

IMPERIALISM, GLOBALISATION AND RESISTANCE IN THE ACCOUNTING PROFESSION: THE CASE OF EGYPT AND LEBANON^{1*}

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ABSTRACT

The introduction of modern accounting in the Arab Middle East was subsequent to the penetration of European capitalism. The accounting profession was marked by both British and French influence, and later underwent considerable change, as a result of changes in economic policies. Today it is confronted with the impact of market globalisation, international standardisation and the hegemony of multinational audit firms. This paper discusses how historical legacies and socio-political contexts have intertwined and influenced the construction of a professional field of accountancy in Lebanon and in Egypt. These legacies and contexts resulted in diverse and unequal forms of dependence and resistance. A comparative approach and qualitative methodology highlights similarities and differences, and reveals the complexity of factors and influences. The study draws mainly on the sociology of the professions, influenced by Bourdieu's sociology of domination, and its main conceptual tools are the concepts of professional project and professional field.

Keywords. Accounting profession, Professional field, Imperialism, Globalisation, Lebanon, Egypt, Resistance

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1. INTRODUCTION AND RESEARCH QUESTION

The aim of this paper is to study the impact of imperialism and globalisation on the accounting profession¹ in two Arab countries, Egypt and Lebanon.

The modern accounting profession was first introduced in the Middle East as an exogenous profession, in the context of foreign domination². Attempts were made later to nationalise the profession but these were quickly thwarted by open-door policies and the penetration of global firms. This resulted in diverse and unequal forms of resistance. This resistance to globalisation is an important key for understanding what is at stake both in the profession and society. The comparison of two cases from the same region, but with different historical trajectories, should help us to underline specificities as well as universal dynamics.

Since 1990, an important body of research has focused on the impact of globalisation of markets and the increasing hegemony of the 'Big Four'³ in the accounting profession (Caramanis, 1999; Ramirez, 2003; Barrett & al., 2005; Dezalay, 1995; Boussebaa, 2015). But research, to date, has mainly addressed Great-Britain and its ex colonial empire. The transfer of French professional models to France's ex-colonial empire has been much less studied⁴. However, the importance of a national accounting system (Plan comptable), which is a characteristic of the history of French accountancy, has had a lasting influence on former French colonies (Capron, 1993; Colasse, 1997; El Omari, 2013).

In a previous research on the engineering profession and on professional corporatism in Middle Eastern countries (Longuenesse, 2007/2011), the role of engineers was highlighted as being an instrument and a vector of the promotion of a development model, and the weight of corporatist interests; these were often confused with the interests of a power elite who had confiscated state institutions. Early work on the professions in Egypt was strongly influenced by functionalism (Reid, 1974), but soon focused on their relation to state power (Moore, 1980; Bianchi, 1989; Al-Sayyid, 1983; Brand, 1995; Hurânî, 2000). Conversely, the return and rise of independent professionals and accounting firms appeared as emblematic of liberalisation policies. It was also particularly fascinating in

¹ Including accounting and audit, in public and private sector – see later in the paper for a discussion of the struggles to define the profession and the words involved in identifying it. As a first approximation, I use the term 'profession' in the sense of official regulations.

² I include in this expression direct colonial and indirect rule, British protectorate, followed by formal independence with military occupation; French Mandate on Lebanon, British Mandate on Jordan, Palestine, and Irak.

³ The process of internationalization of accounting firms started as early as the turn of the 20th century, through successive mergers. Around 1970, the biggest 8 firms (Arthur Andersen, Arthur Young, Ernst and Whinney, Deloitte Haskins, Touche Ross, Price Waterhouse, Coopers & Lybrand, Peat Marwick), which dominated the world market were called the 'Big Eight'. Following new mergers they became the 'Big Six' in 1989, then the 'Big Five' in 1998, and finally, after the fall of Andersen caused by the Enron scandal in 2002, the Big Four (now Ernst & Young, Deloitte Touche Tohmatsu, Price Waterhouse Coopers, KPMG).

⁴ It must be noted that research on the history of accountancy and the accounting profession (at least in English and French) seems to ignore even more the possible influence of other colonial powers like the Netherlands or Portugal.

that the researcher is confronted with a professional world whose definition, compared to engineers or physicians¹, is anything but clear.

The history of the accounting profession in Arab countries is little known, although the region is interesting for its threefold legacy: the legacy of the Ottoman Empire, based on long-distance trade, where double-entry bookkeeping was probably known (Zaid, 2009), followed by the dual colonial legacy of France and Great Britain. In contrast to countries in the Maghreb, which are to date mainly marked by the French influence (Turin, 1971; Gobe, 2004, 2013; El Omari, 2013), the situation is more complex in Middle-Eastern countries. In Syria and Lebanon, under French Mandate between the two world wars, the first accountants were trained in French missionary schools, but also in British firms (Longuenesse, 2006). Nasserite Egypt and its state model later influenced Syria. Egypt was for a long time under British rule and the first accounting firms arrived with British commercial companies (Shawki, 1994). A new "profession" emerged under the auspices of foreign occupation, and the first modern accountants were members of the ACCA or ICAEW². Under the Nasser regime, it was marked by the central role of the state, the hegemony of corporatist logics, and the symbolic value of academic titles. (Wahba, 1994; Longuenesse 2007/2011, 2009a)

Like many developing countries, Egypt and Lebanon have been engaged in liberalisation policies for the past 20 years and have been heavily dependent on foreign loans and investments. Under the pressure of the World Bank and the International Monetary Fund, a number of institutional reforms were made, with the aim of improving 'corporate governance'. Audit and accountancy were at the core of these reforms (World Bank, 2003, 2009; Dahawy & al., 2011; Shehata & Dahawy, 2013; Longuenesse 2006). Both countries were subjected to the consequences of market globalisation, and confronted with international standardisation, the hegemony of the big multinational audit firms and a professional model alien to their history, society and culture. All this took place in two national contexts marked by different colonial legacies and by different political orientations after independence. Comparing and contrasting these two cases is enlightening, as it reveals how the definition of the profession changes depending on the period and the context, and is in itself an object of struggle.

In a previous study, Lebanon and Jordan were compared from the point of view of conflicts arising from the recognition of professionals employed in large organisations. The issue at stake was found to be the competition between two 'professional models' (Ramirez, 2005): a corporatist model insisting on the status of independent professional and an open liberal model giving the priority to knowledge and qualification, rather than status. Although British professional culture and the second model influenced Jordan more than Lebanon, where French culture and the first model was dominant, the same tension could be found in both countries. (Longuenesse, 2010)

The focus of the comparison in the present paper is on a different aspect. The violence of the internal conflict, which arose in the years 2000 in the Egyptian professional field³,

¹ Even if the definition of what is an engineer (and to a lesser extent, a physician) also has to be deconstructed (Longuenesse, 2007/2011).

² ICAEW: Institute of Chartered Accountants of England and Wales, founded in 1881; ACCA: Association of Chartered Certified Accountants, founded in 1911.

³ For a discussion of the concept of "professional field", see section 2.

reminded me of the accusations I had heard from some of my Lebanese interviewees. It occurred to me that I should examine the attitudes towards globalisation, international standards, and the increasing weight of big audit multinationals. My argument here is that a shift in the balance of power is at work in the professional field in both countries, but that its character depends on the conditions of penetration of the global firms in the country as much as on the extent to which the field is structured. Economic policies after independence, as much as colonial legacies, played a major role. Dezalay (1995) and Ramirez (2005) theses concerning the 'domination' of law and audit global firms on international and national markets influenced my understanding of the mechanisms at work.

The structure of the paper will be as following.

In section 2, I clarify my theoretical position at the crossroads between critical accountancy and the sociology of the professions. I propose a brief discussion of the literature on the accounting profession, and more specifically on the profession in a colonial context. My work has mainly drawn on the work of Johnson (1973), Chua & Poullaos (1993, 1998, 2002) on one side, Dezalay (1995) and Ramirez (2005) on the other, and my main conceptual tools are the concepts of professional project and professional field¹.

In section 3, the methodology is articulated, and the relevance of comparison is elaborated. How the exploration of my sources, including interviews, encouraged such comparison through the differences, which emerged from their analysis and how this helped formulation of new questions is highlighted.

Section 4 and 5 represent the core of the paper and have a strong historical and narrative dimension. I begin by analysing the gradual emergence and institutionalisation of the profession in Egypt and Lebanon under the auspices of the colonial powers, the conditions for the structuring of a professional field in tension after the departure of the foreign occupiers, and the impact of the economic choices in each country. Secondly, I discuss the impact of globalisation, the modalities of the penetration of the 'Big Four', the struggles in and around the professional organisations, and the contrasted reactions to such a penetration.

My main findings are summarised in the conclusion. They highlight the factors explaining why resistance to globalisation and the penetration of global firms took different forms in the two countries.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

With the beginnings of critical thinking in accountancy (Tinker, 2002; Broadbent, 2002; Rahaman, 2010), a new type of research emerged. The role of accountancy in organization and society (Burchell & alii, 1980), accountants' practice (Tomkins & Groves, 1983) and accounting as a profession were all examined. Meanwhile, historical studies (and the influence of Michel Foucault) enabled research to move beyond a traditional normative conception of accountancy as a positive science (Hoskin & Macve, 1986). Later, researchers in accountancy rediscovered the sociology of the professions, while

¹ See *infra*, section 2.

theoretical debates grew in importance (Willmott, 1986; Burrage & Thorstendahl, 1990; Chua Poullaos, 1998; Ramirez, 2005).

Although the development of critical accounting is indeed of great interest for my own research, my work draws mainly on the sociology of the professions, and some of its recent developments in France, influenced by Bourdieu's sociology of domination (Bourdieu, 2012).

Accounting as a regulated 'profession' is characterized by a broad variety of missions (on behalf of major companies, tax authorities, the market and the state), along with technical and legal competences which differ according to the missions and contexts (Carr-Saunders & Wilson, 1933, pp. 283-307; Abbott, 1988, pp. 226-235; Ramirez, 2005, pp. 19-24); these may vary from one context (and one period) to another. This explains why its definition and status vary considerably from one country to another. In Middle Eastern countries, foreign influences appear not only in the variety of terms used to describe the profession, but also in the different conditions required to pursue the profession identified and regulated by one or more professional *competing* associations. *The concept of "professional project" highlights the way members of an occupational group strive to impose a monopoly on a particular market for services. The mission of the professional body is to define the conditions of access to this market, based on a specific expertise, as a response to the aspirations of rank-and-file professionals, as interpreted and organized by their leaders* (Sarfatti-Larson, 1977; pp. xvi, 84; Macdonald, 1995, pp. 187-190).

Chua and Poullaos (1998) have underlined the role of the associations and of the 'professionalization project' (Sarfatti Larson, 1977), which they promote in the definition of accountancy, its differentiation from other practices and in defining who is an accountant. *Such a project will differ considerably depending on the context and economic policies.*

The concept of 'field' (in French, *champ*), taken from Bourdieu (and used by Ramirez, Dezalay and others), helps to avoid indigenous definitions (i.e. imposed by the professional elites), by referring to a social space related to resources, practices and a culture, and structured by power relations and struggles, in which professional organisations play a major role (Bourdieu, 1980/1993, 1985, 1997, 2000/2005).

The professionals' demand for autonomy from state administration, as well as from the private organisations and companies, for whom they work, legitimates the use of the concept. The reference to specific knowledge validated by professional bodies, to professional values, the competition in a market of accounting services, the struggle for their recognition as qualified accountants, all mobilize the professional, social and symbolic capital which structures the professional field of accountancy. This does not mean that the field is completely autonomous, as it is still often a project more than a reality. In practice, it still depends largely on the market. In contrast, in some countries, it depends even more on economic policies, i.e. on politics and the state – in the sense that power relations within the field result from the direct intervention of the political authorities: this is particularly true in colonized and ex-colonized countries but also, a fortiori, in communist and totalitarian countries. Bourdieu speaks of 'homology' between fields and of 'domination' of one over another, whereas Abbott (2005/2003) uses the concept of 'linked ecologies' to describe the interdependence between economic and professional worlds. Mennicken (2010) follows Abbott in his analysis of the increasing role of the audit in post-communist Russia, in the context of economic liberalisation.

Dezalay (1995) however insists on the economic, political and cultural domination of which the standards imposed by the “Merchants of law” (Dezalay, Garth, 1995) are an instrument, and suggests that the sociology of the professions should be redefined “to come to terms with itself as one of the components of a sociology of the reproduction of relations of power in the field of knowledge and expertise” (Dezalay, 1995, p. 243). When Chua and Poullaos refer to Max Weber to account for the role of the state and the importance of social struggles, they are making the same point (Chua & Poullaos, 1993, 1998). Finally, they all insist on the interdependence of the state, the economy and the profession.

Diverse as they are, accountants are today confronted with the challenge of the penetration of global audit firms, whose clientele is mainly composed of multinational companies. The former are the main actors of an accounting and financial standardisation that aims at global harmonisation, and tend to impose their methods as a reference for professional practice. When analysing how this model was imposed in the United Kingdom and France, Ramirez stresses that resistance was much stronger in France, where the model of the self-employed professional (whom he refers to in French as the notable) had long been predominant. On the contrary, in the United Kingdom the existence of professional firms since the 19th century (which entails a division of labour and cooperation between associated professionals) has facilitated the penetration of these ‘very big firms’, as a natural development of the model of the firm (Ramirez, 2005, 2007). He highlights three ‘professional models’: the sole practitioner (whom he calls the notable), the firm (dominant in the UK), and the ‘very big firm’, represented by the large multi-national firms, which today dominate in the globalized professional field. I find this approach more heuristic than the approach of Spence & al. (2015), who consider the Big Four as constituting a field in their own right¹, independent of the professional field of accountancy, as professional capital is marginalised within the Big Four for the benefit of economic capital. On the contrary, I argue that it is difficult not to consider them as the dominant actors in the field, as their representatives do elaborate the standards produced by the international accounting standards board (IASB). These standards are indeed generally accepted by all, as the reference for national standards, and circulated by all the professional organisations (even though not always applied)². Including the Big Four in the field helps to highlight struggles and resistance. When Boussebaa (2015) asserts that the Big Four “exclude locals by controlling entry to the profession”, he also seems to reduce the ‘profession’ to internationalised firms, and forgoes the possibility of an analysis of the issues at stake inside national professional associations, and the effects in terms of domination of the former on the latter. Following Ramirez (2001), I argue that it is relevant to include all the professional associations in the field precisely for that same reason. But contrary to him, I suggest to include state employed professionals, as a fourth model, especially in countries, which have nationalised the profession, in the context of state economy³.

¹ For Emirbayer & Johnson (2008), it would be an example of an ‘organisational field’.

² They are never contested as such neither in local professional journals, nor by any of my interviewees.

³ In her research on the place of women in the profession, Kamla (2012) rightly includes in her sample employees in public administrations as well as independent accountants, highlighting the importance of the first group in the context of a state bureaucratized economy.

In developing countries, where the professional project of accountants is constructed in the context of the penetration of foreign capital rather than as a result of endogenous capitalism, the arrival of the Big Four is simply a new stage in a long history of dependence on foreign powers. It is therefore understandable that research on the development of the accounting profession combines a reflection on imperialism with an analysis of the impact of globalisation (Annisette, 2000; Sian, 2006; Boussebaa, 2015).

Boussebaa (2015) underlines not only the role of the professions in disseminating Western values, but also the multifaceted resistance met by the imposition of these values. His remarks situate these considerations in the context of the study of imperialism as well as of post-colonial theories. Terence Johnson highlighted the role of the professions in colonial expansion and the conditions of transfer of professional models formed in dominant countries (Johnson, 1973; Johnson & Caygill, 1971). He has shown how professionalism, as an ideal of professional control, "was always in tension with the realities of the colonial power structure" (Johnson, 1973, p. 286), because professionals were dependent on the colonial administration as their main client. He considered accountancy, along with medicine and law, as a good illustration of the role of these professions in the imposition of a colonial order. This link between the two periods is all the more relevant in the case of British and American imperialism, as the biggest multinational audit firms are mainly the outcome of mergers of old British firms (MacDonald, 1995). Johnson has influenced many of the authors who study the circumstances of the birth of an accounting profession in the British Dominions (Canada, Australia, South Africa) during what is usually referred to as the first globalisation at the end of the 19th century (Chua & Poullaos, 1998, 2002; Fouquin & Hugot, 2016), the collusion between a local professional elite and British professionals in Trinidad and Tobago (Annisette, 2000), or professional struggles in several African (Uche, 2002; Sian, 2006; Rahaman, 2010), or Asian countries (Susela, 1999; Verma, 2015).

Others have demonstrated that models were never simply reproduced, but adapted and transformed (Souami & Verdeil, 2006; Chiffolleau, 1997; Boussebaa, 2015). Although medical doctors, engineers or accountants do, to a great extent, depend on the institutions, which the colonisers established (Johnson, 1973; Sonbol, 1991; Gobe, 2004), when foreign models have been transferred, they have always been reinterpreted by the society where they are newly established. The transfer also entails resistance and struggles, which may lead to a compromise (as Ramirez has shown in the case of France), in a radically new definition of the profession (as we shall see for Egypt), or in the marginalization and crushing of indigenous professionals (as in Greece, see Caramanis, 1999).

The issue of the penetration and the increasing domination of a global professional model originating in the Anglo-American world does not only concern developing countries. In European countries, this was sometimes accepted without any opposition (as in the case of Sweden, analysed by Wallerstedt, 2001), or on the contrary aroused violent conflicts, as in Greece (Caramanis, 1999). France is an example of the struggle ending in a compromise between the profession and the Big Four (Ramirez, 2001, 2007). Far from being the expression of a traditional culture, as Dyball and Valcarcel (1999) suggest, I argue that culture (including education) is but one among many social, economic and political factors of resistance, as is clearly demonstrated by Ramirez or Dezalay.

Little work has been done on the accounting profession in Arab Countries. We have Sami El Omari on Morocco (El Omari, 2013), Wafa Khelif & al. on Tunisia (El Omari, Khelif, 2014;

Gobe, Khlif, 2015), Rania Kamla & al. on Syria (Kamla, 2012; Gallhofer, Kamla, Haslam, 2009, 2011), Aburous (2016) on Jordan; we can also mention a few papers and Ph.D. theses on the profession in Egypt (Abd-Elsalam, Weetman, 2003; Farag, 2009; Dahawy & al., 2011), in Jordan (Al-Akra & al., 2009), in Libya (Moussa, 2009) and in Lebanon (Khacherian, 2009). Unlike the former ones, most of these latter papers or theses are non-critical.

The comparative dimension of my research originated in my fieldwork experience in various countries in the Arab Middle East.

3. METHODOLOGY

“Comparison has always been the backbone, acknowledged or not, of good sociological thinking” (Becker, 2010). As the author became increasingly aware of the multiplicity and diversity of influences and models at stake in the region, cross-national comparison appeared a heuristic tool to contextualize the construction of the research object, and highlight the importance of national legacies in understanding present developments (Burrage & Torsdendahl, 1990; Longuenesse, 2010; Faulconbridge & Muzio, 2012; El Omari & Khlif, 2014). Countless publications have discussed comparison and the comparative methods in the social sciences (Smelser, 1976; Vigour, 2005; Barbier & Letablier, 2007). Comparing means looking for similarities and differences. It means studying variations in the same object or phenomenon, in similar institutions or in social interactions, either locally, in one region or country, or in different countries and cultural and historical contexts.

In this paper, I compare two countries that were for centuries part of the Ottoman Empire, and were later occupied by Western colonial powers. They share a common language and culture and a dominant religion, Islam. The accounting profession, the object of this research, has inherited this shared past, but has developed differently in each country, in function of the changes in national policies after independence.

Comparison also reveals how much words matter, as no word has a strict equivalent in another language. Becker (2010) reminds us that things with the same name are not necessarily alike. The difficulty may be greater when names vary for what is usually considered to be the same object. This is the case in Arabic not only in different countries, but also sometimes in the same country, at different periods. In addition, there is the frequent use of English and French, and the hesitations resulting from the switch from one language to the other: in Lebanon, *khubarâ' al-muhâsaba* is clearly translated from the French ‘*experts-comptables*’; but in 1994, at the time of the establishment of the new professional association (*Ordre des Experts-Comptables libanais*, or Lebanese Association of Certified Public Accountants), the expression ‘Certified Public Accountant’ was introduced, revealing the new influence of accountants trained in American universities, or in universities that adopt American curricula¹. In Egypt, *muhâsibîn wa murâjî'in* (accountants and auditors, or revisers) was the name of the profession identified by the first professional association, abbreviated to *muhâsibîn*, after the establishment of the new professional union in the 1970s.

¹ See the reflections on this point developed by a Lebanese professional in an article published by the journal of the association (Sabah, 2005).

It is therefore important to define precisely the object of the study and the concepts, which will contribute to the analysis. The concept of professional field embraces more than a profession. A 'profession' is often restricted to the activity defined by the professional organisation. This often excludes marginal or lower status professionals as well as public sector professionals, even though they share professional knowledge and references.

As my field research advanced, from Jordan to Lebanon and Egypt, the relevance of addressing changes in definitions and internal struggles appeared more and more clearly, as new issues came to the fore through my interviews. The comparison allowed me to clarify what was specific in each case, beyond similarities. This circulation between theory, research question and empirical field survey, eventually led me to address new questions to previously collected material.

This paper is based on material of two kinds: oral sources, mainly semi-structured interviews with professionals at different levels, from rank and file practitioners, to professional leaders, members of professional associations, boards or head of these boards; and written sources, including professional journals, economic journals and websites.

The interviews aimed to shed light on the sociology and the history of the profession. They included questions about the professional biography of the interviewee, how he/she chose to study accountancy, where he/she studied, what degree and title they have; how they practice, whether in an individual office or a firm, the types of mission and the clients. Secondly, interviewees were questioned about the state of the profession in their country, the problems and recent developments, regulations and standards. Finally, the last part of the interview was devoted to the professional organisation (association, union or 'syndicate')¹ (*jam'iyya* or *niqâba* in Arabic, *ordre* or *syndicat* in French), its history, their relation to it, their rights and obligations, and its role in training professionals, both in developing the profession and in reforming economic governance. When interviewing leaders of professional organisations, I focused on the latter point, on the role of the professional body, on-going reforms, and internal struggles. Another aim of these interviews was also to understand the relative weight of foreign influences and local dynamics.

In total, from my first interviews, at the beginning of the years 2000 in Lebanon, to the last ones in Egypt in 2007, I conducted some 50 interviews², dealing mainly with the history of the profession, regulations and conflicts. This often led me to the question of who has the right to call him/herself an accountant (*muhâsib*), or an auditor (*mudaqqiq, murâji*), and encouraged me to analyse what was at stake in these struggles.

I began by meeting present, or previous, heads of boards, asked for lists or directories, studied the structure of the membership, and then interviewed a panel of professionals representing different types of practice. What follows thus relies on long interviews with

¹ Some authors also use the word 'syndicate', as an approximative translation of the Arabic '*niqâba mihaniyya*'. It underlines the fact that it is a specific type of organisation, imposing mandatory membership, and offering advantages and services to its members (including a pension fund), rather than defending their work conditions. See C. Moore (1980), Waterbury (1983).

² In Lebanon, 38 interviews with 33 persons (including 2 women), mainly between 2000 and 2002, and a few more in 2007-2008 (mainly in French, with 7 in Arabic, one in English, one partly in French partly in English); in Egypt, interviews with 10 professionals and union leaders (all in Arabic, except one in French), in January-February 2007. The smaller number of interviews in Egypt is compensated by the importance of written sources.

professionals at different levels, individual practitioners, managers in national audit firms or branches of international firms, and previous or present members of professional boards (mainly between 2001 and 2010). The interviews were conducted in French, Arabic or English, depending on the interviewees; sometimes they switched from one language to another, as many of them had an excellent knowledge of the three languages. The circulation between languages revealed differences but also hesitations and shifts in the use of words designating the profession, depending on the country, or within one country, according to the professional group or segment concerned¹.

The second category of sources was written sources, mainly professional press and publications, but also newspapers and economic journals. In Lebanon, there has been a professional press for more than 30 years, and it is a rich source of information. This is much less the case in Egypt, where apart from a small newsletter published by the old Egyptian Society of Accountants and Auditors (ESAA), there is no specialised professional accountancy publication and no website to compensate for this absence. But unlike Lebanon, one can find rich analyses and information in newspapers and economic journals.

4. EGYPT AND LEBANON: FROM COLONIAL LEGACY TO POST-COLONIAL PROJECT, THE MAKING AND TRANSFORMATIONS OF A PROFESSION IN TWO OPPOSITE CONTEXTS

Throughout the second half of the 20th century, the adoption of contrasting economic policy choices led to a divergence in professional trajectories in Egypt and Lebanon. This divergence highlights the role of the state, institutions, and economic regulations in the structuring of a professional market in accounting services.

The differences between the two countries go back to the circumstances of their integration within the capitalist economy at the end of the 19th century and the circulation of cultural and professional models by the colonial powers. Educational institutions, commercial regulations and the recruitment and training of local employees in their administrations and companies played a major role. British influence was predominant but not exclusive in Egypt, where law was substantially influenced by French civil law (Botiveau, 1993). In Lebanon, British commercial interests in the region competed with the influence of the French Mandate Power.

Although Egypt's formal independence was proclaimed in 1922, the last British soldier did not leave until 1956. The nationalisation of the Suez Canal in the same year marked a radical reorientation in economic policies (Wahba, 1994) and the British origin profession was marginalised after 1955-56, in favour of a national, mainly state-employed, profession. On the contrary, since its independence at the end of WWII, Lebanon has maintained its position as a financial and commercial hub and an intermediary for French and European interests in the Levant (Gates, 1998). But accountancy in Lebanon was not regulated and the first professional associations were not founded until the 1960s.

¹ It means that the issue of translation is crucial. One has to pay careful attention to language and words. At some points, translation may be impossible, or rather, a literal translation (between brackets) may not be comprehensible, and one has to quote and comment the original expression and explain the exact meaning of the words used by the interviewee (see for instance Longuenesse 2006, 2009b, 2011).

4.1. The beginnings of modern audit and accountancy practice in the colonial context

As Great Britain's share in regional trade was predominant in the Levant until after WWI, France did not supersede its rival for imports from its Syrian Mandate until 1926 (Sluglett, 2003). At the end of the 19th century the introduction of the first audit firms was subsequent to the establishment of British companies, in the context of the development of the cotton industry.

At the same time, in the UK the professional field of accountancy was undergoing a process of structuring, through the successive creation of professional institutes and associations, which extended throughout the empire (MacDonald, 1995; Johnson & Caygill, 1971). Meanwhile French accountants were still a loose collection of modest professionals, gradually becoming distinct from commercial employees and bookkeepers (Ramirez, 2001, 2005). The first internationalisation of the accounting profession, which followed in the wake of the expansion of capitalist markets could only be British dominated.

4.1.1. Egypt, an imperial profession

In Egypt, the accounting profession developed under British rule as an 'imperial' elite profession, in a manner similar to those analysed by Johnson (1973) in British dominions. The first legal text regulating the practice of audit was promulgated by the British rulers as early as 1909, and until the mid-forties "audit as a profession (was) practised by foreign experts" (Shawki, 1994).

The 1939 edition of the Egyptian Who's Who lists some twenty accountants¹. Most of them are clearly British, with a few Frenchmen, one Italian – only two have Arabic names. The French influence was present in the schools run by the *Frères des Écoles chrétiennes*, who had had establishments in Cairo and Alexandria since the middle of the 19th century; the *École Pratique de commerce et de comptabilité* (founded by A. Pigier in Paris in 1850) opened a school in Alexandria in 1911, and we should also list the *Ecole de Droit* (Botiveau, 1993, pp. 170-171). In 1939, the *Société de Comptabilité de France* had a representative in Alexandria². French was competing with English as the language of the elite.

The first national professional association was not founded until 1946 with the title 'Royal Egyptian Society of Accountants and Auditors'³. Its board was composed of seven British and nine Egyptians, all but two already members of the ICAEW⁴. The first president, Zaki Hassan, had founded his own firm in 1942⁵. In 1951, a certification committee was created

¹ Chefs comptables, comptables diplômés, experts-comptables, chief accountants. Cf. *Le mondain égyptien*, 1939.

² Georges Koller, accountant, mentioned as such in *Le Mondain égyptien*, 1939.

³ Arabic: *Al-Jam'iyyat al-Malakiyya li-l-Muhâsibîn wa-l-murâjî'in al-Misriyya*. The 'Royal' designation disappeared after the fall of the monarchy. The word *jam'iyya*, is used here for 'association', as well as for 'society'. See its website: <http://esaaegypt.com/>. Article 3 of the law 51 creating the association defines the conditions to be a member as following : to have a university degree, or to be a member of ACCA or ICAEW or any similar Institute, and to live in Egypt.

⁴ One British member of British ACCA, and one Egyptian with a Master degree in Commercial Sciences and professor at Cairo University. *Al-Waqâ'i' al-Misriyya*, n°44, 29 April 1946.

⁵ Source: Interview with Mustafa Ragheb, KPMG office, 29/1/2007; *Al-Ahram Weekly Online*, 18 - 24 August 2005, Issue No. 756.

by law, to be in charge of a register of public accountants approved by the Ministry of Trade and Industry¹.

In July 1952, the monarchy ended after the Free Officers Movement, and Nasser became sole ruler of the country two years later. In 1956 the Suez crisis put an end to the British presence. At this date, 32 of the 89 members of ESAA were still British or French². The profession was nationalised after all the foreigners were expelled from the country. In 1955, a 'Professional Union' (*niqâba mihaniyya*) of Accountants and Auditors³ was founded along the lines of the Unions formed by engineers and physicians. Membership became mandatory, and the new *niqâba* replaced the ESAA as an official body representing the profession in matters concerning the State administration.

At the beginning of the 1950s, the professional field of audit and accountancy appeared to be structured by various foreign influences. It was dominated by British professionals and foreign capital interests. A small segment was French-educated, and the few Egyptians were almost all members of British professional institutes, revealing the domination of a professional capital based on professional training and certification rather than academic titles.

4.1.2. Lebanon, a slow start

In Lebanon it is significant that those who are presented as the pioneers of the accounting profession were all trained in British practices. Fouad Saba is the best known. A Palestinian graduate from the American University in Beirut and member of the British ACCA, he transferred his firm from Haifa to Beirut after the creation of the state of Israel (Longuenesse, 2015). In 1945 Jamil Attiyeh is mentioned as the first Lebanese to found an independent audit firm (Shamseddine, 1999). He had a PhD in economics and finance from the University of Louisiana and was also a member of the ACCA. Meanwhile, their French-trained counterparts were known as the founders or heads of training institutes. After WWII, Joseph Tasso was the head of the *École Pratique de commerce et de comptabilité* in Lebanon, known as the *École Pigier*⁴, for more than three decades and Elie Aoun founded the *Centre d'Études Comptables*. French-trained accountants and bookkeepers (*comptables*) were educated in professional schools and employed mainly in commercial and industrial firms, rather than audit firms. The French congregation *Frères des Écoles Chrétiennes* was the representative in Lebanon of the *Société de comptabilité de France*. In 1954 the first independent accounting firm based on a French model, the *Fiduciaire du Proche-Orient*, is mentioned⁵. Meanwhile, the accountants recruited in British audit and accountancy firms were trained in British methods and sent

¹ Law 133 of 1951 introduces a condition of nationality, except for members of ESAA and professionals already practising before its publication. The main condition for registration is to hold a degree in commerce or financial sciences, or a foreign degree recognised by the Ministry. The supervision of the Ministry of Commerce is a major difference from the British professional model (in which professional boards are supervised by professional associations), which is highlighted by Johnson (1982).

² *Al-Muhaseb*, n°17, March 2003.

³ Arabic '*Niqâba al-Muhâsibîn wa-l-murâjî'in*', founded according to Law 394 of 1955. See note 8 for the translation of '*niqâba*'.

⁴The *Ecole Pigier* had opened a branch in Beirut in 1920 (and later in Alexandria), and was to play a central role in the training of accountants in the 1950s.

⁵ Interview with Elie Aoun, Paris, 17/1/2002 (in French).

overseas to pass the professional Chartered Accountancy examinations in the United Kingdom (Longuenesse, 2006).

For decades, the Lebanese professional field of accountancy was divided between a British-trained elite, composed of local partners in English-speaking audit firms, and French-trained accountants working as sole practitioners along with commercial employees; no professional association represented either of them. It meant a competition between a British liberal cultural and professional capital, valuing high expertise based on training and professional titles gained mainly in British associations and institutes, and a French more modest one, combining school certification obtained in French-speaking schools and independent individual practice.

4.1.3. Transversal influences: a small elite profession in Egypt, a fragmented professional field in the making in Lebanon

Up to the mid-1950s, there was a British-trained professional elite of 'chartered accountants', in both Egypt and Lebanon. In Egypt, Egyptian professionals had succeeded in creating a national association, which was still closely linked to and dependent on the British. In contrast, accounting practice in Lebanon was very loosely regulated, accountants registered with the courts of justice were the only recognised professional body, and an informal professional field was divided between two professional cultures.

Colonial society was split between a small colonial elite mainly composed of Europeans, and a small number of local people considered as second-class citizens. In Egypt, emerging professions suffered from a similar division and were part of the national struggle for equal rights (Moore, 1980; Chiffolleau, 1997). In Lebanon, Christians outnumbered Muslims in the modern professions, which made their relation with the colonial élite much smoother. The absence of professional associations may have limited the possibility of conflict (unlike the Moroccan situation, described by El Omari, 2013). From the outset, competition was between British and French educated and trained professionals, rather than between foreigners and local citizens (that is, between the two colonial influences).

In both cases it is difficult to speak of a structured professional field; this was non-existent in Lebanon, and restricted to colonial society in Egypt. After a short interlude, socialist laws completely reversed the situation in Egypt, whereas in Lebanon the change was more gradual.

4.2. The Nasserite state economy versus Lebanese liberalism

In the 1950s, the economic policies of the two countries took opposite directions. In Egypt, nationalisations did not leave much room for self-employed professionals. A new definition of the 'profession' included a growing segment of state-employed accountants graduates of local universities, and private practice only came back to the fore in the 1980s. In Lebanon, on the contrary, the professional field was gradually taking shape; after the civil war, this culminated in the institutionalisation of a unified accounting profession.

4.2.1. Egypt: from state bureaucracy to the return of the independent professional

In the 1960s, Egypt was a clear illustration of how accountancy as a professional practice could be affected by economic choices. Under the socialist laws introduced in 1961, banks, industry and commerce were nationalized. The development of state audit agencies

meant a quasi-nationalisation of the accounting profession. In 1964, a Central Agency for Accounts (*Jihâz markaziyy li-l-muhâsaba*) was given “the responsibility of controlling the finances of the public sector, and auditing the books of public firms and government departments” (Wahba, 1994, pp. 103-104). In 1966, a ‘unified accounting system’ (*nizâm muhâsibî muwahhad*) was promulgated. The activity of private firms rapidly declined and some members of the old professional elite were appointed to the boards of management of the public bodies of control¹. The ESAA became dormant. (Longuenesse, 2009a; Farag, 2009; Dahawy & al., 2011)

However, the professional union (*niqâba*) founded in 1955 was never very active. Although it included a register for ‘non-active members’ (*man asbaha ghayr mushtaghil*: accountants who had left independent practice), its membership was never very large. In 1971, there were 1200 members, or 3,4% of the 35,000 qualified accountants² (auditors are no longer mentioned), a majority of whom were State employees³. For government officials, the ‘accounting profession’ (*mihnat al-muhâsaba*) was no longer limited to the private sector. From being an economy – and a ‘profession’ – in the orbit of the British interests, the country shifted to a centralised state economy, mobilising the ‘professions’ in the development project: “Far from being capital-market oriented, accountancy then followed the principles of macro-accounting with strong government intervention to control the economy, and was closely connected with accounting for tax purposes” (UNCTAD, 2008). But bureaucracy and political patronage gradually undermined this project.

The pre-dominance of a status logic prioritised the symbolic value of Egyptian academic titles; as a result, accountants (*muhâsibîn*) were ranked with graduates from the local faculties of commerce. In 1972 a Union of Commercial Professions (*niqâbat al-mihan al-tijâriyya*) was created and absorbed the Union of Accountants⁴. In 1977, it had 85,000 members, including 43,000 accountants (a vast majority of whom were employed by the state and the public sector)⁵. Nevertheless, when Sadat launched his open-door policy (*infitah*) in 1971, the first series of liberalisation measures aimed at attracting foreign investment and the outcome was a renewal in activity of private accounting firms and offices.

In 1991, Egypt signed its first Structural Adjustment Program with the World Bank and the IMF. A privatisation program was launched. A series of institutional reforms were implemented, including, in 1992, a law on financial markets⁶. Egypt joined the WTO at its

¹ Hazem Hassan, son of the first president of ESAA, was recruited in 1963 as director of the textile industry audit bureau. He left for Lebanon in 1966, ten years after his father. Mustafa Ragheb, nephew of another pioneer of the profession, was recruited with him, and stayed until 1972, before reopening a private practice.

² Holders of a BA in commerce, with a specialisation in accounting (Law n. 40 of 1972 on Commercial Professions).

³ *Al-Ahrâm al-Iqtisâdiy*, 1/4/1972; Mustapha Ragheb, KPMG office, 29/1/2007.

⁴ “The (...) accounting profession has much developed in the socialist society and is no longer limited to the private sector. (...) The new situation (...) calls for the creation of a larger syndicate that will include the 65,000 commerce graduates in all specialties” (*Al-Ahrâm al-Iqtisâdiy*, 1/4/1972). See also Abd al-Aziz Hegazi (Minister of Economy), in *al-Gumhûriyya*, 17/6/72, quoted in Longuenesse, 2009a. *Al-Ahrâm al-Iqtisâdiy*, 1/4/1972.

⁵ *Al-Ahrâm*, 28/3/1977.

⁶ This law resulted in the reopening of Alexandria and Cairo Stock Markets, founded respectively in 1883 and 1903.

foundation in 1995. In 1997, national accounting standards were published, explicitly harmonised with international standards. The shift resulted in a complete reversal, ultimately subjecting economic policies (and 'economic governance') to foreign investors. The reforms upset the internal balance of a professional field where the segment of independent professionals had been marginalised for more than two decades. They led to conflicts that were exacerbated during the debates in parliament. The draft reform of the profession, which tended to give the power to a renascent small professional elite, associated with international firms, had still not been finalised in 2015. At the end of the 1990s, the structure of the professional field was strongly hierarchical. There was a very small elite constituted by the partners and senior professionals in the Big Four, and two or three other international member firms (whose managers were often sons of the founders of the ESAA); a second group of 10 to 15 medium-size national firms, founded in the 1950s, employing up to 50 professionals and working for the Egyptian market, had no relations with international networks¹; the third stratum comprised one thousand small, mainly individual, practices, whose qualification was recognized by their larger colleagues, but who worked mainly on taxation; the last group included the ten thousand registered accountants, mostly sole practitioners². To this number, one might add several thousand new university graduates, working as unpaid trainees. Not surprisingly, the 2002 World Bank ROSC (Report on the Observance of Standards and Codes) on Egypt was alarming and called for drastic measures to comply with international rules, with more training and strict professional regulations.

The state control of the economy imposed by Nasser's economic project had lasted less than two decades. The effort to absorb the self-employed accountants in a mass of salaried accountants soon failed. But it left its mark. The Union of Commercial Professions was long reluctant to recognise the autonomy of independent accountants, and its reluctance contributed to the divide between a globalised (English speaking and trained) elite and a weakly structured mass of rank and file accounting professionals. Lastly, what appears to be a return to a more liberal 'professional' approach does not mean that dependence on those in power disappeared. The links between business and the political elite are still powerful, as the former are subjected to the arbitrary decisions of the regime (Gobe, 1999) and the president of the ESAA is closely connected to the political leadership. In other words, professional capital is still subjected to political capital.

4.2.2. Lebanon, a profession still in the making

During the same period, in Lebanon, accounting as a professional practice developed in a different direction.

Lebanon had been a financial and commercial hub for colonial interests in the region during the French Mandate. After independence, it continued to play this role, taking advantage of the socialist turn of many neighbouring countries (Egypt, Syria and Iraq). A dynamic market economy, based on family firms and the development of financial

¹ It is interesting to note that many professionals in the first two categories now identify themselves on their business card with the American title of CPA (Certified Public Accountant), which they translate '*muhāsib qānūnī*', literally, '*legal accountant*'.

² The World Bank ROSC listed in 2001 15,000 to 17,000 accountants registered with the Ministry of Finance, including 785 ESAA members (World Bank, 2001).

services, flourished until the first half of the 70s, with little intervention from the State (Gates, 1998; Gaspard, 2003). But it was still polarised between a formal capitalist sector, and a multitude of small-scale businesses.

Until 1964, the practice of audit and accountancy was very loosely regulated. The first attempts to draft regulations in 1952 and 1960 were based on the existing laws in the former British occupied countries (Egypt and Palestine) (Shamseddine, 1999). Those who were registered court experts could claim official recognition, which gave them a degree of legitimacy, but there was no national certification and no professional association could claim to speak on behalf of a non-existent profession. In the early 1960s, almost simultaneously, two organisations were founded, which both claimed to represent the accountancy profession and, for one of them at least, to control professional qualifications: the Union of Accountancy Office Owners (*Niqâbat ashâb makâtîb al-muhâsaba*), and the Middle East Society of Accountants and Auditors (MESAA). While the Union was a craft union of a guild type, the MESAA claimed to be a professional body in the British sense, with strict membership provisions (and British, American or French qualifications), and a regional ambition. The MESAA project was explicitly elitist and its members were almost exclusively trained in the UK or the USA, or in universities adopting British or American curricula. On the contrary, the Union welcomed all practising independent accountants, whatever their level of education and training (Longuenesse, 2006).

The intervention of the state in the regulation of accountancy was late. In 1975, Lebanon entered a long civil war, with occasional periods of peace, which destroyed large parts of its economic assets. In spite of the political instability and its increasing dependence on foreign sponsors, the state administration continued to function as best it could (Traboulsi, 2007). In 1983, the first Lebanese National Accounting System (Plan comptable) was developed in cooperation with the French *Ordre des Experts-Comptables* (Abou Chakra, 1985). It is difficult to say to what extent it was applied. The following year, in 1984, a High Council for Accountancy (*Conseil supérieur de la comptabilité*) was created. With the end of the civil war in 1990, a difficult period of reconstruction began. Lebanon became the highest indebted economy per capita in the world. In 1994, a law on the accounting profession was promulgated, creating a new professional organisation, as part of the efforts of the Ministry of Finance to adapt the institutions to the demands of international donors and partners. For the first time, membership of the new Association became compulsory, as a graduate in accountancy had now to take an exam to become first a trainee, then a full member and be allowed to practice. The paradox is that the creation of the *Ordre des Experts-Comptables Libanais* (OECL) (also known as the Lebanese Association of Certified Public Accountants, LACPA), with the help of the French *Ordre*, brought to the fore accountants of whom the majority had been trained in the American or British model¹: the difference between the French and the English name is striking (in Arabic, '*Niqâba khubarâ' al-muhâsaba*' still looks like a translation from the French). In 1996, the International Accounting Standards (IAS) were introduced and made compulsory, first for banks, then gradually for firms of different size.

¹ Lebanese accountants are now mostly university graduates, educated in public or private universities, where courses in accounting and commerce are generally based on the university curricula in the UK or the USA.

Although the creation of the OECL/LACPA was the decisive step towards unification, it did not enable the profession to overcome cultural, professional and political divisions and conflicts. Many members of the first generation of qualified accountants were critical of the association's membership policy, and claimed that the 'real number' of 'good' professionals was much lower. In 2003 the World Bank ROSC quotes a figure of 250 'auditors'. The identity of the 'non-practising' members (i.e. employed in large organisations), and their conditions of affiliation, were highly controversial (Longuenesse, 2006). The ambiguities of the new law and these controversies seem to confirm the hypothesis of hesitation between a British and a French model, as a recent comment of a managing partner of Deloitte puts it:

"I would open the Association to all the professionals who are interested, not only independent ones. Here, a professional who is not practising (i.e. as an independent professional), is excluded. In the US, I am a member of AICPA, although I only worked two years with Deloitte. Internal audit is not admitted, although some internal auditors have a very high level [of qualification], they could enrich [our association] ..."¹.

Unlike Egypt since the 1960s, in Lebanon there has been a move towards unification in the professional field of accountancy, thanks to the rise in level of qualification². The LACPA has played a structuring role, by defining a professional project, aimed at meeting the standards of international professional bodies. But it still does not control the entire professional field, as many professionals employed in big firms, members of international or foreign associations, do not bother to become members, and the LACPA is the scene of much rivalry. (Longuenesse, 2006, 2010)

4.3. Economic policies, professional projects, and the structuring of a professional field: fragmentation versus unification

It is significant that the evolution of professional accountancy and the increasing gap within the professional field between small offices and big firms are an illustration not only of its place and role in economic reforms, but also of the overall social and economic situation, with Egypt reverting from state to market economy, and Lebanon, from war to reconstruction.

In Egypt, a long transition from a planned economy and a state-employed profession, to a market-driven economy and a self-employed profession, has resulted in a strong divide between a small globalised elite and a large number of rank and file poorly qualified and poorly paid sole practitioners. Nevertheless, between these two extremes, a national independent profession of small and medium-size professionally qualified firms still exists; these are faced with the pressure of globalisation of the market.

Until the 1990s, accountancy in Egypt was subject to state regulations, and a unified audit and accountancy system. The reopening of the stock market in 1992 favoured the introduction of the IAS (International Accounting Standards); in 1997 a program of IAS-harmonized accounting standards was introduced in Egypt. Two rival professional bodies

¹ "Interview (in French) with the managing partner of Deloitte Lebanon, 16/11/2007.

² The requisite for membership are now higher than in the old union. The number of university degrees had in the meantime increased significantly.

claimed to represent the accounting profession. Their missions and definitions were completely different and there was no perspective of unification: on one hand, the ESAA, dominated by the Big Four, and on the other, the accountants branch of the Commercial Occupations Union (*niqâba al-mihan al-tigâriya*), a heterogeneous coalition including small and medium-size national audit firms, sole practitioners, and state accountants, who were not internationally recognised. In 2002, the pressure to recreate an autonomous national profession succeeded in obtaining the splitting of the accountants' branch of the Commercial Occupations Union, with salaried accountants forming one section and the self-employed independent accountants (*muzâwilî al-mihna al-hurra li-l-muhâsaba wa-l-murâja'a*) another¹. The resistance to the creation of an autonomous union for private sector professionals left the floor to the ESAA and the interests of the big firms.

In Lebanon, the professional field was witness to competition of a different nature. The opposition was never as radical as in Egypt, given the permanence of liberal economic policies. Here the conflict was not between state and market, state employees and self-employed professionals. It was between an elite of foreign-trained English-speaking professionals, which was becoming international, and a more modest, more local, less qualified, French-educated élite, still dominated by the model of the '*notable*' (Ramirez, 2005). The elite segment was clearly comparable to the Egyptian professional elite. The gradual but inevitable evolution towards homogenisation continued even during the civil war. It accompanied the rise in educational level and the influence of international professional bodies. But the combination of French and British (soon to be replaced by American) influence produced ambiguities in the definition of the profession (as regulated by the law and the LACPA). As a result, some of the highly qualified professionals working in international firms preferred not to join the new association.

In both countries there is a division between a professional elite and the small and medium professionals. In Egypt, it is institutionalised through the existence of two professional organisations. In Lebanon the situation is more ambiguous given the lack of clarity in the definition of the internationally recognised professional.

The role and position of the Big Four has to be understood in the context of an accounting profession and a more or less broad professional field which developed along different lines in the two countries, for historical, economic and social reasons. For these same reasons, the reactions and forms of resistance to the Big Four differed.

5. GLOBALISATION AND THE PENETRATION OF THE BIG FOUR: SHIFTS OF POWER, PROFESSIONAL DIVIDES AND RESISTANCE

Both countries have been confronted in the years 2000 with their increasing integration in global markets, through foreign investments, loans and foreign aid. The policy of association with Europe and the ensuing growing pressure of international institutions have also played a role. Egypt has been a member of the WTO since 1995. Lebanon is still negotiating its accession to the WTO as government instability and political deadlock render all decisions difficult. Egypt and Lebanon have difficulty in complying with the

¹ Interview with Hamdi Abd El-Fattah, general secretary of the branch of independent accountants and auditors, and general secretary of the Arab Federation of accountants and auditors (1/2/2007). Interestingly, Hamdi Abl El-Fattah, like many of his colleagues, have replaced '*muhâsib wa murâjî*' (accountant and auditor) by '*muhâsib qânûnî*', which they translate by '*public accountant*', or '*legal accountant*'.

World Bank recommendations. Stock markets witnessed a sharp slowdown at the end of the 1990s (Economic Research Forum, 2004, 2005). In Egypt, between 2002 and 2004, 300 mainly family-owned firms were delisted, as they were unable to comply with OECD standards. The number of companies listed on the stock market has fallen “from 1148 at the beginning of 2002 (...) to less than 150 companies by mid-2013” (Shehata & Dahawy, 2013, p. 7). Although the economic situation in Egypt was praised at the time for its high rate of growth, the gap between modern and informal traditional economic sectors has also widened. In Lebanon, at the beginning of the years 2000, only 12 companies were listed (compared to 120 in Jordan, for a market of comparable size) (Economic Research Forum, 2000). In 2016, this number had fallen to 10, after several mergers reduced the number of banks. Observers explain the weakness of the Lebanese stock exchange as being due to the family nature of Lebanese capitalism: “The relatively small number [of listed companies] is due partly to the reluctance of some family businesses to dilute their shares by going public or to commit themselves to the transparency and accurate accounting that this would entail.” (Economic Research Forum, 2000) In both cases, a considerable proportion of economic activity remains beyond the control of the state, because of the huge number of very small establishments, which often escape any sort of tax declaration.

In such a context it is not surprising that the accounting profession should be in the forefront of reforms. This entailed new regulations in accounting, the introduction of international accounting and audit standards, institutionalisation of the profession, and a dramatic redefinition of its missions and status. The opening of markets, the increasing resort to foreign investments, the reopening of stock markets, all favoured international audit firms – as elsewhere in the world.

5.1. The irresistible return of the Big Four

From the point of view of the history of the accounting profession, the increasing role of multinational firms has to be examined by considering the socio-professional position of the individuals who represent them. Today the Big Four all have representatives in both countries. They often inherited offices, which represented some of the most important Anglo-American firms at the beginning of 1950s. After an absence of several decades, due to the socialist orientation in Egypt and the war in Lebanon, their successors made a remarkable comeback in the 1990s.

Most observers consider the ESAA as representing the interests of the multinational audit firms: in 2004, of its 1200 members, roughly 270 used to work for KPMG, 100 for Deloitte, 70 for E&Y, 50 for PWC and 30 for BDO¹. The President of the ESAA at the time, Hazem Hasan, was the executive manager of KPMG, and the son of one of the founders and first president of the ESAA, Zaki Hasan. In 1976, Zaki and Hazem Hasan returned to Cairo where they represented Peat Marwick (the first of the then Big Eight to return to Egypt after 1976)². The other big firms (Deloitte, PWC, Andersen, E&Y) returned in the 1970s and 1980s, under the open door policy, and were represented by some of the well-known auditors, founders or sons of the founders of the profession in the 1940s, along with Zaki

¹ Estimate given by Mustafa Ragheb, a member of the ESAA executive committee (Interview 29/1/2007, in Arabic).

² Interview with Mustafa Ragheb, 29/1/2007.

Hassan and his son. Some of them had been present in the 1940s and 1950s through their constitutive firms before later mergers: Mustafa Ragheb mentions Russell (later absorbed by Arthur Young, which merged with Ernst and Ernst, to become Ernst & Young), and Howard Bridson. Deloitte has been present as from 1953, represented by the Egyptian firm Barsoum & Saleh, and never left the country¹. The biographies published in the ESAA journal in 2000 mention the partnership of some professionals of different generations in Deloitte, Price Waterhouse, Andersen and Ernst & Young.

In Lebanon, several Anglo-American firms were already present in the 1950s, then later merged into what became the Big Eight; Russell was probably the oldest; Andersen was the first international firm to be associated with Fouad Saba, the founder of MESAA (Longuenesse, 2015); Peat Marwick arrived through the intermediary of the Egyptian Hazem Hassan and his Lebanese associate, Riyadh Mansour². During the civil war, some left. Deloitte's regional office was temporarily transferred from Beirut to Cyprus. Most of them kept a representation, and a low-scale activity, but they were rather discreet and inconspicuous, because of the absence of a professional organisation officially recognised by the administration, and of the symbolic domination of French-speaking (mostly Christian) institutions. They returned to the fore after the creation of the OECL/LACPA. In the years 2010, PWC was the most important, and it is probably not by chance that the Lebanese associate manager was for some time the president of the Lebanese association.

5. 2. ... And their role in the reform of the profession

In the 1990s and 2000s, the president of the ESAA and head of KPMG in Egypt, Hazem Hasan, was omnipresent in the press, where he was nicknamed the 'King of Audit'³. He was known to be close to the circles of the (ex-) President Mubarak, an interesting fact when one remembers that he was, for a brief period, a director of one of the State audit office for the industrial sector. The draft law on the profession gave a central role to the ESAA, on a number of boards (mainly registration and examinations). It opened the market to 'foreigners' or non-nationals, in observation of the GATS (General Agreement on Trade in Services) regulations. For local professionals, this meant opening the way to British and North American partners and managers of international firms, and was resented as a return to the time of the British occupation. The sons of the old professional British-educated elite were back again, allied with the new global leaders. Interestingly, "in May 2013, the Egyptian Society of Accountants and Auditors released its first draft regarding Corporate Governance Regulations to be a part of the acceptance examination for the society" (Shehata & Dahawy, 2013). The representatives of the accountants in the Union of Commercial Occupations opposed the draft law for a number of reasons; these included issues of power as much as the defence of the interests of rank and file professionals.

In post-war Lebanon, the activity of the local branches of the global audit firms grew with the reconstruction and the reopening of the Beirut Stock market. When the law on the accounting profession was promulgated, they played an important role in the constituent

¹ <http://www2.deloitte.com/eg/en/legal/about-deloitte-egypt.html> (accessed 5/3/2016).

² Interview with Riyadh Mansour, 8/1/2001, Beirut (in French), and with Mustafa Ragheb, 29/1/2007, Cairo (in Arabic).

³ *Sawt al-Umma*, 13/12/2004.

committee of the new professional association, along with the representatives of the Ministry of Finance and the Central Bank: six of the ten members of the commission were certified public accountants, including three managing partners of local representatives of the (then) Big Five; Joseph Fadl (Deloitte) was a member of the three first elected councils (until 1998), Georges Abu Mansur (Price Waterhouse Coopers) of the first four, and President of councils 3 and 4 (1998-99), Ramzi Akkawi (Ernst & Young) of councils 9 & 10, in 2003-04. But after this date, the Big Four were no longer represented in the council, as if they had gradually decided that they had no time to lose, or could do better elsewhere. Joseph Fadl once admitted

*"If I ever stood as a candidate in the LACPA elections, I would not be elected, because they consider I represent those who dominate the profession."*¹

It is interesting to note that in March 2008 the new president elect of the LACPA was the son of one of the first generation of accountants who had worked with and for Russell (which later merged with Ernst & Young). He had inherited a firm created in the 1950s by an accountant trained by British professionals. He still had working relations with E&Y but his firm was Lebanese and not a subsidiary or a member firm of an international network. He therefore combined two features, which are usually distinct and even contradictory: the exclusively Lebanese identity of his firm (conveying a form of resistance to any dependency on foreign firms) with British culture and the experience of working with a multi-national audit firm. This afforded him a legitimacy respected by all categories of members of the LACPA.

The Lebanese situation recalls the description Ramirez gave of the French profession, where a *modus vivendi* had been established between the big international audit firms and the *Ordre des Experts-Comptables*. They had unofficially agreed that the former would remain in the background and would only participate in a few specialized committees, including strategic ones, such as the standards and training committee (Ramirez, 2001, 2003, 2007).

In the last resort, the similarities as well as the differences between the two cases are striking. In both, the Big Four played a central role in the reform of the profession, were involved in professional training, and present in technical committees. The differences lay not only in their history, but also in the resentment they provoked which was much stronger in Egypt. In Egypt, their main representatives had family links with the founders and the first British-educated generation of professionals, which seem to be stronger than in Lebanon. Above all, while some in the Lebanese profession expressed their aversion towards the Big Four, this is in no way comparable to the violent feelings and comments directed at the 'foreigners' or the 'intruders' expressed by union officials and small and medium local professionals in Egypt.

5.3. Resistance to the Big Four, to 'foreigners', or to globalisation?

In both Egypt and Lebanon, the relation between small and medium professionals and the Big Four, often confused in the speech of the former with 'foreigners', or 'Americans', is at least controversial, if not conflicting.

¹ Interview with J. Fadl, Managing partner of Deloitte Beirut, 10/6/2005.

In Egypt, as the UNCTAD (2008) Report stated euphemistically: “the transition posed challenges for the Government, private sector institutions and the accounting profession”. It is striking that both the UNCTAD and the World Bank, unanimously considered the ESAA as the only professional body. In doing so, they follow the IFAC (International Federation of Accountants) but neglect the reality on the ground. In everyday practice, the Commercial Professions Union (*Niqâba al-mihan al-tigâriyya*), and its branch for accountants, have good reasons to consider themselves as the only representative body of the profession, as officially stated by the law. But these two organisations are at loggerheads.

First the initiative for the new draft law came from the ESAA, but later the Union (*Niqâba*) took it in hand and created a commission where the ESAA was represented, along with the Central Audit Court and the Ministry of Finance. The role of the ESAA in the registration commission was also strongly opposed, and the Union finally gained control of it. However, it did not succeed in refusing the presence of the ESAA in the High Committee for Audit and Accountancy (*al-Hay'a al-Ulya li-l-Muhâsaba wa-l-murâja'a*), nor in the examination commission.

The main issue was the opening of the market for accounting services to non-Egyptians. The competition between Egyptian and foreign professionals is seen as too unequal, either in terms of qualification, or salary:

“Too many intruders (dukhalâ') sign in the name of well-known accountants (...), we don't need foreign accountants, when the number of unemployed is so big that only the Big Four take advantage of the presence of foreigners”¹

and:

“Indians or Pakistanis might be tempted to work in Egypt”².

The vocabulary is sometimes extreme:

“It is important to purify (tanqiya) the profession and to exclude the intruders by requesting a certification of signatures.”³

It is remarkable that the “intruders”, or the “foreigners” can be either from rich European countries or from poor developing countries, meaning different type of competition.

Others saw a risk for the economic security of the country, as accountants are allowed to have access to sensitive information. Some of these fears may have been pure fantasy. They did however express a real anxiety as unemployment was rising, incomes falling, and the cost of living rising. According to newspaper reports, the debate in parliament was particularly violent. The law was finally voted but never promulgated (Longuenesse, 2011). The struggle is for economic resources, as well as for positions of power and symbolic domination.

In Lebanon, no such clear opposition was observed, apart from an indirect, but fairly explicit, expression of reluctance towards ‘American’ hegemony. There was rivalry between the Union of Accountants and the MESAA before the creation of the LACPA. It

¹ Al-Wafd, 27 March 2004

² Interview with Hamdi Abd el Fattah, Union of Commercial Professions, 1/2/2007.

³ Sherif Qassem, secretary of the Cairo branch of the Union, quoted in al-Ahram, 28/11/2004.

was clearly expressed by the last president of the former Union at the beginning of the years 2000. He used arguments very similar to those of some of the Egyptian opponents to the new law:

*"The struggle was clearly between foreign professionals and Lebanese professionals. Foreigners, who worked for foreign firms, thought they were the best, and it is true that their performance was better than others. But the Lebanese can learn, and it is the role of the Union (to help them) ..."*¹.

Here, the "foreigners" are clearly European. At that time, there were no restrictions on the presence of foreign firms. The 1994 law introduced the obligation of having a Lebanese partner, a condition that had never previously existed. This was probably the compromise that ended the conflict and allowed the merger of the first Union and the MESAA in the LACPA. But the reluctance still appears in the words of some of the older generation:

*"We (the Union) wanted to limit the influence of American firms, but Joseph Tasso can't rival KPMG"*².

Another complained:

"Those who are now at the head of the Ministry of Finance are all pro-American; those people, they only recognise the CPA",

and again:

*"I am francophone. I don't like American regulations. I have never liked them. The "Generally Accepted Principles" of the Americans, they (...) do not work (...). Our Union suffers from that situation"*³.

After leaving the Presidency of the LACPA, in 2002, Muwaffaq al-Yafi represented Lebanon on the IASB (International Accounting Standards Board). He recognizes that it was a frustrating experience. There were long discussions on language details that non-mother tongue English speakers could not follow:

*"The discussions were between British, Americans, Australians, Canadians, New Zealanders. The others, the German, the French, the Italian, the Lebanese, the Brazilians... they just listened and looked at each other, incapable of grasping the subtleties of the English language and the importance of choosing 'if' instead of 'then'."*⁴

It is striking that although English-speaking and American trained, Muwaffaq al-Yafi not only felt out of place, but compared himself to other Europeans as well as to professionals from developing countries: his words highlight the fact that language is not enough to master the cultural and professional capital necessary to occupy a dominant position in the professional field.

¹ Interview with Wael Abou Chakra, President of the Union of Accountants between 1978 and 1994, 8/1/2001, at Howarth Abou Chakra & Co office (in Arabic).

² Interview with Joseph Tasso, 27/5/2001, in French (Joseph Tasso is a former president of the Union, former Director of Pigier Liban, independent practice).

³ Interview with Jean Abdallah, head of the Centre libanais supérieur de formation d'experts et de réviseurs, 18/9/2001, in French. The CPA is the certification of the American Institute of Certified Public Accountants.

⁴ Interview with Muwaffaq al-Yafi, 28/7/2010, in Arabic.

The major difference between Lebanon and Egypt is that the new generation of Lebanese accountants all prepare MBAs in private or public universities, and their academic and professional level is probably more homogenous than in Egypt. Even if the economic situation is far from flourishing and the employment market is getting tight, the difficulties cannot be compared. The comparatively high proportion of Lebanese professionals who have worked in the Gulf countries, or have professional relations there, may also explain this contrast. The structure of the professional field is far more contrasted in Egypt than in Lebanon. The huge cultural contrast between small local professionals and globalised professional has no equivalent in Lebanon.

The degree of conflictuality is proportionate to the changes, which the profession has to confront. It is much greater in Egypt than in Lebanon. In Egypt accountants are expected to operate radical changes in their methods, which is quite impossible for the smallest professionals; in contrast in Lebanon the change concerns the equilibrium between different segments of the profession.

CONCLUSION

In this paper I have discussed the structuring of the 'professional field of accountancy' in two Middle Eastern Arab countries, Egypt and Lebanon. I have insisted on the importance of time and history to understand recent developments, changes in the definition of the profession and the 'professional project', and the impact of globalisation. My aim was to highlight what was at stake in these changes and the reactions of local professionals.

For this purpose, I adopted a conceptual framework based on the sociology of the professions, influenced by the theory of domination developed by Bourdieu, followed by Dezalay and Ramirez, and the concept of the 'professional field' (including global professionals as well as public sector and small unorganised professionals). I argued in my introduction that a shift in the balance of power was at work in the field in both countries, but that its character depended on the conditions of penetration of the global firms in the country, and was influenced by legacies from the past. When looking at who claims to be an accounting professional, and who is recognised as such, by whom, I found a diversity of status, practices, situations, which revealed a complex structuring of the field, on the basis of these legacies as well as of the impact of political and economic changes. The concept of professional field helped me to highlight what was at stake in the conflicts between its different segments, inside professional associations – as representing either a so-called elite of the field or its core – and between them.

The comparison allowed me to draw attention on the impact of these complex colonial legacies as well as different economic policies after independence. In both cases, nationalist tensions are observed which originate in the increasing weight, in the professional field, of the Big Four or major multinational firms, seen as representatives of a much-abhorred American hegemony. The radical economic changes witnessed on two occasions in Egypt, first with nationalisations, then with the neoliberal watershed, explain the violent challenge to reforms, whereas in Lebanon, where a policy of economic liberalism has never been questioned, there has been less opposition to the rise of multinational audit firms.

My theoretical framework and my analysis of the construction of a professional field is the background of my historical narrative. Special attention was paid to the struggles for positions of power of the various components, organisations and leaders, and to the way

they tried, at different moments, to impose their own conception of the profession, conceptualised as a 'professional project'. This framework enabled the specificities of each country to be highlighted. The dual French and British influence, with their legacy of educational and professional institutions, legal traditions, culture and economic interests, affected each country differently. The reasons for these differences can be found in society and history. In Lebanon, the specific relation of Lebanese Christians to the colonial power was reinforced by the importance of Christian missionary schools, while at the same time, British professional culture was important in some influential (but not dominant) groups of Lebanese professionals. In Egypt, the impact of Christian missionary (or secular professional) schools was marginal, in comparison with the lasting legacy of the French legal tradition, and the development of capitalism at an early date enabled a professional elite to emerge early.

The radical turn of Nasser's policies was an answer to the huge gap between an urban Westernised elite (itself divided between Francophiles and Anglophiles) and the urban and rural masses. On the contrary, Lebanese society was much less socially polarised, thanks to the benefits of its position as a hub for European interests, as much as (paradoxically) to its religious diversity. This contrast explains why conflicts both in society and in professional groups took different forms. In Lebanon, the confrontation opposed professional cultures more than socio-economic positions and projects, and the change was progressive. Although the civil war had dramatic consequences on inter-faith relations, it had little effect on the professional and cultural middle classes and elites, who were more often than in Egypt educated in private (English- or French-speaking) universities. In Egypt, the nascent profession could not but face the consequences of Nasser's radical economic policies. The old professional elite was marginalised and a new conception of the profession promoted state-employed civil servants and a new bureaucratic elite. The changing names of the profession reflect these different conceptions and influences.

Not surprisingly, the return and rise of global firms met with contrasted reactions, along the same historical lines. Because of its liberal stance, Lebanon never witnessed radical changes, and the resistance combined a cultural and socio-professional dimension. In Egypt, predictably, for many people it meant the return of the comprador bourgeoisie (Imam, 1986; Gobe, 1999, pp. 60-65). The groups which had been promoted by state policies, the new bureaucratic elite at the head of professional unions, but also the newly emerging medium-size national firms, all vehemently opposed the reforms and even more the return of the sons of the men who had been ousted 50 years before. But remarkably, the relation of accountancy to economic policies was never questioned as such. Only one interviewee explicitly criticised the GATS¹. Further research should explore such a contrast between the strength of social protest and the lack of real critical thinking.

Eventually, what seems to be today the dominant segment on the professional field, i.e. the representatives of the big international audit firms, do not have exactly the same position in each country: in Egypt, their political and economic weight is reinforced by the existence of the renascent ESAA, a legacy from the colonial period. In Lebanon, in spite of the long liberal economic stance, this globalised segment has no formal representation, as the British influenced MESAA did not live long, and was not a colonial legacy. This

¹ Interview with H. H., independent professional, member of an opposition party, 04/02/2007, in Arabic.

discrepancy may summarize in a few words why the resistance looks so different in the two countries.

In focusing on two non-English-speaking countries, which have been somewhat neglected in the field of accounting research (Komori, 2015), and are alien or marginal to the ex-British Empire, this paper suggests taking into account multiple influences and introducing a long-term perspective for future research in new cultural areas.

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