

# *Auditing in Emerging Economies: A Comparative Study of Algeria and BRICS Nations for Regulatory Alignment*

*Gelişmekte Olan Ekonomilerde Denetim: Düzenleyici Uyum için Cezayir ve BRICS Ülkeleri Üzerine Karşılaştırmalı Bir Çalışma*

Yousra AYACHI \*  
Rima DAFRI \*\*

## **ABSTRACT**

**Purpose:** This study aims to identify necessary reforms in Algeria's auditing profession to facilitate its potential integration into the BRICS alliance. It seeks to compare Algeria's auditing landscape with that of BRICS countries, addressing the question: What improvements should Algeria introduce to its auditing profession in its bid to join BRICS?

**Importance/value:** This research provides a novel comparative analysis of Algeria's auditing profession in the context of BRICS countries, offering specific recommendations for regulatory and professional development. The findings contribute to the understanding of auditing practices in emerging economies and provide a roadmap for Algeria to enhance its auditing profession, thereby increasing its attractiveness for foreign investment and improving its prospects for BRICS integration. Future research could explore the implementation challenges of these recommendations and their impact on Algeria's economic integration with BRICS nations.

**Methodology/approach:** The research employs institutional theory and regulatory methods proposed by Bédard et al. (2002) as a theoretical framework. It utilizes content analysis of IFAC sources, literature review, and examination of Algerian regulations published in The Official Law Journals. A comparative, analytical approach is applied to assess the auditing systems across BRICS nations and Algeria.

**Findings:** The study reveals significant disparities between Algeria's auditing profession and those of BRICS countries. While BRICS nations have adopted International Standards on Auditing (ISAs) and actively engage in global collaborations, Algeria's auditing standards are not mandatory and lack a comprehensive conceptual framework. Key areas for improvement include enhancing the role of supervisory bodies, mandating the application of Algerian Standards on Auditing, prioritizing ongoing auditor training, and fostering openness to international audit firms.

**Result:** BRICS countries have advanced regulatory frameworks, mandatory adoption of ISAs, and strong international collaborations, while Algeria lags with voluntary standards, and limited training. Additionally, restrictions on international audit firms and weaker auditor accreditation further hinder Algeria's alignment with global best practices.

## **KEYWORDS**

*Auditing Profession, BRICS, Regulatory Reforms, Institutional Theory, Audit Oversight*

\* Phd-student, University of Constantine 2-Abdelhamid Mehri-Algeria, yousra.ayachi@univ-constantine2.dz, ORCID: 0000-0003-4890-8643

\*\* Asst. Prof. Dr., University Center of Abdelhafid Boussouf Mila, Algeria, dafri.r@centre-univ-mila.dz, ORCID: 0009-0004-0591-2938

### ÖZET

**Amaç:** Bu çalışma, Cezayir'de denetim mesleğine ilişkin gerekli reformları belirleyerek Cezayir'in BRICS ittifakına potansiyel entegrasyonunu kolaylaştırmayı hedeflemektedir. Cezayir'in denetim yapısını BRICS ülkeleriyle karşılaştırarak şu soruyu ele almaktadır: Cezayir, BRICS'e katılma yolunda denetim mesleğinde hangi iyileştirmeleri yapmalıdır?

**Önemi/Değeri:** Bu araştırma, BRICS ülkeleri bağlamında Cezayir'deki denetim mesleğine yönelik özgün bir karşılaştırmalı analiz sunarak, düzenleyici ve mesleki gelişim için özel öneriler sağlamaktadır. Bulgular, gelişmekte olan ekonomilerdeki denetim uygulamalarının anlaşılmasına katkı sunmakta ve Cezayir'de denetim mesleğinin iyileştirilmesi için bir yol haritası sağlamaktadır; böylece yabancı yatırımlar için Cezayir'in çekiciliğini artırmakta ve BRICS'e entegrasyon olasılıklarını iyileştirmektedir. Gelecekteki araştırmalar, bu önerilerin uygulanmasıyla ilgili zorlukları ve Cezayir'in BRICS ülkeleri ile ekonomik entegrasyonuna etkisini inceleyebilir.

**Metodoloji/Yaklaşım:** Araştırma, teorik çerçeve olarak Bédard ve diğerleri (2002) tarafından önerilen kurumsal teori ve düzenleyici yöntemleri kullanmaktadır. Araştırma; IFAC kaynaklarının içerik analizi, literatür taraması ve Cezayir'in Resmi Gazetesi'nde yayınlanan düzenlemelerin incelenmesi yoluyla yürütülmüştür. BRICS ülkeleri ile Cezayir'in denetim sistemlerini değerlendirmek için karşılaştırmalı, analitik bir yaklaşım uygulanmıştır.

**Bulgular:** Çalışma, Cezayir'in denetim mesleği ile BRICS ülkeleri arasında önemli farklılıklar olduğunu ortaya koymaktadır. BRICS ülkeleri, Uluslararası Denetim Standartlarını (ISA) benimsemiştir ve bu durum küresel iş birliklerinde aktif rol oynamaktadır. Cezayir'de ise denetim standartları zorunlu olmayıp kapsamlı bir kavramsal çerçeveye sahip değildir. İyileştirme gerektiren başlıca alanlar, denetim gözetim organlarının rolünün güçlendirilmesi, Cezayir Denetim Standartları'nın uygulanmasının zorunlu hale getirilmesi, denetçilerin sürekli eğitiminin önceliklendirilmesi ve uluslararası denetim firmalarına açıklığın teşvik edilmesidir.

**Sonuç:** BRICS ülkeleri gelişmiş düzenleyici çerçevelere, ISA'ların zorunlu olarak benimsenmesine ve güçlü uluslararası iş birliklerine sahipken, Cezayir gönüllülüğe dayanan standartlar, sınırlı eğitim, uluslararası denetim firmalarına getirilen kısıtlamalar ve daha zayıf denetçi akreditasyonu ile en iyi küresel uygulamalarla uyum konusunda geride kalmaktadır.

### ANAHTAR KELİMELER

Denetim Mesleği, BRICS, Düzenleyici Reformlar, Kurumsal Teori, Denetim Gözetimi

	Makale Geliş Tarihi / Submission Date 08.07.2024	Makale Kabul Tarihi / Date of Acceptance 14.10.2024
<b>Atf</b>	Ayachi, Y. ve Dafri, R. (2024). Auditing in Emerging Economies: A Comparative Study of Algeria and BRICS Nations for Regulatory Alignment. <i>Selçuk Üniversitesi Sosyal Bilimler Meslek Yüksekokulu Dergisi</i> , 27 (2), 513-533.	

## INTRODUCTION

Algeria's aspirations to join the BRICS group hold the promise of bolstered collaboration with fellow members in crucial domains such as trade, investment, and technology transfer. Comprising Brazil, Russia, India, China, and South Africa, the BRICS coalition of major emerging economies aims to reshape the global economic order and promote multilateralism. Algeria's recent economic resurgence may strengthen its candidacy for BRICS membership, despite not being among the six countries admitted in August 2023. The nation's bid could be further bolstered by support from influential allies such as Russia and China. Moreover, Algeria's acceptance into the BRICS-associated New Development Bank potentially enhances its prospects for full membership in the future.

The Algerian economy demonstrated robust growth of 3.2% in 2022, with non-hydrocarbon sectors like services and agriculture driving expansion (The World Bank, 2023). This progress, coupled with surging non-hydrocarbon exports reaching \$7 billion in 2022, underscores Algeria's economic potential. However, attracting increased foreign investment requires adhering to internationally recognized accounting and auditing standards to facilitate harmonization with BRICS members and ensure transparent, reliable financial reporting.

Currently, Algeria has 19 Auditing Standards aligned with International Standards on Auditing (ISAs), issued via ministerial orders. These cover areas like audit planning, evidence, estimates, and reporting but do not comprehensively address the full audit cycle. Notably, a conceptual framework is still lacking, and the Algerian Standards are not mandatory - auditors can use them alongside statutory regulations. While a positive step, this framework requires further strengthening to match the rigor of the BRICS auditing regimes and inspire investor confidence.

Enhancing Algeria's auditing profession is thus imperative for seamless integration with the BRICS group. This study examines the research question: What improvements should Algeria introduce to its auditing profession as part of its journey seeking to join the BRICS? Analyzing variations across BRICS countries can provide valuable insights to guide Algeria's reforms and advancement of its financial reporting framework.

The primary objectives are to:

- 1) Identify characteristics of auditing professions in BRICS nations;
- 2) Clarify Algeria's current auditing landscape;
- 3) Compare Algeria's approach with that of BRICS members.

By exploring these dynamic emerging economies' auditing systems, this study contributes crucial knowledge to the field while offering recommendations for Algeria to attract multinational investment through robust auditing standards.

The research methodology relies on content analysis of BRICS auditing developments from sources like the International Federation of Accountants (IFAC), supplemented by prior literature. Algerian regulations published in The Official Law Journals elucidate the local auditing profession's status. A comparative, analytical approach is employed throughout.

The remainder of the paper is structured as follows: Section 2 provides a review of relevant literature on the topic. Section 3 offers background information and context on the BRICS group of nations. Sections 4 and 5 then analyze and discuss the auditing systems and standards in the BRICS countries and Algeria, respectively. Finally, Section 6 compares and contrasts the Algerian auditing landscape with that of the BRICS members, identifying key areas for potential reform. The paper concludes with a summary of the main findings and recommendations for strengthening Algeria's auditing profession to better align with BRICS nations as part of its journey toward prospective membership.

## 1. REVIEW OF THE LITERATURE

The prospects of Algeria joining the BRICS alliance have generated significant scholarly interest in understanding the potential implications across various domains, including accounting and auditing. However, a noticeable gap exists in research explicitly examining the ramifications for financial statement auditing – a critical aspect that underpins investor confidence, particularly concerning foreign investment decisions. This review synthesizes the existing literature, highlighting key themes, theories, and findings relevant to the auditing profession within the context of Algeria's BRICS aspirations.

A strand of research has employed institutional theory to analyze accounting and auditing practices across BRICS nations. This theory posits that organizations are influenced by institutionalized rules, norms and environmental pressures (Barac et al., 2016; Provasi, 2013). Barac et al. (2016) demonstrated how internal auditing in BRICS countries has responded to coercive (e.g., regulations), normative (e.g., professional standards), and mimetic (e.g., imitating best practices) pressures. While all nations exhibited coercive influences, Russia displayed comparatively lower pressures due to its voluntary internal audit structure.

Contrastingly, South Africa exhibited stronger normative and mimetic pressures, aligning with governance codes and emulating global practices.

Extending this theoretical lens, Provasi (2013) comparatively examined accounting and auditing systems across BRIC nations, underscoring the role of financial audits in enhancing credibility for international investors. The study revealed initiatives by these emerging powers to harmonize practices with international standards, albeit at varying paces influenced by socio-cultural and political factors. This divergence was further explored by Ghio and Verona (2015), who proposed a tripartite framework considering political, economic, and cultural dimensions. Their analysis suggested Brazil and Russia exhibited outright imitation of global standards, while China and India engaged in "informed divergence" – adapting standards to local contexts driven by political agendas and national values.

Within this broader BRICS context, a few studies have specifically examined Algeria's prospects for membership. Khebiti and Bebaz (2023) evaluated Algeria's economic qualifications, identifying strengths like geographic advantages and foreign investment potential, alongside challenges such as over-reliance on oil exports. Benmassaoud and Bouhafs (2023) advocated modernizing Algeria's accounting system as a prerequisite, given the BRICS' alignment with international standards complemented by local practices. However, they noted discrepancies between the Algerian system and updated global norms. Similarly, Klaa (2023) assessed feasibility factors like GDP growth and strategic investments, suggesting BRICS membership could yield economic opportunities for Algeria while necessitating comprehensive reforms.

In the context of BRICS nations, research on the evolution of auditing practices in individual member countries provides valuable insights. Guzov et al. (2016) examined the history and future of auditing in Russia, identifying four stages in its recent development: pre-history (the birth of Russian auditing), establishment, government regulation and licensing, and self-regulation. Their analysis of the "Concept of further development of audit activity in the Russian Federation" highlighted the need for a more comprehensive approach to future planning, suggesting the use of foresight technology to address challenges in the Russian audit market.

Building on this historical perspective, Batashova et al. (2023) analyzed the transformation of auditing approaches in Russia from 2001 onwards. They identified key periods corresponding to changes in federal laws and examined the evolution of six parameters: subject of audit, requirements for audit organizations, mandatory audit criteria, tendering procedures, audit standards, and control of audit organizations. Their findings revealed a shift from centralized regulation to self-regulation, followed by a recent trend towards strengthening state control. This evolution reflects the dynamic nature of auditing frameworks within BRICS nations and underscores the importance of regulatory alignment for potential new members like Algeria.

Collectively, this body of work underscores the importance of harmonizing accounting and auditing frameworks as a catalyst for Algeria's BRICS integration. However, a conspicuous gap remains in scrutinizing the specific implications for Algeria's auditing profession and the potential areas for improvement to align with BRICS auditing standards and practices. This is a critical aspect influencing financial reporting quality and investor confidence, which has received limited attention thus far.

Building upon the institutional theory lens, the present study aims to address this research gap by conducting a comparative analysis of auditing systems across BRICS nations. By identifying convergences, divergences, and institutionalized pressures shaping these regimes, our work seeks to derive valuable insights to guide reforms in Algeria's auditing profession. This will not only contribute to the scholarly discourse on BRICS accounting and auditing but also offer pragmatic recommendations to Algerian policymakers and professionals. Through a focused examination of auditing – a cornerstone of transparent financial reporting – this research endeavors to inform Algeria's journey towards potential BRICS membership and seamless economic integration with this influential alliance.

## 2. THEORETICAL FRAMEWORK

This study draws upon institutional theory as the guiding theoretical lens to examine the auditing professions across the BRICS nations (Brazil, Russia, India, China, and South Africa) and analyze the implications for potential reforms in Algeria as it seeks to join this influential alliance. Institutional theory posits that organizations are shaped by the institutionalized rules, norms, and environmental pressures within which they operate (Barac et al., 2016; Provasi, 2013). In the context of auditing, prior research has demonstrated how auditing practices in various countries have responded to coercive pressures (e.g., regulations), normative pressures (e.g., professional standards), and mimetic pressures (e.g., emulating global best practices) (Barac et al., 2016).

Extending this theoretical perspective, the present study recognizes that the auditing profession in a given country is inherently influenced by its underlying economic system and the relative roles of market forces and state intervention. To analyze this dynamic, the framework proposed by Bédard et al. (2002) is utilized, which outlines four methods of regulating auditing practices: liberalism, associationism, corporatism, and legalism. This framework builds upon the work of Puxty et al. (1987), who developed an analytical model based on Streeck and Schmitter (1985)'s concepts of social order, considering the interplay between market forces, state regulation, and societal influences; In the liberalism approach, market forces predominantly shape auditing practices, with auditors operating as commodity providers driven by reputation and profit motives. This model relies on the premise that market pressures will compel auditors to maintain high standards and voluntarily comply with them, even assuming unlimited liability. Associationism involves voluntary professional associations facilitating training, standard-setting, and self-regulation. This approach represents an intermediate level of control, where professional bodies represent and defend their members' interests while also serving a regulatory function. Corporatism entails the state integrating professional associations into its regulatory apparatus, aligning private interests with public objectives. This method allows governments to shift some regulatory costs to associations while managing potential conflicts away from public debate. Lastly, legalism relies on state-imposed principles and interventions to address market failures and protect public interests. In this model, control over the auditing profession is based exclusively on state-decreed principles and regulations.

The relative dominance of these regulatory modes varies across countries. For instance, research has shown that Germany tends towards legalism, Sweden leans more towards corporatism, the UK favors associationism, and the USA employs a mixture of associationism and legalism. Similarly, studies have found that Canada combines corporatism and associationism, while France blends corporatism with legalism (Bédard et al., 2002). Moreover, prior studies have highlighted the varying degrees to which BRICS countries exhibit these regulatory methods, reflecting their diverse economic systems. For instance, Provasi (2013) noted that while BRICS nations have established bodies to harmonize auditing with international standards, the pace of convergence differs due to socio-cultural and political factors. Ghio and Verona (2015) further elaborated on this divergence, suggesting that Brazil and Russia have tended towards outright imitation of global standards, while China and India have engaged in "informed divergence," adapting standards to local contexts driven by political agendas and national values.

Against this backdrop, the present study seeks to comparatively analyze the auditing professions within BRICS countries through the lens of institutional theory and the four regulatory methods proposed by Bédard et al. (2002). By examining the institutionalized pressures, norms, and approaches shaping auditing practices in these diverse economic contexts, valuable insights can be derived to guide potential reforms in Algeria's auditing profession.

Specifically, this study aims to address the research question: What improvements should Algeria introduce to its auditing profession as part of its journey seeking to join the BRICS? By identifying convergences and divergences in auditing systems across BRICS nations, as well as the interplay between market forces, professional associations, and state interventions, this analysis will inform recommendations for strengthening Algeria's auditing framework. Ultimately, the goal is to propose auditing reforms that can enhance financial reporting transparency and credibility, thereby facilitating Algeria's seamless economic integration with BRICS nations and attracting increased foreign investment.

### **3. THE AUDITING PROFESSION IN THE BRICS COUNTRIES**

In this part of the paper, we demonstrate how the auditing profession is organized in the BRICS countries, based mainly on the information available on the IFAC website. We aim to use this information to evaluate and compare the status of the auditing profession in Algeria later in this study. Prior to this analysis, it is crucial to discuss the principal factors influencing the regulation of auditing profession, considering both economic perspectives and the framework provided by institutional theory.

#### **3.1 The Auditing Profession in Brazil**

Brazil, a preeminent member of the BRICS, has one of the most robust economies among emerging markets. The Brazilian economy is based on diverse sectors, including being one of the largest producers of coffee, sugarcane, and soybeans in the world. As an emerging economy, the auditing profession in the country is substantial to ensure financial transparency and accountability. Correspondingly, the auditing profession in Brazil has witnessed major reforms to meet the needs of the economy and conform with international trends.

The country is a member of the IFAC through the Brazilian Institute of Independent Auditors (IBRACON). Table 1 provides a summary of the main characteristics of the auditing profession in Brazil.

**Table 1. The organization of the auditing profession in Brazil**

Element	Current Situation
<b>Regulators</b>	Brazilian Federal Council of Accounting (CFC); Brazilian Securities and Exchange Commission (CVM).
<b>Auditing standards</b>	The CFC issues the Brazilian Auditing Standards, which are fully converged with ISA, and has an ongoing system in place to incorporate new and revised ISA.
<b>Status of ISA adoption on the IFAC website</b>	Adopted.
<b>IFAC member organization</b>	The Brazilian Institute of Independent Auditors (IBRACON).
<b>Are auditing standards mandatory?</b>	Not yet. (In 2020, the CFC published Resolution 1601/20, which mandates the adoption of ISA for all financial audits of public sector standards by 2024).
<b>Professional qualifications of auditors</b>	- Obtaining a bachelor's degree in accounting or a related field; - Completing a mandatory internship; - Passing the Certified Public Accountant (CPA) exam administered by the CFC.
<b>Services</b>	<b>Permitted services:</b> financial statement audits, review engagements, compliance audits, internal audits, and special purpose audits, assurance on non-financial information. <b>Unauthorized services:</b> management consulting, bookkeeping, accounting, legal services, valuation services, and financial advisory to audit clients.
<b>International audit firms</b>	Present and active.
<b>Oversight on the auditing profession</b>	Auditors providing services to companies in the securities market are subject to independent audit oversight by the CVM. All other auditors are subject to oversight by the CFC.

Source: authors based on IFAC (2024) and Guzov et al. (2022)

From table 1, it is evident that Brazil's auditing profession exhibits characteristics aligned with the corporatist and legalist approaches outlined by Bédard et al. (2002), reflecting the strong influence of state regulation and oversight. As an emerging economy within the BRICS group, Brazil has undertaken significant reforms to harmonize its auditing practices with international standards, exemplifying responsiveness to coercive and normative pressures posited by institutional theory.

- *Corporatist Approach:* The Brazilian auditing landscape is characterized by the integration of professional associations into the state's regulatory framework (Agrizzi & Sian, 2015; Schmitter, 1971). The Brazilian Federal Council of Accounting (CFC) and the Brazilian Securities and Exchange Commission (CVM) serve as state-affiliated regulators, granting the government oversight capabilities. This integration enables the alignment of private interests (professional associations) with public objectives, a hallmark of the corporatist method. Furthermore, the CFC's mandate to issue Brazilian Auditing Standards, fully converged with International Standards on Auditing (ISAs), exemplifies the state's role in policy formulation and implementation within the auditing domain. The impending requirement for all financial audits to adopt ISAs by 2024 reinforces the state's coercive influence over auditing practices.

- *Legalist Approach:* Concurrently, Brazil exhibits elements of the legalist approach, wherein state-imposed principles and interventions safeguard public interests. This is evident in the restrictions placed on Brazilian auditors regarding the provision of non-audit services (e.g., management consulting, bookkeeping, legal services) to their audit clients. Such regulations aim to address potential conflicts of interest and maintain auditor independence, reflecting the state's efforts to protect stakeholders through legal measures. The oversight mechanisms in place further illustrate the legalist dimension. While the CVM oversees auditors serving listed companies, the CFC retains oversight authority over other auditors, ensuring compliance with state-mandated standards and regulations throughout the profession.

By leveraging the corporatist integration of professional associations and the legalist imposition of state principles, Brazil's auditing regime appears to strike a balance between market forces and

state intervention. This approach aligns with the country's pursuit of economic growth while maintaining financial transparency and accountability, essential factors for attracting foreign investment within the BRICS alliance. Moving forward, as Brazil continues to harmonize its auditing practices with global norms, the interplay between corporatist and legalist elements will likely persist, shaped by the institutionalized pressures and norms underpinning its auditing profession's evolution.

### 3.2 The Auditing Profession in Russia

Russia is a key member of the BRICS group and holds considerable importance in the global economy due to its abundant natural resources, including oil, gas, and minerals, which make it one of the world's leading energy producers. Additionally, Russia plays a crucial role in today's global political landscape. In recent decades, the auditing profession in Russia has attracted increased attention from organizations and companies as a tool for ensuring financial transparency and accountability. The Russian Federation is a member of IFAC through the Russian Union of Auditors (RUA). Table 2 provides a summary of the main characteristics of the auditing profession in Russia.

**Table 2. The organization of the auditing profession in Russia**

Element	Current Situation
<b>Regulators</b>	Ministry of Finance; Central Bank of Russia; Audit Chamber of the Russian Federation.
<b>Auditing standards</b>	Since 2012, when the decision to adopt ISAs was made, the RUA has focused on translating the international standards, first with the Russian Collegium of Auditors and later with the National Organization for Financial Accounting and Reporting Standards.
<b>Status of ISA adoption on the IFAC website</b>	Review & Improve.
<b>IFAC member organization</b>	Russian Union of Auditors (RUA).
<b>Are auditing standards mandatory?</b>	No.
<b>Professional qualifications of auditors</b>	- Obtaining a degree in accounting or a related field. - Completing a specific period of practical experience. - Passing the Uniform State Exam for Auditors.
<b>Services</b>	<b>Permitted services:</b> financial statement audits, review engagements, compliance audits, internal audits, and special purpose audits. <b>Unauthorized services:</b> management consulting, bookkeeping, accounting, legal services, valuation services, and financial advisory for audit clients.
<b>International audit firms</b>	Present and active.
<b>Oversight of the auditing profession</b>	The Audit Chamber of the Russian Federation oversees the auditing profession. It conducts inspections of audit firms, establishes regulations and ethical standards, and ensures compliance with auditing and reporting requirements.

Source: authors based on IFAC (2024).

Through Table 2, we observe that Russia's auditing landscape is primarily characterized by a legalist approach, wherein state-imposed principles and interventions exert significant influence over the profession. This is evident through the prominent regulatory roles played by state entities such as the Ministry of Finance, the Central Bank of Russia, and the Audit Chamber of the Russian Federation. The analysis through the lens of institutional theory reveals Russia's responsiveness to coercive pressures emanating from these governmental bodies.

- *Legalist Dominance:* The Audit Chamber of the Russian Federation exemplifies the legalist dominance, acting as the primary oversight authority for the auditing profession. Its mandate encompasses conducting inspections of audit firms, establishing regulations and ethical standards, and ensuring compliance with auditing and reporting requirements (Batashova et al., 2023). This centralized oversight mechanism reflects the state's efforts to safeguard public interests and maintain control over the profession. Furthermore, the decision to adopt International Standards on Auditing (ISAs) through translation by state-affiliated bodies, such as the Russian Union of Auditors (RUA) and the National Organization for Financial Accounting and Reporting Standards, underscores the state's influence in shaping auditing practices (Alon et al., 2019). However, the non-mandatory status

of these standards reinforces the legalist approach, wherein the state retains discretionary power over their implementation.

- *Corporatist Undertones*: While the legalist approach dominates, Russia's auditing profession also exhibits corporatist undertones. The integration of the RUA, as the IFAC member organization, into the state's regulatory framework suggests an attempt to align private interests with public objectives. This resonates with the corporatist method, where professional associations are incorporated into the state's control system. Additionally, the state-mandated entry requirements for auditors, including holding a relevant university degree, completing practical experience, and passing the Uniform State Exam for Auditors, reflect the corporatist integration of the profession into the state's regulatory apparatus (Guzov et al., 2016). These requirements not only shape the auditing workforce but also reinforce the state's influence over the profession's standards and practices.

Interestingly, Russia's auditing market remains open to international audit firms, potentially introducing elements of market forces and mimetic pressures. However, the state-imposed restrictions on non-audit services for auditors demonstrate a counterbalancing effort to preserve auditor independence and protect stakeholder interests, consistent with the legalist approach.

As Russia continues to navigate its economic and political landscape within the BRICS alliance, the interplay between legalist dominance and corporatist undertones in its auditing profession is likely to persist. The state's role in regulating and overseeing the profession will remain pivotal, while the integration of professional associations may evolve to align with broader economic and policy objectives.

### 3.3 The Auditing Profession in India

India, an important member of the BRICS alliance, holds a crucial position in the global economy with one of the world's fastest-growing economies (Lakshkaushik, 2024). India's economic growth is propelled by a vibrant services sector, including information technology, outsourcing, and finance. Moreover, it has significant manufacturing industries like textiles, pharmaceuticals, and automobiles. The auditing profession in India has a long-standing history and has undergone development to meet the growing economy's needs. India is a member of the IFAC through the Institute of Cost Accountants of India and the Institute of Chartered Accountants of India. Table 3 demonstrates the main characteristics of the auditing profession in this country.

**Table 3. The organization of the auditing profession in India**

Element	Current Situation
<b>Regulators</b>	The Institute of Chartered Accountants of India (ICAI).
<b>Auditing standards</b>	Auditors follow auditing standards established by the ICAI, which are based on ISAs.
<b>Status of ISA adoption on the IFAC website</b>	Partially adopted.
<b>IFAC member organization</b>	Institute of Cost Accountants of India; Institute of Chartered Accountants of India.
<b>Are auditing standards mandatory?</b>	No.
<b>Professional qualifications of auditors</b>	- Completion of the Chartered Accountancy (CA) course conducted by the ICAI. - Passing the final examination.
<b>Services</b>	<b>Permitted services:</b> Chartered Accountants are the only individuals permitted to conduct statutory audits. <b>Unauthorized services:</b> Auditors are prohibited from providing non-audit services, such as accounting and bookkeeping, internal audit, investment advisory and banking services, management services, actuarial design, and the implementation of any financial information system.
<b>International audit firms</b>	Present and active.
<b>Oversight of the auditing profession</b>	The Quality Review Board (QRB) is an independent body under the ICAI responsible for overseeing the quality of audit services provided by chartered accountants. All audit firms that perform financial statement audits of listed companies are subject to the Peer Review mechanism administered by ICAI.

Source: authors based on IFAC (2024).



Table 3 shows that India's auditing landscape exhibits a unique blend of associationist and legalist approaches, reflecting the interplay between professional self-regulation and state oversight. Through the lens of institutional theory, this duality exemplifies India's responsiveness to both normative pressures emanating from professional bodies and coercive pressures exerted by governmental entities (Joshi & Karyawati Purba, 2022)

- *Associationist Approach:* The Institute of Chartered Accountants of India (ICAI) embodies the associationist method of regulating the auditing profession. As an independent professional body, the ICAI assumes a pivotal role in establishing auditing standards based on International Standards on Auditing (ISAs), facilitating training and examinations for aspiring chartered accountants, and overseeing the profession through mechanisms like peer review. The ICAI's autonomy in regulating the profession, coupled with its voluntary membership structure, aligns with the associationist approach, where professional associations represent members' interests and promote expertise within the field. The stringent entry requirements, including theoretical and practical training under the CA course, further reinforce the ICAI's commitment to maintaining high professional standards.

- *Legalist Undertones:* While the associationist approach is prominent, India's auditing profession also exhibits legalist undertones, reflecting the state's role in safeguarding public interests. The government's involvement in nominating certain members to the ICAI council and the administrative control exerted by the Ministry of Corporate Affairs over the institute introduce elements of state oversight and coercive pressures. Furthermore, the restrictions imposed on auditors regarding the provision of non-audit services, such as accounting, bookkeeping, investment advisory, and management services, exemplify the state's efforts to address potential conflicts of interest and maintain auditor independence. These regulations, enforced through the ICAI, resonate with the legalist approach, wherein state-imposed principles aim to protect stakeholder interests.

The presence of the Quality Review Board (QRB) as an independent oversight body under the ICAI further reinforces the legalist dimension. While the ICAI retains self-regulatory powers, the QRB's mandate to oversee audit quality ensures compliance with state-mandated standards and regulations.

India's auditing regime seems to strike a balance between associationist self-regulation and legalist state intervention, reflecting the country's unique economic and regulatory landscape. As India continues to navigate its role within the BRICS alliance and the global economy, this duality is likely to persist, with professional associations and state entities collaborating to shape the auditing profession's evolution.

### 3.4 The Auditing Profession in China

China is considered a major global player in trade as a supplier and as a market. It became the world's largest exporter of goods in 2009 and the largest trading nation in goods in 2013. Additionally, China has made substantial strides in technology, finance, and renewable energy sectors. The country's economic policies and reforms have contributed to its dynamic growth, making it a crucial player in the BRICS alliance. The auditing profession in China has been growing and developing phenomenally, in accordance with the growth of the economy and the needs of its large and small companies. China is a member of the IFAC through the Chinese Institute of Certified Public Accountants. Table 4 presents the main characteristics of the auditing profession in China.

**Table 4. The organization of the auditing profession in China**

Element	Current Situation
<b>Regulators</b>	The Ministry of Finance (MOF); China Securities Regulatory Commission (CSRC).
<b>Auditing standards</b>	The Chinese auditing standards are issued by the MOF and the Chinese Institute of Certified Public Accountants (CICPA). They are generally based on ISAs.
<b>ISA adoption status on the IFAC website</b>	Partially adopted.
<b>IFAC member organization</b>	Chinese Institute of Certified Public Accountants (CICPA).
<b>Are auditing standards mandatory?</b>	Yes.

<b>Professional qualifications of auditors</b>	<ul style="list-style-type: none"> <li>- Candidates must sit for a national uniform CPA examination.</li> <li>- The law permits Chinese citizens who have completed at least a two-year college program at a recognized institution or who have achieved a middle-ranked technical title in accounting or related subjects to sit for the exam.</li> <li>- Those who successfully pass the examination and have two years of auditing experience then apply to local CPA institutes.</li> </ul>
<b>Services</b>	<p><b>Permitted services:</b> financial statement audits, internal audits, compliance audits, special audits, and assurance on non-financial information, such as sustainability reports.</p> <p><b>Unauthorized services:</b> management consulting, bookkeeping, legal services, valuation services, and financial advisory for audit clients.</p>
<b>International audit firms</b>	Present and active.
<b>Oversight of the auditing profession</b>	The MOF and the CSRC oversee the auditing profession, with a particular focus on auditors of public companies and listed entities.

Source: authors based on IFAC (2024)

Based on the data from Table 4, China's auditing profession exhibits a strong legalist approach, with the state playing a dominant role in regulating and overseeing the profession through various governmental bodies. This aligns with the coercive pressures exerted by state institutions, as posited by institutional theory.

- *Legalist Dominance:* The legalist approach is evident in the central role played by the Ministry of Finance (MOF) and the China Securities Regulatory Commission (CSRC) in governing the auditing profession. The MOF not only issues auditing standards but also organizes and oversees the entire profession, reflecting the state's direct control and intervention. The state's influence is further exemplified by the rigorous system put in place for entry into the auditing profession. The MOF determines the form and content of the national uniform CPA examination, which candidates must pass to become certified public accountants (CPAs). The CICPA, though an IFAC member organization, is legally authorized by the state to administer this examination, underscoring the integration of professional associations into the state's regulatory framework.

Furthermore, the mandatory nature of the auditing standards, which are generally based on International Standards on Auditing (ISAs), demonstrates the state's coercive power in enforcing compliance with these norms. The "Partially Adopted" status on the IFAC website suggests an ongoing process of adaptation and localization, reflecting the state's influence in shaping auditing practices to suit its specific contexts and objectives.

Consistent with the legalist approach, China imposes restrictions on auditors' provision of non-audit services, such as management consulting, bookkeeping, legal services, valuation services, and financial advisory services to their audit clients. These regulations aim to address potential conflicts of interest and maintain auditor independence, protecting stakeholder interests through state-imposed principles. Moreover, the oversight mechanisms in place further reinforce the legalist dominance. The MOF and the CSRC conduct inspections of audit firms to ensure compliance with auditing standards and regulations, exercising their authority as state entities to monitor and enforce adherence to prescribed norms.

While international audit firms are present and active in China, they operate within the same regulatory framework governed by the state. This suggests that market forces and mimetic pressures from global auditing practices may have limited influence in shaping China's auditing profession, which is primarily driven by state-mandated principles and oversight mechanisms.

China's auditing regime exemplifies a strong legalist approach, with the state exerting significant control and influence over the profession through regulatory bodies, standardization, entry requirements, and oversight mechanisms. As China continues to navigate its economic and political landscape within the BRICS alliance and the global arena, this state-centric model is likely to persist, reflecting the institutionalized norms and coercive pressures that have shaped the evolution of the auditing profession in the country.

### 3.5 The Auditing Profession in South-Africa

South Africa is the last country that joined the BRICS alliance. It is a systemically important diversified economy, which includes a sophisticated services sector and well-developed infrastructure comparable with developed countries. Moreover, South Africa is one of the world's largest producers of minerals, including gold and platinum, contributing significantly to the global mining industry. The country's unique economic landscape, coupled with its strategic location in Africa, positions South Africa as a key player within the BRICS group. The auditing profession in South Africa has been growing to meet the needs of its emerging economy. The South African Institute of Professional Accountants and the South African Institute of Chartered Accountants are both members of the IFAC. Table 5 presents the main characteristics of the auditing profession in the country.

**Table 5. The organization of the auditing profession in South Africa**

Element	Current Situation
<b>Regulators</b>	The Independent Regulatory Board for Auditors (IRBA).
<b>Auditing standards</b>	The IRBA has adopted ISAs as issued by the IAASB without modifications, including an effective date for all mandatory audits.
<b>ISA adoption status on the IFAC website</b>	Adopted.
<b>IFAC member organization</b>	South African Institute of Professional Accountants; South African Institute of Chartered Accountants (SAICA).
<b>Are auditing standards mandatory?</b>	Yes.
<b>Professional qualifications of auditors</b>	- Candidates must hold the designation of Chartered Accountant (CA(SA)) by being a member of the South African Institute of Chartered Accountants (SAICA). - Candidates must also meet the IRBA's additional requirements, including completing an Audit Development Program (ADP) before registering with the IRBA. As part of the ADP, individuals are required to complete practical experience that consists of a minimum of 18 months in an audit and assurance environment and 1,500 productive hours in audit and assurance, and they must submit a portfolio of evidence upon completing the ADP, demonstrating competencies in audit and assurance.
<b>Services</b>	<b>Permitted services:</b> financial statement audits, review engagements, compliance audits, internal audits, and special purpose audits. <b>Unauthorized services:</b> management consulting, bookkeeping, accounting, legal services, valuation services, and financial advisory for audit clients.
<b>International audit firms</b>	Present and active.
<b>Oversight of the auditing profession</b>	The IRBA oversees the auditing profession in South Africa.

Source: authors based on IFAC (2024).

Table 5 demonstrates how the auditing profession in South Africa exhibits a blend of associationist and legalist approaches, aligning with the theoretical lens of institutional theory and the regulatory methods proposed by Bédard et al. (2002):

- *Associationist Approach:* The South African Institute of Chartered Accountants (SAICA) and the South African Institute of Professional Accountants, both IFAC member organizations, play a pivotal role in regulating and setting standards for the auditing profession. This resonates with the associationist method, where professional associations facilitate training, establish norms, and promote expertise within the field. The requirement for auditors to hold the Chartered Accountant (CA(SA)) designation by being a member of SAICA underscores the significance of these associations in shaping the auditing workforce. The rigorous training and practical experience requirements, including the Audit Development Program (ADP) administered by SAICA, further exemplify the associationist approach, where professional bodies assume responsibility for maintaining high standards and ensuring competence.

- *Legalist Undertones*: While the associationist approach is prominent, South Africa's auditing regime also exhibits legalist undertones, reflecting the state's efforts to safeguard public interests and maintain oversight through regulatory mechanisms. The Independent Regulatory Board for Auditors (IRBA), a statutory body, exemplifies the legalist dimension. The IRBA's mandate to adopt International Standards on Auditing (ISAs) without modifications and enforce their mandatory implementation demonstrates the state's coercive influence in shaping auditing practices and ensuring compliance with global norms.

Furthermore, the restrictions imposed on auditors regarding the provision of non-audit services, such as management consulting, bookkeeping, legal services, and valuation services, align with the legalist approach. These regulations, enforced through the IRBA, aim to address potential conflicts of interest and maintain auditor independence, protecting stakeholder interests through state-imposed principles. The IRBA's oversight role, which involves conducting inspections of audit firms to ensure compliance with auditing standards and ethical guidelines, reinforces the legalist undertones. While professional associations play a significant role in self-regulation, the IRBA's oversight mechanisms introduce an element of state monitoring and enforcement.

Interestingly, the analysis notes the absence of an overarching national supervision and regulation of the auditing profession, which could potentially introduce a stronger legalist dimension to ensure the profession serves the public interest effectively.

South Africa's auditing landscape exhibits a balanced interplay between associationist self-regulation and legalist state intervention, reflecting the country's unique economic and regulatory landscape. As South Africa continues to navigate its role within the BRICS alliance and the global economy, this duality is likely to persist, with professional associations and state entities collaborating to shape the auditing profession's evolution while responding to institutionalized pressures and norms.

Based on the analysis presented in tables 1-5, we notice that the BRICS countries exhibit a diverse array of approaches, reflecting their distinct economic systems and institutional pressures. This diversity holds significant implications for the stated goal of the study: to derive insights that can guide potential reforms in Algeria's auditing profession as part of its journey towards joining the BRICS alliance.

The analysis reveals that Brazil and China lean heavily towards the legalist approach, with the state playing a dominant role in regulating and overseeing the auditing profession through various governmental bodies and state-imposed principles. This resonates with the coercive pressures exerted by state institutions, as posited by institutional theory. However, Brazil exhibits a unique blend of legalist and corporatist elements, integrating professional associations into the state's regulatory framework, aligning private interests with public objectives. On the other hand, China's auditing regime exemplifies a strong legalist dominance, with the state exerting significant control over standardization, entry requirements, and oversight mechanisms.

In contrast, India and South Africa exhibit a more balanced interplay between associationist self-regulation and legalist state intervention. In India, the Institute of Chartered Accountants of India (ICAI) embodies the associationist approach, facilitating training, establishing standards, and overseeing the profession through peer review mechanisms. However, the state's involvement in nominating ICAI council members and the presence of the Quality Review Board introduce legalist undertones, ensuring compliance with state-mandated standards and regulations. Similarly, in South Africa, professional associations like SAICA play a pivotal role in shaping the auditing workforce, while the Independent Regulatory Board for Auditors (IRBA) introduces legalist oversight and enforcement of global auditing norms.

Russia's auditing landscape is primarily characterized by a legalist approach, with state entities like the Audit Chamber of the Russian Federation and the Ministry of Finance exerting significant influence over the profession. However, the integration of the Russian Union of Auditors (RUA) into the state's regulatory framework suggests corporatist undertones, attempting to align private interests with public objectives.

This diversity in approaches across BRICS nations reflects the varying degrees to which market forces, professional associations, and state interventions shape auditing practices, influenced by the unique economic systems and institutional pressures within each country. As Algeria seeks to join the BRICS alliance, it will be crucial to navigate this landscape and identify the most suitable combination of regulatory methods to strengthen its auditing framework.

#### 4. THE AUDITING PROFESSION IN ALGERIA IN CONTRAST TO THE BRICS COUNTRIES

In the 1990s, Algeria initiated a comprehensive reform process aimed at aligning its economic landscape with its evolving trajectory. This endeavor spanned diverse sectors, ranging from revamping banking and taxation to revisiting investment regulations. A pivotal aspect of this reform process was the significant progress made in accounting and auditing frameworks. This advancement was notably underpinned by the enactment of Law N.10-01 (2010), which governs the accountancy profession, including expert accountants, statutory auditors, and certified accountants. Additionally, a significant milestone was reached with the introduction of the Algerian Auditing Standards in 2016. These reforms were thoughtfully crafted to integrate with the demands of evolving accounting practices while enhancing the country's appeal to foreign investment."

External statutory auditing, locally known as "commissariat aux comptes", holds a predominant status within the Algerian reforms. While contractual auditing and judicial expertise, falling under the purview of expert accountants, also exist, they assume a secondary role as these practices are not mandatory. The prominence of statutory auditing is primarily attributed to its obligatory nature for all economic entities. Moreover, the prevalence of family-owned enterprises in Algeria further accentuates the emphasis on statutory auditing, given the limited occurrence of contractual auditing. Statutory auditing is mandated for capital companies under specific conditions, while for individual companies, its application remains discretionary, contingent upon General Assembly endorsement.

##### 4.1 Regulating Bodies

The auditing profession in Algeria is overseen by the National Council of Accountancy (NCA), a legally recognized public entity that operates under the Ministry of Finance and is composed of five distinct committees. These committees are entrusted with the duties of regulation, supervision, accounting standardization, and accreditation (CNC, 2023). Complementary to this regulatory framework are autonomous national professional bodies, notably the National Organization for Expert Accountants and the National Chamber of Statutory Auditors. These entities play a pivotal role in organizing training seminars and ensuring adherence to professional codes of conduct and ethical principles. Integral to this framework are various legislative enactments that govern the auditing practice, delineating the parameters for professional engagement, incompatible roles, and impediments faced by auditors. A pivotal statute in this domain is Law N.10-01 (2010), which provides the legal foundation for the profession's operations and standards.

##### 4.2 The Algerian Standards on Auditing

Since February 2016, the NCA has issued a series of seventeen Auditing Standards and two Quality Management Standards, distributed across five sets as shown in table 6

**Table 6. The Algerian Standards on Auditing (ASA) and on Quality Management (ASQM)**

Legal document	Date of Issuance	Standards
Order N° 2 of 2016	February 4 <sup>th</sup> 2016	- ASA 210: Agreeing the terms of audit engagements. - ASA 505: External confirmations. - ASA 560: Subsequent events. - ASA 580: written representations.
Order N° 150 of 2016	October 11 <sup>th</sup> 2016	- ASA 300: Planning an Audit of Financial Statements. - ASA 500: Audit evidence. - ASA 510: Initial audit engagements-opening balances. - ASA 700: Forming an opinion and reporting on financial statements.
Order N° 23 of 2016	March 15 <sup>th</sup> 2017	- ASA 520: Analytical procedures. - ASA 570: Going concern. - ASA 610: Using the work of internal auditors. - ASA 620: Using the work of an auditor's expert.

Order N° 77 of 2018	September 24 <sup>th</sup> 2018	- ASA 230: Documentation. - ASA 501: Audit evidence-specific considerations for selected items. - ASA 530: Audit sampling. - ASA 540: Auditing accounting estimates, including fair value accounting estimates, and related disclosures.
Order N° 21 of 2024	June 1 <sup>st</sup> 2024	- ASQM 1: Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements. - ASQC 2: Engagement Quality Reviews. - ASA 220: Quality Management for an Audit of Financial Statements.

Source: authors based on National Council of Accountancy (2016a, 2016b, 2017, 2018, 2024)

These standards were formulated with the primary intent of advancing the auditing discipline within Algeria, providing auditors with a coherent framework from task acceptance through the final report's preparation. This initiative gains heightened significance following the reformation of the accounting profession and the adoption of a new financial accounting system (SCF) aligned with International Accounting Standards IAS/IFRS. Moreover, this trajectory aligns with the conceptual underpinning of accounting observable in BRICS nations (Benmassaoud & Bouhafis, 2023).

Algeria's transition toward a market economy is exemplified by the surge in small and medium-sized enterprises. By the end of 2022, these enterprises numbered 1.3 million, marking a notable 5.71% increase from 2021 (Ministère de l'Industrie et de la Production Pharmaceutique, 2023). This economic shift underscores the growing need to harmonize professional auditing practices across the country. The Algerian Standards on Auditing represent a commendable stride towards this objective. However, it is noteworthy that these standards are not exhaustive. They lack inclusivity of all requisite stages and procedures demanded by auditors and do not provide sufficient explication on the practical application of the stipulated standards. Furthermore, it should be emphasized that these standards are non-mandatory. This optional nature potentially impacts the caliber of auditors' final reports, as there is no uniform requirement for their application across all auditing practices.

#### 4.3 Auditors' Professional Qualification

Becoming a statutory auditor in Algeria involves a multi-step process. Candidates must first obtain a university or recognized degree, then succeed in a competition at a specialized institute for accounting. The process culminates in accreditation and registration on the professional list for legal practice. This pathway closely aligns with international accounting education standards and mirrors practices in BRICS countries. However, several challenges persist in the Algerian system:

- The National Institute of Accountants, despite being planned, remains unrealized;
- Algeria lacks a system for continuous auditor training;
- Many accreditations predate Law 10-01 and do not meet international standards;
- The specialized institute for accounting education has not yet opened.

In contrast, while BRICS nations share similar professional qualification requirements, they notably offer the internationally recognized Certified Public Accountant (CPA) designation, which is synonymous with professional competency and credibility in accounting and auditing. While Algeria's regulatory texts in these aspects are progressing, the practical implementation still falls short of aspirations. This gap between legislation and practice remains a significant challenge for the profession.

#### 4.4 Audit Services

The audit services provided by auditors in Algeria are largely similar to those offered in BRICS countries. These services include a range of audit and assurance tasks for various clients, such as public and private companies and non-profit organizations. Financial statement audits are common, as are specialized audits like tax audits, internal audits, and compliance audits. However, there is a notable distinction in Algeria. Accountant experts (experts comptables) are authorized to offer financial, economic, and social consulting services. This is in contrast to accounts governors (commissaires aux comptes) in Algeria and auditors in BRICS countries, who are typically not permitted to provide these services to their audit clients.

Furthermore, unlike their counterparts in many countries, Algerian accountant experts can offer management consulting, bookkeeping, accounting, and financial advisory services to their audit clients. This

broader scope of services is a unique feature of the Algerian system. It's important to note that while these distinctions exist in regulatory frameworks, in practice, the range of services offered by auditors tends to be similar across many countries, including Algeria and the BRICS nations.

#### 4.5 International Audit Firms

Algeria has implemented stringent measures to restrict non-Algerians from engaging in general accounting practice within its borders, leading to the closure of the very few international consulting offices that had managed to establish a presence. Notably diverging from other BRICS nations, Algeria adopts a protective stance to safeguard its domestic accounting profession and smaller-scale practices, effectively impeding the entry of international firms onto its terrain. However, this approach comes at the cost of foregoing the invaluable expertise these international firms could contribute.

Drawing from the preceding discourse, the key attributes of the auditing profession in Algeria can be succinctly encapsulated, as illustrated in Table 7.

**Table 7. The organization of the auditing profession in Algeria**

Element	Current Situation
<b>Regulators</b>	The National Council of Accountancy (NCA); The Ministry of Finance.
<b>Auditing standards</b>	The NCA has issued eighteen auditing standards. Their conceptual framework has not yet been issued.
<b>ISA adoption status on the IFAC website</b>	Not concerned.
<b>IFAC member organization</b>	Not affiliated.
<b>Are auditing standards mandatory?</b>	No.
<b>Professional qualifications of auditors</b>	<ul style="list-style-type: none"> <li>- A university degree or recognized equivalent is needed for entrance to a specialized institute.</li> <li>- The competition involves written and oral tests for admission to the Institute for Education Specialized in the Accounting Profession.</li> <li>- After passing the competition, there is two-year theoretical training at the institute, leading to a postgraduate certificate in accounting and auditing.</li> <li>- Candidates can choose between becoming an accounts governor or an account expert; an additional one-year training is required.</li> <li>- The statutory auditing profession includes two years of practical training.</li> <li>- A final exam is organized by the NCA Composition Committee, requiring at least 10/20 points to obtain the auditor's certificate.</li> <li>- Auditors need accreditation and must be registered on the professional list to practice legally.</li> </ul>
<b>Services</b>	<p><b>Permitted services for accountancy experts:</b> financial statement audits, review engagements, compliance audits, internal audits, special purpose audits, and management consulting.</p> <p><b>Permitted services for accounts governors (statutory auditors):</b> statutory audits.</p> <p><b>Unauthorized services for accounts governors:</b> management consulting, bookkeeping, accounting, legal services, valuation services, and financial advisory for audit clients.</p>
<b>International audit firms</b>	Absent.
<b>Oversight of the auditing profession</b>	The NCA, the National Organization for Accountants Experts, and the National Chamber of Accounts Governors oversee the auditing profession in Algeria.

Source: authors based on the previous analysis, CNC (2023), and Law N.10-01 (2010)

Based on the previous discussion, the analysis of the auditing profession in Algeria reveals a predominant legalist approach with strong state control and oversight.

- *Legalist Dominance:* The auditing profession in Algeria is regulated and overseen by the National Council of Accountancy (NCA), a public entity operating under the Ministry of Finance. This direct affiliation with the government and the ministry's oversight exemplifies the legalist approach, wherein state-imposed principles and interventions govern the profession.

The NCA, composed of distinct committees, assumes responsibilities such as regulation, supervision, accounting standardization, and accreditation. This centralized control by a state-affiliated body over various aspects of the auditing profession reinforces the legalist dominance, with the state exerting significant influence over the profession's practices and standards.

The auditing profession in Algeria is governed by various legislative enactments, such as Law 10-01, which delineate the parameters for professional engagement, incompatible roles, and impediments faced by auditors. This reliance on state-imposed laws and regulations to govern the profession's conduct and operations further exemplifies the legalist approach.

While autonomous national professional bodies, such as the National Organization for Expert Accountants and the National Chamber of Statutory Auditors, exist, their role appears to be secondary in terms of directly regulating the auditing profession. These bodies are intended to organize training seminars and ensure adherence to professional codes and ethical principles, but their influence seems limited compared to the state's dominance through the NCA.

Unlike many BRICS nations, Algeria is currently not affiliated with the International Federation of Accountants (IFAC) and exhibits a predominantly insular approach within the auditing profession. This lack of engagement with global auditing bodies and limited exposure to international best practices suggests a more inward-focused regulatory environment driven by domestic considerations.

In contrast to the diverse approaches observed across BRICS nations, ranging from associationist self-regulation to corporatist integration of professional bodies, Algeria's auditing profession appears to be primarily shaped by the legalist approach, with the state exercising significant control and oversight through regulatory bodies and legislative enactments.

To facilitate a comprehensive comparison of the auditing professions in BRICS nations and Algeria, Table 8 synthesizes key aspects, including IFAC membership status, adoption of international standards, presence of international audit firms, professional qualification requirements, and the overall approach to the auditing landscape. This comparative analysis elucidates the similarities and differences across these jurisdictions, as follows:

**Table 08. The auditing profession in the BRICS nations and in Algeria**

Element	Brazil	Russia	India	China	South-Africa	Algeria
<b>IFAC membership</b>	(IBRACON)	(RUA)	(ICAI)	(CICPA)	(SAICA) and (IRBA)	Not affiliated
<b>Adoption of ISAS</b>	Adopted	Adopted	Partially adopted	Partially adopted	Adopted	Partially adopted
<b>International Audit firms</b>	Present and active	Present and active	Present and active	Present and active	Present and active	Absent
<b>Professional qualifications</b>	Degree, internship, CPA exam, CFC	Degree, practical experience, state exam	CA course, final exam	CPA exam, education, audit experience, registration	CA(SA), ADP, practical experience, IRBA registration	Degree, training, exam, accreditation.
<b>Auditing landscape approach</b>	Corporatist and legalist	Legalist dominance and corporatist	Associationist dominance and legalist	Legalist	Associationist and legalist	Legalist

Source: Authors based on the previous analysis.

Among the BRICS nations, China's auditing landscape bears the closest resemblance to Algeria's current condition, albeit at a considerably more advanced stage of development. Both countries exhibit a partial adoption of International Standards on Auditing (ISAs), adapting these global norms to align with their local economic and regulatory contexts. The limited presence and influence of international audit firms in both nations, though more pronounced in Algeria, distinguishes them from BRICS counterparts like Brazil or South Africa. China and Algeria have also established similar professional qualification processes, emphasizing national regulations and internal certifications that may not fully align with global standards. Furthermore, both countries predominantly employ a legalist approach, with the auditing profession heavily regulated by



government laws and frameworks, reflecting a centralized control mechanism where the state plays a dominant role in oversight. However, it is crucial to note that while these similarities exist, China's auditing profession is significantly more developed and enjoys a greater international presence. This comparison reveals that Algeria and China share a similar trajectory in their efforts to align with international standards while maintaining strong state oversight in the auditing sector, positioning China as the most comparable BRICS nation to Algeria's auditing profession, albeit at a much more advanced stage of development and global integration.

Nevertheless, the disparity between Algeria's auditing practices and those of BRICS nations is substantial, requiring significant effort to bridge. A comprehensive overhaul of Algeria's regulatory framework is necessary, particularly in mandating the application of Algerian Standards on Auditing (ASAs) and developing a robust conceptual framework. This process may span several years and demand extensive consultation with international bodies like IFAC. Simultaneously, establishing consistent, high-quality training programs for auditors will require substantial investment in educational infrastructure and partnerships with international accounting organizations. Overcoming Algeria's insular approach presents another challenge, necessitating a cultural shift within the profession. This may be facilitated through exchange programs, international conferences, and collaborative projects with BRICS counterparts. Additionally, easing restrictions on international audit firms will likely face political and economic hurdles, requiring careful policy formulation to balance national interests with the benefits of international expertise. These collective efforts will demand significant financial resources, political will, and time, potentially spanning 5-10 years for full implementation.

Algeria's pursuit of BRICS membership is driven by a complex interplay of political, economic, and strategic factors. The Algerian leadership views BRICS membership as a powerful political tool to demonstrate the country's growing international influence to its domestic audience. Economically, Algeria aims to transform its economy beyond hydrocarbon exports, seeing BRICS as a catalyst for this transition through increased trade and investment opportunities. In the context of strained relations with some European countries and a shifting global order, Algeria seeks to align itself with emerging powers like China and Russia, reflecting a broader geopolitical realignment. Furthermore, Algeria recognizes the potential benefits of participating in new financial mechanisms, including the BRICS New Development Bank and the possibility of a BRICS digital currency. Looking ahead, membership could offer significant trade benefits and influence in global financial systems over the next half-century, aligning with Algeria's aspirations for a more prominent international role.

When considering the cost-benefit analysis of joining BRICS, Algeria faces both challenges and opportunities. The costs are substantial, including significant financial investment in reforming the auditing profession and broader regulatory framework. This process may lead to short-term economic disruptions as systems align with BRICS standards. Additionally, navigating domestic resistance to change, particularly regarding market liberalization, will expend political capital. There's also the possibility of straining diplomatic relations with traditional partners wary of BRICS expansion. However, the potential benefits are compelling. Algeria would gain access to the BRICS New Development Bank and potential new digital currency, diversifying its financial resources. Enhanced trade opportunities within the BRICS bloc could open new markets for Algerian goods and services. Improved financial reporting standards aligned with BRICS economies may attract increased foreign direct investment. The auditing profession would benefit from knowledge transfer and capacity building, elevating the overall quality of financial governance. Geopolitically, Algeria could gain influence and diversify its international partnerships, reducing dependence on traditional allies. Perhaps most significantly, exposure to BRICS countries' varied economic models could accelerate Algeria's economic diversification efforts.

While the costs of aligning with BRICS standards are significant, the long-term strategic and economic benefits appear to outweigh these short-term challenges. The potential for economic diversification, enhanced geopolitical standing, and access to new financial mechanisms offers Algeria a pathway to sustainable economic growth and increased global influence. However, the success of this endeavor hinges on Algeria's commitment to implementing comprehensive changes not just in its auditing profession, but in its broader economic governance structures. The reforms required in the auditing sector can serve as a catalyst for wider economic and governance improvements, potentially yielding benefits that extend far beyond the immediate goal of BRICS membership.

In conclusion, while the path to BRICS membership presents significant challenges for Algeria, particularly in aligning its auditing profession with international standards, the potential long-term benefits offer a compelling case for pursuing this strategic objective. The process of closing the gap with BRICS nations can serve as a transformative journey for Algeria's economic and governance structures, potentially positioning

the country for a more prominent role in the evolving global economic order. As Algeria navigates this complex landscape, the interplay between domestic reform, international alignment, and strategic positioning will be crucial in determining the ultimate value of BRICS membership for the nation's future.

To align with the goals of the study and facilitate seamless economic integration with BRICS nations, Algeria may consider introducing reforms that strike a balanced approach, leveraging the expertise of professional associations while maintaining state oversight to align with global auditing norms and address potential conflicts of interest. Drawing from the analysis, several key considerations emerge for Algeria:

1. *Striking a balance between state oversight and professional self-regulation:* While some BRICS nations lean heavily towards legalist state control (e.g., China), others incorporate associationist elements, leveraging the expertise and autonomy of professional bodies (e.g., India, South Africa). Algeria may consider a balanced approach, where the state provides oversight and enforces compliance with global norms, while empowering professional associations to facilitate training, standard-setting, and self-regulation, aligning with international best practices;
2. *Aligning with international auditing standards:* Many BRICS nations have adopted or are in the process of adopting International Standards on Auditing (ISAs), reflecting responsiveness to normative pressures and a commitment to harmonizing auditing practices with global norms. As Algeria seeks integration with the BRICS alliance, aligning its auditing standards with ISAs could facilitate seamless economic cooperation and enhance financial reporting credibility;
3. *Addressing potential conflicts of interest:* Several BRICS nations have implemented restrictions on auditors' provision of non-audit services to their clients, reflecting the legalist approach to protect stakeholder interests and maintain auditor independence. Algeria may consider similar regulations to address potential conflicts of interest and strengthen public trust in the auditing profession.
4. *Balancing market forces and state intervention:* While some BRICS nations exhibit strong state control over the auditing profession (e.g., China, Russia), others incorporate elements of market forces and mimetic pressures from global auditing practices. Algeria may explore a balanced approach that leverages market competition and global best practices while maintaining state oversight to protect public interests.
5. *Considering the role of professional associations:* Professional associations like SAICA in South Africa and the ICAI in India play a crucial role in shaping the auditing workforce, establishing standards, and facilitating self-regulation. Algeria may consider strengthening its professional accounting bodies and integrating them into the regulatory framework, aligning with the corporatist or associationist approaches observed in some BRICS nations.

Overall, the analysis of auditing professions across BRICS countries provides valuable insights for Algeria. By carefully considering the diverse approaches adopted by BRICS nations and identifying convergences and divergences, Algeria can strategically formulate auditing reforms that enhance financial reporting transparency, attract foreign investment, and facilitate seamless economic integration with the BRICS alliance.

#### *Implications of the Study's Findings:*

The findings of this study have far-reaching implications that extend beyond the immediate challenges facing Algeria's auditing profession in its bid to align with BRICS standards. Firstly, the research underscores the critical role of the auditing profession as a cornerstone of economic governance and its potential to catalyze broader reforms. As Algeria strives to enhance its auditing practices, it may trigger a domino effect, prompting improvements in corporate governance, financial reporting, and regulatory oversight across various sectors of the economy. This ripple effect could significantly boost investor confidence, potentially attracting more foreign direct investment and fostering economic diversification beyond the hydrocarbon sector.

Moreover, the study highlights the delicate balance between international harmonization and national sovereignty in professional standards. As Algeria navigates this balance, it may serve as a case study for other emerging economies seeking to integrate with global economic blocs while preserving their unique economic and cultural contexts. The process of aligning with BRICS standards while maintaining a distinct national identity could provide valuable insights for policymakers and researchers in the fields of international economics and development studies. On the other hand, the research sheds light on the geopolitical dimensions of professional standardization. Algeria's efforts to align its auditing practices with BRICS norms represent a strategic pivot in its international relations, potentially influencing regional dynamics in North Africa and the Mediterranean. This shift could have implications for trade patterns, diplomatic relations, and economic cooperation frameworks in the region and beyond.

Lastly, the study's findings emphasize the importance of capacity building and knowledge transfer in the auditing profession. As Algeria works to close the gap with BRICS nations, it may need to develop new educational programs, professional development initiatives, and international exchange opportunities. This focus on human capital development could have long-term benefits for the country's workforce, potentially enhancing its competitiveness in the global knowledge economy.

In conclusion, while the immediate focus of the study is on the auditing profession, its implications touch upon broader themes of economic development, international relations, and professional education. As such, this research not only contributes to the field of auditing and accounting but also offers valuable insights for policymakers, economists, and scholars interested in the complex interplay between professional standards, economic governance, and geopolitical strategy in emerging economies.

## CONCLUSION

This study investigated the auditing professions in the BRICS countries and Algeria through the lens of institutional theory and the regulatory methods proposed by Bédard et al. (2002). The objective was to identify key reforms needed for Algeria's auditing supervisory bodies to achieve harmonization and consistency with the BRICS group members, thereby enhancing the quality of auditors' reports to meet the expectations of potential foreign investors aligning with BRICS objectives.

The analysis revealed that while BRICS nations have made substantial progress in reinforcing their regulatory frameworks, adopting International Standards on Auditing (ISAs), and actively engaging in international collaborations through platforms like IFAC and IFIAR, Algeria lags behind in several aspects. Algeria's auditing standards, though compatible with ISAs, lack mandatory application and a well-established conceptual framework, raising concerns about the quality of auditors' reports.

Moreover, Algeria exhibits an insular approach within the auditing profession, with a dearth of consistent and continuous training for auditors. The supervisory body, the National Council of Accountancy (NCA), operates under governmental purview, similar to BRICS countries, but lacks the robust auditor accreditation processes aligned with international accounting education standards observed in BRICS nations. Additionally, Algeria has imposed restrictions on international audit firms' operations within the country, depriving it of the valuable experiential insights and best practices these firms could offer, in contrast to the prominent presence of the "Big Four" in BRICS countries.

To address these gaps and align with BRICS practices, the following recommendations are proposed:

- **Enhance the role of Algerian auditing supervisory bodies by emulating successful models and pursuing IFAC membership to leverage guidance and best practices:** To strengthen the effectiveness of Algerian auditing supervisory bodies, it is crucial to adopt successful international models that have proven effective in other contexts. Additionally, pursuing membership in the International Federation of Accountants (IFAC) would provide access to valuable guidance and best practices, further improving the quality of auditing in Algeria.
- **Expedite the comprehensive issuance and mandatory application of the Algerian Standards on Auditing, accompanied by detailed implementation guidelines:** To improve Algerian auditing practices and align them with global standards, it is crucial to accelerate the issuance of comprehensive Algerian Standards on Auditing, ensuring they are mandatory for all practitioners. Accompanying these standards with detailed implementation guidelines will facilitate adherence and promote consistent application across the auditing profession.
- **Prioritize ongoing training for Algerian auditors to ensure the quality of their reports meets investor and shareholder expectation:** The rapidly changing global business environment requires auditors to continuously update their skills to maintain high-quality reporting standards. In Algeria, prioritizing continuous professional development (CPD) programs is essential, focusing on both technical skills and emerging areas like forensic accounting and digital auditing tools. By investing in ongoing training, auditors will enhance the quality of their reports, build trust in the financial markets, and attract foreign investment.
- **Foster openness to the participation of international audit firms, enabling the exchange of experiences and best practices within the auditing domain:** Encouraging the participation of international audit firms in the Algerian auditing market can significantly enhance audit quality. This openness facilitates knowledge exchange and best practice adoption between local and international auditors.

By addressing these recommendations and fostering greater alignment with BRICS practices, Algeria can enhance the credibility and transparency of its auditing profession, build a more robust financial system,

facilitating seamless economic integration and attracting increased foreign investment within the BRICS alliance.

Future research should investigate the impediments obstructing the mandatory implementation of Algerian auditing standards, explore more the potential implications of Algeria's prospective BRICS integration on its auditing framework, and examine cross-cultural dynamics influencing the implementation of international auditing standards within the Algerian context.

**REFERENCES**

- Agrizzi, D., & Sian, S. (2015). Artificial corporatism: A portal to power for accountants in Brazil. *Critical Perspectives on Accounting*, 27, 56-72.
- Alon, A., Mennicken, A., & Samsonova-Taddei, A. (2019). Dynamics and limits of regulatory privatization: Reorganizing audit oversight in Russia. *Organization Studies*, 40(8), 1217-1239.
- Barac, K., Coetzee, P., & Van Staden, M. (2016). Convergence towards internal audit effectiveness in the BRICS Countries. *Journal of Economic and Financial Sciences*, 9(2), 609-629.
- Batashova, A., Popova, E., Chernetskaya, S., Barsukova, S., & Tishchenko, I. (2023). Transformation of approaches to audit in Russia. *E3S Web of Conferences*,
- Bédard, J., Bake, C. R., & Prat, C. (2002). *AUDIT REGULATION: A COMPARISON BETWEEN THE CANADA, USA and France* French-speaking Accounting Association., 141.
- Benmassaoud, A., K., & Bouhafs, M., D. (2023). Modernizing the accounting and financial system in Algeria as an imperative for its accession to the BRICS economic group Algeria's accession to the BRICS group and the path of strengthening partnership between member states: gains and implications, Ghardaia. <http://dspace.univ-ghardaia.dz:8080/xmlui/handle/123456789/6039>
- CNC. (2023). Conseil National de Comptabilité. <https://www.cnc.dz/>
- Ghio, A., & Verona, R. (2015). Accounting harmonization in the BRIC countries: A common path? *Accounting Forum*,
- Guzov, I., Strelnikova, O., & Iaremchuk, V. (2016). History and future of auditing in Russia. *5th International Conference on Accounting, Auditing, and Taxation (ICAAT 2016)*,
- Guzov, I. N., Polyakov, N. A., & Guzov, Y. I. (2022). Auditors in Russia: Entry into the Profession. *Challenges and Solutions in the Digital Economy and Finance: Proceedings of the 5th International Scientific Conference on Digital Economy and Finances (DEFIN 2022)*, St. Petersburg 2022,
- IFAC. (2024). Members & Associates. <https://www.ifac.org/what-we-do/global-impact-map/members-associates>
- Joshi, P. L., & Karyawati Purba, G. (2022). The institutional theory on the internal audit effectiveness: The case of India. *Interdisciplinary Journal of Management Studies*, 15(1), 35-48.
- Khebiti, K., & Bebaz, A. (2023). Algeria's accession to the (BRICS) group between the economic reality and the challenges imposed Algeria's accession to the BRICS group and the path of strengthening partnership between member states: gains and implications, Ghardaia. <http://dspace.univ-ghardaia.dz:8080/xmlui/handle/123456789/6039>
- Klaa, C. (2023). Towards Algeria's accession to the BRICS: any requirements and gains? *Political Orbits*, 7(1), 95-116. <https://www.asjp.cerist.dz/en/article/226569>
- Lakshkaushik, D. P. (2024). An Overview of Forensic Auditing in India. In *Digital India Navigating the Technological Landscape For a Connected Tomorrow* (pp. 121-129). Sandesh Dadarao Pahulkar.
- Concerning of the professions of accounts experts, accounts governors, and chartered accountants, (2010). *Ministère de l'Industrie et de la Production Pharmaceutique*. (2023). *Bulletin d'Information Statistique de la PME*. <https://www.industrie.gov.dz/wp-content/uploads/documents/bis/BIS-2023-04-42.pdf>
- National Council of Accountancy. (2016a). Order N° 2 of 2016. Ministry of Finance.
- National Council of Accountancy. (2016b). Order N° 150 of 2016. Ministry of Finance.
- National Council of Accountancy. (2017). Order N° 23 of 2016. Ministry of Finance.
- National Council of Accountancy. (2018). Order N° 77 of 2018. Ministry of Finance.
- National Council of Accountancy. (2024). Order N°21 of 2024. Ministry of Finance.
- Provasi, R. (2013). Auditing in the BRICs Countries: A Survey for comparison with International Standards. *Global Business & Economics Anthology*, 1, 218-227.
- Puxty, A. G., Willmott, H. C., Cooper, D., & Lowe, T. (1987). Modes of regulation in advanced capitalism: Locating accountancy in four countries. *Accounting, organizations and Society*, 12(3), 273-291.
- Schmitter, P. C. (1971). *Interest conflict and political change in Brazil*. Stanford University Press.
- Streeck, W., & Schmitter, P. C. (1985). Community, market, state-and associations? The prospective contribution of interest governance to social order. *European sociological review*, 1(2), 119-138.
- The World Bank. (2023). The World Bank in Algeria. <https://www.worldbank.org/en/country/algeria>