

## Editorial

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**Biographical notes:** Khaled Hussainey is a Professor of Accounting at Plymouth University, UK. His research interests include voluntary disclosure, corporate governance, earnings management, capital structure, and dividend policy. One of his papers (Schleicher et al., 2007) was awarded the prize awarded annually by the 3\* British Accounting Review for the most outstanding paper published in the journal each year. Currently, he has 50 published papers. His publications appear in top-ranked journals, such as: *Accounting and Business Research*, *British Accounting Review*, *Journal of Accounting and Public Policy* and *International Review of Financial Analysis*.

Hakim Ben Othman is a Full Professor of Accounting and Finance at Tunis Business School (TBS). His main research interests include international accounting, corporate governance, financial reporting and Islamic finance. He has published in several highly ranked international journals in Elsevier, Taylor and Francis, Inderscience and Emerald. He is in charge of the accounting major curriculum at TBS, and he is deeply involved in the process of accreditation of diplomas in accordance with the standards of the AACSB. He is committed to several editorial activities. He has reviewed articles for both local and international journals.

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## 1 Introduction

The papers published in this special issue of the *International Journal of Accounting, Auditing and Performance Evaluation* enhance our understanding of accounting and finance issues in the Middle East and North Africa (MENA) region.

A prime advantage of this special issue is that it enlarges the scope of previous studies through its inclusion of other regions of the world. It addresses a number of the accounting and finance particularities in MENA countries.

## **2 MENA countries: an overview**

Despite the recent growth in the market capitalisation of securities in MENA emerging markets during the last two decades, MENA countries found themselves exposed to a series of economic shocks such as the drop in oil prices (1998–2000), consecutive financial crises that hit many emerging markets (Russia, Brazil, and South East Asia), the events of September 11 that temporarily wiped out tourism, and more recently the international financial crisis (2008–2009), then the ‘Arab spring’ over the past four years. These shocks undermined the key sources of foreign currency (oil exports for Gulf countries and tourism for Egypt, Jordan, Morocco, Tunisia, etc.) [Ben Othman and Zeghal, (2010), p.371].

Nevertheless, several MENA countries were already undertaking reforms in the 1980s as part of structural adjustment programmes of the international financial institutions (International Monetary Fund, World Bank, etc.). Privatisation programs were aimed at diminishing the role of the state in the economy, and a process of dismantling trade and capital controls had been in effect since the 1980s (Singh and Weisse, 1998).

As a result, MENA economies are more and more integrated into the global economy. Most MENA countries are now members of the World Trade Organization (WTO) and some of them (e.g., Egypt, Morocco, and Tunisia) have concluded free trade agreements with the European Union. MENA countries from the southern shore of the Mediterranean are committed to the new plan for the Mediterranean Union, aiming at further partnership with European countries from the northern shores. The private sector is playing an increasingly important role in the economy after the wave of privatisations of the last couple of decades.

The MENA region comprises countries with significant distinctions in levels of GDP per capita, trade with main economic partners, size of the capital market, stocks traded on local capital markets, etc.

The MENA countries, and specifically the Gulf Arab countries, own the bulk of the world’s oil reserves driving, in particular, the USA economic engine (Harrigan et al., 2006). There are, however, disparities among MENA countries in terms of economic development. There are countries with high levels of GDP per capita whilst others, with trivial natural resources, show lower levels of GDP per capita [Othman and Zeghal, (2010), p.371].

Accounting education, corporate governance and disclosure have gained more importance in the MENA region in recent years owing to the integration of the MENA economies with the global economy, the internationalisation of capital markets, and the increasingly important role played by the private sector in the economy [Ben Othman and Zeghal, (2010), p.380].

## **3 Accounting and finance in MENA countries**

Five empirical studies were selected to be published in this special issue. These papers investigate topical issues within the framework of accounting education (Anis and Hanafi), management accounting (Ismail and Al-Thaoiehie), corporate governance and financial reporting (Hassan), corporate governance and auditing (Baatwah, Salleh and Ahmed) and corporate finance (Sherif).

These papers draw on quantitative as well as qualitative methodological approaches that add to our understanding of the specificities of accounting education, governance and disclosure, and bankruptcy costs specificities in MENA countries.

- Paper 1: ‘Factors influencing students’ choice of an accounting major in Egypt’ (Anis and Hanafi). This paper makes an important contribution to the field of accounting education. In particular, it identified the drivers for students’ choice of accounting major in Egypt. It showed that the perceptions of accounting education, the perceptions of the accounting profession, and personal skills and important referents are the key drivers.
- Papers 2: ‘A balanced scorecard model for performance excellence in Saudi Arabia’s higher education sector’ (Ismail and Al-Thaoiehie). This paper contributes to the field of management accounting. In particular, using the balanced scorecard model, the authors aimed to:
  - 1 identify the most dominant BSC dimension in Saudi universities
  - 2 compare the use of KPIs between public and private universities
  - 3 compare the use of KPIs between newly established and older established universities.
- Paper 3: ‘Corporate governance, organisational power and disclosure by firms in the United Arab Emirates’ (Hassan). This paper offers an original contribution to financial accounting literature by examining the association between corporate governance mechanisms and disclosure practice for United Arab Emirates (UAE) listed firms. The analysis shows that the number of board committees, debt finance, firm size, firm profitability and the CEO power are the main drivers for disclosure practice in UAE.
- Paper 4: ‘Corporate governance mechanisms and audit report timeliness: empirical evidence from Oman’ (Baatwah, Salleh and Ahmed). Using the Omani context, this study provides an exciting opportunity to advance our knowledge of the association between internal and external governance mechanisms and audit report timeliness. The paper contributes to the auditing literature by offering the first evidence that only internal governance mechanisms (i.e., board committee and audit committee characteristics) are associated with audit report timeliness.
- Paper 5: ‘Market timing behaviour, bankruptcy costs and capital structure decisions in MENA: the case of Egypt’ (Sherif). This paper is the first to examine the determinants of capital structure decision in Egypt. The author shows that the impact of market timing on the capital structure of Egyptian listed firms is not consistent over the time and bankruptcy cost has negative impact on capital structure decisions. The paper also finds that Egyptian companies are moving quickly towards their target level of capital structure.

#### **4 Conclusions**

The five papers presented in this special issue, although diverse, share a common general purpose that adds to the accounting and finance literature in the context of the MENA

region. The articles are in many ways complementary, as they addressed topics that may improve the higher education sector, transparency and governance of listed companies, and corporate financial decisions in MENA countries. Taken together, they suggest a number of opportunities for future studies.

### References

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