

Sectarianism and the accounting profession: the case of Lebanon.

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Sectarianism and the Accounting Profession

The case of Lebanon

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Abstract

The research on the development of accounting profession has been mostly confined to Anglo-Saxon settings and specific historical. In recent years, some researchers examined the impact of colonization, imperialism, race, and gender on the accounting professionalization project. Most of these researches are conducted on Ex-British colonies, while few addressed Ex-USA or Ex-French colonies. None has examined the impact of religion and religious sectarianism on the development of accounting profession, and none has investigated it in an Ex-French colony.

As an Ex-Ottoman and Ex-French colony, Lebanon is a country that has been devastated by religious sectarianism since 1850s. Many civil wars between the various religious sects have occurred throughout Lebanon's history. Yet, instead of abolishing sectarianism, the Lebanese society has adopted it, constitutionalized it, and integrated it in everyday life. Since accounting is a product of its environment, and based on the sectarian nature of the history of Lebanon, the research proposes three fundamental questions:

- How did the accounting professionalization project emerge and evolve in Lebanon?
- Did religion/sectarianism play a role in shaping the accounting professionalization project in Lebanon? If so, to what extent?
- What is the current state of the accounting profession in Lebanon?

To answer these questions, the research undertakes the Neo-Weberian view of the theory of closure to examine how the accounting occupation became a profession in Lebanon. This is accompanied by examining the Lebanese professionalization project and its current state under the lens of social dominance theory and groups in ethnic conflict theory.

The findings of the research reveals the struggle that extended over three decades to achieve closure of the accounting profession. Through interviews, archival research, and quantitative analysis, the research evidences the mirroring of the accounting profession to the Lebanese society through the integration and adoption of religious sectarianism practices in the profession, among other social notions such as gender and nepotism.

Keywords: Accounting Profession, Religion, Sectarianism, Middle East, Lebanon.

Dedication

To my late husband Malek, who provided me with unconditional support and love. You were my rock, my everything. For that, I humbly thank you.

To my kids Omar, Abed Al Rahman, and Adam, the joys of my life

To my parents Moustapha and Wisal and my sisters Maha and Hiam, thank you for being there

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Abbreviation

AAEA	Association of Accountants in East Africa
ACPA	Australasian Corporation of Public Accountants
CA	Chartered Accountant
CECM	La Compagnie des experts-comptables du Maroc
CECP	Campagne des experts-comptables de Paris
CPA	Certified Public Accountant
IACPA	American Institute of Certified Public Accountants
ICAEW	Institute of Chartered Accountants in England and Wales
ICAI	Institute of Chartered Accountants in Ireland
ICAS	Institute of Chartered Accountants of Scotland
ISAA	Incorporated Society of Accountants and Auditors
LACPA	Lebanese Association of Certified Public Accountants
OICA	Ontario Institute of Chartered Accountants
RoAP	Recommendations of Accounting Principles
SAC	Société Académique de Comptabilité
SARL	Société à Responsabilité Limitée
SDT	Social Dominance Theory
TEC	Theory of Ethnic Conflict
UK	United Kingdom
USA	United States of America

Chapter 1. Introduction

1. 1. Introduction

The main trigger for this research was a news report (Rahmi, 2013) describing the degree of corruption within the Lebanese Association of Certified Public Accountants (LACPA) arising from the political influence of two major sectarian political parties in Lebanon. The news report, broadcast by the Lebanese MTV channel news, accused the two main Muslim Shia political parties of manipulating the 2012 LACPA election in favour of one of their sect's followers. The report explained that the Lebanese accountancy profession law requires the LACPA president to be a practicing member. It alleged that the elected president, a Muslim Shia who held a government position as a director in the Ministry of Finance, secured his position because of the political power of his sect, even though he was a non-practicing member. Listing several illegal acts committed by the elected LACPA president, the report claimed that these acts had been supported by the president's religious sect's political leaders. Particularly scandalous was that the named president completed his term of two years in full, with no investigation either by LACPA or the government.

How can an accounting association responsible for protecting the public's interest be filled and ruled by corruption? How can the association perform its duties of ensuring the financial transparency of the Lebanese economy if it lacks integrity? If the association is corrupt, how will the public and the international community trust the opinions of its members? While these questions are important to answer, this research do not intend to answer them, but rather focuses on a more essential question that is raised by these questions: What was the reason for the accounting profession to be in such a position?

The aim of this thesis is to provide an answer to that essential question. However, to understand the present, one must look at the past.

Accordingly, a careful examination will be made of the accounting profession's history in Lebanon, since understanding this past will allow "*a more orderly and systematic development of accounting techniques and ideas*" (Carnegie and Napier, 1996, p. 11). Such investigation entails examining the trajectory taken by accounting as it moved from being an occupation into becoming a profession from the 1930s and then analysing the factors that affected the profession henceforward.

1. 2. The context of the research

To examine the development of the accounting profession in Lebanon, a thorough exploration of the notion of a 'profession' is required. While there is no unified definition of the term, researchers have considered the concept of a profession via the professionalization process: i.e., how social groups move from being an occupation to become a profession. The sociology of professions provides three differing approaches to performing such an enquiry: the functionalist approach, the interactionalist approach, and the critical approach (Willmott, 1986). The functionalist approach focuses on examining the traits attained by an occupation that enables it to become a profession, such as standard of education or licensing. The interactionalist approach emphasises the way occupational groups attempt to persuade the public of the legitimacy of their occupation as a profession. The critical approach seeks to understand how the occupational groups achieve a monopoly over the market for the services. A Marxist version of the critical approach focuses on the capitalist relations of production in the process of achieving a monopoly over services; a Neo-Weberian version of the critical approach concentrates on the concept of closure; i.e. how occupational groups achieve a monopoly over the profession through socially defined characteristics.

The approaches to examining professionalization are in line with the approaches to the sociology of professions (Ritzer, 1975). The structural model considers the professionalization process as complete once the

occupation attains all the traits of a profession. The processual model focuses on the sequence by which the occupation attains these traits. The power model calls for an examination of the professionalization process in light of social actors and suggests that the occupation becomes a profession once it attains power and monopoly over work by convincing the state and the public of the legitimacy of this monopoly.

Birkett and Evans (2005) provide a general framework for understanding professionalization that considers the conditions, dependencies, and strategies the occupational group must manage during the professionalization process. In order to attain a monopoly, the Birkett and Evans model suggests that the organizational groups must meet three conditions: professional power, association control, and a sustaining ideology. Once these conditions are met, the dependencies of work, market, and the state must be managed to maintain the group's monopolistic position. The model provides several strategies that the occupational groups would implement to attain a monopoly, as well as further strategies for maintaining the monopoly. To attain professional power, the profession must have the ability to self-regulate its standards, unify all the members under the association's name to gain a monopoly, and build a successful relationship with the state to preserve the profession's autonomy. Association control is achieved by delineation of the area of expertise of the members, control of standards of education and experience, and definition of the members' competence levels. A sustaining ideology requires the formulation of a code of ethics as a symbol of rigor and image-building to convince the public of the legitimacy of the profession.

The examination of the professionalization process through the Birkett and Evans' model must be accompanied by the examination of the social and economic contexts in which the process occurs. This is achieved by considering the closure strategies used by the occupational groups for creating entry barriers into the profession. While some entry barriers, such

as minimum levels of education, may seem logical, closure strategies can also be used to exclude groups based on social attributes such as race, colour, and gender. For example, women were excluded from the accounting profession in the United Kingdom in the early 1900s based on the belief of that society at the time of the inferiority of women compared to men (Lehman, 1992). African-Americans faced similar exclusionary practices in the United States of America throughout much of the twentieth century: accounting firms would not train black people, thus eliminating the possibility of an African-American to successfully complete the required training periods set by the professional body (Hammond and Streeter, 1994). These exclusionary practices were set in place to reflect the views of the society regarding race, colour, and gender, and to signal to society that the profession is 'superior' since only 'superior' members of society could join.

While exclusionary practices based on gender, race, and ethnicity have been prominently evidenced in the literature, the impact of religion and religious sectarianism on the accounting professionalization project has been less well explored. Two research projects have considered this topic, but without providing an in-depth analysis. Edwards and Walker (2008) find strong evidence of informal exclusionary closure based on religion within the early Canadian accounting community in the late nineteenth century when Anglicans, although the minority within the wider Canadian population, were the dominant group in the accounting profession. Similarly, Protestants in Ireland, the socially dominant group in nineteenth-century Ireland despite constituting only 20% of the Irish population, dominated the Irish accounting profession (Annisette and O'Regan, 2007). Neither piece of research, however, provides the reasons for the disproportionate dominance of these two sects in the accounting profession when compared to the sects' percentages in the Irish and Canadian populations.

A comprehensive analysis of the accounting professionalization process can only be achieved by examining the impact of the social contexts surrounding the process. A review of Lebanon's history reveals that religious sectarianism has been the main driver in Lebanese society since the early 1800s (Weiss, 2009). While sectarianism has permeated all aspects of Lebanese society, the sectarian struggle over power has led to several civil wars and armed conflicts. The Lebanese national identity has been eradicated and replaced by an identity based on sectarian belonging, in which high trust levels are reserved for members of the same sect, and low trust levels are shown towards members of other sects. The religious sects within Lebanon act as cults, around which political parties are formed to protect their sects' rights within Lebanese society (Horowitz, 1985). Such attitudes in Lebanese society raise a question: Did religion and/or religious sectarianism play a role in shaping the accounting professionalization project in Lebanon? This question constitutes the heart of this research, as explained further in the following section.

In summary, the research aims to answer the following three fundamental questions:

- How did the accounting professionalization project emerge and evolve in Lebanon?
- Did religion/sectarianism play a role in shaping the accounting professionalization project in Lebanon? If so, to what extent?
- What is the current state of the accounting profession in Lebanon?

1. 3. The purpose and importance of the research

The purpose of this research is to examine the development of the accounting profession in Lebanon, while considering the role played by

religious sectarianism in shaping and defining this profession. Most research on the development of the accounting profession has been confined to Anglo-Saxon settings in the period between 1850 and 1945 (Matamoros and Gutierrez-Hidalgo, 2010). However, in recent years there has been an increasing trend to examine other geographical settings in light of social constructs such as gender, race, and colour. As mentioned above, the research by Annisette and O'Regan (2007) and Edwards and Walker (2008) evidence the use of exclusion in the accounting profession based on religious sectarianism, yet they do not provide the reasons for such exclusion. This research adds to their work to explaining the use of religion and religious sectarianism as a barrier of entry to the profession, and then the use of sectarianism as a power tool to control the profession and the professional body.

This research strives to create new knowledge by filling two major gaps in the literature: social construct and geographic location of the accounting professionalization project. It seeks to investigate the possible effect of religious sectarianism as a social construct on the development of the accounting professionalization project. The research also intends to address a geographic location in which the examination of the development of the accounting profession has been neglected: Lebanon, as a site of historical enquiry. Lastly, by using archival material and the narratives of interviewees, the research contributes to the creation of an archive of the accounting profession in Lebanon, an archive which was mostly lost due to the 15-year Lebanese civil war that began in 1975.

In addition, the research proposes a new theoretical framework that triangulates the Neo-Weberian approach to professionalization; i.e. the closure theory; with the social dominance theory (STD) and the theory of ethnic conflict (TEC). The closure theory explains the path that is taken to transform an occupation to a profession and how some groups are excluded from this process, but is limited in explaining the aftermath. This is where STD and TEC come to place, where they attempt to explain how the

excluded groups from the profession would 'flight' to be included in the profession. The framework is established to examine the inception of accounting as an occupation during the 1930s until the legal recognition of accounting as a profession in 1994 using Birkett and Evans' (2005) model, and then considers the potential role played by religious sectarianism on the profession by using SDT to assess whether there is a sectarian influence that would create a division within the profession and TEC to examine the reasons behind this division throughout the profession's young life until 2015. SDT and TEC are introduced in Chapter Four after examining the history of Lebanon in order to reveal the mindset of the Lebanese society.

1. 4. The scope of the research

The purpose of this research is achieved by using a Neo-Weberian critical perspective on the sociology of the profession, namely the Birkett and Evans (2005) professionalization model. In addition, Social Dominance Theory and the Theory of Ethnic Conflict are adopted to understand Lebanese sectarian intergroup relations. Social Dominance Theory classifies society into dominant and subordinate groups based on social contexts, where the dominant group utilizes legitimizing myths to preserve its dominance. The Theory of Ethnic Conflict attributes divisions between groups to ethnic factors and suggests that such divisions result from economic competition between groups arising from the monopolistic position of one of the ethnic groups.

The scope of this research is to fill two major gaps in accounting research: the geographic location of Lebanon and the social construct of religious sectarianism. To achieve this scope, the research uses a mixed methodology: qualitative data are gathered from semi-structured oral history interviews with selected LACPA members, and archival material is analysed. The interviewees were selected on the basis of their involvement with the accounting occupational group in Lebanon: eight of the

interviewees are former board members within LACPA, while one was the founding father of the association that preceded LACPA. The members belong to various religious sects, thereby ensuring data collection of differing opinions with a view to producing unbiased findings. The archival material used in this research was generously provided by one of the interviewees on a loan basis.

The qualitative data are gathered from LACPA regarding all its members' age, gender, status, date of joining LACPA, and data of leaving LACPA (if applicable) between 1995 and 2015. In addition, the 2015 Lebanese electoral lists, purchased from the Lebanese Ministry of Interior, were compared with the data provided from LACPA that records LACPA members' religion, religious sect, and family ties. The lack of an official census in Lebanon makes the electoral lists the next best alternative for providing data on the wider Lebanese population who are over the age of 18 and have not been convicted of a crime, both of which are also conditions set by law for membership of LACPA.

1. 5. Organization of the research

This thesis is organized in the following manner. Chapter Two presents a review of the literature. Section 2.2 reviews the literature relating to ideology and the sociological perspective of professions. It also introduces the three approaches to the examination of professions: the functionalist approach, the interactionalist approach, and the critical approach. Within the critical approach, the Marxist approach and the Neo-Weberian approaches are discussed and compared. Section 2.3 examines the application of these approaches within studies of the accounting profession. While Section 2.4 provides an overview of the professionalization process, Section 2.5 reviews the three models of examining the professionalization process, namely the structural model, the processual model, and the power model, in addition to the Birkett and Evans model. Section 2.6 provides an overview of professionalization

strategies and the application of these strategies by various occupational groups. Section 2.7 reviews the closure strategies used in the accounting professionalization projects in Scotland, England and Wales, and France. It also describes the exclusionary strategies utilized in several accounting professionalization projects to bar people based on gender, race, ethnicity, and colonization. Finally, it provides an overview of the research that has been conducted on the role of religion in the accounting professionalization project.

Chapter Three discusses Lebanon and religious sectarianism. Section 3.2 provides an overview of the landscape of Lebanon. Section 3.3 examines the shifts in sectarian power in Lebanon, and the reasons for them. Section 3.4 describes the history of Lebanon before its independence in 1943. Section 3.5 investigates the history of Lebanon over three main periods after its independence: the period of state-building, 1943-1975; the civil war period of 1975-1990; and the post-civil war period of 1990-2015.

Chapter Four presents the purpose, methodology, and importance of this research. Section 4.2 discusses the purpose of this research and highlights the gap in the literature. Section 4.3 introduces the theoretical framework of the research and presents Social Dominance Theory and the Theory of Ethnic Conflict, detailing their application to this research topic in general and to Lebanon in particular. Section 4.4 discusses methodology, presenting the qualitative and quantitative methods utilized in the research. Section 4.5 outlines the importance of the research.

Chapter Five investigates the road to the accounting profession in Lebanon. Section 5.2 discusses accounting as an occupation from the 5th century up to 1920, focusing mainly on the era in which Lebanon was part of the Ottoman Empire. Section 5.3 describes the emergence of the accounting profession in Lebanon between 1920 and 1950. Section 5.4 explores the first attempts towards professionalization between 1950 and 1990, while

explaining the strategies used by the occupational group to achieve professionalization.

Chapter Six provides a comprehensive examination of the accounting professionalization project between 1990 and 2015, using both archival material and qualitative data. Section 6.2 considers the final steps taken by the accounting occupational group in Lebanon to establish the professionalization law between 1990 and 1994. Section 6.3 provides insights on the reasons for the establishment of LACPA between 1990 and 1994. Section 6.4 describes the LACPA membership, while explaining the entry barriers that were set in order to monopolize the profession by LACPA. Section 6.5 discusses the sectarianism within the accounting profession in Lebanon between 1995 and 2015, providing evidence of the sectarian effect on the LACPA presidency, board membership, membership, and accounting firms. Section 6.6 highlights some other factors that influenced the accounting profession, namely the structure of the Lebanese economy and corruption, the admission, age and exams for LACPA membership, the effect of competition, the relationship with government and universities, the incompetent LACPA governance, and gender inequality.

Finally, Chapter Seven concludes the research, while also considering possible limitations of the research and providing suggestions for future research.

1. 6. Conclusion

This chapter has introduced the following research and the motivation for undertaking it. Although the issue of corruption within LACPA due to sectarian interference was made public, no investigation or corrective actions followed. The 2012 MTV news report provided the trigger for various important questions, leading to the aims of this research: to examine the development of the accounting profession in Lebanon, while

considering the role played by religious sectarianism in shaping and defining the accounting profession. To achieve this aim, an extensive literature review of the sociology of professions and professionalization process has been undertaken. Integrating the Birkett and Evans (2005) professionalization model with Social Dominance Theory and the Theory of Ethnic Conflict creates the optimum theoretical framework for investigating the research question via the use of a range of quantitative and qualitative data. By answering the research question, the research fills two gaps within the literature. Research on the accounting profession has not previously examined the geographic location of Lebanon, nor has it considered in depth the social context of religious sectarianism. In addition to filling these gaps, this research serves as an archival reference for lost material relating to the accounting profession in Lebanon.

Chapter 2. Literature Review

2. 1. Introduction

"What is a profession?", "How does an occupation become a profession?", and more importantly, "How do the occupational associations convince the state and the public that their occupation is a profession?" are questions that this chapter endeavours to answer. This chapter starts by exploring the definition of the term 'profession', then moves towards explaining the various approaches towards the sociology of professions. It presents the functionalist, interactionist and critical approaches, and describes the Marxist and Neo-Weberian critical approaches. This is followed by an examination of the utilisation of the sociology of profession approaches when investigating the accounting profession.

Next, the professionalisation process is discussed, providing an overview of various theories on this process – the structural model, the processual model and the power model – and concludes by presenting the Birkett and Evans (2005) model.

The chapter then reviews the professionalisation strategies implemented in the professionalisation project of accounting, and then describes the closure strategies used in various contexts to prevent the ineligible from the profession. The chapter then exhibits the use of closure strategies as a measure to exclude individuals based on social constructs such as gender, race, and ethnicity.

2. 2. Professions

2. 2. 1. The ideology of a profession

Defining the word 'profession' is of a problematic nature. Poullaos (2009-a) notes the lack of consensus amongst sociologists as to the exact meaning of a profession. Havnes and Smeby (2014, p. 919) provide a generalised look at the term, stating that it was "*traditionally used to describe common characteristics of an exclusive number of occupational groups*" such as medicine and law. Evetts (2003) argues that in today's modern world, the term is used loosely to describe knowledge-based occupational groups. Abbott (1988, p. 8) describes professions as an "*exclusive occupational group applying somewhat abstract knowledge to particular cases*", while Hughes (1958, p. 157) states that "*a profession is an occupation which has attained a special standing among occupations*". Later, Hughes (1971, p. 340) states that "*the term profession is a symbol for a desired conception of one's work and hence, of one's self*".

Havnes and Smeby (2014) suggest that the lack of a distinct definition of professions is a result of the changing autonomy of professionals over time and across countries. Freidson (1988) attributes this lack of agreement on a definition to a number of reasons, including the descriptive and evaluative nature of the word 'profession'. Becker (1962) provides a pessimistic view of the word by describing it as the word used by a self-conscious occupational group to describe themselves for the purpose of persuading others of their importance. He continues by stating that the word profession is just a social symbol used by these groups for prestige and to distinguish themselves from those occupational groups that are not a profession.

Freidson (1988) considers that this desire to be distinguished is another reason for the lack of definition. He states that "*people frequently draw up definitions first by deciding that certain occupations are professions and*

then by attempting to determine the characteristics these occupations have in common" (p. 4). He then explains that since there is a lack of consensus of what occupations to include or exclude, the definition of the word 'profession' varies depending on the focus of the definers. Armstrong (1985), on the other hand, states that professions could be defined by the traits they possess, namely ethics and performance standards.

Richardson (1997) agrees with Freidson's view, and, similar to Armstrong (1985), suggests that occupations are recognised as professions based on key dimensions due to the lack of a coherent definition. He identifies these key dimensions as intellectual underpinnings and the existence of specific features such as ethical codes (p. 635-636). He warns that over-theorising the notion of profession leads to idealistic characteristics held by particular occupational groups, thus limiting the ability of other occupational groups to become a profession. Similarly, Goldstein (1984, p. 125) adopts a Foucauldian view by stating that the sociological concept of a profession stresses the application of a body of knowledge to particular social needs. Montagna (1974, p. 59-60) describes ten attributes of a profession, and contends that professionalisation occurs when occupational groups engage in activities that increase these attributes, while engaging in activities that reduce these attributes will result in de-professionalisation. These attributes, aside from the most critical attribute of body of knowledge according to Montagna (1974), include a code of ethics, education, formal recognition, formal examination, personal traits, professional association, and a set of values, symbols, and unwritten rules. Similarly, Jones (2003) distinguishes the professions from other occupations by having six traits of body of knowledge, absence of market-based competition, autonomy or self-regulation, code of ethics, altruistic motives, and substantial regulated training.

Knowledge is considered a "*principle component of their [the professions'] distinctive occupational identity*" (Halliday, 1987, p. 29), and is an agreed-upon concept in the sociology of the profession (Macdonald, 1999).

However, such views of classifying the body of knowledge as the most crucial attribute were examined by Hines (1989), where she finds that it is not the existence of the body of knowledge that advances the professionalisation process but rather the claim of such knowledge, i.e. the appearance and image of an exclusive knowledge. She suggests that the body of knowledge is used as a strategic resource to gain a monopoly over the services rather than a technical resource in the professionalisation project.

With no definition for a profession but the identification of the socially accomplished attributes of a profession, Freidson (1986) suggests examining the professionalisation process, i.e. *"how they [the occupational groups] 'make' or 'accomplish' professions by their activities"* (p. 36).

Before venturing into the professionalisation process, the following section presents the perspectives of the sociology of the profession, thus providing a better understanding of how such a process is viewed from a sociological perception.

2. 2. 2. The Sociological Perspectives of a Profession

"What distinguishes profession?", "What makes a profession different from an occupation?", and "Are professions the same as occupations?" are questions that this section aims to answer by examining the sociological perspective of a profession. Monteiro (2015) suggests that the aspiration to distinguish between profession and occupation is the foundation that started the Anglo-Saxon sociology of the professions. Abbott (2001) defines the sociology of professions as *"a branch of the sociology of work concerned with the analysis of expert occupation. It analyses their patterns of organisation, types of work, and social status"* (p. 12166).

There is no unified sociological approach in examining the history and transformation of occupations into professions (Abbott, 1988; Willmott,

1986). In fact, the sociology of the professions includes differing approaches that were developed through three distinct stages. These approaches are the functionalist, interactionist, and critical approaches.

2.2.2.1. *The functionalist approach*

Willmott (1986) states that in the functionalist approach, a profession is viewed as a cohesive community in which the profession's members assume highly skilled tasks which are vital for society's continuation. He notes that this approach emphasises the distinctive characteristics of the profession while considering them undisputed. This approach views these characteristics of the profession, such as prestige, reward, and protection from competing services, as fair exchange for the practitioner's independence from others and possession of knowledge while providing their services (Barber, 1963). Such independence provides professionals with the ability to exert their opinions or perform their services without being influenced, pressured, or having conflicts of interests. This can, for example, be viewed in the case of medicine, where doctors gain prestige, wealth and power due to their body of knowledge. They are protected from competing services, such as nursing and alternative medicine, by the government, in exchange for performing and through the monopoly of their highly skilled services.

According to Sciulli (2005) and Abbott (2001), Alexander Carr-Saunders and Paul Wilson (1933) were the first to approach the sociology of the profession with their work to identify the unique traits of a profession. Carr-Saunders and Wilson (1933, p. 497), while examining professions in Britain during the interwar period, perceive professions to be the most important pillar in society as professions "*engender modes of life, habits of thought and standards of judgement which render them centres of resistance to crude forces which threaten steady and peaceful evolution*". They consider professions to transcend the other social pillars of family and the church, among others, in the protection of society itself, while possessing traits

that elevate them over occupations. Abbott (2001) argues that Carr-Saunders and Wilson's analysis of the profession could not be applied to the military and the clergy, which were considered professions by the British. He also points out that their analysis could not be extended to other parts of the world, including Europe, and suggests that the German and French identification of a profession differs greatly from the Anglo-Saxon denotation given by Carr-Saunders and Wilson. For example, Carr-Saunders and Wilson view professionals as all of the experts of a profession while assuming that all of these professionals enjoy independence. The French, according to Abbott, viewed professionals as "*only experts in free individual practice*" (p. 107), thus assuming that independence is only achieved through being in an individual practice as compared to being employed by the government, for example.

Goode (1960) discusses the following ten sociological traits that an occupation obtains as it becomes more professionalised. He suggests that as the occupation moves towards becoming a profession, the occupational group will set its own standards for education and training, in which "*the student professional goes through a more far-reaching adult socialisation experience than the learner in other occupations*" (p. 903). He argues that while the profession gains legal recognition in the form of some type of a license, most of the legislation concerning the profession is shaped by its members, and that the "*licensing and admission boards are manned by members of the profession*" (p. 903). He also suggests that "*members are more strongly identified and affiliated with the profession than are members of other occupations with theirs*" and that "*members do not care to leave it, and a higher proportion assert that if they had it to do over again, they would again choose that type of work*" (p. 903).

The concept of occupational group, which itself transforms into a professional body as the occupation becomes a profession, is integral for the profession. It is this group that advocates the right of the occupation to be the sole provider of the services. The occupation group is the one

that exhibits the possession of the body of knowledge, self-regulate the profession, and seeks legal recognition.

Sciulli (2005, p. 916) explains that this approach assumes that professions are distinct both empirically and analytically from other middle-class occupations, such as teachers, and that their presence "*supports 'social order' in substance and intrinsically advances an 'integrative' direction of social change*". He argues that the problem in these assumptions is that researchers utilising this approach assume a connection between professions and 'social order', thus failing to "*to identify analytically the uniquely integrative consequences of professions' presence in civil society*" (p. 916) since such an approach focuses on middle-class occupations only. Macdonald (1999) argues that the functionalist approach, aside from being biased, is not a viable approach as it is "*not really a proper sociological enterprise*" (p. 3).

This approach of functionalism towards the sociology of the professions was adopted until the late 1960s by prominent researchers and focused on the traits that would constitute a profession in both the Anglo-Saxon and Anglo-American settings. Etzioni (1969) classifies occupations into professions, semi-professions, and non-professions based on functional traits. He views non-professions as occupations lacking any of the traits associated with professions. He classified semi-professions, such as social workers, nurses, and teachers, as semi-professions, i.e. occupations that possess some, but not all, the traits of professions. Durkheim (2003) emphasises the importance of ethics and professional ethical conduct, while Parsons (1954) argues that professions are rationalist, functionally authoritarian, and universalist. Hickson and Thomas (1969) suggests a Guttman scale of professionalism that uses predefined traits in considering if an occupation is a profession or not. The more traits the occupation has, the more it would be considered a profession. Such traits include relevant work experience between exams and full professional status, disciplinary procedures or committees, length of training, a royal charter of

incorporation, membership fees, three examination stages, eight or more specialist committees and minimum entry requirements (Hickson and Thomas, 1969, p. 44).

In general, the following table summarises the functionalist approach view of the profession's traits, characteristics, and institutions/policies:

Table 2-1: Traits, characteristics and institutions of a profession

Traits of a profession	Characteristics of a profession	Institution and policies of a profession
Professional knowledge	Prestige	Professional body
Professional autonomy	Reward	Legal recognition
Professional skills	Protection	Professional training
Professional ethics, behaviour and attitude	Independence	Admission and membership
Barriers to entry	Universal	Identity and loyalty
Monopoly over services	Authoritative	Minimum required education

2.2.2.2. The interactionist approach

In parallel to the functionalist approach, there was a rise to the symbolic interactionist approach which, as Willmott (1986) explains, examines the professions as interest groups whose purpose is to persuade others of the "legitimacy of their claim to professional recognition" (p. 557), in contrast of assuming the characteristics of the profession prescribed by the functionalist approach. While the professional body that organises the profession is considered a method to regulate the competence and conduct of its members in the functionalist approach, it is seen as an instrument for "defining and securing a respectable and valued social identity" in the interactionist approach (Willmott, 1986, p. 557). Hughes (1963), for

example, moves from a functionalist approach of attempting to classify occupations as professions to wanting to understand the circumstances in which occupation practitioners attempt to turn their occupation into a profession. Macdonald (1999, p. 4) suggests that the interactionalist approach was based on "*a tradition which took as its subject matter the actions and interactions of individuals and groups, how they constituted their social worlds as participants and how they constructed their careers*". The traits are no longer undisputable, and are examined as real constructs rather than abstract standards. For example, the profession's monopoly over the services is no longer viewed as for the greater good for society, but is scrutinised under a more realistic view, such as the professionals grasping for power and prestige.

Using the interactionalist approach, Johnson (1972) suggests that professionalism is a means to control and organise an occupation, thus empowering its members over the profession's consumers. Freidson (1988) argues that professions use their resources to preserve control over their market and more specifically "*control over the determination and evaluation of the technical knowledge used in the work*" (p. 185-186). Boreham (1983) debates that while such views may not lack validity, they lack an adequate level of theorising when it comes to the control of professional occupations in the capitalist mode of production, and that occupational authority is "*largely determined by the nature of the work of the profession and its centrality to the global functions*" (p. 696). He argues that control over a profession is not limited to the professionals and their professional body but is influenced by managerial attempts and government interference. He calls for a better understanding of power and control, which are discussed in depth in the critical approach.

2.2.2.3. *The critical approach*

Willmott (1986) explains that prior to the early 1970s, the functionalist and interactionist sociological approaches prevailed when examining

professions; however, with the emergence of the works of Weber (1947 and 1978) and Marx (1958 and 1976), a more critical approach was undertaken in the sociology of the profession research to "*illuminate the institutional politics of professionalisation*" (p. 557). This critical approach declines the functionalists' assumption that professions are distinguished from other occupations based on certain traits. Sciulli (2005, p. 917) states that in this critical approach "[the] *professions are simply expert occupations that happen, by one strategic means or another, to establish and maintain particularly well-patrolled, yet structurally unnecessary, monopolies in the labour market for expert services*". He then explains that this approach assumes that professions do not contribute to social integration but rather to social control, and that the monopolistic control of the profession over the labour market creates socioeconomic inequities.

Willmott (1986) explains that the critical approach to examining the sociology of professions views the profession as an approach to control using solidarity and closure, thus enabling the profession to regulate the supply of its profession members. Such an approach can be viewed as an in-depth extension of the interactionist approach, as it examines the interest groups that constitute the profession in light of social attributes (Mihret, et al., 2012). Monteiro (2015, p. 50) suggests that this approach views professions as "*actors... that win the exclusivity of practicing and activity and jurisdiction over its segment of the market of services, monopolizing and closing it*".

Willmott (1986) explains that researchers influenced by Weber's critical approach focus on the closure mechanisms developed by the profession, henceforth referred to as Neo-Weberian. The sociological perspective to examining professions using Marx's approach focuses on examining the social division of labour in relation to the position and contribution of different professional groups within the developing social structure of the capitalist mode of production" (Willmott, 1986, p. 558).

Larson (1977), for example, builds on Weber and Marx's views when she considers that professionalisation¹, i.e. the process by which an occupation becomes a profession, is an attempt to translate special knowledge and skills into social and economic rewards. She suggests that the scares resources of special knowledge and skills may lead to the monopoly of the market and status. While her work reveals more emphasis on the work of Weber, mainly his ideas on social stratification, she suggests that the social status and monopoly gained by professions and professionals are not a direct result of the professions' knowledge and skills but are the outcome of the professionalisation. On the other hand, Johnson (1980) contrasts the works of Weber and Marx and then adopts a Marxist approach of the capitalist relations of production. He argues against the Weberian approach, stating that it uses unexplained concepts of market and social competition, and advocates the Marxist approach that, according to Johnson, better explains the interrelation between the professions and state. The following sections discuss these two approaches in brief and their implementation in examining the sociology of the professions.

2.2.2.3.1 The Marxist Approach

The Marxist approach to the sociology of the profession focuses on the capitalist relations of production (Saks, 1983) – more specifically professions in relation to the state and the proletarianisation (moving from being an employer/self-employed to becoming employed) of the professions (Macdonald, 1999). This capitalist mode of production results in processes of work (Macdonald, 1999) and social division of labour (Willmott, 1986), thus leading to a 'ranking' of professions (Poulantzas, 1975). Saks (2010. P. 890) argues that professions, under this approach,

¹ The concept of professionalisation is discussed in depth in sections 2.4 and 2.5.

"were situated on either side of the divide between capital and labour", where top-ranking professions and professional managers are viewed as *"agents of surveillance and control for the bourgeoisie rather than members of the proletariat"*. For example, medical professionals were viewed as part of the capitalist class. This is explained by Willmott (1986), who claims that the Marxist approach assesses the success of the profession in relation to the position of the professional groups in the social structure of the capitalist mode of production. Saks (1983) argues that despite the focus on the state and proletarianisation, Marxist authors consider the connection of professions with a wider social structure.

The view of the states as the most important actor in relation to professions can be seen in the works of Fielding and Portwood (1980) when they examine two bureaucratic professions - college lecturers and ophthalmic opticians - in Britain, but acknowledge that such a view cannot be applied to all professions as the state's heteronomy is progressively reduced in non-bureaucratic professions. The role of the state in the profession is also adopted by Cocks and Jarauch (1990), who examine the German professions and determined that the state is the most dominating actor in the professionalisation process. Similarly, Crawford et al. (2014) review several countries and find evidence of state control over professions.

2.2.2.3.2 The Neo-Weberian Approach

The concept of closure, developed by Max Weber in his *Economy and Society* (1978), attributes the *"process by which given social collectivities seek to regulate market conditions in their favour... by restricting access to specific opportunities to a limited group of eligible"* (Saks, 1983, p. 5-6).

According to Brante (1988), Weber views power as the driving force in society, where such power is used by social groups and individuals to advance their own interests, even if such advancements are at the expense of others. He explains that in order to attain and maintain this power, social

groups use the closure mechanism to exclude other groups while monopolising opportunities, maximising their own rewards and furthering their own interests. He states that attributes such as *"nobility... social origin, sex, race, caste, religion, income, and knowledge are other attributes that have been employed to justify social inequality"* (p. 127) and that social groups, which share certain attributes, use these attributes to exclude other social groups, simply because the 'others' do not possess these attributes.

Macdonald (1999) suggests that these social collectivities can be groups of common interest, common religious belief, or common race, among other common attributes. Likewise, Murphy (1984) states that *"any convenient and visible characteristics, such as race, language, social origin, religion, or lack of particular school diplomas, can be used to declare competitors as outsiders"* (p. 548). Macdonald (1999) argues that these groups unite to either pursue their common interest or defend their position against others, thus creating a monopoly over the profession. Weber (1978, p. 342) explains how these groups practice the concept of closure:

"In spite of their continued competition against another, the jointly acting competitors now form an interest group towards outsiders; there is a growing tendency to set up some kind of association with rational regulations; if the monopolistic interests persist, the time comes when the competitors... establish a legal order that limits competition through formal monopolies; from then, certain persons are available as organs to protect the monopolistic practices, if need be, with force. In such a case, the interest group has developed into a legally privileged group... and the participants have become privileged members."

Murphy (1984) and Parkin (1979) provide two generic forms of the concept of closure: usurpation, in which a subordinate group's position is improved

at the expense of a dominant group, and exclusion, in which a dominant group exercises power downwards towards a subordinate group. In both cases, the dominant and subordinate groups are usually socially defined. Macdonald (1999) argue that exclusion is the reason for usurpation. This can be seen in the case of Kenya, where Sian (2006, 2007, and 2011) evidences the exclusion of African Kenyans from the accounting profession, while the dominant group, the British expatriate accountants, enjoyed the privileges of the profession. Once Kenya's independence was achieved in 1963, the subordinate group, i.e. the Kenyan African accountants, were able to improve their position with the help of the government's initiation of affirmative action and social reforms.

Parkin (1979) argues that professionalisation follows exclusionary closure as it limits and controls the supply of the occupation's practitioners in order to safeguard the profession's market share and value. He explains that 'professions' exclude others by attaining a legal monopoly over the market by seeking state licensing, and that by restricting access to the profession to a limited group of eligibles, the profession can then elevate the social status, power and income of its members.

Similarly, Parry and Parry (1976) view professionalisation as a strategy by which occupations control the market and attain monopoly by creating self-governing associations, creating entry barriers, and securing legal recognition. In their examination of the medical profession in Britain, they argue the importance of analysing class structure when examining professions, as a closure strategy aims to achieve upwards social mobility. They suggest that the strategies implemented by the occupational associations to attain closure are highly related to class formation in society, and even play a significant role in the formation and development of these classes within capitalist societies.

Saks (1983) advocates that researchers use the neo-Weberian approach to examine empirically the socio-political conditions under which

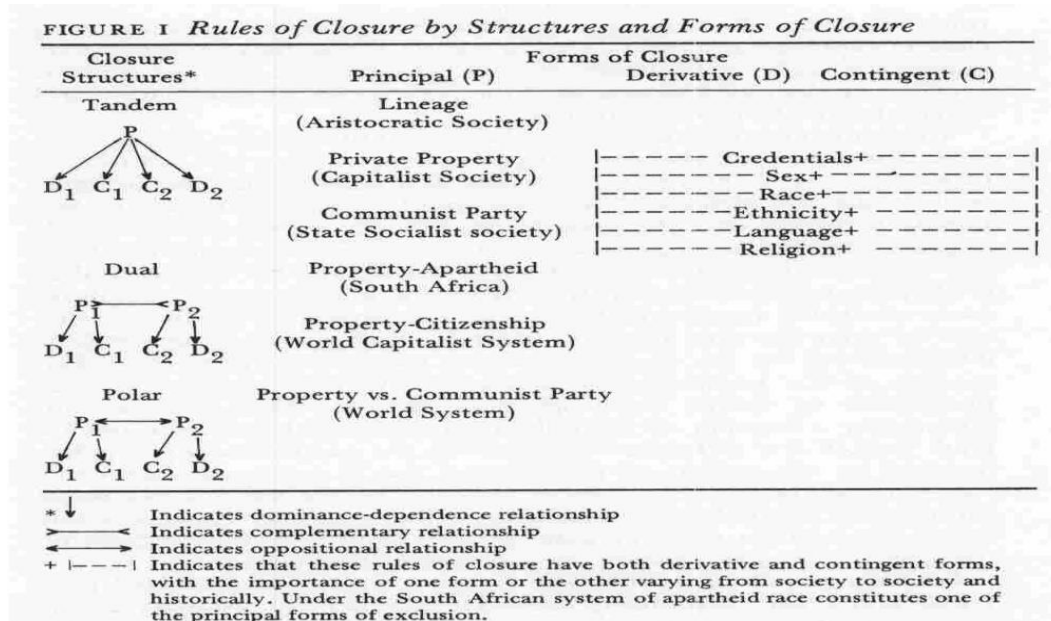
occupations become professions. Freidson (1988) views the professionalisation process as "*essentially political and social... in character*" (p. 79), and calls for the inspection of these factors when examining professions. His call was evident in Crankshaw's (2002) examination of exclusion on the basis of race and class within professions in South Africa. A further discussion of exclusion based on social constructs is found in section 2.7.

The neo-Weberian concept of social closure has been used widely when examining professions and professionalism, such as Evetts (2013, 2010, 2003), Muzio and Tomlinson (2012), Saks (2012), Crankshaw (2002), Collins (1979), and Larson (1977). The attainment of closure with the support of the state is evident within the medicine (Berlant, 1975) and law (Burrage, 2006) professions in the United Kingdom and the United States.

Murphy (1984) critiques the views of Neo-Weberians on social closure, stating that they did not provide coherent structural relationships of the rules and codes of closure, and therefore "*have not provided the key for understanding the deep structure of dominations in society*" (p. 555). To overcome this limitation, he provides a framework that distinguishes between the principal, derivative and contingent forms of exclusion in society. According to Murphy, in the principal form of exclusion, the exclusion rules are supported by a legal frame, mainly recognition from the state. The derivative form of exclusion includes the rules for creating the monopoly, such as credential requirements and "*mechanisms that tend to exclude racial, ethnic, religious, or sexual groups*" (Murphy, 1984, p. 556). He suggests that these sets of rules can be formally written or agreed upon. Murphy (p. 558) then calls attention to the analysis of the nature of the overall structure of exclusion, thus distinguishing between three types of exclusionary structures. The first is the tandem structure of exclusion, in which derivative and contingent rules are a result of the one main principal form of exclusion. In the dual structure of exclusion, two principal forms of exclusion, usually relatively complementary, exist from which

derivative and contingent rules stem. The third form, which is the polar structure of exclusion, is similar to the dual structure in having two principal structure of exclusion, but differs as it has opposed sets of exclusion rules (see Figure 2-1).

Figure 2-1: Rule of closure by structures and forms of closure (Murphy, 1984, p.561)



In contrast to exclusionary closure, the concept of closure by usurpation has been discussed by Murphy (1984), who presents two forms of usurpation. He identifies the first as inclusionary usurpation, which is the struggle by an excluded group for equality of opportunity, hence shifting exclusion from collectivist criteria to individualist ones. According to Murphy, this form of usurpation is evident in civil rights movements, leading to the inclusion of blacks as equal citizens to the whites in the USA. The second form, which is revolutionary usurpation, exists when the excluded group "makes a direct attempt to change the structure of [their] position in society and in some cases to change the structure of nation states" (Murphy, 1984, p. 560). Murphy suggests that independence movements and anti-colonial movements are examples of revolutionary

usurpation. He proposes that excluded groups will resort to one of these forms of usurpation depending on the usurpationary group's tendencies, which may create a struggle between these groups themselves on the type of usurpation used in reacting to the exclusion enforced. Murphy's explanation of closure is unique in the sense that it can be applied to both capitalist and socialist countries.

2. 2. 3. Conclusion

Willmott (1986) suggests that each of these different sociological perspectives provides a contribution to the understanding of the concept of profession. Willmott (1986) and later Yapa (1999) use a mix of these three perspectives when examining the accounting profession in the United Kingdom and Brunei Darussalam respectively. Edwards and Walker (2008, p. 374) note that these different perspectives intersect in major areas, namely "*occupational trajectory, closure and conflict*". However, Walker (2004) explains that the research on the accounting profession has moved in recent years towards the critical perspective approach, and is no longer confined in the functionalist approach. He states that "*it is now accepted that there are manifold paths to professional status and considerable historical variation in occupational projects*" (Walker, 2004, p. 128).

Saks (2016, 2010) advocates the implementation of the neo-Weberian critical approach to examining the sociology of the profession, stating that it establishes a coherent paradigm compared to the other main approaches, and claims that "*the neo-Weberian approach is the most incisive and empirically fruitful approach to professions in analysing such occupations in the advanced societies*" (Saks, 2010, p. 888). He argues that compared to the neo-Weberian, the trait-focused functionalist approach doesn't consider the socio-political historical dynamics in the professionalisation and post-professionalisation process but mainly describes the significance of self-interest and occupational power. He considers that the micro-oriented approach of the interactionalists ignores

the centre of powers and historical processes that surrounds the immediate workplace, where power centres might be national or international. He argues against the Marxist approach to the professions, which views the state as *"invariably operating in the long-term interests of capital"* (2010, p. 890), and calls for the use of the neo-Weberian approach as it *"enables the nature and role of professions to be examined empirically in a fairly open manner"* (p. 891), without subscribing to assumptions of the other approaches.

Hence, the research in this thesis adopts the neo-Weberian approach when it examines the accounting profession in Lebanon. Such an approach will provide a more realistic view of the profession, how it emerged, and how it evolved. This is achieved by not focusing on the Lebanese accounting profession's traits that are comparable to the accounting profession in other countries, but by looking at the unique social and political surroundings that shaped its inception and development. Utilizing the Neo-Weberian approach will aid in identifying the powers that influenced the profession, not just from a capitalist point of view, but rather from a societal point of view.

2. 3. The sociology of the professions and accounting history

As the research aims to examine how the accounting profession has evolved in Lebanon, i.e. the profession's history, it provides an examination of the research conducted in the field of accounting history. This section provides the sociological perspectives of profession used in examining the development of the accounting profession, mainly under the umbrella of the general concept of accounting history.

Similar to the rise of the critical approach of the sociology of the professions, the research on accounting history has shifted from a functionalist approach to a critical approach.

Johnson (1986, p. 68) follows the functionalist perspective by identifying accounting history research as being an examination of accounting in a "*mechanical, procedural and technical*" manner. Hoskin and Macve (1986) advocate a Foucauldian approach and suggest that accounting is not static as it affects and is affected by other disciplines. They assert that in order to understand the development of accounting through history, one must also examine its surroundings. Miller and O'Leary (1987) use the critical approach when arguing that the development of accounting cannot be merely interpreted by itself alone but that it must be examined in the contexts that influenced its advancement. Similarly, Hopwood (1987) states that the examination of accounting history must be accompanied with probing economic and social contexts. Following the critical perspective, Miller et al. (1991, p. 396) argue that accounting history is not just the "*natural evolution of administrative technologies*", but rather "*a complex that has itself been formed out of diverse materials and in relation to a heterogeneous range of issues and events*".

Napier (2001, 2009) presents two categories of accounting histories: the traditional accounting history and the new accounting history, with the latter reaching towards the utilisation of social theory. The 'new' accounting history challenges the notion of progress – a notion that is considered undisputed in the 'old' histories. Napier (2009-a) then proposes alternative categories or approaches for accounting history. He names the first as the history of accounting, which focuses on accounting as procedures and practices. He identifies the second approach as the socio-historical accounting research where research examines the impact of accounting on individuals, organisations, and society. This critical perspective approach in the new accounting history have been utilised by many researchers such as Walker (2004), Sian (2006), Uche (2002) and Abbott (1988) when they

examine the social contexts that have affected the development of the accounting profession in several countries. Their work will be discussed in more depth later in this chapter.

The main trend in the studies on the accounting profession after the 1970s is the utilisation of the critical perspective approach of the sociology of the professions – mainly Weber’s concept of closure in which the occupational groups ‘closes’ the profession via legislation to ensure their monopolistic power over the profession’s services in their niche markets (Mihret et al., 2012). The Weberian approach views the accounting profession *"as a status group within the division of labour"* while the Marxist approach examines the profession *"in terms of class structure and the relations of production"* (Caramanis, 2005, p. 196). Both approaches have provided significant insights into the accounting profession and its position within the society and economy. For example, Walker (1991) utilises the Weberian approach when he examines the methods by which the Scottish Chartered Accountants achieved a monopoly over practice between 1854 and 1880 by examining the broader economic and political conditions at that time. He argues that the closure mechanism suggested by Weber aided in understanding *"the adoption, exclusive usage and subsequent legal protection of the professional title"* (p. 261). Chua and Pouliaos (1998) defend the use of the Weberian approach of being *"technically deterministic... [and that it] eliminates the concept of capitalism altogether"* (p. 157) while calling for the examination of impact of social constructs on the professions:

"What they [closure theorists] do reject, however, is the assumption of a trans-historical primacy of productive relationships over other sources of social cleavage (ethnicity, gender, sexuality, age, religion, etc.) in the analysis of societies or professions" (p. 157).

Cooper et al. (1998), on the other hand, build on the Marxist approach to provide theories of identity and nationalism when they examine the mechanisms of imperialism. Similarly, Hall (1977) adopts the Marxist approach by suggesting that the inability to integrate with the concept of class is not due to the nature of the society but rather to the *"inadequate conceptualisation of class concepts, and their misapplication to specific historical formation"* (p. 177).

Both the Weberian and the Marxist critical approach bring attention to societal factors that influence professions. These approaches examine these factors from a different point of view, but none is superior to the other.

This thesis attempts to examine the development of the accounting profession in Lebanon using the critical approach of the sociology of the profession described above. Moreover, this research adopts the Weberian critical approach, combined with other sociological concepts described in chapter four, to investigate the relationship between the dominant social factors in Lebanon and the country's accounting profession. Given the lack of a unified definition of a profession, and utilising Freidson's (1986) call to examine the professionalisation process, the following section provides an understanding of the professionalisation process before venturing into explaining the social contexts used in accounting research to examine such a process.

2. 4. The professionalisation process

Lee (2013) claims that while professions have existed for thousands of years, they emerged as institutionalised occupations in Victorian Britain in the mid-1800s due to social and economic changes. He argues that the rise of organised professions can be attributed to the desire of the Victorian middle class to exercise cultural control and remove the social status quo set by the church. He suggests that, at that time, practitioners claimed

social status by exercising independence and knowledge of their profession, as well as exemplifying an uninhibited moral obligation to act in the best interests of the public.

Nonetheless, the reason for professionalisation and the professionalisation process is considered to be the transition from being an occupation to becoming a profession (Abbott, 1988; Cant and Sharma, 1996; Saks, 1995). Freidson (1970), and later Pescosolido, Tuch and Martin (2001), examine the professionalisation process in the medical profession focusing on how the professionalisation process occurred by attaining professional dominance through state-granted monopoly, and establishing consulting status through the approval and support of the public.

The case of organising the profession provides more questions than answers. How is the professionalisation project articulated in a specific context? Are the dimensions and processes of professionalisation related to a country's specific context and history? And more importantly, how does professionalisation occur? Therefore, the next section critically assesses the theories of professionalisation in order to understand the dimensions of professionalisation.

2. 5. The Theories of Professionalisation

The theories of professionalisation follow, to a certain degree, the sociology of the profession's perspectives discussed earlier in this chapter. Ritzer (1975) suggests that there are three approaches to the theories of professionalisation: the structural, the processual, and the power models. In addition to Ritzer's classification, this research discusses Birkett and Evans' (2005) model.

2. 5. 1. The structural model

Greenwood (1957) and Goode (1957) adopt the purely functionalist approach of the structural model in stating that the professionalisation process is achieved once an occupation attains all of the traits that separate it from a non-profession. Millerson (1964) summarises these traits to include utilisation skills based on theoretical knowledge, formal education and training tested through examination, an ethical code of conduct, the preservation of the public good, legal recognition, and the formation of a professional association.

2. 5. 2. The processual model

The structural model was criticised for being based on *"ahistorical and idealised notions of what is implied in the concept of a profession"* and being *"static and universalistic"* (Tobias, 2003, p. 447). Therefore, researchers moved from this structural model to a processual model. Parsons (1954), for example, focuses on the sequence of attaining traits that separates professions from occupations using a functionalist approach. He states that through attaining these traits, an occupation is transformed from an occupation to a profession. Such traits, according to Parsons (1954), are formal training, the monopoly of the occupation via the establishment of an association, and then attaining more knowledge.

Similarly, Wilensky (1964) suggests that professionalisation is a multi-step process that starts with a job being full-time and requiring formal training, then the establishment of an association as well as a monopoly through legal recognition from the state, and later the development of a code of ethics. Although he explains who initiates these steps, he does not provide the reasons that propelled these steps, or even the notion of professionalisation itself. Caplow (1954), on the other hand, provides a different timeline for the professionalisation process, which starts with the creation of professional associations that monopolise the market by

excluding the unqualified. However, Caplow does not divert from the functionalist/trait perspective.

Such a focus on traits is criticised by many scholars such as Friedson (1970) and Saks (1983) from a critical approach, and Johnson (1972) from an interactionist approach. Although they adopt differing approaches, they agree that the focus on traits ignores the *"social and historical conditions under which occupational groups become professions including the power struggles involved in the process of professionalisation"* (Saks, 1983, p. 2). Abbott (1988) contests the linearity of the events sequence of the processual model. He argues that cultural legitimisation is integral in the professionalisation process.

2. 5. 3. The power model

Acknowledging the shortcomings of the structural and processual models, other frameworks, derived from interactionist and critical approaches, were developed to examine the professionalisation process in light of social actors (Shaffir and Pawluch, 2003). The focus of these frameworks is power, i.e. how professions attain, preserve, and exercise power. Freidson (1970) suggests that professions attain power, and consequently monopoly, by persuading both the state and the public that the profession's work is needed.

Forsyth and Danisiewicz (1985) regard professionalisation as a system which aspires to attain and maintain power. They develop a professionalisation model that is based on professional power acquired from autonomy from the client and autonomy from the employing organisation. They argue that the core of the professionalisation process is to convince the public that the occupation is a profession. This is done by convincing the public that the profession's work is essential, exclusive and complex, thus attaining public recognition. A profession would have work that has these traits, and is able to convince the public of such claim. A

semi-profession, like social workers (Etzioni, 1969), is one that has these traits but is unable to convince the public, while a mimic profession is able to convince the public that it possesses these traits without actually having them.

Similarly, Trice (1993, p.193) states that "*unionism and professionalism are ideologies used by occupations to attempt to maintain control over their distinctive lines of work*", and that professionalisation is "*an elaborate rite of conflict reduction*" as the members perform activities to persuade their clients, and consequently the state, that their profession should attain and maintain the monopoly over their work".

The examination of the professionalisation process by these frameworks is most concerned with structure. Abbott (1988) suggests that professions exercise power by controlling the knowledge and skills of the occupation, creating entry barriers while protecting the profession from outsiders. He examines the structural necessities of the professions, and argues that the professionalisation process includes a social closure process to exclude others, and is done so by attaining professional status and monopolising the supply of knowledge-based skills and services. Such professional status is accompanied by the economic gain and elevated power of the professionals and the professional group over competing services and even customers.

Larson (1977) calls for analysing the underlying processes of the professionalisation process, where she defines professionalisation as "*an attempt to translate one order of scarce resources – special knowledge and skills – into another – social and economic rewards*" (p. xvii). She then argues that the profession's monopoly, and thus its power, is fully achieved once the professional association gains regulatory certification from the state, may it be a registration or a license.

This structural perspective, according to Kimball (1995), challenges the functionalist approach of explaining the profession using professional

expertise. West (2003) suggests that the traits used by functionalists to examine professions are considered by the structuralists as tools used by professionals to enhance their professional status. Structuralists argue that the scarcity of the special knowledge and skills is artificial (Horowitz, 1980), and that the profession's claim of objective scientific expertise may be invalid as structuralists *"tend to regard professions as self-conscious monopolies seeking to maximize their income and prestige"* rather than the greater good (Kimball, 1995, p. 314). Kimball (1995) states that professionals, by barricading their expertise and artificially making it scarce, are able to exclude others while attaining their self-driven goals. This view agrees with Larson (1977) and Freidson's (1970) claim that professions maintain the scarcity of their special knowledge and skills to maintain their monopoly of the market and monopoly of status. Parkin (1979, p.44) argues that professions maintain such a monopoly by *"limiting access to privileges and opportunities to a restricted number of eligibles"*.

However, this focus on considering the profession as a self-interested monopoly has attracted criticism. Halliday (1987), for example, agrees that while *"professional monopoly has thus rightly deserved some degree of the attention given to it"* (p. 140), *"the monopolistic interpretations of the rise of professions too readily become wrong-headed and unbalanced"* (p. 349) as *"all motivations and most consequences other than those that are explicitly or intentionally monopolistic become debased by the label [of monopoly]"* (p.350), thus leading to the neglect of examining forces other than monopolistic desire.

The foundation of this model, i.e. power, has also been criticised. Haug (1972) argues that the profession's monopolistic control over specialised knowledge and skills will eventually be challenged by an increasingly educated public and the readily-available nature of information due to technological advancements. Halliday (1987) points out that while there is monopolistic protection provided by the profession to its members, the

profession does not provide equality within in terms of earnings and status to its members. Not all members receive equal income, and not all members are sought after by customers. Halliday views social closure not as the primary motivation for professionalisation, but rather as an outcome of the process itself. Others have argued that capital and bureaucracies are gaining control over professionals, leading to a loss of economic advantages and professional status (Covaleski et al., 2003; Larkin, 1983). McKinlay and Arches (1985), for example, state that bureaucratisation, as a consequence of the capitalist expansion, was forced on the medical profession, leading to the profession becoming subordinate to capitalist control. However, such criticism does not diminish the existence of closure mechanisms strategies used by professions to gain power.

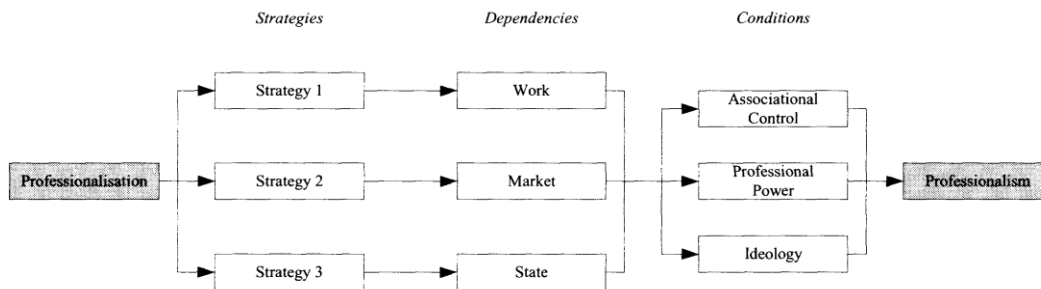
2. 5. 4. Birkett and Evans' model

In their 'Theorizing Professionalisation', Birkett and Evans (2005, p. 101) provide a "*holistic model of professionalisation*" that gathers and builds upon the "*fragmented and disordered*" literature of the sociology of the professions. They criticise the lack of a definition of professionalisation and suggest that the outcome of the professionalisation process (monopoly, power, closure, status, etc.) has received more attention than the process itself. Although they develop their model in order to provide a general framework, their model was built from the literature relating to the sociology of profession in general with the focus on accounting history literature. This focus elevates the value of the Birkett and Evans' model to this research, as it provides a conceptual model of professionalisation as a process and an outcome with an emphasis on the accounting profession.

Birkett and Evans summarise their model as the conditions that must be met to achieve the ultimate goal – the profession; the dependencies that must be maintained to safeguard such a position; and the strategies used by occupational associations to meet such conditions via managing these dependencies.

The focus of the Birkett and Evans' model is to provide a framework that is built on the various variables found in the professionalisation literature. The following is a discussion of their model.

Figure 2-2: Birkett and Evans' (2005) model of professionalisation (p.104)



2.5.4.1. Conditions of professionalisation

There are three conditions that the literature has identified in order to attain professionalism. These include professional power (external dynamics), association control (internal dynamics), and sustaining ideology. Birkett and Evans (p.106) define professional power – which has been discussed in the previous section - as *"a particular form of hegemony in society, by occupational associations over both the production and supply of services to consumers in a particular domain or jurisdiction"*.

They subdivide professional power into (p. 106):

"The power to determine who shall be producers ... the power to determine the conditions under which services are supplied by producers to consumers... legitimation by the state for the exercise of such powers; support for the exercise of such powers in society at large; (social) identification of the occupation with the occupational association; and the existence of ideologies which bind the practical exercise of such powers, through occupational associations, to legitimation by the state and societal acceptability".

Association control is the control over the association's membership by setting institutional frameworks. Such frameworks control (p.108):

"... how producers engage with consumers in the market for services ...; entry to practice ...; the knowledge base of the occupation, and the production of producers...; relations between producers collectively and the state ...; the nature and structure of the occupation's work ...; and the credentialling of producers".

This control provides the association with the power to control who can practice the profession, and effectively who cannot. Without such control over its membership, the association would not be able to justify its monopolistic power. Larson (1977), for example, argues that association control provides bargaining power to the professional association when dealing with the state and the public.

It is not enough for the occupation to meet these two conditions. The professional power and association control must be justified and maintained using ideology, which brings forward the third condition – sustaining ideology. Birkett and Evans (p. 110) quote the work of Plamenatz (1970), who defines ideology as *"a set of closely related beliefs or ideas, or even attitudes, characteristics of a group or community"*. These ideologies, in professionalism, are the ways in which professionals and their customers behave with each other. While the professional is expected to carry out services to the client with *"competency and integrity"* (Birkett, 1984, p. 272), the client is expected to accept the legitimacy of the power of the professional in terms of their authority and autonomy. According to Birkett and Evans (p. 110), such authority is *"promoted as the mechanism by which the structure of uncertainty experienced by consumers, as a result of occupational monopoly, is managed and elevated"*.

2.5.4.2. Dependencies of professionalisation

The Birkett and Evans' model explains that once these conditions are met, the profession is formed. However, three dependencies must be managed while attaining these conditions and afterwards to maintain such an end-state. These dependencies include the work, the market, and the state. The professional power depends on the perceived high task complexity of the work involved and high degree of indeterminacy of the task-related technologies to preserve the dependency of work. Managing the dependency of the market is preserving professional power in the face of shifts in consumer power. Such shifts are a result in changes in the market itself, such as the availability of substitute services, competition, and knowledge of the consumer, among others.

In addition, professional power is affected by the state, which can support or weaken and even diminish such power through exerting pressure via legislation. Such pressure and intervention is justified by the state as a means to preserve the public's interests. Because state support is crucial for occupational association's professional power, *"occupational associations can seek strong or weak forms of alliance with the state. They may seek or gain exclusivity in this alliance, or they may have to share in the alliance with competing associations. They can achieve licensure or registration ... which provides monopoly power"* (Birkett and Evans, 2005, p. 115). This relationship between the state and the profession becomes stable as the profession convinces the state of its legitimacy, and the state provides the profession with legal recognition.

2.5.4.3. Strategies of professionalisation

Attaining the conditions of professionalisation depends on continuous management of dependencies. Therefore, a variety of strategies are used by professions to achieve such conditions while managing the work, the market, and the state. While the strategies used by accounting professional

bodies will be discussed in-depth in the following section, Birkett and Evans identify three strategies that focus on managing a dependency in a manner to attain all of the conditions of professionalisation. The first strategy deals with favourably managing the work by *"focus[ing] on: task arrays and complexity, work-technology indeterminacy, competition in the supply of services, and exogenous change affecting the work domain"* (p. 120). The second strategy is how to manage the market favourably by *"focus[ing] on: structures of uncertainty, dependency, and the social tension of consumers; consumer power and trust; competition in the market for services; and exogenous changes affecting the consumption of occupational"* (p. 121). The third strategy is the favourable alignment with the state by *"focus[ing] on various arms of the state, in relation to: alternative modes of state recognition, support and forbearance; competing claims for state recognition or support; alternative expressions of the public interest; and exogenous changes affecting modes of interaction between the state and professionalism"* (p. 121).

Birkett and Evans (2005) explain that occupational organisations can use various activities for each strategy, as explained in section 6, and sometimes a specific set of activities can serve all of these strategies, thus attaining the conditions for the optimum management of dependencies. They also note that these strategies vary over time, and that the occupational organisation may not utilise these strategies at the same time, thus managing one or two dependencies simultaneously.

2. 5. 5. Conclusion

Siegrist (2002, p. 12155) defines professionalisation as *"a social project, which articulates itself in discourses on science, performance, honor, public welfare, and society, and in the ideology of professionalism"*. He states (1990, p. 177) that professionalisation is *"divergent processes which occur within institutions of learning, the division of labour, the economic market,*

and areas of political and social power to generate an end result known as profession”.

This section has provided the models that are used when examining the professionalisation process. These models align with the schools of thought that have developed the theories of the sociology of the professions, and as the sociology of profession has moved from the functionalist approach to the critical approach, the professionalisation models have moved towards a model that views professionalisation as a process that is affected by the conditions surrounding it.

This research utilised the guidance of the work of Birkett and Evans, which combines the fragmented professionalisation literature and provides a generic theoretical model of professionalisation. The model connects the professionalisation process strategies with conditions that must be attained and the relationships that must be managed to complete the professionalisation process. By utilizing this model, the research is able to identify the use and implementation (whether successful or not) of these strategies by the accounting occupational body as it attempts to transform accounting from an occupation to a profession. The research will also be able to identify if the occupational body was able to manage successfully the relationships with the state and the public to convince them of the legitimacy of the profession.

The professionalisation project, which is the development and implementation of strategies by key players to move from an occupation to a profession, is a dynamic one. The strategies aim towards gaining, maintaining and retaining the profession through changing times. Therefore, it is important to analyse the strategies used by accounting occupational organisations in various countries to complete their professionalisation process, as identified by accounting history researchers. Such analysis is provided in the next section.

2. 6. Professionalisation Strategies in the Accounting Profession

With the lack of a clear definition of profession, as discussed in section 2.2, the accounting profession is examined through its transformation from an occupation to a profession, i.e. its professionalisation process. In this research, the accounting profession is viewed as a profession that has legal recognition from the state, monopoly over services, the ability to self-regulate, has developed code of ethics, and has control of entry requirements through control over the requisite level of education and training of its members. The accounting profession is thus able to build its image based on its ability to perform highly-skilled service, while convincing the state and the public of the necessity of its services.

Allen (1991, p. 51) describes the image that professionals are able to exert to the public: "*professional skills are highly valued, rarely questioned and much sought after*". Such a 'powerful image' can only be explained by the successful implementation of a variety of strategies used throughout the professionalisation process. Successful implementation of these strategies would result in successfully transforming the occupation into a profession, which in return will provide a prestigious image of the professional. The following are some strategies described by accounting history researchers, which have been used by occupation organisations in their professionalisation project.

2. 6. 1. Suggested professionalisation strategies

In his examination of the Australian accounting professionalisation project between 1953 and 1985, Allen (1991) provides a theoretical framework which builds on internal and external dynamics developed by Klegon (1978) to utilise professionalisation strategies. Klegon's dynamics resemble the association control (internal dynamics) and professional

power (external dynamics) developed by Birkett and Evans (2005), as the internal dynamics are formulated to organise the profession internally, while the external dynamics addresses the arrangement of power with external groups. Allen (1991, pp. 53-54) provides eight professionalisation strategies that can be grouped using Birkett and Evans' (2005) three conditions as follows:

- **Condition One:** Professional power:
 - determinations of standards (S5)² where the profession self-regulates its standards;
 - professional unification (S7) of all members and associations to gain monopoly over the work in the market;
 - achieving a relationship with the state (S8) to gain support for the autonomy of the profession and decreasing any threat from the state to such autonomy.

- **Condition Two:** Association control:
 - delineation of the area of expertise (S2) and its protection from invasion and manipulation from outsiders;
 - control of education and entry by the organising body (S3) by setting and closely monitoring the level of university education required;
 - definition of competence levels of the members (S4) with more prestige awarded by the association to members who attain higher levels of membership.

² Allen (1991) used the term S to indicate strategy.

- **Condition Three:** Sustaining ideology:
 - formulation of a code of ethics (S1) as evidence of professionalisation and a symbol of rigor in serving the public's interests;
 - image building (S6), in which the occupational organisation promotes itself to convince the public of the legitimacy of the profession.

Table 2-2: Integration of Birkett and Evans' (2005) model with Allen's (1991)

	Social	Economic	Political	Intellectual
Professional Power	S7		S5, S8	
Association Control		S2		S3, S4
Sustaining Ideology	S1, S6	S1		

Allen (1991), however, groups these strategies into four spheres: social, economic, political, and intellectual. In examining the Australian professionalisation project between 1953 and 1985, Allen suggests that the occupational organisation was able to successfully implement these strategies to secure the economic sphere (S1 and S2). According to Allen, the strategies used to secure the social sphere (S1, S6, and S7) and the intellectual sphere (S3 and S4) were partially successful. However, the strategies used for the political sphere (S5 and S8) had minimal success, as the accounting profession at that time did not have experience developing adequate accounting and auditing standards while experiencing continuous state intervention.

Lee (1995) identifies several strategies used in the professionalisation of accountancy in the UK and the US. The occupational organisations first sought legitimacy through royal charters – *"the primary significance of this was the creation of institutions with royal permission to self-regulate professional accountancy, and to describe their members as chartered accountants"* (p. 51). Thus they were able to sustain ideology (S6) through attaining the royal charters (S8), and the exclusive right to the title (S2).

For example, the Scottish accountancy bodies used the court system to defend their exclusive right to the CA (Chartered Accountant) title when challenged by the non-chartered bodies (Walker, 1991). They viewed the title as a mirror to their "*professional monopoly [which] provided a higher value of service because of the competence of their members, and that competition devalued the chartered accountant designation*" (Lee, 1995, p. 53).

According to Lee (1995), the UK and the USA accounting professional bodies were able to self-regulate the profession, i.e. set entry, education, and training standards, thus implementing occupational control. These professional bodies' strategy in attaining professional power is evident in their ability to develop their respective countries' accounting and auditing standards and conceptual frameworks. The UK and US bodies have continued to attain ideology through publishing journals that signal their professional power and occupational control. For example, the Institute of Chartered Accountants of Scotland (ICAS) publishes the CA Magazine³ and the American Institute of Certified Public Accountants (IACPA) publishes the Journal of Accountancy.⁴

Carnegie and Edwards (2001) view these strategies as "*signals of movement*" (pp. 303 - 304), which start with subtle signals such as

"The creation of [a] specialist knowledge base [association control], the emergence of an identifiable occupational group [associational control], the holding of oneself out to the public as an expert provider of specialist services [professional power], the arrangement of listings in commercial and trade

³ <https://www.icas.com/>

⁴ <http://www.journalofaccountancy.com/>

directories [professional power], the establishment in certain jurisdictions of formal links between groups of accountants and clerks [professional power], and the congregation of accounting practices in certain precincts of a city [sustaining ideology]" (conditions added to the quotation).

Such signals of movements lead to the one visible signal, the formation of the organisational body, after which other signals are exerted such as:

"the development of the role performed by a professional body [professional power], implementation of examination regimes for admission and membership upgrade purposes [association control], acquisition of a royal charter [professional power], recognition in legislation as the appropriate provider of expert services [professional power], reclassification of the occupational group in government census data [professional power], and the sponsorship of professorial post and research activities at universities [sustaining ideology]." (Carnegie and Edwards, 2001, p. 304), (conditions added to the quotation).

Carnegie and Edwards (2001) suggest that the organisation of the professional body is just one of the signals of movement – not the only one. They call for the examination of signals of movements prior to and after such organisation to better understand professionalisation. They also suggest that signals of movements are not only used for professionalisation, but that these strategies are used as well as other strategies for social closure. This notion is discussed in a later section.

Richardson (1997) suggests that an occupation must successfully implement four strategies to become a profession. His model, built on Weber's social closure theory, argues that occupations start their professionalisation process by establishing market enhancement, in which the occupation creates and demonstrates the value of its services (Birkett

and Evans, 2005). The occupation then attains market closure, where the practice of the service that the occupation provides is limited to practitioners that meet the competencies set by the occupation itself (Birkett and Evans, 2005). While these two strategies create a protected market, they are not enough by themselves to attain the professional status. Hence, the occupation moves towards attaining professional closure, which is similar to Birkett and Evans' (2005) association control strategy. The last step in the professionalisation process, according to Richardson (1997), is to seek professional power.

The strategies described by Allen (1991), Lee (1995), Richardson (1997), and Carnegie and Edwards (2001) have been identified in the professionalisation of the accounting literature. Walker (1995), Parker (1986), and Macdonald (1999), for example, pinpoint the most prominent factor in the organisation of the accounting profession in Scotland to be economic self-interest preservation. A change in bankruptcy law in 1853 was proposed which allowed lawyers to take over some work usually done by accountants (Walker, 1995). According to Lee (2013), accountants, in fear of losing their economic privilege, successfully formed The Society of Accountants in Edinburgh in 1853 after many failed attempts (association control), and managed to secure a royal charter in 1854 (professional power). Walker (1995) explains that The Society of Accountants in Edinburgh joined forces with the Institute of Accountants and Actuaries in Glasgow (chartered in 1855) to challenge the proposed bankruptcy law changes (professional power), ensuring that accountants could continue to undertake such employment.

Whether the strategy is forming an organisational body (Carnegie and Edwards, 2001; Walker, 1995), securing a royal charter (Willmott et al, 1993; Walker, 1991), or negotiating and securing state support (Chua and Poullaos, 2002), only using one strategy would hinder the professionalisation project, if not cause it to fail. Fleischman and Tyson (1999) warn of professionalisation projects failing due to inadequate or

non-existent strategies, such as a lack of leadership or an inability to gain support from the state and the public. They illustrate the case of cost accountants in the US in the 1930s, who had the opportunity to organise themselves as a profession after the passing of the National Industrial Recovery Act in 1933. However, the act failed to gather public approval due to *"the accounting profession's lack of strong, visible, and sustained commitment to public service"* (p. 68), and the act was demised in 1935. Utilising a variety of strategies that aid in the continuity of the professionalisation process and consequently in achieving the end-state is a must.

2. 6. 2. Conclusion

Lee (2013, p. 170) explains that while the traditional literature of the profession attributes the rise of professions to *"privileged work with altruistic objectives"*, he suggests that professionals organise professions to *"gain market control of an occupational service by means of monopolistic exclusion of individuals deemed unworthy or unqualified to provide it"*. While such reasons for professionalisation may be valid, this section focuses on "how" professionalisation is achieved rather than "why" it occurs. Therefore, it is empirical to utilize other theories that will aid in finding the reason why professionalisation process is initiated. This outreach for other theories is done in Chapter Four where the theoretical framework is introduced after taking an extensive look at the history of Lebanon and the Lebanese society.

Birkett and Evans (2005, p. 120) state that *"it is evident that the management of the process of professionalisation by professional accounting associations over time is likely to be context dependent, dynamic and piecemeal, [and] in turn opportunistic and intentional"*. The successful implementation of the professionalisation strategies directed at the right audience at the right time should secure the end-state, i.e. the profession. Following Hopwood's (1987) call for examination of the

professionalisation project while probing economic and social contexts, the next section presents the professionalisation closure strategies used in various social contexts.

2. 7. The Themes of the Accounting Professionalisation

Much research has been conducted on the organisation of the accounting profession in terms of social and economic contexts since Bruchell et al.'s (1980) call in 1980. In their study, Bruchell et al. (1980, p. 19) argue that:

"Accounting cannot be conceived as purely an organisational phenomenon however. Whilst arising out of organisational and institutional pressures, it is also a prevalent feature of the societies in which we live... Unfortunately, however, very little is known about either the social nature of accounting thought and practice or the interplay between the social and the organisational".

They claim that whilst accounting is a product of the social factors influencing it, yet few researchers before 1980 had examined the effect of the social context on the organisation of the accounting profession. They called for the diverse array of interests that are intertwined in the development of the accounting profession to be examined, exemplifying the case of the organisation of the accounting profession in the UK due to *"interface between a critical media, concerned agencies of the state and a profession concerned with preserving its powers of self-regulation and control"* (p. 21). They argue that technical and conceptual developments are not the only influencers of the development of accounting and the accounting profession – social context plays a significant role as well.

However, Bruchell et al.'s call was not the first. Everett Hughes (1971, p. 340) states:

"Let me indicate that in my own studies I passed from the false question 'Is this occupation a profession' to the more fundamental one, 'What are the circumstances in which people in an occupation attempt to turn it into a profession and themselves into professional people?' and 'What are the steps by which they attempt to bring about identification with their valued model?'"

Bruchell et al.'s (1980) call is echoed in Hopwood's (1983, p. 289) research, in which he argues that *"accounting is neither a static nor a homogeneous phenomenon"* as it is shaped by the contexts that surround it. He claims that previous research relating to the development of the accounting profession (before 1953) have adapted a functionalist approach in which accounting development was seen as progressive, but notices that some studies were, at that time, starting to adopt a broader understanding by examining influencing social factors. He calls for an alternative view of *"understanding accounting and its problems that is consonant with the historical conditions which have resulted in its emergence and development and those current organisational forces which contribute to its significance"* (p. 290).

This section is concerned primarily by identifying closure strategies used by the occupational organisations in their pursuit of professionalisation of accounting in various countries. More importantly, it discusses three main themes in which closure strategies were used to exclude others based on social traits such as race, gender, or nationality, rather than on education and competency.

2. 7. 3. Closure strategies and the accounting professionalisation project

As discussed earlier in this chapter, the social closure theory views professions as status groups who seek to monopolise the market through implementing closure. According to Macdonald (1985, p. 541), *"the essence of closure is the definition of membership at a particular point in time, and the setting of criteria for those who may join subsequently"*. Such closure is strategised and implemented by the occupational organisation via exclusionary strategies, which sets the restrictions and conditions of the eligibility to become a member of the occupational organisation, i.e. a practitioner in the profession (Murphy, 1984). Walker (1991) agrees with Parry and Parry (1976) that the implementation of closure strategies is a means by which the occupational organisation achieve, sustain and protect their monopolistic control of the services provided by their practitioners. The closure strategies presented in this section correspond with the strategies highlighted by Birkett and Evans (2005) and Allen (1991) to complete the professionalisation process.

Sian (2011, p. 365) sets out closure strategies to include:

"ensuring that only those achieving established standards of education and competence are included; the restrictive use of authorized designations or badges of professional competence; state registration or legal sanction or some other means of granting a professional monopoly, whereby the ability to practice is restricted to only those appearing on official lists; and finally there may be specific exclusions encoded within the institutional regulations".

The selected countries presented in the following section – Scotland, England, Wales and France – are related to the specific condition of Lebanon and this research. As a former French colony, Lebanon and its

laws and society may have been influenced by the French colonisation. In addition, the majority of research on the development of the accounting research in ex-colonies was conducted on ex-British colonies. To understand how the accounting profession developed in ex-colonies, it is important to examine how it developed in the coloniser, as the coloniser may have implemented the same closure strategies while governing the ex-colonies. The following sections detail the early professionalisation projects in Scotland, England and Wales, and France. It discusses the closure strategies implemented by the occupational bodies to complete the professional project and does not discuss the current state of the accounting profession of these countries.

2.7.3.1. *The professionalisation project in Scotland*

Lee (1995) suggests that in pursuit of professionalisation, the Scottish accountants organised to form accounting societies, mimicking the experience of other professional bodies in the fields of law and medicine. Poullaos (2009-a, p. 250) describes the founders of the three Scottish accounting organisational bodies between 1854 and 1867 as "*elite accountants with close links to the legal profession and the higher strata of Scottish society*". Such links are described at length by Matthews et al. (1998), where they evidence that many Scottish accountants received their initial trainings in legal offices or had family connections with the legal profession. These elite accountants were able to use their image and connections to form the occupational societies in face of the threat of losing economic privileges (Kedslie, 1990) and defend their monopoly over the profession (Poullaos, 2009-b; Walker, 1991).

Walker (1991) identifies defensive strategies as the entry barriers in the form of recruitment systems and the exclusivity of service performance in the form of state recognition. He explains that the CA (Chartered

Accountant) title provided its holders with an almost complete monopoly of the Scottish market between 1854 and 1914, and that, at that time, the three Scottish chartered societies that were using this title argued for its exclusivity to them when non-chartered societies requested use of it. The chartered societies were able to block various attempts by the non-chartered societies to secure a royal charter (professional power) as the non-chartered societies were unable to build their image as professionals (sustaining ideology) (Shackleton, 1995).

Kedslie (1990, p. 15) explains that the three Scottish associations first limited the entry of new members to a selected few that held an appropriate background and experience – more specifically those who were *"generally in the same social class as the small groups of organizers"*. Later the societies set apprenticeships and informal examinations as conditions of entry and then agreed on a unified national examination system (Lee, 1995). The chartered societies utilised their monopoly over the title to impose high admission fees and attract new members (association control), and then used these resources to defend their interests against the competing societies (professional power) (Walker, 1991).

The Scottish societies were also able to use their image as professionals to secure a ruling in their favour for the sole and exclusive right to use of the CA title between 1854 and 1914 (sustaining ideology) (Lee, 1995). More importantly, the three chartered societies united to defend their monopoly against the external threats of the non-chartered associations (professional power) (Shackleton, 1995; Walker, 1995). The inability of the non-chartered associations to become chartered or use the CA designation led them to either discontinue their existence, with almost all of their members joining the existing chartered associations, or move into other territories such as England.

The Scottish societies also implemented other closure strategies described by Birkett and Evans' (2005) model. For example, Lee (1995) and Kedslie

(1990) explain that accounting societies issued a national directory of CAs in 1896 (sustaining ideology), and published the Accountant's Magazine journal in 1897 (sustaining ideology), and finally merged into one body in 1951 (professional power). According to Walker (1996), the societies also imposed a high mandatory indenture fee and lengthy internship training with deep scrutiny of members, who were admitted at annual meetings and could only practice in restricted pre-nominated geographic areas (association control). By doing so, the societies were able to close the profession to include only "*gentleman of professional standing*" (Walker, 1996, p. 14) having "*socially-privileged background*" (Kedslie, 1990, p. 185). This closure against others is discussed in the following section. By utilising various closure strategies and benefiting from the economic, social, and political conditions that were in their favour, the Scottish chartered societies were able to maintain their monopoly over the professions' services.

2.7.3.2. The professionalisation project in England and Wales

Walker (2004) suggests that the Companies Act of 1862 and the Bankruptcy Act of 1869 were the catalysts in English accountants' organisation. Two societies were formed in 1870 in London and Liverpool, followed by one in Manchester in 1871 and another in Sheffield in 1877 (Poullaous, 2009-a). Like the Scottish societies, the societies in England set entry barriers such as experience, examinations, and nomination from an existing member and/or election by ballot (Anderson et al., 2005). The attitude of each society differed as they strengthened or relaxed their entry barriers. According to Anderson et al. (2005), while the Liverpool society did not require examination, the London society set its sole route of entry to be rigorous examination and serving for "*at least five years (four years of those having been in partnership with a member of an accounting society) as either a clerk to a member of a society of accountants, or as a*

professional accountant" (p. 14), and that the applicant must provide written recommendations.

The Institute of Chartered Accountants in England and Wales (ICAEW) was formed in 1880 after members of the English societies successfully petitioned a royal charter (MacDonald, 1999). Anderson et al. (2005) state that the ICAEW was not able to claim exclusivity for the 'accountant' designation and continued to lobby so in parliament. ICAEW used the royal charter to consequently build an image of the chartered accountants as "*a class of persons well qualified to be employed in the responsible and difficult duties often devolving on public accountants*" (p. 6), with entry conditions set to be either extensive experience or passing rigorous examinations. Similar to the law and architecture professions, the training member, as stipulated in the petition for the royal charter, must endure five years of training before becoming a full member, with high entrance fees and annual subscription fees (Anderson et al., 2005). Poullaous (2009-b) explains that while these conditions helped in establishing the image ICAEW wanted, they drew much criticism from both entry applicants and members. MacDonald (1999) views that these high entry barriers led to the creation of a rival body, the Incorporated Society of Accountants and Auditors (ISAA), formed mainly from the ICAEW 'ineligibles' who performed the same work as ICAEW members but on a smaller scale.

With threats coming from other societies, accompanied by its inability to monopolise the accountant designation, ICAEW shifted its closure strategy and used the entry barriers it had set to signal to the public that "*the chartered accountants who graduated through its [ICAEW] system of education and vocational training were specialist practitioners with tested competence and lengthy experience in the core areas of accounting as well as being well grounded in legal principles*" (Anderson et al., 2005, p. 22). In 1893, ICAEW introduced a new non-examination entry route that would attract those non-members with substantial audit clients (Poullaos, 2009-b). MacDonald (1999) states that ICAEW viewed these strategies as being

successful and that it attained a monopoly over the market such that by 1930, it had dropped its pursuit of legislation by parliament regarding its exclusive rights. In 1957, ICAEW and ISAA merged, thus achieving another professional power strategy – professional unification.

Noguchi and Edwards (2004) point out another strategy that ICAEW implemented to maintain its ideology and gain professional power by issuing a series of Recommendations of Accounting Principles (RoAP) that *"were influential in constructing the accounting regulations introduced by the Companies Act 1948"* (p. 281). What is more interesting in the case of ICAEW is the exhibition of the associational control strategy (S4) which is the *"definition of competence levels of the members with more prestige awarded by the association to members who attain higher levels of membership"* (discussed in section 2.6.1). ICAEW issued RoAP 12 in 1949 and RoAP 15 in 1952, which discussed historical cost accounting. An internal conflict developed between ICAEW practising members and ICAEW industrial members, i.e. members who are full-time employees in industry or commerce, who had contradicting views on the RoAPs topic. The practising members, being the dominant group, were able to "[silence] *the dissident views expressed by industrial members*" (Noguchi and Edwards, 2004, p. 303), thus attaining a higher perceived level of membership.

2.7.3.3. The professionalisation project in France

On the other side of the English Channel, the French professionalisation project was underway but under different circumstances. While accountants in the UK had to implement various strategies to gain the support of the state, French law had already paved the way for accountants to monopolise the audit service. According to Bocqueraz (2001, p. 13), the Code de Commerce of 1863 stipulated that a *société à responsabilité limitée* (SARL - limited liability company) must appoint one or more *commissaires*

(auditors) "*by the annual general meeting to make a report to the general meeting in the following year on the situation of the company, on its balance sheet and on the accounts presented by the administration*". Baker (2014) explains that the 1863 Act did not specify the independence and competency standards of the commissaires, which led to the appointment of shareholders, family members, and employees who did not necessarily have the technical ability or independence. On the contrary, the commissaires were appointed due to "*their lack of expertise*" (Ramirez, 2001, p. 394).

Praquin (2012) argues that with the rise in the investment in SARL companies by the public, and with the promises of wealth (realistic or not) offered by their board members to investors, much criticism was addressed to the role of auditors in SARL companies. He evidences the use of judicial opinions in the late 1880s up to 1929 to 'amend' the role of auditors to better serve the public interest. However, Dattin (2014, p. 5) argues that many parliamentary committees between 1875 and 1902 were established to reform auditing, yet such attempts failed due to a "*liberal and inflexible conception of business*" and opposition of the business environment to external audit.

It was in this setting that a group of practitioners with various levels of accounting experience decided to organise themselves into the Société Académique de Comptabilité (SAC) in 1881 (Degos, 2002; Bocqueraz, 2001). Ramirez (2001, p. 395) suggests that the lack of prestige of the accounting science "*hindered the launching of a professionalisation project*" – a problem that was tackled by SAC's concentration on spreading such science through education (Bocqueraz, 2001). According to Dattin (2014), SAC introduced three accounting certificates between 1881 and 1905; however, the numbers of 'certified' accountants remained low. He explains that accounting was not taught in the prestigious universities or in higher education institutions, and that SAC attempts to create skilled knowledgeable practitioners were not endorsed by law. It can be viewed

that there was little interest in becoming an accounting practitioner (or auditor) due to the *"lowly position of professional accounting organisations, their lack of prestige, the predominance of secrecy in business, and an ethos of individualism"* at that time (Dattin, 2012, p. 1) where auditors were *"mocked in political and business spheres, and even by foreign professionals visiting France"* (Ramirez, 2012, p. 94), unlike the more prestigious medicine, law, and engineering professions (Ramirez, 2001).

The SAC then understood that the image of the 'accounting profession' must be built to attain professional power through associational control, through *"building up an internal hierarchy in the professional field and constructing a distinction between experts-comptables and regular accountants"* (Ramirez, 2001, p. 398). In 1912, members of the SAC organised the *Campagne des experts-comptables de Paris* (CECP), an accounting society with strict membership requirements (Praquin, 2012), thus imitating the characteristics of the well-established professions of law and medicine (Ramirez, 2001).

With World War One, major changes to taxation law were made in France, which resulted in a high demand for tax experts (Dattin, 2014), leading to an *"invasion... by all sorts of individuals selling accounting and tax expertise"* (Ramirez, 2001, p. 399), who in return started organising themselves in professional groups. While CECP set its mission to exclude bookkeepers and non-practicing members, these associations were open to all (Bocqueraz, 2001). With the rise in competition and the number of unqualified 'experts', the state signed the *brevet d'expert-comptable* decree in 1927, which set five years of training in addition to preliminary and final examination for individuals who wished to be *expert comptable* (Ramirez, 2001). It was not the professional power of the competing organisations that led to such a decree but rather the state's concern for the preservation of the public interests. The decree did not provide a monopoly over the services, nor did it attract a high number of interested potential practitioners (Ramirez, 2001). It was the same concern of the

state that led to the creation of Decree Law of 8 August 1935, which specified the competencies of auditors of companies that were to undergo or issue public offerings (Praquin, 2012). It was a step in the right direction, however, as it was the first instance where the competence of an auditor was defined in French law (Ramirez, 2012).

It has been argued that the profession in France had missed many opportunities to develop prior to 1942 (Nioche and Pesqueux, 1997) when the *Ordre des Experts Comptables et Comptables Agréés* was created under the German occupation (Dattin, 2014). The Ordre was able to develop its own rules over its members in terms of examinations and a three-year training course (occupational control) while providing them with a monopoly over the market of public accounting (professional power) (Dattin, 2014).

2.7.3.4. Conclusion

The case of France exemplifies the need to achieve a relationship with the state (S8) to gain support for the autonomy of the profession. While the French societies applied various strategies to achieve a monopoly over the market, the state was not responsive to such strategies. It can also be viewed that the few decrees issued by the state were to protect the public's interests first, and silence the demands of the accounting societies. It took a change in the state itself for the professionalisation project to further itself. The state influence is apparent in the professionalisation project of accounting, to the degree that the state can be the leading force in initiating the establishment of accounting organisations, such as in the case of Ethiopia (Mihret et al., 2012) and Greece (Caramanis, 2005), creating favourable conditions and positively changing the public's view of the profession, such as the case of China (Yee, 2012), and being the sole licensing body for the profession, as in the case of Brunei Darussalam (Yapa, 1999).

It is also evident that the attempt to close the profession by the professional association through signalling an 'elite' image of the practitioner and exclusivity of membership, among other strategies, did not prevent other groups from attempting to organise themselves, thus creating compaction (Shackleton, 1995).

However, in the three cases of Scotland, England and Wales, and France, there was always a notion of exclusion of 'others' – the 'ineligibles'. To build the 'elite' image, bookkeepers and non-practicing members were excluded based on not having the adequate qualifications or the acceptable level of experience. However, these two groups were not the only ones to be excluded. The following section describes how other groups were excluded in various accounting professionalisation projects based on race, gender, and ethnicity using social closure strategies.

By examining these professionalisation projects, factors such as the state, elites, and ineligible are brought into the examinations of the development of the accounting profession in Lebanon. Did the state had a positive or adverse attitude towards the occupation, and did the state aid in the professionalisation process or hindered it? Who are the key players that grouped into the occupational organization to attempt the professionalisation process? Did they consider themselves as the 'elite' and based on what factors? Who were the 'ineligibles' and based on what qualities? These questions will be further analysed in Chapters Five and Six.

2. 7. 4. Exclusion and the accounting profession

Richardson (2017, p. 6) suggests that, in their goal to attain monopoly and close the profession, occupational associations "*used criteria unrelated to merit to exclude people*". He explains that while some associations were explicit in their exclusionary practices, others were more inbound in the nature of the closure strategies themselves. For example, he describes the

use of some legal systems' definition of 'person' to exclude a 'non-person' from being considered as a professional, as in the case of gender discussed in the following section. He also points out the use of nativism as an explicit exclusionary form, especially in the case of imperialism and colonisation. He then illustrates that the use of closure strategies such as educational level and internship requirements might "*exclude groups based on race, religion or other criteria*" (p. 6). This section presents the exclusion methods that were implemented in various settings when attempting the accounting professionalisation project. While each of these projects is fascinating by itself, this section does not attempt to evaluate these projects, but rather provide an overview of the closure mechanisms implemented by the occupational associations in their pursuance to close the accounting profession.

2.7.4.1. Gender and the accounting professionalisation project

One of the most important closure strategies is to differentiate the professional status from others, thus creating the image of the professional as a knowledgeable elite member of society with considerable social status (Jacobs, 2003; Ramirez, 2001; Chua and Poullaos, 1998). Building this image requires the exclusion of others such as the lower educated, the working class, and women (Haynes, 2016) among others.

When calls were made to admit women to the accounting profession in early 1900 in the United Kingdom, Lehman (1992, p. 266) explains that such calls were faced with statements such as "*women and men are not equal... [and] nature had already marked out a profession for which [women] were pre-eminently fitted*" and "*only women from the lower classes would enter the profession*" as British women from upper classes need not work. Lehman (1992) continues that it was specifically stated that admitting women to the accounting profession would "*lead to*

[lowering] *the status of the profession and [increasing] competition*" (p. 266). With pressure from various groups such as Society for Promoting the Employment of Women and Women's Freedom League, the ICAEW and ISAA acknowledged the right of women to practice accountancy in 1909 (Kirkham and Loft, 1993), yet the same entry barriers of education, training, and fees that were set for the non-chartered accountants would be imposed on women, thus making it almost impossible for women to become chartered accountants (Lehman, 1992). Two bills were introduced in 1909 and 1911 that would allow the admittance of women to ICAEW and ISAA, yet both were unsuccessful due to pressure from organisational groups that claimed such bill would put them at disadvantage (Kirkham and Loft, 1993).

In the wake of World War One, women were 'permitted' to take classes and perform accounting work (Kirkham and Loft, 1993), but soon they were 'reinstated' to their former positions after the war ended, "*giving up their jobs to men*", willingly or not (Lehman, 1992, p. 269). Women were then able to join the accounting associations in 1921 but had restricted access to employment as many clients were not accepting of the idea of a woman doing a practitioner's work (Lehman, 1992), thus limiting their ability to gain the necessary experience. In addition, society itself set entry barriers on age and marital status (Lehman, 1992). Most companies set a 'marriage bar' where they would make the woman employee redundant once she was married (Kirkham and Loft, 1993).

Kirkham (1992) views these exclusion strategies against admitting women in the accounting profession in the UK as a means for the occupation to attain social status, power, and the rewards associated with being a profession, by gendering the accounting profession as a masculine practice. Kirkham and Loft (1993) argue that in their attempt to build the 'elite' image, the accounting occupational organisations in the United Kingdom, mainly ICAEW and ISAA, portrayed the titles of 'clerk' and 'bookkeeper' as a lesser version of the 'chartered accountant' title, where

the formers could only do a lower level of work, where women who wished to practice accounting could only do so as clerks or bookkeepers. Kirkham and Loft (1993) explain that the same occupational groups of 'ineligibles' who were excluded from ICAEW and ISAA were more open to admitting women but only a few women were actually admitted; a notion that did not change until the latter half of the twentieth century (Wescott and Seiler, 1986). It can be argued that the occupational groups viewed female clerks and bookkeepers as a source of cheap labour, as Walker (2003) found the majority of bookkeepers in the late nineteenth century in the south of England to be women.

A similar experience of excluding women can be seen in the former British colony of Australia. According to Cooper (2010), the Australian accounting occupational organisations set the rules of their membership in masculine terms, signalling that they would only accept male candidates. He explains that even though the Australasian Corporation of Public Accountants (ACPA, 1907) were informed that their request for a royal charter may be declined if its articles excluded women, the ACPA did not deviate from the norms and followed the implicitly masculine terms. Moreover, according to Cooper (2010), the accounting occupational organisations implemented various evasion strategies to maintain the exclusion of women. Such strategies included deferring decisions on or declining applications by several females to join. The pressure exerted by several organisations whose aim was to gain rights for women resulted in the Council of ACPA's passing of Resolution No. 16 in 1916, which allowed women to be admitted. The resolution was then referred to State Councils in 1917 for their members' opinions, and although the opinions were in favour of the resolution, it was deemed impractical due to the narrowness of the margin of approval. Another tactic was to allow women to sit the entry examinations, but they would still be ineligible for membership. It was not before 1925 that women could join as full members of ACPA. Emery et al. (2002), in their presentation of the women experience during the accounting professionalisation process in New Zealand, suggest that

exclusion tactics were the use of the 'wording' tactics of referring to the masculinity of the profession. Although women were able to join, they were treated as inferior as, for example, *"after a meeting ... it was reported that supper was served by the lady members [of the organisation]"* (Emery et al., 2002, p. 16).

McKeen and Richardson (1998) present a different experience of Canadian women's exclusion from the accounting profession. They state that the gaining of rights for women to vote in municipal elections was mimicked by the Ontario Institute of Chartered Accountants (OICA) to accept their first female member in 1885. However, influenced by the United Kingdom's accounting occupational associations' refusal to admit women, the Canadian accounting associations, including the OICA, shifted their position in favour of excluding women. Such exclusion was based on the ebb of the women's right to vote as society viewed their role to be housewives as they *"lacked the well-rounded qualities of an auditor; their presence in the profession was feared to decrease the social standing of the profession as a whole and therefore the value of male labour"* (McKeen and Richardson, 1998, p. 516). The same exclusion strategies were deployed by the Canadian accounting associations until 1914, where there was a shift towards admitting women. However, the government of Quebec used the legal definition of the word 'person' to reject the Quebec organisation's request to amend its charter to be able to admit women. The legal definition was then changed in 1929 to include both genders, thus allowing women to become members in the Quebec organisation.

Walker (2011) explains that gendered exclusion strategies aim to exclude women by restricting and even denying them access to resources that would qualify them otherwise to be included. Such resources include *"skills, knowledge, entry credentials, or technical competence"* (Walker, 2011, p. 187). He also states (p. 188) that the dominant male group would use *"demarcationary strategies [which] concern inter-occupational control through the creation and maintenance of gender-defined boundaries*

between the core profession and associated occupations of lower status". It is evident that the occupational associations discussed in this section implemented these exclusion strategies to portray women as unequal, unskilled, and unknowledgeable, thus elevating and then preserving the image of 'profession' as an elite masculine profession, able to provide professional services competently and therefore deserving the monopoly over the market. The next section provides an analysis of the strategies used to exclude those of a different race and ethnicity.

2.7.4.2. Race, ethnicity, colonisation, and the accounting professionalisation project

The image that the accounting occupational associations held and desired for the profession led to the exclusion of ineligibles. The previous section explained that the view of the accounting profession as masculine led to the implementation of various exclusionary strategies against women. This section discusses the view of the accounting professional as white to exclude people based on race and ethnicity.

Hammond and Streeter (1994) explain that during the early 1900s, the accounting profession in the United States was to be 'white', as society viewed that only 'whites' could perform mental labour, while 'blacks' could only perform physical work. They contended that even when the African Americans had the educational requirement, they would not be able to satisfy the three-year practical experience condition set as a membership condition to become a Certified Public Accountant (CPA), as the white accounting firms would not employ coloured people. Hammond and Streeter (1994) state that although the first African American CPA had the prestige and wealth that were regarded as 'elite' qualities, he had to take the examination in New Hampshire, instead of his home state of Washington DC, as the former had "*ambiguous requirements regarding experience*" at that time (p. 276). They then describe that the third African

American to become a CPA benefited from his appearance as he had 'fair skin', being of mixed race origin. However, Hammond and Streeter (1994) point out that due to the United States' segregation law, the accounting occupational groups had the right to deny examinations to anyone merely based on their race. Miranti (1988) presents the exclusionary form of nativism towards immigrants who wished to join the United States accounting occupational groups in the late 1800s. He explains that while the British practitioners in the United States were integrated smoothly, the acculturation of immigrants from other nationalities through education was a condition for membership. Even when these immigrant practitioners were allowed membership, they were not able to "*rise to the most prestigious levels within the profession*" (Miranti, 1988, p. 375).

Such effortless integration of the British accounting practitioners in other countries' accounting associations can be attributed to imperialism and colonisation. The British accountants were able to 'extend' their 'elite' image as professionals into the British colonies, empowered by the control the British governance over these colonies and their own 'superior' knowledge of accounting. For example, Johnson and Caygill (1971) argue that British accounting professionals were highly influential in the establishment of the accounting associations in the countries to which they immigrated within the British Empire. However, the formation of these associations carried within exclusion of the locals. Poullaos (2009-b, p. 454) argues that the British accountancy professionals perceived the colonised want-to-be professionals as inferior and that "*not even completion of the allegedly rigorous training as a CA could remove it* [other races' inferiority]".

Sian (2011, p. 371) notes that first accounting organisation in East Africa, the Association of Accountants in East Africa (AAEA – formed in 1949) specified "*acceptable social standing and racial identity*" as conditions to join while admitting freely members with British qualifications, with the association council "*made up of white male ... chartered accountants*"

(ibid). Sian (2006) argues that before the accounting occupational groups organised in Kenya, the British expatriate accountants controlled entry to the profession by limiting the requirements and training to 'whites'. Sian (2007) explains that during the colonial governance of Kenya, ICAEW had the professional power to convince the British governor in Kenya to rule that the appointment of auditors was restricted to only those who have a certificate from the governor or are a member of an accounting society recognised by the governor, thus limiting the 'auditor' appointment to the British expatriate accountants. Similar to the case of Kenya, Hammond et al. (2009, p. 713) examined the case of South Africa and established the exclusion of all who were not "*white, male, Christian South Africans of British descent and correct family background*" from the accounting profession, even when the majority of the population was not of such criteria. They evidence the use of education and training conditions as a method to exclude those who are not from the 'correct' race or cultural or social background. In Trinidad and Tobago, Annisette (1999, 2000, and 2003) demonstrate the use of education and social constructs to exclude the locals from the accounting profession to maintain British dominance of the profession.

The establishment of the first Moroccan accounting association, La Compagnie des experts-comptables du Maroc (CECM), in 1950 was itself the first exclusionary strategy against the locals. According to El Omari and Saboly (2005), the association was organised by French chartered accountants who were working in Morocco and wished to transpose the French model at the time when France colonised Morocco. They state that Article 5 of the organisation charter set the conditions of membership to include "[being a] *French graduate accountant or a certified accountant recognised by the French State or another foreign degree deemed equivalent in France; or be allowed to carry the title of chartered accountant in France; or [fulfil] the conditions of the transitional provisions laid down in article 6 [extensive experience and education]*" (translated, p. 135). Such conditions were not accessible to the colonised locals who were

mainly from agricultural backgrounds, and indeed only seven candidates passed the exams between 1955 and 1963, all non-Moroccans (El Omari and Saboly, 2005). Another exclusion strategy was implemented in Madagascar, the French former colony, where the French accounting practitioners monopolised the knowledge during the French ruling over the country: "*Business-related subjects such as accounting and finance were neither taught at school nor at university level*" (Boolaky and Jallow, 2008, p. 130), thus obstructing the locals' access to the required skills to even build an occupation.

2.7.4.3. Religion and the accounting professionalisation project

Carmona and Ezzamel (2009) discuss the works of Durkheim (1976) and Suárez (2004) in identifying the high influence of religion on human behaviour and social life. They identify the role that religion has played in shaping professional activities, such as architecture and banking. They argue that the association between religion and accounting in a historical framework has been explored on a micro and macro level in accounting research. The micro level examines the position of accounting in religious organisations while the macro level analyses the impact of religious beliefs on business activities and accounting practice. Only a few researchers have attempted to relate the concept of religion and religious affliction to the accounting professionalisation project.

In their study, Edwards and Walker (2008) find strong evidence of informal exclusionary closure based on religion within the early Canadian accounting community. By comparing the religious denomination of the 1881 census to the information retrieved on the occupational groups, they found that Anglicans were the dominant accountant group by 42%, while they constituted only 13% of the total population. In contrast, the most dominant religious group, the Roman Catholic (42% of total population),

constituted only 15% of the accountants. Although they do not provide a detailed explanation of the exclusionary strategies, they state that "*these differences imply exclusionary closure being practiced informally by certain sub-groups within the community of accounting functionaries*" (p. 389). They justify this conclusion by the strong inconformity of the accounting community profile with the census.

A similar approach was taken by Annisette and O'Regan (2007) in their examination of the professionalisation project in Ireland. They state that the Irish, at the dawn of the twentieth century, were facing social and political tensions as society was vertically divided between the 'elite' Protestant minority and the Catholic majority. They explain that while these tensions were dividing the society, Protestants constituted 49% of the accounting community compared to their 20% composition of the 1880 census. Catholics, who constituted 80% of the Irish population at that date, only constituted 51% of the accounting community.

However, as Annisette and O'Regan explain, faced with the threat of losing several clients to the United Kingdom organised accountants, 31 Irish accountants joined forces to establish an accounting occupational association in 1888, out of which 27 were Protestant. It can be argued that it was the self-interest and fear of loss of economic advantages that were the reasons why these men joined forces to establish the Institute of Chartered Accountants in Ireland (ICAI) and set aside their inherent religious tensions. They point out that while the ICAI members were able to withstand such a divide, other professional associations separated into bodies that represented the religious and political values of its members, such as the case of the Law Society and Irish soccer sporting associations.

Although Annisette and O'Regan (2007) and Edwards and Walker (2008) review the idea of the impact of religion on the accounting professionalisation project, they do not provide a deep analysis of the

influence that religion and religious affiliation exerts on the professionalisation project.

2.7.4.4. Conclusion

As shocking as the exclusionary strategies discussed in this section are in today's world, it can be argued that the occupational groups were just mirroring society's view at the dates of their organising. Since the occupational groups were building their image, they had to conform to the norms of society to gain their professional power and attain monopoly over the services. It would not be beneficial for these organisations, who were soliciting the approval of the public regarding their legitimacy, to challenge the general norms that the public held.

Race (Annisette 2003), ethnicity, and gender could be viewed as social constructs, and challenging society's view on those social constructs could have resulted in an undesirable outcome for the occupational associations. As society norms changed, so too did the accounting societies. Exclusionary strategies were abolished, and the entry barriers were applied to all who wished to become a member, regardless of gender, race, or ethnicity. In most of the cases discussed in this section, inclusion strategies were applied at later dates to integrate those who were prevented from membership, due to civil rights movements such as those in the United States and the United Kingdom, or due to independence from colonisers, such in the case of Kenya and Trinidad and Tobago.

Given that most professionalisation projects included the exclusion of 'the others' from the profession, did the project exclude others in Lebanon? And what were the basis for excluding the 'ineligibles' or the 'others'. In the professionalisation projects discussed in this section, these 'ineligibles' were the excluded because they belonged to groups that are based on race, gender, ethnicity. The excluder would be the 'white male' group and the excluded would be females and non-white groups. The

excluder/excluded groups, however, followed the patterns by which the societies view these groups. For example, the females were excluded in the UK in later 1800s and early 1900s from the accounting profession because the society viewed them as 'inferior'. If we assume that Lebanon's professionalization project will follow the excluder-excluded pattern, who would be the excluder and who would be the excluded? This requires an in-depth analysis of the Lebanese society to understand how this society views its members. Such analysis will be provided in Chapter Three.

2. 8. Conclusion

This chapter has highlighted the various approaches of the sociology of the profession, noting that the lack of a clear definition of the term 'profession' does not constitute an obstacle towards examining the concept. The professionalisation project and its various theories were then presented, underlining the importance of examining the strategies used by the occupational associations to close the profession and gain a monopoly over the market. However, these closure strategies that signal practitioners as elite are used to exclude what these same practitioners view as ineligible based on the social constructs that their respective society holds.

"The role and conduct of the accounting profession [reflect] the wider norms of the societies in which it operates; and ... the profession's role in shaping and influencing those societal norms, as well as the positions and practices of the professionals who work for and in the profession" (Haynes, 2016, p. 7). Thus it would be absurd and even illogical to analyse the professionalisation process without exploring its surroundings, i.e. the social constructs.

As the aim of this thesis is to examine the accounting professionalisation project in Lebanon, the following chapter presents an overview and brief history of the country.

Chapter 3. Lebanon and Sectarianism

3. 1. Introduction

The accounting profession, as explained in chapter two, is not isolated from its surroundings. Hughes (1971) and Bruchell et al. (1980) called for the accounting profession and the professionalization process to be examined, while considering the effect of the social contexts in which accounting operates. This laid the foundations on which research on the interplay between gender, imperialism, race, colonization, and the accounting professionalization has been built. The examination of the accounting profession in Lebanon requires a parallel examination of Lebanon's history to disseminate the most crucial social context(s) that governs Lebanese society. Once this social context(s) is determined, an investigation of its possible impacts of on the accounting professionalization process and the accounting profession is necessary to fully understand how the profession has developed in Lebanon.

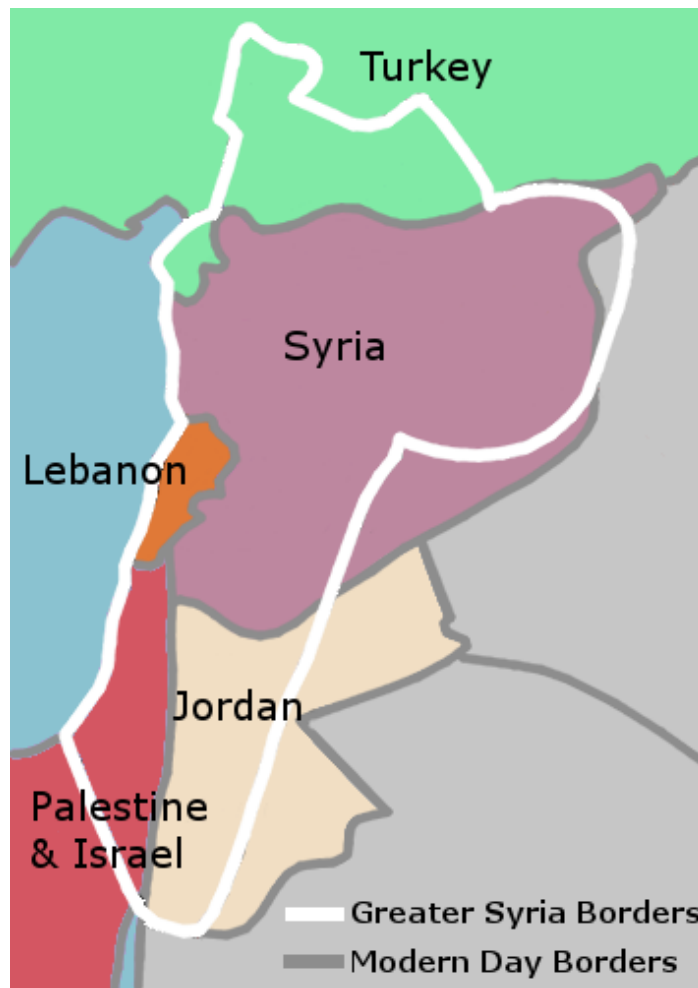
Lebanon enjoys a free market economy, unrestrictive commercial traditions (Theodora, 2016), and a high literacy rate with a strong emphasis on commercial culture (BBC, 2016). However, Lebanon has suffered from 'sluggish' economic conditions in recent years (World Bank, 2016). These sluggish economic conditions did not exist prior to 1975, where Lebanon was enjoying an *"impressive growth record"* and *"remarkable financial performance"* (Gaspard, 2004, p. 67) to the degree that it surpassed all other countries in the Middle East. Why does a country which had a promising future with nil government debt in 1975 (Gaspard, 2004) have a public debt of more than 134% of its GDP as of 2013 (Focus Economics, 2016)? Could it be due to its *"geopolitical and security conditions, which remain decidedly volatile"* (World Bank, 2016) or its being *"at the centre of Middle Eastern conflicts, despite its small size, because of its borders with Syria and Israel and its uniquely complex*

communal make-up” [demographic composition as explained in this chapter] (BBC, 2016)? This chapter attempts to answer this question by examining Lebanon’s history and identifying the most dominant social constructs that influence the ‘Lebanese identity’. This chapter starts by providing an overview of Lebanon’s landscape. It then moves on to describe its history, dividing it into three main periods: The Pre-Independence Era (before 1943), Post-Independence Era (1943 – 1975), and Post-Civil-War Era (1975 – 2015). By doing so, the most prevailing social constructs can be inferred to provide a better understanding of Lebanon’s current socio-economic situation.

3. 2. The landscape of Lebanon

The history of Lebanon is one that is complicated, filled with civil wars and conflicts. Lebanon as an independent country did not exist on its own until it gained its independence from France in 1943. Previously, Lebanon had always been a part of a greater empire, whether a province, a jurisdiction, or a state. It was ruled by the Roman/Byzantine Empire (332 BCE – 7th century), the Islamic Empire (7th century – 14th century), the Ottoman Empire (14th century – 1920), and lastly by the French Mandate (1920 – 1943). In these instances, except under the French mandate, Lebanon was considered part of Greater Syria, which after World War One was subdivided into the countries known today as Lebanon, Syria, Jordan, Palestine, and Israel.

Map 3-1: Greater Syria borders under the Ottoman rule (14th century – 1920)
based on Pipes (1990)



Smock and Smock (1975, p. 30) state that among the social and economic differentiations that have impacted Lebanon's history, confessional identification was the *"most clearly, most consistently, and most self-consciously defined... [where] confessional identity usually constituted the principal axis of collective activity... from about 1800 onwards"*. Confessionalism is a political system in which political and institutional powers are distributed proportionally among religious sub-communities (Canadians for Justice and Peace in the Middle East, 2007).

Weiss (2009) asserts the presence of a confessional representation political system that is structured according to sectarian metrics in Lebanon since

1861. He notes that the perception of sectarianism is innate in the "*hearts, minds, and souls of the various communities*" that have lived and continue to live in Lebanon (Weiss, 2009, p. 143), to the degree that sectarianism has been embedded in the Lebanese constitution since its independence from France as a method of providing power-sharing balance between the various Lebanese communities (Haddad, 2002).

According to the U.S. Bureau of Democracy, Human Rights and Labor (2013), Lebanon's population in 2013 constituted 59.7% Muslims, 39% Christians, and very small percentage of Jews, Bahais, Buddhists, Hindus, atheists, and Mormons. There are 18 officially recognized religious groups that include five Muslim groups, 12 Christian groups, and other minorities. The largest Muslim communities are Shia, Sunni and Druze, while the Alawites and the Ismailis are the smallest. The largest Christian communities by descending order are the Maronites, Greek Orthodox, Greek Catholics, Armenian Orthodox, Armenian Catholics, Syriac Orthodox, Syriac Catholics, Assyrians, Chaldeans, Copts, Evangelicals, and Latins. In all instances and until 2009 (BBC, 2009), the religious sect of any Lebanese national was encoded on both his/her national card and official registry documents, except passports.⁵

The U.S. Bureau of Democracy, Human Rights and Labor (2013) continues to emphasize that the Lebanese constitution provides 50:50 representation between Muslims and Christians in the government, parliament, and civil/military service positions, with posts being distributed proportionally among the recognized sects of the religions (U.S. Bureau of Democracy,

⁵ The Lebanese national ID and official registry documents depict, among other information, the religion, sect, gender, and marital status of its holder. This information is accessible to the public.

Human Rights and Labor, 2013). The constitution also affirms the religious sect of the President (Christian Maronite), the speaker of the parliament (Muslim Shia), and the prime minister (Muslim Sunni) as stipulated in the National Pact of 1943 (discussed later in this chapter), which was agreed upon as Lebanon began its era of formal independence from France (Makdisi, 1996).

Why did Lebanon adopt the confessional governance model? And why is religious sectarian identity relevant to Lebanon's history to the degree that heads of state must be from a specific religious sect? Does religious sectarianism have any effect on Lebanon's accounting professionalization process and the accounting profession? The following sections aim to answer the first two questions by providing an overview of Lebanon's history, while chapters five onwards examine the role of religious sectarianism in the development of the Lebanese accounting profession.

3. 3. Lebanon and Sectarianism

Corstange (2012, p. 119) states that *"in societies with multiple faith traditions... people are born into community cults that sacralise the community itself rather the divine"*. The examination of Lebanon's history in the following sections reveals that religion and religious sectarianism has been the dominant social factor since the 1800s (Weiss, 2010; Makdisi, 2000; Salibi, 1998; Akarli, 1993; Hudson, 1976 and 1968). Cleveland and Bunton (2016, p. 334) explain that *"the perseverance of sectarian communal loyalties stultified Lebanon's political development and allowed family and religious ties to prevail over national ones"*. Sectarianism has permeated into all aspects of the Lebanese everyday life (Deeb, 2006) *"through routinized social practices that cultivate exaggerations of communal identity in the absence of a unified Lebanese identity"* (Corstange, 2012, p. 123). The Lebanese mono-sectarian political parties exist because of sectarianism, and thrive through it. The sects' leaders have previously engaged in wars to gain additional power by exploiting

sectarian solidarity in the name of defending their sect's rights. Moaddel et al. (2012, p. 7) explain that as demographics have changed over Lebanon's history, so too has the balance of power. While the Muslim Druze enjoyed political power and its privileges during the Ottoman Era, the Christian Maronites managed to cease such power by the mid-1800s. By 1914, the population of Mount Lebanon comprised 20% Muslims and 80% Christians, out of which almost 60% were Maronites.

Table 3-1: Lebanon's major religious sects' population percentage over the years⁶

Religious Sects	1895 %	1914 %	1932 %	1956 %	1985 %	2012 %
Muslim Sunni	3.5	3.6	22.4	20	27	27
Muslim Shia	4.3	5.5	19.6	18	41	27
Druze	12.5	11.3	6.8	6	7	5.6
Christian Maronite	57.5	58.3	28.8	30	16	21
Others	22.3	21.2	22.4	26	9	19.4
Total	100	100	100	100	100	100

⁶ Sources:

1895 and 1913: (Chamie, 1981, p. 29)

1914: (Yapp, 1991, pp. 104-115)

1932: (Najem, 1998, p. 7)

1951: (Crow, 1962)

1985: (CIA, 1988)

2012: (The U.S. Central Intelligence Agency, 2015)

The balance of power shifted towards Sunni Muslims after the end of the civil war in 1990. According to Haddad (2002), the Taif Agreement in 1990 preserved the sectarian spirit of the National Pact of 1943⁷, but carried two major changes. Power-sharing was now divided equally between Christians and Muslims rather than on a 6:5 ratio respectively (Berkley Center for Religion, Peace, and World Affairs, 2013), and most of the Maronite president's privileges were given to the Sunni Muslim prime minister (Moaddel, et al., 2012). This agreement strengthened political confessionalism in Lebanon rather than producing a strong state (Haddad, 2002).

The balance of power then shifted in favour of the Shia Muslims as Israel withdrew from southern Lebanon in 2000, and increased dramatically after Prime Minister Rafic Hariri was assassinated in 2005 (Moaddel, et al., 2012).

The desire for power has led sectarian political leaders to engage in cross-sectarian alliances as they were not able to achieve full authority on their own, with each claiming the dependence of the other party on international powers (Berkley Center for Religion, Peace, and World Affairs, 2013), leading to a *"self-perpetuating capture of the state by the confessional elite, whose lack of accountability undermines their supposed commitment to the public good"* (Nelson, 2013, p. 355), and whose main objective is to gain more power and diminish, in certain ways, other political leaders. According to Salamey (2009, p. 89), sectarianism has devastated Lebanon to the degree of disputing history among the conflicting parties, which has led to the absence of nationally unified history textbooks in public schools.

⁷ The 1943 Pact is explained in section 3.5.1 and the 1990 Agreement is explained section 3.5.2.

Most history books are written to defend a sect's actions towards or against other sects.

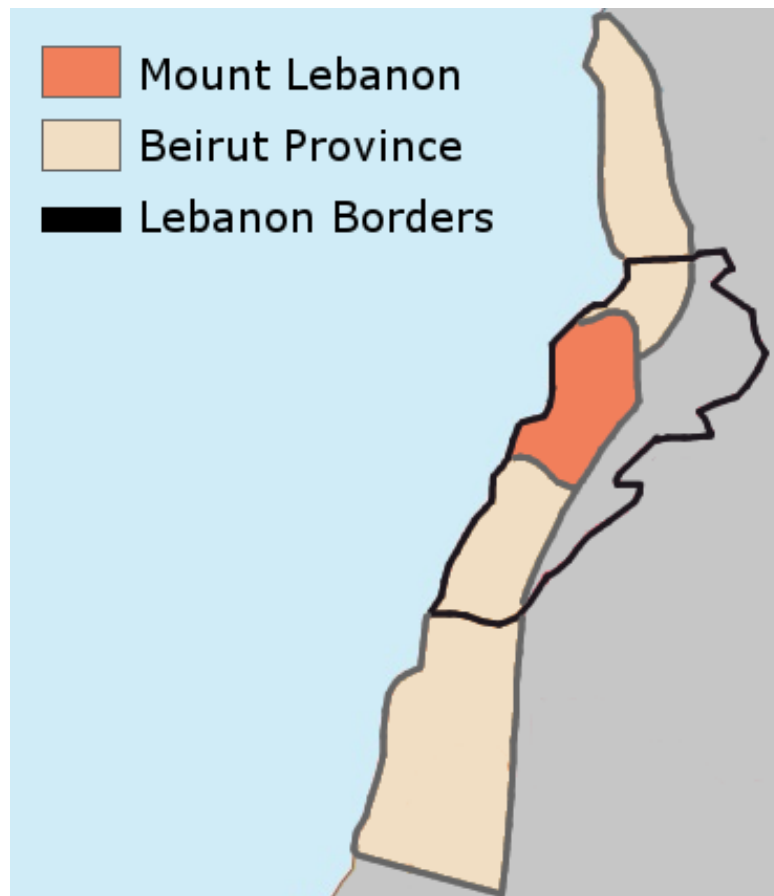
Nedelcu (2013) explains the extent to which sectarianism has affected the Lebanese identity. She argues that religious identity has been the main trigger of the Lebanese identity, and that this religious *identity "determines one's social status and main level of belonging"* (p. 40). This sectarian identity has also affected the level of trust between members of the various religious sects. According to Moaddel et al. (2012, p. 21), trust among members of the same religious sect is high and decreases dramatically towards members of other sects:

"Fully 72.0% of the Shi'is trusted other Shi'is a great deal, while only 16.9% trusted the Sunnis and 21.7% trusted the Maronites a great deal. Likewise, 83.2% of the Sunnis trusted Sunnis a great deal, but only 32.5% and 31.7% of the Sunnis trusted the Shi'is and Maronites, respectively, a great deal. The Maronites also follow the same pattern: 58% of the Maronites trusted a great deal other Maronites, but the Maronites who trusted the Shi'is and Sunnis a great deal were 18.2% and 13.8%, respectively".

3. 4. Pre-Independence Era (before 1943)

To understand Lebanon's history is to understand the history of two geographic provinces, Beirut and Mount Lebanon, which were established by the Romans (332 BCE – 7th century) and then united when Lebanon achieved its independence in 1943. This section will discuss the history of the Mount Lebanon province and the Beirut province, which later combined with another territory to form the Republic of Lebanon.

Map 3-2: Lebanese current borders compared to Mount Lebanon and Beirut Provinces based on Pipes (1990)



It was during the Roman Era that Christianity was introduced to Lebanon, mainly in the first century due to Lebanon's geographic proximity to the birthplace of Christ (Atiya, 1968). According to Tomass (2016), a new Christian sect emerged during the 5th century, known as Christian Maronites, who followed the Monastery of Maron founded in northern Syria. He explains that due to religious prosecution by the Romans who wanted the Maronites to practice Roman Catholic Christianity, the Maronites retreated to Mount Lebanon in late 900. In addition to fending off Romans attempts to dominate their faith, the Maronite were faced with an additional threat. During the 7th century, the Muslim Arabs conquered Great Syria, and Islam and Muslims started spreading into the region. According to Kazan (1972), Muslims settled mostly along the Lebanese coast, known as the Beirut province, where Christians were not allowed to

live unless there was a need for them (Sayegh, 1955). The first sectarian invisible borders were drawn – the Christian Maronites in Mount Lebanon living with Muslim minorities, and Muslims in Beirut province living with Christian minorities (Daher, 1975). The Muslims were not united themselves, as a dispute over 'khilafa' (succession) in the 600s led to the birth of two Muslim sects: the Sunni and the Shia, each arguing their right to be the rulers of the faith. Out of these two sects, additional sects emerged, such as the Muslim Druze in the early 1000s. The Druze gained popularity in Mount Lebanon, where they coexisted – for better or worse – with the Christian Maronites (Hatti, 1972). With the start of the Ottoman Empire rule over the Beirut and Mount Lebanon provinces, sectarian borders were established. Daher (1975) explains that by the 1500s, the Muslim Shia were living to the west of Mount Lebanon after leaving the coastal cities which were predominated by the Sunni Muslims, while the Muslim Druze inhabited Mount Lebanon.

According to Traboulsi (2012), Lebanon started its existence as a political system in 1528, and was considered an autonomous region inside the Ottoman Empire. Given the name the Emirate of Mount Lebanon, the country enjoyed a degree of independence from the Ottomans. Residents of the Mount Lebanon and Beirut provinces were categorized according to their 'millet' or religious sects. This two-tier hierarchy separated between a higher community of Muslims, comprised of Sunni, Shia, and Druze, while the lower sheltered community were mainly Christians and Jews (Kawtharany, 1976). Both Christians and Jews enjoyed freedom of religious belief and unconditional rights to perform their religious rituals as well as complete autonomy on their personal affairs, such as marriage and inheritance regulations (Khairallah, 1941). However, they were prohibited from joining the military or assuming administrative jobs (Traboulsi, 2012). Traboulsi (2012) states that the Emirate's life (1528-1860) was filled with revolutions against the Ottoman Empire and its rulers. It was also marked with military and bloody conflict between the Druze and

Christians, each trying to become the sole ruler of Mount Lebanon, such as the 1931 conflict and the 1860 war (Takoush, 2013).

Traboulsi (2012) explains that the 1860 sectarian war led to the establishment of the Mutasarrifiya (province) of Mount Lebanon. Instead of having Lebanese rules, the Mutasarrifiya was governed by a non-Lebanese Ottoman Christian appointed by the Ottomans and was assisted by an administrative council consisting of 12 elected members. The members were divided equally between the Muslim sects (Sunni, Shi'i, and Druze) and the Christian sects (Maronite, Greek Orthodox, and Greek Catholic). This was the beginning of the confessional political model in Lebanon, where power-sharing was done on a sectarian basis. An amendment in 1864 modified this distribution to become seven Christians and five Muslims.

The invisible sectarian borders continued to strengthen through the life of the Mutasarrifiya (1860-1920) and extended into the region's work practices. According to Daher (2009), Muslims dominated occupations such as herbal medicine and house painting, and monopolized up to nine-tenths of food trading. Christians moved from being farmers and workers to become merchants.

Traboulsi (2012) states that the number of silk-reeling factories increased from 67 in 1867 to 105 in 1885. About 14,500 workers filled these factories, 8,500 of which were Maronite, 2,500 Greek Catholics, 2,500 Greek Orthodox, and 1,000 Druze. The dominance of the silk industry led to the decline of other industries and agriculture. The result was the emigration of almost one-third of the Mount Lebanon population between 1860 and 1914 to the Beirut province or overseas.

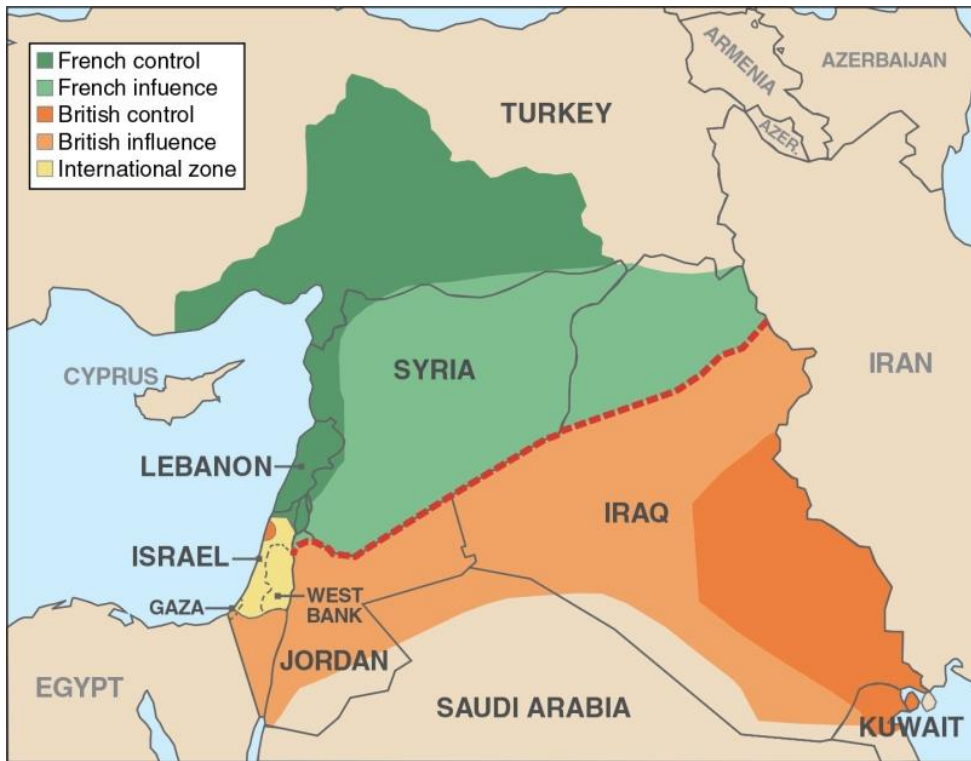
In contrast to Mount Lebanon, the Beirut province and its capital Beirut flourished. According to Traboulsi (2012), the city was the central economic hub in the area. Between 1830 and 1920, Beirut's population tripled to reach 120,000. Most newcomers were Christians, constituting

60% of the total population by the beginning of the 20th century. The city was thriving with advanced infrastructure, progressive education, publications and publishing houses, and was very forward-thinking.

Salibi (1976) explains that the calls for an independent Lebanon by Christian Maronites increased in the beginning of the 1900s but were faced with bloody retaliation from the Ottomans, especially during World War I. Compulsory military service was put in place and Ottomans expropriated wheat and livestock. Gold coins were replaced with paper notes and people were forced to invest in war bonds. Famine hit Beirut and Mount Lebanon hard, especially with the locust invasion in 1915, with the end result of over 100,000 killed by the end of World War One.

According to Traboulsi (2012), the 1916 Sykes-Picot Agreement divided the Arab provinces of the defeated Ottoman Empire between Great Britain and France, as seen in Map 3-3 below. The French were interested in the Greater Syria area and advocated France's claim over Greater Syria to defend the Christian minority rights. Such a claim was supported by the Christian Maronite Church. After little struggle, Lebanon was given its independence from the Ottoman Empire but came under complete French control in 1920.

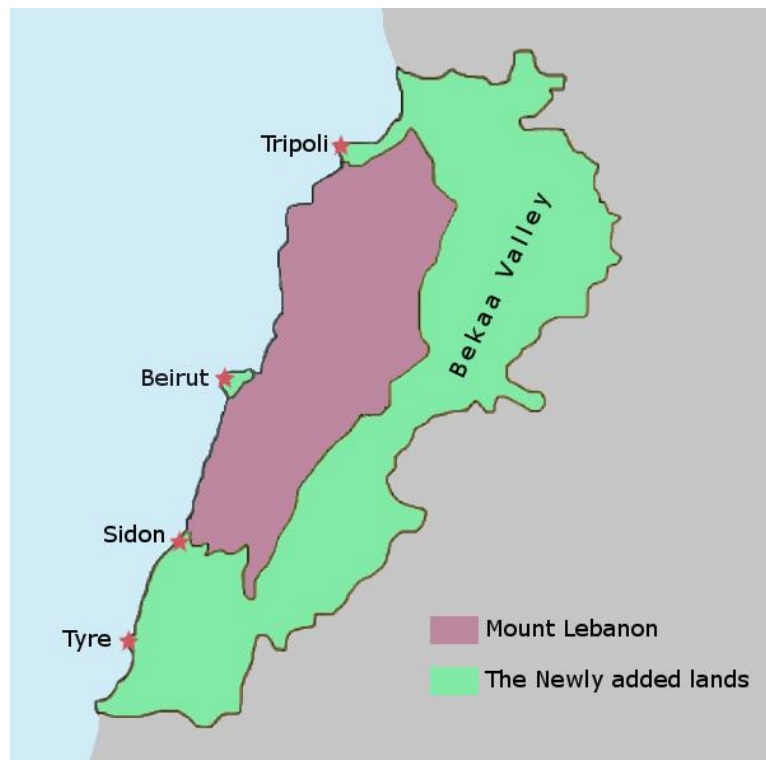
Map 3-3: Division of former Ottoman Empire's Arab provenances in accordance to Sykes-Picot Agreement (Stars and Stripes, 2014)



On 26 April 1920, France was granted a mandate over Syria and Lebanon at the San Remo conference. On 1 September 1920, Greater Lebanon was established under the French mandate (Traboulsi, 2012), and the first Lebanese constitution was formulated on 23 May 1926 (Salibi, 1998).

While the Christian Maronites were a strong majority of 70% of the population in the Ottoman's Mount Lebanon, they were almost equal in number to the Muslims in Greater Lebanon (Salibi, 1998). The State of Greater Lebanon extended the borders of the Mount Lebanon (Christian Maronite majority) region to include the Beqaa Valley (mainly dominated by Shia Muslims), and the sea-coast cities of Tripoli, Beirut, Sidon (predominantly Muslim Sunni majority) and Tyre (primarily Shia Muslim occupants) (Crow, 1962). Although no sect was dominant in terms of population number, the Christian Maronites assumed political power as an inheritance from Mount Lebanon state (Crow, 1962).

Map 3-4: Greater Lebanon based on Qaph (2013)



The new parliamentary republic had a Greek Orthodox Christian president and a Sunni Muslim speaker of parliament, but all other key positions were given to Christian Maronites, which later extended to the presidency (Salibi, 1998). Salibi (1998, p. 36) explains the reason why Christian Maronites were not willing to view Muslims as political equals as “[in the eyes of the Maronites] *Muslims were naturally susceptible to the strong influence of their co-religionists in other Arab countries, and could therefore not be trusted with the more sensitive political and administrative positions in Lebanon*”. He then argues that “*the Maronites actually behaved more as a tribe or tribal confederation with a special church than a purely religious community*” (p. 41). He continues that the Maronites’ ability to develop relations with European states gave them an advantage over Muslim communities as well as other Christian sects.

Economic, social and political injustices led to many Muslims rising up against the French and the Christian Maronites. According to Traboulsi

(2012), 111 public schools were closed by the Christian Maronite Prime Minister Edde in 1930, most of which were in Muslim-dominated areas. Edde, who was later elected to be president, also invited Muslims who did not want to live in Christian Lebanon to immigrate to Mecca.

According to Ftouni (2013), with continuing calls for Lebanon's independence, 1936 brought a promise of internal Lebanese independence whereby France would only control the country's defence and foreign relationships. Solh (1988) explains that instead of uniting the Lebanese, the independence promise increased sectarian division as each sect demanded more political power under the umbrella of 'preserving minority rights' and 'eliminating injustice'. The Muslims demanded the right to have a Muslim president, given that they constituted the majority of the population (Daher, 1979). To reduce the sectarian tension, Edde, the Christian Maronite president, appointed a Sunni Muslim as prime minister for the first time in 1937 (Ftouni, 2013).

While World War One created the first stepping stone into shaping Lebanon as a state, the outbreak of World War Two and then the German occupation of France matured the conditions of Lebanon's independence. The years between 1939 and 1943 witnessed a political tug-of-war between French and Lebanese politicians to enforce Lebanon's independence treaty. France retaliated to the request for independence by suspending the constitution and dissolving the parliament in 1939 (Salibi, 1976). Lebanese politicians united and took unilateral steps towards independence by reactivating the constitution and setting new elections (Rabil, 2011). For the first time in the country's history, the election allocated seats in parliament to each sect according to their representation in society. According to Hatti (1972), 30 parliament seats were reserved for Christians, and 25 seats for Muslims. This 6/5 distribution remained the same until 1990, and was unaffected by demographic changes in the country (Traboulsi, 2012). According to Jonblat (2002), France did not digest these actions easily as it arrested the Lebanese political leaders, imposed a curfew, and sent troops to repress

the demonstrations that erupted from arresting the politicians. Takiy Aldeen (1953) explains that Egypt, Saudi Arabia and Iraq solicited the help of the British, who in return gave France an ultimatum to free the arrested politicians. Just a few hours before the ultimatum was to expire, France released the Lebanese leaders and declared Lebanon's independence on the morning of 22 November 1943.

3. 5. Lebanon: After independence (1943-1990)

3. 5. 1. Building the state: 1943-1975

According to Traboulsi (2012), Lebanon's independence was established based on two founding documents; the first is a formal 'independent' constitution, and the second an informal verbal agreement known as the National Pact of 1943, which was announced in the Prime Minister's speech in front of parliament on 7 October 1943. The speech carried an explicit promise to *"eradicate sectarianism which is a tool used to diminish the Lebanese identity"* (Ftouni, 2013, p. 110). The National Pact of 1943 was not aligned with the ideas expressed in the speech as it asserts that the president must be a Christian Maronite, the prime minister a Sunni Muslim, and the speaker of parliament a Shia Muslim.

The 1951 Lebanese constitution did not differ from that of 1926 as although it established the civil, judicial and political equality of all Lebanese, it institutionalized judicial and political inequality as it considered Lebanese to be subjects belonging to *"hierarchized religious communities with unequal access to political and public office"* (Traboulsi, 2012, p. 110). Daher (1977) argues that the constitution 'legalized' religious sectarianism by providing each sect with its independence in civic matters such as marriage and heritage, among others. The constitution was a replica of that set by the coloniser enforcing the power given to Christian Maronites, ensuring that the sect's superiority would continue even after the coloniser has gave Lebanon its independence, creating long-lasting division.

In addition, Traboulsi (2012) explains that the 1951 constitution gave the Christian Maronite president unlimited power, with the ability to appoint and dismiss ministers and the prime minister, veto legislation passed in the parliament, dissolve parliament and call for new elections as they desired. Article 60 of the constitution states that the president is unaccountable for his actions during office except in two cases: violation of the constitution and high treason. Article 95 enforces the already established 6:5 ratio in political and administrative representation between Christians and Muslims respectively. According to Ftouni (2013), the climax of embedding religious sectarianism in the Lebanese identity was the 1959 Law No. 112, which explicitly specified the appointment of government and public administration employees based on Article 95. This law ascertained that one's religious sect was the foremost important factor in getting hired, while qualifications and education were second.

Traboulsi (2012) explains that the unlimited power enjoyed by the Christian Maronite president provided his extended family with power and consequently wealth. Some 30 families, called the consortium, held monopolistic powers over all axes of the Lebanese economy and increased their wealth through entry barriers and marriage ties. Out of these 30 families, 24 were Christian with nine being Christian Maronite and seven being Christian Catholic. Six of these families were Muslims, with four Sunni Muslim, one being Shia, and one being Druze. Aside from controlling all sectors of the Lebanese economy and having an estimated wealth of more than 40% of Lebanon's GDP in 1948, the consortium members were either parliament members, ministers, or both. The high injustice suffered by the Lebanese public led them to another revolt in 1952 where a prolonged general strike forced the president to resign, creating a new era in Lebanon's history. In parallel, the Lebanese demographic was changing again. According to Traboulsi (2012), the 1948 Arab-Israeli War resulted in the migration of a large number of Palestinians, mostly Sunni Muslims, into Lebanon. The war also affected south Lebanon's industry, which

collapsed due to the conflict on Lebanon's southern borders. Many southerners, primarily Muslim Shia, migrated to Beirut and overseas.

On 23 September 1952, the pro-western Christian Maronite Kamil Shamoun was elected as president. Although he promised to fight corruption and eliminate social injustice in his nomination speech, his exercise of power reached the level of autocracy (Jonblat, 2002), and he tasked himself to abolish any powers given to Muslims (Ftouni, 2013). According to Traboulsi (2012), while the Christian Maronite population was around 29% of the total Lebanese population at that time, they held more than half of all administrative posts. Shamoun took full control of both executive and legislative branches and *"strengthened by foreign backing, the complicity of the bourgeoisie and Maronite mobilization, Shamoun exacerbated sectarian tensions as no other political leader had done before"* (Traboulsi, 2012, p. 131).

Ftouni (2013) explains that during his term (1958-1964), Foad Shihab, Shamoun's successor, attempted to create a sectarian equilibrium rather than eradicating sectarianism. He limited the powers of sectarian-political leaders by establishing new services and agencies that were beyond the sectarian leaders' control, and modified the sectarian composition in the administrative posts to include more Muslims.

According to Rabil (2011), Helou's era (1964-1970) was one filled with instability and deep political polarization. Christian leaders called for Muslim 'foreigners' – Syrians, Kurds, and Palestinians – to be expelled from Lebanon, yet similar calls were not made against Christian Armenians who fled Armenia due to the Ottoman massacres. Traboulsi (2012) explains that the Christians had an added tension towards the Palestinians as the Palestinian Liberation Organization (PLO) stationed itself in southern Lebanon to launch their attacks against Israel, which the Christians feared would bring about Israeli retaliation. With the election of Sulayman

Franjiyeh as the new president in September 1970, sectarian conflict began to boil again until it exploded in 1975.

The Christians, and more specifically the Christian Maronites, continued to dominate the economy over this period. Traboulsi (2012, p. 163) explains that:

"At the end [of the] 1950s, Yusuf Sayigh [’s research]... found that the ratio of Christians to Muslims was 10:2 in industry, 11:2 in finance and 16:2 in services. In a later study in 1973, Boutros Labaki proved that these ratios had been sizably modified but remained quite uneven: 75.5 per cent Christians/24.5 per cent Muslims in commercial firms..., 67.5 per cent/32.4 per cent in industrial firms, and 71 per cent/29 per cent in the banking sector. Conversely, among the industrial working class, 75 per cent of the workers were Muslims, Shia in particular, against 25 per cent Christians, though the percentage of Christian wage earners would increase markedly when it came to service sector".

3. 5. 2. The civil war: 1975-1990

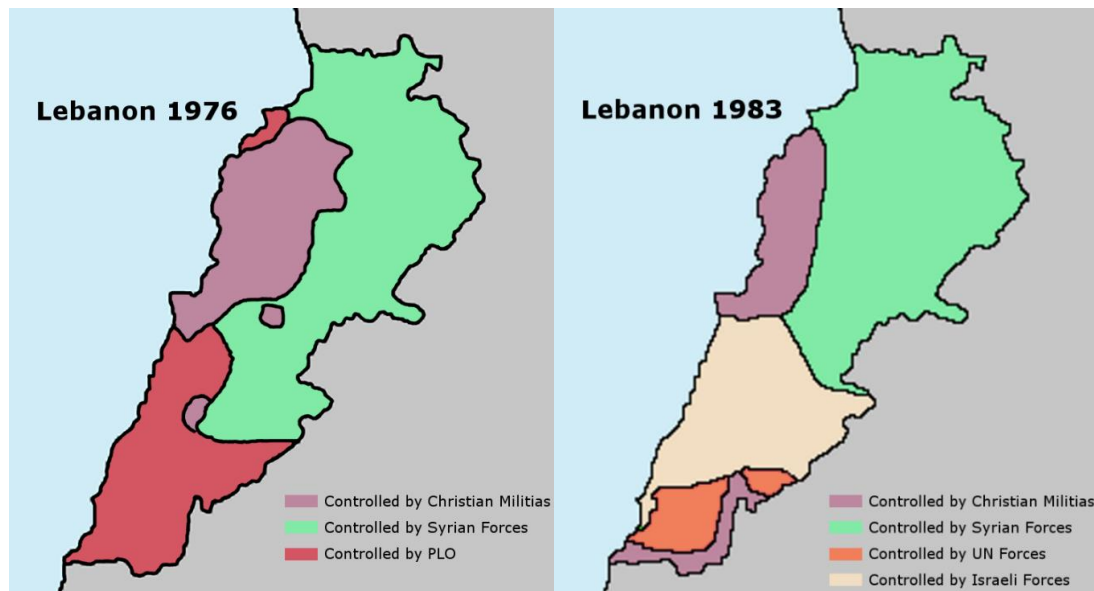
As sectarian tensions heightened, the conflict concerning the PLO’s existence grew to a degree that demonstrations with and against the group spread across Lebanon in 1975. According to Traboulsi (2012), on 13 April 1975 an anonymous car opened fire on the congregation of one of the Christian political parties, Al Kataeb, who were gathered in front of a church. Al Kataeb reacted by machine-gunning a bus carrying Palestinians, killing 21 of the bus riders.

The incident turned into a 15-year war between Christians and Muslims (Fakhoury Mühlbacher, 2009). Traboulsi (2012) explains that “killing based on national ID” became very popular, where the fighting militias used the

religion written on targets' national ID card as a method to determine if the holder was Christian or Muslim, and then killed him/her on that basis. The war divided the country into sectarian geographical areas, and Lebanon's army into two sectarian armies (Ftouni, 2013).

According to Buheiry (1987), the Lebanese civil war acted as an invitation for Lebanon's neighbours, Syria and Israel, to justify their interference in the country. Syrian troops deployed in most of the Lebanese territories in June 1976, while Israel occupied most of Southern Lebanon in March 1978.

Map 3-5: Lebanon's Civil War Militias distribution in 1976 and 1983, adapted from Fochler-Hauke (1976)



Salibi (1998) explains that in the South and Bekaa, Shia Muslims realized that Israel planned to stay, and the 'Hope Movement', led by Nabih Birri, started a massive resistance in these areas. With Birri's approval to participate in the National Salvation Committee alongside the Lebanese President, a separation group from the Hope Movement came to life, and Hezbollah was established as a second Muslim Shia militia – an Iranian-funded, trained and supported 'defender' against Israel (Nagel, 2002).

What is notable in the Lebanese civil war is that when the militias finished cleansing their territories of outsiders based on sectarian, political and ethnic boundaries, they turned on their own sects to memocide them, that is *"the eradication of all memories of coexistence and common interests among Lebanese"* (Traboulsi, 2012, p. 240). With the territories cleansed, the militias started their struggle with other militias from the same sect.

Krayem (2006) explains that in 1989 the USA successfully brokered a deal with delegates from the Arab League to end the Lebanese civil war in the Saudi city of Taif, which was signed on 22 October 1989. Elias Harawi then became the president of Lebanon, and all militias, except Hezbollah, were disarmed. On 21 September 1990, a new constitution was drafted to incorporate the Taif Agreement reforms. The unlimited powers of the president were reduced and shared among the prime minister, the cabinet, the speaker of the house and parliament.

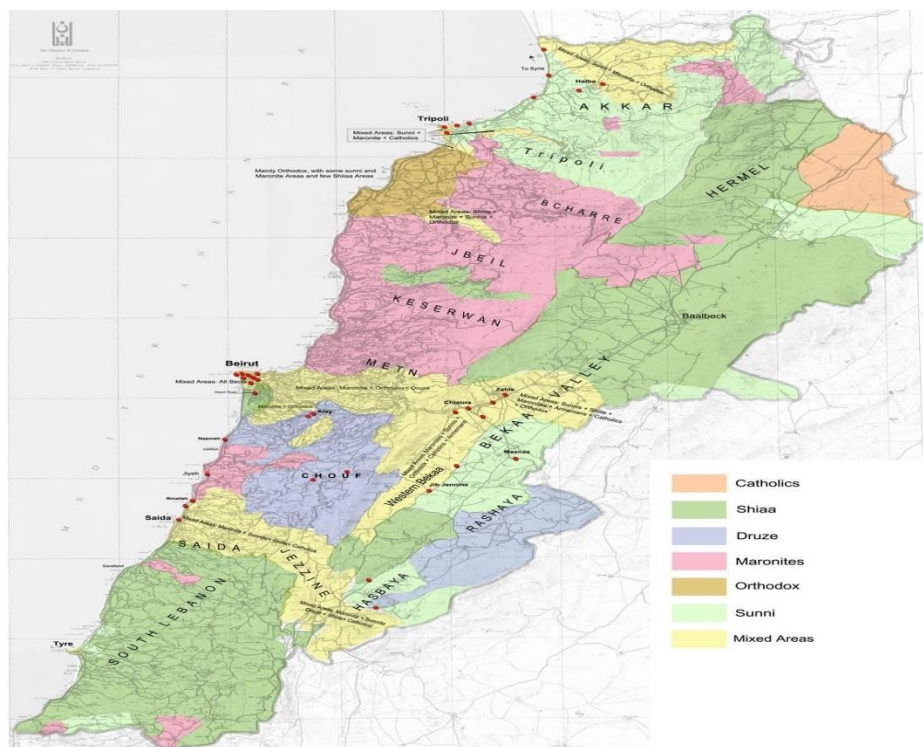
While the constitution abolished the sectarian quotas, they still exist to this day as an unwritten agreement between the political leaders. The Taif Agreement ended the 15-year civil war but was not able to abolish the sectarian spatial segregation in Lebanon itself, nor was it able to eradicate the sectarian social identity among the Lebanese people (Traboulsi, 2012).

3. 5. 3. Post-Civil-War Era (1975 – 2015)

The demographic distribution of sects was impacted heavily during the 15-year civil war. The Shia, previously located in southern Lebanon and the Bekaa area, fled Israeli occupied southern Lebanon and expanded their presence into Beirut's southern suburbs and the Hermel area (north-east Lebanon) (Salamey, 2009). Many Christians fled their villages in the Mount Lebanon area to East Beirut's suburbs as they feared Druz retaliation after the assassination of their key leader in 1977 (Nagel, 2002). The capital Beirut, largely occupied by Christian Catholics and Sunni Muslims, was

transformed into a city inhabited by various religious sects, yet each confined to own-acclaimed geographic territory. The war created invisible sectarian geographic borders within Lebanon, where geographic areas were largely inhabited by same-sect or same-religion Lebanese. The new election law followed that pattern as well. For example, the South Lebanon district, which has a predominantly Shia Muslim presence, has 23 parliament members, out of which 14 are required by law to be Shia Muslim.

Map 3-6: Lebanon's religious distribution map (Ministry of Tourism, 2013)



According to Kingston (2013), the Taif Agreement managed to end the civil war, yet sectarian boundaries between the Lebanese increased. Moussa (2011) explains that most Christians boycotted the 1992 parliamentary elections as they felt unrest due to the fact that one Christian Maronite leader was in prison and another in exile. Most Christian Maronites felt deceived as they had lost their political power due to the Taif Agreement, which forced them to share it with the remaining sects. While the new era

focused on rebuilding the state, it was filled with contradicting socio-political forces. The same militias that were fighting during the war participated in the building of the state. For example, the Hope Movement's leader Nabih Birri has been the speaker of the house of parliament since 20 November 1992 to the present day.

According to Salti and Chaaban (2010), the 1992 elections carried with them the election of Sunni Muslim Rafic Hariri as prime minister. Hariri's ambitious plan to rebuild the country emphasized the transformation of Lebanon from a war-torn country to a regional commercial and banking hub. In order to rebuild Lebanon, Hariri formed bonds with the former militias leaders, who were now members of parliament and political leaders, by establishing their 'share in the cake'. No project could be passed in either the parliament or the cabinet without determining their shares in that project first. This also extended to administrative posts and high-ranked positions where people were given jobs based on their relationship with the sect's leader, now called the political leader. The price for guaranteeing political cooperation was unprecedented large-scale corruption. Salti and Chaaban (2010) then evidence the allocation of public capital expenditure between 1996 and 2005 to the religious sects' areas in accordance to the sects' percentage of the total population. For example, the Muslim Druze constituted 6% of the total population at that period, and consequently, geographic areas predominantly inhabited by the Druze received 6% of public expenditure in the same period. Such sectarian division of funds extended to welfare. Cammett (2014) states that Lebanese welfare agencies that 'belonged' to a certain sect would only cater to the needs of the Lebanese who followed their sect, thus securing the votes needed for elections.

According to Delatolla (2016), the Taif agreement allowed the Syrian Army to maintain a presence in Lebanon to preserve stability – a presence that was not viewed favourably by some sects as it controlled mostly every political and economic aspect of the country. The assassination of Hariri

on 14 February 2005 ignited a new division in the country. Hariri's followers and allies accused Syria of killing him. With increased pressure from the Lebanese public, Syria announced that it would withdraw its troops from Lebanon 'in few months' on 2 March 2005. According to Traboulsi (2012), Pro-Syrian groups, namely the Hope Movement and Hezbollah, organized a rally on 8 March to thank Syria (known hereafter as 8-March Movement). A pro-Hariri group (known hereafter as 14-March Movement) responded on 14 March of the same year by organizing the Cedar Revolution, which called for Lebanon's real independence from all foreign forces, including Syria and Iran, and the establishment of an international commission that would investigate Hariri's assassination. Syria completed its troops' withdrawal from Lebanon on 26 April 2005 and the United Nations declared UNSC Resolution 1595 to investigate Hariri's assassination. The country was deeply divided between these two forces: the Shia Hope Movement and Hezbollah joined by Christian Maronite Free Patriotic Movement on one side, and the Christian Maronite's Lebanese Forces, the Muslim Sunni Future Movement, and the Muslim Druze Progressive Socialist Party on the other. Both sides used their relative sects as political leverage against the other. Political and even violent clashes occurred afterwards. For example, the Muslim Shia Hezbollah and Hope Movement ministers resigned from the cabinet in November 2006 when it approved a UN tribunal aimed to trial Hariri's assassins, named as Hezbollah members. The 8-March Movement used its parliamentary powers and military presence to control Lebanon and to obstruct presidential elections. Lebanon had no president between October 2007 and May 2008 and between May 2014 and October 2016 due to such powers. The struggle between the two movements continues to the present day.

3. 6. Conclusion

This chapter has provided an examination of Lebanon's history – a history that is rife with sectarian conflict and power struggle. This examination

reveals that the most dominant social context in Lebanon is religious sectarianism to the degree that it has replaced the Lebanese identity in the society. While the colonial experience was present in Lebanon, it was not the root of religious sectarianism, as such division was evident since early 1800s. Unlike other counties where the colonizer had to enforce the idea of dominant-inferior groups based on social contexts, this notion was already established in Lebanon, where the Maronite viewed themselves as superior. The presence of the colonizer only enforced this view but added to the intensity of the vertical division between the sects.

According to Haddad (2002), Lebanese people are identified by, and identify others by, their affiliation to a religious sect first and then use other social attributes to complete their cultural identity. Was such an affiliation extended to the accounting profession? Did sectarianism influence the development of the accounting profession in Lebanon? Did sectarianism permeate into the accounting profession as it did all of Lebanese society, or did the profession managed to 'escape' this fate?

Before answering these questions, it is important to note that the Neo-Weberian theory of closure by itself might fall short when examining the accounting profession in Lebanon and its professionalisation process. The closure theory would provide how exclusion of the 'ineligibles' was implemented during the professionalisation process, but do not extend beyond the stage where the occupation becomes a profession. It simply does not explain 'what happens after' the process is completed. It is also important to note that exclusionary practices discussed in Chapter Two were done based on visible physical appearances (colour, tone of skin, shape, gender). If we assume that religious sect was/is the basis for exclusion in the accounting profession in Lebanon, then how to differentiate using physical appearances between people of different faiths? To better explain how to overcome these two points, the next chapter presents the methodology undertaken by this research, where the closure theory is triangulated with STD and TEC.

Chapter 4. Research Purpose, Methodology, and Importance

4. 1. Introduction

As discussed in the previous chapter, sectarianism has permeated all aspects of Lebanese society since the 1840s, leading to many civil wars resulting in high human casualties and devastation to the country's infrastructure. Has religious sectarianism played, and continued to play, a role in constructing and reconstructing the accounting profession in Lebanon? And if so, to what extent? This chapter endeavours to answer these questions by first providing the research purpose and then presenting the theoretical framework through which the research can be conducted. The chapter then explains the methods that will be utilized to answer the research purpose. The chapter concludes by highlighting the importance of this research.

4. 2. Research purpose

The purpose of this research is to examine the development of the accounting profession in the ex-Ottoman, an ex-French colony of Lebanon, while considering the role played by religious sectarianism in shaping and defining the accounting profession. The aim is to fill two major gaps in accounting research: geographic location and social construct.

Lebanon does not fall into the 'traditional' accounting profession locations examined by researchers. Research on the development of the accounting profession has been mostly confined to Anglo-Saxon settings and specific historical periods (Carmona, 2004; Fleischman and Radcliffe, 2005; Walker, 2005; Napier, 2009; Al-Akra and Marashdeh, 2009; Matamoros and Gutierrez-Hidalgo, 2010) with no consideration given to other

historiographies (Carmona and Zan, 2002). Walker (2005) examines publications in accounting history between 1945 and 2002, and provides evidence that out of 521 published materials, 44% were written in English, 38% chose the twentieth century as a time period, and 68% selected Europe as a geographic location. Accounting history research performed in non-Anglo-Saxon settings by non-Anglo-Saxon scholars and covering an era that differs from the norm of 1850-1945, is, as Carmona (2004) points out, neglected by international journals, leading to problems in the dissemination of knowledge.

A social construct is the perception of society towards an idea, object, individual, or group based on the collective adopted views of that society (Turner 2008). It is the way the society views, reacts and interacts with these ideas, objects, individuals and groups. Some of the social constructs in a society include gender (Risman, 2004; Glenn, 1999), race and ethnicity (Shih et al., 2007; Andreasen, 2000), cultural identity (Campbell, 2000; Eisenstadt and Giesen, 1995), and religion (Beckford, 2003).

In recent years, some researchers have examined the impact of colonization and race (for example, Hammond et al., 2009 and 2012; Poullaos, 2009-b; Walker, 2008; Chua and Poullaos, 2002; Carnegie and Parker, 1999; Richardson, 1997; Graig and Jenkins, 1996; Hammond and Streeter, 1994), and gender (for example, Khalifa and Kirkham, 2009; Hantrais, 1995; Kirkham, 1992; Lehman, 1992; Thane, 1992; Loft, 1992, and Roberts and Coutts, 1992) on the project to professionalize accounting. Many of these studies have examined former British colonies (for example, Bakre, 2005, 2006 and 2013; Sian, 2006 and 2007; Verma and Gray, 2006; Uche, 2002; Annisette, 1999, 2000 and 2003). Few have addressed former US (Dyball et al., 2007; Dyball et al., 2006) or French colonies (Zakari, 2013; El Omari, 2009; Boolaky and Jallow, 2008, El Omari and Saboly, 2005). None, to the researcher's knowledge, has examined the impact of religion and sectarianism on the development of the

accounting profession or the accounting professionalization project in Lebanon.

Carmona and Ezzamel (2009) quote the works of Durkheim (1976) and Suárez (2004) in identifying the high influence of religion on human behaviour and social life. They identify the role religion has played in shaping professional activities such as architecture and banking. However, religion, as a contextual level of analysis in accounting history, has only been examined either as affecting accounting practice in businesses and organizations (McGuire et al., 2012; Maali et al., 2006; Gao and Handley-Schachler, 2003; Sukoharsono, 1998; Karim, 1990), or in terms of its role in religious institutions such as churches and temples (Leardini and Rossi, 2013; Wissler, 2013; Liyanarachchi, 2009; Ezzamel, 2005; Jacobs, 2005; Booth, 1993). Cordery (2015) examines research conducted using religion as a focus in accounting history and has found that, while this research is scarce, there is growing interest in the field. She summarizes previous and current interests to include early accounting (antecedents), organizational resources (sacred-secular), and institutions (religious enterprises), noting that *"European studies and those from Christendom predominate in both micro- and macro-perspectives"* (p. 23).

Two research examples have evidenced the exclusion of individuals from early Canadian (Edwards and Walker, 2008) and early Irish (Annisette and O'Regan, 2007) accounting professions based on religious belonging, among other spatial and demographic factors. The research presented in the current thesis differs from these examples as it explores the potential continuing role of religious sectarianism in constructing and reconstructing the accounting profession in Lebanon. To fill the gaps of geographic location and social construct, in the context of Lebanon, a theoretical framework is suggested in the following section.

4. 3. Theoretical framework

This research undertakes the neo-Weberian critical perspective of the sociology of the profession, namely Birkett and Evans' (2005) professionalization model which is discussed in Chapter Two. In addition, this research adopts two perspectives from sociology that complement each other and provide a better understanding of social attitudes and intergroup relations, one of which is social dominance theory (SDT), while the other is the theory of ethnic conflict (TEC). This section introduces these two sociological theories and explains the motives for examining the development of the accounting profession through their lenses.

4. 3. 1. Background of the theoretical framework

When exploring history, Parker (1999, p. 18) advises that the research must be primarily concerned with answering questions such as "*what was?*", "*why was that so?*", and "*what follows from this past?*". Napier (2009-a, p. 40) calls for "*broadening conceptions of accounting*" and "*widening arenas for accounting*" by considering social constructs. Farcas and Tiron Tudor (2015) present two main approaches for examining the development of the accounting profession in the literature on accounting history: chronological evolution and theme/role. The theme/role approach, which calls for examining the professionalization project while considering social constructs, has been advocated and utilized heavily (by, for example, Hoskin and Macve, 1986; Miller and O'Leary, 1987; Hopwood, 1987; Previts et al., 1990-a, 1990-b; Miller et al., 1991; and Napier, 2001 and 2009) as exhibited in Chapter Two.

Carnegie (2014) argues that accounting should be examined in the context it operates within, and advocates utilizing established theories from other disciplines to examine the accounting professionalization project due to the interdisciplinary nature of accounting history. Historiographies of

accounting history research include various categories (Farcas and Tiron Tudor, 2015), within each of which is a wide range of topics in which researchers 'borrow' theoretical understandings from other disciplines and then utilize these understandings to explore issues in accounting history (Gaffikin, 2015). Poullaos (2009-a) explains that accounting professionalization research relies heavily on sociology, mainly on the sociology of the profession, by utilizing the ideas of Marx, Durkheim, and predominantly Weber.

The introduction of sociological thought into the examination of the profession was pioneered by Willmott in 1986 (Willmott 1986) and has been used by many accounting historians such as Albu (2013) and Gallhofer and Haslam (2004). Since Willmott's important contribution, there has been a growing number of studies which have contributed to our understanding of accounting's past, through an examination of the impact played by social constructs such as gender, race, and imperialism as discussed in Chapter Two. Exploitation, discrimination, and inequalities are the main themes in these concepts, where exclusion, repression, and oppression of the 'others' were exercised to dismiss these others from the accounting profession.

The researchers who pioneered the inquiry into the accounting profession development under these social constructs introduced new theoretical perspectives to shed light on the phenomena under examination. For example, Kirkham and Loft (1993) utilize discourse analysis to highlight the dominance of the male gender in the historical settings of the accounting profession in the United Kingdom during the early 1900s, while Sian (2006, 2007) uses a framework of social inclusion and exclusion when examining the use of accounting practices in relation to racial exploitation during the mid-1900s. Such studies illustrate the importance of both the historical and social construct within which the development of the accounting profession is observed. While these theoretical approaches of discourse and social inclusion and exclusion provide valuable insights, they

are context-specific. Adapting these two theoretical perspectives, which were developed to examine specific social constructs, may result in an incomplete analysis of the effect of religious sectarianism on the accounting professionalization project in Lebanon since they do not consider religion as a social construct.

As discussed in Chapter Three, this research has identified, through careful and detailed consideration of Lebanon's history, religious sectarianism as the dominant social construct in Lebanon. Lebanese society is highly influenced by sectarianism: it governs all aspects of everyday life and extends to the workplace, the political environment, and the self-awareness of the Lebanese individual. The Lebanese religious sects have displayed excessive and extreme craving for power through civil and violent events throughout Lebanon's history, and have used such power to exhibit their 'superiority' over the other sects.

There is evidence in the literature that religious belonging, among other attributes, impacts the standard of life for individuals. For example, Khattab (2009) obtains evidence from the UK 2001 Census to establish that skin colour, religion and ethnicity (to a certain degree) play a major role in sustaining disadvantage in educational and occupational realization in Britain. From the data collected, he was able to conclude that Jewish white-British, non-religious white-British and Christian white-British were advantaged in terms of educational and professional attainment. He points out that Christian black-African and Christian black-Caribbean were advantaged in educational attainment but not in occupational realization. He also argues that Muslim-Pakistanis, Muslim-Bangladeshis, Muslim-whites, and Sikh-Indians were disadvantaged in educational attainment and occupational realization. Similarly, Walls and Williams (2003) find evidence of sectarian discrimination in employment against Irish Catholics in Glasgow when they interviewed a sample from the two oldest cohorts of the West of Scotland Twenty-07 Study. Aunger (1975) was able to evidence occupational class difference in Northern Ireland between

Protestants, who were skilled and dominated upper occupational classes, and Catholics, who were predominantly semi-skilled or unskilled and were in the lower occupational classes.

These findings of the effect of religious sectarianism on the workplace and standard of living in the UK may be echoed in the research question, i.e. did/does religious sectarianism influence the development of the accounting profession in Lebanon? They also generate other questions. How is the social construct of religion viewed in Lebanon and by Lebanese society? How do members of the accounting profession interact with the profession and with members belonging to the other religions and other religious sects? Did such interaction affect the accounting profession? To answer these questions while utilizing the calls of Carnegie (2014), Poullaos (2009-a), and Willmott (1986) to 'borrow' from sociological theories to examine professions, the following sections introduce two sociological theories that are utilized in this research to examine the role played by religious sectarianism on the development of the accounting profession in Lebanon: social dominance theory (SDT) and the theory of ethnic conflict (TEC). While each of these theories stands by itself, they also complement each other.

4. 3. 2. Social dominance theory

Sidanius, Pratto, Van Laar and Levin (2004, p. 846) explain STD as:

"Social dominance theory... focuses on both individual and structural factors that contribute to various forms of group-based oppression. The theory views all of the familiar forms of group-based oppression (e.g., group-based discrimination, racism, ethnocentrism, classism, sexism) as special cases of a more general tendency for humans to form and maintain group-based hierarchy. Rather than merely asking why people stereotype, why people are prejudiced, why they discriminate,

or why they believe the world is just and fair, social dominance theory asks why human societies tend to be organized as group-based hierarchies."

SDT argues that human societies are *"structured as systems of group-based social hierarchies"* (Sidanius and Pratto 1999, p. 31) with three distinct stratification systems of age, gender, and arbitrary-set (Sidanius & Pratto, 1999). Within this arbitrary-set system, people are classified into *"socially constructed and highly salient groups based on characteristics such as... religious sect"* (Sidanius and Pratto, 1999, p. 33). In such societies, people construct their social identity based on *"race, nationality, class, ethnicity and religion"* (Sidanius et al., 2004, p. 863). This system is usually accompanied by high degrees of viciousness, violence, and brutality (Sidanius and Pratto, 1999) similar to the several sectarian wars and the various armed conflicts throughout Lebanon's history, such as in the 1860s, 1950s and the fifteen-year civil war beginning in 1975 (as discussed in Chapter Three).

Society, according to SDT, is divided into dominant social groups who enjoy positive social value and subordinate groups who suffer from negative social value (Pratto et al., 2006). According to Sidanius et al. (2004, p. 847):

"Social dominance theory notes that chronic group-based oppression is driven by systematic institutional and individual discrimination. That is, many social institutions (e.g., schools, organized religions, marriage practices, financial houses) and many powerful individuals disproportionately allocate desired goods – such as prestige, wealth, power, food, and health care – to members of dominant and privileged groups, while directing undesirable things – such as dangerous work, disdain, imprisonment, and premature death – toward members of less powerful groups."

It is argued that to preserve social dominance legitimizing myths, such as fate, superiority, and nationalism, are used by the dominant groups to maintain group-based inequality (Pratto and Stewart, 2011). Such inequality is driven by systematic institutional and individual discrimination, where social institutions allocate desired goods and power to the dominant groups' members (Sidanius et al., 2004). These myths are advocated for by social institutions such as religious establishments, financial bodies, and educational organizations, where these institutions engage in promoting values and stereotypes to justify these practices (Pratto et al., 2006). This is evident in the case of Lebanon, where the Muslim Druze monopolized high-ranking government positions until the mid-1800s when Christian Maronites gained power and became the dominant sect, exercising unlimited power over all the other religious sects. Such dominance is lost, as explained in Chapter Three, when other groups use peaceful and non-peaceful methods to reclaim dominance.

4. 3. 3. Theory of ethnic conflict

While STD explains the division of society into dominant and subordinate groups based on social constructs and legitimizing myths, TEC provides an in-depth analysis for such division. In a similar manner to the division described in STD, Horowitz (1985), in his Theory of Ethnic Conflict, views Lebanon as a deeply divided society where "*the ethnic identity of each sect was specified*" (p. 633), and as "*a system that depended upon and exacerbated pre-existing subethnic cleavages, based on family, clan, and region*" (p. 634) where "*ethnic hostility was strong*" (p. 635). Horowitz (1998) explains that ethnicity is a primordial affiliation, a collective belonging to a group that has common descent, language, history, culture, race, religion, or a combination of these elements. Members of the ethnic group derive their own self-esteem from the ethnic group and view any success of the group or a member of the group as their own. This is evident in the case of Lebanon as the Lebanese national identity is substituted by

a sect-belonging, whereby sect members have high trust levels in other members of the same sect and, conversely, low trust levels in members of other sects.

According to Horowitz (1998), ethnicity extends beyond individual belonging and is reflected in deeply divided societies in the form of a segmented organizational structure of economic and political organizations. The confessional political system adopted in Lebanon is a vivid example of this segmentation: specific high-ranking positions within the government and administrations are 'reserved' for certain sects, regardless of qualifications and suitability.

Horowitz (1985) suggests that ethnic conflict is a result of economic competition between ethnically differentiated groups of the working class, either because of underbidding of labour or because of the monopolistic position of one of the ethnic groups. According to Horowitz (1985), in deeply divided societies capital and labour are organized on ethnic lines, where these societies are controlled by one or another ethnic group. He explains (p. 108):

"The ethnic division of labour ... [is the] ethnic specialisation of occupation in general; the phenomenon is not confined to labour in the narrow sense. The concentration of particular ethnic groups in particular sectors of the economy and in particular occupations within sectors is a feature of many societies, but it reaches its apogee in the ex-colonial countries. There, ethnic-occupational differentiation may be elaborately organized."

Such dominance over occupations is manifest throughout Lebanon's history, as explained in Chapter Three. Between 1860 and 1920, Christians dominated administrative jobs and the silk trade, while Muslims monopolized certain occupations such as herbal medicine and the food trade. Horowitz (1985) clarifies that such occupational specialization is supported by a diverse set of public policies and private practices such as

education and recruitment, which themselves are constructed in part by ethnicity. After Lebanon's independence in 1943, and before the 1975 civil war, Christian Maronites dominated almost every aspect of Lebanon as the Maronite presidents possessed unlimited powers which were used to allocate most of government spending in their sect's geographic areas.

The ethnic division of labour is cemented by the ethnic relations of family, close friends, and members of the same ethnic group who work towards locating economic opportunities from kinsmen; this leads to the preservation of certain occupations among one ethnic group or another (Horowitz, 1985), which could explain the monopolistic powers held by the 30-families consortium in Lebanon between 1943 and 1975 (as discussed in Chapter Three). Horowitz (1985) concludes that ethnic division of labour is a result of colonial and contemporary policies, stereotypes of group qualifications for occupations, and (a)scriptive factors in economic relations. Both the Ottomans and the French provided, respectively, the Muslim Druze and the Christian Maronites with power by setting policies aimed at the establishment and maintenance of such power. This power was then used by the ruling sect to dominate other sects.

Horowitz's (1985) ethnic division of labour is vivid throughout Lebanon's history. During the Ottoman Era, the Muslim Druze enjoyed monopolistic powers over administrative offices and ownership of silk factories, yet lost these powers at the end of the Ottoman rule to Christian Maronites (Traboulsi, 2012). The Christian Maronite then enjoyed privileges that included better education, easier access to employment, and monopolistic powers over administrative offices, trade, and business management/ownership during the French Era and then from independence until the outbreak of civil war in 1975. According to Traboulsi (2012), the Muslim Shia, during the same period, were viewed as 'peasants', but began to demand more rights in education and employment after the establishment of the 'Hope Movement' during the civil war. He suggests that they finally managed to be viewed as 'equal' and even

'superior' after the end of the civil war due to the armed presence of the Hope Movement and Hezbollah.

Horowitz's theory of ethnic conflict (1985) has been employed by various researchers when examining the effects of sectarianism. For example, Shirlow (2003) studies the influence of economic and cultural sectarianism in Belfast, Nasr (2000) examines the impact of sectarianism on identity mobilization in Pakistan, while Al-Qarawee (2012) analyses the effect of sectarianism on collective identities in Iraq. More pertinently, the theory of ethnic conflict has been applied when examining the effect of sectarianism in Lebanon on the allocation of welfare (Cammett and Issar, 2010; Cammett, 2014), the public sphere (Corstange, 2012), voting rights (Corstange, 2013), elections (Salloukh, 2006), socio-political attitudes (Haddad, 2001), and power sharing (Hudson, 1997).

While discriminating social constructs such as race, gender, and colour have been used to establish and maintain a monopolistic position over professions in and from other countries (as discussed in Chapter Two), Horowitz (1985) suggests that ethnicity in particular can be used to gain and maintain monopolistic positions in professions by creating high barriers of entry and exit. Such a suggestion provides the basis for investigating the effects of sectarianism on the accounting professionalization project in Lebanon by examining exclusionary strategies in the closure process. This is achieved by examining the members of the sects participating in the profession, and then inspecting their possible use of sectarian power to strengthen their sect's position within the profession, while observing if religious sectarianism was and/or is used in Lebanon as a method to exclude/include people on sectarian grounds.

4. 3. 4. Conclusion

The theoretical framework developed in this research is based on the neo-Weberian critical perspective of the sociology of the profession, which

focuses on the closure of the profession using exclusionary strategies towards 'outsiders'. More specifically, the research in this thesis utilizes Birkett and Evans' (2005) professionalization model which outlines the professionalization strategies used by occupational associations to attain conditions of professional power, association control, and sustaining ideology while managing the dependencies of work, market and the state. This model would explain how exclusionary practices were put in place to exclude the 'ineligibles' during the professionalization process, but falls short in explaining why the 'ineligibles' were excluded. In other words, the Birkett and Evan's model explains the 'how' but not the 'why'. To overcome this shortage, the theoretical framework presented here integrates the Birkett and Evan's model with STC and TEC. STC suggests that societies can be divided into group-based social hierarchies that use social constructs. TEC attributes the creation of such hierarchies to the economic competition between socially-differentiated groups, where ethnicity is used as the joining factor between members of the same group.

In addition to examining the accounting professionalization project in Lebanon using Birkett and Evans' (2005) model, the theoretical framework in this chapter also considers the potential role played by religious sectarianism on the profession by using SDT to assess whether there is a sectarian influence that would create a division within the profession and TEC to examine the reasons behind this division. This entails examining the inception of accounting as an occupation during the 1930s until the legal recognition of accounting as a profession in 1994, and then throughout its young life until 2015.

The next section details the methods used in this research to investigate the development of the accounting profession in Lebanon using the suggested framework.

4. 4. Research methodology

Previts, Parker and Coffman (1990-b) provide a classification guide to help accounting history researchers consider the most appropriate research method relating to the topic under investigation. They first categorize study areas such as biography, institutional history, development of thought, general history, critical history, and historiography. The critical history study area *"adopts a perspective inclined towards criticism in examining the role of an historical factor in the context of conflicting social, political, economic, and institutional interaction"* (Previts et al., 1990-b, p. 142). They then present various methodological techniques that accounting historians can utilize in their research, including celiometrics, empirical approaches, content analysis, case-method field-based research, and oral history, while emphasizing that the problem being examined defines the method used. Carnegie and Napier (1996, p. 17) call for *"using accounting's past to put the present into context and as a data bank of solutions to the current problem, and interpreting the past through currently fashionable theoretical perspectives"*. Like Previts et al. (1990-a), they present an extensive list of topic areas with suggestions about the sources that the accounting historian can seek. While they note that accounting history is largely document-based, they suggest the use of oral history, i.e. a history which *"is concerned with capturing the oral reminiscences of individuals interviewed by the historian"* (Carnegie and Napier, 1996, p. 28). Collins and Bloom (1991) highlight the importance of oral history in providing a better analysis and a unique perspective of the issue under inquiry. Similarly, Hammond and Sikka (1996) advocate the use of oral history as a method to overcome the limitation of the one-way communication of a written record.

Parker (1999) explains that oral history was frequently used up to the end of the eighteenth century, when it was discarded in favour of documented history. He then calls for the use of oral history as a means to better assess

the topic examined, and to give a voice to the 'unheard'. Since then, many accounting history researchers have relied on oral history to capture valuable information, such as gender inequality (Emery et al., 2002; Johnston and Kyriacou, 2011), experiences of the disabled (Duff and Ferguson, 2011), and racial discrimination (Hammond et al., 2012). However, oral history has its limitations since it constrains the researchers with interviewees who are alive and retain good mental capabilities to remember the past (McKeen and Richardson, 1998). In addition, oral histories may be tampered by faulty memory or personal perception and motivation (Hammond and Sikka, 1996).

Collins and Bloom (1991, pp. 25-26) suggest a process that researchers may follow when gathering oral history which includes:

- Identification of sources available
- Selection of knowledgeable persons as interviewees
- Preliminary research of relevant literature
- Conducting the interview with flexibility.

This research undertakes a mixed methodology, in which data is gathered from quantitative and qualitative approaches simultaneously. The following sections discuss these approaches in details.

4. 4. 5. The qualitative approach

The qualitative data is gathered by conducting semi-structured oral history interviews with eight selected members of the Lebanese Association of Certified Public Accountants (LACPA). The semi-structured questions are presented in Appendix II. Translated archival material from Arabic are presented in Appendix IV.

4.4.5.1. *Sample selection*

Each member was selected based on his/her ability to provide in-depth information relating to the establishment and operational continuity of LACPA. To ensure diversity, the interviewees were from various religious sects. Eight other members were contacted for interview, but either declined or postponed indefinitely using 'workload' or 'travel' as excuses even though repeated interview requests were made over a period of six months.

The reasons for choosing oral history to collect data for this research are twofold. Lebanon's civil war (1975-1990) has destroyed most of the archives. As discussed later, the headquarters of LACPA was burnt during the civil war, leaving no archival material. However, some of the association's members provided valuable archival materials which they preserved in their personal homes or offices. The second factor is the nature of Lebanese society, where information is mostly oral rather than written, especially when it relates to sectarian issues. Many power-sharing schemes that are based on sectarianism in Lebanon are verbal rather than written agreements. Many Lebanese would discuss openly the effect of sectarianism, but few research studies have been conducted on this issue. Due to limited archival material and written documents, oral history provides the most suitable method to collect the memories of the people who recall the construction and reconstruction of the accounting profession in Lebanon (1930s-2015).

The choice of the interviewee was also twofold. The first attempts towards the accounting professionalization project began in 1964, although the profession did not receive legal recognition by the Lebanese state until 1994. Few people who experienced this period of the professionalization project are still alive, and of those who are alive, very few have the ability to remember historical details accurately. Given these reasons, Interviewee Wael Abou Shakra was selected because he still has the full

mental capability to remember the events of that period (1930-1994), during which he presided over the first accounting association between 1977 and 1992 and was present when LACPA was established. Interviewee Afif Sharara was interviewed since he attempted to preserve the historical archival materials of that period and interviewed many of the pioneers who called for the professionalization project of accounting and were members of the first association. To preserve the archival material and the memories of the pioneers, Interviewee Afif Sharara published some of them in a book cited in this thesis as Sharara (2006).

The remaining interviewees were selected to cover the remaining period, i.e. 1992 to 2015. For example, Interviewee Mouwafak El Yafi was president of LACPA during 1995-2000, 2002-2003, and 2010, and was the only Muslim Sunni to occupy that role. Interviewee Gina Chammas is the only female president in the history of LACPA; she was elected to the role in 2011. She had major conflicts with her successor as president, Interviewee Amin Saleh, who was also interviewed for this research. The remaining interviewees participated on the LACPA board during the period 1992-2015 as members, treasurer, vice presidents, and/or secretary. Many of these members served for years on the board, as will be discussed in Chapter Seven. The signed consent by the interviewees to be quoted and named in this research are in Appendix II, with the exception of Interviewee El Yafi and Interviewee Abou Shakra who provided verbal consent. The interviewees will be cited throughout the remaining chapters as Interviewee X to distinguish them from other sources. For example, the interview conducted with Mr. Sharara is cited as Mr. Afif Sharara or Mr. Sharara. The material and information retrieved from Mr. Sharara's book are cited as Sharara (2006).

Table 4-1: LACPA interviewees

Name	Position	From-To
Interviewee Abed ElKader Al Saghir	Vice President Board Member Vice President	2009-2010 2010 2014
Interviewee Afif Sharara	Secretary	2005-2006
Interviewee Amin Saleh	President	2012-2014
Interviewee Gina Chammas	President	2011
Interviewee Mowafak El Yafi	President	1995-2000 2002-2003 2010
Interviewee Rajaa Saab	Board Member Treasurer	2008 2009-2010
Interviewee Walid Richani	Board Member	2010-2011

4.4.5.2. The interviews

The semi-structured interview questions were developed in a manner that would not influence the interviewees' opinions. The interview questions were based on the theoretical framework of this research. The interviewees are asked about the main reasons that ignited the professionalisation process in the first two questions. The third question is directed towards knowing the occupational group(s) that pioneered the professionalisation process and the attitude of the state and the public towards the project. The fourth question represents the heart of the research, where STD and TEC would emerge when identifying the factor(s) that hindered the development of the profession. While the question was designed not to direct the interviewees towards issues such as sectarianism, discrimination, or exclusion, it was noted that almost immediately, the interviewees answers would be sectarianism and its political affiliation. Such finding is discussed in-depth in Chapter Six. The last question was set to retrieve how the LACPA members view themselves and their colleagues in terms of education, competency, prestige and experience,

thus evaluating if the professional body was able to successfully implement associational control and image building strategies.

To provide the interviewee with a stress-free environment, the interviewee decided on the method (face-to-face, telephone, or via Skype), location and date of the interviews. All selected face-to-face interviews at their offices during April 2015 when the researcher/interviewer was present in Lebanon. The interviewees were asked the same questions, with additional questions arising as the conversation developed. The pre-approved questions by LACPA were emailed to the interviewees before the interviews and were as follows:

1. What were, in your opinion, the main factors that led to the establishment of LACPA?
2. Which factor do you believe to be the most significant one?
3. Which interest group (or groups) do you believe were most influential in promoting the establishment of LACPA?
4. In your opinion, what were the major influences that affected the development of LACPA? What pushed it in the direction it is in right now?
5. What elements do you believe are helping in the advancement of LACPA? What elements are holding it back?
6. Where do you see LACPA going in the next 20 years?
7. How would you describe a typical member of LACPA?

4.4.5.3. *Archival Material*

Mr. Sharara has generously provided – on a loan basis – the original transcripts and archival materials for the purposes of this research. These

documents are analysed using the systematic procedure of document analysis described by Bowen (2009, p. 27) where “data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge”. The choice of utilizing this method to analyse the material provided by Mr. Sharara as the documents are unobtrusive, non-reactive, readily available, stable, and are unaffected by the research purpose. The documents also provide exactness (exact names, locations, events details), as well as coverage (board coverage of a long span of time).

The first step in analysing the documents was to determine their relevance to the research purpose and its theoretical framework, their purpose and intended audience, and their accuracy in recording the events. The documents were then reviewed and put in context: laws, minutes of meetings, correspondence, news articles, etc., and then grouped in chronological order. The review of the documents in such matter provided grounds towards understanding the socio-political surrounding context in which these documents were issued. Using inductive approach, patterns are revealed. These patterns are discussed in depth in Chapters Five and Six. However, this research acknowledges that there are limitations when analysing the documents, mainly the availability of additional documents that were not attained by the researcher, and the inability of the research to authenticate some of the documents provided due the lack of public record.

The material obtained are formal laws and minutes of meetings, which leaves little room for discourse analysis. Niemi-Kiesiläinen et al (2007) identifies the scarcity of discourse as the main problem facing those attempting discourse analysis of legal texts. They call for the use of critical discourse analysis, in which discourse is often utilized to analyse the use of power to exercise dominance and inequality. Such analysis is employed in this research in relation to the power exercised by the state on the occupational group and then the profession, and in relation to the power

exercised by the occupational group on its members and those who aspire to join the occupation/profession.

In addition, the documents provide valuable information such as the names of the founding fathers of the profession in Lebanon, the organizational body's fight with the state, and documentation of some of the strategies used to attain professionalisation. All the documents and pictures presented in Chapter Five and the beginning of Chapter Six are copies from Mr. Sharara's material.

4.4.5.4. *Bias and its mitigation*

The nature of the Lebanese society by itself is biased against the 'others'. The Lebanese individual would immediately categorize another individual as "from our sect" or "from that sect" solely based on the name of the individual, as many first and last names are representatives of which sect the individual belong to. If the name is unrevealing, the other individual would be asked "where are you from" to retrieve the province or district they are from. By connecting the other individual to a geographical area dominated by a certain sect, the Lebanese individual would then immediately categorize the other individual as "our sect "or "that sect".

This was evident when the researcher/interviewer attempted to seek other interviews, as many refused solely on the basis that the researcher is a Muslim Sunni, evident by the way she wears her clothes. An interviewee who accepted to sit for the interview changed their mind after meeting the researcher (and how she looked). Another asked for her full name, and was able to 'categorize' her into a certain religion or sect, thus refusing the interview. Another person who was very welcoming and excited to sit for the interview was very rigid and formal during the interview, thinking very carefully before saying any words, fearing that any word they say would be used against them.

There were minimal measures that the interviewer could take to reduce stereotyping bias. It was noted, however, that interviewees that shared the same religion with the interviewer were more open with her from those belonging to another religion, even though she did not belong to their religious sect. As for cultural noise, the interviewees and the interviewer belong to the same culture, making it easy for the interviewer to pick up on socially acceptable answers rather than 'true-opinion' answers.

The choice of a semi-structured open-ended questions was deliberate by the researcher to reduce her own bias. Having lived for most of her life as part of the Lebanese society, the researcher is conscious of her own inherent bias. The semi-structure interviews provided a space for the interviewees to express their own opinions without being influenced by that of the interviewer's. The interviewer would only pick up on what they have revealed to form her next question, keeping her interference level at minimal. The interviewer deliberately did not mention "sectarianism" during the interviews or in the interview questions to reduce any confirmation bias.

The choice of the interviewees themselves were done to mitigate bias in the research, as they were selected from different religions, religious sects, background, and even time-era at the LACPA. However, the researcher was limited by the availability and acceptance of the interviewees to sit for the interviews, as well as their level of knowledge regarding the professionalisation process and the professional body. For example, the researcher would have liked to include more females in the interviews, but was limited to the fact that only two females were in 'power' position within the association, and only one of them was available for an interview.

It is also important to acknowledge that sectarianism in Lebanon has now exceeded the basics of religious belonging, as one's sect identifies the

person's political, cultural, and geographical belongings, not just religious identity.

4. 4. 6. The quantitative approach

The quantitative approach of this research focuses on obtaining data relating to all the LACPA members, such as age, gender, religion, sect, status (practising member vs. non-practising member), and workplace. LACPA has generously provided data relating to date of birth, gender, status, date of joining LACPA, and date of leaving LACPA (if applicable). Letters addressed to LACPA from the researcher and her supervisor requesting such data are found in Appendix III. Workplace for each member, i.e. company, was retrieved from the LACPA website and from the LACPA members' directory published in 2014 (LACPA 2014). These social attributes are based on the theoretical framework suggested by both STD and TEC. The framework proposes the use of these social attributes – of age, gender, religion, sect, family relationships, and location, among others – by the ethnic groups as a method to claim and reclaim monopolistic power over occupation. STD argues that these attributes are used in parallel with legitimizing myths to maintain inequality and discrimination. TEC suggests the use of these social attributes to establish and maintain a monopolistic position over professions. Therefore, examining these social attributes is fundamental for this research in order to inspect whether sectarianism has an effect on the development of the accounting profession in Lebanon. Such examination may also provide insights on whether and how these attributes are used to maintain sect power.

To retrieve data relating to religion, and sect, the researcher obtained the 2015 electoral lists (Lebanese Ministry of Interior 2015) of all the Lebanese population entitled to vote (i.e. who enjoyed full civil rights) amounting to around 3 million people. The electoral lists were purchased from the Lebanese Ministry of Interior and contained the required data detailing

religion, and sect, among other attributes as presented in table 4-2. The data in these lists are maintained by the Lebanese government and are updated on an annual basis. The data is also publicly available through the CDs published by the Ministry of Interior throughout the year, as well as on its website in March of every year.

The electoral lists were utilized in this research due to the lack of an updated Lebanese official census. According to An Nahar Newspaper (Dhahir, 2008), *"The Lebanese have avoided conducting an official census since 1932, fearing that the results could trigger a renewed bout of inter-communal fighting, but various surveys estimate that Muslims account for around 64 percent of the 4.2 million population and Christians 36 percent."* While an official census would contain data relating to all the Lebanese population of the year in which the census is conducted, the electoral lists contain the data of those Lebanese who have the right to vote. This eliminates Lebanese who are under the voting age of 21 and those who hold a criminal record. Such elimination does not affect the research, since membership of LACPA requires an individual to be *"Enjoying all his civil rights and having never been convicted of a disgraceful crime or offence, as defined in law-decree No.59/112, article 4, paragraph (E)"*⁸ as well as being over the age of 21. The use of census and similar archival material is not new in accounting history research. For example, Edwards and Walker (2008) utilized the 1881 Canadian census to retrieve ethnic origin, geographic location, religion, gender, age, and marital status when examining the early Canadian accounting profession. Similarly, Annisette and O'Regan (2007) support their findings on the early Irish accounting

⁸ LACPA (2015), Accountancy Profession Act.
<http://www.grafium.solutions/dev/accountancy-profession-act>

profession by relying on census data from the years 1881 to 1911. Given the lack of an updated official census, this research utilizes the next-best alternative, which is that 2015 electoral lists.

The lists were on Microsoft Access and were transferred to Excel sheets by the researcher. Each LACPA member's name was searched using this database and was retrieved by comparing the full name (including father's name) and date of birth to ensure matching. The lists also categorize individuals according to direct family relation (i.e. parents/children, siblings, etc.). This enabled the researcher to retrieve existing family ties between LACPA members. Examining such family ties is suggested by the theoretical framework, since these ties are used by the groups as a method to maintain dominance or to reclaim it.

Table 4-2: Sample of the 2015 Electoral List (original and translated)

M4_HASBAYA							
ID	Field1	Field2	Field3	Field4	Field5	Field6	Field7
1	محافظة	قضاء	البلدة او الحي	الدين	الجنس		
2	النبطية	حاصبيا	ابو قمحة	مسيحي	نكر		
3	الشهرة	الاسم	اسم الاب	اسم الام	تاريخ الولادة	رقم السجل	المذهب
4	*	*	*	*	1976/9/27	9	روم ارثوذكس

District: HASBAYA							
ID	Field1	Field2	Field3	Field4	Field5	Field6	Field7
1	Province	District	Town	Religion	Gender		
2	Nabatiyeh	Hasbaya	Abo Kamha	Christian	Male		
3	Family Name	First Name	Father's Name	Mother's Name	Date of Birth	Record Number	Religious Sect
4	* ⁹	*	*	*	1976/9/27	9	Rome Orthodox

⁹ The names were deleted on purpose to maintain the anonymity of the individual.

The data was compiled into three categories for each year since LACPA's inception: all members in that year, new members, and deleted members. A deleted member is a member who has left LACPA either voluntarily (death, personal choice, immigration, etc.) or involuntarily (membership terminated by LACPA either for ethical reasons or for failure to pay the yearly membership). A trend analysis was then established to examine the changes over the years. The analysis of the data relevant to this research is found in Chapter Six, while other findings are compiled in Appendix I.

4. 5. Importance of this research

Carnegie and Napier (1996) identify the role of accounting history to include investigating the past as a method to enhance the status of the profession. They quote Haskins (1904, p. 141) in stating that accounting history enriches the way we "*understand our present and... forecast or control our future*". This research aims to critically examine the development of the Lebanese accounting professionalization project while exploring the possible role played by religious sectarianism in constructing and reconstructing the accounting profession in a location where such a social construct has permeated all aspects of institutions, society and individuals. This research aspires to provide insights into how past events have shaped the Lebanese accounting profession and have moulded its current status, thus also providing insights that may lead towards an alternative future for the profession.

The research strives to create a new knowledge by filling two major gaps in the literature: social construct and geographic location of the accounting professionalization project. It seeks to investigate the possible effect of religious sectarianism as a social construct on the development of the accounting professionalization project. The research also intends to address a geographic location in which the examination of the development of the accounting profession has been neglected. Lebanon, as a site of historical enquiry, has been ignored except for a few researchers focusing

on the current position of the audit profession (for example, Sidani, 1992). Lastly, by using archival material and the interviewees' narratives, the research contributes to the creation of an archive of the accounting profession, an important initiative since the existing archival record is extremely limited due to the civil war demolition of the LACPA headquarters as well as the undocumented memories of the association's pioneers.

4. 6. Conclusion

Since the accounting profession is part of society, this research examines the accounting professionalization project in Lebanon through the lens of a struggle for social dominance and the existing ethnic conflict among the various religious sects in order to understand how the profession may have, in part, been constructed and reconstructed by ethnic and religious association. Applying the framework suggested in this section focuses this research on viewing the Lebanese religious sects as competing ethnic groups, thereby considering how these groups attempt to maintain monopolistic powers over the profession to preserve the group's power. The research utilizes qualitative and quantitative data to achieve these aims by conducting oral history interviews and analysing compiled data relating to various attributes of LACPA members. The goal is to fill two gaps that have been neglected in the literature: the geographic location of Lebanon and the social construct of religious sectarianism.

The following chapter marks the start of this examination by investigating the accounting profession during the Ottoman and French eras, and the first steps towards the accounting professionalization project after Lebanon's independence in 1943.

Chapter 5. The Road to the Accounting

Profession (5th century – 1990)

5. 1. Introduction

To understand the accounting profession's current state in Lebanon, it is necessary to look at its past to grasp the factors and challenges that have shaped and moulded the profession. The accounting profession, as discussed in Chapter Two, should be examined through the social contexts in which it operates. This chapter describes the accounting profession's development in pre-independent (pre-1943) and post-independent (post-1943) Lebanon. The chapter is divided into three main periods presented chronologically and in a manner that corresponds to the major intervals in Lebanon's history, as presented in the previous chapter. The post-war era (post-1990) is discussed in chapter six.

The chapter starts by demonstrating the existence of accounting as a tool during the Islamic Empire era (7th century–14th century) and the Ottoman Empire era (14th century–1920) of governing Lebanon. It then describes the introduction of accounting as an occupation during the French era (1920–1943) and early independence years (1943–1950). The chapter then reveals the various attempts towards professionalizing the accounting occupation between 1950 and 1990. The chapter then concludes by discussing emerging sectarian tensions surrounding the accounting profession in Lebanon.

5. 2. The accounting occupation in the Ottoman era (up to 1920)

Accounting has played a major role in the Middle East since the middle ages (5th century–15th century), where accountants – known as Al-Kateb

الكاتب – contributed greatly to government and businesses in particular and to society as a whole (Zaid, 2000). Zaid (2004) has provided evidence of the existence and use of accounting in the Islamic world – known today as the Middle East – as early as 976 AD. Napier (2009-b) draws back on the work of Said (2003) to warn about the confusion between "The Middle East" and "Arab" or "Islam". He identifies Islamic accounting to cover various parts of the world at different time periods. The Middle East is the region centred on Western Asia and Egypt that includes 21 countries, one of which is Lebanon, as shown in Map 5-1.

Map 5-1: The countries of the Middle East (Dartmouth, 2001)



Accounting is not a new notion in the Middle East. Baker (2013) discusses the use of established accounting practices such as taxation and customs duties in the Byzantine Empire (4th century to mid-15th century), in which the subdivision of Prefecture of the East constitutes what is known today as the Middle East, apart from Arabia (Kingdom of Saudi Arabia, United Arab Emirates, Bahrain, Qatar, and Oman). With the rise of Islam, the Prefecture of the East and Arabia became part of the Islamic world, governed by many Caliphs and then dynasties. The earliest documentation

of accounting systems in the Middle East was recognized by the scholar Al-Khawarizmy in 976 and then detailed by the scholar Al-Mazendarany to include stable accounting, construction accounting, agricultural accounting, warehouse accounting, among others (Zaid, 2004). During the Ottoman rule of the Middle East, Mert (2013) emphasizes the fact that, in contrast to western accounting, the accounting development in the Ottoman Empire was to cater for state needs rather than the needs of business people.

The rise of the Ottoman era (1299-1922) in the 14th century was accompanied by the Ottoman Empire's adoption of the Merdiban method of accounting – also known as Merdiven – which had been adapted from the Ilhanians (1251-1353), a Mongolian state in Iran assimilated by the Ottomans (Erkan, et al., 2006). Güvemli and Güvemli (2007-b) and Mert (2013) suggest that the Merdiban method was used by the Abbasid Empire (750-1258), and they claim that the political and economic relations between the Abbasids, Ilhanians and Ottomans led to the passage of the Merdiban method from one to the other. The Arabs of the Abbasid Empire exported their knowledge of fiscal structure and accounting systems to the Ilhanian State, which developed the Merdiban method further. The geographic expansion of the Ottoman Empire and its absorption of the Mongol Empire were then followed by the digestion of Merdiban method into the Ottoman accounting system (Güvemli and Güvemli 2007-b).

Siyakat, the accounting language of writing and numbers, was used until the mid-19th century in the Middle East (Mert, 2013; Erkan, et al., 2006; Faroghi, 1999). The teaching of Siyakat was passed on by a master-apprentice relationship through interns practicing state accounting (Erkan and Elitaş, 2011). Yükü et al. (2007) examine footprints associated with accounting methods used in the construction of Süleymaniye Mosque in Istanbul (1550-1557) and connect these methods to modern-day cost accounting.

Changes in accounting in the Ottoman era were associated with the Caliph's preferences, for example the reforms in the Waqf¹⁰ الوقف and its accounting in 1826 (Yayla, 2011). However, the most prominent change that occurred was the Tanzimat (a word meaning reorganization; see Güvemli and Güvemli, 2007-a, p. 2). The Tanzimat period presented the development of councils and committees for accounting purposes such as the establishment of the Council of Fiscal Accounting and the Imperial Chancery of Accounting in 1725 (Erol and Ören, 2007). During the Tanzimat period, those who practiced accounting as an occupation either dealt with central accounting activities or were responsible for accounting activities in the provinces (Erol and Ören, 2007). The next change took place during the second half of the 19th century when the Merdiban method was ushered out with the adoption of the double-entry system which the Ottomans imported in 1838 from French books (Güvemli and Güvemli, 2007-a). Since Mount Lebanon and Beirut provinces were a small part of the Ottoman Empire, their encounter with accounting was limited to state accounting, mainly for tax purposes.

While state accounting was practiced in Lebanon as a continuation of the accounting practices of the Ottoman Empire, accounting as an occupation and a profession was not introduced to Lebanon until well after the end of World War One. It is noted that at that time (prior to 1920), few accounting associations were able to change accounting from an occupation into a profession, such as had happened in the United Kingdom.

¹⁰ The waqf are endowments made by Muslims to charities or religious institutions. During the Ottoman Era, the Waqf were managed by the government.

5. 3. The emergence of the accounting occupation in Lebanon (1920-1950)

With the fall of the Ottoman Empire, Lebanon fell under the French mandate in 1920. However, the accounting profession in France was not fully developed until 1942 (Nioche and Pesqueux, 1997), after France adopted the Nazi German model upon its fall to Germany in World War II (Boolaky and Jallow, 2008; Standish, 1990). The Lebanese laws were adapted from French laws during the French mandate and were sustained well after Lebanon's independence in 1943. However, the French accounting professionalization project was too undeveloped to be transferred and implemented in Lebanon during the French mandate, as discussed in Chapter Two. Longuenesse (2006, p. 110) reveals that the French "*maintained the Ottoman [accounting] legislations [during their mandate over Lebanon] and simply complemented or adapted laws according to the new development*", and that a new commercial law in Lebanon was not formulated until 24 December 1942 when the Code of Commerce Decree No. 304 was declared (Ministry of Economy and Trade, 2011). The Code of Commerce was an adaptation of the French Code of Commerce (Longuenesse, 2006). It contained specific provisions defining auditing and the auditor's title, but it did not set the specific qualifications an auditor should possess.

According to Longuenesse (2009-a), accounting, as an occupation in the Middle East, was imported from Britain at the end of the 19th century, with the arrival of British companies to the region accompanying the British mandate over Egypt, Iraq, Jordan, and Palestine. Her study reveals that the first accounting firms were established in Alexandria and Cairo in Egypt as a response to the increased development of the cotton industry, and later spread throughout the region due to the oil industry. She claims that British auditing firms opened offices in Saudi Arabia, Iraq, Palestine, and Lebanon during the 1920s and 1930s and that these firms hired local staff

and invested in their training by sending them to the UK to gain professional certificates and practical experience.

Similar to Longuenesse, Interviewee Afif Sharara has stated:

"The Audit profession was excelled by the British, who transferred the profession to Palestine. In the late 1930s, the audit profession was introduced to the Lebanese by people coming from Palestine who trained the Lebanese on the British Standards of Audit. The audit practice started spreading, to the degree that schools and universities started teaching audit and accounting in their curriculums."

Sharara (2006) interviewed many of the pioneers of the accounting profession in Lebanon. Most of these pioneers are now deceased or have difficulties remembering historical details, limiting the ability of the researcher to interview them. Therefore, interviews with one of the pioneers, Interviewee Wael Abou Shakra, and LACPA members are presented here and in the following chapter (as per Table 5-2), and interpreted with extracts from Sharara's (2006) interviews with pioneers as follows:¹¹

¹¹ Sharara's interviews with these pioneers will be marked as Sharara (2006) throughout this chapter and chapter six, while the researcher's interviews will be indicated by using the Mr XX or Mrs XX.

Table 5-1: Sharara interviewees as presented in Sharara (2006)

Name of interviewee	Position
Ali Awada	Member of AAFO constituent committee. Elected as AAFO vice president in 1964, President in 1968, and board member in 1972.
Anis Kasbarian	Member of AAFO constituent committee. Elected as AAFO board member in 1964 and 1965.
Antoine Salem	Participated in several meetings in drafting the accounting profession organization law.
Beshara Bahout	Member of AAFO constituent committee. Elected as AAFO secretary in 1964, vice president in 1965 and president in 1970.
Fadil Al-Hajj	Influential AAFO member. Ran for several terms for AAFO board membership.
George Gholam	Influential AAFO member.
Jamil Atiyeh	First Lebanese to form an accounting and audit firm in 1945. Called for the establishment of a Lebanese accounting association since 1952.
Joseph Tasso	Member of AAFO constituent committee. Elected as the first president of AAFO on 4 March 1964. Served as AAFO president in 1971 and 1972, and as board member for the remaining years (1964-1973).
Mohamad Saloum	Member of AAFO constituent committee. Elected as AAFO board member in 1964.
Sami Zakka	Board member of AAFO in 1978 and 1983. Son of Simon Zakka, who was member of AAFO constituent committee, AAFO president in 1969 and in 1974, and board member in 1964, 1965, 1972, and 1973.

Table 5-2: Research interviewees conducted in April 2015

Name of interviewee	Position
Interviewee Wael Abou Shakra	AAFO accountant in 1965, board member in 1972, 1973, and 1974, President between 1977 and 1992
Interviewee Abed ElKader Al Saghir	LACPA Vice President (2009-2010), board member (2010), vice president (2014)
Interviewee Afif Sharara	LACPA Secretary (2005-2006)
Interviewee Amin Saleh	LACPA President (2012-2014)
Interviewee Gina Chammas	LACPA President (2011)
Interviewee Mowafak El Yafi	LACPA President (1995-2000, 2002-2003, 2010)
Interviewee Rajaa Saab	LACPA Board member (2008), treasurer (2009-2010)
Interviewee Walid Richani	LACPA Board member (2010-2011)
Interviewee Fawzi Hamdan	LACPA Board member (2000), vice president (2001)

An interview conducted by Sharara (2006) with George Gholam (presented in Picture 5-1), a pioneer in the development of the accounting profession in Lebanon, reveals that two secondary schools, aside from the American University of Beirut, were delivering accountancy modules. He also states that most pioneers of the profession studied and practiced the British model since they trained with British firms either in Lebanon or abroad.

Picture 5-1: George Gholam and Iskandar Simaan (Sharara, 2006)



Sharara briefly discussed the effect of the colonization of Lebanon by the French at the start of the accounting profession:

"Lebanon at that time [1930s-1940s] was a French colony, who had its own laws and regulations. During the colonization period, some French practitioners came to Lebanon and practiced the audit profession, spreading the French standards. In parallel, some Lebanese went to France to learn the profession and came back to practice under the French standards. At that time, the profession in Lebanon could be practiced under the British rules or the French rules".

However, Sharara, like Longuenesse (2009-a), stressed that the British accounting practices were the dominant ones in Lebanon. A comparison between the British and French accounting professions in the 1930s and 1940s reveals the maturity of the British model over that of the French, as discussed in Chapter Two of this thesis. While the British professionals could easily influence accounting practice in Palestine and consequently transfer it to Lebanon, the French practitioners did not enjoy a similar experience. This can be attributed to the inability of the French practitioners to build the 'image of a profession' in both their home country and their colonies, as discussed above in Chapter Two. This finding reveals

that while accounting was practiced in Lebanon under laws adapted from the French legal system, it followed British standards and practices through the transfer of knowledge.

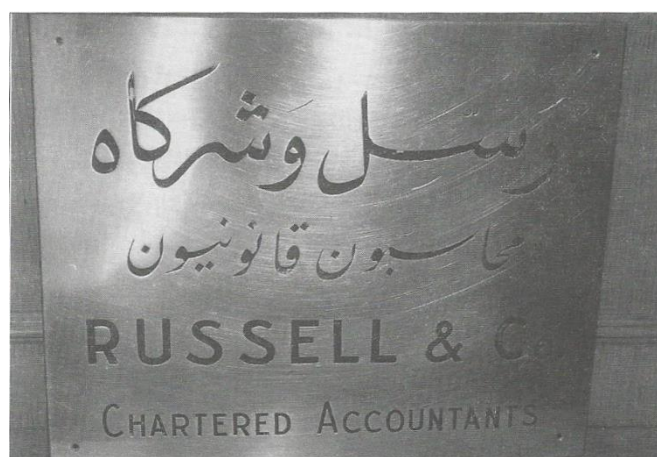
Such a transfer of knowledge was effected by the immigration of Palestinian practitioners to Lebanon in the 1930s and 1940s. For example, Ben Mahmoud (2002) states that Fouad Saba, one of the most prominent pioneers in developing the accounting profession in Lebanon, established the first audit office in Palestine in 1924 upon obtaining his British certificate. Saba later moved to Beirut in 1948 where he advanced his audit business and created subsidiaries in the region.

Similarly, Mr Mowafak El Yafi reveals that the accounting profession was introduced to Lebanon around 1932 through Russell and Co., a British company operating in Palestine. He states:

"The accounting profession started in Lebanon in the 1930s or even before through a company called Russell. Other firms were later established like William Mitri's office [office refers to accounting firm] and Jamil Atiyeh's office in the beginning of 1940s. Jamil Atiyeh's office was established in the early 1940s and it was the first Lebanese office. Right afterward, William Mitri opened his office in 1945 which was a correspondent to an office in Palestine called Saba office".

According to Sharara (2006), Russell and Co. was one of the first foreign firms to establish branches in the Middle East, opening its offices in Lebanon in the 1930s. He reveals that the Lebanese Iskandar Simaan is considered the founding father of accounting as an occupation in the Lebanon. Sharara (2006) has explained that after joining Russell and Co. in March 1931, Simaan developed his skills by continuing his education and obtaining certification from the British ICAEW.

Picture 5-2: Russell and Co.'s office plate (Sharara, 2006)



The immigration of the British-trained Palestinian accounting practitioners and the establishment of the audit firms in the 1930s and 1940s mark the birth of accounting as an occupation in Lebanon. Interviewee Mowafak El Yafi states that before these developments, accountants were known and identified as bookkeepers, and there was little public knowledge about accounting as a field of practice.

Between 1938 and 1939, there were six accountants and auditors in Lebanon, as presented in Table 5-3 (Sharara, 2006). On 4 April 1945, Jamil Atiyeh became the first Lebanese to establish an accountancy firm not associated with a foreign firm, and therefore won the title of the first Lebanese chartered accountant expert at court (Sharara, 2006).¹²

¹² The title 'expert at court' indicates that the practitioner can advise the court in matters related to his/her field. Atiyeh was the first Lebanese accounting expert at court who was not an employee or a partner in a foreign audit firm.

Table 5-3: List of accountant and auditors in Lebanon between the 1930s and 1950s

Name	Year of establishment
Charles Abela	Unknown but was registered in 1938
Alfred Azori	Unknown but was registered in 1938
Khalil Hbeesh	Unknown but was registered in 1938
Salim Maalouf	Unknown but was registered in 1938
Asper Miski	Unknown but was registered in 1938
Russell and Co.	About 1932
William Mitri	Early 1940s
Jamil Atiyeh	1945
Fouad Saba	1948

5.1.1. Conclusion

The fall of the Ottoman Empire brought with it the introduction of accounting as an occupation to Lebanon. Although Lebanon fell under the French mandate between 1920 and 1943, French accountants had a minimal effect on the accounting occupation in Lebanon in contrast to the British-trained Palestinian accountants who were able to transfer their knowledge to Lebanon. With at least six accounting and audit firms founded by the early 1940s in Lebanon, there was a growing interest in accounting, as indicated by one major university and two secondary schools offering accounting study in their curriculums. Referring to the literature review as presented in Chapter Two, the next logical step after establishing accounting as an occupation is to forward it into a profession, through the creation, as a first phase, of an accounting association that unifies

members and attains a monopoly over the work and the market. This will be discussed in the following section.

5. 4. First attempts at professionalization (1950-1990)

This section attempts to identify the strategies employed by AAFO actors in pursuit of establishing the AAFO as an accounting professional body by 1963. AAFO's long fight to build a relationship with the state and to establish a law to legitimize and protect the profession between 1965 and 1990 is discussed in sections 5.4.2 and 5.4.3. Section 5.4.3 presents the transformation of the AAFO to the LACPA. Lastly, the impact of emerging sectarian tensions on the association is discussed.

In this section, the research interprets the developments in professionalization using the eight professionalization strategies suggested by the Birkett and Evans' (2005) model discussed in section 2.6.1 above. As a reminder, these strategies are:

- To attain professional power, the strategies include:
 - determinations of standards (S5)¹³ where the profession self-regulates its standards;
 - professional unification (S7) of all members and associations to gain a monopoly over the work in the market;

¹³ Allen (1991) used the term S to indicate strategy.

- achieving a relationship with the state (S8) to gain support for the autonomy of the profession and decreasing any threat from the state to such autonomy.
- To achieve association control, the strategies are:
 - delineation of the area of expertise (S2) and its protection from invasion and manipulation from outsiders;
 - control of education and entry by the organizing body (S3) by setting and closely monitoring the level of university education required;
 - definition of competence levels of the members (S4) with more prestige awarded by the association to members who attain higher levels of membership.
- To sustain ideology, the strategies include:
 - formulation of a code of ethics (S1) as evidence of professionalization and a symbol of rigour in serving the public's interests;
 - image building (S6), in which the occupational organization promotes itself to convince the public of the legitimacy of the profession.

5. 4. 1. Establishing AAFO (1950-1963)

With the establishment of Lebanon's independence in 1943, Lebanese society grew accustomed to accounting as a field of practice. Lebanon witnessed an increase in accounting practitioners. According to Longuenesse (2006), the British-trained professionals dominated audit

firms and the French-trained accountants were employed in commercial and industrial companies, as the audit practices were followed British standards at the time. In 1954, the French-trained Elie Aoun founded the 'Fiduciaire du Proche-Orient', the first 'French' audit firm in Lebanon. The French influence then expanded as more 'French-oriented' schools, centres and universities provided accountancy education, such as the École Pratique de Commerce et de Comptabilité, Centre d'Études Comptables, and Saint-Joseph University in the late 1950s. Longuenesse (2006) argues that there was a coexistence of both influences, providing Lebanese professionals with a unique exposure to various methods, since the Lebanese regulations were based on French laws yet auditing was practiced following British standards.

According to Sharara (2006), Jamil Atiyeh remembers that he started calling for the establishment of a professional body in 1952. The Lebanese economy was booming at that time, yet the profession was not regulated and was dominated by foreign companies. A news article titled 'Protecting national accounting from foreign espionage' (presented as Document 5-1), published on 16 August 1965, discussed how the first Lebanese accounting professional body was established; the article provides evidence of the implementation of strategies S7, S2, S8 and S5. According to the news article, in 1957 Antoine Karam, the owner of Karam Accounting Firm, was the first person to suggest establishing an association for accounting firm owners in Lebanon, thus attempting the professional unification strategy (S7) to attain professional power whereby all the association members unite to gain a monopoly over the work in the market. Karam suggested the idea of the association as a means to oversee the members' interests, follow-up on their needs, and ensure better conditions for the profession (S2 – delineation of the area of expertise). As the news article describes, Karam contacted Jamil Atiyeh, Fouad Abou Izeddine and Farid Jobran, among others, and held a series of meetings. After one year of deliberations, an initial draft of the association's organization was prepared. However, the 1958 revolution forced the participants to

postpone establishing the association and to cease all meetings. On 7 January 1960, after stability was restored in Lebanon, a grand meeting was held, and the members agreed to form two committees, the first to deal with official matters (S8 – achieving a relationship with the state), and the second to examine income taxes law (S5 – determinations of standards). The meeting also discussed the importance of protecting the profession from foreign firms and competition (S2 – delineation of the area of expertise).

What is worth mentioning is the increase in the number of accountants and auditors. While there were six accountants and auditors by 1939 (as discussed in the previous section), the number of accountants and auditors who attended the meeting in 1960 was 50 (excluding Russell and Co. which did not attend), indicating a high interest in accounting as an occupation.

Document 5-1: A newspaper article discussing the need to protect national accounting from 'foreign espionage' (Sharara, 2006)



Interviewee Wael Abou Shakra has recalled this period:

"When the profession started [1950s-1960s], there were two types of firms. Big firms that were big names such as Arthur

Anderson,¹⁴ Deloitte [established in 1942], etc. These were well known, the big five or the big six, before they were the big eight. There was a great conflict between them and the French School [professionals who were trained to French standards]. Till 1964, there was no internal regulation for the profession – in Lebanon by the government – except for some 'weak' [minimal] laws. These dealt with the responsibilities of the auditor of Joint Stock Companies. Later there was another script that was for banks. But these were not the essential things that were supposed to be [to organize the profession]. There were no scripts that would make the [accounting] professionals abide by the international standards, abide by its changes over time, because our profession is the most progressive profession because it is built around events, and its concepts are shaped by the events that occurred, and there is constant progress that forces the professional to keep up with current economic and monetary events, which will make you progress your profession. This was non-existent. We had none of these, in addition to the lack of law that would organize it [the profession]".

Interviewee Afifi Sharara has described the start of the professionalization project:

"With the increasing number of people practicing [in] the audit profession [in the early 1960s], there were calls for regulating

¹⁴ There is no information available about Arthur Anderson's branch in Lebanon as it is closed.

the profession, and ten persons¹⁵ out of the 40/50 persons practicing audit gathered to create an association for audit and accounting practices, influenced by such trend to regulate in other countries”.

According to Sharara (2006), before the establishment of the association Beshara Bahout remembers meeting frequently with other accounting practitioners such as Simon Zakka, Aziz Mokarzil, Joseph Jabbour, Edward Kasabian and Amin Masoud to create laws and regulations to organize the accounting profession in Lebanon. Anis Kasbarian recalls more names such as Joseph Tasso, Elie Aoun, Jamil Atiyeh, Ali Awada and Michael Firnayni between 1960 and 1963. Sharara (2006) interviewed Sami Zakka, son of Simon Zakka, who stated that, during these meetings, the members decided to apply for licensing for the association from the Ministry of Labour and Social Affairs (S8 – achieving a relationship with the state), and then continued to demand a law governing the profession. Mohamad Saloum recollects that the decision to apply for the license was a result of many failed attempts to obtain a law to organize the profession. At that time, according to Joseph Tasso, only about 50 Lebanese accounting practitioners were working in Lebanon (Sharara, 2006).

On 17 December 1963, the Labour and Social Affairs Minister Fouad Botros signed Decree 518/1, granting Farid Jobran, Ahmad Abed Al Baki, Amin Masoud and Bshara Bahout the permission to establish an association with the name Association of Accounting Firms’ Owners (AAFO), thus implementing the relationship with the state strategy (S8 – achieving a relationship with the state). The decree, presented in Document 5-2,

¹⁵ Such as Antoine Karam, Jamil Atiyeh, Fouad Abou Izeddine, and Farid Jobran who were earlier mentioned in Document 5-1, and in Sharara (2006).

specified the aim of the association to "elevate the level of profession materially, economically and socially". The decree also gave the association three months for the general assembly's congress to elect the first board of the association; otherwise, the license would be deemed void.

Document 5-2: Decree number 518/1 of 17 December 1963



There is no archival material that details the information relating to the size and number of the accounting firms and accounting practitioners who joined the AAFO. However, Abou Shakra (2015) recalls that not all practitioners joined the newly established Association:

"Professionals who joined the associations were professional in medium and small sized firms. The big sized firms [referencing 'foreign' accounting companies such as Deloitte] didn't join and created their own association called The Association for Certified Auditors in the Middle East [established on 12 March 1964 according to Longuenesse (2006)], or something like that. They fought the [accounting professionalization] law because they wanted the law to be tailored to their needs only".

These 'big sized' firms were the Anglo-Saxon firms who were well established in Lebanon in the 1950s. According to Longuenesse (2006), these firms included Ernst and Ernst through Russell and Winney Firm; Andersen through Saba Firm; Peat Marwick through Hazem Hassan Firm and his Lebanese associate; and PWC "*through its Lebanese associate manager who was for some time the president of the association*" (p. 7).

On 15 March 1964, the first general assembly of the association was held, at which the first AAFO board, consisting of 12 board members and presided over by Joseph Tasso, was elected. It was remarkable that while the profession was dominated by 'British-trained' professionals, the first president was French-educated and trained. This could be seen as an implementation of the professional unification strategy (S7) to gain professional power.

On 6 July 1964, the AAFO's first general assembly approved the association's internal bylaws. These bylaws, presented in Document 5-3, set out the aims of the Association (S2 – delineation of the area of expertise) as follows:

- Protecting, encouraging, and promoting the accounting and audit profession, and working on its progress and prosperity in all financial and economic matters.
- Promoting cooperation and solidarity among members, protecting their interests, defending their legitimate rights, and working on promoting their status.
- Undertaking and contributing to scientific research projects and improving accounting principles and techniques to be used locally.
- Encouraging professional information exchange with other professional bodies in Arab countries and other countries.

- Providing the association members with all information relating to the progress and prosperity of the profession.

The internal bylaws also set the conditions to join the Association (S3 – control of education and entry by the organizing body; and S4 – definition of competence levels of the members). These were:

- To be a Lebanese citizen with full civil rights.
- To not be an employee in public, private or any other institution, and to be practicing accounting and audit profession in his own firm, whether a sole proprietorship or partnership.
- To be at least 18 years old.
- To not be convicted of any crime.
- Non-Lebanese are allowed to join the association if they meet the conditions and have the right to work in Lebanon. However, they can't take part in the elections or be board members.

What is notable is that the internal bylaws did not specify the education or training levels of the members as entry barriers, but rather focused on the member being an owner of an accounting firm. This is evidence of the closure strategy used by the AAFO to monopolize the market for the advantage of those who had the financial ability to establish an accounting firm rather than in relation to standards of education or training.

Document 5-3: The first, second and last pages of the Association of Accounting Firms' Owners Internal Bylaws, as approved by the first general assembly of the Association

<p>المادة ٧١ : يقدم الحساب إلى مجلس النقابة في نهاية كل ثلاثة أشهر بياناً عن وضع النقابة المالي ، وذلك في أول جلسة يعقدّها المجلس بعد انتهاء الأشهر الثلاثة .</p> <p>المادة ٧٢ : تشكيل اللجنة المالية الأولى في اليعاد والثلاثين من شهر كانون الأول ١٩٦٤ .</p> <p>المادة ٧٣ : خلافاً لأحكام هذا النظام ولقرارات الجمعية العمومية التأسيسية تعدد قسمة الاشتراك المصنوع لسنة ١٩٦٤ لقاء بمليون ليرة عة ليرة لبنانية .</p> <p>على الأعضاء الملتزمين سابقاً في النقابة تصديده الرصيد التمثيلي عليهم من جراء التعديل في رسم الانتخاب برسم الاشتراك المصنوع وذلك في مهلة أقصاها شهر واحد تبدأ من تاريخ تعديل هذا النظام .</p> <p>المادة ٧٤ : لمجلس النقابة الحق في تسمية أحد الأعضاء الغائبين رسمياً بغيره للنقابة شرط موافقة الجمعية العمومية على ذلك .</p> <p>المادة ٧٥ : يستثنى من أحكام المقتضى (ب) من المادة الرابعة من هذا النظام الأعضاء المنتسبون إلى النقابة حتى تاريخ اعتماد الجمعية العمومية التي أقرت النظام الداخلي .</p> <p>المادة ٧٦ : أقرت الجمعية العمومية المقتضى بتاريخ السادس من شهر تموز ١٩٦٤ جميع أحكام هذا النظام المؤلفة من ست وسبعين مادة وقررت رفعه إلى جانب وزارة العمل والشؤون الاجتماعية للتصديق عليه .</p>	<p>في عضوية النقابة والانتساب إليها</p> <p>المادة ٣ : يتألف أعضاء النقابة من فئتين :</p> <p>أ- أعضاء مطلقين وهم الأعضاء المنتسبون إلى النقابة وفقاً لشروط الانتخاب المنصوص عنها في هذا النظام .</p> <p>ب- أعضاء فاعلين وهم الأعضاء الذين ينضمون لمجلس النقابة هذا المثلث بعد مرور ثمانية في حقل المال أو الاقتصاد أو إدارة المراكز الاجتماعية ويصيرتهم ولا يكون لهم حق التصويت .</p> <p>المادة ٤ : يتوجب على كل من يريد الانضمام إلى نقابة نقابة بصفة عضو أن تتوفر فيه الشروط التالية :</p> <p>أ- أن يكون من الجنسية اللبنانية بشخصاً بصفته المدنية .</p> <p>ب- أن لا يكون مستخدماً في مؤسسة عامة أو عامة أو في حقل مستقلة وأن يكون موازلاً لأعماله المدنية والتدقيق دون سواها في مكتب محاسبية أو محاسبية ومصاحبه المعايير في شركة تتداول المحلة يكون هو أحد أصحابها وفي الحالة الثانية تشترط الشركة عند التثبيت بصوت واحد .</p> <p>ج- أن يكون له اتم الثامنة عشرة من عمره .</p> <p>د- أن لا يكون مسجولاً عليه بجنسية أو بصفة غائبة .</p> <p>هـ- أن لا يكون قد خالف اسمه من النقابة بقرار من المجلس التأسيسي إلا إذا أصبح خلفه الشخصي دائماً وفقاً لأحكام الميثاق في هذا النظام .</p> <p>المادة ٥ : يجوز للأجانب إذا توفرت لهم الشروط الأربعة الأخيرة وكان يصرحوا لهم بالعمل في لبنان أن ينضموا إلى عضوية النقابة بصفة أعضاء ماعين .</p> <p>فإنه لا يحل لهم أن يتركوا في الانتخاب وأن يكونوا أعضاء في مجلس النقابة ، وأما يحل لهم أن يتقدموا أحد لم يكن ينضم إليه فيجب عدم إدراجهم لدى مجلس النقابة</p> <p>المادة ٦ : يتقدم طالب الانتخاب بطلب على نقابة لتدويع ضمن برقته بالمستندات المطلوبة .</p>
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<p>النظام الداخلي</p> <p>لقابة اصحاب مكاتب المحاسبة والتدقيق</p> <p>كما أقرت الجمعية العمومية غير العادية</p> <p>في جلستها المنعقدة بتاريخ ١٩٦٤/٧/٦</p> <p>بمجلس التدقيق التي أقيمت في بيروت ، ويمكن انشاء فروع ومراكز لها في المحافظات :</p> <p>المادة ١ : في اسم النقابة ومركزها الدائم وأهدافها :</p> <p>أ- اسم النقابة نقابة اصحاب مكاتب المحاسبة والتدقيق</p> <p>ب- مركز النقابة الدائم هو بيروت ، ويمكن انشاء فروع ومراكز لها في المحافظات .</p> <p>المادة ٢ : للنقابة شخصية اعتبارية</p> <p>أ- حماية مونة المحاسبة والتدقيق ، وتشجيعها ورفع مستواها والحفاظ على كرامتها والعمل على تقدمها ، وزدادها في جميع الحقول المالية والاقتصادية .</p> <p>ب- تنمية روح التعاون بين أعضاء النقابة ، ورواية مصالحهم والدفاع عن حقوقهم والعمل على رفعة شؤونهم .</p> <p>ج- القيام بالبحوث العلمية والمساهمة فيها وتزويج المبادىء المحاسبية والفنية والتدابير المهنية للمساهمة بزيادة استخداماتها محلياً .</p> <p>د- تشجيع تبادل المعلومات المهنية من بيانات وصحيات المحاسبين في البلد أو العربية والبلدان الأخرى .</p> <p>هـ- تزويد أعضاء النقابة بالمعلومات المتعلقة بتطور المهنة وتقدمها .</p> <p>و- جعل أعضاء النقابة مسؤولين عن كل عمل يقوم به ويقدمه باسمهم إلى الإدارات العامة والمؤسسات .</p> <p>٠٠٠ / ٠٠٠</p>

Sharara (2006) interviewed Fadil Al-Hajj who recalled that organizing the profession was the first priority among the founding fathers. He believed that the AAFo had a leading role in introducing the profession to Lebanese society and explaining the role and importance of certified accountants (S6 – image building), since "*all institutions started to talk about the role of the association [AAFO] and the importance of the profession*" (Sharara, 2006, p. 231). Al-Hajj also recollected that while the AAFo did not have a 'legal' status, it managed to join other associations and international

bodies¹⁶ thanks to the tremendous efforts of its administrators (S6 – image building).

Table 5-4 summarizes the establishment of AAFO and the surrounding events, and presents the various strategies used by the AAFO, where applicable, to attain monopoly over work and the market.

Table 5-4: Establishing the AAFO and bylaws

Date	Event	Strategy
1930s	Introduction of accounting as an occupation by the British-trained Palestinian accountants who immigrated to Lebanon.	
1943	Lebanon gains independence.	
1952	First calls made by Jamil Atiyeh to create an accounting professional body.	
1957	The establishment of the French-trained audit firm. Antoine Karam suggests establishing an association for firm owners.	
1958	Civil War postponed any discussion relating to the establishment of a professional body.	
1960	Stability returns to Lebanon. Grand meeting attended by 50 accountants and auditors was held and called for the establishment of a professional body.	
1963	AAFO was established by Decree 518/1.	S8
1964	AAFO's first general assembly, the election of its first board, and approval of its internal bylaws.	S2, S3, S4, S7

¹⁶ The loss of the archive of the AAFO in the civil war and the name change of the association limits the ability to find the names of the associations and bodies which the AAFO joined.

5. 4. 2. First attempts to seek legalization through a professionalization law (1965-1975)

This section discusses the steps taken by the AAFO to attain a monopoly over work and the market through a professionalization law. It reveals that the state showed little interest in such a law, even with the several attempts by the AAFO to push for the Lebanese parliament to pass a law.

According to Sharara (2006), Anis Kasbarian recalls that the first meetings of the AAFO were held in the offices of Joseph Tasso, and were later moved to the rented offices of the association in the Ras El Nabie area in Beirut. Mohamad Saloum (Sharara, 2006) explains that the AAFO constituent assembly had met 53 times between its establishment in 1963 and 1965 in order to create a comprehensive draft law that would organize the accounting profession in Lebanon. This draft was presented to the AAFO's general assembly on 14 March 1965 (S5 – determinations of standards).

Picture 5-3: The members of the constituent assembly of the AAFO in 1964



Picture 5-4: The members of the first Council of the AAFO in 1971



The draft law was approved by the AAFO's general assembly and was then sent to the Lebanese Cabinet to obtain the government's approval. Mohamad Saloum (Sharara, 2006) recalled that the government and the

AAFO entered a negotiation phase in which demands for alteration and re-alterations of certain articles were set by both sides (S8 – achieving a relationship with the state). Similarly, Sharara (2006) interviewed Antoine Salem who said that when the law was sent to the Lebanese Cabinet for approval in 1971, the cabinet transferred the law to one ministry and then another, with each demanding alterations to some of the articles. He also remembered that the law finally reached the Lebanese parliament, but was rejected because it contained an article that limited foreign companies' activities in Lebanon. Ali Awada (Sharara, 2006) said that the law was sent to the cabinet four times, and each time was rejected. He claimed that only after the fourth rejection did the AAFO know that the reason for rejection was the article limiting foreign companies' activities.

Document 5-4: The first and the second pages of the amended law relating to the organization of the accounting profession in Lebanon



The draft law differed greatly from the AAFO's internal bylaws. The internal bylaws dealt with association-specific issues such as the name and location of the association, its purpose and aims, type of members, conditions for joining the association, the length of board governance, and association elections. On the other hand, the draft law focused on the definition of the certified public accountant (CPA), the conditions for becoming a CPA, and the committee for approving the accounting profession practice. The draft, presented in Document 5-4, defined the CPA as the person who performs

auditing and appraisal of all types of accounts and renders an opinion as to the authenticity and accuracy of financial data in the public and private sectors. Unlike the conditions that limit membership of the AAFO to owners of accounting firms, the draft law specified education and training as conditions to become a CPA in a manner that mimicked other professional organization laws (discussed in Chapter Two above). The new entry barriers intended to monopolize and protect the profession included:

1. Being a Lebanese citizen for more than ten years.
2. Being over 21 years of age.
3. Enjoying all his civil rights and having never been convicted of a disgraceful crime or offence.
4. Holding a degree in Business Administration (accounting major) from one of the universities operating in Lebanon, or its equivalent.
5. Obtaining a license to practice the profession.
6. Completion of training in one of the licensed CPA firms registered with the AAFO for at least three years, or experience of practicing the profession in the public or private sector as a chief or senior accountant along with completion of one year of training at a licensed CPA firm.

While these conditions were similar to the closure strategies used in other countries, the training conditions added another entry barrier by requiring the CPA to train for three years under the supervision of an AAFO member, thus enforcing the exclusivity of the profession to the accounting firm owners who were AAFO members. Such conditions enabled AAFO members to have a complete monopoly of labour and the market simultaneously. By setting these conditions, the association attempted to implement all three strategies for association control: delineation of the area of expertise (S2),

control of education and entry by the organizing body (S3), and definition of competence levels of the members (S4).

AAFO members also attempted to implement other professionalization strategies. For example, Antoine Karam (Sharara, 2006) recalled that he owned a weekly magazine that was dedicated to defending the newly established association between 1965 and 1968 (S6 – image building). His main objective was to solidify the AAFO's position and strengthen it against the international companies, such as Arthur Anderson and Deloitte, both of which were dominating the Lebanese market through their contracts with almost all Lebanese major companies and the Lebanese government. He claimed that these international companies used their home countries' influences and their own financial abilities to fight the professional organization law, managing to delay it for a lengthy time. Joseph Tasso explained that non-Lebanese did not join the association; any foreigner who wished to join the AAFO needed to partner with Lebanese in order to compete in the market as a member of the Association.

In parallel with Antoine Karam's efforts, Mohamad Saloum has stated (Sharara, 2006, p. 236):

"I sent a report to the association board on 14 March 1965, briefing about the efforts done by the Ministry of Labour and Social Affairs regarding the licensing for the foreign companies to work in Lebanon, where the Ministry of Economy was basing the licensing for these foreign companies on the decree number 69 issued by the French Mandate. These companies, as a result, were able to open offices in Lebanon by just notifying the Ministry of Economy. Based on the objection of the Association board, I notified both ministries and asked them to stop the foreign [international] companies from opening the offices without the Ministry of Labour's

approval. This limited these companies' ability to open new offices in Lebanon".

By seeking the state's help against the international companies, AAFO aimed to achieve monopoly through S8 (achieving a relationship with the state), while also attempting to achieve another closure strategy through the creation of an entry barrier to new international firms attempting to establish a presence in Lebanon.

While the AAFO managed to successfully implement this strategy, it was not able to convince the state of the necessity of approving the draft professionalization law. Mohamad Saloum recalled that, despite the continuous efforts of the association's board members, the law was not passed by parliament until 1994 (as discussed below in Chapter Six). The efforts included sending frequent memos and requests to the prime ministers and presidents. The association continued its attempts to achieve a relationship with the state (S8) to gain a monopoly over the profession through legislation.

Table 5-5 summarizes the efforts conducted by the AAFO boards over the years to pass the professional organization law, and the reactions of cabinets, presidents, and parliaments. The archival material discussing these events is presented in Documents 5-5 to 5-8. The archival material covering the period between 1965 and 1971 was not retrieved because none of the interviewees had copies of such material.

Table 5-5: Chronology of the professionalization law between 1965 and 1975

14/3/1965	AAFO's general assembly approved the draft professional organization law.
4/5/1971	The draft law was examined by the Lebanese government cabinet but was not passed.
3/6/1971	AAFO members met with ministers, the Prime Minister, and the president to ask for their approval of the law.
9/8/1971	The law was examined again by the Lebanese Cabinet, but was not passed.
24/2/1972	The AAFO board sent the law to the Lebanese president.
15/9/1972	The AAFO sent a memo to the Lebanese Prime Minister to pass the law.
10/1/1973	The AAFO board discussed the law with the Minister of Labour and Social Affairs.
7/11/1973	The law was re-examined by the cabinet and refused.
9/2/1974	A memo was sent again to the Lebanese president asking for his approval of the law.
8/5/1974	A parliamentary committee discussed the law and transferred it for further study to the Administration and Justice Committee.
9/10/1974	The law was discussed again with the Lebanese President and Minister of Finance.
1/5/1975	The board met with the Lebanese President and Minister of Education to discuss the law.

Document 5-5: The letter from the Ministry of Labour and Social Affairs to the cabinet asking for its decision on the Organization of the Accounting Profession Law in 1971

الجمهورية اللبنانية
وزارة العمل والشؤون الاجتماعية

رقم المخطوطة :
رقم الحساب :
بمسرة قسي

لرئيس: عام رئاسة مجلس الوزراء

الموضوع : ١- ازالة مشروع قانون تنظيم مزاوله مهنة محاسب
المادة :
المرتب : كتاب وزارة العمل والشؤون الاجتماعية
رقم ١٨٠٧ / ١٤٠٧ تاريخ ١٢ / ٢٤ / ١٩٧٠
- قرار مجلس الوزراء في جلسته المنعقدة بتاريخ ١٢ / ٢٤ / ١٩٧١

عذرا على تاخيرنا في الرد على المراسلة المذكورة اعلاه ، وبالاقتدار الى قرار مجلس الوزراء المنعقد في جلسته المنعقدة بتاريخ ١٢ / ٢٤ / ١٩٧٠ ، وارسالنا لتكملة مشروع القانون الثاني المتعلق بتنظيم مزاوله مهنة محاسب ، الى ان تم ادخال التعديلات اللازمة عليه ، طبقا لرأي ديوان المحاسبة والملاحظات التي ابدتها في: دراسة مجلس الوزراء .

نرجو عرضه على مجلس الوزراء لاتخاذ القرار المناسب باحالة الى مجلس النواب .

وزير العمل والشؤون الاجتماعية .

Document 5-6: A letter addressed to the Lebanese president asking him to approve the professional organization law in February 1972

الجمهورية اللبنانية
رئاسة الجمهورية

مذكرة

مرفوعة للمعاليته رئيس الجمهورية المحترم

الموضوع : تعديل مشروع القانون الثاني بتنظيم مزاوله مهنة محاسب .

لما كانت النقلة قد وقعت منذ سنة ١٩٦٣ - اي منذ ثمان سنوات - بمشروع قانون يهدف الى تنظيم مزاوله مهنة المحاسب ، وقد تم تمرير هذا المشروع والمناقشة عليه من قبل جميع المراجع المختصة ، وهو الآن قيد التصديق من قبل نظام مجلس الوزراء .

لذلك

ونظرا لما لاحت من فوائدها على تنظيم مهنة المحاسب لا سيما وان مهنة المحاسبية يقومون به من حين ومكان في حقل الخياطة والتصاميم والمصالحات .

فنتقدم لفضلكم لاداء هذا الاختيار هذه الامانة الموقرة لخدمه بل هذه

التاريخ :
مع تكميم تائق التفسير والا احترام

عليه : مشروع القانون .

الرئيس

Document 5-7: Letter to the President of the Lebanese Cassation Court demanding the inclusion of the association in decisions relating to the appointment of sworn experts and other matters.

الاستعراضات الكليّة ، وهو قرار انتقالي ، يطلب مجلس النقابة اعتبارها الجهاز الرسمي للمجلس والممثل للمعيرة المحاسبية ، لا فراكه - عند الاقتضاء - في اتخاذ القرار بشأن تعيينات الخبراء .

يشاء ان يكون عدد القانونين المشار اليه ، مع مراعاة اشراك كل الابحاث الآتية الى وضع القانونين المشار اليه موضع التنفيذ .

مع العلم ان لمجلس النقابة مطالب اخرى لا يفضيها هنا لان هذه الآلة لا علاقة

الطالب للطلبة المذكورة اعلاه .

وانما لا نشك بانكم ستولون الامر بانيكم واعتناكم لانتنا تصرف حرمكم على الصلحة العائسة .

وتفضلوا بقبول تائق الاحترام .

مشروع ط كسيرة

محكمة الرئيس الاول لمكتبه التمهيد المتشعر

بصرف المستعدين اعلاه مجلس نقابة اصحاب مكاتب المحاسبة والتدقيق ان يعمروا الى حركتهم المنظمة الثانية :

بمجلس النقابة يادى الى ان يعمروا من قبل فكرة للقرعة الذي اعطاه محلة الرئيس الاول من طائفة في السابق ما يستحقون بصفته في العمل على ما هو فيه وضع مستوى المهنة وبالتالي عددا للخدمة العامة .

وهذا النوع من التدبير يعمروا مجلس النقابة ما يلي :

بما ان وضع جدول الخبراء الذي هو الحكم :

بصرف مجلس النقابة الى وديعه مشروع قانون (مستفاد من) يرضى الى تنظيم مزاوله مهنة خبراء المحاسبة ، وقد اجاز هذا المشروع جميع الرعايل بحيث اصبح الآن لدى مجلس الوزراء .

ولما كان هذا المشروع قد حضر مزاوله السيرة في اعمدة النقابة بعد ان وضع فريقا لاختصاص على الصعيد من المصالح والمصالح .

وبما ان هذا المشروع قد تم في بانه " ٤٤ " - على انه " لا يجوز ان يعلو في جدول خبراء المحاسبة المتخصصين في المرحوم الا شرطي رقم ١٤ تاريخ ١٢ / ٢٤ / ١٩٦٣ " الا انهم انما يوزنون عليه من ان جدول النقابة الدائم يحدد بالاحكام كل فيه يجرى " خلافا لا كما هذه المادة " .

لذلك

طالب مجلس النقابة بتجديد التعديلات للخدمة لخدمة رتبة بعدد هذا القانون الانتخابي التي يمارى الى تاريخ التجدد به ، وبذلك يبالى من تقديمه من الخبراء بدون قاعدة حقة ان يرفع .

بحين الاجراءات التي اكثر من الكمية ما يردى ولا فله الى تحسين الاجراءات الزائدة .

٠٠٠ / ٠٠٠

Document 5-8: A letter addressed to the Prime Minister soliciting his help to pass the professional organization law in August 1971



In addition to the government's unwillingness to approve the professionalization law, the draft professional organization law faced obstruction from other accounting associations. Sharara (2015) recalls that:

"There were three associations at that time [1960s-1970s]. The AAFO presided by Wael Abou Shakra, the Certified Public Accountants in the Middle East, and the Court Experts presided by Dr. John Abdallah. Only the AAFO was formed under the Ministry of Labour [Decree 518/1], while the others were just associations with no 'legal' existence except notification to the Ministry of Interior".

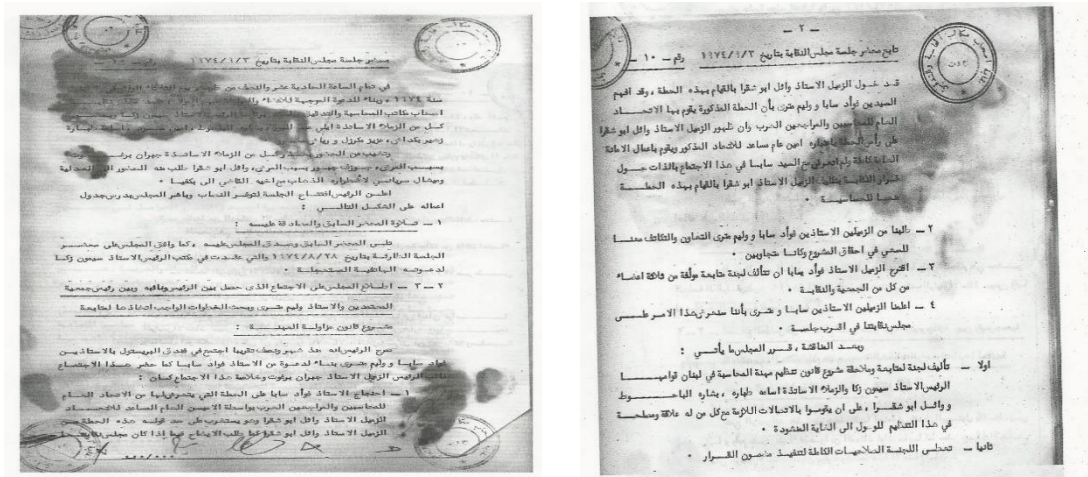
Abou Shakra has discussed the conflict between the AAFO and the Certified Public Accountant in the Middle East (CPAME). He claims that the CPAME association was constituted by all audit firms who represented international audit companies. He recalled that CPAME's actions could only be viewed as methods to delay the Lebanese professionalization law, stating (2015):

"The conflict with the other association [CPAME] was that they wanted the persons who are in the profession to be chartered or certified, while most practitioner at that time were ones by experience and practice. They soon felt isolated [from CPAME] and later joined our association [AAFO]".

As the president of the AAFO, Abou Shakra resorted to the Arab Federation of Accountants and Auditors (AFAA) to resolve the conflict between the AAFO and CPAME. The AFAA requested a meeting with CPAME and AAFO, which was held on 3 January 1974. At the meeting, the AAFO and CPAME agreed to create a committee from both associations. According to Document 5-9 presented below, the purpose of that committee was to *"examine and pursue the professionalization law... and communicate with all the people who are in charge and have an interest in this subject"*. Abou Shakra (2015) has indicated that the AAFO and CPAME reached a compromise as follows:

"To overcome the differences suggested by the associations, those who have TS degrees [Technicien Supérieur gained after studying three years after the secondary cycle] had to have five years of training. Those who have university degrees had to have three years of training, while those who have the American CPA, British CA, or French CPA can become full members of the association once they pass the Lebanese Laws test".

Document 5-9: The minutes of the meeting held between AAFO and CPAME



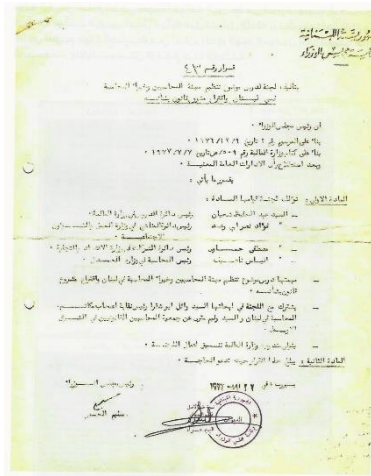
5. 4. 3. Second attempt to seek legalization through a professionalization law (1975-1990)

The start of the civil war in Lebanon in 1975 did not stop the demands made by the association to pass a law governing the profession (S2 – delineation of the area of expertise; and S8 – achieving a relationship with the state). While the Two-Years' War halted the work of the AAFO board, Simon Zakka, the AAFO president, met with four of AAFO's influential members on 11 June 1977 and took the decision to re-activate the association by calling for elections and asking the association's members to actively participate in these activities.

The newly-elected AAFO board met with the Ministry of Finance's general manager in June 1977, asking him to progress the profession by passing the law that would organize it. The general manager then sent a letter to the minister suggesting the creation of a government committee that would examine such a law. On 27 September 1977, the Prime Minister issued Decree number 43 announcing the establishment of the committee, as presented in Document 5-10. The committee had five governmental representatives from the Ministries of Finance, Labour and Social Affairs, Economy, and Justice, while one representative from the AAFO was asked

to participate, but was not named among the committee members. The decree stated that the purpose of the committee was to examine the organization of the accounting profession in Lebanon and to suggest a draft law regarding the professional organization.

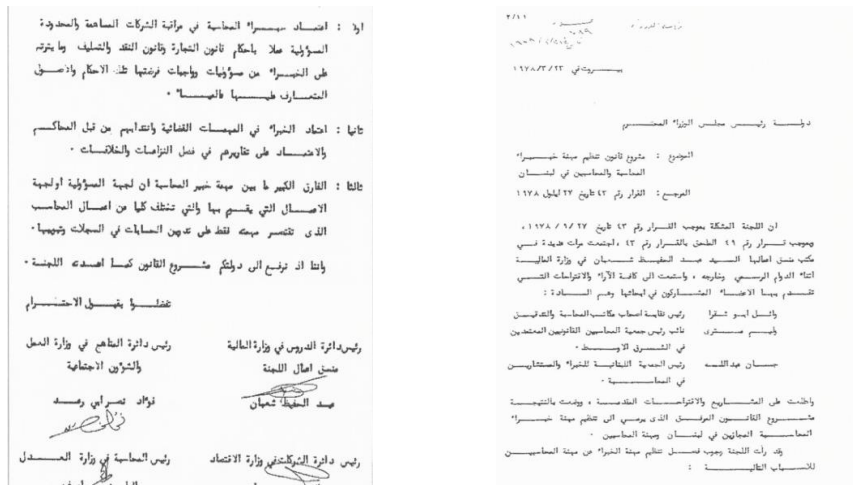
Document 5-10: The Cabinet decision to establish a committee that would suggest a law to organise the accounting profession in Lebanon in 1977



On 23 March 1978, the committee sent the suggested law to the Lebanese Cabinet. In the memo addressed to the Prime Minister, the committee distinguished between the profession of CPA and the occupation of accountant on the following basis (and as presented in Document 5-11). While the occupation of accountant included anyone who practiced bookkeeping, CPAs were viewed as auditors and experts in court. The committee did not provide any education, training, or experience as a basis for distinguishing between CPAs and accountants. Document 5-11 reads:

"The certified accountants are to monitor and audit joint stock and limited liability companies in accordance to the Commerce Law. They are also to be chartered by the courts that will rely on their reports in conflicts and disputes resolutions. The accountants' duty is limited to bookkeeping".

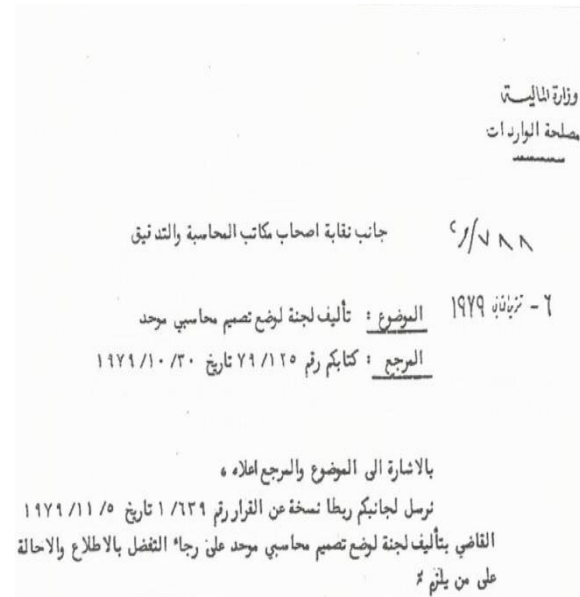
Document 5-11: The first two pages of the suggested law governing the organization of the profession in 1978



In April 1978, the AAFO board decided to create a committee that would suggest a unified accounting framework (S5 – determinations of standards) in another strategy to achieve professionalization. The AAFO also attempted to signal its legitimacy to the public by publishing a code of ethics in the *Orient Press* newspaper on 14 June 1978 (S1 – formulation of a code of ethics) (Sharara, 2006). However, this strategy had no effect as the public was more engaged with the civil war.

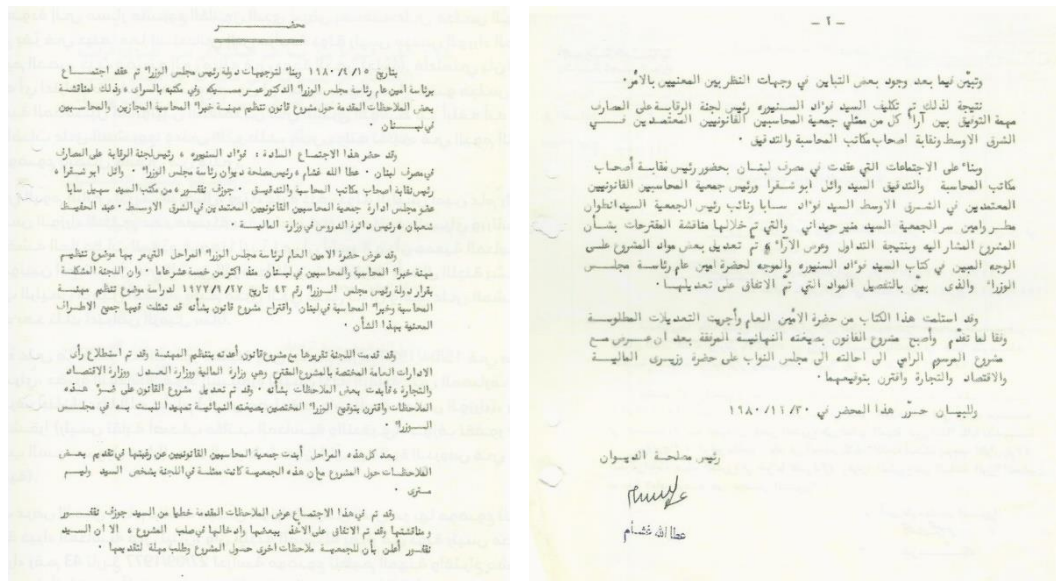
With the second round of war ending in 1979, the government established a committee to set the unified accounting framework in response to the draft framework submitted by the AAFO (as presented in Document 5-12). The framework committee was constituted with 11 members from the government and two members from the AAFO, proving again the inability of the AAFO to successfully implement the professional power strategy of achieving a relationship with the state (S8).

Document 5-12: A letter from the Ministry of Finance addressed to the association asking for the establishment of a committee to create a unified accounting framework



A semi-successful implementation of S8 (achieving a relationship with the state) by the AAFO is described by Sharara (2006) where he explains that the Lebanese Ministry of Finance sent the professional organization draft law in February 1979 to the cabinet after it had been discussed in detail between the Association chairman and the Ministry's representatives. The draft law was sent back to the Ministry in February 1980 for further modification. On 15 April 1980, representatives from the Lebanese Central Bank, the Ministry of Finance, the Lebanese Cabinet, the AAFO, and CPAME met to discuss the draft law. In that meeting, according to Document 5-13, the draft was amended in accordance with the observations made by the Ministries of Finance, Justice, and Economy, and the CPAME. However, CPAME claimed during that meeting that it had further notes that it would like the committee to consider. These notes were then integrated into the draft law, which was then submitted to the Lebanese parliament after approval from the Ministries of Finance and Economy.

Document 5-13: The minutes of the meeting held on 15 April 1980.



5. 4. 4. The establishment of LACPA

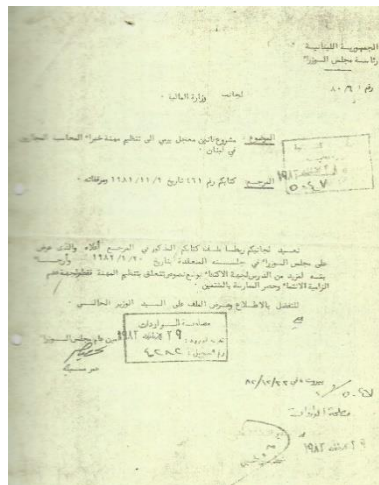
In 1980, the AAFO changed its name to the Lebanese Association of Certified Public Accountants (LACPA), as shown in Document 5-14. The general assembly modified the conditions for joining LACPA to include a degree in accounting, three years of training, and successful completion of LACPA exams (S3 – control of education and entry by the organizing body; and S4 – definition of competence levels of the members). It also changed the minimum age requirement from 18 to 21 (S3 – control of education and entry by the organizing body). Abou Shakra has explained that the name was changed so that the association could be easily integrated with international professional bodies' names, and to facilitate the joining of the association to international organizations such as the International Federation of Accountants. This could be viewed as an attempt to implement an image-building strategy (S6) by providing the public with an image reflecting the legitimacy of the profession through its connection to reputable and established organizations.

Document 5-14: Decree 246/1 announcing the name change from the Association of Accounting Firms' Owners to Lebanese Association of Certified Public Accountants in 1980



Abou Shakra recalls that a meeting held on 17 February 1981 by the LACPA board discussed the intention of the government to pass the professional organization law without LACPA's suggestions and that the law would pass without containing articles for the establishment of a professional accounting body. The reason behind this intention was that the government feared that a new law with an article for a professional body would set a precedent that would lead other professional associations to demand laws governing their own professions. As evident from Document 5-15 below, the LACPA board responded quickly and notified the Lebanese Cabinet that such a law would damage the profession. With the civil war flaring up again over the next nine years, the association continued to wish for a law that would govern the profession, but it postponed its dream in the face of war, political instability and lack of government. Due to the civil war, the LACPA paused all its activities until the end of the war in 1990.

Document 5-15: Letter from LACPA addressed to the Lebanese Ministry of Finance requesting the Ministry's aid in approving the professionalization law



In parallel with the attempts to pass the law, the AAFO focused on building its image as a professional body, thus catering for S6 (image-building strategy) between 1964 and 1983. Sharara (2006 and 2015) has stated that the AAFO accomplished tremendous things, such as the monitoring of banks' procedures, and becoming one of the founding members of FIDEF (Fédération Internationale des Experts Comptables et Commissaires aux Comptes Francophones). He also remembered that the AAFO oversaw the design of Lebanese accounting processes in 1982. Longuenesse (2009-b) has viewed the intervention of the Lebanese government in accountancy regulation as minimal and late, and even negatively passive. She has stated (2009, p. 78) that *"surprisingly, it was during the civil war, in 1983 that an accounting system was published, and a high council for accountancy created in 1984"*.

5. 4. 5. Conclusion

With the growing numbers of accountants and auditors, calls for establishing a professional body were answered when 50 accountants and auditors met in 1960 and agreed to seek the government's aid in forming the AAFO. With Decree 518/1 permitting the establishment of the AAFO and the approval of AAFO's internal bylaws, the first steps were taken

towards professionalization. The internal bylaws provided the AAFO with entry barriers, and closed the profession in the face of those who were not firm owners, thus creating the first entry barrier to joining the Lebanese accounting profession. The need to protect the profession and attain a monopoly led the AAFO to formulate a draft law that would create additional entry barriers of education and training. However, the government showed great reluctance to approve the law, claiming that it would provide a precedent and justification for other occupations to seek similar laws. In addition, the AAFO faced several obstructing attempts from the other two associations in its efforts to get the law passed. However, this did not stop the AAFO from attempting on multiple occasions to gain the state's approval of the law, but such attempts were paused frequently due to the civil war after 1975 and then ceased completely in 1983 as the civil war escalated.

5. 5. Resolution of emerging sectarian tension

Sectarian tensions dominated Lebanese society (as discussed in Chapter Three above), and there is some evidence that such tensions also existed among AAFO's members. Table 5-6 provides evidence that Christians dominated AAFO board membership and the presidency between 1964 and 1983. Such dominance by the Christians over the AAFO board and presidency is unsurprising, since Christians, mainly Christian Maronites, were the dominant sect within Lebanese society before the civil war in 1975. It should be noted that the continuity of the Muslim president of the AAFO between 1977 and 1983 can be attributed to the war conditions which made new elections almost impossible to hold. No further evidence of the religious affiliation of the presidents or board members could be obtained since no public record provides this information.

Table 5-6: The religious composition of the AAFO presidents and board members 1964-1983

Year	President religion	Board's religious composition
1964	Christian	4 Muslims – 7 Christians
1965	Muslim	2 Muslims – 9 Christians
1966	Christian	No information
1967	Muslim	No information
1968	Muslim	No information
1969	Christian	No information
1970	Christian	No information
1971	Christian	3 Muslims – 8 Christians
1972	Christian	3 Muslims – 8 Christians
1973	Christian	4 Muslims – 7 Christians
1974	Christian	3 Muslims – 8 Christians
1977	Muslim	2 Muslims – 9 Christians
1978	Muslim	2 Muslims – 9 Christians
1983	Muslim	3 Muslims – 8 Christians

While no evidence can be found on sectarian conflicts in the AAFO prior to the civil war, the severity of the sectarian division due to the 1975 civil war had an influence on the association. Abou Shakra was elected president in the 1977 election, as presented in Document 5-10.

Document 5-16: The results of the association elections in 1977



Looking back at this election, Abou Shakra has recalled the death threats – based on sectarian grounds – made against him:

"The sectarianism in the Lebanese society is reflected in the members of the association. The day I was elected as president in 1977, amidst the civil war, the election place was in the SNA¹⁷ building, crossing the green line to the other side to eastern Beirut. There were a lot of threats to my person [being a Muslim Druze crossing to an area controlled by Christian Militias], but I told them I don't care and I will take all the necessary precautions. I contacted the Lebanese Minister of Interior at that time, Dr. Salah Salman, and he begged me not to go. I told him I will go and I need you to send police force with me. He warned me a couple of times again, but I insisted on going, and then I got elected. I always refused to discuss sectarianism, and when the 1977 elections

¹⁷ The SNA building is considered as a landmark in Lebanon due to its location between the divisions of Beirut created by the 1975 civil war.

occurred, there were accusations that my election as president is a means to take the presidency from the Christian Maronites [Abou Shakra is a Muslim Druze]. I told them I am a Lebanese first, and all I care about is the future of our profession”.

He has also recalled the effect of war and sectarian divisions on the association, and the methods he used to overcome these effects:

“During my tenure, when there were events for the profession where I couldn’t get all the members to join due to war, I would take them outside of Lebanon for the event, so no person belonging to any of the sects would feel isolated”.

The sectarian war has had an immense impact on the economy and the accounting profession. With the sectarian war raging again in 1978, the AAFO warned of the war’s consequences on the economy. It also pointed out that Lebanon had lost a considerable number of accounting and audit practitioners due to emigration and the attraction of job offers in other markets, as presented in Document 5-17. The war also led to the closure of international accounting companies. For example, according to Sharara (2006), Russell and Co. closed its offices with the result that 22 accountants were dismissed. He also stated that the AAFO was present during the mediation between the company and its former employees, helping to reach satisfying severance packages.

Document 5-17: Newspaper clips discussing AAFO's warning of the war's economic consequences and the emigration of practitioners.



Abou Shakra (2016) has recalled that, in his capacity as AAFO president, he decided to create accounting and audit norms, which all members of the association could follow until the professional organization law was approved. His memoirs (2016) also recall that the media showed an interest in the profession (S6 – image building), and asked him to participate in many television shows and news articles. However, the sectarian war had already extended to the media as well. As he stated (2016):

In the autumn of 1982, I was invited by the Tele Liban [official Lebanese TV] – known as Channel 11 – to a televised discussion of the developments relating to the profession. The discussion was to be set in a panel form that included, aside from myself, the general manager of the Ministry of Finance, the President of the Lebanese Banking Association, the head of the income taxes division, and an army general. At that time, many of my family members and friends feared for my life due to the location of the interview in Hazmieh [area under the control of Christians]. I told them [the people conducting the discussion] that I will only agree with the discussion is transmitted on the Channel 11 and Channel 7 [Tele Liban was

then divided into two channels: Channel 11 was controlled by Christians and Channel 7 was controlled by Muslims]. *Two other panel members [the general manager of the Ministry of Finance, the President of the Lebanese Banking Association] set my participation as the condition for theirs. After communications with the Chairman of the TV stations, he approved that broadcasting of the discussion on both channels. On that day, I was escorted by the interior defence cars to an area close to Badaro Street [on the green line], where I met the other panel members who escorted me to the televised discussion. I returned back in the same manner”.*

LACPA called its general assembly in 1983 for the elections of the board, but was faced with the objections of a few members. Abou Shakra recalls (2016) that these members spread rumours that the election was intended to create divisions among LACPA members based on sectarian lines and that some members contacted the Ministry of Labour alleging that the sole purpose of the election was to divide the LACPA in a sectarian manner, thus creating a Christian accounting association and a Muslim accounting association. When the Minister of Labour asked Abou Shakra about these claims, Abou Shakra rejected them. Document 5-18 reveals that out of 195 members at that time, 150 members attended the elections, and Abou Shakra’s election list won by 121 votes.



Due to a lack of archival material, no other evidence of the sectarian impact could be obtained for the period 1975-1990. Other interviewees were not members of the AAFO and could not provide any information relating to the sectarian impact during this period.

While SDT suggests that the dominant groups in a society will dominate the 'higher-end' occupations, TEC argues that the conflicting groups will 'fight' over such occupations to attain economic benefits. Like their dominance in Lebanese society pre-1975, Christians also dominated the AAFO's board and the presidency. Even when a Muslim was elected as president, there were accusations that he was confiscating the 'rights' of the Christian Maronites, making it evident that Maronites viewed the AAFO presidency as an entitlement for their sect, even to the extent of making threats against the Muslim president and issuing claims that his action would lead to the division of the association. These could be considered as retaliations, or as legitimizing myths, used by the dominant group to maintain its position and to preserve its economic interests.

5. 6. Analysis and Conclusion

While there was accounting during the Ottoman era, accounting as an occupation was not fully introduced in Lebanon until the late 1930s by

some French accountants and practitioners coming from Palestine and whose training was based on British standards. From 1952 there were calls to establish an accounting professional body, but it was not until the 1960s that the first efforts towards professionalization were made with the establishment of the AAFO.

Despite its strategic efforts to advance the accounting professionalization project in Lebanon, the professional accounting agents were unable to advance beyond establishing the AAFO and its internal bylaws and code of ethics. Achieving recognition by the state was held up for almost thirty years. This exhibits the power of the state over the profession, where the state was able to manipulate the occupational body using bureaucracy to delay the charting of the professionalization law.

The AAFO attempted many professionalization strategies from the Birkett and Evans' model between 1964 and 1990 to achieve the end goal: the establishment of an accounting profession in Lebanon. To gain professional power, the AAFO attempted to set accounting standards (S5) by suggesting a unified accounting framework, and to partially attain professional unification (S7). However, the AAFO was not able to achieve a positive relationship with the state (S8) that would grant autonomy to the profession or a monopoly over its services. The AAFO also partially implemented association control strategies by setting control over entry conditions (S2, S3, and S4), but it was unable to grant its members protection from invasion and manipulation by outsiders. The AAFO attempted to implement the formulation of a code of ethics strategy (S1) to sustain its ideology, but it was unsuccessful in attracting interest from a public that was preoccupied with the civil war. With the lack of legislative support, the acknowledgement of accounting as a profession was not successful. Although the AAFO was unable to convince the state of its legitimacy, it was able to build its image (S6) in the eyes of the public, albeit only semi-successfully. However, the professionalization process was

halted due to the war. No further attempts were made to achieve legislative approval until the war end in 1990 (as discussed in the following chapter).

The actions of AAFO corresponds to that described in the Neo-Weberian closure theory, where in order to 'elevate' the occupation to a profession, the occupational body set entry barriers in face of the 'ineligibles'. The first category of 'ineligibles' was identified even before the establishment of AAFO. The "foreigners" acted as the first ineligible category and 'risk of foreign espionage' was used as the billboard reason to establish AAFO, similar to the use of potential change of the bankruptcy law in England and Scotland to establish their respective professional bodies. The next 'ineligible' categories were defined in the 1964 internal bylaws. The focus was not on the experience, education, or qualification of the member, but rather on their ability to own their own firm. This condition links AAFO membership to the ability of the member to have adequate funds to own and operating a firm, thus limiting membership to privileged members with money. In AAFO's law draft and its amendments linked the profession to AAFO membership, thus indirectly enforcing ownership condition within the law. However, more conditions were added to include more 'ineligibles', such as age, training, and education.

There is some evidence presented in this chapter that religious sectarianism had an influence on the accounting professionalization project in Lebanon between 1964 and 1990. The power, as described in both STD and TEC, was exercised to make sure that the dominant group in society has dominance over the profession by ensuring that the dominant sect has control over AAFO. This is exhibited by the composition of AAFO board which was dominated by Christians, mirroring Christian social dominance in Lebanon. Similarly, the majority of the AAFO presidents were Christians. In addition, Abou Shakra has provided his own experience of dealing with sectarian conflicts. His statements reflect the degree to which the Christians were willing to go in order to protect their interests. The war also led to the loss of many talents due to emigration or death, which had

a negative impact on the profession. However, the lack of data and archival material due to the civil war means that such effects cannot be determined. In addition, further evidence could not be obtained due to the inability of interviewees – with the exception of Abou Shakra – to provide insights relating to this period. I attempted to find other individuals who had been involved with the AAFO, but I was unsuccessful as many had either died or emigrated, or they have little recollection of that period.

It should be noted that while there is some evidence, it is only logical to assume that the sectarian tensions which led to a 15-year civil war had an impact on Lebanese society. It can also be logically assumed that Lebanese accountants, who are members of this society, were affected by the sectarian tensions. The testimonies provided by Abou Shakra demonstrate some of the behaviour that Lebanese society witnessed during the war years.

Chapter 6. The accounting professionalization project (1990-2015)

6. 1. Introduction

The restructuring of Lebanon, its infrastructure, and its economy began once the civil war ended in 1990. Reform plans were set by the new President and the new Prime Minister to regain Lebanon's position as a leading Middle Eastern country. Longuenesse's (2009-b) study reveals that it is not surprising that the accounting profession was at the forefront of reforms. The reconstruction period that began in 1990 was marked by the growth in foreign investment, the establishment of tax reform and the introduction of the Value-Added Tax, the reopening of the Beirut stock exchange, and the obligation to align with international accounting standards to regain the trust of the public and the international community (Longuenesse, 2006 and 2009-b).

This chapter explores the final steps taken towards gaining legitimacy of the profession by legislation (S8 – achieving a relationship with the state) between 1990 and 1994, which, as the previous chapter discussed, the AAFO had not been successful in obtaining. It identifies the factors that led to the establishment of the current association in 1994 through the eyes of the interviewees: some of LACPA's previous presidents and board members. With the help of these interviews, the religious sectarian effects on the profession are revealed. The chapter concludes by investigating the factors that have affected and are currently affecting the profession.

To support the findings of this chapter, qualitative data are collected about LACPA from 1995 to 2015. Such data include full name, gender, type of membership (practicing versus non-practicing), date of joining LACPA, and

date of and the reason for leaving LACPA (if applicable). Data relating to current employment status and place of work were retrieved from LACPA's website and directory.

The LACPA members' data relating to religion and religious sect were retrieved from the 2015 electoral list obtained from the Lebanese Ministry of the Interior. In addition, any family relationship (for example, parent-child, siblings, uncle-niece-nephew, and cousins) has been obtained from the electoral lists. The LACPA members' data have been analysed either by performing historical analysis (year-to-year) or by comparing it with the Lebanese population. As discussed in Chapter Four, there is no official census of the Lebanese population. However, the 2015 electoral lists provide the next best alternative, since they include the population of citizens over the age of 18 and with no criminal record, both of which are LACPA membership criteria. The full data relating to LACPA members between 1995 and 2015 and the data relating to religion and religious sects are presented in Appendix I.

While the previous chapter provided some evidence of the negative impact of religious sectarianism on the development of the accounting profession in Lebanon prior to 1990, this chapter endeavours to analyse the data collected from LACPA and from the interviewees through SDT and TEC, while highlighting some of Birkett and Evans' (2009) professionalization strategies as used by LACPA.

While AAFO's legal name was changed to the Lebanese Association of Certified Public Accountants (LACPA) in 1980, the term AAFO is used in this chapter to distinguish the pre-1990 LACPA from the one established in 1994.

6. 2. The final steps to establish a professionalization law (1990-1994)

With the end of the war and calls for reform, the AAFO held its first post-war elections in 1992. According to Al Mal Wal Alam's new article presented in Document 6-1, 163 members of AAFO met in the Bristol Hotel and elected 12 board members and the AAFO president. The election was run with two competing lists. The first was presided over by Wael Abou Shakra, AAFO's president between 1973 and 1992. The second list was formed by firm owners who were representative of international audit firms. Remarkably, between 90 and 120 members voted for Abou Shakra's list, while the other list received between 50 and 60 votes. The published article claims that *"on the election day, the members of the first list [the losing list] were surprised by the presence of many new members in the AAFO that were not known to them, while some were very young. These were the swaying votes who voted completely to Abou Shakra's list"*. While the representatives of the international firms' list did not win the 1992 elections, they later won the first election of the LACPA once it was established in 1995.

Document 6-1: Al Mal Wal Alam article pertaining to the AAFO elections in 1992



According to Eid's (1992) new article published in *Ad-Diyar* newspaper and presented in Document 6-2, the winning list set the following agenda to complete the professionalization process in accordance with the Birkett and Evans' (2005) professionalization model:

- Continue to seek the professionalization law (S6 – image building, and S8 – achieving a relationship with the state) that would organize the profession and protect the profession and its practitioners (S2 – delineation of the area of expertise).
- Increase scientific and other activities (S6 – image building).
- Continue the coordination with the Ministry of Finance and the Higher Accounting Council (S8 – achieving a relationship with the state) to modernize the accounting systems and audit practices (S5 – determinations of standards).
- Continue the collaboration with the Lawyers' Association to secure synergies between the two associations (S6 – image building).
- Activate the 'Collaboration Fund' within the AAFO to benefit the members (S7 – professional unification).
- Establish the joint committees that would perform scientific research and pursue professional development (S2 – delineation of the area of expertise, and S5 – determinations of standards).

Document 6-2: Newspaper articles covering the AAFO 1992 elections, including Eid's (1992) at top right.



The AAFO found in the new government presided by Rafic Hariri the perfect ally for regulating the profession, a point made by some of the interviewees. While the Lebanese government had little interest in the accounting professionalization law prior to 1990, the economic reconstruction of Lebanon created a fundamental need for such law to gain the trust of both the public and international community in the Lebanese economy. For the first time, LACPA strategy to achieve a relationship with the state (S8) was being successful. However, such success was due to the needs of the state rather than of LACPA or the profession. According to interviewee Abed Al Kader Al Saghir:

"In the 1990s, both the Prime Minister Rafic Hariri and the Minister of Finance [Fouad Sanyora] were men with a strong

financial background and full understanding of the importance of having solid accounting practices. When they were appointed, they found that the accounting profession was scattered and weak, while the old association [AAFO] was trying its best to get the profession regulated by a law. Before Hariri there was war, and nothing could be done to help the profession”.

The first step, after the new AAFO 1992 election, was to go through the formal channels again, in the hope of securing the passage of the draft law to organize the profession, thereby attempting to gain professional power through a positive relationship with the state (S8). Abou Shakra remembers:

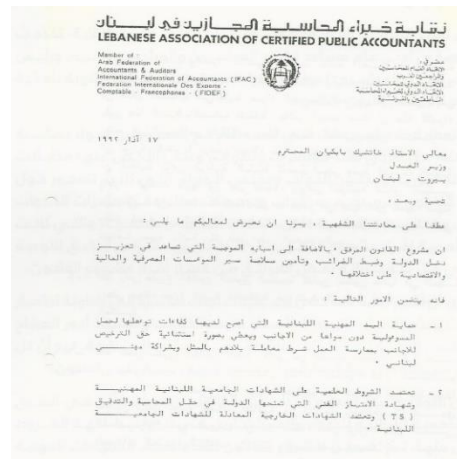
“We gained a lot in the beginning of 1990s from the Rafic Hariri [Lebanese Prime Minister at that time] and Elias Herawi [the Lebanese President at that time] era, where we managed to finally pass the professionalization law. I contacted a lawyer who was a common friend between me and Hariri, and Hariri reacted quickly. He asked me and the cabinet secretary to meet and work on the law”.

The AAFO, therefore, submitted a request to the Minister of Finance. This request to consider the professional organization law draft included a letter (presented in Document 6-3) outlining the reasons why the profession need regulation, which reflects the image-building strategy (S6) by convincing the state of the legitimacy of the profession. Some of the reasons listed in the request letter encompassed the following:

- Enrich the state income, attune the taxes, and safeguard the processes of the banking, monetary and economic entities (S6 – image building).

- Protect those Lebanese workers who have the qualifications to bear the responsibilities, from foreign competition (S2 – delineation of the area of expertise, and S7 – professional unification).

Document 6-3: Letter addressed to the Minister of Finance from AAFO in 1992



The government then established a committee that would suggest a draft law for the regulation of the accounting profession. According to El Yafi (2015), the three associations – AAFO, CPAME, and the Court Experts (discussed above in the Chapter Five, Section 5.4) – were competing among themselves to be the representative association for the auditors in Lebanon. He states that the AAFO had the highest number of members, had already created a draft of the law to regulate the profession, and had a plan that would progress the profession. Therefore, when the Ministry of Finance asked for a law that would regulate the profession, according to interviewee Mowafak El Yafi, the AAFO presented its draft, which was amended and then passed in the parliament. Thus, with AAFO, having successfully established a relationship with the state (S8 – achieving a relationship with the state), had convinced the state of the legitimacy of the profession (S6 – image building).

Abou Shakra has recalled:

"Fouad Sanyora [the Minister of Finance at that time] asked me to join a committee to address the law, and in the committee, I told them to stop wasting time since the law draft has been ready for the past 30 years. Around 10% of the draft was amended. To avoid getting the law rejected by the cabinet, it was not listed on the agenda [of the Cabinet meeting], and it was passed from outside the agenda. The reason was that I was expecting that some people may interfere to not pass it by contacting ministers whom they have sectarian relationships with. The next step was to get it passed by the parliament. For that, I contacted August Bakhos, the president of the Monetary and Justice Commission in the parliament, who studied [the law draft] for few sessions and then approve it".

The interference Abou Shakra expected happened. Interviewee Afif Sharara remembers:

"While the law was supposed to be passed in 1992, Dr. John Abdallah [president of CPAME] managed to stop it in the parliament until his association's points of view were included. There were huge conflicts regarding TS degree [Superior Technician degree] holders. One group [AAFO] was arguing for their inclusion in the association, while the other group [CPAME] didn't want to give them the right to join the LACPA. Another conflict was that one group wanted to accept the new association members who are academically qualified [CPAME], while the other group [AAFO] defended the rights of the people who have practical experience to join".

The conflict regarding the education and experience levels of the members represented the debate between the two associations on the closure

mechanism and entry barriers to joining the profession. The debate relating to the inclusion of the TS degree holders reveals the closure strategy (S3) of controlling the educational level of the members by setting and closely monitoring the level of education required. In contrast to AAFO, CPAME required a higher level of education. The second debate reveals a fundamental difference between the AAFO and CPAME. While CPAME set the entry condition to having a certain level of education, AAFO favoured experience over education. This can be viewed as the AAFO protecting its members' right to join LACPA, since the entry conditions to join AAFO did not include a set level of education but rather practical experience and ownership of an accounting/audit firm. The negotiation of education versus experience was a debate on the definition of competence levels of the members (S4).

Abou Shakra has detailed what happened:

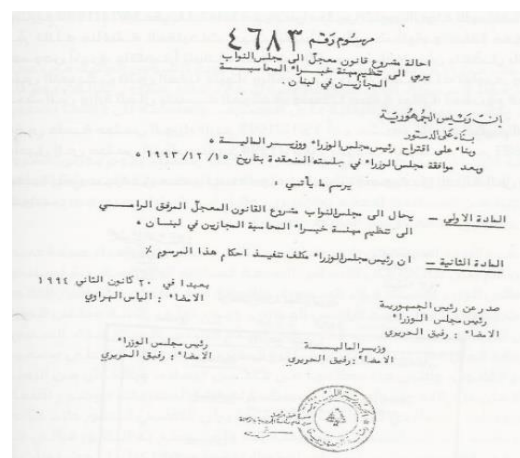
"When the law draft reached the parliament, one of the people practicing the profession contacted a parliament member [from the same sect – Muslim Shia], who was under the Umbrella of Parliament Speaker Nabih Berry [Muslim Shia] and stopped the law from passing. I contacted ministers Bahij Tabbarah [Muslim Sunni], Marwan Hamadeh [Muslim Druze], and Anwar Khalil [Muslim Shia], and they met with Berry. He [Berri] asked them to take the draft to the Ministry of Justice, and then he would approve it. The ministry then amended three parts, one of which was limiting the association president to two years instead of three".

This established the first political/sectarian intervention in the profession: an accounting association member of a religious sect successfully sought the aid of the sect's political leader. The aim was to stop the draft law from being passed without the amendments suggested by the accounting association to which the member belonged. The member used his sectarian

connections to preserve the 'rights' of his association to include its conditions in the draft professional organization law and, consequently, his association members' ability to control what would be the unifying principles of the accounting association. Both SDT and TEC predict and explain the behaviour of the association member. SDT suggests that the sect members undertake all possible measures to protect the interests of their sect, which the accounting association member did by using his sectarian political connections to prevent parliament from passing the law. TEC argues that the sect will take such measures necessary for preserving the economic advantages of the sect. By preventing the draft law from passing, the 'rights and preferences' of the accounting association to which the member belonged are preserved.

The interviewee Afifi Sharara noted that, while some of the members from the CPAME and the Court Experts tried to stop the draft law from passing, their intentions were, in their opinion, for the benefit of the profession: *"they fought passing the law not because they didn't want to organize the profession, they simply wanted their points of view to be included in the law as well"*. After their amendments were included in the draft professional organization law, the Lebanese president referred the draft law to parliament for approval on 20 January 1994 (Document 6-4).

Document 6-4: The Lebanese president authorizes the law governing the organization of the profession and transfers it to parliament for final approval.



The parliament approved the draft law on 1 August 1994, and it was published in the *Official Gazette* on 11 August 1994 as Law number 364 – The Organization of the Lebanese Chartered Accountants Profession in Lebanon (as presented in Document 6-5).

Document 6-5: The first two pages of the Law number 364 – The Organization of the Lebanese Chartered Accountants Profession in Lebanon, as it appeared in the Official Gazette in 1994



With the Law number 364 published, the most important step in the professionalization project was completed, according to interviewee Raja Saab. The AAFO was finally able to successfully gain legalization of the profession through convincing the state of its legitimacy (S8 – achieving a relationship with the state). The AAFO, as an association, did not gain a monopoly over the services offered by the profession (S7 – professional unification) since the law called for the establishment of a new unifying Association (LACPA) rather than the merger of the three existing accounting associations (AAFO, CPAME, the Court Experts). However, the law, as presented in Document 6-5, granted the new association a monopoly over professional practices as described in Article 3: "No person shall act as CPA unless registered in the Association established in accordance with the present Act".

Sharara has commented in an interview:

"The current association [LACPA] is a continuity of the old association [AAFO]. The members of the old association are the ones who pressured towards regulating the profession through a law. The association was always there, yet not 'legalized' by law, only with a decision by the Ministry of Labour [AAFO was established under Decree 518/1]".

While this might be true as per the numbers of AAFO members joining LACPA, and the fact that the AAFO pushed for the professional organization law, the initial governance of LACPA was mainly controlled by CPAME. On 18 August 1994, the Ministry of Finance issued the Decision Number 1/9548 that forms the constituent committee for LACPA (Document 6-6). Longuenesse (2009-b) has examined the composition of this committee. Her study reveals that the representatives of the Big Four audit firms played an important role in the constituent committee of the new professional association. She states that out of the ten members serving on the committee, four were representatives of the Ministry of Finance and the Central Bank, and six were professional accountants. Three of the professional accountants were managing partners of local representatives of the Big Four: Joseph Fadl (Deloitte), Georges Abu Mansour (Price Waterhouse Coopers), and Ramzi Akkawi (Ernst and Young). The other three were Wael Abou Shakra (president of AAFO), Mouwafak El Yafi (the first president of LACPA and also a representative of an international firm), and Wael Hamdan. The dominance of the representatives of international firms and government representatives in the constituent committee, who were members of CPAME, suggests that the AAFO had little influence in the

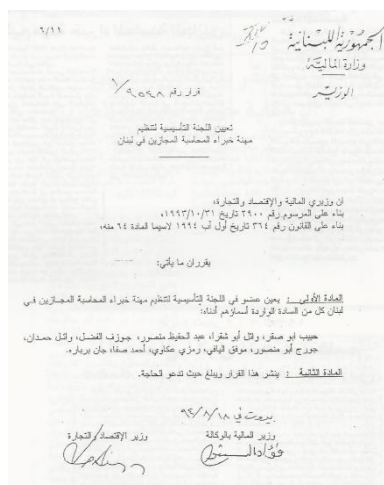
committee. In addition to dissolving the AAFO, Law 364 Article 64¹⁸ described the role of the constituent committee:

"As of the enforcement of this Act, the Minister of Finance and the Minister of Economy and Trade shall form a constituent committee composed of ten members chosen from among accountants and auditors practicing the profession or from among the holders of auditing and accounting degrees and diplomas. The constituent committee shall have the powers of the Association Council, as defined in the present Act, for a period of one year, during which, the committee shall take all necessary measures to elect the first Association Council".

All the members of the constituent committee who were professional accountants, with the exception of Abou Shakra, served as board members and presidents of LACPA after its establishment: Fadl (Deloitte) was a board member for three terms (1995-1998); Abu Mansour (Price Waterhouse Coopers) acted as president (2000-2001), vice president (1998-1999), and board member (1995-1997) for six terms; Akkawi (Ernst and Young) was board member for two terms (2003-2004); El Yafi acted as president for seven terms (1995-1999, 2002-2003, and 2010); and Hamdan served as a board member for four terms (1995-1999). The effect of such prolonged governance over the board is discussed later in this chapter (section 6.5.5).

¹⁸ <http://grafium.solutions/dev/accountancy-profession-act>

Document 6-6: Decree number 9548/1 announcing the establishment of the constituent committee for organizing the profession



Recognizing the support given by Prime Minister Rafic Hariri, the constituent committee organized a ceremony to honour him. In the ceremony, Hariri stated: "*The organization of the accounting profession is a cornerstone in the process of Lebanon's construction*" (Al-Muhasaba, 1995), thus acknowledging the positive relationship between the state and the profession, and indicating a successful implementation of S6 (image building) and S8 (achieving a relationship with the state).

The publication of the professionalization law and the formation of the constituent committee established, for the first time in Lebanon, the monopoly of the profession over the services it provided to the market (S7 – professional unification). According to Abu Saker (1994), the constituent committee, in a meeting with Lebanese newspapers after the first meeting of the committee on 2 September 1994 (Document 6-7), declared that: *"from now anyone who wished to practise the accounting profession and to perform an audit on the financials of companies, has to be a member of the association"*. On 25 October 1994, the constituent committee invited those who were interested to join the Association (Document 6-8), now known as the Lebanese Association of Certified Public Accountants (LACPA), with a closing date set for 17 August 1995.

Document 6-7: Newspaper articles relating to the first constituent committee meeting



Document 6-8: The invitation to join LACPA published by AD-Diyar newspaper



Law 364 Article 60 sets the requirements to join LACPA as:

- 1- Having been appointed as Certified Public Accountant to the Lebanese courts for a minimum period of three years and having practiced the accountancy profession prior to the enforcement of the present Act.
- 2- Having practiced the accountancy profession, at his own office or at a firm where he is one of the partners, for a minimum period of four consecutive years before the enforcement of the present Act.
- 3- Having practiced the accountancy profession at the auditing firm of another CPA for a minimum period of five years, two of which at least as "senior auditor" and above, knowing that the decision as to the seriousness of the submitted membership request lies with the constituent committee.

These three conditions satisfied the needs of the three associations. While members of the Court Expert association would be able to join LACPA due to the first requirement, AAFO members would be able to join due to the second requirement. Similarly, CPAME members would be eligible to join LACPA because of the third requirement.

On 16 September 1995, according to Abou Shakra (2016), the first LACPA general assembly was held to elect the first board. The two competing lists were the same as those for the 1992 AAFO election. Abou Shakra (2016) claims that due to political and sectarian interference, his list lost the election, with the result that Mouwafak El Yafi became the first LACPA president. He argues that the internal bylaws set by El Yafi and his board, mainly from CPAME, were a result of these interferences, creating conflict with the professionalization law. While Abou Shakra (2016) states that these conflicts were deemed to be illegal and were changed afterward, he does not provide further explanation of the nature or type of these conflicts. I was not able to obtain a copy of the internal bylaws set by El Yafi before amendments. A further discussion of the internal bylaws is presented in section 6.4 below.

Abou Shakra has also stated that a new code of ethics was developed by the first LACPA board, thus achieving a sustaining ideology through S1 (formulating a code of ethics as evidence of professionalization and a symbol of rigour). The code of ethics also served as a reminder to the public, by its use of words such as integrity, objectivity, professional competence, and respect of professional confidentiality, that the profession was designed to protect the public's interests.¹⁹

¹⁹ The LACPA code of ethics can be accessed at: <http://grafium.solutions/dev/code-ethics>

6. 2. 1. Conclusion

Between 1992 and 1995, significant steps were taken towards establishing a legally recognized and unified accounting professional body. The need for the law was argued to be in the Lebanese public interest and to protect the profession from foreign competition. The first step responded to calls for reforms after the end of the civil war, supported by the Lebanese Prime Minister. A committee was set up by the government to establish an agenda for continuing, as a priority, to seek a professionalization law.

Abou Shakra attempted to gain passage of the law through his professional network but without discussions with CPAME or the Court Experts. He was unsuccessful, because a member of CPAME used his sectarian connections to prevent the draft law from passing in the Lebanese parliament. With the inclusion of amendments, the law was accepted by the government and included a legal decision for the establishment of a unifying accounting body: LACPA. LACPA's constitution was governed by a legally required constituent committee led by El Yafi, an international firm representative. The committee invited those who wished to become members to submit their applications.

It is apparent in this section that out of all of the strategies suggested by the Birkett and Evans model, achieving a positive relationship with the state is most crucial strategy to implement successfully. The state has the upper power over the transformation from an occupation to a profession, which can only be achieved by acquiring monopoly over work through laws. AAFO has attempted to charter the professionalization law for almost 30 years, yet the law was considered only when the state felt the need for the profession. The debate between AAFO and CPAME revealed the closure strategies desired by each body, thus identifying the 'ineligibles' in accordance to each association standards for entry. AAFO favoured experience over education as its members were practicing owners, whereas CPAME members were of a higher level of education. Although the

new association, LACPA, was a continuum of AAFO, yet it set entry barriers that matched those of the accounting profession in other countries such as training, education, exams, etc. It is notable that the 'ownership' condition was eliminated as LACPA set the entry barriers in its own internal bylaws that matched Law 364 Article 60.

In line with TEC and STC, the change in sect's power was reflected in the LACPA first election. With the rise of the Muslim Sunni sect after the end of the civil war, the first LACPA president was a Muslim Sunni which is a huge contrast to the Christian Maronite dominance of AAFO presidency. The board composition of 50/50 mirrored the legitimizing myth set by the Taif Agreement of distributing power among the two religions in an effort to restore peace in Lebanon.

6. 3. Reasons for the establishment of LACPA (1990-1994)

The LACPA was established in Lebanon to cater for its members' needs, in accordance with Law 364²⁰ – the Accountancy Profession Organization Law. While such aims were set in AAFO's internal bylaws, as discussed in Chapter 5 Section 5.4.1, Article 4 of Law 364 describes the aims of LACPA to include:

- First- Protecting the profession, promoting it and preserving its image.

²⁰ The full version of Law 364 can be accessed at: <http://grafium.solutions/dev/accountancy-profession-act>

- Second- Promoting cooperation and solidarity among members, protecting their interests and defending their legitimate rights.
- Third- Undertaking scientific research projects and improving accounting principles and techniques.
- Fourth- Formulating and proposing accounting and auditing principles as well as professional conduct rules in accordance with international standards, including those set by the Arab and international unions that the Association belongs to.
- Fifth- Imposing sanctions on members who do not comply with its statutes or the ethics of the profession.
- Sixth- Working on resolving conflicts and disputes that arise among members.

The aims of LACPA set the economic monopoly of the association and its members over the profession, while describing the strategies used to preserve such a monopoly. The first aim clearly states that LACPA will protect the profession, which is the strategy of delineating the area of expertise (S2) by which the association protects the profession from invasion and manipulation from outsiders. It also aims to establish the image-building strategy (S6), by which the association promotes itself to convince the public of the profession's legitimacy. The second, fifth and sixth aims also set and defend the monopolistic rights of the association members by utilizing the professional unification strategy (S7) to gain a monopoly over work and the market. The third aim utilizes the use of research to indicate the rigour of the profession, thus establishing image building (S6). The fourth aim provides the association with the right to formulate accounting and auditing principles, thus successfully

implementing the determinations of standards strategy (S5) whereby the profession self-regulates its standards.

Interviewee Mouwafak El Yafi explained that the main factor for LACPA's establishment was the government's need for transparency in building the economy. By founding a self-dependent accounting profession, the government presented LACPA as a source that added credibility to financial information. This enabled the government to regain the trust of both the international community and the public after the end of the civil war in 1990. At the same time, it provided the profession with both the support of the state (S8 – achieving a relationship with the state) and it convinced the public of the necessity, legitimacy, and importance of the profession (S6 – image building).

Interviewee Amin Saleh refers the establishment of LACPA to self-preservation. He stated that people who are united by one profession will gather together in a legal form to preserve their interests and to elevate the level of members by enriching their competencies and skills. He suggested that LACPA did not deviate from that target, as other associations had done. Such reasons for LACPA's establishment mimic those in other countries. For example, as discussed in Chapter Two Section 2.7.1, the UK professional bodies in the late nineteenth century were formed for economic self-interest and reasons of preservation in the face of suggested changes proposed by the Bankruptcy Act.

Interviewee Gina Chammas took another view, attributing the establishment of LACPA to two factors. First, she stated that organizing the profession was a political move whereby members of the association received the titles and the benefits associated with the profession. Second, by becoming LACPA members, the practitioners were able to achieve the characteristics discussed in Chapter Two, such as prestige, power, authority, wealth, and monopoly over services. She also pointed out another reason, namely the elimination of injustice:

"The main objective of forming the LACPA was to remove the injustice that the previous association had. The members of the previous association were all owners of audit firms. The LACPA was established to admit all members based on technical abilities, not just having the financial means to own an audit firm. The main objective of LACPA is that all members are equal based on their abilities as practitioners".

The statements of Chammas reflect the exclusion mechanism that was practiced by the AAFO, as discussed in Chapter Five. This mechanism set the criteria for admission to the association to include ownership of an accounting firm, rather than educational achievement and accumulation of experience. This entry barrier was high to overcome, since, in the words of Sharara, *"few had the financial ability and the social connections [at that time] to own and operate an accounting office"*. Such exclusion was done to protect the economic interests of the firms' owners who aimed for the monopoly over professional practices by eliminating the 'ineligibles' from practicing the profession, thus decreasing competition over work and in the market. Such a practice of exclusion is at the heart of TEC, where the ethnic group secures control of resources by prohibiting the rights of the other groups to access such resources. The inclusion of the non-owners, however, was tied to new exclusionary entry barriers as discussed in the next section.

6. 4. LACPA membership

Law 364²¹ mandates entry requirements set by the government to achieve closure to the accounting profession. Article 8 of the Law prohibits anyone

²¹ <http://grafium.solutions/dev/accountancy-profession-act>

from practicing the profession in Lebanon unless they are LACPA members. It also sets the requirements to include:

- 1- Being a Lebanese citizen for more than ten years.
- 2- Being over 21 years of age.
- 3- Enjoying all his civil rights and having never been convicted of a disgraceful crime or offence, as defined in law-decree No. 59/112, Article 4, paragraph (E).
- 4- Holding a degree in Business Administration or its equivalent or a "TS" degree in accounting, recognized by the Ministry of professional and technical education. These degrees must be accompanied by a minimum of five years of experience.
- 5- Passing the examination set by the examination committee and approved by the Council. As for holders of CPA (Certified Public Accountant) or CA (Chartered Accountant) diplomas or their French equivalent, i.e., "Diplome d'Expertise Comptable", and above, from international institutes and associations, they shall only sit for exams related to Lebanese laws as set by the Association Council.

By setting these requirements, the profession controls membership criteria by successfully implementing association control strategies, namely control of education and entry by the organizing body (S3) and by setting and closely monitoring the level of university education required and definition of competence levels of the members (S4).

Interviewee Raja Saab explained the monopolistic power over the profession that the establishment of the LACPA brought about. He recalled

that before the LACPA era (pre-1994), anyone could go to the Ministry of Justice and ask to be considered as an auditor. He described the process as very simple and even ridiculous, as the judge would just swear him in without ascertaining whether he had the capabilities to perform the duties of a court expert. This changed after the passage of Law 364, which stated that only LACPA members could serve as Court Experts.

While AAFO's internal bylaws focused on the entry requirements to join the association, the internal bylaws²² of LACPA set both the responsibilities and the rewards of membership. The bylaws provide the members with the monopolistic right of using the title of Certified Public Accountant, the opportunity to vote and participate in LACPA general elections and general assemblies, access to LACPA social and financial services, and the privilege to *"conclude consultation and arbitration contracts and perform academic, administrative and financial studies in the professional field before any public or private body"*.

The bylaws also provide two types of membership category: practicing and non-practising. Interviewee Fawzi Hamdan explained the difference between the two. Non-practising members are those who are not working in audit firms. They can be working in the public or private sectors, but not as auditors. The practicing members, as Hamdan explained, are those devoted only to the audit profession, giving it all their work time, and who can, therefore, act as certified experts in Lebanese courts by applying to the Ministry of Justice. Such an expert is known as an Additional Audit Expert. Practicing members are discussed further in section 6.5 below.

The total number of LACPA members between 1995 and 2015 was 2,271. Between 1996 and 2015, 630 new members were admitted and 396

²² <http://grafium.solutions/dev/lacpa-internal-bylaws>

members left. In 2015, LACPA had 1,753 members, of which 309 were non-practising members. Analysis of LACPA's members' data is presented in the following sections.

6. 5. Sectarianism and the profession

Discussing sectarianism in Lebanon is not a taboo, but it must be approached discreetly. In the interviews conducted, I avoided asking directly about sectarianism. However, the interviewees would point it out within the interview as discussed in this section. Among the many factors hindering the advancement of the accounting profession in Lebanon, most of the interviewees agreed that sectarianism has been the most devastating one.

Interviewee Mouwafak El Yafi suggested that the political and sectarian interference in the profession has created, and is continuing to create, obstacles towards advancing the profession. He associates these sectarian interferences to the specific nature of Lebanon, where everything is divided politically and in a sectarian manner. Afif Sharara attributes the current position of LACPA to the sectarian nature of the Lebanese society:

"This is simply why the profession is in its current state. We value and view a person by the sect he belongs to, not by his manners or qualifications. This is not limited to our profession, it is countrywide. The sectarian leaders have monopolistic powers over Lebanon, and if this doesn't change, our country is doomed. They [political leaders] enrich sectarian conflict to preserve their powers and gain more power and money".

Interviewee Amin Saleh expressed the view that sectarianism is evident in LACPA:

"The first thing they [Lebanese society] looks at is your sect. We [Lebanese society] don't believe in institutions in our country, we believe in religious sects. They determine what sect you are from, and if they belong to a different sect and political party, they will automatically delete everything done by you. This is not limited to LACPA, it happens in other associations and in the government as well. The association has the infrastructure and the financial means to progress both the accounting and audit profession once it moves past sectarianism. If I want to employ someone in the association, I have to employ another person from another religion as well to preserve sectarian equilibrium. If I employ a Christian, I have to employ a Muslim as well and vice versa, regardless of their qualifications. We are professionals and should be leaders the society and not limit ourselves to sectarian boundaries".

Amin Saleh's words are the perfect expression of the TEC and reflect flawlessly the nature of Lebanese society. The behaviour and attitude towards another member of the Lebanese society are bounded by the sect to which someone belongs to. It also reflects the myths used to defend the dominance of one group over the other, as described in Social Dominance Theory. The sectarian group maintains its exclusivity by supporting its members and showing hostility to the other group.

The sectarian division extends beyond LACPA. For example, Interviewee Amin Saleh stated that in 2012, when he was LACPA president, he tried to establish positive relations with Banque Du Liban – the Lebanese Central Bank – and the Banking Control Commission of Lebanon, but was faced with negativity:

"I tried to establish cooperation ties with Banque Du Liban. I couldn't. Why? In all transparency, because I am from a

certain sect. They looked at my name, my sect, and my religion, and refused to work with me due to sectarian differences, regardless of my qualifications. This doesn't lead to the progress of any profession in this country. They only want to work with us [LACPA] when they want to complain about one of our members, but never to do conferences or workshops".

"I will give you one example. The Banking Control Commission of Lebanon (BCCL) submitted a complaint against one of our members relating to the format of the reports submitted. I took corrective actions against him and asked BCCL to come and do training sessions for our members relating to reporting formats. They didn't come. They kept deferring me from one person to another, simply because the BCCL president was a follower of 14 March collision, while I was perceived as 8 March collision follower because of my name and sect".

This type of behaviour is explained by TEC, where sect affiliation is the predominant sense of belonging and will affect the level of trust towards other members of society. According to TEC, sect members have high trust levels in other members of the same sect and, conversely, low trust levels in members of other sects, which can explain the reasons for the behaviour towards Saleh.

The sections below discuss in detail the degree of influence religious sectarianism has exerted on the accounting profession between 1995 and 2015. They provide the interviewee's own views and memoirs regarding sectarianism in LACPA and the statistical findings that support their points of views. These sections consider the effect of sectarianism on LACPA's presidency and board, membership, and firms' composition.

6. 5. 2. LACPA presidency and board membership

Article 26 of Law 364 stipulates the composition of the LACPA board to consist of a president and nine members elected by the general assembly. Article 29 states that the president and the association members are to be elected for two years. Interviewee Walid Richani explains that in the early years of LACPA (2000-2010) five members of the board would be elected each year to ensure that the board had full knowledge of LACPA's strategic plans. An analysis of the board competency is presented in section 6.6.5.

Ghina Chammas considers sectarianism as the main factor that controlled LACPA elections:

"Sectarian politics pushed the LACPA leadership to ignore the best interest of LACPA, the profession, and the members... The political parties have a very small portion of the LACPA members belonging to them. On their own, they are not a lot. However, they can come together and form a stronger collision".

Abou Shakra explains that when his list lost the 1995 LACPA elections, some religious leaders were extremely happy with that outcome. He believes that sectarianism has affected the trajectory of the association. He points out that sectarianism has even dictated the religion of the president since there was an unwritten agreement when LACPA was established that the presidency would alternate between a Muslim and a Christian.

The statistical data supports Abou Shakra's claim. The religious affiliation of the board members is divided almost equally between Christians and Muslims (Figure 6-5), as is the trend of the presidents' religion (Figure 6-6). This is due to the fact that the 50-50 rule that governs the Lebanese governance system has been applied to LACPA. However, this was not the

case when LACPA was established, as more Christians than Muslims served as board members in 1995, 1996, 1997, and 2002, as shown in Table 6-1.

Figure 6-1: Board Members Religion Figure 6-2: Board Presidents Religion Trend

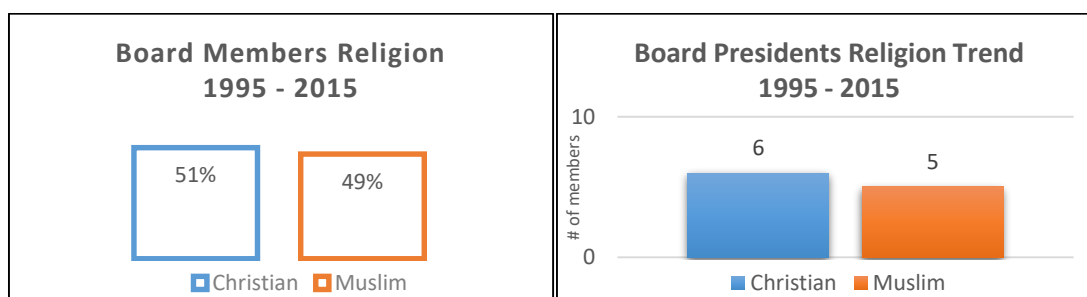


Table 6-1: Religious distribution of LACPA board members between 1995 and 2015

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of Christian board members	6	6	6	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Number of Muslim board members	4	4	4	5	5	5	5	4	5	5	5	5	5	5	5	5	5	5	5	5	5

The sectarian influence extends beyond the presidency and the board membership, which are statistically divided almost equally between Muslims and Christians. When LACPA was established, Mouwafak El Yafi (a Sunni Muslim) was president between 1995 and 1999, Jobran Bargoud (a Greek Orthodox Christian Greek) was his vice president between 1995 and 1996, while George Abou Mansour (a Maronite Christian) was vice president between 1997 and 1999. This distribution mimicked that of the Lebanese practice of distributing official positions equally between Christians and Muslims, with the result that a Muslim will act as a deputy to a Christian and vice versa. As discussed in Chapter Three, the end of the civil war in 1990 was accompanied by the rise in power of Sunni Muslims and the decrease in power of the Christian Maronites. The most

influential political leaders at that time (1990-2005) were the Prime Minister Rafic Hariri and the Minister of Finance, Fouad Sanyora, both Sunni Muslim.

Interviewee Abed Al Kader Al Saghir felt reluctant at first to discuss political and sectarian influences:

"I am just going to discuss the economic influences that affected the development of the LACPA. I don't want to discuss political ones. [Pauses for a moment]. There are a lot of political influences. I don't want to discuss them".

However, as the interview progressed, it seemed that he was boiling inside; eventually, he stated with frustration that he had had enough of the continual political and sectarian conflicts among the members of the association. Reflecting back on Chapter Three, the politics in Lebanon is intertwined and interdependent with sectarianism, where politics is practiced for the benefit of the sect and sectarianism is used to elevate the power of the sect's political leader.

"I have had enough. There are political and sectarian conflicts between the members, the members don't choose a president that has the aspirations to elevate the profession, but based on his political trend that matches theirs. Their choices of the leadership in the association have hindered the LACPA. All of our elections [in the LACPA] are affected by sectarian politics, and they don't elect the most qualified people. If you look at all our boards, they were elected politically since 2006. After Hariri's assassination, the sectarian influences started to affect LACPA. If you look at the first president elected after the assassination you will see what he did. Since its establishment till 2005, the LACPA was progressing, albeit slowly. However, there was no sectarian interference. After that [after Hariri's assassination in 2005], politics started to

affect LACPA, and the elections of board members were done on that basis [political power the sects] rather on the basis of qualification and knowledge... Our choice of board members is not done based on professional needs, but on sectarian and political grounds. Unfortunately, this is Lebanon. Everyone follow their sect and religion”.

This reflects the sense of belonging to the group that is described by both SDT and TEC. This belonging demands full cooperation of the group member for the benefit of the group, regardless of whether the person chosen for running is qualified or not. The LACPA members have to follow the decisions made by their sects in voting for the sect’s selected running president with no regard to whether such a person has the leadership qualifications. The elections of board members and the president were done on sectarian basis rather than on the basis of qualification and knowledge in a manner that mimicked the power struggle between the sects.

The 2001 elections represented the first move to create more sectarian boundaries within the LACPA. The Muslim/Christian turn in the presidency was no longer sufficient. The Muslim Shia were not satisfied that they did not have an established right to govern LACPA. Afif Sharara remembers the 2002 election:

“After Abou Mansour’s term end [2001], El Yafi ran again for the presidency, and was the president for two more years. This ignited a huge discussion between LACPA members, and I was one of them. We asked him why you are running again instead of nominating another person, like Adel Karim [Muslim Shia] who was his assistant and very close to him like his shadow. In a meeting, some members asked El Yafi as well to make the Muslim term once Muslim Sunni and once Muslim Shia. He told them that we agreed on the Muslim/Christian

terms, and we will not make sectarian within the same religion. That is the maximum we will let religion and sectarianism affect the association. He ran for the presidency and won”.

Sharara also reveals his own experience when he ran for the presidency in 2002:

“When I ran for president, many [political] leaders said that they can’t support me because I don’t belong to their sects, and they have to support another person from their own sects. Even though only around 300 or 400 members of the LACPA belong to political parties, yet sectarianism exists in the association as a reflection of the sectarian society. When I ran for president, the other Muslim Shia candidate failed, and consequently, the Muslim Shia blamed me for not letting one of us win [Afif Sharara is Muslim Shia]. They even accused me of intentionally running to let the Muslim Sunni candidate win. I only ran for professional reasons, what a shame”.

Afif Sharara’s experience is well established in TEC, where the members of the ethnic group are expected to work together for the benefit of the group, regardless of other considerations. Sharara was blamed by his own sect’s LACPA members for not staying in line with the decisions made by the sect, thus leading to the sect’s loss.

Sharara also reveals how the increase in sectarian divisions in Lebanon was reflected in the 2006 elections. The Sunni/Shia division was at its height at that time due to the assassination of the Sunni Muslim Prime Minister Rafic Hariri in 2005, which the Muslim Shia party – Hezbollah – was accused of.

“In 2006 I was the secretary for the LACPA, and I ran for the presidency. At that time, Hariri was assassinated, and

sectarianism division started to increase. Four Muslim members ran for the presidency at that time [because it was the Muslims' turn to be president]. Three were Muslim Shia – Adel Karim, Hikmat Sleem and me – and one was Muslim Sunni – Monir Sidani. At that time, sectarianism was at its height. Around 20 of the most influential members of LACPA gathered in its headquarters, begging Monir Sidani to withdraw from the election, and leave the fight for the presidency for the three Muslim Shia, in order for the association to not split into sectarian boundaries of Muslim Sunni and Muslim Shia like the remainder of the country. They also reminded him that the last Muslim president was Sunni, and maybe it is time for a Shia to be president, dedicating the Muslim Sunni/Shia norm refused by El Yafi. He refused to withdraw. He said that he was one of the members of the constitutional committee who set the Muslim/Christian presidency trend, but he will never accept the Muslim Sunni/Shia trend. He didn't win”.

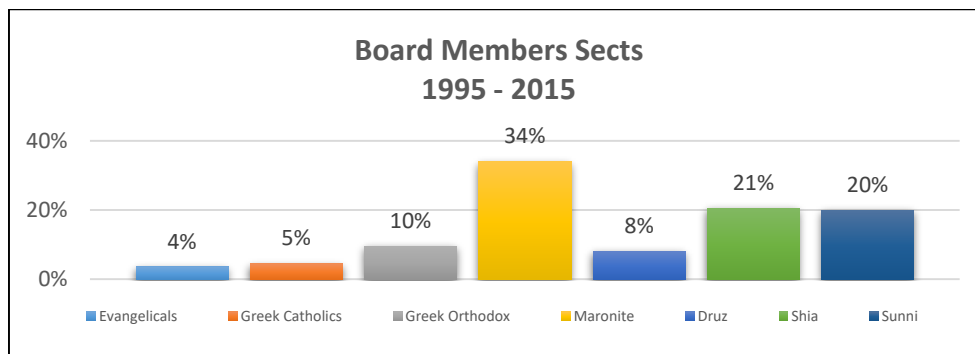
The assassination of Hariri in 2005 created a shift in political power. As discussed in Chapter Three, prior to 1990 Christian Maronites were the most influential religious sect. The end of the civil war in 1990 shifted this power to Sunni Muslims, while the assassination of Hariri shifted the power to Shia Muslims. Mouwafak El Yafi was the only Sunni Muslim LACPA president, holding office from 1995 till 1999, then again in 2002-2003, and lastly for 11 months in 2010. The Christian Maronites have had the highest number of LACPA presidents, followed by Sunni Muslims, and then Shia Muslims and Greek Orthodox Christians, as shown in Table 6-2.

Table 6-2: Religion and religious sect of LACPA Presidents

Board	Religion	Sect
1995 - 1999	Muslim	Sunni
2000 - 2001	Christian	Maronite
2002 - 2003	Muslim	Sunni
2004 - 2005	Christian	Maronite
2006 - 2007	Muslim	Shia
2008 - 2009	Christian	Greek Orthodox
2010 First	Christian	Greek Orthodox
2010 Second	Muslim	Sunni
2011	Christian	Maronite
2012 - 2014	Muslim	Shia
2014 - 2015	Christian	Maronite

While the board membership was divided equally between Muslims and Christians, such equal division did not exist regarding religious sects as shown in Figure 6-7. The Christian Maronite was the dominant sect among board members between 1995 and 2015, constituting 34% of all members. The two next most dominant sects were Shia Muslim (21%) and Sunni Muslim (20%). Detailed sect distribution of LACPA members by year can be found in Appendix I.

Figure 6-3: Board Members' Sects, 1995-2015



The power struggle between the sects did not stop at the elections, but rather extended to include major decisions within the LACPA. Gina Chammas had many detailed encounters during her 11-month term in 2011 with sectarianism within the LACPA that has affected her on both

personal and professional levels. Chammas states that she was not satisfied with the level set in the LACPA exams and negotiated a deal in which LACPA training members would sit for the AICPA. The LACPA representative of Hezbollah (Muslim Shia political party) attempted to stop the deals:

"I secured for our training members the chance to sit for the AICPA. The representative of Hezbollah [in the LACPA] was really trying to stop it whatever it took, mostly because they [hinting here to the Muslim Shia who are raised under Hezbollah ideology] don't speak a language other than Arabic, and they didn't like the fact that we [Lebanese society in her opinion] believe that the strength of the Lebanese is the fact that we are multilingual. There is a generation of Lebanese that are not multilingual [again hinting here to the Muslim Shia who are raised under Hezbollah ideology]. They speak only Arabic and are not competent in other languages even though they have access to learning them. From their [Hezbollah followers] point of view, they have their own way of thinking that makes them think that they can lead without embracing the profession. [They think] they can lead because they decided to lead, not because of competence. They don't have the political power; they have the abusive power. They are not afraid to abuse. They think if I abuse and push and take someone else's rights or place, then I am doing something. This is a destructive behaviour when it comes to the profession. Unfortunately, they left a very bad trace on the [exams] committee. We managed to overcome their bad influence and created an internal control mechanism on the committee. We also introduced an oral exam to ensure that the training member is a well-rounded person, a reasonable person. I even suggested to have an exam in ethics, which was not received well".

Such an attempt by the Hezbollah is a manifestation of the methods that would be used by a group to preserve and defend its rights and gain additional rights in accordance with both SDT and TEC. To preserve the ability of the sect's members to become LACPA members, the Hezbollah member would take all the necessary steps to preserve such rights, and even *"abuse and push and take someone else's rights"*, as described by Chammas. In her opinion, these members wanted to shape LACPA to match their needs rather than transforming themselves into what the association needed: multilingual, open-minded CPAs. Such a sense of close-mindedness exhibits the mentality of the sectarian groups, whereby they view their own beliefs as superior and righteous compared to others.

Chammas also claims that sect-belonging was used to diminish her decisions:

"During my term, we had 15 complaints about LACPA members. They were investigated and one of them was transferred to the LACPA Disciplinary Board. That member was disbarred, which brought a lot of talk on me. First, they accused me of disbarring him because he was Christian, but I am a Christian as well. Then they said I did it because he was 'Aouni' [member of the Free Patriotic Movement political party], but I was as well".

In line with TEC, it was expected from Chammas to ignore the complaint against the member and not to open an investigation into him. On the contrary, it was expected from Chammas that she would have to support that member against the complaint simply because they belonged to the same sect. In retaliation against her decision, she was accused of out-casting the member, first based on sectarian belonging and then on political belonging. The member defended his position against her, stating that she only disbarred him because he belonged to a specific sect. Such an attitude of accusation is well explained in SDT, where the group

members view any complaint or action taken against the member as an attack on their person due to their sectarian belonging.

Chammas also had another sectarian encounter relating to the medical retirement fund of LACPA that she has discussed publicly in the media. The 'they' in her statement below refers to Shia Muslim LACPA members who belong to the Hope Movement political party:

"Regarding the medical retirement fund, I looked into it with another president in November 2011 and found out that a group [Muslim Shia] was dominating it. Within a month and a half, I found out that only 200 members were benefiting from it and that it was closed to other members. I opened the fund for membership, and we doubled it to 400 members. During later months, I discovered more hidden benefits that were preserved only for the few selected people from this sect [Muslim Shia]. When I wanted to expose them, all hell broke loose. They gathered against me in a sectarian manner from one specific sect and went after me big time by aligning themselves with the former Minister of Agriculture who was from the same sect [Muslim Shia] and political party [Hope Movement]. They targeted me professionally and personally and tried to destroy my name. I went to court and defended myself and I won. They then took a decision to seize all my powers as president. I defended myself again in court and took back my powers as president because there were no legal reasons to remove me. They tried again when some of my board members resigned. I called for an election to replace them, and my team won. They then decided that the best way was to remove me completely from the LACPA. In an illegal way, that has nothing to do with our law or the profession, they broke a cabinet that contains the papers of the fund that I was presiding, and they stole the documents

from it. I went to court again and had a direct lawsuit – in which I named the accused instead of stating him as unknown. All hell broke loose again. They called the church and some church heads to pressure me to withdraw my lawsuit. I refused and he was accused of stealing. He faced charges, but they used all their political and sectarian powers so he is found not guilty. Their next step was to refer me to the LACPA Disciplinary Board with the accusation of misbehaving, because I had a lawsuit against that person and contacted the media to inform the public about what is going on inside the LACPA. The disciplinary board said that they don't have a case. They still fight me on professional grounds. For example, they issued the LACPA directory, but didn't include my name and contacts in it so I wouldn't get customers. That is why now I entered into a partnership with another CPA. They are targeting him now as well but he is a very strong man. This is what the LACPA is really all about, unfortunately. This is making a lot of members feel disengaged from LACPA".

Chammas's experience reveals the degree to which the dominant group would go to preserve its rights and dominance. The decisions that she made to stand against the dominant sect led to that sect's utilization of all legal and non-legal methods against her. When Chammas attempted to protect the medical retirement fund, she found that some members, who belonged to a specific sect, were illegally benefiting from the fund. They retaliated through legal actions, disciplinary attempts, theft, and breaking and entering. They even tried to reach for the head of her sect to preserve their right to access the fund. These attempts are a reflection of TEC's argument that the ethnic group will utilize all means, legal or not, to preserve its economic interests.

The struggles that faced the interviewees were a result of the sectarian nature of Lebanese society, which extended itself to the LACPA. The presidents and board members were expected to optimize their relative sects' privileges within the association, while defending these privileges against members from the other sects. The experiences of Sharara and Chammas with their own sects, reveals that the sect expects its members to align with the best interests of the sect, not of the profession. The encounters of Chammas and Saleh exhibit the low trust level towards members from other sects. While, in the case of Amin Saleh, it was limited to a refusal to work with a member of another sect, in the case of Gina Chammas it extended to personal and professional attacks. These experiences exhibit the degree of sectarian influence in both Lebanese society and the LACPA, and the sectarian pressures exerted on LACPA members from the religious sects.

6. 5. 3. LACPA membership

Ghina Chammas elaborated further on sectarian influence on LACPA membership since its inception in 1994. She stated that the majority of members that joined LACPA in 1994 were admitted based on sectarian merits rather than on the conditions of education and experience set in Law 364 itself. She stated that the majority of the members in 1994 were Christian Maronites, since they constituted the majority of the accounting practitioners at that date. This statement does not come as a surprise given that the Christian Maronites were the dominant sectarian group in Lebanon at that time and utilized myths that they (Christian Maronites) were better educated or more socially presentable to assert their dominance over prestigious occupations and professions. Chammas's statement is backed up by the statistical data: out of the 1,641 LACPA members in 1995, 35% (577 members) were Christian Maronite. At that date, 359 Muslim Sunni and 301 Muslim Shia became LACPA members.

To better analyse the membership composition of LACPA between 1995 and 2015, a historical (vertical and horizontal) analysis of this membership relating to the religion and religious sect was conducted. In addition, a comparison between the Lebanese population, as retrieved from the electoral lists, and the 2015 LACPA membership data was made. The descriptive data show patterns of behaviour that reflect both SDT and TEC. However, they are not backed up by interview data, since none of the interviewees discussed the sectarian distribution of LACPA members and consequently did not discuss the reasons behind such distribution. However, the religious and sectarian distribution of the members can be interpreted via both SDT and TEC.

The two major religions in Lebanon are Christianity and Islam. Within each religion are various religious sects. The 2015 composition of the Christian sects was 21% Maronites, 7% Greek Orthodox, 5% Greek Catholics and 1% other minority Christian sects. The composition of the Muslim sects was 28% Sunni, 28% Shia, 6% Druze, and 1% Alawites and Ismailis. The electoral lists also reveal the following distribution of each sect within its religion:

Table 6-3: The 2015 distribution of religion and religious sects' among the Lebanese population

Christians							Muslims			
Armenian Catholics	Armenian Orthodox	Evangelicals	Greek Catholic	Greek Orthodox	Maronite	Minorities	Alawites and Ismailis	Druze	Sunni	Shia
0.6%	2.6%	0.5%	4.7%	7.3%	20.9%	1.3%	0.9%	5.7%	27.9%	27.6%
37.9²³%							62.1%			

²³ The numbers are rounded to the first decimal point for simplicity.

6. 5. 4. LACPA membership and religion

In contrast to the demographic distribution of the Lebanese population, in which Christians are 38% and Muslims are 62% (as presented in Table 6-2), LACPA's membership between 1995 and 2015 was on average 54.7% Christian and 45.3% Muslim. There were no members who belonged to the other existing religious minorities of Jews, Bahais, Buddhists, Hindus, Atheists, and Mormons.

Between 1995 and 2015, the number of Christian members averaged 55% of total LACPA members, while the Muslim members averaged 45%, as shown in Table 6-4. While such composition was justified in 1994 when Christians were the dominant group in Lebanese society, the composition did not change significantly over the years as power shifted from one sect to another, as might have been expected.

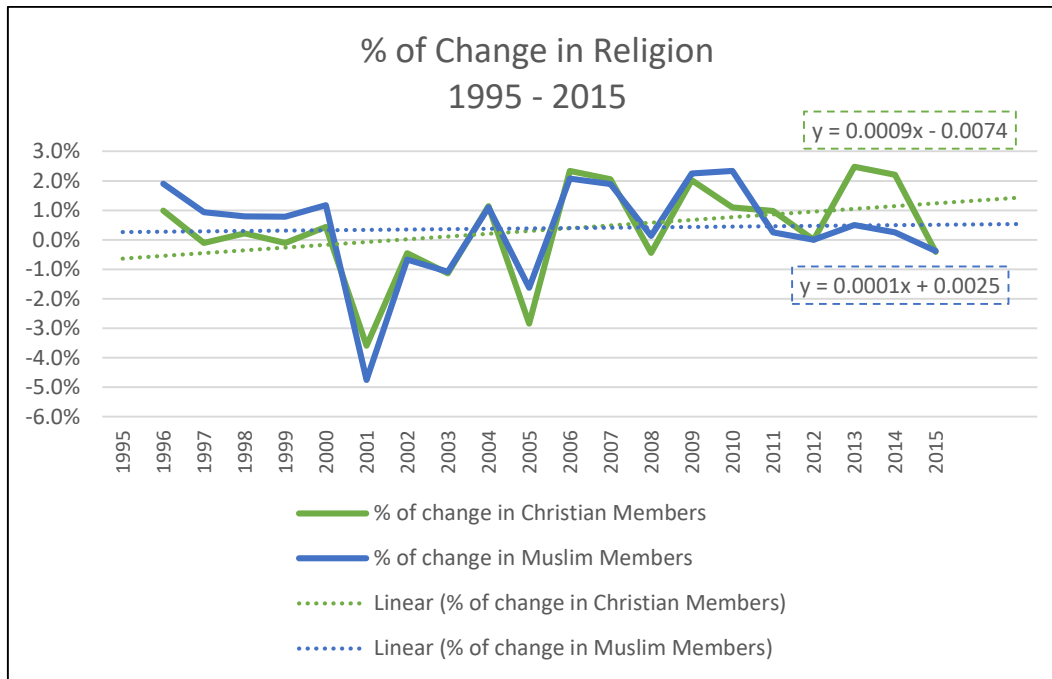
The insignificant change in the membership composition can be attributed to the conditions set in Law 364 to join LACPA, and more specifically the training condition. Out of all the entry requirements, the three-years training requirement can be controlled by the sects to determine who can and cannot join the association. Law 364 Article 10 specifies that a trainee, while satisfying all other entry requirements, can become an LACPA member after completing a three-year training period as an auditor at the office of a registered CPA. Given that trust in the Lebanese society is associated with sectarian belonging (as discussed above in Chapters Three and Four), it can be assumed that the trainee from a certain religion would be trained under a CPA from the same religion. SDT suggests that the dominant group uses legitimizing myths to preserve its dominance. In this case, the dominant sect in the LACPA used training as a legitimizing myth to maintain its dominance over LACPA to preserve the economic benefits of the sect's members' economic benefits, in accordance with TEC.

Table 6-4: Percentage change among religions of LACPA members over the years

Year	Christian	% of LACPA Christian Members	Muslim	% of LACPA Muslim Members	Total
1995	905	55.1%	736	44.9%	1,641
1996	914	54.9%	750	45.1%	1,664
1997	913	54.7%	757	45.3%	1,670
1998	915	54.5%	763	45.5%	1,678
1999	914	54.3%	769	45.7%	1,683
2000	918	54.1%	778	45.9%	1,696
2001	885	54.4%	741	45.6%	1,626
2002	881	54.5%	736	45.5%	1,617
2003	871	54.5%	728	45.5%	1,599
2004	881	54.5%	736	45.5%	1,617
2005	856	54.2%	724	45.8%	1,580
2006	876	54.2%	739	45.8%	1,615
2007	894	54.3%	753	45.7%	1,647
2008	890	54.1%	754	45.9%	1,644
2009	908	54.1%	771	45.9%	1,679
2010	918	53.8%	789	46.2%	1,707
2011	927	54.0%	791	46.0%	1,718
2012	927	54.0%	791	46.0%	1,718
2013	950	54.4%	795	45.6%	1,745
2014	971	54.9%	797	45.1%	1,768
2015	967	54.9%	794	45.1%	1,761

According to Figure 6-8, both religions experienced a simultaneous increase or decrease in membership numbers, except in 1997, 1999 and 2008 when Christians experienced a positive increase while Muslims experienced a negative decrease. Christians enjoyed either a similar or a more positive increase compared to Muslims. The trend line of both religions reveals an expected positive growth in numbers of both religions within LACPA members, with the Christians having an expected higher growth rate in membership numbers compared to Muslims.

Figure 6-4: Percentage of Change in Religion



6. 5. 5. LACPA membership and sects

The statistical analysis, presented in Table 6-5, reveals that some religious sects are not represented in LACPA, namely Christian Assyrians, Christian Copts, Muslim Alawites and Muslim Ismailis. The most dominant sect among LACPA membership is Christian Maronite. Maronites average 807 of all members between 1995 and 2015, almost double the numbers of the two other major sects combined, the Muslim Shia and Muslim Sunni. As shown in Table 6-4, while Christian Maronites constitute almost 21% of the Lebanese population, they constitute 35.5% of all LACPA members, a 14% difference. This implies that Christian Maronites are over-represented in LACPA compared to the Lebanese population. Similarly, Greek Catholic, Greek Orthodox, and Christian Minorities are over-represented in LACPA by 2.7%, 1.1% and 0.5% respectively.

On the other hand, both Armenian Catholics and Armenian Orthodox are underrepresented in LACPA. All Muslim sects are underrepresented in LACPA membership compared to the Lebanese population as a whole.

While the Muslim Shia are underrepresented by 8.5%, the Muslim Sunni are underrepresented by 6.8%.

Table 6-5: 1995-2015 Comparison between distribution of religion among LACPA membership and national population

Religion	% of Lebanese population	% of total members	Sect	% of Lebanese population	% of total members
Christian	37.9%	54.65%	Armenian Catholics	0.6%	0.4%
			Armenian Orthodox	2.6%	0.7%
			Evangelicals	0.5%	0.5%
			Greek Catholic	4.7%	7.4%
			Greek Orthodox	7.3%	8.4%
			Maronite	20.9%	35.5%
			Minorities	1.3%	1.8%
Muslim	62.1%	45.35%	Alawites and Ismailis	0.9%	0.0%
			Druze	5.7%	5.0%
			Shia	27.6%	19.1%
			Sunni	27.9%	21.1%

A trend analysis of the sect identity of LACPA members between 1995 and 2015, presented below, reveals that both Armenian Catholics and Armenian Orthodox experienced a slight decrease in membership numbers. Chaldeans, Evangelicals and Syriac Catholics had a large decrease in membership numbers. Latins had a slight increase in membership numbers. Greek Catholic, Greek Orthodox, Maronite, and Syriac Orthodox had a notable increase in membership numbers, with Maronites having the highest increase. While both Druze and Shia Muslim sects exhibited a trend of increasing membership, Sunni Muslims experienced a sharp decline in their membership rate. Christian Maronites,

Muslim Sunni and Muslim Shia trend analysis is presented below; the trends relating to the remaining sects are presented in Appendix I. The X-axis represents the years between 1995 and 2015 while the Y-axis represents the number of members from each sect.

Figure 6-5: Maronites Sect Trend

Figure 6-6: Shia Sect Trend

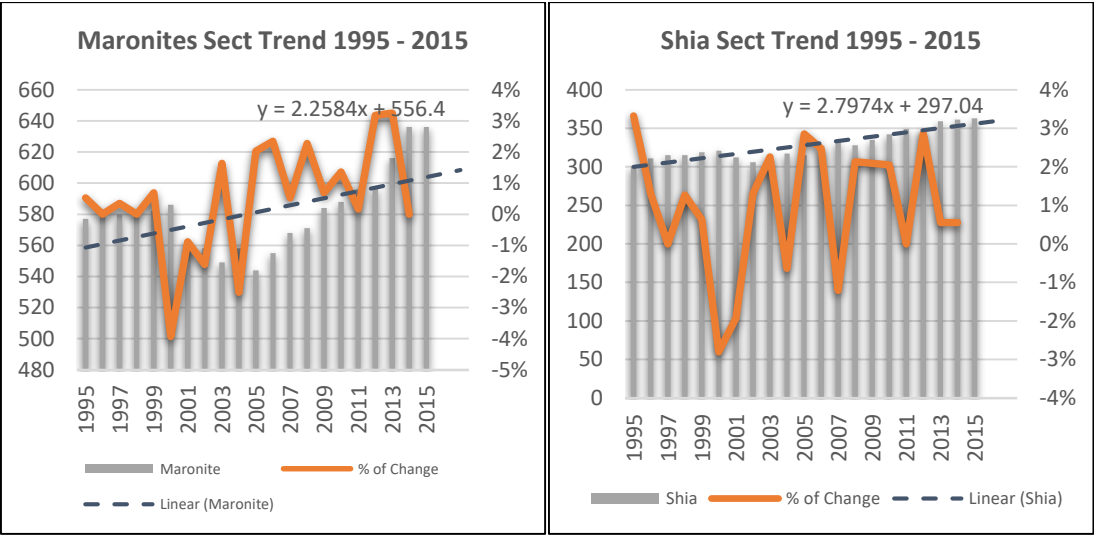
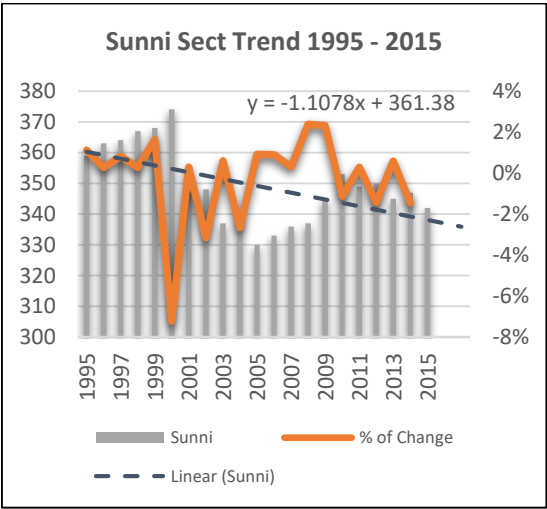


Figure 6-7: Sunni Sect Trend

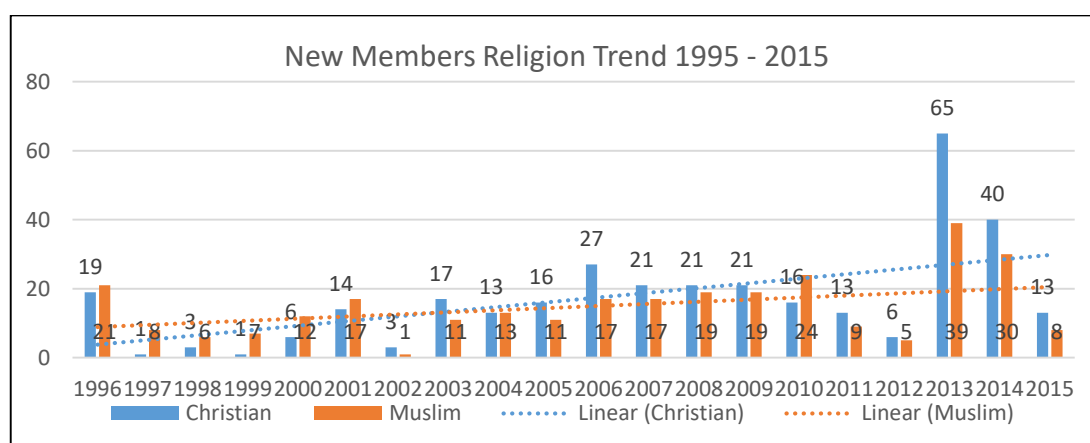


These trends can be analysed further by considering the new members who joined LACPA and the deleted members who left LACPA between 1996 and 2015. During the first years of LACPA’s inception, the numbers of new members who were Muslims were higher than the numbers of new

members who were Christians, as shown in Figure 6-12. However, after 2003 this changed dramatically as the numbers of new Christian members exceeded the numbers of Muslims, except in 2004 (when there were equal numbers from both religions) and 2010.

Looking back at the previous section at the terms served by the only Muslim Sunni president, this trend can be explained to a certain degree. During the Muslim Sunni LACPA presidential term (1995-2000), more Muslims joined LACPA than Christians. In his second term (2002-2003), he countered the claims of being sectarian by admitting more Christians than Muslims. However, noticing the inequality that happened in later years, he reclaimed his previous position in 2010 as the number of Muslim new members exceeded those of Christians (Anonymous source, 2016). In the period extending from 2002 to 2015 (excluding the years 2004 and 2010), the majority of new members were Christian, reaching almost double the number of Muslims in 2013. The new members trend is presented in Figure 6-8, where the X-axis represents the number of Christian and Muslim members admitted to LACPA between years 1995 and 2015, while the Y-axis represents the total number of members.

Figure 6-8: New LACPA members' religion trend



In total, 630 new members were admitted between 1996 and 2015, with 37% being Christian Maronites, 21% being Muslim Shia, 19% being Muslim Sunni, and the rest from the remaining sects, as in Table 6-5. These

percentages do not deviate significantly from the percentages held by each sect of total LACPA members, being 35.5% Christian Maronites, 19% Muslim Shia and 21% Muslim Sunni, suggesting that each sect was attempting to preserve its numbers within the LACPA.

Table 6-6: New LACPA members' sects per year

Year	Christian Maronite	Muslim Shia	Muslim Sunni	Total
1996	8	10	10	40
1997	1	4	2	9
1998	2	0	3	9
1999	1	4	2	8
2000	5	3	8	18
2001	9	8	6	31
2002	1	0	1	4
2003	11	7	4	28
2004	11	8	5	26
2005	10	6	4	27
2006	17	10	4	44
2007	16	9	5	38
2008	16	5	9	40
2009	14	7	10	40
2010	8	8	12	40
2011	9	7	2	22
2012	4	2	3	11
2013	43	18	15	104
2014	33	12	15	70
2015	11	4	2	21
Total	230	132	122	630
	37%	21%	19%	100%

The Christian Maronites constituted the majority of new Christian members from 2003 onwards, except in 2010. This is, in practice, an application of

Horowitz's theory which suggests that ethnic conflict is a result of economic competition between ethnically differentiated groups of the working class, either as a result of underbidding of labour or the monopolistic position of one of the ethnic groups. In this case, the Christian Maronites attempted to regain their monopolistic position within LACPA by admitting new members of their religious sect through control of the training required to satisfy entry criteria. It can also be viewed as the dominant group within the profession exhibiting, through their presentation of themselves as better educated and more qualified, their 'better suitability for the job' by comparison with the other groups.

Between 1995 and 2015, 396 LACPA members were removed from LACPA's register, of which 52% were Christians and 48% were Muslims. The members were removed for one of four reasons: death; a decision by LACPA to delete them for various reasons including misconduct; failure to pay annual subscriptions and fees; or the member's own choice to leave LACPA. The data provided by LACPA only include two reasons (death and deletion), with no further explanation of the reason for deletion. Of the 396 removed members, 366 were deleted by LACPA and 30 were removed due to death.

It is expected that since the Christian Maronites were the dominant group in terms of membership that they would also constitute the highest number of deleted members. However, compared to their 35.5% presence in LACPA, Christian Maronites members amounted to 32% of all deletions. Similarly, the 15% of deleted members who were Muslim Shia are understated compared to their 19% representation in LACPA membership. By contrast, the deleted Muslim Sunni members amount to 27% of all deleted members, which is an over-representation of their 21% total membership in LACPA.

Table 6-7: Summary of all, new, and deleted LACPA members' percentages between 1995 and 2015

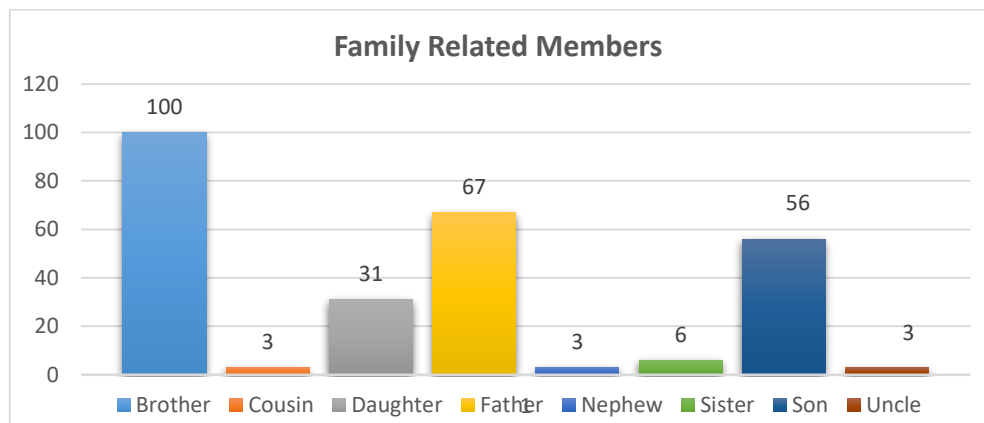
Sect	% of all members	% of new members	% of deleted members
Christian Maronite	35.5%	37%	32%
Muslim Sunni	21.1%	19%	27%
Muslim Shia	19.1%	21%	15%

The summary provided in Table 6-7 could explain the trend analysis in Figures 6-9, 6-10 and 6-11. The increase in Christian Maronite and Muslim Shia LACPA members was due to a higher number of new members belonging to these two sects and their low number of deleted members. The sharp decrease in Muslim Sunni presence in LACPA was attributed to a lower percentage of new members and a higher percentage of deleted members when compared to Muslim Sunni LACPA membership. It is evident that both the Christian Maronites and Muslim Shia were attempting to increase their presence in LACPA at the expense of other sects. Such a position can be explained by both TEC and SDT. The dominant group prior to 1990, the Christian Maronite, attempted to regain its power over the association, and consequently over the profession, by increasing its presence in LACPA using training requirements as an entry barrier to other sects. The increase in numbers of the Muslim Shia members reflects the power shift from the Muslim Sunni to Muslim Shia after the assassination of Rafic Hariri in 2005. While the Muslim Sunni strived to control the association when it was first established due to the presence of a Sunni LACPA president, the sect's loss of power in Lebanese society was reflected in their loss of power and number of members in LACPA.

Another method that the dominant sect utilizes to attain and maintain its dominance over the profession is the use of family ties. Out of all LACPA members, 269 members have family ties, ranging between brothers and sisters, fathers and children, cousins, and uncles, as shown in Figure 6-13.

According to Horowitz’s theory of ethnic conflict, these family ties act as a means of cementing ethnic identity and the ethnic division of labour by the ethnic relations of the family who work towards locating economic opportunities from kinsmen, leading to the preservation of certain occupations to one ethnic group or another. It is also evident in the theory of social dominance, according to which family ties are a means for preserving dominance over other groups.

Figure 6-9: Family-related members between 1995 and 2015



6. 5. 6. Firms’ analysis

LACPA practicing members are bound to be working in accounting and audit firms in order to perform their duties, either as owners or employees. While some members operate in proprietorship, others have formed partnerships and limited liabilities firms. The 2015 LACPA members were distributed into five categories as shown in Table 6-8.

Table 6-8: Categories of LACPA members in 2015

Category	Number of LACPA members	Percentage of 2015 total members
Non-practising	309	17.5%
Sole CPA	720	40.9%
Same religion/Same sect CPAs	342	19.4%
Same religion/Different sect CPAs	244	13.9%
Different religion CPAs	122	6.9%

The following analysis classifies the firms organized by LACPA members into three categories: non-practising members; firms with one CPA; and firms with more than one CPA. Due to lack of data pertaining to previous years, the analysis is conducted for the year 2015.

6.5.6.1. Non-practising members

A non-practising member is defined as *"any natural person registered on the general list of LACPA, not practicing the profession according to the present bylaws, and not entitled to state opinions on financial statements as an auditor engaged by company's shareholders/partners or by court"* (LACPA, 2016). Non-practising members enjoy the same voting rights as practicing members, as well as reduced membership fees. The non-practising member can change to become a practicing member by applying to LACPA, which will then move the member onto the practicing member's list.

Of the 309 LACPA non-practising members in 2015, 80% were male and 20% were female; the religious distribution is 58% Muslim and 42% Christian; among the different sects, Shia Muslims accounted for the highest percentage (27%), followed by Sunni Muslims (26%) and then Christian Maronites (24%). Figures 6.1 to 6.3 present the data analysis of

the LCPA non-practising members. Analysis of the data retaining to LACPA's practicing members is presented in the following sections.

Figure 6-10: Non-Practising Members Gender

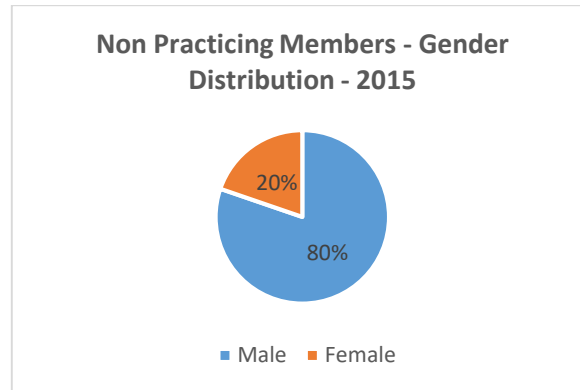


Figure 6-11: Non-Practising Members Religion

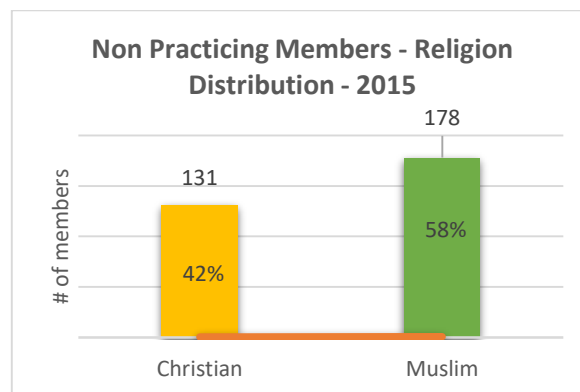
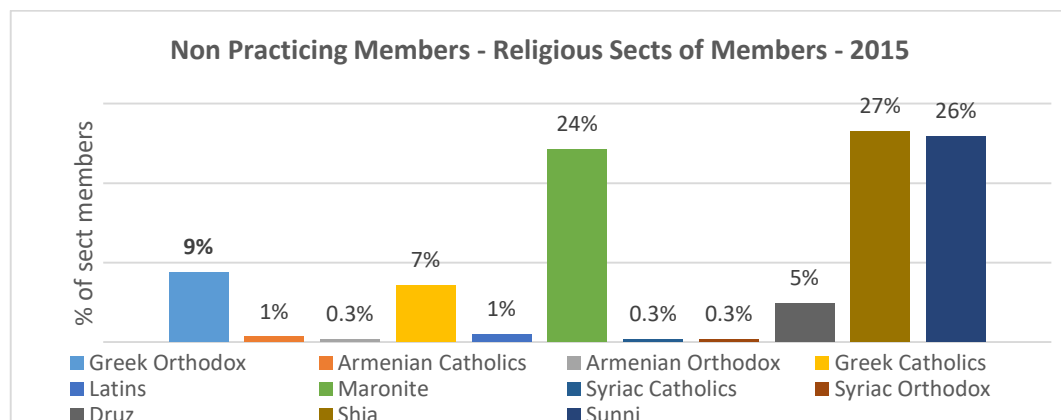
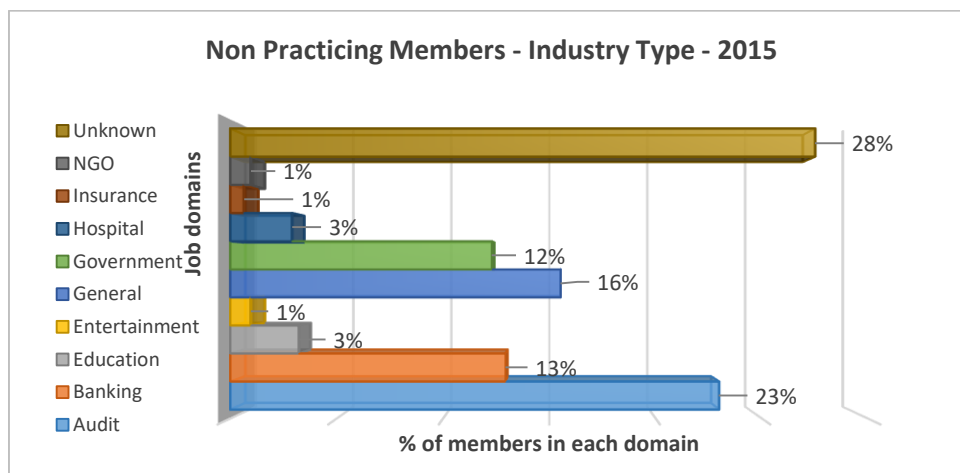


Figure 6-12: Non-Practising Members Religious Sects



The types of industry in which the non-practising members were engaged were extracted from the LACPA directory which lists the last known declared workplace of the member. Consequently, 23% of the non-practising members were listed with audit firms as their workplace, which might not be the case. While 28% of the non-practising members' industry is unknown, the others were distributed among NGOs, insurance, hospitals, government, general, entertainment, education, and banking. Those working in the government were mainly employed in the Ministry of Finance (18 members), Caisse Nationale de Sécurité Sociale (five members), Bank of Lebanon (three members), and other governmental agencies (12 members), as shown in Figure 6-4.

Figure 6-13: Non-Practising Members' Industry Type



The non-practising member must refrain from declaring or leading to believe that they are a practicing CPA, and must declare their status as CPA to include the term non-practising. These members cannot perform the duties of a CPA, nor enjoy the title of a CPA. Therefore, it can be concluded that these non-practising members do not benefit from the characteristics of a profession, i.e. the financial wealth and prestige discussed in Chapter Two Section 2.2.2, which raises the question of why these 309 non-practising members would maintain their LACPA membership. Article 10 of the LACPA internal bylaws provides the answer, since it identifies the right of the non-practising member to: "vote in the

general assemblies of LACPA, including the right to take part in the elections, without the right to run election to any position in the LACPA Council or disciplinary council or any of the positions stipulated by the article 40 of the law organizing the profession". Constituting almost 17% of all members, the non-practising members have an influential sway on LACPA's decision-making. Such voting rights can be utilized by the sects within LACPA to maintain or attain control over LACPA. Such justification is reflected in SDT in which the dominant sect utilizes all its members to preserve its position. The non-practising members can shape the strategic direction of LACPA in accordance with the needs of their sect. This can be achieved due to voting rights, as the non-practising members have voting rights in LACPA's general assemblies and can elect the president and board.

6.5.6.2. *Firms with one CPA (sole CPA)*

There are 720 CPA proprietorships in Lebanon, of which 410 have a Christian CPA, and 301 have a Muslim CPA (Figure 6-14). Nearly 37% of these firms are owned by a Christian Maronite, and nearly 19% are run by either a Sunni or a Shia Muslim (Figure 6-15). This indicates a Christian Maronite dominance among firms with one CPA, with 16.5% a positive representation when compared to the overall Lebanese population. In general, the dominant Christian sects of Maronites, Greek Catholics, and Greek Orthodox are over-represented. The analysis also points out the highest under-representation of 9.3% of Sunni Muslims, followed by 8.8% of Shia Muslims.

Figure 6-14: Firms with One CPA: Religious Distribution

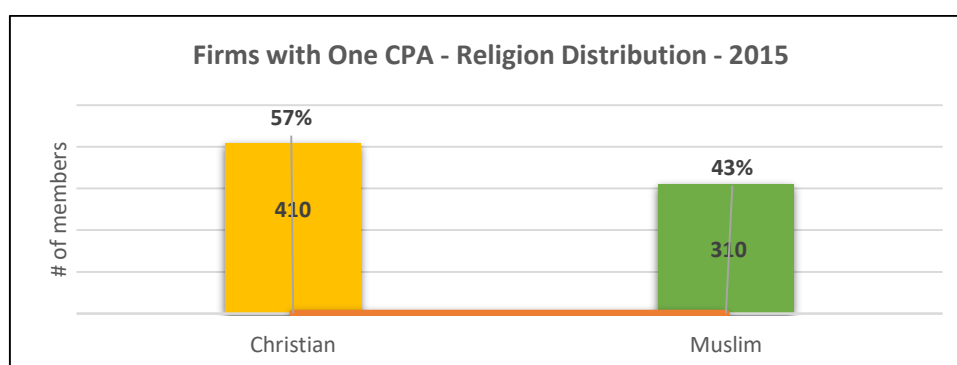
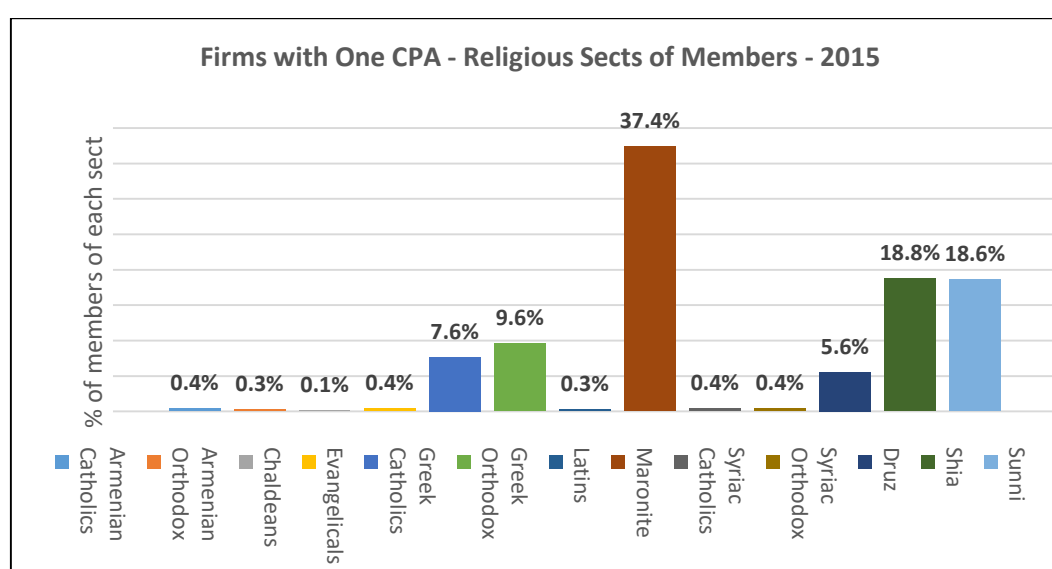


Figure 6-15: Firms with One CPA Religious Sects Distribution



Of the 410 firms with one CPA owned by Christians, 269 firms (65.6%) were owned by a Christian Maronite, showing a considerably high dominance over other Christian sects when compared to the 68 firms owned by Greek Orthodox (16.8%) and 55 firms owned by Greek Catholics (13.4%). Compared to the Christian sects' distribution in the Lebanese population, the only two sects that were over-represented were Greek Catholics (1%) and Maronites (10.5%).

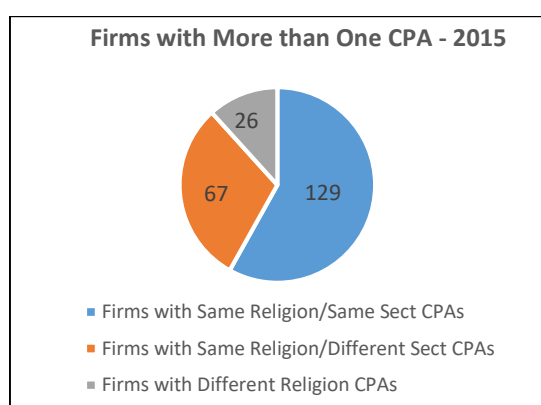
The Muslim Sunni and Muslim Shia had almost equal distribution among their religion of 43%, while Muslim Druze owned 12.9% firms with one CPA. However, the analysis reveals that the Druze were the only sect with

an over-representation (3.7%) when compared to the sects' distribution in the overall Lebanese population.

6.5.6.3. Firms with more than one CPA

Compared to the 720 CPAs who operated in firms with one CPA in 2015, 708 LACPA members were working in 222 firms. These firms can be distributed into three categories: firms with same religion/same sect CPAs (129 firms); firms with same religion/different sects CPAs (67 firms); and firms with different religion CPAs (26 firms), as shown in Figure 6-16.

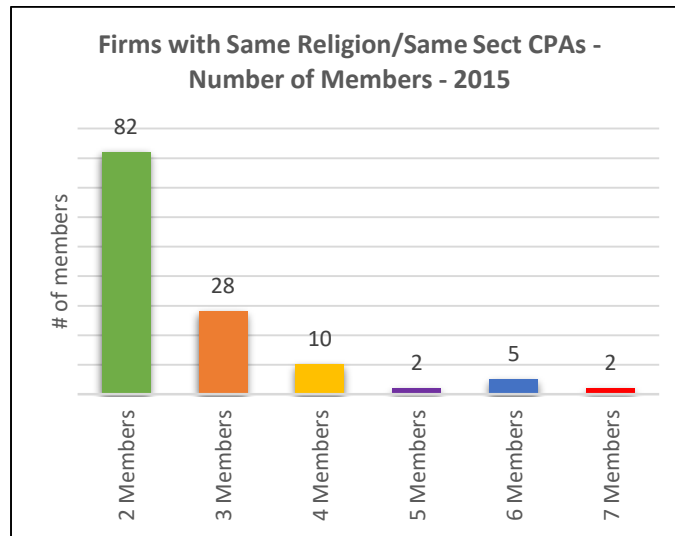
Figure 6-16: Firms with more than one CPA – Configuration



6.5.6.3.1 Firms with same religion/Same sect CPAs (SRSS CPA)

There were 129 firms with same religion/same sect CPAs, with 342 CPAs operating in them. These firms had different sizes: 164 CPAs worked in two-member firms, 84 CPAs worked in three-member firms, 40 members worked in four-member firms, 10 members worked in five-member firms, 30 members worked in six-member firms, and 14 members work in seven-member firms (Figure 6-17). This is an alarming fact, especially for the 'big sized' firms who only hire CPAs of the same religious sect.

Figure 6-17: SRSS CPA – Number of members



According to Figures 6-18 and 6-19, of the 129 firms that had same religion/same sect CPAs, 57% had Christian CPAs, with 46.5% being exclusively Christian Maronite. Of the 43% of the firms with the same religion/same sect CPAs that had Muslim CPAs, 24.8% had Shia CPAs and 16.3% had Sunni CPAs. All the other sects combined come to less than 10%.

Figure 6-18: SRSS CPA– Percentage of Members' Religion

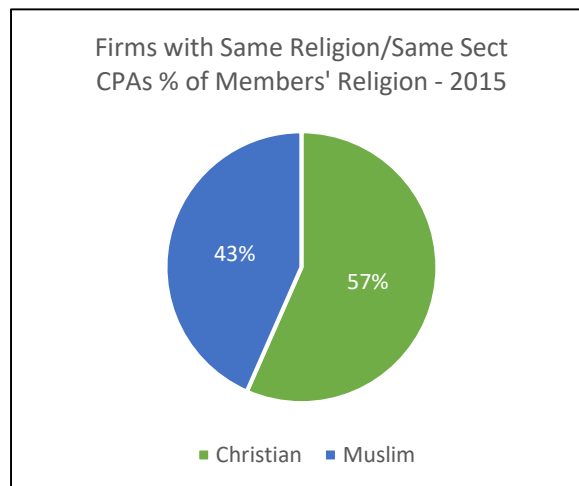
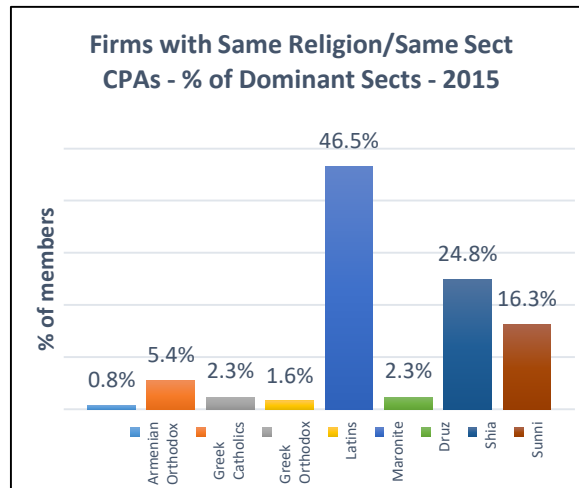


Figure 6-19: SRSS CPA – Percentage of Dominant Sects



Considering the distribution within the same religion, Christian Maronites constituted the majority of Christian firms with same religion/same sect CPAs, with 82.2% among all Christian sects. Among Muslim firms with same sect CPAs, 57.1% were Shia, and 37.5% were Sunni (Figures 6-20 and 6-21).

Figure 6-20: SRSS CPA – Distribution of Christian Sects

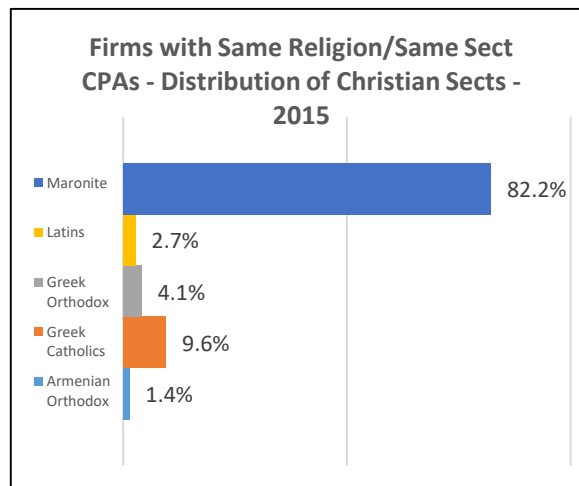
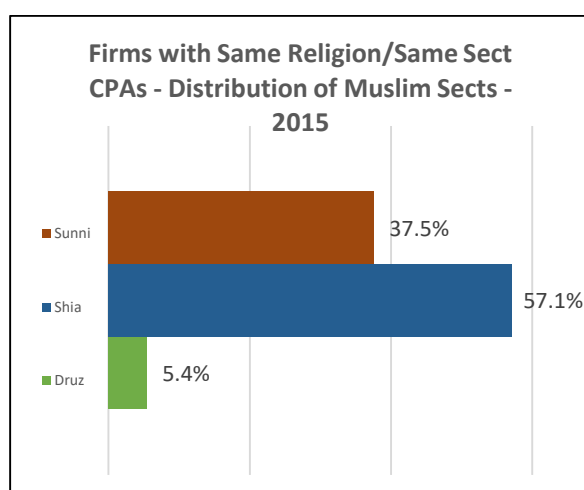


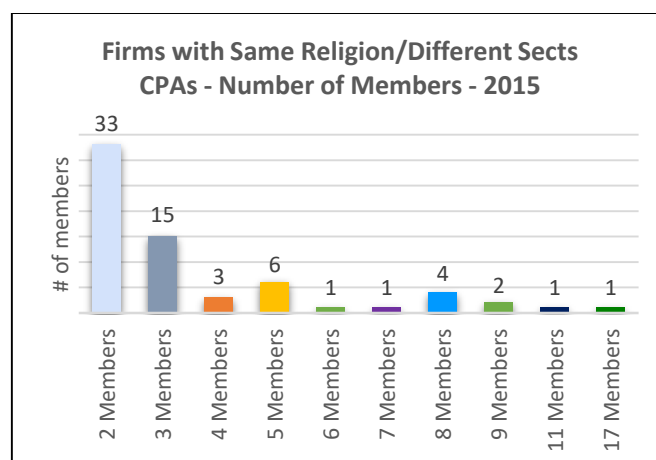
Figure 6-21: SRSS CPA – Distribution of Muslim Sects



6.5.6.3.2 Firms with same religion/Different sect CPAs (SRDS CPA)

Among LACPA members, 244 worked in 67 firms that had same religion/different sects CPAs (Figure 6-22). The analysis of the sizes of the firms reveals there were 'big' firms that had CPAs drawn exclusively from the same religion, such as the firm that was composed of 17 members who were all Christian, and the firm that had 11 Muslim members. This reflects the depth of sectarianism in Lebanon that has also managed to integrate itself into the accounting profession and professionals.

Figure 6-22: SRDS CPA – Number of members



In contrast to the findings on the same religion/same sect CPAs' firms, 61% of the firms that had same religion/different sects CPAs were Muslim, compared to 39% Christian (Figure 6-23). Of the 67 firms with same religion/different sects' firms, 52% had equal sect representation, while 24% were dominated by Christian Maronites (Figure 6-24).

Figure 6-23: SRDS CPA – Percentage of members' religion

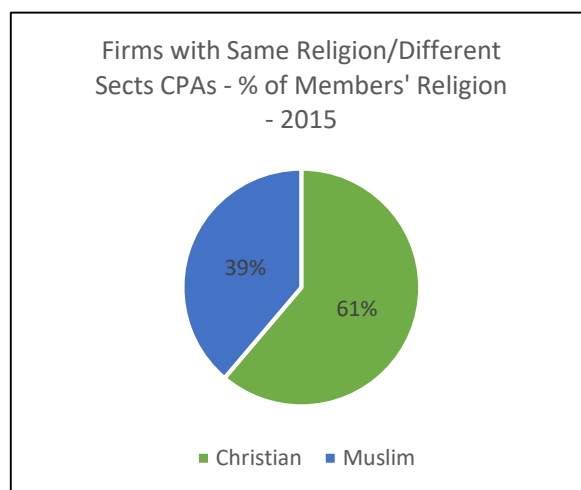
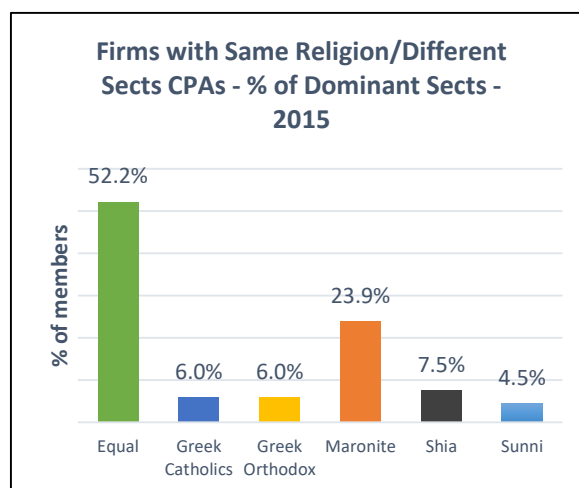


Figure 6-24: SRDS CPA– Percentage of dominant sects



6.5.6.3.3 Firms with different religion CPAs (DR CPA)

There were 26 firms with 122 CPAs from different religions, including the big four audit firms (Figure 6-25). However, the data indicates that most of these firms had one 'token' CPA, i.e. a CPA from a different religion who

acted as evidence that the firm does not follow sectarian division. This is explained by the percentage of members’ religion, according to which 23% of these firms were dominated by Muslims and 39% were dominated by Christians, with only 38% having equal representation of both religions (Figure 6-26). While 11 of these firms had an equal sect representation, seven firms were dominated by Christian Maronites, four firms by Sunni Muslims, and two firms by Shia Muslims (Figure 6-27).

Figure 6-25 DR CPA - Number of members

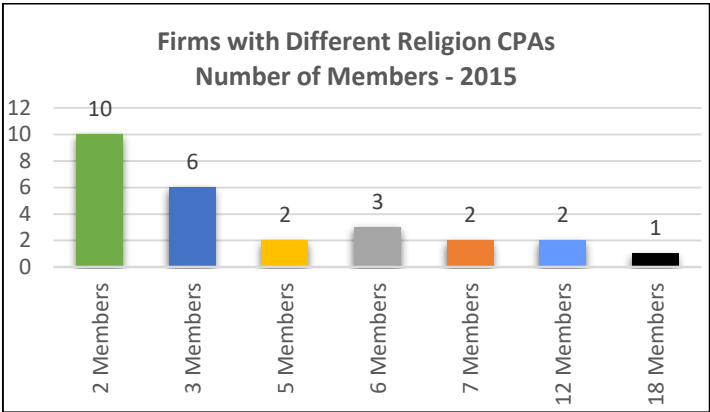


Figure 6-26: DR CPA - % of Members' Religion

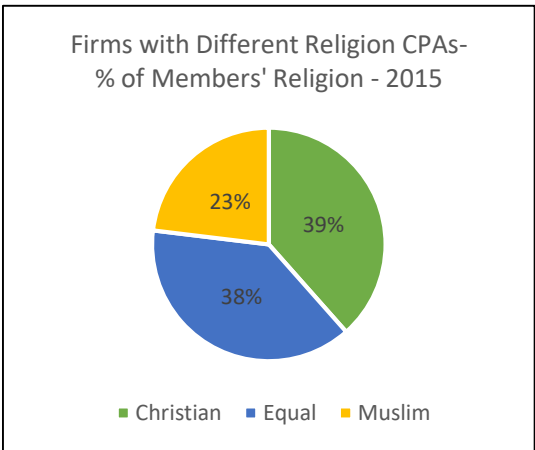
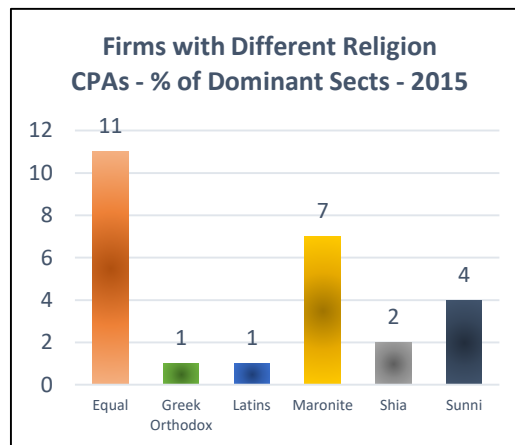


Figure 6-27: DR CPA - % of Dominant Sects



6. 5. 7. Interpretation and conclusion

The interviews and statistical data presented in the previous sections provide comprehensive evidence for the influence of religious sectarianism on the accounting profession in Lebanon. The interviewees shared personal experiences that exhibit the power of sect identity over other considerations, to the extent that it impacted on the interviewee's personal life and professional judgement. The interviewees, who were from different religious sects, were intolerant towards sectarian behaviour when it targeted them. Yet some of them, unconsciously, did not hide their disagreement with other sects, thus revealing the 'us versus them' attitude that is embedded in Lebanese society due to religious sectarianism. Such behaviour goes to the heart of SDT, where the members of the group are raised from childhood to uphold the beliefs of the group. Most of the interviewees agreed that sectarianism had affected LACPA but attributed this to the nature of Lebanese society. Saleh, in his interview, attributed it to belief in religious sects rather than institutions. Interviewee El Yafi claimed that it is the nature of Lebanese society that is mirrored in LACPA, while Sharara attributed it to the sectarian belonging.

SDT suggests that societies are organized in systems of group-based social hierarchies, with one or more powerful groups at the top and a large

number of weaker groups at the bottom. SDT also argues that there are two types of hierarchy: one that is focused on the individual, and a second that is focused on group membership. In the case of LACPA members, the hierarchies within the association are based on group membership, more specifically on the sectarian identity of the members. This sense of belonging to the sect enables the members belonging to the dominant sect – the Christian Maronites in LACPA – to achieve more wealth or prestige simply because they belong to this sect. The top group, according to SDT, enjoys the luxury of being the dominant group, with all the benefits associated with this luxury. Such benefits include positive social values such as authority, power, and superiority within the system. Looking at the data presented in the previous sections, the Christian Maronites have dominated LACPA through the number of their members and through governance. The Christian Maronites constitute 35.5% of the LACPA members, a massive over-representation when compared to their 21% representation in the Lebanese population as a whole. Similarly, Christian Maronites dominated LACPA board membership between 1995 and 2015 with 34% of members and the LACPA presidency with 36% of presidents.

In addition, the Christian Maronites dominate accounting and auditing firms, whether in the form of firms with one CPA or with more than one CPA. This enables the members of this sect to control one of the main entry requirements for LACPA membership: the three-year training stipulation. Christian Maronites own 37% of the 720 accounting and auditing proprietorships, 46% of the 129 same-sect firms, and 23% of the 67 same-religion firms. Combined with the low trust level towards other sects, the probability of these firms accepting a non-Christian Maronite as a trainee is low. This is also reflected in the number of new members who joined LACPA between 1996 and 2015: of 630 new members, 37% were Christian Maronites, which is in line with the sect's representation in the association.

SDT also suggests that subordinate groups either accept the role of the dominant group or attempt to overcome such dominance by becoming the

dominant group themselves. This is exemplified by the attitude of the two Muslim sects. While the Muslim Sunni enjoyed a high presence in LACPA when it was established, the loss of political power by the sect in 2005 was accompanied by a decrease in LACPA Muslim Sunni members. Constituting 27% of the members who left LACPA and 19% of the new members who joined LACPA between 1995 and 2015, the Muslim Sunni have experienced a decrease in the sect's power within LACPA due to the decreasing number of members (Figure 6-11).

On the other hand, the Muslim Shia have increased in number, with two peaks in 2005 when the Muslim Shia gained power within Lebanese society and again in 2012 when the first Muslim Shia LACPA president was elected (Figure 6-10). The Muslim Shia strategies towards gaining power are exhibited in the 2002 elections when they attempted to establish a rotational Muslim Sunni/Muslim Shia presidency in LACPA. It is also evident in the sect's behaviour towards its own members and towards members of the other sects. Sharara's interviews presented his own experience of the 'shaming' behaviour he experienced when he did not conform to the sect's decision in the 2006 elections. Chammas discussed the legal and illegal actions taken against her when she attempted to protect the LACPA medical retirement fund and to change the LACPA examination. The behaviour towards Sharara is expected, since the sectarian group expects its members to have the 'in-group' attitude and to obey almost blindly all the decisions taken by the group. SDT also warns that when group interests are threatened, the group may retaliate with a high degree of violence, which could explain the attitude towards Chammas that she recalled in her interview.

TEC claims that the members of the ethnic group – the sectarian groups in the case of Lebanon – define themselves based on their belonging to such groups to the extent that they recognize one another as kin: *"Ethnicity and kinship thus overlap in a quite direct, operational way: the former builds on the latter, the one is often confused with the other, and behavior in one*

sphere is extended into the other." (Harowitz, 1985, p. 61). Extending this kinship, by increasing the number of LACPA members from the sect or by enabling actual kin to become members, enables the sect to gain more benefits. By increasing the number of their members, both the Christian Maronites and the Muslim Shia have exhibited behaviour that is described by TEC. In addition, the family ties that unify 269 members of LACPA is a perfect example of the use of kinship to allow the group to be more effective.

TEC also argues that the ethnic division of labour is the root of ethnic conflict; such conflict arises when the groups compete for jobs, markets or resources. In addition, TEC argues that the elites in the subordinate groups will urge their members to imitate those in the dominant groups in order to 'catch up' to their status and eventually take their place. The theory also suggests that one ethnic group would favour a line of work, and would defend it fiercely against those attempting to attain position within this line of work, viewing such attempts as threats to the group's dominance. While there is no evidence, yet, of the retaliation of the dominant Christian Maronite group within LACPA towards advances made by the Muslim Shia to gain more power within the association, it is evident that the threat to the Christian Maronite dominance within LACPA is starting to take place. This is evident by the increase in the number of Muslim Shia LACPA members in recent years and the attitude of this group towards other sects in the association.

TEC argues that much of the tension between ethnic groups is a result of group comparison, and that group identity is essential to the individual. The sense of belonging to the group overcomes all other beliefs and demands full collaboration of the member with the decisions of the group, since individual group members derive their self-esteem from the group. This entails high levels of trust in members of the same group, while exhibiting low levels of trust levels towards members of other groups. The statistical data provides further evidence of the lack of trust between

LACPA members based on sectarian identity. Among the 2015 LACPA practicing members, 720 CPAs operated in sole proprietorships, providing little evidence of their behaviour towards LACPA members of different sects and religions. However, the 708 CPAs who operated in firms with more than one CPA constitute almost half of the 2015 practicing members, thus providing insights on at least half of the LACPA practicing members' attitudes about the members from different sects and different religions.

Among LACPA practicing members who operated in firms with more than one CPA, 48.3% had chosen to work with CPAs who belonged to their own sect and religion, with the majority being Christian Maronites. Of this sample, 34.5% had chosen to work with CPAs who belonged to the same religion, but different sects, while only 17.2% had chosen to work with CPAs from a different religion. However, most of these firms provide the illusion of religious diversity due to the presence of a token CPA representing the other religion.

This finding indicates that at least 24% (342 out of 1,428) of the 2015 LACPA practising members had high trust levels with members belonging to their own sect, since they chose to work with CPAs exclusively from their own sect, while 41% (342 and 244 out of 1,428) of these members chose to work with people from their own religion. Even with the 8.5% (122 out of 1,428) of members who worked with CPAs from a different religion, there is evidence that a such choice was primarily to create a false image of openness towards others rather than out of genuine trust with members who belonged to a different religion.

This section has also evidenced the use of the entry barriers of training and family ties in attempting to either attain (Muslim Shia) or preserve (Christian Maronite) the sects' privileges within the profession. The inability to sustain power within Lebanese society by the Muslim Sunni has led to a shift in power within LACPA, demonstrated by the sharp decline in Sunni member numbers. This section has also revealed the attempts to increase

sectarian boundaries in LACPA by raising the calls for sects' right to the presidency, regardless of qualifications or experience. The next section provides insights on other factors affecting the accounting profession in Lebanon.

6. 6. Other factors affecting the profession (1995-2015)

The conditions that led to the establishment of LACPA in 1994, combined with the conditions of Lebanon as a country, affected the accounting profession in Lebanon. In fact, the profession has faced (and continues to face) many internal and external factors hindering its advancement. The following sections highlight these factors and their effects on the development of the Lebanese accounting profession.

6. 6. 1. The structure of the Lebanese economy and corruption

Interviewee Amin Saleh identified the composition of the Lebanese economy after the civil war as the factor that hindered the development of the profession. According to him, the Lebanese economy has always been constructed of service providers, rather than industrial and agricultural providers, and that these service firms are mostly family-owned businesses who are not willing to expose their financial 'secrets' to an accountant or auditor. He affirms that the owners of these economic entities do not believe in accounting and auditing as functions aiding their firms. His statements indicate that the profession is not able to get accepted by the companies' owners, thus decreasing the level of the profession's legitimacy in the eyes of the public. He states:

"They [Lebanese firms] feel that "this is my money, I made it, you cannot come and ask me how I made it and how I

spent it". Given that feeling, they do not want to pay the fees for an auditor that will pinpoint the firms' exact financial position. This is also combined with the relaxed approach by tax authorities in monitoring these firms' accounts. I consider that there is collusion between some members of the tax authorities and some of the firms that are subject to tax to avoid high taxes by bribing these members. This completely diminishes the profession. This practice made the auditor becomes an intermediary between the colluding parties, rather than performing his ethical and professional duties".

Amin Saleh expressed his concerns with the existence of ethical issues such as tax evasion and tax avoidance. He confirmed that there are some firms that want to evade taxes and therefore would hire a corrupt accountant/auditor who would fake the financial records.

Similarly, Fawzi Hamdan supported Saleh's claims by stating that although the firms are required by law to have external auditors, some external auditors just view and then use the internal auditors' reports as their own reports without actually performing any audit themselves. He attributed this to the fact that the CPAs in Lebanon are in a severe case of competition, where they lower their prices to attract customers, instead of using a unified fee. This reveals that the profession has not successfully attained association control through the protection of its practitioners from manipulation by others (S2 – delineation of the area of expertise). Hamdan claimed that this competition led the CPAs to be controlled by the customer, whereby the customer can dictate how the CPA can perform his duties, and in certain cases even ask the CPA to manipulate the accounting records to avoid taxes.

In addition to corruption, the profession has faced an additional threat to its exclusivity (S2 – delineation of the area of expertise). Abou Zeid (2016) has investigated the presence of CPA impersonators in Lebanon who

present themselves as licensed CPAs. He interviewed the LACPA president Elie Abboud who stated that these CPA impersonators have scammed some small- and medium-sized Lebanese companies and embezzled hundreds of thousand US dollars. Abou Zeid also found that these impersonators solicit licensed CPAs for their signature on the forged audit reports and reward them with some of the financial profits gained. In his interview with Abou Zeid, Abboud stated that 20 of these licensed CPAs have been referred to the LACPA Disciplinary Board, and the search for any misconduct continues in collaboration with the Lebanese Ministry of Economy, Ministry of Finance and the Higher Justice Commission.

On the other hand, Longuenesse's (2009-b) study argues that it is not competition that has this effect, attributing corruption instead to the quality and competencies of the members. As she stated:

"The LACPA had in 2005, 1,230 practicing members (i.e. in private practice), 365 non-practicing (employed either in banks or financial institutions, or in the ministry of finance), plus 290 trainees... The "real number" of "good" professional was sometimes evaluated as not more than 450, whereas the WB ROSC²⁴ quotes a figure of 250 auditors". (Longuenesse, 2009-b, p. 6)

Afif Sharara, in his interview, concurred with Longuenesse's argument. Discussing the establishment of LACPA, he recalled that one group of LACPA constituent members wanted to restrict membership to those who are academically qualified, while the other group defended the rights of those who have only practical experience to join LACPA. Unfortunately, in his opinion, many undeserving people were able to join the association

²⁴ WB ROSC is the World Bank Report on the Observance of Standards and Codes.

once it was established as the Association decided to accept both types to settle the conflict between the two groups. He said:

"My membership number is 374, and I applied for the LACPA membership before the closing date by one month. The total period for accepting members was one year from 1 August 1994 till 1 August 1995. On 1 August 1995, 1,731 members were accepted. They accepted everyone who applied, including car mechanics, drivers, government employees, and bank employees. All they had to submit to become members is an audit experience letter from any source, and many were forged. This is the root of all the LACPA problems. These unqualified members have no experience in audit or accounting, and all of their work is wrong and not up to standard. In that last month [of accepting applications for membership], 1,400 persons applied and were accepted, out of which – in my opinion – around 1,000 have no idea what audit means".

He continued:

"Sanyora [Minister of Finance at that time] is the person to blame. While he did a lot to establish the association, his decision to include the employees (bank, government, etc.) is the main reason why the LACPA is at its current weak situation. These 1,000 joined the association because of the anticipated social status and financial benefits from being a CPA, yet they are the same reason why the Lebanese CPAs are not reaping any financial or social benefits. They don't have the knowledge, the experience, the know-how, and the ethics. Some of them sign the financial reports without actually making sure that they are correct or performing audit, just for financial gains. This is fraud and deception".

In her interview, Gina Chammas agreed with Sharara. She stated that there are several types of members of LACPA. In her opinion, there are members who have enough experience of taxation to the extent that they could write new tax laws and modernize them, but that they do not know anything about auditing. She claimed that there are other members who are completely ignorant of anything related to tax law and are just auditors. She also affirmed that there are other members who are

"completely away from the profession, as they don't know what an auditor is and yet they are members in the LACPA. They think that the smart part of being a member in the LACPA is to [have connections] know people in the Ministry of Finance, and to help the companies not pay their taxes. They act as intermediaries for bribe and corruption. These are catastrophes".

Chammas also referred to Lebanese culture as having a negative effect on the profession. She stated:

"We have the 'walaw' word in Arabic, which can only be translated in the context of the talk you are having [walaw is similar to 'come on' in English]. Unfortunately, we have the 'walaw' word in our profession and it became a technical word now. When the primary external auditor signs the audit report, the additional external auditor has the right to perform his duties at full by examining all the financial statements. He is not auditing the work of the primary external auditor; he is auditing the company's records. The first reaction of the primary external auditor is 'walaw', meaning "do you want to audit my work? Don't you trust my work?" making the additional external auditor feel embarrassed and wrong to even want to perform his duties".

At its current stage, the accounting profession in Lebanon has failed to attain the characteristics of a profession (as discussed in Chapter Two).

The Lebanese accounting profession has not provided the accounting professionals with prestige, protection or authority. The observations in this section reflect the inability of the Lebanese CPAs to successfully convince the Lebanese firms of the legitimacy of their claims to be a profession. The firm owners do not trust the Lebanese CPAs and view them either as a source of aid to evade taxes or as a threat to their wealth due to tax purposes. In certain instances, the CPAs are expected by some of these owners to help in falsifying financial information submitted to the government, or not to perform due diligence in their duty as auditors. This is evidence of an unsuccessful image-building strategy, since the CPAs have failed to convince clients that the CPAs will act in the best interest of the clients and the public. This can be attributed to both the corruption levels within Lebanese society and the incompetent CPAs who joined LACPA in 1994 for social status reasons.

Had LACPA, at its inception, set proper conditions for joining the association rather than accepting members haphazardly, the profession would have gained the trust of the public and clients. However, the nature of Lebanese culture and the level of corruption within society would still have affected the profession negatively. To properly build the appropriate image of the CPA, LACPA must take corrective measures to ensure that the CPAs are performing due diligence. Any deviation by CPAs from ethical conduct and the ethical code of LACPA must be dealt with quickly and ruthlessly by LACPA. Only then will the profession be able to fully gain the trust of the clients, the public, and the government.

6. 6. 2. Admission, age, and exams

Article 8 of Law 364 – The Organization of the Lebanese Chartered Accountants Profession in Lebanon (LACPA, 2017) sets the closure conditions of age, education, experience, and training required to become a CPA. In order to become a CPA in Lebanon, the applicant must be over 21 years old, hold a degree in Business Administration or its equivalent,

pass the four examinations set by LACPA, have three years' experience, and be devoted entirely to the profession and to practising it in his or her own office or that of an associate or as an employee in a firm owned by another CPA.

Amin Saleh, in his interview, expressed unhappiness with the current situation of the LACPA membership age. He stated that the current composition of LACPA is dominated by members who are "old". He declared that this is due to the fact that a large proportion of the current membership joined LACPA when it was established in 1994. He also mentioned that a good number of these members were practitioners before and used to be members of the previous associations.

"They blamed me for letting in 200 new members [during his presidency] and accused me of increasing the competition. We need the new blood. I told them I am 64 years old, and soon will retire. Am I not obliged to bring a replacement for me? The association is aging. Many members are dying or retiring, and we have economic expansions in Lebanon. These reasons demand that we have new qualified CPAs enter the LACPA. We have a lobby in the association that wants the membership numbers to remain low to decrease their competition. This is very short-sighted. The numbers of LACPA members have remained somehow the same over 20 years, regardless of the economic situation of the country".

Saleh's discussion does not depart far from the statistical analysis provided in Table 6-9. Although LACPA is considered a young association, its members' age trend reveals an alarming fact. While members aged under 44 were the majority when LACPA was established in 1995, in 2015 members under 44 years constitute only 27% of all members; 73% of LACPA members are over 45 years old, with around 14% of 2015 members aged 70 and above. This alarming fact was highlighted by Saleh in his

interview, when he stated that during the past 20 years only 630 new members joined LACPA, compared to the original 1,640 members who joined when it was established in 1995.

Table 6-9: Age of members 1995 – 2015

Year	Total Members	24-44 Years	% of Total Members	Above 45 Years	% of Total Members
1995	1,640	935	57%	705	43%
1996	1,664	920	55%	744	45%
1997	1,670	885	53%	785	47%
1998	1,678	834	50%	844	50%
1999	1,683	787	47%	896	53%
2000	1,696	749	44%	947	56%
2001	1,626	691	42%	935	58%
2002	1,617	648	40%	969	60%
2003	1,599	604	38%	995	62%
2004	1,617	575	36%	1,042	64%
2005	1,580	516	33%	1,064	67%
2006	1,615	504	31%	1,111	69%
2007	1,647	494	30%	1,153	70%
2008	1,644	489	30%	1,155	70%
2009	1,679	482	29%	1,197	71%
2010	1,707	470	28%	1,237	72%
2011	1,718	446	26%	1,272	74%
2012	1,718	412	24%	1,306	76%
2013	1,745	472	27%	1,273	73%
2014	1,768	491	28%	1,277	72%
2015	1,761	471	27%	1,290	73%

The entry barriers to education and training, created by LACPA to 'preserve' the profession, are the same ones that make the association an 'aging' one. Interviewee Walid Richani stated that many CPAs refuse to have trainees as they view the 'new blood' as a threat to their economic interests, since the trainees will become the 'competition' in a few years. If corrective actions are not taken soon, by 2025 90% of LACPA members will be over 45 years old.

In addition to the age problem, Amin Saleh pointed to the fact that the members who joined LACPA in 1995 were accepted on the basis of their professional experience or educational qualifications. To overcome this problem, the LACPA internal bylaws require new members to sit and pass four exams in order to join the association. According to Saleh, the members had to pass the exams without being trained or given study materials, making the admission rate very low. He recalled that between 1994 and 2014, only around 600 new members joined LACPA, including about 200 new members during his tenure as LACPA president.

Afif Sharara also discussed the examination problem. He claimed that the examination committee, enforced by the law, has been, for the past few years, diminished by those seeking personal gain. He clarified:

"The Minister of Justice appoints a member [of the examination committee], the Minister of Education appoints another, and so. But they are not appointed based on qualifications but on greed. They only care about getting paid each year for the exams they put, with no care really about the exams' quality. They don't care about putting a proper exam, nor do they care about grading the papers properly. In this year [2015], out of 180 or 200 training members who sat the exam, only five passed. This is a scandal. Why only five?"

Sharara stated that in 2008 the exams were full of errors and students were not aware of the exam material since no reference books had been

set for each topic. He attributed the high failure rate in 2015 to the fact that the exams were imported from ACCA, and that the LACPA students are not yet accustomed to ACCA standards. He recalled that he had had a discussion with the LACPA president Elie Abboud and told him that he cannot simply raise the bar that high in just one turn without first fully preparing trainees. Moreover, he stated that British accounting standards do not apply in Lebanon. He continued by defining, in his opinion, a big problem, which is that the few training sessions offered to trainees are conducted in English. Not all LACPA trainees are fluent in English, as some are French-educated while others speak only Arabic. Sharara explained that he has no problem with conducting training sessions in English as long as there are also parallel sessions in Arabic, Lebanon's native language.

In her interview, Gina Chammas commented that it would have taken her tremendous time and effort to fix the exams when she was president of the LACPA in 2011. She stated that she did not believe that efficient and honest exams can be created in a limited period of time. To overcome this problem, she discussed with Amideast (an institute that organizes American English language and professional exams in the Middle East) the possibility of LACPA members sitting for the American Institute of CPAs (AICPA) exams in Lebanon. Her efforts succeeded in making Lebanon one of the four countries outside of the US where students can take the AICPA exams:

She then stated that Amin Saleh, her successor, decided to go back to the old examination system, recalling that more than 230 people passed that examination session during his tenure. She indicated that it was interesting that only 9% of those who passed these exam were graduates from the American University of Beirut (one of the top university in Lebanon), whereas graduates from universities from South Lebanon province had a 28% success rate, hinting that sectarian favouritism was a factor: Shia Muslims are a majority in South Lebanon, and it is also the religious sect of Amin Saleh.

The findings of this section indicate that the entry barriers, set by LACPA to close the profession, could affect the profession negatively, since some CPAs prefer not to train future CPAs to preserve their own market share. This has resulted in a professional dominance of CPAs aged over 45. The future CPAs are expected to pass exams that change in form every year without the proper academic background or training, thus limiting their ability to become LACPA members.

The entry barriers are also used as a means to control the profession by the dominant group. The use of exams as a way of accepting large numbers of new members based on sectarian identity reflects the wish to preserve the economic benefits of the sect. The use of professional power within LACPA to increase the number of members belonging to a sect is a vivid example of the struggle for additional power for the sect within LACPA. More members belonging to a certain sect will ensure an increased influence of that sect in LACPA through voting rights, which may extend to the presidency and board membership.

6. 6. 3. Effect of the competition

According to Amin Saleh, only a few big audit firms audit 75% of the Lebanese market, as there is no quota of the number of customers that one company can have. He claims that these firms have created a lobby by establishing connections with the biggest economic entities, who in turn are connected to political sectarian parties.

Interviewee Abed Al Kader Al Sagir argued that the profession is not financially rewarding, because, instead of a predetermined hourly rate or lump sum set by the LACPA, the customer controls the amount paid. He stated that there are members who lower their prices to gain customers, leading to other members doing the same. He debated the importance of having a unified rate which would then force the customer to select between the CPAs based on their competencies, not their price. He also

pointed out that some of the practicing members perform all functions for the customer, including accounting, tax declarations, reviews, and audit, indicating a conflict of interest and potential corruption; he asked: *"How can you audit your own work?"*

The statements by Saleh and Al Sagir are evidence that the profession has failed to attain all the characteristics discussed in Chapter Two, since it has been unsuccessful in providing Lebanese CPAs with the rewards, protection, and independence that should be associated with the profession.

6. 6. 4. Relationship with the government and universities

Interviewee Abed Al Kader Al Saghir highlighted that LACPA has no political support from the government. His view was that the Ministry of Finance considers LACPA members as their adversaries. As he explained:

"The last time I met with the Minister [of Finance], I told him how we feel, and that we are not foes, we are partners that complete each other. It is not acceptable that the general manager of the Ministry of Finance to take a decision relating to our profession without deliberating with us. They have to understand that we are the ones that have a say in matters related to our profession, not them".

This statement indicates that the profession has suffered from a decrease in its professional power, as it no longer has the full autonomy supported by the state. This was not the case in LACPA's early years (1993-2000), when the association was able to benefit from its positive relationship with the government, allowing it to set its own professional standards with full autonomy.

Similarly, Amin Saleh believes that the government does not want the CPAs to have a financial position that would free them from being controlled by customers and provide them with the ability to give independent opinions. He then made another important point about the non-existent collaboration with Lebanese universities. Both Amin Saleh and Abed Al Kader Al Saghir asserted that many agreements with some Lebanese universities were made, but have never been activated. Al Saghir stated that LACPA cannot force onto universities Lebanese principles of accounting and auditing, and that the universities in return do not contact LACPA to align their teaching with accounting practice, a sign of LACPA's weakness. He wondered how fresh accounting graduates would practice the profession in Lebanon while being taught different standards, such as the American GAAP, the IFRS, and the French system. This indicates that fresh graduates from Lebanese universities are ill-equipped to practice the profession upon graduation, due to inadequate academic preparation, which in turn places greater emphasis on the three-year training condition to qualify as a CPA. However, referring back to section 6.5, the availability of training is dependent on sectarian identity, creating an additional barrier for many of those who would like to become CPAs in Lebanon.

6. 6. 5. Incompetent governance

Afif Sharara recalled in his interview that LACPA, under the presidency of Mowafak El Yafi (1995-1999, 2002-2003, and 2010), reached its peak due to the latter's charisma and way of dealing with others. However, Sharara also believed that El Yafi treated LACPA as an extension of himself, and stated that some presidents, other than El Yafi, had sharp attitudes in a negative way:

"They had the "I only" attitude rather than "We" attitude, and didn't have the smoothness of El Yafi, making them seem very aggressive. Some of them didn't have leadership quality, regardless of their abilities as CPAs. We faced this problem with

two or three presidents. They didn't have the experience or the insight to run the association".

He then specifically referred to the presidential term of Amin Saleh (2012-2013), stating that one of the dangers of Saleh's term was that he amended the internal bylaws of the association, in the process giving the president unlimited power and reducing the board to mere consultants with no real say. He recalled that Saleh adjusted the internal bylaws in two ways. The first allowed the president to ask the board to convene once per month, and the second gave the president the discretion to set the entire meeting agenda. Sharara pointed out the dangers of this by commenting that the president has full control over the agenda and consequently over LACPA's future.

Sharara also explained that when a new president is elected, he "*enforces his point of view*" on the work of the previous president, but sometimes not due to personal aspirations, but rather to surrounding conditions. He pointed out that the whole point of drawing five new members each year is to ensure continuity (as discussed in section 6.5.1), so that when a new president is elected he would have at least five board members to advise him on the work already accomplished by his predecessor. Sharara reviewed the board history as follows:

"Since the year 2000, the El Yafi term set a trend of electing five board members each year. It continued till 2010 till El Yafi's term. In about 10 months to his term, just before the draw for new members, six members resigned due to a conflict with El Yafi, leading to the board being dissolved and ending his term. New elections were set for the president and – for the first time – ten members, and Gina Shammass won the elections. Chammas [2011] also served for 10 months and had a conflict with the board members. When six board members from Gina Chammas's term resigned, the whole

board was dissolved, and Amin Saleh [2012-2013] was elected along with ten new board members. After one year to his term, he was supposed to draw for five new board members to replace five of the existing ones. He refused. When his term ended, so did the term of the board. When Elie Abboud [2014-2015] was elected, so were ten new members for the board. This means that since 2010, even if the president wants to continue his predecessor work, he wouldn't know what happened before. He would have to read every transcript written, and no everything was written on paper. Even the current president [Elie Abboud] now refuses to draw five members, which means that when his term ends, it will have no continuity".

The 2012 change in the governance mechanism of LACPA provides its president with total control over the association. While the board enjoyed the continuity of work due to the yearly elections before 2010, the change in the internal bylaws in 2012 gave the president absolute power. It can be assumed that the strategic direction of LACPA is not sustained by the board, since a president may aim to develop and implement his own point of view over LACPA's future without taking into consideration previous work. Such complete control by the president should be minimized and major decisions should be taken by the board as a whole.

6. 6. 6. Gender inequality

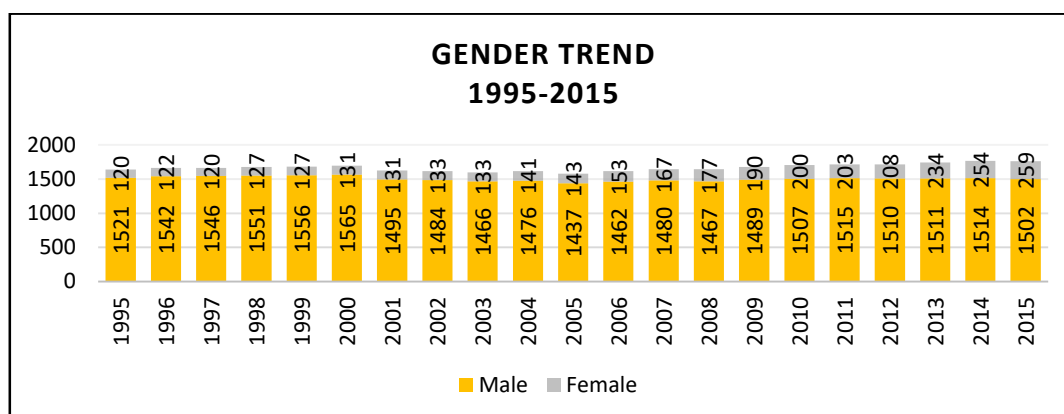
Interviewee Gina Chammas is the first and only female president of the LACPA since its inception till 2015. However, she feels that she might also be the last. She attributes the low percentage of female LACPA members to the male-dominated mentality in the LACPA:

"They [male LACPA members] are extremely aggressive with women. I had never realized in Lebanon to what extent the

fear of female leadership is before I became president. I have been talking to other women in the LACPA trying to promote the idea of having another female president; they are not interested. They are scared because men are very aggressive, unfortunately”.

The statistical analysis supports Chammas’s statement, since the majority of LACPA members, former and current, are male. Out of 2,271 total members, 1,980 are male compared to 291 females. While male members have been dominant over the years, an increasing percentage of female members have joined LACPA, especially since 2008 and onwards, as shown in Figure 6-28. Compared to 120 females in 1995, female members in 2015 numbered 259, which implies an increase of 116% over 20 years.

Figure 6-28: All members – Gender trend



Chammas’s view corresponds with the reality of Lebanese culture, in which men are considered to be ‘better’ than women. While the accounting profession does not use gender as an entry barrier, the nature of the Lebanese masculine society explains the dominance of men over women in the accounting profession. Aside from Chammas, only three other women have served on the board, making in total only four females over a period of 20 years. According to Chammas, one of these female board members wanted to create an LACPA ‘women’s committee’, but her request was rejected.

6. 7. Conclusion

This chapter has revealed the successful and unsuccessful strategies used in the professionalization of accounting in Lebanon after the end of the civil war in 1990. The shift in the government's attitude towards the profession resulted in the passing of Law 364 and the establishment of LACPA in 1994. While some sectarian pressures have affected the law before its approval by the Lebanese parliament, the sectarianism of LACPA members has been the main influence on the profession between 1995 and 2015.

The testimonies of the interviewees and the statistical data presented in this chapter reveal the depth of such influence. The sectarian effect not only determines the religion of the LACPA president and board members, but it also controls the entry barriers to LACPA membership. The three-years training criteria to become a member limits the ability of those who would like to become CPAs, simply because they do not belong to a specific religious sect. The low trust level between the sects may deprive trainees from the opportunity to be trained because they belong – or do not belong – to a certain sect. This low trust level is evidenced in section 6.5.3, which reveals that the 2015 practising CPAs who work in firms with more than one CPA (amounting to almost 82% of the total membership) prefer to work with CPAs from their own religion; moreover, 48% of these CPAs prefer to work with someone from their own religious sect. While such preferences could not be determined for non-practising members and CPAs with a proprietorship, it was established that 24% of LACPA's practicing members in 2015 preferred to work with members of their own religious sect, and 41% of them preferred to work with members of their own religion. Such preferences will limit the ability of future CPAs to be trained, since they will invariably have to belong to the same sect or religion as that of the training CPA.

The sectarian influence extends beyond the entry barriers, as the attitude of LACPA members is affected by sectarian belonging. The struggle to

control LACPA by the sects is revealed in the behaviour towards sect members who deviate from the sect's wish to control the association, and in the behaviour towards members of other sects who aim to have such control. The dominant group exerts pressure over its followers to maintain power, while the subordinate group develops strategies to attain power; both groups aim for economic benefits. This is evident in the case of Christian Maronites, Muslim Shia and Muslim Sunni in the LACPA. While the Christian Maronites were numerically the dominant group in LACPA at its inception, they were not in control, since the Muslim Sunni sect was the dominant sect in Lebanese society. Muslim Sunni power over LACPA began to decline in 2003 and was lost by 2006. This is reflected in the declining number of Muslim Sunni LACPA members in recent years. The assassination of Rafic Hariri in 2006 resulted in the rise to power of the Muslim Shia, who attempted to extend their power to the LACPA. This was met by the existing plans of the Christian Maronite dominant group, who were also attempting to have power over the association. The intention of both sects is revealed by the increase in their respective membership numbers. Again, this increase can only be achieved by successfully completing three years of training, which (as discussed above) is also subject to sectarian influence.

While religious sectarianism has negatively impacted the development of Lebanese accounting, other factors have also played a role in shaping the profession. The level of corruption in Lebanon, as well as intense competition, have limited Lebanese CPAs from enjoying the characteristics associated with the profession, such as prestige, wealth, and independence. The absent relationship with the universities and the entry barriers set by LACPA to preserve the profession have been proven to obstruct new talent from joining the profession. The positive relationship with the government, which provided LACPA with autonomy at its inception, has changed as the government began taking unilateral decisions that affected the profession. Mirroring the masculine nature of

Lebanese society, LACPA has been dominated by men since its inception, leading to loss of the 'voice of others' within the association.

This chapter has provided an in-depth analysis of the construction and reconstruction of the accounting profession in Lebanon between 1990 and 2015. The next chapter presents the recommendations of this research and a summary of its findings. It also highlights the need for further research on other elements that play a role in the accounting profession in Lebanon.

Chapter 7. Conclusion

7. 1. Introduction

The literature review discussed in Chapter Two has provided the foundations for this research. Among the three approaches to the sociology of profession, the Neo-Weberian critical approach establishes the need to examine the development of the accounting profession via the lens of the social attributes that are used by the occupational groups to achieve closure through setting entry barriers, thus gaining a monopoly over the work and market. In the case of Lebanon, religious sectarianism was the driving force within wider society, forming the Lebanese identity, and controlling everyday life. Therefore, this research has examined the development of the accounting profession in Lebanon while considering the role played by religious sectarianism in the construction and reconstruction of the profession.

The Birkett and Evans' (2005) professionalization model was used to examine and highlight the strategies used by the accounting occupation group in Lebanon during the professionalization process, emphasizing the conditions that were met, the dependencies that were maintained, and the continuous management of these conditions and dependencies. Chapter Two discussed the use of these social constructs in the professionalization process as a method to exclude the 'ineligibles'. Thus, the professionalization process strategies that were set in order to gain a monopoly could also be the ones that enabled the accounting profession in Lebanon to exclude the 'ineligibles'.

The theoretical framework of this research has integrated Social Dominance Theory, the Theory of Ethnic Conflict, and the Neo-Weberian concept of closure to investigate the role played by religious sectarianism on the development of the accounting profession in Lebanon. More specifically, the strategies implemented by AAFO and LACPA to achieve

closure and then manage the profession were examined using the Birkett and Evans model, and SDT and TEC were applied to provide theoretical interpretation.

This chapter summarizes the findings of this research and provides concluding remarks. It reveals the limitations that faced the research and it also offers recommendations for future research.

7. 2. Summary of findings

While accounting as an occupation was practiced in Lebanon during the Ottoman Era (5th century – 1920), it was limited to government accounting in general. In 1920, shortly after the end of World War I, Lebanon was ruled by the French, while Palestine, its neighbour to the south, was ruled by the British. At the time, the accounting profession in the United Kingdom was thriving, since the British accounting associations could successfully establish accounting as a prominent profession. Consequently, British accountants were able to transfer their capabilities and the British accounting standards to the colonized countries, one of which was Palestine. Meanwhile, the French accounting profession was not sufficiently developed to be transmitted to Lebanon. The immigration of Palestinian talent to Lebanon carried with it the introduction of British accounting standards, creating a unique mix where practice followed the British standards but took place under laws adapted from the French system.

Calls for the establishment of an accounting occupational group in Lebanon began in the 1950s. These calls were made in the face of a growing threat from foreign accounting and audit firms who were establishing their presence in Lebanon. After several meetings that were delayed due to the sectarian armed conflicts in 1958, Decree no 518/1 was issued on 17 December 1963 by the Ministry of Labour and Social Affairs, granting permission to establish AAFO, which can be considered the first successful implementation of S8 (achieving a relationship with the state). The AAFO

general assembly held on 6 July 1964 approved the first internal bylaws of the association. These bylaws set the entry barriers to AAFO membership. However, these barriers did not focus on the education, experience or competency of the members, but rather on the member being an owner of an accounting and auditing firm. By setting this condition, the AAFO implemented a closure mechanism to exclude those who did not have the financial means to be an accounting firm owner.

AAFO then created a comprehensive draft law that would organize the accounting profession in Lebanon; it was presented to and approved by AAFO's general assembly on 14 March 1965. In this profession organization draft law, AAFO attempted to implement various association control strategies by defining the level of education, the need for training, and the level of experience of its members. In addition, the draft law restricted the CPA title to those registered with AAFO, thus attempting to attain monopolistic control by AAFO's members over work.

The draft law was, however, set aside by the Lebanese government several times between 1965 and 1981, due to the interference of the other two accounting associations, CPAME and the Court Experts, accompanied by the reluctant attitude of the Lebanese government to pass the law. By not gaining the support of the state to monopolize work, AAFO was unsuccessful in implementing the strategy of building a relationship with the state (S8 – achieving a relationship with the state). AAFO also attempted to implement other professionalization strategies, such as suggesting a unified accounting framework (S5 – determinations of standards), creating entry barriers (S3 – control of education and entry; and S4 – definition of competence levels), formulation of a code of ethics (S1), and persuasion of the public of the legitimacy of the profession (S6 – image building). While some of these strategies were successful, the lack of interest by the government and the onset of sectarian war in 1975 postponed further discussions regarding the draft law until 1990.

Mr Wael Abou Shakra outlined his two encounters with the religious sectarianism that faced the accounting profession in Lebanon prior to 1990. In addition, the analysis of the religious sects of AAFO's presidents and board members has revealed the dominance of Christians over AAFO's governance since its establishment. The election of Abou Shakra as AAFO's president in 1977 was accompanied by accusations of attempting to create two associations divided on a sectarian basis. In addition, the profession lost many talents, since the 15-year civil war led to the death or emigration of many CPAs. However, there is no other tangible evidence due to the lack of archival material and the inability of the other interviewees to comment on that period during which they were not AAFO members. However, it is only logical to assume that the driving force behind the civil war, namely religious sectarianism, had an impact on AAFO's members and their attitudes towards each other. Such an assumption is vividly backed up by the analysis of the CPA firms in 2015 which was presented in Chapter Six and is further discussed below.

The end of the civil war in 1990 brought with it the restructuring of the Lebanese state and economy. In order to regain the trust of the international community and the public, the government showed an interest in establishing an accounting profession organization law. For the first time, AAFO had the support of the Lebanese government to establish the accounting profession. While AAFO presented its draft law again for the government's approval, there were demands by CPAME to change some of the draft's articles regarding the level of education and required experience of the members. For the first time, sectarian political relationships were used to stop the law from being passed by the Lebanese parliament. After reaching a compromise, Law 364 – The Organization of the Lebanese Chartered Accountants Profession in Lebanon – was passed on 1 August 1992, which led to the formation of LACPA in 1994, thereby establishing accounting as a profession rather than an occupation.

The discussions with the interviewees in Chapter Six reveal the high negative impact of religious sectarianism on the accounting profession in Lebanon between 1995 and 2015. Those interviewees who shared their experience of religious sectarianism in LACPA were very open in stating their opinions. For example, Mr Afif Sharara's experience demonstrated the attitude of the sect towards a member who acted not in accordance with the wishes of the sect, but rather based on professional opinion. Mrs. Ghina Chammas's experience revealed the magnitude of retaliation that a sect is willing to undertake to preserve its rights in LACPA. However, it was noted that the interviewees unconsciously exhibited the 'us versus them' attitude when discussing members of other religious sects, which is an inherent attitude within Lebanese society due to the high level of religious sectarianism. Such behaviour is expected from the members of the sects; as explained by SDT, members of one sect have low opinions regarding members of the other sects.

The statistical data gathered in Chapter Six supports the claims of the interviewees. The composition of LACPA mimics that of the confessional distribution within the government, where positions are divided equally between Muslims and Christians, regardless of qualifications. The examination of the presidents' religion between 1995 and 2015 supports the claim that there is an unwritten rule of alternating the presidency between Muslims and Christians.

Statistical data analysis also reveals the dominance of Christians over Muslims in LACPA. In contrast to the demographics of Lebanon, in which Christians amount to 38% and Muslims to 62% of the population, LACPA's members, between 1995 and 2015, averaged 54.7% Christians and 45.3% Muslims. In addition, the Christian Maronites constituted 35.5% of LACPA members, compared to their 21% representation in the Lebanese population. This finding, which evidences the dominance of the Christian Maronites over LACPA membership, can be explained by the dominance of this sect over occupations before the civil war, which meant that the

majority of those who were practicing accounting when LACPA was formed in 1994 were from that sect. The Christian Maronite sect also shows dominance in the number of members who joined LACPA between 1995 and 2015, which can be explained by the entry condition of having trained for three years at a licensed CPA firm. This can be explained by the use of family ties and sectarian belonging as legitimizing myths to attain/maintain power within LACPA. Family ties were a means for the sects to preserve economic status. Such utilization is evident in the case of LACPA, since 269 of its members have family ties. By using the training requirement and family ties, the Christian Maronites were able to maintain their dominance over LACPA and to preserve the benefits associated with such dominance (a conclusion in accordance with SDT). Such dominance may change, since one of the subordinate groups, the Muslim Shia, has taken several steps to increase its presence in LACPA, whether by demanding a stated turn at holding the LACPA presidency or by increasing the number of its members within the association.

TEC explains that group comparison and group identity are the main drivers of the tension between ethnic groups; this is exemplified in the sectarian belonging in the case of LACPA members. The sectarian belonging of the members and their low level of trust of the other sects could be the main factors that drive trainee members to complete their training requirements at firms that match their sectarian identity. It can be assumed that the CPA firms would only take on trainee CPAs who have a specific sectarian belonging, since most LACPA members prefer to work in firms that match their own religious belonging. This is evident as 342 out of 708 practicing LACPA members in 2015 operated in accounting and audit firms whose staff came from a single religious sect. Of these 708 members, 244 worked in firms that solely hire members from a specific religion. While 122 CPAs worked in firms with employees from different religions, the evidence reveals that most of these firms had one token CPA to deter a reputation for sectarianism. Such an interpretation could also explain why some minorities had no representation in LACPA between 1995 and 2015.

The data also reveals that members of certain religious sects have increased in numbers in LACPA as their sects' power has increased within Lebanese society. Similarly, members who belong to other religious sects have decreased in numbers at the same time as their sects' power has decreased. For example, Muslim Sunni members have decreased in numbers, especially since the assassination of Hariri in 2005 which led to the decrease in political power of the Muslim Sunni sect.

While religious sectarianism has affected the development of the accounting profession in Lebanon, it has not been the only factor. The corruption within the Lebanese economy, the negative attitude of the Lebanese firm owners towards auditors, gender inequality, government interference, and the increased level of competition have also influenced the profession negatively. The entry barriers set by LACPA have led to an association filled with members over the age of 45. The new members who wish to join LACPA are faced with a lack of training and reading material while sitting for exams that are filled with errors. In addition, there is no unified strategic alliance between LACPA and the Lebanese universities, leading to accounting graduates with no academic background in relation to Lebanese accounting standards.

This research has documented the closure strategies used to achieve a monopoly over the accounting profession in Lebanon by exhibiting the professionalization strategies implemented in accordance with the Birkett and Evans (2005) model. Through interviews, archival material, and quantitative data, this research has presented evidence that the accounting profession in Lebanon has been impacted by the religious sectarianism practiced in Lebanese society. Under SDT, the Christian Maronites exhibit dominance over LACPA, in terms of governance and numbers of members, over other religious sects. TEC suggests that economic competition is the reason for desiring dominance, which is evident in the utilization of family ties and training requirements to preserve the Christian Maronites' dominant position in LACPA, and in the

Muslim Shia's attempts to increase their presence and power in LACPA. Such attempts by the Muslim Shia reflect this group's increase in power within Lebanese society since 2005, which fits the observation of TEC that subordinate groups strive to become a dominant group as the group desires more power.

7. 3. Contribution of the research

This research provides contribution to the literature, theory, and practice. The research provides a summary of the research conducted on exclusion practices in many countries, using race, ethnicity, and gender as means of exclusion. It sums the researches findings and navigates them into a newly identified mean of exclusion; religious sectarianism. The topic by itself is identified as a taboo in research, given the sensitivity it might rise between the various parts of any society.

Although Annisette and O'Regan (2007) and Edwards and Walker (2008) find strong evidence of informal exclusionary closure based on religion within the early Canadian accounting community and in nineteenth-century Ireland, neither piece of research provides the reasons for the disproportionate dominance of certain sects over the others. Their researches touch briefly on the topic while discussing other social attributes, might that be for lack of additional information or the focus of their researches.

This research also gathers the fragmented pieces of information about the accounting profession in Lebanon and gather them in a comprehensive research, featuring the past and the current position of the profession in Lebanon, highlighting the threats and opportunities that would face it in the future. In a world that is heading towards globalization and unification of accounting standards, the influence of sectarianism on the Lebanese accounting profession might hinder its progress to elevate to these

international standards, and might even endanger the professional body's position as a member of international organizations such as IFAC.

Lastly, the research highlights that it is not enough to look at the professionalisation process, even while using a holistic model such as Birkett and Evans (2005). It is important to examine how the profession will maintain its position as a profession. In the case of Lebanon, it was necessary to triangulate the Birkett and Evans model with TEC and SDT. The model outlines the professionalization strategies used by the LACPA to attain conditions of professional power, association control, and sustaining ideology while managing the dependencies of work, market and the state. The social dominance theory adds to the model by looking at the society in which the profession operates, and divides it to group-based social hierarchies that use social constructs, thus enabling the organizational/professional body to add entry barriers to the profession based on these social contracts. The theory of ethnic conflict completes the triangle by attributing the creation these groups to the economic competition between socially-differentiated groups, where ethnicity is used as the joining factor between members of the same group.

7. 4. Limitation of the research

While this study has provided evidence for the negative impact of religious sectarianism on the accounting profession in Lebanon, the research has some limitations. The number of interviewees in this research may be considered small when compared with the overall size of LACPA membership. I faced several rejections by other potential interviewees because I did not belong to their religion or religious sect, which in itself is a further evidence of the continuing role of religious sectarianism. The second limitation was my difficulty finding voices that could shed more light on AAFO and the possible effect of sectarianism on the association between 1964 and 1990. The lack of archival material and public records has been another limitation when attempting to access the history of the profession.

Lastly, the use of the 2015 electoral lists instead of a census could be considered as a limitation, since the lists are not the optimal representation of the Lebanese population.

7. 5. Recommendations

While Chapter Six has provided some insights on other factors that have influenced the development of the accounting profession in Lebanon, future research could be developed to obtain a better understanding of these factors. The aging membership of the association, gender inequality, and accounting education are three of the most pressing items that should be addressed urgently by LACPA. New members should be recruited quickly to avoid the expected shortage of CPAs, many of whom will soon be reaching retirement age. In addition, LACPA should develop accounting textbooks that are based on Lebanese accounting standards, and it should work with the universities to incorporate these books in their accounting degrees.

Lastly, it is to be hoped that Lebanese society can eradicate the religious sectarianism which has damaged Lebanon, its economy, and its people for more than two centuries. While this call may seem impossible at the present moment, it is the hope of this research to see Lebanese society become sectarian-free.

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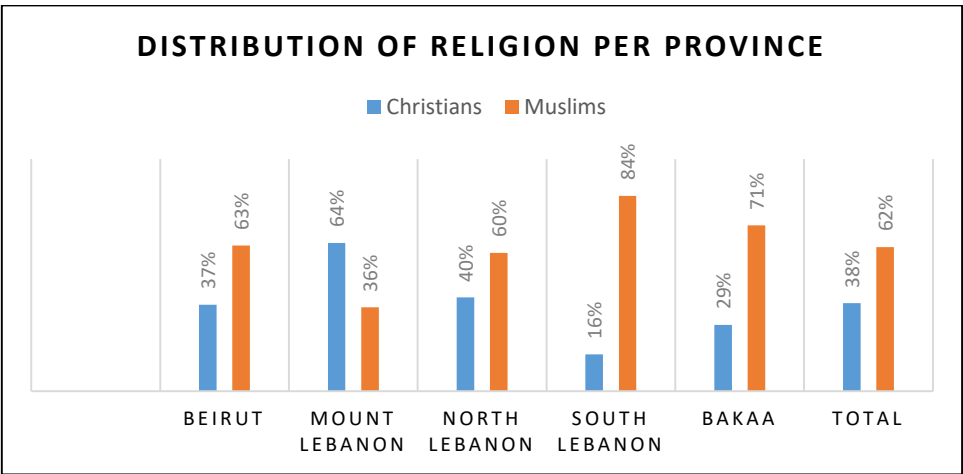
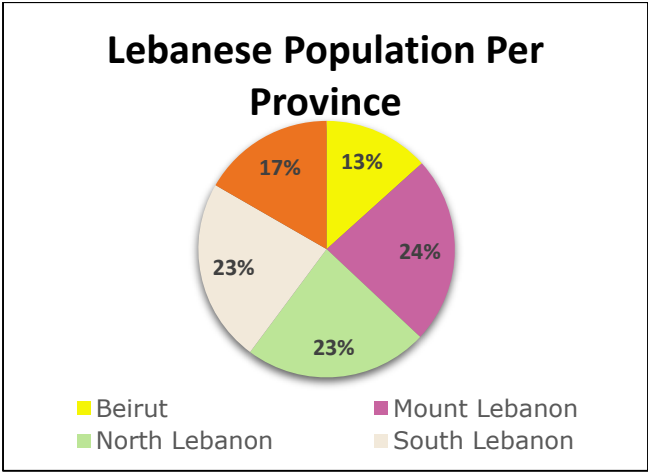
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APPENDICES

Appendix I

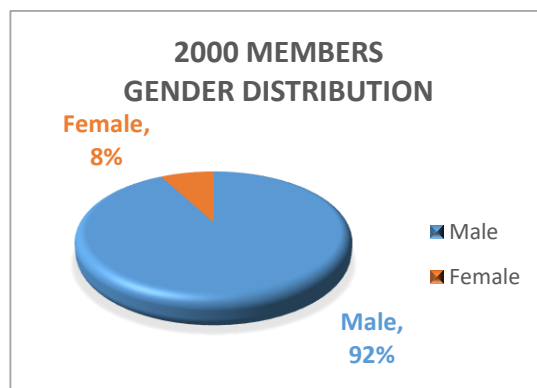
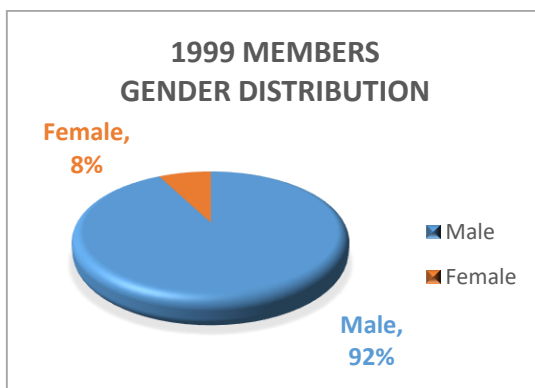
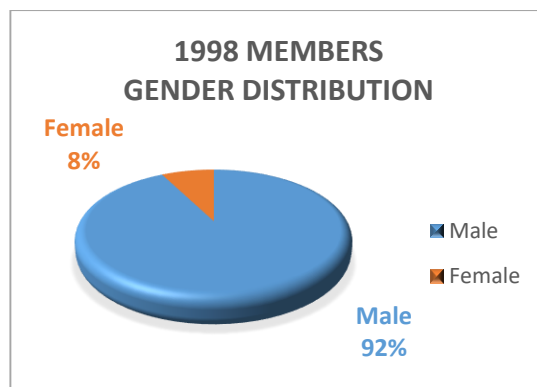
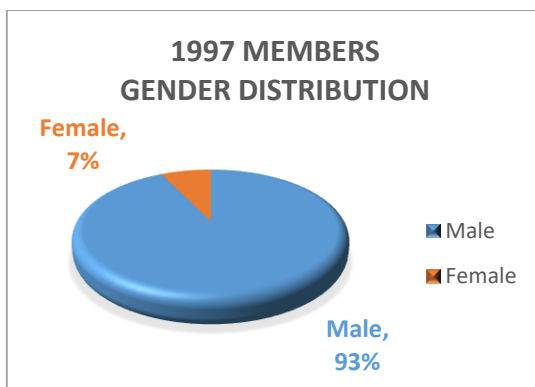
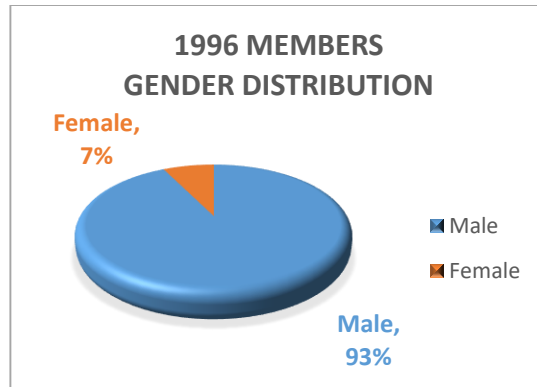
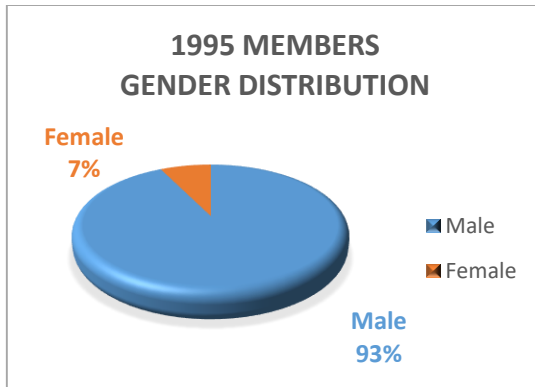
Lebanon’s Statistics

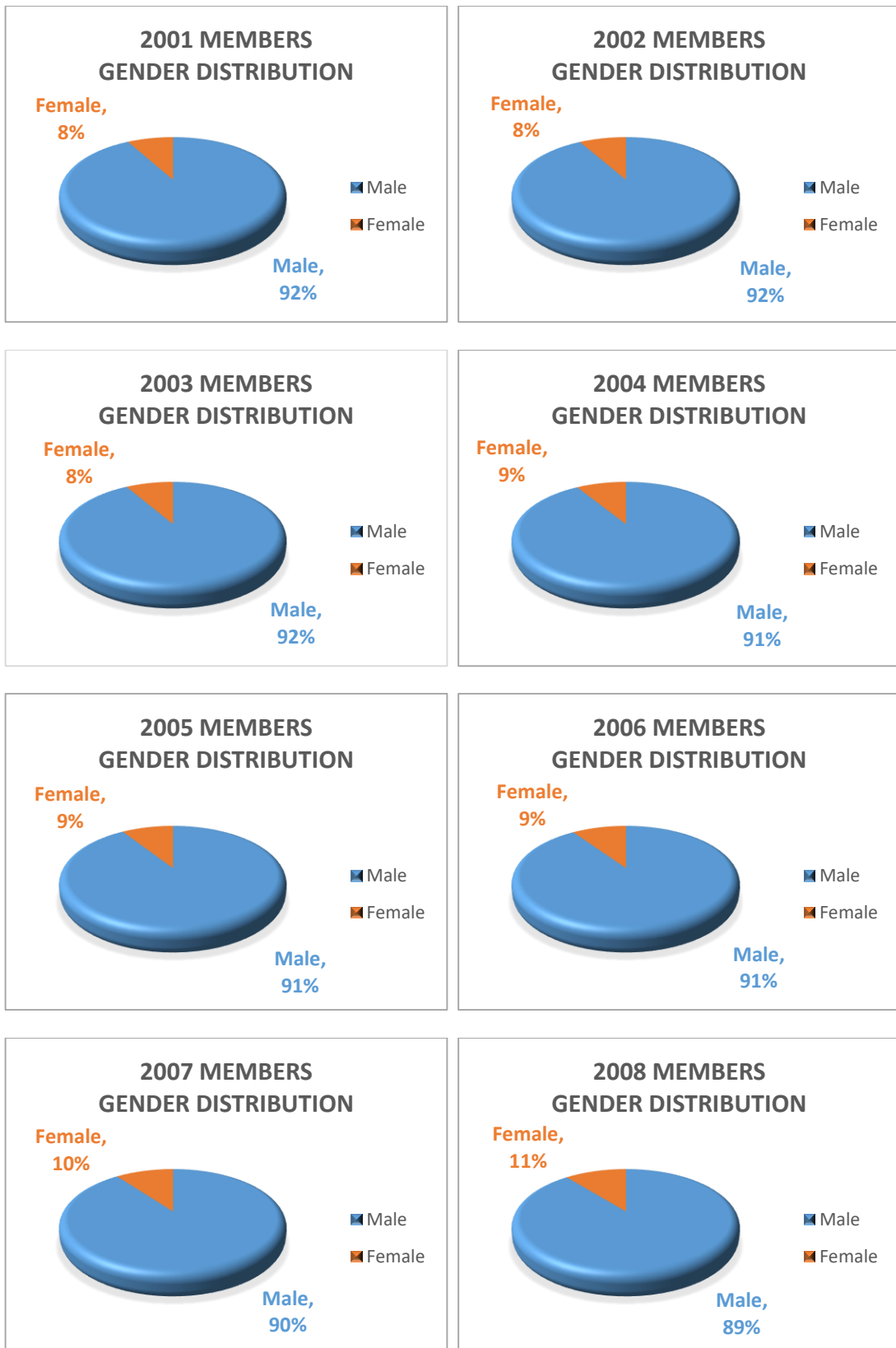


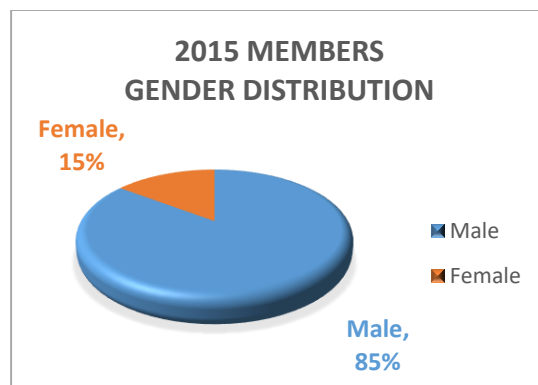
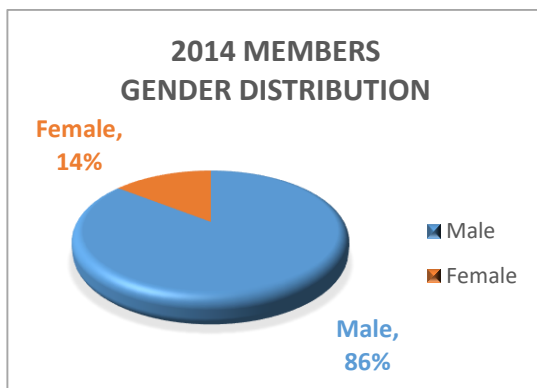
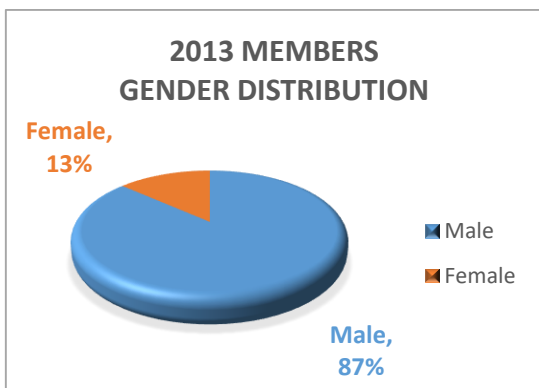
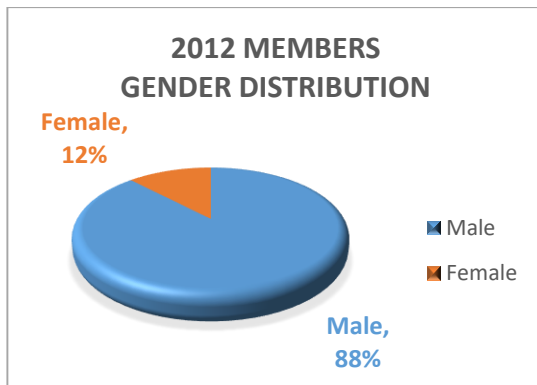
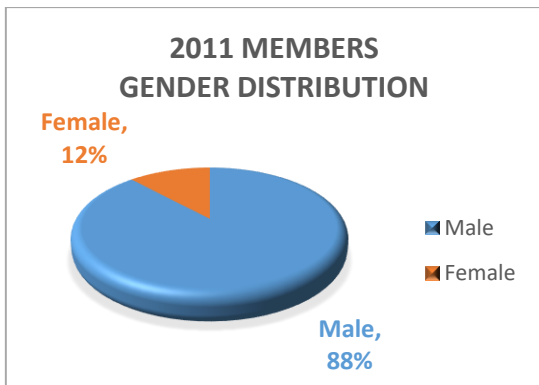
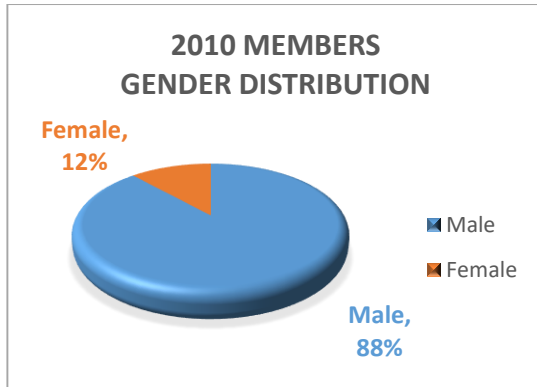
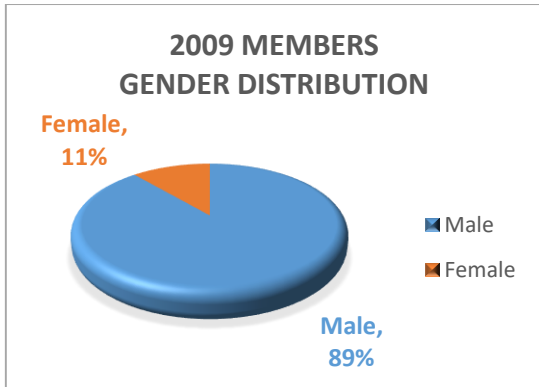
Province	District	Total Voters	Christians						Muslims						
			Armenian Catholics	Armenian Orthodox	Evangelicals	Greek Catholic	Greek Orthodox	Maronite	Minorities	Total Christians	Alawites & Ismailis	Druz	Sunni	Shia	Total Muslims
North Lebanon	Beirut	449,588	9,257	44,783	6,794	18,676	42,466	24,038	21,753	167,767	245	5,547	209,259	66,770	281,821
	Mount Lebanon	119,441	91	618	887	3,675	15,546	28,814	460	50,091	0	64,251	1,438	3,661	69,350
	Baalbda	155,305	684	1,402	484	7,375	11,994	58,112	2,230	82,281	11	26,795	9,101	37,117	73,024
	Chouf	185,628	67	52	667	12,577	740	54,890	95	69,088	0	58,962	53,543	4,035	116,540
	Jbeil	76,893	73	1,003	91	325	2,471	55,461	142	59,566	23	0	1,922	15,382	17,327
	Keserwan	89,661	643	1,524	98	1,845	769	81,993	1,088	87,900	17	9	202	1,533	1,761
	Matn	171,580	6,895	25,493	2,825	16,688	24,840	76,796	7,893	161,430	202	2,340	3,037	4,571	10,150
	Total Mount Lebanon	798,508	8,453	30,092	5,052	42,485	56,360	356,006	11,908	510,356	253	152,357	69,243	66,299	288,152
	Akkar	239,257	34	26	664	1,519	37,397	28,349	12	68,001	10,696	0	157,841	2,719	171,256
	Baroun	56,970	58	178	10	1,231	9,052	42,001	151	52,681	44	1	3,287	957	4,289
South Lebanon	Bsharry	46,691	0	21	0	50	218	46,372	0	46,661	0	0	30	0	30
	Koura	57,495	0	51	56	170	36,970	11,008	9	48,264	440	0	7,714	1,077	9,231
	Syrdiniyeh	104,512	0	0	0	0	8,213	6,673	0	14,886	2	0	89,585	39	89,626
	Tripoli	204,424	381	1,790	573	1,077	12,366	4,348	1,003	21,538	18,080	20	163,982	804	182,886
	Zgharta	72,619	112	104	2	318	2,976	60,224	48	63,784	54	0	8,709	72	8,835
	Total North Lebanon	781,968	585	2,170	1,305	4,365	107,192	198,975	1,223	315,815	29,316	21	481,148	5,668	466,153
	Bint Jbeil	130,691	29	40	40	3,097	0	12,064	0	15,270	0	0	115	115,306	115,421
	Hasbayah	43,693	11	16	304	869	4,202	1,703	4	7,109	0	14,192	22,021	371	36,594
	Jzeen	55,758	17	23	12	8,392	112	34,298	7	42,861	0	524	995	11,378	12,897
	Marjoun	100,198	21	45	1,015	2,761	6,537	4,705	206	15,290	0	892	2,605	81,411	84,908
Bakaa	Nabatiyeh	129,006	9	0	0	1,022	67	3,840	0	4,938	7	10	920	123,131	124,068
	Saida	56,127	27	227	122	1,686	184	1,248	117	3,611	0	27	47,392	5,097	52,516
	Saida Villages	99,275	26	12	495	12,728	254	10,554	14	24,083	0	49	2,844	72,299	75,192
	Tyre	165,872	103	1,001	588	6,656	569	2,236	193	11,326	0	1	13,173	141,372	154,546
	Total South Lebanon	780,620	243	1,364	2,556	37,211	11,925	70,648	541	124,688	7	15,695	90,065	550,365	666,132
	Zahle	161,154	1,819	8,637	1,349	31,118	15,932	25,759	7,206	91,820	7	845	43,881	24,601	69,334
	Rashaya & Western Bekaa	128,390	43	31	447	10,041	9,797	9,627	147	30,133	0	18,960	61,338	17,959	98,257
	Baalbak & Helmel	273,536	5	117	58	15,417	2,164	20,965	17	38,743	82	1	35,784	198,926	234,793
	Total Bekaa	563,080	1,867	8,785	1,854	56,576	27,893	56,351	7,370	160,696	89	19,806	141,003	241,486	402,384
	Total		3,373,764	20,405	87,194	17,561	159,313	245,886	706,018	42,795	1,279,122	29,910	193,426	940,718	930,588

All Members Statistics – Gender

Total Members	Gender	# of Members	% of Total Members
2271	Male	1980	87.19%
	Female	291	12.81%

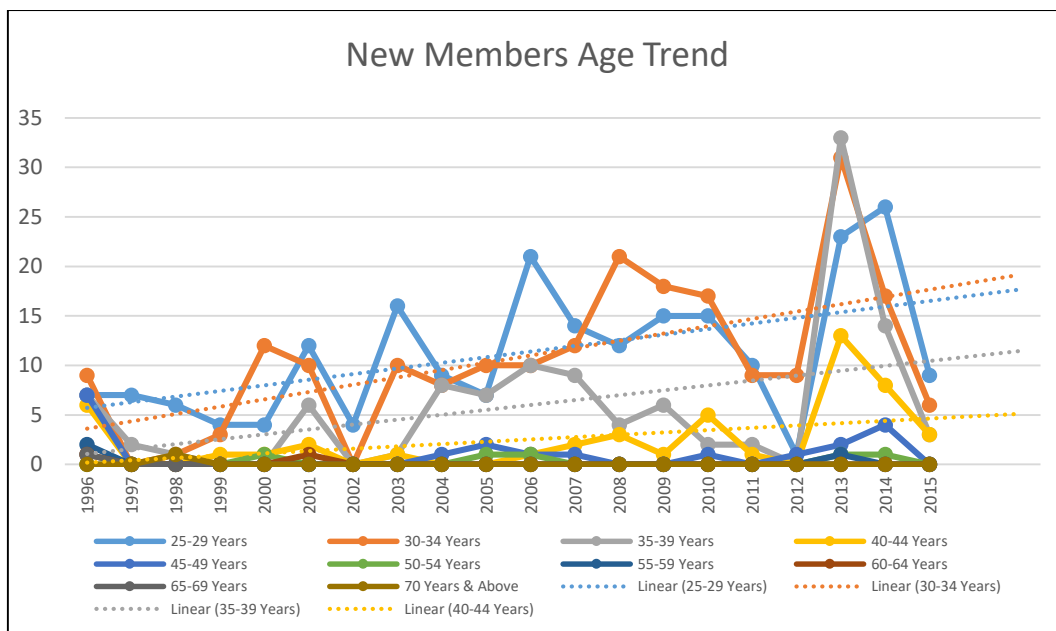
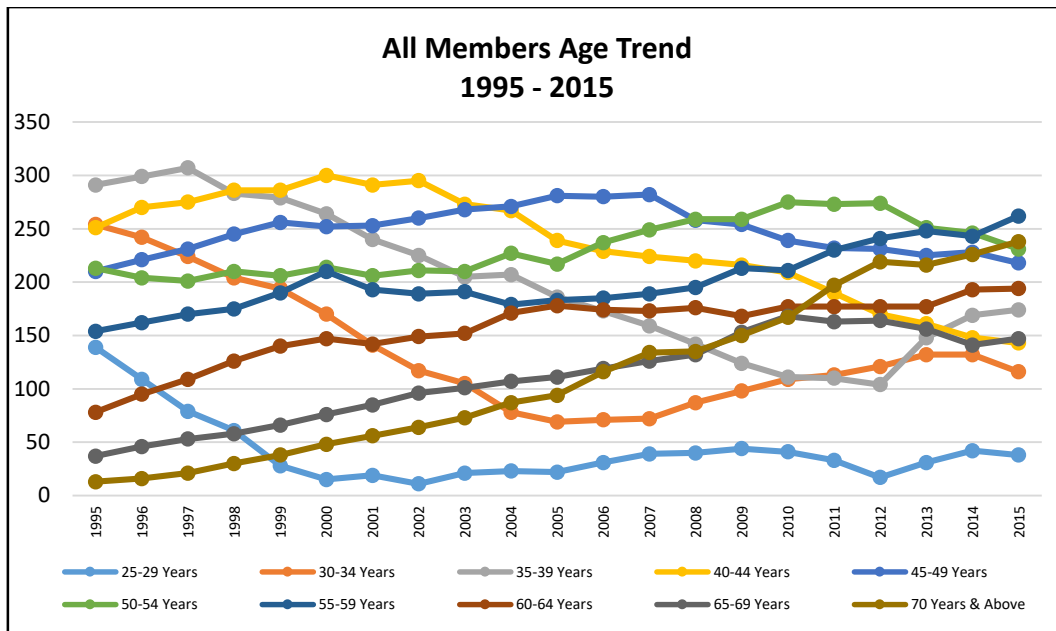


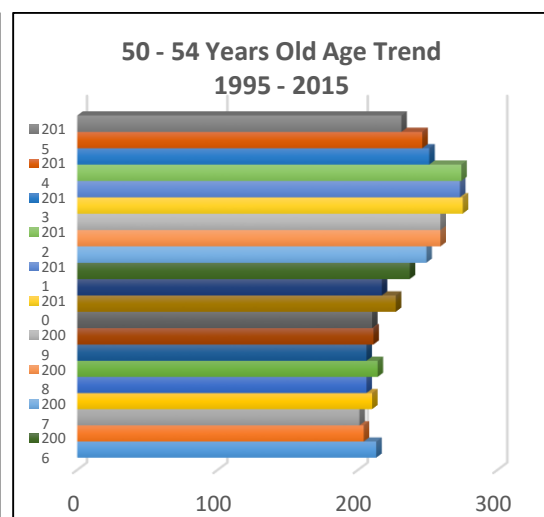
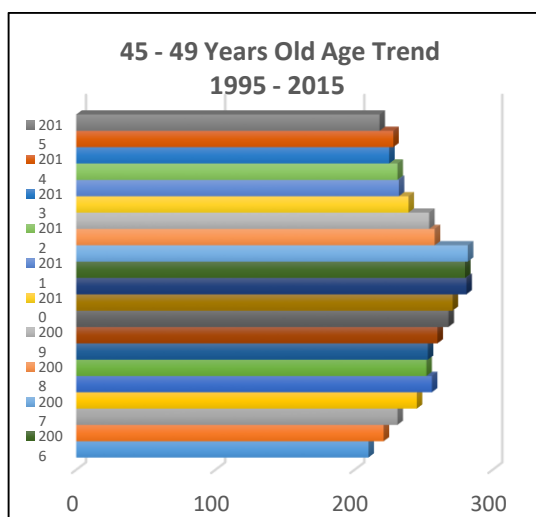
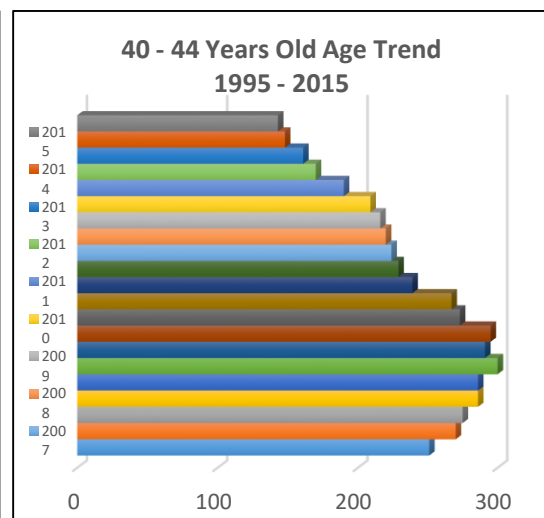
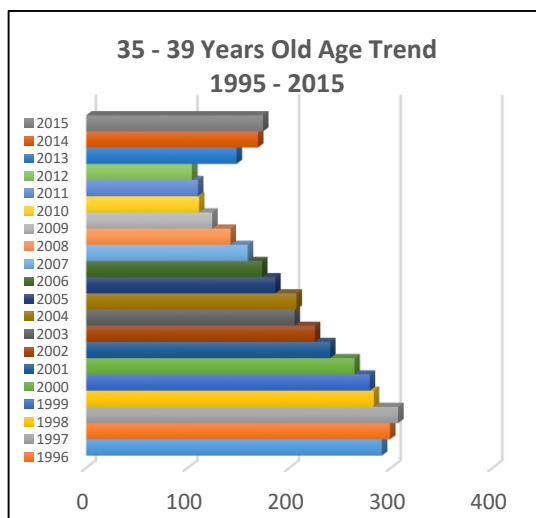
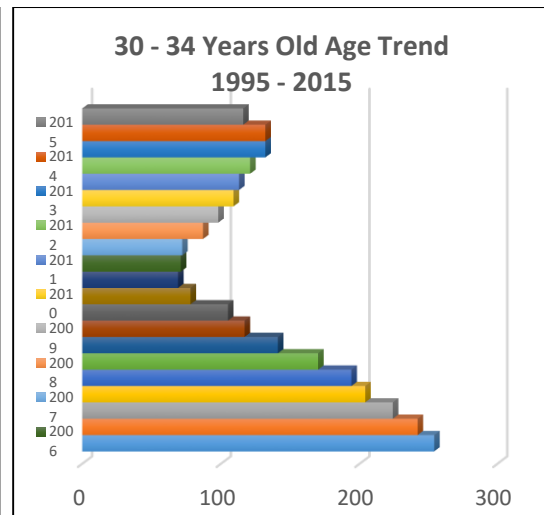
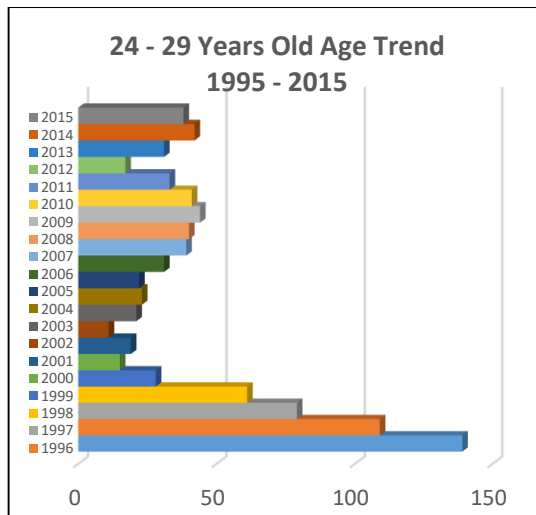


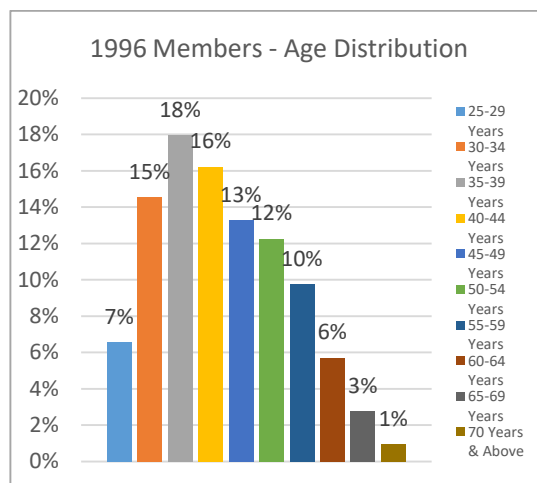
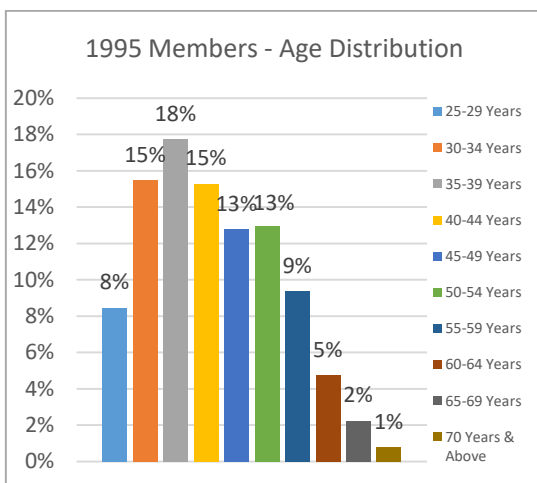
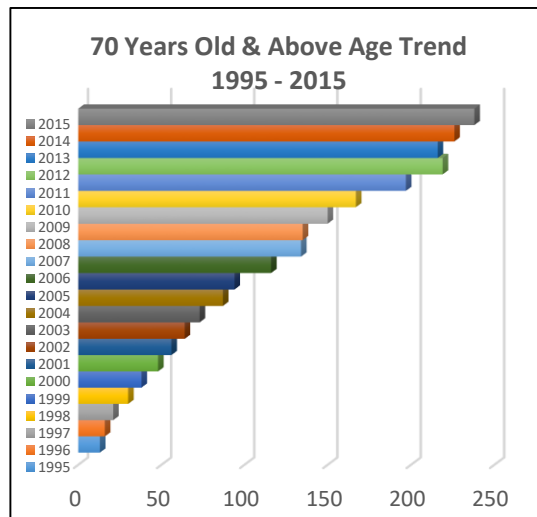
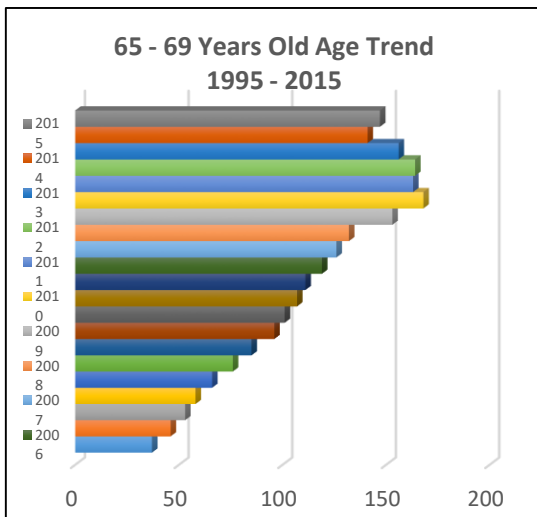
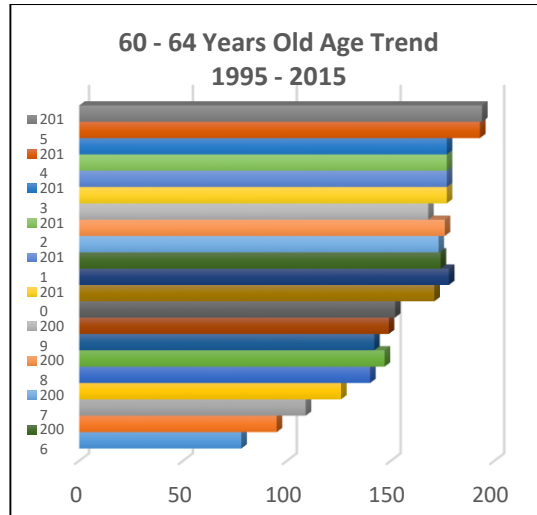
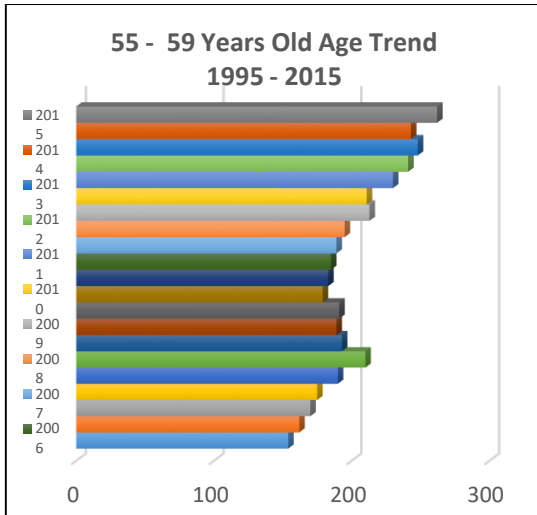


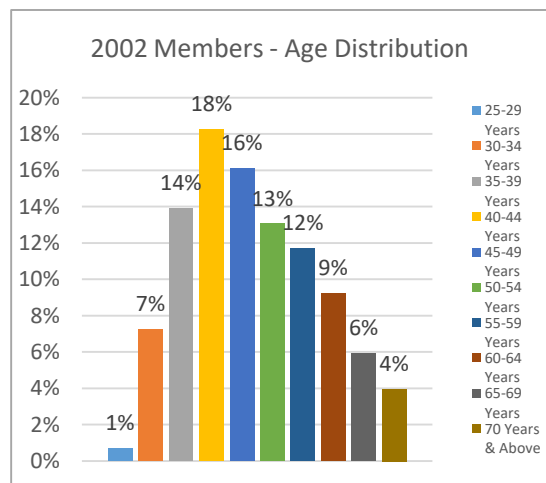
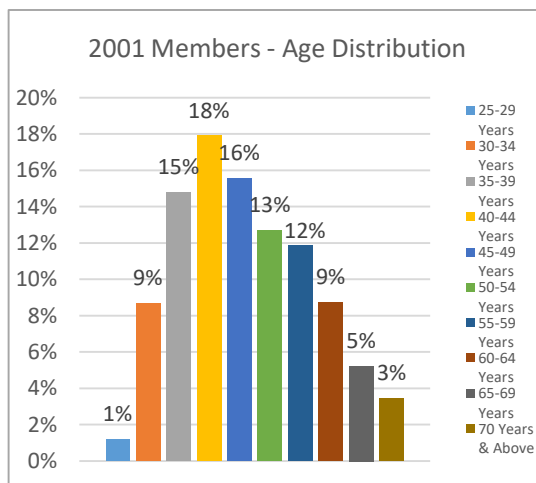
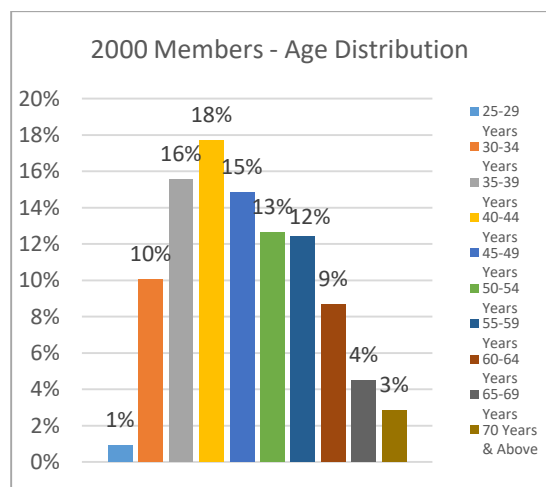
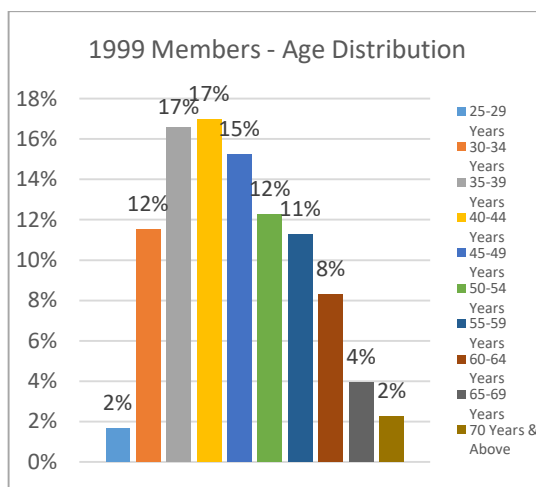
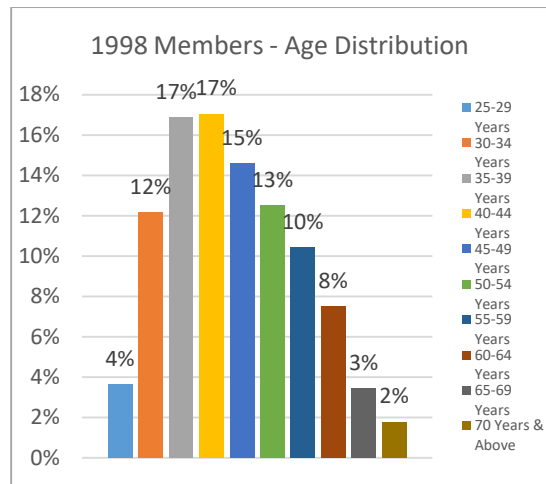
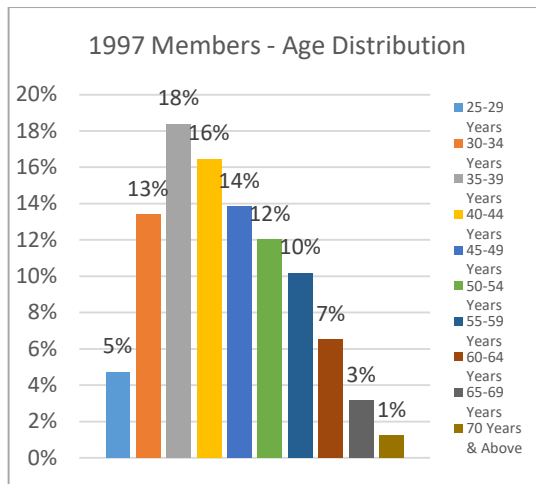
All Members Statistics – Age

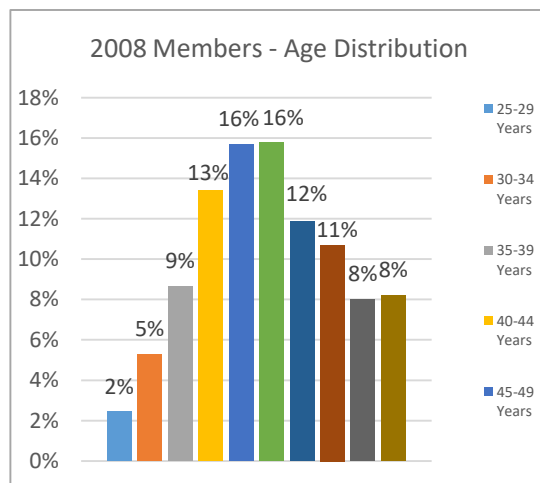
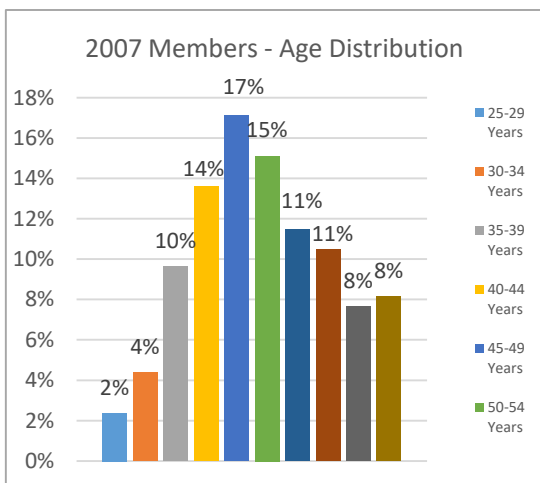
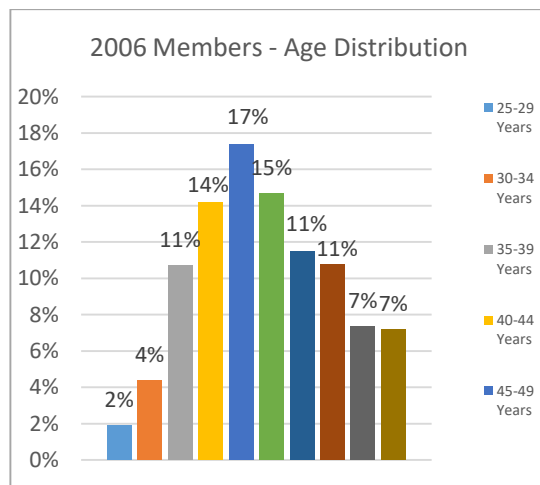
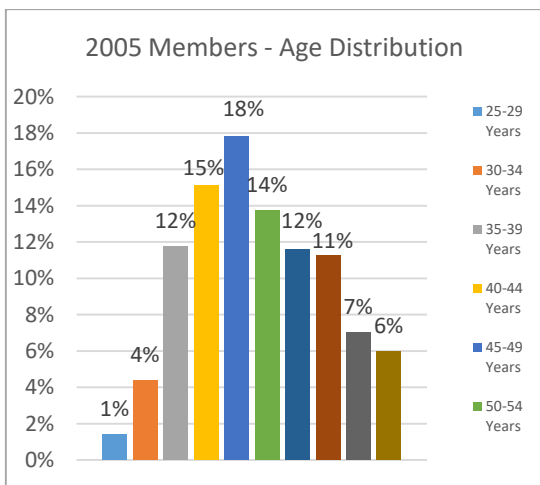
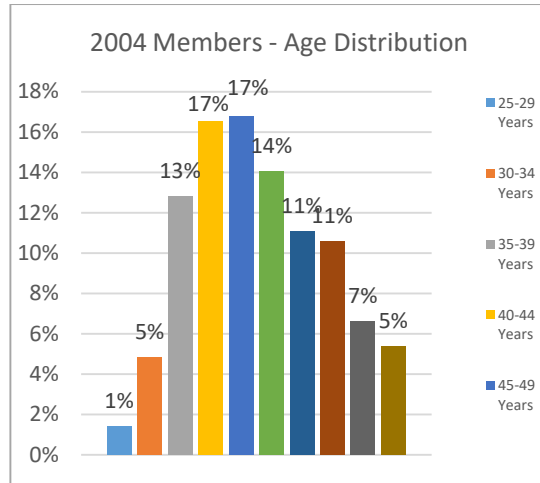
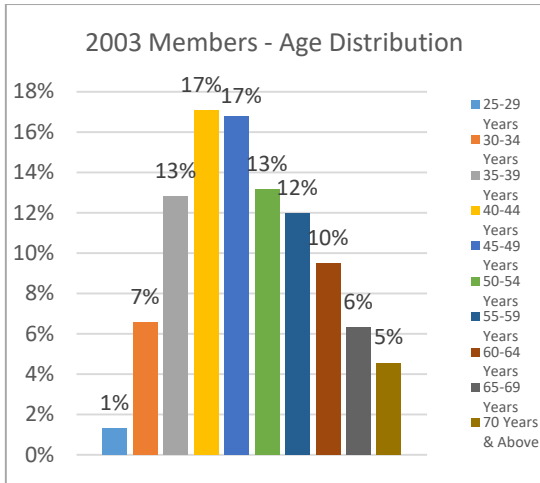
Age	24-29 Years	30-34 Years	35-39 Years	40-44 Years	45-49 Years	50-54 Years	55-59 Years	60-64 Years	65-69 Years	70 Years & Above
1995	139	254	291	251	210	213	154	78	37	13
1996	109	242	299	270	221	204	162	95	46	16
1997	79	224	307	275	231	201	170	109	53	21
1998	61	204	283	286	245	210	175	126	58	30
1999	28	194	279	286	256	206	190	140	66	38
2000	15	170	264	300	252	214	210	147	76	48
2001	19	141	240	291	253	206	193	142	85	56
2002	11	117	225	295	260	211	189	149	96	64
2003	21	105	205	273	268	210	191	152	101	73
2004	23	78	207	267	271	227	179	171	107	87
2005	22	69	186	239	281	217	183	178	111	94
2006	31	71	173	229	280	237	185	174	119	116
2007	39	72	159	224	282	249	189	173	126	134
2008	40	87	142	220	258	259	195	176	132	135
2009	44	98	124	216	254	259	213	168	153	150
2010	41	109	111	209	239	275	211	177	168	167
2011	33	113	110	190	232	273	230	177	163	197
2012	17	121	104	170	231	274	241	177	164	219
2013	31	132	148	161	225	251	248	177	156	216
2014	42	132	169	148	228	246	243	193	141	226
2015	38	116	174	143	218	231	262	194	147	238

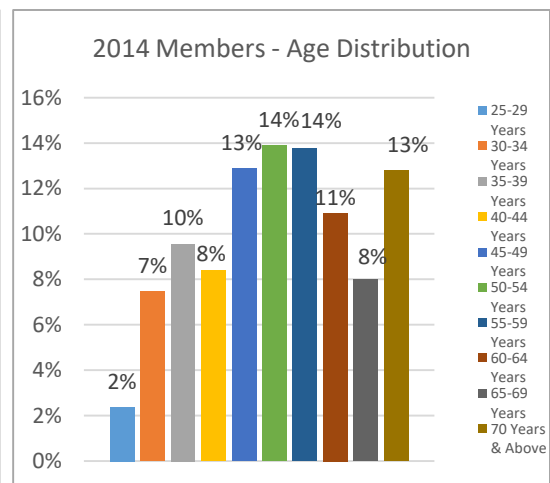
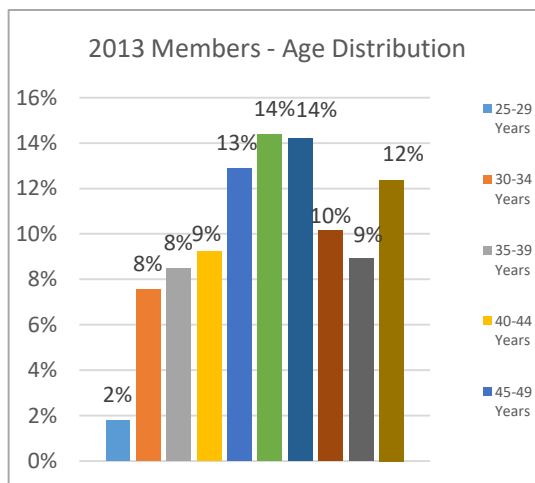
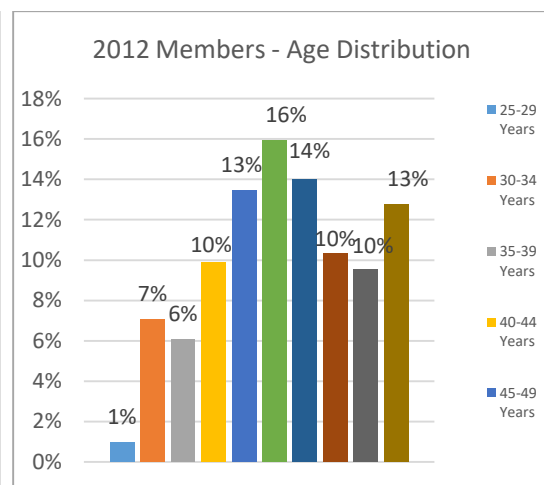
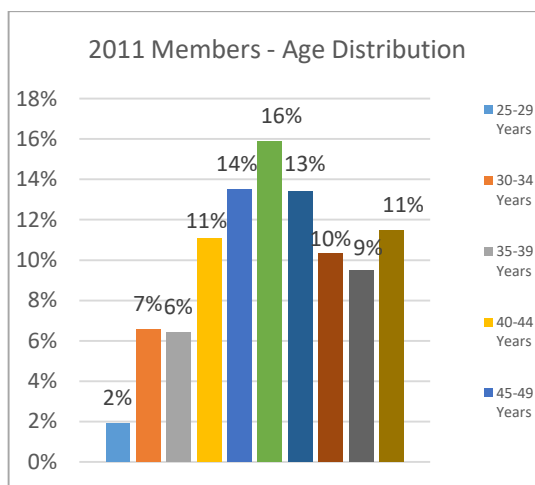
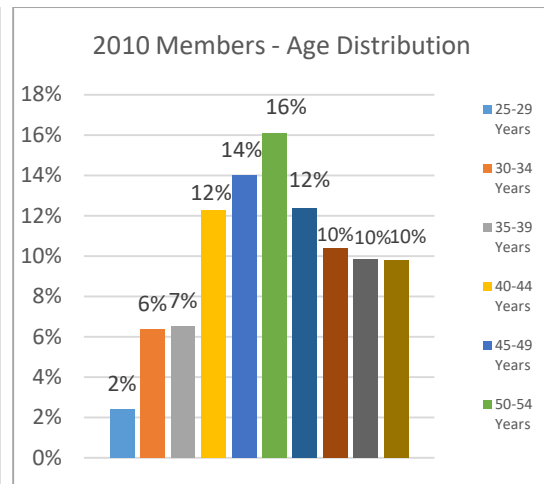
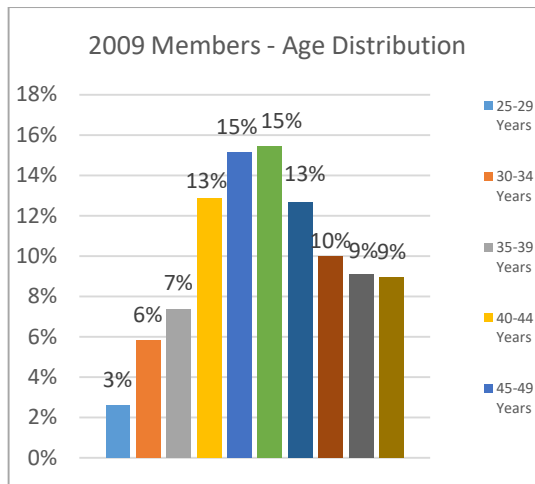


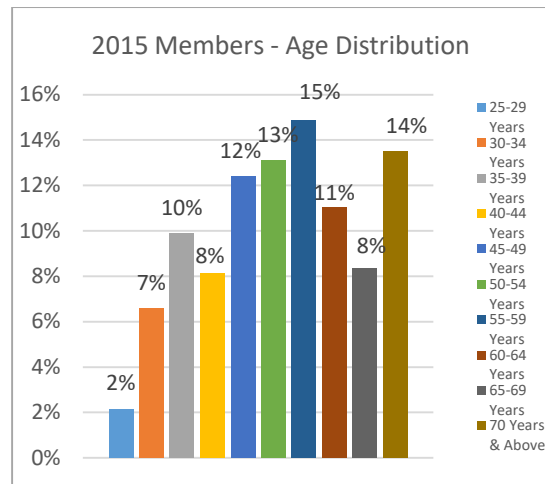




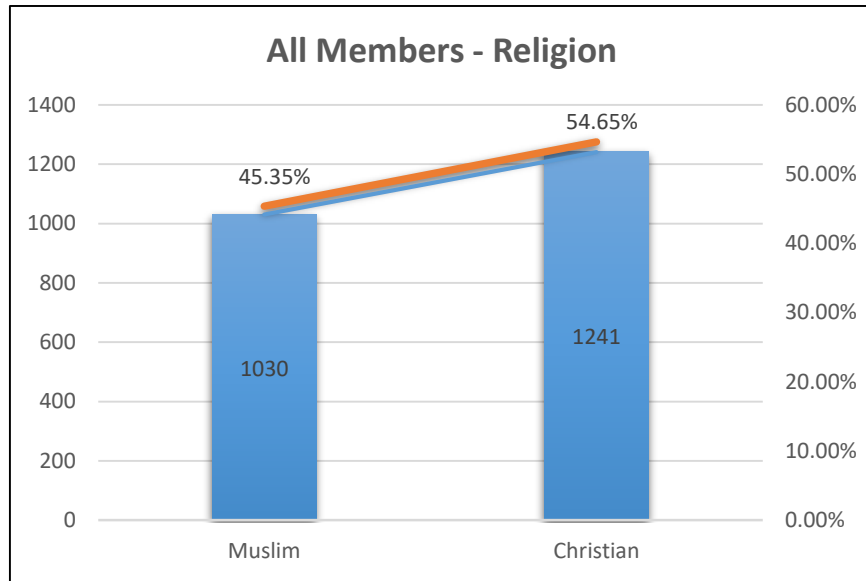






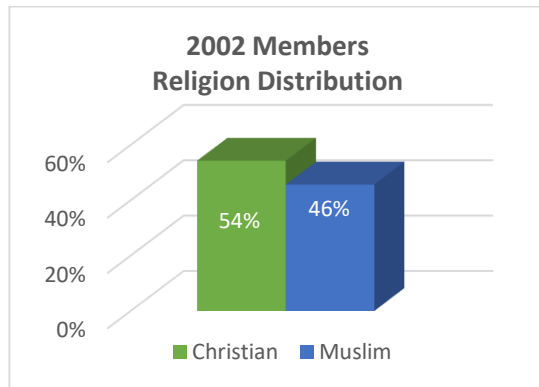
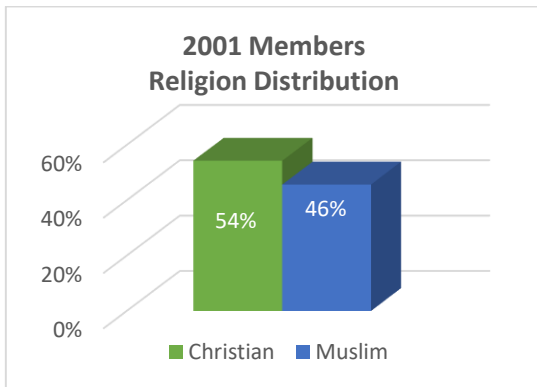
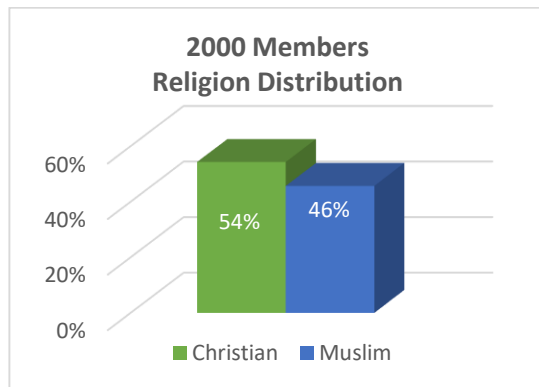
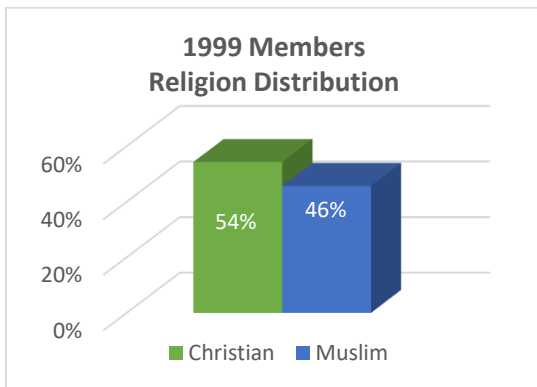
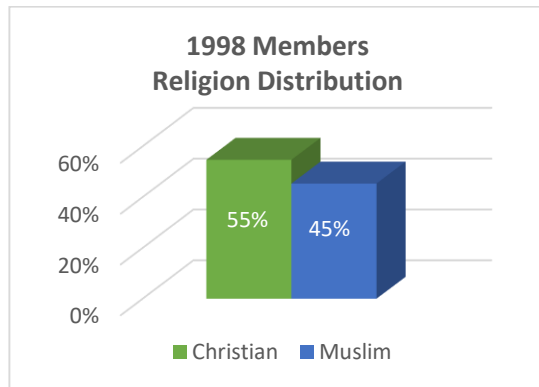
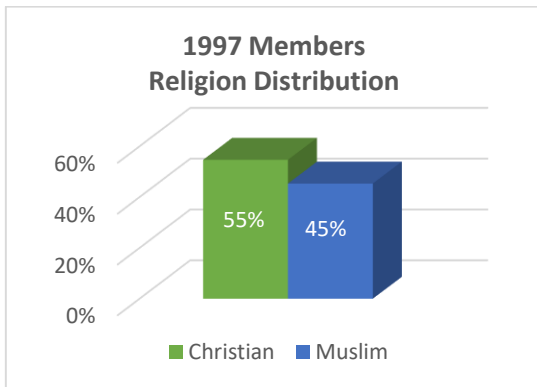
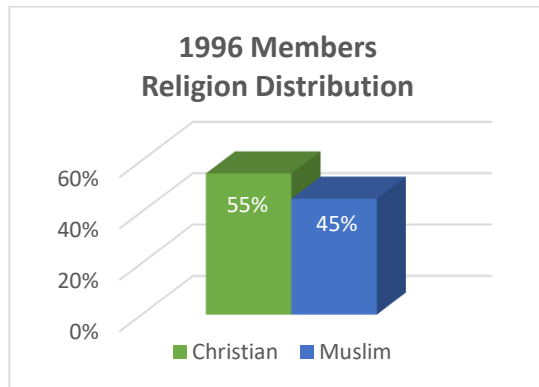
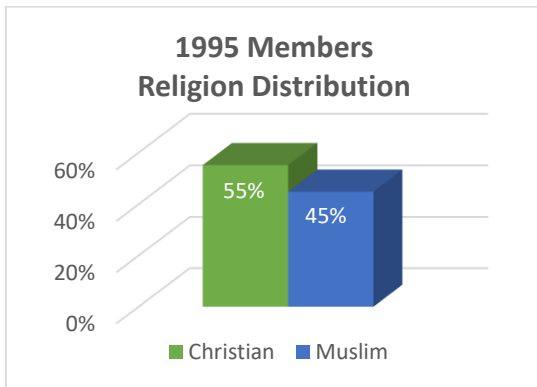


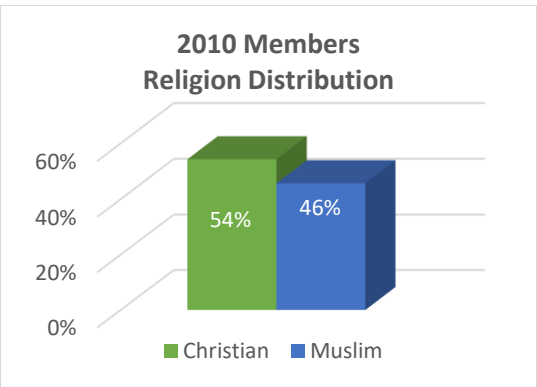
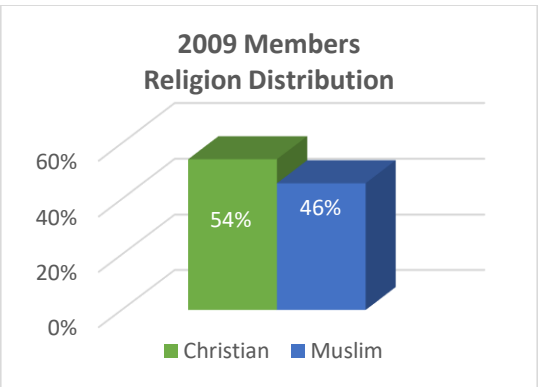
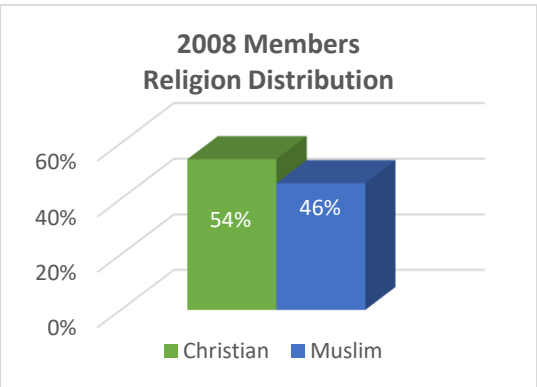
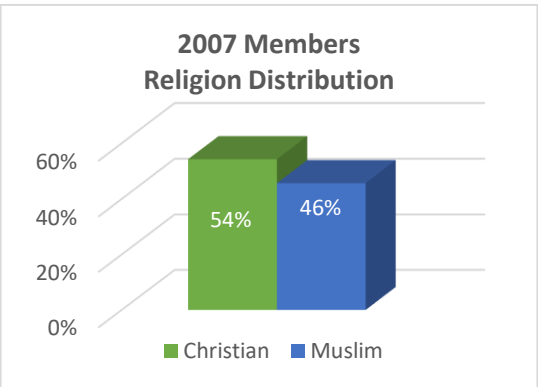
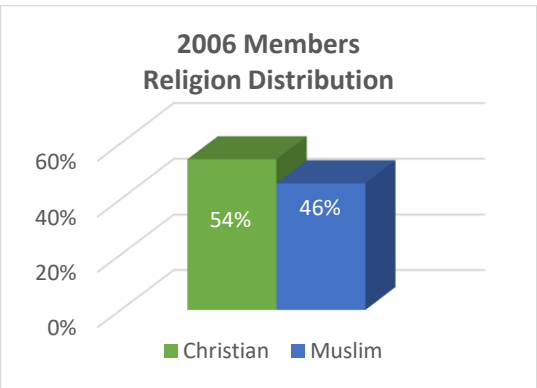
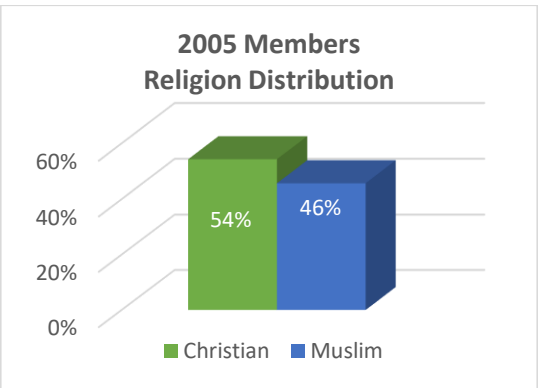
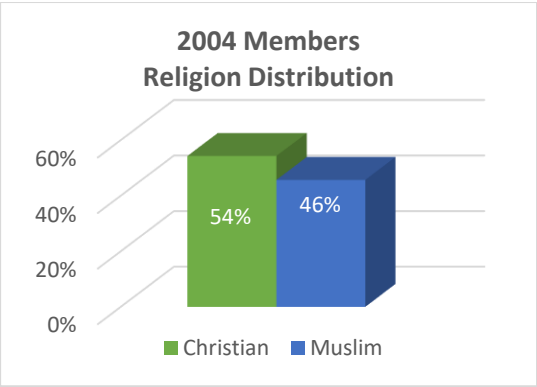
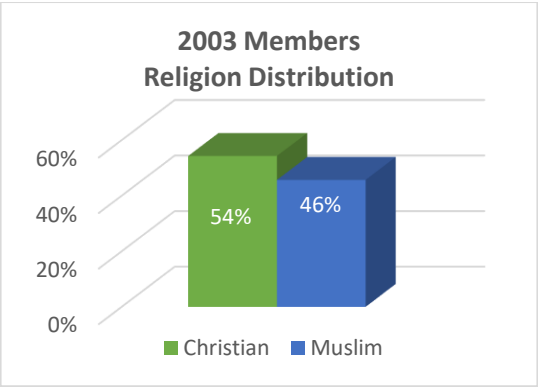
All Members Statistics – Religion

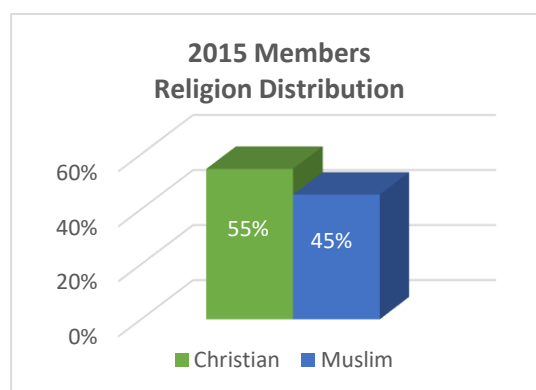
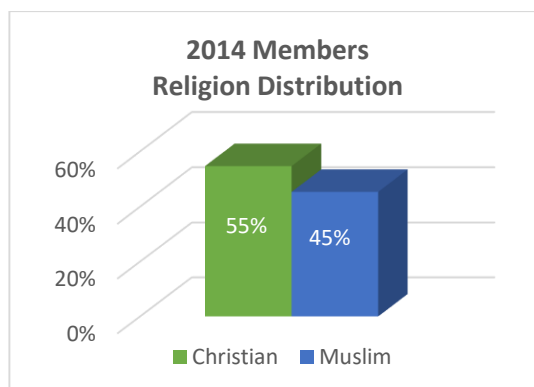
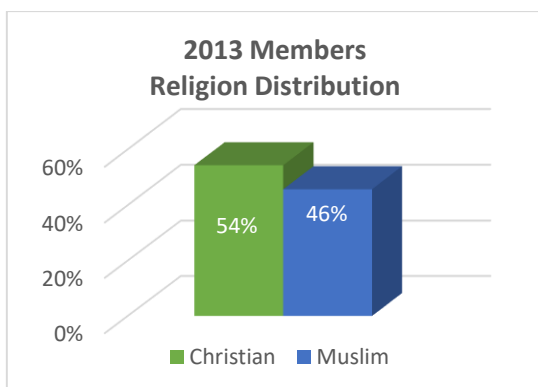
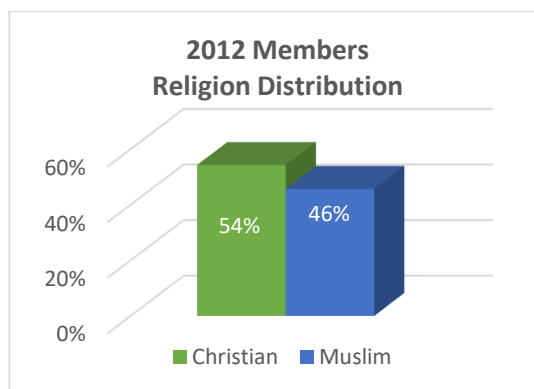
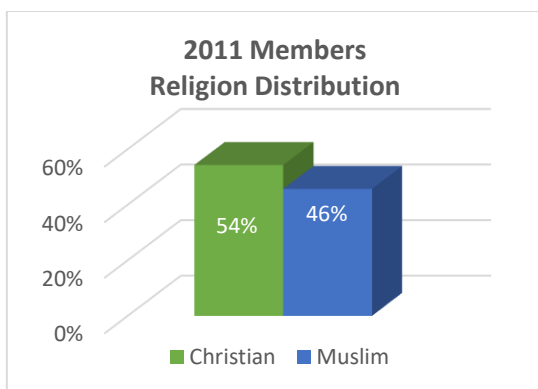


Percentage of Change among Religions of Members over the years

Religion	Christian	% of Change in Christian Members	Muslim	% of Change in Muslim Members	Total
1995	905		736		1641
1996	914	1.0%	750	1.9%	1664
1997	913	-0.1%	757	0.9%	1670
1998	915	0.2%	763	0.8%	1678
1999	914	-0.1%	769	0.8%	1683
2000	918	0.4%	778	1.2%	1696
2001	885	-3.6%	741	-4.8%	1626
2002	881	-0.5%	736	-0.7%	1617
2003	871	-1.1%	728	-1.1%	1599
2004	881	1.1%	736	1.1%	1617
2005	856	-2.8%	724	-1.6%	1580
2006	876	2.3%	739	2.1%	1615
2007	894	2.1%	753	1.9%	1647
2008	890	-0.4%	754	0.1%	1644
2009	908	2.0%	771	2.3%	1679
2010	918	1.1%	789	2.3%	1707
2011	927	1.0%	791	0.3%	1718
2012	927	0.0%	791	0.0%	1718
2013	950	2.5%	795	0.5%	1745
2014	971	2.2%	797	0.3%	1768
2015	967	-0.4%	794	-0.4%	1761







All Members Statistics – Length of Membership and Family Relationships

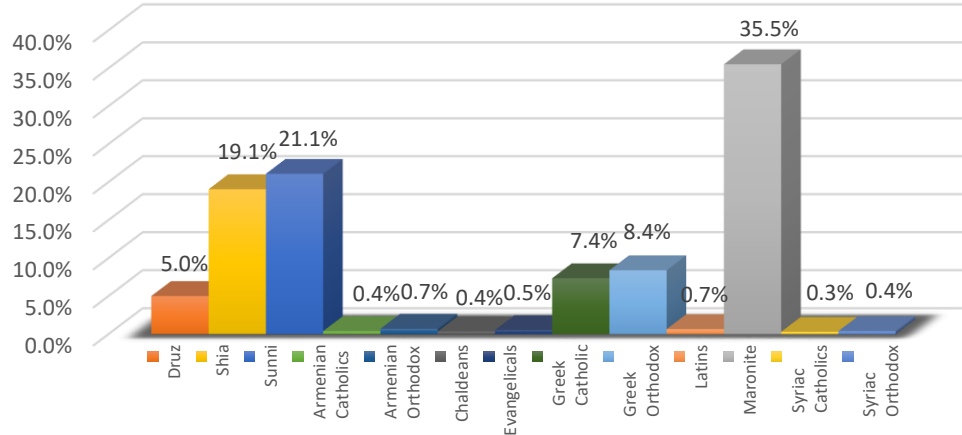
Length of Membership	# of Members	% of Total Members
1 Year	96	4.2%
2 Years	84	3.7%
3 Years	44	1.9%
4 Years	25	1.1%
5 Years	36	1.6%
6 Years	142	6.3%
7 Years	60	2.6%
8 Years	80	3.5%
9 Years	53	2.3%
10 Years	75	3.3%
11 Years	37	1.6%
12 Years	36	1.6%
13 Years	59	2.6%
14 Years	16	0.7%
15 Years	45	2.0%
16 Years	18	0.8%
17 Years	26	1.1%
18 Years	80	3.5%
19 Years	85	3.7%
20 Years	1174	51.7%

Relationship	Number of Members	Percentage of Members
Brother	100	37%
Cousin	3	1%
Daughter	31	12%
Father	67	25%
Nephew	3	1%
Sister	6	2%
Son	56	21%
Uncle	3	1%
Total	269	100%

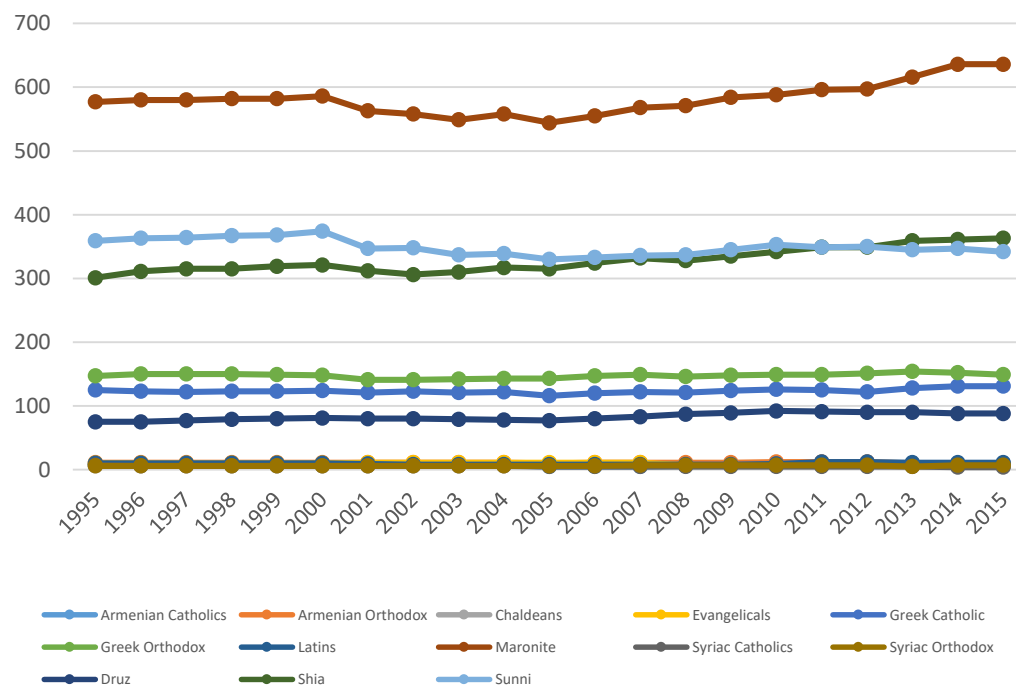
All Members Statistics – Religious Sects

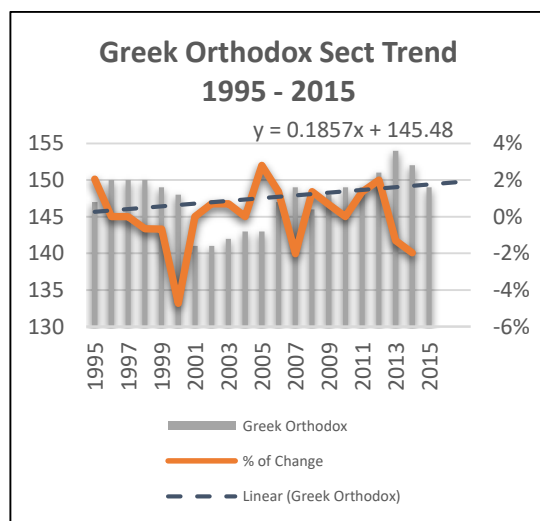
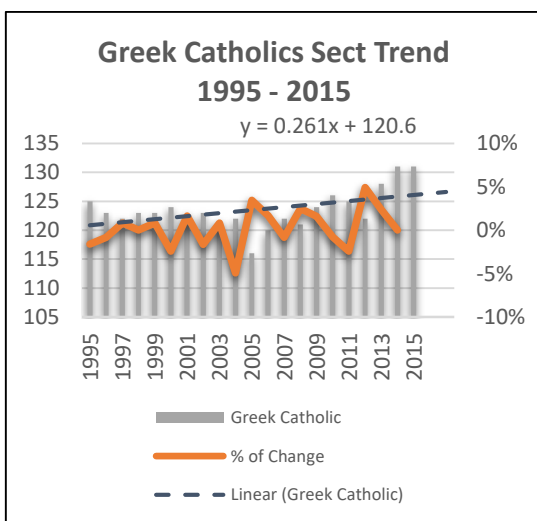
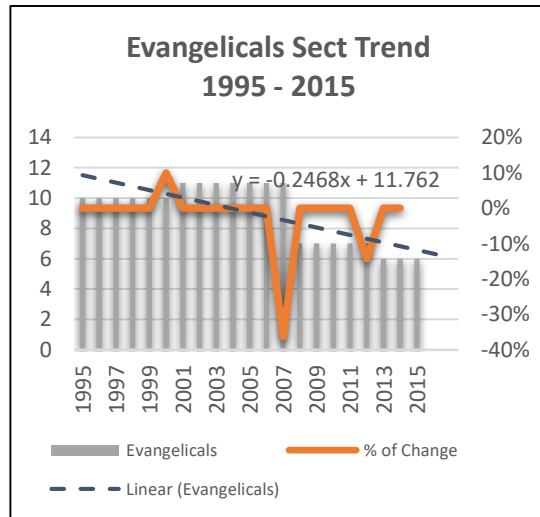
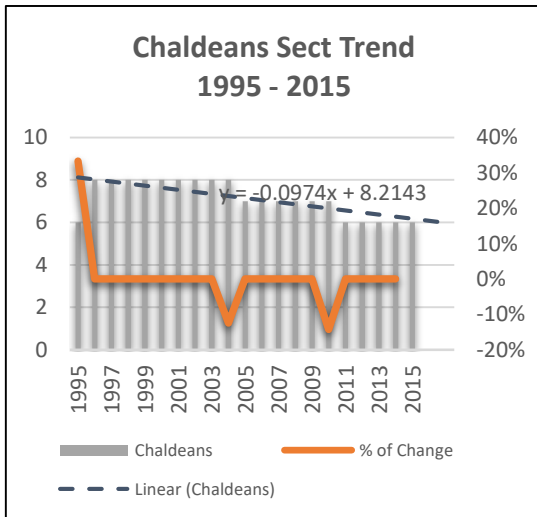
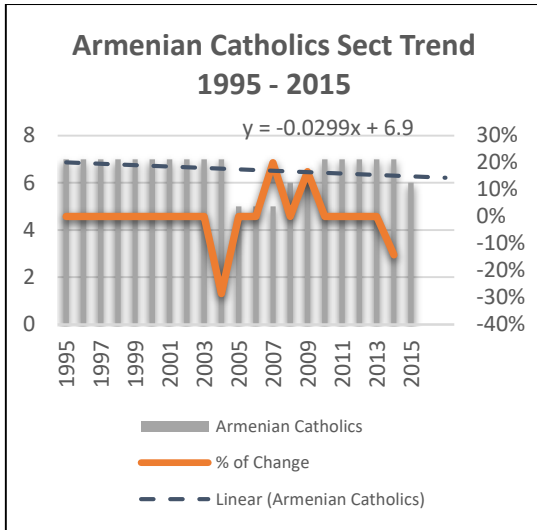
Religious Sect	Christian										Muslim			Total
	Armenian Catholics	Armenian Orthodox	Chaldeans	Evangelicals	Greek Catholic	Greek Orthodox	Latins	Maronite	Syriac Catholics	Syriac Orthodox	Druz	Shia	Sunni	
1995	7	11	6	10	125	147	10	577	7	6	75	301	359	1641
1996	7	11	8	10	123	150	10	580	6	6	75	311	363	1660
1997	7	11	8	10	122	150	10	580	6	6	77	315	364	1666
1998	7	11	8	10	123	150	10	582	6	6	79	315	367	1674
1999	7	11	8	10	123	149	10	582	6	6	80	319	368	1679
2000	7	11	8	10	124	148	10	586	6	6	81	321	374	1692
2001	7	11	8	11	121	141	9	563	6	6	80	312	347	1622
2002	7	11	8	11	123	141	8	558	6	6	80	306	348	1613
2003	7	11	8	11	121	142	8	549	6	6	79	310	337	1595
2004	7	11	8	11	122	143	8	558	6	6	78	317	339	1614
2005	5	10	7	11	116	143	8	544	5	6	77	315	330	1577
2006	5	11	7	11	120	147	8	555	5	6	80	324	333	1612
2007	5	11	7	11	122	149	8	568	5	7	83	332	336	1644
2008	6	11	7	7	121	146	8	571	5	7	87	328	337	1641
2009	6	11	7	7	124	148	8	584	5	7	89	335	345	1676
2010	7	12	7	7	126	149	9	588	5	7	92	342	353	1704
2011	7	12	6	7	125	149	12	596	5	7	91	349	349	1715
2012	7	12	6	7	122	151	12	597	5	7	90	349	350	1715
2013	7	10	6	6	128	154	11	616	5	5	90	359	345	1742
2014	7	9	6	6	131	152	11	636	4	7	88	361	347	1765
2015	6	9	6	6	131	149	11	636	4	7	88	363	342	1758

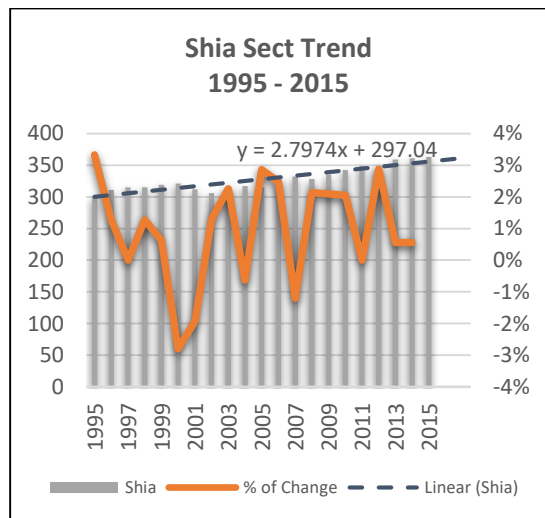
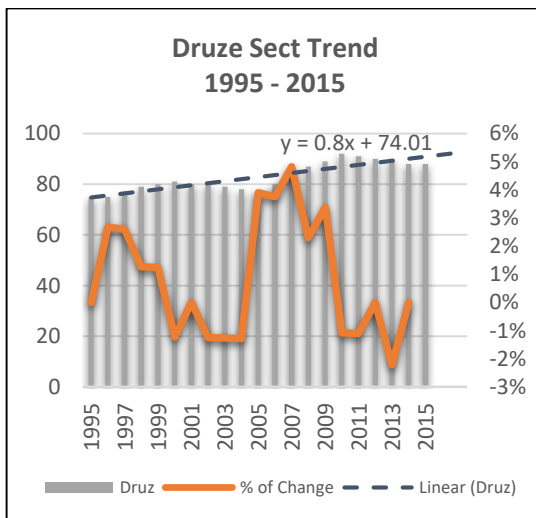
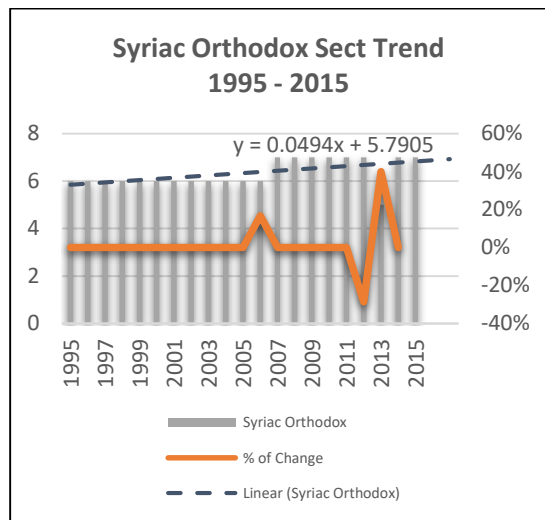
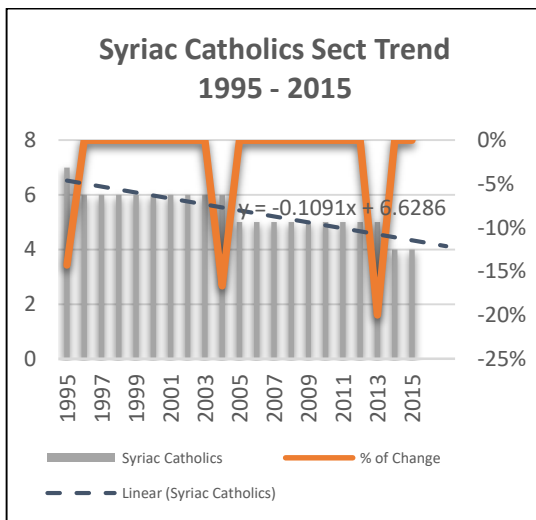
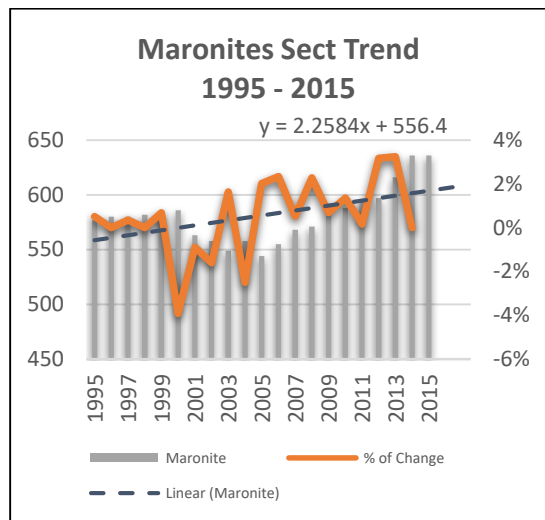
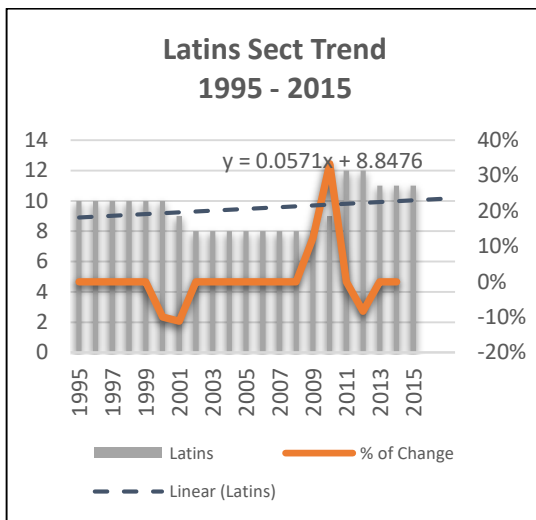
All Members - Religious Sects

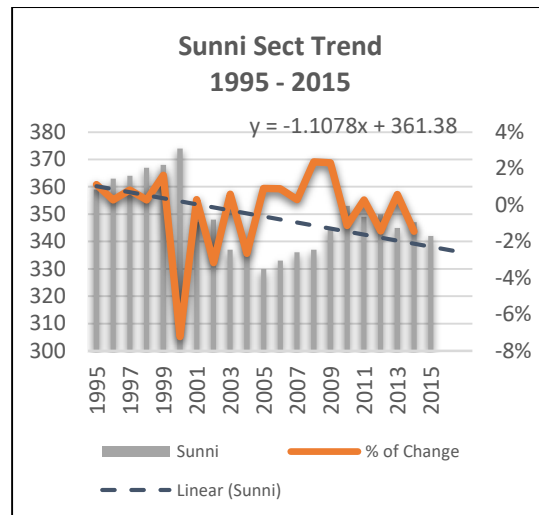


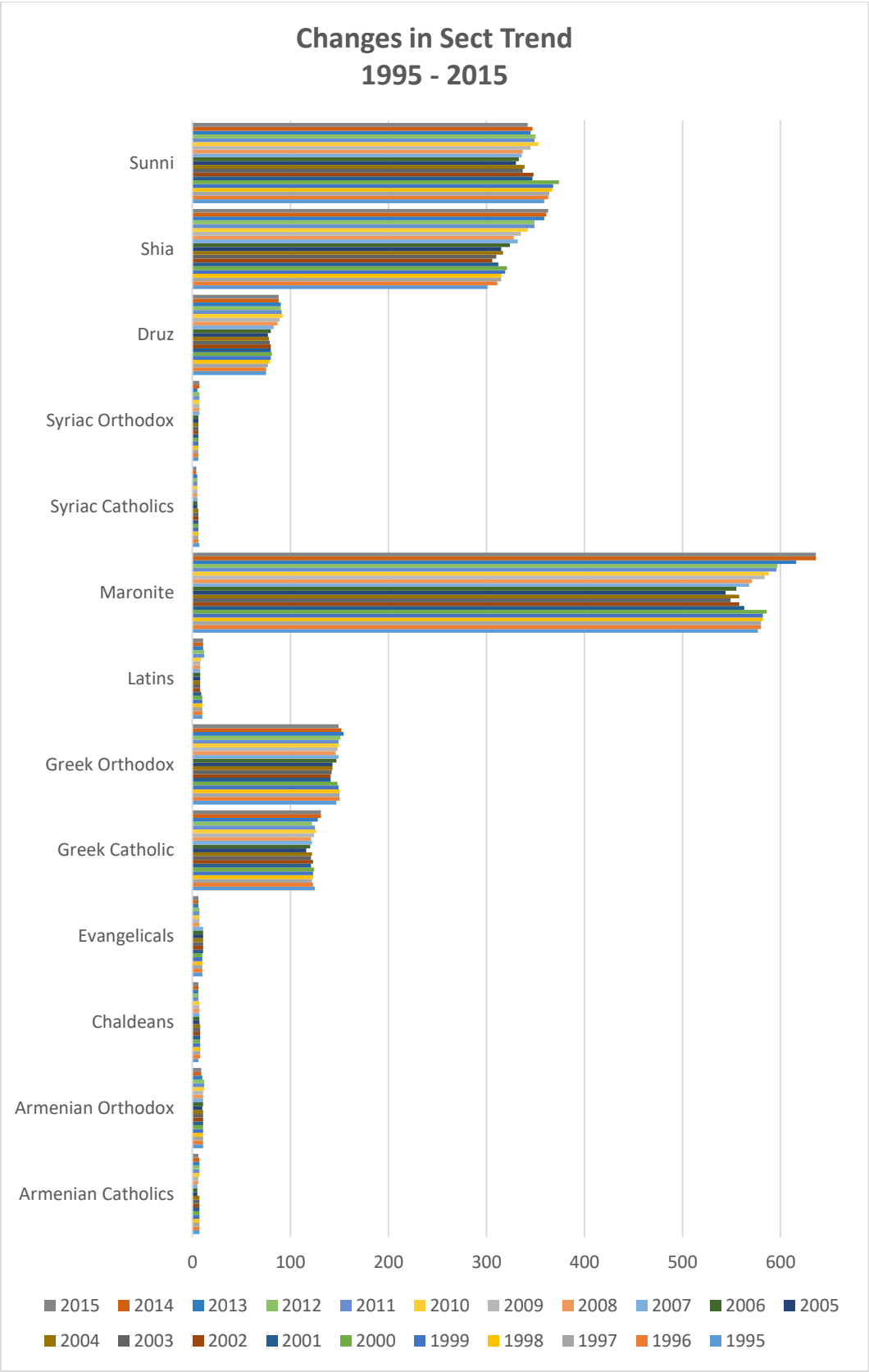
Sect Trend 1995 - 2015









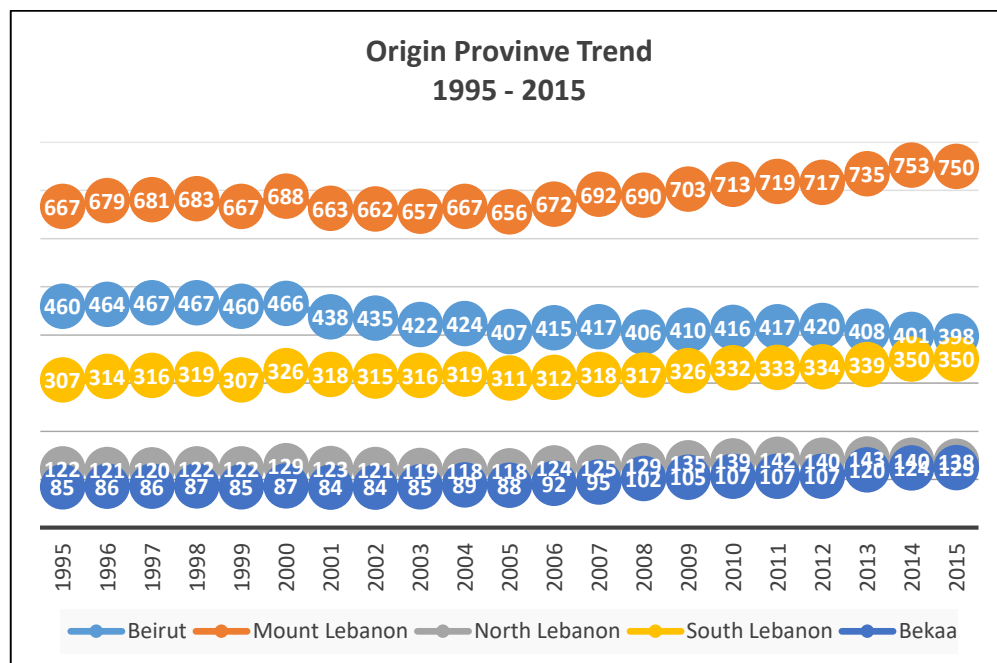
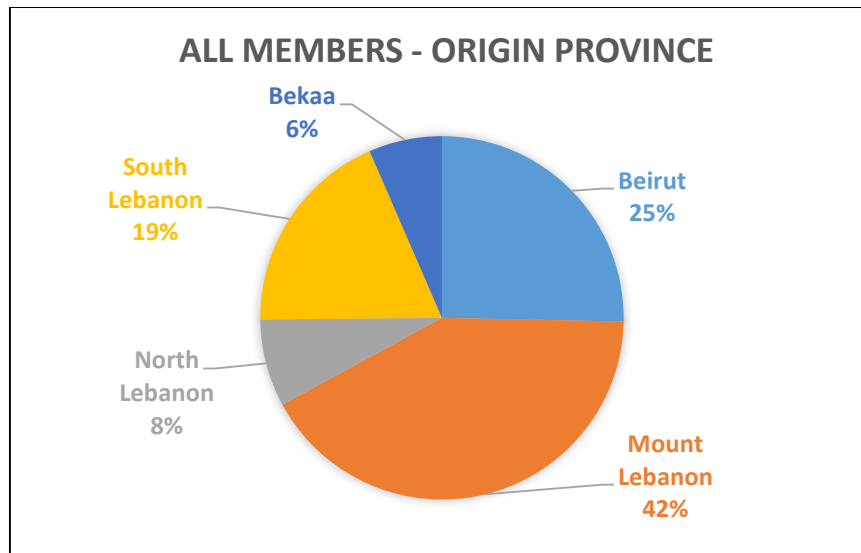


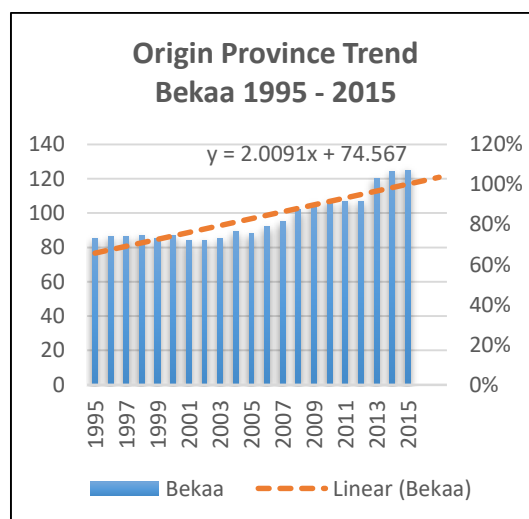
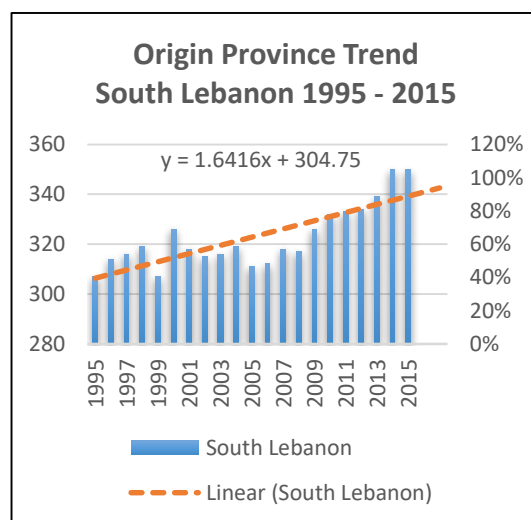
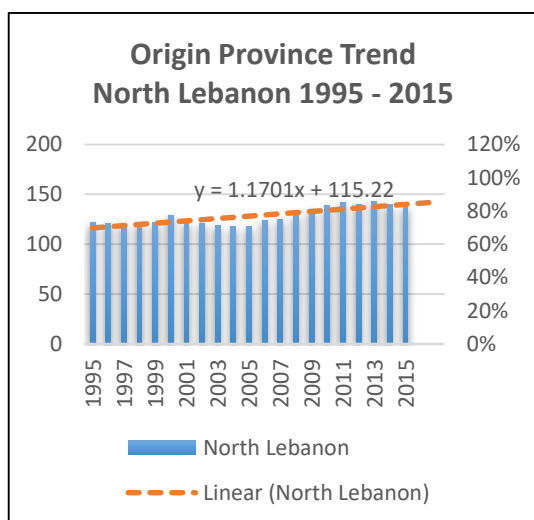
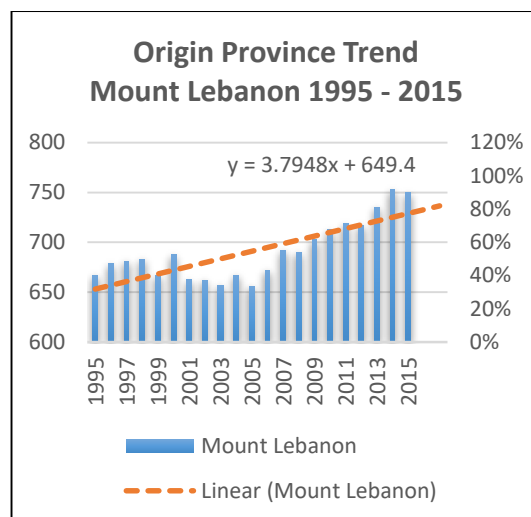
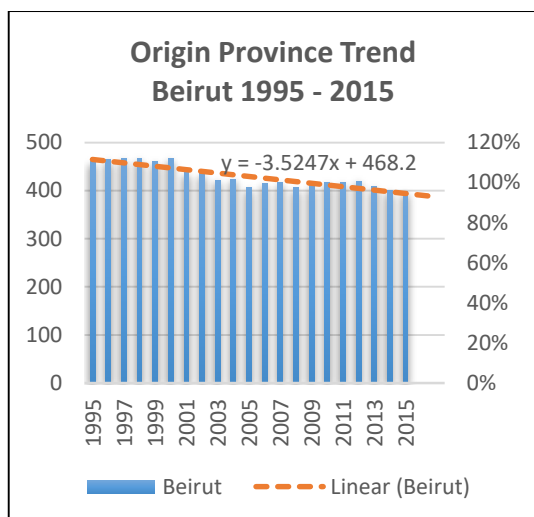
All Members Statistics – Origin Province

Origin Province	Beirut	Mount Lebanon	North Lebanon	South Lebanon	Bekaa	Total
1995	460	667	122	307	85	1641
1996	464	679	121	314	86	1664
1997	467	681	120	316	86	1670
1998	467	683	122	319	87	1678
1999	460	667	122	307	85	1641
2000	466	688	129	326	87	1696
2001	438	663	123	318	84	1626
2002	435	662	121	315	84	1617
2003	422	657	119	316	85	1599
2004	424	667	118	319	89	1617
2005	407	656	118	311	88	1580
2006	415	672	124	312	92	1615
2007	417	692	125	318	95	1647
2008	406	690	129	317	102	1644
2009	410	703	135	326	105	1679
2010	416	713	139	332	107	1707
2011	417	719	142	333	107	1718
2012	420	717	140	334	107	1718
2013	408	735	143	339	120	1745
2014	401	753	140	350	124	1768
2015	398	750	138	350	125	1761

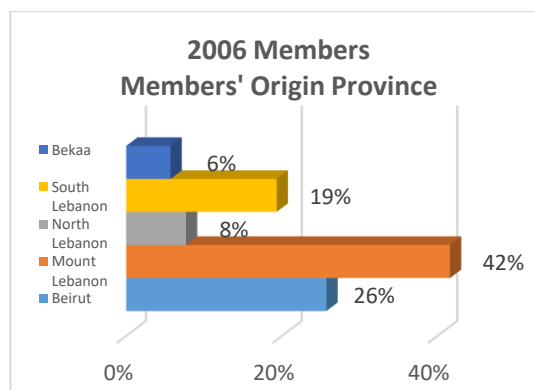
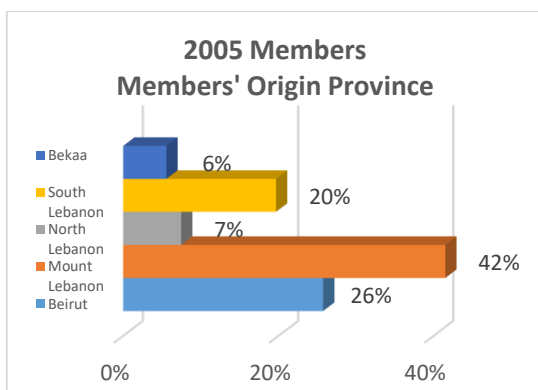
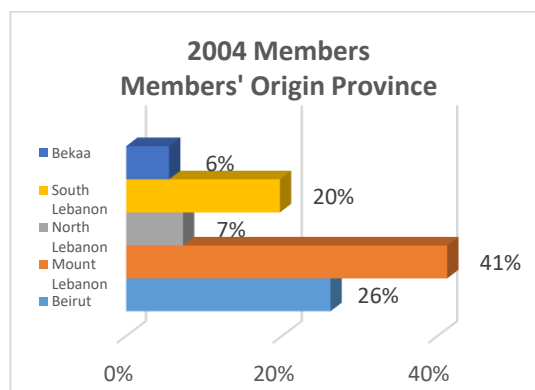
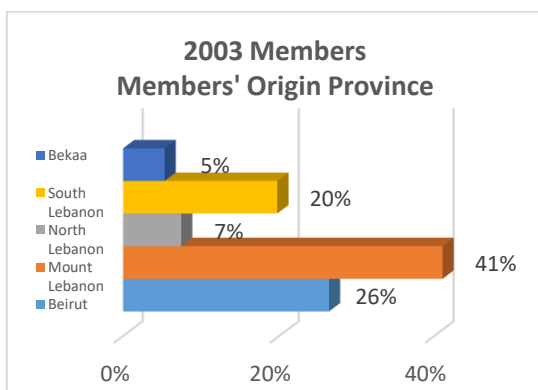
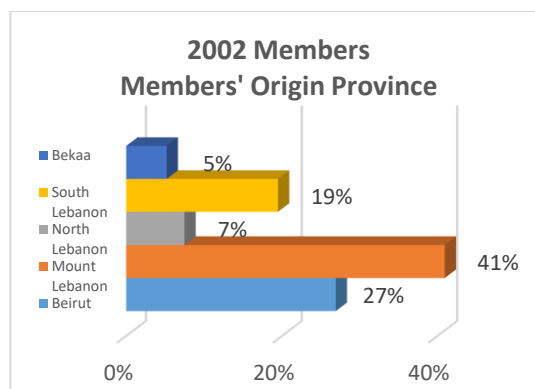
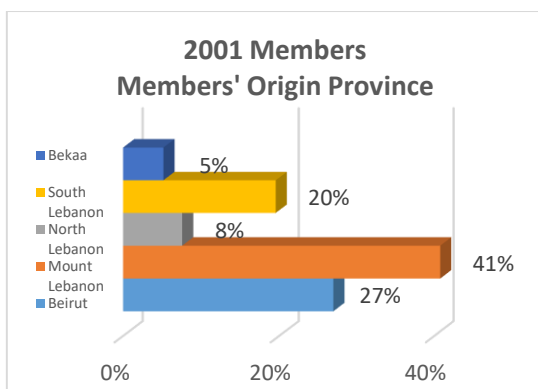
Percentage of Religious Sects among Origin Province of the Lebanese Population

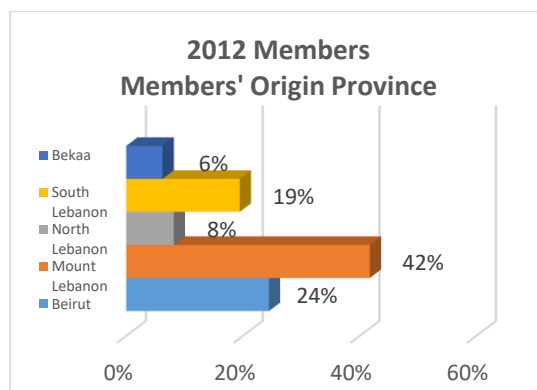
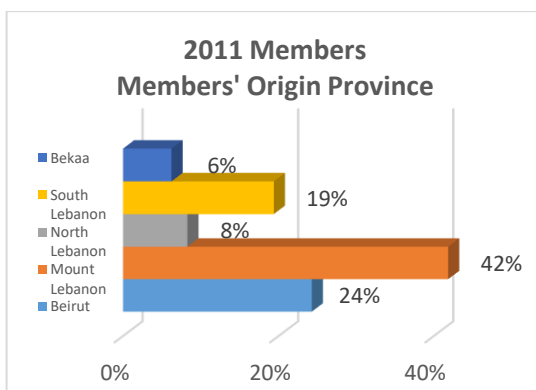
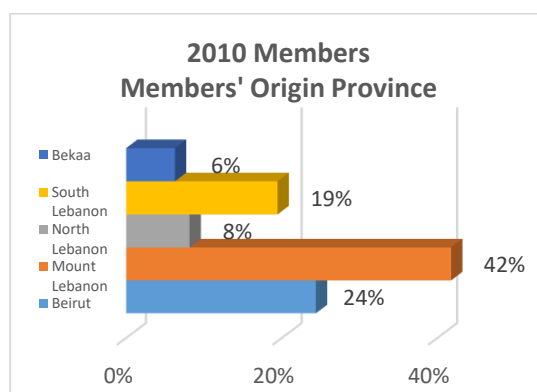
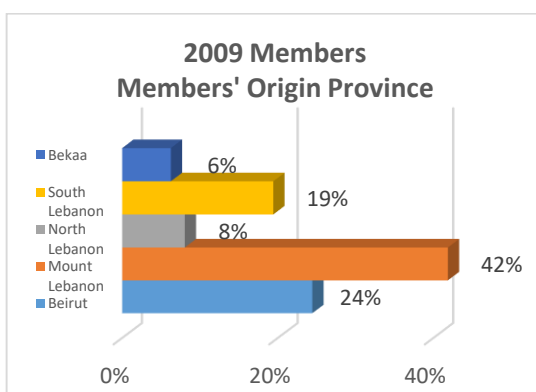
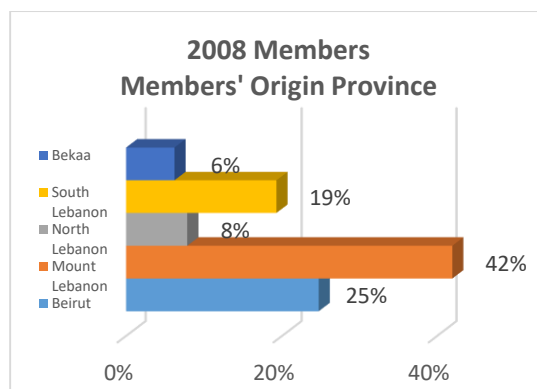
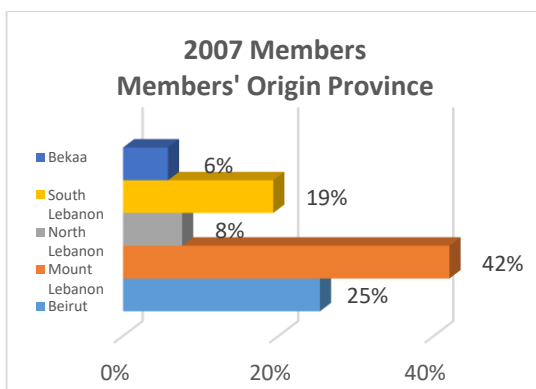
Province	Christians								Muslims				
	Armenian Catholics	Armenian Orthodox	Evangelicals	Greek Catholic	Greek Orthodox	Maronite	Minorities	Total Christians	Alawites & Ismailis	Druze	Sunni	Shia	Total Muslims
Beirut	2%	10%	2%	4%	9%	5%	5%	37%	0%	1%	47%	15%	63%
Mount Lebanon	1%	4%	1%	5%	7%	45%	1%	64%	0%	19%	9%	8%	36%
North Lebanon	0%	0%	0%	1%	14%	25%	0%	40%	4%	0%	55%	1%	60%
South Lebanon	0%	0%	0%	5%	2%	9%	0%	16%	0%	2%	12%	71%	84%
Bekaa	0%	2%	0%	10%	5%	10%	1%	29%	0%	4%	25%	43%	71%
Total	1%	3%	1%	5%	7%	21%	1%	38%	1%	6%	28%	28%	62%

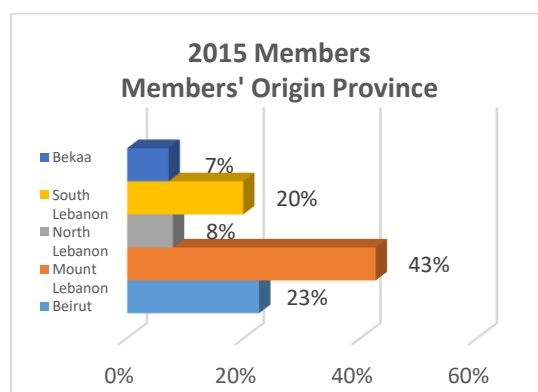
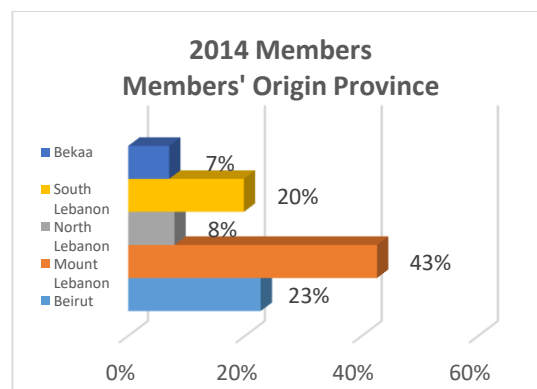
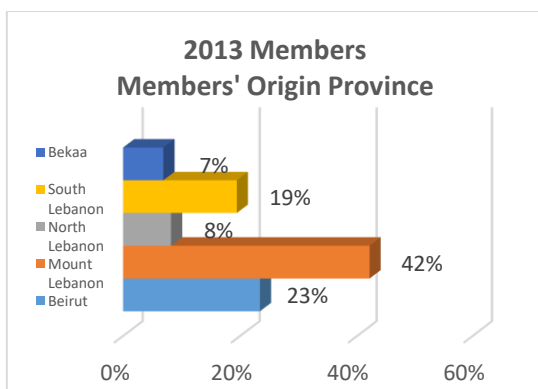






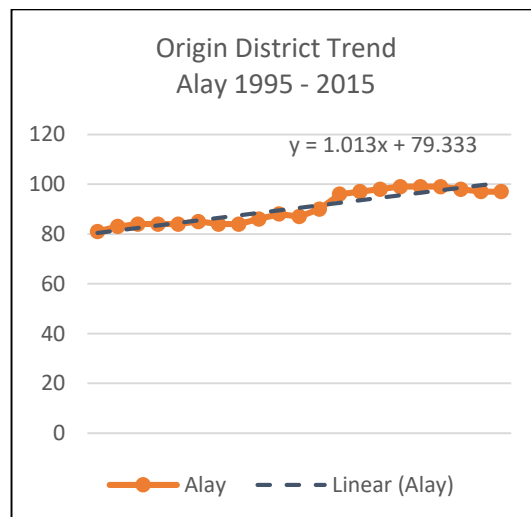
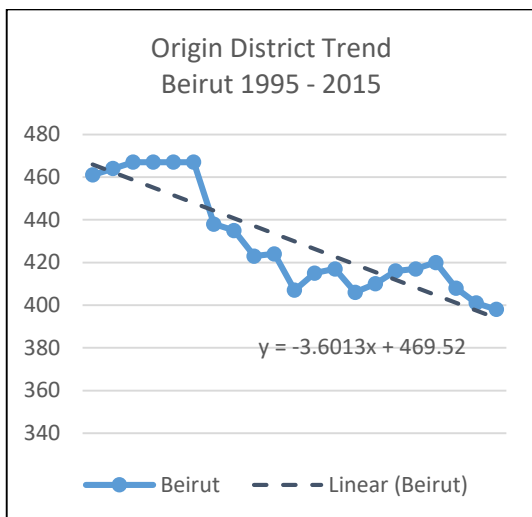
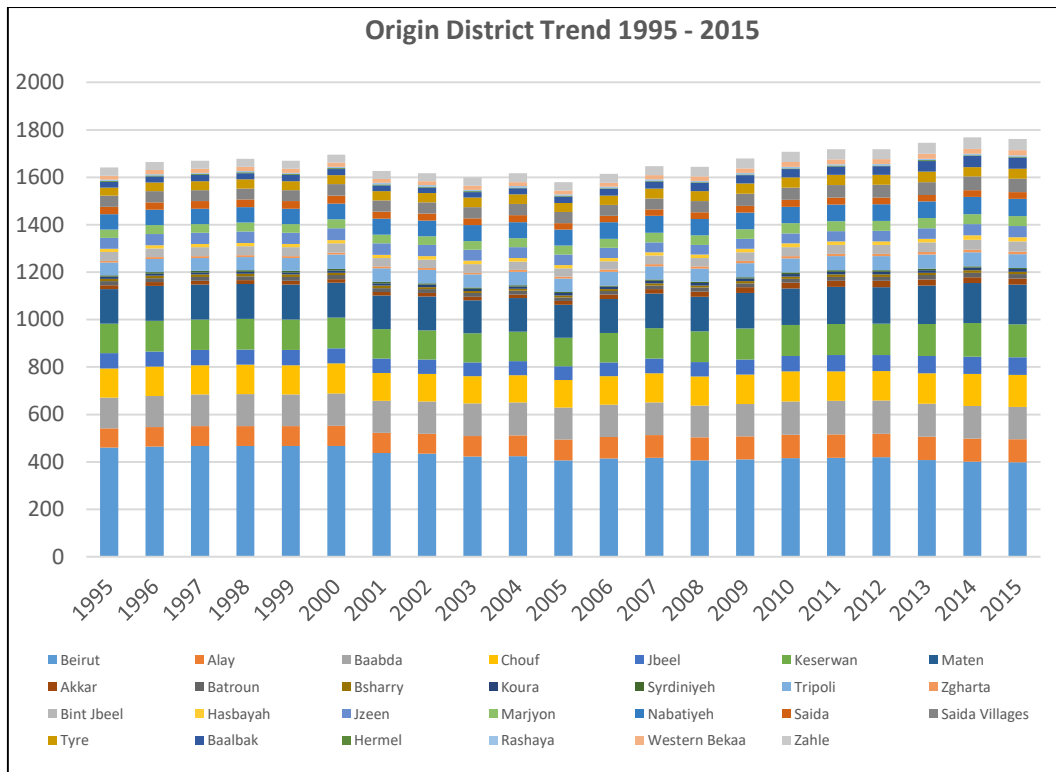


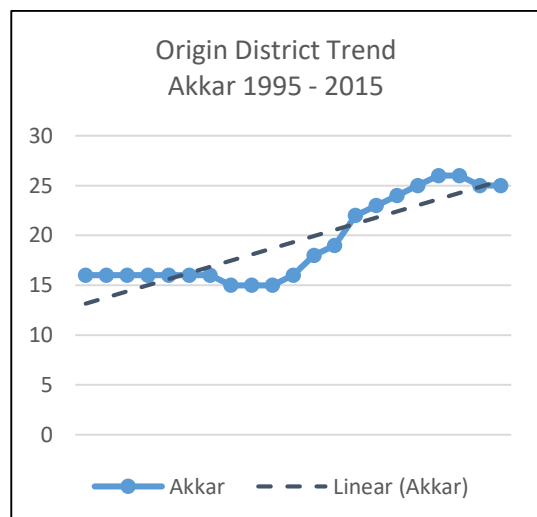
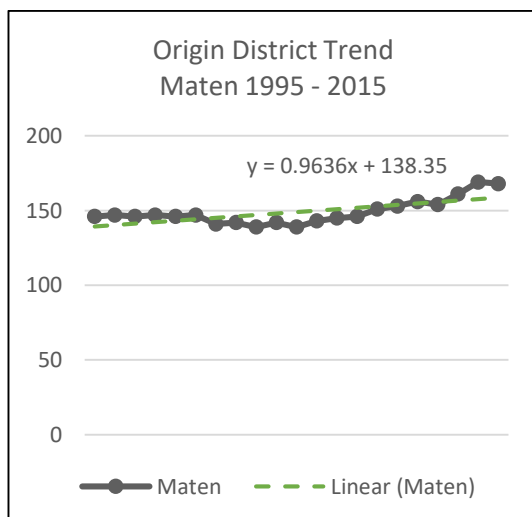
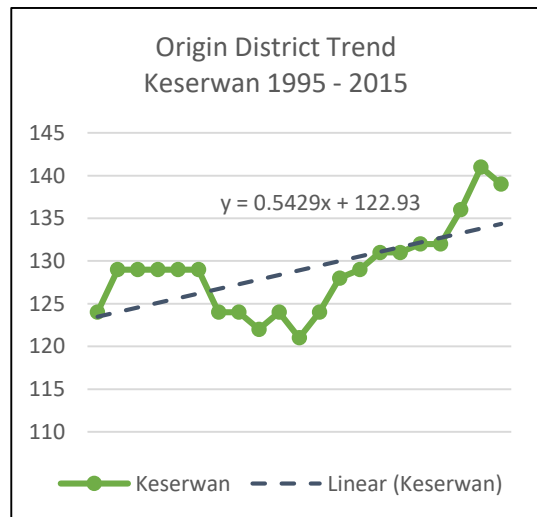
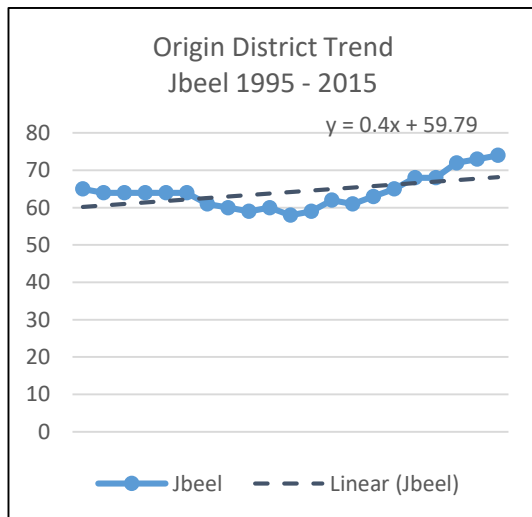
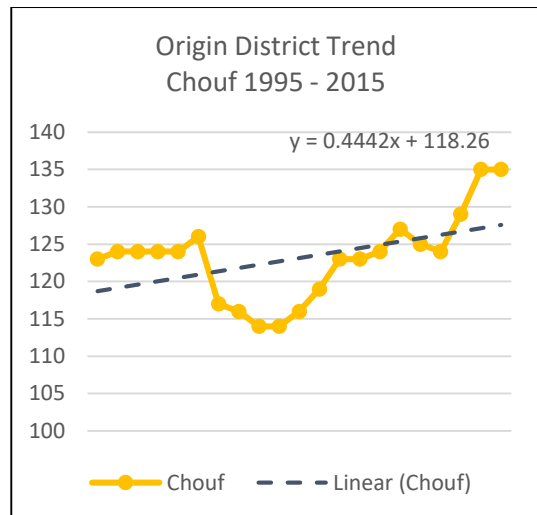
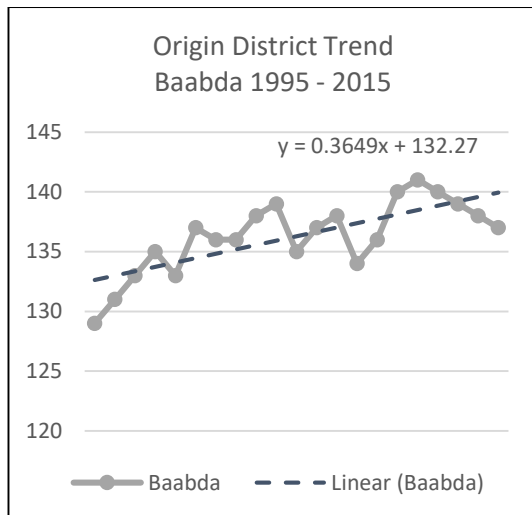


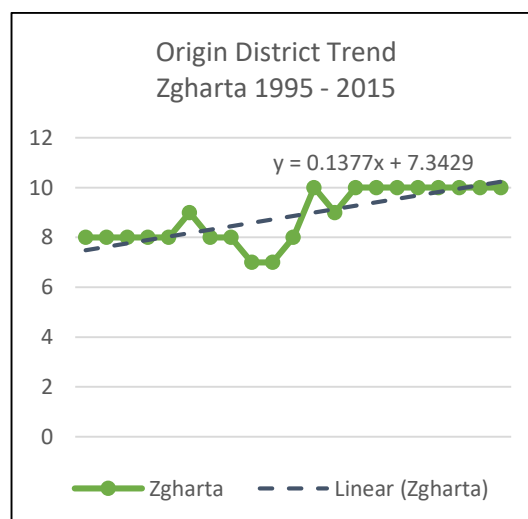
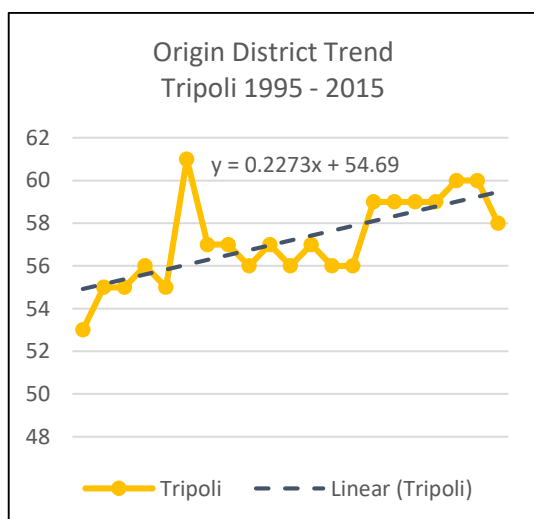
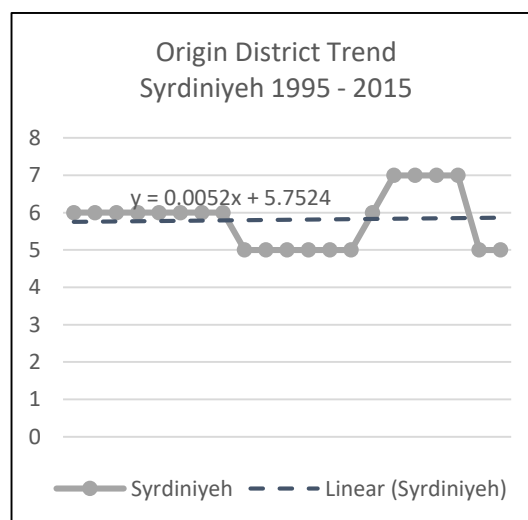
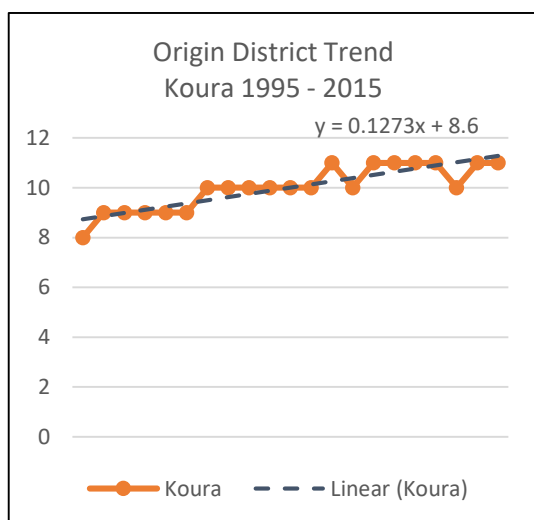
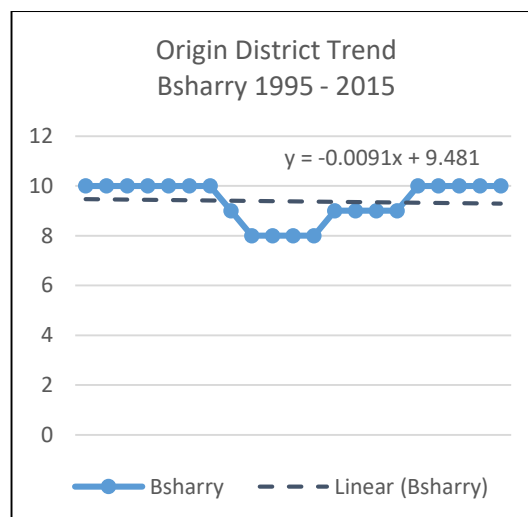
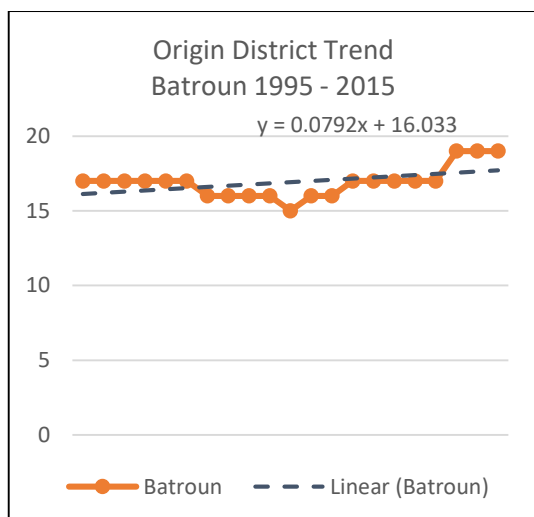


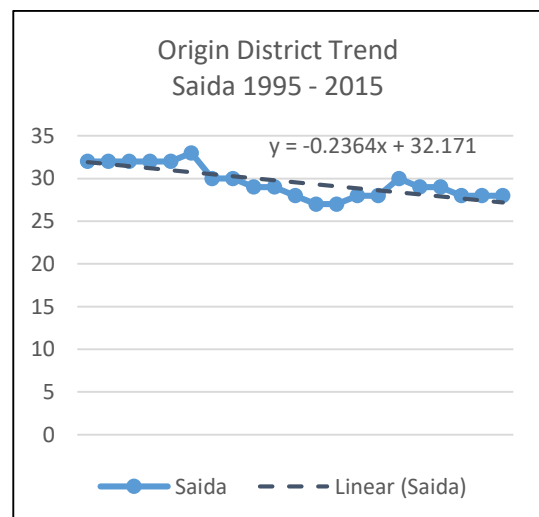
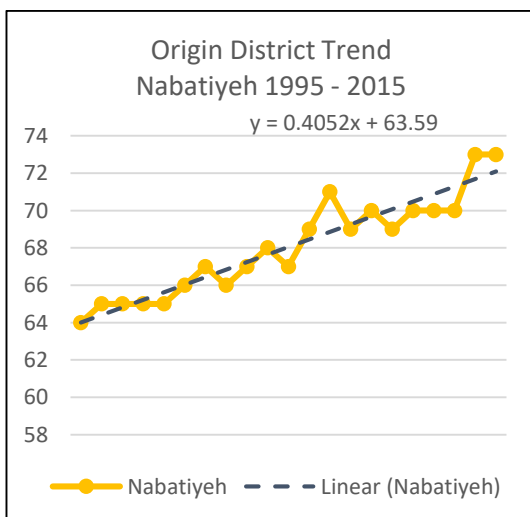
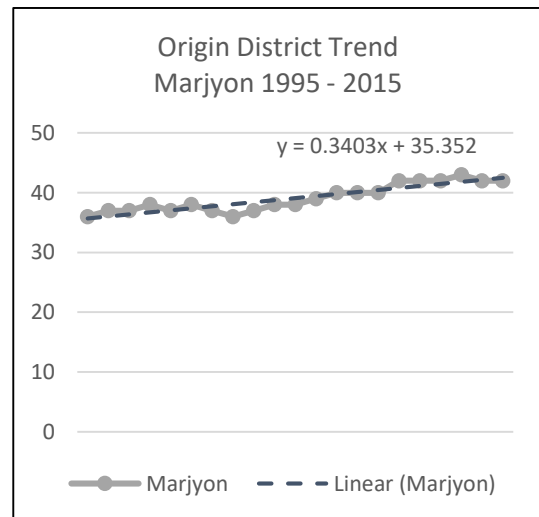
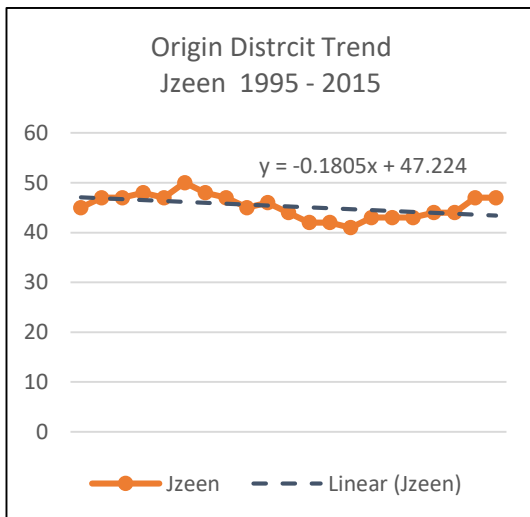
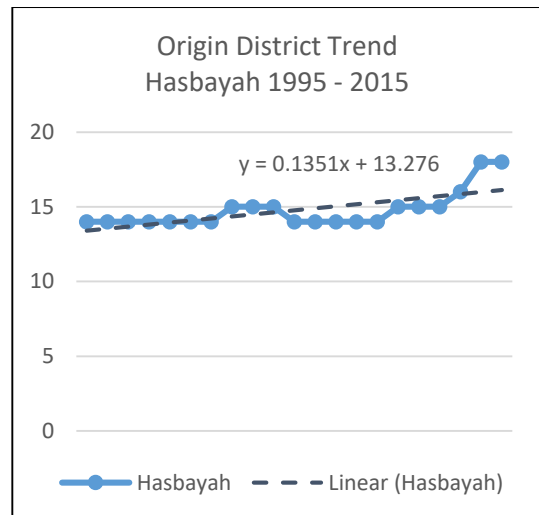
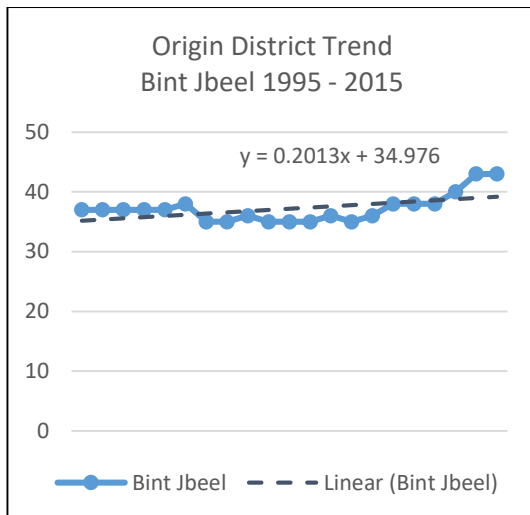
All Members Statistics – Origin District

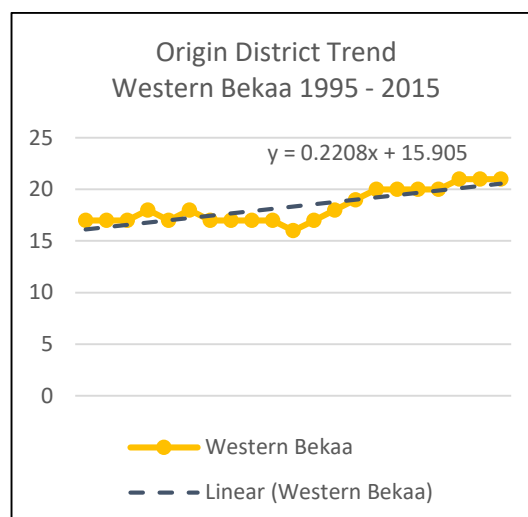
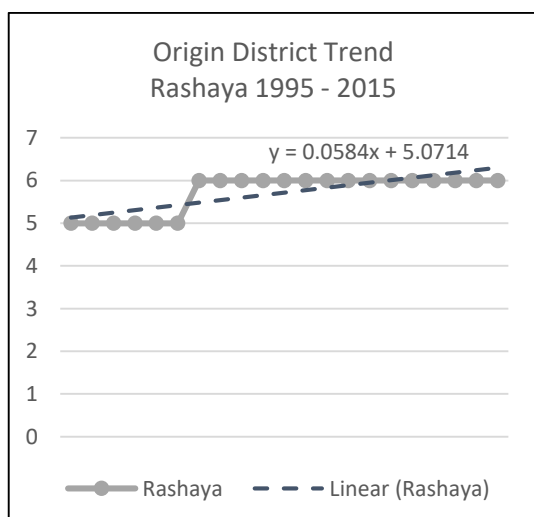
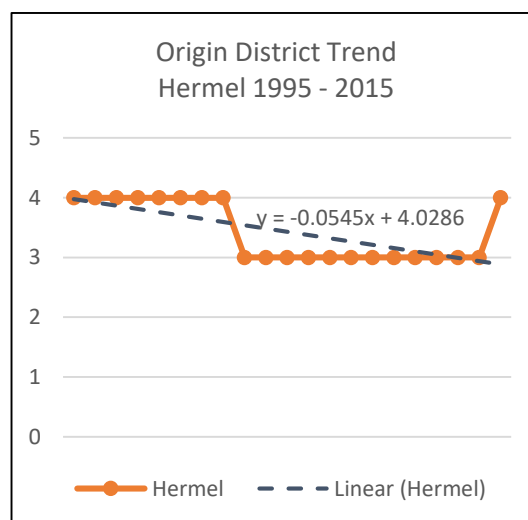
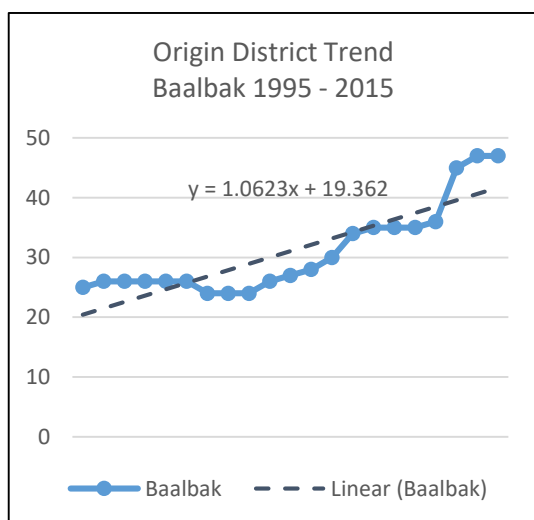
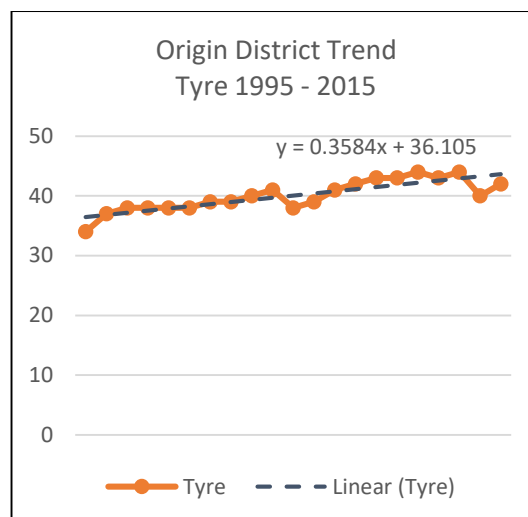
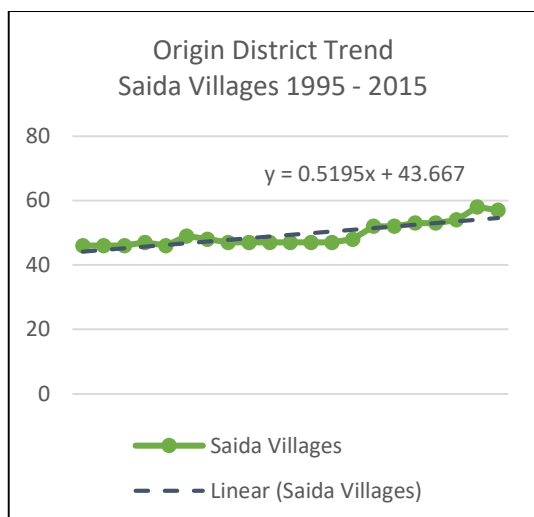
Origin Province	# of Members	% of Total Members	Origin District	# of Members	% of Total Members	% of Total Province
Beirut	575	25.3%	Beirut	575	25.3%	100%
Mount Lebanon	948	41.7%	Alay	114	5.0%	12.0%
			Baabda	181	8.0%	19.1%
			Chouf	172	7.6%	18.1%
			Jbeel	92	4.1%	9.7%
			Keserwan	174	7.7%	18.4%
			Maten	215	9.5%	22.7%
North Lebanon	177	7.8%	Akkar	30	1.3%	16.9%
			Batroun	23	1.0%	13.0%
			Bsharry	12	0.5%	6.8%
			Koura	12	0.5%	6.8%
			Syrdiniyeh	8	0.4%	4.5%
			Tripoli	78	3.4%	44.1%
			Zgharta	14	0.6%	7.9%
South Lebanon	423	18.6%	Bint Jbeel	48	2.1%	11.3%
			Hasbayah	20	0.9%	4.7%
			Jzeen	60	2.6%	14.2%
			Marjyon	50	2.2%	11.8%
			Nabatiyeh	88	3.9%	20.8%
			Saida	38	1.7%	9.0%
			Saida Villages	67	3.0%	15.8%
			Tyre	52	2.3%	12.3%
Bekaa	148	6.5%	Baalbak	54	2.4%	36.5%
			Hermel	5	0.2%	3.4%
			Rashaya	7	0.3%	4.7%
			Western Bekaa	25	1.1%	16.9%
			Zahle	57	2.5%	38.5%

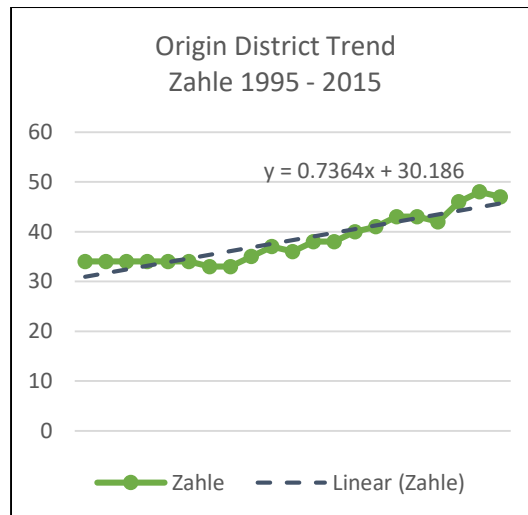












All Members Statistics – Distribution of Religion in Origin Districts

Origin District	Number of Members	% of Members	Religion	Number of Members	% of Members	Sect	Number of Members	% of Members	% of Religion
Beirut	575	25%	Christian	217	38%	Armenian Catholics	6	1%	3%
						Armenian Orthodox	8	1%	4%
						Chaldeans	4	1%	2%
						Evangelicals	8	1%	4%
						Greek Catholic	38	7%	18%
						Greek Orthodox	84	15%	39%
						Latins	13	2%	6%
						Maronite	45	8%	21%
						Syriac Catholics	5	1%	2%
						Syriac Orthodox	7	1.2%	3%
			Muslim	358	62%	Druz	2	0.3%	1%
						Shia	71	12%	20%
						Sunni	284	49%	79%

Origin District	Number of Members	% of Members	Religion	Number of Members	% of Members	Sect	Number of Members	% of Members	% of Religion
Alay	114	5%	Christian	82	72%	Greek Catholic	6	5%	7%
						Greek Orthodox	24	21%	29%
						Maronite	52	46%	63%
			Muslim	32	28%	Druz	29	25.4%	91%
						Shia	3	3%	9%
Baabda	181	8%	Christian	122	67%	Greek Catholic	18	10%	15%
						Greek Orthodox	14	8%	11%
						Maronite	89	49%	73%
						Syriac Catholics	1	1%	1%
			Muslim	59	33%	Druz	24	13%	41%
						Shia	32	18%	54%
						Sunni	3	2%	5%
Chouf	172	8%	Christian	76	44%	Evangelicals	2	1%	3%
						Greek Catholic	18	10%	24%
						Greek Orthodox	2	1%	3%
			Muslim	96	56%	Maronite	54	31%	71%
						Druz	48	28%	50%
						Shia	6	3%	6%
						Sunni	42	24%	44%
Jbeel	92	4%	Christian	89	97%	Evangelicals	1	1%	1%
						Greek Catholic	1	1%	1%
						Greek Orthodox	2	2%	2%
						Maronite	84	91%	94%
						Syriac Orthodox	1	1%	1%
			Muslim	3	3%	Shia	2	2%	67%
						Sunni	1	1%	33%
Keserwan	174	8%	Christian	173	99%	Chaldeans	1	1%	1%
						Greek Catholic	6	3%	3%
						Greek Orthodox	1	1%	1%
						Maronite	165	95%	95%
			Muslim	1	1%	Shia	1	1%	100%
Maten	215	9%	Christian	212	99%	Armenian Catholics	3	1%	1%
						Armenian Orthodox	7	3%	3%
						Chaldeans	2	1%	1%
						Greek Catholic	21	10%	10%
						Greek Orthodox	18	8%	8%
						Latins	2	1%	1%
						Maronite	159	74%	75%
			Muslim	3	1%	Druz	2	0.9%	67%
						Shia	1	0.5%	33%

Origin District	Number of Members	% of Members	Religion	Number of Members	% of Members	Sect	Number of Members	% of Members	% of Religion
Akkar	30	1%	Christian	24	80%	Greek Catholic	2	7%	8%
						Greek Orthodox	9	30%	38%
						Maronite	13	43%	54%
			Muslim	6	20%	Sunni	6	20%	100%
Batroun	23	1%	Christian	20	87%	Chaldeans	1	4%	5%
						Greek Orthodox	2	9%	10%
						Maronite	17	74%	85%
			Muslim	3	13%	Shia	2	9%	67%
						Sunni	1	4%	33%
Bsharry	12	1%	Christian	12	100%	Greek Orthodox	1	8%	8%
			Muslim	0	0%	Maronite	11	92%	92%
Koura	12	1%	Christian	11	92%	Greek Orthodox	8	67%	73%
						Maronite	3	25%	27%
			Muslim	1	8%	Druz	1	8.3%	100%
Syrdiniyeh	8	0%	Christian	2	25%	Greek Orthodox	1	13%	50%
						Maronite	1	13%	50%
			Muslim	6	75%	Sunni	6	75%	100%
Tripoli	78	3%	Christian	5	6%	Greek Catholic	1	1%	20%
			Muslim	73	94%	Greek Orthodox	4	5%	80%
Sunni	73	94%				100%			
Zgharta	14	1%	Christian	14	100%	Maronite	14	100%	100%
			Muslim	0	0%				

Origin District	Number of Members	% of Members	Religion	Number of Members	% of Members	Sect	Number of Members	% of Members	% of Religion
Bint Jbeel	48	2%	Christian	6	13%	Greek Catholic	3	6%	50%
						Maronite	3	6%	50%
			Muslim	42	88%	Shia	42	88%	100%
Hasbayah	20	1%	Christian	6	30%	Greek Catholic	1	5%	17%
						Greek Orthodox	3	15%	50%
						Maronite	2	10%	33%
			Muslim	14	70%	Druz	3	15%	21%
						Shia	1	5%	7%
						Sunni	10	50%	71%
Jzeen	60	3%	Christian	47	78%	Greek Catholic	4	7%	9%
						Maronite	43	72%	91%
			Muslim	13	22%	Druz	1	2%	8%
						Shia	12	20%	92%
Marjyon	50	2%	Christian	6	12%	Greek Catholic	3	6%	60%
						Greek Orthodox	2	4%	40%
						Maronite	1	2%	20%
			Muslim	45	88%	Shia	43	86%	96%
						Sunni	1	2%	2%
Nabatiyeh	88	4%	Christian	9	10%	Greek Catholic	3	3%	33%
						Maronite	6	7%	67%
			Muslim	79	90%	Shia	79	90%	100%
Saida	38	2%	Christian	2	5%	Greek Catholic	1	3%	50%
						Maronite	1	3%	50%
			Muslim	36	95%	Druz	1	3%	3%
						Shia	1	3%	3%
						Sunni	34	89%	94%
Saida Villages	67	3%	Christian	19	28%	Greek Catholic	12	18%	63%
						Maronite	7	10%	37%
			Muslim	48	72%	Shia	45	67%	94%
						Sunni	3	4%	6%
Tyre	52	2%	Christian	2	4%	Evangelicals	1	2%	50%
						Greek Catholic	1	2%	50%
			Muslim	50	96%	Shia	50	96%	100%

Origin District	Number of Members	% of Members	Religion	Number of Members	% of Members	Sect	Number of Members	% of Members	% of Religion
Baalbak	54	2%	Christian	16	30%	Greek Catholic	5	9%	31%
						Greek Orthodox	1	2%	6%
			Muslim	38	70%	Maronite	10	19%	63%
						Shia	32	59%	84%
						Sunni	6	11%	16%
Hermel	5	0.2%	Christian	0	0%	Shia	5	100%	100%
			Muslim	5	100%				
Rashaya	7	0%	Christian	3	43%	Greek Orthodox	3	43%	100%
			Muslim	4	57%	Druz	3	43%	75%
						Sunni	1	14%	25%
Western Bekaa	25	1%	Christian	17	68%	Greek Catholic	6	24%	35%
						Greek Orthodox	2	8%	12%
						Maronite	9	36%	53%
			Muslim	8	32%	Shia	4	16%	50%
						Sunni	4	16%	50%
Zahle	57	3%	Christian	50	88%	Armenian Orthodox	1	2%	2%
						Greek Catholic	18	32%	36%
						Greek Orthodox	11	19%	22%
						Maronite	18	32%	36%
						Syriac Catholics	1	2%	2%
						Syriac Orthodox	1	2%	2%
			Muslim	7	12%	Shia	1	2%	14%
						Sunni	6	11%	86%

Armenian Catholics					
Province	District	Lebanese Population	All LACPA Members	Difference	Comparison
Beirut	Beirut	2%	1%	-1%	Negative
Mount Lebanon	Alay	0%	0%	0%	Neutral
	Baabda	0%	0%	0%	Neutral
	Chouf	0%	0%	0%	Neutral
	Jbeel	0%	0%	0%	Neutral
	Keserwan	1%	0%	-1%	Negative
	Maten	4%	1%	-3%	Negative
North Lebanon	Akkar	0%	0%	0%	Neutral
	Batroun	0%	0%	0%	Neutral
	Bsharry	0%	0%	0%	Neutral
	Koura	0%	0%	0%	Neutral
	Syrdiniyeh	0%	0%	0%	Neutral
	Tripoli	0%	0%	0%	Neutral
	Zgharta	0%	0%	0%	Neutral
South Lebanon	Bint Jbeel	0%	0%	0%	Neutral
	Hasbayah	0%	0%	0%	Neutral
	Jzeen	0%	0%	0%	Neutral
	Marjyon	0%	0%	0%	Neutral
	Nabatiyeh	0%	0%	0%	Neutral
	Saida	0%	0%	0%	Neutral
	Saida Villages	0%	0%	0%	Neutral
	Tyre	0%	0%	0%	Neutral
Bekaa	Baalbak & Hermel	0%	0%	0%	Neutral
	Rashaya & Western	0%	0%	0%	Neutral
	Zahle	1%	2%	1%	Positive

Armenian Orthodox					
Province	District	Lebanese Population	All LACPA Members	Difference	Comparison
Beirut	Beirut	10%	1%	-9%	Negative
Mount Lebanon	Alay	1%	0%	-1%	Negative
	Baabda	1%	0%	-1%	Negative
	Chouf	0%	0%	0%	Neutral
	Jbeel	1%	0%	-1%	Negative
	Keserwan	2%	0%	-2%	Negative
	Maten	15%	3%	-12%	Negative
North Lebanon	Akkar	0%	0%	0%	Neutral
	Batroun	0%	0%	0%	Neutral
	Bsharry	0%	0%	0%	Neutral
	Koura	0%	0%	0%	Neutral
	Syrdiniyeh	0%	0%	0%	Neutral
	Tripoli	1%	0%	-1%	Negative
	Zgharta	0%	0%	0%	Neutral
South Lebanon	Bint Jbeel	0%	0%	0%	Neutral
	Hasbayah	0%	0%	0%	Neutral
	Jzeen	0%	0%	0%	Neutral
	Marjyon	0%	0%	0%	Neutral
	Nabatiyeh	0%	0%	0%	Neutral
	Saida	0%	0%	0%	Neutral
	Saida Villages	0%	0%	0%	Neutral
Bekaa	Tyre	1%	0%	-1%	Negative
	Baalbak & Hermel	0%	0%	0%	Neutral
	Rashaya & Western	0%	0%	0%	Neutral
	Zahle	5%	0%	-5%	Negative

Greek Catholic					
Province	District	Lebanese Population	All LACPA Members	Difference	Comparison
Beirut	Beirut	4%	7%	3%	Positive
	Alay	3%	5%	2%	Positive
Mount Lebanon	Baabda	5%	10%	5%	Positive
	Chouf	7%	10%	3%	Positive
	Jbeel	0.4%	1%	0.6%	Positive
	Keserwan	2%	3%	1%	Positive
	Maten	10%	10%	0%	Neutral
North Lebanon	Akkar	1%	7%	6%	Positive
	Batroun	2%	0%	-2%	Negative
	Bsharry	0%	0%	0%	Neutral
	Koura	0%	0%	0%	Neutral
	Syrdiniyeh	0%	0%	0%	Neutral
	Tripoli	1%	1%	0%	Neutral
	Zgharta	0%	0%	0%	Neutral
South Lebanon	Bint Jbeel	3%	6.5%	2.5%	Positive
	Hasbayah	2%	5%	-3%	Negative
	Jzeen	15%	7%	-8%	Negative
	Marjyon	3%	6%	3%	Positive
	Nabatiyeh	1%	3%	2%	Positive
	Saida	3%	3%	0%	Neutral
	Saida Villages	13%	18%	5%	Positive
	Tyre	4%	2%	-2%	Negative
Bekaa	Baalbak & Hermel	6%	8%	2%	Positive
	Rashaya & Western	8%	19%	11%	Positive
	Zahle	19%	32%	13%	Positive

Greek Orthodox					
Province	District	Lebanese Population	All LACPA Members	Difference	Comparison
Beirut	Beirut	9%	15%	6%	Positive
	Alay	13%	21%	8%	Positive
Mount Lebanon	Baabda	8%	8%	0%	Neutral
	Chouf	0.6%	1%	0.4%	Positive
	Jbeel	3%	2%	-1%	Negative
	Keserwan	1%	1%	0%	Neutral
	Maten	14%	8%	-6%	Negative
North Lebanon	Akkar	16%	30%	14%	Positive
	Batroun	16%	9%	-7%	Negative
	Bsharry	1%	8%	7%	Positive
	Koura	64%	67%	3%	Positive
	Syrdiniyeh	8%	12.5%	4.5%	Positive
	Tripoli	6%	5%	-1%	Negative
	Zgharta	4%	0%	-4%	Negative
South Lebanon	Bint Jbeel	0%	0%	0%	Neutral
	Hasbayah	10%	15%	5%	Positive
	Jzeen	0%	0%	0%	Neutral
	Marjyon	7%	4%	-3%	Negative
	Nabatiyeh	0%	0%	0%	Neutral
	Saida	0%	0%	0%	Neutral
	Saida Villages	0%	0%	0%	Neutral
	Tyre	0%	0%	0%	Neutral
Bekaa	Baalbak & Hermel	1%	2%	1%	Positive
	Rashaya & Western	8%	16%	8%	Positive
	Zahle	10%	19%	9%	Positive

Evangelicals					
Province	District	Lebanese Population	All LACPA Members	Difference	Comparison
Beirut	Beirut	2%	1%	-1%	Negative
	Alay	1%	0%	-1%	Negative
Mount Lebanon	Baabda	0%	0%	0%	Neutral
	Chouf	0.4%	1%	0.6%	Positive
	Jbeel	0.1%	1%	0.9%	Positive
	Keserwan	0%	0%	0%	Neutral
	Maten	2%	0%	-2%	Negative
North Lebanon	Akkar	0%	0%	0%	Neutral
	Batroun	0%	0%	0%	Neutral
	Bsharry	0%	0%	0%	Neutral
	Koura	0%	0%	0%	Neutral
	Syrdiniyeh	0%	0%	0%	Neutral
	Tripoli	0%	0%	0%	Neutral
	Zgharta	0%	0%	0%	Neutral
South Lebanon	Bint Jbeel	0%	0%	0%	Neutral
	Hasbayah	1%	0%	-1%	Negative
	Jzeen	0%	0%	0%	Neutral
	Marjyon	1%	0%	-1%	Negative
	Nabatiyeh	0%	0%	0%	Neutral
	Saida	0%	0%	0%	Neutral
	Saida Villages	0%	0%	0%	Neutral
	Tyre	0%	2%	2%	Positive
Bekaa	Baalbak & Hermel	0%	0%	0%	Neutral
	Rashaya & Western	0%	0%	0%	Neutral
	Zahle	1%	0%	-1%	Negative

Christian Minorities					
Province	District	Lebanese Population	All LACPA Members	Difference	Comparison
Beirut	Beirut	5%	5.5%	0.5%	Positive
	Alay	0%	0%	0%	Neutral
Mount Lebanon	Baabda	1%	1%	0%	Neutral
	Chouf	0%	0%	0%	Neutral
	Jbeel	0.9%	1%	0.1%	Positive
	Keserwan	1%	1%	0%	Neutral
	Maten	5%	2%	-3%	Negative
North Lebanon	Akkar	0%	0%	0%	Neutral
	Batroun	0.6%	4%	0.4%	Positive
	Bsharry	0%	0%	0%	Neutral
	Koura	0%	0%	0%	Neutral
	Syrdiniyeh	0%	0%	0%	Neutral
	Tripoli	0%	0%	0%	Neutral
	Zgharta	0%	0%	0%	Neutral
South Lebanon	Bint Jbeel	0%	0%	0%	Neutral
	Hasbayah	0%	0%	0%	Neutral
	Jzeen	0%	0%	0%	Neutral
	Marjyon	0%	0%	0%	Neutral
	Nabatiyeh	0%	0%	0%	Neutral
	Saida	0%	0%	0%	Neutral
	Saida Villages	0%	0%	0%	Neutral
	Tyre	0%	0%	0%	Neutral
Bekaa	Baalbak & Hermel	0%	0%	0%	Neutral
	Rashaya & Western	0%	0%	0%	Neutral
	Zahle	4%	4%	0%	Neutral

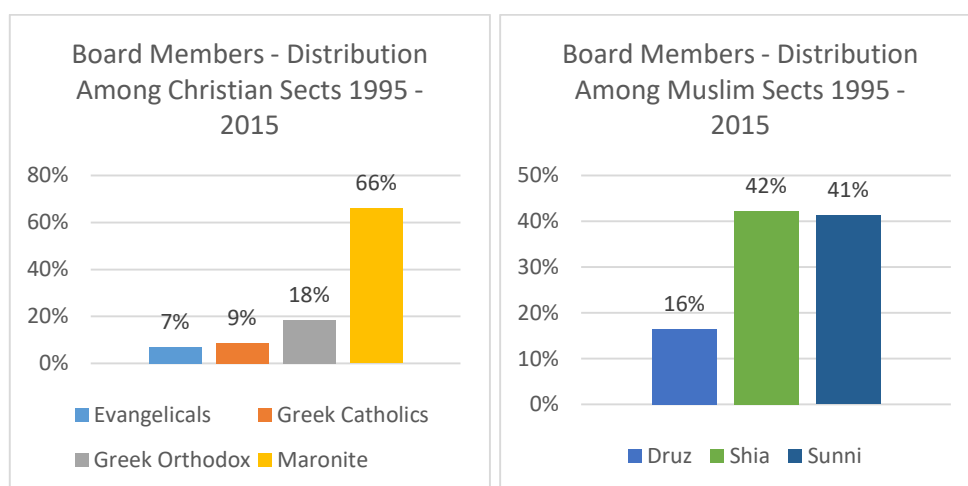
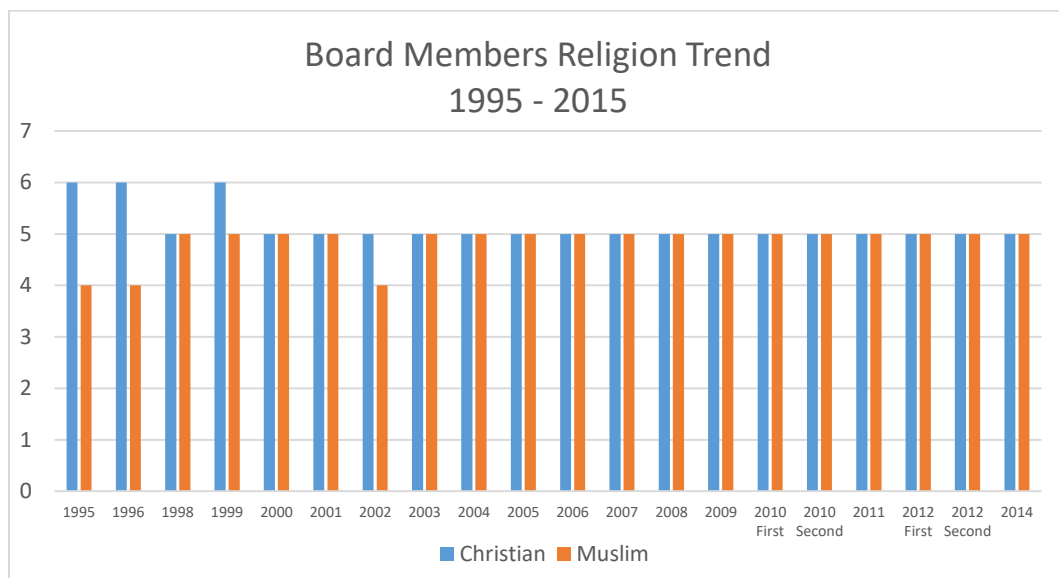
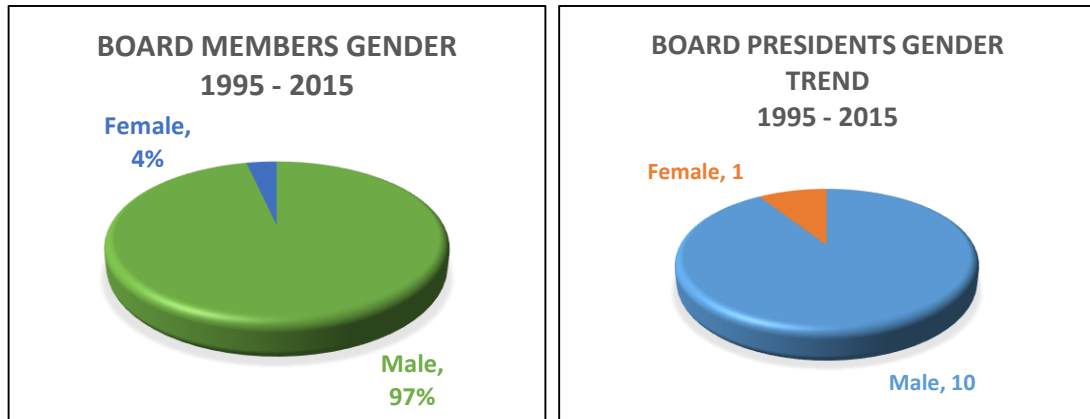
Maronite					
Province	District	Lebanese Population	All LACPA Members	Difference	Comparison
Beirut	Beirut	5%	8%	3%	Positive
Mount Lebanon	Alay	24%	46%	22%	Positive
	Baabda	37%	49%	12%	Positive
	Chouf	30%	31%	1%	Positive
	Jbeel	72%	91%	19%	Positive
	Keserwan	91%	95%	4%	Positive
	Maten	45%	74%	29%	Positive
North Lebanon	Akkar	12%	43%	31%	Positive
	Batroun	74%	74%	0%	Neutral
	Bsharry	99%	92%	-7%	Negative
	Koura	19%	25%	6%	Positive
	Syrdiniyeh	6%	12.5%	6.5%	Positive
	Tripoli	2%	0%	-2%	Negative
	Zgharta	83%	100%	17%	Positive
South Lebanon	Bint Jbeel	9%	6.5%	-2.5%	Negative
	Hasbayah	4%	10%	6%	Positive
	Jzeen	62%	71%	9%	Positive
	Marjyon	5%	2%	-2%	Negative
	Nabatiyeh	3%	7%	4%	Positive
	Saida	2%	3%	1%	Positive
	Saida Villages	11%	10%	-1%	Negative
	Tyre	1%	0%	-1%	Negative
Bekaa	Baalbak & Hermel	8%	17%	9%	Positive
	Rashaya & Western	7%	28%	21%	Positive
	Zahle	16%	32%	16%	Positive

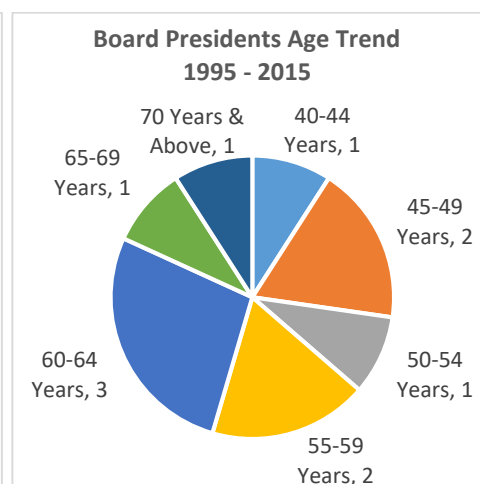
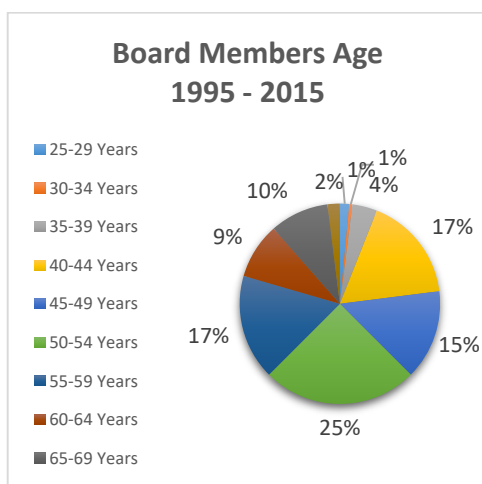
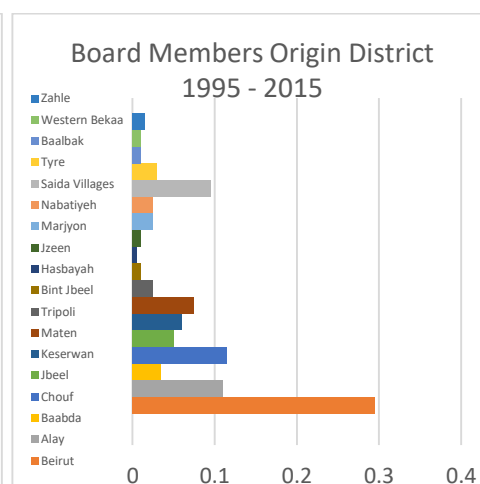
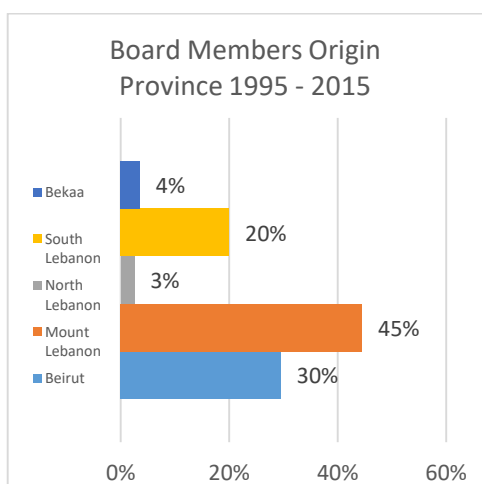
Druz					
Province	District	Lebanese Population	All LACPA Members	Difference	Comparison
Beirut	Beirut	1%	0.3%	-0.7%	Negative
Mount Lebanon	Alay	54%	25%	-29%	Negative
	Baabda	17%	13%	-4%	Negative
	Chouf	32%	28%	-4%	Negative
	Jbeel	0%	0%	0%	Neutral
	Keserwan	0%	0%	0%	Neutral
	Maten	1%	0.9%	-0.1%	Negative
North Lebanon	Akkar	0%	0%	0%	Neutral
	Batroun	0%	0%	0%	Neutral
	Bsharry	0%	0%	0%	Neutral
	Koura	0%	8%	8%	Positive
	Syrdiniyeh	0%	0%	0%	Neutral
	Tripoli	0%	0%	0%	Neutral
	Zgharta	0%	0%	0%	Neutral
South Lebanon	Bint Jbeel	0%	0%	0%	Neutral
	Hasbayah	32%	15%	-17%	Negative
	Jzeen	1%	2%	1%	Positive
	Marjyon	1%	0%	-1%	Negative
	Nabatiyeh	0%	0%	0%	Neutral
	Saida	0.9%	3%	2.1%	Positive
	Saida Villages	0%	0%	0%	Neutral
	Tyre	0%	0%	0%	Neutral
Bekaa	Baalbak & Hermel	0%	0%	0%	Neutral
	Rashaya & Western	15%	9%	-6%	Negative
	Zahle	1%	0%	-1%	Negative

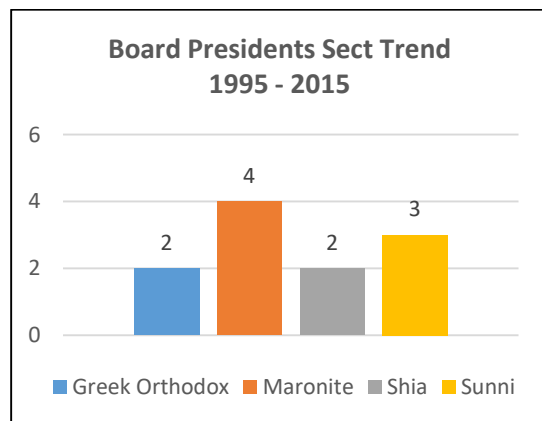
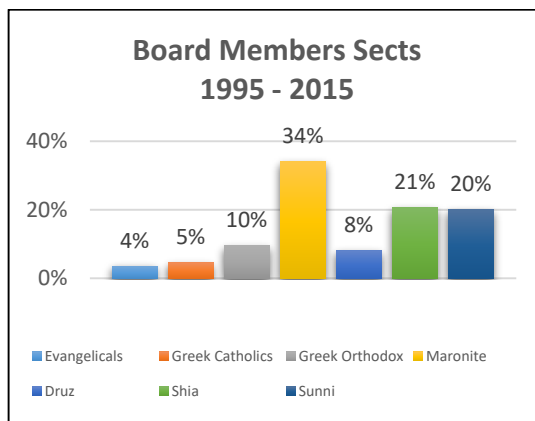
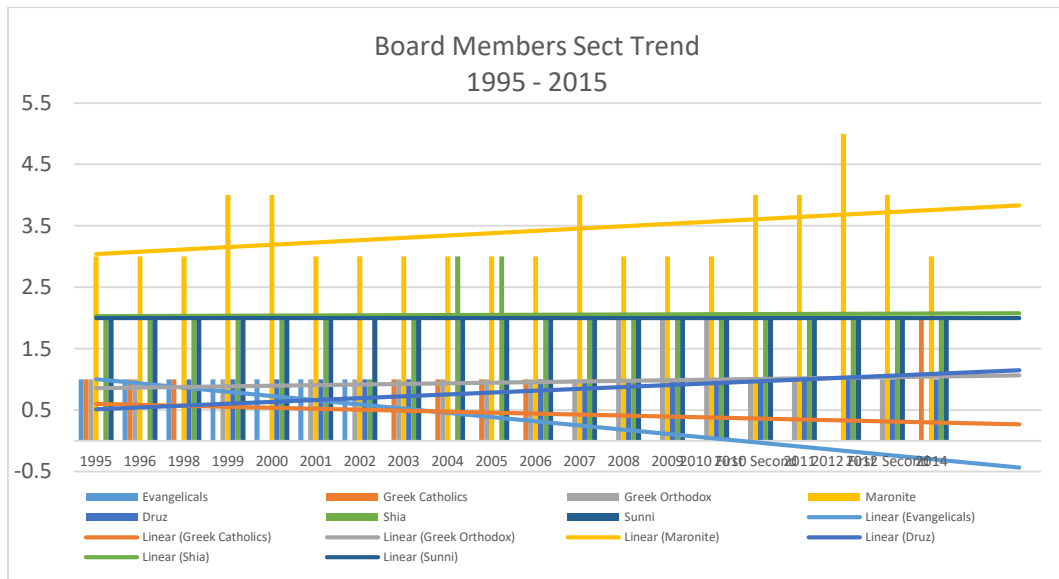
Sunni					
Province	District	Lebanese Population	All LACPA Members	Difference	Comparison
Beirut	Beirut	47%	49%	2%	Positive
Mount Lebanon	Alay	1%	0%	-1%	Negative
	Baabda	6%	2%	-4%	Negative
	Chouf	28%	24%	-4%	Negative
	Jbeel	2%	1%	-1%	Negative
	Keserwan	0%	0%	0%	Neutral
	Maten	2%	0%	-2%	Negative
North Lebanon	Akkar	66%	20%	-46%	Negative
	Batroun	6%	4%	-2%	Negative
	Bsharry	0%	0%	0%	Neutral
	Koura	13%	0%	-13%	Negative
	Syrdiniyeh	86%	75%	-11%	Negative
	Tripoli	80%	94%	14%	Positive
	Zgharta	12%	0%	-12%	Negative
South Lebanon	Bint Jbeel	0%	0%	0%	Neutral
	Hasbayah	50%	50%	0%	Neutral
	Jzeen	2%	0%	-2%	Negative
	Marjyon	3%	2%	-1%	Negative
	Nabatiyeh	1%	0%	-1%	Negative
	Saida	84%	89%	4%	Positive
	Saida Villages	3%	4%	1%	Positive
	Tyre	8%	0%	-8%	Negative
Bekaa	Baalbak & Hermel	13%	10%	-3%	Negative
	Rashaya & Western	48%	16%	-32%	Negative
	Zahle	27%	11%	-16%	Negative

Shia					
Province	District	Lebanese Population	All LACPA Members	Difference	Comparison
Beirut	Beirut	15%	12%	-3%	Negative
Mount Lebanon	Alay	3%	3%	0%	Neutral
	Baabda	24%	18%	-6%	Negative
	Chouf	2%	3%	1%	Positive
	Jbeel	20%	2%	-18%	Negative
	Keserwan	2%	1%	-1%	Negative
	Maten	3%	0.5%	-2.5%	Negative
North Lebanon	Akkar	1%	0%	-1%	Negative
	Batroun	2%	9%	7%	Positive
	Bsharry	0%	0%	0%	Neutral
	Koura	2%	0%	-2%	Negative
	Syrdiniyeh	0%	0%	0%	Neutral
	Tripoli	0%	0%	0%	Neutral
	Zgharta	0%	0%	0%	Neutral
South Lebanon	Bint Jbeel	88%	88%	0%	Neutral
	Hasbayah	1%	5%	4%	Positive
	Jzeen	20%	20%	0%	Neutral
	Marjyon	81%	86%	5%	Positive
	Nabatiyeh	95%	90%	-5%	Negative
	Saida	9%	3%	-6%	Negative
	Saida Villages	73%	67%	-6%	Negative
	Tyre	85%	96%	11%	Positive
Bekaa	Baalbak & Hermel	73%	63%	-10%	Negative
	Rashaya & Western	14%	13%	-1%	Negative
	Zahle	15%	2%	-13%	Negative

Board Members

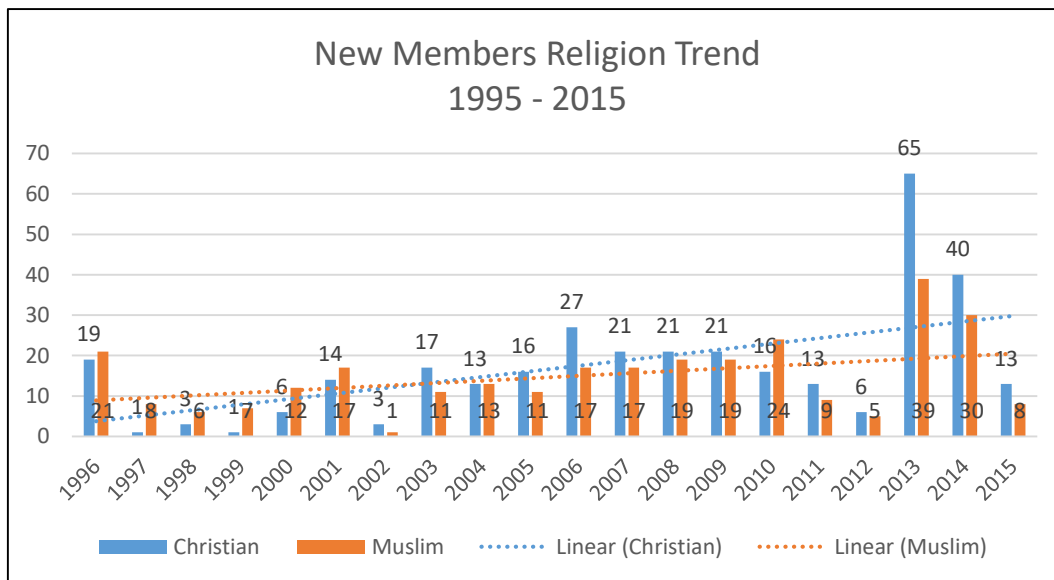


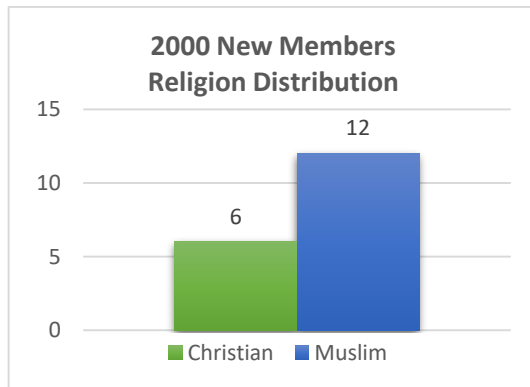
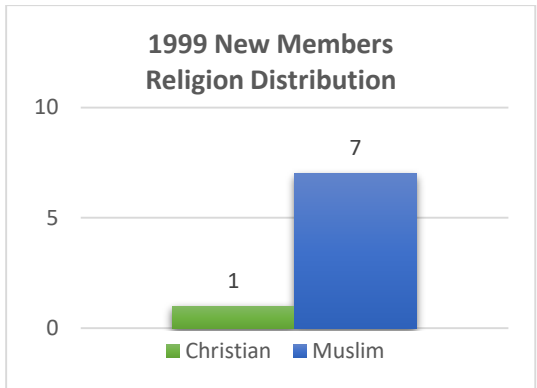
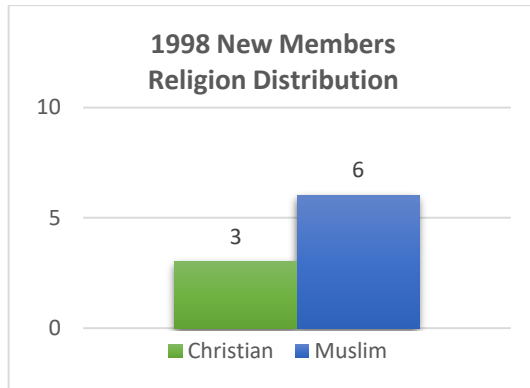
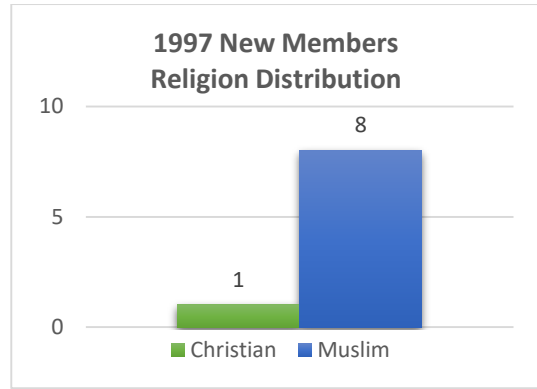
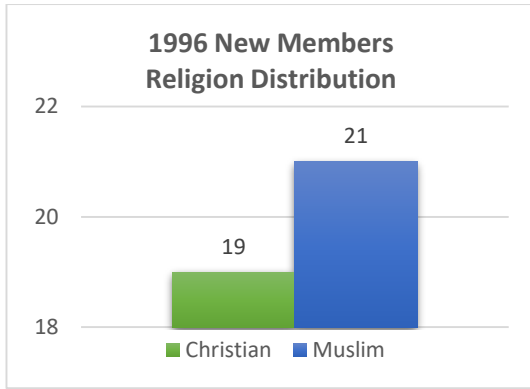




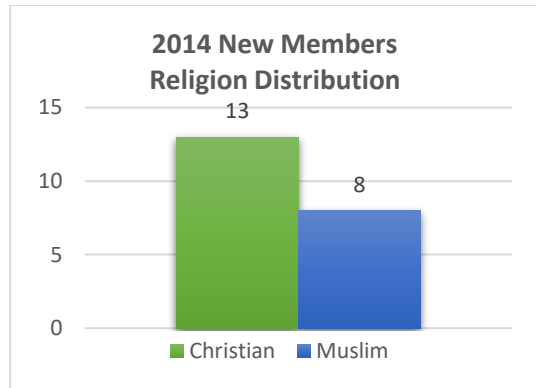
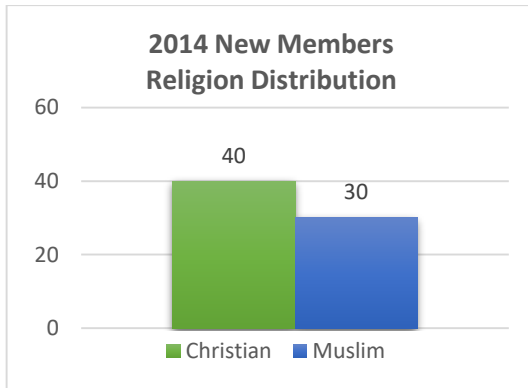
New Members

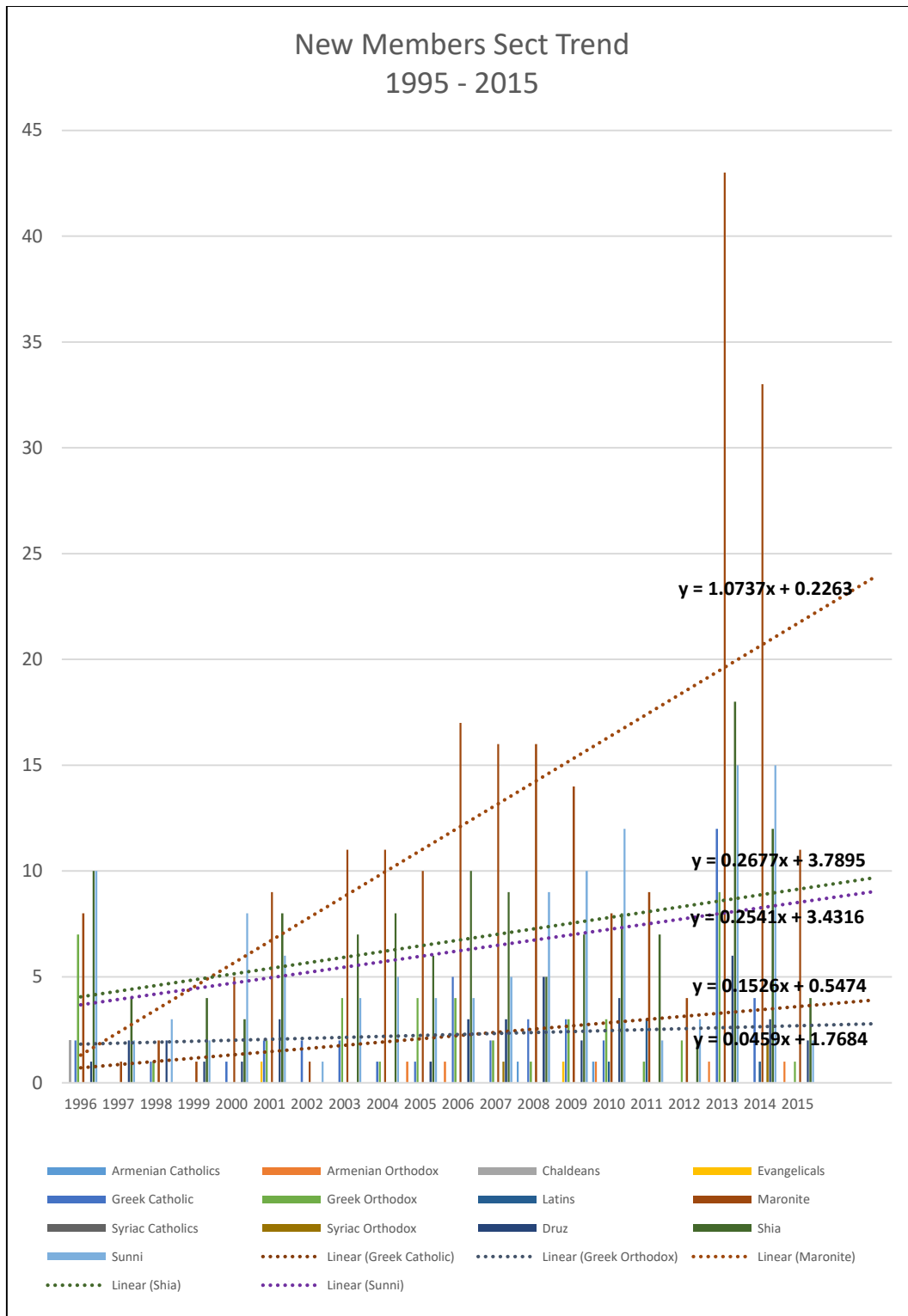
Religion	Christian	Muslim	Total
1996	19	21	40
1997	1	8	9
1998	3	6	9
1999	1	7	8
2000	6	12	18
2001	14	17	31
2002	3	1	4
2003	17	11	28
2004	13	13	26
2005	16	11	27
2006	27	17	44
2007	21	17	38
2008	21	19	40
2009	21	19	40
2010	16	24	40
2011	13	9	22
2012	6	5	11
2013	65	39	104
2014	40	30	70
2015	13	8	21
Total	336	294	630

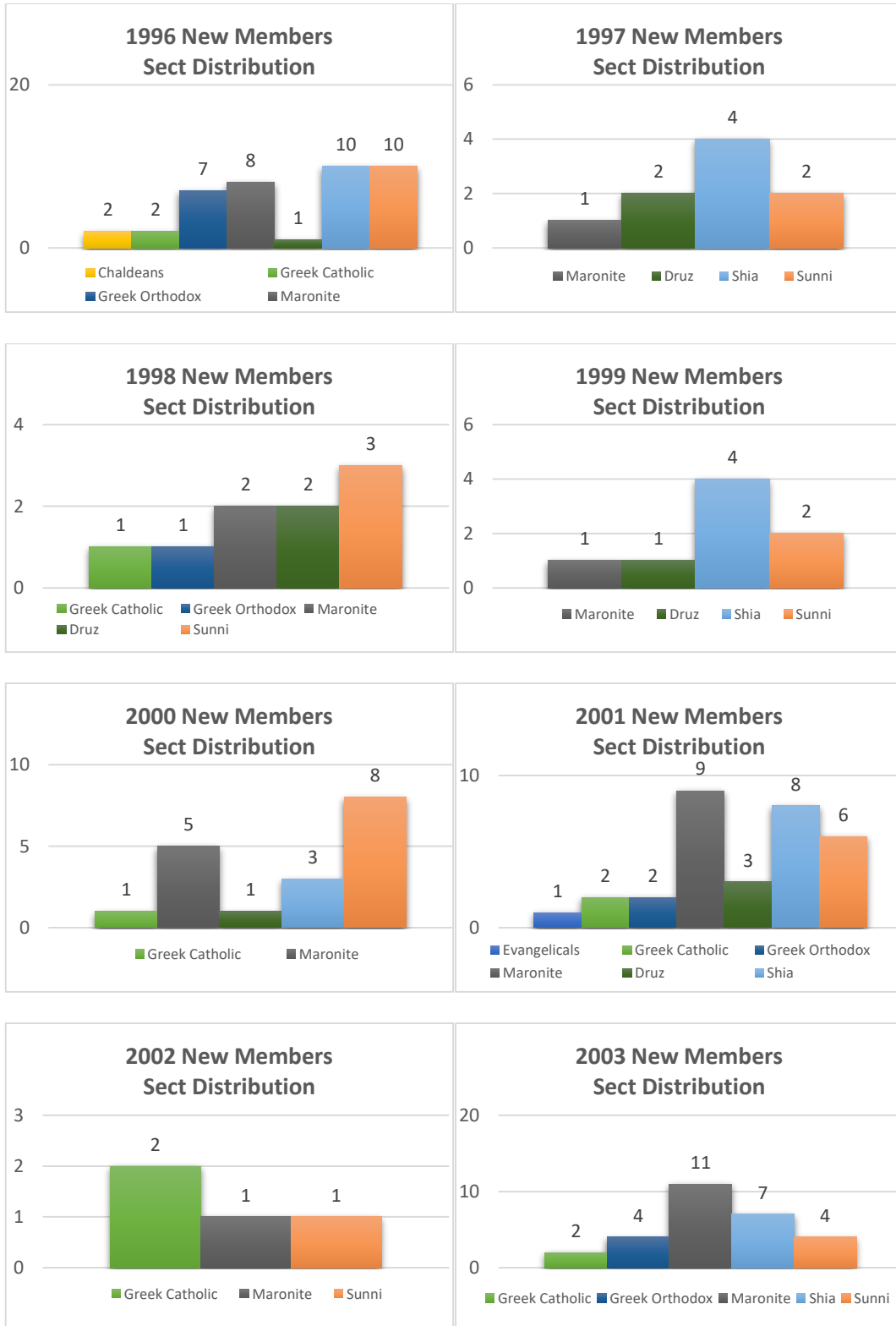


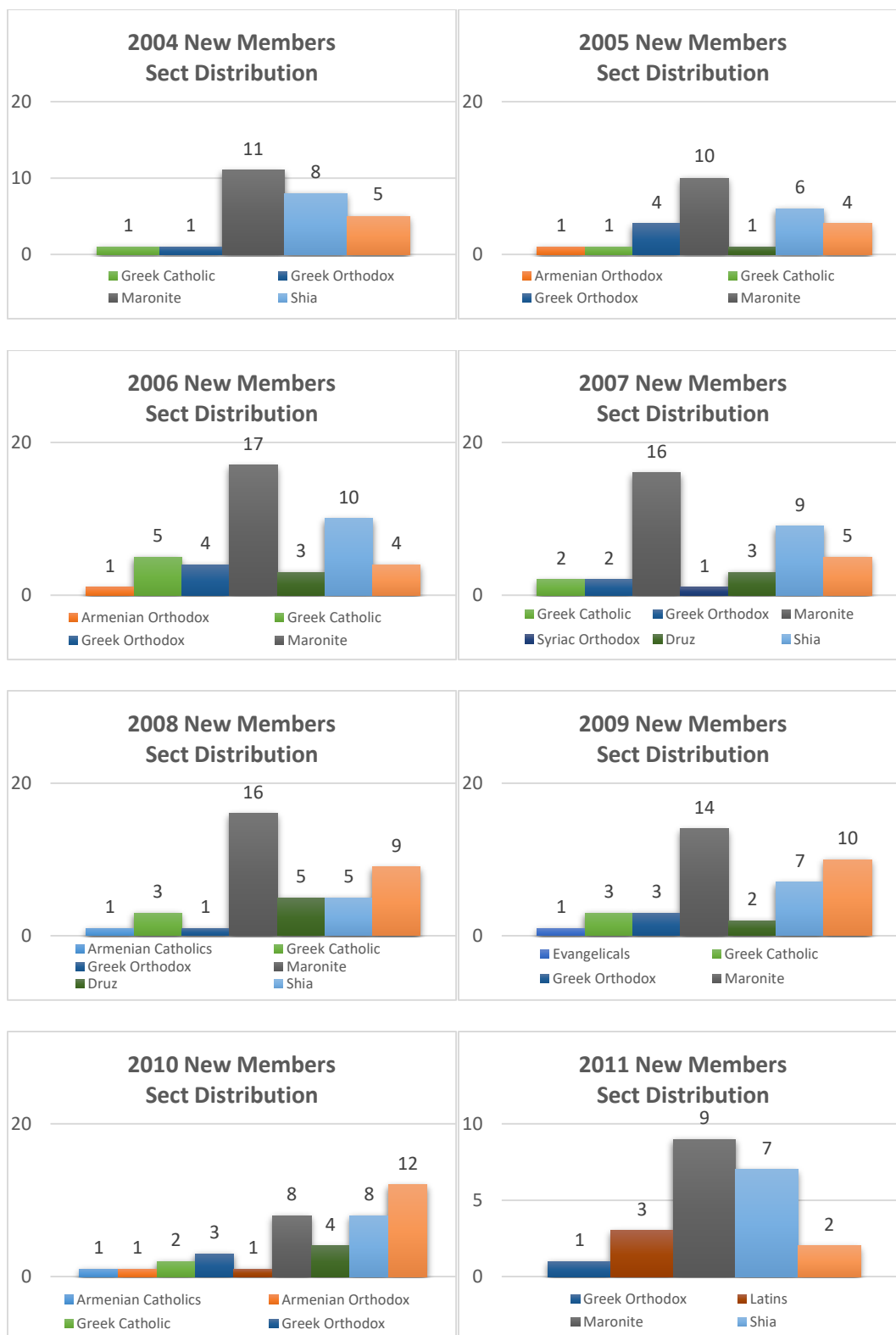


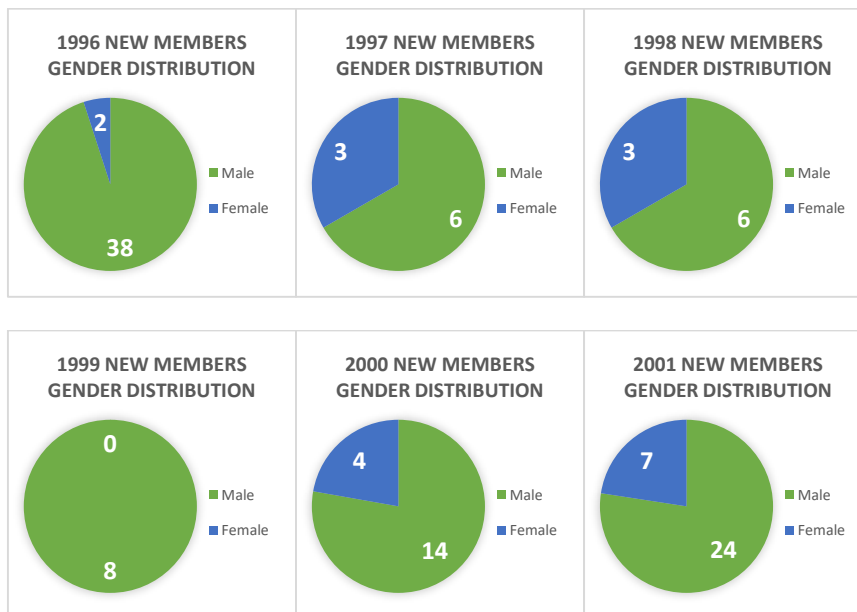
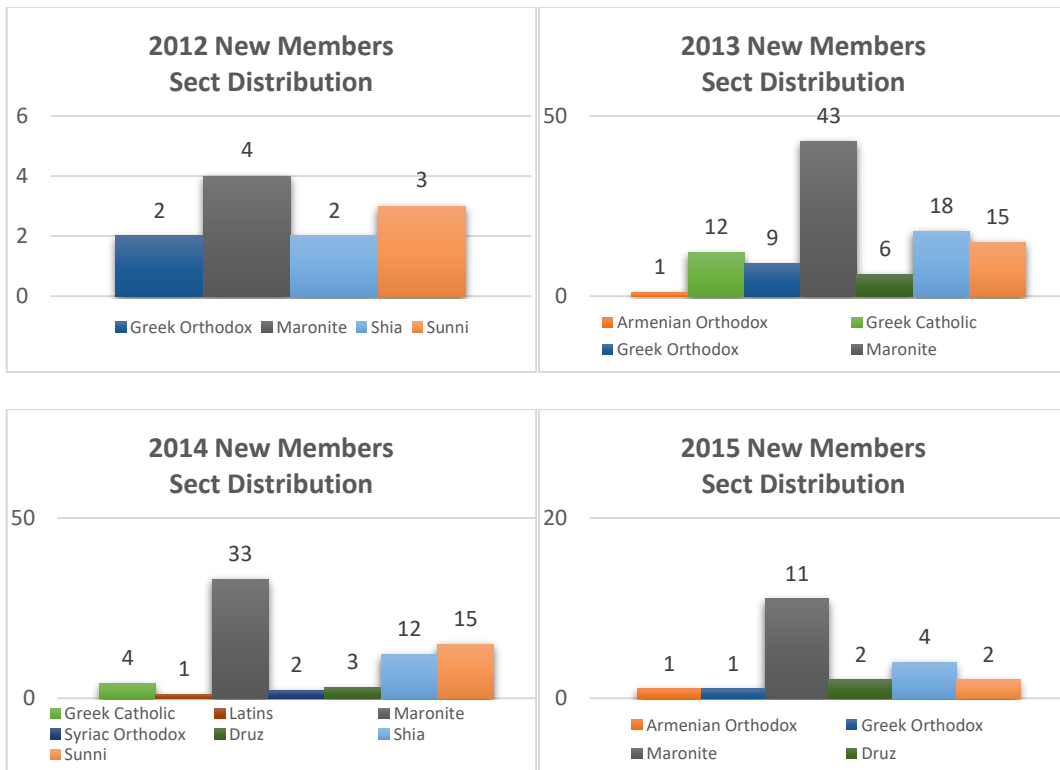










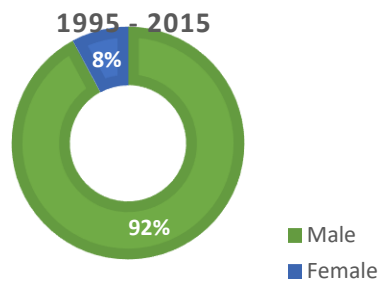




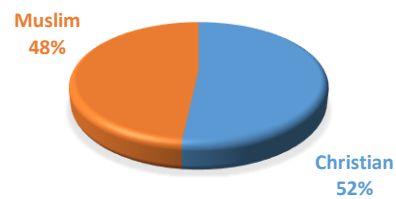
Deleted Members

Total	Gender	% of Members	# of Members	Religion	% of Members	# of Members	Sect	% of Members	# of Members	% of Religion
369	Male	92%	340	Christian	52%	191	Armenian Catholics	1%	2	1%
	Female	8%	29				Armenian Orthodox	1%	5	3%
							Chaldeans	1%	2	1%
							Evangelicals	1%	4	2%
							Greek Catholic	7%	27	14%
							Greek Orthodox	8%	29	15%
							Latins	1%	2	1%
							Maronite	32%	117	61%
							Syriac Catholics	1%	2	1%
							Syriac Orthodox	1%	2	1%
	Muslim	48%	178	Druz	5%	20	11%			
				Shia	15%	56	31%			
				Sunni	27%	101	57%			

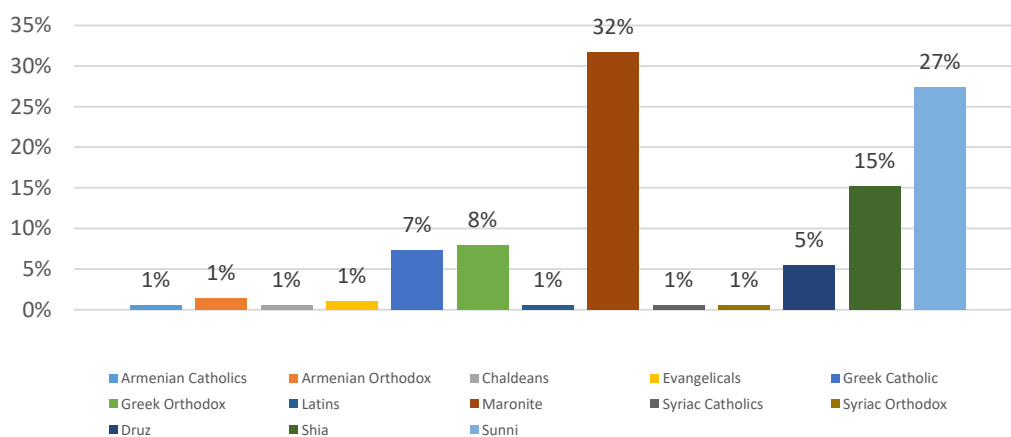
DELETED MEMBERS GENDER TREND
1995 - 2015

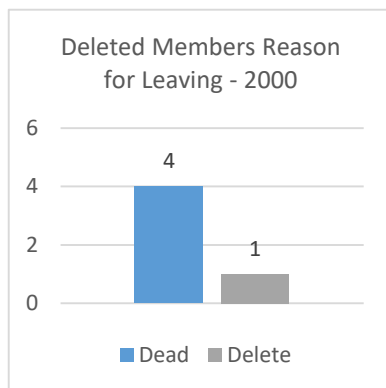
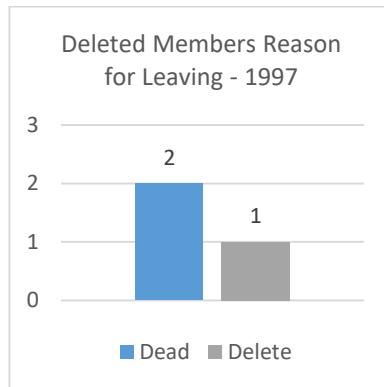


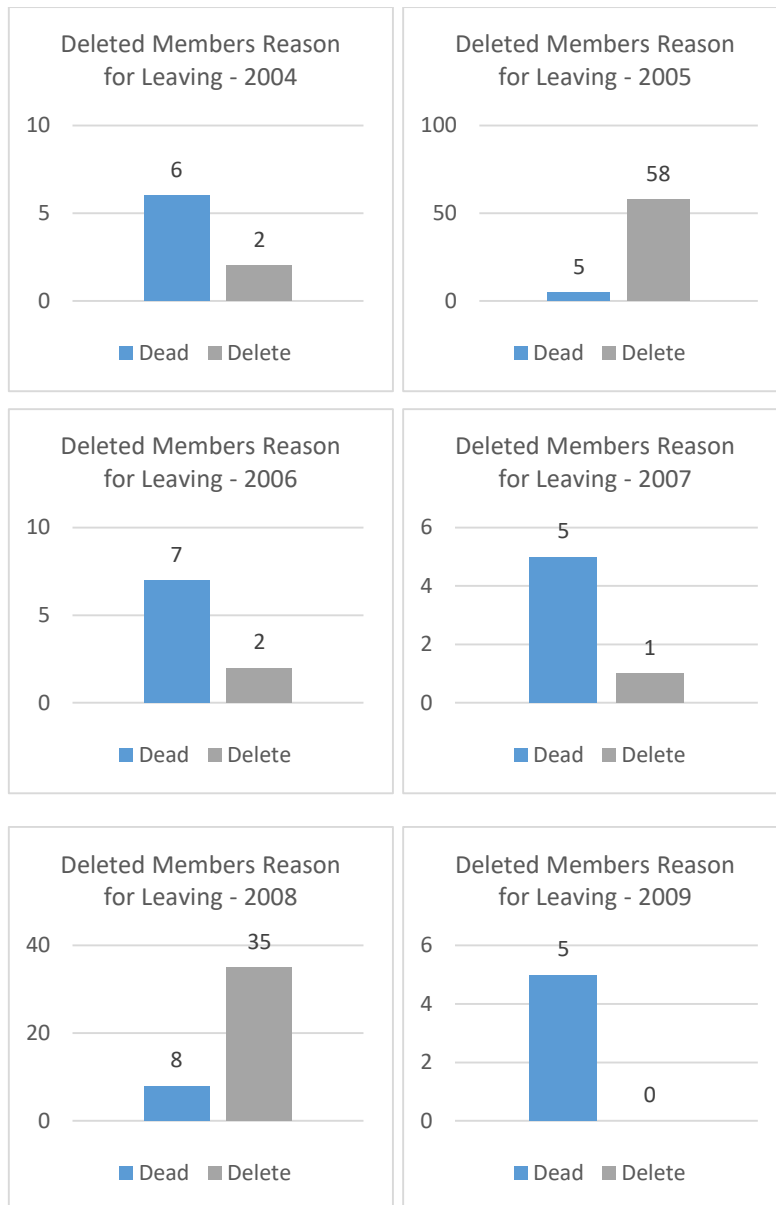
DELETED MEMBERS RELIGION TREND
1995 - 2015

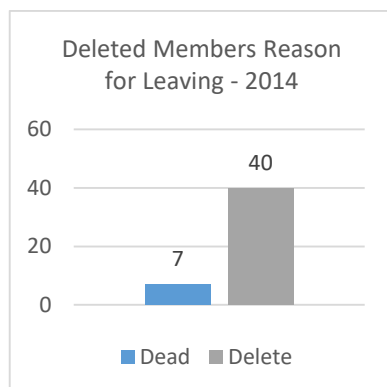
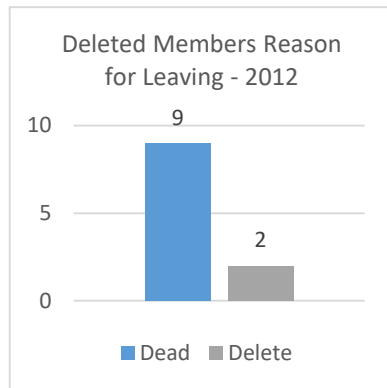
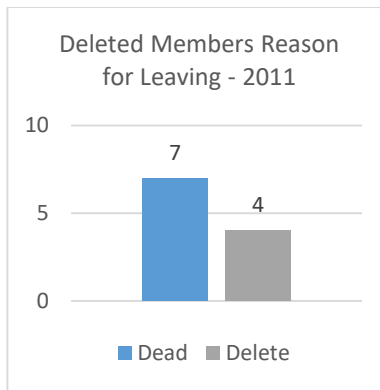


Deleted Members Sect Trend
1995 - 2015

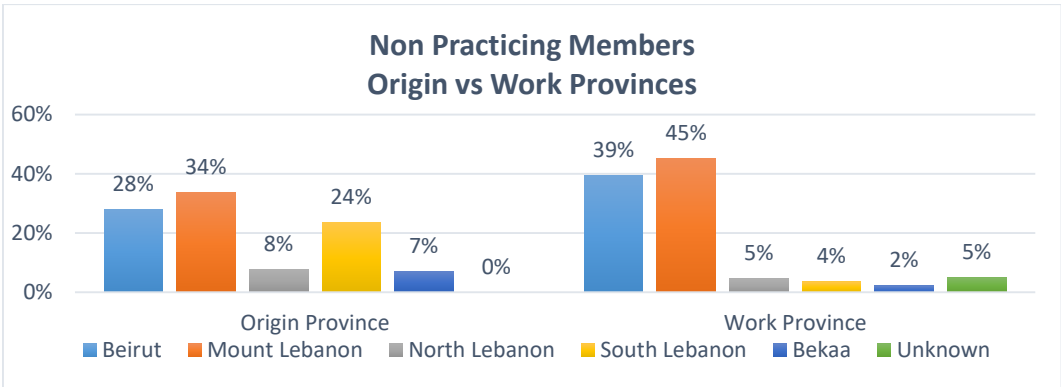
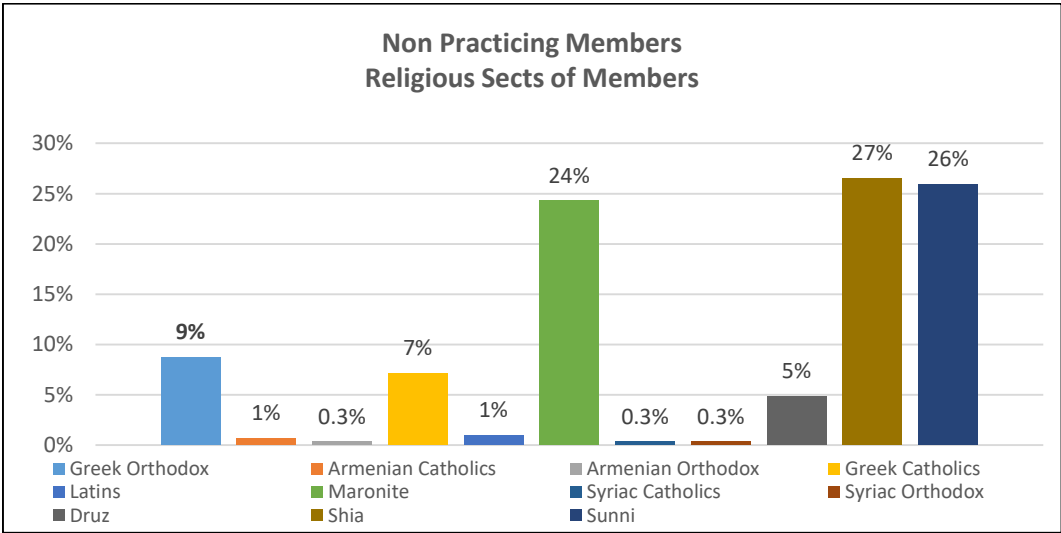
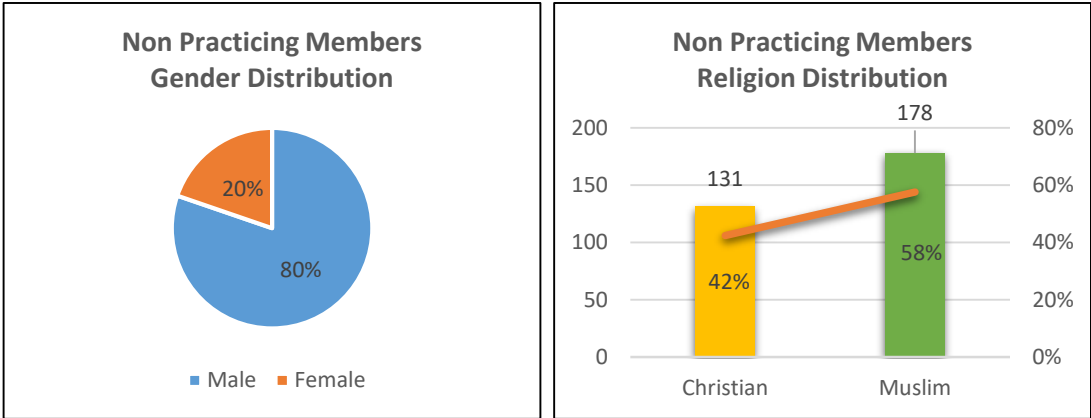




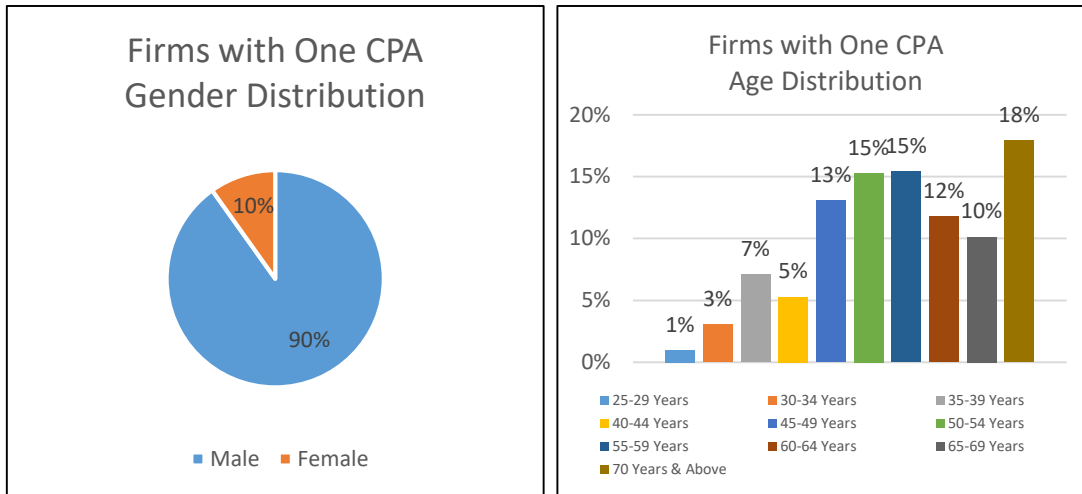




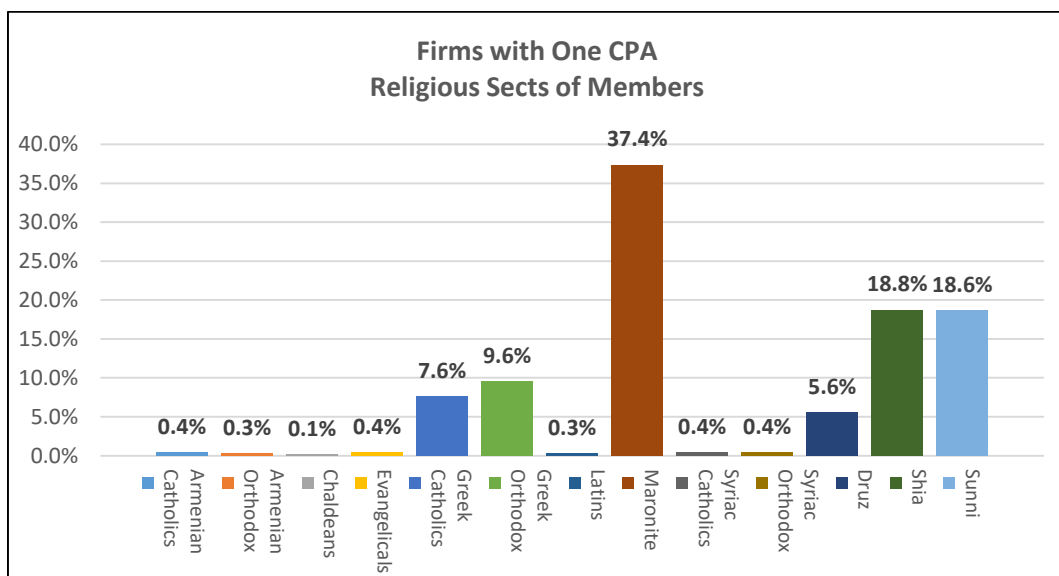
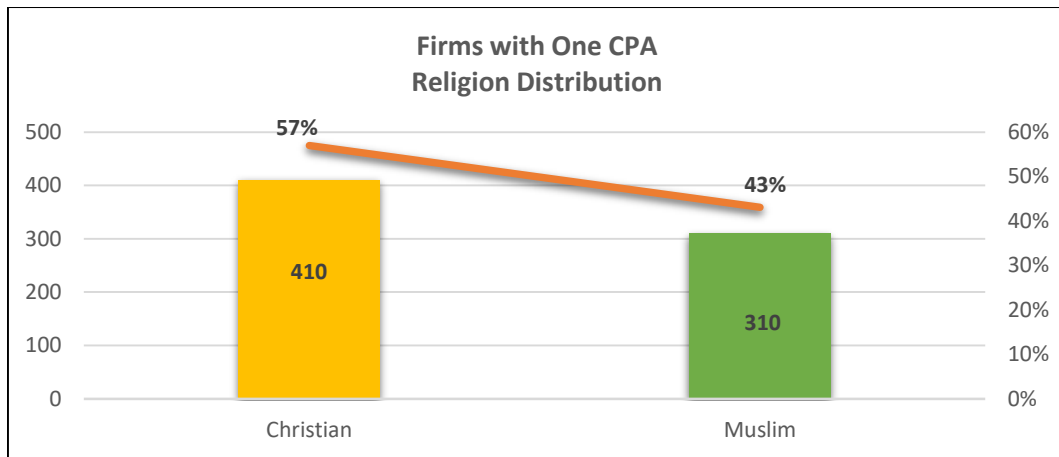
Non-Practicing Members



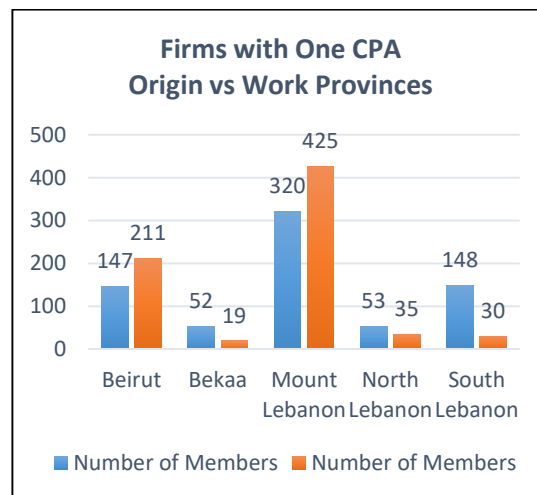
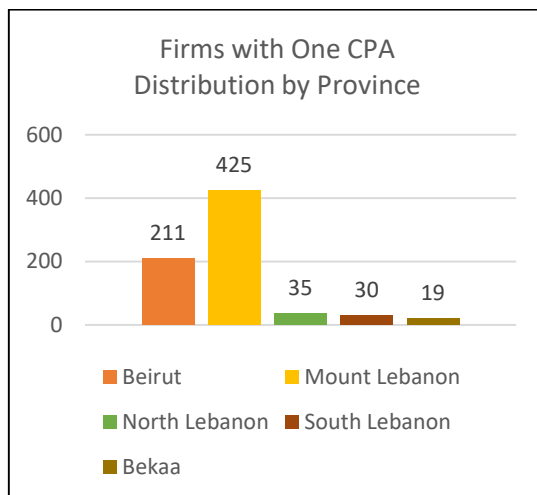
Firms with One CPA

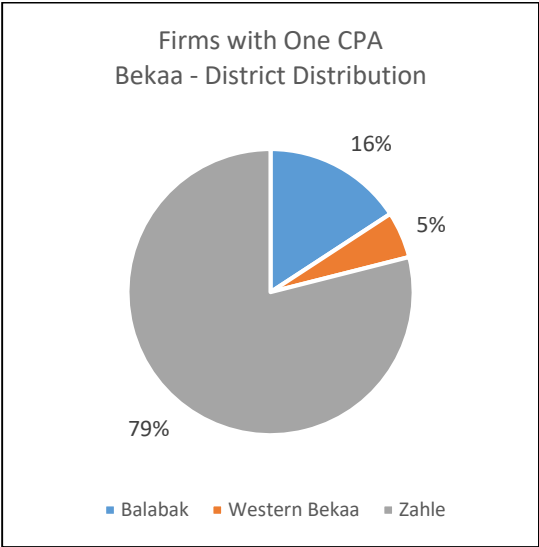
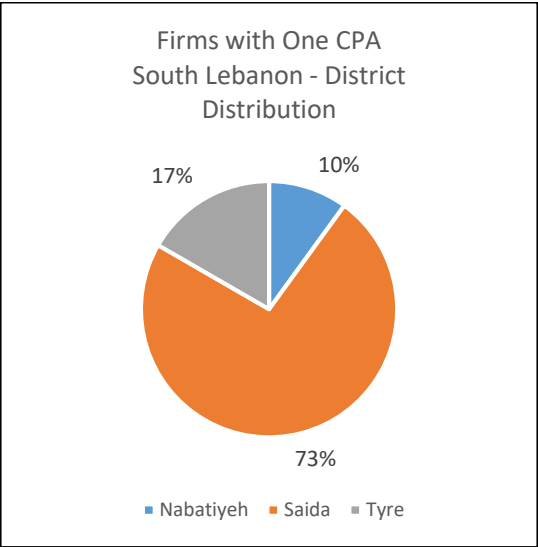
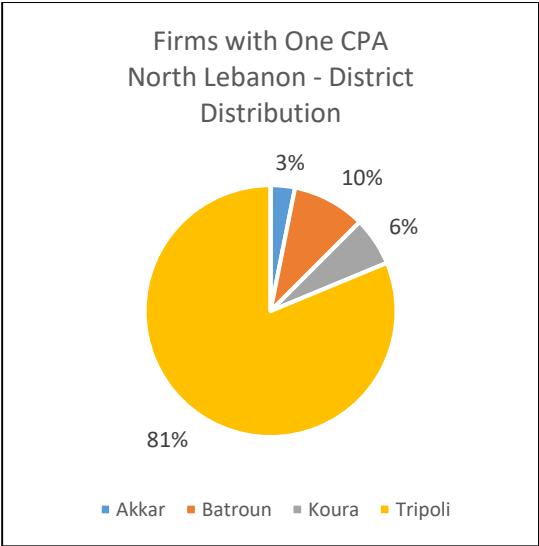
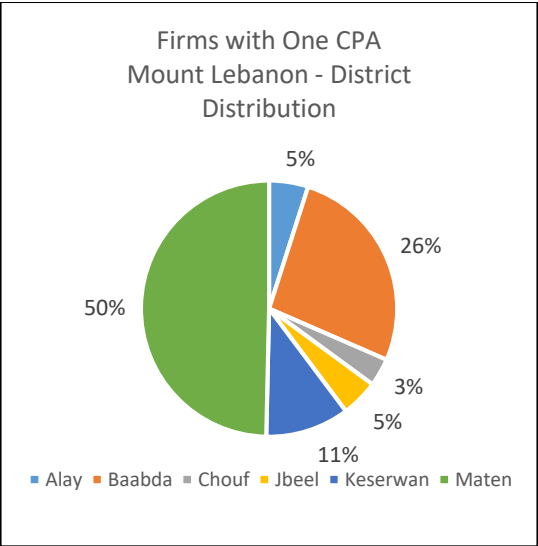


Religion	Sect	Lebanese population	Firms with One CPA	Difference	Impact
Christians	Armenian Catholics	0.6%	0.4%	-0.20%	Negative
	Armenian Orthodox	2.6%	0.3%	-2.30%	Negative
	Evangelicals	0.5%	0.4%	-0.10%	Negative
	Greek Catholic	4.7%	7.6%	+2.90%	Positive
	Greek Orthodox	7.3%	9.6%	+2.30%	Positive
	Maronite	20.9%	37.4%	+16.50%	Positive
	Minorities	1.3%	1.2%	-0.10%	Negative
	Total Christians	37.9%	57%	+19.10%	Positive
Muslims	Alawites & Ismailis	0.9%	0%	-0.90%	Negative
	Druze	5.7%	5.6%	-0.10%	Negative
	Sunni	27.9%	18.6%	-9.30%	Negative
	Shia	27.6%	18.8%	-8.80%	Negative
	Total Muslims	62.1%	43%	-19.10%	Negative

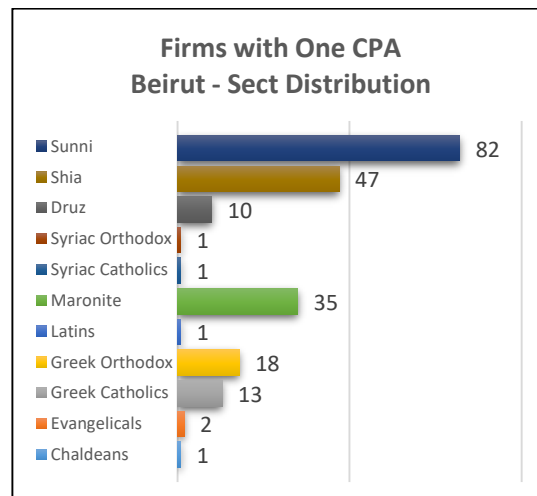
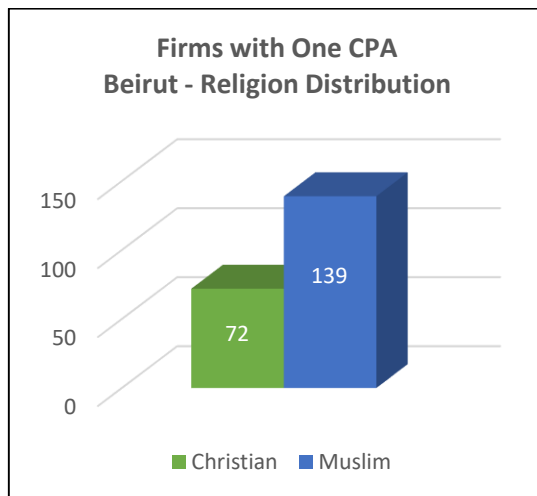


Religion	Sect	Lebanese Population - Distribution Sects in Religion	Firms with One CPA - Distribution Sects in Religion	Difference	Impact
Christians	Armenian Catholics	1.6%	0.73%	-0.85%	Negative
	Armenian Orthodox	6.9%	0.49%	-6.37%	Negative
	Evangelicals	1.3%	0.73%	-0.59%	Negative
	Greek Catholic	12.4%	13.41%	1.01%	Positive
	Greek Orthodox	19.3%	16.83%	-2.43%	Negative
	Maronite	55.1%	65.61%	10.46%	Positive
	Minorities	3.4%	2.20%	-1.23%	Negative
Muslims	Alawites & Ismailis	1.45%	0%	-1.45%	Negative
	Druze	9.18%	12.90%	3.72%	Positive
	Sunni	44.93%	43.23%	-1.70%	Negative
	Shia	44.44%	43.55%	-0.90%	Negative

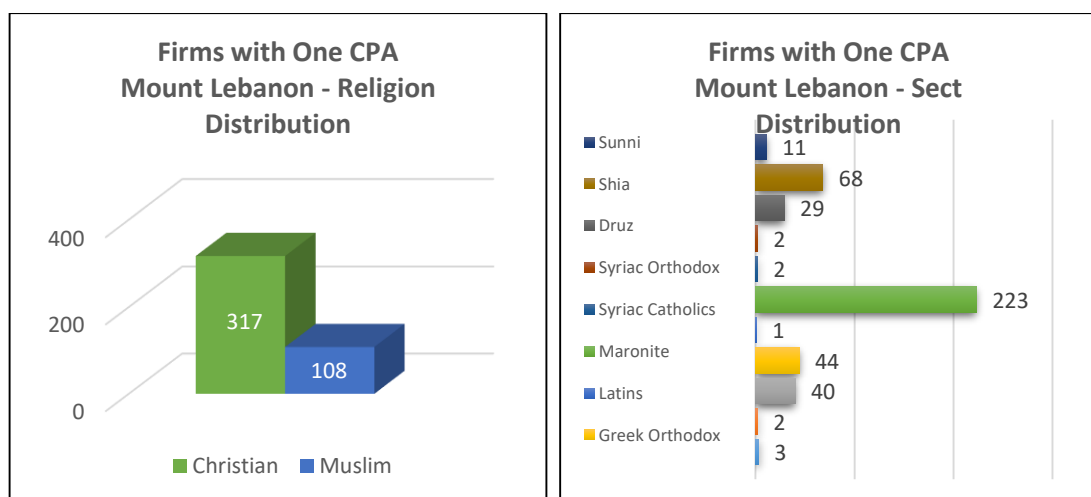




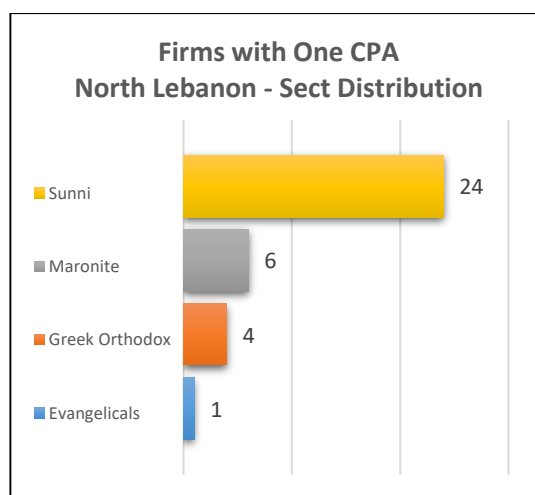
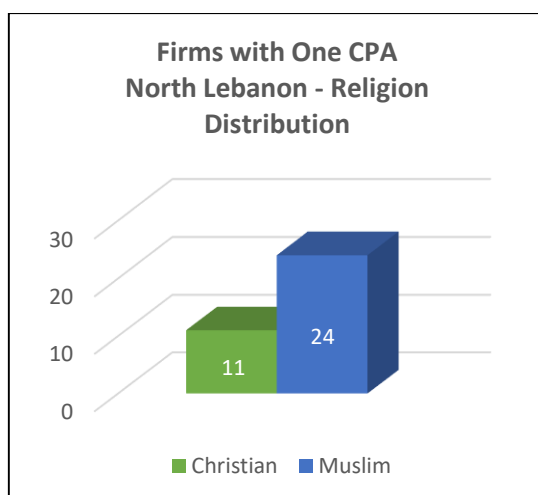
	Sect	Lebanese Population – Beirut	LACPA Members – Beirut	Difference	Impact
Christians	Armenian Catholics	5.5%	0.0%	-5.5%	Negative
	Armenian Orthodox	26.7%	0.0%	-26.7%	Negative
	Evangelicals	4.0%	2.8%	-1.3%	Negative
	Greek Catholic	11.1%	18.1%	6.9%	Positive
	Greek Orthodox	25.3%	25.0%	-0.3%	Negative
	Maronite	14.3%	48.6%	34.3%	Positive
	Minorities	13.0%	5.6%	-7.4%	Negative
Muslims	Alawites & Ismailis	0.1%	0.0%	-0.1%	Negative
	Druze	2.0%	7.2%	5.2%	Positive
	Sunni	74.3%	59.0%	-15.3%	Negative
	Shia	23.7%	33.8%	10.1%	Positive



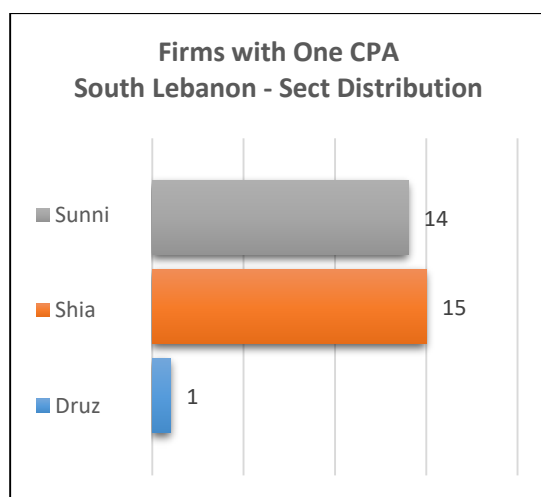
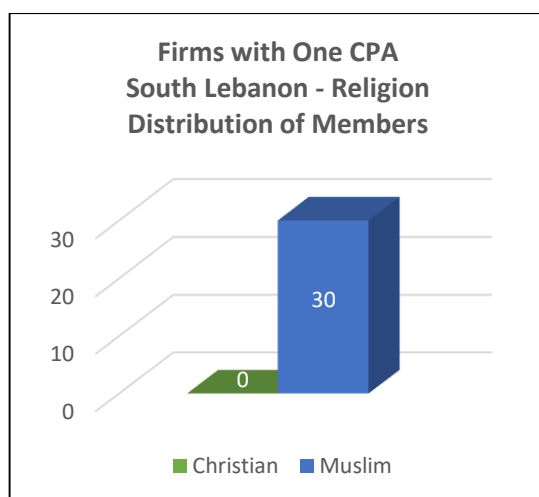
	Sect	Lebanese Population – Mount Lebanon	LACPA Members – Mount Lebanon	Difference	Impact
Christians	Armenian Catholics	1.7%	0.9%	-0.7%	Negative
	Armenian Orthodox	5.9%	0.6%	-5.3%	Negative
	Evangelicals	1.0%	0.0%	-1.0%	Negative
	Greek Catholic	8.3%	12.6%	+4.3%	Positive
	Greek Orthodox	11.0%	13.9%	+2.8%	Positive
	Maronite	69.8%	70.3%	+0.6%	Positive
	Minorities	2.3%	1.6%	-0.8%	Negative
Muslims	Alawites & Ismailis	0.1%	0.0%	-0.1%	Negative
	Druze	52.9%	26.9%	-26.0%	Negative
	Sunni	24.0%	10.2%	-13.8%	Negative
	Shia	23.0%	63.0%	+40.0%	Positive



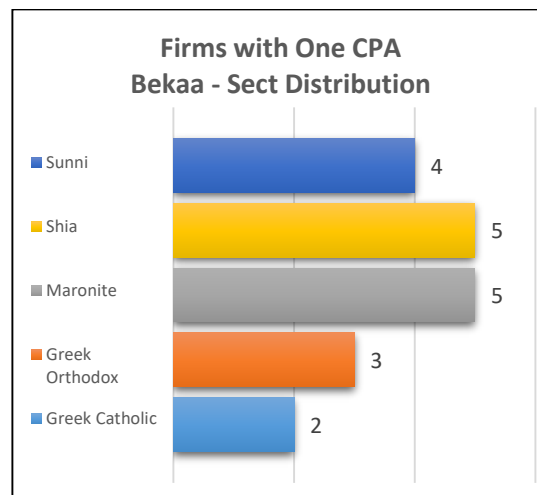
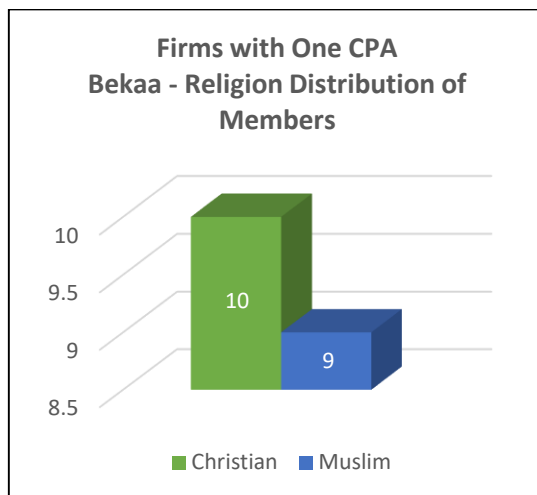
	Sect	Lebanese Population – North Lebanon	LACPA Members – North Lebanon	Difference	Impact
Christians	Armenian Catholics	0.2%	0.0%	-0.2%	Negative
	Armenian Orthodox	0.7%	0.0%	-0.7%	Negative
	Evangelicals	0.4%	9.1%	+8.7%	Positive
	Greek Catholic	1.4%	0.0%	-1.4%	Negative
	Greek Orthodox	33.9%	36.4%	+2.4%	Positive
	Maronite	63.0%	54.5%	-8.5%	Negative
	Minorities	0.4%	0.0%	-0.4%	Negative
Muslims	Alawites & Ismailis	6.3%	0.0%	-6.3%	Negative
	Druze	0.0%	0.0%	0.0%	Neutral
	Sunni	92.5%	100.0%	7.5%	Positive
	Shia	1.2%	0.0%	-1.2%	Negative

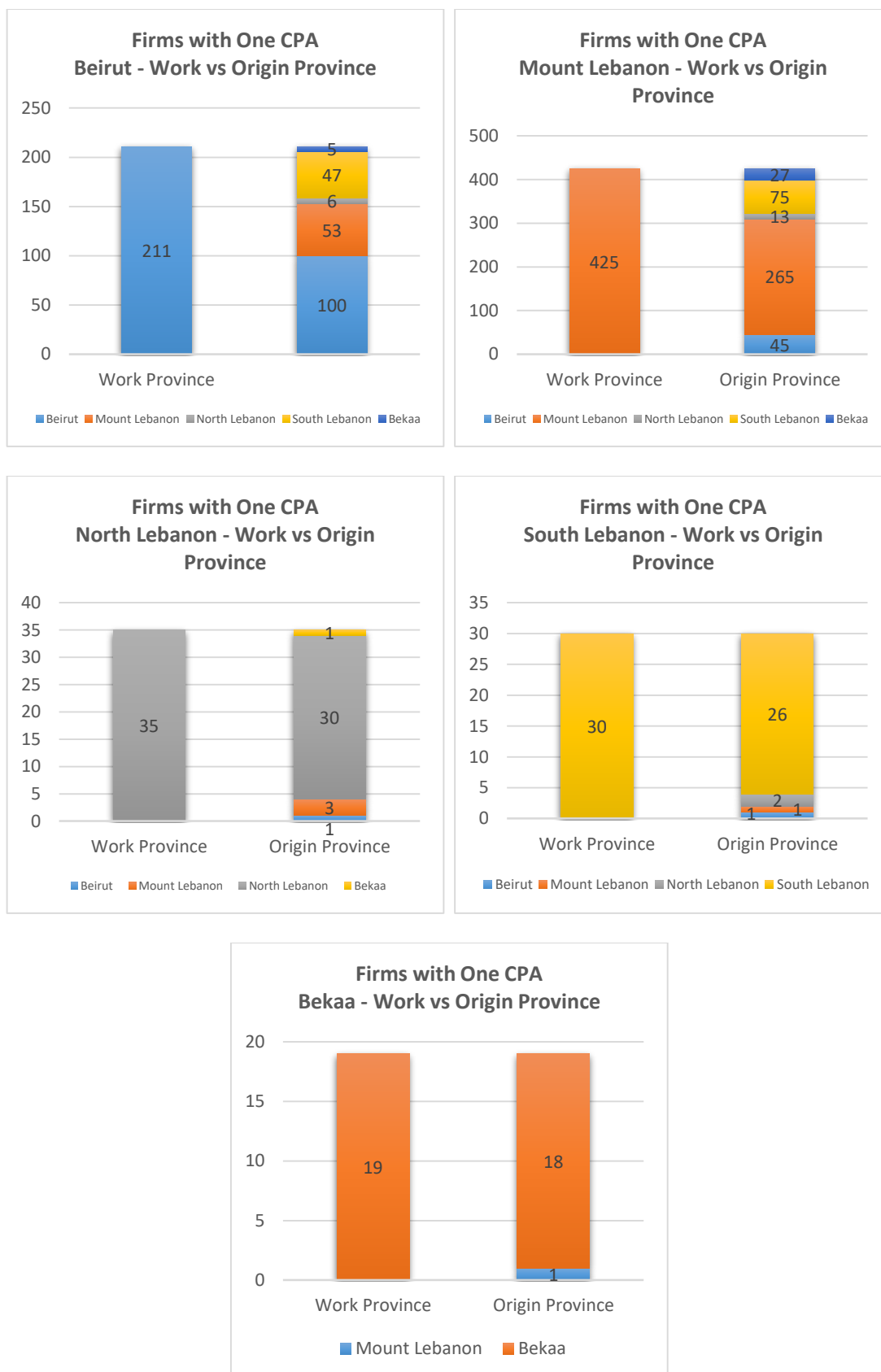


	Sect	Lebanese Population – South Lebanon	LACPA Members – South Lebanon	Difference	Impact
Christians	Armenian Catholics	0.2%	0.0%	-0.2%	Negative
	Armenian Orthodox	1.1%	0.0%	-1.1%	Negative
	Evangelicals	2.1%	0.0%	-2.1%	Negative
	Greek Catholic	29.9%	0.0%	-29.9%	Negative
	Greek Orthodox	9.6%	0.0%	-9.6%	Negative
	Maronite	56.8%	0.0%	-56.8%	Negative
	Minorities	0.4%	0.0%	-0.4%	Negative
Muslims	Alawites & Ismailis	0.0%	0.0%	0.0%	Negative
	Druze	2.4%	3.3%	+0.9%	Neutral
	Sunni	13.7%	46.7%	+32.9%	Positive
	Shia	83.9%	50.0%	-33.9%	Negative

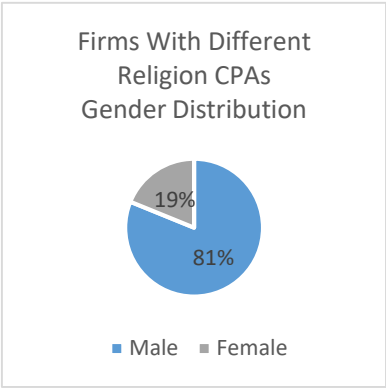
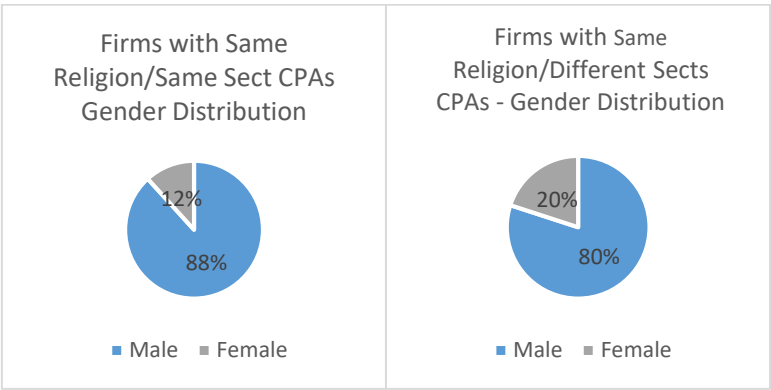
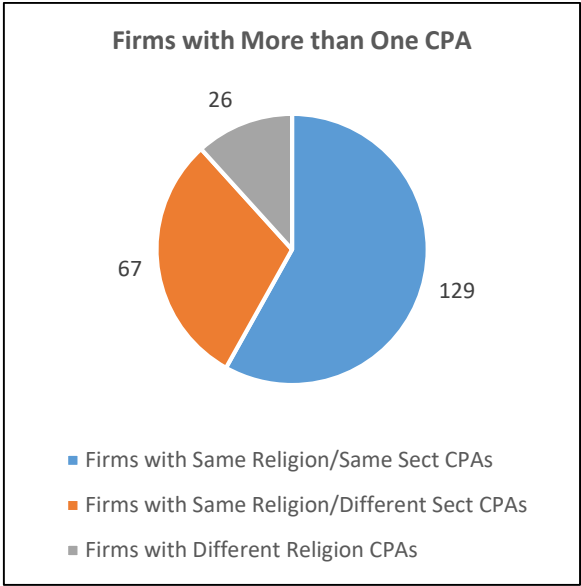


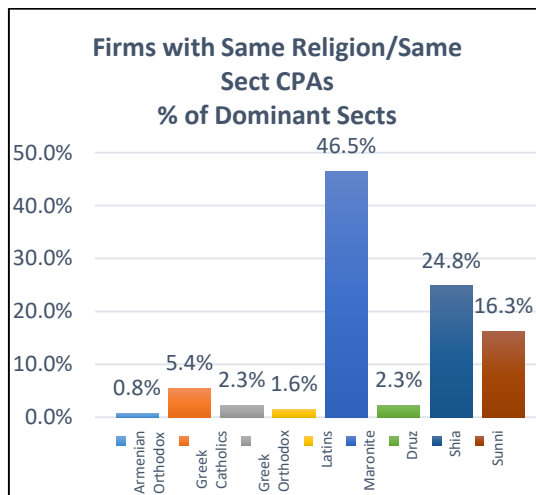
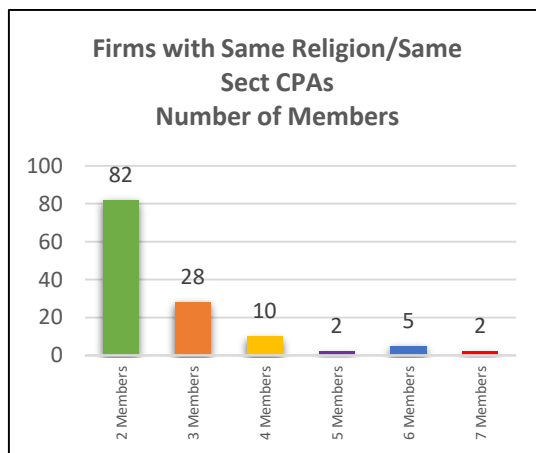
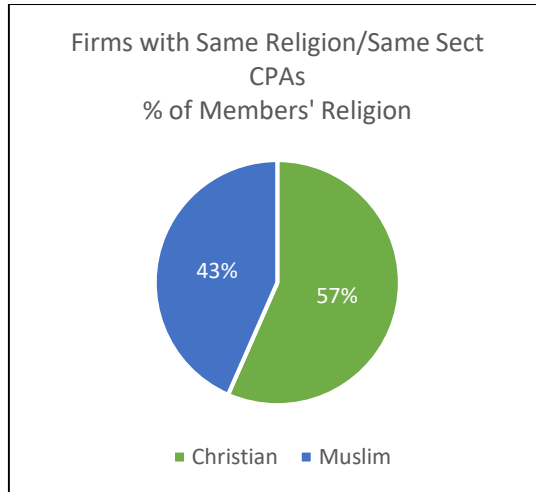
	Sect	Lebanese Population – Bekaa	LACPA Members – Bekaa	Difference	Impact
Christians	Armenian Catholics	1.2%	0.0%	-1.2%	Negative
	Armenian Orthodox	5.5%	0.0%	-5.5%	Negative
	Evangelicals	1.2%	0.0%	-1.2%	Negative
	Greek Catholic	35.2%	20.0%	-15.2%	Negative
	Greek Orthodox	17.4%	30.0%	+12.6%	Positive
	Maronite	35.1%	50.0%	+14.9%	Positive
	Minorities	4.6%	0.0%	-4.6%	Negative
Muslims	Alawites & Ismailis	0.0%	0.0%	0.0%	Neutral
	Druze	3.5%	0.0%	-3.5%	Negative
	Sunni	25.0%	44.4%	19.4%	Positive
	Shia	42.9%	55.6%	+12.7%	Positive

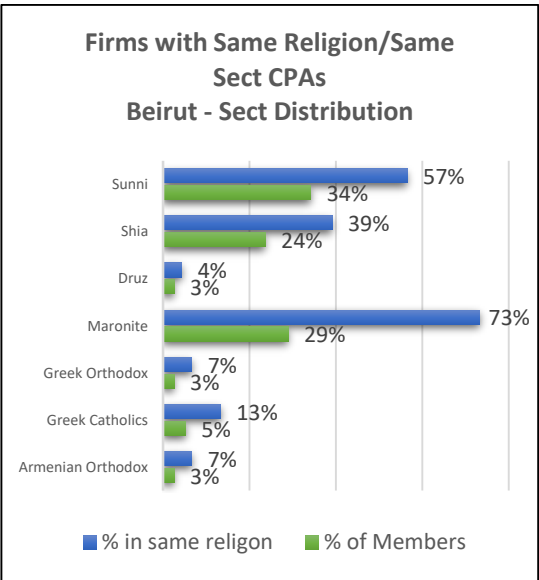
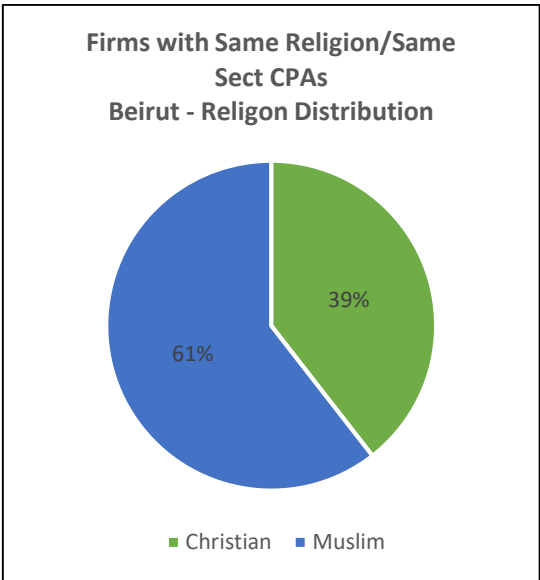
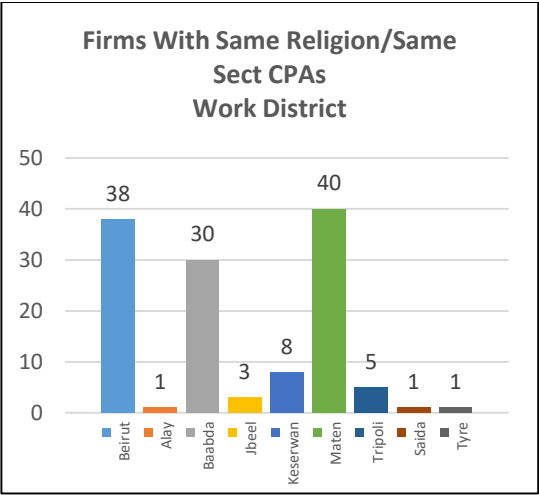
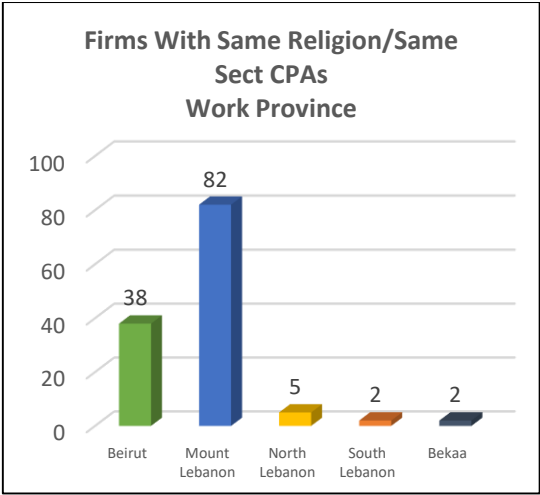




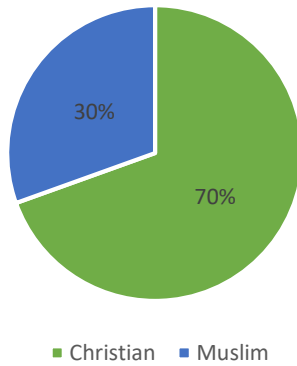
Firms with More than One CPA



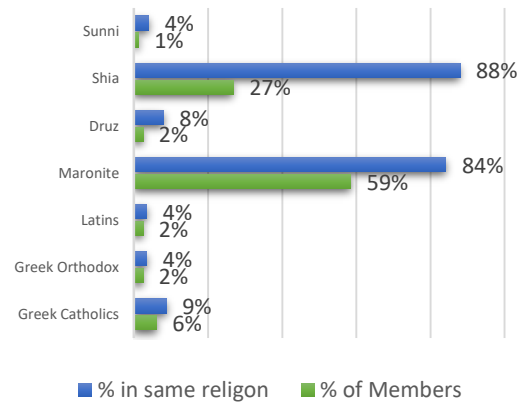




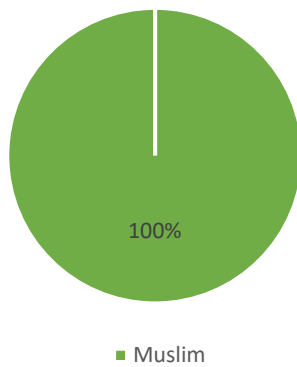
Firms with Same Religion/Same Sect CPAs
Mount Lebanon - Religion Distribution



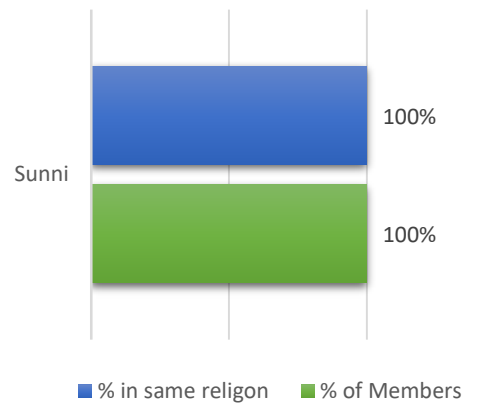
Firms with Same Religion/Same Sect CPAs
Mount Lebanon - Sect Distribution

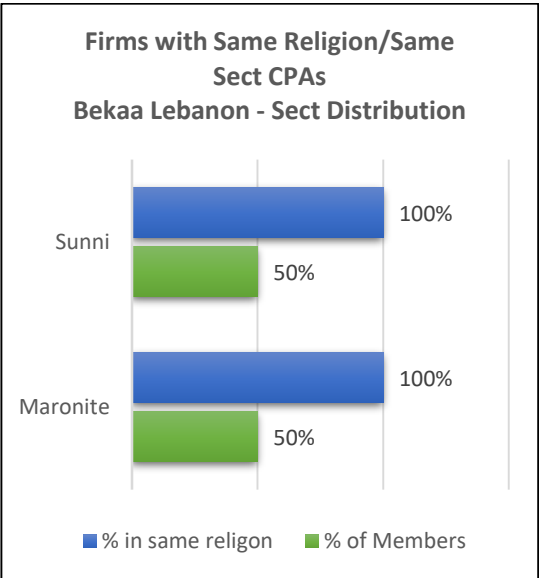
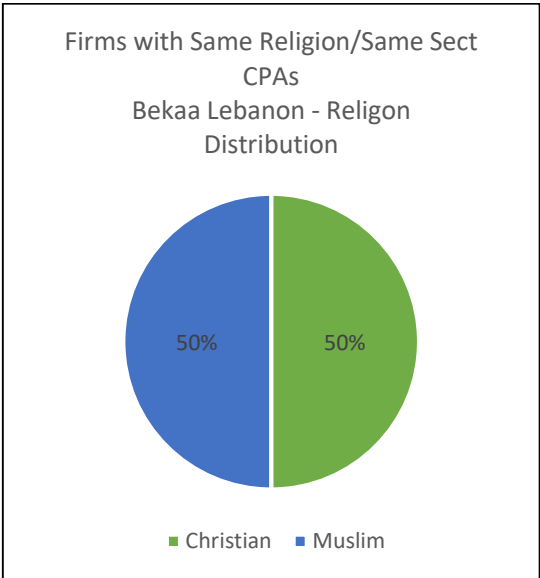
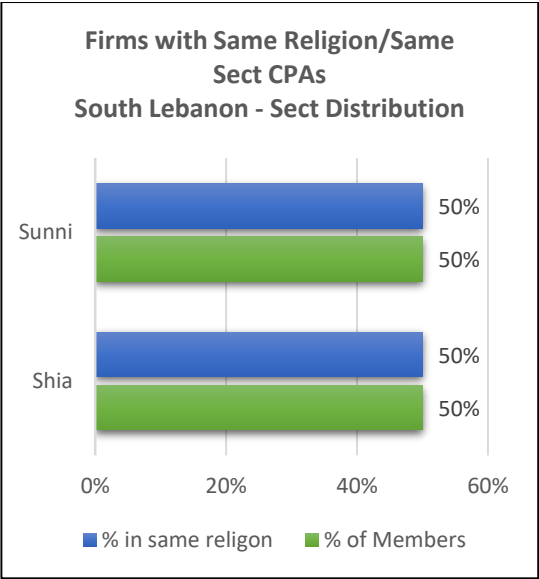


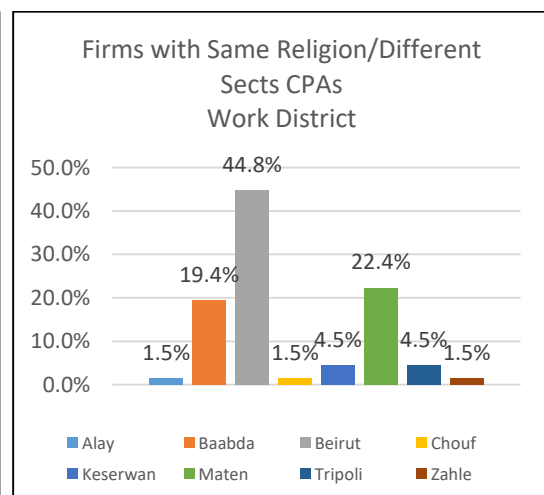
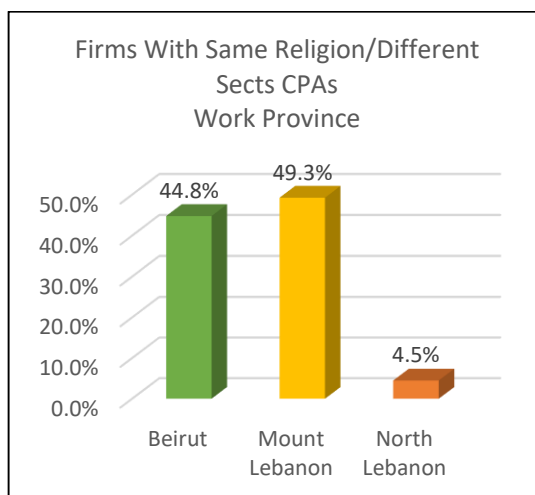
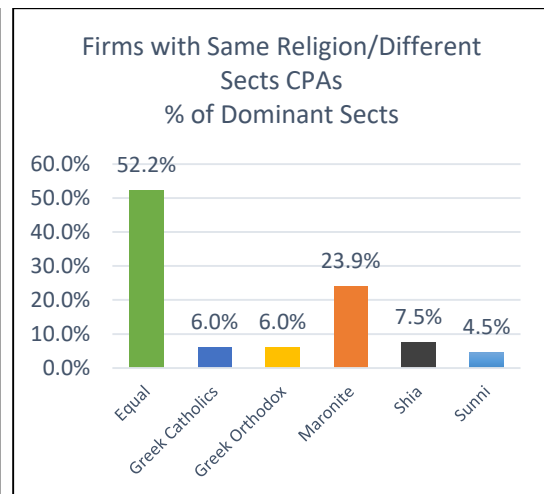
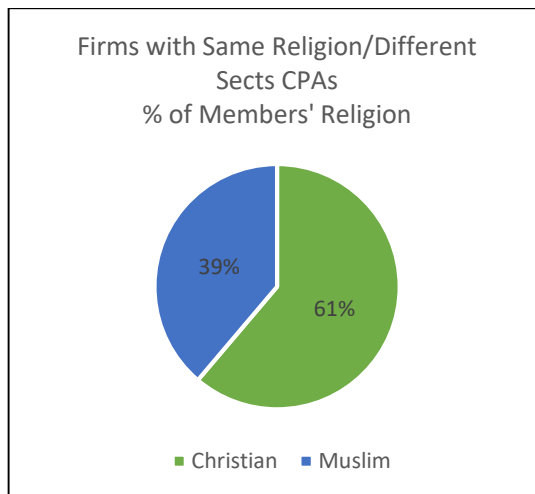
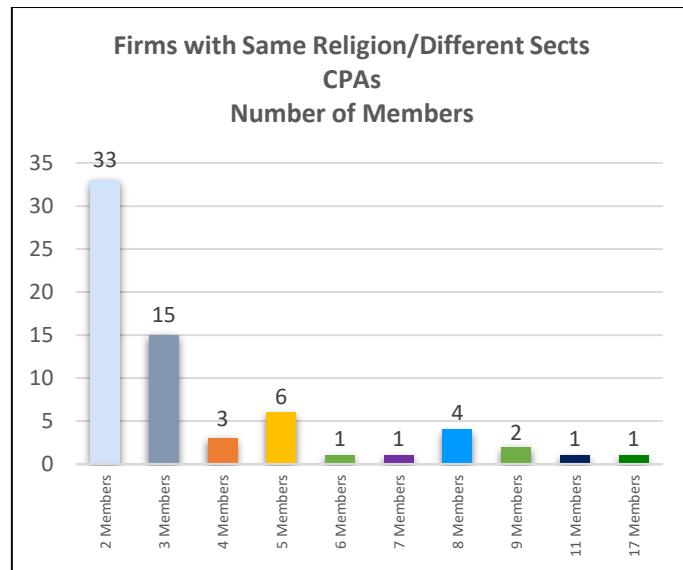
Firms with Same Religion/Same Sect CPAs
North Lebanon - Religion Distribution



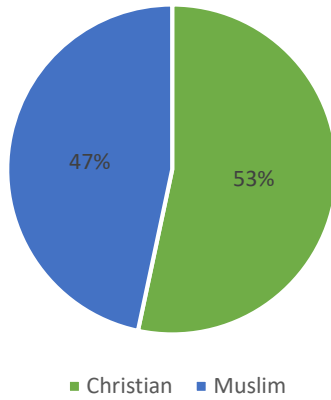
Firms with Same Religion/Same Sect CPAs
North Lebanon - Sect Distribution



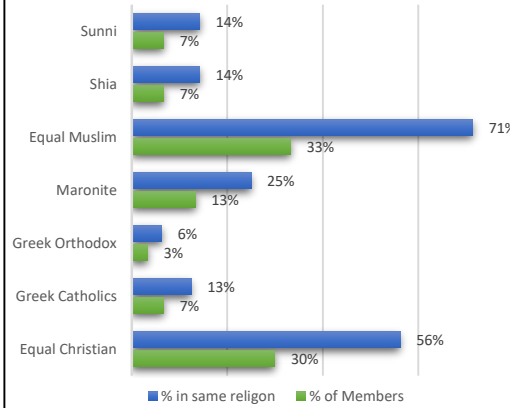




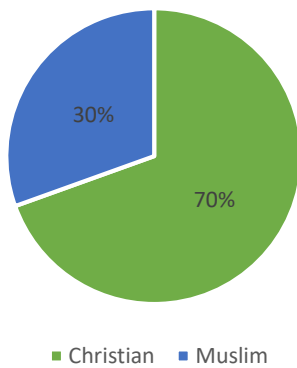
Firms with Same Religion/Different Sect CPAs
Beirut - Religion Distribution



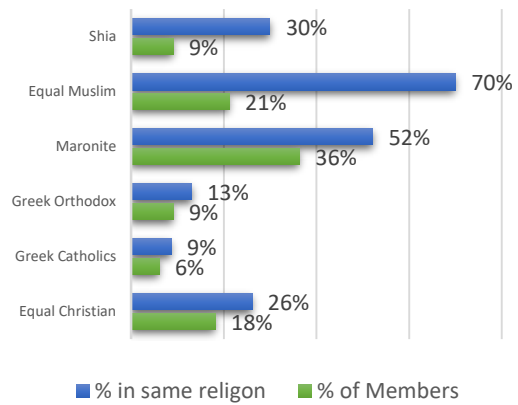
Firms with Same Religion/Different Sect CPAs
Beirut - Sect Distribution

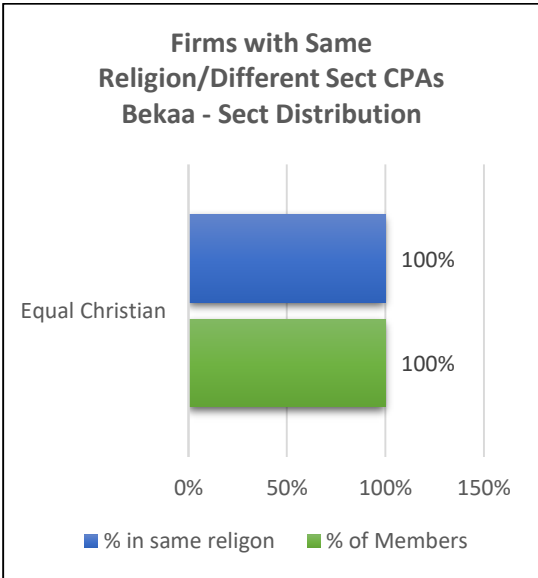
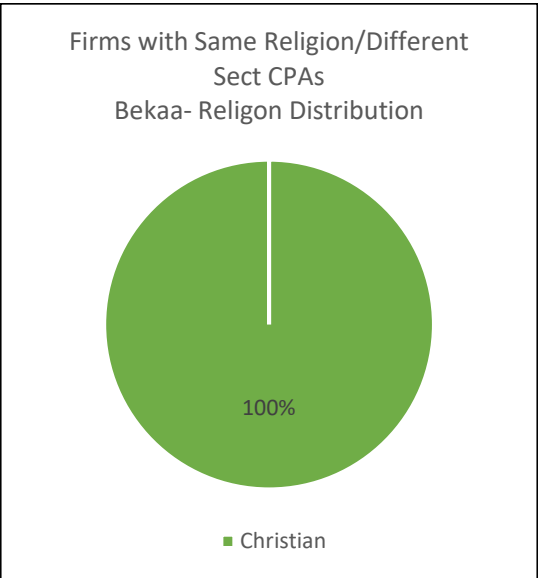
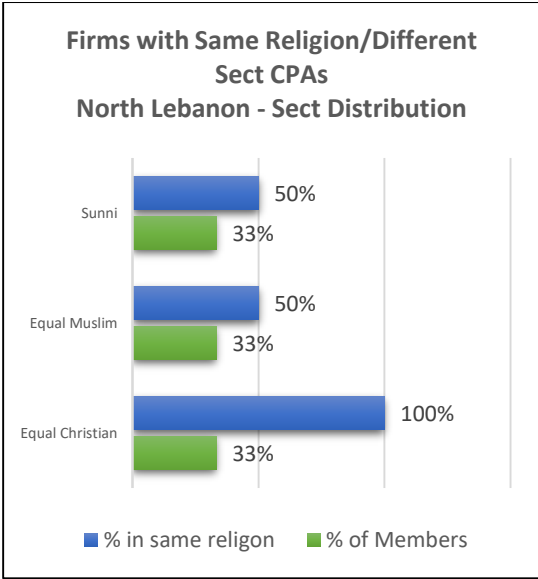
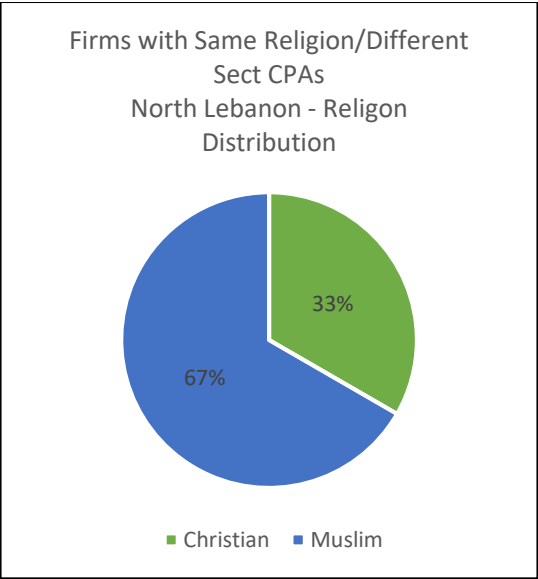


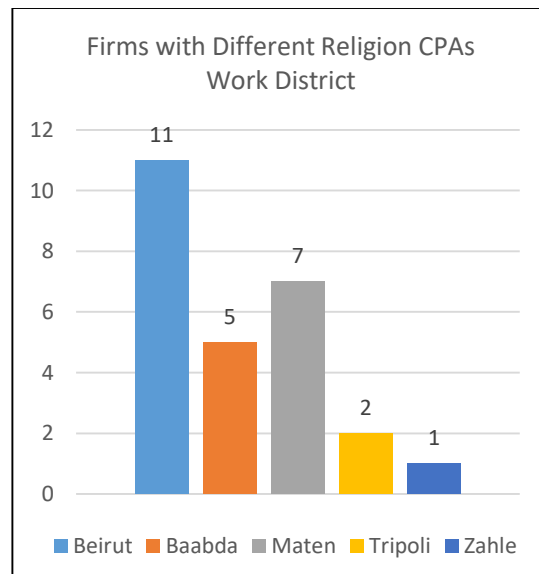
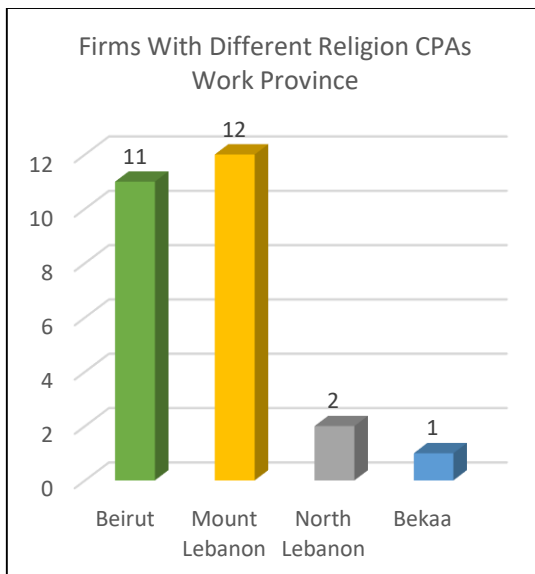
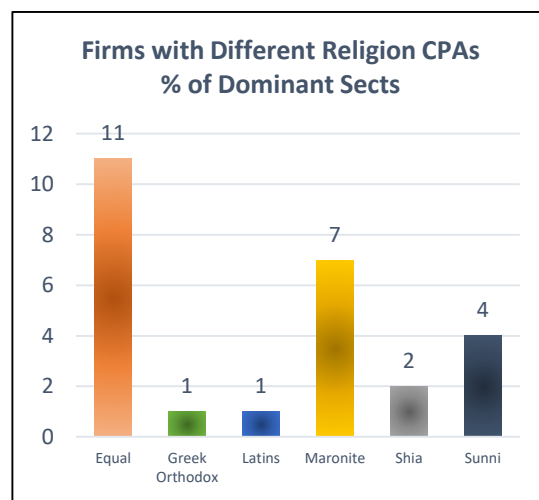
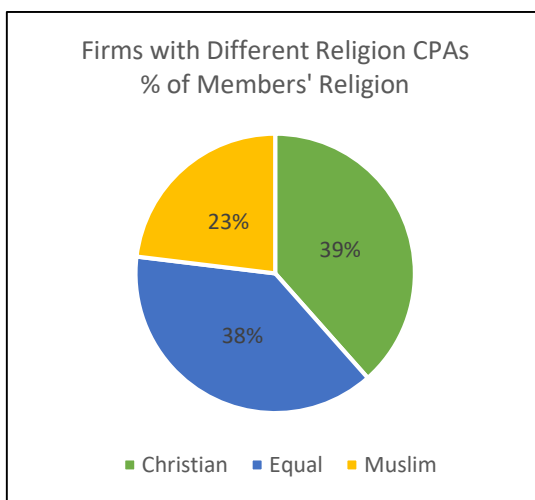
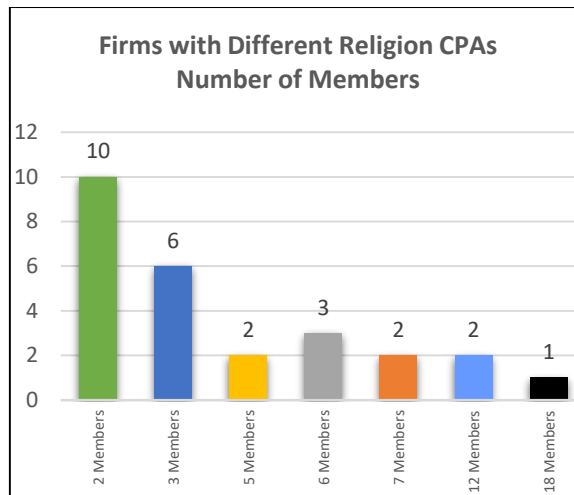
Firms with Same Religion/Different Sect CPAs
Mount Lebanon - Religion Distribution



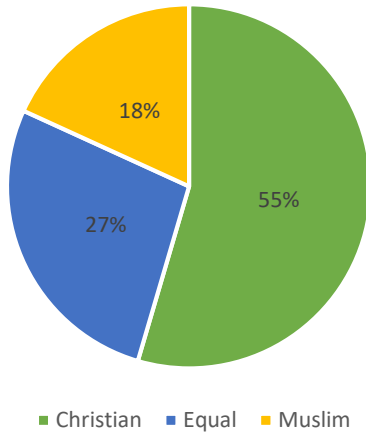
Firms with Same Religion/Different Sect CPAs
Mount Lebanon - Sect Distribution



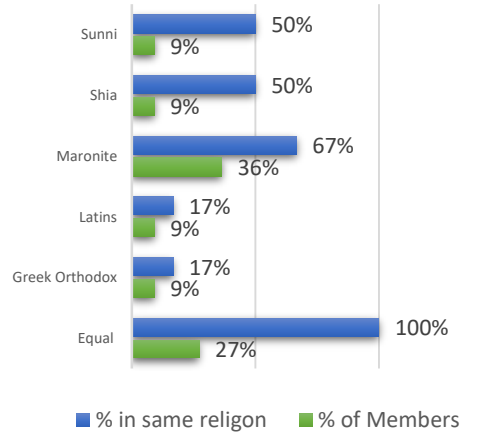




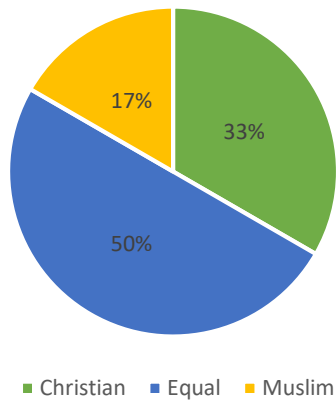
Firms with Different Religion CPAs
Beirut - Religion Distribution



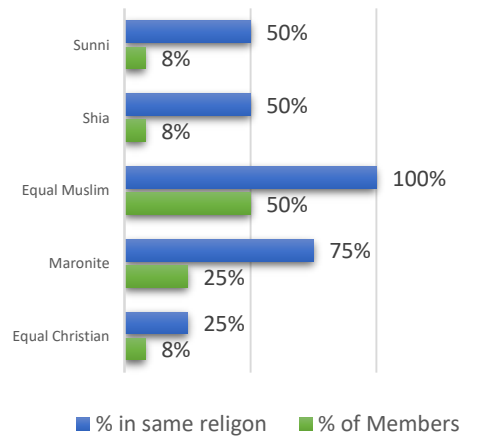
Firms with Different Religion CPAs
Beirut - Sect Distribution



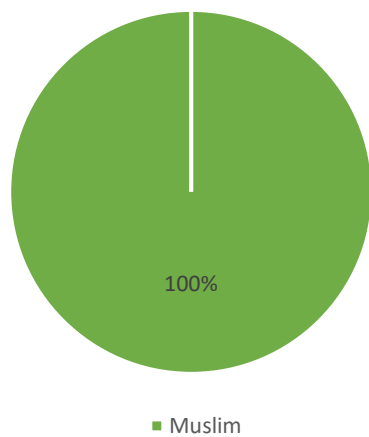
Firms with Different Religion CPAs
Mount Lebanon - Religion Distribution



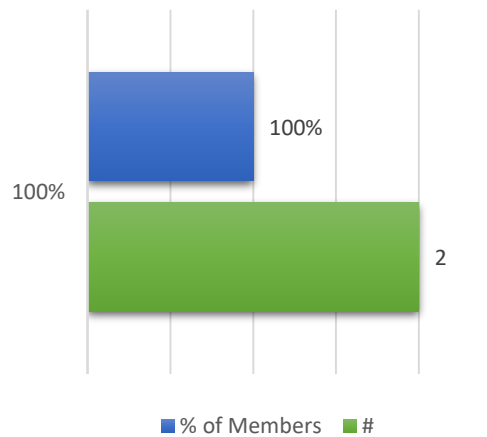
Firms with Different Religion CPAs
Mount Lebanon - Sect Distribution



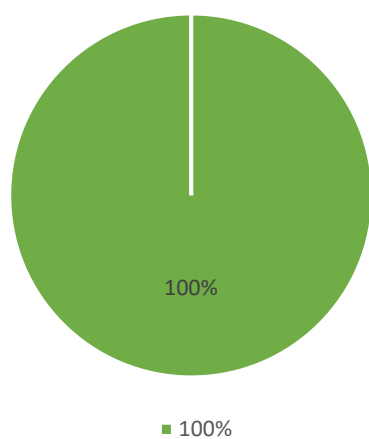
Firms with Different Religion CPAs
North Lebanon - Dominant Religion



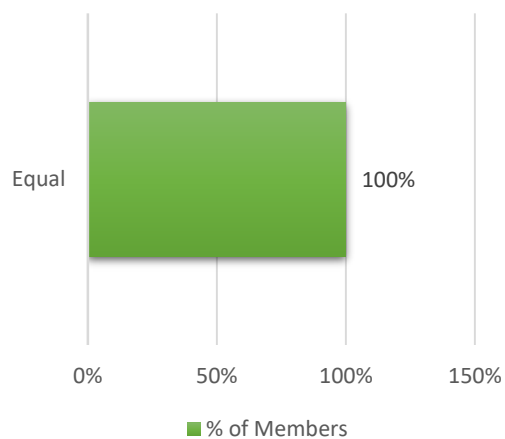
Firms with Different Religion CPAs
North Lebanon - Dominant Sect



Firms with Different Religion CPAs
Bekaa - Religion Distribution



Firms with Different Religion CPAs
Bekaa - Sect Distribution



Appendix II

To:

Subject: Request for Interview

I am a research student carrying my PhD in accounting at Aberdeen Business School, Robert Gordon University. I am conducting a research titled "The development of the Accounting Profession in Lebanon" under the supervision of Professor Linda Kirkham. I would like to conduct an interview with you regarding that topic, which will be used solely for the purpose of my research.

Interview questions are mainly the following:

- 1- What were, in your opinion, the main factors that led to the establishment of LACPA?
- 2- Which factor do you believe to be the most significant one?
- 3- Which interest group (or groups) do you believe were most influential in promoting the establishment of LACPA?
- 4- In your opinion, what were the major influences that affected the development of LACPA? What pushed it in the direction it is in right now?

إلى:

الموضوع: طلب مقابلة

أنا طالبة دكتوراه في المحاسبة لدى كلية أبردين لإدارة الأعمال، جامعة روبرت غوردون في اسكتلندا. أقوم حالياً ببحث تحت عنوان "تطور مهنة المحاسبة في لبنان" تحت إشراف البروفيسور ليندا كيركهام، وأود إجراء مقابلة معك فيما يتعلق بهذا الموضوع، و سوف يتم استخدام هذه المقابلة لأغراض هذا البحث فقط.

أسئلة المقابلة الرئيسية هي التالية:

1. ما هي، في رأيك، العوامل الرئيسية التي أدت إلى إنشاء نقابة المحاسبين المجازين في لبنان؟
2. ما هو العامل الأكثر تأثيراً في اعتقادك؟
3. من هي الجهة أو الجهات ذات المصلحة كانت الأكثر تأثيراً في تشجيع إنشاء نقابة المحاسبين المجازين في لبنان؟
4. في رأيك، ما هي العوامل الرئيسية التي تؤثر على تطور نقابة المحاسبين المجازين في لبنان؟ ما هي العوامل التي دفعت بها الى وجهتها الحالية؟

- 5- What elements do you believe are helping in the advancement of LACPA? What elements are holding it back?
5. بإعتقادك ما هي العناصر أن تساعد في نهوض نقابة المحاسبين المجازين في لبنان ؟ ما هي العناصر التي تعيق و تأخر تطورها؟
- 6- Where do you see LACPA going in the next 20 years?
6. أين ترى مستقبل نقابة المحاسبين المجازين في لبنان في السنوات العشرين المقبلة؟
- 7- How would you describe a typical member of LACPA?
7. ما هي برأيك صفات عضو نموذجي في نقابة المحاسبين المجازين في لبنان ؟

I appreciate your acceptance for the interview.

وشكراً لقبولك إجراء المقابلة.

Best Regards,
Maisa Al Mardini

مع خالص تحياتي،
ميساء المارديني

Project Title

The Development of the Accounting Profession in Lebanon

عنوان المشروع

تطور مهنة المحاسبة في لبنان

Purpose

This interview is conducted as part of the primary research for PhD in Accounting.

الغرض

هذه المقابلة هي جزء من البحوث الأولية لدرجة الدكتوراه في المحاسبة.

What is this research project about?

This research aims to examine the development of the accounting profession in Lebanon. Such examination includes the factors that led to its establishment and main forces leading to it. It also includes the inspection of factors that shaped the profession over the years.

ما هو هذا المشروع البحثي ؟

يهدف هذا البحث إلى دراسة تطور مهنة المحاسبة في لبنان ويشمل دراسة العوامل التي أدت إلى إنشائها والقوى الرئيسية المؤدية إليها. كما يشمل أيضاً دراسة العوامل التي شكلت و أثرت على هذه المهنة على مر السنين.

What will you have to do and how long will it take?

The researcher will want to interview you. This should take no longer than 1 hour. The interview is recorded. You will be asked to give consent prior to the interview.

ما عليك فعله، وكم من الوقت ستستغرق المقابلة؟

يريد الباحث إجراء مقابلة معك للإجابة على أسئلة تتعلق بموضوع البحث. ينبغي أن لا تزيد مدة المقابلة عن ساعة واحدة. سوف يتم تسجيل المقابلة صوتياً. كما سوف يطلب منك مسبقاً إعطاء موافقتك قبل إجراء المقابلة.

What will happen to the information collected?

The information collected will be used by the researcher to write a dissertation for PhD in Accounting. Only the researcher and supervisor will be privy to the notes, documents, recordings and the paper written. Afterwards, notes and documents will be destroyed and recordings erased.

ماذا سيحدث للمعلومات التي سيتم جمعها؟

ستستخدم المعلومات التي سيتم جمعها من الباحث لكتابة أطروحة الدكتوراه في المحاسبة. الباحث والمشرف فقط سيكونان مطلعين على الملاحظات والوثائق والتسجيلات والبحث المكتوب. بعد ذلك، سيتم تدمير المذكرات والوثائق و محو التسجيلات. سوف تبقى نصوص التسجيلات الصوتية مع الباحث لكن سوف يتم التعامل معهم بسرية تامة.

The researcher will keep transcriptions of the recordings and a copy of the paper but will treat them with the strictest confidentiality.

Declaration to participants

If you take part in the study, you have the right to:

- Refuse to answer any particular question, and to withdraw from the study at any time (including after the interview has been completed).
- Ask any further questions about the study that occurs to you during your participation.
- Be given access to a summary of findings from the study when it is concluded.

Who's responsible?

If you have any questions or concerns about the project, either now or in the future, please feel free to contact either:

Researcher: Maisa Al Mardini

m.al-mardini@rgu.ac.uk

Supervisor: Linda Kirkham

l.m.kirkham@rgu.ac.uk

إعلان للمشاركين

إذا شاركت في هذه الدراسة، لديك الحق في:

- رفض الإجابة على أي سؤال معين، والانسحاب من الدراسة في أي وقت (بما في ذلك بعد الانتهاء من المقابلة).
- سؤال أي أسئلة إضافية حول الدراسة أثناء مشاركتك.
- الحصول على موجز للنتائج التي توصلت إليها الدراسة عندما ينتهي من البحث.

من هو المسؤول؟

إذا كان لديك أي إستفسارات أو مخاوف حول المشروع، سواء الآن أو في المستقبل، لا تتردد بالاتصال بالأشخاص التالية:

الباحث: ميساء المارديني

m.al-mardini@rgu.ac.uk

المشرف: ليندا كيركهام

l.m.kirkham@rgu.ac.uk

The Development of the Accounting Profession in Lebanon
تطور مهنة المحاسبة في لبنان**Consent Form for Participants** نموذج موافقة للمشاركين

I have read the **Participant Information Sheet** for this study and have had the details of the study explained to me. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time.

لقد قرأت "دليل المشارك" لهذه الدراسة، وتم شرح تفاصيل الدراسة لي. لقد تمت الإجابة على أسئلتني حول الدراسة بشكل مُرضي، وأنا أفهم أنه بإمكانني أن أطرح أسئلة إضافية في أي وقت.

I also understand that I am free to withdraw from the study at any time, or to decline to answer any particular questions in the study. I understand I can withdraw any information I have provided up until the researcher has commenced analysis on my data. I agree to provide information to the researchers under the conditions of confidentiality set out on the **Participant Information Sheet**.

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I agree to participate in this study under the conditions set out in the **Participant Information Sheet**. I also agree to my responses to be recorded.

أوافق على المشاركة في هذه الدراسة وفقاً للشروط المبينة في "ورقة معلومات المشارك". كما أوافق على تسجيل هذه المقابلة صوتياً.

Signed:

التوقيع:

Name:

الاسم:

Date:

التاريخ:

Researcher: Maisa Al Mardini

الباحث: ميساء المارديني

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نموذج موافقة للمشاركين *Consent Form for Participants*

The Development of the Accounting Profession in Lebanon تطور مهنة المحاسبة في لبنان

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The Development of the Accounting Profession in Lebanon تطور مهنة المحاسبة في لبنان

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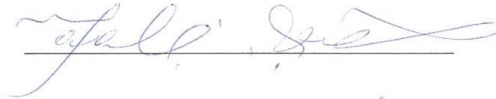
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Signed:



التوقيع:

Name:

Rajaa Wehbe Saab

الاسم:

Date:

MAR. 25 / 2015

التاريخ:

Researcher: Maisa Al Mardini
m.al-mardini@rgu.ac.uk

الباحث: ميساء المارديني
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Consent Form for Participants نموذج موافقة للمشاركين

The Development of the Accounting Profession in Lebanon تطور مهنة المحاسبة في لبنان

Consent Form for Participants نموذج موافقة للمشاركين

I have read the **Participant Information Sheet** for this study and have had the details of the study explained to me. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time.

لقد قرأت "دليل المشارك" لهذه الدراسة، وتم شرح تفاصيل الدراسة لي. لقد تمت الإجابة على أسئلتي حول الدراسة بشكل مرضي، وأنا أفهم أنه بإمكانني أن أطرح أسئلة إضافية في أي وقت.


I also understand that I am free to withdraw from the study at any time, or to decline to answer any particular questions in the study. I understand I can withdraw any information I have provided up until the researcher has commenced analysis on my data. I agree to provide information to the researchers under the conditions of confidentiality set out on the **Participant Information Sheet**.

وأفهم أيضاً أن لدي كامل الحرية للانسحاب من الدراسة في أي وقت، أو أن أمتنع عن الإجابة عن أية أسئلة تتعلق بالدراسة. أنا أفهم أنه بإمكانني سحب أي من المعلومات التي قدمتها قبل أن يبدأ الباحث تحليل المعلومات المقدمة مني. كما أوافق على توفير المعلومات للباحث في ظل ظروف السرية المنصوص عليها في "دليل المشارك".

I agree to participate in this study under the conditions set out in the **Participant Information Sheet**. I also agree to my responses to be recorded.

أوافق على المشاركة في هذه الدراسة وفقاً للشروط المبينة في "ورقة معلومات المشارك". كما أوافق على تسجيل هذه المقابلة صوتياً.

Signed:



التوقيع:

Name:

WALID N. RIEHAM

الاسم:

Date:

2/4/2015

التاريخ:

Researcher: Maisa Al Mardini
m.al-mardini@rgu.ac.uk

الباحث: ميساء المارديني
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المشرف: ليندا كيركهام
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نموذج موافقة للمشاركين *Consent Form for Participants*

The Development of the Accounting Profession in Lebanon تطور مهنة المحاسبة في لبنان

نموذج موافقة للمشاركين *Consent Form for Participants*

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I agree to participate in this study under the conditions set out in the **Participant Information Sheet**. I also agree to my responses to be recorded.

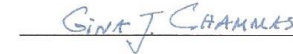
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Signed:



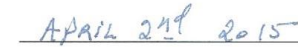
التوقيع:

Name:



الاسم:

Date:



التاريخ:

Researcher: Maisa Al Mardini
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الباحث: ميساء المارديني
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Supervisor: Linda Kirkham
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المشرف: ليندا كيركهام
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Appendix III

To: The esteemed Lebanese Association of Certified Public Accountants

Subject: Request for Data Collection and Research Work

I am a research student carrying my PhD in accounting at Aberdeen Business School, Robert Gordon University. I am conducting a research titled “The development of the Accounting Profession in Lebanon” under the supervision of Professor Linda Kirkham. I need to collect data from your organization and conduct interviews with some of its key members, which will be used solely for the purpose of my research.

The data to be collected include elements such as the names, age, gender, province, sect, and membership length of LACPA members over the years to construct the characteristics of a typical LACPA member.

Interview questions are as follows:

- 8- What were, in your opinion, the main factors that led to the establishment of LACPA?
- 9- Which factor do you believe to be the most significant one?
- 10- Which interest group (or groups) do you believe were most influential in promoting the establishment of LACPA?
- 11- In your opinion, what were the major influences that affected the development of LACPA? What pushed it in the direction it is in right now?
- 12- What elements do you believe are helping in the advancement of LACPA? What elements are holding it back?
- 13- Where do you see LACPA going in the next 20 years?
- 14- How would you describe a typical member of LACPA?

I would appreciate if you provide me with access to such data and information.

Best Regards,

Maisa Al Mardini

Doctoral Researcher
Research Institute for Management Governance and Society (IMaGeS)
Aberdeen Business School - The Robert Gordon University
Garthdee Road - Aberdeen AB10 7QE
Email: m.al-mardini@rgu.ac.uk

To: The esteemed Lebanese Association of Certified Public Accountants

Subject: Letter of Recommendation for Data Collection and Research Work

This is to certify that Mrs Maisa Al Mardini is a research student studying her PhD in accounting at Aberdeen Business School, Robert Gordon University. She is conducting research on “The development of the Accounting Profession in Lebanon” under the supervision of Professor Linda M. Kirkham. As part of her research, she hopes to collect data from, and conduct interviews with some key members within, your organization. Any data or information collected will be used solely for the purpose of her research.

Your cooperation will be highly appreciated.

Best Regards,

Professor Linda M Kirkham

Professor of Accounting and
Research Co-ordinator for Accounting and Finance
Aberdeen Business School
Robert Gordon University
Garthdee Road
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AB107QE

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Appendix IV

Document 5-1: A newspaper article discussing the need to protect national accounting from 'foreign espionage'

The Accountant Association Delegation Meets the Minister of Social Affairs
and Request Protection of the National Accounting from Foreigners
Espionage

The Accountant and Auditing Offices Owners Association in Lebanon has formed a key delegation from Members of the Board of Directors to visit and congratulate the New Minister of Labour and Social Affairs. The Delegation will take advantage of this occasion to discuss with his Highness the organization of the profession of accounting in Lebanon and to ask for the protection of the national accounting from probable espionage which might performed by foreigners accounting offices owners especially the Anglo-American Offices

We also learned that the Delegation would explain to his Highness the good qualities that are found among the accountant and auditing offices and their high scientific experience and qualifications. In addition, the Delegation will drive attention to the various memorandums which the Association has forwarded to the Ministry of Social Affairs and the organization project which had been presented in the past to continue its normal process among the concerned departments instead of its dormancy in drawers.

How the Association Formed:

A Knowledgeable figure explained to "Hello Beirut" the steps which underwent the formation of the Association saying:

Mr. Antoine Karam, the owner of Karam Accounting Establishment, had the first administrative opinion to gather together the owners of the accountant

offices in Lebanon in one united Association that serves their interests and follows up their affairs, claims their rights and secures better professional conditions.

Mr. Karam called Mr. Jamil Atieh, Mr. Fouad Abou Ezzeddine, Mr. Farid Jebran, and others and discussed the idea in a series of meetings held in the mentioned concerned parties offices which lead to more than one draft version after a year of revises, studies and communications.

However, the extraordinary conditions which Lebanon passed through in the year 1958 was the reason behind freezing the communications and stopping the actions of establishing the association where these actions were not resumed unless after the events in the country settled.

The grand meeting was held in the Lebanese Family Club on 07/01/1960 which from two committees were formed. The first was entrusted to follow up the issue with officials and the second to study the possibility of canceling the income tax.

In these meetings, Mr. Jamil Atieh talked about the previous communications and the results of the talks with bank managers and referred to the year 1958 and projects that were set to establish the association then.

As for Mr. Farid Jebran he focused on importance of setting a research that show the negative consequences of canceling the income tax on both the and the public.

Most of the accountant offices joined this aggregation to establish the core of the first association of accountant and auditing offices in Lebanon.

The following attended the meeting:

- Moustafa Al Monla
- Mohamad Walid Fanj

- Mohamad Nashaat Fanj
- Fouad Allawzi
- Joseph Saba
- Boni Arida
- Elie Aoun
- Michelle Asmar
- Bashar Al Shemali
- Gabi Barghout & Tweini
- Amine Masoud
- Charles Khoury Rophael
- Wadih Saikali
- Joseph Shisheh
- Joeeph Taso
- Farjaallah Fayad
- Mahmoud Salloum
- Edward Kasbarian
- Ahamd Abdul Baki
- Ali Awada
- Joseph Jabbour
- Iskender Ghalib
- Elias Chemali
- Adel Al Danaf
- Simon Zakka
- Rimond Shammass
- Michel Najjar
- Ghazi Al Chamaa
- Kanaan Nader
- Antoine Habib
- Elias Basil
- Samir Haddad
- Alber Badr
- Elie Abdul Nour
- Soufan & Akkawi Est.
- Wafik Tabbani
- Elie Atallah & Elias Al Ghafri
- Jospeh Abou Halka
- Boulos Kazzi
- Wael Abou Shakra
- Anis Kasbarian
- Michel Farnini
- Michel Seriani
- Antoine Karam
- Beshar Al Bahout
- Salim Yassine
- Samir Khalil Est.
- Joseph Al Maouchi
- Hafez Al Danaf
- Jack Sorani

The first assembly was formed of the following gentlemen:

- | | |
|--------------------|-------------------|
| - Joseph Taso | President |
| - Ali Awada | Vice President |
| - Bachar Al Bahout | General Secretary |
| - Amine Masoud | Accountant |
| - Joseph Jabbour | Cashier |

Members:

- Iskender Ghaleb
- Simon Zakka
- Edward Kasbarian
- Mahmoud Salloum
- Elie Aoun
- Joseph Saba
- Ahmad Abdul Baki

The Second Assembly – current one – of the following:

- | | |
|--------------------|-------------------|
| - Amine Masoud | President |
| - Bachar Al Bahout | Vice President |
| - Wafik Kabbani | General Secretary |
| - Wael Abou Shakra | Accountant |
| - Joseph Jabbour | Cashier |

Members:

- Iskandar Ghaleb
- Gabi Barghout
- Michel Seriani
- Mostapha Al Monla
- Elie Aoun
- Ahmad Abdul Baki
- Joseph Saba

The first assembly set a law draft to organize this profession based on international studies known in this field and held many general assemblies to discuss the law draft to be after forwarded to the concerned officials for evaluation. The Association committed itself to look after the interests of its members within the borders of the public welfare and the organization of this profession and to follow up the communications with the officials to acknowledge it.

The Delegation, which was recently formed, will continue to meet the Minister of Social Affairs and discuss with him these issues and will seek solutions to all pending affairs.

Document 5-2: Decree number 518/1 of 17 December 1963

Resolution N°. 518/1

Association Establishment

The Minister of Labor and Social Affairs

Pursuant to the Decree N°. 7994 dated on 03/11/1961

Pursuant to Article 87 of the Lebanese Labor Code

Pursuant to the Approval of Minister of Interior Affairs

Pursuant to the Advice of the General Manager

The Following is ordered:

First Article: It is licensed to: Farid Youssef Jebran, Ahmad Youssef Abdul Baki, Amine Georgi Masoud, and Bechara Youssef Al Bahout to establish an association under the title of:

"The Accountant and Auditing Offices Owners in Beirut Association"

Whose center is in Beirut and objective is to elevate the quality level of this profession financially, economically, and socially.

Second Article: The Establishment Committee, which is formed of the above named members, is required to register all the affiliate members of the Association according to the provisions which are set by the Lebanese Labor laws, and to call for a general assembly to elect the first Association's board of managers within a period of three months with the knowledge of the Professional Relations & Associations Dep. of the Ministry of Labor and Social Affairs. If the said election of the board of managers is not executed within the said period, then this license will be considered invalid and cancelled.

Third Article: This Resolution is to be informed to wherever is needed.

Beirut 17/12/1963

Minister of Labor and Social Affairs by Delegation

Fouad Botros / Signature

Document 5-3: The first, second and last pages on the Association of Accounting Firms' Owners Internal Bylaws as approved by the first general assembly of the association

The Accountant and Auditing Offices Owners Association Bylaws

As approved by the Extraordinary General Assembly in its session held on 06/07/1964 and after the reformatations that were required to be entered by the Ministry of Labour and Social Affairs

Article 1: The Title of Association, Central Office and Objectives:

- a- The title of the association is "The Accountant and Auditing Offices Owners Association"
- b- The central office of the association is in Beirut and can establish branches and centres in other provinces.

Article 2: The Association has a legal entity which aims are to:

- a- Protect the accounting and auditing profession, encourage and raise its standard, secure its dignity, work on its development and flourish in all financial and economical fields.
- b- Develop the team spirit among the members of the association and serve their interests, defend their rights, and work on developing their affairs.
- c- To execute scientific research and to share them, improve the accounting and technical principles and use of Arabic terms of accounting to be used locally.
- d- Encourage exchanging professional information with the association and syndicates of accounting in Arab and other countries.
- e- Supply the association members with information related to the development and improvement of the profession.
- f- Charge the members of the association with the responsibility to all the work they perform and present to public and private departments.

Association's Affiliation and Membership

Article 3: The members of the Association are of two types:

- Active members: these are the members of the association according to the membership provisions as defined in this bylaw.
- Honorary members: these are the members who are granted this title by a decision of Association assembly for their services in the field of finance and economy or for their social status and fame, and these have no rights to vote.

Article 4: Whoever wants to join the association as active member is required to enjoy the following:

- a- to be a Lebanese and enjoying his civil rights
- b- not to be an employee in an official or private department or in an independent service and to be working in accounting and auditing in an office registered to his name or in a accounting company which he is registered as one of the owners and not working in any other profession. In the latter case, the said company will be represented by one vote.
- c- To have completed 18 years old.
- d- Not to be convicted by any felony or shameful crime.
- e- Not to be deleted from the Association by and order from the Disciplinary Council unless his file becomes clean according to the provisions defined in this bylaw.

Article 5: The foreigners who enjoy the last four (check) conditions and have permits of work in Lebanon may join the Association as active members.

However, they don't have the right to join the elections nor do they have the right to be members of the Association Board. Nonetheless, they have the right to appoint a delegate on of them as their representative to defend them before the Association Board.

Article 6: The membership applicant must present a defined form written application directed to the Association President attached to other required instruments.

Article 71: The Accountant must present to the Association Board a statement in the end of each three months and in the first session held by the Board in which he reflects the financial status of the Association.

Miscellaneous Provisions

Article 72: The financial year ends on thirty first of December 1964.

Article 73: In violation to the provisions of this bylaw and to the resolutions of the Institutional General Assembly, the annual subscription of the year 1964 will be defined to only one hundred Lebanese pounds.

The previously registered members of the Association have to pay off their remaining amounts following up the reformation of the subscription and the annual fees in a period of one month at most starting from the day of approving this bylaw.

Article 74: The Association Board has the right to name one of the honorary members as honorary president of Association provided that the General Assembly of the Association approves that.

Article 75: The members of the Association who joined the Association before the date of the General Assembly which approved this by law are excluded from the provisions of paragraph (b) of article 4 of this bylaw.

Article 76: The General Assembly held on sixth of July 1964 approved all the terms of this bylaw, which are formed of seventy-six article, and decided to forward it to Ministry of Labour and Social Affairs for acknowledgement.

Document 5-4: The first and the second pages of the amended law relating to the organization of the accounting profession in Lebanon

Law Draft

Concerning the Organization of Exercising the Profession of CPA

Chapter One

Exercising the Profession of CPA

Article 1: A CPA is the one who organizes, audits, controls, revises, and reforms all the accounts of establishments in both private or in public sector.

Article 2: Nobody has the right to exercise the profession of CPA or to adopt this title unless he enjoys the characteristics which are defined in law.

Article 3: The Lebanese citizen who wants to exercise the profession of a licensed CPA should:

- 1- Be a Lebanese citizen for more than ten years.
- 2- Have completed 21 years of age
- 3- Not be convicted by a felony or shameful crime
- 4- At least have a license diploma (B.A. degree) in Commerce (Accounting Branch) from one of the Lebanese active universities, or any of the degrees which are equivalent and grant the qualifications to exercise the profession of accounting according to the regulations set by the Ministry of Education provided that the period of education required to receive such degree is not less than four years following the high school diploma.
- 5- Receive a permit to exercise this profession.
- 6- Have covered a period of training in one of the accountant offices which are registered in the Association pursuant to the provisions of this law. The training period should not be less than three years, or he should have exercised the accounting profession in a public or private institution by the title of president or first accountant for at least a period of three years after he had received the diploma

defined in paragraph 4 of this article and have completed one year training in one of the Association registered accountants offices. The training period are accepted if performed in other offices within the terms defined in the Association Bylaw.

- 7- Be registered in this Association list which is established by virtue of this law.

Article 4: a non-Lebanese can exercise a CPA profession in Lebanon if, in addition to the characteristics of a Lebanese accountant, he enjoys the following:

- 1- If he is a citizen of country which local laws allow Lebanese accountants to work in their countries; thus, reciprocity of treatment concerning allowing a licensed Lebanese accountant to exercise his profession.
- 2- To enjoy all the required professional characteristics which allow him to exercise this profession in his country.
- 3- To have completed all the legal regularities related to the work of foreigners in Lebanon.

Article 5: A license to exercise the profession of accounting is granted in virtue of an order of a commission assigned by the Minister of Finance and which are formed of the following:

- The General Manager of the Ministry of Finance or whoever he appoints as president

- At least one representative of the second degree employees from the following:

- | | |
|-----------------------------------------------------------|--------|
| - Ministry of National Economy | Member |
| - Ministry of National Education | Member |
| - Ministry of Labour and Social Affairs | Member |
| - President of the Licensed Expert Accountant Association | Member |

The secretary general services of the commission will be secured by at least one third degree employee of Ministry of Finance.

Article 6 – The commission which is defined above will study the applications presented to the Ministry of Finance attached to the instrument required as defined by this law where decision must be undertaken by the majority of votes, and they have to give an order concerning the applied file in a period of three months at most otherwise the application will be considered accepted automatically. In this case the Association Board has the right to appeal this automatic acceptance according to the provision of article 52 of this law.

The Committee will set an internal bylaws, which is to be acknowledged by a resolution from the Minister of finance, to organize its works within three months of this law entry into action.

Document 5-5: The letter from the Ministry of Labour and Social Affairs to the cabinet asking for its decision on the Organization of the Accounting Profession Law in 1971

Lebanese Republic

Ministry of Labour and Social Affairs

Archive №. :

Issue №. :

Beirut

To the Presidency of the Council of Ministers

Subject: Forwarding the Law Draft of Organizing the Profession of CPA

Reference: The Correspondence of the Minister of Labor and Social Affairs №. 1807/2 dated on 24/12/1970 – Resolution of the Council of Ministers dated on 27/01/1971

In virtue of our correspondence which is defined in the reference above and pursuant to Resolution of the Council of Ministers adopted on 27/01/1971, I forward to your attention the Law Draft aiming at organizing the profession of CPA after entering the necessary amendments based on the opinion of the Accounting Registrar and the observations which was presented in the Council of Ministers session.

We to refer the same to Council of Ministers to adopt the necessary decisions to forward it to the Council of Deputies.

Minister of Labour and Social Affairs

Document 5-6: A letter addressed to the Lebanese President asking him to approve the profession organization law in February 1972

The Accounting and Auditing Offices Owners Association

Abul Karim Al Khalil Street (Ras Al Nabaa) – Prince Bros Bldg.

Beirut Lebanon

Memorandum

Forwarded to His Highness the President of the Republic

The Applicant: The Accounting and Auditing Offices Owners Association Board

Subject: Acknowledgement of the Draft Law Aiming at Organizing the Expert Accountant Profession Exercise

Since the Association has filed since 1963 – i.e. eight years before – a law draft aiming to organize the exercise of expert accountant profession, and the said project was studied and approved by all the concerned parties and it is currently pending the acknowledgment of the Council of Prime Ministers.

Therefore,

Since we sensed in you a tendency towards general organization of professions and especially the expert accountants' profession who are performing an active and important task in the fields of justice, economy and finance.

Thus, we request from your highness to take into consideration the mentioned reasons which demand approval of the said law.

Respectfully Yours,

The President

Attached:

The Law Draft

(Signature and Official Seal)

Document 5-7: Letter to the President of the Lebanese Cassation Court demanding the inclusion of the association in decisions relating to sworn experts appointments and other matters.

Memorandum Project

To the Respectful Court of Appeal First President

The applicants' members of the Association of the Accounting and Auditing Offices Owners would like to dispose to your attention the following lines:

The Association Board firstly would like to express its thankfulness to the actions undertaken by the First President from his previous requesters which encourages to continue working on what he is on of elevating the level of the profession and thus more serving the public interest.

With this spirit of appreciation, the members of the above Association present the following:

Concerning filing the experts list at courts:

The Association Board draws attention to the presence of a law draft (a copy is attached here with) aiming at organizing the exercise of the profession of expert accounting, and that the said law have passed all the necessary steps and now is in the Council of Ministers for legalization.

Since this project has confined the exercise of the said professions to only the members of the Association after settling the required scientific and behavioural standards.

Since this project has noted in its article 54, "it is not allowed to register in the expert accountants list which is defined in the legislative Decree Nº. 54 dated on 17/03/1953 except accountants who are licensed and registered in the Accountant Association General List, and consequently

any entry done otherwise will be considered invalid pursuant to the terms of the said article"

Therefore,

The Association Board requests to freeze the concerned appointments to the following session until the organization law is issued to move onward to apply the new terms and to avoid the inflation of the number of the accounts to no real use where quality not quantity is taken into consideration which consequently leads to improving the current state.

Document 5-8: A letter addressed to the prime minister soliciting his help in passing the profession organization law in August 1971

Your Highness Prime Minister

After Greetings,

We have the honour to present to your attention the detailed memorandum which we have promised to present to you in our prior memorandum dated on 17/08/1971 concerning the request of:

- Halting the publication of the judicial decree related to the organization of the auditors profession at banks and which was previously approved by the Council of Ministers in its session held on 11/08/1971.
- Upon necessity, revising the same via a commission represented by all the concerned official departments and professional committees to work on setting a complete legislation fulfilling all the required legal, scientific and professional provisions of the same.

We also attach here the suggested reforms to the points subject of objection. We assure all the reservation that we have pointed out, in form, towards demanding the acknowledgment of the law that organizes the profession of auditing which without it cannot be defined who are the qualified ones to practice professional activities at companies in general and at banks in specific knowing that this profession forms a derivative of expert accounting. Thus, by keeping legislation special to the auditors at banks, then those are supposed to be certified expert accountants according to the law that we are requesting to be issued.

This is exactly what verifies our demand to issue a law concerning organizing the profession of expert accountants especially that this law project will save us from searching for a special law to auditors at banks.

Consequently,

We worked on setting the required reforms that we suggest adding to the objected decree pursuant to the legal, scientific principles and the commonly known professional norms which are briefed in the introduction.

Hoping that our suggestions meet – when necessary – the required special suggestions to the legal notion of the auditor's task and the approved international auditing means applied by us.

Therefore, our care to adhere to laws pushes us to demand clear texts which are not liable to manipulation and to that can be applied practically and which are not liable to analysis and explanations.

All the reforms which we entered are either to explain the text or to avoid confusion or to make its provisions conformable with the legal and scientific notion of an auditor's mission.

We declare here that we are ready to present to you all the required explanations hoping you respond to our request in the light of the public service and the Lebanese economy's interest.

Respectfully Yours,

The Middle East Certified Public Accountant Association,

Secretary General / Dr. Fawzi Saba President / Fouad Saba

Accounting and Auditing Offices Owners' Association

Secretary General / Wael Abou Shakra President / Joseph Taso

Attached:

- 1) The organizational decree in its present form with the suggested reforms.
- 2) List of the scientific references

Document 5-9: The minutes of the meeting held between AAOF and CPAME

Association Board Meeting Minute Dated on 03/09/1974

Nº. - 10

–

At Exactly eleven and half o'clock of this Tuesday noon, 3rd of December 1974 and pursuant to the invitation directed to the members as duly required by law, the Association of the Accounting and Auditing Offices Owners held a meeting headed by President Simon Zakka and in the presence of colleagues members: Elie Abdul Noor, Bchara Al About, Amine Masoud, Osama Tabbara, Zouheir Bekdache, Aziz Moukarzel, and Riad Nasour.

Each of the following members were absent to reasons: Gebran Barghout for illness, Joseph Gabbour for illness, Wael Abou Shakra was called to a juridical court, Michelle Seriani who had to go with his judge brother to Bekfaya.

The President announced the start of the meeting for the completion of the necessary legal quorum and the Board commenced on studying the meeting agenda as follows:

1- Reading and Approving the Previous Minute:

The previous minute was read approved by the Board. The Board also approved the extraordinary meeting held in the President Mr. Simon Zakka's office upon his urgent telephone call.

2- 3 – Informing the Board to the meeting that took place between the president and his assistant and the President of Accredited Association and Mr. William Metri and the discussions of the steps that should be adopted to proceed with the Law of Exercising the Profession.

The President Declared that about a month and a half ago, he met Mr. Fouad Saba and Mr. William Metri upon the invitation of Mr. Fouad Saba.

Vice President Colleague Gebran Barghout also attended that meeting, the conclusion of the meeting was:

- 1- Mr. Fouad Saba protested against the campaign which is driven against him by the Arab Federation of Accountants & Auditors General Secretariat through its Assistant General Secretary Mr. Wael Abou Shakra, and said that he was bewildered, as he said, by this campaign which is driven by our colleague Mr. Wael Abou Shakra, and he asked for an explanation to whether or not our Board had empowered Mr. Abou Shakra to carry out such campaign. Mr. Fouad Saba and Mr. William Metri were informed that the said campaign is driven by the Arab Federation of Accountants & Auditors General Secretariat and the appearance of our colleague Mr. Wael Abou Shakra on top of the campaign is because Mr. Wael Abou Shakra is the Assistant General Secretary of the said Federation, and he carries out all the secretarial affairs of the said Federation, and I didn't discuss with Mr. Saba the decision of the Association concerning entrusting our colleague Abou Shakra to carry out the said campaign for the sensitivity of the issue.
- 2- We asked colleagues Fouad Saba and William Metri to cooperate and support us to achieve the project we are after, and they were so cooperative.
- 3- Mr. Fouad Saba suggested to form a commission formed of three members from the Association and three from the Federation.
- 4- We informed Mr. Saba and Mr. Metri that we will present this issue to our Association's Board in the nearest meeting.

After Discussion The Board Decided the Following:

Firstly: To form a commission to follow up the preparation of a law draft to the organization of the profession of accounting in Lebanon formed of President Simon Zakka, colleagues Osama Tabbara, Bchara Al Bahout, and Wael Abou Shakra and to entrust them to perform all the necessary communications with all those who are concerned and interested to achieve the said goal.

Secondly: The commission is granted unlimited powers to execute the content of this resolution.

Document 5-10: The cabinet decision to establish a committee that will suggest a law to organize the accounting profession in Lebanon in 1977

Lebanese Republic

Presidency of the Council of Ministers

Resolution N^o. 43

Concerning the Formation of a Committee to Study the

Organization of Accounts and CPA Profession

in Lebanon and Suggestion of a Draft Law Concerning the Same

The Prime Minister,

In virtue of Decree N^o. 2 dated on 09/07/1976,

In virtue of the correspondence of the Ministry of Finance N^o. 509/S dated on 07/07/1977 and after consulting and receiving the opinion of the concerned public directorate,

The Following is decreed:

First Article:

A committee of the following persons is formed:

- Mr. Abdul Hafiz Chaaban President of the Tax Department in the Ministry of Finance*
- Mr. Fouad Nasr Abi Raad President of Methodology Dep. in the Ministry of Labour and Social Affairs*

- Mr. Mostafa Hawi *President of the Companies Dep. in the Ministry of Economy and Commerce*

- Mr. Elias Nassif *President of the Accounting Dep. in the Ministry of Justice*

- *The committee's task is to study the organization of accounts and CPA profession in Lebanon and Suggestion of a Draft Law concerning the same.*
- *Mr. Wael Abou Shakra, the President the Syndicate of the Owners of Accounting Offices in Lebanon, and Mr. William Metri, delegate of the Middle East Public Accountant Society, will join the researches of the committee.*
- *The delegate of the Ministry of Finance will be in charge of the committee's activities organization.*

Second Article: This resolution is to be informed to wherever is needed.

Beirut 27/09/1977

The Prime Minister

(Signature and Official Seal)

Salim Al Hoss (Signature and

Official Seal)

Document 5-11: The first two pages of the suggested law governing the organization of the profession in 1978

Presidency of the Council of Ministers

Nr. 789 / Date 28/03/1978

Beirut 23/03/1978

Your Highness Mr. Prime Minister

Subject: Draft Law Concerning the Organization of the Expert Accountants and Accountants Profession in Lebanon

Reference: Resolution Nº. 43 dated on 27/09/1978

The Committee which has been formed by the resolution Nº. 43 dated on 27/09/1978 in virtue of Resolution Nº. 43 has convened many times in the office of the Committee's Affairs Organizer Mr. Abdul Hafiz Chaaban in the Ministry of Finance within and outside the official work day hours where all the opinion and suggestion presented by the members resulting from their studies and researches were heard; among heard ones:

- Wael Abou Shakra President of the Accounting & Auditing Syndicate
- Mr. William Metri Vice President of the Middle East Public Accountant Society, will share in researches of the committee.
- Jean Abdullah President of the Lebanese Accounting Experts & Consultants Association

The Committee examined the presented projects and suggestions and consequently set forward the attached draft law which aims at organizing the profession of certified public accountants and accounting in Lebanon.

The Committee advised to distinguish between the organization of the CPA profession and the accountants' profession for the following reasons:

Firstly: Entrust the CPAs to supervise and control the affairs of joint stock and limited liability companies pursuant to the Law of Commerce and the Law of Money & Credit and the subsequent liabilities and duties of the experts which are forced by the above laws and the common rules which are internationally acknowledged.

Secondly: Entrust the experts in juridical missions and appoint them by courts and adopt their reports to resolve to orders settling disputes and misunderstanding.

Thirdly: The wide difference between the missions of the CPA whether for the liability or the actions which he performs which completely differ from that of an accountant whose duties are limited to filing accounts data into records and organizing them.

Thus we forward to your highness the Draft Law as prepared by the Committee.

President of the Studies Department of the Ministry of Finance

The Committee's Affairs Organizer - Abdul Hafiz Chaaban / Signature

President of Methodology Dep. in the Ministry of Labor and Social Affairs

Mr. Fouad Nasr Abi Raad / Signature

President of the Companies Dep. in the Ministry of Economy and Commerce

Mr. Mostafa Hawi / Signature

President of the Accounting Dep. in the Ministry of Justice

Mr. Elias Nassif / Signature

Document 5-12: A letter from the Ministry of Finance addressed to the association asking for the establishment of a committee to create a unified accounting framework

Ministry of Finance

Revenues Department

Ref.: 788/O - 2

Date 06/11/1979

To the Association of Accounting and Auditing Offices Owners

Subject : Formation of a Committee to Set a Common Design of Accounting Form

Reference : Your Correspondence Nº. 125/79 Dated 30/10/1979

Concerning the above mentioned subject and reference

We forward to your attention a copy of Resolution Nº. 639/1 dated on 05/11/1979 which orders the Formation of a Committee to Set a Common Design of Accounting Form. Thus, we hope you take knowledge of that and to refer the same to whoever is concerned.

Respectfully Yours,

Beirut 06/11/1979

Revenues Department Chief

Moustafa Al Hindi / Signature

Document 5-13: The minutes of the meeting held on 15 April 1980

Minute

Dr. Omar Msaikka, the General Secretary of the Council of Ministers Presidency, held a meeting under his presidency in his office in the Government Palace on 15/04/1980 upon the advice of his Highness the Prime Minister to discuss some brought forward points concerning the Organization of Accountants and Certified Public Accountants in Lebanon draft Law.

The meeting was attended by Mr. Fouad Al Sanyoura, the President of the Banks Control Commission in Lebanon, Mr. Atallah Ghasham, The Council of Ministers Presidency Registration Office Chief, Wael Abou Shakra, President of the Accounting and Auditing Offices Association, Mr. Jospheh Nakkour representative of Mr. Souheil Saba office, Member of the Board of Directors of the Middle East Certified Public Accountant Association, Abul Hafiz Chaaban, President of the Researches Department in the Ministry of Finance.

The General Secretary of the Council of Ministers Presidency reviewed the steps which ran the subject of organizing the accountants and certified public accountants profession in Lebanon for more than fifteen years. He added that all - this issue - concerned parties were represented in the Committee that was formed by the Prime Minister Order N°. 43 dated on 27/09/1977 to discuss the above-mentioned organization of the accountants and certified public accountants profession in Lebanon and to suggest a Draft Law concerning the same.

The Committee presented its report attached to a draft law which is prepared to organize the said professions. The concerned project specialized public departments that are the Ministry of Finance, Ministry of Justice, and the Ministry Economy & Commerce opinion and advice were sought and that presented their remarks concerning the subject.

Consequently, the draft law was reformed in the light of the presented remarks which were set by the signatures of the concerned specialized ministers to arrive to the final draft prior to its acknowledgment by the Prime Ministers Board.

Subsequent to all these steps, the Certified Public Accountant Association expressed its wish to present some more remarks concerning the said project although Mr. William Metri represented the Association in the Committee.

The written remarks of Mr. Joseph Nakkour were also presented and discussed in this meeting, and it was agreed upon taking into consideration some of the points and add them into the core of the law draft. Nonetheless, Mr. Nakkour announced that the Association has other remarks concerning the law draft and asked for some time to present them.

Later, it appeared that there were contradicting point of views among the concerned persons.

Therefore, Mr. Fouad Al Sanyoura, the President of the Banks Control Commission, was entrusted to reach a compromise among the various opinions of the representatives of the Middle East Certified Public Accountants Association and the Accounting and Auditing Offices Owners Association.

In virtue of the meetings which were held in the Central Bank of Lebanon in the presence of Mr. Wael Abou Shakra, President of the Accounting and Auditing Offices Association, Mr. Fouad Saba, President of the Middle East Certified Public Accountant Association, Mr. Antoine Mattar, Vice President of the Association, and Mr. Mounir Haidani, the Secretary General of the Association, in which they discussed the proposals concerning the said draft law, and consequently some amendments took place in some articles of the draft law. After discussions and expressing opinions some reforms were adopted as defined in Fouad Al Sanyoura's instrument which is

addressed to his Highness the General Secretary of the Council of Ministers Presidency in which he explained in details the articles which they agreed to reform.

Thus, I received this instrument from the Secretary General and performed the required reforms according to the above mentioned and the law draft attached here has arrived to its final version after it was exposed along with the Draft Law Decree, which will be forwarded to the Chamber of Deputies, on the Minister of Finance and the Minister of Economy and Commerce and was verified by their signatures.

This minute was entered today 30/11/1980

Registration Office Chief

Atallah Ghasham (Signature and Official Seal)

Document 5-14: Decree number 246/1 announcing the name change from the Association of Accounting Firms' Owners to Lebanese Association of Certified Public Accountants in 1980

Lebanese Republic

Ministry of Labour and Social Affairs

Resolution Nº. 246/1

Concerning Reformation of the Association Title

The Minister of Labour and Social Affairs,

Pursuant to the Decree Nº. 2212 dated on 16/07/1979,

Pursuant to article 83 of the Lebanese Labour Code,

Pursuant to the application of the Accounting and Auditing Offices Owners Association filed under number 372/4 dated on 03/06/1980 in which they request the reformation of the association's title including the Association's General Assembly resolution which proves its approval to the same, and after the consent of the General Director of the Ministry of Labour and Social Affairs.

First Article:

The Accounting and Auditing Offices Owners Association title is reformed to be read as follows: (The Association of the Certified Public Accounts of Lebanon)

Article Two: This resolution is to be informed to wherever is necessary.

Chiah 21/07/1980

Ministry of Labour and Social Affairs

Nazem Al kadri (Signature and Official Seal)

To Be Informed To:

- Ministry of Interior Affairs
- Labour Service and Professional Relations with whole file
- Association Department – Concerned Parties
- Official Gazette
- Archive

True Copy of the Original Zakaria Kalakesh

(Signature and Official Seal)

Document 5-15: Letter from LACPA addressed to the Lebanese Ministry of Finance requesting the ministry's aid in approving the professionalization law

Lebanese Republic

Presidency of the Council of Ministers

Nº. : 6/80

To the Ministry of Finance

Subject: Urgent Law Draft Aiming at Organization of the Certified Public Accountant Profession in Lebanon

Reference: Your Correspondence Nº. 461 dated on 09/11/1981 and its attachments.

We return to your attention the file of your above-mentioned correspondence which was disposed to the Council of Ministers in its session dated on 20/01/1982 noting that we postponed taking decision to the same to give chance to more study concerning setting terms to the organization of the subject profession only and not to oblige affiliation and limiting exercising the same to only affiliates.

Please take notice of that and forward the file to the concerned current Minister.

Secretary General of the Presidency of the Council of Ministers

Omar Msaikka (Signature and Official Seal)

Beirut 22/12/1982

Department of Revenues

Date 02/12/1982

Document 5-16: The results of the association elections in 1977

Accounting and Auditing Offices Owners Association

Abul Karim Al Khalil Street (Ras Al Nabaa) – Prince Bros Bldg.

Telephone:

Beirut Lebanon

Beirut 07/07/1977

To the Respectful Ministry of Labour and Social Affairs

Department of Associations

The Accounting and Auditing Offices Owners Association has the honour to inform you that on Wednesday 06th of July 1977 and at exactly twelve o'clock in the afternoon the Board of the Association has convened to constitute the office committee as follows:

Wael Abou Shakra	Association President
Antoine Karam	Vice President
Aziz Moukarzel	General Secretary
George Sfeir	Accountant
Michelle Seriani	Cashier
Antoine Daher	Public Relation Member
Ahmad Abdul Baki	Educational Affairs Member

Gentlemen: Simon Zakka, Joseph Jabbour, Osama Tabbara, Gebran Barghout, Riad Mansour consultancy members

Accordingly and by this instrument, we came to inform and ask you to acknowledge the above mentioned elections as legally is due attaching herewith a minute of the session.

Respectfully Yours,

Secretary General / Aziz Moukarzel President / Wael Abou Shakra

Signature

Signature

Seen and Approved

Professional Relations Department (Signature and Official Seal)

Date 09/09/1977

Document 5-17: Newspapers clips discussing AAOF warning of the war's economic consequences and the immigration of practitioners.

Orient Press Agency
15/11/1978

Wednesday

The Association of Accounting and Auditing Offices Owners is studying the issue of the increasing emigration phenomenon of professional accountants.

Beirut November 1st

The Association of Accounting and Auditing Offices Owners in Lebanon prepared a report concerning the workers in the field of accounting in which they focused on the day after day increasing emigration phenomenon of professionals.

The report shows that there is a number that cannot be underestimated of accountants who are leaving Lebanon despite the fact that there are relatively many local employment opportunities for them; however, they are being driven away by the financial temptations found in other markets.

The Association's report noted that a compromise could be established between work chances here in Lebanon and the allures of working abroad.

Nonetheless, the report warned of the consequences of such emigration since accountants works to which they have become bound abroad are of the kinds which cannot be terminated immediately in case an accountant decides to come back home when the political and security conditions become favourable.

It is obvious that the accountants emigration has recently increased rapidly especially because of their work ties with foreign and local companies.

The Association of Accountants Warns Again of the Conspiracy of Economy Devastation

The Association of Accounting and Auditing Offices Owners held a meeting presided by Mr. Wael Abou Shakra in which they discussed the current economic crises and the actions which are undertaken by the Association's President concerning this issue especially in the light of the memorandum which was prepared by the Association and was sent to the officials in charge.

The Association's Resolutions:

The Association has decided to continue the actions, unite the efforts, and widen communications and meetings with the economists and officials in charge repeating the warning to destroying the Lebanese economy.

As well, the Association Board resolved to empower its president to work on stopping the emigration of the accountants especially those working in foreign companies which have closed their offices in Lebanon.

The Board also decided to act on minimizing the obstacles facing the activities of auditors who are working in banks and to invite the general assembly of the accountant to an extraordinary meeting which date and time will be decided later.

Meanwhile, the president of the Association of Accounting and Auditing Offices Mr. Wael Abou Shakra has met the President of the Chamber of Commerce & Industry in Beirut Mr. Adnan Al Kassar last week, and they discussed the subject of the memorandum which was forwarded by the Association to the officials in charge illegible

Al Anwar 16/11/1978

Accountant Offices' Report Concerning the Emigration of Professionals

The Association of Accounting and Auditing Offices Owners in Lebanon prepared a report, which especially touched on the issue of the workers in the field of accounting and which focused on their increasing emigration phenomenon day after day.

The report shows that there is a number that cannot be underestimated of accountants who are leaving Lebanon despite the fact that there are relatively many local employment opportunities; however, they are driven away by the financial temptation and attractions found in other markets.

The Association's report noted that a compromise could be established between work chances here in Lebanon and the allures of working abroad. Nonetheless, the report warned of the consequences of such emigration since accountants employment commitment which they become bound to abroad are of the kinds which cannot be terminated immediately in case an accountant decides to come back home when the political and security conditions become favorable.

It is obvious that the accountants emigration has recently increased rapidly especially because of their work ties with foreign and local companies.

Al Nahar News Paper

Date: 15/11/1978

Extraordinary General Assembly of the Accountants Offices Association

The executive council of the Accountants and Auditing Offices Owners Association has decided to call for an extraordinary general assembly to

discuss the economic state and the current conditions of the accountants and the professional challenges they are facing.

Al Bayrak Newspaper

Date 15/11/1978

The Accountants Association Warns Again of a Conspiracy Threatening the Economy

The Association of Accounting and Auditing Offices Owners held a meeting presided by Mr. Wael Abou Shakra in which they discussed the current economic crises and the communications which are undertaken by the Association and the accountants current state.

The Association has decided to continue the actions and unite the efforts and widen communications scope and meetings with the economists and officials in charge repeating the warning of destroying the Lebanese economy. As well, the Association Board resolved to empower its president to work on stopping the emigration of the accountants especially those working in foreign companies that have closed their offices in Lebanon.

The Board also decided to work on minimizing the obstacles facing the activities of the auditors who are working in banks and invite the general assembly of the accountant to an extraordinary meeting which date and time will be decided later.

Document 5-18: Newspapers articles disusing the AAFO elections in 1983

Al Amal 27-04-1983

Election of the Expert Accountants Association

Karam Announces His Nomination Pursuant to Defined Reformation Program

The elections to the membership of the Licensed Expert Accountant Association in Lebanon will take place tomorrow's Tuesday. Two groups are competing to this post the first is presided by the current President Mr. Wael Abou Shakra and second is presided by the current vice president Antoine Karam.

Mr. Karam reported to us that he is running this electoral battle according to a defined reformation program to correct violations which took place in the past which he was keen not declare it to the public trying not to keep it going and in order not to defame the Association. However, all the efforts that he performed with a group of colleagues were in vain. Therefore, this group took the decision to run this electoral battle to achieve as series of claims which conform with the interest of the Lebanese Accountant and to elevate the level of the profession which in fact the active vein of the national economic structure on both public and private sectors, and in relation to banking, industrial, commerce, professions and handicraft owners foundations even the smaller ones.

Demands which are the Base of His Electoral Battle:

Among the first demands which he is after:

- Issuing the Accountants Profession Organization Law which will be the sole life guarantee of the Lebanese Accountant and to his future existence.

As for the reforms, they are concluded by the following goals:

- Working on joining all the workers in the accounting sector in one entity which presided by understanding and truth.
- Restudying and reforming the internal bylaws leading to the profession improvement.
- Working on the graduation of the accountant according to the new accounting organization for free without the burdens of such expenses.
- Canceling the accounting system of the Association which allows spending sums by the president and the cashier individually.
- Transferring the Association's temporary central office from Mr. Abou Shakra's offices.
- Setting a control committee from the members of the Bankers Association's General Assembly acknowledged by the Association's Board. Revising all the expenses since 1977 until now.
- Canceling the membership of the Association in the Arab Accountant Federation which is of no use.
- Formation of the Association Committee to reconsider the list of those who are not practicing the profession or are not working fulltime and they don't enjoy the requirements of membership.
- Entering an article in the internal bylaws forcing members not to compete prices among them.
- Canceling the Accountant Cooperative because it is not practically real, and to return the funds paid by the members to their payers.

Abou Shakra List

The Current Association's President Mr. Wael Abou Shakra a list which includes Abou Shakra, Victor Barbara, Aziz Moukarzel, Antoine Daher, Joseph Jabbour, Sami Zakka, Elie Asfour, Georges Sfeir, Hassan Barrage, Habib Hatem, Gebran Barghoout, and Majed Majzoub.

Allewaa 27/09/1983

Election of the Expert Accountants Association

The Annual Normal General Assembly of the Licensed Expert Accountants Association of Lebanon is meeting in the afternoon of tomorrow's Thursday in Carlton Hotel to elect the 12 members of the Association Board.

The nomination to the same was closed yesterday acting to the internal bylaws where the number of nominees reached 18.

The President of the Association Mr. Wael Abou Shakra has formed a list which includes Abou Shakra, Victor Barbara, Aziz Moukarzel, Antoine Daher, Joseph Jabbour, Sami Zakka, Elie Asfour, Georges Sfeir, Hassan Barrage, Habib Hatem, Gebran Barghoout, and Majed Majzoub.

Al Nidaa 27/04/1983

Election of the Expert Accountants Association

The Annual Normal General Assembly of the Licensed Expert Accountants Association of Lebanon is meeting in the afternoon of tomorrow's Thursday in Carlton Hotel to elect the 12 members of the Association Board.

The nomination to the same was closed yesterday acting to the internal bylaws where the number of nominees reached 18.

The President of the Association Mr. Wael Abou Shakra has formed a list which includes Abou Shakra, Victor Barbara, Aziz Moukarzel, Antoine Daher, Joseph Jabbour, Sami Zakka, Elie Asfour, Georges Sfeir, Hassan Barrage, Habib Hatem, Gebran Barghoout, and Majed Majzoub.

Al Bayrak 27/04/1983

Election of the Licensed Expert Accountants Association Elects Its New Board on Tuesday

The Annual Normal General Assembly of the Licensed Expert Accountants Association of Lebanon is meeting in the afternoon of tomorrow's Thursday in Carlton Hotel to elect the 12 members of the Association Board.

The nomination to the same was closed yesterday acting to the internal bylaws where the number of nominees reached 18.

The President of the Association Mr. Wael Abou Shakra has formed a list which includes Abou Shakra, Victor Barbara, Aziz Moukarzel, Antoine Daher, Joseph Jabbour, Sami Zakka, Elie Asfour, Georges Sfeir, Hassan Barrage, Habib Hatem, Gebran Barghoout, and Majed Majzoub.

Whereas the Vice President Mr. Antoine Karam formed a counter list saying that he is joining this electoral battle according to reformer program to elevate the level of this profession.

Among the most protruding claims which Mr. Karam is basing his campaign on are the following: issuing the Accountants Organization Law, restudying and reforming the internal bylaws, working on graduating the accountant on the bases of the new accountant organization for free and canceling the Association subscription with Arab Accountants Federation and canceling the Accountants Cooperative.

Al Shark 27/04/1983

Tuesday the Election of the New Expert Accountants Association

The Annual Normal General Assembly of the Licensed Expert Accountants Association of Lebanon is meeting in the afternoon of tomorrow's Thursday in Carlton Hotel to elect the 12 members of the Association Board.

The nomination to the same was closed yesterday acting to the internal bylaws where the number of nominees reached 18.

The President of the Association Mr. Wael Abou Shakra has formed a list which includes Abou Shakra, Victor Barbara, Aziz Moukarzel, Antoine

Daher, Joseph Jabbour, Sami Zakka, Elie Asfour, Georges Sfeir, Hassan Barrage, Habib Hatem, Gebran Barghoout, and Majed Majzoub.

President Abou Shakra is competed with a list headed by his Vice President Mr. Anotine Karam who declared that he is running this electoral battle according to a defined reformation program to correct violations which took place in the past.

ANNAHAR 27/09/1983

The Accountants Association Elections are Tomorrow: One Complete List and 6 Individual Nominees

The Elections of the Licensed Accountants Association on tomorrows Thursday's afternoon in Carlton Hotel.

The nomination to the same was closed yesterday acting to the internal bylaws where the number of nominees reached 18 competing to 12 positions. Twelve of the whole nominees are enlisted under the list headed by the present Association President Mr. Wael Abou Shakra and they are: Abou Shakra, Victor Barbara, Aziz Moukarzel, Antoine Daher, Joseph Jabbour, Sami Zakka, Elie Asfour, Georges Sfeir, Hassan Barrage, Habib Hatem, Gebran Barghoout, and Majed Majzoub. The members who have paid their affiliation fees were 163 out of 194 registered members thus the quorum is considered legal by the presence of half of the registered members plus one i.e. 98 member.

Mr. Antoine Karam reported that he is running this electoral battle according to a defined reformation program to correct violations which took place in the past which he was keen not declare it to the public trying not to keep it going; nonetheless, he was forced to run this electoral battle to achieve some demands.

Al Safir Wednesday 27/09/1983

New Expert Accountants Association Elects Their Board Tomorrow

The Annual Normal General Assembly of the Licensed Expert Accountants Association of Lebanon is meeting in the afternoon of tomorrow's Thursday in Carlton Hotel to elect the 12 members of the Association Board.

The nomination to the same was closed yesterday acting to the internal bylaws where the number of nominees reached 18.

The President of the Association Mr. Wael Abou Shakra has formed a list which includes Abou Shakra, Victor Barbara, Aziz Moukarzel, Antoine Daher, Joseph Jabbour, Sami Zakka, Elie Asfour, Georges Sfeir, Hassan Barrage, Habib Hatem, Gebran Barghoout, and Majed Majzoub.

Document 6-1: Al Mal Wal Alam article pertaining to the AAFO elections in 1992

Al MAL WAL ALAM

The Wind of Reform Missed the Elections of the Expert Accountants Association

The winds of change the blew in the past few months on some associations and societies of profession owners was knocked out last months in the elections of the Licensed Expert Accountants Association where the previous the old President Wael Abou Shakra won the elections for a third term.

Mr. Abou Shakra was elected as President of the Association for the first time in 1974. Because of the Lebanese civil war his first office period ran until 1983 when his office was renewed for the second time, and because of the consequent events that took place in the country no new elections took place in the Association until last month.

The elections of last month were preceded by many meetings among the members of the association to come out with an agreed upon list the last of which was the meeting which was held on 13th of last month in the house of Mr. Abou Shakra who announced to the meeting members then that the Association Board is asking him to preside the Board again asking all to support him to the third office term. However, voices raised asking the president Abou Shakra to step aside and give chance to a new blood to lead the Association in the present new period of peace. Mr. El Yafi focused during the meeting on the necessity of turning the association from the one man association to the group association.

The opponents of Mr. Abou Shakra admits that their achievements that took place in the past seventeen years of his office. Nonetheless, there were negative issues that were reflected on the licensed accountants.

Among which is the resolution N°. 12 which charged the auditor all the responsibilities of the companies' affairs as and administrative employee of the company. Where the international norms doesn't charge him with such responsibility. Pursuant to the idea of reform, it was agreed upon electing a group of the best Lebanese accountant offices which are representatives of international accounting offices such as Georges Awaida Office, William Metri Office, Mouwafak Al Yaffi Office, Riad Mansour Office, and Mounir Sidani Office which are accredited by the Central Counsel of Bank of Lebanon which lead to the formation of the compromise list presided by Mr. George Awaida and of gentlemen Antoine Karam, Mounir Sidani, George Abou Mansour, Mouwafak El Yafi, Emille Shartouni, Elie Chamas, Mahmoud Dafer, Francoise Moubarak, Zouheir Bakdach, Salim Anid, Riad Mansour.

The second list was formed from Mr. Wael Abou Shakra as the president and included the gentlemen Georges Sfeir, Habib Hatem, Gebran Barghoud, Antoine Daher, Hassan Barraj, Osama Tabbara, Jean Dagher, Samir Rawoul Haddad, Hasan Nakki, Mohamd Nabil Ghannam and Ghassan Daou.

On the Election Day in Bristol Hotel the members of the first list were shocked by the presence of a large number of the association participants who are unknown to them and who young in age sharing and supporting the old board and who formed the turning point in the results of the elections. Thus, seventy vote paper were disclosed to reflect no deletion of any name all to the favor of Abou Shakra's list where the whole number of voters were 163. Thus – as one of the nominees on the first list said - that means the presence of a trick played in a safe democratic means legally saying.

The result of the elections resulted in winning of Mr. Abou Shakra's list with all of its members who won 90 to 120 votes. On the other hand, the competing list won 50 to 60 votes.

The members of the new board gathered together and elected Mr. Wael Abou Shakra as the president of the Association.

Document 6-2: Newspapers articles covering the AAFO' 1992 elections, including Eid's (1992) on top right.

From One Month to Another

Industry & Economy – Second Edition- May 1992

The New Board of the Accountants Association

Immediately and after the end of the elections which was performed by the General Assembly of the Licensed Expert Accountants of Lebanon on 18 April 1992, the members who were granted the trust of the voters gathered together in a meeting in which they formed the Board of the Association as follows:

- | | |
|-------------------------|------------------------------|
| - Wael Abou Shakra | President |
| - Antoine Daher | Vice President |
| - Gebran Barghoud | General Secretary |
| - Georges Sfeir | Cashier |
| - Hassan Takki | Accountant |
| - Mohamad Nabil Ghannam | Assistant General Secretary |
| - Hassan Barraaj | General Relation Member |
| - Habib Hatem | Association Relations Member |
| - Osama Tabbara | Consultant Member |
| - Samir Radwan Haddad | Consultant Member |
| - Jean Dagher | Consultant Member |

In the scope of the preparations to the Accountants Elections,

The Experts List completed its members and united their programs

Fadi Eid

The Certified Public Accounts of Lebanon had formed their list yesterday to join the election of the new board which is taking place tomorrow Saturday before noon in the Bristol Hotel. The list will include 12 members to a new office period of four years. The list is formed of the following gentlemen: Wael Abou Shakra, Georges Sfeir, Habib Hatem, Gebran Barghoud, Antoine Daher, Hassan Barraaj, Osama Tabbara, Jean Dagher, Samir Rafoul Haddad, Hassan Takki, Mohamad Nabil Ghannam, and Ghassan Daou.

The List published a statement in which they announced the following:

1. They continue working on issuing a law which organizes the accounting profession and protects the professional sector and its affiliates.
2. Securing a centre to the Association which secures the start of its activities.
3. Intensifying the scientific and retaliatory activities.
4. Continuing coordination with the Ministry of Finance and the Higher Accountant and Auditing Evidences Council.
5. Continuing coordination with Lawyers Association to secure the completion of roles between the two association and their bodies.
6. Activation of the role of the syndicate and seeking means and programs which realize the social purposes which it was raised for.

7. Continuing coordination with the monitory authorities and the banks control committee to enhance the professional tasks and to achieve their goals.
8. Improve the relations with the Arab and international professional committees to secure and save the role of the association.
9. Improve the common commission to play their roles in preparing for scientific researches and continue the professional developments.
10. Working on the foundation of a professional documentation center which task will be gathering and archiving professional documents.

Al Diyar 17/04/1992

Abou Shakra The Accounts' Association President

The Certified Public Accountant Association elected its new board which was formed of:

Wael Abou Shakra as President, Georges Sfeir as Cashier, Gebran Barghoud as General Secretary, Antoine Daher as Vice President, Habib Hatem as Association Relations Member, Mohamad Nabil Ghannam as Assistant General Secretary, Hassan Takki as Accountant, Hassan Barraaj as Educational Relations Member, Osama Tabbara, Jean Dagher and Samir Haddad as Consultant Members.

The elections took place in Bristol Hotel where 163 members voted and 25 members were nominees.

Al Nahar 17/04/1992

The Nominees to the Expert Accountants Elections

The Certified Public Accounts of Lebanon elections are taking place before tomorrow's noon in Bristol Hotel.

Yesterday the nominee list to these elections, which include Wael Abou Shakra, Georges Sfeir, Habib Hatem, Gebran Barghoud, Antoine Daher, Hassan Barraaj, Osama Tabbara, Jean Dagher, Samir Rafoul Haddad, Hassan Takki, Mohamad Nabil Ghannam, and Ghassan Daou, and their programs were announced.

Al Anwar

The Expert Accounts' Association elected its New Board

The Certified Public Accountant Association elected its new board which is formed of: Wael Abou Shakra as President, Georges Sfeir as Cashier, Gebran Barghoud as General Secretary, Antoine Daher as Vice President, Habib Hatem as Association Relations Member, Mohamad Nabil Ghannam as Assistant General Secretary, Hassan Takki as Accountant, Hassan Barraaj as Educational Relations Member, Osama Tabbara, Jean Dagher and Samir Haddad as Consultant Members.

The elections took place in Bristol Hotel where 163 members voted and 25 members were nominees.

Al Shark - Tuesday 21/04/1992

The Expert Accounts' Association elected its New Board

Abou Shakra: The Accounting and Auditing Profession is a Basic and Important Element in Building up Economy

The Certified Public Accountant Association elected its new board which was formed of: Wael Abou Shakra as President, Georges Sfeir as Cashier, Gebran Barghoud as General Secretary, Antoine Daher as Vice President, Habib Hatem as Association Relations Member, Mohamad Nabil Ghannam as Assistant General Secretary, Hassan Takki as Accountant, Hassan Barraaj as Educational Relations Member, Osama Tabbara, Jean Dagher, Samir Haddad and Ghassan Daou as Consultant Members.

The elections took place in Bristol Hotel in which 163 members voted and 25 members were nominees.

After announcing the results President Abou Shakra gave the following statement: Democracy was publicly practiced today. The achieved results are only the trust of all given to us by all and today we consider ourselves more responsible before the Assembly to all of our work program commitment, and we ask God to help us all to serve this Association and the Lebanese community.

He added that there are large tasks which we have to perform to develop and elevate the professional work of Lebanon by means which are up to date with international developments because the profession of accounting and auditing is the main and important element which build up economy in all its sectors. Our responsibility today is very big toward the trust which was granted to us by the association.

We hope to achieve all our scientific educational programs, rehabilitator, and training goals either on the level of organizing the profession or on the bases that the profession of accounting and auditing in Lebanon is still legally unorganized, and there are many legal organizations that were granted to this sensitive profession in developed and developing countries.

Document 6-3: Letter addressed to the Minister of Finance from AAFO in 1992

Lebanese Association of Certified Public Accountants

Member of:

Arab Federation of Accountants & Auditors

International Federation of Accountants (IFAC)

Federation Internationale Des Experts –

Comptable – Francophones (FIDEF)

17 March 1992

To His Highness Khatshik Babkian

Minister of Justice

Beirut Lebanon

After Greetings

Following to our oral talks, we are happy to present to your attention the following:

The attached is a law draft - in addition to its obliging reasons which assist in enhancing the governmental income, control taxes, and secure a safe run of the banker, financial, and economic foundations of different kinds –

and contains the following :

- 1- Protection of the Lebanese professional labour which became owner of high proficiency that makes it able to carry obligations that cannot be carried by other foreigners and exceptionally grants the foreigners license rights provided that their countries allow Lebanese accountants to work in their countries; i.e. reciprocity of treatment.
- 2- The scientific terms are based on Lebanese vocational university diplomas, and the superior technical diploma which the government grants to major of accounting and auditing (TS) and the overseas diplomas which are equivalent to the Lebanese universal diplomas.

Document 6-4: The Lebanese president authorizes the law governing the organisation of the profession and transfer it to the parliament for final approval

Decree Nº. 4683

Forwarding of an urgent law draft aiming at organizing the profession of the licensed accountants in Lebanon to the Council of Deputies

The President of the Republic

Pursuant to the Constitution,

Pursuant to the advice of the Prime Minister and the Minister of Justice,

Upon the approval of the Council of Ministers in its session dated on 15/12/1993,

The Following is decreed:

Article One:

To forward the urgent law draft aiming at organizing the profession of the licensed accountants in Lebanon to the Council of Deputies.

Article Two: The Prime Minister is entrusted to execute the terms of this Decree.

Issued by the Presidency of the Republic

Presidency of the Council of Ministers

Signature Rafik Al Hariri

Baabda 20/01/1994

Signature : Elias Hrawi

Ministry of Finance

Signature Rafik Al Hariri

President of the Council of Ministers

Signature Rafik Al Hariri

True Copy of the Original

(Signature and Official Seal)

Document 6-5: The first two pages of the Law number 364 - The Organization of the Lebanese Chartered Accountants Profession in Lebanon as it appeared in the Official Gazette in 1994

The Accountancy Profession Act of the Lebanese Association of Certified Public Accountants Law No 364

Article 1: The present Act regulates the profession of Certified Public Accountants in Lebanon.

PART I – The Lebanese Association of Certified Public Accountants

Chapter I – General Provisions:

Article 2 – Definition:

A Certified Public Accountant (CPA) is any/all natural person performing in his name or on behalf of another legal entity: auditing and appraisal of all types of accounts and rendering an opinion as to the authenticity and accuracy of financial data.

Article 3 – No person shall act as CPA unless registered in the tables of the Association established in accordance with the present Act.

Article 4 – An association known as the “Association of Certified Public Accountants” having legal personality, shall be created with the aims of:

- 1- Protecting the profession, promoting it and preserving its image.
- 2- Promoting cooperation and solidarity among members, protecting their interests and defending their legitimate rights.
- 3- Undertaking scientific research projects and improving accounting principles and techniques.

- 4- Formulating and proposing accounting and auditing principles as well as professional conduct rules in accordance with international standards, including those set by the Arab and international unions that the Association belongs to.
- 5- Imposing sanctions on members who do not comply with its statutes or the ethics of the profession.
- 6- Working on resolving conflicts and disputes that arise among members.

Article 5 - The head office of the Association will be located in Beirut. The Association may set up offices in the various Lebanese Muhafazats.

Chapter II – The organizational structure of the Association

Article 6 – The Association is composed of a general assembly and a Council exercising their powers in accordance with the provisions of the present Act.

Clause 1 – The General Assembly

Article 7 – The general assembly is composed of all Certified Public Accountants registered in the General Table of the Association.

1- Membership Conditions:

Article 8 – No one is entitled to be registered in the General Table of the Association or practice the profession in Lebanon or purport to be a CPA unless he meets the following requirements:

- 1- Being a Lebanese citizen for more than ten years.
- 2- Being over 21 years of age.

- 3- Enjoying all his civil rights and having never been convicted of a disgraceful crime or offence, as defined in law-decree No.59/112, article 4, paragraph (E).
- 4- Holding a degree in Business Administration or its equivalent or a "TS" degree in accounting, recognized by the ministry of professional and technical education. These degrees must be accompanied by a minimum of five years of experience.
- 5- Passing the examination set by the examination committee and approved by the Council. As for holders of CPA (Certified Public Accountant) or CA (Chartered Accountant) diplomas or their French equivalent, i.e., "Diplome d'Expertise Comptable", and above, from international institutes and associations, they shall only sit for exams related to Lebanese laws as set by the Association Council.

The board of examiners consists of five members:

- A judge chosen by the minister of Justice as chairman.
 - An expert appointed by the Finance minister
 - A university professor teaching accounting and auditing appointed by the president of the Lebanese University.
 - Two members designated by the Association Council.
- 6- Having settled his membership fees and the yearly subscription set forth in the Association's Rules of Procedure.
 - 7- Meeting experience requirements as stipulated in the present Act and attaching to the membership application a certificate granted by the

office where he trained, proving that he is entitled to be registered in the CPAs' Table.

8- Having never been dismissed from civil service as a result of disgraceful or shameful offences.

9- Devoting himself entirely to the profession and practicing it in his own office or that of an associate or as employee in the firm of another CPA.

Article 9 – Candidates applying for membership are first listed in the Trainee Register set by the Council in this respect. Candidates are to submit, for that purpose, in addition to all required documents proving they meet the conditions stipulated in aforementioned article 8, a written request including the name of the CPA at the office of which they trained as well as a certificate attesting to his consent. The Council shall pronounce on the filed application within two months from the date of submission, failing which, the application will be accepted without consultation.

If the filed application is turned down, the candidate can appeal against the decision before the court of appeals within the thirty days following rejection. As soon as the case is submitted before the competent court, the Association Council shall, upon request, pass on the claimant's file to the said court within two weeks at the most, along with any observations he deems fit to make. The Council is entitled to express an opinion on the matter before the court of appeal at Beirut, through a representative appointed by the President of the Association.

Article 10 – A trainee may request to be registered in the Table of Certified Public Accountants once having completed a three-year training period as auditor at the office of a registered CPA.

The Council may, if deemed necessary, extend the mentioned training period by two additional years. It is also entitled to exempt the holders of

the higher technical degrees determined by the Council, from the aforementioned training period, provided their degrees are at least equivalent to those of "CPA" or "CA" or the French degree, known as "Diplome d'Expertise Comptable".

If the Council doesn't render a decision regarding the aforementioned registration request within two months from the date of submission, the request will be deemed accepted.

2- Loss of membership:

Article 11 – A CPA shall be deprived of his membership and prohibited from practicing the profession in the following cases:

Document 6-6: Decree number 9548/1 announcing the establishment of the constituent committee for organizing the profession

Lebanese Republic

Ministry of Finance

The Minister

Resolution N^o.9548/1

Appointment of the Institutional Commission to

Organize the Expert Accountants Profession in Lebanon

The Minister of Finance, Economy, and Commerce,

Pursuant to the Decree N^o. 2900 dated on 31/10/1993,

Pursuant to Law N^o. 364 dated on 01/08/1994 especially article N^o. 64,

We decide the following:

Article One: The hereunder-named gentlemen are appointed as members of the Institutional Commission to Organize the Expert Accountants Profession in Lebanon:

Habib Abou Sakr, Wael Abou Shakra, Abdul Hafiz Mansour, Joseph Al Fadel, Wael Hamdan, Geroqe Abou Mansour, Mowafak El Yafi, Ramzi Akkawi, Ahmad Safa, and Jean Barbara.

Article Two: This Resolution is to be informed to whoever is concerned.

Beirut 18/08/1994

Minister of Finance by Proxy
Commerce

Minister of Economy and

Fouad Al Sanyoura / Signature

Signature

Document 6 7: Newspapers articles relating to the first constituent committee meeting

AL NAHAR 02-09-1994

The first meeting of the Licensed Expert Accountants Profession organization constitutional commission.

Now the affiliation to the Association of the Licensed Expert Accountants became obligatory to all who want to practice the profession of accounting in Lebanon.

The Licensed Expert Accountants Profession organization constitutional commission convened yesterday under the presidency of the General Manager Dr. Habib Abou Sakr and discussed the work procedures and it was agreed upon the basic steps that would be adopted among its members.

Abou Sakr announced after the meeting that the commission which met today (yesterday) is the constitutional commission of the Licensed Expert Accountants Profession Association in Lebanon, and this commission is defined by the law no. 364 which was issued last August, and he said that this law is important to the organization of the expert accountants profession since this is the first time that there is an obligatory association forcing all who want to practice the profession of accounting, auditing or who want to sign upon their responsibility the financial statements of associations, individuals and companies in Lebanon.

He also noted that "In order that this Association work actively, it should have a constitutional commission which will practice its duties for one year. According to law, the Minister of Finance and the Minister of Economy have appointed the ten members of the commission who will form the Association Board. These are Habib Abou Sakar, Wael Abou Shakra, Abdul Hafiz Mansour, Joseph Al Fadel, Wael Hamdan, George Abou Mansour,

Moueafak El Yafi, Ramzi Akkaoui, Ahmad Safa, and Jean Barbara all who met today and formed the commission office Abou Sakar as president, Abu Shakra as vice-president, Abdul Hafiz Mansour as general secretary, and Joseph Al Fadel as cashier. The commission discussed the various duties entrusted to them and the approval of the affiliates. The General Assembly will meet in the presence of the said members to elect the President of the Association and the new office members according to regulation and the Association will become active the same as other associations.

He assured that this is an important event on the level of the accounting profession in Lebanon as it is for the first time there is an Accountant Association in true meaning.

Al SAFIR 02/09/1994

The First Meeting of the Accounting Organization Commission

The General Manager of the Ministry of Finance Dr. Habib Abou Sakr presided the Licensed Expert Accountants Profession organization constitutional commission that convened yesterday in his office in the Ministry of finance where they discussed the work procedures and agreed upon the basic steps that would be adopted and which would be announced in the following meetings.

Abou Sakr announced after the meeting that the commission which met today is the constitutional commission of the Licensed Expert Accountants Profession Association in Lebanon, and this commission is defined by the law no. 364 which was issued last August, and he said that this law is important to the organization of the expert accountants profession since this is the first time that there is an obligatory association forcing all who want to practice the profession of accounting, auditing or who want to sign

upon their responsibility the financial statements of associations, individuals and companies in Lebanon.

Al Diyar 02/09/1994

The first meeting of the Licensed Expert Accountants Profession organization commission.

Now the affiliation to the Association of the Licensed Expert Accountants became obligatory to all who want to practice the profession of accounting in Lebanon.

The General Manager of the Ministry of Finance Dr. Habib Abou Sakr presided the first Licensed Expert Accountants Profession organization constitutional commission that convened yesterday in his office in the Ministry of finance where they discussed the work procedures and agreed upon the basic steps that would be adopted and which would be announced in the following meetings.

Abou Sakr announced after the meeting that the commission which met today (yesterday) is the constitutional commission of the Licensed Expert Accountants Profession Association in Lebanon, and this commission is defined by the law no. 364 which was issued last August.

Abou Sakr also explained that this law is important to the organization of the licensed expert accountants profession since this is the first time that there is an obligatory association forcing all who want to practice the profession of accounting, auditing or who want to sign upon their responsibility the financial statements of associations, individuals and companies in Lebanon.

Dr. Abou Sakr added that "In order that this Association work actively, it should have a constitutional commission which will practice its duties for

one year. According to law, the Minister of Finance and the Minister of Economy have appointed the ten members of the commission who will form the Association Board.

The then members are Habib Abou Sakar, Wael Abou Shakra, Abdul Hafiz Mansour, Joseph Al Fadel, Wael Hamdan, George Abou Mansour, Moueafak El Yafi, Ramzi Akkaoui, Ahmad Safa, and Jean Barbara all who met today (yesterday) and formed the commission office Abou Sakar as president, Abu Shakra as vice-president, Abdul Hafiz Mansour as general secretary, and Joseph Al Fadel as cashier.

The commission discussed the various duties entrusted to them and the approval of the affiliates. The General Assembly will meet in the presence of the said members to elect the President of the Association and the new office members according to regulation and the Association will become active the same as other associations.

He assured that this is an important event on the level of the accounting profession in Lebanon as it is for the first time there is an Accountant Association in true meaning.

Document 6-8: The invitation to join LACPA published by AD-Diyar Newspaper

AD-Diyar Newspaper – 25/10/1994

Announcement to the Lebanese Expert Accountants

The institutional commission of the Lebanese Association of Licensed Expert Accountants announces starting the subscription to the Association acting to the Law №. 364/94 dated on 01/08/1994 that organized the profession of the licensed expert accountants and forced all those who would like to practice this profession to subscribe to the said Association.

Subscription applications are to be handed over in the center of the Association at Achrafieh near the Post Office, Esco Building, 3rd Floor, pursuant to the forms prepared for this purpose and which are available at the Association.

Applications are received daily between nine and half in the morning and five in the afternoon except to Saturdays and Sundays.

The Commission drives attention to that the subscription to the Association in the transitional period to benefit from the special provisions related to the workers in this profession, which are defined in article 60 of the law №. 364, ends on 17/08/1995. After this period, all benefits of these provisions are legally dropped.