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Strengthening the accounting and auditing profession in a fragmented regulatory context – towards a policy model for the UAE: Some preliminary evidence

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Abstract

In the process of economic globalization, the U.A.E. have adopted various institutional elements of modern accountancy, such as global audit firms, routes to professional qualifications, international training standards for accountants, the adoption of International Financial Reporting Standards (IFRSs), as well a stable but fragmented regulatory structure that can be described as distanced from being led by a professional group. All of the above however, did not lead to the emergence of a coherent accounting professional group. The purpose of this paper is to contribute to the development of a policy model for the accounting and auditing profession that fits the current fragmented regulatory context of the U.A.E. and hence a better corporate governance arena. The focus is to review the features of accountancy within the U.A.E, as well as suggest a model for its existence in the U.A.E., as well as the GCC.

Introduction

The purpose of this paper is to contribute to the development of a policy model for the accounting and auditing profession that fits the current fragmented regulatory context of the U.A.E. In the process of economic globalization the U.A.E. have adopted various institutional elements of modern accountancy. International financial reporting standards (IFRS) are important for attracting foreign capital. The GCC Accounting and Auditing Organization is charged with the oversight of accountancy, as is the Ministry of Finance. They rely partly on American practice used for the Certified Public Accountants (CPA) qualification but also on UAE legislation. Other regulatory institutions pronounce on the adequacy of financial practices from an Islamic perspective. At the same time accounting and auditing practices from around the globe are being imported into the U.A.E. through the sizeable expatriate professional workforce. Among those the Big Four auditors (PWC, KPMG, Deloitte, Ernst & Young) form a powerful group with special interests which arise in part through the economies of scale that they enjoy in regards to the standardized training and sales opportunities afforded by globalization in accounting.

Those various forces for globalization are, however, meeting with a family oriented business culture in which long-term business relationships between well-known parties have, on the whole, been more important than more recent notions of market transparency, accountability, and corporate governance. Financial reporting and auditing do not, therefore, enjoy as good a reputation with international investors as might be expected from an ambitious economy with, until recently, high growth rates.

A key question for the U.A.E.'s future participation in the global economy would be how best to orchestrate policy with regards to accounting and auditing. The traditional Anglo-American professions driven model is not applicable because we are not dealing here with different proto-professions vying for dominance in a yet to determined profession. Rather, accountancy arrived in the U.A.E. fully formed and with resourceful representatives in the form of the Big Four auditors.

In summary, therefore, the research challenge lies in articulating the interaction between a fragmented set of regulatory forces and what one might call a 'traditional' business culture. Since the regulatory forces are pulling in different directions and set different priorities it is not easy to predict the outcome of this interaction. Nor does it appear obvious what the 'best' socio-economic outcome for the UAE might be. Instead it seems plausible that the 'best' outcomes would need to be developed from the perspective of active policy making within the UAE. Depending on political preferences, policy making can intervene in the interaction between regulatory trends and established norms and practices and shape the space of possibilities such that the preferred options become clearer in the process and can be pursued more vigorously.

Fortunately, the UAE has an emerging tradition of active policy making in the economic sphere. In key sectors of the U.A.E. economy, such as energy, finance, property, and tourism, the government is very active. Since the government has sought international capital and has very successfully grown the non-oil sectors of the economy (which depend on a globalised economy) it is, however, unlikely that the government can in the case of accounting and auditing regulation impose innovations unilaterally. Additional challenges for the research project will be to identify the key stakeholders with whom the government can design the regulation of the accounting and auditing professions the ways in which the stakeholders can share expertise on accounting and auditing practices that are suitable to the U.A.E. business context and that inspire international investors with confidence.

In order to discuss a the space of possibilities for policy intervention and government leadership in accounting and auditing regulation, this paper will, initially selectively, consider various factors of the existing practices and traditions in the UAE context as well as some of the most salient existing regulatory forces.

Literature review

In the Anglo-Saxon contest, while accountants have much in common that unifies them as a professional entity (Abbott, 1988), the conception of accountants as a homogenous group, which is advanced by functionalist renderings and trait-theorists of the profession, obscured to a large extent the diversity of accountants' expertise and how we can identify accountants as a professional group (Bucher and Strauss, 1961; Abbott, 1988). With the gradual marginalisation of established areas of jurisdiction within accounting, the increasing significance of consulting services inside big firms, the parallel and successful existence of management consultants outside the boundaries of accounting firms, the ICAEW's recognition of its members' diverse specialist expertise, and the competing training and accreditation routes that accountants can pursue (Tricker, 1983; Worsley, 1985; Hopwood *et al.*, 1990; Hanlon, 1997a; Brierley and Gwilliam, 2001; Tricker, 2002), one can question the extent to which trait theories of professions (Parsons, 1954; Greenwood, 1957; Hughes, 1958; Wilensky, 1964) are useful in understanding what constitutes the contemporary profession of accounting. Anderson-Gough *et al.* (1998a) have argued that other ways of studying professions, such as interactionist theories (Becker *et al.*, 1961; Dingwall, 1979; Abbott, 1988; Freidson, 1994), are increasingly becoming useful for understanding what constitutes the contemporary function of accounting and its existence as a profession. As such, studies that emphasised accountants' self-articulated identities and strategies of self-presentation are becoming more important than accounts that emphasise technical expertise as a characterisation to professional identities (for examples from medicine see Becker *et al.*, 1961; for law see Hanlon, 1999).

Rather than focus on particular characteristics of being professional, some studies in accounting have focused on the meanings attached to being a professional in accounting firms (Harper, 1988, 1989; Goffman, 1990; Harper and Allen, 1997). Early on, Dirsmith and Covaleski (1985) in their paper *Informal Communications, Nonformal Communications and Mentoring In Public Accounting Firms* emphasised the importance of acting appropriately to one's success. More recently, some studies have focused on the more detailed aspects of the professional and organisational life of contemporary trainee accountants, especially in big firms (Power, 1991; Coffey, 1993, 1994; Grey, 1998; 2000).

For instance, Grey (1998) reflected on professionals' own understandings of what it means to be a professional in a multinational firm. He argued that professionals' descriptions emphasised conduct-related issues, like physical appearances and relationship to issues of fairness, more than the command of technical knowledge. In a similar vein, but in more detail, Coffey (1993, 1994) identified issues of "firm image" and "time" as central to the socialisation of trainee accountants in a medium-sized firm.

It is worth mentioning that accounting as a profession has changed significantly over the last few decades; however, some identifiable characteristics still remain in place that will make it recognizable as a profession. A continuous division of labour where specialisms, rather than general accounting knowledge, are a main feature of modern accountancy (Daniels *et al.*, 1988; Brierley and Gwilliam, 2001). As accounting firms repositioned themselves in the market for knowledge-based services, management consultancy and corporate finance, for example, became professional specialisms in their own right within the accounting profession (Tricker, 1983; Worsley, 1985; Daniels *et al.,* 1988). In the process, accountancy's jurisdictional boundaries were redrawn along commercial lines with significant implications for the profession, especially its notions of professionalism (Abbott, 1988; Hanlon, 1994, 1997a, b). This was not without implications for professional training. The profession now offers specialised career paths, for example, for tax advisors, management consultants, assurance experts, and I.T. specialists,[1] which have led to distinctive trainee sub-cultures for the different specialisms inside accounting firms (Anderson-Gough *et al.*, 1998a, b, 2000, 2001, 2002).

Studies that focused on the meanings of professionalisation in the contemporary accounting profession sought to bridge the widening gap between what we once knew as the accounting profession, and what we know now. They changed the focus from identifying the traits of an archetypal professional (e.g. Parsons, 1954; Wilensky, 1964) against which all other professionals could be measured, to focus on examining how accountants acquire professional status by learning professional behaviour and knowledge through socialisation (Abbott, 1988; Freidson, 2001). A feature of these relatively new conceptualisations of professions in accounting has been their attention to the changing contexts of professional work (Abbott, 1988).

Research about the accounting and auditing profession in the U.A.E. is very limited. This paper is sought

Research methodology

Data for this project has been collected via interviews with partners in Big audit firms in the U.A.E., accounting academics, websites and publications from official organizations, as

[1] A specialist in the context of the accounting profession is a "chartered accountant who had attained a defined standard of proficiency, understanding and knowledge of a branch of his [SIC] profession beyond that expected of a CA in general" (Tricker, 1983, p.110, adopted from The Canadian Institute of Chartered Accountants).

well as accounting students from the University of UAEU. A survey was also administered to students. Secondary sources for data were also very important in finding out about official views about the profession.

The organization of the Auditing Profession in the UAE: Constitutional, Legal or Empirical/Scientific approach.

Although the functions of accounting and auditing occupy different professional spheres, they are often intertwined. In this section a review of the Federal Law No. (22) of 1995, labeled UAE Auditors Law, issued by the President of The United Arab Emirates. The purpose of such review is to summarize how the Auditing profession is organized and regulated.

Law No. (22) is made up of eight chapters and 53 articles, starting with (1) definition chapter, (2) schedule of Auditors and conditions for entry therein, chapter (3) procedures for entry in the schedule of auditors, chapter (4) audit higher commission, chapter (5) rights and duties of auditors, chapter (6) accountability and discipline of auditors, chapter (7) penalties, and chapter (8) general and final provisions.

The control over the practice of auditing is tightly maintained by the State. Unless a person or corporate entity is registered in the schedule of practicing auditors, they cannot practice auditing without being liable for disciplinary action. The criteria for registration for persons to register include being a national of the State, enjoy full legal capacity, be of good conduct, not have been under any disciplinary action related to honor and ethics of the profession, have a university degree (there are some exceptions) and practice the profession on a full-time basis (exceptions to that are University faculty staff)[2]. According to the Law, non-nationals shall also practice auditing if they meet the above listed criteria, as well as, be a constant resident of the State, hold a fellowship from one the Accounting Institutions or Societies acknowledged by the Ministry for five years, as well as partner with a national auditor or be their employee.[3]

Before being entered into the schedule of practicing auditors, aspiring auditors need to be entered into the schedule of auditing trainees. Individuals (usually U.A.E. nationals) train for a period ranging between 1-3 years, depending on whether they hold a university degree (3 years), a PhD in Accounting (2 years) or holding a fellowship degree from one of the Certified Accountants Institutions or Societies (1 year)[4]. During this period, some training in either a practicing accountancy, audit or inspection of accounts in one of the Ministries, Institutions or Public Corporations. Teaching accountancy or auditing in one of the public colleges or educational institutes is also deemed acceptable[5]. Again, additional criteria for non-U.A.E. nationals apply (see article 9). Article (7) mentions that the executive

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[2] See Article (04) of Law No. (22), 1995.
[3] See Article (09) of Law No. (22), 1995.
[4] See Article (06) of Law No. (22), 1995.
[5] See Article (08) of Law No. (22), 1995.

regulations shall specify the method and conditions for this training (although it does not specify in what way), the Article is specific though that the Minster should pay a monthly remuneration determined by virtue of a cabinet resolution. It is worth mentioning that the criteria for incorporating companies is also outlined clearly and calls for the involvement of a U.A.E. national as a partner.[6]

Once the above criteria is met, a person might be entered into the Schedule of Auditors. The process is self-initiated by the applicant submitting a standard form, accompanied by supporting documents[7]. A committee of six members is formed then by an order from the Minster called "Auditor Registration Committee". Members of the committee include the Undersecretary, Ministry of Economy and Commerce, representative from the Ministry, a representative for the Ministry of Finance and Industry, representative for the State Audit Institution (or representatives for those bodies), and two national members having experience in accounting[8]. The committee will undertakes its functions following Article (14), which involves looking into the application and its supporting documents, as well as into other matters referred to it by the Minster in relation to the profession. Majority voters will decide the fate of the applicant and rejection decisions should be justified[9]. Interestingly, applicants who do not agree on the committee decision if they receive a reject can file a petition before the competent civil court[10].

After approval and before commencing practice, interestingly, auditors take the following oath:

> "I swear to God Almighty that I undertake to perform my work with the Utmost honesty, to respect the Laws of the State, to safeguard the integrity of the profession, to respect its traditions and ethics, to adhere to accounting and audit standards and not to reveal the secrets of my clients, or any information entrusted to me through my work, except within the limits stipulated in the prevailing Laws and Regulations" (Article 18, Law No. 22, 1995).

Being on the schedule of registered auditors does not guarantee the right to practice. Registered auditors need to apply to establish an office to practice[11].

The general advancement of the profession and regulating the profession is entrusted to the Higher Commission, which is formed under the supervision of the Ministry. The duties of the auditor are spelled out clearly in Articles, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35.

The Articles also state clearly other provisions concerning auditing as a profession. It is worth mentioning that most of the Articles are aimed at controlling the entry and practice criteria of the auditor. Control is not very

[6] See Article (10) of Law No. (22), 1995.
[7] See Article (11) of Law No. (22), 1995.
[8] See Article (13) of Law No. (22), 1995.
[9] See Articles (15), (16) & (17), of Law No. (22), 1995.
[10] See Article (17), of Law No. (22), 1995.
[11] See Article (20), of Law No.(22), 1995.

Given the different elements of professional sphere describe in the Law governing Auditing practice, one could argue that the way the profession is organized follows more of a constitutional approach, rather than a legal or scientist approach[12]. That does not mean that the policy model for accounting is free from those two other approaches. The constitutional approach is defined as "a system of fundamental laws and principles that prescribes the nature, functions and limits of a government or other institutions" (Nagel, 1961, pp.234-237, cited in Buckley, 1980, p.52). The legal approach advocates the role of a dedicated accounting court. According to Briloff's such a court "would be in a position to encourage the best in the formulation of the corporation\s and profession's rules and in adherence thereto. Further, such a tribunal could discern, and strike down, any conflicts of interest that arise in the conduct of out professional practice. A court so independently structured should be able on the one hand, to avoid the quagmire in which AICPA's Accounting Principles Board presently finds itself; on the other, it could provide the standards toward which the Board and the professional generally must adhere. In brief, the very exisitence of the court would, at least to an important extent, separate the quasilegislative and quasijudicial powers which are presently concentrated in so few hands within our profession's establishment" (Buckely, 1980, p.55). The Scientific or empirical approach is defined as "something which originates in or is based upon observation or experience" (Buckley, 1980, p.56). The following section will make a comparison between the U.A.E. model, and that of the UK, which can be described as an archetypal model for professionalization.

The UAE model by comparison to the archetypal professionalization model of the UK

One logical starting point for this endeavor lies in the question of how the accounting and auditing profession in the UAE is organized. The sociology of the accounting profession has been well established in the Anglo-Saxon and, to an extent, the European accounting (see Abbott, 1988; Parsons, 1954; Wilensky, 1964). It tends to focus on the territories of the former British Empire and, as such, has given insight into the make up and functionings of the profession in industrialised countries such as the UK, USA, Canada, Australia, and New Zealand and developing economies such as the Caribbean and a number of African countries. It is fair to say that with regards to the organization of the accounting profession a 'standard model' has been established. The main elements of this model are

- accounting and audit regulators, which can be private or quasi-public entities, with national or international reach, that publish the detailed rules of good practice, and with attached committees for the oversight and enforcement of rules and good practice,
- the state as a lawmaker whose activities tend to be limited to very general legislation that sets the scene for the activities of the other actors (especially the regulators),

[12] See Buckley, 1980 for a detailed discussion on the three policy model approaches.

- various nationally based accounting institutes that act as a lobbying organization for the interests of practicing accountants but also as organisers of professional accountancy training and examiners of accounting trainees and, thereby, the bodies that license practitioners to audit the accounts of public and private companies
- the practitioners themselves who carry out accounting work,
- and as special group of practitioners the Big Four audit firms for whom only a tiny portion of the total population of accountants work but who hold considerable power on account of their global spread (they are the only auditors seen as capable of auditing multinational clients), lobbying power, promotion of the globalization of accounting rules, and high salaries.

A close look at the UAE shows that this model applies only in part, mainly because the UAE does not possess an accounting institute that organizes the training and examination of accounting trainees or the approval of their professional designations (in the UK see ICAEW, CIPFA, ICAS, ACCA, CIMA). There is also not a substitute agency in the UAE that would, comprehensively, fulfill this role. This has important implications for the oversight of training and the possibilities for guaranteeing good standards of professional knowledge among the accounting practitioners in the UAE.

The following table serves to give an overview of these issues:

	The 'standard model'	**The UAE context**
Accounting And Audit Regulators	National regulators (such as FASB in the USA) increasingly replaced by the rules of the International Accounting Standards Board (IASB), and the International Federation of Accountants (IFAC) who issue International Standard on Auditing (ISA) through the International Auditing and Assurance Standards Board (IAASB)	Predominant use of IFRS, supplemented with the pronouncements issued by Islamic accounting authorities such as the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)
State	Produces general legal framework, often in a 'Company Act'. Also creates institutions for the oversight of stock exchanges, such as the Securities and Exchange Commission (SEC) in the USA	Produces more detailed rules beyond a general legal framework, pertaining to training periods for different kinds of members of the accounting institute and university degree holders. Registration of trainees and practicing professionals with the Ministry of Finance is mandatory. Stock exchange oversight falls under the authority of the Securities and Commodities Authority (SCA)
Accounting	Sometimes several competing	Has an accounting institute but serves a

Institutes	member institutes with their own training syllabi for accounting trainees and their own examination arrangements (e.g. in the UK the Institute of Chartered Accountants in England and Wales, ICAEW, the Institute of Chartered Accountants in Scotland, ICAS, the Association of Chartered and Certified Accountants, ACCA).	different role and without specific training contents and examination procedure. Authority for registering trainees lies with the Ministry of Finance as does the evaluation of whether the practical experience of trainees was sufficient to grant them the status of licensed practitioners.
Accounting Practitioners	Mostly working in small to medium sized firms auditing local companies.	Same.
Big Four Audit Firms	Attracting the most ambitious practitioners, and all the large clients, thereby acting as an oligopoly for the large-entities audit market. Powerful lobbyists of international and national rule makers and dominant in the running of the accounting institutes even though they are hugely outnumbered by the small practitioners.	In the absence of a powerful accounting institute and detailed rules for training, the Big Four in the UAE are free to import whichever international practices they prefer. For quality standards of training they promote the US training (Certified Public Accountant, CPA) and the various professional qualifications from the UK (e.g. ICAEW, ICAS, ACCA).

Noticeable features of the UAE context include that in terms of mandated training, Emirati accountants can practice if they have an accounting degree and a specified time period of practice with an unspecified training content if certified by the Ministry of Finance. (This rule applies only to Emirati nationals.) This means that in the UAE there is a much greater role for academia in support of the profession as compared to the UK or the USA where the bulk of the specification of training lies with the accounting institutes. Especially in the UK the higher education sector is only seen as, at best, a preparer of accounting trainees not a trainer as such. A noticeable feature of the law pertaining to the certification of UAE accountants is also that practitioners much pursue accountancy full-time. The only exception from that pertains to university appointments. Practitioners may hold university appoints and be licensed by the Ministry. This, again, highlights the importance of academia for accounting in the UAE.

Bachelor degrees in accounting are offered by various universities in the UAE, including UAEU, the largest and oldest university in the country. Accounting is seen by the students as a subject that prepares them for a career in accountancy. This is similar to continental European practice but unlike the UK experience where accounting firms will recruit accounting graduates but also other graduates with what is known as ‘non-specialist’ degrees, for example from the humanities or sciences. Most UAEU accounting students aspire to working in accountancy. They tend to perceive accounting as a teaching subject with relevance to accounting practice, and are not familiar with the notion that accounting could also be a broader business qualification that prepares students for general management roles or government careers or for entrepreneurial activities.

Another noticeable feature of the UAE context is the tremendous discretion given *de facto* to the international Big Four accounting firms operating in the UAE. In the absence of any agencies that would compete with them over the determination of quality standards in accountancy training they do not even have to lobby for their preferred training contents. Whereas under the 'standard model' a key battle ground over the stipulation of training has lain inside the accounting institutes where the Big Four and small practitioners have, for example, disagreed over the relevance of highly technical rules for the audit of large multinational companies, or the reform of accounting to include judgements over market values instead of sticking to historical cost rules. Considering the concentrated expertise and experience which the Big Four bring to the UAE they operate in a very thinly regulated arena. Predictably, interviewees from the Big Four were unanimous in their rejection of the development of a stronger UAE based professional institute with powers to determine the contents of training. For the Big Four, quality can be assured with referenced to their internal practices and a handful of qualifications imported from the USA and the UK. They define what good practice is, and how to recognize good practitioners.

There is an inherent problem in concentrating so much power of accountancy in the hands of the Big Four. Accountancy is a profession. A professional is an independent, usually self-employed expert who sells her advice to clients. Typically, none of her clients is big enough to force the professional's hand when the client does not like her advice. Professions are meant to work for the public good in return for which they are granted certain privileges by the state concerning the regulation of entry to the profession. This model works still mostly for small practitioners. It has seized to apply to the Big Four who operate nowadays as corporate entities, not professional partnerships. They operate managerial hierarchies in which the individual practitioners' judgement is secondary to the priorities of the firm. Since they adopted limited liability, the Big Four are now only partnerships in name.

The influence of Islamic accounting regulation

In the wake of growing markets for Islamic bonds and other forms of Islamic finance and the growing popularity of Islamic retail banking products, the financial sector in particular has developed practices that seek approval from customers as conforming to religious expectations. This, among other factors, has given rise to various efforts at clarifying what is needed for accounting to become Islamic accounting. The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) has taken a leading role in producing Sharia compliant accounting and auditing rules for the financial sector. By 2010 it has published 25 Accounting Standards, 5 Auditing Standards, 6 Governance Standards and 2 codes of ethics, and additionally 41 Shari'a Standards. It has also established Two international qualifications with detailed training syllabi and an examination system: the Certified Islamic Professional Accountant (CIPA) and the Certified Shari'a Advisor and Auditor (CSAA).

Through those activities AAOIFI has become an important force in the internationalization of accountancy. Because of the significance of the finance industry for the UAE, the AAOIFI has added an important layer of regulation and professionalization to the practice of accountancy in the UAE. Thus far the demands for Islamic accounting have not spilled over from the financial sector to the economy in general.

UAE Policy Objectives

A number of UAE policy objectives would appear relevant for a discussion of future developments in the regulation of accounting and auditing in the UAE.

Most prominent among these would be the continued pursuit of economic growth and economic diversification as per key visionary documents such as the Abu Dhabi Economic Vision 2030 or the UAE Government Strategy 2011-2013. It is clear the government sees the future of the UAE economy as a global player of increasing weight in the global economy. This entails a firm embedding of the UAE economy in the global capital markets as well as the markets for entrepreneurial talent and technology. Essential for the success of such a strategy is a reputable economy, one whose reporting mechanisms are trustworthy and transparent. Recent efforts, for example through the Corporate Governance Code of the Securities and Commodities Authority, are evidence of this ambition. The significance of such efforts has been underlined by uncertainties over the servicing of debt of government related entities, especially in the Emirate of Dubai, in the wake of the recent financial crisis. It is still evidenced in the ongoing efforts to schedule the debt of Aldar, the largest property company in the UAE, partly owned by the investment arm of the Abu Dhabi government, Mubadala.

From the point of view of the government's internationalization strategy, to leave the determination of important aspects of accountancy practice with the Big Four audit firms, who do not just hold the audit mandates of every large Western company but who also advice governments and international organisations around the world, might appear a useful approach. It is an inexpensive solution for importing practices that seem to the Big Four in keeping with their own interests in preserving their international reputation. Clearly, however, this incentive for self-preservation has lost some of its persuasiveness with the failure of Arthur Andersen and the shrinking of the group of big audit companies to four. With four companies and rules for mandatory audit rotation there is in some instances now hardly any competition between the audit firms left when international clients tender their audits. In many ways therefore, governments will hardly be able to let another audit firm fail. The international audit industry has entered a phase of 'too few to fail'. This might be expected to reduce the incentives for Big Four audit firms to act to protect their reputation quite as vigorously as they did when there were 10 or 8 of them.

From the point of view of the UAE's considerable sector of family firms it is questionable whether the Big Four can offer the best accounting and auditing services. It is not clear that they are incentivized to tailor their services to the clients needs. Family firms tend to have highly specific forms of governance and ownership and outsiders' influence. Also, family firms tend to be less in a 'marriage of equals' with a Big Four audit firm than international clients. An important policy objective might therefore be the creation of a better home-grown medium-sized audit industry to audit and support the growth of the family firm sector in the UAE. This is particularly important because the experience in other countries has shown that this sector is often pivotal for generating innovation and new jobs.

Job creation, especially for Emiratis, is a policy area of great importance in the UAE because to date Emirati employment is still almost exclusively restricted to the public sector. It is a key policy priority for all layers of government in the UAE. Evidence of this have been the long-standing efforts at 'Emiratisation'.

Job creation is therefore linked to policies on accounting and auditing in this indirect way, via the support of family firms. A more direct link between Emiratisation and the regulation of accounting and auditing can, however, also be made by attracting more Emiratis into accountancy practice. As the government seeks to support the employment of Emiratis in the private sector, the professions would offer several advantages. For the Emiratis themselves this would offer relatively high salaries. This has been established as an important condition because Emirati employees tend to have a high reservation price. The professions could contribute to the growth of the knowledge economy, another important policy objective of the government. And professional employment is in keeping with Emirati expectations of culturally acceptable employment as knowledge workers in a white collar environment.

Such considerations would be suggestive of strengthening locally the growth of an accountancy profession that is tailored to the local Emirati context and its indigenous companies. Pursuing such a policy would not necessarily be welcomed by the Big Four but it would be entirely in keeping with the scenario in other countries where the Big Four have arguments with the small practitioners over the shape of the profession, its training, and its priorities as a profession.

In the pursuit of strengthening the profession in the UAE in order to serve the policy priorities of the UAE one important consideration has to be the potential role of women. From a supply perspective, the female talent cannot be overlooked when one wants to staff a growing profession. For highly qualified posts there has for many years been a shortage of Emirati labour as evidenced by the CVs of Emiraties who get promoted frequently and can change employers frequently. Female university graduates constitute a large portion of the best accounting graduates in the country. Feedback from accounting firms suggests that they are regarded on the whole as capable, hard-working and disciplined. Their biggest drawback from an employer's perspective is that they tend to be unavailable for work after they get married.

An international perspective on his issue is useful. In other countries, also, the job requirements of audit firms and the family roles of women do not co-exist harmoniously. Among the solutions emerged from practice have been special arrangements for female employees of accounting firms. Mostly the problem has not been that female employees cannot put in the hours to do the job, but that they need flexibility over when to put those hours in. This has involved a move away from client-facing tasks, in which the client determines when the work takes place and towards office-based tasks that are initiated by a client but that have flexible work schedules with a fixed final due date. In the UK work on personal taxation has turned out to be an area in which many women work, partly due to the flexible nature of such work.

In the UAE context this might be a useful insight. By focusing on office-based work, two objectives might be achieved at the same time. The work can be coordinated with the women's family roles. And additionally, their work might, mostly, avoid face-to-face contact with male clients, thereby increasing the acceptability of such work especially with male family members.

This poses a challenge for accounting firms to organize work such that they can offer better, more suitable working conditions to Emirati women and thereby avail themselves of a considerable talent pool.

Conclusion

The Big Four audit firms are at present the main beneficiaries of the fragmented regulatory context of accounting and auditing in the UAE. This may present advantages for the policy objective 'internationalisation of the UAE economy'. It may also be regarded as suboptimal for the policy objectives 'localisation of the accountancy profession to support the grow and development of local (family) businesses' and 'Emiratisation of the accountancy profession'. It is therefore suggested that the possible shape of a stronger UAE-based accountancy profession be investigated in more detail and its suggested positive effects for UAE policies be put to the test.

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