



# Towards a policy model for strengthening the accounting and auditing profession in a fragmented regulatory context

## Some preliminary evidence from the UAE

A policy model  
for accounting  
and auditing

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### Abstract

**Purpose** – The purpose of this paper is to contribute to the development of a policy model for the accounting and auditing profession that fits the current fragmented regulatory context of the UAE and GCC, and could help accountancy to become a cornerstone of an improved corporate governance regime. This paper aims to focus on the features of accountancy within the UAE and GCC, and develop some suggestions for a regional model.

**Design/methodology/approach** – This is a qualitative paper. Data for this paper were collected via in-depth interviews with partners in Big Four audit firms in the UAE, accounting academics, and accounting students at the UAEU. Valuable primary sources of data were also web sites and publications from official organizations. A short survey was also administered to students.

**Findings** – In summary, accountancy's regulatory context in the UAE has remained fragmented. The state has taken the lead role, regulating in some detail the affairs of audit firms. The fragmented regulatory context of accounting and auditing in the UAE has allowed the Big Four to import their global quality assurance systems into the UAE, hiring mainly auditors with foreign examined qualifications. This may present advantages for the policy objective "internationalisation of the UAE economy". It may, however, be regarded as suboptimal for the policy objectives "localisation of the accountancy profession to support the growth and development of local (family) businesses" and "Emiratization of the accountancy profession".

**Research limitations/implications** – It is suggested that the possible shape of a stronger UAE-based accountancy profession be investigated in more detail and its suggested positive effects for specific, relevant UAE policies be put to the test. More interviews with other relevant institutions and local accountants would have enriched understanding of the profession.

**Practical implications** – Understanding the financial regulatory context of UAE is crucial for the understanding and further development of the profession. The Big Four firms have a key role to play in orchestrating efforts towards further professional development.

**Social implications** – Small and medium-sized practitioners need to be supported by a clearer regulatory context, which allows them to exist alongside the Big Four.

**Originality/value** – The paper presents empirical and qualitative evidence about the regulatory context of the UAE.

**Keywords** Regulatory context, United Arab Emirates, Big Four, Audit firms, Internationalization, Policy models, Auditing profession, Accounting, GCC, Auditors, Regulation

**Paper type** Research paper

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## Introduction

The purpose of this paper is to contribute to the development of a policy model for the accounting and auditing profession that fits the current fragmented regulatory context of the UAE. A professional policy model offers a high-level outline of the functioning of professional service provision and consumption in a specific regulatory landscape. It defines a particular way of “[...] resolving intellectual questions, making choices among alternative accounting treatments, and defending the policies which have been adopted” (Buckley, 1980, p. 49). This paper seeks to discuss those activities with reference to some of the key participating groups, such as the Ministry of Finance, the Ministry of Commerce, the Big Four audit firms (PwC, KPMG, Deloitte, Ernst & Young), small- and medium-sized indigenous audit firms, university students and, particularly, women students and some practitioners.

In the process of economic globalization the UAE have adopted various institutional elements of modern accountancy. International financial reporting standards (IFRS) are important for attracting foreign capital. The GCC Accounting and Auditing Organization (GCCAAO) is charged with the oversight of accountancy, as is the UAE Ministry of Finance. They rely partly on American practice used for the Certified Public Accountants (CPA) qualification but also on UAE legislation. Other regulatory institutions pronounce on the adequacy of financial practices from an Islamic perspective. At the same time accounting and auditing practices from around the globe are being imported into the UAE through the sizeable expatriate professional workforce. Among those the Big Four auditors form a powerful group with special interests which arise in part through the economies of scale that they enjoy in regards to the standardized training and sales opportunities of audit and other services afforded by globalization in accounting.

Those various forces for globalization are, however, meeting with a family-oriented business culture in which long-term business relationships between well-known parties have, on the whole, been more important (and perhaps greater accountability) than more recent notions of market transparency, accountability, and corporate governance. Financial reporting and auditing do not, therefore, enjoy as good a reputation with international investors as might be expected from an ambitious economy with, until recently, very high growth rates.

A key question for the UAE’s future participation in the global economy would be how best to orchestrate policy with regards to accounting and auditing. The traditional Anglo-American professions-driven model (e.g. Abbott, 1988) is not applicable because we are not dealing here with different proto-professions vying for dominance in a yet to determined profession. Rather, accountancy arrived in the UAE fully formed and with resourceful representatives in the form of the Big Four auditors, and some global players such as the the International Federation of Accountants (IFAC), Association of Chartered Certified Accountants (ACCA), Institute of Chartered Accountants in England and Wales (ICAEW), and AICPA.

In summary, therefore, the research challenge lies in articulating the interaction between a fragmented set of regulatory forces and what one might call a “traditional” business culture. Since the regulatory forces and the interests of different groups of practitioners are pulling in different directions and set different priorities it is not easy to predict the outcome of this interaction. Nor does it appear obvious what the “best” socio-economic outcome for the UAE might a priori be. Instead it seems plausible that the “best” outcomes would need to be developed from the perspective of active policy making within the UAE. Depending on political preferences, policy making can

intervene in the interaction between regulatory trends and established norms and practices and shape the space of possibilities such that the preferred options become clearer in the process and can be pursued more vigorously.

Fortunately, the UAE has an emerging tradition of active policy making in the economic sphere. In key sectors of the UAE economy, such as energy, finance, property, and tourism, the government is very active. Since the government has sought international capital and has very successfully grown the non-oil sectors of the economy (which depend on a globalized economy) it is, however, unlikely that the government can in the case of accounting and auditing regulation impose innovations unilaterally, given the nature of the profession. An important challenge beyond the scope of this article will be to identify the key stakeholders with whom the government can design the regulation of the accounting and auditing professions (such as the Association of Accountants and Auditors (AAA) in the UAE) the ways in which the stakeholders can share expertise on accounting and auditing practices that are suitable to the UAE business context and that inspire international investors with confidence.

In order to discuss a space of possibilities for policy intervention and government leadership in accounting and auditing regulation, this paper will, initially selectively, consider various factors of the existing practices and traditions in the UAE context as well as some of the most salient existing regulatory forces.

Given the exploratory nature of this paper, data for this project has been collected via in-depth interviews with partners in Big Four audit firms in the UAE, accounting academics, Emarati accountants, and accounting students at the UAEU. Valuable primary sources of data were also web sites and publications from official organizations. A short survey was also administered to students. Secondary sources for data were also very important in finding out about official views about the profession.

### **The organization of the auditing profession in the UAE: constitutional, legal, or empirical/scientific approach**

Although the functions of accounting and auditing occupy relatively different professional spheres, they are often intertwined. This section reviews the Federal Law No. 22 of 1995, labeled UAE Auditors Law, issued by the president of the UAE. The purpose of it is to summarize how the auditing profession is organized and regulated.

Given the different elements of professional sphere described in the law governing auditing practice, one could argue that the way the profession is organized overwhelmingly follows a constitutional approach, rather than a legal or scientist approach[1]. That does not mean that the policy model for accounting is free from those two other approaches. The constitutional approach is defined as “[...] a system of fundamental laws and principles that prescribes the nature, functions and limits of a government or other institutions” (Nagel, 1961, pp. 234-7, cited in Buckley, 1980, p. 52). The legal approach advocates the role of a dedicated accounting court. According to Briloff such a court “[...] would be in a position to encourage the best in the formulation of the corporation’s and profession’s rules and in adherence thereto. Further, such a tribunal could discern, and strike down, any conflicts of interest that arise in the conduct of out professional practice. A court so independently structured should be able on the one hand, to avoid the quagmire in which AICPA’s Accounting Principles Board presently finds itself; on the other, it could provide the standards toward which the Board and the professional generally must adhere. In brief, the very

existence of the court would, at least to an important extent, separate the quasilegislativ and quasijudicial powers which are presently concentrated in so few hands within our profession's establishment" (Briloff, 1972, p. 312, cited in Buckley, 1980, p. 52). The scientific/ empirical approach is defined as "something which originates in or is based upon observation or experience" (Buckley, 1980, p. 56).

The first direct law concerning accounting and auditing in the UAE, was Federal Law No. 9 of 1975, entitled "organizing accountancy and auditing." Another important law related to organizing the profession was Law No. 22, which is made up of eight chapters and 53 articles, starting with:

- (1) definition chapter;
- (2) schedule of auditors and conditions for entry therein;
- (3) procedures for entry in the schedule of auditors;
- (4) audit higher commission;
- (5) rights and duties of auditors;
- (6) accountability and discipline of auditors;
- (7) penalties; and
- (8) general and final provisions.

The control over the practice of auditing is tightly maintained by the State. Unless a person or corporate entity is registered in the schedule of practicing auditors, they cannot practice auditing without being liable for disciplinary action. The criteria for registration for persons include being a national of the State, enjoy full legal capacity, be of good conduct, not have been under any disciplinary action related to honor and ethics of the profession, have a university degree (there are some exceptions) and practice the profession on a full-time basis (exceptions to that are university faculty staff)[2]. According to the law, non-nationals shall also practice auditing if they meet the above-listed criteria, as well as, be a constant resident of the State, hold a fellowship from one of the accounting institutions or societies acknowledged by the Ministry for five years, as well as partner with a national auditor or be their employee[3].

Before being entered into the schedule of practicing auditors, aspiring auditors need to be entered into the schedule of auditing trainees. Individuals (usually UAE nationals) train for a period ranging between one and three years, depending on whether they hold a university degree (three years), a PhD in accounting (two years), or holding a fellowship degree from one of the certified accountants institutions or societies (one year)[4]. During this period, they undergo some training in either a practicing accountancy firm, or in audit or inspection of accounts in one of the ministries, institutions, or public corporations. Teaching accountancy or auditing in one of the public colleges or educational institutes is also deemed acceptable[5]. Again, additional criteria for non-UAE nationals apply (see Article 9). Article 7 mentions that the executive regulations shall specify the method and conditions for this training (although it does not specify in what way), the Article is specific though that the minister should pay a monthly remuneration determined by virtue of a cabinet resolution. It is worth mentioning that the criteria for incorporating companies is also outlined clearly and calls for the involvement of a UAE national as a partner[6].

Once the above criteria are met, a person might be entered into the Schedule of Auditors. The process is self-initiated by the applicant submitting a standard form,

accompanied by supporting documents[7]. A committee of six members is formed then by an order from the minister called “Auditor Registration Committee.” Members of the committee include the Undersecretary, Ministry of Economy and Commerce, representative from the Ministry, a representative for the Ministry of Finance and Industry, representative for the State Audit Institution (or representatives for those bodies), and two national members having experience in accounting[8]. The committee will undertake its functions following Article 14, which involves looking into the application and its supporting documents, as well as into other matters referred to it by the minister in relation to the profession. Majority votes will decide the fate of the applicant and rejection decisions should be justified[9]. Applicants who do not agree with a rejection by the committee can file a petition before the competent civil court[10].

After approval and before commencing practice (interestingly, mimicking the medical profession) auditors take the following oath:

I swear to God Almighty that I undertake to perform my work with the utmost honesty, to respect the Laws of the State, to safeguard the integrity of the profession, to respect its traditions and ethics, to adhere to accounting and audit standards and not to reveal the secrets of my clients, or any information entrusted to me through my work, except within the limits stipulated in the prevailing Laws and Regulations (Article 18, Law No. 22, 1995).

Being on the schedule of registered auditors does not guarantee the right to practice. Registered auditors need to apply to establish an office to practice[11].

The general advancement of the profession and regulating the profession is entrusted to the Higher Commission, which is formed under the supervision of the Ministry. The duties of the auditor are spelled out clearly in Articles 26-35.

The Articles also state clearly other provisions concerning auditing as a profession. It is worth mentioning that most of the Articles are aimed at controlling the jurisdictional boundaries of practicing auditors at the entry and practice level. The link between a relevant degree (accounting) and membership to the profession is a direct one. The starting point to be a professional auditor is to have a first degree in accounting. The following section will make a comparison between the UAE model, and that of the UK, which is characterized by a policy-making space that depends on an archetypal model for professionalization.

### **The UAE model by comparison to the archetypal professionalization model of the UK**

One logical starting point for this endeavor lies in the question of how the accounting and auditing profession in the UAE is organized. The sociology of the accounting profession has been well established in the Anglo-Saxon and, to an extent, the European context (see Abbott, 1988; Parsons, 1954; Wilensky, 1964). It tends to focus on the territories of the former British Empire and, as such, has given insight into the make up and functionings of the profession in industrialized countries such as the UK, USA, Canada, Australia, and New Zealand and developing economies such as the Caribbean and a number of African countries. It is fair to say that with regards to the organization of the accounting profession a “standard model” has been established (e.g. Abbott, 1988; Freidson, 2001; Parsons, 1954). The main elements of this model are:

- accounting and audit regulators, which can be private or quasi-public entities, with national or international reach, that publish the detailed rules of good practice, and with dedicated committees for the oversight and enforcement of rules and good practice;

- the state as a lawmaker whose activities tend to be limited to very general legislation that sets the scene for the activities of the other actors (especially the regulators);
- various nationally and/or regionally based accounting institutes that act as a lobbying organization for the interests of practicing accountants but also as organizers of professional accountancy training and examiners of accounting trainees and, thereby, the bodies that license practitioners to audit the accounts of public and private companies;
- the practitioners themselves who carry out accounting work; and
- as special group of practitioners the Big Four audit firms for whom only a portion of the total population of accountants work but who hold considerable power on account of their global spread (they are the only auditors seen as capable of auditing multinational clients), lobbying power, promotion of the globalization of accounting rules, and high salaries.

A close look at the UAE shows that this model applies only in part, mainly because the UAE does not possess an accounting institute that organizes the training and examination of accounting trainees or the approval of their professional designations (in the UK see ICAEW, Chartered Institute of Public Finance and Accountancy (CIPFA), Institute of Chartered Accountants in Scotland (ICAS), ACCA, Chartered Institute for Management Accountants (CIMA)). Although there is a professional body for accountants in UAE, called the “AAA,” which was established in 1997, by a resolution of the Ministry of Labour and Social Affairs (227/97), they have no similar jurisdictional claims like other accounting bodies/institutes in an Anglo-Saxon context (e.g. ICAEW). For example, auditors are under no duty to register with the Association. There is also not a substitute agency in the UAE that would, comprehensively, fulfill this role. This has important implications for the oversight of training and the possibilities for guaranteeing good standards of professional knowledge among the accounting practitioners in the UAE.

Table I serves to give an overview of these issues.

### **UAE policy objectives**

A number of UAE policy objectives would appear relevant for a discussion of future developments in the regulation of accounting and auditing in the UAE.

Most prominent among these would be the continued pursuit of economic growth and economic diversification as per key visionary documents such as the Abu Dhabi Economic Vision 2030 or the UAE Government Strategy 2011-2013. It is clear the government sees the future of the UAE economy as a global player of increasing weight in the global economy. This entails a firm embedding of the UAE economy in the global capital markets as well as the markets for entrepreneurial talent and technology. Essential for the success of such a strategy is a reputable economy, one whose reporting mechanisms are trustworthy and transparent. Recent efforts, for example, through the Corporate Governance Code of the Securities and Commodities Authority (SCA), are evidence of this ambition. The significance of such efforts has been underlined by uncertainties over the servicing of debt of government-related entities, especially in the Emirate of Dubai, in the wake of the recent financial crisis. It is still evidenced in the ongoing efforts to schedule the debt of Aldar, the largest

	The "standard model"	The UAE context
Accounting and audit regulators	National regulators (such as FASB in the USA) increasingly replaced by the rules of the IASB, and the IFAC who issue ISA through the IAASB	Predominant use of IFRS, supplemented with the pronouncements issued by Islamic accounting authorities such as the AAOIFI. Presence of some regional GCC influence
State	Produces general legal framework, often in a "Company Act." Also creates institutions for the oversight of stock exchanges, such as the Securities and Exchange Commission (SEC) in the USA	The presence of a general Company Law, that establishes the needs for auditors. Also the state produces more detailed rules beyond a general legal framework, pertaining to training periods for different kinds of members of the accounting institute and university degree holders. Registration of trainees and practicing professionals with the Ministry of Finance is mandatory. Stock exchange oversight falls under the authority of the SCA
Accounting institutes	Sometimes several competing member institutes with their own training syllabi for accounting trainees and their own examination arrangements (e.g. in the UK the ICAEW, the ICAS, the ACCA)	Has an accounting institute but it serves a different role and is without specific training contents and examination procedure. Authority for registering trainees lies with the Ministry of Finance as does the evaluation of whether the practical experience of trainees was sufficient to grant them the status of licensed practitioners. The presence of other national and regional forces that play a role in the training and certification of auditors
Accounting practitioners	Mostly working in small- to medium-sized firms auditing local companies. Accounting expertise is dependent on the size of firm	Same. The Big Four firm are struggling to attract local Emaratis, given the working conditions they have
Big Four audit firms	Attracting the most ambitious practitioners, and all the large clients, thereby acting as an oligopoly for the large-entities audit market. Powerful lobbyists of international and national rule makers and dominant in the running of the accounting institutes even though they are hugely outnumbered by the small practitioners	In the absence of a powerful accounting institute and detailed rules for training, the Big Four in the UAE are free to import whichever international practices they prefer. For quality standards of training they often use and promote US training (CPA) and the various professional qualifications from the UK (e.g. ICAEW, ICAS, ACCA)

**Table I.**  
The "standard model" of  
accountancy compared  
with the UAE context

property company in the UAE, partly owned by the investment arm of the Abu Dhabi government, Mubadala.

#### *Audit firms*

A noticeable feature of the UAE context is the tremendous discretion given *de facto* to the international Big Four accounting firms operating in the UAE. In the absence of

any agencies that would compete with them over the determination of quality standards in accountancy training they do not even have to lobby for their preferred training contents. Whereas under the “standard model” a key battle ground over the stipulation of training has lain inside the accounting institutes where the Big Four and small practitioners have, for example, disagreed over the relevance of highly technical rules for the audit of large multinational companies, or the reform of accounting to include judgments over market values instead of sticking to historical cost rules (Anderson-Gough *et al.*, 2002). Considering the concentrated expertise and experience which the Big Four bring to the UAE they operate in a very thinly regulated arena, which can work to their advantage or bring about high levels of risk when operating in such context. Predictably, interviewees from the Big Four provided a strong indication of feelings of indifference or rejection of the development of a stronger UAE-based professional institute with powers to determine the contents of training. For the Big Four, quality can be assured with referenced to their internal practices and a handful of qualifications imported from the USA and the UK. They define what good practice is, and how to recognize good practitioners. Interviewees from the Big Four also indicated that there is a need to establish some regulatory regime, which will help them deal with their clients mal practices.

There is an inherent problem in concentrating so much power of accountancy in the hands of the Big Four. Accountancy is a profession. A professional is an independent, usually self-employed expert who sells her advice to clients. Typically, none of her clients is big enough to force the professional’s hand when the client does not like her advice. Professions are meant to work for the public good in return for which they are granted certain privileges by the state concerning the regulation of entry to the profession. This model works still mostly for small practitioners. It has seized to apply to the Big Four who operate nowadays as corporate entities, not professional partnerships (Grey, 1998). They operate managerial hierarchies, which in some cases the individual practitioners’ judgment is secondary to the priorities of the firm (Anderson-Gough *et al.*, 2002, 2000).

From the point of view of the government’s internationalization strategy, to leave the determination of important aspects of accountancy practice with the Big Four audit firms, who do not just hold the audit mandates of every large western company but who also advise governments and international organizations around the world, might appear a useful approach. It is an inexpensive solution for importing practices that seem to the Big Four in keeping with their own interests in preserving their international reputation. Clearly, however, this incentive for self-preservation has lost some of its persuasiveness with the failure of Arthur Andersen and the shrinking of the group of big audit companies to four. With four companies and rules for mandatory audit rotation there is in some instances now hardly any competition between the audit firms left when international clients tender their audits. In many ways therefore, governments will hardly be able to let another audit firm fail. The international audit industry has entered a phase of “too few to fail.” This might be expected to reduce the incentives for Big Four audit firms to act to protect their reputation quite as vigorously as they did when there were ten or eight of them.

From the point of view of the UAE’s considerable sector of family firms it is questionable whether the Big Four can offer the best accounting and auditing services. It is not clear that they are incentivized to tailor their services to the clients needs. Family firms tend to have highly specific forms of governance and ownership and outsiders’ influence. Also, family firms tend to be less in a “marriage of equals” with a



Big Four audit firm than international clients. An important policy objective might therefore be the creation of a better home-grown medium-sized audit industry to audit and support the growth of the family firm sector in the UAE. This is particularly important because the experience in other countries has shown that this sector is often pivotal for generating innovation and new jobs.

Job creation, especially for Emiratis, is a policy area of great importance in the UAE because to date Emirati employment is still almost exclusively restricted to the public sector. It is a key policy priority for all layers of government in the UAE. Evidence of this have been the long-standing efforts at “Emiratization.”

Job creation is therefore linked to policies on accounting and auditing in this indirect way, via the support of family firms. A more direct link between Emiratization and the regulation of accounting and auditing can, however, also be made by attracting more Emiratis into accountancy practice. As the government seeks to support the employment of Emiratis in the private sector, the professions would offer several advantages. For the Emiratis themselves this would offer relatively high salaries. This has been established as an important condition because Emirati employees tend to have a high reservation price. The professions could contribute to the growth of the knowledge economy, another important policy objective of the government. And professional employment is in keeping with Emirati expectations of culturally acceptable employment as knowledge workers in a white-collar environment.

Such considerations would be suggestive of strengthening locally the growth of an accountancy profession that is tailored to the local Emirati context and its indigenous companies. Pursuing such a policy would not necessarily be welcomed by the Big Four but it would be entirely in keeping with the scenario in other countries where the Big Four have arguments with the small practitioners over the shape of the profession, its training, and its priorities as a profession.

#### *Institutes, regulators, and the state*

An important trend in the industrialized countries has been the beginning of a replacement of national regulators (such as FASB in the USA) by the rules of the International Accounting Standards Board (IASB), and IFAC who issue International Standard on Auditing (ISA) through the International Auditing and Assurance Standards Board (IAASB). Even though in many areas of international regulation that gives some discretion to national implementation one can still trace national standard setting traditions there is much agreement that the national regulatory institutions are being considerably weakened.

In the UAE IFRS are used predominantly (Irvine and Lucas, 2006). They are, in the area of financial services, supplemented with the pronouncements issued by Islamic accounting authorities such as the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) (2011).

Whereas in most industrialized countries the role of the state has been limited to producing general legal frameworks, for example in a “Companies Act,” the UAE government has issued more detailed rules that pertain, for example, to matters of training periods for different kinds of members of the accounting institute and university degree holders. The role of the state in the UAE also extends to the registration of trainees and practicing professionals. They must register with the Ministry of Finance.

As in many industrialized countries, the UAE has authorized stock exchanges to make listings rules for publicly traded companies. The oversight of exchanges falls under the authority of the SCA.

An important difference between the UAE and the Anglo-Saxon countries lies in the organization of the accountancy profession. The Anglo-Saxon tradition is to have, sometimes competing, professional members institutes with their own training syllabi for accounting trainees and their own examination arrangements. Such competition could either be functional or spatial. For example, in the UK the ICAEW is the largest institute whose membership is dominantly British accountants, while the ACCA membership is dominantly overseas. The CIMA offers particular training routes for those interested in a managerial accounting certification. The CIPFA specializes in offering certification for those working in the public sector. The ICAS is based in Scotland and the Institute of Chartered Accountants in Ireland (ICAI) is based in Ireland.

By contrast, the UAE's accounting institute pursues more modest objectives. It is without specific training contents and examination procedure, as the authority for registering trainees lies with the Ministry of Finance as does the evaluation of whether the practical experience of trainees was sufficient to grant them the status of licensed practitioners. The institute also competes with some regional organizations that are concerned with the issue of harmonizing the accounting and auditing profession in the Gulf area.

#### *Training routes and accounting graduates*

Noticeable features of the UAE context include that in terms of mandated training, Emirati accountants can practice if they have an accounting degree and a specified time period of practice with an unspecified training content. The distinguishing feature of practicing Emirati accountings in the UAE is that they must be certified by the Ministry of Finance. (This rule applies only to Emirati nationals.)

The relatively low profile role of the UAE's accounting institute means that in the UAE there is a much greater role for academia in support of the profession, which includes the training of accounting professionals. In the UK or the USA the bulk of the specification of training lies with the accounting institutes. Especially in the UK the higher education sector is only seen as, at best, a preparer of accounting trainees, not a trainer as such.

Bachelor degrees in accounting are offered by various universities in the UAE, including UAEU, the largest and oldest university in the country. Accounting is seen by the students as a subject that prepares them for a career in accountancy. This is similar to continental European practice but unlike the UK experience, where accounting firms will recruit accounting graduates but also other graduates with what is known as "non-specialist" degrees, for example, from the humanities or sciences (Coffey, 1994; Coffey, 1993). Most UAEU accounting students aspire to working in accountancy. They tend to perceive accounting as a teaching subject with relevance to accounting practice, and are not familiar with the (British) notion that accounting could also be a broader business qualification that prepares students for general management roles or government careers or for entrepreneurial activities (Anderson-Gough *et al.*, 1998a, 1998b).

A noticeable feature of the law pertaining to the certification of UAE accountants is also that practitioners must pursue accountancy full-time. The only exception from that pertains to university appointments. Practitioners may hold university appointments and be licensed by the Ministry. This, again, highlights the actual and intended importance of academia for accounting in the UAE.

In the pursuit of strengthening the profession in the UAE in order to serve the policy priorities of the UAE one important consideration has to be the potential role of women. From a supply perspective, the female talent cannot be overlooked when one wants to staff a growing profession. For highly qualified posts there has for many years been a shortage of Emirati labor as evidenced by the CVs of highly qualified Emiratis who get promoted frequently and can change employers frequently. Female university graduates constitute a large portion of the best accounting graduates in the country. Feedback from accounting firms suggests that they are regarded on the whole as capable, hard-working and disciplined. Their biggest drawback from an employer's perspective is that they tend to be unavailable for work after they get married.

An international perspective on this issue is useful. In other countries, also, the job requirements of audit firms and the family roles of women do not co-exist harmoniously (Gammie and Gammie, 1995; Wajcman, 1998; Witz, 1990, 1992). Among the solutions emerged from practice have been special arrangements for female employees of accounting firms. Mostly the problem has not been that female employees cannot put in the hours to do the job, but that they need flexibility over when to put those hours in and how. This has involved a move away from client-facing tasks, in which the client determines when the work takes place and toward office-based tasks that are initiated by a client but that have flexible work schedules with a fixed final due date. In the UK work on personal taxation has turned out to be an area in which many women work, partly due to the flexible nature of such work.

In the UAE context this might be a useful insight. By focussing on office-based work, two objectives might be achieved at the same time. The work can be coordinated with the women's family roles. And additionally, their work might, mostly, avoid traveling and non-office-based tasks, thereby increasing the initial acceptability of such work especially, enabling perhaps later a move to more and more accounting tasks.

This poses a challenge for accounting firms to organize work such that they can offer better, more suitable working conditions to Emirati women and thereby avail themselves of a considerable talent pool.

#### *The influence of Islamic accounting regulation*

In the wake of growing markets for Islamic bonds and other forms of Islamic finance and the growing popularity of Islamic retail banking products, the financial sector in particular has developed practices that seek approval from customers as conforming to religious expectations. This, among other factors, has given rise to various efforts at clarifying what is needed for accounting to become Islamic accounting. The AAOIFI has taken a leading role in producing Shari'a compliant accounting and auditing rules for the financial sector. By 2010 it had published 25 Accounting Standards, five Auditing Standards, six Governance Standards, and two codes of ethics, and additionally 41 Shari'a Standards. It has also established two international qualifications with detailed training syllabi and an examination system: the Certified Islamic Professional Accountant (CIPA) and the Certified Shari'a Advisor and Auditor (CSAA).

Through those activities AAOIFI has become an important force in the internationalization of accountancy. Because of the significance of the finance industry for the UAE, the AAOIFI has added an important layer of regulation and professionalization to the practice of accountancy in the UAE. Thus far the demands for Islamic accounting have not spilled over from the financial sector to the economy in general.

## Conclusion

In summary, accountancy's regulatory context in the UAE has remained fragmented. The state has taken the lead role, regulating in some detail the affairs of audit firms without, however, using examinations to certify professional expertise. This has left the Big Four audit firms as the main beneficiaries. The fragmented regulatory context of accounting and auditing in the UAE has allowed them to import their global quality assurance systems into the UAE, hiring mainly auditors with foreign, examined qualifications. This may present advantages for the policy objective "internationalisation of the UAE economy." It may, however, be regarded as suboptimal for the policy objectives "localisation of the accountancy profession to support the growth and development of local (family) businesses" and "Emiratization of the accountancy profession." It is therefore suggested that the possible shape of a stronger UAE-based accountancy profession be investigated in more detail and its suggested positive effects for specific, relevant UAE policies be put to the test.

## Notes

1. See Buckley (1980) for a detailed discussion on the three policy model approaches.
2. See Article 4 of Law No. 22, 1995.
3. See Article 9 of Law No. 22, 1995.
4. See Article 6 of Law No. 22, 1995.
5. See Article 8 of Law No. 22, 1995.
6. See Article 10 of Law No. 22, 1995.
7. See Article 11 of Law No. 22, 1995.
8. See Article 13 of Law No. 22, 1995.
9. See Articles 15-17 of Law No. 22, 1995.
10. See Article 17 of Law No. 22, 1995.
11. See Article 20 of Law No. 22, 1995.

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Dr Rihab Khalifa, Associate Professor of Accountancy, earned her PhD from the University of Manchester in 2004. She joined the FBE faculty in 2009 after positions at the University of Manchester, London School of Economics and Political Sciences (LSE), and Warwick Business School where she was the Doctoral Programme Committee Chair for the Accounting group. Her teaching interests focus on auditing and corporate governance and qualitative research methodologies. Her research interests are in the areas of professional service firms, e.g. professionalization projects in accounting, auditing and audit methodologies (business risk audits), corporate governance, gender and women studies (including gender budgeting), Islamic accounting (a recent interest) and language and power. Dr Khalifa received various grants from the ESRC, CIPFA, BAA, the Federal School of Management at Manchester and a departmental award from the LSE. Currently she is co-investigator on a project on governance roles of UAE boards of directors that is funded by UAEU. She published in *Accounting, Organizations and Society*, *Critical Perspectives on Accounting*, *European Accounting Review* and *Accounting, Auditing & Accountability Journal*. She is also on the editorial boards of *Research in Accounting in Emerging Economies* (Emerald) and the *Journal of Accounting in Emerging*

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