Accounting Services, the Islamic Middle East, and the Global Economy by David L. McKee, Don E. Garner, and Yosra AbuAmara McKee, Quorum Books, Westport, CT, 1999, vi+185 pp.

This book was written with the purpose of presenting the role of the major international accounting firms in selected Islamic Middle East nations in building linkages between the national business and economy of these nations and the world at large.

First, the authors made a selection of six Middle East Islamic countries (Egypt, Saudi Arabia, Turkey, Bahrain, the United Arab Emirates, and Qatar) with a total population of 151 million, and they decided to exclude, apart from Israel, seven Islamic countries with a total population of 110.6 million (Jordan, Lebanon, Syria, Iran, Iraq, Oman, and Kuwait). These latter Islamic countries adopt mainly a different economic order than the countries chosen. Iraq and Syria are still implementing a socialist regime, Iran is implementing an Islamic economic order, and Jordan is turning to a more liberal economy. The authors did not explain the reasons for their exclusion.

Second, in analyzing the business and economy of the selected nations, the authors presented the position as they see it from the references and information they could collect, but did not concentrate on the impact of the more subtle changes taking place in the economy, i.e., the move toward liberalization of the market, deregulation, privatization, the promotion of fixed direct investment, and the emergence of the role of the stock exchange in most of the selected nations. In the course of this process, new systems and techniques of accounting have emerged. This includes the evaluation of public economic and service units, and more concentration on budgeting and costing. The use of managerial control systems creates the need for new fields of theoretical studies and practical expertise.

Third, when the authors emphasize the Islamic version in their study, they have ably presented the principles and tenets of Islam in general, which can be of great interest to Western readers, but to the Islamic world they are known facts. The authors have concentrated on presenting what they call the fundamentalists’ role, but I think they should have differentiated between the extremists and those who represent certain groups of schools of thought in Islamic jurisdictions.

Fourth, in analyzing the concepts of the Islamic economic order, they should have explained in more detail the major financial tools or mechanisms that are being implemented, and in particular the “morabaha,” the “modaraba,” the “ijara,” the “mozara,” etc., which undoubtedly would have been new to Western readers. They
neglected to refer in detail to the development of standards of accounting, auditing, ethics, and “sharia,” which amounted to 29 standards. These have been prepared and issued by the Accounting and Auditing Organization for The Islamic Financial Institutions that was established in Bahrain, by the Islamic Development Bank in Jeddah, and by some of the Islamic banking and financial funds or investment companies that amount to more than 60 entities. This development attracted the attention of the International Monetary Fund, the International Finance Corporation, the International Federation of Accountants, the Basle Committee, and other local, regional, and international institutions.

Fifth, as to the role of selected international accounting firms (the Big Six), the analysis was not comprehensive, as it treated some of them in one country and others in another. One could not find the basis on which the authors made their choice of an international accounting firm for each country and then arrive at their conclusions. One expects that the authors should have an overall description of the status of these offices in the nations selected, number of partners, and staff, foreign and nationals, function, volume, significance, and importance of their work in the fields they carry on, i.e., accounting, auditing, management, consulting, tax, etc. We know the difficulty of obtaining this information, but for the Big Six this should not be a problem.

Sixth, with the implementation of GATT and of free access to the region’s market, national accountants as well as the governments concerned are cognizant of the need to introduce certain conditions for the work of non-nationals as well as reciprocal treatment. To be sure, the need for exchange of knowledge and expertise is becoming a necessity, but this should not be carried out at the expense of the nationals who are increasing in number. In the fields of education, training, and setting standards, and in the qualification of accountants and auditors, the role of the international accounting firms is beyond doubt beneficial, and such global linkage is welcomed and appreciated.

Seventh, in the field of institutional specifics and jurisdictional developments in the selected Islamic Middle East countries, the authors presented an analysis of the legal system as related to the business firms, the business climate suitable for economic expansion, and business growth, in relation to national entities as well as to foreign participation. The role of the major national accountants and firms, as well as the situation of the international accounting firms, especially the Big Six, is also presented. It is my belief that the authors should have covered a larger scope to include the legal system and regulations concerning investment, stock exchanges, trade, tax, and other related regulations concerning the accounting and auditing profession, which is currently under review, especially after the implementation of GATT. The governments and professional bodies in the selected countries in the region are carrying out studies to regulate the work of the non-national accounting firms, whether in the direction of placing conditions on admission or enforcing reciprocity. But the trend is clear: to build up the linkage with the global market.

To conclude, I think that the authors have succeeded in presenting an up-to-date picture of the economic situation in the selected countries and the legal systems adopted in running the national economies. These countries are in the process of transformation to a more liberal system with an eye to joining the movement toward globalization, but exercising caution not to violate their national interests, culture, and stage of development so far achieved, especially in the field of human development. The need for better understanding, exchange of information, and partnership in development are targets to be achieved.
It would have been useful if the authors had covered some of the gaps outlined in my review of the book, especially in the following areas:

1. To include the rest of the Islamic Middle East countries, which have a different status both in the development of the economy and the accounting profession. Different economic orders will affect the techniques of accounting and auditing.

2. To present a more comprehensive analysis of the Big Six international accounting firms. They should not select a sample but should judge the significance and power of the firms’ role in terms of the relative size of their income achieved in each field as well as their collective capacity in comparison to that of the national firms.

3. To complement the discussion of the legal system with information about the economic reform and adjustment that is occurring on the road toward liberalization, deregulation, and privatization in a world of globalization. They should enlarge on the role of accountants (national and foreign) in the field of evaluation and control (transparency).

To me, this book is a good addition to the literature on the changes taking place in some of the Islamic Middle East countries.

Reviewed by A.M. Hegazy
Dr. A.A.M. Hegazy & Co. and
Ain Shams University
Cairo, Egypt


The book written by Doctor Nowak has at least two qualities that distinguish it from other works of this type. The first is the economic sector with which it is concerned. The majority of accounting literature deals with commercial enterprises, banks, and sometimes with budgetary entities. This book treats the whole public sector as the subject of accounting theory. It should be noted at this point that this issue had not been treated previously in the Polish accounting literature in the form of a monograph, although the demand for this type of study has been growing markedly. The development of democracy and modern capitalism cannot progress properly without a reliable economic calculus in the form of an appropriate system of accountability.

The management of public property in developed countries, deriving largely from taxes, is a matter of continuing public concern and control by means of constantly improved standards of accounting for not-for-profit entities. By producing a monograph on this subject, Doctor Nowak makes available to interested readers verified theoretical concepts plus his own ideas and findings.

The second distinctive feature of the book is its consistently theoretical focus. In this respect, this is a phenomenon unprecedented in the Polish accounting literature, on a par with theoretical dissertations of A.R. Belkaoui and E.S. Hendriksen, the authors of