



Imperialism of influence and the state–profession relationship: The formation of the Greek auditing profession in the post-WWII era

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Abstract

A significant body of academic research on accounting professionalization has shown that ‘Western’ policies and influences (re)structure the social, political and economic context of emerging economies in a way that creates conditions favourable to the emergence of auditing bodies similar to the dominant Anglo-American associationist, free market model. In contrast, this paper argues that, under certain conditions, the formation of the audit profession in an emerging economy may exhibit significant organisational differences from the dominant Anglo-American model. The paper focuses on the formation of the Greek institution of auditing in the aftermath of WWII and shows that, despite ‘Western’ influences, a corporatist auditing body was instituted as a means of better serving state policy priorities (public over market purposes). Hence, developments in auditing may not follow in a linear fashion as the predetermined outcome of pressures exerted by ‘Western’ organisations and as a (perfect) emulation of the dominant Anglo-American paradigm.

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1. Introduction

In recent decades, a stream of academic literature in the UK and the US has drawn attention to the significant role of accounting practices in the measurement of income, the distribution of wealth, the assessment of risk and the workings of markets, in both, the private and the public sectors (Cooper et al., 1989; Mitchell and Sikka, 1993; Mitchell et al., 1994; Puxty et al., 1987; Robson and Cooper, 1990; Sikka and Willmott, 1995a, 1995b; Tinker, 1980). Though accountancy emerged and grew in the Anglo-American context, it has long and increasingly expanded across the globe (Anisette, 2000; Samuels and Oliga, 1982; Wallace, 1990). Motivated by the pursuit of profits, accountancy firms, belonging to and representing Anglo-American¹ professional bodies, have followed the expansion of transnational clients globally, providing their “expertise” and “indispensable” technologies (Hanlon, 1994). Their role in facilitating the internationalisation of capital, by effectively servicing the information demands of international investors, shareholders, credit institutions and other organisations, has made them essential elements of globalisation (Aggestam and Loft, 2003; Arnold and Sikka, 2001; Hanlon, 1994).

At the same time, various international politico-economic organisations have actively supported the expansion of capitalism (e.g. the World Trade Organisation, the World Bank, the International Monetary Fund and the United Nations; see Arnold and Sikka, 2001; Hirst and Thompson, 1996; Holton, 1998; Sklair, 1995). These organisations have also influenced emerging economies² towards allowing Anglo-American firms to establish local branches and developing self-supervised, Anglo-American style, auditing bodies (Caramanis, 2002; Hanlon, 1994).

The view that local institutions of auditing have been significantly influenced by supranational organisations has been further illustrated by a branch of literature that has focused on the formation and development of accounting and auditing professions in emerging economies³ (Daniel et al., 2001; Demirag, 1993; King et al., 2001; Lakis, 1996; Simga-Mugan, 1995). These authors have underlined that there is a strong relationship between the incorporation of emerging countries into the “Western” sphere of influence and the emergence of self-governed, western-like, local auditing bodies.

¹ The term Anglo-American as used in accounting academic literature refers to basic accounting concepts and practices as well as to the mode of organisation and operation of the accountancy profession that draw upon the British and American traditions. The term seems to imply that there are no significant differences between British and American accountancies. Yet, there always have been significant differences between the two countries, one being the generalised audit requirement in the UK. We are thankful to Richard Macve for pointing this out.

² The term emerging economies refers to transitional economies which direct their efforts towards developing a social, political and economic institutional framework conducive to capitalism placing emphasis upon the construction of capital markets (Saudagaran and Diga, 1997). Though the importance of emerging economies, like Greece, has recently grown, their role in the context of global capitalism is far less influential in comparison to the dominant advanced capitalist countries (such as the US, UK, Japan, Germany and France).

³ The term emerging economies refers to transitional economies which direct their efforts towards developing a social, political and economic institutional framework conducive to capitalism placing emphasis upon the construction of capital markets (Saudagaran and Diga, 1997).

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