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Abstract

In the interest of avoiding the reproduction of classification of the world as US, UK, and ‘other’ (Nobes and Stadler 2013) this work addresses questions that likely matter to much of the world, but not awarded enough attention. The roots of contemporary social phenomena have been shaping for centuries with ideologies infiltrating the various domains of social life (e.g. Acemoglu et al. 2001; Annisette 2000; Aschroft 2001; Errington 2001; Gallhofer et al. 2011; Massad 2001; Poullaos and Uche 2012). Thus, I undertake an explanation of how features of modern European colonization contribute to current perceptions and practices in accounting. I show how colonial ideologies, largely sustained in missionary private schools, Western credentials and the English language, contribute to the power relations within the field and opportunities within it. I further examine the potential influence of colonial strategies and mechanisms in accounting outcomes showing that the colonial legacy institutionalized, matters in explaining accounting quality across countries. In conducting the various analyses I build on multiple theoretical concepts from the fields of sociology and institutional economics, as relevant to colonialism, profession, and power in unraveling the social complexity, using both inductive and deductive analytical methods. This thesis makes multiple contributions to accounting research. First, it treats the colonial legacy as central to understanding the organization of the accounting field and its practices in many countries. While this is not the first such work in research on professionalization in audit it is likely the first to examine the evolving organizational practices within the corporate accounting occupation, and conceptualize this transformation as professionalization while also naming the missionary institution in the reproduction of colonial conditions. Second, the thesis extends Bourdieu’s work on language and symbolic power (1991) to a post-colonial context. The analysis shows how audit and IFRS, among other mechanisms, contribute to the internalization of English, the language that has been perceived higher in the linguistic hierarchy in Jordan since the British colonization. This is likely the first paper that analyzes in depth the role of language within accountancy and ensuing social structural changes in the field. In conducting this analysis research is enriched with insights into the day-to-day practices of accountants in settings of which accounting research has developed

little understanding (Hopwood 2007). Finally, this work shows that the colonial experience is relevant to explaining contemporary institutions and consequently accounting quality in a large subset of countries while providing new instruments to minimize the endogeneity of institutional proxies in accounting research.

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Chapter 1: Introduction

In the words of the late Anthony Hopwood '*If innovation and new understandings are more prone to emerge from the margins of the subject that are in touch with different perspectives and bodies of knowledge, then accounting research seems to have become too stable and insufficiently innovative in a changing world*' (Hopwood 2007, p. 1370). A desire to understand contemporary phenomena in accounting as it is embedded in the broader societal and occupational contexts motivates the individual chapters constituting this work, which at times may not fall neatly within one classification or another. Yet, crossing traditional boundaries and research methodologies and finding interconnections with other disciplines contributes to the innovation of research (Chapman 2012; Hopwood 2007).

Current accounting research grew largely out of the US and UK (Nobes and Stadler 2013) increasingly becoming the standard worldwide while undermining non-Anglo-American research (Humphrey and Gendron 2014). Yet, what may be irrelevant to research in these countries may

be crucial to others (Cooper et al. 1998), and the enrichment of research calls for perspectives from the different cultures to resist ethnocentrism (Gallhofer and Chew 2000). In the interest of avoiding the reproduction of the marginalization of the 'other' (Nobes and Stadler 2013) this work addresses questions that matter to much of the world, yet have been given limited attention. My goal is to explain accountants' behaviors and accounting practices in times when globalizing trade is intensifying, transnational institutions are prevailing, distances shrinking, accounting standardizing, and English is far reaching. Such understanding requires relating contemporary observations to their roots that have been shaping as early as nations, in the name of trade, were conquering and being conquered. Together with armies, settlers, missionaries, and languages accounting practices and structural forms were exported from the empirical center. With ideologies institutionalized in educational forms, elitism, artificial borders, capitalist thought, English language and accounting harmonization, the colonial influence in wide aspects of economic life has not ceased following official independence (e.g. Acemoglu et al. 2001; Annisette 2000; Aschroft 2001; Errington 2001; Gallhofer et al. 2011; Massad 2001; Poullaos and Uche 2012). This proposes endless questions around the connection between modern colonization and accounting that scholars have been interested in over the last fifteen years (see Annisette and Neu 2004).

In this domain, accounting research demonstrates that 'informal empire' continues influencing the accountancy field through professional associations, professional education, certification of accountants, political imperialism, technological dependency, unequal access to training, hierarchy, and local elites maintaining exclusivity (Annisette 1999, 2000; Davie 2000; Poullaos and Sian 2010; Ukwatte and Yapa 2013). For example in her influential research Annisette (2000) demonstrates that in the formerly colonized Trinidad and Tobago the continued power of the British Association of Chartered Certified Accountants on the professional education and certification of accountants, through political imperialism, technological dependency, and local elites successfully thwarts efforts to establish a local system of training. Annisette also suggests that in different political, economic, and social environments varieties of profession may be constructed. Motivated by this research I begin by conducting an in-depth examination of the forms of accounting organization in Jordan, a state in the modern sense formed by and subjected to British colonization in the 20th century with large remaining influence on identity formation

(Massad 2001). Jordan shares the colonial history, and the continued involvement of Western countries with large parts of the world. The presence of missionary schools since the days of the British formal presence is one indicator of such involvement. In this work I analyze discourses in the corporate accounting practice, a domain that has rarely been examined, even though social status factors that may incite closure are present across all accounting occupations (Chua 1986; Cooper and Robson 2006). I show how the adoption of Western credentials, ways of being, and the English language, are institutionalized contributing to regulating the field and opportunities within it. Evans (2010) explains that the introduction and success of International Financial Reporting Standards (IFRS), with English as its official language, has made English the international lingua franca in all related accounting spheres and elevated its position such that professional bodies and academics globally attempt to enhance their prestige by incorporating English terminology into their accounting discourse, resulting in unconscious adoption of Anglo-American culture. I then attempt to explain how English, hardly examined in accounting research, is used as a mechanism in the reconstruction of power relations in a non-Anglo-American setting.

As professionals in Jordan are subject to colonial influences the first two analyses stimulate a question on whether findings related to the role of the colonial institution in accounting can be extended to other countries. To examine that chapter 4 addresses the potential role of the colonial institution in accounting quality. While institutions have been shown to play a role in accounting practice (Leuz et al. 2003; Ball et al. 2000; Ball et al. 2003; Brown et al. 2014; Daske et al. 2008; Defond and Hung 2004; Landsman et al. 2012) the argument made in this chapter is that the choice of variables is itself subject to the categories deemed relevant to Anglo-American accounting research. This is where incorporating variables from the institutional economics field shown to influence economic outcomes (Acemoglu et al 2001, 2002; Alesina et al. 2003; Alesina et al. 2011) is helpful. For example Acemoglu et al (2001) argue that different colonial strategies of settlement produce different persisting institutions. The authors contend that in “extractive states” where they didn’t settle colonizers exploited local labor and natural resources while subjecting colonized societies to high taxes with little constraint and little incentives to invest in institutions, where as in settler colonies they tried to replicate the institutions of their home countries giving attention to property rights that would enable them to become richer. The authors find that differences in institutions can explain nearly three-quarters of Gross Domestic

Product (GDP) per capita differences in formerly colonized countries. Collectively, the three questions addressed in this thesis undertake an explanation of the different features of this colonial influence and its institutionalization contributing to current perceptions and practices in accounting.

As these interdisciplinary questions are complex, I rely on multiple theoretical concepts relevant to colonialism, profession, and power in unraveling the layers. To understand how the infiltration of imperial ideological myths as standardized forms of knowledge influence the colonial discourse of the colonized in the next chapter I build on the insights of Joseph Massad (2001) who extends the work of Edward Said (1978), and explains how imperialism shapes the colonized societies themselves as institutions are repressive and reproductive shaping resistance to closure and identity formation. In chapter three, the theoretical concepts of Pierre Bourdieu help unpack how power among accountants is constituted with the English language, a contemporary phenomenon taking roots over centuries in non-English-speaking societies. Finally, to understand the relevance of the colonial experience to accounting outcomes I build on multiple works from the institutional economics literature led by Acemoglu et al. (2001) in examining if and how, historic colonial strategies explain contemporary economic differences.

Diversity in research requires diversity in methods of analysis whether they be inductive or deductive (Chapman 2012). This is an excellent opportunity for someone training in a PhD program to widen the path to choices and innovative work, contrasted with falling into the trap of a 'natural' form of accounting research (Chapman 2012). An understanding of how actors construct their reality, not objectively real, lends itself to qualitative methodology in which interviewing, as one of the methods, allows researchers to get close to the data and emphasize meanings and ordinary behaviors (Ahrens and Chapman 2006). This is the methodology adopted in chapters two and three, where data was collected by conducting field work in Jordan. The insights generated by this work led to questioning whether the colonial experience and its institutionalization influences accounting outcomes. Given that prior literature acknowledges the role of institutions in different accounting outcomes, and colonialism is shown to influence economic development, a hypothesis testing approach then seems appropriate. Thus the qualitative methodology first provided some understanding of the relation between what started

decades ago and the current accounting environment while helping formulate predictions around accounting outcomes, specifically accounting quality.

In the next chapter I examine the interplay of the forces of colonialism and modernity in the field of corporate accounting in Jordan. I analyze corporate accountants' discourses in light of threats to status given the lacking knowledge of IFRS, and intense competition. I propose that in what is perceived as a project of modernity, corporate accountants are self-regulating using certificates, recruitment exams, English language proficiency, and image to restrict membership to their enacted profession and limit mobility within it. I argue that in doing so accountants recreate colonial forms of organization for exclusion and authority of the West, reproduced by enduring colonial schools. The paper is currently in a revise-and-resubmit stage at Accounting Auditing and Accountability Journal and was presented at the European Accounting Association annual congress, the Workshop on Accounting and Management Control in Madrid, and the International Accounting Research Symposium in Burgos.

In chapter three we analyze the use of English in the construction of accounting hierarchy and identities in Jordan using Pierre Bourdieu's theoretical concepts on language and symbolic power. We show how the historic and contemporary factors combine in accountants' *habitus* influencing their discourse and actions, as they redefine social capital and identities. We also elaborate on how English in the accountancy field in Jordan is a symbolic instrument used in the structuring of the field and the relations within it. This paper has been presented at the Global Accounting and Organizational Change Conference in Sharjah.

In chapter four we examine the use of exogenous colonial strategies to explain institutional differences following the institutional economics literature (Acemoglu et al. 2001) and find evidence that these strategies influence accounting quality via institutions. The study provides evidence that investor protection (Leuz et al. 2003), a measure widely used in the international accounting literature to proxy for institutional variation among countries, fails to explain differences in earnings quality in countries with colonial legacy. We also examine the possibility that what is observed is the effect of changes in institutions over time but find no such effect. This paper was presented at an informal workshop at Universidad Carlos III de Madrid, and the Global Accounting and Organizational Change Conference in Sharjah.

This thesis makes multiple contributions to accounting research. First this work treats the colonial legacy as central to understanding the organization of the accounting field and its practices in many countries. While this is not the first study to do so in research on profession (Cooper and Robson 2006), it is one of the very early studies to examine its influence in accounting practice. Having said that, the next chapter is likely the first analysis to conceptualize corporate accounting as a field and transformations within it as a professionalization project (Larson 1977). In this analysis I also show how contemporary missionary and private schools act as vehicles through which colonial education is institutionalized and upon which this professionalization project rests. Second, the thesis extends Bourdieu's work on language and symbolic power (1991) to a post-colonial context. The analysis shows how audit and IFRS, among other mechanisms, contribute to the internalization of English, the language that has been perceived higher in the linguistic hierarchy in Jordan since the British colonization. The argument being made is that with this normalization 'symbolic violence' takes shape as English becomes a source of professional distinction and domination reproducing hierarchy in the field of accountancy. This is likely the first paper that analyzes in depth the role of language within accountancy and ensuing social structural changes in the field. In conducting this analysis research is further enriched with insights into day to day practices of accountants in settings of which accounting research has developed little understanding (Hopwood 2007). Third, the colonial experience in this work is shown to be relevant to explaining institutional differences and consequently accounting quality in a large subset of countries. In conducting this analysis instruments are provided for future research to minimize the endogeneity of institutional proxies that are commonly predetermined with accounting quality. These findings challenge the institutionalization of accounting research which places Anglo-Saxon research in higher esteem within accounting research (Humphrey and Gendron 2014). Forth, and in the interest of diversity this thesis relies on a number of theoretical works that can help researchers better understand accounting phenomena. As shown in this thesis accounting research can benefit from the interdisciplinary insights offered by Acemoglu, Johnson, and Robinson in their multiple works starting in 2001 and the work of Joseph Massad (1991), that are relatively new to the framing of accounting analysis. Pierre Bourdieu's theoretical concepts, while familiar to some accounting researchers, are not wide spread, yet they

offer opportunities for ‘exposing the fictions of the present’ in the interest of opening new possibilities for change (Malsch et al. 2011).

Chapter 2: Corporate Accounting, a Non-traditional Site of Professionalization

1. Introduction

Professions are social forms organized for control and exclusion (Abbott 1988; Annisette 2000; Caramanis 2002; Grey 1998; Poullaos and Uche 2012; Ramirez 2001). Prior research has identified professional institutions as sites for regulation and professionalization (e.g., Annisette 2003; Carnegie and Edwards 2001; Greenwood et al. 2002; Poullaos and Sian 2010; Willmott 1986) and more recently, accounting professional firms (Cooper and Robson 2006; Suddaby et al. 2007). Research so far has hardly examined forms of organization within the field of corporate accounting, or accountants in industry, even though social status factors that may incite

closure are present across all accounting occupations (Chua 1986; Cooper and Robson 2006)¹. In the literature, corporate accountants are in ‘non-traditional’ environments, with their commitment perceived largely to their respective bureaucratic organizations, and interest in them is mostly restricted to the role of those migrating from accounting professional firms (e.g. Walker 2000; Suddaby et al. 2007).

To fill part of this void, I analyze the discourse and practices of corporate accountants in Jordan, a small setting where social changes gain visibility. The observed practices are conceptualized as a project of professionalization (Larson 1977), a struggle in which rules are evolving to determine membership to a status-aspiring group, limiting opportunities within and around it. In this paper ‘Corporate accounting profession’ refers to the collective mobilization of a group in a way that defines what the category itself is; one that is not removed from the theoretical construction of profession, and playing out differently from one setting to another (Evetts 2003; Johnson 1982; Larson 1977).

The paper argues that meanings of modernity contribute to evolving controls and regulations across Jordanian corporate accounting departments in an attempt to enhance the status of the group, and enact profession. This compares to much of the prior literature in its social closure dimension, yet is different in that it is not contingent on formal professional association or professional codes, rather on ideology which perceives modernity as Westernization (Johnson 1982). I argue that this professionalization obtains as corporate accountants regulate their field using at least four strategies that reflect their perception of modernity in a post-colonial environment: certificates, recruitment exams, English language, and image. The common Western dimension of these practices strengthens the link between them, and enables corporate accountants’ contest for status, while generating a distance from the ‘traditional’. Meanings associated with these concepts are constantly being reconstructed. In Jordan while at times ‘tradition’ and ‘modern’ are associated with the assertion of national culture, and Western technological advancement, respectively, at the extreme of the continuum, ‘tradition’ stands for static, submissive, and status quo, while at the other end ‘modernity’ stands for change, freedom and Western values. I further propose that normalizing modernity and Western beliefs and values

¹ Previous studies within managerial accounting have explored questions relating to role change (Burns and Baldvinsdottir 2005; Granlund and Lukka 1998) and occupational identity (Ahrens and Chapman 2000), however corporate accounting is a more comprehensive group than the management accounting group.

is part of the colonial heritage that is perpetuated in missionary and private primary and secondary schools.

Jordan is a relatively small country where corporations are concentrated in the capital Amman enabling closer interaction among corporate accountants; a factor relevant to the transformation of the corporate accounting occupation in the absence of professional association.² As historic events continue to shape the post-colonial world (e.g. Ashcroft 2001; Hourani 1962; Said 1978; Young 1994) contemporary presence of institutions of social inequality and Western dominance perpetuates elitism contributing to professionalization. British military control in Jordan lasted officially from 1922-1946, but in effect until 1956. While relatively short, its impact continues to be felt today largely because it was the British who defined the borders of the current state blending cultural and economic groups from Palestine, Syria, and Hijaz, resulting in the unease in defining who a Jordanian is (Massad 2001). Thus identity tensions closely related to class issues arise, or what Barakat (1993) conceives as the constant unresolved conflict between 'tradition' and 'modernity'. It is in this space where forces of modernity and tradition interact that profession is constructed. The Jordanian setting also illustrates the role of contemporary primary and secondary missionary schools, founded during the colonial era in professionalization, apart from that of accounting educational organizations (e.g. Annisette 2000; Poullaos and Sian 2010). I argue that missionary schools play a reproductive role in Western style elitism contributing to the evolution of rules of membership and boundaries in corporate accounting. Because their graduates have continually been among the political, business, and social elite, missionary schools increasingly gained prestige and became the model for other private schools.

The analysis of thirty-three semi-structured interviews with a wide range of stakeholders shows that corporate accountants implement practices that they perceive are essential for improving the quality of their services, primarily to modernize the economy and facilitate new market

²A few CFO's founded Jordan Association for Management Accountants (JAMA) in 2009 with the goal of improving the corporate accounting occupation and offering training. It is however a very small organization, with no official or occupational recognition and limited funding. The only two interviewees who knew about JAMA were its founders. While this shows the limited role of formal association it may reflect the desire on the part of at least some corporate accountants in a group identity and status enhancement. Another relevant association is Jordan Association of Certified Public Accountants (JACPA), responsible for organizing the audit occupation under the supervision of the High Council for Accounting and Auditing (HCAA). JACPA is a union-like association, in which corporate accountants who were previously certified as practicing auditors may remain members, but this has limited influence on their role as corporate accountants.

investments. This rationalization however, is consistent with Willmott's (1986) argument that what is deemed necessary for quality is the outcome of the environment in which the occupations exist. Therefore, it is not the intentions of corporate accountants that are examined in this paper, rather their situation within the political, social, and economic context.

The paper contributes to accounting research in three ways. First, this is likely one of the very few papers to examine the evolving organizational practices within the corporate accounting occupation, and conceptualize this transformation as professionalization in a post-colonial context. Corporate accounting in this paper is a site regulating entry and restricting job opportunities within and around the occupation, similar to professional associations (e.g., Annisette 2000; Bakre 2006; Caramanis 2002; Carnegie and Edwards 2001; Chua and Poullaos 1998; Greenwood et al. 2002; Willmott 1986); the state (e.g., Carrera and Carmona 2013; Cooper and Robson 2006; Ramirez 2001; Sian 2007; Kamla et al. 2012; Yapa 1999); professional accounting firms (e.g., Arnold 2005; Cooper and Robson 2006; Greenwood and Suddaby 2006); and transnational organizations (e.g., Arnold 2005; Suddaby et al. 2007). Second, the paper argues that equating modernity with Westernization is the legitimating factor in the corporate accounting collective claim for improved status. This specificity enriches the study of accounting profession by examining the construction of professions in contexts other than where they originated (Cooper and Robson 2006 ; Poullaos and Uche 2012). Finally, the paper links missionary and private schools to profession as they instill the authority of Western knowledge, epistemology, ways of being and nurture elitism. While the role of accounting training and credentialing in professionalization has been examined in the accounting literature (e.g. Poullaos and Sian 2010), there is no examination of how normalization in primary and secondary schools contributes to profession.

2. Profession and accounting

Abbott (1988) acknowledges differences among professions subject to their environment, yet, he argues that common to professions is the social construction of an abstract body of knowledge or expertise, to determine a profession's jurisdiction and differentiate it from the competition while legitimating it in the public eye. Larson (1977) contends that status benefits can accrue to 'professions' even without the cognitive or technical knowledge dimension, as empirically

demonstrated by Grey (1998). According to Grey professional knowledge may be about behavior such as 'appropriate' dress, social hierarchy, what to say, and the value of symbolism. The social values determine the knowledge relevant to the construction of profession, so as image gains more attention in the enhancement of status, technical knowledge becomes less relevant (Carruthers 1995). With the shift from the functionalist research approach on profession to the interactionist and critical approach, the examined dimensions increasingly shifted from technical knowledge, independence and altruism to the process of negotiated boundaries and claim for professional recognition and status (Chua and Poullaos 1998; Uche 2002; Willmott 1986, Yapa 1999), or from the normative value system to the controlling ideology (Evetts 2003).

The literature on profession largely focuses on professional associations as discussed in the review of Cooper and Robson (2006), with emphasis on their relation to the typically sanctioning State (e.g. Carnegie and Edwards 2001; Carrera and Carmona 2013; Greenwood et al. 2002; Walker 1995; Willmott 1986). Much of this literature uses historical analysis providing valuable insights on the interaction between accounting practice and its social and political environment. There is however, not enough examination of contemporary practice in among every day accountants especially given the British exportation of the concept of profession, education, and capitalism and the interconnectedness among these influences (Cooper and Robson 2006). Chua and Poullaos (1993) point that commonality in interests can take different shapes and can be assumed depending on social conditions. Thus, while interests are easier to analyze in the boundary rules generated within associations, professional associations are not a necessary element in defining the emergence of profession. For example, Ramirez (2001) shows, that in France, the accounting profession started its social closure many years before its association, arguing that in their early stages of formation professions associate themselves with the economic, social or cultural capital forms valued in society. Furthermore, Suddaby et al. (2007) argue that boundaries in emerging fields can develop in any space that allows patterns of interaction and shared meanings, where soft actors develop a mutual awareness of the identity of their project. With advancements in network theory, it is not difficult to conceive of a profession evolving without an association particularly in close social networks (Strang and Soule 1998) among structurally equivalent actors like Chief Financial Officers (CFOs). In a post-colonial society it is even less likely that professional associations are the entities regulating entry to the

profession as their features have been significantly modified with the colonial experience from their origins (Johnson 1972).

Whether via professional associations or shared meanings, one goal of profession is to promote the social status of its members (Carnegie and Napier 2010; Sikka 2013; Willmott 1986). Professions may thus locate themselves within higher social class in society to gain legitimacy and access through social and political channels (Abbott 1988; Larson 1977). In an empirical example Jacobs (2003) shows that by emphasizing outcomes of socio-economic status such as leadership and teamwork skills and grades in employment forms, big accounting firms discriminate against individuals from working class background to protect their status.

Within the status dimension, the accounting literature studies profession and modern Western colonialism in a shared context, one that supports capitalism's economic expansion (Poullaos and Uche 2012). Building on Johnsons' (1972) concept of *corporate patronage*, or the power of colonial administration and the post-colonial State in institutionalizing social divisions and racial superiority, this literature explores the historic role of the elitist groups that mutually support colonial and neo-colonial powers in the emerging hybrid forms of profession. Annisette's (2000) influential research is a case of 'informal empire' demonstrating the continued power of the British Association of Chartered Certified Accountants (ACCA) on the professional education and certification of accountants, through political imperialism, technological dependency, and local elites successfully resisting efforts to establish a local system of training. Annisette also suggests that different varieties of profession may be constructed contingent on the political, economic, and social environment. This is supported by multiple authors in the volume *Accountancy and Empire: The British Legacy of Professional Organization* who identify additional factors influencing accounting organization in former colonies, and the imperial center. In addition to British capital, British accountants, local elites, and law, these factors include social hierarchy and unequal access to training, and the British idea of professional accounting with its credentials, exams, and exclusivity (Poullaos and Sian 2010). In an example, relevant to the use of English among Jordanian accountants, as a boundary-defining mechanism, Ukwatte and Yapa (2013) note that the professional accounting body in Sri Lanka continued post-colonialism to conduct its examinations only in English, offering more opportunities to elites educated in Britain. Further examples of studies on professionalization within the context

of colonial effects in Kenya, and Fiji, are Sian (2007) and Davie (2005), respectively. While providing major insights, so far the literature, as mentioned earlier, has largely restricted discussions to the mobilization of accountants in and around professional associations and public accounting, and has not explored possible organizational transformations among corporate accountants.

3. Colonial modernity

Modern western colonialism happened over a 500-year period. It was, and remains, as much an ideological domination, as a military, political and economic endeavor (Strang 1996; Banerjee and Prasad 2008). Edward Said, in his seminal work *Orientalism*, demonstrates how the West forms an ideology of viewing the East as the ‘other’, the opposite of everything the West stands for; and how this framing empowers the West to exercise its power over the East. The authority of the West over the Orient, in its own eyes, comes from what it perceives as *knowledge* of the Orient, making the Orient what it is. Within Orientalist discourse, the Egyptian is with ‘light intellectual ballast’ (p. 212), the Orient is a place of ‘strangeness’, ‘difference’ and exotic sensuousness (p. 72) and Orientals are ‘unequal’ (p. 152). This ideology was a call to instruct the subordinates in the ways of the West, and some even saw their contribution a form of heroism in saving the Orient, disregarding what locals view as their needs or aspirations (Said 1978). Said - in the later editions of his book - further argues that current Orientalism is supported by American economic, cultural, and marketing influence in the Arab world, and reverberated by Arab elites.

How Orientalism shapes the ‘other’ via institutions is demonstrated by Massad (2001) in his work on colonial effects on national identity in Jordan. Massad identifies the military, law, economic relations and education as lasting colonial institutions, but only examines the first two in detail. The economics literature explains the persistence of institutions in the post-colonial period with replacement cost, incentives of elites, and the continuing involvement of colonial powers (Acemoglu et al. 2001).³ Enduring colonial institutions are coercive, in that they delegitimize the local, and productive, in that they produce a hybrid cultural form that

³ In Jordan after the termination of the British annual subsidy in 1956, the US stepped in with monetary aid in addition to USAID contribution to major infrastructure projects. High debt amounting to nearly \$8 billion (174% of GDP) in the late 80’s resulted in an IMF 15-year economic program enabling it to become an actor in setting social as well as economic policies, similar to other post-colonial societies (Annisette 2004; Ashraf and Ghani 2005; Arnold 2012; Mir and Rahaman 2005).

superficially relates to the traditional, in an attempt to avoid social conflict (Massad 2001). Massad contends that formation of the Jordanian state, mentioned earlier, presented challenges to national identity with one group advocating Arab nationalism against all forms of colonialism, while others saw the British as allies against any threat. The author argues that with lingering unresolved issues of identity in present times, a dominant elite group in Jordanian society still maintains strong alliance with the West.

Massad (2001) explains how modern Jordanians view themselves and how they perceive modernity. The Western view of the Bedouins as wild and left from the past, meant transforming them, not only through force and exile, but also through educating them in the ways of Empire (Massad 2001).⁴ Massad argues that this view is shared by the *modern* Jordanian who ‘*views her- or himself and presents that self as constituted through a repudiation of tradition, the Bedouin self, that is said to constitute her or his origin, while simultaneously reclaiming that tradition and that self as a living past!*’ (Massad 2001, p 78). This explains why corporate accountants may distance themselves from the traditional, and transform their occupation by embracing Western values and practices, associating them with modernity. Western colonial modernity, in this context, constitutes what Robson and Cooper (1990) refer to as the external legitimating source of power for the profession.

As mentioned earlier, prior literature does not explain the persistence of the colonial influence in schools, a key element in shaping the accounting profession in the analyzed context. In the next section, I offer some background on missionary schools in Jordan expanding on how they contribute to developing the perceptions of ‘modern’ and ‘Western’ as synonyms, while increasingly being associated with unequal opportunities to education, similar to other post-colonial societies (e.g. Susela 2010; Yapa 2010).

4. Missionary colonial heritage

Missionary establishments and European colonial expansion supported each other (Nunn 2010, Strang 1996). Missions were a way of cheaply operating sectors of social policy, such as education and health (Young 1994). Permission, to operate Catholic, Russian Orthodox,

⁴The Bedouin molding extended to changing the way they dressed to British designed garments that looked traditional, replacing the camel they ate with Australian mutton, coffee with tea, and grains with white rice (Massad 2001). British inventions included the Jordanian flag and the bagpipes still in use in the Jordanian army band.

Protestant, and Jesuit schools in the Levant, was conceded to the British and French in the 19th century, preceding their military rule (Hourani 1962). Among the general population missions gained access because they provided healthcare, clothing, and food for some groups in need, and in terms of education, they were seen as bringing knowledge that may help catch up with European scientific advancements.

Missionary educational services were part of spreading Western culture and languages, in an effort to 'civilize', and set an example for how societies should build their nations (Marten 2006). Being civilized thus, meant the belief in the rightness of European values and their superiority to others, while socially mimicking Western manner, dress, and speech. In missionary schools students learned European literature, and European history and epistemology; and what Said (1978) refers to as '*the system of knowledge about the Orient*'. Said's (1978) literary analysis shows that a large group of European writers and poets, including Kipling, Lane, Disraeli, George Eliot, and Flaubert have subscribed to, and produced the antithetical system of *Orientalism*. Missionaries were also among those who wrote about local communities and their views contributed to establishing ethnic and linguistic hierarchies (Errington 2001).

Under British control in Jordan missionary schools expanded, and over the years their teachings became engrained in the minds of a group of individuals as did the perception of distinction afforded to them, key reasons why systems in formerly colonized countries are not 'an aspect of emerging national identity and citizenship rights' (Tikly 2001). According to Young (1994) within new class and ethnicity lines associated with colonialism, elites are made up of one group of Western and missionary graduates, and another affiliated with governing families pre-colonialism. The newer cultural elite became the officials, scholars, professionals⁵, and merchants of post-colonialism, while the political elites took military and government posts. Elites, however, do not perceive themselves as a privileged category; rather, responsible for leading their people and improving their conditions (Young 1994). These typical colonial conditions are consistent with the case of Jordan (Massad 2001). Paradoxically, it was among graduates of the missionary educational establishments⁶ that ideas of Arab nationalism first emerged in Lebanon and Egypt and spread to other places (Hourani 1962). The relevant complex

⁵ In the folk sense of the word.

⁶ In particular the American University of Beirut, founded as the Syrian Protestant College.

explanation is that European modernity concepts entailed a united nation-state with a common citizenship and language (Goldthorpe 1996), so Arab Nationalism, while securing Arab independence for some, was emerging within a European discourse; one that accepted the newly defined separate nations (Anderson 2002). This is a good explanation of how missionary schools are weaved into the social structure of Jordan defining ideologies, and influencing social trends. Modern social elitism with Western values fostered by these schools, lends itself well to the social hierarchy and closure, typical of the construction of professions.

5. Analysis

5.1. Method

I conduct thirty-three semi-structured interviews with corporate accountants, auditors, academics, and regulatory officials in Jordan as part of a larger project to elicit information on how the accounting occupation in Jordan is dealing with change in light of harmonization and privatization. In qualitative research, aiming at understanding social reality interviewing can help the researcher understand how individuals comprehend relationships between actors and the work (Ahrens and Chapman 2006). Appendix A (p., 129) provides details on the interviewees with pseudonyms for confidentiality.

To capture multiple perspectives and minimize potential bias, the ranks of the twenty two corporate accountants interviewed range from entry level to CFO, in private and public companies, and in audit from senior to partner in small and large firms. Three formal interviews with faculty members and two informal with students at one public and another private university were conducted to understand educational practices and choices of curriculum. Male interviewees are more than females, consistent with the make-up of the accounting student body. In 2010, 23% of accounting graduates were females - who otherwise make up over 55% of the overall undergraduate population⁷. I also conducted a phone interview with a Human Resources consultant and obtained samples of recruiting exams. All one-on-one interviews were arranged

⁷Ministry of Higher Education and Scientific Research, Jordan. <http://www.mohe.gov.jo/>.

through personal contacts and snowballing, except the ones in academia arranged by cold calling.

In addition to interviews, I consulted statistics and regulations available on the websites of the Department of Statistics, Ministry of Industry and Trade, and Jordan Association of Certified Public Accountants. Random accounting job ads from local newspapers, and Bayt.com website were reviewed, and in a few cases presented to interviewees to facilitate discussion about recruiting processes. I also reviewed schools' websites and newsletters, to learn more about their education and environment. Finally, personal knowledge of the Jordanian society, accounting occupation, and schools proved helpful. In qualitative research the researcher influences the study as the research 'requires close engagement rather than objective distant capture' (Ahrens and Chapman 2006). While this subjectivity may have its limitations, it is helpful in providing access to the field, knowledge of the environment (Gallhofer et al. 2011) and theoretical framing and conceptualization relevant to the case.

The semi-structured format acknowledges that interviews are meaning-making unfolding processes, in which interviewees have a constructive role (Holstein and Gubrium, 1997). Because of the open questions, deeper questions arise based on interviewees' responses, and this active interviewing, reduces the bias since respondents cannot 'spoil' what they are creating (Holstein and Gubrium 1997).

The Arabic interviews lasted between 40-110 minutes, and were recorded to facilitate translation and transcription. As is the case in current-day Jordan, it is not uncommon for people to use English phrases or full sentences in their Arabic speech, a form of code-switching. This occurs more in situations where individuals have studied in Western countries or graduated from missionary and private schools. Where the English used by interviewees deviates from standard English, as common in non-native settings (Phillipson 2008), I reword it to match the rest of the text while preserving the meaning intended by the speaker.

I compare twice the English transcription to the Arabic recording. Interviews were gradually compared to each other to better define the research project and find conceptually-based explanations. The open-ended questions highlighted interviewees' attention to certification and

presentability, while their discourse brought attention to the importance of English. In discussing hiring practices and skills their attention to private schools became apparent.

5.2. Interviews

Jordanian corporate accounting is a case of structural change emphasizing the embodiment of modernity to improve status and enhance prestige in a context where status matters. Similar to accountants in Spain and France (Carrera and Carmona 2013; Ramirez 2001) Jordanian accountants do not enjoy the status they aspire to as their discourse reflects. The stereotype of the traditional accountant in Jordan is not very different from that in the UK and US illustrated by Carnegie and Napier (2010), '*positively, the traditional accountant is honest and trustworthy, careful with money, painstaking, reliable, polite and well-spoken. Negatively, the traditional accountant is dull, boring and colorless, excessively fixated with money, pedantic, uncommercial and shabby*'. This motivates accountants to take action to improve society's view (Ramirez 2001).

The problem is that people don't value the accountant; they look down on accounting. When a man makes a marriage proposal to a woman they [her family] look down upon him as just an accountant. (Imad)

Owners and company management don't really appreciate [corporate] accounting as a profession⁸... they consider it a cost center, which is wrong. (Maher)

In the first part below, I show how in missionary and private schools meanings of modernity develop and how they relate to elitism influencing their professional project. In the second part, I analyze corporate accountants' discourses, showing how they operationalize and employ modernity and distance themselves from the 'traditional' limiting access to and mobility within their field.

5.2.1. Normalization in Jordanian Missionary and Private Schools

⁸The use of the term 'profession' by interviewees overlaps with its theoretical use in this paper, however interviewees mostly use the term to contrast their occupation with 'support' functions and are interested in showing that their occupation is, as some put it, 'value added'.

Errington (2001) argues that missionaries played a role in establishing socio-economic stratification in colonial communities, at least partly, via languages they taught to the elite during colonial times. The Levant is a good example of this (Kamla 2012). In Jordan, the Ahliyyah School for Girls (previously Christian Missionary School), Bishop's School, Terra Sancta College, Rosary College School, and De La Salle College were founded during British control in 1926, 1936, 1948, 1949, and 1950 respectively. The success of these schools spurred others in the 60's such as the Amman Baptist School, and the National Orthodox School. The trend continued into the 80's and 90's without the religious affiliation, but with some mimicking the philosophy of their predecessors, and others importing newer models like the Amman Baccalaureate School, and the Modern Montessori School. With time and with the commonality between missionary and non-religious private schools, the term 'missionary' was dropped and collectively all these schools became known simply as 'private schools'. Multiple quotes summarize just how important of a role these schools play in the hiring decisions among corporate accountants.

The high school they [job candidates] graduated from is important, it is very very very important. (Ragad)

[On the resume] I stopped looking at universities, and I now look at the high school the person graduated from because some schools here are really good, like the Orthodox school or the Bishops school, and their graduates have good command of English. They have brains in their heads, or a head over their shoulder, I guess. (Maher)

Decision makers perceive graduates from missionary and private schools as better than those from public or United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) schools and define them as 'different' consistent with the idea that the 'producers' or leaders of the professional project determine what constitutes talent (Larson 1977).

But graduates from the schools that offer the international baccalaureate and the GCE are different from the rest, they think differently. Their language skills and their soft skills are completely different. (Nasser)

The star performers are the private school graduates. (Imad)

[Describing an employee] *He comes with innovative ideas. He is a graduate of the baccalaureate school and then went to Georgetown. He has a different mindset. You feel there's a big gap between him and the others.* (Khaled)

Graduates from private schools are perceived as having good soft skills, language skills, brains, and are positively *different*. Although upper class is not directly mentioned, it is present by the mention of the Western credentials and schools that can only be afforded by that class. Students don't just accumulate knowledge in these schools, more importantly they accrue cultural capital which gives them power over their respective fields (Bourdieu 1985). The Baccalaureate school, mentioned above, is one of the most expensive schools, whose alumni attend universities primarily in the UK, US, or Canada.

While there is no denying the benefits of education, these schools are simultaneously training students in Western ways of thinking, and in the superiority of Western certification like the British General Certificate of Education (GCE) or the International Baccalaureate (IB). As Friedland and Alford (1991) explain 'categories of knowledge contribute to and yet depend upon the power of institutions which make them possible'. British and American⁹ books, teaching material and staff are just some ways of normalizing Western values and directing attention to the West as the authority that matters. The following examples are from schools' websites and informal observations, using exact labels as they appear in English with no Arabic equivalent in most cases. Concepts and skills include 'Inquiry', 'Reflection', 'Critical thinking', and 'Knowledge creation'. Students are organized by 'Homeroom' and 'Learning zones.' Classes are called 'Busy Bees,' 'Dinosaurs,' and 'Class of 2014, 2015...' Academic and social activities include a 'Readathon,' 'Open Mic,' 'Heels to Wheels,' 'Hands On,' 'Laptops for Learning,' and 'Fun Run.' Clubs include 'Visual and Performing Arts,' 'Archeology Club,' and 'Fun Science.' A closer read into activities reported in schools' newsletters reflects the embeddedness in Western values. One schools' newsletter reported hosting 'prestigious universities' and its long list included only US, UK, and Canadian universities. Of the four newsletters I reviewed, inspirational quotes were exclusively by Anglo-Americans including William Blake, Maya

⁹ While the influence on Jordan was British during colonial days, the transition of economic dependence from Britain to US (see footnote 3) increased the US influence considerably. Combined these influences are referred to as "Western" influences as used by Massad (2001) and Said (1978). This paper suggests that the original British colonial experience provided a foundation for current Western influence.

Angelou, Courtland Milloy, and Tony Robbins. These examples reflect the Western preeminence in knowledge, forms of organizing, and social skills and values. This normalization happens in the earliest stages of individuals' socialization when taken-for-granted assumptions are being formed, and are as Tikly (2001) writes 'remarkably resistant to change'. It can be seen as an extension of the practices of Western mimicry taught to Bedouins by the colonial powers since the inception of the state intended to transform them in ways that make them more accepting of colonial rule and Western dominance without the use of force (Massad 1991).

English in private schools is taught on daily basis starting in kindergarten, and is increasingly replacing Arabic in content subjects (e.g. science, math, social studies). On the other hand, public schools until 2001 did not teach English till 5th grade with lower frequency and a much simpler curriculum.

People now pay abundant fees for private schools in Amman, why? At the end of the day for two reasons, to teach them good English skills that are not available in the public schools, and provide an environment for them that you believe is similar to yours.
(Mazen)

Friendships, careers, and business relations form not just among the students but also their parents who likely revolve in the small upper class circles. The network of parents and alumni in turn offer the schools resources, enabling them to provide differentiated experiences. I suggest that the strong bond between private schools and 'us' contributes to society's definition of status, and the reproduction of social divisions. Their role in contemporary Jordan is critical in explaining sources of power with which the aspiring profession allies itself in its social mobility pursuit (Robson and Cooper 1990).

5.2.2. Corporate accounting and profession

In this section, I describe and analyze mechanisms that reflect corporate accountants' perceptions of what a modern profession is and how they are used in the production of a corporate accounting profession via inclusion, exclusion, and restricting mobility. The elite decision makers are a small network of people who revolve in a small social circle, so they are mutually aware of the project of professionalization and its elements, two requirements for the emergence

of a new field (Suddaby et al. 2007). Among the interviewees, all executives with one exception had attended one of the missionary or private schools.

Certification: While most companies in Jordan may be considered small and medium-sized enterprises (SMEs) where an accounting Bachelor's degree with some relevant experience, is quite likely sufficient for someone to do the work, the corporate accounting field exhibits an understanding that without Anglo-American certificates people's opportunities remain limited. The institutional view conceptualizing certificates as contributors to normative pressure and the perception of legitimacy within a field (DiMaggio and Powell 1983) sheds light on this practice. Consistent with what obtains in other post-colonial societies (e.g., Annisette 2000; Ashraf and Ghani 2005; Gallhofer et al. 2011) Western certifications like Certified Public Accountant (CPA), Certified Management Accountant (CMA), and Chartered Financial Analyst (CFA) are quite prestigious and enhance the symbolic capital of individuals (Bourdieu 1985), thus contributing to the status of the whole corporate accounting field. In addition to the big financial cost, time, and strong English skills involved in pursuing the CPA, until recently, Jordanian candidates had to travel to the US to take the exam. Collectively the cost, English skills required, and travel to US or UK contribute to their social status. The prestige of Western certification is confirmed by most corporate accountants and auditors interviewed, here is one example:

If I am screening CVs and one person has a CPA and experience at Pepsi, then I certainly would prefer him, over someone who has worked at the Tobacco Company and doesn't have a CPA... Even if he does not have a CPA, then a CMA or an MBA.
(Khaldoun)

The last sentence above indicates that the three credentials are interchangeable even though in content they are different suggesting that, at least partly, it is about the symbolism of the certificate rather than the knowledge itself. Serving as an example of the "*repudiation of tradition*" referred to by Massad (2001) the interviewee combines the CPA and the American Pepsi company, in the more positive category, relative to a lack of CPA and experience in the traditional Jordan Tobacco and Cigarettes Company, one of the oldest local public companies.

This quote also hints at the modern verses traditional social conflict. The combination of CPA and Pepsi experience in the quote confirms the idea that a CPA license in Jordan may be sought

to obtain a job in industry, not a career in audit. This can be explained as part of a socially constructed knowledge system (Scott 2008), reflecting the need to converge to a more Western form of organization legitimating modernity, and enabling distinction and closure. An older auditor demonstrates this:

These credentials are distinguished in society, so if one has the financial ability to enroll in a program and the mental ability to study for it then why not...because 'Kul-frenji-brinji'[everything Western is good], that's the way life is. For example if you were to say you are a graduate of the University of Jordan verses a graduate of the American University of Beirut, or a university in the United States, they do not all mean the same thing. At the same time people received benefits from these credentials. The number of educated people has increased ... so if I were one of these graduates how would I distinguish myself? The way to do it is to obtain the distinguished certification.
(Mamdouh)

The interviewee places certificates with Western universities, just as the one before placed Pepsi with CPA, and one can easily add missionary and private schools. The Western certification in this case is just one way of determining corporate accounting membership, similar to professional associations. Sian (2007) shows how qualification during and post colonialism, excluded Kenyans from participating in the accounting profession, unless they had the mostly unattainable British certification. Similarly, Bakre (2006) shows how the localized professional institution furthers inequality by extending the requirement for local accountants to obtain foreign certification for practicing.

The quote above, however, also shows some sarcasm reflecting mixed feelings. While the widely used phrase 'Kul-frenji-brinji' reinforces the feeling of inferiority, the cynicism is a distancing mechanism likely because most individuals remain aware that Westernization may also be construed as anti-nationalistic. This explains why corporate accountants may appear critical of their own practices, while at the same time championing them. Another interviewee highlights the status of the Western certificates, confirming what was quoted earlier, while also noting the pecking order among the different certificates and emphasizing the powerful American Institute of Certified Public Accountants (AICPA).

It's more about the image probably than the experience with the CPA, this is why when companies put ads for jobs for financial controllers and above they ask for things that the financial controller really doesn't need to have, they ask for CFA sometimes and I don't know why, I look at the ad and I think why do they need a CFA, CFA is for something totally different. The ad would say CPA/CMA/CFA preferred, why do you need a CFA? You probably need a CMA more than a CPA as a matter of fact. However if you go to a company, and let's say you have a CMA, I don't think they really value it much, and most of them would ask what it is, even though it is a CMA, but if you have a CPA they all know what a CPA is. The AICPA is an extremely strong Institute and has been there forever and it's part of the American culture, like the bar, this is why it gained that credibility and reputation I guess, but I think in private companies you probably really need more CMAs than CPAs, however I don't see people with CMA getting salary increases much really... It's like driving a Ferrari; I can say I have a Ferrari. (Maher)

Becoming certified makes the Jordanian corporate accountant a counterpart to Euro-American accountants and moves him/her to *'the level on which she or he finds modernity'* (Massad 2001, p. 77). The CPA specifically contributes to the symbolic capital of individuals within corporate accounting even if it is an audit license, or quite likely because it is an audit license, and can be associated with the Western big audit firms. It gives the holder the power to make certificates a common sense category in the evolving construction (Bourdieu 1985) in this case of the corporate accounting profession. However, if the motivation for obtaining the certificate were technical knowledge corporate accountants would more likely favor JCPA, the local qualification requiring first, knowledge of IFRS – the standards applicable in Jordan – instead of US GAAP, and second, knowledge of local tax laws and relevant regulations instead of American laws. Multiple interviewees made it clear that JCPA comes last, if at all, on their list even though it is the requirement for local auditors as one audit partner informs us.

But in Jordan the only qualification you need to practice or to sign an audit report is the JCPA. However the JCPA is not structured in a way that is helpful, they simply translate the CPA exams into Arabic and administer them and sometimes the translation may not be "accurate" or weak. The second part which is the rules and regulations, as they are per the Jordanian laws, this does not have any issues with it. (Walid)

Yet the same auditor when asked how he would rate three job candidates who are JCPA, CPA, and ACPA responded:

We would probably hire the CPA probably because they would have the advantage of the language. (Walid)

Relating this quote to the broader Jordanian colonial legacy, an argument can be made here that the preference for CPA over the Jordanian and Arab certificates is that local forms in formerly colonized societies are not legitimating. For example, in Trinidad and Tobago to become legitimate and gain independence the local accounting association needed Western recognition to be accepted by the community (Annisette 2000). One Jordanian corporate accountant who attempted to become licensed nevertheless questions the relevance of the CPA:

Even though I did it [took the exams] I thought that it was an American promotion, because we study American GAAP, but in Jordan we apply IFRS...I don't want to undermine the CPA, but you study rules that are inapplicable in Jordan, like deferred taxes, and leases. Their tax rules are much more complicated than ours, and their laws are not applicable to us. (Sanad)

The quotes demonstrate that while critical, corporate accountants as well as auditors want to become CPAs. One recent entrant to the field discusses her perception of the importance of certification and the cost she is willing to incur:

A BA now is equivalent to a high school degree, and without professional credentials one will not get anywhere and will remain in the same place 20 years later. You have to continue to work on yourself after the BA because it is not enough... It cost me 1200JD for the classes, in addition to 560JD in exam fees and 200JD for the second exam¹⁰. (Luma)

The cost for the interviewee is equivalent to at least 5 months' earnings. The quote also shows, as do others from informal interviews, that young individuals entering the profession reproduce the rhetoric of the importance of certifications and the marginalization of the university education, an inherent feature of the original English accounting profession (Annisette 2000).

Many mid-level Jordanian job ads in corporate accounting either require or 'prefer' some form of Western certification. These ads are successful in filtering out people as illustrated by one interviewee's comments on ads presented to him by the researcher for comments.

¹⁰ 1 JD = 1.08 Euro on March 12, 2013

One important thing about these ads is some of them require professional certifications such as CMA or CPA; I would immediately dismiss these jobs because I do not have the certification. (Ammar)

The certification is a strong signal to this interviewee that he does not belong to this group even though he holds a Bachelor's degree with a few years of experience.

Recruitment tests: Similar to certifications, tests are part of the legitimation process of a field (Meyer and Rowan 1977). A filtering practice increasingly used in corporate accounting departments is to require job applicants at the junior level, to pass a test that is typically one or more of three parts, English, accounting, and analysis in English. Two of the three new entrants interviewed, graduates of public schools and local universities, had lost opportunities due to failing some of these exams. One interviewee took an exam at an airline company:

It was math and logic... it was hard for me because I had just graduated from university and my English skills were not good, so I did not score well. (Lara)

Another failed the English phone screening with Deloitte and the English written exam at TAG¹¹:

I passed the accounting exam, but not their English exam. Their English exam was very difficult, I don't know if you've heard but the English exams at TAG, E&Y, and Deloitte are very challenging. They are looking for a higher level of English. (Luma)

The higher level of English referred to in the quote is only attainable locally in missionary and private schools, so the test is a way to discern the social background of the candidates, and align the goals of the entrants with the modernity being constructed. Abbott (1988) contends that to gain its legitimacy a profession may recruit from upper class and elite educational institutions. The modern Western link between all status related practices explains why corporate accounting decision makers prefer to have the tests in English, as is the case in the following example:

Human Resources screens the applicant in Arabic first. The next step is an English test. There is a section on translating accounting terms from English to Arabic, and vice versa, and another section on writing in English. We test IQ, English, and accounting

¹¹ Talal Abu Ghazaleh, a reputable local audit firm that is perceived by some to be in the same class as the multinational audit firms and by others as tier two.

skills. I don't know why we did it in English, but of course someone who graduated from abroad will have better English skills. (Yazan)

The use of IQ tests reflects the interest in favoring graduates from missionary and private schools and Western universities who are more familiar with the Western culture inherent in the English administered versions of the tests. It is understandable that the CFO did not prepare the exam himself, yet, not questioning the use of English reflects his embeddedness in the Western dominated environment and his, conceivably unintended, role in reproducing it. In this context this executive, similar to others likely believes that he is contributing to the modernization of his nation (Massad 2001).

Samples of exams show that the level of difficulty is a range, with the more sophisticated tests requiring a combination of analytical and language skills close to what is on the Graduate Management Admission Test (GMAT). Determining the minimum level of English is a decision by CFOs, who either combine private schooling with Western universities, or with transnational audit firm experience, or all three. These social characteristics influence the standardization in the professionalization project (Larson 1977).

English and titles: Filtering and signaling strategies are applied in corporate accounting even before recruitment tests with English job ads placed in the Arabic newspapers. A sample of accounting ads reviewed in the local newspapers shows that the practice is widely used in accounting, especially among medium and large size companies. The emphasis on English in recruiting can take precedence over accounting, as noted by an auditor:

Sometimes companies ask me to help them find an employee, and they tell me that they are interested in someone who speaks English, even if he is not a good accountant, and I laugh at that! (Kasim)

Technical knowledge takes secondary place as the field seeks to enhance its image and status (Carruthers 1995). The institutionalization of English, as argued, makes it more legitimizing than the technical accounting knowledge because it is an indicator of candidates' upper class and their eligibility for inclusion in the rising profession to which they bring prestige.

People are intimidated by those who speak English well, and consider that person very knowledgeable particularly among a certain class. If you don't speak English some people don't have much respect for you. (Nayef)

English, status, and knowledge or the perception of it, are inseparable, as the above quote demonstrates. With English replacing Arabic in the field, one question solicited some interviewees' thoughts on it. The following two quotes openly express what appears to be the sentiment of others less vocal about the rejection of Arabic in favor of English, at least in business.

I think the English language is much more advanced when it comes to business, accounting and finance. Arabic is not the language to be used, honestly I don't like to use it. There are many accounting terms that I don't know in Arabic. I just think English is much more powerful, especially in business. Arabic is too backward to be used in business, that's my opinion... I heard that they are trying to Arabize the CPA exam which would look funny, but I just heard it I am not sure about it... If you have an English-speaking staff you are looked upon as a more advanced company by outsiders, by auditors. For example I now would not hire TAG to do my audit, most of their staff don't speak English... my impression is that if they don't speak English they are not progressive. (Maher)

I feel that English in financial reporting gives more prestige. (Yazan)

These quotes can be explained in light of language hierarchy engendered by missionary and colonial linguists (Errington 2001). Arabic then in corporate accounting is affiliated with tradition, backwardness, and lower status, while English is linked to modernity, technical advantage and prestige. This repudiation of 'tradition' is, as Massad (2001) explains, an element in the make-up of the identity of the 'modern' Jordanian. Given a context where Arabic is typically a pillar of nationalism (Hourani 1962), and as one common debate in the post-colonial societies is around modernity and nationalism, one would expect concerns from corporate accountants or reservations on the preeminence of English, but with few exceptions, most interviewees did not express such concern reflecting how the colonial experience continues to contribute to ideology and degradation of the local culture.

What reasons do accountants provide for this attention to English? The following rationale was echoed by other interviewees:

The junior accountants deal only with their peers in the other companies, those at the same level. In the higher positions one communicates with a different group of people so you need a more sophisticated level of communication skill; one might need to communicate with bankers, investors, and there is a bigger need for language and terminology sharing. (Yazan)

Reasons mentioned by other interviewees include communication with companies in other countries, software, and Arab graduates of foreign universities who do not know accounting terms in Arabic, and those who started their career in big audit firms. Carruthers (1995) argues that rationalization by the organization is part of legitimizing its appearance, and between inside and outside the organization the *'process is a cultural and political one that concerns legitimacy and power much more than efficiency alone'*.¹² Concluding from the interviews a basic knowledge of accounting terminology in English is needed to perform a job in medium and large size companies as software packages are increasingly in English.¹³ This basic proficiency however, is conceivably attainable in public schools and local university education combined with on-the-job training.

Job titles are increasingly translated from Arabic to English, even though they are typically in Arabic in the job contracts. The same holds for names of departments and groups. Examples of titles uttered in English by interviewees are 'accounting manager', 'internal control coordinator', 'junior accountant', 'chief accountant', and 'treasury and credit control'. Titles are symbolic capital and offer rewards other than the labor compensation (Bourdieu 1985). This explains why the CFO in the following quote feels so strongly about his title:

The general manager introduces me as Head of Finance and this gives me a stroke of course. He doesn't say 'CFO', he says Head of Finance. (Imad)

Head of Finance was uttered by the interviewee in Arabic, while CFO was uttered in English. The three letters in this context have symbolic meanings related to prestige and easily recognizable in the Jordanian workplace, and among upper social class in general. Much more than Head of Finance, the imported CFO designation distinguishes the owner from the masses by virtue of an affiliation with modernity and Western status. The interviewee's strong expression

¹² Concepts are expanded in chapter 3.

¹³The interviews reflect that at least in two cases the CFO after being appointed chose to replace the Arabic software with an English one.

reflects the tension surrounding the use of Arabic and the Westernization of the title which can be interpreted as a response to threats to a distinguishing strategy. The symbolic property of this title does not emanate from the state as more common (Bourdieu 1985), rather, it emanates from the hierarchy between Western categories and local ones being reproduced in this instance. Such transformation in titles may contribute more to the status of those at the top, but they also contribute to the prestige of the group as a whole.

‘Presentable’, or image: Personal appearance and mannerism have long been identified as dimensions of the post-colonial concept of profession (Johnson 1972). Grey (1998) demonstrates that professionalism in big audit firms is understood as appearance, youth, type and color of clothing, accessories, skin condition, class of people one associates with, time management, and identification with the firm. A ‘presentable’ image among Jordanian corporate accountants is modeled after the big X auditor who is in trendy clothing, well groomed, behaves in a certain way, and flaunts the latest gadgets, as a former Arthur Andersen auditor elaborates:

When we went to meet a client we had to be in fashionable clothing, carry a nice looking briefcase, and behave in a certain way. They taught us how to deal with clients and how to talk to them. These were things that local Jordanian companies did not pay attention to. Even until now some local auditors don't wear a necktie, at other times the necktie is not properly tied, I see this all the time. They don't have these skills for communicating with the client and coming across as professional. The large audit companies consider the auditor or the accountant a professional, similar to a lawyer. This was something imported from the US, not something native.¹⁴ Among the big companies Arthur Andersen was the most effective in presenting this image of the professional. When we carried these computers, people would look at them as if they were rockets. They looked at us with apprehension, probably thinking: Who are these people? Who are these very well dressed people who are trying to be sophisticated with English? Part of it was an admiring look, because they felt that we are elevating the profession and they wanted to look like us. Many people admired us and thought that we were well dressed, well shaven and groomed. This is the image they had of us. I myself like this image. I like this style, I like to be organized. (Yazan)

¹⁴ Historically the concept of professional accountant originated in Scotland (Walker 1995) and travelled with British colonists (Chua and Poullaous 1998).

Corporate accountants are influenced by big auditors' Anglo-American culture¹⁵. However, what is specific to the case of the Jordanian context, is that the claim to profession is not just about the image itself, but, applying concepts from Massad (2001), it is more about seeing it through Western eyes and related positive categories, in contrast to the rejected traditional ones. Conceivably, this is why the interviewee acknowledging that this is a Western import welcomingly adopts it in this 'material', 'outer', 'modern' (Massad 1991) work context. The categories and values structuring this adoption have been produced and reproduced over years by extant institutions. I suggest that the modern and traditional split in this context is the same as that between elite and masses, private and public schools, and 'professional' and 'non-professional' accountants.

The next quote is another example of the meanings associated with presentability in the production of profession and its extension to the spouse. The interviewee is the CFO at one of the largest industrial companies with affiliates abroad describing one of his direct reports:

This guy for example is doing well, but from a leadership point of view, even though he presents to the board, I still cannot send him abroad. You know how abroad they invite people out and he has to bring his wife and his wife wears the hijab.¹⁶ So there are certain limits that once he gets to, he cannot go beyond, the background is very important. (Khaldoun)

This quote is an even better example of how one decision maker evaluates appearance through the eyes of those 'abroad', and when it does not measure up to the Western standard it becomes a barrier. The idea that 'background' matters was echoed by many interviewees and one of them mentioned the word 'background' on four separate occasions. The term is typically uttered in English and is a disguise for class. Decision makers in corporate accounting in this post-colonial environment are achieving and institutionalizing closure similar to colonial administration and the post-colonial State based on social divisions (Johnson 1972). The hijab here is a signal to the interviewee of the employee's 'background'. Kamla (2012) argues that the hijab is the embodiment of the conflict between tradition and modernity in an Arab context Western or Westernized companies discriminate against women wearing the head scarf while Islamic

¹⁵As described by Cooper et al. (1998)

¹⁶In the Arab Levant hijab refers to women's head cover.

companies discriminate against women not wearing head scarf. In the Jordanian corporate accounting context the hijab, a form of resistance to Western imperialism (Kamla 2012), may constitute a threat the efforts of the emerging profession.

The quote below further reflects how the measures discussed so far combine together in a 'package', a term used in English by this interviewee:

When we selected the auditor the criteria were cost and image... A good image means the auditor is presentable, from a good family, knows English, has good exposure, and has good personal appearance which is very important. There's also the image of the partners; who they are, and their credentials. For example, the partners at E&Y are my friends; they are presentable, and knowledgeable. You may find that technically a partner at XYZ company is better than a partner at E&Y but at the partner level you have to consider the entire package, and they have this package. For example they show up wearing a good suit, on the other hand when in the past I dealt with Bawab [a local audit company] the partner came to the meeting wearing the same suit four years in a row. This reflects on the firm's image, you have to be dressed professionally and in good colors, not turquoise; he came in a turquoise suit. (Fahed)

Again, we find the attention to social stratification and family background in this quote, and we find that technical knowledge takes secondary place. So in total the 'package' is a combination of upper class, private schooling, fluency in English, and the 'right' look, or symbolic capital (Bourdieu 1985). By disassociating from the Turquoise old fashioned suit and the old-fashioned Arabic language and affiliating with the Western certificates, English lingo, English-sounding titles, and private schools corporate accountants aim to define their occupation as a modern profession. Earlier in his career the interviewee had worked in the big audit firms, as did six of the seven other executives interviewed. These individuals bring their Anglo-American big audit practices and contribute to the professionalization of corporate accounting. Even though cultural inconsistencies between the Anglo-American and Arab cultures may initially suggest a lower likelihood of accepting these practices, Strang and Soule (1998) argue that diffusion is smoother when there is cultural legitimacy of the adopted innovations. In the case of Jordan's missionary and private schools, their education is a significant part of the institutional environment engendering the Western cultural legitimacy and practices reducing resistance to them.

6. Discussion and conclusions

The analysis shows that corporate accountants are constructing what they perceive is a modern profession, making their occupation an option mainly for individuals from upper class. Practices deemed modern via their Western association are status-enhancing and legitimating in an environment where Western superiority is institutionalized. The analysis suggests that this form of closure is consistent with the social divisions and linguistic hierarchies established by missionaries (Errington 2001) and continue to be produced in current day missionary and private schools producing a system where modernity is equated with Westernization (Johnson 1982). Divisions based on certification, English language, titles, and appearance or combinations of them are being institutionalized in corporate accounting in a manner consistent with the antithetical system of Orientalism (Said 1978) yet within the Orient itself in this case and with the purpose of achieving ‘modernity’ in the Western sense.

However, two lingering questions remain unanswered, first, what is prompting this change now, given that some factors explored have been in existence for many years? Second, how does this change relate to other trends like global Westernization?

To answer the first question, two suggestions are made. The first is the growing proportion of accounting graduates as a consequence of privatization of higher education, and the second is the missing relevant knowledge of IFRS. Both conditions increase the degree of uncertainty, which is more likely to give rise to professionalization (Lounsbury 2002). The first suggestion conceives of professionalization as a response to competition pressure (Abbott 1988) from within the accountancy field. Privatization initiatives with the support of USAID and World Bank were initiated in the early 90’s and extended to education. In its aftermath, the number of universities grew from 8 in 1990 to 27 in 2010, with an increase in accounting enrollment from 1,618 students in 1991/1992 to 15,676 students in 2010/2011¹⁷ or 968%. The growth in total labor force for the same period was only 215%.¹⁸ About 30% of students in all undergraduate programs in 2010/2011 were enrolled in private universities, but unlike the general trend over 55% of accounting students chose private universities which are perceived socially and by

¹⁷Data on 1991/1992 student numbers from (Khasharmeh 1995), all other university enrollment data from ministry of higher education and scientific research <http://www.mohe.gov.jo/Statistics/tabid/69/language/ar-JO/Default.aspx>

¹⁸Data from <http://data.worldbank.org>.

employers as less prestigious and providing lower-quality education (see Burke and Al-Waked 1997). At the same time informal interviews with undergraduate students in their last year reflect their views of dim job opportunities. Yet, employers complain that they cannot find ‘good’ candidates, and in one case it took a whole year for the manager to find and hire a junior accountant. This mismatch is an expected outcome of the Western elitism explained earlier, and typical of post-colonial societies where boundaries of the emerging profession are thus being set based on skills that universities do not teach, but as mentioned are present in upper classes of society (e.g. Annisette 2000; Bakre 2006; Gallhofer et al. 2011; Yapa 2010).

As for the second explanation, with the adoption of IFRS, starting voluntarily in the early 90’s and formalized by 2002, the need for new technical knowledge arose. However interviews show that no formal training was made available to corporate accountants by the government, associations, or academia, outside of large audit firms. University of Jordan, the leading university in the country, only offered an elective course in IFRS, largely because the business faculty use American textbooks, and the IFRS versions of these books only became available in 2010. Small companies¹⁹ were largely unaffected by IFRS, however, in medium and large companies ignorance of the standards continues to impact the status of corporate accountants. This potential deskilling, while threatening, creates an opportunity for change where actors can improve their own status (Loundsbury 2002).

As to how corporate accounting professionalization relates to other trends like global Westernization, it is the contention of this paper that colonial heritage and persisting institutions moderate the effects of globalization and amplify them (Gallhofer et al. 2011; Kamla 2012)²⁰.

The findings of this paper show that closure is taking place in corporate accounting as rules of membership are being defined which has implications for social equality as jobs become limited to individuals from higher socio-economic backgrounds. The consequences of the emerging form in corporate accounting are similar to those associated with public accounting professions in Western capitalist contexts (Jacobs 2003; McPhail et al. 2010), and suggests that accounting in developing nations does not contribute to economic growth as hoped for (Poullaos and Uche 2012). As these challenges to equality are not strictly related to accounting, it is naive to suggest

¹⁹Less than 20 employees.

²⁰ Addressed more in depth in the next chapter.

that addressing them is in the hands of the accounting field. However, increasing awareness among regulators, practitioners, and educators is an imperative step to preserving the interests of all accountants.

Practices examined in this paper are conceivably applicable to many other countries in the world sharing the colonial encounter, yet each country has its specificity. Such diversity may limit the generalizability of the findings. However, the study hopefully draws attention to the need to examine organizational forms in corporate accounting, which has received very little scholarly attention. Furthermore, most accounting research in general, and particularly what is published in English-language journals, has been conducted on accounting in the West where for historic reasons different motivations and institutions may exist leaving numerous opportunities for future research.

Chapter 3: English and Symbolic Power in the Field of Accountancy: Case of Jordan

1. Introduction

The continued far-reaching spread of the English language in business is making it important to examine how it is influencing the field of accountancy. Very little is known about the interrelationship between English and accounting as they relate to non-English-speaking societies, and any consequences and implications this may have. The lack of research may imply an oversimplification of the complexity inherent in the social factors surrounding the use of language in non-native contexts. Bourdieu's approach to language, as part of his theory of practice, demonstrates that language itself is a social institution and a medium of power exploited to secure *profit of distinction*. Consequently, an examination of the use of English among accountants can help researchers understand accountants' interests and behaviors that influence relations in the work place, identity formation, and work opportunities.

This study analyzes accountants' attitudes and perceptions to understand how English relates to the construction of power relations in the work place and what constitutes good accounting skills. In this paper, 'accountants' refers to individuals of all levels and positions working in accounting departments and in audit.²¹ Specifically, the paper has two objectives. First, it pays attention to how *habitus*, or disposition, naturalizes events and practices related to English in ways that legitimize it to members of the accounting community in Jordan. We explain the *market* related to language determining what is considered legitimate language in society, and the space within which language competition operates, and consequently how capital accrues. Second, the paper offers rare insights into the linguistic everyday practice in Jordanian accounting domains showing how ideas around English are internalized and used in the construction of the social structure. The importance of these insights is increasing with the spread of English in business and becomes reinforced 'in the most apparently insignificant aspect of the things, situations, and practices of everyday life' (Bourdieu 1991, p. 51). While the influence of English on business practices is recent but not novel (see Nickerson 2005), a critical in depth examination of the role of English in the structural definition of the field of accounting is a new contribution to accounting research.

Bourdieu's approach expands the use of language beyond that of a mechanism of knowledge and communication, to one of power. This power is ascribed by the social institutions, or set of existing social relations, that endow individuals with status and resources, and would not be effective without complicity from those subjected to it. This does not necessarily mean a conscious agreement with the values characteristic of the institutions, rather it is a reflection of the ideological predisposition (Malsch et al. 2011). How people perceive the social world is a combination of associations they observe with their past experiences, and the symbolic struggles. Via the power of suggestion, which can amount to 'silent violence', symbols are an effective tool in the formation of *habitus*, a key element for power to act, or be acted upon. Symbolic power

'- as a power of constituting through utterances, of making people see and believe, of confirming or transforming the visions of the world and thereby, action on the world and thus the world itself, an almost magical power which enables one to obtain the

²¹ Although we interview three individuals in accounting positions in the government we limit our focus to accounting practice in the private sector. The government interviewees are helpful in confirming that accounting linguistic practices in the private sector are different from those in the government.

equivalent of what is obtained through force (whether physical or economic), by virtue of the specific effect of mobilization – is a power that can be exercised only if it recognized, that is, misrecognized as arbitrary’ (Bourdieu 1991, p. 170).

What is clear from the above is the complexity involved in understanding the use of language, as it is intertwined with the evolution of social institutions, and the roles of different actors. Bourdieu’s work allows us to unpack the domination of English and show how it manifests in everyday social relations in the accounting workplace in Jordan.

Jordan is a young nation-state in the modern form, and the construction of the Jordanian identity is in a state of constant flux (Baylouny 2008; Brand 2010; Massad 2001). The twentieth century British colonization, that carved the state from the Ottoman empire, has influenced social relations and identities while implanting hierarchical systems modeled after the British in the military (Massad 2001), government, and professions. Colonialism brought with it educational organizations that promoted English and European-like thought which gradually produced elites being placed at the top of professional hierarchies (Chapter 2). As Jordanians from different backgrounds formed the country, meanings related to the English language and its legitimacy by the dominant power and social and political elites, became part of the collective *habitus*. As early as the forties, during the colonial era and a time when less than 30% of school-aged children were enrolled in modern schools and a select few completed secondary education (Ahmad 1987, p. 1) English was the medium of instruction at the secondary level of the Arab College (Harrison 1975, p. 19).

Following a loan from the International Monetary Fund (IMF) in the late eighties, a series of actions and legislation demonstrate that the Jordanian State was attempting to position itself as an international trading partner open to foreign investments (Makableh 2013). As part of this positioning the status of English was upgraded by introducing English in the first grade in public schools, when previously it had started in fifth grade (Hamdan and Abu-Hatab 2009). Elitist private schools however have consistently had stronger curriculums and affiliation with English (Chapter 2). Within this institutional environment and inequality in access to English education, higher English proficiency constitutes more *linguistic capital* and English grows in significance with social status. English in Jordan thus denotes how far the social vertical distance is between speaker and listener. However, because of its relation to past and present Anglo-American

military and political dominance and a perceived need to preserve Arabic given its association with Islam and local and transnational Arab identities (Abu-Hamdiah 2005) there can also be forms of resistance to this domination (see Fishman 1998) as English, at least outside work can be linked to changes in values away from the closely-connected Arabic language and Islam. These all are predispositions expected to be taken into the work place contributing to tensions around the expanding English and its meanings. However, our initial casual observations of the continuing diffusion of English in the field of accounting indicated little tension around English. This motivates our research questions of what explains the role of English in accounting? And how does this phenomenon take shape? In narrowing the analysis to the field of accountancy, the interaction with English may follow, break away from, or modify the theoretical concepts identified, however what we observe and show in our analysis is consistent with English in the Jordanian accountancy field increasingly becoming one of the characteristics of the division of labor.

As we explore the increased demand for English in accountancy and given the adoption of IFRS as part of Jordan's economic changes in the nineties, the close relation between the two phenomena becomes relevant as other authors have critically examined the social and political consequences of harmonization. IFRS, presented as international standards not belonging to anyone (Chua and Taylor 2008) are cemented by the English language and English-speaking individuals who enable the translation of not just words but the Anglo-American framework and way of viewing economic society (Suzuki 2007). Evans (2010) explains that the introduction and success of IFRS, with English as its official language, has made English the international lingua franca in all related accounting spheres and elevated its position such that professional bodies and academics globally attempt to enhance their prestige by incorporating English terminology into their accounting discourse, resulting in unconscious adoption of Anglo-American culture. Accounting harmonization is also argued to contribute to social inequality as it displaces anything but the capitalist system associated with social inequality (Collison et al. 2010).

In addition to the above, the few studies that explore parallels between language and accounting have concentrated on the applied linguistic dimensions of accounting (cf. Belkaoui's 1978; 1984). For example, Belkaoui (1984) builds on linguistic relativity school that emphasizes how accounting as a language with its lexical and grammatical characteristics shapes users'

perceptions (Belkaoui 1978). Belkaoui's work, however, was criticized for his understanding of the nature of language as merely a set of rules imposed by regulation (Evans 2004). In the area of international harmonization of accounting standards and practices, the majority of studies examined the interpretation of specific technical accounting terms by speakers of the same language (Archer and McLeay 1991; Davidson and Chrisman 1993, 1994). Evans (2004) examined the inherent issues in the translation of accounting's technical and legal terms from English to another language (German). She argued that a lack of appreciation by international negotiators and implementers of the problems of translating technical terms to another language can hinder the efforts to harmonize accounting globally and that special care should be taken when translating accounting terms as there is often no equivalent words and concepts in different languages (Evans 2004; Baskerville and Evans 2011).

In the theoretical perspective of Bourdieu language is perceived as an instrument constructing, maintaining and reproducing social categories and realities (Bourdieu 1991; Sliwa 2008; Janks 2010; Duff 2010; McGoarty 2010). Our paper mainly incorporates Bourdieu's (1991) notions of *field*, *habitus*, *linguistic capital*, *symbolic power*, and *profit of distinction* in examining relations within the accountancy field in Jordan. The paper thus contributes to research by extending Bourdieu's work on language and symbolic power to a post-colonial context. We show how audit and IFRS, among other mechanisms, contribute to the internalization of English, the language that has been perceived higher in the linguistic hierarchy in Jordan since the British colonization (chapter 2). We argue that with this normalization 'symbolic violence' takes shape as English becomes a source of professional distinction and domination reproducing hierarchy in the field of accountancy. To our knowledge this is the first paper that analyzes in depth the role of language within accountancy and ensuing social structural changes in the field.

2. Theoretical framework

A Bourdieu lens

While some of the terms or concepts mentioned here date back to others preceding Bourdieu, we explain them as we understand them intended in his work compiled in *Language and Symbolic Power*, with some reference to other works. Bourdieu views language as a social interaction situated in historic and political conditions, not a neutral tool for communication. '*Language is a*

communication mechanism used by the dominant culture to distinguish the dominant class and define social hierarchies and legitimizes the distinction of the dominant class by forcing others to define themselves by their distance from the dominant class' (Bourdieu 1991, p. 167). This approach informs an understanding of users' motivations and the relevance of linguistic competence in a particular social space and time in which an interaction takes place. *Linguistic field* describes the relations between the different social positions occupied by individuals and the underlying power governing these relations in the struggle for the distribution of resources, or *linguistic capital*. Bourdieu thus assumes that actors are predisposed to participating in this struggle.

Habitus is the term Bourdieu uses for disposition or orientation towards perceiving things and acting in a certain way without conscious coordination. *Habitus* underlies preferences, and is formed gradually as individuals are socialized. While it depends on personal experience, it is also a function of the surrounding social conditions and categories. *Habitus* determines the properties of the language and the members of the social group to which the language corresponds. Symbols become an effective tool in the formation of *habitus* via the power of suggestion, a key element for power to act, or in the case of the individual to be acted upon. This power can be strong to the extent that it amounts to *silent violence*.

Actions are formed as *habitus* interacts with the *market*, or conditions in the field. The *market* for language determines the legitimate language or standard forms of it, or the demand. As with most institutions, legitimate language is the outcome of social struggles in which dominant groups prevail. An individual's discourse is one style reflecting the individual's predisposition and their assessment of the linguistic market conditions, and potential reception to forms and content of their language, so while not necessarily deliberately individuals calibrate their use accordingly, a form of *self censorship*. Speaking therefore is a reflection of the social structure in which the interaction is set and is a reproduction of this structure. It is similar to how one carries oneself, eats, and expresses feelings; all relate to the *'ethical or aesthetic expression of the necessity inscribed in a social condition'* (Bourdieu 1991, p. 88). In the presence of a legitimate form of language prevailing, and competition among the variety of usages, such as dialects, a hierarchy of linguistic styles and corresponding social groups develops.

Competence in the legitimate form of language constitutes the *linguistic capital*, which determines the strategies individuals use and the symbolic power by which they can manipulate social categories or classification, such as forms associated with groups. This is achieved via symbols that '*make it possible for there to be a consensus on the meaning of the social world, a consensus which contributes fundamentally to the reproduction of the social order*' (Bourdieu 1991, p. 166). The institutionalization of a group, such as class, assumes the presence of classifications producing criteria that act as boundaries defining who fits and who doesn't within the group. Groups are therefore sites of symbolic power relations to express the legitimate categories largely in language. The concept of capital is relevant only when there is unequal access to attaining the standard proficiency in the language or dialect, as it is then that competition can produce *profit of distinction* in social interactions, and dominant groups can continue to standardize that language.

The power to construct reality through *symbolic power* is effective in achieving physical or economic goals, but only if 'misrecognized', meaning the actor and the acted-upon do not want to recognize it is being exercised (Bourdieu 1991, p. 170). Thus, beneath actions and choices lies the construction of the social world, the internalization of the objective social structures and people's sense of self and identity formation (Bourdieu 1985).

In accounting research Bourdieu's writings are increasingly used in interpretative and critical research to understand social reproduction processes (Malsch et al. 2011). Bourdieu's theory of practice has helped explain internal and external power relationships in accounting practices (e.g. Annisette and Trivedi 2013; Gracia and Oats 2012; Neu et al. 2013), accounting regulation in transitional economies (e.g. Ezzamel et al. 2007; Xu and Xu 2008), inclusion and exclusion in the accountancy profession (e.g. Jacobs 2003; Ramirez 2001; Suddaby et al. 2007; McPhail et al. 2010), the role of accounting academia (e.g. Lee 1995; Cooper 2005; Neu et al. 2001; Owen 2008) and institutionalization of corporate social responsibility (e.g. Archel et al. 2011). We contribute to this literature by investigating an aspect of domination in the accountancy field that has yet to be examined. We are concerned with how English in a mainly Arabic-speaking country is naturalized in the accounting community, contributing to increased social capital, and how this influences the social structure of the field itself.

Until recently, there has been almost no critical research addressing the political influences of English in business (Nickerson 2005) and accounting literature is no exception. While there has been a mention of the role of English in institutionalizing practices of discrimination exercised by colonial powers or subsequent elites in power (e.g. Dyball et al. 2007; Ukwatte and Yapa 2013; Sian 2011) literature examining the contemporary phenomenon of English as Lingua Franca in the accounting field is scarce. Suzuki (2007) highlights the inherent problems in translating accounting regulations developed in English into Japanese. Suzuki demonstrates the power of language as Japan imported accounting regulations in English limiting the ability of the Japanese to participate in decision-making in their own country by giving an advantage to native English speakers to argue their views. This facilitated the implementation of new US-preferred ideas like external audit in the period of the US occupation, and a hasty series of regulations with little attention to suitability to the co-operative trusting environment that was in place (Suzuki 2007).

Given that language plays a large role in the social construction of groups and practices, we analyze accountants' discourses to understand the influences more specific to the accountancy field drawing attention to reasons why English is spreading in a largely uncontested way among Jordanian accountants. In the next section we offer some background information about Jordan to help understand the conditions influencing the *habitus* of Jordanian accountants and what contributes to *capital* and *profit of distinction*.

3. Jordan

Jordan as a nation-state was formed in the early 20th century as part of the British colonial strategy in West Asia. It is a relatively poor country with GDP per capita amounting to approximately \$5000 in 2013, and less than half of that in the years prior to 2005²². Jordan is classified by some as a non-oil rentier state (Gandolfo 2007) dependent largely on external financial aid (Baylouny 2008). With debt reaching its heights in the late 80's Jordan entered into a 15-year economic and financial program monitored by the IMF increasing external influence on local policy and demands for privatization of assets and open trade and markets (Baylouny 2008). Since then, and regardless of coupling between discourse and actions, the state narrative

²² <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

and legislation has aimed at presenting Jordan as an international business partner (see Al-Akra et al. 2009) paralleling the course of other Arab States (Ameen 2010).

With global economic integration attempts came the adoption of IFRS, voluntarily first and mandatory in 1997 and 2002. The decision to adopt the standards in full with no exception, was in response to pressures from the World Bank, IMF, IFAC, international agreements like the WTO and EC agreement, and internal pressures from JACPA in which big auditors are active (Al-Akra et al. 2009). While applicable at least in Korea (Arnold 2012), UAE (Irvine 2008), Egypt (Kholeif 2010), Bangladesh (Mir and Rahaman 2005), Vietnam (Phuong and Richard 2011), and Fiji (Chand and White 2007) these pressures have especially been linked to colonial and neo-colonial influence (Annisette 2000; Bakre 2008; Gallhofer et al. 2011; Kamla 2007). IFRS, originally issued in English are gradually translated into different languages including Arabic and made available on the IFRS Foundation and the IASB website. The linguistic gap given the lag time between English and Arabic versions is filled by big audit firms even as some translations are made by local organizations, but these too take time (Abd-Esalam and Weetman 2003).

The spoken language in Jordan is typically one of multiple colloquial versions, while the standard written is the classical form of Arabic. Code-switching, or inserting English words or phrases in speech, is a more common occurrence with socio-economic status and in business. While not an official language, research on English in Jordan documents its use in the place of work and outside work and its constant growing significance. Findings from an old survey conducted in 1972 using over 4000 respondents sheds some light on the status of English in the place of work in Jordan (Harrison et al. 1975). The authors find that 26% of respondents use English at least once every day primarily to communicate with colleagues and superiors, and to read materials. What we found interesting is that respondents use English more inside the organization than with outsiders suggesting that it is motivated by managers and occupations. Findings also indicate perceptions of a positive relationship between knowledge of English and job success and less reported use of English outside work. Ninety three percent responded that English is very important for their children, yet only 7% felt that children will learn effective communication in English given the government system. Overall this survey shows that English

in Jordan as early as the 70's is perceived positively and used inside organizations, yet proficiency in it is not equitable.

Accounting education starting in the 90's has been increasingly shifting to English at least years after English was the formal language of instruction in engineering, pharmacy, and medicine at the two main public universities, similar to other Arab countries (Zughoul 2003). Our classroom observations, discussions with students, and interviews with professors reflect that much of the instruction is in Arabic while English is used in terminology. In one cost accounting class at the University of Jordan the professor lectured in Arabic, in a class intended to be in English, but uttered and wrote accounting terms and numbers in English. Students' questions and comments followed a similar pattern. The assigned text book was in English and examples were read and solved in English while speaking mostly in Arabic. In another private university there are two undergraduate tracks one in Arabic and another in English, with majority of students choosing the first. Public universities are considered to have better quality education than private ones (see Burke and Al-Waked 1997).

Analyzing change in Jordanian educational policies, Hamdan and Abu Hatab (2009) find that the status of English is much more than a foreign language and at times equal to that of Arabic. The authors further document the growing trend of English in the commercial sector by comparing ads published in Arabic newspapers. They find that in nearly 3000 ads, English ads rose from 4% in 1985 to 29% in 2005, while ads explicitly requiring proficiency in English grew from 24% to 46% respectively. The English ads also grew in size and use of elaborate headlines. The authors call for research examining how English is in fact used in the fields that require it in their ads and the depth of its penetration.

In the field of accountancy recruiting tests are increasingly conducted in English favoring candidates from private schools or those who have studied abroad (Chapter 2), both indicators of more linguistic capital. Class discrimination thus parallels that in big audit firms in Western countries (Grey 1998; Jacobs 2003). Job titles in English are becoming more prevalent; examples are *Accounting manager*, *Internal Control Coordinator*, and *CFO*, as are English names of departments and groups. Parker (2005) argues that titles are a form of branding offering an identity and differentiation. Thus, for Arab accountants to contribute to accounting discourses,

according to the profession's expectations and conventions, they often need to do so through English.

4. Methodology

Concerns with linguistic ideology, linguistic capital, and legitimacy imply a concern to investigate experiences and responses of participants in a 'particular social position' which in this study represents accountants in Jordan. The analysis attempts to reflect the '*relevance of power relations... and [ask] how essential meanings about language are socially produced as effective and powerful*' (McGroarty 2010, p. 8). We conduct, face-to-face, in-depth interviews with thirty-three Jordanian accountants focusing on personal experiences and attitudes. Semi-structured interviews using accountants' perspectives are useful and preferred in examining identity in the workplace (Warren and Parker 2009).

The interviews targeted Jordanian accountants working in different settings to elicit information on how accountants in Jordan are dealing with change in light of financial global trends, harmonization, and technology. To gain a better understanding and capture multiple perspectives, interviewees included corporate accountants, auditors, academics, and regulatory officials (Appendix A p. 129). Among corporate accountants and auditors we include accountants from entry level to executive/partner level in various size companies and industries. We sought to understand the interrelationship between accounting education and language by interviewing three academics representing public and private universities, and attending two classes at one university. The number of male interviewees is larger than female, consistent with the make-up of the country's accounting student body. However, in non-accounting disciplines females make up more than half of the undergraduate population.

All interviews were arranged by one of the researchers through personal contacts and snowballing, except the ones in academia, arranged by cold calling. Interviews conducted were in Amman and its outskirts. While this may constitute a limitation Amman is the business center where medium to large companies - with accounting departments of at least two or three individuals - are located. The emphasis on these companies enables us to examine and conclude on the use of English among accountants inside an organization. Interviewees were assured that their names and the names of their organizations would remain confidential. All interviews were

intended to be carried out in Arabic, but many of the interviewees resorted to code-switching where they inserted English terms and words in their statements. English terms/words used by interviewees are identified with double quotes. The interviews lasted between 40-110 minutes and were translated to English and transcribed by one of the researchers and the translation was compared again to the recording. Both researchers analyzed the interviews for themes and the common ones are what appear in this chapter.

Interviews typically started with the interviewee's background and experiences, and open ended questions were modified accordingly. For analyzing the data, critical discourse analysis was adopted, where analysis emphasizes how choices and experiences of language in accountancy are impacted by the 'processes and the social conditions' in which Jordanian accountants operate (Janks, 2010, p. 45). The study realizes that Jordanian accountants' interaction with language is not divorced from the socio-historical context they live in and meanings and classifications produced in the communities they operate in (Bourdieu 1991).

The researcher conducting the interviews is familiar with the Jordanian setting, having lived and worked in Jordan for many years. This was helpful in gaining access to the field, and providing a better understanding of interviewees' meanings. However, we do acknowledge that this also reflects on the lens through which this research is conducted (Oakes et al. 1998) at the same time knowledge of the social and business environment within the country is quite relevant to carry out qualitative research (Gallhofer et al. 2011).

5. Analysis

We extend Bourdieu's theoretical explanations on language production in examining the use of English in speaking and writing in the accountancy field in an otherwise Arabic language context. We first highlight the main features of the linguistic environment in which Jordanian accountants operate. Second, we discuss conditions influencing the linguistic market of English in Jordan as it relates to the accounting field. Finally, we analyze how accountants interact with English in their daily work and the ensuing issues of power and *capital*.

5.1. The linguistic habitus of Jordan:

In Jordan the linguistic *habitus* is a structured outcome of classifications produced by family, education, religion, and colonialism, as key institutions. This *habitus* is also structuring in that it organizes how people view the relation between Arabic and English and the social positions affiliated with the speakers. Arabic, the language of the Quran, is considered to have special ties with Islam, and nationalist movements (Hourani 1962). English, on the other hand, came into the country with the colonial forces and missionaries and has been expanding since then. English, in the capital Amman specifically, is affiliated with more social capital associated with those who can afford US, UK, or local expensive schooling (Chapter 2). Linking proficiency of English with class categories in Jordanian society becomes obvious with the following comments that reflect accountants' views of how English distinguishes those that come from West Amman where incomes are higher.

...yes there are many mothers and fathers whose kids speak English in a way as if they were born in the United States or the UK even though the parents don't have good English skills. This is more the case in West Amman... Maybe I shouldn't speak about Jordan; I should just speak about West Amman and the people I know around me. But that's what I see, people trying to sound as if they know English and trying to teach their kids wrong English. (Sanad)

At the personal level Arabic is used, and being bilingual depends on the culture and setting, it is part of the "image" and you find in general both. In East Amman everybody speaks Arabic, no one uses English, it has to do with the standard of living, "lower-class, middle-class, upper-class" and as you go up English plays a larger role in the "image".²³ (Fahed)

Via language individuals construct social processes, so as individuals use English in an Arabic speaking country they are modifying the meanings associated with the language (Charles 2007). While language is uniting because it enables communication, meanings associated with it can be dividing as well. The spread of English is largely associated with social class, age, and profession (Fishman 1998) so a shift from Arabic to English among Jordanians is a modification of the social identity into one that is perceived as 'upper class', young, and 'professional'. Owens (2001) contends that class-based variations in the Arab world are often denoted in the use of a

²³ Words in double quotes are those spoken in English by the interviewee.

‘prestige foreign language’ like English (French in Arab North Africa). The quote reflects that the emphasis of the language users is more on the strategy of using English, rather than the skill itself. This may be construed as liberty to take license with the language, a form of distinction that nevertheless remains restricted by the boundaries of the existing *market* (Bourdieu 1991).

A second point is showing off (Fantaza), people who went abroad feel that if they speak English they belong to a certain "group" ... Even in Lebanon where French was the language of the elite we see it now shifting to English and English is recent to them, but everyone who wants to show off uses English. (Khaled)

And there is a third group of people who just wants to throw a few words of English in the conversation, even if they are wrong, just so they come across as if they know English but then it becomes clear that they don't... As I mentioned it's the mentality of having more respect for those who speak English, "too bad" but these are "facts" and there's nothing we can do about it. (Nayef)

English thus distinguishes those from the city:

Of course, I am from a rural community in Irbid and my relatives don't speak English at all, if for example you are speaking to them and you inadvertently use an English word they frown upon this and think that the person is trying to show off. They see it as if the person speaking wants them to feel inferior. (Rania)

And those who are progressive:

English is very important so if you don't have good English then it's as if there is a problem with you... In many aspects in Jordan Arabic is not being used anymore so if you do not keep up with that you may be seen as someone who is backwards. (Azza)

And winners and achievers:

Looking at the people who graduated with me those who have better English skills had better financial and social positions than those who have limited skills. One of my friends who graduated with me went to work for a construction company. He was one of the top performers at the university level and his English skills are good. He became the manager of the accounting department in the construction company, and I am still an accountant here... he started his own audit firm and can do business both in English and

in Arabic. He was able to do that because he has the good English language skills.
(Ammar)

As a country to develop and grow “we have two options” people either make the effort to move ahead or not so there are those who “can compete and others who cannot compete” ... “He who is not going to compete will find himself out”. It is not the “system” that is turning him into a “loser”, he is a “loser” because on the other hand there are others from the same university who are “willing, able, and deliver”. (Walid)

In Bourdieu’s terms this institutionalization of social groups presupposes classifications that produce criteria determining the extent of fit within the groups. These criteria can also function for other classifications and are at the core of social struggles (Bourdieu 1991).

The linguistic market:

The everyday working environment set in the larger social space is the linguistic field of Jordanian accountants through which they internalize the conditions that legitimate the use of Arabic and English. Market conditions influencing English in accounting have their roots in the historical and political environment and contemporary global factors.

5.2.1. English historically

According to Bourdieu the sources of *symbolic power* depend on the properties of the discourse, the person producing it and the institutions authorizing this act. A property of contemporary Jordanian society and the field of corporate accounting relates to the institution of colonialism (chapter 2). English, in the earlier years of the Jordanian state, was spoken by those in power in the military and government (Massad 2001); arguably, in the collective Jordanian mind it became associated with hierarchy and coercive power. Language has often been perceived as a project that divides and defines the colonized as well as creates hierarchies between people and nations (Phillipson 1988; Pennycook 2010) distinguishing the elites from everyone else. Consequently, as suggested in section 3, individuals define themselves in relation to the dominant British culture and language. Thus the power of suggestion affiliated with English is involved in the inclusion and exclusion of social groups as part of the Jordanian individual’s *habitus* (Bourdieu 1991).

We focus too much on English in Jordan...The intellectual, cultured, and advanced person is the one with good English skills; the person who is well read but in Arabic is not seen as cultured, so as you can see it is very important. (Luma)

Using Bourdieu's concepts, the above quote like others before it reflects the ongoing struggle in society as well as in the accountancy field over classifications, '*struggles over the monopoly of the power to make people see and believe to get them to know and recognize, to impose the legitimate definition of the divisions of the social world.*' (Bourdieu 1991, p. 221)

5.2.2. Global trends

As mentioned, increasingly since the 90's the rhetoric related to foreign investments was on the rise. The perceptions expressed by interviewees of English as a condition to attract foreign investments and terms like 'global', 'international', and 'common language' shape English as a neutralized language belonging to nobody and everybody and increasingly distanced from its cultural and imperial roots (Phillipson 2008). In this *market* the dominance and significance of English is '*permeated by the simplicity and transparency of common sense, the feeling of obviousness and necessity which this world imposes on them*' (Bourdieu 1991, p. 131). The needs of international investors emerge as a driving influence for the use of English among the interviewees:

"We are now issuing two sets [of financial statements] English and Arabic. Arabic for the tax and statutory reports and English because if you have a foreign investor who wants to invest in the company you have to present financials in English, so I hired Deloitte to do the translation... I distribute the English ones [to senior management] I don't distribute the Arabic"... Seriously, we started to get more interested potential "investors" requesting "financials" and if we only have the Arabic ones that doesn't work... "Many investors are coming from the Cayman Islands and they all speak English, so they need to see numbers in English, that's probably the main reason I actually did it". (Maher)

It is mainly the presence of foreign investors and communicating with them that creates the need. Otherwise people can be trained on what they need to perform their work from the beginning. (Sanad).

The interviewees define their social order as one in which the investor and market logic dominate; thus invoking the ‘foreign investor’ in the name of economic reform, is the rationalization for a ‘must’, or a ‘need’. By positioning their field closer to the international trade partner Jordanian accountants’ are aligning themselves with how the State is engaging with the global discourse (Bourdieu 1991).

Although it would seem that English facilitates foreign investment, we argue that the ‘foreign investor’ Anglo-American discourse standardizes practices in ways similar to how rhetoric standardizes accounting regulation, i.e. by garnering support and limiting objection to future importing of any form of English-speaking knowledge (Suzuki 2007). ‘Foreign investor’ here is used in a manner reminiscent of the ‘client’ in audit firms (Grey 1998) both serving as pacifying rationales to practices that may otherwise raise social contradictions while being reproductive of the meanings associated with knowledge.

English is now the language of “business” and that's where accountants go to work, so it is a major requirement. (Nassar)

Foreign investment rationalization is conceivably how Jordanian accountants manage inconsistencies or tensions between English and social and political associations stemming from the historic and current conditions in Arab countries. Accountants further expressed how English enables them to communicate globally:

Globalization requires that everything is done in English. (Ammar)

There is a minimum, we are in 2013 and all countries in the world are open to each other and English is the "common language". (Kasim)

Employers, especially in multinational corporations, require their employees to be fluent in English and sometimes even consider fluency in English to be more important than other qualifications (Sliwa 2008, p. 236):

“Large companies with people in higher positions require them to speak good English and to have good command of English language because they will deal with investment bankers and auditors from outside the country, so they have to know English.” (Maher)

Charles (2007, p. 260) argues that the English language as the dominant language of business globally is allowing for power to be 'wielded in multinationals'. In this context, perceptions of self and others are created, depending on and informed largely by the level of proficiency in English. Indeed, as Khaled explains, using English in communication distinguishes a global or regional company from a local one:

We are a "regional" company not just Jordanian so when we communicate with others or send an "e-mail" we cannot use two languages every time so we use English to make things easier and it works. (Khaled)

Changes to economic structures in countries moving towards economic liberalization are 'reflected and reinforced by the way in which the English language spreads in society, contributing to the linguistic capital, earning capacity and position in society' (Bourdieu, 1991).

Perceptions of accountants also reflect the changing definitions of a skilled accountant.

English is a major consideration, in particular in our case because we deal with businesses that do not know Arabic and we do not speak their language, for example in Iran they don't speak Arabic and we don't speak Farsi so the only common language is English.... Our "chart of account" is in English, the "communication" is in English, our "policies" are in English, "almost 95%" of our "communication and e-mails" is in English. (Khaled)

In some cases you need English, for example here our "regional office" is connected to all our offices worldwide, almost 170 branches... so we need to enable "communication", it's a must. (Kasim)

Yet, the following quote suggests that there is more to the investor argument:

At the [organization] all "the board members" were "Palestinians, Arabs" and "the employees" were Arabs... "So I didn't think the English language was really important in that job... The only thing is that the DG [director general] ... was a graduate of the US or maybe Germany and he did everything in English which suited me fine"... but "the employees didn't know good English really... they managed, I mean it was difficult, it was challenging for them and for us" but "they managed" because we could accomplish all the work in Arabic and the director can speak Arabic well, yet he liked to write all his "e-mails" in English. (Maher)

In the context of globalization, Jordanian accountants need to consider *'which languages, whose languages, which texts and discourses will be privileged and promoted to forge new critical and contingent relationships with globalizing economies and mass cultures'* (McGroarty 2010, p. 5). The above quote shows how, consistent with Harrison et al. (1975), linguistic decisions in accountancy are internally employed in the pursuit of the English linguistic capital accumulation marginalizing other languages (Phillipson 2008).

5.2.3. World Bank and company

Jordan's poor economy and increased dependency on Western donor agencies awards transnational organizations the 'soft power' in shaping identities (Suddaby et al 2007). This context legitimizes English in written and spoken communication in accounting:

We receive considerable grants from "USAID" and the "European development Bank", we have "lots of donors" and loans and credit facilities from international entities... "they can only do so" if you have "reliable financial reporting standards" that would guarantee reliability of the data... There are new "investors" like American hedge funds and "pension funds"... At the governmental level there are "IMF, IFC, World Bank" and their gang. With the "European Development Bank" there is now a "program" involving five countries Morocco, Tunisia, Egypt, and Jordan, so "they earmarked considerable amounts of cash" to be invested in these countries... Also the "OPIC USAID" has big "projects." (Nasser)

An interviewee shares his views on how USAID operates:

I worked at the USAID ... we would give a 10 million JD grant for the "banking sector" for "training", so we give you the grant provided you apply our standards. The ministry of planning would just sign. (Imad)

Another interviewee expresses his views on the involvement of the World Bank in tax policy:

The World Bank required that we have two tax brackets only ... They were supposed to implement a 35% bracket for public shareholding companies but they were not able to do that and decided it would be 20% and 14% for individuals. Today everyone is concerned with this issue because there is a need to have 3-4 tax brackets even though the World Banks says two brackets and we cannot make a decision on how to deal with this. (Mamdouh)

And another interviewee informs on the bank's involvement in the accounting profession itself:

[JACPA] received a \$250,000 grant from World Bank six months ago to develop the audit and accounting profession in Jordan. (Hisham)

A review of The World Bank's 2004 Report on the Observance of Standards and Codes (ROSC) confirms these perceptions. For example recommendations in the report state, *'There is a need to repeal the specific provision of the Accountancy Profession Law requiring that the finance manager of a public interest entity must be a member of JACPA'* (p. 3) and *'The requirement that listed companies should file with the JSC preliminary unaudited financial statements within 45 days from fiscal year-end, may give rise to significant problems'* (p. 5). A review of news websites, IMF website, and international agreements with Jordan, shows that the IMF has influenced growth rates, interest rates, external debt, privatization, pension policies, subsidies on goods, tariffs, banking and financial markets, the power sector, and taxes, in addition to social policies affecting health and education.²⁴ Regardless of the rationale, the point being illustrated is how these organizations become dominant soft actors in the *habitus* of Jordanian accountants.

According to one auditor, who has been practicing for over thirty years, work commissioned by the World Bank, IMF, USAID, among others, is likely to require financial statements audited by one of the known big firms and expected to be in English as interviewees indicated.²⁵

If they want to "audit" how the "donation" is being spent they require one of the "big five or big four" audit firms to perform this "audit"... This is applicable to all contracts.... The "World bank" selects 4-5 audit firms every year and these are the ones authorized to give an opinion. You can always ask the World Bank who their preferred auditors are and they give you the information... If a donation is given for the development of the public sector one of the stipulations is to have the accounting done according to IFRS so if there are European donors they can understand the financial statements. (Mamdouh)

The above reflects the perception of the close link between the World bank, IFRS, and big audit firms, which we suggest are linked in the legitimation of English.

²⁴ <http://www.imf.org/external/country/jor/>. Also, 'Evaluation Report IMF Support to Jordan, 1989-2004'. Available from <http://www.imf.org/external/np/ieo/2005/jor/eng/pdf/report.pdf>.

²⁵ Companies, except partnerships, are required to submit audited financial statements in Arabic to the Company Controller, and to the Securities Commission as well, if listed, with a copy to the Income Tax department in all cases. In addition banks are required to submit Arabic financial statements to the Central Bank, and insurance companies to the Insurance Commission.

5.2.4. IFRS and Big Audit

English speaking nations, in particular the UK and the US have an imminent role in accounting standardization (Botzem and Quack 2009). ‘*Accounting regulation is an important arena where contested political ideologies are played out*’ and ideologies are reflected in language (Ezzamel et al. 2007). The choice of English as the first language of what becomes global standards is a significant endorsement for English and its legitimacy leading to its incorporation into accounting discourse and the unconscious adoption of Anglo-American culture (Evans 2010).

The most recent IFRS are now available in English for 2012 but they are not available in Arabic yet, why should I have to wait for the translation to come out? ... You have to be able to keep up. (Kasim)

In the views of some accountants English, IFRS, and hierarchy are closely intertwined as the following quote reflects:

Of course the positions of a financial controller and or a CFO require English proficiency; it helps them stay abreast of the changes that start in other countries like IFRS by using the internet and looking up the original text, because these changes are not translated. (Ahmad)

Becoming major actors in accounting enforcement and subsequent accounting changes in the country (Cooper and Robson 2006), big audit firms urged their companies to comply with the international accounting standards since the 1980’s. IFRS together with statutory audit were then mandated (Al-Akra et al. 2009). The case of Jordan parallels the case of Egypt where an IMF agreement triggers an early adoption of IFRS with lag in the limited access Arabic translations and an opportunity for big audit firms to fill the translation gap (Abd-Elsalam and Weetman 2003). Furthermore, and paralleling practices in Ukraine (McGee and Preobragenskaya 2005) IFRS training in Jordan is largely limited to big audit firms who conduct much of their training in English. In addition, the audit process itself is involved in the spread of English:

Arabic is used very rarely, "since you are dealing with big firms they are going to be having, let's say customers with a specific criteria, like they are willing to pay a huge amount of money for getting the reports and that's the reason for being audited by a Big

Four company. Of course they're not going to be using a cheap accounting system, so it's gonna be all in English." (Salim)

This quote reflects how the big firms' practices are gradually devaluating Arabic. While many of our interviewees view the world of business as distinct with regards to linguistic practices '*The elimination of a language from certain domains can threaten social cohesion and the vitality of a language*' (Phillipson 2008 p. 252). In this quote the auditor awards more value to English accounting/auditing systems while reproducing its status by speaking mostly in English as indicated by the double quotes. Using the English language in multinationals can be viewed similar to their investment decisions that create and impose their own nationalist environment and views of others linked to imperialism and globalization (Cooper et al. 1998). Yielding extensive power and restructuring the field of accountancy, big auditors even put a premium on work in Arabic, in an Arab country:

They [policies and procedures] cost us more because the "auditors" use "mainly" English. So when we discussed "fees" they wanted us to have them in English otherwise they pay for translation costs which they pass on to us so our fees are higher. To have them in Arabic cost us more than to have them in English. (Fahed)

For the auditors, English is perceived as a survival mechanism, even as the demand is generated by the auditors themselves. Contributing to harmonization of accounting, and in this chapter, to the spread of English, multinational auditors "*themselves are international organizations which invest in the systems of global coordination and control*" with continued allegiance to the countries they originated from (Cooper et al. 1998, p. 531 - 532).

The framework is in English now, the references, the "database", the "network", it's all in English. If you don't have English you "cannot afford" stay in the [audit] "business". (Mamdouh)

5.2.5. Accounting education

Among the 30 universities in Jordan most offer accounting programs, and unlike most the language of instruction at a few leading universities is English. This parallels the Egyptian context where the British colonial powers perceived English as the language of scientific advancement and not Arabic (Schaub 2000). English then becomes central to science and to any

discipline that wishes to be presented as such in individuals' *habitus*. Following the earlier English instruction in life sciences, medicine, and engineering at the University of Jordan the accounting discipline increasingly switched to English. English thus becomes 'normal' in accounting education programs together with the knowledge and the differentiation based on the language. *'The educational system has the major immediate responsibility for differentials in access... differentiation follows social class lines'* (Fairclough 1989, p. 65). This is reflected in the following quote,

...the two best universities, University of Jordan and Yarmouk University, teach in English only. (Adel)

English among what is perceived as top local schools, and among UK and US graduates reinforces its prestige regardless of the institutional decoupling (Meyer and Rowan 1977). In the English instruction Arab students can feel challenged and alienated (Phillipson 2001) so professors feel obligated to make adjustments.

Their first year is very difficult, some students come from schools that are strong in English but others can barely read and really struggle, so in the classroom the professor mixes English with Arabic and they even use two thirds of Arabic and one third of English. (Majed)

These comments are consistent with a cost accounting lecture observation at the University of Jordan, mentioned earlier. Despite the partial decoupling and consistent with post-colonial societies, Arabic is gradually being displaced as English takes over, at least with business terminology, becoming the language identified with knowledge in this specific domain (Phillipson 2000).

5.2 *How English is shaping/shaped by accounting work*

Given the above power relations related to influences of globalizing finance, international investors, international accounting firms and international accounting standards, this section discusses how the spread of English and replacement of Arabic is increasingly a characteristic of the Jordanian accountancy field, largely in the service of the division of labor. The *symbolic power* and authority of the English language is shaped and re-enforced by a *'combination of a*

systematic set of interdependent conditions which constitute social rituals and shape dominant discourses' (Bourdieu 1991, p 111).

5.3.1 *The symbolic power of English and division of labor*

In this study communication relations (including choice of language) in Jordanian accountancy are understood as power relations. Here, the accountancy field is one example of a '*microcosm of the symbolic struggle between classes*' where the different groups, represented by management and staff are engaged in a '*symbolic struggle ... one aimed at imposing the definition of the social world that is best suited for their interests*' (Bourdieu, 1991, p. 167). Managers, often fluent in English, impose it as they reinforce occupational and social positions and reproduce the *market* for English. In this, they define the accountants' social world in terms of their own linguistic capital. As shown in chapter 2 much of this linguistic capital is acquired in schools related to the colonial history of Jordan. Our analysis reveals the power and struggle that inform accounting interaction with English. English is playing a symbolic role rather than a necessary tool for communication (McKay, 2010) where Western educated senior level accountants are instrumental in providing an environment where English is considered key to accounting tasks:

Also the executives within the organization make us, or actually they don't make us but they themselves are used to English and they don't know how to type in Arabic so they "e-mail" us using English which means we have to respond in English...They are all Jordanians...but they cannot type in Arabic and they are more comfortable with using English because they graduated from British or American universities and are used to communicating in English, so this makes it essential for us to use English. (Ahmad)

Symbols like English in this case are an effective tool in the formation of *habitus*, a key element for power to act, or be acted upon (Bourdieu 1991). In the above quote the interviewee is acted upon when he accepts that English can be used by his superiors and justifies their choices of language largely because of his *habitus*. He is predisposed to the idea that English can take precedence over Arabic in his workplace given the multiple influences, introduced earlier, that have combined to achieve that predisposition, including the colonial history of Jordan, global trends, the role of the transnational institutions, IFRS, and big audit firms, among others. Responding to a question on why English is used widely in his company when all the owners are Arabs here is the response of the CFO

“Why do we use English primarily? ...That's a good question, actually I never thought of why. I think it's the language of the century or the economy [pause] I've never actually [pause] I don't [pause] probably because I don't know how to write [type] in Arabic and I learned the accounting and finance in English, so that's probably why we use it” ...But why we use English I don't really have a good answer, it's a good question.
(Maher)

At a conceptual level language influences mental categories that are embedded in the specific culture (Evans 2004). A decision to seek education in an English speaking country very likely reflects an association with better quality education securing better future opportunities. We suggest that subsequent exposure and education in an American or English system for a few years, likely strengthens the mental association between the subjects of study, knowledge in general, English. This then motivates actions such as switching the language of financial reporting from Arabic to English in an attempt to signal better quality as done by a number of the CFO's we interviewed. In addition to those educated abroad one CFO with considerable big audit experience following his schooling at University of Jordan, echoes others:

“Actually I must say that I issued the first set of English financials, we did not have English financials”. (Yazan)

Bourdieu (1991, p. 21) explains that *‘individuals from upper-class backgrounds are endowed with a linguistic habitus which enables them to respond with relative ease to the demands of most formal or official occasions. There is a concordance or congruence between their linguistic habitus and the demands of formal market. It is this congruence which underlies the confidence and fluency with which they speak’*. English-educated managers and employees draw on their symbolic power of English to reshape their social world. They are switching their reporting to English because they have the support of institutions in Jordan (chapter 2 and section 5.1). With this shift to English reporting we view multiple changes taking place. First managers are reshaping Jordanian accountancy as one that is closely aligned with the State rhetoric of trade-openness. Second, accountants are also shaping their own social identity as ‘progressive professionals’ leading and improving accounting practice and the business environment in Jordan. Third, managers are reestablishing hierarchy in their occupation based on English capital transforming the social capital accumulated outside accounting to assets in the accounting field (Chapter 2). Centrality of English for upper level accounting positions, and therefore, the

suitability of those who command English for promotion and higher level jobs thus becomes unquestioned:

A person who is not strong in English cannot make it to the CFO level; I don't think there is a CFO who does not have good English skills... Even the finance director has to know English, because there is a lot of dealing with people abroad, the person has to at least be able to read a letter of credit. Without English a person will not get past "chief accountant" ... regardless of the accounting technical strength. This is the case nowadays, in the past it used to be different, in the 70s and 80s. But English has become a must. (Sanad)

Of course the financial controller or CFO positions require good English skills. English proficiency helps them stay abreast of changes that start in other countries like IFRS using the Internet and looking up original text, because these changes are not translated. (Ahmad)

The last interviewee highlights the link perceived between English, IFRS, and managerial positions in accounting. Applying Bourdieu's concepts, managers are redefining the social order of accountants by maintaining English as a criterion for success based on their acquired linguistic capital. In strengthening the symbolism of English they are reproducing the taken-for-granted beliefs around English, influencing accountants' way of thinking and being; or their *habitus*. The social order is redefined *'through principles of division which, when they are imposed on a whole group, establish meaning and a reality of the unity and the identity of the group'* (Bourdieu, 1991, p. 220). At the same time managers are strengthening their social as well as organizational position. This is evidenced by quotes throughout the chapter, regardless of rank, age, and proficiency of interviewees.

English is extremely important in all areas but at the same time there are people who are geniuses and excel at what they do but their English skills are not advanced for some reason or the other so they lose out. What you need for a good career in Jordan is English and "computer" skills regardless of what your major is... I think they should focus on it more in the University. At the same time it is holding back people who are good at what they do but don't have the required English skills. (Luma)

The above quoted interviewee is a recent accounting graduate and her evaluation of skills reflects her own conditioning. This interviewee, after attending government primary and secondary

schools, studied accounting at the University of Jordan where officially the language of instruction and many accounting text books are in English. In the interview she had narrated how she lost a number of work opportunities largely because of English language screening (Chapter 2). With less than a year in her first accounting position, her perception is that English is one of the two most relevant skills in general. Given the socially taken-for-granted notions surrounding English advanced earlier her discourse can be seen as an example of how *symbolic violence* works in the field of accounting. She, as well as other juniors interviewed in the field talk about the importance of English skills in a way that restricts their view of their own career possibilities in the occupation given their limited proficiency. Examining intra-corporate communication in multinational companies Charles (2007) argues that communicating in a non-native language disempowers employees while creating power struggles based on linguistic proficiency and limiting transfer of knowledge. Not only that, but this interviewee, and others, are contributing to their own domination by reproducing the normalization used in facilitating it. Even though there is some recognition of this domination, as seen in the last sentence, there is also a resignation to it and a perception of this as the natural way and even a call to advance English further in university education. The socialization continues as reflected in the quotes of more-experienced interviewees who see English as a required credential for development.

The first thing people look for now is English... You can have a job and stay in it for as long as you want but if you want to move ahead you will need English. (Lara)

When I first started my English skills were weak, I felt I could face a problem if I do not learn English and it could be taken against me for not being able to go along with the developments happening in the workplace and I would be let go. I felt this was a problem but at the same time it motivated me to learn, so I tried to go to English centers and also to teach myself by listening to others and I managed. (Ahed)

Applying an explanation offered by Bourdieu (1991), in the constant struggle between classes, symbols - in this case English - are a way for the dominant group to establish social order according to its view of the world. As seniors in Jordanian large companies and big audit firms are mostly fluent in English and from upper social class they view English as a significant component of the social capital and are likely to protect it and accumulate it by improving its position in the workplace to the extent it becomes 'common sense':

Because "again" a fundamental aspect of any "high-ranking position" is "communication".... I am not doing "debits" and "credits" now, I am mostly in meetings... you need the ability to speak and listen and if the world around you is using English and you don't know English then you are lacking the "skills" required for your job. (Khalid)

The function of division played by the English language is concealed in the dominant culture in the accounting domain. Distance from this dominant culture defines the person's prospects. Indeed, it seems that the groups that possess competence in English holding managerial positions, realize that securing and maintaining their 'profit of distinction' requires the 'unequal distribution' of access to English language learning remains.

For management English is a must but at the lower levels English may sometimes be a liability actually rather than an asset and I personally may hire the one with lower level of English because if ...someone is well educated and presentable as I mentioned earlier they may require a career path otherwise they will leave quickly ... At the same time if someone has good English skills and very good schooling then I actually would face a problem with that person because he will leave unless there's a specific career path defined for him. (Fahed)

You don't say I won't take an "entry-level" accountant because he doesn't speak English, even though English is fundamental but at that level you can forgo that requirement and manage, but this person will not move up unless he develops himself (in English). (Khaled)

Other interviewees argued that the majority of the accounting work in Jordan does not require good command in English. Despite this, even small companies insist on it, for prestigious reasons:

I do not think that English is required, I have worked for eight years and I have not used English. Unless it is a German company for example or an international company, then they would need English but the large local company... they may just put in their ad that they require English for prestige... They probably have 100-200 English terms that they use regularly, that's it. (Mohammad)

Distinction based on the proficiency in English is providing a principle of 'logical division' based on the positive properties that those that have command of the language would have

(Bourdieu 1991, p. 131). The symbolic power of English contributes to positioning members of the accounting community in superior/subordinate categories and hierarchy. The status' differentiation between those that are fluent in English and those who are not is becoming integral to accountants' identities and their appreciation of their abilities and opportunities within the accounting occupation.

5.3.2. E-mail and division of labor

Seniors' actions contribute to redefining the legitimate language and social categories in the field of accountancy via their written communication. While meetings and financial statement can be in English or Arabic, electronic communication is mainly in English mostly to Arab recipients at the risk of reducing work efficiency. :

English is used almost 90% of the time in emails. We may speak in Arabic, but work requests are made in English. For example, when my manager calls me we speak in Arabic but then I am surprised because the e-mail is in English and I have to respond in English, so I do that. (Ahed)

Communication via e-mail is mainly in English... The "financial manager" usually emails me in English, as he has good command of English... Now if he calls me on my "mobile" he speaks in Arabic, and our meetings are in Arabic, but when he sends me an e-mail it's in English, I don't know why!. (Kasim)

The written word enjoys more prestige than the spoken one as societies increasingly value literacy (Fairclough 1989). However, while it can be seen as a strategic decision to use English in emails in an Arabic context it is at least initially, less deliberate than that, even though it is no less discriminating. Managers at least in their 50's likely learned to type when keyboards on personal computers were in Jordan limited to English. However what many, according to the interviews, have not done, is learn typing in Arabic when shortly after English/Arabic keyboards became available. The decision not to learn typing in Arabic is reproductive of the dominance of English, supported by the institutional environment in which linguistic capital is aided by the uncontested technology in the form of English keyboards. English emails, particularly with subordinates, are a manifestation of the power to communicate a joint message of social as well as organizational distinction (Oakes et al. 1998). Using discourse in analyzing identity (De Fina 2006) we suggest that the symbolic linguistic choice in the emails can be interpreted as

constructing an identity that is associated with powerful technologically advanced English speaking societies. In accounting like elsewhere in the organization, the tone is set at the top:

I haven't seen an e-mail [from the owners] in Arabic so far. (Maher)

English is maintained and enforced through a belief in the authority of people, groups, institutions, and nations who are best able to communicate in English, or in other words 'entrusted with delegated authority' (Bourdieu 1991, p. 109), an authority that comes from outside the language. Language and the way it is spoken is 'no more than a testimony' to the power held by the person, the group or a nation (Bourdieu 1991, p. 107). As mentioned the predisposition of the Jordanian accountant is shaped by the dominance of World Bank, IMF, international accounting harmonization, big auditors, not barring the history of British colonization, and the Western current military presence in the area. English in this context is indicative of the symbolic of the power of its users.

"The problem I have" is that I write an "e-mail" in English and it goes to someone who reads it but does "something totally different from what I wrote"... "They don't know English to interpret what's needed" ...this happens frequently ... "so I repeat the whole thing in Arabic anyway...verbally" (Maher)

This quote is indicative of the English language as a site of social struggle for social categories present in all discourse, and how the individuals who exercise power through English defend their position against threat (Fairclough 1989). Even though the situation mentioned is frequent the CFO using English is not relenting even at the risk of more effort and time. Alvesson and Willmott (2002, p. 13) explain that developing social categories in organizations to which individuals belong is a 'powerful way of regulating identity' and the view of the social world with distinctions and boundaries.

5.3.3. Software normalization

Linguistic practices are subject to legitimating practices, i.e. the practices of those who are dominant and by 'market conditions' that impact the provision and demand for linguistic capital (Bourdieu 1991, p. 53). In this context, interviewees explained that the demand for the English

language is increasingly impacting their everyday practices often related to accounting software to an extent that sometimes sounds chaotic:

The “vendors” in our system are in Arabic but the “customers” are in English and the “general accounts” are in English. The ACCPAC system has dual language and you can enter data in Arabic or in English, you do what makes sense, if the invoice is in Arabic then we do the voucher in Arabic and if it's in English we use English... we may enter the description in Arabic for clarity. However, the amounts are in English... Most account statements will be in English so for example the vendor name and invoice number will be in English, but let's say we are reversing a Journal entry then we might enter it in Arabic. And let's say we buy an asset such as a TV or a “laptop” then most likely we will record that in Arabic but sometimes in English. So the statements will show each “amount” and the “description” next to it either in Arabic or in English. (Luma)

The “audit software” is in English...so are the “working papers”...so, sometimes it's hard to translate the “descriptions”. (Kasim)

Arabic accounting software is available on the Jordanian market and some of ERP systems are translatable to Arabic, yet English accounting software appears to be the choice among an increasing number of companies. Decisions on what software to use are typically made by heads of accounting departments and the senior management team to whom an English medium of work gives an advantage and a distinction. The English software contributes to the reproduction of the social order while having the power to construct a reality in which English prevails in accounting (Bourdieu 1991). This reproduction of the role of English and linguistic hierarchy (Errington 2001) is one aspect of colonization that continues to play a role in the accountancy field:

I worked at (an international company) for nearly two years and it was all in Arabic... As I was leaving the company they were implementing a new (accounting software) “system” and changed everything to English. (Lara)

In “local” companies most of the “communication” and “reporting” is in Arabic, but the new [English] “software” has prompted the use of English. (Kasim)

Before ACCPAC [the company] used another program called Ingus which was an English program originally, but we used it in Arabic so the journal entries were entered

in Arabic using Arabic letters and Arabic words for account names such as purchases and payables, and the “trial balance” printout was in Arabic.. Then we switched to ACCPAC... For “vendors” outside the country, we used English so that their account statements were in English completely, but for “local” vendors we used Arabic... we still use ACCPAC but now we use English 100%. All the reports submitted to the administration are now in English while previously they were in English and in Arabic... Management requests everything in English and we respond in English. (Ahed)

Discourses on the demands of globalization, technology, international firms and global finance for the English language, are implying personal and professional qualities and values in the workplace and outside it (Alvesson and Willmott 2002) and promoting a distinct set of rules. By learning and acting upon such ‘rules’, a collective sense of identity and purpose may be forged’ (Alvesson and Willmott 2002).

5.3.4. Misrecognizing power

According to Bourdieu (1991) symbolic power, is a power of constructing reality. One element of it is that both those exercising it and those being subjected to it do not want to be aware that this power is being exercised. The following quote and others in this chapter exemplify this as English is removed from any context of power even in the preceding and following parts of the interview:

It makes things easier because everyone now speaks the same language. Actually it is better if everyone uses the same language. (Fahed)

But how common is English among all accountants in Jordan? Does everyone have equal access to it? Changes in work vocabulary and terms within the same language is challenging enough (Oakes 1998) let alone switching from one language to another. Yet among the interviewees there is little acknowledgement of that. Even those disadvantaged showed little reservation about the spread of English in accounting, while many expressed reservations related to its use outside work. Given the institutional environment English appears to have legitimacy in the accountancy field even beyond that enjoyed in broader society. Ameen (2010) contends that globalization is viewed as deterministic, as is the case in the above two quotes, only when perceived as neutral and not as the globalization of a specific culture, namely the Western one. Again, this perceived

neutrality of English in accounting is likely how many Arab accountants distinguish between English in their world of business and the non-neutral English outside the place of work.

Take a look at this binder here, you will find that part of it is in Arabic and part in English. The applications for funding are all in Arabic, while the "presentation" of the results of operations is in English. There is not a single foreign employee in the bank...the person who did it, did it in English and no one said let's do it in Arabic. The person who did it expected that everyone understands English and no one protested.
(Khaled)

The quote is a good example of how the authority awarded to some by the social institutions is reinforced by the 'misrecognition' and collaboration of those governed by this situation (Bourdieu 1991). This lack of objection is either because others are equally fluent in English which reinforces their own authority, or if not then they are likely reluctant to reveal their disadvantage which threatens their work and social status in an environment where less English proficiency is synonymous with lower level accountants.

Another senior interviewee at a bank, where the central bank limits the use of English, demonstrates the struggle and negotiation for linguistic capital in the field to secure more capital at the individual level, and the soft imposition of English even as the official requirements are in Arabic.

Internal policies have to be in Arabic, even if they were originally done in English there needs to be a "copy" in Arabic to meet central bank requirements. For example, at some point we developed an "investment policy", it was a "sophisticated investment policy" done by someone working for us who had spent many years in foreign "investment banks", "so it was easier" for him to do it in English.... When the Central Bank audited the policy they noted that it should be done in Arabic so we translated it to Arabic. The official documents in the bank, the reports to the board of directors are all in Arabic anyway... However, internally between me and the bank's general manager or the board members who may have requests, that's a different story. For example if we need to do a research "paper" for anything I can do it either in English or in Arabic, yet official government documents have to be in Arabic... But to restrict internal communication to Arabic! It is "good" to preserve the Arabic language but this is unnecessary complication. (Nasser)

This quote is another good example of the misrecognition of the power of English. Drawing on Bourdieu (1991) we suggest that the authors of the investment policy and the presentation in the two above quotes assess the linguistic situation, and decide that the institutional environment authorizes them to use English so they take liberty with the language choice revealing their Western educational background and securing more capital. The above two quotes combined are also examples of how *habitus* is ‘structuring’, in its positioning of English as a preferred medium of communication, and a ‘structured structure’ in that the role of English in the Jordanian accountancy field is internalized as others read the policy in English and participate in its silent endorsement by not giving the linguistic medium attention, or in other words ‘misrecognizing’ the power of English.

While, ‘natural’ and ‘inevitable’ the demand for the English language for those that do not have a high level of English proficiency is causing a sense of ‘shame’ and ‘intimidation’:

Here’s a “story” there was a problem with an “account” and they were communicating with my predecessor and sent him “emails” in English. When I joined, the problem had been going on for three years and no one was able to communicate with anyone because they sent him “emails” in English and he didn’t understand English and would set the “emails” aside. (Imad)

In the context of applying for a job in an international accounting firm:

Perhaps I am intimidated a bit because they all speak English and I wonder how I can manage. But maybe I would apply nevertheless to find out what my opportunities are. (Ahed)

[Work] is all about talking to people, having conversations, and not shying away from speaking [in English] for fear of being made fun of. This is something that holds us back, pronouncing a word and having someone make fun of you, so I prefer not to even say anything. (Sanad)

As Charles (2007, p. 274) explains ‘*Language is a very personal thing. If people, on a daily basis, face situations where they feel deprived of their ability to communicate and express themselves adequately, there is... a sense of frustration, and a struggle to maintain dignity*’. This feeling intensifies when individuals are not able to communicate in the place of work (Charles 2007). On the other hand, the use of the local language is found to foster school success,

participation in local government, informed citizenship and knowledge of one's culture, history, and faith (Fishman 1998).

In non-quoted parts interviewees show a general tendency to resist cultural imperialism influencing their values and beliefs, yet in relation to English language in their accounting domain the spread is left unchallenged, indeed largely welcomed. There appears to be little problematization of the way this is reproducing social inequalities along the linguistic divide and most do not, at least explicitly, challenge it. It appears that many see they have to accommodate English regardless.

Nowadays if you use the "Internet" you need to know English, if you want to send a "message" you need to know English, the world around is requiring us to know English, it's not a choice. (Khaled)

At the beginning there was no Arabic operating system so we got used to the English terminology. (Sanad)

One way in which Jordanian accountants misrecognize the symbolic power of English and contribute to it is by perceiving the lack of English skills a deficiency. With such power of English in the accounting profession, it resembles the way that Phillipson (2008) refers to it as *lingua divina*. Interviewees, with limited English skills discussed their efforts to overcome what they perceive as a problem:

At the beginning of my career, I took a class at the British Council...for 2- 3 months. (Sanad)

I took classes at the "British" Council for a year and then took classes at another centre in order to improve my English skills because that is a market requirement. If I ... apply somewhere else, I am hundred percent confident that they will ask me about my English skills. (Ahed)

I studied English at the British Council a long time ago and I continued to a "level" where I felt I was not getting additional benefit. (Kasim)

Jordanian accountants here act on the belief that if they invest in English learning, they will increase their cultural as well economic capital as they invest in their changing social identity (McKay 2010, p. 96; Pierce 1995). Yet, these discourses and perceptions, for Phillipson (2000),

act in the economic and political interests of the UK and US. The British Council in Jordan arrived with the British presence and continues to be quite active today in promoting British interests. Phillipson (2000) shows that one explicit goal of the center in 1940 was to foster ‘*a sympathetic appreciation of British foreign policy, whatever for the moment that policy may be and from whatever political conviction it may spring*’ (Phillipson 2000, p. 139). More recently the center in Jordan aims for the creation of “long-term relationships that provide cultural, diplomatic and economic benefit for the UK... We place the UK at the heart of everything we do. We are working for the UK where it matters”.²⁶

6. Discussion and Conclusion

This study shows that the use of English in a non-English speaking society is ‘*a delicate and complex issue requiring more management attention than frequently given*’ (Charles 2007, p. 261). Our arguments may be summed up in two points. First, English in the accounting domain in Jordan is being naturalized becoming a category in the social order organizing relations in the field (McGroarty 2010). That rewards will accrue to those with knowledge of English, contributes to the spreading perception that English is a significant part of ‘knowledge’. Second, congruence between seniors’ linguistic proficiency and the institutionalization of English enhances their capital and opportunities of more desirable jobs while inequality in the field increases as individuals with little English proficiency are restricted to the lower jobs. Keeping things in context however, the authority of those proficient in English comes from the institutions conferring on them the right to use the language. ‘What creates the power of words and slogans, a power capable of maintaining or subverting the social order, is the belief in the legitimacy of words and of those who utter them. And words alone cannot create this belief’ (Bourdieu 1991, p. 170).

Thus the increased institutionalization of global trends impacts not only work opportunities of foreign labor (Annisette and Trivedi 2013) but local labor as well. Arguing that inequality is increasingly becoming characteristic of the accountancy field, and likely other occupational fields, may imply threats to the social well being of the country especially as professional identities and ‘citizen’ become more intertwined in contemporary societies (Annisette and

²⁶From <http://www.britishcouncil.org/jordan-about-us-who-we-are-2.htm> (accessed on July 21, 2013)

Trivedi 2013). The analysis of Suzuki (2007) supports the idea that the institutionalization of foreign language limits the participation of individuals in the decision making.

From the interviews, it seems that some interviewees perceive the English language to represent the 'ultimate qualification for leadership' and progress in the accounting domain. Proficiency in English is not only seen as bringing about 'wealth and prestige' but also 'new levels of mental capacity' (Phillipson 2008, p. 263). Thus, it is clear that the English language accompanied with assumptions about level of education and prestige, is undergoing normalization, in the sense that western accounting standards, education, software are now perceived to be the normal methods, ways of thinking and acting (McGroarty 2010, p. 4).

The accounting education and training system also seems to establish English as the 'legitimate language', this is often resulting in students from subordinate classes either not having access to learning the 'legitimate language' or being challenged at the university level to learn accounting in English. As advanced, in Jordan language education policies favor increased incorporation of English yet a holistic view with attention to developing Arabic, and respect for the basic rights to equal access to English appear to be missing. English remains a dividing factor along Jordanian class lines, and as we show the accountancy field is contributing to it. Discourses and arguments portrayed by interviewees in this study seem to reinforce the status of English in the sphere of accounting institutionalizing inequality and reshaping identities.

It is evident from the study that in the accounting profession those who have access to better English skills are more advantaged. By accepting that the English language is the main instrument of knowledge and communication in their field accountants are making it possible to reproduce a social order dominated by the English language and its ideology (Bourdieu 1991). It is in a sense shaping the identity of Jordanian accountants and constructing the definition of what constitutes a successful accountant. Its overall acceptance by members of the accounting community in Jordan is providing an authoritative definition of what an accountant is and what an accountant must be (Bourdieu 1991). The 'sense of limits' linked to English allows some Jordanian accountants to gain rank and distinction in the profession and 'others to know their place and be happy with what they are, to be what they have to be, thus depriving them of the very sense of deprivation'. Proficiency in English is allowing those that possess it a 'sign of

distinction' dividing accountants in Jordan and convincing those in managerial levels that their distinction and authority is justified (Bourdieu 1991, p. 123).

There appears to be little questioning of the 'arbitrariness' of the foundation of this status of English in accounting practice. The 'reappropriation of the social identity' of Jordanian accountants is making it less likely to bring change to class and exclusion issues. This is because the majority of accountants 'accept the dominant taxonomies' related to the limit that the English language imposes on their access and progress. As the disadvantaged group within the profession are 'dispossessed of the economic and cultural conditions necessary for their awareness of the fact that they are dispossessed and enclosed within the limits of the knowledge authorized by their instruments of knowledge' (Bourdieu 1991, p. 131). Our analysis brings to the fore these power relations in the accountancy field, specifically as they relate to English and suggests that the current communication and linguistic patterns among accountants will unlikely enhance accounting knowledge or practice. Our critique of the practices that undermine some individuals' opportunities is in the spirit of Bourdieu's work and aims at 'exposing the fictions of the present' in the interest of opening new possibilities for change (Malsch et al. 2011).

Power also involves shaping values (Oakes et al. 1998), yet a limitation of our work is that it touched little on the subject of how the use of language, words, presenting the self or the work in a language different from the mother tongue, can change the values closely associated with the mother language. We mostly addressed the process of using English rather than the content. This can be the subject of future research. Another interesting area of research is the use of code-switching which is extensive in our data. It would be interesting to isolate the contexts in which the phenomenon is used and understand the underlying motivations for it.

Chapter 4: Colonialism, Institutions, and Accounting Quality Around the World

1. Introduction

Extant prior research provides evidence of international differences in accounting quality (Ball et al. 2000, 2003), which have persisted despite significant regulatory efforts towards accounting harmonization (Nobes 2013). This prior literature recognizes the role of institutions in shaping economic incentives, resource allocation decisions, and ultimately, accounting practice.²⁷ Primary institutions explaining the aforementioned international differences are enforcement of legal rights, rule of law, and property rights protection (Leuz et al. 2003; Daske et al. 2008). Because institutions are likely to be endogenous as they serve society's key economic and political actors, studies use the origin of the legal system to proxy for differences in institutions affecting investors given its distance in time (La Porta et al. 1998, 1999, 2006). Against this

²⁷By institutions we mean, the rules organizing and governing social interaction.

backdrop, the seminal work of Leuz et al. (2003) (hereafter LNW), shows that differences in accounting quality across countries are associated with differences in the regulatory environment, as proxied by differences between law traditions, and fundamentally, in investor rights protection, and law enforcement. Subsequently, a large literature analyzing international differences in accounting quality uses these institutional proxies even though they may not be informative in all samples.

In this chapter, we argue that these institutional classifications should be revisited as their categories are mostly relevant to larger economies in which stronger capital markets determine the use of accounting information and managerial incentives, and not always useful in explaining differences across countries. Furthermore, albeit seldom acknowledged in the accounting literature, commonalities among legal systems are largely due to European colonial influence, with the wide-spread of the Napoleonic code and the English common-law as main examples (e.g., Evans 2004; La Porta et al. 1998; Djankov et al. 2008).²⁸ For example, the widely used classification that splits the world into civil-law and common-law places the UK, US, Canada, Australia and New Zealand, in the latter category that is typically associated with large importance of capital markets and property protection (LNW; Burgstahler et al. 2006; Francis and Wang 2008). This strict application also fails to account for the hybrid legal systems in many countries, resulting from the interaction of the *imported* with the *existing* rules such as local customary and religious laws influential in Malaysia, Bangladesh, South Korea, Philippines, Jordan, Lebanon, Malta, Cyprus, Norway, and most of Africa including Egypt and South Africa (e.g. Barth et al. 2012). Similar to law systems, the economic and political ideas sweeping Europe with the Enlightenment and industrial revolution made their way to countries outside Europe with the colonial settlers, as is the case with the concept of true and fair value that started in the UK (Evans 2004). Examining the influence of the colonial experience may thus provide better explanations for differences and similarities in institutional environments beyond the legal environment, and may impact accounting quality.

The literature exploring economic development across nations argues that colonial heritage is a critical juncture in the history of institutions influence their trajectory, and is therefore key in

²⁸Modern European colonialism, is the operational system put in place between the 16th and 20th centuries to serve the outward domination of European interests.

explaining differences in economic outcomes, such as GDP growth and income inequality. In a series of papers illustrating how colonialism explains cross-country variation in economic development, Acemoglu et al. (2001) and Acemoglu et al. (2002) conclude that colonialism impacts institutions negatively in extractive societies, and positively in settler ones. In the former type, colonizers mostly extracted human labor and natural resources, and set up or transformed, institutions that were of benefit to themselves and the local elites who administered on their behalf. The presence of strong property rights would have restricted their endeavors, of which the colonization of India, Nigeria, Algeria, Congo, and large parts of South America are good examples. In settler colonies, on the other hand, Europeans established economic and political institutions modeled after the framework of the metropolis. These institutions secured their land acquisition and privileges, and produced governments that continued to promote and defend private property rights, as was the case with the British colonization of the US, Australia, and Canada.

We examine if colonialism proxies for institutions that influence financial reporting and how. In our analysis, we expand the LNW sample by an additional 17 post-colonial countries and examine the relationship between colonialism and earnings quality, as measured by aggregate earnings management. We provide evidence that the institutional factors considered in prior research fail to explain differences in earnings quality in post-colonial countries. Based on the evidence indicating a positive correlation between colonialism and earnings management, we explore whether settlement (among other) patterns can explain cross-sectional country differences in financial reporting quality. We find that countries that were extractive colonies primarily exploited for labor and resources, exhibit higher levels of earnings management, while countries in which Europeans settled in larger number and established institutions consistent with modern economic development exhibit lower levels of earnings management. We also examine the possibility that what we observe is the effect of changes in institutions over time but we find no such effect.

Our work contributes to research in three ways. First, we provide evidence on the need to reexamine the widely used institutional categories in the international accounting literature by showing that the colonial experience is relevant to a large subset of countries. The absence of this classification may bias the data in favor of larger developed countries. Second, we provide a

better set of explanations for the variation in accounting quality in those countries impacted by modern European colonization. This chapter shows for the first time that the colonial experience influences institutions driving accounting quality in post-colonial settings. Based on this, future cross-country research on accounting outcomes can include measures of colonial influence to explain institutional differences. Finally, the colonial measures provided can be used as instruments to minimize the endogeneity of institutional proxies arising from the likelihood of proxies for both institutions and accounting quality being commonly predetermined. The widely used law system has been implanted in colonized countries with other institutions, however prior literature has deemed it the closest thing to an exogenous variable because of its distant past (La Porta et al. 1998; LNW). Instrumenting institutions with one or more proxies for colonialism can address this identification problem as colonialism can explain the institutional environment and clearly pre-dates modern institutions.

The remainder of this chapter is organized as follow. Section two analyzes the prior literature on institutions and earnings quality while section three discusses the prior literature looking at the association between colonialism and institutions. We combine the literatures in sections two and three to form our predictions. Section four describes the research design, while section five presents our empirical results. Section six concludes with a summary and implications for research.

2. Institutions and accounting quality

There is compelling evidence that institutional quality variation across countries matters for the scope and quality of financial reporting, as it directly or indirectly bears influence on the incentives of preparers. Institutions as defined by Hodgson (2009) are ‘systems of established and prevalent social rules that structure social interactions’, in other words they influence thoughts and actions, and have multiple dimensions, some of which relate to the political and economic power in society, presence of elites, education, language, civil society, law, and firms. To account for institutional variation among countries, much of the international research on accounting quality determinants incorporates the two division civil and common-law from La Porta et al. (1997, 1998). This research analyzes earnings management variations (Burgstahler et al. 2006), financial reporting comparability (Barth et al.2012); earnings quality (Francis and

Wang 2008) and persistence of earnings (Atwood et al. 2011). Other studies use the four-division law system in analyzing different types of earnings management (LNW; Li et al. 2011), financial reporting transparency (Bushman and Piotroski 2004), and conservatism (Ball et al. 2008). The last group of studies split countries according to their English, French, German, and Scandinavian origins. The argument put forth by this international accounting research builds on Ball et al. (2000, 2003) where accounting quality is largely attributed to firms' reporting incentives reflecting the politicization of accounting. This politicization is characterized in civil-law countries by the larger role of the government versus the private sector or professional bodies in the standard setting, enforcement, and accounting practices, but in common-law countries markets demand higher quality financial reporting. However, Lindahl and Schädewitz (2013) criticize this argument pointing that political groups influence accounting standards regardless of law tradition. The authors contend that even in common-law U.S. 'the government's influence is more than 'relatively small' when the FASB cannot impose any standards without approval of the SEC'.

Other accounting quality researchers attribute their findings to the legal origin of the country without it being part of the identification strategy; typically in fewer-country samples. For example García Lara et al. (2005) find that conservatism is less in Germany and France than in the UK, after controlling for downward earnings management. The authors ascribe their findings to the different legal systems which they argue proxies for a country's capital market structure, investor protection, and ownership structure that in turn influence managers' reporting decisions. Similarly, Jeanjean and Stolowy (2008) attribute their findings that accounting quality post-IFRS declined in France but remained the same in the UK and Australia, to differences in the legal tradition. Jeanjean and Stolowy only offer a very brief statement on the importance of equity markets to clarify why the legal system in their sample may explain the differences in earnings management.

The legal research of La Porta et al. (1997, 1998, 2000, 2006) and Djankov et al. (2008) argues that much of the institutional differences between countries, and particularly the protection of investors, emanates from their legal origin, distinguishing between the English common-law, which relies largely on precedents in deriving rules, and civil-law on the other hand with its French, German, and Scandinavian groups which relies on codes and statutes. La Porta et al.

(1997, 1998) argue that common-law countries provide the most protection to shareholders, and French civil-law countries provide the least, while law enforcement is highest in German-law and Scandinavian-law countries. Countries with more shareholder rights are those with 1) option to mail proxy votes, 2) no requirement to deposit shares prior to meetings, 3) cumulative voting or minority board representation, 4) minority judicial rights, 5) minority preemptive rights, and 6) procedures for calling extraordinary shareholders' meeting. Creditor rights in the same research are measured focusing on reorganizations with 1) lack of procedures for automatic stay on loan collateral, 2) prioritizing secured creditors, 3) restrictions on management for reorganizations, and 4) the right to dismiss management. The authors also add to their indexes the accounting measure developed by Center for Financial Analysis and Research (CIFAR) as one indicator of investor protection. In these earlier papers, commonly cited in the accounting literature, La Porta et al. include investor protection rules from securities laws, and only consider company and bankruptcy laws. In a later stage (La Porta 2006) the authors incorporate securities laws, another source of investor protection rules that is missing from their earlier measures. Quality of law enforcement in (La Porta et al. 1998) and the authors' future work is measured using indexes from multiple sources related to 1) efficiency of judicial system 2) rule of law 3) corruption 4) risk of expropriation 5) risk of contract repudiation.

In the accounting quality literature LNW was one of the earlier papers to use the measures developed by La Porta et al. (1997, 1998). LNW conclude that earnings management is lower in countries with stronger investor protection, and law enforcement, proxied by anti-director rights and three rule-of-law indices, respectively (La Porta et al. 1998). *Better* institutions for LNW are larger and deeper capital markets, less ownership concentration, stronger anti-director rights, more disclosure, efficient judicial system, stronger rule of law, and less corruption. Their idea of better institutions is what is determining the measures being used or the other way around. They explain their results based on the premise that in low investor protection and law enforcement countries, managers are less likely to be able to hide any benefits they may extract from the firm by masking the firms' financial performance. Using similar proxies, Lang et al. (2006) compares earnings management in reconciled accounts from non-US countries with US firms and finds that firms from lower-rated investor protection countries exhibit more earnings management. Burgstahler et al. (2006) confirm LNW's finding, in public but not private firms, arguing that capital markets improve the informativeness of earnings. It is worth noting however, that the

anti-director rights index used in these studies and others has been criticized because of its ad hoc nature, coding mistakes, and ambiguity in the definitions of some components (Djankov et al. 2008).

What is not clear in the accounting literature is the theoretical considerations behind incorporating or excluding indices. For example, the investor rights indices in (La Porta et al. 1998) include measures for creditor rights as well as shareholder rights, however LNW construct their ‘outside investor rights’ measure using only the shareholder rights index, as do other papers (e.g. Chaney et al. 2011; Wysocki 2004) possibly biasing results in favor of countries with large equity markets. Equity markets do not hold the same level of importance across countries as the LNW study itself reflects, as such it can be expected that shareholder rights are a good explanation for earnings quality only in countries where equity markets hold more economic importance. LNW also construct the law enforcement variable as the country average of three out of the five measures, legal system efficiency, tradition of law and order, and level of corruption and exclude expropriation or outright confiscation, and repudiation of contracts by government even though according to La Porta (1998) these two measures combine with the corruption measure to determine the overall level of corruption in the country and the government’s facilitation of business. In both cases LNW do not clarify the basis for the selection or exclusion. Defond and Hung (2004), Brown et al. (2014), Li et al. (2011), Wysocki (2004) are among the authors who follow LNW with their selection of law enforcement proxies, and none of them explain why they exclude two of the five variables.

In the context of international accounting research, La Porta et al. (1997, 1998) have been criticized by Lindahl and Schädewitz (2013) on at least the following bases. First, ‘force-fitting’ is needed to group countries in the historic categories, as for example the case of categorizing Japan as a German-law country, while Belgium and France (classified as civil-law countries), use case law for their shareholder protection rules. Second, the classification ignores large differences that may exist between countries within the same law family. Third, the differences between the legal systems are not as black-and-white as they are made out to be with the 0 or 1 scoring for most variables, and many times the reality of what happens rather than the existence of a rule is what determines investor rights. Finally, rules that La Porta et al. (1998) deny exist,

may in fact be present but not in the specific statutes that the authors are looking into, i.e. company law and bankruptcy or reorganization law.

In future work, Djankov et al. (2008) develop a new index for investor protection, and improve the 1998 anti-director rights index. They use the new anti-self-dealing index to support their earlier 4-group law system division and still find that common-law countries provide more investor protection than the other three civil-law countries. In relating financial development to the ex-anti and ex-post controls of self-dealing indices the authors point that one concern may be endogeneity, and for that they employ legal origin as an instrument even though they acknowledge the criticism that legal origin may influence other laws that in turn affect financial development. The authors declare that there is no solution to this problem even though in their prior work they suggest that “most countries have adopted their legal systems through occupation or colonization by one of the European powers to which they owe the origin of their laws.” (La Porta et al. 1997, p. 1131). One further issue remains with the law indexes is that they are based on the presence of laws and regulations rather than what is done in practice. For example in Italy the ex-post right to sue by shareholders is present in the law, yet shareholders are unlikely to sue (Djankov et al. 2008). One might also question the likelihood of shareholders in the UK exercising their right to pre-approve a transaction, even though it exists on paper. The premise in the accounting literature has been that rules themselves don’t always achieve the required results, so incorporating indexes based on rules from the law literature, and not their practical application, may not provide enough indication of the institutional differences among countries.

Apart from La Porta et al.’s contributions, accounting research incorporates legal enforcement measures from Kaufmann et al. (2007). The two sets of law enforcement measures appear to be very similar as indicated by the 96% correlation documented by Ahmed et al. (2013). The Kaufmann measures, based on expert and citizen surveys, are six: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. Again, we find that there is inconsistency in how the accounting quality literature incorporates the measures. Chen et al. (2010) include the aggregate of all six measures of legal enforcement and the individual measures in their analysis finding that most of these measures do not explain the largely improved accounting quality post-IFRS. On the other

hand many papers operationalize legal enforcement only with the rule of law as in Ahmed et al. (2013) who conclude that it is associated with more smoothing, more aggressive reporting, and less conservatism post-IFRS. Similarly the rule of law only, sometimes combined with other non-Kaufmann et al. measures, is used to proxy for institutional environment in analyzing value relevance post-IFRS (Landsman et al. 2012), comparability Wang (2014) and in measuring the effects of capital markets around IFRS (Daske et al. 2008). These papers collectively conclude that more law enforcement is characteristic of countries with better earnings quality and liquidity benefits because stronger enforcement of rules influences the reporting incentives of preparers. The law enforcement measures developed initially by Kaufmann et al. (1999) are also positively related to a country's wealth (Easterly and Levine 2003), which may shed doubt on their explanatory power for accounting quality unless possibly instrumented with GDP, as in LNW or exogenous variables like our colonial ones.

3. Colonialism and institutions

Even though influential literature in other disciplines asserts that institutional frameworks are shaped historically via colonial conquests (Acemoglu et al. 2001; Easterly and Levine 2003; North 1993), accounting research providing empirical evidence on the role of colonialism in institutions influencing accounting practice barely exists. The relevant studies are that of Zeghal and Mhedhbi (2006) finding that being affiliated with the UK or USA as a past colony or a member of the commonwealth or a trade agreement increases the likelihood of the adoption of IFRS in developing countries. Building on that Ben Othman and Zeghal (2010) find that transparency and disclosure levels in 13 Middle Eastern and North African countries are attributable to the inherited Anglo-American versus French business culture. Apart from these studies the accounting quality literature appears mostly quiet where other disciplines have not.

As European law systems have been imposed by colonial powers in large parts of the world, proxies for colonialism are likely stronger explanatory factors for the quality of institutions in post-colonial countries including law system, and certainly pre-date accounting outcomes commonly used in accounting research. Over time, the incentives of colonizers, and those who take over the power shape the evolvement of economic institutions (Acemoglu et al. 2002).

Empirical evidence on the causal relationship between the strategy followed by the colonial power and quality of institutions for economic development is provided by Acemoglu et al. (2001), and Acemoglu and Johnson (2003). Acemoglu et al. (2001) relate the quality of institutions in post-colonial countries to whether Europeans set up settler colonies or extractive states during the colonial period. Where there were large percentages of settlers, Europeans generally replicated the institutions in the mother country, using whatever means deemed necessary. Thus in British settled colonies in the 17th and 18th century, these institutions included property and political rights. In Latin America, Africa, and Asia, however, the objectives of colonialism focused mostly on the extraction of labor and natural resources. Accordingly, the type of institutions set up by the Spanish in Latin America were oriented towards the extraction and appropriation of resources. These continued over time to work against pressures for changing or reversing such actions, and endure because of replacement cost, incentives of elites to maintain the political and economic power, and the continued involvement of the colonizer in the affairs of the colonized post-independence (Acemoglu et al. 2001).

Elaborating more on how institutions persist, Sokoloff and Engerman (2000) argue that in Latin America and the Caribbean the availability of local slave labor concentrated the power in the hands of an elite mostly European group, in what developed into hierarchical societies. Elites ensured that the law protected their wealth and privileges by institutionalizing inequality and restricting the participation of labor, in economic activities. One such strategy was limiting voting rights to land owners, while another was restricting migration from Europe, as was the case in Mexico, Peru, and Chile in 1800. This inequality, some of the highest in the world, was guaranteed post-colonialism with Latin American government policies reproducing it by restricting literacy and voting as late as the early 20th century. In contrast, in North America, with the exception of southern colonies, European migrants provided the labor themselves and were thus a more homogenous group. Consequently the rules developed provided more equality and opportunities for more members of society to contribute to the political and economic development. The US and Canada were the first in the Americas to remove the wealth requirement from the right to vote.

Treisman (2000) confirms the effect of colonial institutions by showing that corruption levels vary in the presence of British colonialism. The author argues that the importance given by the

British to rules as opposed to authority, can explain less corruption in British colonies. Although his results are generally consistent with this prediction, the British colonial indicator is not always significant and becomes much more influential when controlling for GDP, suggesting that the richer post-colonial British settlements like New Zealand, Canada, Australia, and US are influencing the results.

Research argues that another mechanism through which colonialism influences the development of institutions is the influence of ethnic fragmentation of the population in hindering economic growth. European colonialization changed the demographics by importing labor, inflicting disease, eradicating populations at times, and constructing countries that did not exist. Cohesive groups were separated, and unrelated groups were formed, reducing consensus on evolving national identity post-independence and increasing the likelihood of struggles for power and suboptimal social and economic policies. Easterly and Levine (1997) and Alesina et al. (2003) provide empirical evidence that this diversity, acting via social and economic policies, is inversely related to long term growth. According to Easterly and Levine this relation manifests through policies inducing high black market premiums, poor financial development, low provision of infrastructure, and low levels of education. The polarization of ethnic groups likely results in struggles for power, suboptimal policies, more bribery and corruption, and less attention to the welfare of society at large. For example in Kenya, which has 40 ethnic groups, the share of road-building investment and share of health expenditures by ethnic region drops or rises depending on which group is in power. According to the authors, ethnic diversity accounts for nearly 28% of the economic growth difference between African and East Asian countries. The authors also argue that ethnic fragmentations persists post-independence limiting competition in favor of some groups and consequently economic development.

Other research on effects of ethnic fragmentation induced by colonization includes the work of Alesina et al. (2011) who test the relation between what are likely colonial powers negotiated artificial state borders and GDP per capita.²⁹ The authors' fragmentation proxy measures closeness of state borders to a perfect square with straight lines, or state artificiality. Countries considered most artificial in their sample that overlap with our sample are Jordan, Morocco, and

²⁹ One example is the Franco-British agreement of 1920 which defined the borders of the British mandate of Palestine and Iraq (Mesopotamia back then) and the French mandate of Syria and the Lebanon.

Pakistan. Other relevant research includes Angeles (2006) and Olsson (2009) who confirm the negative influence of colonialism on institutions via income inequality over time, and democracy, respectively.

While prior empirical research on accounting quality has not yet explored the influence of colonization on scope and quality of accounting practice, the literature on the accountancy profession in post-colonial societies provides explanations showing how the colonial experience determines the path of the accountancy professions and accountants' incentives in many countries (see Cooper and Robson 2006 for a review). This suggests that there may be systematic differences in institutions influencing accounting in countries exposed to the colonial experience and supports the suggestion made by Nobes (2011, page 11) that '*colonial inheritance is probably the major explanatory factor for the general system of financial reporting in many countries outside Europe.*'

We concur with the argument put forth by Ball et al. (2000, 2003) that the politicization of accounting in the different countries influences managerial incentives and the production of financial reporting. In an example on how ethnic tensions may influence accounting outcomes Ball et al. (2003) relays how attempts to redistribute the wealth in Malaysia induces the influential Chinese Malaysians to keep low profiles and consequently report lower profits. However, in terms of measurement, we believe that the proxies for institutions used in the accounting literature, for example shareholder protection, restrict the discussion to countries where equity markets play a significant role in economic development and may not be adequate for all countries. As the literature in section two provides evidence on the causal link between the colonial institutional environment and the economic development of countries and relates the variation in property protection to patterns in the colonies, we predict that in the presence of colonial influence protection of investors may not be a good explanation of accounting quality variations.

According to the literature above levels of colonial settlement reflect whether institutions in colonized countries were planned after the mother country in contrast with extractive settings where institutions are determined to the benefit of those in power (Acemoglu 2006; Engerman and Sokoloff 2000). Further support for the colonial influence on economic outcomes is provided

by Kaufmann et al. (1999) who employ the percent of the population speaking a European language in a country, indicating colonial origin, as an exogenous variable explaining governance. Therefore, we also predict that colonial strategies, while exogenous, determine the path of institutions that influence preparers' incentives and consequently explain accounting quality.

4. Research Design

We examine if colonialism results in institutions that have an influence on accounting quality. To do so, we follow LNW in linking accounting to institutions. First, we provide an earnings management ranking by country using proxies for earnings smoothing and small loss avoidance. We then present a number of colonial influence variables from different sources, and alternate them in multivariate regressions to determine the role of colonialism in accounting quality, while controlling for institutions shown in prior literature. We further combine these variables conceptually and in an overall index and examine if these combined factors influence accounting quality. In further analysis we explore if the identity of the colonizer has influence over institutions and accounting quality. While Treisman (2000) argues that the legal system is more effective, hence there is less corruption in British post-colonial countries, Acemoglu et al. (2002) argue that while European colonization results in reversal of country wealth due to institutional changes, it is not driven by the identity of colonizers. Finally, in sensitivity analysis we proxy for law enforcement using the latest set of measures based on Kaufmann et al.'s work for the available on the World Bank's website.³⁰

We use the following equation to assess the relationship between colonialism and earnings management

$$AccQuality_j = \alpha + \beta_1 InvRights_f + \beta_2 Enforcement_f + \delta \sum Colonialism_f + \varepsilon \quad (1)$$

AccQuality is our proxy for accounting quality in country *j*. As noted above, we follow LNW in using earnings management measures to proxy for accounting quality. We also include in all our models their institutional variables *InvRights* and *Enforcement* drawn from La Porta et al. (1998). *Colonialism* is the variable or variables we introduce that capture the colonial influence

³⁰ <http://info.worldbank.org/governance/wgi/index.aspx#home>. Accessed on April 18, 2014.

determining a country's institutional environment. Our expectations of this relationship are presented next with our proxies.

Accounting quality proxies

Following LNW we measure quality of the financial reporting system using four earnings management proxies: Two measure earnings smoothing, the third measures the level of accrual manipulation, and the fourth measures managers' tendency for loss avoidance.

The first smoothing measure *EMI* is the ratio of the variability or standard deviation of operating earnings to the variability or standard deviation of cash flows from operations. As consistent earnings are valued more by analysts and investors (Dechow et al. 2010), managers may resort to masking the volatility of current economic earnings, relative to the firm's historic earnings. Therefore, lower values of this measure indicate more smoothing (Barth et al. 2008).

The second earnings smoothing measure *EM2* is the correlation between changes in accruals and changes in cash flows from operations scaled by lagged total assets. This measure indicates the extent to which a firm is manipulating current earnings using accruals. While a negative correlation is a normal outcome of accrual accounting (Dechow 1994), larger negative correlations indicate more smoothing as managers use accruals to hide poor cash flow (LNW; Barth et al. 2008).³¹

The third measure *EM3* examines the use of accruals over time to absorb economic performance fluctuations, and overstate or understate earnings. However, as cash flows are unaffected by this process, the measure is the median of the absolute value of firms' accruals scaled by absolute cash flow from operations. The final measure *EM4* captures managers' tendency to turn losses into profits. However as managing large losses is more challenging and less likely, Burgstahler and Dichev (1997) designed the measure to capture small loss avoidance, or the ratio of small profits to small losses. Small losses are values of net earnings scaled by lagged total assets

³¹Following Dechow et al. (1995) accruals are calculated as follows: $\text{Accruals} = (\Delta CA - \Delta \text{Cash}) - (\Delta CL - \Delta \text{STD} - \Delta \text{TP}) - \text{Dep}$. Where ΔCA = change in current assets, ΔCash = change in cash and cash equivalents, ΔCL = change in current liabilities, ΔSTD = change in short-term debt, ΔTP = change in income taxes payable, and Dep = depreciation and amortization expense. Short term debt is excluded from current liabilities because it relates to financing transactions, while taxes payable are excluded for consistency with the after tax calculation of earnings.

falling between (-0.01, 0.00) while small losses are those falling in the range between (0.00, 0.01).

All measures are computed for each firm and year within each country. An overall ranking by country is then created based on each country's average of the four measures.

Institutional proxies

Investor rights, following LNW, is measured as the anti-director rights from (La Porta et al. 1998) combining six different shareholder rights variables within a country: the option to mail proxy votes, no requirement to deposit shares prior to meetings, cumulative voting or minority board representation, minority judicial rights, minority preemptive rights, and procedures for calling extraordinary shareholders' meeting. Accordingly the expectation is that more rights awarded investors indicates less earnings management. As mentioned, LNW only include shareholder rights and do not explore the role of creditor rights for which data is also provided by La Porta et al. (1998) indicating an equity market focus in their study.

Law enforcement is the rule of law variable from (La Porta et al. 1998) reflecting an assessment of law and order in a country, from the International Country Risk guide and Business International Corporation. The variable used in LNW is an average of three out of the five indicators provided by La Porta et al. in a country: legal system efficiency, tradition of law and order, and level of corruption. The variables not included by LNW are risk of expropriation or outright confiscation, and repudiation of contracts by government. The argument proposed by La Porta et al. is that countries may trade off weaker laws with stronger enforcement. Therefore it is expected that higher law enforcement will be associated with less earnings management.

Colonial proxies

Colonial dimensions are multifaceted and difficult to be captured completely. It is not our intention to provide a comprehensive set of colonial indicators. We do however attempt to capture economic aspects likely to have a lasting influence on the economic institutions of a country, and consequently its accounting quality. To achieve that we look to institutional economics research to derive our proxies for colonialism, as ours is quite likely one of the leading empirical examinations of colonial institutional dimensions in accounting quality. This

branch of economics has been quite active in its attempts to explain cross country economic development focusing on post-colonial societies. To test our prediction that colonialism affects accounting quality via institutions we obtain measures primarily constructed by or used in this literature. We use the following colonial indicators:

Extractive: We follow the argument made by Acemoglu et al. (2001) that economic institutions in post-colonial countries are determined by the colonial strategy. While in some countries European colonizers settled and modeled their adopted home after their original one, in other countries they set up extractive states and administered the colonized largely from a distance with minimal European presence. Consistent with this literature we expect that the lower number of settlers is an indication of less importance to the development of institutions, and in many cases even the reversal of prosperous institutions (Acemoglu et al. 2001, 2002). Our proxy for extractive is the percent of European settlers in 1900, obtained from Acemoglu et al. (2001), multiplied by -1. For countries that became independent prior to 1900 we do not expect large changes in settlement patterns, and as settlement is a mark of the 19th century and earlier, we assume a zero settler percentage for countries colonized after that.

Distance: The influence of countries on each other is likely a function of geographic proximity as indicated by the gravity model that explains the influence on cross country trade with distance and size (see for example, Frankel and Rose 2000). Because trade with the colonies has been a major source of income (Townsend and Peake 1941) we expect that geographic proximity to the colonial center is an indication of more influence on the colonized country's institutions. The measure is constructed from data made available on the website of French Research Center in International Economics.

Years colonized: An intuitive argument, confirmed by Olsson (2009) is that colonial influence on institutions is stronger with the length of the colonial period. We use the number of years from the beginning of the official date of colonial declaration or closest known date of effective economic, military, or settler influence to officially declared independence. Where there were consecutive colonial powers in a country, we limit our years to the last one. We make one exception in the case of Phillipines which was colonized by the Spanish for more than 300 years until 1898 and then the United States until 1946. In this case we combine the dates as the

Spanish influence is extensive and cannot be ignored. Beginning and ending colonization dates are obtained from Encyclopedia Britanica and Townsend and Peake (1941).The start of colonization cannot always be dated with precision because most instances of large domination took place gradually. For example, the East India Company, a privately held trading endeavor spread its influence gradually and grew its own armies, while paving the way for the British military conquest of the subcontinent. In this case we use the start of the collapse of the Mugul Empire marking the increase in the influence of Britain and France in the area.

Years independent: Another intuitive argument is that the colonial influence on institutions will decrease with the length of independence. This variable is the number of years from independence until 2011, the last year in our accounting data. However, Acemoglu and Robinson (2006) argue that equilibrium in economic institutions, for example property rights, is the net effect of political power and de facto power. When elites lose their political power, they maintain power via other channels such as lobbying, bribery, or even force. It is therefore possible that with the persistence of institutions we may not find the expected outcome.

Ethnic fragmentation: Ethnic fragmentation, closely associated with conflict, negatively affects the choice of public policies and consequently long-term economic growth (Easterly and Levine 1997). We use the proxy used in Easterly and Levine (1997) and Alesina et al. (2003) primarily measuring the possibility that two randomly selected individuals from a country are from different ethnolinguistic groups. As ethnic fragmentation is likely to lead to suboptimal national policies and institutions we expect that this variable has a positive relationship with earnings management.

Artificial borders: Another measure of population fragmentation considers the borders of countries drawn in negotiations between colonial powers. To assess the artificiality of the borders of a country we use a measure developed by Alesina et al. (2011) assessing how close the borders are to a straight line. The idea is that straight lines are indicators of borders likely drawn artificially in contrast with borders carved around natural geological formations. Similar to ethnic fragmentation we expect this variable to have a positive association with earnings management.

Religious fragmentation: Another measure that may increase tensions in a country and reduce consensus is religious fragmentation as used in Alesina et al. (2003). The variable is based on percentage of the population that belonged to the three most widely spread religions in the world in 1980 (1) Roman Catholic; (2) Protestant; and (3) Muslim. The residual is called “other religions”. We also expect that this variable will have a positive association with earnings management.

5. Sample and Results

Our sample of firms and accounting data are obtained from Compustat Global Vantage database³² and spans sixteen years for forty seven countries. The data starts in 1995, the earliest available coverage for all countries to 2011. Because we closely follow LNW in setting our tests, we begin with the sample countries used in their research and we add to it all other post colonial countries available in the database.

Our initial sample consists of all firm-year observations for the forty seven countries. To arrive at our final sample we make the same adjustments as LNW, making note for exceptions. We first exclude observations with missing data for any of the variables: operating income, current assets, cash, current liabilities, total assets, sales, cost of goods sold, total liabilities, accounts receivables, and common equity. Deviating from LNW, we replace missing depreciation data with prior or following year data. Finally, we drop observations with remaining missing values of depreciation. Next, following LNW, we replace missing data in taxes payable and debt in current liabilities with zero. We then drop firms with less than three years of consecutive data. While LNW restrict their sample to a minimum of 300 observations per country we lower that threshold to 240 observations to allow the inclusion of countries with smaller markets and reduce the possibility of our results being representative of countries with larger capital markets. Table 1 shows the different sample constructions used in our testing. Data for colonial variables are from multiple sources as mentioned above.

³² December 2013 version

Table 1 Sample description

	LNW replicated	Post-colonial sample
Number of countries	31	32
Firms	48761	38892
Missing data	<u>-9217</u>	<u>-8697</u>
	39544	30195
Firms of countries with < 240 observations		-130
Firms < 3 years of consecutive data	-3824	-3487
EM1/EM3	35720	26578
Missing data TA	<u>-22</u>	<u>-20</u>
EM4	35698	26558
Missing data CFO	<u>-64</u>	<u>-79</u>
EM2	35634	26479

Table 2 provides descriptive statistics for individual and aggregate earnings management scores by country. The rank is based on the average of the four measures and is arranged from high to low earnings management. Overall the means and medians for the four measures compare reasonably with those provided by LNW. Both values for EM4 or the loss avoidance measure are higher in LNW and appear to be driven by their extreme values for India, Spain, and Indonesia which are more in line with other countries in our analysis. Due to data restrictions we were unable to obtain an EM4 measure for Bangladesh so the rank is based on three measures. We do not expect this to make a big difference. UK, Sweden, Canada, South Africa, and Australia have the lowest overall earnings management while Kuwait, Portugal, Greece, Nigeria and Spain have the highest levels. Overall these initial results are consistent with what may be expected based on the research.

Table 2 Country scores for earnings management measures

Country	EM1 $\sigma(\text{OpInc})/$ $\sigma(\text{CFO}) (-)$	EM2 $\rho(\Delta\text{Acc},$ $\Delta\text{CFO}) (-)$	EM3 $ \text{Acc}/$ $ \text{CFO} (+)$	EM4 (SmProfit/ SmLoss (+)	Average Rank
Kuwait	0.4421	-0.9352	0.7485	3.4000	44
Portugal	0.4671	-0.9088	0.6219	3.5000	41
Greece	0.5828	-0.8833	0.7927	2.4235	38
Nigeria	0.4890	-0.9028	0.5027	3.6667	38
Spain	0.5808	-0.8827	0.5072	3.7407	37
Morocco	0.5229	-0.9251	0.5013	3.1667	37
India	0.5923	-0.8706	0.6803	2.6109	37
Taiwan	0.5965	-0.8359	0.6577	3.5378	36
Belgium	0.5589	-0.8275	0.5566	3.5000	34
South Korea	0.5904	-0.8295	0.6280	3.1277	34
Italy	0.5747	-0.8570	0.5872	2.2981	34
Indonesia	0.6088	-0.8264	0.6162	3.6790	33
Japan	0.5987	-0.8298	0.5448	3.5965	33
Austria	0.5911	-0.8332	0.5781	2.7619	32
Bangladesh	0.5490	-0.9393	0.3808	.	31
France	0.5867	-0.8439	0.5294	2.3678	31
Thailand	0.6029	-0.8339	0.5949	2.4086	30
Jordan	0.4131	-0.8203	0.6865	1.2500	30
Singapore	0.6329	-0.8065	0.6796	2.6893	29
Hong Kong	0.6390	-0.8204	0.6250	2.7317	28
Philippines	0.5819	-0.8094	0.6646	1.5467	28
United Arab	0.6384	-0.8600	0.5006	2.5714	27
Malaysia	0.6539	-0.7930	0.6289	2.6814	27
Germany	0.6186	-0.7846	0.6329	2.1475	26
Pakistan	0.6014	-0.8530	0.4787	2.1207	26
Egypt	0.5799	-0.8573	0.4081	1.2500	22
Chile	0.6343	-0.8364	0.4643	1.8846	21
Brazil	0.7025	-0.8122	0.5275	2.0444	20
Switzerland	0.7544	-0.7818	0.4323	3.8286	19
Netherlands	0.6109	-0.7814	0.4711	2.1795	19
Denmark	0.6188	-0.7524	0.5277	1.7347	19
Mexico	0.6798	-0.8411	0.3747	1.7222	16
Peru	0.7941	-0.7762	0.4719	2.8333	16
Argentina	0.7538	-0.7830	0.5085	1.8696	16
Finland	0.7279	-0.7572	0.4784	2.2857	16
Sri Lanka	0.6848	-0.7907	0.5011	1.4706	15
Norway	0.6902	-0.6806	0.5828	1.5139	14
New Zealand	0.6186	-0.7460	0.4054	1.7273	13
Kenya	0.6565	-0.8034	0.4061	0.8571	11
Ireland	0.7090	-0.7062	0.3697	2.2000	11
United States	0.7285	-0.6843	0.4904	1.6352	11
Colombia	0.6271	-0.7821	0.3570	1.2500	10
United Kingdom	0.7347	-0.6890	0.4423	1.8148	10
Sweden	0.8298	-0.6086	0.4432	1.8875	9
Canada	0.7889	-0.5692	0.4746	1.4861	7
South Africa	0.7667	-0.7345	0.3855	1.5455	7
Australia	0.8703	-0.5125	0.3447	1.5054	3
Mean	0.6356	-0.8000	0.5275	2.3489	
SD	0.0779	0.0862	0.0838	0.5919	
Median	0.6848	-0.7818	0.4719	1.8148	
Min	0.5799	-0.8600	0.3447	0.8571	
Max	0.8703	-0.5125	0.6646	3.8286	

Definition of variables in Appendix B .

Table 3 provides descriptive data for our colonial proxies. Higher values of settler percent, years colonized, ethnic and religious fragmentation, are indication of more colonial influence while the opposite is true for years independent, artificial borders, and distance. Consistent with common knowledge settler percentages in Canada, US, Australia, and New Zealand are the highest, while colonial strategies in most of Asian and African countries are consistent with the extractive and low settlement pattern. Years colonized is those under the last European power except the case of Philippines which includes 48 years of US colonization.

Table 4 presents correlations between the different variables. The correlation between investor rights protection and most colonial variables overall appears weak except in the case of settler percent and religious fragmentation. In the first case, this is likely because the largest settlement colonies are the US, Australia, Canada, and New Zealand that all have a British tradition of property rights. The same set of countries, except Canada, also have the highest rates of religious fragmentation. Law enforcement exhibits a strong positive correlation with settler percent and primary schooling likely because of the British settlement colonies just mentioned. The Law enforcement coefficient exhibits a strong negative correlation with artificial state indicating that it is higher in artificial states. As expected there is a strong positive correlation between law enforcement and investor protection consistent with prior research. The years independent is strongly related to settler percent (61%), this is expected because European settlement was no longer a strategy in the 20th century and the settler countries like US, Canada, and Australia had gained their independence by the early part of that century.

Table 3 Colonial index

Country	Colonizer	Settler percent	Years colonized	Years independent	Ethnic fragmentation	Religious fragmentation	Artificial borders	Distance (ln)	Colonial index
Argentina	Spanish	0.60	279	195	0.26	0.22		9.22	12
Australia	British	0.98	113	110	0.09	0.82		9.72	11
Bangladesh	British	0.00	240	64	0.05	0.21		9.00	9
Brazil	Portugese	0.40	322	189	0.54	0.61		8.91	16
Canada	British	0.99	104	144	0.71	0.70		8.67	19
Chile	Spanish	0.50	270	201	0.19	0.38		9.28	12
Colombia	Spanish	0.20	285	201	0.60	0.15		9.00	13
Egypt	British	0.01	68	89	0.18	0.20		8.20	13
Hong Kong	British	0.04	158	14	0.06	0.42		9.17	12
India	British	0.00	240	64	0.42	0.33		8.90	12
Indonesia	Dutch	0.00	343	66	0.74	0.23		9.34	13
Jordan	British	0.00	24	65	0.59	0.07		8.23	12
Kenya	British	0.01	68	48	0.86	0.78		8.85	19
Kuwait	British	0.00	62	50	0.66	0.67		8.47	17
Malaysia	British	0.00	117	70	0.59	0.67		9.28	11
Mexico	Spain	0.15	292	201	0.54	0.18		9.12	13
Morocco	French	0.01	52	55	0.48	0.00		7.44	15
New Zealand	British	0.93	66	104	0.40	0.81		9.83	11
Nigeria	British	0.00	66	51	0.85	0.74		8.52	16
Pakistan	British	0.00	240	64	0.71	0.38		8.75	15
Peru	Spanish	0.30	297	190	0.66	0.20		9.16	14
Philippines	Spanish/US	0.00	381	65	0.24	0.31		9.43	9
Singapore	British	0.05	133	52	0.39	0.66		9.30	12
South Africa	British	0.22	104	101	0.75	0.86		9.16	17
Sri Lanka	British	0.00	133	63	0.42	0.49		9.08	11
UAE	British	0.00	79	40	0.63	0.33		8.63	16
United States	British	0.88	169	235	0.49	0.82		8.84	17
Mean			174	103	0.48	0.45		8.94	
SD			106	65	0.24	0.27		0.49	
Median			133	66	0.54	0.38		9.00	
Min			24	14	0.05	0.00		7.44	
Max			381	235	0.86	0.86		9.83	

Definition of variables in Appendix B.

Table 4 Correlation matrices

	Settler percent	Years colonized	Years independent	Primary schooling	Ethnic frag	Religious frag	Artificial borders	Distance	Colonial index	EM rank	Investor rights	Law enforce
Settler percentage	1.0000											
Years colonized	-0.0105	1.0000										
Years independent	0.6098*	0.4634*	1.0000									
Ethnic fragmentation	-0.1776	-0.1792	-0.0290	-0.3847*	1.0000							
Religious fragmentation	0.4434*	-0.3677	-0.0338	0.4450*	0.2152	1.0000						
Artificial borders	-0.2306	0.4049*	0.1688	-0.6431*	0.1082	-0.2911	1.0000					
Distance	0.3812*	0.4326*	0.2147	0.3490	-0.2754	0.3757	0.0130	1.0000				
Colonial index	0.2677	-0.4324*	0.0702	0.2770	0.5140*	0.5578*	-0.3309	-0.2517	1.0000			
EM rank	-0.6437*	-0.0304	-0.5486*	-0.3169	0.0339	-0.3339	0.1937	-0.4205*	-0.2717	1.0000		
Investor rights	0.3230	-0.0470	-0.0303	0.2828	-0.2310	0.4038*	0.0907	0.1744	0.2434	-0.0582	1.0000	
Law enforcement	0.5610*	-0.4960*	0.0138	0.6474*	-0.1349	0.5723*	-0.4179*	0.2363	0.3719	-0.3684	0.4083*	1.0000

* p<0.05. Definition of variables in Appendix B.

Discussion of main results

Table 5 panel A presents the results of regressions of earnings management rank on investor protection and legal enforcement, the main institutional variables used by LNW. In the first column we include only countries used by LNW but for the extended years, 1995-2011. The results are similar to those of LNW (table 4, column 1); even though our coefficients are larger, both investor rights and legal enforcement are negatively and significantly associated with earnings management. The r-squares are also similar. In the second column we extend the sample to include all other colonial countries we have data for, and we find that the model loses some of its explanatory power as the strength of the investor rights and law enforcement coefficients becomes weaker, and both variables lose some of their statistical significance. This suggests that the additional colonial countries included in the sample have different institutional characteristics, so in the third column we restrict the sample to post-colonial countries. In the case of post-colonial countries, we find that investor rights loses all statistical significance so it can no longer explain differences in earnings management as it did in the LNW sample. Law enforcement on the other hand remains negatively significant and a good explanatory variable. These results provide initial support to the hypothesis that colonialism influences the environmental institutions associated with earnings management, and are consistent with the research showing that colonialism influences institutions (Acemoglu et al. 2001; Acemoglu and Robinson 2006; Easterly and Levine 1997; Sokoloff and Engerman 2000, Treisman 2000).

Table 5 Earnings management
Panel A: using LNW model

VARIABLES	EM rank (LNW sample)	EM rank (LNW sample expanded)	EM rank (LNW post-colonial expanded)
Investor rights	-2.14*** (0.67)	-1.98** (0.95)	0.55 (0.74)
Law enforcement	-1.77*** (0.48)	-1.46** (0.58)	-1.20** (0.49)
Constant	36.82*** (4.49)	40.73*** (5.74)	19.35*** (3.65)
N	31	47	27
Adj R-sq	0.39	0.15	0.15

Table 5 Earnings management

Panel B: using a post-colonial sample

	Expected sign	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Investor rights	-	0.93 (0.56)	0.85 (0.68)	0.44 (0.55)	0.72 (0.68)	0.56 (0.78)	0.78 (0.71)	0.53 (0.84)
Law enforcement	-	-0.21 (0.51)	-1.73** (0.64)	-1.15*** (0.41)	-0.99* (0.53)	-1.20** (0.49)	-0.89 (0.65)	-1.18** (0.56)
Extractive	+	11.56** (2.64)						
Years colonized	+		-0.02 (0.01)					
Years independent	-			-0.05*** (0.01)				
Distance (lg)	-				-4.45** (1.75)			
Ethnic	+					0.10 (4.76)		
Religious	+						-5.03 (6.33)	
Artificial state	-							4.47 (54.71)
Constant		14.50** (3.88)	24.69** (5.79)	24.67** (3.59)	57.20** (14.88)	19.28** (3.95)	18.83** (3.86)	19.19*** (4.12)
N		27	27	27	27	27	27	27
Adj R-sq		0.44	0.22	0.44	0.27	0.15	0.18	0.15

*** p<0.01, ** p<0.05, * p<0.1. Robust standard errors in parentheses. Definitions of variables in Appendix B.

In Table 5 panel B we present the results of entering the individual colonial variables in the analysis of institutions on earnings management using only the post-colonial sample. Consistent with the prior analysis, *investor rights* does not have the expected sign nor is it statistically significant in any of the models confirming that in the post-colonial sample investor rights cannot explain earnings management. This supports the argument that different institutions have varying levels of importance in different settings, and it is not a one size fits all. The LNWN finding that investor protection explains earnings management across countries is likely due to European countries constituting a large part of their sample. These countries share a historic specificity related to the origins of property rights in response to the earlier feudal system and the expropriations by the State. It is therefore not surprising that in European countries and some of their settled colonies there is a large emphasis on institutions supporting property and investor rights. In contrast, one can consider the tradition of land communal ownership known to the north and south Native American nations where a tradition of property rights protection is not

likely to thrive. Other results show that the influence of *law enforcement* on earnings management is mostly in the expected direction, with one exception, and in most models it is statistically significant. The influence of law enforcement institutions appears to be more generalizable across countries.

One of the most important results in table 5 panel B is that in model 1 representing the influence of the colonial strategy of extraction or settlement on earnings management. Together with the prior literature controls, the three variables can explain 44% of the variation in earnings management, slightly above the 39% in LNW. As mentioned earlier in economic extraction colonies institutions that mattered to Europeans were those relevant to exploiting plantations and mines, so obtaining mass labor and establishing hierarchies were focal strategies, which explains why institutions supporting economic development in extractive societies are not intended to support long term economic development like they would in settler ones (Engerman and Sokoloff 2000). The results also show that even with the persistence of institutions the passage of time since independence contributes to countries developing better financial reporting quality. The Years colonized coefficient is not in the expected direction, while distance between the colonies and center of colonial power is as expected negatively associated with earnings management, in other words closer countries subjected to more colonial influence exhibit larger earnings management.

In general, we do not find support for the ethnic and religious fragmentation, and artificial states arguments. While the ethnic fragmentation coefficient has the expected positive sign it is not statistically significant, and religious fragmentations and artificial state are not in the expected direction. It is possible that the religious fragmentation results are explained largely by the US, Australia, New Zealand, and South Africa which have the highest religious fragmentation in our sample and are mostly settler states. Overall we interpret results in this table as providing support for the colonial influence on institutions affecting earnings management in post-colonial countries.

Next, we apply a principal-components analysis to the colonial data to reduce the number of our independent variables in case there are systematic relations between the variables, even though most correlations do not appear to be high. Table 6 shows that the analysis produces three

principal components (PCs) with an eigenvalue greater than one, which cumulatively explain about 76% of the variation in the data. PC1, PC2, PC3 are uncorrelated transformations of the original set of 7 colonial variables with PC1 retaining most of the variation in the original variables. The + or - sign indicates a coefficient with absolute value greater than half of the maximum coefficient (Jolliffe 2002). We do not attempt to interpret these PCs as that attempt will likely be an oversimplification (Jolliffe 2002) and at this stage of the research we are only interested in finding if there is a correlation between colonialism and earnings management.

Table 6 Principal component analysis

Unrotated				
Retained factors: 3				
Variable	PC1	PC2	PC3	Uniqueness
Settler percentage	0.882	-0.158	0.216	0.152
Years colonized	0.266	0.841	-0.023	0.222
Years independent	0.622	0.468	0.463	0.180
Ethnic fragmentation	-0.356	-0.224	0.809	0.169
Religious fragmentation	0.445	-0.688	0.286	0.247
Artificial borders	-0.215	0.678	0.315	0.395
Distance	0.755	-0.005	-0.323	0.325

Orthogonal oblimin rotation				
Retained factors: 3				
Variable	PC1	PC2	PC3	Uniqueness
Settler percentage	0.915	0.020	-0.107	0.152
Years colonized	0.058	0.841	-0.260	0.222
Years independent	0.627	0.644	0.112	0.180
Ethnic fragmentation	-0.005	-0.078	0.908	0.169
Religious fragmentation	0.651	-0.535	0.208	0.247
Artificial borders	-0.235	0.696	0.257	0.395
Distance	0.584	0.025	-0.577	0.325

Definitions of variables in Appendix B.

In table 7 we present the results of regressions with two variable combinations, first the factors from the principal component analysis, and second an aggregate index of all colonial variables in this study. PCA factor 1 supports the hypothesis that colonialism influences earnings management even though the direction of this influence is negative. This is most likely because one of the variables loading highest on this factor is settler percent (the negative of the extractive variable) which is consistent with our results in table 4. The colonial index does not provide statistical support for our hypothesis, however we present it in the hope that as data on other countries becomes more available future research with expanded samples may benefit from this start.

Table 7 Earnings management using a post-colonial sample and aggregating colonial variables

	Model 1	Model 2	Model 3	Model 4
Investor rights		0.95* (0.50)		0.57 (0.71)
Law enforcement		-0.36 (0.72)		-1.18** (0.51)
PC1	-3.61*** (0.86)	-3.71*** (0.75)		
PC2	1.96** (0.88)	1.69 (1.53)		
PC3	-0.85 (0.84)	-0.85 (0.87)		
Colonial aggregate index			-0.27 (0.45)	-0.17 (0.43)
Constant	13.89*** (0.88)	12.65** (5.35)	17.60*** (5.88)	21.45*** (5.70)
N	27	27	27	27
Adj R-sq	0.48	0.51	0.02	0.15

*** p<0.01, ** p<0.05, * p<0.1. Robust standard errors in parentheses. Definitions of variables in Appendix B.

Overall our primary regression results support the argument that colonialism influences earnings management via the persistence of institutions.

6. Further testing

In additional testing we replace the law enforcement measures from La Porta et al. (1998) with measures based on Kaufmann et al. (2011) and updated by the World Bank in 2013. First we include an average of the six law enforcement measures for the years 1996-2012 then we explore

the influence of each measure independently. In our data the correlation between most Kaufmann measures and La Porta measures is not as high as the 96% found by Ahmed et al. (2013), but at an average of 87% it also indicates that the measures are quite similar. The only exception is voice and accountability which has a 66% correlation. The results in table 8 show that all measures are negatively related to earnings management with mixed statistical significance. Voice and accountability is highly significant in all models except the case of extractive states. This measure evaluates the participation in selecting the government, freedom of expression, association, and media. Prior literature shows that democratic institutions in their modern form contribute to the economic development of society (Olsson 2009). Olsson argues that in the colonies that followed the British market-orientation, the spread of wealth and equality after the abolishment of slavery, provided stronger grounds for the exposure to the Western democracy ideas especially in the 19th century. The distribution of political power determines the development of economic institutions in the conflict over resources and the barriers to economic entry (Acemoglu and Robinson 2006; Perotti 2014) so our results are likely an indication of the role of developed capital markets in

Table 8 Earnings management using a post-colonial sample and Kaufmann variables

Panel A	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Investor rights	0.71 (0.65)	0.54 (0.77)	0.18 (0.62)	0.54 (0.72)	0.44 (0.80)	0.81 (0.71)	0.49 (0.88)
Kaufman aggregate law enforcement	0.14 (0.17)	-0.49** (0.23)	-0.31 (0.18)	-0.30 (0.23)	-0.46** (0.20)	-0.32 (0.26)	-0.44 (0.26)
Extractive colony	13.47*** (2.33)						
Years colonized		-0.01 (0.01)					
Years independent			-0.05*** (0.01)				
Distance (lg)				-4.19** (1.97)			
Ethnic fragmentation					-1.77 (4.95)		
Religious fragmentation						-5.90 (5.83)	
Artificial state							-0.70 (59.23)
Constant	14.30*** (2.34)	13.81*** (3.28)	18.34*** (3.11)	49.66*** (16.91)	13.59*** (4.16)	13.94*** (2.98)	12.55*** (2.97)
N	27	27	27	27	27	27	27
Adj R-sq	0.45	0.15	0.37	0.23	0.13	0.17	0.13

Panel B

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Investor rights	0.62 (0.65)	0.35 (0.89)	0.08 (0.66)	0.42 (0.79)	0.23 (0.89)	0.67 (0.75)	0.11 (0.97)
Rule of law	1.14 (1.10)	-2.08 (1.54)	-1.39 (1.11)	-1.13 (1.30)	-1.78 (1.24)	-0.99 (1.47)	-1.34 (1.63)
Extractive colony	13.81*** (2.43)						
Years colonized		-0.01 (0.01)					
Years independent			-0.05*** (0.01)				
Distance (lg)				-4.74** (1.92)			
Ethnic fragmentation					-1.35 (5.22)		
Religious fragmentation						-7.16 (5.73)	
Artificial state							24.30 (60.82)
Constant	14.62*** (2.41)	14.51*** (3.47)	19.03*** (3.14)	54.98*** (16.37)	14.08*** (4.43)	14.89*** (2.98)	13.22*** (3.12)
N	27	27	27	27	27	27	27
Adj R-sq	0.46	0.08	0.35	0.20	0.06	0.14	0.07

Panel C

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Investor rights	0.80 (0.67)	0.53 (0.79)	0.22 (0.63)	0.52 (0.75)	0.45 (0.82)	0.83 (0.71)	0.47 (0.92)
Government effectiveness	0.21 (0.83)	-2.70* (1.49)	-1.88* (1.08)	-1.62 (1.45)	-2.56* (1.29)	-1.82 (1.63)	-2.42 (1.71)
Extractive colony	12.46*** (1.90)						
Years colonized		-0.01 (0.01)					
Years independent independence			-0.05*** (0.01)				
Distance (lg)				-4.18** (1.94)			
Ethnic fragmentation					-1.49 (4.93)		
Religious fragmentation						-6.09 (5.83)	
Artificial state							4.06 (63.02)
Constant	13.80*** (2.40)	14.26*** (3.26)	18.70*** (3.07)	49.98*** (16.38)	13.97*** (4.17)	14.34*** (2.94)	13.04*** (2.94)
N	27	27	27	27	27	27	27
Adj R-sq	0.44	0.14	0.37	0.22	0.12	0.17	0.12

Panel D

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Investor rights	0.86 (0.67)	0.39 (0.74)	0.11 (0.61)	0.46 (0.73)	0.32 (0.78)	0.73 (0.72)	0.42 (0.84)
Regulatory quality	-0.18 (0.71)	-2.95** (1.36)	-1.99* (0.98)	-1.93 (1.38)	-2.85** (1.23)	-2.16 (1.55)	-2.90* (1.59)
Extractive colony	11.91*** (1.93)						
Years colonized		-0.01 (0.01)					
Years independent			-0.05*** (0.01)				
Distance (lg)				-3.96* (1.94)			
Ethnic fragmentation					-1.48 (5.09)		
Religious fragmentation						-5.67 (5.71)	
Artificial state							-9.29 (58.51)
Constant	13.61*** (2.50)	14.79*** (3.28)	18.99*** (3.11)	48.43*** (16.46)	14.54*** (4.12)	14.63*** (2.79)	13.71*** (2.92)
N	27	27	27	27	27	27	27
Adj R-sq	0.44	0.16	0.38	0.24	0.15	0.20	0.15

Panel E

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Investor rights	0.68 (0.66)	0.41 (0.81)	0.10 (0.62)	0.44 (0.76)	0.30 (0.84)	0.71 (0.74)	0.28 (0.92)
Corruption control	0.81 (0.79)	-2.04 (1.25)	-1.30 (0.91)	-1.15 (1.16)	-1.80* (1.04)	-1.15 (1.24)	-1.63 (1.35)
Extractive colony	13.63*** (2.26)						
Years colonized		-0.01 (0.01)					
Years independent			-0.05*** (0.01)				
Distance (lg)				-4.50** (1.97)			
Ethnic fragmentation					-1.12 (5.21)		
Religious fragmentation						-6.57 (5.82)	
Artificial state							10.15 (59.86)
Constant	14.35*** (2.41)	14.45*** (3.40)	18.91*** (3.11)	52.80*** (16.97)	13.83*** (4.33)	14.61*** (3.01)	13.11*** (3.05)
N	27	27	27	27	27	27	27
Adj R-sq	0.45	0.11	0.35	0.21	0.09	0.15	0.09

Panel F

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Investor rights	0.66 (0.66)	0.08 (0.78)	-0.15 (0.59)	0.27 (0.79)	0.00 (0.81)	0.53 (0.75)	-0.17 (0.80)
Political stability	1.28 (0.97)	-1.47 (1.36)	-0.84 (0.97)	-0.76 (1.21)	-1.19 (1.26)	-0.49 (1.37)	-0.71 (1.24)
Extractive colony	14.01*** (2.33)						
Years colonized		-0.01 (0.01)					
Years independent			-0.05*** (0.01)				
Distance (lg)				-4.93** (1.93)			
Ethnic fragmentation					-0.59 (5.56)		
Religious fragmentation						-7.75 (5.56)	
Artificial state							45.45 (47.81)
Constant	15.14*** (2.36)	14.38*** (3.36)	19.35*** (3.04)	56.77*** (16.56)	13.80*** (4.39)	15.30*** (2.82)	13.27*** (2.99)
N	27	27	27	27	27	27	27
Adj R-sq	0.47	0.05	0.32	0.19	0.04	0.12	0.05

Panel G

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Investor rights	0.90 (0.59)	1.09 (0.73)	0.61 (0.69)	1.02 (0.70)	1.00 (0.74)	1.24* (0.72)	1.06 (0.76)
Voice and accountability	-0.62 (2.31)	-5.11*** (1.16)	-3.52** (1.37)	-4.40*** (1.24)	-5.24*** (1.12)	-4.63*** (1.50)	-5.03*** (1.32)
Extractive colony	11.04** (4.82)						
Years colonized		0.00 (0.01)					
Years independent			-0.03* (0.01)				
Distance (lg)				-1.80 (1.89)			
Ethnic fragmentation					-2.53 (4.32)		
Religious fragmentation						-3.20 (5.24)	
Artificial state							4.12 (46.66)
Constant	13.22*** (2.42)	9.79*** (3.40)	15.04*** (3.65)	26.52 (16.23)	11.74*** (3.82)	11.06*** (2.93)	10.21*** (2.79)
N	27	27	27	27	27	27	27
Adj R-sq	0.44	0.35	0.42	0.36	0.36	0.36	0.35

*** p<0.01, ** p<0.05, * p<0.1. Robust standard errors in parentheses. Definitions of variables in Appendix B.

determining financial reporting quality. This is likely why also the regulatory quality indicator, which reflects policies related to the promotion of the private sector has good explanatory power in our post-colonial sample.

As political democracy is likely to reduce opportunities for corruption we would expect that control of corruption may also provide a path through which colonial institutions may influence earnings management, as it is shown to influence financial quality (Armstrong et al. 2010; Chaney and Parsley 2011) and explains development of economic policies in post-colonial countries (Acemoglu and Robinson 2006; Alesina et al. 2003), however we do not find that in our sample. We also find that political stability, and rule of law, are both not statistically significant, while government effectiveness is moderately significant.

We further examine if the identity of the colonial power matters in institutions that determine accounting quality. The results in table 9 show that being a colony of Spain is consistent with lower earnings management while being a colony of Britain is not statistically significant. As prior literature may lead us to expect that British colonies are associated with lower earnings

Table 9 Earnings management using colonial institutional models

Panel A	rankcol	rankcol	rankcol
Britain	-4.75* (2.70)	-3.77** (1.68)	-3.17 (2.12)
Spain	-7.25*** (2.54)	-5.60*** (1.88)	-6.16** (2.40)
Settler percent		-10.66*** (2.00)	-7.05 (5.17)
British settler			-4.09 (5.62)
Constant	18.67*** (2.17)	20.12*** (1.07)	19.63*** (1.46)
N	27	27	27
Adj R-sq	0.11	0.48	0.49

Panel B	
	rankcol
Investor rights	-0.30 (0.81)
Unpredicted law enforcement	0.03 (0.64)
Constant	14.99*** (2.98)
N	27
Adj R-sq	0.00

*** p<0.01, ** p<0.05, * p<0.1. Robust standard errors in parenthesis. Definitions of variables in Appendix B.

management given that the US, Australia, Canada, and New Zealand are among the countries that rank lowest in earnings management per LNW, we interact the Britain variable with settler percentage but find that it is not statistically significant. We interpret the results in this table as indicating that the colonial power identity in general does not matter. This argument would be in line with Acemoglu et al (2001) which shows that the identity of the colonial power does not explain economic development, once settlement colonial trends are accounted for.

It is possible that the law enforcement effect on accounting quality in the presence of colonial institutions may also be due to developments over time in the period of independence unexplained by colonialism. To explore that possibility we estimate the unpredicted level of law enforcement in a country, given the percent of European settlers. Table 9 panel B shows that the unpredicted law enforcement sign changes to positive, and it is not statistically significant, suggesting that in our sample the law enforcement effect is an outcome of colonial institutions.

7. Conclusions

We examine the role of colonial institutions in explaining accounting quality in post-colonial societies. We follow the accounting literature that acknowledges the role of institutions in explaining accounting quality, and building on findings in the institutional economics literature that demonstrate the specificity of colonial institutions in explaining the economic trajectory, we expect that this effect extends to accounting quality. We find that in post-colonial countries, protection of investors, a common institutional proxy used in the prior literature is unable to

explain accounting quality. We also find that colonial strategies can better determine the path of institutions that influence preparers' incentives and consequently explain accounting quality.

We contribute to the literature by providing new evidence on the role of colonialism in explaining the persistence of institutions post-independence relevant to accounting quality. This brings attention to the need to reexamine some of the institutional categories prevalent in the accounting literature, and in particular investor protection and law system, and the need to provide the basis for employing the classifications. Furthermore, we provide the literature with a set of explanations for how this historic experience influences current financial reporting. Because they are exogenous the colonial variables used in our analysis are instruments that benefit future research, and resolve the institutions endogeneity issues acknowledged in the literature (e.g. LNW).

One of the limitations of our study is that the number of post-colonial countries is limited due to the lack of data. Countries colonized were mostly in Asia, Africa, and Latin America where capital markets may not be as relevant or developed as they are in much of Europe and North America, resulting in the limited number of public companies or the scarcity of data related to these companies. The data for the final 27 countries used in the analysis was obtained from Global Vantage. A further limitation of this study is the choice of earnings quality variables based originally on the work of LNW. Our intention in this work was to first replicate the LNW study, to the extent possible, using more recent data, then extend it to a number of countries to examine if the findings linking two institutional variables explaining earnings management in their study are generalizable to a post-colonial sample. For that we had to use similar proxies as used by LNW. As suspected we find that to some extent they are not, so we introduce the colonial variables.

Future work thus can extend this current study using different proxies for accounting quality such as predictability comparing the earnings of firms within a country in two consecutive years. This also has the potential of increasing sample size. Future work can also examine mechanisms linking colonialism and accounting. For example, what institutions are most affected by colonialism and how do these institutions directly impact on accounting?

Chapter 5: Conclusions

In this work I have undertaken explanations of accounting practices and behaviors in light of institutionalized colonialism and global trends, relevant to large parts of the world. The work provides detailed explanations on how ideologies embedded in artificial country borders, capitalist thought, educational forms, and elitism, among others, are deepened and sustained in the accounting field with trends like Western credentials, accounting harmonization, multinational auditors, and the spread of the English language. I primarily argue that the different features of the colonial experience are institutionalized contributing to current perceptions and practices in accounting.

In chapter two I examine the interplay of the forces of colonialism and modernity in the field of corporate accounting in Jordan. I analyze corporate accountants' discourses in light of threats to their status given the lacking knowledge of IFRS, and intense competition. I propose that in what

is perceived as a project of modernity, corporate accountants are self-regulating using certificates, recruitment exams, English language proficiency, and image to restrict membership to their enacted profession and limit mobility within it. I argue that in doing so accountants recreate colonial forms of organization for exclusion and authority of the West, reproduced by enduring colonial schools.

In chapter three I analyze the use of English in the construction of accounting hierarchy and identities in Jordan using Pierre Bourdieu's theoretical concepts on language and symbolic power. I show that historic and contemporary factors combine in accountants' *habitus* influencing their discourse and actions as they redefine their social capital and identities. I also elaborate on how English in the accountancy field in Jordan is a symbolic instrument used in the structuring of the field and the relations within it.

In chapter four I examine the use of exogenous colonial strategies to explain institutional differences following the institutional economics literature (Acemoglu et al. 2000) and find evidence that these strategies influence accounting quality via institutions. The study provides evidence that investor protection (Leuz et al. 2003), a measure widely used in the international accounting literature to proxy for institutional variation among countries, fails to explain differences in earnings quality in post-colonial countries. I also examine the possibility that what is observed is the effect of changes in institutions over time but find no such effect.

This thesis makes multiple contributions to accounting research. First, the study identifies emerging colonial-related practices in the enactment of a corporate accounting profession, while naming the missionary institution in the reproduction of colonial conditions. Not only do professional institutions and auditors introduce their own dynamics and regulate the field (Cooper and Robson 2006) but so do corporate accountants, likely the largest group of working in accounting. Second, this work contributes to research by extending Bourdieu's theory on language and symbolic power to a post-colonial context where not just the content of the language itself or the accent is relevant but also the hierarchy between languages. We show how specifically in the accountancy field audit and IFRS, among other mechanisms, contribute to the internalization of English, the language that has been perceived higher in the linguistic hierarchy in Jordan since the British colonization. We argue that with this normalization 'symbolic

violence' takes shape as English becomes a source of professional distinction and domination reproducing hierarchy in the field of accountancy. To our knowledge this is the first paper that analyzes in depth the role of language within accountancy and ensuing social structural changes in the field. Finally, this work challenges some of the institutional categories used in comparative studies across countries and emphasizes the need to reexamine the widely used law system and investor protection in research on accounting quality (For example Leuz et al 2003). I propose and find that indicators of the colonial experience are better at explaining accounting quality. In the process I provide future instruments to minimize the endogeneity of institutional proxies as that are commonly predetermined with accounting quality.

The implications of this work depend on its users. From the research point, phenomena like English as *lingua franca*, IFRS, and mainstream accounting research have more in common than may initially be perceived. They can all be seen as forms of standardization that detach themselves from any institutional context and ties and cross borders as neutral forms of knowledge. The danger in this abstraction is restricting intellectual inquiry and ultimately the advancement of knowledge (Humphrey and Gendron 2014). In the words of Anthony Hopkins (2007 p 1368) '*Global knowledges are often not very tolerant of local ones and yet sometimes they experience difficulty embedding themselves into the detail of local institutional contexts: the new knowledges remaining only loosely coupled to the settings in which they operate and thereby unable to infuse the functioning of practice*'. In non-English speaking countries specifically, research examining social closure and equality, professional identities, and labor issues can benefit from paying attention to the English dimension as one power mechanism. In comparative research on accounting outcomes this work shows that colonial strategies are key to explaining institutions that bear influence on the practice. For the accounting occupation, the conclusions of this work question some of the recruitment practices and skills required in the workplace that are not providing accountants with equitable opportunities. Practitioners can further benefit from the insights on the explored roles of IFRS and multinational auditors in the structuring of their work environment via language. And for policy makers and regulators in many countries, this work points to how more people may become marginalized in the place of work and how the inequality gap widens as imported technologies like English, IFRS, certification, multinational auditors, titles, software are not given enough attention.

In the area of accounting organizational forms this work constitutes an early contribution in the examination of organization among corporate accountants so one of its limitations may be its generalizability to other societies. Future comparative examinations can confirm or diverge from the findings of this work, and can provide further explanations of behaviors within corporate accounting. In this work I have also examined the interaction of accountants with the English language and have not expanded the analysis to how language is influencing the accountants work or accounting outcomes. Interesting insights may lie in examinations of English in the use of annual reports or the translations of reports for companies that publish reports in English and Arabic and the economic and social consequences that may bear on users and preparers in non-English speaking countries; topics that can be considered by future research. One further limitation of the English language research addressed in chapter three is that it only hinted to the subject of how presenting the self or the work in a language different from the mother tongue can change the values closely associated with the mother language. Furthermore this work addressed the process of using English rather than the content so another interesting area of research is examining how and when do accountants resort to code-switching. It would be interesting to isolate the contexts in which the phenomenon is used and understand the underlying motivations.

This work has touched briefly on the influence of big audit firms on the organization of corporate accountants but the relation between these two closely connected groups has not been explored enough particularly in light of the expansion of transnational auditors (Suddaby et al. 2007). One such examination may explain how knowledge transfers occur, the types of knowledge, and the consequences not just to individuals, but also to accounting processes.

Finally, in the area of accounting outcomes one of the limitations of this work is that the number of post-colonial countries is limited due to the lack of data. Countries colonized were mostly in Asia, Africa, and Latin America where capital markets may not be as relevant or developed as they are in much of Europe and North America, resulting in the limited number of public companies or the scarcity of data related to these companies. A further limitation of this study is the choice of earnings quality variables based originally on the work of LNW. Our intention in this work was to first replicate the LNW study, to the extent possible, using more recent data, then extend it to a number of countries to examine if the findings linking two institutional variables explaining earnings management in their study are generalizable to a post-colonial

sample. For that we had to use similar proxies as used by LNW. As suspected we find that to some extent they are not, so we introduce the colonial variables.

Future work thus can extend this current study using different proxies for accounting quality such as predictability comparing the earnings of firms within a country in two consecutive years. This also has the potential of increasing sample size. Future work can also examine mechanisms linking colonialism and accounting. For example, what institutions are most affected by colonialism and how do these institutions directly impact on accounting? In the earlier chapters this paper showed the influence of colonialism on profession so future research can examine the potential influence of the audit profession or corporate accounting profession in post-colonial settings on accounting outcomes.

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Appendix A: Interviewee Profile

Pseudo name	Age	Gender	Position	Industry	Type of Entity	Size *
Mohammad	30-35	M	Accountant	Agriculture	Non profit	Small
Ahmad	30-35	M	Chief Accountant	Web development	Private company	Medium
Ammar	35-40	M	Accountant	Web development	Private company	Medium
Lara	25-30	F	Junior Accountant	Technology	Private company	Large
Ahed	35-40	M	Senior Accountant	Technology	Private company	Large
Ragad	40-45	M	Finance Manager	Engineering	Private company	Medium
Sanad	40-45	M	Financial Controller	Accounting services	Private company	Medium
Maher	45-50	M	CFO	Finance	Private company	Medium
Nayef	35-40	M	Financial Controller	Technology	Private company	Large
Yazan	45-50	M	CFO	Pharmaceutical retail	Private company	Large
Rania	35-40	F	Chief Accountant	Technology	Private company	large
Haytham	55-60	M	Chairman of the Board	Accounting services	Private company	Medium
Fahed	50-55	M	Finance Director	Manufacturing	Private company	large
Khaled	50-55	M	CFO	Manufacturing	Private company	large
Faten	30-35	F	Accountant	Pharmaceutical wholesale	Private company	Small
Azza	20-25	F	Accountant	Investment	Private company	Medium
Luma	20-25	F	Accountant	Pharmaceutical retail	Private company	Large
Sana	30-35	F	Finance Manager	Media	Private company	Large
Nasser	50-55	M	Head of Finance	Banking	Listed company	Large
Khaldoun	45-50	M	CFO	Manufacturing	Listed company	Large
Imad	55-60	M	CFO	Banking	Listed company	Large
Samir	50-55	M	CFO	Manufacturing	Listed company	Large
Hisham	45-50	M	Partner	Audit	Audit	Large
Mamdouh	55-60	M	Managing Partner	Audit	Audit	Small
Kasim	35-40	M	Audit Manager	Audit	Audit	Large
Salim	25-30	M	Senior Auditor	Audit	Audit	Large
Walid	45-50	M	Partner	Audit	Audit	Large
Samia	50-55	F	Tax Section Head	Public Sector	Government	
Mazen	40-45	M	Tax Assessor	Government	Government	
Salem	40-45	M	N/A	Securities Commission	Government	
Adel	40-45	M	Assistant Professor	Education	Education	
Basim	55-60	M	Associate Professor	Education	Education	
Majed	50-55	M	Professor	Education	Education	

* Small is <20 employees, and large is >100.

Appendix B

Variable Definition

<i>Average Rank</i>	country rank based on the aggregate of the four EM measures (LNW).
<i>EM1</i>	ratio of standard deviation of operating earnings to standard deviation of cash flows from operations.
<i>EM2</i>	correlation between changes in accruals and changes in cash flows from operations scaled by lagged total assets.
<i>EM3</i>	median of absolute value of firms' accruals scaled by absolute cash flow from operations.
<i>EM4</i>	ratio of small profits to small losses where small losses are values of net earnings scaled by lagged total assets between (-0.01, 0.00) and small losses are values between (0.00, 0.01).
<i>Investor rights</i>	anti-director rights as in LNW from La Porta et al. (1998). Combines six shareholder rights variables within a country: option to mail proxy votes, no requirement to deposit shares prior to meetings, cumulative voting or minority board representation, minority judicial rights, minority preemptive rights, and procedures for calling extraordinary shareholders' meeting.
<i>Law enforcement</i>	rule of law variable as in LNW. Average of three out of five indicators provided by La Porta et al. (1998) legal system efficiency, tradition of law and order, and level of corruption.
<i>Extractive Distance</i>	<i>Settler percentage</i> multiplied by -1. proximity of a colonized country to the colonial center. Constructed from data available on the website of French Research Center in International Economics
<i>Years colonized</i>	number of years from the beginning of the official date of colonial declaration or closest known date of effective economic, military, or settler influence to official independence, using dates from Encyclopedia Britannica and Townsend and Peake (1941). In the case of consecutive colonial powers years are limited to the last, with the exception of Phillipines where we combine the US and Spanish colonial periods as the latter, due to its length, cannot be ignored.
<i>Years independent</i>	number of years from independence until 2011, the last year in our accounting data.
<i>Ethnic fragmentation</i>	possibility that two randomly selected individuals from a country are from different ethnolinguistic groups (Easterly and Levine 1997; Alesina et al. 2003).
<i>Artificial borders</i>	measure of artificiality of a country's borders assessing how close the borders are to a straight line (Alesina et al. 2011). Lower values indicate more artificiality.
<i>Religious fragmentation</i>	based on percentage of the population that belonging to the three most widely spread religions in the world in 1980, Roman Catholic, Protestant, and Islam. The residual is called "other religions (Alesina et al. 2003).
<i>Settler percentage</i>	percent of European settlers in 1900 (Acemoglu et al. 2001). For countries that became independent prior to 1900 we assume the same value as that in 1900 as we do not expect large changes in settlement patterns. For countries colonized after 1900 we assume a zero settler percentage as settlement is a mark of the 19 th century and earlier.
<i>Colonial index</i>	country rank based on the average of the seven ranks of the colonial variables.

*PC1, PC2,
PC3*

factors with eigenvalue >1 using principal component analysis of colonial variables.