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THE CULTURAL SHAPING OF ACCOUNTING

Ahmed Riahi-Belkaoui

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The Cultural Shaping of Accounting

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Ahmed Riahi-Belkaoui



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To my family, here and there.

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Preface

All of our activities are touched by culture. Accounting is not immune to this law. Culture may be viewed as accounting's medium. Culture affects all facets of the accounting environment. This book shows that culture:

1. determines the judgement/decision process in accounting (Chapter 1);
2. explains the intercultural differences in the perception of accounting concepts (Chapter 2);
3. explains the differences in the degree of professional self-regulation in accounting internationally (Chapter 3);
4. explains the differences in the levels of disclosure requirements of stock exchanges internationally (Chapter 4); and
5. is an important determinant of compensation practices internationally (Chapter 5).

The book should be of value to all those interested in international accounting issues, including professional accountants, business executives, teachers and researchers, and students.

Many people have helped in the development of this book. I received considerable assistance from the University of Illinois at Chicago research assistants, specially Claire Howard. I also thank Eric Valentine, John Donohue, and the entire production team at Quorum Books for their continuous and intelligent support. Finally, to Janice and Hédi, thanks for making everything possible and enjoyable.

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The Cultural Shaping of Accounting

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Cultural Relativism in Accounting

INTRODUCTION

This chapter examines the concept of cultural relativism in accounting. This concept postulates that culture shapes the cognitive functioning of individuals faced with an accounting and auditing phenomenon. Before presentation of the model, the chapter elaborates on the different notions of culture.

NOTIONS OF CULTURE

The concept of culture has been subjected to various interpretations. In fact, some anthropologists have stated that culture in the abstract can be explained only by reference to specific cultures.¹ Anthropologists approach culture in at least three different ways: (1) the cultural universals approach, (2) the value systems approach, and (3) the systems approach.²

The cultural universals approach focuses on identifying certain universals common to all cultures, which does allow an examination of cultures in terms of how they contribute to these variables. An example of such a list is provided by G.P. Murdock.³

The value systems approach focuses on classifying cultures according to value systems. Instruments used to assess values among cultures include the Allport, Vernon, and Lindzey instrument,⁴ Morris's "way of life" instrument,⁵ Kluckhohn and Strodtbeck's value theory,⁶ Sarnoff's human value index,⁷ and Rokeach's value survey.⁸