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The Development of Accounting in the Franc Zone Countries in Africa

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Abstract

This paper develops a taxonomy of the different accounting systems that have evolved in Africa from the colonial era, through the early years of independence, to modern times. A preliminary test of the classification scheme for the current era of International Financial Reporting Standards (IFRS) was carried out using data from a PricewaterhouseCoopers (2011) survey. The results confirm Nobes' (2008) hypotheses on patterns of national reaction to IFRS. The results also show that a distinctive approach to financial accounting, which is alien to Anglo-American practitioners, and modeled on long-established French traditions, is still entrenched in Africa's franc zone countries in the 21st century, despite sustained pressure from the World Bank and the International Monetary Fund for large entities to adopt IFRS. These findings provide some evidence against Alexander and Archer's (2000) claim that the contemporary notion of "Anglo-Saxon accounting" is a myth.

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1. Introduction

Over the past forty years, many articles that analyze the development of accounting within individual African countries have appeared sporadically in this journal and its predecessor, the *International Journal of Accounting Education and Research*, for

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example: Ghana (Ghartey, 1978), Zimbabwe (Chamisa, 2000; Hove, 1986), Nigeria (Jagetia & Nwadike, 1983), Sudan (Mirghani, 1982), and Egypt (Alhashim, 1977; Samuels & Oliga, 1982). In general, these country studies tend to question the wholesale adoption of Western accounting models and international accounting standards in Africa, particularly in view of the extreme socioeconomic disparities between industrialized and developing nations (e.g., Briston, 1978; Hove, 1986; Samuels & Oliga, 1982). Another inference that can be drawn from the African accounting studies that have appeared in this journal is that they focus mainly on countries that were once British colonies or protectorates, a notable exception being the paper by Briston (1978), which made passing references to the now defunct OCAM¹ accounting system in French-speaking Africa.

The aim of the present study is threefold. First, it attempts to redress this imbalance in the literature by providing a detailed analysis of contemporary developments in the Francophone, Lusophone, and Spanish-speaking countries that make up the CFA (*Communauté Financière Africaine*) franc zone in Africa, all of which are signatories to the OHADA (*Organisation pour l'Harmonisation en Afrique du Droit des Affaires*)² treaty. These countries have not received the attention they deserve in the international accounting literature. In this regard, Colasse (2009, p. 29) lamented the Anglo-centric biases that pervade much of the scholarship on accounting in emerging nations, pointing out that the Francophone brand of normative accounting research is not well known in the Anglo-Saxon world. More specifically, Colasse explains that one important reason for the imbalance in the extant literature on accounting in developing nations is that the OHADA accounting system, a product of the Francophone normative research tradition, was never translated into English, and much of it remains inaccessible to a wider English-speaking audience.

These observations provided the motivation for the present study because they readily call to mind Alexander and Archer's (2000) argument in an earlier issue of this journal that, in the current era of globalization and International Financial Reporting Standards (IFRS), the notion of "Anglo-Saxon" accounting is a myth.³ Although a resounding rebuttal of Alexander and Archer's thesis was provided in a rejoinder by Nobes (2003), this study will further reinforce Nobes' contention by demonstrating that a distinctive approach to financial accounting, which is alien to Anglo-American practitioners and modeled on long-established French traditions, is still entrenched in the OHADA treaty states despite recent moves for convergence on IFRS championed by the World Bank.

The second objective of this study is to examine the main reasons why the OHADA accounting system has, thus far, remained largely insulated from external pressures for convergence with IFRS in the current era of globalization.

The final objective of this paper is to demonstrate that the recent OHADA accounting reform in the franc zone is predicated upon the argument that the pure version of IFRS, as published by the International Accounting Standards Board (IASB), and the new IFRS for

¹ *Organisation Commune Africaine, Malagache et Mauricienne.*

² Organization for the Harmonization of Business Law in Africa best known by its French acronym OHADA.

³ Several other researchers (e.g., Cairns, 1997; d'Arcy, 2001) have also disputed Nobes' classification of accounting systems into two groups, namely: the Anglo-Saxon (or Anglo-American) group and the Continental European group. Nobes' response is presented in Section 7 of this paper.

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