



## International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournals.com>

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Volume 15 • Number 22 • 2017

### A Critical Perspective Analysis of Iraqi Accounting Thought: Some Thoughts on the Search for Better Understanding of Accounting in Practice

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#### ABSTRACT

The purpose of this paper is to view some thoughts on a long-term qualitative research project to explore the development of Iraqi accounting thought. The first thought is to interpret accounting and its relation to the existing sociological perspective, which are including the western and Iraqi sociological perspective. The second is to grasp of historical development of accounting in Iraq necessarily required for profound analysis of the current development and problems of Iraqi accounting. It is also discussed that accounting Hammurabi's legacy has much shaped the models of Iraqi accounting today. The third thought is that presented the adoption of critical perspective, accounting in practices supplied a prosperous image, for instances accounting can be viewed as a master to the process of reality construction within an organization, shaping decision making in accorded with the value and perspective of the organizational and social reality.

**Keywords:** Accounting Thought, Accounting Practice, Critical Perspective, Iraq.

#### 1. INTRODUCTION: A GENERAL OVERVIEW

There is open debate regarding independence of accountancy and auditing, further more has been pay awareness to the public accountancy is not a science, accounting regulations and standard-setting. There is massive verbal confrontation about accounting knowledge and a practice in Iraq as of late has been taken to genuine examination. For example, (Sudiby, 1986) at SEATU conference 1986, question that In the fundamental expression of accounting profession and accounting in practice, accounting is neither an art, nor a science but as a technology. Similar with (Mulyadi, 1986) cited from (Sukoharsono, 2005) also there

are big criticizes that most of accounting control systems created by himself have some difficulties to be applied in the “real” client situation. Recently in 2007 there were several Iraqi private banks and financial companies collapsed by (faris, 2014). The public point of view that the accounting profession responsible of that tragedy.

In vision of the exploration and response over, realistic functioning of accounting maybe author knows about how little we think about it. This perspective is amazing, in light of the fact that various publications addressed to accounting practices dominates our scholastic readings. Yet, it should be noted that “do we know adequate about accounting in practice performance? The answer is controversial that little is grasp about accounting in practice either accounting’s social roots or the linkage and mutual relations between the social and technical aspects.

There is a growing number of accounting scientists addressing conventional accounting, not only Iraqi accounting researchers, but UK, Indonesian, Australian, American, Canadian, New Zealand and American accounting researcher also criticize traditional accounting. Queries have been raised and criticisms have been written through many published journals. E.g, (cooper, 1983: Tomkins & Groves, 1983), and (Dillard, 1991) these criticisms above all addressed to serious deficiencies in the theoretical and methodological bases of accounting and to associated errors conception in practices as pointed out (Hopper et al. 1987, p.438), there is as of now two sorts of assault to ordinary management accounting knowledge, as had been represent in majority mainstream textbooks and articles in most important journals. The first attack severely questions its theoretical and methodological bases of accounting. The second one is that conventional management accounting is frequently not utilized in practice.


In light of the prior statements, this paper intends to give a few thoughts into the early on examination of accounting in Iraq. The analysis includes three purposes. The first purpose to achieve would like to illustrate accounting and its connection in to the sociological perspectives. This stress of the understanding of the presented “western” sociological perspectives and compared to Iraq perspective. The second purpose is to realize the historical development of accounting in Iraq accounting practices. The third purpose is that the author would like to grant some thoughts on the future understanding of Iraqi accounting in practices under the core of the critical perspective.

## **2. PHILOSOPHICAL ASSUMPTIONS IN ACCOUNTING AND ITS RELATION TO SOCIOLOGICAL PERSPECTIVE**

The main issues of this paper to enlighten the accounting researcher in that every conducting accounting research study primarily has to consider four interconnecting attributes of assumptions which are: ontology, epistemology, human nature, and methodology. Considerate of all these attributes are based on the assumptions that all social scientists including accounting should approach their research subject and object into the nature of the social world and the way in which they subject and object maybe investigated (see, Burrell & Morgan 1979). The first assumption is ontology. These point out to the assumptions which concern the essence of the phenomena under investigation. These are two tremendous approaches: (1) the one great the reality is “subjective” approach that is viewed as having an observational or empirical, presence of a world external to, and free from the cognizance of any individual, (2) the other strongly reality is “subjective” approach that places the solid presence of a social world as a result of individual cognizance. Secondly, epistemology indicates to the nature of knowledge - about how one may start to comprehend the

research questions under investigation. The theory of knowledge is epistemology, from one side perspective, can be acquired through remark and is construct by a positivist or physical science - “objective in nature, the other strongly movement towards is believed that knowledge comes from experience and handy of an active participant in the refers to the assumption is believed that human behaviour are dictated and determined by their external environment. Fourthly, methodology refers to the way in which research process can be carried out to investigate and obtain “knowledge” about accounting and its relation to social reality. As declared (Burrell & Morgan, 1979), there are two extreme assumptions related assumptions can be dispute: (1) in case of view the social world is take notice as the same as science by conventional “natural scientist” that view as being “hard”, “real”, and exterior to the individual, then at that point techniques of methods from the natural sciences common that research processes in determine, explaining, and anticipating or predicting the social phenomena. In this consideration, the statistical techniques are essentially and very seldom applied to test research questions and hypotheses, and to analyze data collected by criterion research instrument of natural sciences, such as the use of questionnaire and quantitative techniques for data analysis on the contrary, (2) in case that the social world is viewed as the production of subjective experience of people, then research strategies are centred around investigation of immaculate subjectivity of dynamic participants in phenomena under investigation the last sections we discussed above, it’s as obvious the explanation about several of assumptions of ontology and human nature in the social vision have diverse ways of thinking about the category in epistemology or methodological assumptions that perhaps appropriate for fundamental and continuing research progression. For more understanding about the philosophical assumptions in this paper the table (1) provided a Trans typology from objective to subjective approach that can be used.

**Table 1**  
**Network of basic assumptions characterizing**  
**the subjective-objective debate within social science**

<i>Assumptions</i>	<i>Subjectivist approaches to social science</i>						<i>Objective approaches to social science</i>
Ontology	Reality as projection of human imagination	Reality as a social construction	Reality as a realm of symbolic discourse	Reality as a contextual	Reality as a concrete process	Reality as a concrete structure	
Human nature	Man as pure spirit consciousness being	Man as a social constructor, the symbol creator	Man as an actor the symbol user	Man as an information processor	Man as adaptor	Man as a responder	
Epistemology	To obtain phenomenological insight, revelation	To understand how to social reality is created	Understand patterns of symbolic discourses	To map contexts	To study systems process, change	To construct a positivist science	
Some favoured metaphors	Transcendental	Language game, accomplishment, text	Theater, culture	Cybernetic	Organism	Machine	
Research methods	Exploration of pure subjectivity	Hermeneutic	Symbolic analysis	Contextual analysis of gestalten	Historical analysis	Lab experiment surveys	

Source: Adapted from Morgan [1980, p.492]

## 2.1. Western Sociological Perspectives

Regarding to the earlier debate in this paper, there are a number of western sociological perspective, the early view in terms of “Burrell and Morgan” paradigms functionalist, interpretive, radical humanist, and radical structuralist, those are social system in western thoughts theory, pluralism, integrationist, labour process perspective, critical theory, Foucauldian perspective, Giddens’s structuration theory modern, Postmodern perspective, and many other western perspective. More over in short explanation to facilitates presentation and make this paper of sensible length. I shall enclose my centre of attention four western sociological perspectives. They are, first integrationist perspective, second Foucauldian perspective, third critical theory, and fourth Postmodern perspective.

### (A) *The Integrationist Perspective*

The product of the German idealist heritage of social thought based on the effort of Kant (1724 - 1804) which are the philosophical foundations of interactionism by Kant central idea is deals with the conception of social world as a budding social process which is created by the relations of individuals.

In accounting studies, the integrationist perspective has been modified since the 1970s by utilizing behavioural perspective into accounting (Tomkins & Groves, 1983). on the other hand, the clearest support of this perspective as an another of accounting research methodology to functionalist/mainstream accounting research was create (Colville, 1981). Colville debated that conducting research in “behavioural” accounting maybe be useful if interactionist perspective is used as a foundation of methodological research. likewise, even there are weakness and boundaries (Morgan, 1983), and (Wilmott, 1983), (Tomkins & Groves 1983) expressed that it is imperative for accounting scientists to move far from functionalist to integrationist point of view keeping in mind the end goal to improve comprehension of accounting parts in the social activities. Following to the studies of (Colville, 1981) and (Tomkins & Groves, 1983), there are a many accounting scientists who worry with the interactionist’s methodological perspectives in comprehension the way of accounting in the public arena, which are (Rosenberg, et. al., 1982), (Covaleski & Dirsmith, 1983, 1986, 1990), (Tomkins & Colville, 1984), (Preston, 1986), (Kaplan, 1983, 1984, 1986), (Chua, 1986), (Macintosh & Scapens, 1989). This sub-section needs further deeper analyses.

### (B) *Foucauldian Perspective*

Michel Foucault, Michel Foucault, the famous French philosopher who lived from 1926 to 1984, historical researcher and genealogical philosopher, is recognizing as one of intelligent of the Post-World War II Hopper and Macintosh (1990). Fundamental of his idea is concerned with the task of producing social analyses which are breaking through by philosophical insight particular, his major concern about main two concepts of epistemological techniques: *Archaeology and Genealogy*, in analyzing social phenomena. These techniques has been used as a root of his series publication of critiques of social phenomena including psychical illness, sexuality, the human science, asylums and imprisonment (Foucault, 1972, 1977). In type, Archaeological analysis is determined on the complex of rational discourses in analyzing a social phenomenon under investigation. Hopwood in 1987 “*The Archaeology of Accounting Systems*”, has given us some functional insight of Foucault effort to scan accounting phenomena (see also Loft, 1986), (Arrington & Francis, 1989), and (Hopper & Macintosh, 1990). Genealogical analysis deals with “knowledge” and “power” to demonstrate that history is two processes of “descent” (Herkunft) and “emergent” (Entstehung) that is

not linear (cf., Last, 1990) cited from (Sukoharsono, 2005). “Knowledge” is interconnected and according to him, “knowledge” is not only considered as the exercise of “power”, but also “power” It self can run systems which produce “knowledge”.

In the accounting situation, early accounting scientist who brought Foucault’s suggestion matter of the development and transform of accounting knowledge were (Burchell, et. al., 1980). They mostly favour Foucault’s idea to observe the relationship between the institutional setting of accounting and the growth of accounting knowledge. Five years later, Burchell and his colleagues in 1985, used a genealogical approach in conducting the case study of the value-added conception in the UK. The main point of the their schoolwork was to investigate some existing theories of the social nature of accounting practice using the case of the rise of interest in value added accounting in the UK in the 1970s. They modified a historical genealogical approach as a device to keep away from the assumption that accounting has some vital role or function. In common, the result referred that using a historical genealogical approach; they able to indicate how the value added event emerged out of a complex interplay of institutions, issues and process.

In another side of accounting researchers who also adopted Foucault’s power-knowledge affairs in the situation of accounting history like are (Hoskin & Macve, 1986, 1988, 1991), and (Loft , 1986, 1988), (Miller & O’Leary 1987), (Hopwood, 1987), and (Hopper & Macintosh 1990). Even there are numerous accounting studies published by adapting the Foucouldian conception, nonetheless, many criticisms faced to the concept. For example (Neimark, 1990) criticized Foucault’s concept in terms of two sorts of aggression, the first attack was that Foucault’s concept of “power” and “knowledge” is in somewhat doubt as a basis of regenerative theorizing of analyzing social phenomena. For her, Foucoult’s concept should be considered less as an emancipator scholar than as a “neo-conservative” (e.g., Lyotard & Baudrillard’s thought). The second attack was that Foucouldian work has a major complexity to be applied in accounting research ground in terms of “value-free” analysis (see also the detail analysis (Hoskin & Macve, 1991).

### *(C) Critical Theory*

There is group scholars includes Horkeimer, Gadamer, Ardono, Benjamin, Marcuse, and Habermas, were developed Critical theory, known as the “Frankfurt School”. A particular concern of this school of thought was that they attached scientism for its inability to finger social theory and for its narrow appeal to “instrumental reason” (Held, 1982). Critical theory mainly has a fundamental faith that any dynamic social theory must view society and its parts as highly dynamic. As stated (Gaffikin, 1989, p. 174) who cited Geuss’ (1981) argument, there are three vital character of a critical theory:

1. Critical theories have specific status as guides for human act in that;
  - (a) They are meant at producing illumination in the agents who told them, i.e., at enabling those agents to determine what their true interest are;
  - (b) They are naturally emancipator, i.e., they free agents from a kind of coercion which is at least partly self-imposed, from self-frustration of conscious human actions.
2. Critical theories have cognitive content, i.e., they are forms of knowledge.
3. Critical theories are different epistemologically in important ways from theories in the natural science. Theories in natural science are ‘objectifying;’ critical theories are ‘reflective’.

Amidst of the critical theorist (Horkeimer, Gadamer, Ardon, Benjamin, Marcuse, and Habermas), the most notable of the new offspring is Jurgen Habermas - Held (1980), Pusey (1987), White (1989), Lyyntinen and Klein (1985) and Laughlin (1987), For example, Laughlin (1987) and Lyyntinen and Klein (1985) sharp out that Habermas' thought has the great potential methodology approach for investigating social phenomena more widely. Similarly, Puxty (1987) argued that Habermas offered a comprehensive new social theory that engages with the control theoretical paradigm of modern science.

Critical theory by Habermas called the action as communicative action. Critical theory mainly concentrated on achieving success of actions in social interactions, this takes place through language in achieving mutual understanding of reality within everyday life. In accounting field, understanding, what Habermas says about "language", has been well elaborated by Laughlin (1987) and Lord (1991), According to Laughlin (1987), Habermas language and communicative action are "element which is vital in allowing understanding to occur and non-violent change to happen". This element is built upon very basic rational skill which marks out our uniqueness as human being. For Habermas, language provides a key as a medium for coordinating action that, according to White (1988, p.36), can produce subsequent patterns of interaction in everyday life.

A critical perspective in accounting research has been utilize since the start period 1980s (e.g., Laughlin, et. al., 1982, Laughlin and Puxty (1983, 1984), By the time, Laughlin and Puxty (1984) discussed under the topic of a critical perspective, there is believed that the steps of cover what is the behind the fact, or the worldview, structures of social relations and other implicit factors of accounting regulation can be achieved, further that the issues of accounting regulation can be clarified and resolved using discourse of Habermas perspective. Subsequently, hence extended Habermas viewed as a methodological approach, for Puxty (1987), to examines the modes of accounting regulation, for Laughlin (1987, 1988), to investigate and understand accounting systems in their organizational context - the case of church of England, and for Macintosh (1988), to examine and analyze IBM's annual reports in terms of their construction and reconstruction of an ideology of an inferior role for women in the computer workplace.

There are a number of difficulties evident which might counter this critical perspective, but these accounting researchers had stated the usefulness of Habermas methodological approach into accounting research arena e.g. Pusey (1987) and Roslender (1990). Roslender (1990) criticized Habermas critical theory in terms of the political legacy, the language of texts, and the micro-level validity of critical theory was based on a Marxist mode of analysis that focuses the socialist revolution commitment of working class in understanding the totality of modern capitalism. Secondly, the language of original texts of Habermas critical theory has been written originally in Germany contextual culture. Thus, it takes time and patience in understanding what Habermas exactly argued and thought about critical theory. Thirdly, what are the micro level validity and justification employing critical theory in our methodological research approach? Laughlin himself recognized.' is question (see also Laughlin (1987)).

#### *(D) Postmodernist Perspective*

If we believe the French theoreticians such as Baudrillard, Lyotard, Kroker, Cook, and Jameson, we are now in a typical post-era (postmodern). These theorists of postmodernism essentially are concerned with the destabilization of classically modern signifier and the overall destruction of symbolic orders (cf., Jensen, 1986 and Smart, 1990). In this context, amongst these French theorists labeled a new "neoconservative"

school of thought, perhaps the most important contemporary theorist is Baulliard and Lyotard who challenge both to traditional and critical theory e.g. Ashley, (1990) and Turner, (1990). According to Kellner (1988), Baudrillard describes a simulations and simulacra that create in turn new forms of society, culture, experience, and subjectivity, while Lyotard describes a “postmodern condition” that marks the end of the grand hopes of modernity and the impossibility of continuing with the totalizing social theories and revolutionary politics of the past.

A function of critical theory in post-modern perspective has been used in “language games” to analyze the diverse activities and action within everyday life under investigation. Differently, language game of post-modern came from Wittgenstein, whereas languages game of critical theory was derived from neo-kantian value philosophy. A languages game approach in the spirit of Wittgenstein would assert the existence of a variety of linguistic practices and the absence of any overarching metalanguage. According to Baudrillard and Lyotard, adopting a language approach to knowledge is a key focus in implementing our own rules, structure and changes within reality. Moreover, language games for Lyotard are the “social bond” which holds society together.

Sound there is a little anxiety of accounting researchers to apply and confirm the post modernist perspective into accounting research arena, even there is a magnitude of debate and questions related the existence of this perspective, this threat to accounting researchers to explicate whether this perspective can provide an alternative to the functionalist. It might be argued that it is important to understand the growing thought of the postmodernist perspective in order to give us an additional choice to the functionalist perspective.

## **2.2. Iraqi Sociological Perspective: A Briefly Insight**

It is impossible to understand the development of Iraq and Iraqi today without an appreciation of the role of Hammurabi's in molding the nation's spirit and outlook on life and its profound significance as a philosophical guide to social and government actions and policies, unlike interactions, critical theory, and post modernist perspective (Justice, Goodness, Galore, and Theocracy). This represents the four inseparable and mutually qualifying principles of Iraqi society and the nation's official ideology. These were proclaimed by Hammurabi ( the sixth king of the First Babylonian Dynasty, reigning from 1792 BC to 1750 BC ) Hammurabi is known for the Code of Hammurabi, one of the earliest surviving codes of law in recorded history. Respectively, the principles being used as a philosophical basis of Iraqi everyday life by Charpin, (1995) and Nagarajan, (2011).

The four principles are a mixture of Justice, Goodness, Galore, and Theocracy. When he said “I Hammurabi Prince Supreme ... diffusion the Justice in the world ... Spend upon the wicked Sinners ... and prevent the mighty penalized Weak ... and until it receives the Justice Orphan And widow ... Post a light in the earth and the doctrine is Creation interests. I Hammurabi, who came Well, abundance and prosperity over the age, And who turned everything. And who helped people in Time of adversity, want people on their property ‘I am the governor of the People and the server. “

They are (1) Belief in the Justice. This foremost principle, embodied in the Iraqi social reality and the constitution, is the basic foundation of all philosophical life of Iraqi. (2) Belief in Goodness amongst human beings around the world. This affirms respect for all peoples having rational knowledge in participating,

for example world peace, social justice, in our everyday life. The “Goodness” interest is the vehicle in increasing social rationality, justice and morality within our reality. (3) Belief in Galore. This proclaims equity and freedom the national is a liberating movement as opposed to imperialism and colonialism. (4) Belief in Theocracy. This is based on is the “government of a state by immediate divine guidance or by officials who are regarded as divinely guided A form of government in which God (or a deity) is recognized as the king or immediate ruler, and his laws are taken as the statute-book of the kingdom, these laws being usually administered by a priestly order as his ministers and agents; hence (loosely) a system of government by a sacerdotal order, claiming a divine commission; also, a state so governed, is the natural condition of individual, although it is modified to fit particular social conditions. With the fourth principles, individuals link social propensity. Belief in social justice is also belief in the social, economic, and political as power through individuals work together, by mutual assistance and communicative action, in order to get optimal results in any effort by Chrisomalis, (2005) and Oppenheim, (1977).

Based on the brief discussion above, it can be argued that the fourth philosophical principles of Hammurabi’s provide a wealth of insight on ideology, consciousness, human emancipation, communicative actions and social justice within our everyday life. However, there is a major central question concerning this perspective into accounting research methodology. This question is “can be bring a Hammurabi’s philosophical perspective as an alternative of accounting’s methodological research approach?” The answer of this question is that it is a big task of accounting researchers (especially Iraqi accounting researchers) to grab out the Hammurabi’s root into conceptual and theoretical understanding of accounting.

To date perhaps the best example of the use of Hammurabi’s perspective in the context of economics, In particular, he developed a conceptual system of Iraqi economy based on Hammurabi’s perspective. However, not yet specify the Hammurabi’s perspective into a methodological basis of research in economics. This return us (especially Iraqi social scientists including accounting researchers) to explicate in detail and justify what, how are the requirements of the Hammurabi’s perspective to be an alternative of accounting’s methodological research approach and why?

### **3. INSIGHT OF A CRITICAL PERSPECTIVE: AN ALTERNATIVE OF ACCOUNTING RESEARCH METHODOLOGY**

From the preceding discussion, there are the principal sociological perspective (Western and Iraqi sociological perspectives) on offer, their attractions and their drawbacks, strengths and weakness. Firstly, in general the interactionist perspective stresses the constant uncertainty confronting individuals with the understanding of social world as an emergent social process which is created by the interaction of individuals. Through language, they negotiate an understanding shared by others. Thus, as reflected in accounting context, it can be said that accounting maybe regarded as a “common language” for the discussion and resolution of contentious issues by Cooper, et. al., (1981). Secondly, Foucoulidian perspective stresses on a “historical building” I managing modern civilization, through a methodology which he was heavily reliant on two epistemological techniques: archaeology and genealogy. Thirdly, Habermas critical theory primarily focuses on “historically grounded social theory of the way societies and the institutions which make them up, have emerged and can be understood” by Laughlin (1987, p.482). For Habermas, through language and communicative actions, human beings can be enlightened, empowered and emancipated. Fourthly, Hammurabi’s perspective, In this paper, only provides insight of Iraqi philosophical life. The primary concern



of this perspective is articulated in terms of the four-principle approaches that exist within Iraqi society. However, this paper has not yet defined and elaborated in detail a concrete approach to be applicable as a methodological research. Its reasons are (1) limited material provided in English version, (2) limited to grub out the basic philosophy of this perspective. However, it is not impossible that this perspective will be elaborated In future work by the same author in the context of accounting.

As has been discussed previously regarding the principal sociological perspective that exists surrounding us, Habermas critical theory is chosen as the analytic methodology for this study. This theory is aimed primarily to investigate societal and institutional ideologies and is used to analyze and change the patterns of accounting in Iraq. Justification for this concern is expressed in terms of three basic views. Firstly, Habermas critical perspective provides dynamically linking theory to practice. As stated by Laughlin (1987), for Habermas, “Theory must always have some sort of effect on practical “real world” phenomena”. Secondly, Habermas critical theory sees human beings as having inner potentialities in developing and changing social reality. And objects can be identified and understood through interconnection between critiques, historical development and changes. Thirdly, Habermas critical theory is concerned with language and communicative action which are vital element in understanding social reality.

A second justification in favor of this perspective is largely a reflection of the interest of the author. Nevertheless, there are factors involved. Firstly, accounting is a part of social theory is quite useful rather than “natural sciences” which philosophically separates between object being researched and researchers. Secondly, since accounting is frequently given a large rein in providing and making decisions to work situations, it is likely that the socially contextual analysis of accounting is needed rather than purely technical one. Thus, adapting Habermas critical theory, because this can be expected to explain more of the variance of accounting in social context than purely technical demands, can be used properly as a basis for alternative of accounting researchers as an alternative of accounting research methodology, such as Laughlin (1983, 1984, 1987, 1988), Macintosh (1988), Broadbent, et. al., (1991a, b), for analyzing the political process of accounting regulation by Laughlin and Puxty (1983, 1984), for understanding the effects of the imposition of LMS on to schools, by Department of Education, UK (Broadbent, et. al., 1991), for investigating IBM’s annual reports of an interior role for women in society by Macintosh (1988). For these reasons, it is argued that Habermas critical theory can be used as an analytical methodology of accounting for understanding the changes of accounting in Iraq.

#### **4. HISTORICAL BACKGROUND OF IRAQI ACCOUNTANCY IN LEGACY CONCEPT**

##### **4.1. Towards a History of Accounting in Mesopotamia, Circa 3500 B.C.**

Five thousand years before the appearance of double entry, the Assyrian, Chaldaean-Babylonian and Sumerian civilizations were flourishing in the Mesopotamian Valley, producing some of the oldest known records of commerce. In this area between the Tigris and Euphrates Rivers, now mostly within the borders of Iraq, periodic floods made the valley an especially rich area for agriculture. As farmers prospered, service businesses and small industries developed in the communities in and around the Mesopotamian Valley. The cities of Babylon and Ninevah became the centers for regional commerce, and Babylonian became the language of business and politics throughout the Near East. There was more than one banking firm in Mesopotamia, employing standard measures of gold and silver, and extending credit in some transactions.

During this era (which lasted until 500 B.C.), Sumeria was a theocracy whose rulers held most land and animals in trust for their gods, giving impetus to their record-keeping efforts. Moreover, the legal codes that evolved penalized the failure to memorialize transactions. The renowned Code of Hammurabi, handed down during the first dynasty of Babylonia (2285 - 2242 B.C.), for example, required that an agent selling goods for a merchant give the merchant a price quotation under seal or face invalidation of a questioned agreement. Thus it is believed that most transactions were recorded and subscribed by the parties during this period.

The Mesopotamian equivalent of today's accountant was the scribe. His duties were similar, but even more extensive. In addition to writing up the transaction, he ensured that the agreements complied with the detailed code requirements for commercial transactions. Temples, palaces and private firms employed hundreds of scribes, and it was considered a prestigious profession. In a typical transaction of the time, the parties might seek out the scribe at the gates to the city. They would describe their agreement to the scribe, who would take from his supply a small quantity of specially prepared clay on which to record the transaction. Clay was plentiful in this area, while papyrus was scarce and expensive.

The moist clay was molded into a size and shape adequate to contain the terms of the agreement. Using a wooden rod with a triangular end, the scribe recorded the names of the contracting parties, the goods and money exchanged and any other promises made. The parties then "signed" their names to the tablet by impressing their respective seals. In an age of mass illiteracy, men carried their signatures around their necks in the form of stone amulets engraved with the wearer's mark, and were buried with them at death. Often the seals included the owner's name and religious symbols, such as the picture and name of the gods worshipped by the owner.

#### **4.2. Accounting of the Ottoman Era in Iraq of Early 19th Century**

In keeping the records of the State, all of the State departments of The Ottoman Empire used the ladder method as an accounting method; this system had been used for centuries. The first use of this State accounting method was seen in the Abbasid Empire (750-1258), an Arab-Islam State. Following the Abbasids, the method was developed by the Ilhanians (1250- 1340) and matured during The Ottoman Empire (1299-1922). As a result of the dominance of public economics in this part of the world, this accounting method was used for keeping the records of State incomes and expenditures as well as for the records of foundations and similar organizations. There were not many examples regarding the use of this method in the private sector because, due to the dominance of public economics, there were not many private companies in The Ottoman Empire. Small-sized private firms were using simple accounting methods for their records. On the other hand, large private firms were in the hands of foreign capital control. The records these firms were keeping were in the native language of the companies' founders and were used.

#### **4.3. Before the Iraq Independence under British Colonialism (1919-1932)**

For the development of audit in Iraq has affected the movement of Iraqi legislation during the twentieth century, this legislation, which came under the influence of thought Anglo-Saxon due to the British occupation of Iraq in the beginning of the last century, and so we find that the impact of the English and clearly defined in the audit in Iraq, as was the English audit offices in Iraq at the time are in control of the auditing profession in it, has legislation in Iraq move in three stages starting phase Accreditation of foreign

legislation, which began to declare the commander in chief of the British occupation forces in 1919, the application of the Indian companies Act at the time the companies in Iraq, and because India was at that time part of the British empire Indian companies Act was an exact copy of the law of British companies, so the legislation that existed in Iraq at the time was derived from the British companies that showed the rights, duties and responsibilities of auditors Act. As it was required in the practice of the auditing profession in Iraq to be a graduate of a British institutes In this confirmation of the subordination of the profession in Iraq to Britain at the time. Then the legislation go to the first national legislation stage initiated the issuance of the Iraqi state, the Commercial Companies Law No. (31) 1957 which abolished the Indian Companies Act, and the auditing profession has become subject to the law includes a special system that regulates the practice of the profession and to engage them, and finally the legislation reached the national legislation stage the second, which began issuing companies Law No. (36) for the year 1983 and then to practice the profession system No. 7 of 1984, and perhaps the most important thing has characterized this stage is to get rid of the cocoon of the British legislation at the level of general principles and detailed matters, due to the political and economic system of each variation Iraq and Britain, was also at this stage, requiring all companies and establishments to apply uniform accounting system at all levels.

#### **4.4. After the Iraq Independence**

Developments in the accounting and auditing during the twentieth century and in the latter specifically decades, there has been a significant change in the timing of the audit was born approach a new an audit might be called the initial approach (Preemptive) or curriculum priority in the audit Shall true which called preventive checks, which is a move towards audit before they are operational, it is unlike the traditional or historical audit, which examines the operations before they occur on a week or a month or more. He describes this audit as a “must help to close the barn door before the cows escape,” it provides the auditor with the opportunity to contribute to the improvement of revenue and in reducing the cost of what is possible. In Iraq and after independence from British occupation was the last century saw the emergence of a new term is transparency, this term that reflects a desire to show the property’s true nature to the auditor and shareholder and researcher, although not covered by thick walls conceal corruption and deviation is not known by one. He holds transparency term that runs the clear impact Whatever the audit is the two axes; The first is that it has expanded the size of the expectation gap it represents a sign and ask the community for the auditing profession to reveal all the errors and manipulations in the facilities, but the auditors are committed to that mission is not revealed manipulations but express only the fairness and sincerity of the financial statements of the entity checking the position of technical opinion, while the second axis is represented that the term transparency has put the auditing profession is at stake being demanding expand the scope of its work in response to the expectations of public opinion in order to become transparent and straight installations, which pays the profession to evolve and change.

#### **4.5. The British Colonialism’s Legacy and Accounting Movement**

After the Iraqi Independence, accounting practices and educational systems in Iraqi still followed the accounting patterns of the British legacy. It was the fact that in 1924 Iraqi education adopted the (BAC) British Administration certificate. This BAC was introduced by the British accountants and educator as the knowledge of included cost accounting and advanced accounting. As professional accountants becoming a

central concern of governmental administration and private institutions, in 1944 the University of Bagdad offered an accounting program leading to a Master degree for the first time. At the time, most accounting curriculums were mainly adopted from the British educational systems. As a consequence, most of the accounting practices also used the British systems. The systems, according to Alkazmi's [1971] study cited by Yousif [1990], were different to those of American accounting systems. He stated that the British accounting systems were not effective to be used as internal and external reporting and management decision-making in most Iraqi accounting practices. It was the fact that most of Iraqi companies had and often maintained two or three types of financial accounts, for example one for tax purposes, and the other one for internal purposes. These practically led some confusion. The other confusion using the Dutch accounting systems is that accounting was never defined clearly. For the British systems, accounting is no longer technical matters. They primarily view accounting as dealing only with financial purposes. Transformation of labor process, technological change, and the changes of managerial perspective were never related into accounting knowledge. Based on the limitations and shortcomings of the British accounting models in the Iraqi practices, there were some thoughts to shift from the British domination to the American accounting models. The influence of the Americans began at the time of political turmoil just after five years (1933) of the Iraq independence, when the government and the Iraq people were a climax unhappy with the British influence. Following the year, the United States used the situation by giving grants and loans to Iraq. These grants and loans included for upgrading and developing educational systems in Iraq. This led to the further consequences of the Iraq governmental policies.

The further evidence reflecting the condition of Iraqi accounting today is that management accounting virtually non-existent in Iraqi companies. If there is any, it is usually practiced by those of joint ventures companies with foreign companies. It is the fact that accounting in Iraq has not been understood well. They primarily view that accounting is totally and purely technical matters that are intended to present the financial condition of a company/an organization in the past. They have little understood the concepts of accounting today that have extended into the models of social accounting, accounting and technological change, social reports, socioeconomic statements, accounting of the human resource, etc. Based on the briefly discussions above concerning the historical to the present condition of accounting in Iraq, it can be concluded that Iraqi accounting today is being faced by many problems that need some solutions. However, the major problem is that little has been understood about accounting in Iraq. Accounting is viewed as only technical matters in the past. The relationship between accounting and the technological changes, transformation of labor process, corporate culture, and social responsibility have never been understood very well. From the major problem, this lead to a further series of problems appeared. For example, management accounting has not practically been existed widely in most of the Iraqi companies. Accounting knowledge is often not used in practice. According Mulyadi (1986) told his experience that most of accounting control systems, developed by himself as consultant, are often faced several difficulties to be applied in the "real" client situation.

## **5. SOME THOUGHTS ON IRAQI ACCOUNTING: A PROPOSAL UNDER A CRITICAL PERSPECTIVE**

Referring to the preceding discussion, there needs for some extended applications and changes of Iraqi accounting in practices. As stated by Al-kmokdadi (1988), the state of accounting in Iraqi today is being

faced by many problems. For example, most of companies as well as accounting practitioners in Iraq have little understood about the role of accounting. As evidence, audit is not generally required for companies in Iraqi. Similar to the Bsam's argument, White Bsam's (1991) argued that the major need for accounting in Iraq today is in understanding the relationship between accounting and society that is primarily on Iraqi labor forces. In addition, White suggest that it is more useful, if the development of Iraqi accounting is primarily focused on the understanding of social relationship and culture which exists in Iraqi society. Different to the Al-kmokdadi (1988) and White's (1991) argument, Bsam's concerns with the analysis of whether accounting is science or not. He primarily questions the adequacy of the basic term of accounting and accounting in practice. He argued that accounting today provides a lot of confusion in meaning. For him, the definitions of accounting produce more confusion and they only regard as purely technical matters. In his conclusion, he stated that to be useful, accounting is neither an art, nor science but as technology.

Based on these statement and evidence above, it is argued that there are two sorts of attack addressed to the existence of accounting in Iraq. Firstly, as summarized from argument, it can be said that little has been understood about accounting in Iraq. This second attack is derived from Sudibyo's (1986) analysis who states that accounting can be meaningful, if they are articulated as a technology. Both attacks are not quite surprising, because if we refer to the understanding of accounting in developed countries, there are a growing number of opinions criticizing the "knowledge" of accounting. For example, Chua (1986a, b), Laughlin (1987, 1988), Tomkins and Groves (1983), Morgean (1988), Hopper and Powell (1985), Gaffikin (1989, 1991) are amongst accounting researcher in developed countries criticizing and questioning the conventional accounting. As has been stated by Burrell, et. al., (1985, p.387), they claimed:

Little is known of how the technical practices of accounting are tethered to the social, of how wider social forces can impinge upon and change accounting, and how accounting itself functions in the realm of the social, influencing as well as merely reacting to it.

Similarly, Dillard (1991, p .12) stated that conventional accounting perspective creates difficulties in reframing accounting within a critical social-science posture. Based on these problems, this paper now turns to a critical perspective to develop an understanding of accounting practices in Iraq.

### **5.1. Towards a Critical Perspective for Practicing Accounting in Iraq**

This sub-session primarily provides a thought to search for better understanding about accounting in Iraq. In general, it focuses on the understanding of accounting based on Habermas critical perspective (see also Laughlin (1987)). To argue accounting as a technical, functional, organizationally independent, phenomenon is increasingly being questioned. The conventional view maintains that accounting is nothing more than a technical activity by Burchell et. al., (1980), Wardell and Weinsensfeld (1988). But, there is a growing number of research and support that states this view as over simplification by Burchell et. al., (1985), Macintosh and Scpens (1990), and Covaleski and Diremith (1990). Although management accounting, according to these proponents, undoubtedly posits them as technical aspects, these need to be understood by reference to the context in which they are placed. One particular way in which accounting in Iraq can be understood by relating with their organizational context is to view them as types of organizational language systems by Cooper (1983), Hayes (1983), and Chua (1988). These systems are human artifacts within an organization which shape certain aspects of organizational life. For example, budget, as one of the systems that exist within an organization, is an open and visible arena to talk (see Olson and Rombach [1988]). Using this

meaning, this system (budget) views people within the organization as having potentialities to achieve a better decision. In other words, people are not restricted to contribute and communicate in achieving a better system or decision. One more particular way in understanding the technical aspects of accounting, in the terms of critical perspective, is by viewing them as social processes by Chua (1988), Laughlin (1987). This means that the critical perspective opens the construction of accounting numbers to multiple interpretations, and capable of several layers of meaning. It does not mean that the interpretations and meanings are just as symbols, but they are derived from, arises out of, the social interaction and modified through a critical process. Based on this understanding of accounting in terms of critical perspective, it can be argued that this perspective particularly views accounting as focusing on the subjective, voluntary empowering action of individual members of society in bringing about individual emancipation/participation. Laughlin (1987, 1988) and Macintosh (1988) also emphasized that given the adoption of critical accounting perspective, people within an organization are viewed as having inner potentialities to perform and communicate in understanding an organizational reality, as they live in everyday world. They added that management accounting is also been as beyond a technically rational, service activity which constitutes and is constituted by macro and micro-societal level by Chua (1986). At the macro-societal level, accounting numbers influence taxation policy-making, wage bargaining, and economic restructuring. At the micro-organizational level, these numbers can be illustrated as a picture of the “cake” that is available for distribution and reports on how such distributions have been made.

## **5.2. Application to Extend Iraq Accounting in Practices**

To extend the discussion of Iraqi accounting in practice, in terms of critical perspective, this paper introduces four short examples how management accountants play an active role in the reality construction, shaping and sustaining organizational realities through partial way of seeing.

### **5.2.1. Accounting and Technological Change**

Management accountants today are faced with productivity and environmental challenges. In particular, technological development has rapidly change by Yurko, (1982). Consequently, management accountants are required to meet the increasingly competitive and turbulent environment, as a reality. How should management accountants react to such changes? Under the philosophy of critical perspective, first of all management accounting believes that human resources within the organization have inner potentialities to critically analyze such changes in making better lives. The existence of accounting techniques and data for evaluating projects in uni-dimensional way tends to encourage uni-dimensional decision making. Again, technological change

### **5.2.2. Accounting and Transformation of the Labour Process**

Ideological rationalization of the transformation of the labour process refers to the mechanics of socializing labor (See Wardell and Weisenfeld [1988, p.4]). Wardell and Weisenfeld maintained that traditionally management accounting is as a product of engineers, emerging in responses to the expanding scale of operation. And capital is viewed as having a central of standardizing tasks and decision making by Alexander, (1994). They also value the power of labor equated to time spend working, and then subsequently equated to cash. Thus, Labor, as human beings, are only as an outflow of value - an expenses; rather than as an asset

- future store of revenue potential. In contrast, under the philosophy of critical perspective, management accounting puts a value on labor which has inner potentialities in looking at the future. Capital does not, and will not harness the power of Labor merely by standardizing tasks a centralizing decision making. Instead, they see labor as having as intellectual autonomous with the potential to critically analyze the process of better understanding of decisions.

## 6. SUMMARY AND CONCLUSION

There are big efforts has been undertaken in aspects of thoughts on Iraqi accounting. First of all, the interaction between accounting and its connections to sociological perspectives has been briefly analyzed. This analysis extended several sights that different proposition about ontology and human nature in the context of accounting have various path into thinking about epistemological and methodological assumptions that may be suitably used for underlying and continuing research process, farther more, in this paper, Habermas critical perspective is used to an analytic methodology for further research. Secondly, this paper then analyzed the historical development to the present condition of accounting in Iraq. It is interesting to note that the development in accounting in Iraq cannot be separated from legacy of Hammurabi epoch and also the fact of history that during the British colonists, accounting in Iraq emerged before. However, even accounting in Iraq has existed for about 3500 years ago the existence of its practical knowledge is being questioned.

Thirdly, this paper also provides some thoughts for better understanding of accounting in Iraq. Given the adoption of critical perspective, accounting in practice provides a richer picture. For example, these four sort examples of accounting in practice above all illustrate (a) the perspective - based on the nature of accounting, and (b) how accounting is central to the process of reality construction within an organization, making decisions in accordance with the values and perspectives of organizational and social reality.

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