural apparatus for a critique of interpretations. A qualitative method of research providing insight into the unique situation or case study is essential.

The medium-medium-medium approach is a combination of these two first approaches. It recognizes theory and methodology as significant factors to describe and generate new knowledge of the real world. Researchers employ theories to explain the situation through their world views and here, empirical evidence is valuable.

This thesis corresponds to the medium-medium-medium approach, which is also known as the middle-range thinking approach. This is to describe middle-range thinking as shown in Table 4.1; for example, the understanding of the relationships between organizing principles and the accountancy profession in the case of Sudan. This study is a descriptive and analytical work, which aims to present critical views from the existing accountancy professionalization process in Sudan. The nature of this thesis points out the key components of the research process with the appropriate combination of theory and methodology to allow the researcher to describe the existing situation. The next section of this chapter expounds this approach in terms of qualitative research and justification for this study.
Table 4.2: Key Characteristics of Theory, Methodology and Change

<table>
<thead>
<tr>
<th>Theory Characteristics</th>
<th>High/high</th>
<th>Medium/medium</th>
<th>Low/low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ontological belief</strong></td>
<td>Generalizable world waiting to be discovered</td>
<td>‘Skeletal’ generalizations possible</td>
<td>Generalizations may not be there to be discovered</td>
</tr>
<tr>
<td><strong>Role of Theory</strong></td>
<td>Definable theory with hypotheses to test</td>
<td>‘Skeletal’ theory with some broad understanding of relationship</td>
<td>Ill-defined theory no prior hypotheses</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Methodology Characteristics</th>
<th>High/high</th>
<th>Medium/medium</th>
<th>Low/low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Role of Observer and human nature belief</strong></td>
<td>Observer independent and irrelevant</td>
<td>Observer important and always part of the process of discovery</td>
<td>Observer important and always part of the process of discovery Unstructured, ill-defined, qualitative approach</td>
</tr>
<tr>
<td><strong>Nature of Method</strong></td>
<td>Structured, quantitative method</td>
<td>Definable approach but subject to refinement in actual situations, invariably qualitative</td>
<td>Unstructured, ill-defined, qualitative approach</td>
</tr>
<tr>
<td><strong>Data Sought</strong></td>
<td>Cross-sectional data used usually at one</td>
<td>Longitudinal, case study based. Heavily descriptive but also</td>
<td>Longitudinal, case study based. Heavily descriptive</td>
</tr>
</tbody>
</table>
**Conclusions Derived**

- Derived Validity Criteria
  - Point in time and selectively gathered tied to hypotheses
  - Statistical inference
  - Reasonably conclusive tied to 'skeletal' theory and empirical richness
  - Meaning: researchers + researched
  - Ill-defined and inconclusive conclusions but empirically rich in detail
  - Meaning: researched

**Change Characteristics**

- Low emphasis on changing status quo
- Medium emphasis open to radical change and maintenance of status quo
- Low emphasis on changing status quo

Sources: Laughlin, 1995

### Table 4.3: Levels of Theory Relating to Different Empirical Issues

<table>
<thead>
<tr>
<th>Level</th>
<th>Theory</th>
<th>Focus</th>
<th>Empirical issue</th>
<th>Claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Metaphor theories</td>
<td>By imaging (just checking you mean this and not imagining) and grounding experience</td>
<td>Micro reasons, actions; social production</td>
<td>Grounds experience</td>
</tr>
<tr>
<td>2</td>
<td>Differentiation theories</td>
<td>By ‘cutting the pie’ of experience</td>
<td>Micro social process</td>
<td>Cuts up experience</td>
</tr>
<tr>
<td>3</td>
<td>Concept theorize</td>
<td>By linking agency and structure through practice</td>
<td>Meso agency – how individuals make things happen through</td>
<td>Explicate practices</td>
</tr>
</tbody>
</table>
Llewellyn’s (2003) study identifies some similarities between the ‘interpretive approach’, ‘middle-range theory’ and ‘conceptual framing’. The similarities of these concepts are involved with how the theory is developed at each stage.

This historical case study research method explores the process of professionalization of accounting and auditing in the post-independent Sudan employing a qualitative approach and empirical data. Bromley (1990) states that cases study is a “systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest” (p. 302). Yin (2003) states that many researchers use the case study method for its important contribution in various ways to our knowledge about complex social phenomena. Rigorous qualitative case studies afford researchers opportunities to explore or describe a phenomenon in context using a variety of data sources (Baxter and Jack, 2008). Yin (2003) further states that a case study design should be considered when: (a) the focus of the study is to answer “how” and “why” questions; (b) you cannot manipulate the behaviour of those
involved in the study; (c) you want to cover contextual conditions because you believe they are relevant to the phenomenon under study; or (d) the boundaries are not clear between the phenomenon and context. Hence, a suitable method for collecting data as well as used accordingly for interpret them is Key to this study.

4.2.2 Theorization in Accounting Qualitative Research

Conceptual framing alternatively known as “theorizing” in empirical qualitative research encompasses both the theorizing of researchers and that of the organizational actors they study (Llewelyn, 2003). Theorization is the “added value” of qualitative academic research. Conceptual framing can offer greater understanding of the empirical issues under discussion. Appropriate theorization can give fuller explanations of organisational structures and processes than those held by organisations numbers (Llewellyn, 2003, p.662). Furthermore, Llewelyn (p.662) argue that the value of qualitative empirical research in the accounting specialty lies in its theorization of organizational actions, events, processes, and structures. In this light, the conceptual framing is utilized as a linking process of empirical evidence and knowledge, which is defined by academics as a theory. This process is useful as it generates new knowledge and enables researchers to gain a better grasp in the professionalization projects. For example, research findings derived from interviews in this study are linked with the SOP to explain the influence of the development of the accounting profession in the Sudan. Moreover, Llewelyn (2003) classified five levels of theorizing that are available to qualitative empirical researchers as shown in Table 4.2. It begins with metaphor, differentiation, conceptualization, theorizing settings and theorizing structure. Metaphor theory is a basic structural form of experience through which human brings engage, organize and understand their world (Morgan, 1983). It is the lowest level of theorizing process, which only focused on imaging and grounding experience for a primary understanding of any phenomena. Differentiation theories deal with setting up contrasts and categories such as
presence-absence, up-down, in-out, finite-infinite, mind-body, public-private, and practical-theoretical in order to understand the real world. Concepts theory, the third level of the theorizing process, which Llewelyn (2003) refers to as the linkage between subjective and objective realms of experience in order to create meaning and significance of explicating practice. The fourth level of theorizing settings explains specific social, organizational or individual phenomena in the social organization of the settings for human activity. This concept is used to gain understanding through explaining relationships between phenomena. Finally, theorizing structure/grand theory is a result of theorizing development, which is involved with structural, impersonal large-scale and enduring aspects of the social realm. Social institutions, culture, class relations and the distribution of goods constitute regular and patterned social arrangements that individuals are born into and which will last beyond their lifetimes (Llewelyn, 2003, p.676). This notion is valuable for generating new knowledge in the qualitative research, which represents a remarkable feature of this type of research project. Llewelyn’s (2003) study identifies some similarities between the ‘interpretive approach’, ‘middle-range theory’ and ‘conceptual framing’. The similarities of these concepts are involved with how the theory is developed at each level.

This would be expounded thus: change through emergence would be likely to be theorized at levels one, two or three, whereas structural phenomena are usually analyzed at levels four and five. The middle point on the levels presented here is conceptualization—this is not thought to be the best level of theorizing for all phenomena. However, in so far as management is conducted in organizations and concepts relate closely to practices then, often, conceptualization is the most appropriate form of theorizing in the management and accounting disciplines (Llewelyn, 2003, p.686).

It is evident that there are relationship between theories and methodologies. Methodologies and adopted theories reflect the epistemological and ontological assumptions of researchers (Llewelyn, 1992, p.22). Berry and Otley, 2004, p.235) have further argued that there has to be need to have some research intent around a question in order to provide a framework for the
data collection plans, and that the ontological and epistemological stance of the researchers play a significant role. However, Mouzelis (1995) argues that theorization is in disarray in the social sciences’ and also that theory and empirical research are disconnected. The notion of conceptual pragmatism is proposed as a way out of this dilemma (Mouzelis, 1995, p.8). In response to Mouzelis’s argument, Llewelyn’s fifth level, out of five levels of theory, will not be used in the empirical research.

As Llewelyn explains: This seeming paradox can be understood in the context of the relative significance accorded to high and low levels of theorization by academics and lay people. Thus methodology intervenes into the process as to explain the way to conduct the research. Hence research methodologies and levels of theory are intertwined (Llewelyn, 2003, p.684).

At lower levels ethnographic studies aim to capture the thoughts, beliefs, values and motivations of organization members through lengthy ‘immersion’. The role of qualitative researchers is to observe and explain regularities and relationships that are linked to the generation of theory. Few studies adopt the quantitative method (Richardson, 1988; Suddaby et al, 2009) in the professionalization projects, using questionnaires to verify existing theory and to construct new findings. Some scholars (for example Saunders et al., 2003, p.218) claim that a questionnaire is one of the most widely used survey data collection techniques because the standardization of answers is found from the same set of questions. However, it is hard to produce a good questionnaire (Opeenheim, 2000; Saunders et al., 2003) to gain more information due to limitations of the instrument. In addition, in the accounting
professional study, the response rate of the questionnaire should be of concern\(^\text{19}\) because this could affect the reliability, validity and ability to explain or answer the research questions.

Accounting empirical research has made significant developments in the last 20 years mainly through qualitative research, which uses interpretive methodologies and has proven to be increasingly influential (Llewelyn, 2003). Most studies in the professionalization projects adopt the qualitative approach to explain the transformation of the accounting profession (see for example Seal et al., 1996; Sian, 2006, Sian, 2010; Yapa, 1999, 2006 and 2010). Adopting this approach enables researchers to gain rich information to answer their research question and to gain more understanding about accounting professionalization projects.

### Table 4.4: Different Types of Research

<table>
<thead>
<tr>
<th>Type of Research</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exploratory research</strong></td>
<td>Exploring a research issue when there are few or no earlier studies to which researchers can refer for information about the issue.</td>
</tr>
<tr>
<td><strong>Descriptive research</strong></td>
<td>A description of phenomena as they exist.</td>
</tr>
<tr>
<td><strong>Analytical or explanatory research</strong></td>
<td>A continuation of descriptive research where researchers not only describe the characteristics of the pertinent issues but also analyze and explain why or how it is happening.</td>
</tr>
<tr>
<td><strong>Predictive research</strong></td>
<td>An expansion of explanatory research with a forecast of the likelihood of a similar situation occurring elsewhere.</td>
</tr>
</tbody>
</table>

Source: Collis and Hussey (2003)

Yin (2003) states that case studies are principally of three types: Exploratory, Descriptive and Explanatory. Exploratory is aimed at hypotheses testing, a descriptive case study provides a complete description about the phenomena within its context, and an

explanatory case study presents data aiming at “cause and effect” relationships, explaining how ‘events occurred’ (Yin, 2003: 4, 5). Among these three case study methods, the explanatory method is supplied by explanatory theories such as the knowledge-driven, problem-solving and social interaction theories. The social interaction theory claims that in high-utilization environments, research procedures and users belong to overlapping professional networks with ongoing communications (Yin, 2003: 21). As Scapens (1990) justifies the growing application of case studies as a research method for studying management accounting practice, he further contends that:

Case studies present us the possibility of understanding the nature of management accounting in practice; both in terms of the techniques, procedures, and systems which are used and the way in which they are used (Scapens, p.264). It is necessary to locate practice in its historical, as well as its economic, social and organizational contexts. Case studies are particularly suitable for this type of research (Scapens, 1990, p.268).

In essence this study became an exploratory study where the researcher endeavours to assemble professional opinions and gain an understanding of Sociology of the Professions (SOP) in the context of Sudan’s Islamic state ideology. The researcher likewise deems that individuals seek understanding of the world in which they live and work Creswell, 2009, p.8). Thus, knowledge is based on individual’s involvements and approach to the situation being investigated. Furthermore, the development of the accountancy profession is more often influenced by a number of considerations, such as state regulations, and changes in politico-economic settings in the state. The interaction between these considerations becomes intricate owing to the critical views of many stakeholders. In this context, experimental research would be unlikely to offer sufficient details and reasons of the transformation of this profession. Hence, the research design has to reflect on these crucial considerations. Moreover, the nature of the research question produced by the researcher from literature review also plays a pivotal role in determining this research approach.
Bryman and Bell (2007) states that qualitative research focuses on explaining and understanding the meaning of social problem to answer the ‘how’ question. In view of the fact that the research questions of this thesis attempt to discover how the development of the accountancy profession in the Sudan under both British secular system as well as Islamic shari’a have been accommodated in Sudan’s corporate environment. In this context, answers collected from multiple sources such as interviews, archival and secondary sources are essential for the researcher to respond to the questions adequately. Berry and Otley, 2004, p.235) have argued that there has to be need to have some research intent around a question in order to provide a framework for the data collection plans, and that the ontological and epistemological stance of the researchers play a significant role.

Laughlin’s (1995) middle range theory includes involvement of theory, methodology, and change identifying criteria for the selection of research methodology and methods in the qualitative research. It has been termed as the ‘Skeletal’ approach and is supported by a discussion of conceptual framing provided by Llewelyn (2003). Llewelyn describes this theory as crucial for a better understanding of actions and events including the explanation of organizational structures and process. In this context, Llewelyn (2003) introduces five levels of theorizing processes, ranking from the lower level of theorization (metaphor and differentiation) to the higher level of theorization (theorizing settings and theorizing structures). Each level of theorizing has different strengths and weakness to support empirical research with diverse worldviews.

4.3 Research Methods

Methodology is the underlying theory and analysis of how one should proceed (Kirsch and Sullivan, 1992). Research methodology is an approach to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically
while methodology is the systematic, theoretical analysis of the methods applied to a field of study, or the theoretical analysis of the body of methods and principles associated with a branch of knowledge. It typically, encompasses concepts such as paradigm, theoretical model, phases and quantitative or qualitative techniques.

The methodological literature has variously referred to qualitative approaches as naturalistic, holistic, interpretive, and phenomenological (Tomkins & Groves, 1983). The attribute ‘qualitative’ is a question of methodology, the general approach taken to the study of a research topic (Ahrens and Chapman, 2006, p.822), which is independent from the choice of methods, such as interview, observation, or questionnaire (Silverman, 1993).

The methodological approach adopted is triangulation as applied to qualitative archival research (Denzin, 1978; Jick, 1979). Reflecting on the Methodological process, methodology is usually taken to be a discipline, bordering philosophy, whose function is to examine the methods which are used or should be used to produce valid knowledge (Gaffikin, 2014). So argues Hindess [1977], who then proceeds to state that “methodology” lays down procedures to be used either in the generation or in the testing of propositions by those who wish to obtain valid knowledge (p3). These procedures are justified by means of philosophical argument based on “knowledge” gained from philosophy (Gaffikin, 2014, p.2). While Yin and Silvermen (2005) state that methodology is the theoretical analysis of the methods appropriate to a field of study or to the body of methods and principles particular to a branch of knowledge. Accordingly a well-designed methodology guarantees the validity and reliability of data collected for the research. Hence, this study is premised on qualitative research which requires a comprehensive methodology to identify the correct phenomena pertaining to the accounting profession in Sudan. Thus, generally speaking, the methodology applied shows to the reader how the study was conducted; the ‘method of inquiry’. This means that the methodology explains how the researcher understood the social phenomena
rather than specific techniques for gathering and examining data. In a further exploration of methodology, Llewellyn (1992) adopted Bryman’s (1984) definitions of methodology as the epistemological framework for the research, and method as the technique for doing that research. According to Yin (2003), methodology is the overall approach to the research process, from the theoretical underpinning to the collection and analysis of data and method as the various means by which data can be collected and/or analyses (p. 55). In his earlier work, Gaffikin (2008) defines methodology as ‘... the framework of the means for gaining knowledge’ (p.7) and explained that it investigates and evaluates methods of inquiry and hence, sets the limits of knowledge, and too often is used to indicate the methods – the skills employed to assemble data and information.

In order to examine the empirical history of the development of the accounting profession, the application of the Sociology of the professions becomes worthwhile as it provides rich information about the transformation of the subject. A case study of the accounting profession in Sudan is used as the research methodology for this thesis. According to Bromley (1990), a case study is a “systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest”. Research methods include in-depth interviews, archival records, and secondary sources that have been applied to collect data. It has been established that the selection of a suitable research approach is contingent upon the researcher’s ontological and epistemological perspective (Llewelyn, 2003). Thus, in this thesis, ontology dispenses with the subjective reality of the social world, whereas the epistemology lies within the replication of theory as opposed to the generalization of the social phenomena through lived experience (Llewelyn, 2003). Moreover, Laughlin (1995) presents a suitable deliberation on the theoretical and methodological choices which refers to the dimensions of theory, methodology and change, which in turn leads to the development of the middle-range thinking approach which has been
adopted in this thesis and further explored in chapter three. The middle-range approach examines theory alongside some broad understanding of relationships. The approach is accommodating and creates room for the researcher to adjust the research process according to the actual situations. The researcher is important as part of discovery process. Consequently, data obtained, which is presented in descriptive and analytical form, becomes available as a qualitative research (Laughlin, 1995, P.80). Furthermore, Laughlin (1995) and Llewelyn (2003) offer a discussion on qualitative accounting research that relates to the conceptual framing of organizational actions, events, processes, and structures. Similarly, this can apply to accounting projects. Llewelyn (2003, p.699) states that quantitative research, informed by the positivism, is still in the dominant position over qualitative research, however the later research approach, using interpretive methodologies has become increasingly influential (Caramanis, 2005; Chua and Poullaos, 1998). Positivism is an epistemological position that advocates the application of the methods of the natural sciences to the study of social reality (Bryman and Bell, 2015, p.28). (Llewelyn, 2003) further contends that the development of research design such as case studies as well as systematic research methods like structured questionnaires, semi-structured interview and focus group interview are worthwhile for examining an observed reality and explains regularities and relationships between empirical phenomena. The research methods include the acquisition of secondary, relevant archival sources and interviews. This trend would enable the researcher to validate and to ensure the reliability of findings advocated in the triangulation method (Patton, 1990), since manifold sources of data collection have different strengths and weaknesses (Gillham, 2000, p.13). The researcher is of the opinion that a suitable research method contributes to the understanding of the social world through a critical analysis in which the context of the situation being studied is important for invention of theory. Therefore, the thesis uses a qualitative research approach to describe the development of the
accounting profession in Sudan. It has also been established by various prominent writers on professionalization projects that most studies on adopt qualitative research to explain the transformation of the accounting profession. Adopting this approach, researchers are able to gain rich information and more understanding as shown in prior studies. Hence, the qualitative research is determined to be useful in exploring the development of the accounting profession in Sudan (Richardson, 1988; Ballas, 1998; Caramanis, 1999; Carnegie and Edward, 2001; Chua and Poullaos, 2002; Cooper and Robson, 2006; Sikka and Willmott, 1995; Yapa, 1999, 2003, 2006; Yapa and Hao, 2007). Finally, it is fundamentally important to note that the determination of the research methods as well as the objectives of the research and the research question in addition to the interviewees who participated in this research are worthwhile factors. 20 interviews have been conducted with individual professionals in the field of accounting, and auditing among whom was a former Auditor General of the Republic of Sudan. A former senior government official who had served in the country’s Ministry of Finance and a minister of Petroleum have also been interviewed. Furthermore, officials from Islamic institutions including banks have contributed to this research through the interviews conducted. All interviews were tape-recorded using Skype/telephone and transcribed by the researcher. Substantial portion of the archival data kept and referenced under Middle East Documentation Unit (MEDU) were personally collected by the researcher from Sudan’s records preserved at the Bill Bryson Library, University of Durham in England. Other archival data came from Sudan that includes Parliament legislations on the establishment of the accounting profession in the Sudan. The final report of the review of Sudanese Government Accounting Practices back in 1983. Other government records include the World Bank and the IDA that made recommendations to the government of Sudan and funded the establishment of the accounting profession in the Country.
A method is a specific way of proceeding in gathering evidence (Kirsch and Sullivan, 1992). Research methods may be understood as all those methods or techniques that are used to conduct research. Thus, research methods refer to the techniques used in performing research operations. All the methods used by the researcher during the course of studying the research are termed as research methods. Since the object of the research, particularly the applied research, is to arrive at a solution for a given problem, the available data and the unknown aspects of the problem have to be related to each other to make a solution possible (Kothari, 2004). This qualitative study collected data from various sources such as interviews, secondary sources and archival records.

4.3.1 Semi-Structured Interviews

As plainly described by Kahn and Cannell (1957), an interview is a powerful instrument to gain information from a purposeful discussion between two or more people. In this context In-depth interviews are optimal for collecting data on individuals’ personal histories, perspectives, and experiences, particularly when sensitive topics are being explored. Hence, in this interview process, 25 persons were identified and interviewed mostly on the phone/Skype which began from June 2014. The interviewees come from a wide range of background including Chartered Accountants in Sudan mostly holders of British ACCA, FCCA and American CPA qualifications as well as Sudanese SCCA. University academics and accountants with extensive level of experiences have participated. All interviews were audio-recorded and then encrypted for analysis. The interviews have played an important role by providing feedback that could assist in determining the conditions for the development of the accounting profession in the Sudan. The case study had been designed prior to conducting the interview that was based on an acquired detailed lists of participants, indicating locations and times. The semi-structured questions are designed centered on the open-ended question.
The interviews are premised on the following critical factors influencing the development of accounting and the accounting profession in the Sudan as seen in the table 4.5 below:

Interview questions are found in the appendix 9 on page 323 of this thesis.

<table>
<thead>
<tr>
<th>Critical factors influencing the development of accounting and the accounting profession in the Sudan</th>
<th>Interviewees referring to this factor as being especially influential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1: The dominance of the British ACCA</td>
<td>1, 2, 6, 7, 10, 13, 15, 16, 19, 23</td>
</tr>
<tr>
<td>Factor 2: The SCCA &amp; SAAPCOC</td>
<td>2, 3, 5, 9, 17, 19</td>
</tr>
<tr>
<td>Factor 3: The Islamic Shari’a, Basic Rule Act [1983]</td>
<td>21, 22, 26</td>
</tr>
<tr>
<td>Factor 5: The CBoS and the AAOIFI standards</td>
<td>17, 25, 26</td>
</tr>
<tr>
<td>Factor 6: ASCA</td>
<td>4, 14</td>
</tr>
<tr>
<td>Factor 7: The MoFEP</td>
<td>7</td>
</tr>
<tr>
<td>Factor 8: Sudan’s Companies Act 1925</td>
<td>11, 16</td>
</tr>
<tr>
<td>Factor 9: Sudan’s oil resource</td>
<td>7, 18</td>
</tr>
<tr>
<td></td>
<td>12, 20, 24</td>
</tr>
</tbody>
</table>

Table 4.5 Illustrates the link between the interviewees answers provided and the critical factors deemed to be central to the development of the accounting profession in the Sudan.

**4.3.2 Process for collecting Data**

This research project was approved by the Chair of the Business College Human Ethics Advisory Network (BCHEAN). Approval was granted for the period commencing from 13 August 2013 to 21 January 2018. There are low or insignificant risks associated with the participation of participants in the project. The researcher strictly observed the ethical requirements. Invitation letters and interview question protocols were sent to the potential participants prior to the interview (see Appendix 1 and 2) to inform them of their rights and the protection of data and personal information. Privacy and confidentiality of participants were stringently upheld in such a manner that they could not be identified in the thesis report. Any information collected from participants can be disclosed only if (1) it protects interviewees or others from harm, (2) a court order is produced, or (3) a written permission from research participants is obtained. Interview data is only seen by the researcher, his supervisor and examiners who will also protect the research participants from any risk.
To guarantee that data collected is protected, all hard data were kept in a locked filing cabinet and soft data in a password protected computer in the office of the investigator in the School of Accounting at RMIT University. Data saved on the University Network System where practicable (as the system provides a high level of security and data integrity, can provide secure remote access, and is backed up on a regular basis). Only the researcher/s had access to the data. Data will be kept securely at RMIT for a period of 5 years after the completion of the project before being destroyed and placed in a security recycle bin and electronic data will be deleted/destroyed in a secure manner. There were 25 participants drawn from the accountancy and auditing profession in Sudan. They were invited to participate in this study. Snowballing technique had also been applied. A snowballing technique also known as chain referral sampling is considered a type of purposive sampling. In this method, participants or informants with whom contact has already been made use their social networks to refer the researcher to other people who could potentially participate in or contribute to the study. Snowball sampling is often used to find and recruit “hidden populations,” that is, groups not easily accessible to researchers through other sampling strategies. A Snowball sampling can be a useful technique in research concerned with behaviour that is socially unacceptable or involves criminal activity. The nature of such activities may make it a virtually impossible task to identify all members of the research population; even identifying a few members. Furthermore, it is a method used in sociology research where existing study subjects recruit future subjects from among their acquaintances. Thus the sample group appears to grow like a rolling snowball. As the sample builds up, enough data is gathered to be useful for research (Goodman, 1961). This is reasonably a useful method for collecting data for use in qualitative research. The method is useful in that researchers would be able to contact a small number of participants initially and through them other participants are recruited (Bryman and Bell, 2007, p.200).
attractiveness of snowballing can be appreciated especially in the area in which the researcher may not be aware about the potential people with unquestionable background and expertise in the accountancy profession in the field and so need to consult them. Through snowballing, the researcher had been able to locate accounting and auditing professionals in Sudan that could otherwise have been difficult to contact them. The 25 interview participants that I did secure and became contented with is in line with the principle of “saturation”. A number of issues can affect sample size in qualitative research; however, the guiding principle should be the concept of saturation (Mason, 2010). Samples for qualitative studies are generally much smaller than those used in quantitative studies. Ritchie, Lewis and Elam (2003) provide reasons for this. There is a point of diminishing return to a qualitative sample, that is, as the study goes on more data does not necessarily lead to more information. This is because one occurrence of a piece of data, or a code, is all that is necessary to ensure that it becomes part of the analysis framework. Frequencies are rarely important in qualitative research, as one occurrence of the data is potentially as useful as many in understanding the process behind a topic. This is because qualitative research is concerned with meaning and not making generalised hypothesis statements (see also Crouch & McKenzie, 2006). Finally, because qualitative research is very labour intensive, analysing a large sample can be time consuming and often simply impractical (Mason, 2010). Hence, the 25 interviewees who have participated in this research are quite sufficient in context of the principle of saturation.

4.3.3 Background of Interview Participants

In order to understand the emergence and growth of the development of accountancy profession in Sudan, it is indispensable to identify and locate the pertinent accounting professionals in the country, as their opinions provide the requisite data for the study. The participants were classified as Islamic Bank Accountants and Managers; Chartered Accountants in Private Practice; Professional Accountants holding the British ACCA
qualification and local Sudanese Accountants holding the SCCA as well as those officials working for the government in Sudan. The Islamic bank managers ensure the implementation of shari’s as directed by the Central Bank of Sudan. These managers are qualified accountants holding various academic and professional qualifications such as the SCCA, ACCA, American CPA, the ICAEW, CIMA and others, and well versed in Islamic operational areas that include Mudaraba, Musharaka, shukuk, Salam and Istisna. In accordance with Islamic law (shari’a), Islamic financial products are based on specific types of contracts. These Sharia-compliant contracts support productive economic activities without betraying key Islamic principles as some conventional financial products do.

The private practice Accountants are professional accountants in their own right and also possessing various professional qualifications including the ACCA and mostly the local SCCA. These groups are quite aware of the development of the accountancy profession in the Sudan and have been all along useful to my collection of interview data. In contrast to the other groups already mentioned, the Professional Accountants, holding ACCA are those running their accounting firms that employ qualified accountants who may be holders of University degrees or diploma and wish to train for professional accountants, while the last category – those holding the SCCA certificate are domestically produced. I have been fortunate to secure valuable data from the four different categories of interview participants for this research project. These participants have varying range of extensive or lengthy experiences in the field of accountancy and auditing profession in the Sudan. The researcher was able to interview a member of the Sudan Stock Exchange as well as a well-placed administrative official at the Sudan Council of Certified Accountants and a University accounting academic. The summary below in table 4.3 exhibit the categories of interview participants.
Table 4.6: Summary of Interview Participants

<table>
<thead>
<tr>
<th>Category of Respondents</th>
<th>Interviews Conducted</th>
<th>Participants in this Study</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Phase 1 2014</td>
<td>Phase 2 2015</td>
</tr>
<tr>
<td>Islamic Bank Accounting &amp; Managers</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Private practice Accountants</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Professional Accountants, holding ACCA</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Accountants holding the local SCCA</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

As shown in table 4.6, the data collection process was undertaken in two phases during 2014 and 2015. The first phase was conducted beginning from June 2014 to December 2014, and the second phase was accomplished between August 2015 to September 2015.

### 4.3.4 The Validation of Data

Matters pertaining to the credibility of qualitative research have been extensively explored (Bryman and Bell, 2007; Creswell, 2009; Rubin and Babbie, 2005; Ryan et al, 2002; Saunders et al, 2003; Yin, 2003, 2009). It has been noted that there exists two fundamental factors that influence the credibility of qualitative research and they are credibility and validity.

The use of reliability and validity are common in quantitative research and now it is reassessed in the qualitative research paradigm. Since reliability and validity are rooted in positivist perspective then they should be redefined for their use in a naturalistic approach (Golafshani, 2003). Like reliability and validity as used in quantitative research are providing springboard to examine what these two terms mean in the qualitative research paradigm, triangulation as used in quantitative research to test the reliability and validity can also
illuminate some ways to test or maximize the validity and reliability of a qualitative study. Therefore, reliability, validity and triangulation, if they are relevant research concepts, particularly from a qualitative point of view, have to be redefined in order to reflect the multiple ways of establishing truth (Golafshani, 2003). The two terms reliability and validity have been further examined by Joppe as follows:

Joppe (2000) defines reliability as:
...the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. (p. 1)

While, the traditional criteria for validity find their roots in a positivist tradition, and to an extent, positivism has been defined by a systematic theory of validity. Within the positivist terminology, validity resided amongst, and was the result and culmination of other empirical conceptions: universal laws, evidence, objectivity, truth, actuality, deduction, reason, fact and mathematical data to name just a few (Winter, 2000). Joppe (2000) provides the following explanation of what validity is in quantitative research: Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull’s eye" of your research object? Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others. (p. 1).

Kirk and Miller (1986) identify three types of reliability referred to in quantitative research, which relate to: (1) the degree to which a measurement, given repeatedly, remains the same (2) the stability of a measurement over time; and (3) the similarity of measurements within a given time period (pp. 41-42). Charles (1995) adheres to the notions that consistency with which questionnaire [test] items are answered or individual’s scores remain relatively the same can be determined through the test-retest method at two different times. This attribute
of the instrument is actually referred to as stability (Golafshani, 2003). Wainer and Braun (1998) describe the validity in quantitative research as “construct validity”. The construct is the initial concept, notion, question or hypothesis that determines which data is to be gathered and how it is to be gathered. They also assert that quantitative researchers actively cause or affect the interplay between construct and data in order to validate their investigation, usually by the application of a test or other process. In this sense, the involvement of the researchers in the research process would greatly reduce the validity of a test.

There are accomplishments that can increase the validity of a study. Examples being, distinct specification of the research questions and research plan, documentation of the procedures of case studies, checking the transcripts for accuracy. In this study, data from interviews were transcribed and rechecked for correction by the researcher. Since some of the interviews were conducted in Arabic the researcher had translated the transcripts into the English Language and analyzed them.

This thesis has likewise applied a triangulation method which relates more to the validity of data. Good research practice obligates the researcher to triangulate, that is, to use multiple methods, data sources and researchers to enhance the validity of research findings (Mathison, 1988). Validity, in qualitative research, relates to whether the findings of the study are true and certain. "True" in the sense of the findings accurately reflect the real situation. "Certain" in the sense of your findings being backed by evidence. “Certain” means that there are no good grounds for doubting the results; that is, the weight of evidence supports the researcher’s conclusions. Triangulation is therefore a method used by qualitative researchers to check and establish validity in their studies (Guion, 2002). Denzin (2006), however, did state that triangulation is the method in which the researcher “must learn to employ multiple external methods in the analysis of the same empirical events” (p. 13). Moreover,
triangulation is the way in which one explores different levels and perspectives of the same phenomenon. It is one method by which the validity of the study results are ensured.

4.3.5 Archival data

The archival data comes from Sudan’s Hansard reports as well as the Council of Ministers’ reports related to the development of accounting and auditing professions in the Sudan, such as the 1988 Act, Created by Sudan’s Parliament to develop the accounting profession, the 1986 Tax Act and the 2004 Act that established the SAAPoC. Other data were collected from newspapers articles and historical records of the Sudan Council of Certified Accountants.

The websites of the Ministry of Finance and National Economy, the Central Bank of Sudan and the country’s Auditor General’s Chamber have yielded abundant data which have been used in this research work. Other worthwhile materials were acquired from the library of the Institute of Chartered Accountants in England and Wales on a visit in April 2014, by the researcher of this thesis to the ICAEW premises in London. Additional material were collected from Sudan Archival Data (SAD) referenced as Middle East Documentation Unit (MEDU), at Durham University, Bill Bryson Library in England; Sudan Parliamentary Hansard reports, British Library material. Furthermore recording and transliterating was applied. Triangulation method has been applied to validate data collected from Interviews, Archival and Secondary sources. Mathison (1988) maintains that Good research practice obligates the researcher to triangulate, that is, to use multiple methods, data sources in order to enhance the validity of research findings. Regardless of which philosophical, epistemological, or methodological perspectives an evaluator is working from, it is necessary to use multiple methods and sources of data in the execution of a study in order to withstand critique by colleagues.
4.3.6 Secondary data

The utilization of secondary sources of data such as published articles, books and websites have been reviewed and applied. The main Source of the data used in this research comes from two sources: Sudan archival records located at Durham University in England. Durham University maintains a number of libraries, but two of them hold the requisite material, namely, the Palace Green Library and the Bill Bryson library that hold the pertinent material used in this research.

Sudan forms the case study, given the country’s distinctive setting in relation to the development of accounting profession. Semi-structured interviews will be carried out, and the participants will be the ‘Sudan Council of Certified Accountants; auditors; senior officials from the country’s Ministry of Finance and National Economy; representatives of the foreign accountancy bodies in the Sudan; and higher institutions of learning, such as the country’s leading universities. About 25-30 participants will be interviewed.

Ritchie, Lewis and Elam (2003) unanimously concurred on the view that samples for qualitative studies are generally much smaller than those used in quantitative studies. They argue that there is a point of diminishing return to a qualitative sample – as the study goes on more data does not necessarily lead to more information, and they further contend that one occurrence of a piece of data, or a code, is all that is necessary to ensure that it becomes part of the analysis framework. The choice for determining the size of the data sample of between 25 and 30 is in line with the concept of Saturation (Mason, 2010). While there are other factors that affect sample size in qualitative studies, researchers generally use saturation as a guiding principle during their data collection – Saturation is the point at which no new information or themes are observed in the data (Guest at al 2005), or thematic/data saturation are normatively taken to mean that data should continue to be collected until nothing new is generated.
4.3.7 Analysis of Data

There are many different approaches to qualitative data analysis and these have been widely debated in the social sciences literature (Bryman & Burgess, 1994; Coffey & Atkinson, 1996; Dey, 1993; Mason, 1996; Miles & Huberman, 1994; Silverman, 1993; Strauss, 1987). For example, Mason (1996, p.54) outlines three possible approaches designated them as "literal", "interpretive", and "reflexive". The first approach is an analysis process that focuses on, the exact use of particular language or grammatical structure. The second approach is concerned with making sense of research participants' accounts, so that the researcher is attempting to interpret their meaning. Finally, the reflexive approach attempts to focus attention on the researcher and their contribution to the data creation and analysis process. Whichever of these three possible approaches is taken by researchers they face a choice of using either manual and/or computer assisted methods in their data analysis (Welsh, 2002). The manual method has therefore been applied in this research study. Moreover, the data on which this study is drawn from the author's study of the development of the accountancy profession in the Sudan as a case study involving in-depth interviews of 25 participants from the accountancy profession and related fields. In this context, the size of the data analyzed does not warrant the application of a software package such as NVivo10 (Welsh, 2002).

4.4 Processing and Analysis of Data

The data collected was coded and analysed manually without the aid or application of qualitative research software package. The computer software initially planned for this research was the NVivo, but this software is less useful in terms of addressing issues of validity and reliability in the thematic ideas that emerge during the data analysis process and this is due to the fluid and creative way in which these themes emerge (Welsh, 2002). Moreover, the qualitative data applied in this study relates to nature of the data collected
being by way of interviews, archival and secondary sources in addition to Hansard reports and relevant state legislations.

There is certainly a challenging task in the analysis of text and other forms of data for qualitative researchers as data emerges from different sources and is presented in different forms such as conversations, texts, numbers, and pictures (Creswell, 2007, p.145). To decide how to represent this information augments the challenge. Qualitative research methods also involve a continuing interplay of data collection and theory (Rubin and Babbie, 2005, p.526). Consequently, data analysis becomes a crucial process in any research project to classify, compare, contrast, summarize, and link with theory in order to explain the phenomena. According to different theorists (Rubin and Babbie, 2005; Ticehurst and Veal, 2000), the process of qualitative projects involves numerous steps; such as, organizing and preparing data for analysis, reading through all data, coding the data, themes and description, and interpreting the meaning of themes. This thesis also follows similar processes in order to analyse the development of the accounting profession in Sudan (Figure 4.2).

Figure 4.2: Stages of Data Analysis Process
Figure 4.3 The Research Questions and Themes

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is and what has been the nature and extent of the professional challenges,</td>
<td>Emergence of profession</td>
</tr>
<tr>
<td>maintenance of controls, conflicts and interactions between professional groups</td>
<td>State and Profession</td>
</tr>
<tr>
<td>and the influence of Britain on the professionalization of accounting in the Sudan?</td>
<td>Determination of Standards</td>
</tr>
<tr>
<td></td>
<td>Professional Examination</td>
</tr>
<tr>
<td></td>
<td>Control of Education</td>
</tr>
<tr>
<td></td>
<td>Training Requirement</td>
</tr>
<tr>
<td>What was the nature and extent of the institutional influence of British-based</td>
<td>Islamic Perspective</td>
</tr>
<tr>
<td>professional accountancy bodies (such as ACCA) on the development of the</td>
<td>Globalisation</td>
</tr>
<tr>
<td>accounting profession in the Sudan?</td>
<td></td>
</tr>
<tr>
<td>How did the state maintain conditions which gave rise to exercising controls to</td>
<td></td>
</tr>
<tr>
<td>the accounting profession?</td>
<td></td>
</tr>
<tr>
<td>What contributions have the shari’a-compliant entities make towards the</td>
<td></td>
</tr>
<tr>
<td>development of the accounting profession in the Sudan?</td>
<td></td>
</tr>
</tbody>
</table>

4.5 Conclusion

Chapter 4 has discussed the research methodology and methods applied in this thesis.

The research methodology and methods have been reviewed in this chapter. However, it is important to note that in the development of the research methodology, the middle range theory developed by Laughlin (1995) and the conceptual framing of Llewelyn (2003) are deemed essential to this study. Albeit a balanced blend of theory, methodology and change in the middle range offered the best possible way to conduct empirical qualitative research, five levels of theoretical approaches elucidate the relationship between data collection have been stated in the conceptual framing. These notions are valuable for the researcher from which to choose a suitable research methodology and methods to clarify the development of the accounting profession.

A qualitative approach was selected to explore the professionalization project using a case study of the accounting profession in Sudan. A number of processes such as interviews,
archival records collection, and acquisition secondary data, were used to collect data and validate them. Research participants including corporate accountants, CPAs, accounting academics, and representative from state agencies were important for the study, as they were a part of the profession. Most of them played a significant role in the profession. Their experience and critical viewpoints from cross groups provide more understanding in the transformation of the profession under the study period.

To establish a lucid understanding about the development of the accounting profession in Sudan from 1956 to 2010, it is essential to explore basic information about the country. The next Chapter explores the accountancy profession and contextual setting of socio-political and economic environment in the Sudan for over five decades from 1956 to 2010 that includes an overview of Sudan.
Chapter 5, Sudan’s Post-independence Socio-political, economic and accountancy setting 1958-1988

5.1 Introduction

The preceding chapter examines the methodology and method using the Laughlin (1995) and Llewellyn (2003) on qualitative accounting research. It also examines the research methodology adopted and likewise justifies, expounds and rationalizes the research methodology for this thesis. Thus, this chapter explores Sudan’s Post-independence Socio-political setting in the country for nearly three decades. It begins with the discussions on the contextual setting of the country, encompassing key political and economic events that span from 1958, following the episode of the first post-colonial military coup d’état that saw Sudan’s military at the apex of the country. It is therefore plausible to state that in order to enable the accomplishment of professionalization of accountancy study in the Sudan, it would be quite indispensable to first comprehend all the internal political, cultural, religious and economic dynamics that would shape the viability of the country for the next fifty-two years (1958-2010). These include the ideological wrangles that ensued among Sudan’s sectarian political stakeholders, namely, the UMMA (For mother in Arabic) Party and the National Unionist Party including the influential Muslim Brotherhood Party. These struggles for political prominence and consequently state power had led to less attention being devoted by the coalition government toward addressing the problem of South Sudan – the escalation of the civil war which evolved in that part of the country in consequence of political and economic marginalization as well as other grave historical maltreats.

These matters are all presented in section 5.2. Section 5.3 explores Sudan’s colonial Economy to give context to subsequent developments of the accountancy profession in the post-independence era. Section 5.4 discusses the evolution of the accountancy profession in
the Sudan after independence of the country. Section 5.5 examines the Multinational Oil Companies and Accountancy Profession in Sudan. Section 5.6 presents the oil resource in Sudan and the appearance of the multinational oil companies in the country. Section 5.7 discusses the introduction of the Islamic shari’a and the corporate environment in the Sudan, and Section 5.8 concludes the chapter.

To enable the accomplishment of the study of professionalization of accounting in the Sudan, it is quite imperative to primarily begin by comprehending both the internal political, cultural and economic dynamics and the internal contradiction that shape the viability of the country.

5.2 Sudan’s Contextual Setting

It is essentially important to note that an analysis of the development of accounting profession in the Sudan can hardly be undertaken without relating it to the development of the country as a politico-cultural and religious entity. Sudan’s post-independence period has been marred by political instability and interlocking civil wars. These conflicts have been going on for several generations beyond the confines of the recent historical database and with roots embedded in slavery and other draconian maltreats of Sudanese of African extraction in the country by northern Sudanese Arab traders and settlers. The tribal leaders and their Kinfolks monopolized the political authority and economic means of production and also controlled the armed forces (ILO/UNDP Report20 October, 1975). The map of Sudan is shown in the following figure below.

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Military regimes favouring Islamic-oriented governments have dominated national politics since independence from the UK in 1956. Sudan was embroiled in two prolonged civil wars during most of the remainder of the 20th century. These conflicts were rooted in northern economic, political, and social domination of largely non-Muslim, non-Arab southern Sudanese. The first civil war ended in 1972 but broke out again in 1983. The second war and famine-related effects resulted in more than four million people displaced and, according to rebel estimates, more than two million deaths over a period of two decades. Peace talks gained momentum in 2002-04 with the signing of several accords. The final north/South Comprehensive Peace Agreement (CPA), signed in January 2005, granted the SPLM/A insurgents autonomy for six years which was then followed by a referendum on independence for Southern Sudan. Since southern independence in 2011, Sudan has been combating rebels from the Sudan People’s Liberation Movement-north (SPLM-N) in Southern Kordofan and Blue Nile states.
A separate conflict, which broke out in the western region of Darfur in 2003, has displaced nearly two million people and caused an estimated 200,000 to 400,000 deaths. The UN took command of the Darfur peacekeeping operation from the African union in December 2007. Peacekeeping troops have struggled to stabilize the situation, which has become increasingly regional in scope and has brought instability to eastern Chad. Sudan also has faced large refugee influxes from neighbouring countries primarily Ethiopia and Chad. Armed conflict, poor transport infrastructure, and lack of government support have chronically obstructed the provision of humanitarian assistance to affected populations (KPMG Sudan Country Profile, 2012).

Since antiquity, Sudan’s history has centered around a succession of states along the northern Nile and around cultural, military, and political relations with the Egyptians to the north. The ancient Egyptians at times controlled the northern Sudanese lands of Nubia and Cush and fostered an Egyptianized population that ruled Egypt in the early first millennium B.C. A few centuries later, the commercial state of Meroë dominated the central Nile. In the mid-fourth century A.D., Meroë succumbed to invasion and was succeeded by three states with cultural ties with Egypt, including Orthodox Christianity. During the fourteenth century, Islam was introduced from Egypt. Together with migrations from the north, Islam gradually changed the nature of Sudanese society.

Islam facilitated the division of the country into northern and southern halves, one Arab and Muslim, the other African and Christian, a division that persists today (Berry, 2015, p.xxxvi). In the early nineteenth century, the Egyptians once more asserted control over much of Sudan. They divided the country into provinces and brought the Southern peoples into their administrative system based at Khartoum. Slavery and the slave trade intensified during the nineteenth century and instilled in Southerners fear and hatred of the Northern Arabs.
In the early 1880s, an Islamic cleric named *Muhammad Ahmad bin Abd Allah*, declared himself the long-awaited Mahdi. He led his followers - the Ansar in a revolt that drove out the Egyptians and their Ottoman Turk and British overlords and established his dominion known as the Mahdia over much of northern and central Sudan (Berry, 2015). This Mahdist state lasted until 1898, when the Egyptians and British returned, defeated the Ansar, and established a joint administration, the Anglo-Egyptian Condominium, which made Sudan in effect a British colony. British colonial officials fostered a system of administration from the central Nile region which entailed the neglect of peripheral areas, and separated the Southern provinces of Upper Nile, Equatoria, and Bahr al-Ghazal from the North. The latter were largely left to their own devices, economic and political development being concentrated along the central Nile (Berry, 2015).

As stated earlier, post-colonial Sudan was hardly a success story. At independence, Sudan was a vibrant state replete with Westminster Parliamentary system and had inherited one of the most buoyant economies in Africa, but Constitution being the hallmark of sovereignty and a supreme mark of statehood was absent long after Sudan became an independent state. Sudan’s governments kept on oscillating from UK-style Parliamentary Democracy at the aftermath of the country’s political independence to regimes of military dictatorships that started in 1958 and ended in 1964 with a massive popular uprising. It is equally apt to state that Sudan presents a classic case of religious authoritarianism. Shari’a, Islamism and Arabism have been at the center of the national identity crisis that has afflicted Sudan with the civil wars that have ravaged the country since independence, as observed by El-Gaili (2004). Hence the genesis of the civil conflict in Sudan can be ascribed to visibly lack of uniformity of political resolve by the pertinent political stakeholders to run the country among other things.
After more than five decades of British rule from 1898 to 1956, the political agenda of the Islamists alternatively known as the Muslim Brotherhood was set to expand the role of Islam in government (Voll, 1991, p.80). The Party through its lobbying group, the “Islamic front for the constitution” advocated that Sudan should become an Islamic state premising both the constitution and law solely on the interpretation of the Quran and the Sunna. At the time, virtually all of the key political parties except for the Communist party called for a more central role for Islam than had existed under British rule (Volt 1991).

In 1957, a year after independence, the UMMA (UMM for mother in Arabic) Party and the Khatmiyya Party being the second largest and well organised sectarian assemblage had issued a joint statement in which they called for Sudan to develop an Islamic Parliamentary republic with the shari’a serving as the sole source of legislation (Voll, 1991, p.81). This position was endorsed by the first Sudanese Prime Minister Ismail El-Azhari, who ruled from 1956 to 1958. Shortly before his overthrow from power by the military, the Prime Minister had declared that Sudan would be made an Islamic republic governed by Shari’a as the source of legislation (Voll, 1991).

Since the signing and implementation of the Comprehensive Peace Agreement (CPA) in January 2005, Sudan has been ruled by the Government of National Unity (GNU), which represents a power-sharing government between the National Congress Party (NCP) of the north and Sudan People’s Liberation Movement (SPLM) of the south. The implementation of the CPA implies several important agreed issues, which included the formation of the Government of National Unity (GNU) in 2005, and a power-sharing government between the National Congress Party (NCP) of the north and Sudan People’s Liberation Movement (SPLM) of the south (Nour, 2013).

In 1956, the Sudan was equipped with professional, and apparently, apolitical army, a well-developed civil service with a high reputation for efficiency and incorruptibility and a Parliamentary system which enjoyed the confidence of the people and their leaders (Abdel-Rahim, 1978). The then popular notion that the Sudanese were a ‘natural democratic’ people and that the Westminster model perfectly suited their genius was formally confirmed by the recommendation of the National Constitution Committee that the existing Parliamentary system should, with a few modifications, be maintained (Abdel-Rahim, 1978). At the time, there were only two major political Parties on the scene jostling for prominence in the country: the UMMA Party (UMMA stands for mother in Arabic) and the Nationalist United Party (NUP). These two Parties broke up into conflicting splinter groups that formed a shifting and unstable base for Parliamentary government (Phillips, 1981). This lack of political stability paved the way for the country’s military to topple a civilian government. It was barely two years into independence that the first military coup in Sub-Saharan Africa occurred in the Sudan (Final Report of the ILO/UNDP, 1975) 21. It was also during the tenure of the military regime in 1958 that the first was established in the country.

21 Growth, Employment and Equity. A comprehensive Strategy for Sudan, Volume 1. This is the Final Report of the ILO/UNDP employment mission 1975: a United Nations Inter-agency team organized by the International
Sudan, a Muslim country had achieved independence from the condominium government without the rival political parties having agreed on the form and content of a permanent constitution. Instead, the country’s Constituent Assembly adopted a document known as the Transitional Constitution, which replaced the governor general as head of state with a five-member Supreme Commission that was elected by a parliament composed of an indirectly elected Senate and a popularly elected House of Representatives. The Transitional Constitution also allocated executive powers to the prime minister, who was nominated by the House of Representatives and confirmed in office by the Supreme Commission (Metz, 1991).

As stated in the introductory section of this thesis, Sudan had been embroiled in a devastating civil war in the southern regions since August 1955, four months prior to the country’s independence, with the exception of nearly eleven years of relative peace between 1972 and 1983 (Harir and Tvedt, 1994). The war fought mainly in Southern Sudan ended in 2005, but other armed conflicts involving a number of insurgency groups opposed to the central government in Khartoum continued in the Sudanese western state of Darfur, South Kordofan and the Blue Nile state. It is correspondingly essential to state that Sudan is afflicted by a wave of regional conflicts that are rooted in an acute crisis of national identity. Initially, civil war pitted the North against the South but has recently extended to regions of the North, the latest being Darfur. These proliferating conflicts are the result of a long historical process in which three factors namely Arabization, Islamization, and slavery have played a pivotal role in shaping the identities now in conflict. While Arabization was the first to take root, Islamization accentuated the process and became a determining factor in categorizing the races into slave masters and those enslaved groups.

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Labour Office. 17/4/ECO/47, Sudan Archival Data (SAD) referenced as Middle East Documentation Unit (MEDU), Durham University, Bill Bryson Library in England.
The ascendant thinking prevailing at the time that a person who was a Muslim, Arabic speaking, culturally Arabized, and could claim Arab descent was elevated to a position of respect and dignity, while in sharp contrast, a non-Muslim black African was deemed inferior, a heathen, and a legitimate target of enslavement (Deng, 2006).

There are multiple and complex causes behind Africa’s longest civil war (Deng, 2005, p. 33). Researchers trace the roots of the war to historical policies that resulted in unequal sharing of resources. The discovery and production of oil and factors of ethnicity and religion have further aggravated the situation (Switzer, 2002). Subsidiary conflicts have also proliferated the peripheral areas of the state; many of them stem from political marginalization policies of the Arab-dominated government in the Sudan, as stated by Mahmoud Mahgoub El-Tigani, a Sudanese scholar as follows:

“I argue that the Arab-oriented Central government’s biased policies vis-a-vis the Darfur non-Arab African Sudanese is a major source of the current crisis in the region” (Mahmoud, 2004).

The country became a British colony in 1898 after sixty-four years of Turko-Egyptian conquest (1821 - 1885). Sudan was the first state in Sub-Saharan Africa to be granted political independence after World War II (Johnson, 2003). As previously stated under subsection 1.2 in chapter one, Sudan acquired its name from the skin colour of its inhabitants. The name Sudan is derived from the Arabic language, *bilad as-sudan*, or “*ard al suud*”, for land of the blacks which did emerge on the political scene with an identity label has for much

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22 Francis M. Deng is director of the Center for Displacement Studies at the School of Advanced International Studies (SAIS) and research professor of international law, politics, and society at Johns Hopkins University. He serves as representative of the UN secretary-general on internally displaced persons and is a nonresident senior fellow at the Brookings Institution. He served as the ambassador of Sudan to Canada, the Scandinavian countries, and the United States as well as Sudan’s minister of state for Foreign Affairs, a former permanent representative of the government of South Sudan to the United Nations.
of history been influenced by Egypt, its neighbour to the north (Sharkey, 2008; Deng, 2005; p. 34; Petterson, 1999).

Substantial part of the history of Sudan, both during the colonial period and after, has been dominated by the inequalities created by a dominant centre based in Khartoum – the country’s capital city. In other words, the governments in the Sudan, whether civilian or military were beset by a single central characteristic: political influence and authority was monopolized by those social groups that had enormously benefited from the distribution of resources under the condominium administration. Those groups had continually framed government policies that favoured them and hence, were not willing to adopt reforms in the country’s socio-economic structure (Daly and Sikainga, 1993, p.13). This scenario can accurately be characterized as “centre-periphery interplay”. This “Centre” had controlled and continues to control all aspects of development and the peripheries of the country. The centre versus periphery phenomenon did originate from the long history of slavery and slave raiding (Johnson, 2003) perpetrated by the descendants of the Arabs who had long settled the northern sector of the country known today as the Republic of the Sudan.

Galtung’s theory of structural imperialism (1971) fittingly explains this political scenario. It takes as its point of departure two of the most glaring facts about the world in which we live namely: (i), the massive inequality within and between nations in almost all aspects of human living conditions, including the power to decide over those living conditions, and (ii) the resistance of this inequality to change. In the Sudan, the population census of 1955/56 showed significant imbalances and regional disparities in socio-economic terms (Sidahmed & Sidahmed, 2005).

The provinces in Southern Sudan lagged behind with regard to economic development and urban settlements, and by extension fared poorly in educational
achievements and accessibility to state-sponsored services Sidahmed & Sidahmed, 2005, p.142). These inopportune circumstances that also led to racial marginalization of the non-Arab population of the Sudan by the “Centre” can be attributed to the predisposed economic policy of the Condominium administration in the Sudan, and that became one of the key causes of the interlocking civil wars in the Sudan.

5.3 Sudan’s colonial Economy

Historically, the British colonial government was not interested in balanced economic growth of the Sudan and instead concentrated its development efforts on irrigated Agriculture and the railroad system that was developed throughout the Anglo-Egyptian condominium (Bassil, 2013). The creation of the Anglo-Egyptian Condominium in 1899 incorporated Sudan into the British Empire, creating a constitutionally unique imperial possession in North-East Africa. This state enjoyed considerable independence as long as its economic and financial basis was secure, and this security was dependent on economic development (Molan, 2008). Coincidently, agriculture was the mainstay of the country even before the British occupation of the territory. Thus the history of the colonial capitalism in development in Sudan is the history of the development of cotton production, primarily in the vast irrigated Gezira scheme. British history in Sudan’s potential for producing cotton dates at least from 1939, and became increasingly keen toward the end of the nineteenth century as Lancashire’s declining competitive position in World textile markets forced the industry to shift production toward the fine end of the trade (Bassil, 2013). The period 1899–1956, under the British colonial administration, saw the laying of the foundation of the modern economy of Sudan. The centrepiece of this foundation was the production of the long-staple cotton (Ali & Elbadawi, 2004). Brown (1992: 80) summarized the story succinctly by noting that in “1913

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23 The Institute of National Planning: Sudan’s Ten year Plan of Economic and Social Development. Memo No. 333
the Condominium administration, backed by the British government, raised a loan to finance the construction of a dam at Sennar on the Blue Nile. In January 1914 £500,000 was advanced to the Sudan Government by the National Debt Commissioners against the future issue of the bonds of the Sudan Loan (Mollan, 2008). This Sum was secured under the “Sudan Loan Act 1913 and 1914” and it was to be repaid beginning from 3rd January 1919. Furthermore, the following amounts were to be allocated to the Condominium of Sudan for the following purposes (Mollan, 2008):

I. Works for the purpose of irrigating the Gezirah Plain £2,000,000
II. Extension of the Sudan Railway System £800,000
III. Other Irrigation works and contingencies £200,000
Total £3,000,000

Work on the dam began in 1914, though it was interrupted by the First World War, however it was in 1925 was completed, and become the most important source of foreign revenue for Sudan. Four years after the British conquest of the Sudan in 1898, the British Cotton Growing Association (BCGA) was formed and this organisation soon began to press for the development of long staple cotton in Sudan (Munslow and Finch, 1984). Like in all other countries under colonial rule, Sudan’s economy during the colonial period was developed in accordance with the needs and benefits of the British Empire.

Gezira aside, colonial policy in Sudan continued to favour projects that facilitated the extraction of resources. Cotton production rapidly dominated the colonial economy resulting in the concentration of the investment in development projects in an arc in northern Sudan bounded by the Gezira scheme, Khartoum and Port Sudan. The implication was an absence of investment in development projects in the peripheral areas of the Sudan. In the case of most
remote areas of the Sudan, such as Darfur (Bassil, 2013). Investment in economic projects or for social or political institutions were very insignificant, and came extremely late, so that by the end of the colonial period, the development of the project was too little and too late for the people of Darfur (Bassil, 2013).

Albeit Sudan was supposedly an Anglo-Egyptian condominium, it was the interests of Britain that was predominant, as Egypt itself was under the influence of Britain, being a former British protectorate from 1915 to 1922. Britain had vested interests worth pursuing in its colonies and it occurred that an important element of Britain’s economic needs in the Sudan at the turn of the century related to cotton, hence, the main preoccupation of the Condominium government in the early years was the expansion of cotton growing on large centrally organized schemes to ensure that the needs of the Lancashire cotton industry in Britain was met (Niblock, 1987, pp.12-19; Collins, 1976, p.10). The Gezira cotton ultimately benefited the British textile industry, as the Lancashire cotton industry, which up to the end of the 19th century had been important to Britain as its textile industry was increasingly facing fierce competition from Germany and the United States of America (Niblock, 1987; Bernal, 1997). In other words, enormous pressures from the Lancashire Cotton Growing Association in Britain, however, led to the development of the Gezira as a cotton rather than grain-producing region (Gaitskell 1959:52). Thus, the British government in deploying its own capital to fund development projects in the Sudan had laid down the premises for economic infrastructural development in the country in the hope of an enormous return to the Empire. It remains a fact that the Gezira scheme played an important role in the colonization of the Sudan.

In 1913, Great Britain established a branch of the Barclays bank in the Sudan to cater for the businesses operating in the country at the time. Then in 1925, the Empire embarked on the setting up of the Gezira scheme. This was the biggest agricultural project in the world
(Bernal, 1997) that had formed part of the larger colonial effort to establish a political order which constituted relations of authority. The establishment of the Gezira Scheme was both an expression and an extension of British power. Moreover, the cotton produced on the Gezira ultimately benefited the British textile industry. Albeit the development of the transport system together with the construction of Ports and irrigation facilities helped the growth of modern agriculture in the Sudan, yet the infrastructures that were established were inadequate and were clearly meant to promote the interests of Britain more than those of the Sudanese (Boahen, 1990).

The railway was built initially to facilitate British military campaigns and later to promote their gum and cotton projects in the Gezira and the western parts of Sudan, while industrialization was largely neglected in the country and Southern Sudan became totally marginalised and thus it was one of the causes of the armed conflict in the Sudan (Boahen, 1990 p. 199). Cotton was introduced first in Sudan in the year 1890 in eastern Sudan at Tokar Delta region. Later it was cultivated at Zaidab in 1902 on the banks of the River Nile. In 1925 the Gezira scheme was launched and its objective was mainly to produce cotton for British textile factories in Lancashire and Yorkshire in England. After independence in 1964, cotton was also introduced in New Halfa and Rahad schemes and two other more schemes were created in 1964 and then in 1978\textsuperscript{24}. Agriculture being the mainstay of Sudan’s economy as designed by the British Empire, represented more than 57 per cent of Sudan’s Gross Domestic Product (GDP)\textsuperscript{25}, and 86 per cent of the population of Sudan was engaged in agriculture, specifically, cotton.

\textsuperscript{24} https://www.icac.org/cotton_school/research_associate_prog/research_program_2009/documents/sudan.pdf
Sourced 20 May 2016.
\textsuperscript{25} Sudan’s Ten Year Plan of Economic and Social Development: Prepared by Poduval R. N., 29 May, 1963. Memo Number 333. [MEDU 17/4/PLA/NAT/SThe Institute of National Planning, United Arab Republic:}
Table 5.1 shows how vast tracks of lands totaling 1,220,000 Hectares had been put under cotton cultivation. It would unmistakably be argued that the reference of the production of cotton in favour of the Empire while neglecting other sectors of the Sudanese economy such as manufacturing industry, manifestly amounts to economic imperialism as stated in Galtung’s Structural theory of imperialism (1990) which also appears in the following chapter 6 of this thesis.

Table 5.1 Major Cotton Irrigation Schemes in the Sudan

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Area in Hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gezira</td>
<td>900,000</td>
</tr>
<tr>
<td>New Halfa</td>
<td>120,000</td>
</tr>
<tr>
<td>Rahad</td>
<td>160,000</td>
</tr>
<tr>
<td>Es Suki</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Total area in use (Hectares)</strong></td>
<td><strong>1,220,000</strong></td>
</tr>
</tbody>
</table>


It was also during the condominium rule (1899-1955) when the National Bank of Egypt opened in Khartoum in 1901; it obtained a privileged position as banker to and for the government, a "semi-official" central bank. Other banks followed, but the National Bank of Egypt and Barclays Bank dominated and stabilized banking in Sudan until after World War II. Post-World War II prosperity created a demand for an increasing number of commercial banks. Before Sudanese independence, there had been no restrictions on the movement of funds between Egypt and Sudan, and the value of the currency used in Sudan was tied to that of Egypt. Given this link with the Sudan, it was indispensable that the British rulers had established an accounting and auditing systems in the Sudan that would provide services for the businesses and foreign trade that were growing up at an alarming rate at the time.
In Summary, it appears that from the beginning of the Condominium administration in the Sudan, Britain had strategized to develop the agriculture sector of the country, having assessed its potentials. The massive funds injected into Sudan’s overall economy and the development of infrastructure like the Sudan rail system had prompted the British government to justify its colonial rule. Similarly, the establishment of the National Bank of Egypt and Barclays Bank that had dominated and stabilized banking in Sudan until after World War II was intended to develop commerce and the accountancy system in the Sudan, given the presence of the British ACCA in the Sudan at the time.

5.4 The Evolution of Sudan’s Accountancy Profession: Institute of Accounting Studies

Sudan’s Institute of Accounting Studies (IAS) was immediately established in the post-independence period in 1958, and it was accommodated within the Ministry of Finance and Economic Planning (MOFEP) for the purpose of training professional accountants for both public and private sectors, as the government believed that to developed the economy of the country, it would be fundamental to develop the private sector accounting as well. Understandably, most efforts to address the constraints to sustainable private sector development originate in governments and public development institutions. But the Commission believes that to reach the needed level of change, it is essential to go farther and think about how better to engage the private sector in addressing the development challenge. Many critical resources for private sector development are under the radar screen of development, since they are not carried out by traditional development players and do not occur under the explicit label of Private actions and public-private partnerships fall into two categories. They are commercial transactions driven by market incentives, developed as part of a corporation’s evolving business and commercial strategy, which nonetheless have strong implications for development. Or they are specifically structured as innovative efforts to
apply private sector principles and approaches to developmental problems\textsuperscript{26}. Hence, the growth of private sector business is widely acknowledged to be an essential component in the alleviation of poverty as a means of providing more and different economic opportunities in any given society\textsuperscript{27}.

5.4.1 Setting up of the Institute of Accounting Studies (IAS)

In context of this colonial relationship with the Sudan, arguably, it was indispensable that the British rulers introduced basic government accounting system in the Sudan that would provide services for the businesses and foreign trade that were growing up at an alarming rate at the time. Subsequently, the IAS was set up by the government in Sudan with assistance from the United States Agency for International Development (USAID)\textsuperscript{28}. The parliamentary government had earlier introduced plans to expand the country's education, economic, and transportation sectors. To achieve these goals, Khartoum needed foreign economic and technical assistance, to which the United States made an early commitment. Talks between the two governments had begun in mid-1957, and the parliament ratified a United States aid agreement in July 1958. The United States Government hoped this agreement would reduce Sudan's excessive reliance on a one-crop (cotton) economy and would facilitate the development of the country's transportation and communications infrastructure (Berry, 2015).

In a related development, at the aftermath of World War II, Europe was recovering from the devastation of conflict and suffered from high unemployment and food shortages; the U.S.,


\textsuperscript{27} ibid

\textsuperscript{28} The MOFEP Report was a review of Sudanese government accounting practices which was commissioned by Sudan’s Ministry of Finance and Economic Planning and produced by two consultants: John S, Chandler and H. Peter Holzer in 1983 under reference: PN-AAP-216/62 and IBN-33232 and contract numbers: 650-0012-C-00-3028-00 and 650-0012-C-00-3024-00
however, had emerged as a world power with an economy that had grown during the War. Recognizing the dire needs in Europe and the importance of economic stability, Secretary of State George C. Marshall, along with other State Department officials under President Harry Truman, developed an initiative to provide approximately $17 billion in aid (approximately $120 billion in current dollars) to European countries.

This large-scale aid program, officially named the European Recovery Program (ERP) and informally known as the Marshall Plan29, was passed relatively quickly through Congress as the Economic Cooperation Act (ECA) and signed into law by President Truman on April 3, 1948. The recovery plan promoted European cooperation and emphasized each country’s role in creating its own plans for recovery. Aid from the Marshall Plan went to 18 Western European countries and about a quarter went to Great Britain alone. In this regard, Great Britain being the recipient of the large-scale aid program suggests that the Empire was unable to extend loan to the government of Sudan to fund the development of the country—a motive that prompted Khartoum to seek the financial aid from the United States Administration.

Since its inception, the training activities of the institute have concentrated mainly on courses for governmental accountants and auditors. Some efforts were made to prepare students for the ACCA qualification as supported by the following interview:

“The whole thing started in the late 1940s and early 1950s during the colonial era. In the late 1940s the British government started to send some of the graduates of Gordon Memorial College (now the University of Khartoum). To prepare for the ACCA. At that time the British qualification was known as the Association of Certified and Corporate Accountants (ACCA). The first person who graduated with ACCA designation was Mansour Mahjoub in 1952”. (Interview No. 1).

Furthermore, two foreign consultants\textsuperscript{30} were recruited by the MOFEP to furnish the Ministry with an elaborate Report on the establishment of the IAS. Hence, the following recommendations of the foreign consultants were intended to enable the IAS to more effectively fulfill its mission with the Government of Sudan (GOS), the emerging accountancy profession and the private and parastatal sectors of the economy. It was recommended by the consultants that about three years of expatriate advisory services be made available to the IAS. The advisors would assist the IAS in the development of courses and provide guidance and counsel in the formation of a Sudanese accountancy profession.

Specifically, they should include the following\textsuperscript{31}:

1. Assistance in developing review courses for Sudanese technician and professional examinations, and continuing education courses in auditing.

2. Assistance in developing continuing education programs in managerial accounting in specialized industries.

3. Development of materials for courses in systems analysis and assistance in the training of systems analysts. Ideally, these advisors should be made available for tours of duty of one to two years, although tours of 3 months to one year should be considered for carefully defined tasks within the given terms of reference as presented in the table below:

\textsuperscript{30} The MOFEP Report was a review of Sudanese government accounting practices which was commissioned by Sudan’s Ministry of Finance and Economic Planning and produced by two consultants: John S. Chandler and H. Peter Holzer in 1983 under reference: PN-AAP-216/62 and IBN-33232 and contract numbers: 650-0012-C-00-3028-00 and 650-0012-C-00-3024-00.

\textsuperscript{31} The MOFEP Report was a review of Sudanese government accounting practices which was commissioned by Sudan’s Ministry of Finance and Economic Planning and produced by two consultants: John S. Chandler and H. Peter Holzer in 1983 under reference: PN-AAP-216/62 and IBN-33232 and contract numbers: 650-0012-C-00-3028-00 and 650-0012-C-00-3024-00
Table 5.2 Terms of Reference for the expatriate Advisors to the Institute of Accounting Studies (IAS)

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>Professional qualification in Accountancy (chartered accountant or equivalent) and university degree in Accountancy.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Several years of teaching experience at college or professional level; experience with continuing education program.</td>
</tr>
<tr>
<td></td>
<td>At least two years’ experience as a practicing accountant.</td>
</tr>
<tr>
<td><strong>Areas of Specialization:</strong></td>
<td>(1) Experience in developing and teaching courses leading to professional qualifications (C.A., CPA, accounting technicians).</td>
</tr>
<tr>
<td></td>
<td>(2) Management Accounting, familiarity with systems in specialized industries.</td>
</tr>
<tr>
<td></td>
<td>(3) Management Information Systems</td>
</tr>
<tr>
<td><strong>Terms of Reference:</strong></td>
<td>Assist the Institute's permanent staff in developing and procuring syllabi and teaching materials for the Institute's training programs;</td>
</tr>
<tr>
<td></td>
<td>Assist the Commission for the Establishment of Sudanese accountancy Profession in drafting the necessary legislation for government approval;</td>
</tr>
<tr>
<td></td>
<td>Teach courses (maximum of six hours per week); and Assist in development of Sudanese accounting and auditing standards.</td>
</tr>
</tbody>
</table>

Source: MOFEP Report 1983

The central government had a sound, manual system of accountancy which also suffered from inefficiencies because of a shortage of trained staff. The commercial secondary schools under the Ministry of Education (MOE) and the University of Cairo (Khartoum Branch) and other local Khartoum institutions supply the operating units of the ministries with the majority of accounting personnel. One interviewee mentioned:

“...there were few less trained government accountants at the time working throughout the state ministries. The accounting system though manual it was good” (interview No. 5)
This attempt is seen as an indispensable step towards recognizing the importance of developing accounting profession in post-independent Sudan, thus, the actual endeavours at professionalizing accountancy in the Sudan began in 1964, followed by further attempts in 1975 and then 1979, but all those exertions had not been successful due to a number of factors such as the scarcity of qualified professional accountants; lack of adherence to professional control and commitment to ethical standards; and lack of uniform standards governing the profession (El-Hussein, 2010). For some time the Government had requested World Bank Group assistance to help improve the training and output of bookkeepers and accountants. This capacity was essential for effective execution of the development program and to help improve overall financial management. Under the first technical assistance project, funds were provided for a consultant to prepare proposals for consideration by the World Bank Group. The proposals were based on an extensive study that had been completed in September, 1980 by the Bank's Internal Auditing Department. The consultant’s report recommended an extensive program costing about US$4.7 million and including assistance for the IAS, the University of Khartoum, Khartoum Polytechnic and the University of Cairo, Khartoum Branch\textsuperscript{32}. The most critical component in the Consultant’s proposal was the assistance for the IAS. The project would provide five years of expatriate training services, secretarial services, books and teaching equipment, and fellowships. Two accounting specialists, each for duration of 2-3 years, would assist in expanding the output of the Institute and help establish standards for the Sudanese accountancy profession. The present IAS provides instruction to government and public corporation employees. It is housed in two

\textsuperscript{32} The MOFEP Report was a review of Sudanese government accounting practices which was commissioned by Sudan’s Ministry of Finance and Economic Planning and produced by two consultants: John S, Chandler and H. Peter Holzer in 1983 under reference: PN-AAP-216/62 and IBN-33232 and contract numbers: 650-0012-C-00-3028-00 and 650-0012-C-00-3024-00
classrooms, each with a 30-student capacity, and can handle only 180 students a year. The Institute library was very limited and books were scarce. Equipment was of poor quality and facilities in general, as well as teaching staff were inadequate. The instructors, mostly senior government accountants and local university professors, taught only part-time. Under the project, the Institute would be significantly expanded to provide much broader training opportunities at three levels: bookkeeping, technician and professional. When operating at its intended capacity in about three years, the Institute would annually train about 960 bookkeepers, 100-200 accounting technicians and 40-60 professional accountants. An interviewee mentioned this situation as follows:

“The facilities from the Bank Group were quite sufficient to the Institute to carry out their training activities. These educational facilities were provided mainly for the public sector in Sudan” (Interview No. 3)

In addition, it would provide continuing education courses for the auditor general's staff, governmental accountants and others. Students would be selected from various government units and parastatal corporations.

5.4.2 Sudan’s Outmoded Companies Act 1925

Another important issue confronting the accountancy profession in the Sudan has been the Sudan Companies Act 1925 (Thereafter the Act). On the regulatory perspective, Sudan’s companies’ law which is accommodated in the Sudan Companies Act 1925 contains traces of the former British presence (e.g. companies Act 1908); equally, the Bills of Exchange Act 1917 and Insolvency Act 1929, together with other colonial regulatory legacies still remain on the statute books. The nature of the regulatory system was therefore entirely conventional, as it was a British legacy. In other words, the system was not Islamic or shari’a-based as it became the case in the 1980s (Brierley, et al, 2002)
Despite the country having secured political independence from the UK in 1956, the Companies Act 1925 has not yet been amended. One of the reasons for this has been the distraction of the Sudanese civil war which broke out in 1955 and, except for ten years of peace following the 1972 Addis Ababa Agreement concluded in Ethiopia (Brierley, et al, 2002).

The major issue is that this companies Act 1925 does not meet the requirements of the modern business and commerce today (interview No. 11)

The conflict did continue to the year 2005 when the Comprehensive Peace Agreement was concluded in the Kenyan capital of Nairobi in 2005. This has been exacerbated by six different regimes (three civilians and three military) which have ruled the country interchangeably since the independence in 1956 (See table 5.3 below).

The common features shared by these regimes have been frequent changes of government, leading to continued cabinet reshuffles and high ministerial turnover. For example, the Ministry of Economic Planning which is instrumental in the management of the economy had been led by 32 ministers from 1956 to 2002. The last multiparty democratic government that assumed office in 1986 witnessed four ministerial reshuffles in its three years in office. These frequent cabinet reshuffles led to a lack of stability in government strategies in running the country (Brierley, El-Nafabi and Gwilliam, 2002). The instability affects the environment in which accounting and auditing operate and has contributed to the fact that no amendments have been made to the companies Act in the country. Similarly, other Acts that emerged during the British colonial rule have not been amended. Pertaining to the setting up of the IAS, the Sudanese government concluded an agreement with the International Development Association (IDA), to the effect that the state had prioritized the
establishment of a Sudanese accountancy profession. A high level Steering Committee was appointed to initiate and supervise the necessary steps. Three (3) subcommittees were created and commissioned as follows:

a) The Accounting Association Committee was charged with proposing by-laws, a code of ethics, an organizational structure, and membership criteria for the Sudanese accounting association;
b) The Institute of Accounting Studies Working Committee - It was charged with developing training material and examinations for professional and technician examinations;
c) The Accounting Laws Working Committee: It was charged with developing proposals for appropriate accountancy laws. The committee had been appointed. Two of its members were sent the U.K. to study relevant laws such as the Companies Act, Partnership Act, and Banker's Act. As pointed out by an interviewee: “These committees were not able to produce their output due to political and ethnic wars in the country”.

5.4.3 Political regimes and their policy orientation in Sudan: 1956-2010

The government of Sudan began as a Parliamentary Democracy on January 1, 1956 after declaring political independence from the Condominium government under the leadership of Prime Minister Ismail Al Azhari who remained in power for only 35 months. The Political regimes and their policy orientation in Sudan from 1956 to 2010 are shown in Table 5.3. The Azhari administration was dominated by the Sudanese traditional sectarian parties that had consistently struggled for prominence and power. It was those struggles that paved the way for the military to seize power from the civilians. Thus on the 17 November 1958, General

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33 The review of Sudanese Government Accounting Practices dated October 1983, PN-AAP-216/62, ISN-33232. Contract nos. 650-0012-C-00-3028-00 and 650-0012-C-00-3024-00, Sudan’s National Archives, Khartoum.
Ibrahim Abboud grabbed power in a bloodless coup and led the country for 71 months, up to 25 October 1964 when the regime was overthrown in a popular uprising.

This was the man with close affinity with the Islamist group, but was very unpopular in Southern Sudan because he tried to impose Islam on Southern Sudanese, by declaring Sudanday as a working day while Friday a resting day. He further created the Missionary Act 1962 expelling all foreign Missionaries and Priests from South Sudan. From October 1964 to May 1969, Parliamentary Democracy was once more resumed for barely 55 months.

Three Prime Ministers namely: Sirr Al Kharim Khalifa, Mohamed Ahmed Mahjoub and Sadiq Al Mahdi led Sudan during this short period of time lasting only 55 months up to 1969. On 25 May 1969, yet another army colonel Jaafar Mohamed Nimeiri usurped power for the next 178 months or 16 years up to 1985. Nimeiri’s ideological affiliation was Arab nationalism and Arab socialism with leftist sentiments and Subsequent adherence to Islamic orientation. In his 16 years of rule, the country had only one officially recognized political organization, the Sudanese Socialist Union (SSU), albeit the traditional Moslem Brotherhood and the Communist Parties continued to exist underground. Executive power rests with the President and aided by an appointed Council of Ministers. The legislature was the People’s Assembly whose 274 seats were reduced to 151 following a reorganization of the administrative structure by President Nimeiri in October 1981. Interestingly, it was the same Council of Ministers in the dictatorial government of Jaafar Mohammed Nimeiri that would seven years later be credited with the foundation of the SCCA Act 1888 before Sudan’s Parliament formally enacted it into law. From 6 April 1985 to 30 June 1989, Parliamentary Democracy was restored for the last time. Sadiq Al Mahdi again became a Prime Minister and presided over the most democratic country in Africa, but his leadership was soon challenged by another army officer, Brigadier Omar Hassan Al Bashir who remains

in power since June 1989 to the present. Al Bashir refers to his ideological orientation as Islamic civilizing project. He stands indicted by the International Criminal Court for committing genocide and crimes against humanity for killing his people.

Table 5.3 Political regimes and their policy orientation in Sudan: 1956-2010

<table>
<thead>
<tr>
<th>Period</th>
<th>Regime Type</th>
<th>Duration in months</th>
<th>Ideology</th>
<th>Policy Stance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 1956 to 16 November 1958</td>
<td>Parliamentary Democracy</td>
<td>35</td>
<td>No identified ideological stance. Dominant traditional parties with Islamic sectarian popular support. Dominant agricultural economic interests</td>
<td>Private sector and export orientation; Agricultural development; Fine tuning fiscal and monetary policy</td>
</tr>
<tr>
<td>16 November 1958 to 25 October 1964</td>
<td>Military (Generals)</td>
<td>71</td>
<td>No identified ideological stance</td>
<td>As above</td>
</tr>
<tr>
<td>26 October 1964 to 24 May 1969</td>
<td>Parliamentary Democracy</td>
<td>55</td>
<td>No identified ideological stance. Dominant traditional parties with Islamic sectarian popular support. Dominant agricultural economic interests</td>
<td>As above</td>
</tr>
<tr>
<td>25 May 1969–5 April 1984</td>
<td>Military (Young Officers)</td>
<td>178</td>
<td>Arab nationalism and Arab socialism with support from the left. Subsequent adherence to Islamic orientation</td>
<td>Up to 1972: Socialist policies. From 1972: Liberalization and private sector orientation; inflow of foreign capital.; Debt crisis, IMF/WB adjustment policies</td>
</tr>
<tr>
<td>6 April 1985 to 30 June 1989</td>
<td>Parliamentary Democracy</td>
<td>63</td>
<td>As per the first period but in coalition with Islamic oriented political forces</td>
<td>Ad-hoc policies</td>
</tr>
<tr>
<td>30 June 1989 to Present</td>
<td>Military/Civilian</td>
<td>252</td>
<td>So-called Islamic civilizing project</td>
<td>Up to 1995: Confused policy stance From 1995 to</td>
</tr>
</tbody>
</table>
5.4.4 The development of Sudanese Professional Accounting Association (SCCA) 1980s

The Government of Sudan has for several years recognized the urgent need to improve accounting and auditing practices and to help improve financial management of government agencies and parastatals. Early in 1980, following discussions with the government, the World Bank carried out a review of the prevailing status of accounting and auditing practices in the Sudan, and a report was prepared in September, 1980. The report revealed that the demand for accountants in the Sudan was much greater than the available supply, and that the demand would increase rapidly during the 1979-84 period. There were then about 16,000 bookkeepers, 50 accounting technicians and 50 professional accountants in the Sudan. The report projected the demand by the end of 1984 to be: 30,500 bookkeepers, 1,950 accounting technicians and 1,355 professional accountants. The gap was immense, and the number of accountants of all levels turned out by Sudanese universities and the IAS in the Ministry of Finance fell far short of meeting the need of both the public and private sectors. A result of this shortage had been a lack of proper accounting for expenditures in many ministries and especially in the regional government units in Southern Sudan. This situation was explained by an interviewee as follows:

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35 Document of the World Bank, Report No. P-3050-SU
File Copy, May 4, 1981 Report and recommendation of the president of the international development association to the executive directors on a proposed credit to the democratic republic of the Sudan for a second technical assistance project, May 4, 1981

36 ibid
“yes - that is true, the formation of the accounting profession has come a long way, the continuous civil war had interfered much, and so much delays had happened and too much resources had been wasted on the war in acquiring armaments for the war…. (Interview No.2).

Bookkeeping in such agencies and in the regions was one to two years in arrears; among many parastatal corporations, only basic financial accounts are maintained. Annual statements were prepared with considerable delay (one year or more), internal control was weak or non-existent, and there were no accounting manuals. The auditor general was similarly deficient in staff; both in numbers and quality, and accounts were seldom audited promptly. The shortage was less severe in the private sector because of the higher salaries offered by commercial and industrial firms. However, demand for accounting services grew from year to year. In addition, the country lacked a soundly based accounting profession with an agreed set of regulations, accounting and auditing standards and a code of ethics\(^\text{37}\). Accountants in Sudan have since long argued that the establishment of the accounting body in the Sudan was indispensable in order to develop the accounting and auditing practice (El Nafabi, 2002). In this regard, individuals who were members of professional accounting bodies outside the Sudan, notably the ICAEW, and the ACCA in the UK made several attempts in the early 1980s with the state to establish a professional accounting body in the Sudan. Due to the rapid changes in the political system in the 1980s, these efforts did not materialize until the Certified Accountants Act 1988 which established the Sudanese Council of Certified Accountants (SCCA). The country’s Council of Ministers in 1986 had issued a decree to organize the accounting profession in the Sudan (MOFEP Report, 1983).

This move paved the way for the adoption of legislation by Sudan’s Parliament to establish the ‘Sudan Council of Certified Accountants’ Act 1988. The formation of this

\(^{37}\text{ibid}\)
accountancy body received popular domestic support and was widely hailed as a triumph of nationalism over imperialism. Article 4 of the 1988 Act sets out the functions of the council of SCCA, which includes the enhancements of the role of accounts in the commercial environment (El Nafabi, 2002). The terms of reference of the SCCA Act focuses on upgrading the profession and consolidating its principles as well as organizing and developing the profession. The Act also specifies the powers of the Board which empowers it to perform its duties (Brierley, El-Nafabi, and Guilliam, 2002). The following excerpt from an interview participant sums up the scenario:

“The British-based ACCA was introduced in the Sudan a long way back “before I was born”, during the British colonialism. There were few accountants in the Sudan at the time, but only one Chartered accountant and that was late Mohamed Abdel Halim. Potential Sudanese were sent to Britain to take their ACCA examinations after completing training conducted at the former Khartoum Technical Institute that was established in the Sudan in 1950. In the early 1980s, many accountants went to study the American CPA in the USA on individual basis and sat for the examinations, but upon completion most of them became expatriates in foreign countries and did not work in the Sudan. Others who worked for the government, their tuition fees were paid for by the state (interview No. 6)

In regards to the SCCA, it is modeled on the British ACCA. There were those students who completed the SCCA and thereafter sit the ACCA examinations to obtain the ACCA qualification. It is difficult to make a precise number of Sudanese who have completed the ACCA at the moment as large numbers of accountants went to study on their own, and there is very insignificant number of ACCA or CPA holders working for the government in Sudan, as they prefer to work outside the country. Hence actual number may not be known” (Interview No. 12)

5.4.5 Overview of the stages of progress of the SCCA

The first registration for the examinations of the local SCCA started in 1994 and those accountants who registered to sit the local examination at that time were only 200. In June 1994, candidates numbering 72 sat the examinations for the SCCA (Ahmed, 2014). However,
the curriculum was modified in 1998 to Units and Modules so that the examinations would be in that format. In the year 2000, the number of registered students for the professional went up to 7958. In the following year, 2001, the curriculum was again updated. Despite the huge number that enrolled in the year, the number that finally took the December exam shrank to 571 candidates. In 2001, a new examination centre was established in the Sudanese Coastal Port city of Port Sudan. By the end of 2003, the number of candidates enrolled jumped to 14,000, and the number that sat the examination was 422, and 1,400 candidates were in their final stage. With the creation of the new accounting and auditing profession Act 2004, the number of the enrolled SCCA candidates reached 17,000\textsuperscript{38}. An interviewee put this increase as follows:

“The increase in the students for accountancy is mainly motivated by the new developments such as international accounting standards and joint educational programs with British accountancy bodies during the period”.

Furthermore, the following landmark achievements have been realized by the SCCA since its establishment in 1994, and include: the regular publication of educational circulars; Adoption of International Accounting Standards; the utilization of the International Standards of Accounting and Reporting (ISAR); the adoption of Auditing & assurance Standards; establishment of Sudanese Professional Accountants’ Certificate and having Joint examination with the British ACCA in Sudan; the adoption and implementation of financial Reporting Standards (Ahmed, 2014).

5.4.6 The Council Regulating the Accountancy Profession in the Sudan

It was the decision of the government represent by the MOFEP that initiated the establishment of the Council regulating the Accounting Profession in the Sudan. Figure 5.3

The Council of Sudan’s Parliamentary Committee in its VII Session chaired by Ahmed Ibrahim Tahir was tasked with regulating the accounting and auditing profession in the Sudan. Owing to dissatisfaction among accountants that the 1988 Act had failed to regulate the accountancy profession in the Sudan as summed up by an interview participant:

“There has been widespread disagreement among Sudanese accountants that led to the invalidation of the 1988 Act created by the Parliament of Sudan. There was a general view among Sudanese professional accountants that the 1988 Act did not accomplish what it was created for. The Sudan council of Certified Accountants could not regulate the accounting profession in the country. The professional Accountants who

held either ACCA or CPA or CIMA had endlessly disagreed with the other accountants whose backgrounds were academic, mostly holding masters or PhDs from various academic Universities” (Interview No. 13).

The Committees comprise the representations from various state institutions: (a) representative of the Ministry of Finance and National Economy, a member; (b) a representative of the Ministry of Justice, a member; (c) a representative of the Ministry of Higher Education and Scientific Research, a member;(d) a representative of a member of the General Court of Audit; (e) a representative of a member of the Court of Tax; (f) a representative of the Zakat Chamber member;(g) a representative of a member of the Bank of Sudan; (h) a representative of the Federation of Employers member; (i) a representative of the market Khartoum Stock Exchange, a member; (j) three representatives of the General Federation of Professional Accountants and Auditors members; (k) director of the Institute of Accounting Studies, a member; (l) three representatives of the members of the Association of Chartered Certified Accountants; (m) campaign of three members of the Sudanese Fellowship of Certified Accountants; (n) two representatives of the universities of specialists in the field of accounting and auditing members; (o) two members with experience and competence in the field of accounting and auditing are chosen in consultation with the concerned minister.

Excerpts from the Session VII, No. 35, “Law of the Council regulating the accounting and auditing profession in the Sudan” reads as follows:

Pursuant to the provisions of Article 90 (1) of the Constitution of the Republic of Sudan for the year 1998, the President of the Republic and the National Assembly approved the following Law:

The establishment of the Council that regulate the accounting and auditing profession in the Sudan and dated in accordance with Islamic calendar of 10 First Jamadi/1425H, that corresponds to 28 June 2004 opened up new horizons for the practitioners of the accounting
profession and to develop further the accounting science and technology suited to the local Sudanese environment drawing examples from countries that have advanced in this regard (SCCA, 2004).

The Council exercises its powers under the law to regulate the accounting and auditing profession in the Sudan. This is done by enhancing the profession to consolidate its principles, develop control mechanisms to ensure the maintenance ethical values, while coordinating with relevant institutions on curricula development, and linking with local, regional and international accounting professional associations. The Council holds six meetings in a year, and is composed of a twenty-two member-council, headed by a President, a Vice President and a Secretary General. The Council is appointed by the president of the Republic and its supervision falls under the state’s Council of Ministers. The Council represents some of the government Ministries and agencies that include the country’s Federation of Accountants and Auditors, as well as professional associations and members of the public with experiences and competences in the field of accounting. The duties of the Council are positioned within the framework of the general state policies relating to economic, financial and administrative spheres, but the Council maintains independence from direct state control. It maintains a separate budget and capable of concluding contracts with other parties. It is important to further remember that the Council exercises its powers through specialized Committees created by the Council Regulating Accounting Profession in the Sudan. The Committees also ensure the development of accounting and auditing standards and general rules governing the work of the council as well as developing external and internal audit rules of conduct and ethics. The council assesses performance of the Sudanese Accounting Fellowship program and makes recommendations to the Board. This Committee is composed of Sixty-three members and includes accounting profession specialists drawn from the academia, professional practitioners in the private sector and government departments (SCCA, 2015).
On a related Note, the Education Commission of the Council oversees the following bodies as illustrated in the Table 5-3:

**Table 5.3 Education Commission oversees the six Committees**

<table>
<thead>
<tr>
<th>Education Commission</th>
<th>لجنة التعليم</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Committee</td>
<td>لجنة التدريب</td>
</tr>
<tr>
<td>Standards Committee</td>
<td>لجنة المعايير</td>
</tr>
<tr>
<td>Licensing Committee</td>
<td>لجنة التراخيص</td>
</tr>
<tr>
<td>International Relations Committee</td>
<td>لجنة العلاقات الدولية</td>
</tr>
<tr>
<td>The Committee on Ethics</td>
<td>لجنة سلوك واداب المهنة</td>
</tr>
<tr>
<td>Examination Committee</td>
<td>لجنة الامتحانات</td>
</tr>
</tbody>
</table>

Source: SCCA, 2014

Furthermore, this Education Commission shall oversee the setting of technical examinations which are held twice a year, in June and December. The Education Commission shall determine exemptions from the Sudanese Fellowship materials for University accounting discipline units in accordance with regulations laid down by the Commission. The Commission shall review SCCA curricula as well as the development of curriculum model for colleges and Sudanese Universities in coordination with the Ministry of Higher Education and Scientific Research. The Commission is willing to advance the development of the accounting and Auditing profession in the Sudan in cooperation with relevant authorities (SCCA website, 15 May 2016).
5.5 Multinational Oil Companies and Accountancy Profession in Sudan

This section explains the general socioeconomic characteristics of Sudan and strategic problems for development in the country, and discusses the impact of oil and the opportunities and challenges for enhancing economic development in Sudan. Before assessing the impact of oil in enhancing economic development in the country, it is helpful to start by explaining the general socio-economic characteristics of Sudan. It would be worthwhile to examine the link between the general socio-economic characteristics and the impact of oil in Sudanese economy. The political context in Sudan is characterized by a long history of instability, continuing civil wars and complex conflict between Arab north Muslim and African Christian south. In a related development, the 1990s saw a number of European and Asian oil Multinational Corporations led by China, including a Canadian Company moved to invest in the country’s oil and gas resources. The main companies that initially invested in the country were: China National Petroleum Corporation (CNPC), India’s Oil and Natural Gas Corporation (ONGC) and Malaysia’s Petronas (Nour, 2011).

There is hardly any doubt that the exportation of oil in Sudan has accelerated economic growth and the structural transformation of the economy recently, but similarly, did worsen the protracted civil war in the country, and we shall come to that shortly. According to the World Bank (2008) Sudan is one of the newest significant oil producing countries in the World, and the third largest oil producer in Sub-Saharan Africa after Nigeria and Angola. As a result of oil exploitation, the structure of the Sudanese economy has shifted from being predominantly reliant on agriculture to oil (MEDU/17/4/INDUSTRY/EXT/OIL)\textsuperscript{40}.  
Moreover, Sudan indicates that the oil industry is regulated by the Ministry of Energy and Mining, yet the Ministry of Finance and National Economy and National Petroleum

\textsuperscript{40} Raising the Stakes: Oil and conflict in Sudan. MEDU 17/4/INDUSTRY/EXT./OIL. Sudan Archival Data (SAD) referenced as Middle East Documentation Unit (MEDU), Durham University, Bill Bryson Library in England
Commission are also involved. Sudanese oil sector includes several foreign international oil companies with a long history of investing in oil exploration and production.

**Figure 5.1 Country Comparison of Crude Oil productions in Sub-Saharan Africa in 2005**

![Country Comparison of Crude Oil Production in Sub-Saharan Africa, 2005](image)

In recent years the increasing dependence on oil has led to stable economic growth. Consequently, Sudan’s real economic growth averaged around 9% during (2005-2006), putting Sudan among the fastest growing economies in Africa (World Bank, 2008). Moreover the structure of the Sudanese economy has long been characterised by a small share of industry, notably manufacturing; a high share of agriculture and service sectors in GDP and employment (See Figure 5.2.

But while oil has recently contributed to the improvement of economic performance and Foreign Direct Investment (FDI) in Sudan, the recent heavy dependence on oil presents challenges to policy makers, partly because oil is an exhaustible resource and, mainly
because the revenue from oil is uncertain and very volatile in international markets. Moreover, the increasing dependence on oil raises questions such as the incidence of a Dutch Disease phenomenon (Nour, 2011).

“It is true that the oil has assisted in the growth of the Sudanese economy that had relied on agriculture for a very long time” (interview No. 18)

**Figures 5.2 shows the Growth Rates of GDP and GDP per Capita (1990 – 2008)**

![GDP and GDP per Capita Growth Rates](image)

**Source:** Adapted from Sudan Central Bureau of Statistics: Sudan Ministry of Cabinet Affairs, central bureau of statistics - Sudan statistical year book, Sudan statistics 1990-2008: pp. 39-43

The oil exploration in Sudan began in 1959, when Italy’s Agip oil company was granted concessions in the country’s Red Sea areas. Soon, other companies namely the Total of France, Texas Eastern, Union Texas and Chevron of United States of America soon
followed\textsuperscript{41}. In 1975, Chevron Overseas Petroleum Company discovered oil in Sudan. The oil discoveries did aggravate the political and economic situation in Sudan. The oil discoveries played a pivotal role in igniting the second civil war in 1983 and complicated the possibilities for peace between the south and north as it became the central objective for the warring parties. Production began in 1976, and terminated in 1984, when three foreign Chevron employees were killed in a rebel attack in Southern Sudan oil field. Sudan joined the ranks of oil exporters in August 1999, when the first oil was shipped from the country. Meanwhile, the civil war in the South and central Sudan had intensified, precisely because of the foreign companies exploiting the oil\textsuperscript{42}. Sudan is China's largest overseas oil project. China is Sudan's largest supplier of arms, according to a former Sudan government minister. Chinese-made tanks, fighter planes, bombers, helicopters, machine guns and rocket-propelled grenades have intensified Sudan's two-decade-old north-south civil war (Goodman, 2008).

China is in a lucrative partnership that delivers billions of dollars in investment, oil revenue and weapons -- as well as diplomatic protection -- to a government accused by the United States of genocide in Darfur and cited by human rights groups for systematically massacring civilians and chasing them off ancestral lands to clear oil-producing areas. The country once gave safe haven to Osama bin Laden and is listed by Washington as a state supporter of terrorism. U.S. companies are prohibited from investing there (Goodman, 2004).

Part of a broader push by China to expand trade and influence across the African continent, its relationship with Sudan also demonstrates the intensity of China's quest for energy security and its willingness to do business wherever it must to lock up oil (Goodman, 2004). In 2000, China decided to deploy 700,000 troops to fight the Sudan People’s Liberation

\textsuperscript{41} ibid
\textsuperscript{42} Raising the Stakes: Oil and conflict in Sudan. MEDU 17/4/INDUSTRY/EXT./OIL. Sudan Archival Data (SAD) referenced as Middle East Documentation Unit (MEDU), Durham University, Bill Bryson Library in England.
Army (SPLA) insurgents in the oil territory in South Sudan. The Chinese troops had been sent in preparation for a big offensive against southern rebels to try to bring to an end one of Africa's longest-running conflicts, according to Western counter-terrorism officials. The Chinese have been brought in by aircraft and ship, ostensibly to guard Sudan's increasingly productive oilfields in which the China National Petroleum Corporation is a leading partner (Lamb, 2000). In the 1999, Sudan’s rising oil production had shifted the balance of military power in the government’s favor at the same time that significant internal rifts did surfaced in Khartoum. The surrounding region was in flux in its relations to the Sudan conflict, and it had become clear that competing regional peace initiatives held no promise. In this fluid context, the United States possessed significant leverage. Among major powers, it was the sole power in renewing a dialogue with Khartoum until 2005 when the Comprehensive Peace Agreement was concluded in Nairobi, Kenya that finally silenced the guns and paved the way for the secession of South Sudan as a sovereign state in 2011 (Deng & Morrison, 2001). An interview participant had stated the following:

“I think the production of the oil in this country has created more harm to Sudan than good. Look, the civil war was not of this size and the level of animosity is now very high, why all these?” (Interview No. 8)

Prior to the secession of South Sudan, the unified Sudan was the second-largest oil producer in Africa in 2010, outside of the Organization of the Petroleum Exporting Countries (OPEC). In Sudan, the Ministry of Finance and National Economy (MOFNE) regulates domestic refining operations and oil imports. The Sudanese Petroleum Corporation (SPC), an arm of the Ministry of Petroleum, is responsible for exploration, production, and distribution

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44 Country Analysis Brief: Sudan and South Sudan. US energy information Administration, 2014
of crude oil and petroleum products in accordance with regulations set by the MOFNE. The SPC purchases crude oil at a subsidized cost from MOFNE and the China National Petroleum Corporation (CNPC)45.

In 1992 Chevron sold its concession in Sudan. Among the buyers was Arakis Energy Co. of Canada, that later sold 75 per cent of its shares to China National Petroleum Company (CNPC), Petronas of Malaysia and Sudapet, to form the Greater Nile Petroleum Operating Company (GNPOC) in 1996. Pipelines were soon put in place to transport oil from the deposits in the south to Port Sudan and oil tankers on the northern shores of the Red Sea. In 1998 Talisman Energy of Canada also joined the consortium buying out the remaining 25 per cent of the Arakis shares. Another consortium was later established for the exploitation of other oil fields, with the participation of large Western companies such as Lundin Oil of Sweden and Total of France. Full scale oil production resumed in 1999 with 205 thousand barrels a day (145 thousand earmarked for export), with oil reserves estimated at 262.1 billion barrels, of which only 750 million recoverable, in sites situated along or over the border with South Sudan. At the present rate of extraction they will be exhausted within the next 10 to 15 years, hence the strategic importance of controlling areas of the south where new oil fields are presumed to be located and the Government’s almost paranoid attitude towards civilian populations living along the pipelines, considered to be a security risk and being made target of continuous attacks (Goodman, 2004).

The cash flow into the Sudan treasury (over one billion Dollars annually) that oil export has determined, has allowed the Government to increase its arms budget exponentially. It is because of these reports of human rights abuses against civilian populations that international pressure and internal critique on the part of the Roman Catholic and Anglican churches have been mounting over the years forcing Lundin and Talisman of Canada to sell their shares to

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45 ibid
Petronas and ONGC Videsh of India. OMV of Austria followed suit at the end of August (IRIN. Nairobi. 5/9/2003). This scenario was summed up by a lamenting interview participant as follows:

“The oil helps the Sudan’s economy, but it is said to be a curse, because the civil war has intensified and so many people have died, mostly women and children” (Interview No. 7).

Indeed, the oil accelerated economic growth and the structural transformation of the economy recently, but went to buy sophisticated armaments to pursue the war. According to the World Bank (2008) Sudan was one of the newest significant oil producing countries in the World, and the third largest in Sub-Saharan Africa after Nigeria and Angola. As a result of oil exploitation, the structure of the Sudanese economy has shifted from being predominantly reliant on agriculture to oil. In recent years the increasing dependence on oil has led to stable economic growth. Consequently, Sudan’s real economic growth averaged around 9% during (2005-2006), putting Sudan among the fastest growing economies in Africa (World Bank, 2008). But while oil has recently contributed to the improvement of economic performance and FDI in Sudan, the recent heavy dependence on oil presents challenges to policy makers, partly because oil is an exhaustible resource and, mainly because the revenue from oil is uncertain and very volatile in international markets (Nour, 2011).

This improvement of economic performances has enabled the government of Sudan to develop its accountancy profession by training local professional accountants, among other professionals in the country, as Accounting plays an essential role in economic development. High-quality corporate reporting is key to improving transparency, facilitating the mobilization of domestic and international investment, creating a sound investment environment and fostering investor confidence, thus promoting financial stability. A strong and internationally comparable reporting system facilitates international flows of financial
resources while at the same time helping to reduce corruption and mismanagement of resources. It also strengthens international competitiveness of enterprises in attracting external financing and taking advantage of international market opportunities (ACCA, 2012)\textsuperscript{46}.

Another interviewee explained about the oil situation as follows:

“A major future problem for this country is agriculture used to be our main economic sustenance even before the condominium government replaced the Mahdia regime, now it is the oil that has replaced agriculture. One cannot tell how long this oil would last, as much of it would likely go to the new country of South Sudan….” (Interview No. 11)

5.6 State influence, Islamic Shari’a and the accountancy Profession

The Sudanese state has always been under sustained pressure from religious elements since 1881 in the wake of the launch of the Mahdist Islamic revolution to reinstate Islam which was successfully accomplished in 1885 with the defeat of the Turko-Egyptian colonial administration in the Sudan and the consequent killing of general Charles Gordon, the British military officer who had been the Governor General of Sudan in the service of the Egyptian King. The Mahdist regime was ousted by the combined British and Egyptians troops in 1898 and thus began the condominium rule that lasted until Sudan’s independence more than five decades later\textsuperscript{47}. The British colonial power had laid down the structure of a modern system of government as opposed to the former Mahdist administration that was plainly based on the 7\textsuperscript{th}

\textsuperscript{46} The Role of Accounting for Economic Development: A paper, prepared for the High-Level Meeting on Accounting for Development in Doha, Qatar, on 22 April 2012, sets out key areas where ACCA believes professional accountancy can contribute to sustained economic development.

century precept of puritanical Islam. The condominium government succeeded in suppressing any precursors and revival of Islamic movement in the Sudan.\textsuperscript{48}

The political construct in Sudan is the Islamic system and it has emerged from the societal leaders and it is constructed of or created to achieve political ends in Sudan. These political constructs are based on a desire by a people or factions of a people to affect political change, and all too often to impose isolated agendas on the greater population as a whole.

“Shari’a is present everywhere in the state and private institutions, given the current Islamic environment supported by the state” (interview, No. 20).

\section*{5.5.1 The Islamization of the Financial System in Sudan}

Sudan became independent as a secular country with western institutions including the accountancy profession. Throughout the 1960s to 1982 all professional establishments in the Sudan were modelled on the English system, and the Islamic influences were minimal or precisely relegated to Sudan’s rural communities living in the western parts of the country. In 1983 there was a shift of political and ideological orientation in Sudan toward Islam. This was the handiwork of the Muslim Brotherhood entity that influenced the President who primarily decree the Islamic shari’a and then sent it to be legislated in Parliament and became law in September 1983 (Warburg, 1990, p.624). This was a ploy designed by the Muslim Brotherhood group and destined for power capture from President Nimeiri.

\section*{5.5.2 What is shari’a?}

The term Shari'a literally means "the road to the watering place," or "the clear path to be followed." Another source renders the term into English as the "Whole Duty of Man." In the legal context, Shari'a means "the sacred law of Islam. The shari'a is a divine jurisprudence,

\textsuperscript{48} Anglo-Egyptian Condominium: British-Egyptian History. Encyclopaedia Britannica. Sourced 18 Sept. 2015
which is to say that the rules thereof are considered as coming directly from God. One scholar defined the Shari'a as: "The path not only leading to Allah, the Most High, but the path believed by all Muslims to be the path shown by Allah, the Creator Himself through His Messenger, Prophet Muhammad (Gordon, 1985 p.800). There are four major sources of shari'a. The first and most important is the Koran. The second is that of the Sunna, which is comprised of collections of sayings and records (the Hadith) of what the Prophet Muhammad is recorded to have said, done, approved, or forbidden. The third source is that of consensus (ijma), which is the recorded agreement of Islamic legal scholars (and perhaps the laity) on any particular point of law (Gordon, 1985) The final major source of Shari'a is that of the concept of deduction by analogy (qiyas), which involves the recourse to logic and reason (P.800). The figure below demonstrates the sources of shari’a:

Figure 5.4 illustrates the authoritative sources from which Islamic is derived

Source: Anja Erlbeck, 2010
The controversy about Shari’a and its implementation method in Sudan is nothing new. It took on clear political dimensions, especially at the end of the era of former President Jaafar Nimeiri (1969-1985). He had announced the implementation of Islamic law to face a growing opposition to his ruling approach. This announcement led to an escalation of strikes, even by the judges, since it was considered a direct reaction against them for having defied him. The political dimension grew more obvious when Mahmoud Mohamed Taha, the leader of the Republican Party, was accused of apostasy. Taha believed that Muslims should interpret Islam in a modern manner. This is why he criticized Nimeiri’s approach of the implementation of Sharia and his focus on punishment before justice. This led Nimeiri to arrest him and execute him in 1985. Nimeiri’s Islamic policies fueled the civil war that had erupted two years earlier and gave it a religious dimension (Ahmed, 2014).

The decision of whether to completely transform a country’s financial sector into a fully Islamic system is a choice that will be based primarily on political and religious grounds (Sole, 2007). With the existing evidence at hand today, it is not possible to assert whether a purely Islamic financial system would be more or less efficient than a conventional one at intermediating financial flows. Obviously, it is in countries with a predominantly Muslim population that a tendency towards full Islamization is more likely to develop (Sole, 2007).

Two notable examples of this trajectory are Iran and Sudan. Iran’s transition towards a fully Islamic financial system started with the enactment of the 1983 Usury Free Banking Law, which abolished interest-based banking operations. Similarly, Sudan pursued the full Islamization of its financial system with the promulgation of the 1992 Banking Law, which aimed at eliminating interest from banking, as well as from all government transactions. On the other hand, there are also some Muslim

countries that have allowed mixed financial systems to coexist for long periods. In some instances, the results of this coexistence have been remarkably beneficial, such as in Bahrain and Malaysia. In both cases, the presence of a dual system has given these nations a substantial competitive edge to establish themselves as well-diversified international financial hubs, appealing to both Islamic and conventional investors. Furthermore, the cross-fertilization between the two systems has led institutions based in these countries to pioneer several ground breaking initiatives in different fields of Islamic finance (Sole, 2007).

In Sudan, Islam and the state structures have been closely related—even since long before the time of the Mahdia in the late 19th century. The Muslim groups in Sudan made efforts to enforce an Islamic state on Sudanese society. Though their conceptualization of an Islamic state has always been crucial and remains controversial to the definition of the Sudanese political system50. It is important to recall that that Sudan has exhibited one of the more provocative cases of state-supported Islamization in recent years because of the government's swiftness and readiness to apply the hudud punishments after the sharia was decreed to be the national law in September 1983. This Islamization, using the coercive apparatus of the state, must be distinguished from the sociocultural process of conversion to Islam that has been a major part of Sudanese history for the past five centuries. A number of scholars have described the political context in which Islamization took place,’ while others have examined the legal effect of this dramatic and far-reaching development. Only a few works have been devoted specifically to southern Sudanese views of Islamization, despite their being a critical dimension to a comprehensive understanding of Sudan.

50 Sharia Debates in Africa: http://www.sharia-in-africa.net/pages/project/sudan.php
The strongly politicized nature of the north-south divide has made dialogue on the subject infrequent and emotionally charged (Fluehr-Lobban, 2014, p.610). Sudan is predominantly a Sunni Muslim state, estimates suggest that the figure is somewhere between 85 to 90 per cent of the population of the country, with a thin minority of Shia, a perfect reflection of the Arab world’s religious sect makeup. In the same manner, Muslims are split into two main branches worldwide, the Sunnis and Shia. The split originates in a dispute soon after the death of the Prophet Muhammad over who should lead the Muslim community. Members of the two sects have co-existed for centuries and share many fundamental beliefs and practices. Though they may not interact much outside the public sphere, there are always exceptions. In urban Iraq, for instance, intermarriage between Sunnis and Shia was, until recently, quite common. The differences lie in the fields of doctrine, ritual, law, theology and religious organization.

“Despite the differences in doctrin between the Suni and the shi, the shari,a is a uniting factor here in the Sudan to the extent that no one will remove shari’a from the people and country” (interview 24).

Sunni Muslims regard themselves as the orthodox and traditionalist branch of Islam. The word Sunni comes from "Ahl al-Sunna", the people of the tradition. The tradition in this case refers to practices based on precedent or reports of the actions of the Prophet Muhammad and those close to him. Sunnis venerate all the prophets mentioned in the Koran, but particularly Muhammad as the final prophet. All subsequent Muslim leaders are seen as temporal figures. In contrast to Shia, Sunni religious teachers and leaders have historically come under state control. The Sunni tradition also emphasizes a codified system of Islamic law and adherence to four schools of law. In early Islamic history the Shia were political factions - literally "Shiat Ali" or the party of Ali. The Shia claimed the right of Ali, the son-in-law of the
Prophet Muhammad, and his descendants to lead the Islamic community. This exemplification gives the origin and the schisms between the two sects of Islam.

The application of Shari’a to business transactions has resulted in the emergence of a number of Islamic banks in some Islamic countries (e.g., Sudan), where central banks have directed all Islamic banks and other financial institutions to abolish interest. Unlike conventional banks, Islamic banks are established with the mandate to carry out their financial transactions in accordance with the rules and principles of Islamic Shari'a (Mustafa, 2003). This has influenced the capital structure and investment activities of Islamic banks in various ways. Islamic banks mobilize funds through investment accounts on the basis of a profit-and-loss sharing mechanism in place of the interest based-modes (Mustafa, 2003). As alternatives to lending funds and charging interest thereon, Islamic banks use various instruments of Islamic finance, including partnership or profit-and-loss sharing modes (Mudaraba and Musharaka financing), credit based instruments (e.g., Murabaha, Salam and Istisna'a), and leasing (Ijarah) (Mustafa, 2003).

All these banks have succeeded in attracting depositors (Abdel Moshin, 2005). The civil Transactions Act 1984 made it mandatory for all financial institutions operating in Sudan to fully comply with the Islamic laws. Furthermore, from 1989 to 2005, the Islamic finance in Sudan was further deepened and integrated with a wide range of Islamic financial products-the establishment of the high Shari’a Supervisory Board in 1992 to refine activities of Banks and Financial Institutions (Elzubair, 2013).

5.6.3 Difference between Islamic sharia system and Western conventional system

Islamic accounting and auditing systems have their premises set in the Quran and the Sunna and apply accounting standards developed by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). AAOIFI was established in 1991 with the primary objective of developing accounting and auditing standards for the Islamic Financial
Institutions (IFI). AAOIFI has so far promulgated 25 accounting and 5 auditing standards (AAOIFI, 2008). However, AAOIFI has come under severe criticism for its ‘capitalist thought’ approach in developing standards and for being highly influenced by conventional accounting procedures (Mohamed Ibrahim & Osman, 2003; Napier, 2007). The acceptance of AAOIFI standard has also been questioned as research has revealed that the adoption is limited to certain areas and jurisdictions (Haniffa & Hudaib, 2004; Harahap, 2003). With the guidance provided by AAOIFI on zakah and interest accounting, it is expected that the IFIs would adhere to such standards and make the disclosure as required by the AAOIFI standards. However, to date, there has been no known research that carefully examines the actual compliance of IFIs with these two accounting disclosure issues emerges.

The western accounting system are secular in nature and apply standards developed by the IFRSs which are set by the IASB, established in 2001 to replace the International Accounting Standards Committee (IASC). IASB members are accounting organizations that are members of the IFAC. The main objectives of the IASB are: to formulate and publish accounting standards to be observed in the presentation of financial statements; to work generally for the improvement and harmonization of regulations, accounting standards and procedures relating to the presentation of financial statements (Čejková & Hýblová, 2005). The state maintains links with the secular world through its secular accounting and auditing system, while concurrently promotes Islamic system in the country. The following interview excerpts were made by participants to draw a line between western conventional system and the prevailing Islamic system:

“The state has links with international financial institutions such as the IMF and the World Bank so it has to ensure the promotion of secular financial and accounting systems. The state does not impose Islamic system in the accounting profession in the country. There is
no direct link between the SAAPOC and the AAOIFI. The SAAPOC has links with Western systems while the AAOIFI is not (Interview No. 25)

The other participant had these to say:

“One of the main goals of the AAOIFI is to design and disseminate accounting and auditing standards that can be applied internationally by all Islamic institutions, and it works with other interested parties such as the CBS and Khartoum Stock Exchange in order to have its present and future accounting standards fully implemented as mandatory requirements in Sudan” (Interview No. 26).

In the Sudan

…but the influence of the Muslim community in the Sudan and from countries like Iran persuaded the state to consider the feelings of the UMMA, hence the CBoS and other Banks, the KSE and the MoFNE have adopted strict Islamic practices (Interview No. 22).

IFRSs are at present being used as a basis for national regulations on accountancy; as an international benchmark for countries which are developing their own national regulation; as a uniform benchmark for multinational and international enterprises, by companies listed on world stock exchanges (Čejková & Hýblová, 2005).

In this context Islamic system is at variance with the Western conventional accounting approaches, and the accountancy landscape is profoundly characterized by endless conflict between the two systems. New terms and concepts from Islamic law, especially in the Civil Transactions Act, 1984, are not always sufficiently defined in the new legislation. This has created considerable uncertainty as to the scope and effect of some of the new laws, although some of the interstices in the laws have been clarified through the issuance of judicial circulars by the Chief Justice of the Sudanese Supreme Court and by rulings (fatwas) by certain Sudanese bodies. The Attorney General's Chambers has actively participated in the drafting of new laws, but did not play any substantial role in the preparation of the new legislation. There are instances, some of them of critical importance for the economy, where
new laws differ from old ones which have neither been repealed nor amended, the most important example being the Companies Act of 1925, which is still in effect conflict with the chapter on companies and partnerships in the Civil Transactions Act, 1984 (1985, p.795). Other laws that adversely affect the Western Conventional accountancy system in the Sudan include: Zakat Tax Act, 1984; Excise Duty Act, 1983; Customs Act (Amendment), 1984; Exporters and Importers Registration Act, 1984 (p.796). It is important to note that the Civil Transactions Act 1984 is of great importance *inter alia*, to Commence. Section 3 of the Civil Transactions Act, 1984 states that "Notwithstanding any provisions in any other law, and in the absence of a legislative provision governing an event- a judge shall apply the existing shari’a rule as established by the Koran and the Sunna; ..... Hence, the Civil Transaction Act 1984 in Sudan requires that all financial institutions operation in the Republic of Sudan must fully comply with Islamic laws (ElZubair, 2013).

5.6 Shari’a versus secular state

*Shari’a* had played a central issue in the second civil war in the Sudan from 1983 to 2005 when the war formally ended between the government and the Sudan People’s Liberation Army (SPLA) insurgents through the Comprehensive Peace Agreement commonly referred to as the CPA. One of the gravest repercussions of Nimeiri’s Islamic sharia in Sudan was the renewal of hostilities in the south in 1983. Southern Sudanese politicians were, by and large, opposed to the constitution because it specified that "Islamic Law and Custom shall be main sources of legislation" (article 9) and that Arabic would be the "official language" of Sudan (p.633). With the possible exception of Afghanistan and Iran Sudan presents the most vivid example of extreme societal regulation through the application of *shari’a*. Legislation in every field has been inspired by this state interpreted form of *shari’a*. Socio-cultural groups who had for generations taken for granted that they practised *shari’a* in their daily dealings
with land law, personal law or the law of inheritance for instance, have been confronted with this new shari’a legislation which renders their traditional legal ideas illegal and against the will of God (sharia debates in Africa, 2015). An interview had lamented thus:

“shari’a is for Moslem believers yet the government forced it on us the Christian population of this country and yet they falsely inform the international community that there is freedon of religion in this country”…(interview No. 21)

Furthermore, the Islamic Law that was legislated by Sudan Parliament in 1983 did provide the state with an opportunity to Islamize the Sudanese economy through the establishment of the Islamic institutions normally found in Islamic societies (shown in figure 5.4) and these include the following:

a) **Takaful** - commonly referred to as Islamic insurance;

b) **Zakah** is a certain portion of one's wealth that all Muslims who are financially able must give as a welfare contribution for the poor and needy, including widows and orphans, irrespective of their colour, ethnicity or religion or other specified charitable causes in the service of God. Zakah is one of five pillars of Islam beside proclamation of faith, prayer, fasting the month of Ramadan and pilgrimage to Mecca. It is mentioned in many verses of the Qur'an as an obligation upon the Mal (wealth and income) of the individual Muslim. One such verse reads as; "Of their goods take alms that so thou mightest purify and sanctify them. And pray on their behalf. Verily thy prayers are a source of security for them and God is One who heareth and knoweth."Surah 9:103

c) **Waqf** refers to a religious endowment i.e. a voluntary and irrevocable dedication of one’s wealth or a portion of it – in cash or kind, and its disbursement for Shari’a-compliant projects that may include healthcare, Education and poverty reduction
programme for the community. Waqf has generally been related to the religion and the socio-economic system of Muslim societies.

d) *Hisbah* connotes “accountability” or “seeking reward”

All secular corporate entities were converted by law in 1992 following the Ministerial Decree of the Minister of Finance No. 219 for the year 1992 which mandated the conversion of all conventional insurance companies to Islamic companies. This transmogrification did pave the way for Islamic dominance in all façades of the Sudanese society. However, the fact is that Sudan’s predisposition towards western financial institutions and the encroachment of globalization, secularism in the country’s accounting and auditing profession is likely prevail.

**Figure 5.5: The Fundamental institutions of an Islamic state as found in Sudan and Iran**

5.7 Summary

This chapter explores Sudan’s Post-independence Socio-political setting in the country for nearly three decades. The political construct of the society and the state encompass local ethos such as religious bindings and the state plays a crucial role in the political system. The
political constructs are based on a desire by a people or factions of a people to affect political change, and all too often to impose isolated agendas on the greater population as a whole.

It begins with the discussions on the contextual setting of the country, encompassing key political and economic events that span from 1958, following the episode of the first post-colonial military coup d’état that saw Sudan’s military at the apex of the country. It is therefore plausible to state that in order to enable the accomplishment of professionalization of accountancy study in the Sudan, it would be quite indispensable to first comprehend all the internal political, cultural, religious and economic dynamics that would shape the viability of the country for the next fifty-two years (1958-2010). The Chapter also explored the extent of the colonial economy that witnessed the agricultural economy and the introduction of the banking sector to facilitate the burgeoning trade primarily among the tripartite parties, namely, Sudan Great Britain and Egypt, alongside other countries.

The geneses of the accountancy profession as well as the IAS were set up by the government of Sudan in collaboration with assistance from the USAID. Moreover, the SCCA was established through an Act of Parliament known as SCCA Act 1988. Furthermore, the government of Sudan had introduced the Islamic shari’a as early as 1983. The controversial aspect of this law is that the Civil Transaction Act 1984 which impacts on commerce altogether and has been at variance with the existing western conventional accounting system also contradicts the Sudan’s Companies Act 1925.

Albeit the oil resource became a source did fuel the civil war in the Sudan, it assisted in developing the economy of Sudan which also increased the flow of Foreign Direct Investments into the Sudan. With the oil boom in the late 1990s, Sudan was able to develop its accounting profession. The SAAPOC was created in 2004 utilizing the oil resource.
Furthermore, the presence of the foreign multinational oil companies encouraged Sudan to apply the IFRS and the International Accounting and Auditing Standards.
Chapter 6 The accounting profession in the Sudan

6.1 Introduction

Chapter five examined Sudan’s post-independence Socio-political and economic setting and the political construct – exploring both the civilian and military regimes in the Sudan. This Chapter investigates the development of the accounting profession in the Sudan in examining the local and regional secular and Islamic accountancy bodies and how it has influence the accounting profession Sudan in the post- independence. The Central Bank of Sudan (CBOS) has played a pivotal role in the promotion and implementation of Islamic finance standards issued by the Bahrain based AAOIFI. The development of the British based ACCA and its strategies to expand the accountancy qualifications market including the ‘elite class’ to promote the British qualifications and status in the Sudan. The ideology of the state of Sudan is predominantly a Sunni Muslim.

It is useful to examine how the political process (internal and external) has impacted to the accounting and finance institutional environment including the impact of discovery of oil and its contribution to the accounting and auditing services in the Sudan.

This chapter is organised as follows. Section 6.2 explains how the accounting and auditing profession is regulated by the state between 2004 and 2010. In this section the role, the interactions of, and negotiations of the local accounting bodies such as the SCCA (1988), the ASCA (1994) are discussed. Section 6.3 explains the Sudan Accounting and Auditing Profession Organization Council (SAAPOC). The state-approved SAAPOC played an important role in the development of the accounting profession in Sudan. Section 6.4 explains the role of the Central Bank of Sudan (CBOS) and Banking Act 1992 and the implementation of Islamic shari’a law in Sudan. Section 6.5 explains the Role of Islamic perspective in Sudanese state institutions by the MoFNE. These state institutions have been very much
instrumental in setting up of Islamic perspective and the institutional set up in the Sudan. Section 6.6 provides how Bahrain-based accountancy body AAOIFI is responsible for developing and issuing standards for international Islamic finance industry since 1990s. AAOIFI Islamic pronouncements on accounting based on Islamic principles for Islamic financial institutions and it is fully mandatorily applicable in the Sudan. Section 6.7 presents the evidence on the domination of accounting profession by Secular British Accounting institutions such as ACCA and their strategies such as elite class to promote the British qualifications and status in the Sudan. Section 6.8 provides evidence on the state ideology of Republic of Sudan (State ideology is predominantly a Sunni Muslim) and how the political process has impacted to the accounting and finance institutional environment in Sudan. Section 6.9 discusses the impact of discovery of oil and gas and its contribution to the accounting and auditing services in the Sudan. Section 6.10 provides the evidence on the existence of the Big 4 in accounting industry and the influence of international accounting agencies in Sudan. Section 6.11 presents the influence of the International Accounting Standards including the adoption of International Financial Reporting Standards (IFRS) and international auditing standards. Section 6.12 discusses the Role of Accounting tertiary Training and accreditation. Section 6.13 Summaries the chapter.

6.2 The Accounting profession was regulated by the state between 2004 and 2010.

The serious problem of lack of a governing body to regulate the accounting profession in Sudan, which was an important factor hindering the development of a sound accounting practice in the country, was solved by establishment of the Sudan Council of Certified Accountants (SCCA) in 1988, after attempts that date back to the early nineteen sixties. The Council was entrusted to regulate and organize the accounting profession in the country. The SCCA was enacted in 1988 by Sudan’s Parliament, but it was found out that the SCCA was
riddled with deficiencies and was unable to regulate the accounting and auditing profession in the Sudan as expected. By the end of 2004, it was apparent that the accounting body was less than satisfactory. After 16 years of operation, it issued only four (4) standards and graduated 13 chartered accountants (Abbas, 2012). This shortfall was caused by the persistent problem of political instability and government intervention. The country’s failure to issue a comprehensive body of accounting standards and principles can mainly be attributed to lack of enthusiastic support by the authorities and policy makers. The issue has been underscored by an interview participant as thus:

“…the problem is that you can still see the Sudan’s Companies Act 1925 which should have been removed but still being used for more than 90 years now since it was established by the British colonial power. This shows the government’s lack of will to change this law” (Interview No. 16)

This is because as asserted by Horngern (1976) the ability to set standards and legislate new laws and regulations is materially influenced by the power base on which the standard setters and legislators depend, as mentioned by the interview participant. Unfortunately in the Sudan those responsible for accounting policy making are not always in power, sometimes they lack the strong support of those in power and sometimes although they have the power, their political interests override their professional commitment. Besides, lack of cooperation and continuous conflicts among practicing accountants have also impeded active participation of the SCCA in promoting the accounting practice in the country, and this led to its dissolution in 2004 by the Constitutional Court and the establishment of a new Council; the SAAPoC.

Moreover, the new Council is claimed by its advocates to provide the right legal framework, the proper tools, the extended membership and the required delegated authority to develop the accounting and auditing profession in the country. However no
achievements towards its stated objectives have materialized. Astonishingly, since 2004 when the decree creating the Council was issued, the cabinet of ministers issued two resolutions: one in 2009 reforming the board of the Council and the other in 2010 dissolving that of 2009. Thus in contrast to the theoretical assertion of the positive impact of government intervention on financial reporting, it can be deduced that the continuous political conflicts and government intervention assume key responsibility for the low level of development of Accounting Profession in the country (Abbas, 2012). This point was justified by an interviewee as follows:

“Failure of efforts to issue a comprehensive body of accounting standards and principles can mainly be attributed to lack of enthusiastic support by the concerned authorities and policy makers in the country” (Interview No. 17).

Another interviewee had the following observation:

“…..the 1988 law had failed to regulate the accounting profession in this country. Now look, there is no single accounting and auditing standards being used. There are the Sudanese local standards, British standards, International accounting and auditing standards, American standards and even Islamic standards” (Interview No. 19)

In a related development, the ASCA (Jordan) was established in 1986 as a not-for-profit professional accounting organization by elite group of Arab accountants. ASCA aims at maintaining professional independence of accountants, ensuring their protection and applying professional supervision standards as a means to promote accounting and auditing professions. It objectives include:

1. Seek to develop accounting sciences, as well as associated and consequential principles.
2. Promote competence, practice and professional conduct up to the highest professional standards among ASCA (Jordan) members and maintain their professional independence.

3. Promote and facilitate information dissemination and exchange on professional issues among members and others through holding conferences, meetings and special seminars and publishing periodicals and professional publications.

In the Sudan, the ASCA is considered as a local accountancy body notwithstanding it represents regional interests that spreads across the Arab world and specifically its preoccupation with Arab agenda. The ASCA was registered by the Sudanese Ministry of Human Resource Development and Labour (MoHRDL) in Sudan in 1994. ASCA aims to maintain professional independence of Arab accountants, ensuring their protection and applying professional supervision standards as a means to promote accounting and auditing profession. However it does not seem to contribute much to the Sudanese Accountancy Profession as its activities appear to be out of public view and suffer from criticisms emanating from Sudanese local accountants. This position is corroborated by an interview participant who stated the following:

“ASCA does not really have much to do with the development of the accounting profession in the Sudan. ASCA is just a name; it is not an accounting body. This is an Iraqi body and it is not even recognized in Iraq itself and not recognized by SCCA.” (Interview No. 4)

Despite such sinking comments, ASCA keeps pace with economic events, and develops and publishes new financial and business concepts and ideas in order to provide its members and associates with the ability and means to follow the latest developments and innovations in their fields and to excel in the professions of accounting and auditing. Given its commitment to developing accounting and auditing professions, providing accounting and professional
services to both its members and other Arab citizens, promoting competence, developing practice and bringing the professional conduct up to the highest professional standards in the Society. ASCA became the only Arab entity to have received a license from the IFRS Foundation to translate into Arabic and publish the latter’s documents, such as IFRS and XRBL projects.

In the view of a local Sudanese interviewee:

“The Sudanese government as a member of the Arab world appears to promote and identify with Arab values, hence, the acceptance of the ASCA. Since ASCA has been embrace by a Sudanese accountancy profession, there is no conflict between ASCA and the SCCA, as they both exist in an Arab environment”. (Interview No. 14)

This evidence is undoubtedly essential to understand the nature and the process of the development of the accounting profession in the Sudan, in which a number of actors such as the MoFNE, the MoHRDL are involved. It is important to note that Sudan is a member of the 22-state Arab League (AL) organization. The AL fosters cultural, social and political agenda including support for the Palestinian Liberation Organisation (PLO). Hence Sudan stands by Arab official policy prescription.

6.3 The Sudan Accounting and Auditing Profession Organization Council (SAAPOC)

This section discusses the SAAPOC from 2004 to 2010 together with the recommendations of the World Bank Report which is contained in the Observance of Standards and Codes (ROSC, 2010). The report assesses the accountancy profession in the Sudan in context of the international standards and best practice. Hence, it is worthwhile exploring the genesis of the SAAPOC as the accounting regulatory body in the Sudan since 2004. Moreover, the SAAPOC is the body that has been duly mandated by the state through MOFEP to regulate
the accountancy profession in the Sudan. In this context, it is essential to emphasize that a properly functioning accounting and auditing profession is a critical component of private sector development in terms of domestic investor confidence and the ability to attract foreign direct investment. It is also critical to the public sector in terms of achieving sustainable public financial management reforms and the promotion of improved governance, accountability and transparency (World Bank Report, 2014). Furthermore, it is imperative to note that the Companies Act, promulgated in 1925, sets primary requirements for financial reporting of all companies incorporated in Sudan without indicating any specific standards to follow. As the Sudanese state was much preoccupied with the development of the accounting and Auditing profession in the country alongside the emerging economies, especially in Africa, and given the failure of the SCCA, the state decided to establish the SAAPCO in the year 2004. The Excerpts from the Session VII, No. 35, “Law of the Council regulating the accounting and auditing profession in the Sudan” reads as follows:

“Pursuant to the provisions of Article 90 (1) of the Constitution of the Republic of Sudan for the year 1998, the President of the Republic and the National Assembly approved the following Law.

The Council of Sudan’s Parliamentary Committee in its VII Session chaired by Ahmed Ibrahim Al-Tahir was tasked with regulating the accounting and auditing profession in the Sudan (SCCA, 2014).

The session comprises the following representations from various state institutions and others:

Representative of the Ministry of Finance and National Economy;
A representative of the Ministry of Justice;
Representative of the Ministry of Higher Education and Scientific Research;
Representative of a member of the General Court of Audit;
Representative of the Zakat Chamber;
Representative from the Central Bank of Sudan (CBOS);
Representative from the Federation of Employers;
Representative from Khartoum Stock Exchange (KSE);
Three representatives from the General Federation of Accountants and Auditors;
Director of the Institute of Accounting Studies (IAS);
Three representatives from the Association British ACCA;
Three representative from SCCA;
Two representatives University specialists of Accounting and Auditing;
Two persons with experience and competence in Accounting and Auditing are chosen in consultation with the concerned Minister.

The establishment of the Council which was dated in accordance with Islamic calendar of 10 First Jamadi/1425H, and corresponded to 28 June 2004 opened up new horizons for the practitioners of the accounting profession and developed further the accounting science and technology suited to the local Sudanese environment, drawing examples from countries that had advanced in that regard. The Council exercises its powers under the law to regulate the accounting and auditing profession in the Sudan by enhancing the profession in consolidating its principles, developing control mechanisms in ensure the maintenance of ethical values, while coordinating with relevant institutions on curricula development, and linking with local, regional and international accounting professional associations. The Council holds six meetings in a year, and is composed of a twenty-two member-council, headed by a President, a Vice President and a Secretary General. The Council is appointed by the president of the Republic and its supervision falls under the state’s Council of Ministers [See Appendix 6]. The Council represents some of the government Ministries and agencies that include the country’s Accountants and Auditors as
well as professional associations and members of the public with experiences and competences in the field of accounting. The duties of the Council are positioned within the framework of the general state policies relating to economic, financial and administrative spheres, but the Council maintains independence from direct state control. It maintains a separate budget and capable of concluding contracts with other parties. It is important to further remember that the Council exercises its powers through specialized Committees created by the Council Regulating Accounting Profession in the Sudan. The Committees also ensure the development of accounting and auditing standards and general rules governing the work of the council as well as developing external and internal audit rules of conduct and ethics. The council assesses performance of the Sudanese Accounting Fellowship program and makes recommendations to the Board. This Committee is composed of Sixty-three members and includes accounting profession specialists drawn from the academia, professional practitioners in the private sector and government departments (SCCA, 2014).

Pursuant to the provisions of Article 90 (1) of the Constitution of the Republic of Sudan for the year 1998, the President of the Republic and the National Assembly approved the following law:

This law is called "the law of the Council regulating the profession of accounting and auditing for the year 2004" and shall be effective from the date of signature. This law cancels the Law of the Council of Chartered Accountants for the year 1988.

This law requires that it is administered by the Board which regulates the accounting and auditing profession established under the provisions of Article 4 (1). A competent Minister is appointed by the president of the Council to oversee the council, while the Secretary General of the council is appointed under the provisions of Article 16.
The establishment of the Council opened up new horizons for the practitioners of the accounting profession and develops further the accounting science and technology suited to the local Sudanese environment drawing examples from countries that have advanced in this regard. The Council exercises its powers under the law to regulate the accounting and auditing profession in the Sudan by enhancing the profession to consolidate its principles, develop control mechanisms to ensure the maintenance of ethical values, while coordinating with relevant institutions on curricula development, and linking with local, regional and international accounting professional associations in order to elevate the accountancy and audit professions to international level.

The Council holds six meetings in a year, and is composed of a twenty-two member-council, headed by a President, a Vice President and a Secretary General. The Council is appointed by the president of the Republic and its supervision falls under the state’s Council of Ministers. The Council represents some of the government Ministries and agencies that include the country’s Federation of Accountants and Auditors as well as professional associations and members of the public with experiences and competences in the field of accounting. The duties of the Council are positioned within the framework of the general state policies relating to economic, financial and administrative spheres, but the Council maintains independence from direct state control. It maintains a separate budget and capable of concluding contracts with other parties.

It is important to further remember that the Council exercises its powers through specialized Committees created by the Council Regulating Accounting Profession in the Sudan. Though the Council is independent, yet the state wields some degree of control as to how the Council functions. The Committees also ensure the development of accounting and auditing standards and general rules governing the work of the council as well as developing external and internal audit rules of conduct and ethics. The council assesses performance of
the Sudanese Accounting Fellowship program and makes recommendations to the Board. This Committee is composed of Sixty-three members and includes accounting profession specialists drawn from the academia, professional practitioners in the private sector and government departments (SCCA, 2014). State agencies are over represented on the Council, which suggests that the government controls the accounting profession in the Sudan in context of state-profession symbiosis.

In a related development, the General professional Union of Accountants and Auditors (GPUAA), also established in 2004 complements the SAAPOC’s role in many aspects and overlaps with SAAPOC in others. The main objective of the GPUAA include raising public awareness of the accounting profession, supporting the adoption of a code of ethics, providing social services for active and retired accountants, contributing to setting accounting and auditing standards, and contributing to planning training programs for accountants and auditors. All accounting graduates are eligible to obtain the GPUAA membership (ROSC, 201051). In this regard, the Government of Sudan controls the accountancy profession in the country in that all members of the SAAPOC Governing Council are appointed by the Council of Ministers, with the recommendation from the Minister of Finance.

The SAAPOC Governing Council is directly accountable to the Minister of Finance. The major statutory functions of SAAPROC include designing and implementing policies with regard to student enrollment, including administering education, training, and examination, and programs for members’ professional development. This indicates state’s exercise of influence and power in the development of the professions.

51 Report on the Observance of Standards and Codes (ROSC) Sudan is a World Bank Report. It was the, Final Draft Report, 7 June 2010.

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It is worth of note that the actual market for auditing services in Sudan is relatively small, due to a low demand. The larger firms audit most financial entities, as well as large corporate entities, in Sudan. As for small and medium-size enterprises, many stakeholders indicated that few of these entities have their financial statements audited. For those small and medium-size enterprises where audits are carried out, many observers question the reliability of such audits. A solution to ensure audit quality would therefore be to enforce professional auditing standards and effective sanctions against practitioners who do not abide by the appropriate standards. In a related development, the small and medium-size audit practice suffers from serious capacity constraints. Professionals working in small and medium-size accountancy firms find it difficult to stay updated on current developments in accounting and auditing. These practitioners are constantly struggling to keep their client base and earn enough to stay afloat. In most cases, they do not have the money and time for training programs. Many practitioners in small and medium-size firms in Sudan are handicapped by their lack of access to current practice on applicable accounting and auditing standards World Bank, 2010).

There is no mechanism for ensuring that accountants and auditors in public practice follow a code of ethics. The SAAPPOC does not have any prescribed code of ethics for its members. Stringent disciplinary actions and effective periodic reviews of the practitioners in Sudan are lacking, but necessary to monitor ethical misconduct or violations (World Bank Report, 2010). As revealed by many interviews, Professional accountants and auditors often claim that they follow auditing standards and code of ethics; nevertheless, in the absence of any monitoring and enforcement mechanisms, it is difficult to agree that in practice this is the case.

According to the World Bank Report (2010), it appears that independence of auditors is not effectively observed. The current practice in Sudan is not in conformity with the
independence requirements of the IFAC Code of Ethics for Professional Accountants (WB Report, 2010). While there are factors outside the profession that directly affect auditors’ ability to act independently (e.g., the limited capacities in many companies to prepare proper financial statements), the possible breaches of independence requirements adversely affect the perceived value of an audit. Sudan’s relevant laws do not provide for penalties against negligent auditors. The country has not yet experienced any litigation against auditors. Moreover, the accountancy profession as it stands is largely fragmented among internationally qualified accountants, academics, and locally qualified accountants.

Most of the Sudanese nationals who become professionally qualified accountants migrate abroad. Primarily for better remunerations, many professionally qualified Sudanese accountants mostly migrate to Gulf countries. After their retirement, many return to Sudan for starting their public practice. It is also clear that the SAAPoC does not meet the obligations specified in the IFAC Statements of Membership Obligations (SMO). Despite the legal decree acknowledging SAAPoC as the national accountancy professional body, it does not seem to have the features of a professional body. This suggests a unique feature of the accounting profession in the Sudan. Originally, SAAPoC was meant to be a regulatory body only. However, inclusion of additional activities for functioning as both regulatory body and professional body has undermined the original purpose of this organization. Also, this organization has not developed capacity to comply with IFAC’s Statements of Membership Obligations (SMOs). Furthermore, SAAPoC has not developed a clear plan that could demonstrate its commitment to adequately meet the IFAC requirements.

“Sudan is in the process of joining IFAC so as to become a member. The SAAPoC is yet to fulfill certain conditions in order to acquire membership of the IFAC” (Interview No. 21)
Conversely, The SAAPoC does not actively promote the importance of IFAC and IASB programs, activities, and pronouncements. The SAAPoC does not disseminate any IFAC or IASB pronouncement to its members. There is no mechanism in place to educate SAAPoC members about the emerging international developments in accounting and auditing. This lack of updated knowledge seriously limits members’ exposure with international good practice (World Bank, 2010).

An interviewee who was not impressed by the SAAPoC and the regulation and lack of accession to the IFAC had lamented thus:

“Although the SAAPoC is hailed as best body which regulates the accounting and auditing profession in the Sudan, yet a similar problem of its predecessor, the Law of the 1988 Act exists. It appears that SAAPoC does not have a link with its members and there are no mechanism to punish violations by members It cannot effectively regulate the profession as expected” (Interview No. 9)

Indeed the SAAPoC is exhibiting weaknesses in its mission and duties of regulating the accounting and auditing profession in the Sudan.

Lamentably, SAAPoC does not have an internal operating structure that provides for the adequate support and regulation of its members. The SAAPoC suffers from inadequate technical resources to provide guidance and support to its members for professional development. Within the organizational framework, it does not have designated committees for ensuring quality control, providing members’ guidance, and facilitating professional development of members. It lacks the capacity to demonstrate its effectiveness to ensure the broader audience of accountancy profession that it can adequately support its members in safeguarding public interests. The SAAPoC is not equipped with an adequately qualified technical secretariat to ensure that it members receive up-to-date guidance on the emerging developments in accounting and auditing. (WB Report, 2010).
In summary, this research examines the relationship between state and the profession, specifically, the power of control that the state wields on the profession in the Sudan. In this sub-section the state regulates the accounting and auditing profession in the country via some of its agencies such as the CBOS and the MoFNE as well as the MoHRDL. In this case, the profession is subordinated to the vagaries of the state. This is characteristical of the tradition of the Continental countries in which the state regulates the profession as opposed to the model practiced in the Anglo-Saxon world where self-regulation of the profession is evident. In other words, there would virtually be no profession in the Sudan without the state.

6.4 The role of the (CBOS) and implementation of Islamic shari'a law in Sudan.

This section discusses the role of the Central Bank of the Sudan after its establishment in 1959 and how it has assumed the role of regulating Islamic banks and other financial institutions especially after the passing of the Islamic laws by the Sudanese Parliament in September 1983. One of the objectives of setting the CBOS is to implement shari’s and promote Islamic corporate practices in the Sudan.

The traditional banking system was inherited from the Anglo-Egyptian condominium (1899-1955). When the National Bank of Egypt opened in Khartoum in 1901, it obtained a privileged position as banker to and for the government, a "semi-official" central bank. Other banks followed, but the National Bank of Egypt and Barclays Bank (UK) dominated and stabilized banking in Sudan until after World War II. Post-World War II prosperity created a demand for an increasing number of commercial banks. (Alam et al 2010).

Before Sudanese independence, there had been no restrictions on the movement of funds between Egypt and Sudan, and the value of the currency used in Sudan was tied to that of Egypt. This situation was unsatisfactory to an independent Sudan, which established the Sudan Currency Board to replace Egyptian and British money. It was not a central bank
because it did not accept deposits, lend money, or provide commercial banks with cash and liquidity. In 1959, the Bank of Sudan was established to succeed the Sudan Currency Board and to take over the Sudanese assets of the National Bank of Egypt. In February 1960, the Bank of Sudan began acting as the central bank of Sudan, issuing currency, assisting the development of banks, providing loans, maintaining financial equilibrium, and advising the government. Banks were nationalized in 1970 but in 1974, foreign banks were allowed to open branches in Sudan. Banks are required to maintain 20% of total deposits as a statutory reserve with the central bank. They must also direct to the agricultural sector 40% of the funds that they have for lending under the new credit ceilings.

As of 2010, there were about 26 banks with total capital of over US$ 700 million (Bank of Sudan, 2007). With opening up of the Sudanese economy to the great extent in the last few years, new banks like Al Salam bank, from the United Arab Emirates (UAE), Babyllos Africa Bank started to enter Sudanese market. These foreign banks are coming with huge capital, new technology, new ideas and new vision (Alam et al 2010).

The Faisal Islamic Bank, whose principal patron was the Saudi prince, Muhammad ibn Faisal Al Saud, was officially established in Sudan in 1977 by the Faisal Islamic Bank Act. The "open door" policy enabled Saudi Arabia, which had a huge surplus after the 1973 Organization of Petroleum Exporting Countries (OPEC) increases in the price of petroleum, to invest in Sudan. Members of the Muslim Brotherhood Organisation and its political arm, the National Islamic Front, played a prominent role on the Board of directors of the Faisal Islamic Bank, thus strengthening the bank's position in Sudan.

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52 The Muslim Brotherhood Organisation is the Politico-Religious party with fundamentalist Islamic ideology in Sudan. It has a strong social, organizational and political foundation. For several decades the Muslim Brotherhood in Sudan has taken an active role in the country’s political life, both within the parliament and in support of the coups staged by Jaafar Nimeiri and Omar al-Bashir. Its involvement occasionally gave the movement power to influence Sudan’s regimes and the officers who led the revolutions.
As Sudan officially became an Islamic state in September 1983 by virtue of embracing the shari’a legislation enacted by Parliament, the country has to implement the AAOIFI ruling in its Central Bank. As the Sudan introduced Islamic shari’a, these laws altered the practices and operations of the CBOS and all other banks in the country. In 1977 before the shari’a was introduced in Sudan, the first Islamic Bank to set up in the country was the Saudi bank known as Faisal Islamic Bank. Ten years later in 1993, the government established the Higher Sharia Supervisory Board (HSSB) in the CBOS in order to ensure compatibility of Islamic banks with shari’a principles (Ginena & Hamid, 2015), while at the bank level, other than the CBOS, each Islamic Bank (IB) has its own Sharia Supervisory Board (SSB). Evidently, the AAOIFI has been instrumental in shaping the country’s Islamic financial institution through the CBOS that applies the accounting standards produced by the AAOIFI in regulating corporate entities that apply Islamic shari’a (CBOS, 2016).

In summary, Sudan’s interlocking civil wars began on 19 August 1955. Several causes are attributed to the conflict that includes religion, race, and slavery practices, but in the post-independence era, it was economic alongside political marginalization of the population in the southern part of Sudan. The introduction of the Islamic shari’a in 1983 added more problems with the Christian community in Southern Sudan that consequently inflamed the civil war further as the Arab government imposed the Islamic law on the Christians in that part of the country. The discovery of the oil elevated the physical confrontation and the intensity of the war, especially with the deployment of Chinese army troops to guard the oil installations against the insurgents of the SPLA mainly in Southern Sudan. The imposition of the shari’a on citizens all over the country regardless of the presence of non-Muslim population was a tragic calculation by the government.

After the Sudan became independent in January 1956, the necessity for having a Central Bank appeared in order to replace the bodies executing its functions which include
The AAOIFI is an Islamic international autonomous non-for-profit corporate body. It prepares accounting, auditing, governance, ethics and Shari’a standards for Islamic financial institutions and the industry. AAOIFI also provides professional qualification programs, such as Certified Islamic Professional Accountant (CIPA), the Certified Shari’a Adviser and Auditor (CSAA). An interview participant has made the following opinion:

“The AAOIFI is attempting to create a space to universalize the application of shari’a through training programs and award of certificates such as the CIPA and CSAA, but the problem is that such professional certificates are recognized within a few limited jurisdictions such as Bahrain and other states in the Middle East. Furthermore, even in the Sudan, the shari’a standards are not fully implemented by the Islamic banks and other institutions, simply because there are no mechanisms in place to punish violations” (Interview No. 25).
Standards are not being fully implemented in those institutions in the Sudan that could be applied not only in Islamic institutions but also secular, such that the body trains accountants and award them with CIPA. The AAOIFI was established in accordance with the Agreement of Association which was signed by Islamic financial institutions on 1 Safar, 1410H corresponding to 26 February, 1990 in Algiers. It was registered on 11 Ramadan 1411 corresponding to 27 March, 1991 in the State of Bahrain (Lahsasna & Idriss, 2008). It is worth of note that the AAOIFI has made inroads into the central banks of nearly Muslim countries. According to its mission statement, the AAOIFI aims at the standardization and harmonization of international Islamic finance practices and financial reporting in accordance to Shari’a (Sarea & Haniffah, 2013), while its vision is to guide the Islamic Finance (IF) markets operation and financial reporting on Shari’a principles and rules and also to provide Islamic Finance markets with standards and guidelines that can support the growth of the industry.

Furthermore, the AAOIFI argues that the foundation of an Islamic bank does not permit the separation between temporal and religious matters; thus, the religious rulings apply in all aspects of the banking activities. Moreover, the AAOIFI Shari’a standards have been made part of mandatory regulatory requirement in jurisdictions such as Bahrain, Oman, Pakistan, Sudan, and Syria. AAOIFI Shari’a standards have also been adopted by Islamic Development Bank Group, a multilateral institution. In addition, AAOIFI Shari’a standards have also been used as basis of national shari’a guidelines in jurisdictions such as Indonesia and Malaysia. This was highlighted by an interview participant as follows:

“The widely acceptance of shari’a in a number of Asian countries such as Indonesia and Malaysia is based on the Qur’an that dictates the Oneness of Allah and unity of mankind (Tawhid)” (Interview No. 26).
In other jurisdictions including Brunei, Dubai International Financial Centre, France, Jordan, Kuwait, Lebanon, Saudi Arabia, Qatar Financial Centre, South Africa, United Arab Emirates and United Kingdom as well as in Africa, Central Asia and North America, AAOIFI Shari’a standards have been used voluntarily as basis of internal guidelines by leading Islamic financial institutions. The AAOIFI reasons that those who deal with Islamic banks are concerned, in the first place, with obeying and satisfying God in their financial and other dealings, which results in differing information needed than in traditional banks (Sarea & Haniffah, 2013). The AAOIFI has issued 26 accounting standards, 5 auditing standards, 2 codes of ethics and 7 governance standards that AAOIFI has issued for the international Islamic finance industry. These standards give guidance on, amongst others, presentation of financial statements for Islamic financial institutions (IFIs), accounting treatment for specific Islamic finance products and mechanisms, external auditing of IFIs, and Shari’a compliance and supervision processes and framework for IFIs. Currently, the standards are followed as part of mandatory regulatory requirement or Islamic financial institutions’ internal guidelines in jurisdictions across the world that offer Islamic finance. Consequently, the standards have introduced greater harmonization of Islamic finance practices in all major Islamic finance markets throughout the world (AAIOFI, 2014).

Given this assertive stance of the AAOIFI, the CBOS has to apply the standards of the former. After introducing the shari’a law in 1983, the CBOS altered its practices and operations. Moreover, in 1993, the government established the Higher Shari’a Supervisory Board (HSSB) to ensure compatibility of Islamic Banks with shari’a principles (CBOS, 2014). Amongst AAOIFI’s most remarkable achievements is the issuance of 94 standards, so far, in the areas of Shari’a, accounting, auditing, ethics and governance. Its standards are
adopted by Central Banks and regulatory authorities in a number of countries, either on a mandatory basis or as basis of guidelines. AAOIFI is supported by numbers of institutional members, including central banks and regulatory authorities, financial institutions, accounting and auditing firms, and legal firms, from over 45 countries. Its standards are currently followed by the leading Islamic financial institutions across the world and have introduced a progressive degree of harmonization of international Islamic finance practices (Sarea & Haniffah, 2013). The overall application of the shari’a in the Sudan has been central in sustaining the state ideology and the practice of Islam which distinguishes Sudan from the former British colonies in the region and beyond.

6.4.1 The differences between IASB and AAOIFI

This section presents the basic information about IASB and AAOIFI in the following order. IASB is an independent, private self-regulatory body, founded in 1973 as the International Accounting Standard Committee (IASC). The main objectives of the IASB as stated in its constitution are:

a) To formulate and publish in the public interest, accounting standards to be observed in the presentation of financial statements, and to promote their world-wide acceptance and observation.

b) To work generally for the improvement and harmonization of regulation, accounting standards and procedures relating to the presentation of financial statements.

The IASB ensures that IASs are developed only through an international due process, which involves the worldwide accountancy profession, the preparers and users of financial statements. In 1995, the IASC entered into an agreement with International Organization of Security Commissions (IOSCO), which states that: IOSCO would consider endorsing IASs
for cross-border capital raising and listing purposes in all global markets once a core set of standards had been completed. In 1999, the IASC achieved its target of issuing new or revised accounting standards covering all the items agreed with IOSCO (Alexander and Archer, 2000). The IOSCO and many stock exchanges accepted IASs for cross-border listing purposes; however, notable exceptions were the USA and Canada. It might be argued that the financial crisis, which began in certain Asian countries (e.g. Indonesia) and spread to other regions of the world, showed the need for credible, comparable and transparent accounting information to help sound decision making by investors, lenders and regulatory authorities. Yet, the IASB as an international self-regulatory body has no statutory power to enforce its standards. The board relies on the quality of its pronouncements to persuade governments, stock exchanges and other regulatory bodies to back the implementation of its accounting standards.

The AAOIFI, formerly known as Financial Accounting Organization for Islamic Banks and Financial Institutions, was established in accordance with the agreement of association, which was signed by Islamic financial institutions in 1990. The AAOIFI was registered as an international self-regulatory body in 1991 in the State of Bahrain. The AAOIFI prepares and issues accounting, auditing, and corporate governance standards, as well as ethics and Shari’a standards, for IFIs.

AAOIFI structure consists of General Assembly, Board of Trustees, Accounting and Auditing Standards Board, Secretariat General, and Shari’a Board. However, AAOIFI develops alternative Islamic standards when:

- The equivalent IFRS cannot be adopted in whole by the IFIs, e.g. Ijarah standard vs IAS 17.
The IASB has no IFRS elements that cover the specific Islamic banking and finance practices, e.g. Mudarabah, Musharaka, Salam, and Istisna (Hameed, 2009).

The main objectives of AAOIFI as stated in its constitution are:

a) To develop accounting and auditing thought relevant to Islamic financial institutions.

b) To disseminate accounting and auditing thought relevant to Islamic financial institutions and its applications through training, seminars, publication of periodic newsletters, carrying out and commissioning of research.

c) To prepare, promulgate and interpret accounting and auditing thought relevant to Islamic financial institutions.

d) To review and amend accounting and auditing thought relevant to Islamic financial institutions.

The organization structure of AAOIFI consists of a general assembly of 75 Islamic institutions from 16 countries. The AAOIFI has a board of trustees and a board of accounting and auditing standards, each consisting of 15 members, a Shari'a Board consisting of not more than 15 part-time members, an executive committee, and a secretary-general who is a full-time executive and heads the general secretariat. As in the case of the IASB, the AAOIFI has an extensive due process that governs the production of its accounting and auditing standards, however the due process includes checking of Shari'a juristic suitability of the proposed standards by the Shari'a committee. The AAOIFI invites interested parties to express their opinions on the proposed statements and standards before their final approval. The AAOIFI also holds two public hearings in two different countries to discuss exposure drafts (Mustafa, 2003).
Like the IASB, AAOIFI, as a self-regulatory body, has no power to enforce its respective standards. The AAOIFI depends on the quality of its pronouncements to persuade governments, central banks, monetary authorities, and stock exchanges to support the implementation of its accounting standards in some Islamic countries. However, it would not be an easy task for AAOIFI body to have all Islamic countries adhere to its standards because of existing different legislation and regulatory requirements (Mustafa, 2003).

“The rallying point for the universal acceptance of the AAOIFI standards is the requirement to promote Islam and shari’a throughout the world. So because the practice is derived from the Qur’an, Islamic countries are bound to accommodate the AAOIFI standards” (Interview No. 17)

6.5 The Islamic perspective in a Sudanese state institution: The MoFNE
Throughout the post-independence period, that is, from 1956 up to the early 1980s, Sudan had always maintained secular institutions. It all began in September 1983 when the country’s Parliament had enacted the Islamic sharia that some of the state agencies and institutions like the CBOS and partly the MoFNE became instrumental in promoting Islamic banking and Finance. The MoFNE had assisted the Institute of accounting studies developed in the late 1950s during the Military Regime of General Ibrahim Abboud [Archival Reference No. 1]. Thus, the MoFNE is one of the state agencies that help in developing the accounting profession in the Sudan, as testified by an interview participant:

“The Ministry of Finance has been instrumental in the development of the accounting profession in the Sudan. In 1958, it established the institute of accounting studies under its aegis/supervision for the purpose of training professional accountants for both private and public sector”. (Interview No. 7)

The MoFNE had in 1992 produced a ministerial decree No. 219 that compelled all secular corporate entities including banks and insurance companies to adopt Islamic shari’a in
regards to the operations of their business entities, thus in effect Islamizing both the country’s financial and economic systems.

6.6 The International Standards issued by the IFRS

International Financial Reporting Standards (IFRS Standards) is a single set of accounting standards, developed and maintained by the IASB with the intention of those standards being capable of being applied on a globally consistent basis—by developed, emerging and developing economies—thus providing investors and other users of financial statements with the ability to compare the financial performance of publicly listed companies on a like-for-like basis with their international peers.

IFRS Standards are now mandated for use by more than 100 countries, including the European Union and by more than two-thirds of the G20. The G20 and other international organisations have consistently supported the work of the the Board and its mission of global accounting standards.

The use of the IFRS in the Sudan has exhibited incompatibility in some areas of financial reporting, given the fact that Sudan is an Islamic state. A study conducted on the application of the IFRS in the Sudan showed that the local financial reporting environment would be affected particularly in the area of definition, valuation, recognition and measurement. Other areas that would be affected too are the taxation system, company law and regulation as well as the accounting education and training.

In this regard, the definition of an element of financial statement is the identification of the essential characteristics of the element. The recognition criteria set out in such a Statement specify the conditions under which an item which satisfies the definition of an element should be recognised (or included) in financial statements. In this situation, the Sudanese accounting definition of an element differs from that of the IFRS. In an identical note, satisfying the.
definition of an element is a necessary but not sufficient condition for an item to be recognised in financial statements. Accordingly, there is no need to consider whether an item satisfies the recognition criteria if it does not meet the definition of an element. While valuation is the process of determining the current worth of an asset or a company (SAC 4); there are numerous procedures and techniques applied to determine value. An application of AAOIFI standards to measure value of an asset may differ significantly from that of a conventional approach. For example, in the conventional world, the market value of a security is determined by what a buyer is willing to pay a seller, assuming both parties enter the transaction willingly, whereas the AAOIFI contests any contracts entered into that would entail interest or cause ambiguity. Sudan tax system which is based on Taxation Act 1986 is not compatible with the IFRS guidelines and likely to cause contradictions or lack of harmony. Similarly, according to the World Bank (2010), the AAPOC does not fully implement the IFRS. Hence, the AAPOC is intending to apply the IFRS guidelines and satisfy the conditions of the IFRS in order to acquire membership in the organization.

6.7 The domination of accounting profession by the British Secular institutions such as the ACCA

Albeit a significant body of academic research on accounting professionalization has shown that ‘Western’ policies and influences (re)structure the social, political and economic context of emerging economies in a way that creates conditions favourable to the emergence of auditing bodies similar to the dominant Anglo-American associationist free market model, the setting in the Sudan is somewhat dissimilar, owing to the theocratic nature of the state ideology.

The Sudanese accounting profession has been heavily shaped by the British influence as it was colonised by British. This level of eminence and the size of the ACCA body coupled with Britain’s global colonial role in different extant of the world could translate only into
one thing: the Empire’s legacy broadly established in its former colonies and dominions. Sudan had been ruled by Britain, and today one of the heritages left in Sudan and still found in the country’s statute books is the Sudan Companies Act 1925, a replica of the English Companies Act 1908. Other traces of the age old laws include the Bills of Exchange Act 1917 and the Insolvency Act 1929. It would be worthwhile to establish the dominance of the British ACCA via the following three (3) point-assertions:

6.7.1 Arabicized System of Education in the Sudan

The system of Education and medium of instruction in the Sudan from 1899 when the condominium administration was established in the country to 1989, that is, nine decades had all along been English. In June 1989, the military again as usual seized power from Prime Minister Sadiq Al Mahdi. The military junta was led by Brigadier Omar Hassan Al Bashir, the current President of the country. Al-Bashir’s regime quickly conducted a series of national conferences in the early 1990s to address significant changes in Sudan’s political institutions, economy, peace process, and higher education (Gassim, 2010). A Conference on higher education was held in the capital city in 1990. The Conference produced the Higher Education Act 1990 which mandated a reform to Sudan’s higher education system. This reform was generally referred to as the higher education revolution, and was designed to Arabicize, Islamize, and expands Sudanese higher education in unprecedented ways. Instead of opting for gradual implementation, the Arabicization of curriculum was a political decision executed in a hasty manner. (Gassim, 2010). The government took a decision to make Arabic the official language of instruction in all social, human, and some natural sciences. This change was enforced in the academic year 1990-1991, just one year after Al Bashir seized power. The higher education revolution also aimed at the Islamization of curriculum in a way that would reflect the country’s core policies of promoting Islamic values and norms. The
Islamization of knowledge was an intellectual project carried out by some Muslim scholars in the areas of philosophy and social sciences in order to promote an “Islamic worldview” that would reflect deeply rooted Islamic scientific traditions. Most of these scholars were academically trained and had taught at western academic institutions (Al-Attas 1995). Those accountants who are ACCA qualified normally leave Sudan for the lucrative market for the British accountancy qualification in the Arab Gulf countries. This explains why the ACCA is dominating the accountancy industry in the Sudan as captured in the following excerpt from an interview question:

“…. yes the ACCA is the first when ranked with other accounting qualifications in the Sudan” (Interview No. 7).

Another interview participant had expressed the accompanying opinion:

“There are no conflicts between the local accounting associations and the ACCA. The ACCA does not compete with any local body, since it is the best accountancy association” (Interview No. 15).

This is quite an interesting situation compared to other former British former colonies: Indeed no conflicts, but conciliation and rapprochement that exist between the ACCA and SCCA, and even the two bodies run a Joint Examinations Council, because the British qualification is considered the best accountancy qualification in the country and every accountant is looking towards acquiring it. Hence there is a plain case of domination of the ACCA in the Sudanese context.

6.7.2 The ACCA offers courses and Examinations in English in Sudan

The British Educational Institutes (BEI) were founded in the early 1950s to provide courses and diplomas in a variety of subjects by correspondence to give the opportunity to those who had to drop out of school and start working before they finish their formal education. In 1970s, BEI began classes to teach accounting in the English Language opening doors for
accountants and helped them in obtaining [ACCA] membership of the Chartered Certified Accountants in Britain. English language classes began, and more courses were made available in Britain for students from Sudan. During the period 1980s to 1989s, more centres were opened in different locations in Sudan’s twin city of Khartoum, Omdurman, and other locations such as Wad Medani the capital of the Gezira State. From 1990 to 1999s other centres were established in Port Sudan, El Dueim, Kassla and Atbara. This proliferation demonstrates how the ACCA has entrenched its operations and monumental influence in the Sudanese arena. The following interview testifies to the dominant position of the ACCA qualification in the Sudan:

“The ACCA is the highly regarded qualification in the Sudan which is now conducting examinations at the British Council in the Sudan. Those accountants with the ACCA are highly rated in the country compared to the locally produced accountants” (Interview No. 10).

6.7.3 SCCA-ACCA Joint Examinations Council

The Sudanese SCCA has forged close links with the British ACCA and the two professional bodies have maintained a joint Examination Council (Ahmed, 2014). The joint examination endeavour has helped in elevating the merit of the Sudanese local accounting qualification in the country. Furthermore, Sudanese would be able to benefit in acquiring experience in the joint setting of professional accounting and auditing examinations. This partnership gives high regard to the British ACCA in the Sudan. The interview below substantiates the popularity of the British ACCA:

“Definitely the ACCA comes first; it is the dominant foreign accountancy body in the Sudan. The ACCA is very popular in the country and most accountants, who intend to acquire accounting professional qualification, normally go for the British ACCA, because it has command in the accountancy market. Accountants generally travel to England to sit for ACCA examinations. The other reason for the popularity of the ACCA is that the system of Education and training has been changed to Arabic that was in English before 1989” (Interview No.23).
This evidence indicates that despite the fact that the state has imposed local accounting qualification for the people, the majority of them are interested in the British ACCA qualification due to its status and international recognition. The ACCA offers more opportunities of getting employment especially in the Arab Gulf countries where the UK accountancy qualification is very popular. Albeit the SCCA has established a joint Examination Council with the ACCA, yet the British qualification is highly regarded by all Sudanese accountants. Furthermore, the fact that preferential treatment is accorded to the ACCA qualified professionals to set up private practice offices, and which in effect amounts to professional closure practiced by the state, is a testimony to the importance attached to the UK qualification. In a related development, a large number of Sudanese accounting professionals are working overseas and sending remittances to Sudan which in turn improves the economy of the Sudan.

In the Sudan, the possession or attainment of the British ACCA qualification presents a respectable social status to the holder of the professional qualification. Various occupations have engaged in attempts to establish a professional identity. The tendency for occupations to seek the status of a profession has occurred over time and continues through to modern society. Weber used the term closure to explain the process of subordination whereby one group monopolises advantages by closing off opportunities to another group of outsiders which it considers inferior and therefore ineligible (Murphy 1986). Continuing the development of the Weberian theory of closure Parkin (1979) proposed that there are two reciprocal modes of closure, exclusion and usurpation. Exclusion involves the exercise of power through subordination to secure advantages by closing off the opportunities for group below it. Conversely, usurpation involves the exercise of power in an effort to gain the advantages reserved to a group above it (Perrin, 2011). As discussed in Chapter 2 of this thesis, the practice of closure or monopoly is rampant among professional groupings which
was used as a tool for relishing the benefits of restricted entry into the profession by limiting the number of professionals. According to Walker and Shackleton (1995) this behaviour has been identified as ‘corporate’ bias. In the Sudan, this practice is prevalent, and is associated with those professional accountants who possess the British ACCA. They normally set up Public practices firms and lobby the government to refuse granting practicing registration certificate to non-ACCA holders in the country, though this segregative practice is beginning to lessen with the production of the local accounting graduates holding the SCCA and who passed their examinations under the Joint Examination Council. These graduates of the British ACCA designate themselves as elite professionals, while the local SCCA graduates are regarded as non-elite. This situation is testified by the fact that a holder of the local would also sit the ACCA examination in order to become an ACCA holder and join this informal exclusive club. This status quo was summed up by an interview participant as thus:

“well……..If you travel to take the ACCA examination there, you would become a highly regarded elite professional even better than those who sit for the ACCA examinations here in the Sudan” (Interview No. 16).

6.8 The state ideology of Sudan and the political process towards the accounting and finance institutional environment in Sudan.

Sudan’s political ideology is Islam which is guided by the military regime. Islam makes up the largest religion in the state and as such Muslims have dominated national government institutions since the country attained its political independence from Britain in 1956. Sudan’s population is estimated at 90 per cent including numerous Arab and non-Arab nationalities. In reality, the politics of Sudan takes place in the context of the military parliamentary consociationalist power share, where the President General Omar Hassan Al Bashir has the final say on state matters and not the Parliament. This has been an entrenched tradition of rule in the Sudan. In 1983, the “THE JUDGMENTS (BASIC RULES) ACT,
1983”, the Islamic Sharia was primarily decreed by President General Mohamed Jafaar Nimeiri and later taken to Parliament to be passed as law. In 1992, the Ministry of Finance and National Economy (MoFNE), one of the agencies of the government of Sudan, had issued a decree No. 219 which mandated the conversion of all conventional insurance companies to Islamic companies. This transmogrification did pave the way for Islamic dominance in all façades of the Sudanese society. However, the fact is that Sudan’s predisposition towards western financial institutions and the encroachment of globalization, secularism in the country’s accounting and auditing profession is likely prevail (See Chapter 5.6, shari’a versus secular state). Furthermore, the Central Bank of Sudan (CBOS) implements Islamic shari’a ruling on all banks and Financial Institutions in the country via the application of the AAOIFI standards. The government of Sudan has to strike a balance between the Islamization of the country’s corporate sector and the maintenance of a fluid relationship with the western secular system considering Sudan’s connections with the latter’s financial institutions.

6.9 Discovery of oil and its contribution to the accounting and auditing services in the Sudan

The exploration of crude oil in Sudan has a complicated history. Oil exploration in Sudan began in 1959, when Agip, an Italian oil company, was given an exploration concession in the Red Sea area of the North East of Sudan. No oil, however, was found. The first oil discovery had to wait until 1979. The American company Chevron found oil near Abu Jabra and then at al Sharaf, both on the Darfur-Kordofan boundary. The major discoveries of the period came shortly after, when Chevron discovered in what is now Block One (Sudan is divided up into blocks for the purposes of organizing oil production). These discoveries were in Western Upper Nile, in the Muqlad basin. In 1982, and Chevron made two even larger discoveries: the Heglig and Unity oil fields that today are some of the most productive fields.
in Sudan. During the next six years, Chevron will dig at least 87 wells, the Arab Petroleum Research Center reports, at a cost of around $880 million. After Chevron, the Sudanese government then gave a concession to the Franco-Belgian company Total in 1980. Unlike Chevron however, they did not begin to exploit their concession, in light of the security problems. Chevron was to follow in Total’s hesitancy shortly afterwards. Just after the civil war broke out again in 1983, Chevron suspended operations in Sudan. In 1984, Chevron stopped its operations when three of its workers were killed by forces allied to the Southern movement called Anyanya II. Initially, after the killing, Chevron demanded, in addition to normal military forces, an Oilfield Protection Force. Unhappy with security considerations, Chevron had, by 1988, dismantled its operations in Bentiu and Unity province. At the time President Jafar Nimeiri attempted to redraw the boundary of Upper Nile province so that the southern Sudanese oil fields discovered would be within the northern province of Kordofan.

At the same as the insecurity of the war meant efforts to extract oil slowed to a halt, there was also widespread population displacement around the oil fields. Human Rights Watch (HRW) reported that the central government ordered the mainly Nuer and Dinka people who lived around the oil fields to move, and this was followed by attacks by militias. HRW reported widespread burning of villages’ and looting. During this period, there were no oil exports at all coming from Sudan. Indeed, during the 1980’s, Saudi Arabia provided loans, and oil at well below international prices, to Sudan. This was to change at the beginning of the 1990’s. Following the 1989 coup, Sudan supported Iraq in the first Gulf War, leading to Saudi Arabia suspending all support, and the expulsion of 200,000 Sudanese migrants from Saudi Arabia. The coup also placed increasing pressure on Chevron’s involvement in Sudan. At the beginning of the 1990’s, facing an increasingly expensive civil war, and the prospect of defaulting with the IMF (which Sudan did), the National Islamic
Front that had led the coup tried to pressure Chevron to begin operations, as, equally, the American government reportedly pressured Chevron to suspend its operations in the Sudan.

Chevron finally sold its concession in 1992, to Concorp International, a company owned by a senior member of the National Islamic Front, with no experience in oil production. This sale begins a period in which oil concessions where sold rapidly, with almost no production occurring. Concorp, for instance, produced just 2-3,000 barrels per day (bbl/d) in 1992-3, before, in August 1993, suddenly selling the concession back to the government, whom, just as quickly, re-sold it in the same month to State Petroleum (SPC) of Vancouver.

As the agreement with SPC/Arakis was signed, the government of Sudan launched an expulsion campaign. In the dry seasons of 1992 and 1993, the population around Heglig and Unity were attacked by militias. Up until 1996, however, and the involvement of Chinese and Malaysian oil companies, little oil production was achieved: the results of 3,200 bbl/d were scarcely more impressive than they had been under Concorp.

1996 then saw the government of Sudan sign an agreement with one of the factions in the Southern People’s Liberation Movement/Army (SPLM/A). This agreement was important in terms of oil production because the SPLM/A-United troops where located near the oil fields around Bentiu. This agreement however, was fragile, and in October of that year, government backed militias displaced thousands of people in the Heglig oil field. Human Rights Watch reports that immediately after, a military campaign initiated by militias began, resulting in the displacement of thousands of people from around the El Toor area of southern Sudan. In the same year, Arakis found financial backing. In exchange for a majority stake, a consortium of parastatal (state-owned oil companies) from China, Malaysia and Sudan agreed to provide capital for all new expenses. The consortium was called the Greater Nile
Petroleum Operating Company (GNPOC) – Arakis retained a 25% share based on its previous investments, while Sudapet, the Sudanese national oil company, was not required to make any expenditure. The other shareholders are China National Petroleum Company (CNPC) with 40%, Petronas (30%) and Sudapet (5%). Despite this arrangement, by 1998 it became clear that Arakis could not keep up its end of the bargain, and it was absorbed by Talisman Energy, another Canadian company. Following this merger, oil production began in earnest. In March 1997, work began on a 1540km oil pipeline to a terminal at Port Sudan on the Red Sea. At the beginning of 1998, contracts were signed worth $1 billion with Chinese, Malaysian and European suppliers. In 1999, the pipeline began delivery, and the first 600,000 barrels were loaded onto a Shell tanker (Understanding Sudan, 2014).

As explained in chapter five (5.5), there is hardly any doubt that the exportation of oil in Sudan has accelerated economic growth and the structural transformation of the economy. The oil has contributed to the improvement of economic performance and Foreign Direct Investment (FDI) in the Sudan, but the increasing dependence on oil raises questions such as the incidence of a Dutch Disease phenomenon (Nour, 2011).

6.10 The BiG 4 in the accounting industry and the influences of the International accounting agencies in the Sudan

This study empirically explores the interconnectedness of national politics with regional and global forces and the implications of this interaction on the regulation of the accounting profession, market and the State–profession relationship in the Sudan. More often, the international accounting firms expand their services with advanced knowledge networks and sophisticated technology through joint ventures with the local firms. The “Big Four” accounting firms are Deloitte, PricewaterhouseCoopers (PwC), Ernst & Young and KPMG. These are the four largest international accountancy firms, alternatively the leading four professional services network offering audit, assurance, tax, consulting, advisory, actuarial,
corporate finance, and legal services in different countries in the world. However, these western corporate entities have no presence in the Sudan. They are banned by the United States government alongside the European Union (EU) and the United Nations (UN from operation in the Sudan for political reasons (See chapter 7). Their presence could enhance the development of the accounting profession in the Sudan, as the state has granted a space for secular corporate entities.

6.11 The influence of the International Accounting Standards including the adoption of the IFRS

It is worth remembering that the IFRS Standards bring apparent transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions. It further strengthens accountability by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. As a source of globally comparable information, IFRS Standards are also of vital importance to regulators around the world. Additionally, the IFRS Standards contribute to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs (IFRS Foundation, 2016).

Admittedly, accounting provides companies, investors, regulators and others with a standardised way to describe the financial performance of an entity. Accounting standards present preparers of financial statements with a set of rules to abide by when preparing an entity’s accounts, ensuring this standardisation across the market. Companies listed on public stock exchanges are legally required to publish financial statements in accordance with the relevant accounting standards. The IFRS is a single set of accounting standards, developed and maintained by the International Accounting Standards Board (the Board) with the
intention of those standards being capable of being applied on a globally consistent basis—by
developed, emerging and developing economies—thus providing investors and other users of
financial statements with the ability to compare the financial performance of publicly listed
companies. Furthermore, IFRS Standards are now mandated for use by more than 100
countries, including the European Union and by more than two-thirds of the G20. The G20
and other international organisations have consistently supported the work of the the Board
and its mission of global accounting standards. IFRS Standards are developed by the Board
the standard-setting body of the IFRS Foundation (IFRS Foundation, 2016).

In the case of Sudan, the country has adopted and is currently applying the IFRS
standards alongside the the AAOIFI standards for Islamic corporate entities in the country.
Some of the IFRS standards are in contradiction with Sudanese accounting and auditing
reporting system, particularly in the area of measurement, valuation, tax and fair value.
Furthermore, Auditors in Sudan have been adopting British, American GAAP and
international standards. There is no single set of standards that is followed by all auditors, but
some local rules that are set by the Accounting and Auditing Profession Organizing Council,
however, they are a hybrid of British and international standards. These rules provide
guidance on ethical issues that ensure audits are conducted in accordance with the
international standards and relevant national standards. Moreover, there is not an overlooking
body that enforces the standards (Amna, 2013). However, from 2010 on, Sudan began to
employ the International Accounting Standards (IAS). With intervention from the state
through the the enactment of the Sudanese Accountancy and Auditing Profession
Organization Council (SAAPOC) law in 2004, the state began to regulate the profession and
adopt the IFRS standards (Ahmed53, 2014).

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53 Zein El Abdin Ahmed is the current chairman of the Sudanese Professional Accountancy Society, the SCCA.
Sudan being an Islamic state does not obstruct the application of secular western accounting standards, albeit the shari’a based accounting and auditing standards produced by the AAOIFI are being used in the country, since the state adopted the Islamic shari’a back in September 1983. Similarly, the Arab Society of Certified Accountants is secular and likewise applies the IFRS guidelines, as it is not an Islamic accountancy body. Sudan’s position on the adoption of the IFRS has been observed by an interview participant as follows:

“Sudanese are in favour of the application of international accounting and auditing standards, because these standards are used all over the world, unlike the AAOIFI and the local standards that have limited applicability ….I think, given Sudan’s maintenance of the dual systems of Islamic and secular accounting and auditing, it is good”. (Interview No.19).

“Other people believe that Sudan should become like Iran, but the majority of the Sudanese accountants have realized the benefits of secular corporate system” (interview No. 12)

6.12 Tertiary Accounting Training and Accreditation in Sudan

There are three parts to an effective profession: an accounting body; good education and appropriate practical training. A number of countries in Africa have made reasonable progress in establishing accounting bodies (Johnson, 1996). The next stage is to tackle accounting education (which includes examinations, accounting degrees and professional education). In Sudan, there are 30 Universities, Public and private and many of these institutions of higher learning offer programs in accounting. An accounting degree is not a prerequisite to studying for professional examinations, but holding such a degree may attract exemptions of from a number of examination units.

Accounting education system in Sudanese universities considerably provides the requirements of the contemporary business environment with some notable failures, together with the mismatch between accounting education system in Sudanese universities and the
requirements of the education strategy for vocational rehabilitation issued by the International Federation of Accountants (IFAC).

In Sudan the accounting education and training have expanded greatly since the early 1990s. However the expansion was in terms of quantity and not quality. The emigration of a large number of academicians and professionals with higher degrees in accounting during the late 1980s and 1990s has adversely affected the quality of graduates of the most reputable Universities in the Sudan. Furthermore difficulties of acquiring up-to-date educational materials and periodicals published abroad due to financing problems, has a negative impact on the accounting education in the country. Lack of concern of educational institutions and training centers about offering continuing training programs for accountants is another factor contributing to low standard and quality of accounting practitioners. However Higher Education’s authorities in the Sudan have established close links between Sudanese Universities and the professional accountancy bodies in the Sudan in order to elevate the level of the accounting profession through mutual collaboration. The accounting profession is made up of accounting academics, professional bodies, employers and policymakers, which all contribute to accounting education and professional training as stated by Elaine et al. (2012). At intra-professional level, the Sudanese accounting body, the SCCA has developed a working relationship with the ACCA in the area of setting joint examinations together (Ahmed, 2013). Such relationship would further contribute in a positive manner towards the accountancy profession in the Sudan. For example, Sudan University of Science and Technology had from the mid-1970s to the late 1990s integrated and taught curricula based on the British ACCA on both level two and professional level to year 3 and 4 of the Sudanese Universities’ four-year of accountancy courses. The graduates of those Sudanese tertiary institutions that run their programs in the English language had normally received examination exemptions of units from the ACCA’s foundation level and
nearly half of the units of level 2 of the British professional qualification. The figure below (6.1) demonstrates a tripartite link among the accountancy Profession, Tertiary education and the accountancy bodies found in the Sudan. The figure shows robust connections and cooperations that contribute enormously to the realization of the development of the accountancy profession in the Sudan. Figure 6.1 below shows the important actors in the development of the accountancy profession in the Sudan. Box number 1, shows the main accountancy bodies and the catalysts of the profession namely, the British ACCA that underlie the development of this thesis; the Sudanese local body the SCCA which is under the influence of the ACCA and lacked professional perspicacity from 1988 to 2004; and the ASCA which is regarded as a local accountancy association despite the fact that it represents Arab secular professional interests. In box number 2, the involvement of tertiary education and training provides the sustenance of the accountancy profession in the Sudan, while the last section of the figure (Arrow) exhibits the parties to the formation of the profession. These are the accounting academics who conduct the training of accountants at both under graduate and graduate levels. Next are the professional bodies such as those seen in box number 1, including the AAOIFI that sets standards for Islamic corporate and other entities operating in the Sudan. Finally the employers and state policy makers end the list of the important actors in the development of the accountancy profession in the Sudan.

**Figure 6.1** The tripartite link: Accounting Bodies, Tertiary Education, and the Accounting profession in the Sudan.
An interview participant had summed up his views as follows:

“……whatever happens, the accounting profession in the Sudan is progressing well because of the relationship especially with the British ACCA. The creation of the Joint Examination Council and the large numbers of Sudanese studying for the ACCA would mean positive contribution to the Sudan” (Interview No. 19)

In box number 2 of figure 6.1, the tertiary education and training has played pivotal role in producing accounting graduates who in turn advance their career via the accounting training via the professional associations such as these shown in box number 1 of figure 6.1.

Courses taught at the University of Khartoum, Sudan

Table 6.1 Accounting specialization: B. Sc. in Accounting & Financial Management

<table>
<thead>
<tr>
<th>Course Code</th>
<th>Course Title</th>
<th>Credit Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acct 311</td>
<td>English for Accountancy</td>
<td>2</td>
</tr>
<tr>
<td>Acct 314</td>
<td>Intermediate Accounting</td>
<td>3</td>
</tr>
<tr>
<td>Acct 315</td>
<td>Governmental Accounting</td>
<td>3</td>
</tr>
<tr>
<td>Acct 316</td>
<td>Cost accounting 2</td>
<td>3</td>
</tr>
<tr>
<td>Acct 321</td>
<td>Accounting for Financial Institutions</td>
<td>2</td>
</tr>
<tr>
<td>Acct 324</td>
<td>Taxation and Zakat Accounting</td>
<td>3</td>
</tr>
<tr>
<td>Acct 325</td>
<td>Accounting Standards</td>
<td>3</td>
</tr>
<tr>
<td>Acct 326</td>
<td>Auditing</td>
<td>3</td>
</tr>
<tr>
<td>Acct 412</td>
<td>Contemporary Issues in Accounting</td>
<td>3</td>
</tr>
<tr>
<td>Acct 413</td>
<td>Advanced Managerial Accounting</td>
<td>3</td>
</tr>
<tr>
<td>Acct 414</td>
<td>Advanced Financial Accounting 1</td>
<td>3</td>
</tr>
<tr>
<td>Acct 422</td>
<td>Accounting Information Systems</td>
<td>3</td>
</tr>
<tr>
<td>Acct 423</td>
<td>Advanced Financial Accounting 2</td>
<td>3</td>
</tr>
<tr>
<td>Acct 424</td>
<td>Accounting Theory</td>
<td>3</td>
</tr>
<tr>
<td>Acct 425</td>
<td>Graduation research</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>43</strong></td>
</tr>
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</table>

Second: Minor in accounting (15 Credit hours):

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<th>Course Title</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 6.2 Finance Specialization

First: Finance Major required courses (43 credit hours):

<table>
<thead>
<tr>
<th>Course Code</th>
<th>Course Title</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fina 311</td>
<td>English for Finance</td>
<td>2</td>
</tr>
<tr>
<td>Fina 314</td>
<td>Corporate Finance</td>
<td>3</td>
</tr>
<tr>
<td>Fina 315</td>
<td>Islamic Banking and Finance</td>
<td>3</td>
</tr>
<tr>
<td>Fina 316</td>
<td>Small Business Finance</td>
<td>3</td>
</tr>
<tr>
<td>Fina 321</td>
<td>Personal Finance</td>
<td>3</td>
</tr>
<tr>
<td>Fina 324</td>
<td>Financial Markets</td>
<td>3</td>
</tr>
<tr>
<td>Fina 325</td>
<td>Risk Management and Insurance</td>
<td>3</td>
</tr>
<tr>
<td>Econ 326</td>
<td>Real Estate Finance</td>
<td>3</td>
</tr>
<tr>
<td>Fina 412</td>
<td>Financial Derivatives</td>
<td>3</td>
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<tr>
<td>Fina 413</td>
<td>Financial Planning and Control</td>
<td>3</td>
</tr>
<tr>
<td>Fina 414</td>
<td>Investment Portfolio Management</td>
<td>3</td>
</tr>
<tr>
<td>Fina 422</td>
<td>International Financial Management</td>
<td>3</td>
</tr>
<tr>
<td>Fina 423</td>
<td>Finance Theory</td>
<td>3</td>
</tr>
<tr>
<td>Fina 424</td>
<td>Computer Applications in Finance</td>
<td>3</td>
</tr>
<tr>
<td>Fina 425</td>
<td>Graduation Research</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43</strong></td>
<td></td>
</tr>
</tbody>
</table>

6.13 Summary

As presented in chapter six (6), it states that the accounting and auditing profession in the Sudan was under state regulation from the year 2004 to 2010. This is the result of the establishment of the SAAPOC after the inefficiency shown by the law created by Sudan’s Parliament (SCCA) to regulate the accounting profession in the country. Furthermore, the role of the CBOS came into focus and how it regulates the Islamic institutions, and ensuring the application of the AAOIFI. It is worth of note that the AAOIFI is responsible for developing and issuing Islamic and shari’a-based accounting and auditing standards. This chapter also explores the Islamic perspective in Sudanese state institution such as the MoFNE, as this government institution had adopted a pioneering role in the establishment of the accounting profession back in 1958. Moreover, the activity of the British-based ACCA
comes into scrutiny as it overshadows the accounting and auditing market in the Sudan, given its overwhelming dominating position. The chapter also reviews the state ideology of the Republic of Sudan, examining the Suni-Shia demographic structure. Besides, the oil resource of Sudan and how it contributes to the development of the country’s economy and consequently the accounting profession has been explored at length. The BiG 4 is discussed, albeit it does not apply to Sudan, and finally, the influence of the IFRS has been surveyed.
Chapter 7 Findings and Discussion

7.1 Introduction

This research project is an empirical investigation into the development of the accounting profession in the Republic of Sudan in the post-independence era (1956-2010) as a case study, taking into note the local accountancy associations and the British professional accounting bodies such as ACCA. As discussed in chapters 5 and 6, the development of the accounting profession in the Sudan reflects the political construct of direct influence of the state ideology of Islamic perspective and continuing British influence through British professional accounting bodies. This chapter discusses the main findings in the development of the profession in the Sudan in the post-independence.

This chapter is organised as follows. Section 7.2 explains how the accounting and auditing profession is regulated by the state between 1988 and 2010. In this section role and interactions of the local accounting bodies such as the SCCA (1988), the ASCA (1994) are discussed. Section 7.3 explains the Sudan Accounting and Auditing Profession Organization Council (SAAPOC). The state dominated SAAPOC played an important role in the development of the accounting profession in Sudan. Section 7.4 explains the Banking Act 1992 – Central Bank of Sudan (CBS) and the implementation of Islamic shari'a rules and accounting and finance concepts. Section 7.5 explains the Islamic perspective in Sudanese state institutions such as Ministry of Finance. Section 7.6 discusses the findings on the State and accounting profession in Sudan. Section 7.7 provides Bahrain-based accountancy body AAOIFI which was established in 1990 in Sudan. AAOIFI is responsible for developing and issuing standards for international Islamic finance industry. AAOIFI has issued exclusively Islamic pronouncements on accounting based on Islamic principles for Islamic financial institutions and it is fully mandatorily applicable in the Sudan. Section 7.8 presents the
evidence on the domination of accounting profession by Secular British Accounting institutions such as ACCA and their strategies to dominate the Sudanese market. Section 7.9 explains the state ideology of Republic of Sudan (State ideology is predominantly a Sunni Muslim) and how it has impacted to the accounting and finance institutional environment. Section 7.10 discusses the discovery of oil and gas and its impact to the accounting and auditing services in the Sudan. Section 7.11 explains the involvement of the Big 4 in accounting industry and the influence of international accounting agencies. Section 7.12 presents the influence of the International Accounting Standards including the adoption of International Financial Reporting Standards (IFRS) and international auditing standards. Section 7.13 discusses the theoretical implications on the empirical evidence of this study. Section 7.14 Summarise the chapter.

7.2 The accounting profession and the State between 1988 and 2010

The ‘State’ refers to the hierarchy of authority and control (Puxty, et al., 1987, p. 287). Therefore, the ‘state’ is the instrument of hierarchical control that exercises its power to manage accounting practices through regulations (See Miller, 1990). As discussed in chapters 5 and 6, in the post-independence the Sudanese state consists of Head of State (President of Sudan), head of government and Commander in Chief of the Sudanese Armed Forces in a multi-party system. The legislative power is vested in both the government, National Assembly and the Council of State of bicameral National Legislature. The political economy in Sudan is widely recognised as an authoritarian state.

Sudan’s institute of Accounting Studies (IAS) was established immediately two years after the country’s independence in 1958 within the MOFEP for the purpose of training professional accountants for both private and public sector. The attempts to develop the accounting profession in the Sudan began somewhere in 1964. Further attempts were made
by the state in 1975 and then 1979, but all those endeavours had been unsuccessful due to a number of factors such as the scarcity of qualified professional accountants; lack of adherence to professional control and commitment to ethical standards; as well as lack of uniform standards governing the profession. However, with the assistance from some international financial agencies such as the IMF and IDA, the state of Sudan, through its Parliament adopted some legislation called Certified Accountants Act 1988 to set up the Sudanese Council of Certified Accountants (SCCA) in 1988.

It is important to understand that the state’s control of the accountancy profession in Sudan began in 1988 in the aftermath of the establishment of the Certified Accountants Act in 1988. Subsequently, with the creation of the 2004 Act, all members of the SAAPOC Governing Council are now appointed by the Council of Ministers, with the recommendation from the Minister of Finance. The SAAPOC Governing Council is directly accountable to the Minister of Finance. The major statutory functions of SAAPOC include designing and implementing policies with regard to student enrolment, including administering education, training, and examination, and programs for members’ professional development. However, The SAAPPOC does not have any prescribed code of ethics for its members. Stringent disciplinary actions and effective periodic reviews of the practitioners in Sudan are lacking, but necessary to monitor ethical misconduct or violations. Professional accountants and auditors often claim that they follow auditing standards and code of ethics; nevertheless, in the absence of any monitoring and enforcement mechanisms, it is difficult to agree that in practice this is the case. Despite the legal decree acknowledging SAAPOC as the national accountancy professional body, it does not seem to have the features of a professional body. Originally, SAAPOC was meant to be a regulatory body only. However, inclusion of additional activities for functioning as both regulatory body and professional body has undermined the original purpose of this
organization. Also, this organization has not developed capacity to comply with IFAC’s Statements of Membership Obligations (SMOs). Furthermore, SAAPOLC has not developed a clear plan that could demonstrate its commitment to adequately meet the IFAC requirements.

7.2.1 Role and involvement of SCCA in the profession

The accountancy profession in the Sudan did emerge and pass through various challenging stages in its developments due to a number of restraining factors such as the interlocking civil wars in the country as mentioned earlier. The conflict had drained the coffers of the state, and the country’s economy, curtailing development blueprints of the state including the development of the accountancy profession. Further problem was the political instability – the shifting of governments between the civilians and the military. As presented in chapter five, the military had been in power and ruled longer than the civilian governments. Moreover the lack of qualified accountants in the country in the stated period of time had effectively exacerbated the problem. Following the establishment of the SCCA in the 1988 which was modelled on the British ACCA, the condition of the accounting and auditing began to improve in the Sudan. Article 4 of the Certified Accountants Act 1988 sets out the functions of the Council of SCCA which includes the enhancement of the role of accountants in the commercial environment. The Certified Accountants Act of 1988 was introduced to assist the formation of private and public limited liability companies, and provide rules for the governance of their operations and financial affairs.

Article 4 of the SCCA Act 1988 sets out the functions of the Council that included the enhancement of the role of accounts in the commercial environment (p.113). The term of reference of the Sudan Council of Certified Accountants Act 1988 is governed by Article (4)
of the Council, which aims at upgrading and consolidating the accounting and auditing profession in the Sudan, while Article (5) defines the powers of the Council and contains the following matters:\(^{54}\):

(a) Preparation of studies and research in the field of accounting and auditing profession and identifying the scientific alternatives to it;

(b) Develop equivalent curricula and examinations for accountants and determine the qualifications required for registration and register;

(c) Granting registration Certificates in accordance with the provision of the law;

(d) A guidance to deregister a Chartered Accountants from the register for any misconduct;

(e) Discipline any chartered accountant who violates professional ethics in a manner determined by the regulations;

(f) Determine the fees to be determined by an order issued from time to time;

(g) Formation of any technical Committees to assist in the implementation of the terms of reference.

Furthermore, the SCCA remains non-Islamic on account of its link to western global institutions. The principal actor for the SCCA is the state that paradoxically promotes the Islamic ideology in the country. The Sudan is managed by the Islamic leaders. Hence, the sponsors of the local accounting bodies are supported by the State that is willing to maintain strong links with the western secular financial institutions.

However, the achievements made by the SCCA from its inception include the publication of educational circulars; forging a professional relationship with the British

\(^{54}\) Official website of the Sudan Council of Certified Accountants. Accessed 10October, 2015
ACCA in form of a Joint Examination Council. Other accomplishments are the link with the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR); the adoption of International Education Standard so as to enhance the accounting profession in the Sudan; the adoption of Auditing and Assurance Standards and the implementation of financial Reporting Standards.

7.2.2 Role and the involvement of the Arab Society of Certified Accountants (ASCA) in the profession

While the economic development is taking place in latter part of 1984 a local accounting professional body - ASCA was set up with the approval of the Sudanese state - the MHRDL. The main function and aim of this professional accounting body was to promote an Arab accounting and auditing environment in Sudan. Interestingly, the promoters of the ASCA did create a secular Arab perspective in the accounting and auditing profession in Sudan. The ASCA was first established on January 12, 1984 as a non-profit professional accounting association in London, UK. The notion of establishing ASCA aims at advancing the profession of accounting, auditing and other related disciplines in the countries of the Arab League.

ASCA also aims at maintaining the professional independence of Arab accountants and their protection, as well as the application of professional supervisory measures as a way to elevate the professions of accounting and auditing. It also aims at developing and facilitating the continuous spread and exchange of professional and technical information and its continuous exchange among accountants and professionals, but, as indicated by most interviewees, ASCA does not really have much to do with the development of the accounting profession and in the political construct in the Sudan. Despite the fact that ASCA was approved by the state to operate in the Sudan, it took place with the strong influence from the Arab accountants worked in the UK and other Arab countries. The finding indicate that there were
not much interaction have taken place in the Sudan with the establishment of ASCA in the Sudan.

7.3 Sudan Accounting and Auditing Profession Organization Council (SAAPoC): 2004

While SCCA and ASCA were in operation in the Sudan to organise the accountancy profession, a significant contribution towards the development of accounting and auditing profession did not take place mainly due to various factors including the internal civil war conditions. In 2004, SAAPoC was established by the state of Sudan. One of the main objectives of this Council was to formalise the accountancy profession in Sudan with the emerging requirements of accountancy and auditing requirements expected by global economy and international agencies. The Council Regulating Accounting Profession in the Sudan was created under the following Law of the Council:

*Session VII, No. 35, Law of the council regulating the accounting and auditing profession reads as follows: “Pursuant to the provisions of Article 90 (1) of the Constitution of the Republic of Sudan for the year 1998, the President of the Republic and the National Assembly approved the following Law: http://ecnomics26.yoo7.com/t29-topic.*

The establishment of the Council that regulate the accounting and auditing profession in the Sudan and dated in accordance with Islamic calendar of 10 First Jamadi/1425H, that corresponds to 28 June 2004 opened up new horizons for the practitioners of the accounting profession and to develop further the accounting science and technology suited to the local Sudanese environment drawing examples from countries that have advanced in this regard. The Council exercises its powers under the law to regulate the accounting and auditing profession in the Sudan by enhancing the profession to consolidate its principles, develop control mechanisms to ensure the maintenance ethical values, while coordinating with local
and international institutions on curricula development, and linking with local, regional and international accounting professional associations.

In terms of its administration, the Council holds six meetings in a year, and is composed of a twenty-two member-council, headed by a President, a Vice President and a Secretary General. The Council is appointed by the president of the Republic and its supervision falls under the state’s Council of Ministers. The Council represents some of the government Ministries and agencies that include the country’s Federation of Accountants and Auditors as well as professional associations and members of the public with experiences and competences in the field of accounting. The duties of the Council are positioned within the framework of the general state policies relating to economic, financial and administrative spheres, but the Council maintains independence from direct state control. It is important to further remember that the Council exercises its powers through specialized Committees created by the Council Regulating Accounting Profession in the Sudan. This evidence provides the heavy involvement in the accounting and auditing profession in the Sudan with the establishment of SAAPOC.

The Committees also ensure the development of accounting and auditing standards and general rules governing the work of the council as well as developing external and internal audit rules of conduct and ethics. The council assesses performance of the Sudanese Accounting Fellowship program and makes recommendations to the Board. This Committee is composed of Sixty-three members and includes accounting profession specialists drawn from the academia, professional practitioners in the private sector and government departments. However, the SAAPOC Law 2004 does not provide sufficient clarity on the boundaries of the SAAPOC’s role. The Law requires SAAPOC to undertake most of the responsibilities of a professional accountancy body, including setting curriculums and
examinations, establishing technical support committees, setting professional conduct and ethical standards, and promoting the profession in general.

The Law also vests with SAAPoC responsibilities such as setting accounting and auditing standards, granting and withdrawing licenses to practice, and monitoring and disciplining of auditors. The SAAPoC Law however empowers SAAPoC to certify professional unions and associations in the field of accounting and auditing, a mandate beyond that of a professional body. Therefore a revision of SAAPoC’s mandate is essential to clarify its role. The setup of a professional accountancy body is recommended to follow the guidance provided by IFAC. The strengthening of SAAPoC’s capacity is also crucial to successfully discharge its major responsibilities.

As discussed in chapters 5 and 6, the actual market for auditing services in Sudan is relatively small, due to a low demand. The larger accounting firms audit most financial entities, as well as large corporate entities, in Sudan. As for small and medium-size enterprises, many stakeholders indicated that few of these entities have their financial statements audited. For those small and medium-size enterprises where audits are carried out, many observers question the reliability of such audits. A solution to ensure audit quality would therefore be to enforce professional auditing standards and effective sanctions against practitioners who do not abide by the appropriate standards.

The small and medium-size audit practice suffers from serious capacity constraints. Professionals working in small and medium-size accountancy firms find it difficult to stay updated on current developments in accounting and auditing. These practitioners are constantly struggling to keep their client base and earn enough to stay afloat. In most cases, they do not have the money and time for training programs. Many practitioners in small and medium-size firms in Sudan are handicapped by their lack of access to current literature on applicable accounting and auditing standards.
Except for large entities, the corporate sector in general does not have access to professionally qualified accountants. Corporate entities find it challenging to recruit accountants with the required skills to prepare financial statements in accordance with applicable accounting and reporting requirements. Consequently, compliance with applicable requirements in many cases is limited. The limitations in legal and regulatory environment provide little incentive for company directors to ensure that financial statements are prepared according to established standards.

7.4 Banking Act 1992– Central Bank of Sudan (CBS) and the implementation of Islamic shari'a rules and accounting and finance concepts

The CBOS is the main bank that monitors the banking system in the Sudan. As a result, the CBS is mainly following the Sudanese state ideology in implementing Islamic perspective in the Sudan since 1983. Accordingly the CBOS promotes the implementation of Islamic accounting standards issued by AAOIFI. The operations of AAOIFI is discussed in section 7.7 of this chapter. It was indicated by the interviewees the implementation of the AAOIFI's accounting standards improve the regulatory system established to supervise the Islamic banking sector in Sudan. The results also have implications for accounting professional bodies in Sudan. AAOIFI work with other interested parties such as the CBOS and KSE in order to have its present and future accounting standards fully implemented as mandatory requirements in the Sudan.

Following the introduction of the Banking Act 1992 by the parliament in the Sudan, full Islamization of the country’s economy and financial system ensued. The standards also have the backing of the CBOS as the supervisor of the banking sector in the Sudanese state. The sector operates according to Islamic shari'a's rules and principles. Therefore, the improvement of the transparency of financial reporting, by means of appropriate accounting standards, is
intended to extend Shari'a compliance into the financial reporting processes, which is a new development.

As discussed in Chapter five (5), the success of the Islamic Banking system encouraged the government of Sudan in the 1990s to convert the entire financial system into an interest-free system (as per Shari’a principles) following the same policy as in Iran and Pakistan. This in turn obliged all banks, commercial and foreign to operate with Islamic financial mode. This conversion increased the number financial institutions operating on the basis of interest-free banking model. All these banks have succeeded in attracting depositors. The civil Transactions Act 1984 made it mandatory for all financial institutions operating in Sudan to fully comply with the Islamic laws. Furthermore, from 1989 to 2005, the Islamic finance in Sudan was further expanded and integrated with a wide range of Islamic financial products— the establishment of the high Shari’a Supervisory Board in 1992 to refine activities of Banks and financial institutions. As seen before, the CBS oversees the institutions that apply the AAOIFI standards. Sudan’s corporate entities apply the international accounting reporting standards.

From an Islamic perspective, accounting is all about practicing the positive norms and bringing self-transcendent values in everyday life, while seeking the will of God and following his orders. The goals of Islamic accounting and management are not merely worldly and money-oriented; rather they endeavour to seek a long term intrinsic reward, the pleasure of God.

The proponents of the secular system in the country certainly believe that spirituality should be divorced from business issues or earthly phenomena, given the fact that there is a tendency for Sudan to totally embrace the international accountancy bodies and their standards promoted through the globalization. Interestingly. Other laws that adversely affect
the Western Conventional accountancy system in the Sudan include: Zakat (Tax) Act, 1984; Excise Duty Act, 1983; Customs Act (Amendment), 1984; Exporters and Importers Registration Act, 1984. Furthermore, all secular corporate entities were converted by law in 1992 following the Ministerial Decree of the Minister of Finance No. 219 for the year 1992 which mandated the conversion of all the conventional insurance companies to Islamic companies.

7.5 Islamic perspective in Sudanese state institutions

Islam is the largest religion in Sudan, and Muslims have dominated national government institutions since independence in 1956. After 1983 the state of Sudan institutionalised all the state institutions with the Islamic perspectives to serve its people. According to UNDP Sudan, the Muslim population is 97%, including numerous Arab and non-Arab groups. The remaining 3% ascribe to either Christianity or traditional animist religions. The vast majority of Muslims in Sudan adhere to Sunni Islam of Maliki School of jurisprudence, deeply influenced with Sufism, making Sudan one of the most tolerant Muslim majority countries in the world. There are also some Shia communities in Khartoum, the capital.

Much of the theoretical, normative and prescriptive research in Islamic economics, finance and accounting emphasizes the social and moral character of these disciplines and “Islamic accounting” could be understood in a religious sense. Research on Islamic accounting has grown in recent years with substantive contributions. What concepts of accountability are stated or implied in the authoritative sources of Islamic doctrine, the Qur’an and the Sunnah (sayings and acts of the Prophet). The implications of Islam for accounting principles and practices, and the theoretical framework from which accounting standards for Islamic entities could potentially be derived.
From an examination of the relevant literature, including the Islamic accounting and economics literature, it is clear that Islamic societies do need an accounting system that suits the ideology and values of Muslims, to assist them in meeting their religious obligations. However, despite recognizing that Western accounting is inconsistent with the values and principles of Islam, it is still found to dominate accounting practice and education in Islamic countries. The state involvement in the accounting profession is through the state agencies such as the Ministry of Finance and National Economy (MoFNE) as well as the Ministry of Education and Scientific Research (MoESR). This has facilitated the state to promote the local ethos on accounting environment. The existence of the Islamic Shari’a laws in the Sudan since 1983 influences the accounting profession in that the Bahraini-based AAOIFI code of practices are used in financial reporting.

The MoFNE which was instrumental in the development of accountancy in the Sudan after the end of the Condominium rule in no longer a player in the development of the accounting profession. The MoFNE is the controlling hand of the accountancy profession in Sudan while MoESR maintains the educational programs.

7.6 Findings on the State and the accountancy Profession.

The findings of this study reveal that, albeit the accountancy profession in the Sudan was largely influence and overshadowed by the British-based ACCA from 1956 to 2010, yet there exists a significant cooperation in the form of a Joint Exam Council between the ACCA and SCCA. Examinations Centers for the ACCA are separately run by the ACCA at British Centers in Sudan. This spirit of understanding between the British ACCA and the local Sudanese SCCA indicates not only an absence of professional conflict but also a future outlook of solidarity for the benefit of the infant accountancy profession in the Sudan.
The investigation of the accounting profession under the state-profession relations discloses that the accountancy profession has been under the state regulation from 1988 to 2010 through the SCCA that oversees the Sudan Accounting and Auditing Professions Organization Council (SAAPOC) respectively. In 1988, the Sudanese Parliament passed the SCCA Act to reorganize the accounting profession in the country for the first time since Sudan attained its political independence from Britain in 1956.

Unlike in the former British colonies, the Sudan maintains both the Western professional secular system and the Islamic *shari’a* system in the country. This is apparently an exclusive phenomenon that a former British colony in the region has opted for an Islamic theocratic system while maintaining an iota of secular system in the country. The Islamic law which was legislated by Sudan’s Parliament in 1983 did provide the state with an opportunity to Islamise the Sudanese economy and financial systems. As shown in the discussion, the Civil Transactions Act 1984 requires that all financial institutions operating in Sudan must fully comply with the Islamic laws. The AAOIFI regime is applicable in Islamic institutions, such as banks, insurance companies and other entities operating in the Sudan and listed on the KSE (shari’a Board in the CBS). There is marked incompatibility between the Islamic and the Western secular systems in the Sudan (Conflicts). Examining the accountancy profession of most of the countries on the African continent, Sudan presents a unique scenario of accommodating both Islamic and secular systems. The unique feature of accounting development in Sudan is that while many former British colonies contested for localization of accounting based on national their ethos, interestingly, Sudanese accounting profession aligned with religious path in developing the profession.
7.7 The Bahrain-based - the Accounting and Auditing Profession for Islamic Financial Institutions AAOIFI

The Bahraini-based AAOIFI has influenced the accounting and auditing environment in the Sudan since early 1990s through its international branch network. The AAOIFI, formerly known as Financial Accounting Organization for Islamic Banks and Financial Institutions, was established in accordance with the agreement of association, which was signed by Islamic financial institutions in 1990. The AAOIFI was registered as an international self-regulatory body in 1991 in the State of Bahrain. The main objectives of AAOIFI as stated in its constitution are: a) to develop accounting and auditing thought relevant to Islamic financial institutions. b) to disseminate accounting and auditing thought relevant to Islamic financial institutions and its applications through training, seminars, publication of periodic newsletters, carrying out and commissioning of research. c) to prepare, promulgate and interpret accounting and auditing thought relevant to Islamic financial institutions. d) to review and amend accounting and auditing thought relevant to Islamic financial institutions.

The organization structure of AAOIFI consists of a general assembly of 75 Islamic institutions. The AAOIFI has a board of trustees and a board of accounting and auditing standards, each consisting of 15 members, a Shari'a Board consisting of not more than 15 part-time members, an executive committee, and a secretary-general who is a full-time executive and heads the general secretariat. It suggests that this organisation is quite strong in promoting their missions and objectives of promoting the Islamic perspective in accounting environment and gained momentum in most Islamic countries including in the Sudan.

The AAOIFI is responsible for developing and issuing standards for international Islamic finance industry. AAOIFI has issued exclusively Islamic pronouncements on accounting based on Islamic principles for Islamic financial institutions and its fully
mandatory applicable in the Sudan. The AAOIFI has nearly 200 institutional members from 45 countries around the world. The AAOIFI has issues nearly 26 Islamic accounting standards. The financial institutions such as commercial banks and insurance companies are required to prepare their financial statements to comply with AAOIFI standards. These activities are monitored by the financial regulators in Sudan such as Insurance supervisory authority and the Central Bank of Sudan. It is only the Bahraini-based AAOIFI which is Islamic and based on the precepts of the Qur’an including the Hadith and Sunnah (the sayings of Prophet Mohamed).

Findings indicate that the AAOIFI regime is applicable in Islamic institutions, such as banks, insurance companies and other entities operating in the Sudan and listed on the KSE (shari’a Board is found in the CBS). It was found in this study that Islamic finance is still nascent, regulators and financial institutions should familiarize themselves with the standards set by the AAOIFI, and apply them to the maximum extent possible. The application of already tested accounting and auditing conventions could alleviate the burden on supervisors facing the new challenges imposed by Islamic banking.

The Bahrain-based AAOIFI was established in order to prepare and promote the use of accounting, auditing, governance, and ethics standards based on Islamic principles for Islamic financial institutions. Up to the present, AAOIFI has issued 26 accounting standards. The financial market regulators – CBS and Insurance Supervisory Authority – require banks, non-bank financial institutions, and insurance companies to prepare their financial statements in conformity with AAOIFI standards. These regulators require the financial institutions to follow the prescribed formats for financial statements, including disclosure requirements set by the AAOIFI.

Banks and insurance companies must submit audited annual financial statements to the respective regulators within three months after each calendar year-end. The audited
financial statements of banks must be published in at least one newspaper in Sudan, designated by the CBS. The CBS holds meetings with the statutory auditors in order to resolve any issue arising from the audit exercises. The banking law requires the banks and other financial institutions to publish their interim financial statements in accordance with the CBS - prescribed format.

This suggests that in Sudan the Islamic institutional framework for accounting has been well supported and organised by AAOIFI and its initiatives. It is clear that the state ideology of the Sudan (dominated by Sunni Muslims) has provided the suitable foundations for AAOIFI to accomplish their programs without any protests.

7.8 Secular British Accounting institutions (ACCA) and their strategies to dominate the Sudanese market

Introduction of ACCA to Sudan was an attempt by the British after the World War II. It was through such colonial links that Britain and not Egypt had huge influence in the Sudan in the post-independence. Being a former British colony, Sudan’s accounting profession has been actively dominated by the British-based ACCA since early 1950s producing ACCA qualified accountants and auditors that manifestly exhibits high status in relation to the local and regional accountancy bodies based in the Sudan. While local and regional accountancy bodies attempting to localize the accountancy profession based on Sudanese state ideology of Islamic perspective, yet the ACCA exercises its status and influence in the local accountancy market, by virtue of being the most popular accountancy qualification in the Sudan.

The British based ACCA started its examinations in early 1950s in Sudan. The student numbers of ACCA have gradually increased. For example in 1960, 1970, 1980 and 1990 there were about 3000 students followed ACCA and presently about 1000 ACCA members and 1500 students are following ACCA exams in Sudan.
ACCA is popular and maintains a dominant position in the Sudan. As many interviewees mentioned those who could afford to send their children to London to follow ICAEW or ACCA qualifications and after they return to Sudan, they were able to secure high accounting positions. Consequently the elite professionals who are almost all Muslims and holders of the British ACCA qualifications maintain an exclusive class that represents professional closure in Sudan. The accountants without the ACCA are certainly regarded non-elite.

This exclusive club of professionals holding the ACCA designation created an accounting profession based on British qualifications. It would thus be compelling to state that the colonial link between Sudan and Britain aids the popularity and the consequent dominating position of the British ACCA. Albeit there are those who possess other accounting qualifications from other western countries, yet the ACCA is second to none.

Another reason for elite Sudanese to secure British accountancy qualifications was that the British capital was deployed in the development of the Sudan’s Gezira cotton scheme, the largest plantation in Africa. The Gezira cotton ultimately benefited the British textile industry, as the Lancashire cotton industry, which up to the end of the 19th century had been important to Britain as its textile industry was increasingly facing fierce competition.

This environment was much conducive to elite-class in Sudan to maintain their interests such as various economic benefits for themselves without much consideration to locally qualified accountants. The colonial link has been maintained for a long time in the post-independence era. Britain had also created all the country’s institutions of government such as Auditor General’s Chamber and the MOFNE based on the English model, hence the popularity of the ACCA as opposed to the SCCA or ASCA.
After acquiring the necessary skills coupled with war, these professionals some of whom hold the British ACCA qualifications normally migrate to the rich Arab countries in the Gulf to secure jobs, hence the term “brain Drain”.

The research finding reveals that, albeit the accountancy profession in the Sudan was largely influence and overshadowed by the British-based ACCA from 1956 to 2010, yet there exists a significant cooperation in the form of a Joint Exam Council between the ACCA and SCCA. This spirit of understanding between the British ACCA and the local Sudanese SCCA indicates not only an absence of professional conflict but also a future outlook of solidarity for the benefit of the infant accountancy profession in the Sudan.

The findings from this study support the notion that social closure (i.e elites vs non-elites) in the Sudanese accounting and auditing profession was influenced by the British imperialism in the country. The domination of professional accounting elites (British-qualified Sudanese and British nationals) engaged in Sudanese auditing firms and the mercantile sector, involved the adoption of various closure strategies intended to restrict entry to the profession for the lower strata of the society. The closure strategy developed by the holders of the ACCA, the elite group, focused on the adoption of British-training models, familiar to British capitalists, with features that discouraged the entry into the prestigious ACCA. It is evident from the interviews that the ACCA qualification holders are the best in the whole country. Thus, the exclusionary closure used by elite professionals had been perpetuated ever since. The class-based exclusionary social closure strategy created by the ACCA elites has been a common feature of the accountancy profession in the Sudan.

7.9 The ideology of Republic of Sudan (State ideology is predominantly a Sunni Muslim).

The Sudanese state consists of Head of State (President of Sudan), head of government and Commander in Chief of the Sudanese Armed Forces in a multi-party system.

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The legislative power is vested in both the government, National Assembly and the Council of State of bicameral National Legislature. Sudan is widely recognised as an authoritarian state. The Islamic shari’a became embedded in the country’s constitution since 1983. Sudan’s state ideology is predominantly a Sunni Muslim state, estimates suggest that the figure is somewhere between 85 to 90 per cent of the population of the country, with a thin minority of Shia, a perfect reflection of the Arab world’s religious sect makeup. Muslims are split into two main branches worldwide, the Sunnis and Shia. Sunni Muslims regard themselves as the orthodox and traditionalist branch of Islam. In contrast to Shia, Sunni religious teachers and leaders have historically come under state control. The Sunni tradition also emphasizes a codified system of Islamic law. In context of the Islamic environment in the Sudan, most of the governmental and corporate entities have been impacted upon by shari’a rulings; among such entities is the stock market in the country - the Khartoum Stock Exchange, being the largest market in the Sudan. How it has impacted to the accounting and finance institutional environment? As found in chapters 5 and 6, the shari’a law, which permeates all areas of the wider Islamic system, including economics, finance, law, politics and government as integral component parts, and which have common values of Islamic social justice. This is a unique development in Sudan and similar pattern of accounting development was not found in other studies on professionalization of accounting in former British colonies.

7.10 The discovery of oil and gas and its impact to the accounting and auditing services in the Sudan.

The oil resource was discovered in Sudan in the mid-1970s, but production did not start until 1999. Oil is a principal factor in Sudanese politics and economics. It is the government’s main source of income and the oil sector is driving economic growth. This economic boom demanded for auditing and accounting services in the country particularly
from the multinational companies who established their operations in the Sudan in the post-oil discovery.

Despite the fact that oil discovery improved the economic activities in the country, the oil industry is poorly managed and eventually it is highly politicized. As a result, rather than contributing to an environment of peace and equitable development, it remains a source of strife and division. The pioneer companies Chevron and Shell were forced to bow out in 1984, after the outbreak of civil war. They eventually sold their rights in 1990, booking a $1 billion loss. Mid-1990s, the CNPC and Petronas Calgary from Malaysia, both fully state controlled, grasped this unique opportunity to invest in an oil rich area that was out of bounds for the oil majors. They continue to dominate the scene.

In 2003, when the violent displacement campaign in their areas of operation became public knowledge, their junior western partners, OMV (Austria) and Talisman Energy (Canada), left Sudan, while Lundin Petroleum from Sweden kept its interest in block 5B. ONGC from India stepped in, completing the prevailing position of Asian national oil companies in Sudan’s oil industry. This shows how the Sudanese oil economy is vital to multinational companies to operate in Sudan.

In 1974 Chevron, operator of a consortium in which Shell (Sudan) Development Company Ltd took a 25% interest, got permission to search for oil. In 1978 Chevron found the first oil in the Muglad Basin stretching deeply into Western Upper Nile in the South. In 1981 it did a second, more moderate find at the predominantly Dinka area Adar Yale in Melut Basin, east of the White Nile. Four exploratory wells showed flow rates of 1,500 and more barrels a day. Chevron believed there was a potential all the way South to Malakal and east to the Ethiopian border.
In 1982 Chevron made a third, much larger discovery at Heglig, 70 km North of the Unity field, which was home of the Nuer. Chevron began to develop Unity and Heglig oilfields. In 1980, the Government granted a 118.000 km2 concession to French-Belgium Total. Unlike Chevron, Total did not begin to exploit because of security problems.

In March 1997, GNPOC began to build a 1540 km oil pipeline from the oilfields to a marine export terminal on the Red Sea. On August 31, 1999, the first 1.500 barrels of crude oil travelled through the pipeline to be loaded onto a tanker, which departed for refineries in the Far East. Since then oil production and export have increased steadily and new discoveries have been made. In 2003 the CNPC announced the discovery of a ‘world class’ oil field in Blocks 3 and 7 east of the White Nile. In 2003, oil production averaged 270.000 bbl/d, and in 2004, 304.000 bbl/d.

The signing of the CPA in January 2005 improved conditions for oil production and export. Until 2006 Sudan had only one major upstream project (Blocks 1, 2 and 4, operated by the Greater Nile Petroleum Operating Company in the Muglad Basin), one export pipeline (Greater Nile Oil Pipeline - GNOP), and one crude oil blend (high quality Nile Blend). Late 2006, a second pipeline came on stream, a major refinery expansion was realized, a second major upstream project began, producing a second crude oil blend (low quality Dar blend), in addition to important field developments elsewhere. The country’s crude oil production almost doubled, making it Africa’s fifth producer with more than 434.000 bbl/d by late 2006. The focus for 2007 is on both exploration and development. The operators of the producing blocks are implementing aggressive exploration programs. With the companies wanting to achieve payback as quickly as possible, development of discoveries is likely to be prompt.

The Sudanese oil industry is exceptionally profitable because oil companies are exempted from paying taxes in Sudan. These conditions may have been quite reasonable in
1997. The main Sudanese oil contracts were negotiated in the 1990s, when oil was being traded for less than $20 per barrel and Governments had to offer lucrative conditions to attract investments. It makes a big difference, however, whether the companies’ share of 20% to 40% of the Profit Oil is sold at $20 or $60 per barrel. Oil is now traded at 90$ per barrel and more, boosting profits for the companies and leaving the Government of Sudan with too small a share. The financial results of ONGC Nile Ganga BV show the enormous increase in profit.

Many international financial agencies and accountancy agencies started monitoring the financial performance of the country. This evidence suggests that the accounting and auditing services have been demanded in the Sudan – former British colony – as a result of the discovery of oil in the country. In the literature, it was not found that accounting and auditing services have been demanded as an impact of oil. This is a unique finding in the Sudan.

7.11 The Big 4 in accounting industry and the influence of international accounting agencies

This research study empirically explores the interconnectedness of national politics with regional and global forces and the implications of this interaction on the regulation of the accounting profession, market and the State–profession symbiosis in Sudan. The Big 4 refers to the four largest accounting firms in the world. These firms provide an extensive range of accounting and auditing services including external audit, taxation services, management and business consultancy and risk management and control. They also provide massive employment and career development opportunities to accountants and auditors around the world. Furthermore, these companies work with the International Financial Reporting Standards (IFRS) and international auditing standards that could benefit the host
countries, albeit Sudan has already adopted the IFRS which assists in the development of its accounting and auditing profession. The following are the members of this internationally renowned group: PricewaterhouseCoopers (PwC); Deloitte Touche Tohmatsu Limited; Ernst & Young (E&Y); Klynveld Peat Marwick Goerdeler (KPMG).

In the recent past, the Big Four have been prohibited from doing business in Sudan. All audit work carried out by any of these companies is done through a third country, for example, Klynveld Peat Marwick Goerdeler (KPMG) branch office in Egypt regularly conducts audit assignment in Sudan because KPMG as the main company is banned from doing business in Sudan by the U.S. government, the European Union and the United Nations.

The Big Four Accounting firms exert limited influence due to lack of physical presence in the country stemming from political reasons. Sudan has been embroiled in seemingly unresolvable political dispute. Sudan is currently placed on the list of countries sponsoring terrorism in the world by the US Administration, the European Union and the United Nations and so the Big 4 Accounting and Auditing companies as affiliates of Western governments have kept away from doing business in Sudan.

This evidence is interesting as the countries determined by the U.S. Secretary of State to have repeatedly provided support for acts of international terrorism are designated pursuant to various laws. In August 1993, the U.S. State Department labeled Sudan a “state sponsor of terrorism,” alleging it harbored local and international terrorists. Designation under the above-referenced authorities also implicates other sanctions laws that penalize persons and countries engaging in certain trade with state sponsors. Thus, in 2004 the Securities and Exchange Commission (SEC) began requiring domestic and foreign registrants to disclose any business operations within, or other relationships with Sudan or other countries identified as state sponsors of terrorism.
7.12 The Influence of the International Accounting Standards

International Accounting is a field of academic interests which has significantly risen in the last couple of decades. In the past, international accounting standards were issued by the board of the International Accounting Standards Committee (IASC); since 2001, the new set of standards has been known as the IFRS and has been issued by the IASB. The IASB’s mission is developing the IFRS and bringing financial markets transparency, accountability and efficiency worldwide. A monitoring board of public authorities oversees the non-profit organization and serves the public interest by fostering trust, growth and long-term financial stability for the global economy. Albeit IASC has no authority to require compliance with the accounting standards, many countries require the financial statements of publicly-traded companies to prepare in accordance with the IAS.

7.13 Theoretical Implications

The theoretical framework of this thesis is drawn from the sociology of the profession including the state and the profession framework. This study critically uses a combination of archival, secondary, as well as in-depth interview data, the influence of state-profession symbiosis on the growth of the accounting profession in the Sudan. The methodological approach to this study is premised on the middle-range perspectives from Sudan. The methodological approach adopted is qualitative (Denzin, 1978; Jick, 1979). The data employed in this thesis come from three sources: Archival data from Sudan Documentation Centre located at Durham University in England that the author personally accessed at both the Green Palace and Bill Bryson Libraries. The semi-structured interviews involving, 26 Professional accountants who were identified and interviewed began in June 2014. The interviewees come from a wide range of background including Chartered Accountants in Sudan mostly holders of British ACCA, FCCA and American CPA
qualifications as well as Sudanese SCCA. University academics and accountants with extensive level of experiences have participated. All interviews were audio-recorded and then encrypted for analysis. The interviews have played an important role by providing feedback that could assist in determining the conditions for the development of the accounting profession in the Sudan. The case study had been designed prior to conducting the interview that was based on acquired detailed lists of participants, indicating locations and times. The semi-structured questions are designed and based on the open-ended questions. The following is table 7 that Illustrates the link between the interviewees answers they provided on the important areas deemed to be central to the development of the accounting profession in the Sudan.

As indicated in the findings of this study, the theoretical framework of sociology of professions (SOP) has been well placed to identify the importance of the political construct of state and the accountancy profession in Sudan during the period covered – 1956-2010. The main elements of sociology of professions include the closure, state domination and the control of the profession by the former coloniser. SOP knowledge is beneficial for analysing the development of the accounting profession as social, political, and economic dynamics are always an integral part of Sudanese society. All those political elements have been illustrated in this study as salient feature of the accountancy profession in the Sudan in her post-independence. Apart from these major characteristics, the unique feature of the professionalisation of accounting and auditing in Sudan is the political motivation and perspective of Islam in its operations. While many former British colonies have British domination of the accounting profession in Sudan the situation is somewhat different. As reviewed in the literature review chapter of this thesis, some work has been done to document the nature and development of accounting and accounting institutions (i.e., state and profession) in developing countries such as Nigeria (Uche, 2002), Kenya (Sian, 2006; 2007; 270
2010), Ethiopia (Dessalegn et al., 2012), Brunei (Yapa, 1999, 2014), Malaysia (Susela, 1999; 2010) and Sri Lanka (Yapa, 2006; 2010) Cambodia (Yapa et al., 2016a), Thailand (Pholkeo and Yapa, 2012). Many of these studies indicate that colonial accounting bodies dominated accounting in some post-colonial developing countries. Many post-colonialist states maintain the colonialist professional accounting structures and elites (Bakre, 2005; 2006; 2010; Yapa, 2006; 2010), while governments can also play very direct roles in preferencing one group over another and in managing economic capacity (Yapa, 1999; Yapa et al., 2016a, Yapa et al., 2016b). Poullaos and Uche (2012, p. 84) argue that post-independence access to international capital, the associated influx of international business, international standardization associated with international financial accounting standards and the simple demands associated with the costs of training and education (and the relative disinterest in other professional accounting British or American accounting bodies to expand overseas) provided the ACCA with a tremendous opportunity to expand into developing and transitional nations. Some of these elements could be seen in the empirical evidence on the accounting profession in the Sudan. The unique feature of accounting profession and its development in Sudan is that while many former British colonies contested for localization of accounting based on national their ethos, interestingly, Sudanese accounting profession associated with religious path in developing the profession.

7.14 Summary

As presented in chapter Four, the theoretical framework of this research project is drawn from the sociology of the profession including the state and the profession framework. The theory of the Sociology of the Professions has been applied in this thesis, as it relates to professionalization projects and concepts. The sociology of professions literature likewise contains a general recognition of accountancy as a profession, while the methodological
approach to this study is premised on the middle-range perspectives from Laughlin (1995) and Llewellyn’s (2003) theoretical construction on qualitative accounting research.

Chapter five explores Sudan’s Post-independence Socio-political setting as well as the cultural, religious and economic dynamics that shaped the viability of the country since independence in 1956, chapter six discusses the development of the accountancy profession in the Sudan from 1988 to 2004. The role of the CBS and the Security Market that operate under Islamic shari’a. The State-Profession symbiosis that constitutes the foundations of this thesis has been explored at length from various perspectives, including Anglo-Saxton and continental countries’ notion in an attempt to understand and develop the accountancy profession in the Sudan. This study is an empirical investigation into the development of the accounting profession in the Republic of Sudan in the post-independence era (1956-2010) as a case study, taking into note the local accountancy association, the SCCA which was established in the late 1980s. The study conceptualizes the process of state and the accountancy profession as a series of interactions between occupational associations and various social institutions, in relation to a particular set of conditions. In this perspective, the interactions involve negotiation, posturing, confrontation, conflict and conciliation; other social institutions that include the State, corporations and higher education. Sudan maintains a dual and unique feature of its accountancy profession. With the introduction of the Islamic shari’a laws in 1983, and followed by the enacted Civil Transaction Act 1984, and then the Banking Act 1992, both the country’s financial system and the economy have been Islamised to a greater extent, however, a space exists for the Western secular accountancy system, hence, the existence of the British-based ACCA that has long established a firm and undisputed presence in Sudan’s accountancy environment remains intact. Furthermore, the SCCA remains non-Islamic on account of its link to western global institutions.
This study focuses on the analysis of the British legacy and its impact in terms of the ‘state’ and the ‘profession’ and the sense of professional closure in the Sudanese accounting profession during the past five decades (1956-2010) of post-independence period as well as the impact of the local professional accounting associations represented by the SAAPC which was established in 2004 by the National Assembly. In context of the development of the accounting profession in the Sudan from 2004 to 2010, the assistance from the WB and the IMF to Sudan played a central role in reshaping the accountancy profession in the Sudan along the lines of international standards and in terms of financial reporting. The acceptance by Sudan to abide by the international accounting and auditing standards and to become a full member of the IFAC is a monumental step taken by the country’s authorities to develop its accountancy profession and the economy. Despite the fact that Sudan is an Islamic country, it maintains a dual approach of secular as well as Islamic systems. In 2004, the SAAPC upon its creation was tasked with the regulation of the Sudanese accountancy profession in the country that the state considered vital to the country’s viability and growth. Despite the fact that Sudan is an Islamic country, it maintains a dual approach of secular as well as Islamic systems. The Research question and its findings are presented in the following Figure 7.1 below:
Main Question
What is and what has been the nature and extent of the professional challenges, maintenance of controls, conflicts and interactions between professional groups and the influence of Britain on the professionalization of accounting in the Sudan?

Affiliated Questions
What was the nature and extent of the institutional influence of the British-based professional accountancy bodies (such as ACCA) on the development of the accountancy profession in the Sudan?
How did the state maintain conditions which gave rise to exercising controls to the accounting profession?
What contributions have the shari’a-compliant entities make towards the development of the accounting profession in the Sudan?

Findings
Albeit the accountancy profession in the Sudan was largely influence and overshadowed by the British-based ACCA from 1956 to 2010, yet there exists a significant cooperation in the form of a Joint Exam Council between the ACCA and SCCA Examinations.

The investigation of the accounting profession under the state-profession relations discloses that the accountancy profession has been under the state regulation from 1988 to 2010 through the SCCA that oversees the Sudan Accounting and Auditing Professions Organization Council (SAAPOC) respectively.

Unlike in the former British colonies, the Sudan maintains both the Western professional secular system and the Islamic shari’a system in the country. This is apparently an exclusive phenomenon that a former British colony in the region has opted for an Islamic theocratic system while maintaining an iota of secular system in the country.

The Ministry of Finance had issued a decree No. 219 in the year 1992 that compelled all conventional corporate entities in Sudan to abandon secular practices and adopt Islamic shari’a in their operations.
This diagram presents the dual co-existence of the Secular and Islamic Accounting Systems in the Sudan. It illustrates the themes applied in this research project, both Islamic and secular. It similarly presents the main single research question and the accompanying affiliated questions. The themes exhibit state agents such as the Central Bank of Sudan - tasked by the state to ensure compliance with Islamic shari’a on entities upon which the application of shari’a law as well as some aspects of the Civil Transaction Act 1984 is mandatory (See chapter five). The other religious instrument in force includes the Banking Act 1992. Similarly, on the secular side are the SCCA Act 1988, the SAAPOC 2004 Act and the Sudan Companies Act 1925. The Dominant British based ACCA is also shown as an important secular element in the development of the accountancy profession in the Sudan. The application of the international accounting and auditing standards of the state is a testimony that the Sudanese government is determined to maintain a secular space in the development of the accountancy profession the country. Before the creation of the SCCA Act 1988, the accounting and auditing practices were not under regulation and control. Various accounting and auditing standards were in use, for example, local accounting standards alongside the international standards as well as British accountings standards. This haphazard and lack of uniformity in the accounting system created widespread confusion and a need to adopt unified international accounting standards that became a reality after the SCCA Act 1988. The state became the custodian of the new Act, nevertheless, anomalies and failures characterising the SCCA Act 1988 since its establishment to the year 2004 again led the state to create the SAAPOC Act 2004 through the Council of Ministers and the Parliament. The intention of the government was destined to establish a viable and effectual accounting profession that would assist the country’s financial system and the economy in line with international practice. The following are the findings of the PhD thesis on the development of the accountancy profession in the Sudan from 1956 to 2010.
Table 7.1 The link between the interviewees answers provided and the critical factors deemed to be central to the development of the accounting profession in the Sudan

<table>
<thead>
<tr>
<th>Critical factors influencing the development of accounting and the accounting profession in the Sudan</th>
<th>Interviewees referring to this factor as being especially influential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1: The dominance of the British ACCA</td>
<td>1, 2, 6, 7, 10, 13, 15, 16, 19, 23</td>
</tr>
<tr>
<td>Factor 2: The SCCA &amp; SAAPOC</td>
<td>2, 3, 5, 9, 17, 19</td>
</tr>
<tr>
<td>Factor 3: The Islamic Shari’a, Basic Rule Act [1983]</td>
<td>12, 20, 21, 22, 24 26</td>
</tr>
<tr>
<td>Factor 4: The CBoS and the AAOIFI standards</td>
<td>17, 25, 26</td>
</tr>
<tr>
<td>Factor 5: ASCA</td>
<td>4, 14</td>
</tr>
<tr>
<td>Factor 6: The MoFEP</td>
<td>7</td>
</tr>
<tr>
<td>Factor 7: Sudan’s Companies Act 1925</td>
<td>11, 16</td>
</tr>
<tr>
<td>Factor 8: Sudan’s oil resource</td>
<td>7, 8, 11, 18</td>
</tr>
</tbody>
</table>

Table 7.1 illustrates the link between the interviewees answers provided and the critical factors deemed to be central to the development of the accounting profession in the Sudan. The Table 7.1 presents the critical factors influencing the development of the accounting profession and the accounting profession in the Sudan. Each of the 8 factors represents the dimensions covered by the interview questions (see appendix 9 on page 323). Furthermore, the 26 interviewees or participants provided their answers based on the areas represented by the 8 factors. Hence, it is important to note that the outcome of the interviews is all-encompassing. This was triangulated with both the archival and secondary source data.
Chapter 8 Conclusion and Implications

8.1 Introduction
The author of this work had consulted the pertinent persons from the accounting profession and industry in Sudan for their views in regards to the sociology of the accountancy profession and the influence of the state-profession symbiosis. This study seeks to contribute to the existing body of knowledge on accounting development projects by examining the influence of State-profession relationship and both the western secular system represented by the British-based ACCA and the Islamic impact on the development of the accounting and auditing profession in Sudan from 1956 to 2010.

This chapter is structured along the following formation. Section; 8.2 delineates the research questions addressed in the thesis and presents the summary of the main context of the study by chapters. A review of the implications is given in Section 8.3. Section 8.4 deliberates the limitations of the study and Section 8.5 suggests future research prospects, while section 8.6 presents the conclusion.

8.2 Summary of the Thesis
The paramount point in this study has been to probe the dominance of the British-based ACCA in the Sudan in context of the state-profession symbiosis. Sudan is an Islamic state and the third oil producing country in Africa after Nigeria and Angola. Its accounting profession has been impacted upon by both the Islamic shari’a and the Western secular systems. A comprehensive chapter outlines of the study of the accountancy profession in the Sudan is illustrated in the figure below:

Research Questions:
1. What is and what has been the nature and extent of the professional challenges, maintenance of controls, conflicts and interactions between professional groups and the influence of the ACCA on the professionalization of accounting in the Sudan?

**Sub questions:**

a) What was the nature and extent of the institutional influence of British-based professional accountancy bodies (such as ACCA) on the development of the accountancy profession in the Sudan?

b) How did the state maintain conditions which gave rise to exercising controls to the accounting profession?

c) What contributions have the shari’a-compliant companies make towards the development of the accounting profession in the Sudan?

**Figure 8.1: Chapters Outline of the Thesis**
In this summary of the thesis, chapter 2 presents the literature review pertinent to this research work. It begins with the state-profession symbiosis that structures the theme of this thesis. Chapter 2 presents the state and the profession symbiosis in relation to the development of accountancy profession, that is, the role of the state in regulating the accountancy profession in different settings. It also carries out a comprehensive review of the literature of the accountancy profession in developing countries, as the accountancy practices being applied in a number of developing economies have their origin in advanced countries via colonialism or foreign investments. The development of the accounting profession in African, Asian and the Caribbean countries has likewise been explored. In this regard the concepts of closure and the Neo-Weberian, imperialism and colonialism as well as accounting for Islamic perspective have also been examined.

Chapter 3 explored the basis for the structure of this study by reviewing both the theoretical and empirical foundations used by researchers in examining the process of developing the accounting profession. It discusses the theoretical framework that gives a context for the analysis of the study that uses the theory of the sociology of the professions (SOP). The chapter examined the emergence of the professions and the definition of the professions as well as the professionalization process. The theory of the sociology of the professions (SOP) has been used. The chapter also went to further to discuss the functionalist, interactionalism and critical perspectives. The conceptual framework has been discussed also.

Chapter 4 presents the research methodology utilized in the thesis. It begins with a discussion of the research methodology which is based on the middle-range thinking
approach of Laughlin (1995) and the conceptual framing of Llewelyn (2003). These two approaches explain the research methodology and method utilized in the qualitative research. Middle-range thinking involves an equal combination of theory and methodology and provides the researcher with a conclusive tie to skeletal theory and empirical richness (Laughlin, 1995) based on precise information. The chapter further explored theorization in accounting qualitative Research. The conceptual framing alternatively known as “theorizing” in empirical qualitative research encompasses both the theorizing of researchers and that of the organizational actors they study (Llewelyn, 2003). Theorization is the “added value” of qualitative academic research. Conceptual framing can offer greater understanding of the empirical issues under discussion. The chapter presented semi-structured interviews and stated the process for collecting and analysing the different types of data such as archival and secondary and the profile of interview participants, data validation through triangulation process.

Chapter 5 discusses Sudan’s post-independence Socio-political, economic and accountancy location for five decades (1958-2010). It also presents empirical evidence on the accounting profession in the Sudan from 1956 to 2010. This is followed by the development of the oil industry and the appearance of foreign multinational companies in the Sudan. The chapter also reviews the Islamic shari’a and the Islamization of Sudan’s economy and financial sectors under the jurisdiction of the Islamic state.

Chapter 6 discusses the how the accounting and auditing profession is regulated by the state between 1956-2010 and the role of local accounting bodies such as the SCCA (1988), the ASCA (1994) and (SAAPOC) are discussed. The state approved SAAPOC played an important role in the development of the accounting profession in Sudan. The Central Bank of Sudan (CBS) and Banking Act 1992 and the implementation of Islamic shari’a law in Sudan is discussed next. The involvement of Islamic perspective in Sudanese state
institutions such as (MoFNE) and (MoHRDL) is discussed next. Also Bahrain-based accountancy body AAOIFI is responsible for developing and issuing standards for international Islamic finance industry since 1990s. AAOIFI Islamic pronouncements on accounting based on Islamic principles for Islamic financial institutions and it is fully mandatorily applicable in the Sudan. The evidence on the domination of accounting profession by Secular British Accounting institutions such as ACCA and their strategies such as elite class to promote the British qualifications and status in the Sudan are discussed. The state ideology of Republic of Sudan (State ideology is predominantly a Sunni Muslim) and how the political process has impacted to the accounting and finance institutional environment in Sudan are discussed. The impact of discovery of oil and gas and its contribution to the accounting and auditing services provides the evidence on the existence of the Big 4 in accounting industry and the influence of international accounting agencies in Sudan.

Chapter 7 presents the main research findings which are linked to the SOP (Carr-Saunders 1928, Brint, 1993; Carr-Saunders and Wilson 1933; Wilensky 1964: Elliott 1972: Johnson 1972: Larson 1977: Freidson 1986: Abbott 1988: McDonald, 1995;). The SOP indicates that social factors and political construct have exerted the most influence on the development of the accounting profession during the study period. Under the state-profession relationship, the state has all along been the most significant influencing factor on the profession. The role of the CBS and the Security Market that operate under Islamic shari’a has created a momentum in Islamic perspective in the institutional system in Sudan in the post-independence. The joint Examination Board between the ACCA and the SCCA has also helped improve the quality of the accounting and auditing graduates.

Illustrated below is a comprehensive overview of the Accountancy profession in the Sudan.
Figure 8.2: Overview of the Accountancy profession in the Sudan

Islamic State since 1983
The Civil Transaction Act

Sudanese Islamic State (shari’a)

ACCA

State Agency

MOHRDL

MOFNE

CBoS shari’a

SAAPOC 2004

SCCA Act 1988

AAOIFI (Standards)

Joint Exams Council
ACCA Exams Centre in Sudan

ASCA

Cabinet of the Council of Ministers

Accountancy Profession in the Sudan

KSE

Orientation
8.3 Implications

The spinoff for this study is that it provides an understanding of how the accountancy profession in the Sudan can be accommodated under a dual system of Western conventional and Islamic accounting systems. This experiment has never occurred in any of the former British colonies country in Africa. The unique feature of accounting development in Sudan is that while many former British colonies contested for localization of Accounting based on national ethos, Sudanese accounting profession increasingly aligned with religious path in developing the profession. The British ACCA would continue to maintain a dominant position not only in the Sudan but in most of the developing world in view of its popularity as a global leader in the field of accounting.

The benefit of this study is to provide a historical context for the development of accounting in Sudan which was not previously been conducted on this magnitude. The historical setting demarcates and elucidates the emerging progressive stages of the Sudanese accountancy profession from the IAS in the 1950s to the SAAPoC in the 2010 under various governments both military and civilians that pursued distinctive state ideologies. Post-independence Sudan was a stable secular state up to the early 1980s, but in 1983 the country became Islamic and ruled by a draconian mode of Islamic sharia premised on the 7th century puritanical Islam.
This thesis contributes to research knowledge on an empirical and theoretical level. Firstly, the empirical component involves the investigation of the accounting development process and the professional structure under the unique situation of Sudan using the in depth interviews, archival and secondary evidence. This evidence was interpreted using SOP theory to provide generalizations about the phenomenon included in this study. As mentioned in the introduction, the study in this province explores the advent of the profession in emerging economies, especially the former European colonies in different expanse of the world.

Subsequent to these countries expanding their role in global trade, it is valuable for policy makers to appreciate the development process in different perspectives and consequently adjust their business environments and state policies. Furthermore, evolving themes and concepts inherent in this thesis also contribute to the development of accounting knowledge at a theoretical level. According to the discussion about critical perspective in qualitative accounting research, theorizing expresses the meaning and significance of social phenomena, it negotiates peoples everyday experiences and it generates expectations about the social world.

Critical perspective deals with human life as a significant influence to support decision making. In terms of the accounting profession, understanding the factors that influence the development of this profession contribute to efficient decisions that will provide the best value to the society. Previous studies into the accounting profession in Sudan have not included the state-profession symbiosis in critical perspective. However, that changes which have occurred in the political, economic and social environment, have influenced the development of the accounting profession between 1956 and 2010. Therefore, it is advisable that policy makers, committee members from the SCCA, accountants, auditors and pertinent local stakeholders in the accounting profession are concerned with these factors to keep pace with reforms required by regulatory bodies.
8.4 Limitations of the study

As in many research studies, the researcher expects some limitations on this study. Among these limitations, it has not been possible to interview those persons who participated in the formulation of Sudan’s Accounting Acts and accounting bodies. Significant pioneer founders of the profession have either passed away retired or could not be contacted as has been the case. However, to ensure the richness and validity of the study, important and relevant people in the accounting profession have been interviewed including the former Auditor General of the Republic of Sudan in 1985. The researcher acknowledges that bias might occur among interviewees. The researcher also acknowledges that some of those members who have been interviewed could possibly explain their versions of the story. However, through the process of validation of data, the researcher has attempted to minimize the potential bias. Finally, it has been an arduous task obtaining data from Sudan’s National Archival Centre in Khartoum owing to the fact that the researcher of this project comes from the part of Sudan that did secede in 2011 owing to the more than four decades of civil war in the country. This part of former Sudan became an independent African country in Africa in 2011.

8.5 Suggestions for future study

This study has linked the gap in the literature on accounting professionalization process in context of state-profession symbiosis. The study taking Sudan as a critical case study explored the accountancy profession in the Sudan under state-profession symbiosis and applying the theory of the sociology of the professions. It is the author’s opinion that further study could be based on Islamic accounting and the encroachment of Western secular businesses on the Sphere of Islamic accounting and auditing in the Sudan through the globalization process.

8.6 Conclusion
Sudan had been governed under Anglo-Egyptian Condominium Administration for nearly six decades (1898-1956). Albeit one of the terms of the Condominium agreement was that Britain and Egypt would jointly administer the Sudan, it transpired that Britain had all the powers to decide the manner in which the new colony would be governed. In this regard the British colonial power had decided to establish the structural foundations of the Sudan, including all the various institutions of government as well as governance structures in the post independence. Britain had also deployed its own capital to set up strategic economic installations in the Sudan, among which were the giant Gezira cotton scheme in central Sudan and the expansion of the Gum Arabic industry to generate foreign currency for the African colony.

It was on this basis that Great Britain likewise embarked on setting up the basis of the accountancy profession, introducing the ACCA in the period shortly after the Second World War. It was through such colonial links that Britain and not Egypt had huge influence in the Sudan in the post-independence era. It would thus sound objective to state that the emergence of the accounting profession in the Sudan can be credited to the British colonial rule, though subsequent developments had later occurred. The Sudan Companies Act 1925 remains the bastion of corporate law in the country. The emergence of the Islamic state in Sudan in 1983 did add a new dynamic and dimension to the development of the accounting profession in the Sudan in that the entire business environment had changed in favour of Islamic institutions. The government of Sudan opted on the full Islamization of the country’s economy and the financial system by the Banking Act 1992, given that there exists an Islamic environment in the country, however secular environment has also existed side by side with the Islamic setting. This space for secularism or conventional Western system did provide opportunity for other local actors such as the ASCA to work alongside the local SAAPOC body in the Sudan. Hence, this study has determined that, while the dominant ACCA also cooperate with
SAAPOC, the latter likewise accommodates the ASCA under Sudan’s Islamic backdrop. Stock market development has been central to the domestic financial liberalization programs of most African countries. It seems any program of financial liberalization in Africa is incomplete without the establishment and development of stock markets. The drive towards the establishment of stock markets in African countries during the last few decades may be linked to other important developments in the global economy. The financial markets of many advanced countries have undergone tremendous changes and become increasingly integrated. While in the Sudan KSE, which is essential for the development of the financial sector is characterized by rudimentary capacity and operations.

This study has been guided by the key research question and its affiliate questions that seek to establish the role of the British-based ACCA in the emergence and development of the local accounting profession in the Sudan in context of the dominant Islamic environment in the country. Through in-depth interviews with key stakeholders in Sudan, the secondary data, as well as archival data from Sudan Records and Documentation Centre at Durham University in England and similarly data acquired from Khartoum in Sudan. The analysis via triangulation process transpired that Britain, through its colonial link with Sudan has influenced the accounting profession in an Islamic environment in the Sudan. The development of professional accounting in Sudan shows some unique features when compared with other former British colonies. For example, the local and regional accountancy bodies in Sudan have maintained their Islamic accounting environment together with Islamic institutions since post-independence era. This is not mirrored in other non-settler colonies of Britain. As empirical evidence suggests that despite the local pressure for Islamic perspective in accountancy in Sudan, the ACCA was able to maintain its dominance. In particular, elite influence in the ACCA members is vehement on the emergence, and development of the accounting profession which is the legacy of imperialism. Therefore,
Sudan’s accounting professionalization process is unique and adds new knowledge on the accounting profession compared to other non-settler colonies. Through ACCA qualifications, the privileged class of accountants protected and controlled the profession during the period under review. Another example of modern day imperialism can be seen in the fact that the ASCA, the Arab body has been joining hands with ACCA to provide training in the accountancy field in Sudan. Sudan provides a context to explore the issues on the relation between profession, post-colonial institutions and national elites during the study period, because the institutions of colonialism were substantially linked during this period.

The significant issues identified in this study require careful consideration by accounting policy-makers at the national and international levels. This study should also be of interest to the professional accounting community and particularly to the society as it examines using primary data on accounting development in Sudan, especially during the post-colonial period. The results reported in this study are limited in the sense that they relate to defined period of time, that is, from 1956 to 2010.
References

A: Primary sources

Archival record 1 (1983), the review of Sudanese Government Accounting Practices dated October 1983, PN-AAP-216/62, ISN-33232. Contract nos. 650-0012-C-00-3028-00 and 650-0012-C-00-3024-00, Sudan’s National Archives, Khartoum.

Archival record 2 (1981) This is the Document of the World Bank (FILE COPY): Report No. P-3050-SU. This document contains the Report and recommendation of the President of the International Development Association (IDA) to the executive directors on a proposed credit to the democratic Republic of the Sudan for a second technical assistance project May 4, 1981

Archival record 3 (1925) Sudan’s Companies Act, 1925, located in Khartoum, Sudan.


1. This law is called "the law of the Council regulating the profession of accounting and auditing for the year 2004" and shall be effective from the date of signature.

Archival Record 5 (2010): This is a World Bank FINAL DRAFT REPORT (2010). It is a report on the Observance of Standards and Codes (ROSC), Sudan dated 7 June 2010.

The stakeholders that prepared this report include the Ministry of Finance and National Economy, General Professional Union for Accountants and Auditors, Sudan Accounting and Auditing Profession Organization Council, Central Bank of Sudan, Insurance Supervisory Authority, Khartoum Stock Exchange, banks, insurance companies, listed and large private enterprises, trade associations, state-owned enterprises, audit firms, corporate accountants, and academia. The World Bank team comprising Mohamed Yehia Abdel Karim (Financial Management Specialist and Team Leader); M. Zubaidur Rahman (Program Manager and Study Advisor, OPCFM); Humayun Murshed (international consultant); and Ahmed Eldow (local consultant).


Accessed 20 May 2016

Archival records 8: Sudan Archival Data (SAD) referenced as Middle East Documentation Unit (MEDU), Durham University, Bill Bryson Library, England:

1. MEDU 17/4/INDUSTRY/EXT./OIL (Footnote No. 38)
2. MEDU 17/ECO/GENERAL (Footnote No. 20)
3. MEDU 17/PLA/NAT/5 (Footnote No. 21)
4. MEDU 17/4/INDUSTRY/EXT./OIL (Footnote No.40)

B: Secondary Sources


Caramanis, C., V. (2002). The interplay between professional groups, the state and supranational agents: Pax Americana in the age of ‘globalisation’. *Accounting, Organisations and Society*, 27, 379–408.


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Wallace, R. S. O. (1990). "Accounting in Developing Countries: A review of the literature" Research in Third World Accounting, 1, 3-34.


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**Web-based Resources:**


[http://www.britannica.com/place/Anglo-Egyptian-Condominium


List of Appendices

Appendix 1 Plain Language Statement for Interviews
Appendix 2 Consent form for Persons Participating in Research Projects Involving Interviews, Questionnaires or Disclosure of personal information.
Appendix 3 Profile Information of Respondents
Appendix 4 the Judgments (Basic Rules) Act, 1983 [Islamic Shari’a]
Appendix 5 Organisational Structure of the SCCA

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PARTICIPANT INFORMATION AND CONSENT FORM (PICF)

INVITATION TO PARTICIPATE IN A RESEARCH PROJECT

Participant information

**Project Title:** An analysis of the emergence and growth of accountancy profession in developing economies: The case of Sudan [1956-2010]

**Investigators (Supervisors):**

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Australia 3000  
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3000  
Lecturer  
RMIT University, Melbourne – Australia  
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Fax: +613 99255741  
michael.kend@rmit.edu.au

Dear ----------------------

Appendix 6  Cabinet of the Council of Ministers (Important Notice of Registration from SAAPOC)  
Appendix 7  Glossary of Arabic Terms as applied in this Research  
Appendix 8  List of Conferences attended.  
Appendix 9  Interview Questions  
Appendix 10  List of Conference Papers
You are invited to participate in a research project being conducted by RMIT University. Please read this sheet carefully and be confident that you understand its contents before deciding whether to participate. If you have any questions about the project, please ask one of the investigators.

**Who is involved in this research project? Why is it being conducted?**

The following research team is involved in this case study: Dr. Prem Yapa, Associate Professor; Mr. Peter Ngrimwa and Dr. Michael Kend. The aim of this project is to examine as a doctoral research project on the emergence and growth of accountancy profession in developing economies, taking Sudan as the case study. This project has been approved by the RMIT Human Research Ethics Committee.

**Why have you been approached?**

You have been approached to participate in this research because of the following reasons:

Firstly, as a participant, you have indicated that you are willing to get involved in sharing your valuable experience. Secondly, we have identified you as a potential source of obtaining original information.

**What is the project about? What are the questions being addressed?**

The aim of this research is to carry out a study on the professionalization of accounting project in the Sudan. This study will cover a period of over five decades (1956 – 2010) in post-independence Sudan. The outcome of the research will ascertain the impact of the British imperialism and its domination of the accountancy environment through the London-based Association of Certified and Chartered Accountants (ACCA). The study will also investigate the current trend in the prevalence of Islamic accounting in the Sudan and the consequent impact and contribution towards the professionalization of accountancy in the Sudan. One of the spinoffs of the research will be to fill the gap in extant accounting knowledge and also to largely contribute to international accounting literature.

**If I agree to participate, what will I be required to do?**

You are required to participate in an interview at a time that is convenient to you. We will ask you to describe the current practices associated with the accounting and auditing practices in the Sudan. We will also ask you to describe the practices of the Islamic accounting in the Sudan, as well as the role of the British-based ACCA and, finally we will request you to explain the impact of the British imperialism in the Sudan. The interview will take only 45 minutes of your time. The collected data will be transformed into a report and informed to you upon your request.

**What are the possible risks or disadvantages?**

We don’t envisage the existence of risks or disadvantages in this research project. You are able to withdraw any time and all interview data will remain confidential and securely stored.
All collected data will be translated into a thesis. Subsequently, a few articles will be prepared and will be published in academic and professional journals.

What are the benefits associated with participation?

There is a dual benefit to your participation. Firstly, we aim to research in an unexplored area of emerging practice, that is, the impact of British imperialism on the development of the accounting profession in the Sudan and secondly we intend to investigate the influences and contribution of Islamic accounting on the conventional accounting practices in the Sudan. Furthermore, your input will support our investigation endeavor and will finally contribute monumentally in the field of professionalization of accounting in general.

What will happen to information I provide?

The data collected will be securely stored on a computer that is password-protected. We will ensure confidentiality of collected data, and only the research team will have access. No participants will be identified unless with your consent.

Any information that you provided will be disclosed only if (1) it is to protect you or others from harm, (2) a court order is produced, or (3), you provide the researcher(s) with written permission.

What are my rights as a participant?

- The right to withdraw from participation at any time
- The right to request that any recording cease
- The right to have any unprocessed data withdrawn and destroyed, provided it can be reliably identified, and provided that so doing does not increase the risk for the participant.
- The right to be de-identified in any photographs intended for publication, before the point of publication
- The right to have any questions answered at any time.

Whom should I contact if I have any questions?

If you have any queries, please do not hesitate to contact the principal supervisor, Associate Professor Prem Yapa or any of the research team members on the contact information provided.

We wish to thank you for your willingness to be involved in our research project.

Dr. Prem Yapa : -----------------------------------------------

Mr. Peter Lokarlo Ngrimwa : -----------------------------------
Appendix 2

Consent form for Persons Participating in Research Projects

INFORMED CONSENT FORM

1. I have had the project explained to me, and I have read the information sheet.
2. I agree to participate in the research project as described.
3. I agree:
   The following provide some common examples, but should be modified to suit:
   to undertake the tests or procedures outlined above;
   to be interviewed and/or complete a questionnaire
   that my voice will be audio recorded;
   that my image will be taken (Note: If you are using photographic images, further points need to be covered in the consent form – see under Supporting information on the Applying for human research ethics approval page).

4. I acknowledge that:
   (a) I understand that my participation is voluntary and that I am free to withdraw from the project at any time and to withdraw any unprocessed data previously supplied (unless follow-up is needed for safety).
   (b) The project is for the purpose of research. It may not be of direct benefit to me.
   (c) The privacy of the personal information I provide will be safeguarded and only disclosed where I have consented to the disclosure or as required by law.
   (d) The security of the research data will be protected during and after completion of the study. The data collected during the study may be published, and a report of the project outcomes will be provided to ………………. (researcher to specify). Any information which will identify me will not be used.
Appendix 3

Profile information of respondents

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Memberships</th>
<th>Back ground and experience of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>ACCA, FCCA, FBIM, UK and FSCCA, Sudan</td>
<td>Chartered Accountant- HASIBEEN Group, Sudan. More than 28 years of experience in the field. Senior audit superintendent in Sudan</td>
</tr>
<tr>
<td>3</td>
<td>Chartered Accounting qualifications</td>
<td>Accountant-worked as an accountant in several British companies and later started his own Audit firm and now he is a consultant to the ASCA. 25 years of experience</td>
</tr>
<tr>
<td>4</td>
<td>ACCA with local qualifications</td>
<td>Senior Auditor/Accountant – Ministry of Finance in Sudan. 17 years of experience in various senior capacities.</td>
</tr>
<tr>
<td>5</td>
<td>ACCA qualified</td>
<td>A former Finance Manager worked for a Multinational Petroleum Company in the Sudan and previously worked for the Auditor General’s Chamber in the country- Sudan. A total of 23 years of experience.</td>
</tr>
<tr>
<td>6</td>
<td>ACCA, and SCCA</td>
<td>Senior Auditor/Accountant, now working for a United Nations (UN) affiliated agency. 20 years of experience in senior positions in various large scale companies in the Sudan</td>
</tr>
<tr>
<td>7</td>
<td>ACCA and SCCA</td>
<td>A former Chartered accountant, worked as head of internal audit department for an international Bank and the later joined the auditor General’s Chamber with 29 years of experience since 1986.</td>
</tr>
<tr>
<td>8</td>
<td>ACCA qualified</td>
<td>A former senior Accountant worked for a British International firm in Khartoum, Sudan with 11 years of experience</td>
</tr>
<tr>
<td>9</td>
<td>SCCA qualified</td>
<td>A former senior accountant at a Government Ministry at the Ministry of Finance and National Economy in Khartoum, Sudan with 20 years of experience</td>
</tr>
<tr>
<td>No.</td>
<td>Experience Details</td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>-------------------</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Locally qualified  A former Branch Manager at Faisal Islamic Bank in Khartoum, Sudan with 14 years of experience</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>ACCA, FCCA        A Chair Sudanese Professional Accountants Society at the Sudan Council of Certified Accountants in Khartoum with 15 years of experience</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>PhD England       CEO Central Bank of Sudan, in Khartoum 11 years of experience</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>ACCA              Senior Manager at a firm of Chartered Accountants in Khartoum, Sudan 17 years of experience</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>SCCA              A Deputy General Manager at DAL Group of Companies in Khartoum Sudan 14 years of experience</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>PhD, ACCA         Professor of Financial Management &amp; Managerial Economics at the top University in Khartoum Sudan, 12 years teaching</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>ACCA, FCA         A Senior Instructor at Sudan Council of Certified Accountants Centre in Khartoum Sudan, 18 years of experience</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>ACCA, SCCA        A CEO at Abu Dhabi Islamic Bank in Khartoum, Sudan, 12 years of experience</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>SCCA              Head of Internal Audit Department at Sudan’s Ministry of Finance and National Economy, 16 years of Experience</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>CPA (US)          A former senior official at Tadamon Islamic bank, 10 years of experience</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>SCCA              CEO at Khartoum Stock Exchange (KSE) in Sudan, 14 years of experience</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>ACCA, FCCA        Audit Manager at a Firm of Certified Accountants and Management Consultants in Khartoum, Sudan 17 years of experience</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>SCCA              Senior Manager at Al Baraka Islamic Insurance Company in Khartoum Sudan, 18 years of experience</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>SCCA              Finance Manager at Dawa Al Islamiya (Islamic Mission) in Khartoum Sudan 13 years of experience</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>ACCA; SCCA        CEO at a firm of Chartered Accountants and Business Consultancy in Khartoum, Sudan 21 years of experience</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>CPA (US)          A former Senior Lecturer in Islamic Finance at an Islamic University in Omdurman, Sudan, 20 year experience</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>ACCA              Senior accountant at Ministry of Human Resources and Labour</td>
<td></td>
</tr>
</tbody>
</table>
THE JUDGMENTS (BASIC RULES) ACT, 1983 [Islamic Sharia]

In the Name of God, the Compassionate, the Merciful, the President of the Republic: In accordance with the provisions of Article 106 of the Constitution, I hereby make the following Provisional Order:

1. This Provisional Order may be cited as "The Judgments (Basic Rules) Act, 1983," and shall come into force as from the date of signature.

2. In interpreting legislative provisions, unless such provisions are already interpreted or have been given a definite meaning:

(a) a judge shall presume that the legislator did not intend to contradict Shari'a for the purpose of holding a definite duty in abeyance or allowing that which is clearly prohibited and shall pay due regard to Shari'a directives of approbation and disapprobation;

(b) a judge shall interpret generalities and discretionary provisions in accordance with the rules, principles and general spirit of Shari'a; and (c) a judge shall interpret jurisprudential terms and expressions in the light of the basic linguistic rules of Islamic jurisprudence.

3. Notwithstanding any provisions in any other law, and in the absence of a legislative provision governing an event:

(a) a judge shall apply the existing Shari'a rule as established by the Koran and the Sunna;

(b) in the absence of any such provision, the judge shall exert his thought and be guided in so doing by the principles hereinafter mentioned, taking them with due regard to their complementarity and observing their chronology with respect to the priority of their consideration and preponderance:

(i) to pay due regard to the unanimity of Muslim Jurists, the exigencies of the totality of Shari'a rules, its general principles and Shari'a directives respecting questions of detail in the matter;

(ii) to render justice by way of analogy with the provisions of Shari'a for the purpose of realizing its objectives or following its example or comparing with its method in rendering justice; (iii) to pay due regard to what achieves goodness, justice and parries corruption, evaluating the same in a manner destined to realize the ends of Shari'a and the objectives of life under complete Shari'a rule in the context of the present circumstances and that which is not repealed by subsidiary Shari'a rules;

(iv) presumption of innocence, non-prohibition of acts and indulgence in imposition of duties;

(v) to be guided by established judicial precedents in the Sudan insofar as they are not inconsistent with Shari'a and by subsidiary legal opinions and confirmed jurisprudential rules set forth by Muslim Jurists;
(vi) to have due regard to usage in dealings in matters not inconsistent with the rules of Shari'a Law or the principles of natural justice;

(vii) to strive to find the significations of justice prescribed by noble human laws and the rules of justice and equity enshrined in good conscience.

Made under my hand at the People's Palace on the 21st of Zul Hajja 1403 A.H., being the 28th of September 1983 A.D.

Ga'afar Muhammed Nimeiri
President of the Republic.

Appendix 5

Organisational Structure of the SCCA

The translated version of this organizational chart is in chapter 5, figure 5.3 of this thesis.
Appendix 6

Cabinet of the Council of Ministers [AAPOC Registration Notice]
The Republic of the Sudan  
Ministry of the Council of the Cabinet  
Accountancy and Auditing Profession Organization Council  

Important Notice  

The Organization Council of the Accounting and Audit profession is pleased to announce the starting date of registration for the examinations of the Sudanese Chartered Accountants and Auditors for the cycle of December 2015, which starts from Thursday 1/10/2015 to Monday 1/11/2015 A.D. Those who have been unable to register should do so from Monday 2/11/2015 to 12/11/2015. Registration will be at the premises of the Sudan Accounting and Auditing profession Organisation Council in Khartoum. For El Fashir Centre, it will take place at the National Centre for Accounting Training in El Fashir. For Kassala, it will be at the Centre for professions Training in Kassala. For Port Sudan, the centre is at the premises of Sudan Academy for Administrative Sciences in Port Sudan. For Medani Centre, it is the building of the Union of professional accountants in Medani. El Obeid centre is in El Obeid. Registration fee is 200 Sudanese Pounds per subject. The fee is 300 Sudanese pounds for those who combine elective and core units. Examinations begin on Saturday 19/12/2015 and end on Thursday 24/12/2015 A.D. according to the timetable given to us.

God Grants Success  
الله ولي التوفيق
## Appendix 7

Glossary of Arabic Terms as applied in this Research

<table>
<thead>
<tr>
<th>Word/Term(s)</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bay’</strong></td>
<td>Stands for sale and has been used here as a prefix in referring to the different sales-based modes of Islamic finance, like murābaha, ḥāriHurrah, istisnā’, and salam.</td>
</tr>
<tr>
<td><strong>Fiqh</strong></td>
<td>Refers to the whole corpus of Islamic jurisprudence. In contrast with conventional law, fiqh covers all aspects of life, religious, political, social or economic. In addition to religious observances like prayer, fasting, zakat and pilgrimage, it also covers family law, inheritance, social and economic rights and obligations, commercial law, criminal law, constitutional law and international relations, including war. The whole corpus of fiqh is based primarily on interpretations of the Qur’an and the Sunnah and secondarily on ijmā’(consensus) and ijtihad (individual judgement). While the Qur’an and the Sunnah are immutable, fiqh verdicts may change due to changing circumstances.</td>
</tr>
<tr>
<td><strong>Fuqahā’</strong> (singular, faqīh)</td>
<td>Jurists who give opinion on various juristic issues in the light of the Qur’an and the Sunnah and who have thereby led to the development of fiqh.</td>
</tr>
<tr>
<td><strong>Gharar</strong></td>
<td>Literally means deception, danger, risk and uncertainty, but stands technically in the fiqh for exposing oneself to excessive risk and danger in a business transaction as a result of uncertainty about the price, the quality and the quantity of the counter-value, the date of delivery, and the ability of either the buyer or the seller to fulfill his or her commitment, thereby causing either of the two parties an undue loss.</td>
</tr>
<tr>
<td><strong>Ijārah, bay’ al-</strong></td>
<td>Leasing</td>
</tr>
<tr>
<td><strong>Istisnā’, bay’ al-</strong></td>
<td>Refers to a contract whereby a manufacturer (contractor) agrees to produce (build) and deliver a certain good (or premise) at a given price on a given date in the future. This is an exception to the general Shari’ah ruling which does not allow a person to sell what he does not own and possess. As against salam (q.v.), the price here need not be paid in advance. It may be paid in installments in step with the preferences of the parties or partly at the front end and the balance later on as agreed.</td>
</tr>
<tr>
<td><strong>Ji’ālah</strong></td>
<td>Performing a given task against a prescribed fee in a given period of time.</td>
</tr>
<tr>
<td><strong>Khilāfat al-Rāshidah</strong></td>
<td>The period of the first four caliphs after the Prophet, ranging from the year 11AH (632 AC) to the year 41AH (661 AC).</td>
</tr>
<tr>
<td><strong>Mudārabah</strong></td>
<td>An agreement between two or more persons whereby one or more of them provide finance, while the others provide entrepreneurship and management to carry on any business venture whether trade, industry or service, with the objective of earning profits. The profit is shared by them in an agreed proportion. The loss is borne only by the financiers in proportion to their share in total capital. The entrepreneur’s loss lies in not getting any reward for his/her services.</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Murābaha, bay‘ al-</td>
<td>Sale at a specified profit margin. The term is, however, now used to refer to a sale agreement whereby the seller purchases the goods desired by the buyer and sells them at an agreed marked-up price, the payment being settled within an agreed time frame, either in installments or lump sum. The seller bears the risk for the goods until they have been delivered to the buyer. Murābaha is also referred to as bay‘ mu’ajjal.</td>
</tr>
<tr>
<td>Mushārakah</td>
<td>An Islamic financing technique whereby all the partners share in equity as well as management. The profits can be distributed among them in accordance with agreed ratios. However, losses must be shared according to the share in equity.</td>
</tr>
<tr>
<td>Qard hasan</td>
<td>A loan extended without interest or profit-sharing.</td>
</tr>
<tr>
<td>Qur’an</td>
<td>The Holy Book of the Muslims, consisting of the revelations made by God to Prophet Muhammad, peace and blessings of God be on him, during his Prophethood of about 23 years. The Qur’an lays down the fundamentals of the Islamic faith, including beliefs and all aspects of the Islamic way of life.</td>
</tr>
<tr>
<td>Qurūd hasanah</td>
<td>Plural of qard hasan.</td>
</tr>
<tr>
<td>Ribā</td>
<td>Literally means increase or addition, and refers to the ‘premium’ that must be paid by the borrower to the lender along with the principal amount as a condition for the loan or an extension in its maturity. It is regarded by a predominant majority of Muslims to be equivalent to interest.</td>
</tr>
<tr>
<td>Salam, bay‘ al-</td>
<td>Sale in which payment is made in advance by the buyer and the delivery of goods is deferred by the seller. This is also, like Istisnā’, an exception to the general Sharī‘ah ruling that you cannot sell what you do not own and possess.</td>
</tr>
<tr>
<td>Sharī‘ah</td>
<td>Refers to the divine guidance as given by the Qur’an and the Sunnah and embodies all aspects of the Islamic faith, including beliefs and practices.</td>
</tr>
<tr>
<td>Sunnah</td>
<td>The Sunnah is the most important source of the Islamic faith after the Qur’an and refers essentially to the Prophet’s example as indicated by his practice of the faith. The only way to know the Sunnah is through the collection of ahādīth, which consist of reports about the sayings, deeds and reactions of the Prophet, peace and blessings of God be on him.</td>
</tr>
<tr>
<td>Zakāt</td>
<td>The amount payable by a Muslim on his net worth as a part of his religious obligations, mainly for the benefit of the boor and the needy.</td>
</tr>
</tbody>
</table>

Source: Chapra and Khan (1421H or 2000 AD)
Appendix 8

Civil Transaction Act 1984

This Law was achieved by the enactment in 1984 by Parliament in Sudan of the Civil Transactions Act [CTA Act 1984]. The CTA incorporated a very wide range of provisions dealing with agency, sale of goods, companies, land and torts, and was intended to constitute the civil law of the country. The CTA Act 1984 is in direct conflict with Sudan’s Companies Act 1925. This CTA drew upon civil law concepts from the Egyptian, Jordanian and French legal systems and is similar to comparable laws adopted in other parts of the Arab world. The Civil Transactions Act was supplemented by the Sources of Judgments Act of 1984 which required the judges to interpret laws in accordance with Sharia principles. At that time, a number of laws that were based on U.K. practices and principles were repealed, although not the Companies Act of 1925 or the Bankruptcy Act of 1929.

APPENDIX 9

Interview questions

Questions are based on the following local accounting bodies, State organisations and the ACCA:

[Acronyms are explained on the next page]

1. SCCA
2. AAPOC
3. ASCA
4. AAOIFI

State Organisations in Sudan:

5. MoFNE
6. CBoS
7. MoC

British accounting Body:
Questions

1. When was the ACCA set up in the Sudan? What is the size of its members compared to the other existing accountancy bodies in the Sudan? And how influential is the ACCA in terms of market control for its members. What relationship if any, does exist between the ACCA and the other accountancy bodies in the country? What is the impact of the Sudan’s Companies Act 1925, why is it in use today and what conflicts exist between the Islamic shari’a legislation and the Companies Act 1925? Is the ACCA dominating the accounting profession in the Sudan?

2. Why was the AAPOC established, who created (stakeholders) this accountancy body and how different is AAPOC from its predecessor, the SCCA? What influences are exerted by the following: AAOIFI, the IFRS and the IFAC? What role was played by the IAS

3. What roles are being played by the following state bodies: (1) The MoFNE in terms of supporting the development of the accounting profession in the Sudan; (2) the CoBS that regulates the Islamic banking in the Sudan; the MoC; (4) the Auditor General’s Chamber (AGC)? The MoHRL

4. The ASCA is a regional accountancy professional body, how does it assist in the growth of the accounting profession in the Sudan? The ASCA is a regional accountancy professional body, how does it assist in the growth of the accounting profession in the Sudan? What are the influences of the Arab League (AL) and the Organization of the Islamic Conference (OIC) in the Sudan?

5. What are the conflicts, negotiations and/or cooperation between local accounting bodies and the ACCA?

6. What relationship does exist between the Sudanese state and the accountancy bodies in the country? How far has the Islamic Shari’a affected the secular corporate environment in the Sudan?

7. Is there any relationship between the Big Four (Accounting Firms) on the one hand and the accountancy bodies in Sudan on the other? What impact is caused by the existence of the Big Four if any? How does the oil economy (resource) assist in the development of the accountancy profession in the Sudan?

8. When ranking the accounting bodies in Sudan in order of power and influence, which accounting body would you rank first? Explain why?

9. How does the state regulate the accounting profession in the country, what relationship exists between the state and the local accountancy bodies in the Sudan?

Abbreviations in the interview questions:

ACCA: Association of Chartered Certified Accountants
AAPOC: Accounting and Auditing Professions Organisation Council
Appendix 10

List of Conference papers:

- 8th Accounting History International Conference: 19 – 21 August 2015 at Ballarat, Victoria, Australia.