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THE ROLE OF CULTURE ON THE ADOPTION OF INTERNATIONAL STANDARDS ON AUDITING IN THE DEVELOPING COUNTRIES: AN INSTITUTIONAL PERSPECTIVE

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Abstract

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This paper examines the role played by the culture on the adoption of the International Standards on Auditing (referred to as ISA henceforth) that intends to stimulate establishing an efficient auditing regime in Libyan auditing practice. The current research conducted interviews with 43 participants across five Libyan key stakeholders in the auditing environment. The methodology employed was in line with the relevant literature and it serves to achieve the aims and to answer the questions of this study (Ménacère, 2016). Institutional isomorphism produces a greater impact on Libya accounting and auditing practices (Phillips & Jiao, 2016). Therefore, this study examines that the cultural factor systematically and consistently assesses the level of ISA adoption, commitment, and associated harmonisation. Given the growing interest in harmonising the auditing practice, not only by scholars but also by policy and decision-makers, this study is aimed at contributing to improve and develop an under-researched topic in Africa, by expanding the literature on the importance of harmonising auditing practices. It also provides fresh insights into auditing practices in a politically unstable country. Awareness is also raised about other relevant drivers of adopting ISA.

Keywords: Culture, International Standards on Auditing, Auditing Environment, Institutional Theory, Developing Countries

Authors' individual contribution: Conceptualization - A.E.; Methodology - A.E.; Investigation - A.E. and A.F.; Resources - A.E., A.F., and L.P.L.C; Writing - A.E. and A.F.; Supervision - A.F.

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1. INTRODUCTION

From a global perspective, the auditing profession has become vital to the international institutions that provide financial aid to the developing countries, since the audit process ensures that the funds available are used prudently and not corruptly (Dunn, 2002; Lamoreaux, Michas, & Schultz, 2015; Boolaky & Soobaroyen, 2017). Furthermore, Michas

(2011) indicates that the auditing profession in some developing countries faces deficiencies at the most fundamental level of auditing rules and regulations. This paper makes a theoretical contribution to the literature by addressing the paucity of research concerning auditing regulations in Libya and identifying the enabling and inhibiting factors regarding the application of international auditing standards.

The audit profession is essential for the public trust and the reduction of the market systems risk. This research, therefore, focuses on the potential positive impact of the ISA if implemented in developing countries. The case of Libya is then considered as a general example in North Africa, as some other similar recent researches have been already carried out in other areas (Thabit, Aldabbagh, & Ibrahim, 2019; Mertzanis, Garas, & Abdel-Maksoud, 2020; Barghathi, Ndiweni, & Lasyoud, 2020; Ahmed, 2016).

Indeed, the profession of auditors assumes an increasingly important role in public trust in contemporary history. The accounting and auditing professions play crucial roles in the connection between the regulations in force and the needs of companies. The professional bodies that have been forming internationally since the late nineteenth century highlight how important it is to define common ethical and methodological guidelines in order to ensure the uniformity of judgment. The various national professional bodies still adopt different approaches influenced by local factors and lobbies. The origins of the auditing of accounts date back to 1400 when for the first time in Great Britain it was subject to the function of dissuading members of corporations from making irregularities in management. Also, in this country, four centuries later, the modern profession of auditing was born as currently considered or as a response to the public need to verify the accuracy and reliability of the accounting results for the benefit of shareholders and third parties.

Towards the end of the nineteenth century, auditing landed in the United States, and in the years following the crisis of 1929, it became increasingly important. The very first institution of the auditing profession, in Europe, started soon after the World War II, as a consequence of the investments of American capital and the subsequent establishment of multinational companies. The auditing profession, therefore, experienced the first stage of development, on an exclusively voluntary basis, only towards the end of the 1960s, following the example of foreign auditing firms. This process was requested to adequately verify the accounts of subsidiaries multinationals and to proceed in an informed manner to the acquisition of international companies. The auditing firms operating on the European territory were initially set up as branches connected to foreign bodies and avail themselves of their centralized services. Given the relatively recent development of the auditing profession in Europe as well, it is not surprising that in developing countries such as those of North Africa, the development of professional practices is still at an embryonic stage.

Undoubtedly, the culture is a vital element that influences accountancy development (Eulerich & Ratzinger-Sakel, 2018), and however, yet this significant factor in the development of accounting systems has not been widely reported (Lopes & Rodrigues, 2007; Riahi & Khoufi, 2017). Similarly, despite the impacts of the national cultural differences among countries, the prior studies have yet neglected the cultural factors in examining the adoption decision of the ISA along with other institutional factors.

Furthermore, the implications of a culture that feeds into the institutions, quality, accounting and auditing practice differ from those in that of

advanced countries. In fact, culture in particular ethics, habits and values forms the soil that shapes the institutions' development and functionally, and has great implications in developing regulations that guide and restrict individual behaviour to help closing loopholes. Hence, this study aims to contribute to the literature review (Abuazza, Labib, & Savage, 2019; Hussein, Hanefah, & Endaya, 2020) by providing an in-depth analysis of the Libyan key stakeholders' viewpoints on the cultural aspects in adopting the ISA to reduce the lack of studies around this notion.

The structure of this paper is as follows. Section 2 provides a necessary overview of the research context and a review of the relevant literature. Section 3 and 4 analyse the methodology and research design in general. Sections 5 and 6 focus on findings and discussion respectively. Section 7 outlines the conclusion.

2. LITERATURE REVIEW

Apart from very few exceptions (Hamuda & Sawan, 2014; Faraj & Akbar, 2010), Libyan auditing profession and practice including the auditing standards-setting appear to be widely under-researched topics. Similar to other developing countries, the weakness of political institutions greatly affects the development of good professional practices and the adoption of the best international standards. In cultural terms, especially in Libya and other many similar Arab countries, society is framed into different social classes characterised by the considerable disparity in terms of political influence and wealth (Hofstede, 1984). Given the changes taking place in the world economy, accountants and auditors must increasingly offer global and specialist advice. Consequently, the participation of the profession in the regulatory process and international standard setting has become fundamental in all phases of the complex process of issuing directives and regulations, in particular in the area of auditing, reporting and professional training. Therefore, the role of those who, within international organizations, participate in the training and definition of standards, and facilitate the emergence of the needs of the national accounting profession, becomes fundamental. Not having direct access to international professional circuits does not therefore surprise that accounting and auditing professions in Libya are not well developed (Selway, 2000; Zakari & Ménacère, 2012).

The new international economic order undoubtedly re-proposes a liberal orientation focused on the idea of deregulation and liberalization. The phenomena of globalization, liberalization and competition have become increasingly accredited in the world market and a further expansion of international trade is expected in the coming years, such as to determine a further acceleration of world integration.

It is, therefore, possible to note how the ongoing changes in the world economy create a rapidly evolving framework, characterized by an acceleration of the movements of resources (capital, goods and people). In this context, accountants and auditors should carry out their activities by providing professional services to businesses in the environment characterized by the speed, the regulatory diversity of individual

countries, the technology, and the accelerated changing nature of the national and international regulatory environment. In turn, the need to achieve high-quality management of the company, for being effectively satisfied, requires the intervention of qualified professionals who have a general picture of the business problems, and at the same time, the knowledge useful to solve them.

The professions of accountants and auditors are, more than others, linked to the social, political and economic evolution. In particular, the economic-legal professions, primarily accountants, represent a physiologically necessary factor for the functioning of the economic system; and for this reason, they are the ones mostly affected by its evolutions. The adaptation to market demand and the continuous updating therefore requires representing an element not only for qualification but also for the real survival of the professional in the market.

The profession must adapt to the needs of the market, preparing to offer a range of services as wide as possible, potentially capable of addressing and solving all the problems inherent in the company, both nationally and worldwide. At the same time, the professional service offered must be sufficiently specialized and thorough to guarantee the highest quality of the service. All these translate into the need of offering global and specialist advice that invests the reality of the company in every aspect and that is highly qualitative. It, therefore, becomes essential, as well as strategic, to bring out the national profession at an international level as the first level profession in terms of professional skills.

In countries dominated by political and economic instability, it becomes extremely difficult to guarantee not only the formation of professional bodies but also the access to essential vocational education. Therefore, despite several early efforts to reinforce and enhance the Libyan accounting education (Ahmad & Gao, 2004; Masoud, 2017), the regulatory body in Libya - the Libyan Accountants and Auditors Association (LAAA) - had been established by Law No. 116 in 1973. The LAAA is expected to oversee and supervise the accountancy profession, whilst ensuring, at the same time, its development and the continuing professional development of its members through the provision of national and international conferences and seminars. Since its establishment, more formalities are supposed to be introduced in the profession, but in practice, very little has been achieved by the body in terms of building and implementing a theoretical base for accounting as a profession, and a much-needed Code of Ethics that would improve professional practice is sadly missing (Bakar & Russell, 2003; El-Firjani, Ménacère, & Pegum, 2014). Consequently, it can be argued that the LAAA is not fit for the purpose as it has not succeeded in fulfilling its obligations as a regulatory body and has not operated in the public interest (El-Firjani et al., 2014; Eltweri, Altarawnah, Al-Hajaya, & Al-Karaki, 2018a; Eltweri, Sawan, & Tahar, 2018b). Moreover, there have been a few efforts by the LAAA to promote continuing education and staff training amongst accountants as a means of improving the status of the profession (Shareia, 1994; Sawan & Alzeban, 2015; Eltweri et al., 2018b), thus endorsing that the Libyan accounting profession has a poor status.

Corporations' books started being inspected and certified by qualified auditors in Libya in 1973 when auditing regulations were introduced. At the same time, it was made necessary that the required documents should be inspected and certified by a chartered accountant on behalf of the legal fiscal authority (Law No. 64 of 1973). On 20th December 1973, however, the Libyan government finally enacted Law No. 116 of 1973, which established the LAAA as a body, which would develop and improve the auditing profession in Libya (Eltweri et al., 2018b; Hussein et al., 2020).

The recent ISA adoption in Libya can be considered in accordance with the above-described framework, and in light of the African accounting history, since the reaction to international standards in accounting have been also shaped by institutional, cultural and historical factors (Nobes, 2013; Degos, Levant, & Touron, 2018; Alshbili & Elamer, 2020). Perspectives on traditional cultural variables (Hofstede, 1984) and law related to securities (La Porta, Lopez-de-Silanes, & Shleifer, 2006) were discovered to be insignificant for explaining the adoption degree of International Financial Reporting Standards (IFRS) in a country.

It was argued by Scott (2001) that there is the conformity of organisations to institutional kinds of pressure to change because they receive rewards for conforming as it increases resources and legitimacy and the capabilities for survival. Moreover, there may be different reactions by organisations because of differences in size, organisational structure, culture and style of management; and all of those factors have an influence upon institutional environments and the field of organisational development. Thus, the organisation field is made up of those organisations operating within the same service area, e.g., the auditing profession, along with other constituencies and organisations that impact upon their performance including bankers, accountants, regulators, insurers and the general public. Coercive variants may apply on the way an organisation needs to comply with the requirements of regulation or when organisational cultures are merging. It was noted by DiMaggio and Powell (1983) that there may be the development of coercive isomorphism because of a need for politically driven legitimacy, the regulations of the government or the requirement of partnering organisations that need adherence with certain organisational or quality procedures. There may be the existence of coercive pressures in the adoption and harmonisation of ISA.

It was emphasised by Carpenter and Feroz (2001) and Touron and Daly (2020) that the decision of a state to adopt and/or be committed to GAAP (generally accepted accounting principles) may be influenced on the level of the organisational field, the organisation or the individual. At an organisational level, pressures from regulatory frameworks as well as from the public and the norms and values of the accounting profession may arise. At an individual level, pressures can hail from the values and norms of key decision-makers as well as conformity in an unconscious way to tradition.

Transferred into the specific profession of accounting, culture is described as: "*the institutional framework of accounting, including the market environment, in which it operates, and the specific practices and beliefs about the role of accounting that*

have grown up within that framework" (Whittington, 2008, p. 497). Furthermore, Perera (1989) highlights that "...culture is often considered to be one of the most powerful environmental factors affecting the accounting system of a country" (p. 43). Moreover, according to Zeghal and Mhedhbi (2006), Nobes and Parker (2008), Nagirikandalage and Binsardi (2017), the accounting system in a country is highly affected by the culture, therefore it should be expected that auditing practice must be affected in parallel to the accounting systems.

Hofstede (1984) argues that culture has several dimensions that contribute to the level of communication. These attributes are Power Distance, Uncertainty/Avoidance, Individualism/Collectivism, and Masculinity/Femininity. It can be argued that the Libyan cultural environment is formed from combined characteristics such as "language, religion, attitude, morals, values, law, education, politics, social organisation, technology, and material cultures" (Eldarragi, 2008, p. 79). Therefore, culture is defined as the collection of attitudes held by a group of people, which makes it possible to classify that group of people differently from another group (Hofstede, 1997). A study by El-Helaly, Ntim, and Soliman (2020) examined the cultural influence on the adoption of IFRS and found that countries with high levels of uncertainty avoidance are more likely to adopt the IFRS, moreover, there are more likely to attempt the adoption as mandatory, rather than on voluntary basis. On the contrary, countries with a high level of power distance tend to be less likely to adopt IFRS as a mandatory requirement.

The attitudes mentioned by Hofstede (1997) subsequently affect the behaviours in such a way that it is possible to identify different societies based on the different behavioural predispositions. According to Hofstede (1997), depending upon its ranking on each of the dimensions considered, society will act predictably to certain environmental conditions. Although his work did not specifically include Libya, it did include Arab countries, which were seen to score highly in terms of power distance, and uncertainty avoidance, and low in terms of individualism. All these rankings have implications for accounting and auditing practices in Arab countries.

In Libya, Arabic is the official language, followed by English and Italian, which are sometimes spoken in big cities (KPMG, 2012), and Islam is the religion of the vast majority of Libyans. Language and religion have great impacts on attitudes within the Libyan society (Twati & Gammack, 2006; Boolaky, Omoteso, Ibrahim, & Adelopo, 2018).

However, apart from these common elements, there are many opportunities for disintegration as the Libyan society is characterised by tribalism, meaning that clan, tribe, family, and village are important considerations in all daily routines. People's relationships and society as a whole are affected by all these characteristics (Buzied, 1998), and especially, as noted by Agnaia (1996), the actions by an individual are directly linked to his or her collective. In this respect, the individual must obey and follow the traditional route of the collective way of living. This is borne out in the rankings obtained by Hofstede (1980) that reveal duty to the collective to far outweigh a sense of personal entitlement, and the unwillingness to

challenge tribal leadership as seen in the high-power distance rankings. Indeed, for some time, Libya has embedded the socio-cultural structure in its political system through the involvement of the Libyan tribes in the government structures - what is called the Popular Leaderships, and the General People's Committees (Pargeter, 2006; Madi, 2018).

Eldarragi (2008) observes the cultural differences between the Western and Eastern worlds, noting that Libya's membership of the Muslim world dictates an accounting environment that is influenced by strong collective relationships, as well as faith and Islamic values. He highlighted that Muslim auditors, in general, are not accountable merely to humans for their actions whether in domestic matters or accounting practices, but to Allah (God). Consequently, they are required by their religion to discharge their professional auditing duties with due care. At the same time, however, tribal allegiance and collectivist thinking can interfere with independent action, and the tendency to avoid uncertainty promotes a lack of initiative and a preference to follow orders. Besides, these characteristics have implications for the accounting and auditing environment.

3. RESEARCH METHODOLOGY

This research is mainly performed using two mixed and relevant methodologies: a) experts' interviews and b) archival analysis through comprehensive literature review. The interview can be considered the main data collection tool available for qualitative research, widely used in the human and social sciences. Qualitative methodologies are distinguished from the quantitative ones by the nature of the object of study and the purposes of the research itself, which determine strong differences between the two approaches regarding the type of data examined, the field of investigation, the concept of representativeness of the sample, the methods of conducting the knowledge process, the data collection techniques and the subsequent analysis of the results.

The interview can be defined as a conversation led by the interviewer, aimed at subjects chosen on the basis of a predetermined survey plan in a more or less consistent number, with cognitive purposes. The primary objective is to provide a framework within which respondents can freely express their way of feeling and make their vision of the world understood through the complexity of their perceptions and experiences. This, therefore, follows an approach centred on the subject and not on the survey variables, in which the representativeness of the individual prevails over the statistical one of the samples. The interview is carried out on the basis of a flexible and non-standardized interrogation scheme. This last feature differentiates it from the questionnaire, a tool that instead has a high structure in the design and compilation phases and which, moreover, can be self-administered. Based on the degree of freedom/constraint granted to the interviewee and the interviewer, structured, semi-structured and unstructured interviews can be distinguished. In this research the adopted approach is semi-structured. The choice of the interview model is determined by the objectives of the research (describing versus understanding) and the characteristics of

the phenomenon studied, to which are added the organizational motivations (the structured interview is chosen if there are many cases and different interviewers).

The interview itself can be used as a primary data collection strategy or in combination with observation, document analysis or other survey techniques. The process of conducting the interview follows some key criteria, including the presence of preliminary explanations, the choice of clear and understandable language, the division of the line-up between primary questions and probe questions, that is the questions that help the interviewer to solicit an opinion in cases where the interviewee is reticent or does not give a structured opinion on the subject. The data analysis is centred on the subjects, in the sense that the individual is observed in its entirety; the results are presented in a narrative perspective; summaries and generalizations often take the form of classifications and typologies. The lack of standardization is at the same time the strength and weakness of the interviews, because if on the one hand, it is difficult to compare, count, infer from sample to population, on the other, it is possible to go in depth by accessing an insider's vision.

4. RESEARCH DESIGN

There is always debate over which method is better than another or more appropriate for conducting research. Methods are neither better nor worse than

each other, but they are better in terms of suitability for answering research questions (Ménacère, 2016). The decision to use a qualitative research design is based on the nature of the problem and the research questions of this study. This study has conducted 43 in-depth interviews with five key actors in the Libyan auditing environment. The rationale for adopting a qualitative approach (interviews) was to allow the researcher access to a comprehensive range of information to capture the full story. The selected groups of interview participants have first-hand experience and knowledge in dealing with the Libyan auditing environment.

Sampling is the process of selecting a group of respondents for a study in such a way that the participants represent the larger group (population) from which they were selected. Sekaran (2003) refers to it as a 'subset'. Ghauri and Gronhaug (2010) refer to the sample as that "*segment of the population that is selected for investigation*" (p. 145). The adequacy of the sample size, according to Bryman and Bell (2011), can be also considered another critical factor. Representativeness and sample size (representation and precision) are the therefore key factors that must be considered in determining the sampling design (Easterby-Smith, Thorpe, & Jackson, 2012); and to create a representative sample, it must hold the same characteristics as the main population and be of sufficient size to ensure a response rate which is sufficient to confirm that representativeness. The following Table 1 depicts the sample and participants' groups.

Table 1. Sample and participants' groups

	<i>External auditors</i>	<i>State auditors</i>	<i>Internal auditors</i>	<i>Researchers</i>	<i>Regulators</i>	<i>Total</i>
Sample selected	20	20	20	20	20	100
No. of responses	7	11	8	12	5	43

5. FINDINGS

Through the lens of institutional theory, organisations are perceived as having a technical dimension made up of daily technology and operating requirements, governed by norms of rationality and efficiency; and expectations from the external environment (Maingot, 2006) and its structure and practices influenced by its external and internal institutional environment; i.e., the cultural, political and social forces that surround entities (Fogarty, 1996). The concept of coercion from the foreign policy is one that appears pervasive in the developing world, particularly because of existent colonial relationships between former colonies and their colonisers. Policies are perceived as successful within countries that are developed (mostly for cases of colonial masters) and these are replicated as they are considered as being 'successful' in comparison with homespun solutions. Global international standards of accounting have received similar feedback when adopted. Often considered as rather superior standards of accounting, they are usually imported in local forms of jurisdiction without careful appreciation and consideration of specific, needs of accounting for the considered country (Wallace & Briston, 1993).

Several authors have highlighted the influence of the cultural aspects of any society on any regulated institution (Cooke & Wallace, 1990;

Irvine & Lucas, 2006; Zhang, Andrew, & Collier, 2007; Mashayekhi & Mashayekh, 2008; Zakari, 2014). Furthermore, Hofstede (1984) identified a particular cultural dimension, which he entitled 'uncertainty avoidance' that has direct relevance for how societies relate to the rules and regulations. Appreciating these influences, the study asked the participant groups to indicate their views regarding the relationship between Libyan culture and the adoption of the ISA in Libyan auditing practice.

The findings in this respect reveal a negative attitude towards the adoption of the ISA and suggest that Libyan culture works as a hindering factor. However, this can be seen as a complex challenge. Libya, as an Arab country, has been classified as a society, in which there is a high level of uncertainty avoidance (Hofstede, 1984), and that would suggest a strong preference for tightly-specified regulations, yet the participants seem to reject such a scenario. This can probably be explained by the fact that in such cultures, the idea of having two or more sets of different regulations in operation side by side would present a problem as fears regarding the appropriateness. This can also explain why, given the absence of auditing standards in Libyan auditing practice, many auditors fall back on the systems used in the countries where they were taught, because they feel secure with those systems and are not afraid of making mistakes when using them. Other auditors do not apply any set of

recognised standards, and this may well depress their confidence in their work and contribute towards the overall low level of quality auditing, which is delivered by the profession. However, it is noted by Handley-Schachler, Al-Abiyad, and Al-Hadad (2012) that the Libyan culture has not precluded the use of high-quality international standards. The interviewees would argue that the root of the problem is the fact that International Standards are not included in educational curricula. Moreover, Eldarragi (2008) has pointed out that Libyan auditors are required by their religion to apply with due care of all their professional practice, which is a fundamental principle of the ISA. Hence, one would expect the country to embrace these standards.

6. DISCUSSION

As in the current study, the interviewees have highlighted their concerns regarding the Libyan culture contributes towards the reluctance to adopt the ISA. In this connection, some explanations were given, one being the fact that Libya was a 'collective' society that might impede efforts by individuals to act on their initiative and adopt something new. In Hofstede's (1980, 1984) classification of cultural dimensions, collectivism and individualism were seen as opposing states on the same continuum indicating whether people acted collectively for the good of the community, or individually, in self-interest. Libya scored highly on collectivism, meaning that the influences from friends and family, and in Libya's case, from tribalism, take on greater importance than personal wishes and desires. This can lead to the presence of nepotism and corruption as allegiance to the family and tribe take precedence. Consequently, even though individual auditors might be keen to work towards the ISA, a groundswell of opinion from important people within those auditors' social circles might well prevent them from taking the initiative in this respect. Hence, Libya's "collective society" (Interviewee: Researcher 1) and the phenomenon of "nepotism and kinship" (Interviewee: External Auditor 2) may serve as barriers to the adoption of the standards, not least because where corruption is widespread, the use of the ISA would expose it. Furthermore, a regulator stressed the language and familiarity of the Libyan context as reasons enhancing the negative attitude within Libya to embrace the ISA. This comment is in line with the observation made by Zeghal and Mhedhi (2006), Nobes and Parker (2008), Nagirikandalage and Binsardi (2017) that countries with Anglo-American cultures favour the adoption of international standards such as the IFRS due to the common language they use.

Moreover, the suggestion that the collective nature of Libya's society (specifically, its tribalism and nepotism) is influential in curtailing the independence of auditors concurs with the findings of Eldarragi (2008), and Faraj and El-Firjani (2014) that Libyan social relationships negatively affect the capacity of auditors to act independently as they become the victim of social responsibility to family, friends, and tribesmen. Such interference may prevent the implementation of ISA in Libyan auditing practice, as they expose favouritism by demanding transparent dealings and exposure.

The basic philosophy underlying the international standards is that they preserve professional distance, and it may simply not be possible for this to occur in the Libyan context.

Nevertheless, a minority of the interviewees did perceive that Libyan culture had some positive influences in respect of the country's adoption of high-quality standards and a regulatory framework that enforced them, since Libya is a country her religion promotes Islamic values, and these quite clearly demand the best effort from all Muslims in their behaviour; hence, in the accounting and auditing context, this can be seen turned into the requirement for objectivity, professional behaviour, professional competence, due care, integrity, and confidentiality. This perception agrees with the view expressed by Eldarragi (2008) that Muslims are required by their religious faith to act in a specific way, showing, for example, self-control, the exercise of conscience, public control in as much as commanding others to perform for the common good and preventing others from doing bad deeds, and state control which can be in the form of an independent agent acting according to Islamic law.

The Libyan culture is considered extremely relevant in the decision of any country to adopt or import laws and regulations (such as the ISA) from other countries since these regulations are obviously formulated within a particular cultural context and may not transfer easily into the environment that is characterised by different features (Twati & Gammack, 2006; Zeghal & Mhedhi, 2006; Nobes & Parker, 2008; Nobes, 2013; El-Firjani et al., 2014; Sawan & Alzeban, 2015; Nagirikandalage & Binsardi, 2017; Boolaky et al., 2018; Eltweri et al., 2018b; Degos et al., 2018; Alshbili & Elamer, 2020). Therefore, the researchers investigated the contribution made by the Libyan culture to the decision-making regarding the adoption of the ISA in the national auditing practice. The interviewees emphasise their concern that the Libyan culture has a negative influence in this respect, and some explanation of why this should happen was forthcoming from several interviewees. For example, described Libya as a "collective society" (Interviewee: Researcher 1), which has implications for the independence of practitioners, and the high prevalence of "nepotism and kinship" (Interviewee: External Auditor 2) in the country leads to corruption in all walks of life, thereby compromising the work of people, even professionals. At the same time, as stressed by the regulator, "language and familiarity" play their part in influencing the decision regarding the adoption of ISA. These views can be seen in the following comments made by the interviewees while discussing the cultural influences on the adoption of the auditing standards:

"The Libyan society issue is that it is considered as a collective society, which leads to conflicts of independent standards that are required by the high-quality standards such as ISA" (Interviewee: Researcher 1).

"The Libyan culture features several immoral characteristics such as nepotism and kinship due to the high level of collectivism that can have influences on the financial information held by the practitioners that increases the chance that the conventional financial system would be ineffective. Therefore, ISA adoption may not be an appropriate decision" (Interviewee: External Auditor 2).

"I believe that the culture consists of several features, i.e., language and familiarity, and these two features can be seen in the Arab world as hindering factors which contradict with the western countries (developed countries)" (Interviewee: Regulator 1).

On the other hand, the Libyan culture was perceived as supportive of rigorous work standards despite the view of the authors Zakari and Ménacère (2012) that the Libyan auditing practice is deemed at infancy stage with very limited access to international standards, and hence the international standards are being beneficial to the introduction of the ISA. The following remarks embody this particular viewpoint:

"I believe the Libyan culture, as Arab/Muslim community, do desire high and rigorous quality of regulations, such as in auditing the ISA; furthermore, since the Libyan culture has a great influence on laws and regulations, and vice versa" (Interviewee: State Auditor 1).

"If we consider the new generation of the Libyan auditors and accountants and their way of contributing to the development of the auditing profession in Libya, it's possible to say that they will support the adoption of the international standards with their privilege of having studied abroad the international auditing standards" (Interviewee: State Auditor 2).

7. CONCLUSION

During the period of concluding this study, at the European level, the European Commission is explicitly requested to investigate the audit market, recognizing conflicts of interest regarding the provision of services other than auditing. At an international level, the "emergency plans" are prepared to avoid the demise of one of the "Big Four" in the event of a sudden crisis of confidence, assuming a clear commitment to the introduction of forms of "joint audit". The European Commission was to carry out a study on the cost/benefit effects of the mandatory joint review and its impact in terms of market devolution and financial instability. International needs require mandatory rotation of the auditor and identification of the current turnover of the shareholders as the best system, rather than a turnover of the auditing companies. In a period of great uncertainty and economic instability, where even the most advanced professional institutions are questioned and are subject to criticism and particular observation, the situation of countries such as those of North Africa is even more critical, where the profession of auditor and accountant is not yet adequately developed. According to this study ISA adoption in Libya has been investigated from different perspectives, focusing on the cultural background in particular.

Since culture affects the individual behaviour and their reactions in society and its substructures (Ebrahim, 2014), the accounting and auditing profession can be deemed as society's substructures (Nobes & Parker, 2008).

The cultural factor is found to be essential in the adoption of the ISA, in the interests of establishing an efficient auditing regime in the country. All the stakeholders interviewed do agree with the usefulness and advantages of the introduction of ISA in Libya. This aspect can be considered a great enabling factor, as a starting point, since the ability to implement the standards

marks an advancement in the professionalism of all those involved in the implementation process. The key to a successful implementation of ISA, however, is a collective effort and consists of the readiness, planning and full government support and commitment.

The core contribution of the current study is to emphasise the underlying importance and impact of the cultural factor on the adoption of professional international standards, such as ISA. Countries cultural differences can be explained by Hofstede's (1980, 1984) classification of cultural dimensions like uncertainty, avoidance, and power distance. Hence, the study findings are in line with other studies in developing countries like Boolaky and Soobaroyen (2017). Therefore, the findings of the study provide a useful source of information about auditing regulations in those developing countries in which improve the knowledge and literature about the auditing practice internationally.

Furthermore, the study findings ground theoretical evidence in support of the neo-institutional driver of pressure being considered influential on the degree of commitment about adoption and harmonisation of ISA. In the light of the work of DiMaggio and Powell (1991), which classified institutional isomorphism into three categories, the authors examined those mimetic, normative, and coercive pressures and their significant forces that encourage or prevent the harmonisation, and therefore, the adoption of ISA. The coercive-led variable as the cultural factor is given by the imposition of change enforced by external bodies (DiMaggio & Powell, 1991). Hence, cultural and environmental factors have great significance for the adoption and implementation of global standards, since a participant commented that society is a form of collective elements, which leads to conflicts of independent standards. Furthermore, the argument could be made that some standards do not fit the context, in which they are expected to be applied; and they appear, therefore, to exert an influence that is stronger upon the degree of adoption of ISA.

These findings can be considered as the base by regulators and standards setters in Libya to reform the auditing profession, in addition to that, it can enhance the harmonization process to align with the international auditing practices since culture play vital role in shaping the practice. In addition, the case study of Libya, as indicated in the introduction, can be considered as an example that can be extended to the entire North African region.

The current study experiences number of challenges, i.e., data collection caused by political instability, it is shown that the cultural aspect considerably affects the evolution of corporate governance practices (in particular auditing) in line with international guidelines. Hence, this instability in the research context is deemed to be the core limitation of this study and enhanced the difficulty in collecting an extensive data set. Furthermore, despite the efforts by the authors to maintaining the objective, many referred experts are not willing to open-up discussion freely to explain the causes that hinder the developments of the audit profession in the country.

In future research, it is hoped that similar aspects will be studied in other North African countries, in order to further verify any other aspects that are delaying the adoption of the ISA in the region.

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