

**Islamic Cultural Values among Malaysian Muslim Accountants and
Their Influence on Corporate Social Accountability**

A thesis submitted to the College of Business
in fulfillment of the requirements for the degree
Master of Science (Accounting)
University Utara Malaysia

By

MOHAMED SALEM ISSA ALAZZABI

Declaration

I declare that all the work described in this dissertation was undertaken by myself (unless otherwise acknowledged in the text) and that none of the work has been previously submitted for any academic degree. All sources of quoted information have been acknowledged through references.

Mohamed Salem ISSA Alazzabi
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ABSTRACT

This study investigates the influence of Islamic culture on corporate social accountability among Muslim accountants in Malaysia. Two independent variables are proposed namely collectivism and power distance. Multivariate analysis was employed to examine the relationship between variables in the framework and 40 respondents involve in this study. It is found that there is no relationship between collectivism and corporate social accountability. On other hand there is a significant positive relationship between power distance and corporate social accountability. In conclusion this study recommends the need to integrate Islamic values in accounting practice. Encouraging Islamic-driven accounting practice can improve financial disclosure and in turn decision making.

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CHAPTER I

INTRODUCTION

1.1 Background of Study

Culture is a powerful social factor that has been cited to influence the development of accounting system and practices of a country (Violet, 1983; Gray, 1988 and Perera, 1989). Increasingly attention has been directed at the cultural dimension of accounting (for example Gray, 1988; Perera, 1989a and 1989b; Tay and Parker, 1990; Hamid, Craig and Clarke, 1993 and Baydoun and Wilett, 1995). Culture is often cited as a significant social factor that would possibly affects the accounting system and practices as well as the perception and use of accounting information by individuals (Palau, 2001). Accounting is seen as an interactive socio-technical activity involving both human and non-human resources or techniques and hence accounting cannot be cultural free (Violet, 1983). Hofstede (1980) defines culture as the collective programming of the mind which distinguishes the members of one group from another. The influence of culture on how individuals perceive their responsibilities and carry out their duties cannot be ignored. Increasingly, therefore, culture is often included as a possible barrier in the accounting harmonization process (Hamid et al., 1993 and Palau, 2001).

Religion has been identified as one of the elements that influence cultural environment and in turn accounting practices (Briston, 1978; Baydoun and Willett, 1995). This is because religion affects the way in which people behave and thus affects cultural values (Hamid et al., 1993). Interestingly, the focus has been on Islam, which is considered *as*

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