

# Audit markets in emerging economies: caveats for globalisation?

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**AUDIT MARKETS IN LESS DEVELOPED ECONOMIES: CAVEATS  
FOR GLOBALISATION?**

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## **Audit markets in less developed economies: caveats for globalisation?**

### ***1. Introduction***

Although the serious effects of cultural, political, historical, religious and other contextual differences on accounting practices have been stressed extensively in the accounting literature, there have been consistent calls for harmonization of accounting and auditing practices throughout the globe. In the area of auditing, significant harmonisation attempts have been initiated by the International Federation of Accountants (IFAC). The ongoing rapid economic and political globalisation has led to the emergence of the IFAC as a global authority in auditing (Loft and Humphrey, 2006). The mission of IFAC, as stated in the organisation's much-publicised website is 'the worldwide development of an accountancy profession with harmonised standards, able to provide services of consistently high quality in the public interest' (IFAC, 2011<sup>1</sup>). In 2006, IFAC issued seven 'statements of membership obligations' (SMOs) to assist 'high quality performance by professional accountants' (IFAC, 2006). The member bodies of IFAC, which includes national accountancy bodies from most of the countries in the world, are required to make their best efforts to comply with the SMOs, and failure to do such without satisfactory explanations would result in suspension or removal of membership. IFAC's globalisation attempts are supported by donor agencies such as the World Bank and the International Monetary Fund (IMF), who, as part of their Review of Standards and Codes (ROSC) programme, assess whether national auditing standards and institutional environments are consistent with international standards on auditing (ISAs) and other IFAC SMOs such as the code of ethics.

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<sup>1</sup> IFAC website: [www.ifac.org](http://www.ifac.org)

Prior literature have questioned the appropriateness of western-styled accounting, auditing and corporate governance mechanisms in the context of developing economies (see, for example, Alawattage and Wickramasinghe 2008; King et al 2001; Lance et al 2000; Haniffa and Hudaib, 2007; Siddiqui, 2010a etc). It is argued that these mechanisms, developed in the context of developed economies, would only work under assumptions of an efficient capital market, higher investor sophistication, and presence of effective second order institutions (such as efficient regulators, judiciary etc) that would complement such governance schemes. However, despite this, attempts to harmonize accounting and auditing practices have continued, and such efforts have been supported by international donor agencies such as the World Bank and the IMF who have sometimes prescribed adoption of such standards in member states as a condition for receiving loans. This sets the context for this chapter.

Based on an extensive review of existing literature, the chapter attempts to identify some unique characteristics of the audit markets in less developed countries (LDCs) with a view to understanding whether such socio-political and cultural traits may actually act as deterrents to the globalisation attempts initiated by the IFAC and World Bank. For the purpose of this chapter, Bangladesh is used as an example to highlight the distinctive characteristics of audit markets in LDCs. Like many other LDCs, Bangladesh is financially reliant on international donors or lending institutions such as the World Bank and the IMF, and instances of donor influence in government policy making have been documented (Sobhan, 2003). Siddiqui (2010a) reports that, like many other LDCs, donor agencies attached conditions of financial sector reforms for advancing loans to the Bangladesh government for various projects. As part of the financial sector reforms, Bangladesh adopted the international standards of accounting (ISA) and auditing (IAS). Mir and Rahaman (2005), investigating adoption of ISAs in Bangladesh concluded that such adoption may have been due to a number of institutional pressures rather

than reasons of efficiency, as these standards do not appear to be entirely suitable for the socio-economic conditions prevailing in Bangladesh. This is consistent with Siddiqui (2010a) who report similar institutional pressures for the adoption the apparently incompatible Anglo-American model of corporate governance in Bangladesh.

The remainder of this chapter is organised as follows: the next section discusses the auditing harmonisation attempts initiated by the IFAC and the World Bank. A subsequent section then presents some distinctive attributes of audit markets in LDCs, using Bangladesh as a case. This is followed by a section that attempts to assess the potential effects of such characteristics on the globalisation efforts. A conclusion section then summarises the findings in line with the research questions.

## **2. Globalisation of auditing standards**

Although there is a vast literature relating to harmonisation of accounting standards, harmonisation of auditing practices has received relatively little attention. The few studies that have looked at harmonisation of auditing standards have largely concentrated in the area of audit reports<sup>2</sup>. Gangolly et al (2002), investigating harmonisation of auditing reports state that such attempts have been relatively new and have mostly been spearheaded by the IFAC. Such attempts have been supported by the World Bank and the IMF, who, as part of their ROSC programme, have suggested adoption of a number of SMOs proposed by the IFAC in developing countries. This chapter will now discuss the IFAC and World Bank efforts to initiate and disseminate one global set of auditing standards in further details.

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<sup>2</sup> For example, Hussein et al (1986) investigate differences and similarities in the audit reports issued in 27 countries, Archer et al (1989) compared the audit reports of European countries; Jones and Karbhari (1996) compared audit reports of France, Germany, Japan, the Netherlands, the UK and the USA.

### *2.1 The IFAC compliance programme*

The IFAC was established in 1977 and headquartered in New York with a view to issuing international standards covering the areas of ethics, auditing and assurance, education and public sector accounting (IFAC website). The objective of IFAC is to provide globally homogenous standards that would yield higher coordination in the international accounting profession by developing ISAs. IFAC was successful in gaining the global recognition as the standard setter for auditing and its position was further strengthened when the European Commission announced its intention to mandate all the countries included in the European Union to adopt the ISAs under the condition that the ISAs as well as the governance of the IFAC itself have to be promoting the public interest (Loft, Humphrey, and Turley, 2006). At present, the number of IFAC members has reached 159 in 124 member-countries representing 2.5 million accountants worldwide.

In 2006, IFAC issued seven statements of membership obligations (SMOs) to assist 'high quality performance by professional accountants' (IFAC, 2006). The member bodies of IFAC, which includes national accountancy bodies from most of the countries in the world, are required to make their best efforts to abide by the SMOs, and failure to do such without satisfactory explanations would result in suspension or removal of membership. The seven SMOs issued by the IFAC cover areas such as audit quality, audit education, code of ethics for professional auditors, disciplinary procedures to be adopted by national auditing bodies, adoption of ISAs and IFRS, and accountability and auditing in the public sector.

SMO 1 is concerned with ensuring that member bodies will be subjecting their audit firms to quality review programs. At least audit firms that undertake audit and assurance engagements of listed companies should be reviewed for quality purposes. The IAASB is the one responsible for developing standards

concerning audit quality (IFAC 2004, revised 2006). SMO 2 dictates the education requirements that are supposed to be followed by IFAC member bodies. According to SMO 3, members of IFAC are required to comply with the standards that are issued in terms of quality control, auditing, and assurance. SMO 4 is concerned with the IFAC Code of Ethics for Professional Accountants and pronouncements by the International Ethics Standards Board for Accountants (IESBA). Public sector auditing and accountability is incorporated in SMO 5. SMO 6 is related to the investigations of cases of misconduct such as cases of breaching any codes or standards. The IFAC does recognize that each country has its own legal systems. Consequently, the IFAC has set minimum requirements which could enable member firms to comply with this obligation. SMO 7 related to the adoption of IFRS and ISAs in member countries. The IFRS are issued by IASB and this SMO relates to member bodies complying with this obligation.

## ***2.2 World Bank and IMF joint ROSC programme***

The ROSC programme was jointly launched by the World Bank and the IMF in 1999 with a view to ‘promote greater financial stability, at both the domestic and international levels, through the development, dissemination, adoption, and implementation of international standards and codes’ (IMF 2005, p 5). ROSC covers a set of twelve internationally recognised ‘modules’ consisting of core standards and codes relevant to economic stability and private and financial sector development of member countries<sup>3</sup>. The accounting and auditing module is led by the World Bank. A 2004 report by the World Bank, presenting an overview of the ROSC accounting and auditing

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<sup>3</sup> The twelve standards are data dissemination, fiscal transparency, transparency in monetary and financial policies, banking supervision, securities market regulation, insurance supervision, payments and settlements, anti-money laundering, corporate governance, accounting, auditing, and insolvency and creditor rights (World Bank, 2004)

module mentions that the module had two-fold objectives: first, to assess the comparability of national accounting and auditing standards with International Accounting Standards (IAS) and International Standards on Auditing (ISA) respectively; and the degree to which corporate entities comply with established accounting and auditing standards in the country; and second, to assist the country in developing and implementing a country action plan for improving the institutional framework, which underpins corporate financial reporting regime in the country (World Bank 2004, p 2). Under the project, an evaluation exercise is conducted to compare the national auditing standards with the ISAs. Also, the current strengths and weaknesses of the accounting and auditing profession in a member-state are evaluated. The ultimate outcome of the ROSC programme is the production of a country action plan for each member-state, which, 'if requested by country authorities' can result in the design of loans to be financed by the world bank (World Bank 2004, p 6).

This section presented a brief overview of the auditing harmonisation and globalisation attempts initiated by the IFAC and disseminated by donor agencies such as the World Bank and the IMF. The next section will now discuss some characteristics of the audit market in an LDC, using the case of Bangladesh.

### **3. The audit market in Bangladesh**

Audit environment in Bangladesh is characterised by the presence of relatively small number of publicly traded companies, many of which are owned and managed by families, poor perception regarding skill and competence of auditors, and absence of appropriate monitoring. Prior literature has identified a number of socio-political characteristics of the environment within which auditors in Bangladesh operate, namely, ownership concentration and family



domination in public limited companies (Farooque et al, 2007; Khan et al, 2011), poor incentives for companies to go public (Sobhan and Werner, 2003), poor perception regarding the skill and competence of auditors (World Bank, 2003; Siddiqui (2010b)), and the absence of ‘second order’ institutions (Siddiqui, 2010a). These factors will now be discussed in detail.

### ***3.1 Ownership concentration and family domination in the corporate sector***

Like many other developing countries, most companies in Bangladesh are either family owned or controlled by substantial shareholders (corporate group or government). Farooque et al. (2007) report that, on average, the top five stockholders hold more than 50% of a firm’s outstanding stocks. The paper states that managements in many companies are effectively just extensions of the dominant owners. They are closely held small and medium-sized firms where corporate boards are owner driven. Consequently, most of the companies have executive directors, CEO and chairman from the controlling family. A survey conducted by Sobhan and Werner (2003) found that an overwhelming majority (73 percent) of the boards of non-bank listed companies were heavily dominated by sponsor shareholders ‘who generally belong to a single family- the father as the chairman and the son as the managing director is the norm’ (Sobhan and Werner, 2003 p. 34). Imam and Malik (2007) analyse the ownership patterns of 219 companies from 12 different industries listed on the Dhaka Stock Exchange, the major stock exchange in the country. It is reported that, on average, 32.33% of the shares are held by the top three shareholders, the results being even higher for real estate, fuel and power, engineering, textile and pharmaceutical sectors. In a recent paper, Muttakin et al (2011) point out that unlike many developed economies, family firm is actually the most dominant form of publicly listed companies in Bangladesh.

### ***3.2 Easy access to bank credit***

The capital market in Bangladesh is still in primitive stage. The country has two stock exchanges: Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). Although the Dhaka Stock Exchange was set up in the early 1950s, the capital market in Bangladesh has not flourished in comparison with its South Asian counterparts, and has already experienced two major collapses, one in 1996 and another very recently in 2011. Market capitalisation to GDP ratio for Bangladesh is only 7.5%, which is significantly lower, compared to other South Asian countries. Sobhan and Werner (2003) reports that the capital market does not seem to offer adequate incentives for companies to go public-

*Bank financing is readily available as result of excess liquidity and extensive competition in the banking sector due to the fact that new private bank licenses had been issued mostly on a political basis; banks therefore are reluctant to enforce additional requirements or strict conditions in lending. This phenomenon is substantiated by our survey which revealed that equity requirement had been the prime motivator for only 10% of the public companies interviewed – the remaining companies had cited reasons like tax advantages and legal compulsion, for going public.(Sobhan and Wener, 2003)*

Siddiqui (2010a) mentions that bank loans are easily available as result of excessive liquidity. Competition in the banking sector also has resulted in lenient conditions for credit. Sobhan (2002) reports that the banking sector and the capital market it heavily affected by the existence of a ‘default culture’ where a class of entrepreneurs find it more convenient to obtain credit from the bank, and then take the opportunity of weak bank regulations, ineffective law enforcement, and political patronage to resort to malpractices of not repaying the credit. Khan (2003) points out that the sponsors, promoters, and beneficiaries of this ‘default culture’ all belong to a particular class of the society with connections with the government, and subsequently protect each other.

Easy access to bank credit, together with the scope for adopting malpractices for not repaying bank loans through the exercise of political influence have

contributed to the development of a culture where companies prefer debt financing more preferable to raising capital through the capital market. The ADB quarterly economic update on Bangladesh (ADB, 2006) identifies poor quality of auditing and corporate governance, lack of quality shares and inadequate and irregular participation of the institutional shareholders as major reasons for the stagnant capital market.

### ***3.3 Skill, competence and independence of auditors***

Despite having a very large population, the number of auditors in Bangladesh is surprisingly low, even compared with its neighbours. World Bank (2003) suggests that the auditing profession does not attract the best quality students, and the job does not really differentiate between an MBA and a professional auditor. Karim and Moizer (1996) identified that audit fees in Bangladesh were significantly low. Sobhan and Werner (2003) conducted a survey on the state of corporate governance in Bangladesh. The study reported that that majority of respondents did not believe that audit reports reflected a true a fair view of the affairs of the company. There was also a perception that except very few reputed audit firms, the auditors generally did not understand or apply relevant auditing standards. Based on this, the study commented the dismal state of the auditing profession in Bangladesh-

*The auditing function would seem to represent a vicious circle; auditors are not perceived as independent, and do not provide quality audits, therefore, companies and shareholders are not willing to pay high fees for an audit. The low fee structure, in turn, does not provide an incentive to provide quality personnel and audits. (Sobhan and Werner 2003, p. 62).*

Siddiqui (2010b) also questions the independence, skill and competence of the auditors. The paper states that the level of accountancy education offered at the undergraduate and professional stages affect the skill and proficiency of auditors. Also, due to the absence of most of the Big 4 firms in Bangladesh, auditors are deprived of the training schemes offered by these reputed firms.

The skill, competence and independence were also highlighted recently after the share market collapse of 2011, as the share market manipulation probe committee identified auditors as one of the major parties involved in the collusion that resulted in the market collapse<sup>4</sup>.

### ***3.4 Absence of 'second order' institutions***

Unlike many developed economies, second tier accountancy bodies (such as the ACCA) are absent in Bangladesh. This, alongwith the very small number of qualified chartered accountants, implies that a vast majority of accountants working in the corporate sector do not possess any accounting qualifications. In addition to this, the other second-order institutions, such as the regulatory bodies and the judiciary, suffer from lack of skills and proper training, especially in dealing with corporate cases (Sobhan and Werner, 2003). Bangladesh is a former British colony, and has inherited the common legal system. The Companies Act 1994 (revised after 81 years from Companies Act 1913, when Bangladesh was part of British India) defines the structure of the firms, including the composition of the board of directors, appointment of the CEO, appointment and remuneration of the auditors etc. However, the problem with the legal environment has always been its poor implementation (Sobhan and Werner, 2003). Uddin and Hopper (2003), examining the success of privatisation of state-owned companies in Bangladesh, also identified the lack of legal enforcement as a major problem. A World Bank study on the state of financial accountability and governance in Bangladesh (World Bank, 2002) identifies that the sharing of responsibility by a number of government agencies complicates enforceability of corporate regulations.

*Responsibility for enforcement is shared among the Registrar of Joint Stock Companies, the Securities and Exchange Commission, the professional*

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<sup>4</sup> The probe committee report mentioned that systematic failure had allowed massive manipulation of stock markets in Bangladesh in 2011, and identified the SEC, Dhaka Stock Exchange, the Investment Corporation of Bangladesh, issuers, valuers, and auditors as those who had colluded in 'turning the market volatile' (Yahoo News, April 7, 2011)

*accountancy bodies, and the judiciary. The involvement of several bodies in corporate accountability complicates enforcement and reduces overall effectiveness. (World Bank, 2002, p. 83).*

Siddiqui (2010a) reports that market regulators, such as the securities and exchange commission of Bangladesh (SEC) and the Bangladesh Bank are also constrained with severe shortage of manpower, and are seldom blamed for their failure to stop share market manipulations. Association of SEC has been reported in successive share market enquiry reports, resulting in decline of investor confidence on market regulators.

#### **4. Caveats for harmonisation?**

From the above discussion, it appears that the audit markets in LDCs such as Bangladesh possess some distinctive attributes that would not exist in developed economies. Therefore, it is likely that western styled governance and auditing schemes, based on notions such as efficient capital markets, may not entirely be suitable for such countries. This might have important implications for the IFAC initiative to globalise auditing practices. As mentioned before, the IFAC SMOs mainly concentrate on areas such as audit quality, audit education, skill and competence, code of ethics, self regulation and other disciplinary procedures taken by national auditing bodies, adoption of international auditing standards, and public sector auditing. Each of these areas has the potential of being significantly affected, individually or collectively by the socio-political characteristics prevailing in Bangladesh as identified above.

Diagram 1 summarises the audit market in Bangladesh. Three factors seem to contribute to the significantly low level of audit fees prevailing in Bangladesh at the moment: firstly, ownership structure and family dominance in the corporate sector; secondly, the ability of companies to secure funds elsewhere

than the capital market; and thirdly, the shortage of skilled auditors. In a recent study, Khan et al (2011) reported audit fees in Bangladesh to be significantly negatively correlated to ownership concentration in the corporate sector. Muttakin et al (2011) concluded that family dominance in the corporate sector in Bangladesh has led to the development of a corporate culture where the role of auditing as a governance mechanism is not generally appreciated. The paper found that family dominated firms, comprising more than 60 percent of the companies listed in the DSE, paid significantly lower amounts of audit fees and were less inclined to employ better quality auditors. Poor incentives for companies to be listed in the capital markets, together with easy access to bank credit, have resulted in the reluctance of companies to be enlisted in the capital market. As demand for audited financial statements for companies not listed with the stock exchanges tend to be low, audit fees in these companies have also suffered. The World Bank, in a report on the observance of standards and codes in Bangladesh (ROSC), has identified poor levels of education and training as one of the major problems for the development of the auditing profession in Bangladesh (World Bank, 2002). Sobhan and Werner (2003) report that investors in Bangladesh perceive auditors not to be sufficiently skilled. This negative image of the auditors in the minds of the investors would be reflected in the audit fees. Auditing literature has long identified audit fees premium as an indication of audit quality. It is argued that better quality auditors would charge significantly higher levels of audit fees as a premium for the quality of their services. This implies that audit quality has a cost. Therefore, it can be argued that due to the low levels of audit fees prevailing in Bangladesh, auditors cannot afford to provide quality audit services.

Audit quality, or the lack of it, has been associated with the auditors' ability, firstly, to detect misstatements and secondly, to report such incidents to the investors. The first attribute, therefore, relates more to the education and

training received by the auditors whereas the second feature refers to auditor independence and the ability of the profession to regulate its members. The main problems with the education and training for professional accountants in Bangladesh, as identified by a World Bank report (2002), includes the failure of the profession to attract good quality students, the poor quality of accounting and auditing education offered at the undergraduate levels, and the inadequate training programmes offered by the ICAB. The World Bank (2002) reported a number of weaknesses in the education and training programmes offered by the ICAB. These include the lack of updated training materials, lack of knowledge of the instructors, and poor passing rate. The report mentioned that the ICAB pre qualifications curricula did not include the code of professional ethics, and sufficient depth in teaching functional, business management, and communication skills. Poor passing rate is also identified as one of the major problems in the accountancy profession. World Bank (2002) reports that between 1972 and end-June 2003, 11,026 students enrolled with the ICAB as trainee accountants. However, the current number of members in the ICAB is less than a thousand, indicating the poor passing rate, and high percentage of drop outs. The quality of accounting education at the undergraduate level has been the cause of major concern for the development of professional accounting education in Bangladesh. The World Bank ROSC report summarized this as follows-

*The quality of higher education suffers from the lack of modern curriculum and skilled instruction. Accounting courses in the bachelor's degree program do not include practical application of national and/or international accounting and auditing standards. Many accounting teachers lack the experience and adequate knowledge to teach either the theoretical or practical aspects of IAS and ISA. Undergraduate-level teaching in accounting and auditing mainly focuses on elementary topics and application of some basic standards. The outdated curriculum and lack of appropriate literature leaves students without an applicable background for modern accounting and auditing. The academic programs do not challenge students to improve critical thinking. (World Bank, 2002, pg. 5)*

The medium of instruction in the undergraduate programmes was another cause of concern. In Bangladesh, many universities still conduct their undergraduate programmes in Bengali, the national language. However, the professional accountancy courses run by the ICAB is in English. This creates difficulties for the students. The absence of Big 4 audit firms implies that audit professionals in Bangladesh are not exposed to the superior levels of trainings offered by these internationally renowned firms.

The perceived independence of the auditors in Bangladesh has been questioned by a number of studies (e.g. Sobhan and Werner, 2003; Siddiqui (2010b) etc). Bangladesh adopted the IFAC code of ethics in 2006. However, although it seems that the ICAB has a sound disciplinary process in place to tackle with possible breaches of the code of professional ethics by its members, there is a widespread perception that the ICAB is reluctant to take actions against its members (World Bank, 2002; Sobhan and Werner, 2003). World Bank (2001) mentioned that the investigation and disciplinary committee of the ICAB 'is not proactive with respect to disciplining errant public practitioners' (World Bank, 2001). Also, the regulatory bodies such as the SEC are not deemed to be effective enough to monitor the quality of audited financial statements. A number of research reports also support the notion that SEC in Bangladesh lacked the required technical expertise and resources. Sobhan and Werner (2003) identified a number of constraints-

*Right from the beginning, the SEC suffered from a lack of an adequate number of staff properly trained in capital market affairs. That lack still continues. The SEC does not have a full time Corporate Accountant in place. The current Chairman and members are not from a capital market background, and neither have most past chairmen and members been so; Commission members are usually retired public servants.(Sobhan and Werner, 2003)*



Siddiqui (2010b) reports that the shortage of skilled manpower and resources also affects the judicial procedures where court litigations take very long time to be resolved, and act as potential deterrents for actions to be taken against ICAB members.

The ICAB, in response to IFAC's compliance programme questionnaire, has developed an action plan to demonstrate progress towards compliance with the IFAC SMOs (ICAB, 2009). It is mentioned that in response to IFAC's compliance project, the ICAB has made significant progress in terms of adoption of the IFAC code of professional ethics (SMO 4). A new policy on investigation and discipline is being launched in line with the IFAC SMO 6. In response to SMO 7, ICAB was in the process of adopting the IFRS and make the Bangladesh Standards on auditing consistent with the ISA. Also, the education and training requirements for auditors are being revised to make these consistent with the SMO 2. Overall, a reading of ICAB's response to IFAC's questionnaire related to the compliance programme would suggest notable progress towards harmonisation of auditing and accounting practices. However, as this chapter suggests, the ground reality of the audit market in Bangladesh may be too different from that of the developed world for these SMOs to be effectively applied.

ICAB's unwillingness to regulate its members, together with the legal environment may make the adoption of the IFAC code of professional ethics largely ceremonial. It is hard to see why the IFAC code of profession ethics would work where a number of similar codes issued and adopted by the ICAB earlier have not made much difference on the ethical behaviour of its members. Also, given that there is no second tier accountancy body in Bangladesh and the corporate sector mostly recruits accountants who do not possess any professional accountancy qualification, it would be difficult to implement SMOs such as the adoption of IFRS in the context of Bangladesh.

Also, there is a severe shortage qualified financial analysts. As a result, general investors tend lack basic understanding of financial statements. Sobhan and Werner (2003) point out that the deficiency of investor sophistication o lead to lack of shareholder activism in Bangladesh. The adoption of the IFAC SMO relating to accountancy education is unlikely to make an effect on the skill and competence of the auditors, given the quality of accountancy education offered in the undergraduate levels in the universities, and later by the ICAB. Also, the absence of Big 4 firms would have an effect on the quality of training received by the auditors in Bangladesh.

## ***5. Conclusion***

The chapter investigates the harmonisation efforts initiated by the IFAC in the context of the audit market in an LDC, namely Bangladesh. The chapter identifies the ownership structure and family dominance, easy access to bank credit, perceived deficiency of skill of auditors, and the absence of second tier institutions supplementing the audit market as major obstacles for implementing the IFAC statement of membership obligations. However, despite this, countries such as Bangladesh, under pressure from the donor agencies, have been keen to demonstrate compliance with the IFAC harmonisation efforts, ignoring the fact that the socio-economic characteristics prevailing in Bangladesh may not necessitate such wholesale adoption.

It is important to note that the characteristics of the Bangladesh audit market as identified in the chapter are not unique. Rather, audit markets in many other LDCs have demonstrated similar traits. However, due to the ‘check-list’ approach adopted by the IFAC, it may seem that the globalisation efforts are being largely successful, especially in developing countries, which, under pressure from the World Bank and the IMF, would attempt to demonstrate

such compliance even though the ground realities of these countries may be completely different.

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