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Auditors' Perception of the Consequences of Egypt's Membership of the BRICS Bloc on the Accounting and Auditing Profession: A Field Study

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Abstract

BRICS is known as one of the most important economic and political blocs in the twenty first century. It started in 2005 with three countries, which are Russia, India, and China. Later on, Brazil and South Africa joined the bloc to give it more strength. The objective of this research is to analyze the auditors' perception of the consequences of Egypt's membership of the BRICS bloc on their performance and the accounting and auditing profession in general. To fulfil the research objective, an overview of the history of the BRICS members, their strengths, challenges that they generate were highlighted. The consequences of Egypt's membership of the BRICS bloc in general and on the accounting and auditing practices were analyzed. A checklist was designed to analyze the auditors' perception of the consequences of this membership. A sample of MBA students and faculty members at the faculty of business, Alexandria University were selected to respond to the statements shown in the checklist. The research results revealed that participants are aware of the accounting and auditing consequences of Egypt's membership of the BRICS bloc. Research results will be of interest of regulators, standards setters, auditors, Egyptian Stock Exchange, and researchers interested in the area of accounting and auditing and the effect of national and international factors on the accounting and auditing profession.

Keywords: BRICS, Egypt, Accounting and Auditing Profession

1. Introduction

BRICS bloc is known as an important economic and political bloc that was formed early 2000 with an objective to enhance the ties between its members and cooperate on different levels, including trade. BRICS countries are known for their cheap labor, huge reserves of natural resources, high attractiveness of investors and high foreign direct investment (Melega, 2022). Egypt joined the BRICS bloc to benefit from its advantages. These advantages include the reduced reliance on the USD which represents a big financial burden on the Egyptian economy. On the other hand, Egypt will face several challenges, as a result of its membership. These challenges will shed its light on the economy as a whole, businesses and their operations, accounting, and auditing aspects.

It is important that auditors in Egypt are aware of the possible consequences of Egypt's membership of the BRICS bloc on the business operations that might be affected as a result of the collaboration between Egyptian companies and those working in the BRICS bloc. Also, it is important that auditors are aware of the resulting consequences on the accounting and auditing practices. Auditors will need to revisit their auditing practices, related to evidence collection, especially that related to foreign currency and related party transactions, provision of non-audit services, reliance on IT applications, ..etc.

The objective of this paper is to highlight the consequences of Egypt's membership of BRICS bloc through discussing the benefits and challenges that the Egyptian economy and government are facing. In addition, the consequences on this membership on the accounting and auditing profession will be investigated through an empirical study on a sample of MBA students and faculty members at the faculty of business, Alexandria University.

The importance of this paper stems from the topic it is focusing on, which is the auditors' perception of the consequences of Egypt's membership of the BRICS bloc on the accounting and auditing profession. It is important to reveal to what extent the auditors in

Egypt understand the consequences of this membership on their auditing practices and the new challenges that face them in the audit market.

To fulfill the objective of this paper, the rest of the paper will be organized as follows: Section 2 will provide an overview of the BRICS. Section 3 will present the consequences of Egypt's membership of the BRICS bloc on the accounting and auditing profession. Section 4 will describe the research methodology. Section 5 will analyze the research results. Section 6 will conclude and provide the recommendations and implications for future research.

2. BRICS: An Overview

The BRIC term was created early 2000s. The first meeting of the RIC (Russia, India, and China) was held in 2005. Later, Brazil and South Africa joined the group in 2010. Although members of the BRICS bloc were different in several aspects, however, they hold several successful meetings that strengthen their economic relationships and make them attractive to outside parties. In addition, the members of the bloc hold around quarter of the world land area and their population represents 42% of the world population, which make them impressive in their effect on the world economy (www.silkroadbriefing.com). BRICS is known to be one of the largest economic blocs in the twenty first century (Ahmed et al., 2020)

BRICS members have several strengths, as China and India have an advantage of low-cost workforce (Radulescu et al., 2014). Also, China is a good supplier of manufactured goods, for example, apparel, footwear and toys, and India is a good provider of services in general and outsourcing in particular, and goods such as gum, silk, and cotton. Brazil is known for its agricultural products and Russia has a comparative advantage in certain products, such as fertilizers (Maryam et al., 2018). Besides, Brazil and China attracted more foreign investment over the years due to the availability of natural and human resources, high growth rate and lower obstacles related to capital movement (Provasi, 2013). Also, Brazil and Russia are good exporters of raw materials and resources that China and India need for

their industrialization. Also, South Africa is a diversified economy and a low-risk environment for investment (Lowe, 2016) and has a comparative advantage in mineral resource-based products (Maryam et al., 2018). Additionally, the accounting and auditing practices and corporate governance regulations in south Africa reflect the best practices in these area (Quinn, 2015)

Egypt is facing financial and liquidity difficulties due to the shortage of foreign currencies, specifically US dollars. As a part of the solution to face this problem and to increase the volume of exports and reduce the deficit in the balance of trade, Egypt requested the membership of the BRICS (Brazil, Russia, India, China, and South Africa) block. Egypt's membership of the BRICS block will enable it to buy US dollars from the members of the BRICS using its local currency to cover part of the foreign currency shortage problem. In addition, the membership of BRICS bloc will enhance capital mobility and will contribute towards increasing the number of job opportunities. Furthermore, the entry of BRICS bloc will contribute towards the economic stability of Egypt and other members by reducing the fluctuations in exchange rates and currency markets, which will in turn help in maintain sustainable economic development.

Finally, this membership will help Egypt to attract new investments, secure strategic goods, and crops, such as wheat, increase mutual exports with countries members of the bloc. It is expected that Egypt's membership of the BRICS bloc will encourage it to divert its trade from the USA to the BRICS countries in case tariffs are reduced with the members. In addition, Egypt's production from certain commodities, such as wheat, other cereal grains, sugar crops, living animals, food processing, textiles and clothes, and fiber crops. In case Egypt applies non-tariff barriers by reducing trading costs with the BRICS members, the level of economic growth of Egypt will increase and the level of output from some sectors, such as rice, fiber crops, vegetables and fruits, transport and communication, utilities and construction, and other services (Ahmed, et al., 2020)

On the other hand, Egypt's membership of the BRICS bloc results in different challenges, such as great competition with the members of the BRICS bloc, trade imbalances, which may result if Egypt's export is different from what the BRICS member require, and lastly, economic diversification, which might be needed so that Egypt can align with the preferences on BRICS members (Balbaa, 2023).

Despite these challenges, the advantages of Egypt's membership outweigh the challenges. This is clear to different parties and that's why different countries showed their interest to become members of the BRICS bloc. This is quite evident where six countries will join the BRICS bloc starting from 2024, which are Saudi Arabia, Ethiopia, Iran, United Arab of Emirates, Argentina in addition to Egypt.

Undoubtly, Egypt's membership of the BRICS bloc will have its implications on the companies' operations and financial position and performance. On one hand, it is expected that firms in Egypt will respond to these national circumstances and macroeconomic factors, and this might be in the form of changing their products or goods so as to match with the preferences of the members of the BRICS bloc. There is evidence that BRICS members are switching from manufacturing raw materials and are focusing on value added products which are more sophisticated (Kocourek, 2015). Also, firms might divert their market focus to those in China, Brazil, South Africa, Russia, and India. They might ask for loans from those countries and might change their foreign currency balances away from US dollars to local currencies of the BRICS members.

All these changes will have their own effect on the Egyptian companies' corporate governance practices, financial statements, and business operations. As a result, the auditing profession will be also affected. New risks will result, and more work will be required from the auditing bodies and auditors to fulfill their requirements. On one side, firms facing severe competition and those trying to change their area of operations might face high business risk and this will increase the number of going concern opinions issued by auditors. On another side, the need for accounting and auditing harmonization, especially

with the BRICS members, will push auditors to change some of the auditing procedures they used to follow before.

3. Consequences of Egypt's membership of BRICS Bloc on the Accounting and Auditing Profession

In order to investigate the impact of Egypt's membership of BRICS bloc on the accounting and auditing profession, it is important to highlight the impact of this membership on the business operations, accounting and corporate governance practices of firms working in the BRICS bloc.

3.1. Changes in Business Operations

One of the main challenges that will face Egypt as a result of its membership of the BRICS bloc will be the pressure that it will face to transform some of the business operations and change firms products to meet the demands of the members of the BRICS bloc. Firms in Egypt will be under pressure to focus on complicated and value-added products in order to be competitive and sustain. This challenge will result in raising firm business risk, as some firms might find it difficult to change its outputs and might result in higher losses or going out of business. This pressure might result in higher going concern risk.

If this is the case, the following questions need to be raised: What are the industries that will show great transformation? What are the areas of operations that will face low demand and might leave the market or at least will focus on the national market only? How are these changes will affect the firm's ability to meet its business objectives, i.e., business risk? What are the management plans to face such risk? How will auditors assess the management plans set to face this challenge? Will the audit evidence that auditors need to collect in this regard change?

3.2. Egyptian local currency

One of the main advantages of Egypt's membership of the BRICS bloc is reducing the reliance on the US dollars. Two proposals

were being discussed in the last BRICS summit. The first one is to develop a unified currency among the members of the BRICS, and the second one is to rely on the local currency in trade exchanges with the members of the BRICS, thus reducing the inflation rate in Egypt and reducing the dominance of the US dollars. If this is the case, the following questions need to be raised: What are the implications of Egypt's membership of the BRICS bloc on the Egyptian pound? Which is better for the Egyptian economy in case of trade exchanges, to develop a unified currency or to rely on the Egyptian pound? To what extent the Egyptian economy will rely on the US dollars in trade exchanges? What are the implications of such changes on the balance of trade and balance of payment?

3.3. *Economic Governance and Transparency*

BRICS members are having high standards of economic governance and transparency. Egypt has to go for a great reform to enhance the level of economic governance and transparency. If this is the case, the following questions need to be raised: what are the required reforms that will help Egypt to raise the level of economic governance and transparency? What should firms do to enhance their corporate governance practices? How will auditors assess the impact of the economic reform on the financial statements and its presentation?

3.4. *Potential for Political Instability*

BRICS members have a history of political instability and Egypt's membership of the BRICS bloc will increase its vulnerability to political unrest. If this is the case, the following questions need to be raised: How will Egypt reduce the severe implications of the political instability in case it happens? How will firm managers manage the risk of political instability? How will auditors assess the impact of the risk of political instability on the financial statements and its presentation?

3.5. *Investment Opportunities and Expansion of the Energy market*

The BRICS group offers several benefits to foreign investors, such as young and cheap labor force, natural resources, and larger markets (Nistor, 2015). The membership of Saudi Arabia of the BRICS and the inclusion of UAE and Iran in the BRICS bloc next year will affect the energy market to a great extent. The BRICS bloc will include three main exporters of oil, constituting 42% of the global oil supply and two main importers of oil, China, and India. Also, including Argentina in the BRICS bloc will affect the supply of lithium of the bloc, as it is expected that Argentina will be the second largest supplier of lithium in the world by 2027. By including the main oil producers and main holders of mineral resources and fast-growing energy consumers in one place the energy investment and trade will expand (Baskaran and Cahill, 2023). If this is the case, the following questions need to be raised: how will Egypt's membership of BRICS bloc will benefit it in terms of its demand for energy and oil products? How will Egypt contribute towards satisfying the demand of the BRICS countries concerning natural and mineral resources?

3.6. Internationalization of Accounting and Auditing

The BRICS bloc offers very attractive investment opportunities. As a result of users' demand for transparent and high-quality financial statements, and clear useful financial information to users on the international level, there is a great demand for harmonization of financial reporting which require uniformity of accounting and auditing services. Consequently, the demand for IFRS adoption will be high, as firms that perceive higher economic incentives will achieve higher level of compliance with IFRS in their financial reports (Broker, 2012). This step will enhance the economic relations between the members of the bloc, despite the great variations in political, cultural, and juridical systems (Dolgikh, 2017).

Members of the BRICS bloc differ in their degree of IFRS adoption. The harmonization process is nearly completed for Brazil and Russia. However, India and China are still adopting their national GAAP (Ghio and Verona, 2015). This is considered to be a big challenge that faces accountants and auditors in the future. Egypt is adopting the Egyptian Accounting Standards (EAS), which are

developed by the Standards Committee of the Egyptian Society of Accountants and Auditors (ESAA). They are national standards that are based on IFRS standards issued in 2013. These standards are different from IFRS in certain aspects, such as that related to leases, SMEs, and treatment of share-based payments (www.ifrs.org).

Accountants need to respond to this challenge by understanding the implications of the convergence to the IFRS and how this convergence will affect the value and disclosures in the financial statements. Also, auditors need to understand how the fair presentation of financial statements will be affected by the adoption of the IFRS.

From another perspective, Egypt's membership of BRICS bloc might affect the level of accounting conservatism adopted by Egyptian companies. Companies working with BRICS countries will be more conservative. Also, it is expected that firms involved with business transactions with the BRICS countries will behave more ethically and consistent with CSR practices and tax payment (Du and Li, 2022). It is expected that with the increasing number and diversity of stakeholders, companies will be encouraged to offer more comprehensive information on the companies financial and non-financial information. As a result, the number of integrated business reports will increase. These reports will include information regarding the companies' sustainability, for example, disclosures on greenhouse gases and IT related issues, for example information on cybersecurity issues and blockchain applications will be made available.

These practices will increase the value and quality of accounting information which is offered to the current and new stakeholders and as a result, it is expected that the cost of capital will be reduced. In addition, company management will be more committed to meet the expectations of the new stakeholders and as a result the earnings management practices will be reduced.

In addition, it is expected that more mergers and partnerships with companies in the BRICS countries will take place. These merger acquisition might depend on the financial information quality to a great extent (Robu et al., 2023). Also, these decisions will have their

effects on the quality of corporate governance practices. For instance, mergers and partnerships with companies in south Africa, which is known for its good governance and high sustainability disclosures, will make companies in Egypt will focus on their corporate governance practices and will emphasize their importance and role in fulfilling the companies' objectives. Consequently, it is expected that corporate governance will be stronger for companies involved in trade and business transactions with the BRICS countries (Saraswat, 2018). These corporate governance practices might include increasing the number of independent directors on boards and establishment of appropriate internal committees in firms (Salvioni et al., 2013).

If this is the case, the following questions need to be raised: Will Egypt start the harmonization process and adopt the IFRS? If the answer is yes, how will this adoption affect the financial statements? How will auditors evaluate the fair presentation of the financial statements prepared according to IFRS?

As for the effect of Egypt's membership of BRICS bloc on the auditing profession, it is expected that auditing practices will be affected due to their close work with auditors from the BRICS countries. Auditors will be more concerned with foreign currency and related party transactions. They will need to change their evidence collection procedures and will rely more on IT applications. Also, it is expected that all these changes will initiate the need for a comprehensive professional body for the accounting profession in Egypt, especially that this body doesn't exist (Badawy and Aly, 2018) and there is a demand for such body to organize the accounting and auditing profession in Egypt.

4. Research Methodology

A checklist is designed to explore the auditors' perception of the consequences of Egypt's membership of the BRICS Block. The checklist, as shown in Table (1), involves four subsections. The first subsection involves the general consequences of Egypt's membership on the Egyptian economy. This involves the impact of this membership on the interest rate, currency exchange rate,

inflation rate, reliance on USD and the imports and exports from the BRICS countries. In addition, this subsections covers the implications of Egypt's membership on the deficit of the balance of payment, gross domestic product level, unemployment rate, foreign direct investment, market efficiency, capital mobility, customs duties and tariffs and the need for a unified currency to facilitate the trade between the BRICS countries.

The second subsection is focusing on the implications of Egypt's membership on the business and their operations, which include the competition that firms may face, the possible transformation of businesses, the business risk that they may face and the change in management plans to face such risks. In addition, this subsection includes the possible changes in hedging practices, transparency level and the number of stakeholders.

The third subsection concentrates on the accounting consequences of Egypt's membership, which covers the possible effects on accounting standards and reporting framework, accounting conservatism, reliance on integrated reports, quality of accounting information, value relevance of accounting information in general and disclosure related to GHG in particular, and earnings management practices. Furthermore, this subsection includes the possible effects on cost of capital, corporate governance and finally the real time disclosures and those related to cybersecurity and blockchain technology.

The final subsection covers the auditing consequences of Egypt's membership of the BRICS Bloc, by focusing on the effect of this membership on the auditing standards, the competition that auditors will face, audit fees and reputation, the demand for internal audit services, and audit evidence, especially that concerned with related party transactions and foreign currency transactions and balances. Finally, this subsection stresses on the implications of Egypt's membership on the auditors' need to be kept updated with the most recent technologies and the reliance on information technology and continuous auditing and finally the demand of assurance services, such as WebTrust and SysTrust services.

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**Table (1)
Checklist**

Consequences of Egypt's Membership of the BRICS	1	2	3	4	5	6	7
General							
1. Interest rate will decrease							
2. Currency exchange rate will decrease							
3. Inflation rate will decrease							
4. Reliance on USD will decrease							
5. Imports from the BRICS countries will increase							
6. Exports to the BRICS countries will increase							
7. The deficit in the balance of payment will be reduced							
8. Customs duties and tariffs with the BRICS countries will be reduced							
9. Capital mobility will increase							
10. Unemployment rate will decrease							
11. Gross Domestic Product (GDP) will increase							
12. Investment opportunities will increase							
13. Foreign Direct Investment (FDI) to Egypt will increase							
14. Market efficiency will increase							
15. A unified currency will be created, as the case of the Euro							
Businesses and their Operations							
1. Businesses will face higher competition from BRICS members							
2. Industries in Egypt will show great transformation							
3. Some industries will leave the market or will focus on the national market only							
4. Market changes will affect the firm's ability to meet its business objectives, i.e., business risk							
5. Management plans to face the related risks will change							
6. The stakeholders of firms working with the BRICS countries will increase							
7. Businesses will seek to increase the level of transparency							
8. Hedging practices, in general and those related to foreign currency exchange rate in particular, will increase							
9. Some businesses will change their operations to cope with the changes resulting from Egypt's membership							
10. Supply chains of materials will change							
Accounting							
1. Modifications in the Egyptian Accounting Standards (EAS) will be required							

Consequences of Egypt's Membership of the BRICS	1	2	3	4	5	6	7
2. There will be an increasing trend towards adopting the International Financial Reporting Standards (IFRS) by the companies involved in transactions with the BRICS countries							
3. Financial reporting framework of companies involved in imports or exports to BRICS countries will change							
4. Accounting conservatism will increase							
5. Reliance on integrated business reports will increase							
6. Quality of accounting information will increase							
7. Value relevance of financial information will increase							
8. Value relevance of Greenhouse Gases (GHG) disclosures will increase							
9. Quality of earnings will increase							
10. Earnings management practices will decrease							
11. Cost of capital will decrease							
12. Corporate governance will be stronger							
13. Real time disclosures will increase							
14. Reliance on and disclosure of cybersecurity and blockchain technology will increase							
Auditing							
1. There will be an increasing trend towards adopting the international standards on auditing (ISAs)							
2. Competition in the auditing market will be more severe							
3. Audit fees of auditors working in Egypt will increase							
4. Audit reputation of firms involved in auditing companies trading with BRICS countries will be enhanced							
5. Auditors must keep up with change and adapt quickly with the changing human resources market							
6. Auditors must understand and adapt to new technologies in order to be competitive on a global basis							
7. Demand for internal audit services will increase							
8. Auditors' auditing practices related to evaluating financial statements balances and transactions related to foreign currencies will be different							
9. Inherent risk related to account balances and transactions related to BRICS will be higher							
10. Auditors will give priority to evaluating the management plans that will be put in place to address these changes and their impact on business risks							
11. Auditing related party transactions will increase							
12. The audit evidence that auditors need to collect in this regard will change							

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Consequences of Egypt's Membership of the BRICS	1	2	3	4	5	6	7
13. Audit evidence related to foreign currency balances and transactions will be different							
14. Reliance on information technology in auditing will increase							
15. Reliance on continuous audit will increase							
16. Assurance services related to SysTrust and WebTrust will increase							

5. Results and Analyses

In this section, we will present the descriptive statistics, reliability test, and main and additional data analysis.

5.1. Descriptive statistics

The sample of respondents to the checklist includes 60 MBA students and faculty members in the faculty of business, Alexandria University. Table (2) shows the distribution of participants. It is clear that two thirds of the sample is males and one third is females. Half of the sample are PG students at the faculty of business. Concerning the participants' experience. Half of the participants are having a minimum of 10 years of experience.

Table (2)
Demographic Statistics

	Frequency	Percentage
Gender		
Male	40	66.7
Female	20	33.3
Total	60	100
Position		
Auditor	10	16.7
PG student	30	50.0
Other	20	33.3
Total	60	100
Experience		
2-5 years	26	43.3
6-9 years	4	6.7
10-13 years	6	10.0
14-17 years	12	20.0
18-21 years	4	6.7
More than 21 years	8	13.3
Total	60	100

5.2. Reliability Checks

The checklist includes four subsections, economy, business, accounting, and auditing. Concerning the reliability of the responses to all statements in the checklist, we can notice from Table (3) that Cronbach's alpha is 96.8% (ranging from 84% in the general subsection to 95.2% in the auditing subsections), which is quite high and indicates that the responses can be relied upon to analyze this data.

Table (3)
Reliability Analysis

	No. of Items	Cronbach's alpha
General	15	92.4%
Business	10	84%
Accounting	14	91.6%
Auditing	16	95.2%
Total	55	96.8%

5.3. Data Analysis

Consistent with the objective of this study, we are going to analyze the participants' perception of Egypt's membership of the BRICS bloc by presenting the mean, median, minimum, and maximum values for the statements in each subsection and the average of the respondents' responses to the subsection.

Concerning the auditors' perception of the consequences of Egypt's membership of the BRICS bloc on the economy in general, we can notice that participants slightly agree that Egypt's membership of the BRICS block will have consequences on the economy in general (Mean = 4.62, Median = 4.77). It is clear that participants slightly agree that Egypt's membership will result in a decrease in the interest rate in Egypt. They are neutral towards the effect of this membership on the currency exchange rate, inflation rate, deficit of balance of payment and unemployment rate. They somehow agree that Egypt's membership will reduce Egypt's reliance on the USD, and this is consistent with their opinion towards the imports and exports from the BRICS countries, which are expected to increase and will replace that which require USD. Accordingly, they expect that customs duties and tariffs will be reduced with the BRICS countries. Also, participants somewhat agree that Egypt's membership will

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increase capital mobility, GDP, FDI, investment opportunities, and market efficiency. All these impacts might raise the need for a unified currency as in the case of the Euro.

Table (4)

Participants' perception of the general consequences of Egypt's membership of the BRICS

Consequences of Egypt's Membership of the BRICS	Mean	Median	Min	Max
General				
1. Interest rate will decrease	4.17	4.50	1.00	7.00
2. Currency exchange rate will decrease	3.90	4.00	1.00	7.00
3. Inflation rate will decrease	4.17	4.00	1.00	7.00
4. Reliance on USD will decrease	4.77	5.00	1.00	7.00
5. Imports from the BRICS countries will increase	5.40	5.00	2.00	7.00
6. Exports to the BRICS countries will increase	4.80	5.00	2.00	7.00
7. The deficit in the balance of payment will be reduced	4.30	4.00	2.00	7.00
8. Customs duties and tariffs with the BRICS countries will be reduced	5.13	6.00	2.00	7.00
9. Capital mobility will increase	4.87	5.00	3.00	7.00
10. Unemployment rate will decrease	4.30	4.00	2.00	7.00
11. Gross Domestic Product (GDP) will increase	4.57	5.00	2.00	7.00
12. Investment opportunities will increase	5.10	5.00	3.00	7.00
13. Foreign Direct Investment (FDI) to Egypt will increase	4.83	5.00	3.00	7.00
14. Market efficiency will increase	4.57	5.00	2.00	7.00
15. A unified currency will be created, as the case of the Euro	4.37	5.00	1.00	7.00
General consequences	4.62	4.77	2.60	6.20

Regarding the auditors' perception of the consequences of Egypt's membership of the BRICS bloc on the businesses working in Egypt and their operations, we can notice from Table (5) that participants agree that Egypt's membership of the BRICS block will affect the businesses and how they will operate (Mean = 4.93, Median = 5.00). They agree that Egypt's membership will affect the businesses. Firms will face severe competition from other firms working in the BRICS countries. Supply chain of materials will be affected and businesses in Egypt might be forced to change their operations and make great transformation to cope with the needs of the BRICS countries. As a result of these challenges, some firms might leave the market, and management will need to set their plans to face the business risks that might be raised as a result of this membership. As a consequence, businesses will be involved in more

hedging practices and the level of transparency will be highly demanded.

Table (5)

Participants' perception of the business consequences of Egypt's membership of the BRICS

Consequences of Egypt's Membership of the BRICS	Mean	Median	Min	Max
Business				
1. Businesses will face higher competition from BRICS members	4.63	5.00	2.00	7.00
2. Industries in Egypt will show great transformation	4.73	5.00	2.00	7.00
3. Some industries will leave the market or will focus on the national market only	4.53	5.00	2.00	7.00
4. Market changes will affect the firm's ability to meet its business objectives, i.e., business risk	4.80	5.00	2.00	7.00
5. Management plans to face the related risks will change	5.27	5.00	2.00	7.00
6. The stakeholders of firms working with the BRICS countries will increase	5.13	5.00	3.00	7.00
7. Businesses will seek to increase the level of transparency	4.90	5.00	3.00	7.00
8. Hedging practices, in general and those related to foreign currency exchange rate in particular, will increase	5.23	5.00	3.00	7.00
9. Some businesses will change their operations to cope with the changes resulting from Egypt's membership	5.13	5.00	2.00	7.00
10. Supply chains of materials will change	4.97	5.00	1.00	7.00
Business consequences	4.93	5.00	3.10	6.90

As for the accounting consequences of Egypt's membership of the BRICS bloc, Table (6) reveals that as participants perceive the effect of Egypt's membership on the businesses and their operations, they agree that this membership will have its consequences on the accounting practices (Mean = 5.10, Median = 5.25). It is expected that Egypt's membership of the BRICS bloc will require modifications in the Egyptian accounting standards and moreover, there might increase the demand for adopting the international financial reporting standards. This demand is expected with the expected trade with the BRICS countries and the expected increasing number of mergers and acquisitions among firms in Egypt and those in the BRICS countries. As a result, participants agree that the reporting framework of firms working with the BRICS

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countries will change. There will be more demand for integrated reporting, and the level of accounting conservatism will increase. As a result of these changes, participants expect that the quality of accounting information and earnings and the value relevance of financial information will be higher and especially that related to GHG disclosures. On the other hand, participants are not clear towards their opinion related to the cost of capital and earnings management practices. Finally, and as result of the pressure resulting from Egypt's membership of the BRICS bloc, corporate governance is expected to be stronger and the reliance on the real time disclosures and those related to information technology applications, such as cybersecurity and blockchain technology will be higher.

Table (6)

Participants' perception of the accounting consequences of Egypt's membership of the BRICS

Consequences of Egypt's Membership of the BRICS	Mean	Median	Min	Max
Accounting				
1. Modifications in the Egyptian Accounting Standards (EAS) will be required	5.17	5.50	1.00	7.00
2. There will be an increasing trend towards adopting the International Financial Reporting Standards (IFRS) by the companies involved in transactions with the BRICS countries	5.97	6.00	2.00	7.00
3. Financial reporting framework of companies involved in imports or exports to BRICS countries will change	5.07	5.50	2.00	7.00
4. Accounting conservatism will increase	4.80	5.00	2.00	7.00
5. Reliance on integrated business reports will increase	5.47	6.00	3.00	7.00
6. Quality of accounting information will increase	5.17	5.50	2.00	7.00
7. Value relevance of financial information will increase	5.23	6.00	2.00	7.00
8. Value relevance of Greenhouse Gases (GHG) disclosures will increase	4.77	5.00	2.00	7.00
9. Quality of earnings will increase	5.07	5.00	2.00	7.00
10. Earnings management practices will decrease	4.40	4.00	2.00	7.00
11. Cost of capital will decrease	4.37	4.00	1.00	7.00
12. Corporate governance will be stronger	5.20	5.50	2.00	7.00
13. Real time disclosures will increase	5.13	5.00	3.00	7.00
14. Reliance on and disclosure of cybersecurity and blockchain technology will increase	5.60	6.00	3.00	7.00
Accounting consequences	5.10	5.25	2.79	6.86

Finally, regarding the consequences of Egypt's membership of the BRICS bloc, Table (7) provided an expected auditing consequence of auditors' perception regarding the effect of this membership on business and accounting practices (Mean = 5.77, Median = 5.97). Participants agree that Egypt's membership will affect the audit market and auditing practices. Auditors will face severe competition from audit firms working in the BRICS countries. This competition will put pressure on audit firms to raise their audit quality. As a result, higher quality audits will be offered, and this will result in higher audit fees and enhanced audit firm reputation. Also, auditors working in Egypt and involved in audit engagement with firms in the BRICS countries will face great pressure to be up to date with the most recent developments in technology developments.

On the side of auditing practices, more demand for adopting the international auditing standards will be highlighted. The demand for internal audit services will be more pronounced than before. Auditors will face a new audit environment, where inherent risks will be higher especially those related to foreign currency balances and transactions and related party transactions. As a result, auditors will focus on management plans that are set by managers to face the challenges resulting from these changes, change the audit evidence and how they are collected and rely on information technology applications in their work. Finally, the demand for continuous audit and reporting will increase and also the demand for assurance services that rely on information technology will be more pronounced, such as SysTrust and WebTrust services.

Table (7)

Participants' perception of the auditing consequences of Egypt's membership of the BRICS

Consequences of Egypt's Membership of the BRICS	Mean	Median	Min	Max
Auditing				
1. There will be an increasing trend towards adopting the international standards on auditing (ISAs)	5.67	6.00	3.00	7.00
2. Competition in the auditing market will be more severe	5.57	6.00	2.00	7.00
3. Audit fees of auditors working in Egypt will increase	5.27	6.00	2.00	7.00
4. Audit reputation of firms involved in auditing companies trading with BRICS countries will be	5.73	6.00	3.00	7.00

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Consequences of Egypt's Membership of the BRICS	Mean	Median	Min	Max
enhanced				
5. Auditors must keep up with change and adapt quickly with the changing human resources market	6.43	6.00	3.00	7.00
6. Auditors must understand and adapt to new technologies in order to be competitive on a global basis	6.20	6.00	3.00	7.00
7. Demand for internal audit services will increase	5.47	6.00	2.00	7.00
8. Auditors' auditing practices related to evaluating financial statements balances and transactions related to foreign currencies will be different	5.57	6.00	2.00	7.00
9. Inherent risk related to account balances and transactions related to BRICS will be higher	5.57	6.00	2.00	7.00
10. Auditors will give priority to evaluating the management plans that will be put in place to address these changes and their impact on business risks	5.73	6.00	3.00	7.00
11. Auditing related party transactions will increase	5.93	6.00	3.00	7.00
12. The audit evidence that auditors need to collect in this regard will change	5.67	6.00	3.00	7.00
13. Audit evidence related to foreign currency balances and transactions will be different	5.50	6.00	2.00	7.00
14. Reliance on information technology in auditing will increase	6.00	6.00	3.00	7.00
15. Reliance on continuous audit will increase	5.90	6.00	3.00	7.00
16. Assurance services related to SysTrust and WebTrust will increase	6.07	6.00	3.00	7.00
Auditing consequences	5.77	5.97	2.94	6.94

5.4. Additional Analysis

To explore whether the participants' responses regarding the consequences of Egypt's membership of the BRICS bloc differ according to participants' experience, we split the sample into two subsamples, the first subsample includes the experienced participants, with years of experience 10 years and more (30 participants) and the other subsample involves the inexperienced participants with less than 10 years of experience (30 participants).

We used Mann-Whitney test to analyze the significant differences between the two independent subsamples' responses related to the accounting and auditing consequences. Concerning the accounting consequences, we didn't find significant differences between the two subsamples' responses to all statements except for

four aspects. The first one is related to the increasing trend towards adopting the International Financial Reporting Standards (IFRS) by the companies involved in transactions with the BRICS countries, as Table (8) shows that although both types of participants agree that the adoption of IFRS will be recommended, however the degree of agreement of participants with lower level of experience is significantly higher than that with higher experience level at 10% significance level ($z = -1.688$, Sig. = 0.091). On the other side, experienced participants showed higher level of agreement towards the other three aspects, which are concerned with the increase of accounting conservatism ($z = -2.115$, Sig. = 0.034), reliance on integrated business reports ($z = -2.068$, Sig. = 0.039) and earnings management practices ($z = -2.261$, Sig. = 0.024).

Table (8)

Mann-Whitney test results for the accounting consequences

Panel A: Ranks				
	Experience	N	Mean Rank	Sum of Ranks
Adopting IFRS	0.00	30	34.10	1023.00
	1.00	30	26.90	807.00
	Total	60		
Accounting conservatism	0.00	30	25.90	777.00
	1.00	30	35.10	1053.00
	Total	60		
Reliance on integrated business reports	0.00	30	26.03	781.00
	1.00	30	34.97	1049.00
	Total	60		
Earnings management practices	0.00	30	25.70	771.00
	1.00	30	35.30	1059.00
	Total	60		

Panel B: Test Statistics ^a				
	Adopting IFRS	Accounting conservatism	Reliance on integrated business reports	Earnings management practices
Mann-Whitney U	342.000	312.000	316.000	306.000
Wilcoxon W	807.000	777.000	781.000	771.000
Z	-1.688	-2.115	-2.068	-2.261
Asymp. Sig. (2-tailed)	0.091	0.034	0.039	0.024

a. Group variable: Experience

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On the other hand, inexperienced participants showed higher and significant agreement level concerning the need for auditors to be up to date and keep pace with the changes in the market ($z = -2.799$, Sig. = 0.005), the change expected in evaluating financial statements balances and transactions related to foreign currency transactions ($z = -1.724$, Sig. = 0.085), the priority that auditors are expected to give to management plans that are placed to face the different business risks ($z = -2.197$, Sig. = 0.028), the increase expected in auditing related party transactions ($z = -1.967$, Sig. = 0.049) and the demand for assurance services, such as SysTrust and WebTrust ($z = -2.666$, Sig. = 0.008).

Table (9)

Mann-Whitney test results for the auditing consequences

Panel A: Ranks				
	Experience	N	Mean Rank	Sum of Ranks
Auditors must be up to date	0.00	30	34.20	1026.00
	1.00	30	26.80	804.00
	Total	60		
Balances and transactions related to foreign currencies	0.00	30	35.03	1051.00
	1.00	30	25.97	779.00
	Total	60		
Management plans set to address business risks	0.00	30	34.70	1041.00
	1.00	30	26.30	789.00
	Total	60		
Auditing related party transactions	0.00	30	36.03	1081.00
	1.00	30	24.97	749.00
	Total	60		
Assurance services	0.00	30	36.10	1083.00
	1.00	30	24.90	747.00
	Total	60		

Panel B: Test Statistics^a					
	Auditors must be up to date	Balances and transactions related to foreign currencies	Management plans set to address business risks	Auditing related party transactions	Assurance services
Mann-Whitney U	284.000	339.000	314.000	324.000	282.000
Wilcoxon W	749.000	804.000	779.000	789.000	747.000
Z	-2.799	-1.724	-2.197	-1.967	-2.666
Asymp. Sig. (2-tailed)	0.005	0.085	0.028	0.049	0.008

a. Group variable: Experience

6. Conclusions, Recommendations, and Implications for Future Research

The objective of this paper is to investigate auditors' perception of the consequences of Egypt's membership of the BRICS bloc on the accounting and auditing profession. To fulfil the research objective, an overview of the BRICS and its consequences were presented. A checklist was designed to investigate the auditors' perception of the consequences of Egypt's membership. The checklist includes four subsections, general, businesses and their operations, accounting, and auditing practices.

A sample of 60 MBA students and faculty members at the faculty of business, Alexandria University were approached to provide their degree of agreement towards the different consequences of Egypt's membership.

The analysis of data showed that participants showed slight agreement of the general consequences of Egypt's membership, however they agree that Egypt's membership of the BRICS bloc will show positive consequences and challenges on the businesses and their operations, accounting, and auditing practices. The additional analysis revealed significant differences between the participants' responses to some accounting and auditing consequences according to their experience level.

As this paper is considered to be one of the most recent attempts to discuss the consequences of Egypt's membership of the BRICS bloc on the accounting and auditing profession, we recommend future researchers to focus on other accounting and auditing consequences and to make deeper analyses to understand the auditors' responses and preparedness to face the resulting challenges. Also, it will be interesting if future researchers conduct case studies on Egyptian firms that are involved in trade transactions with firms in the BRICS bloc and investigate how accounting and auditing practices have changed as a result of Egypt's membership of the BRICS bloc. For instance, future researchers could analyze how corporate governance quality, financial and non-financial information disclosure and quality, reliance on IT applications, auditing practices related to evidence collection and foreign currency transactions, demand for integrated reporting and continuous auditing and non-audit services have changed after the involvement in trade transactions with the BRICS countries.

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