
A Comparative Study between Egypt and the UAE in Measuring and Auditing Sustainable Development

Afaf Mubarak, United Arab Emirates University, UAE

INTRODUCTION

The sustainability debate had its origins in the old debate concerning renewable resources such as forestry and fisheries also the idea of sustainability existed in the conservation philosophy of the Theodore Roosevelt administration in the United States (Bebbington 2001- p15). Furthermore the 1949 United Nations Scientific Conference on the Conservation and Utilization of Resources held at Lake Success, New York, saw an urgent need for sustainable development. These much older, mainly conservation based, concerns, were given fresh movement in the 1970s as a result of the gap which emerged in the economic achievements (and from that individual's living standards) in the 'developed' and 'developing' world. While the Brundtland Report in 1987 brought sustainable development to a wider audience than previous UN reports and conferences had, the concept was only firmly cemented into the international political arena by the 'Earth Summit' in Rio de Janeiro in 1992. Since then, the topic received a huge attention in the accounting literature and different pieces of work have discussed many aspects of it. Sustainable development is a complex and multi-faceted concept. A focus on the international development literature tends to emphasize the economic development aspects of sustainable development. However, the debate about sustainable development has been considered within the accounting literature in the context of social and environmental accounting and reporting. This has arisen because accounting for sustainable development shares some of the concerns of social and environmental accounting. (Bebbington 2001, p: 22)

Mathews and Reynolds (2001) argue that studies about international accounting and national culture in one hand and social and environmental accounting on the other hand extend over a period of more than 30 years. Very little attempt has been made to connect the two. The researcher argues that the same point could be drawn on measuring and auditing sustainable development and the impacts of culture.

This paper is an exploratory research, following Issakson and Garvare (2003) process model. The aim is to identify whether there are differences between the respondents with relation to the notion of sustainable development auditing, its basis, requirements and outcomes. A special attention will be paid to investigation of how much sustainable development auditing is adopted in the two environments, factors that might encourage or discourage that and reasons for the differences are sought. It is not intended to examine the national culture dimensions between Egypt and the United Arab Emirates generally nor with regard to all environmental and social accounting practices. Furthermore, the discussion in this study lies within the accounting dialogue of sustainable development, no interdisciplinary treatment is undertaken.

The paper is organized as follows: the following section provides an overview over the debate about sustainable development, its foundation, dimensions and application. The second section exhibits the research hypotheses derived from the accounting literature and the companies' practices. The third section reports on the field study, analyses and findings. The last section comments on the research results and identifies directions for future research.

SUSTAINABLE DEVELOPMENT OVERVIEW

Sustainability is increasingly stressed in both economic and accounting literature. Ultimately organizations will have an obligation to account for sustainability by measuring the extent to which they are denying future generations the use of natural resources. In Canada it has been suggested that a number of companies have moved beyond environmental auditing to sustainability auditing (Watson 2003). The researcher states that this paper contribute in the discussion about sustainable development from an accounting perspective, given that the main theme is to study auditing sustainable development's reports, objectives and context.

Mathews and Reynolds (2001) state that Hofstede (1983) group Finland, Norway and Sweden together as "Nordic" and compared them to other countries in terms of national culture dimensions. Unlike Hofstede's assumption about the similarity between those countries that could justify handling them as one group, Mathews and Reynolds (2001) assume that there might be differences between those countries and between each of them and the US in terms of culture dimensions. Therefore, Mathews and Reynolds (2001) conducted a study to examine there preposition with relation to accounting practices with regard to environmental and social issues. They also indicate that the study of impact of culture on accounting has a relatively short history and has not yet been extended to the developing area of social accounting. Moreover, the application of the work of Hofstede (1983) and others in the field of international accounting differences is worthy of further extension to the social accounting field (Perera and Mathews, 1990, p: 241).

The researcher argues that the same point could be raised for Arab countries. Hofstede (1983) group all Arab countries together and classifies them as if they were one country, the researcher assumes differences in national culture and hence in accounting choices between the various Arab countries and this applies to Egypt and the UAE. A basic question is: could the differences in auditors' views in the two countries regarding sustainable development auditing be referred to the national culture, business culture or business models and competition.

Fraser (2005) argues that corporate social responsibility (CSR) is a synonym of sustainable development- addresses and heeds not only shareholders but also other stakeholders impacted by the company's behavior (such as employees, customers, suppliers and government and non-government organizations). As the profile of CSR has increased globally, numerous governmental, non-governmental and advocacy groups have joined the dialogue. Several European governments are looking at regulatory approaches to CSR issues. France (and also in Ireland), for example, has enacted a law requiring listed companies to report annually on their social and environmental performance as well.

The researcher debates that the CSR and sustainable development might agree in the elements which both cover, that are, reporting on environmental and social performance of the company in addition to the financial performance. The difference between CSR and sustainable development could lay in the ground and framework of analysis. In sustainable development the literature suggests that the notion emerged to maintain a balance among interests of different stakeholders and that is based on the company's accountability to those stakeholders. Also, there is some integrated framework for measuring sustainable development than with corporate social responsibility (CSR).

Companies that practice sustainable development measure their success by the long-term impact of their activities on the economy, the environment, and society. They believe it's in their own best long-term interests to conduct business in an environmentally and socially responsible way. They view sustainable development as important risk management to help them avoid environmental and social disasters. After all, the costs of responsible environmental and safety programs are minor compared to the enormous economic losses of oil spills, chemical leaks, employee injuries and product recalls.

More than 600 corporations issued sustainability reports in 2002 as Fraser (2005) reports from CorporateRegister.com, a website devoted to social reporting. Their list includes U.S. companies such

as Dow Chemical, Ford Motor Co., Johnson & Johnson, and Procter & Gamble. European and Asian companies issuing sustainability reports include British Airways, Canon, Siemens, Nissan, and Shell Petroleum. Johnson & Johnson's 2002 Sustainability Report, which follows GRI's (Global Reporting Initiatives) reporting Guidelines, emphasizes the company's environmental performance. Bar charts show the company's carbon dioxide emissions, water usage, waste disposal, hazardous waste generation, and toxic chemical releases for 1992 through 2002. The statement also discloses the number of accidental releases and environmental noncompliance events in recent years. The company's actual performance is compared to company goals for many of the environmental performance measures so readers can see areas in which Johnson & Johnson is trying to improve and how they are making progress. In keeping with the company's mission as a health products provider, the report discloses statistics about employee smoking, high blood pressure, high cholesterol, and inactivity rates compared to company goals and general population rates.

Ford Motor Company was one of the first companies to adopt GRI's Guidelines. Ford's 2000 Corporate Citizenship Report is an example of triple bottom-line reporting. The report shows key statistics documenting the company's environmental, economic, and social performance. The section on environmental performance contains measures of Ford's energy consumption, water use, recycled materials use, and production waste, as well as the number of environmental violations at U.S. facilities. The economic performance section provides measures of customer satisfaction, total wages and benefits, training expenditures, employee satisfaction, taxes paid, and charitable contributions. The social performance section discloses vehicle safety data, employee injury statistics, employee diversity, and information about the number and amount of fines Ford received that year from the U.S (Clikeman 2004).

Based upon this presentation of the literature and companies practices, the researcher record that the literature precedes practice regarding sustainable development as the first extends over a period of more than 20 years while companies practices has much smaller time life. Reasons for lack and reluctance to apply sustainable development and variation of applications, factors that might support or encourage the adoption of sustainable development have not been studied in the accounting literature.

RESEARCH HYPOTHESES

In this section, the research hypotheses are derived from the literature. These hypotheses cover the meaning of sustainable development reporting and auditing, basis for measuring it, requirements, outcomes, factors that might affect adopting sustainable development.

The concept of auditing sustainable development reports

Auditing sustainable development reports defined in the literature (Wallage 2000, Beckett and Jonker 2002, Issakson and Garvare 2003, Fraser 2005) as verifying the organization's behaviour in financial, environmental and social terms as a consideration of the different stakeholders affected by the organization's operations. Verifying sustainable development reports is founded on organization's accountability to the various stakeholders including employees, consumers, suppliers, the community surrounding the company's location, nature and future generations. The argument is that companies can be profitable while at the same time minimizing their negative impact on stakeholders. The hypothesis here is:

H1: "Auditing sustainable development reports means to verify the organization's Behavior in financial, environmental and social terms with the aim of considering different stakeholders' concerns"

Requirements of accountability

Reporting on sustainable development implies stakeholders' right to question the company's policies

and activities that affect those stakeholders. This accountability requires determining stakeholders, initiating a dialogue with them to identify many issues such as their concerns, sustainable development acceptable measures and auditing. One point that was raised in this respect is that, the shareholders' perspective focuses on the short term and on items that are readily measured while stakeholders' view considers the long-term view and recognized that softer issues like environment and social issues can ultimately involve considerable financial costs. Further, the Accountability 1000 (AA1000) is the standard issued in 1999 by the Institute of Social and Ethical Accountability which is founding sustainable development reporting on the notion of accountability. The standard emphasizes the importance of consultation with stakeholders groups (Beckett and Jonker 2002, Blyth 2005, Clikeman 2004).

Beckett and Jonker (2002) discuss the concept of stakeholders; they are people at the heart of organisational success and, in particular, balancing the interests of key stakeholder groups; investors, customers, employees, community and partners, to ensure balanced outcomes. Stakeholding establishes a more balanced conception of the organisation as a matrix of human relationships and competencies not necessarily limited to the borders of the organisation. This leads to driving this hypothesis:

H2: "Accountability to stakeholders as the basis of reporting sustainable development requires determining stakeholders and their goals that would constitute the goals of the audit process"

Objectives of auditing sustainable development reports

Auditing sustainable development reports is suggested to achieve many benefits to the company (as well as to stakeholders) such as increase trust in the organization, customer and employees satisfaction, maintain environment, health, and future generations' rights in using the resources and improve decisions (Adams 1999, Beckett et. al., 2002). Fraser (2005) argues that the company with responsible reputation gains a competitive advantage over rivals. The author also quotes (Fraser 2005, p: 48) from the corporate environmental health and safety audits of Baxter International (a pharmaceutical and biomedical products manufacturer) that: "besides improving the accuracy of the data, verification process has also assisted Baxter in improving the efficiency of collecting, combining and publicly reporting the data".

H3: "Auditing sustainable development reports could enhance stakeholders' trust in the organization, customer and employees satisfaction, maintain environment, health, and future generations' rights in using the resources and improve decisions".

The fact of measuring and auditing SD reports in Egypt and the UAE

The researcher examined some annual reports for Egyptian companies and some Emirati companies and found no mentioning for sustainable development in those reports. Nevertheless, it is expected that some aspects of sustainable development to be measured in the two countries to comply with other national regulations (e.g. compliance with environment regulations which is followed up by national agencies in the two countries). The query here: is there a difference in the tendency to adopt sustainable development in the two countries? If so, what factors could interpret that? That is why sustainable development could be adopted in one country more than the other? The hypothesis here is stated to be:

H4: "There might be no difference between Egypt and the UAE in measuring sustainable development and auditing these reports"

Factors encourage adopting SD

Measuring and reporting sustainable development is increasingly adopted by companies in different countries (KPMG survey 2002, Fraser 2005). France for example, enacted a law requiring listed

companies to report annually not merely on their financial performance but on social and environmental performance as well. The enquiry raised here is whether enforcing reporting and auditing sustainable development by law in Egypt and the UAE would encourage adopting it?

In addition to legislation enforcement, some companies voluntarily monitor sustainable development for the benefits mentioned earlier in developing hypothesis three (among these companies, British Airways, Body Shop, GAP, Wal-Mart). Other companies are concerned with sustainable development because they experienced some environmental or social problems (e.g. Royal Dutch Shell, Coca Cola). Those companies make it part of its policies to measure sustainable development.

A second factor that was suggested in the literature to affect sustainable development is seeking excellence in business and being ISO accredited or seeking this accreditation (Issakson & Gravare 2003). These labels necessarily involve setting environmental and social policies and reporting on these issues to different stakeholders. These certifications turned to be essential requirements globally and they aim at protecting customers, enhance their trust in the organization and satisfy their needs to the best level and at the least possible financial and environmental costs (Issakson et. al. 2003, Carr et. al. 97).

A field study in New Zealand by Carr et. al. (1997) provided a significant difference between companies with ISO accredited and non- ISO in reporting quality and environmental issues in physical and financial terms. The question here, could this factor make a difference between Egyptian and Emirati companies in adopting sustainable development?

Another factor that is examined is the awareness and pressure practiced by different stakeholders on the company to fulfill its environmental and social responsibilities (Beckett et. al., 2002, Fraser 2005). Fraser (2005) report that recent studies and actual practice have shown that critical stakeholders –including customers, employees and socially responsible investors- are actively looking to do business with socially responsible companies. Moreover, the Americans stand ready to act against companies that behave illegally or unethically. This contrasts with earlier situations in the 1990's when Shell Company polluted a river in Nigeria and damaged inhabitant's health (Christian Aid Reports- In Depth, 2004). This raises a question about whether stakeholders in Egypt and the UAE could be differently aware and differently influential on companies with regard to sustainable development reporting and auditing.

Finally, competition and fair trade policy is proposed to be a potential influential on adopting sustainable development. Fraser (2005, p: 47) cited the acknowledgment of Archie Thomas, Chairman of IIA's International Relations Committee and former chief audit executive of Rio Algom: "The company believed that the responsible reputation it has building was a key to gaining a competitive advantage when it came to getting local acceptance and regulatory permits for new projects". Similarly the Chairman of the Australian Financial Reporting Council and the Sustainable Investment Research Institute considers that failure to meet environmental, labour market or social obligations can have a sustainable impact in the longer term. Names such as Shell, Exxon, Nike, Phillip Morris and Coca-Cola came to the mind.

This suggests that competition might imposes some business practices or behaviour such as taking the concerns of the different parties affected by the company's work into account and measure and report these issues to the concerned parties. The hypothesis that is drawn here is:

H5: Enforcement by law, ISO accreditation, stakeholders' pressure and competition are factors that could increase the adoption of sustainable development"

Measures of SD

Beckett & Jonkner (2002) argue that the accountability requires expanding the scope of information that is collected about performance so that it could reflect different stakeholders' concerns. Accountability 1000 (AA1000) is the standard issued in 1999 by the Institute of Social and Ethical Accountability which is founding sustainable development reporting on the notion of accountability

The standard asserted that performance should be measured from financial, environmental and social aspects to provide transparency required by all parties affected by organization's activities. Blyth (2005) argues that while carbon dioxide emissions and workplace injuries are as tangible and quantifiable as profit or loss, the same can not be said for other topics as social inclusion, employee development, relations with neighborhood. Global Reporting Initiatives (GRI) is an organization that is concerned with issuing performance indicators and guidelines for the different measures of sustainable development. GRI published about 100 indicators cover the three dimensions stated in the triple bottom line concept. Issakson and Gravare (2003) suggest that small companies could use more limited set of measures. Daraell (2003) considers translating the triple bottom line conception of sustainable development into action is difficult and argues that leading companies achieved mixed success in implementing it. Issakson & Gravare (2003) indicate that when attempting to measure sustainable development, the indicators should be: relevant; understandable for users; limited in number and adaptable to future developments.

The researcher raises a question here about auditors' view in Egypt and the UAE in what is considered key measures of sustainable development issued by GRI, along with relevance, scope of coverage and applicability of these measures. The hypothesis here is:

H6: "Measuring sustainable development implies detailed measures of different dimensions of performance, environmental, social in addition to the financial"

Problems encounter auditing SD reports

The literature (Blyth 2005, Keating 2002, Wallage 2000) lists some problems face auditing sustainable development reports Firstly, lack of accurate and clear set of objectives of auditing sustainable development reports. Is it to verify fairness of these concerns? If so, how to judge this is it a "balance" between different stakeholders' concerns? and how to recognize that? Is it by achieving one group's interest without harming other groups? to what extent this is practical? What is the impact of power or influence of one or more groups on the interests of the others?

Secondly, there are no commonly accepted standards for sustainable development assurance while in verifying financial accounts, there are clear and well developed set of standards established by the professional bodies organizes all aspects of auditing work. In case of the new assurance service for sustainable development reports, complexity and cost considerations as well as lack of availability of qualified social and environmental auditors are problems that encounter the auditing process. This leads to developing the following hypothesis:

H7: Verifying sustainable development reports is encountered by problems of lack of clear objectives for the audit, standards of doing it and suitably qualified auditors"

THE FIELD STUDY

The objective of this field work is to test the research hypotheses. Data collected from external auditors for public and private companies in Egypt and the UAE. These data were analyzed to determine the significance of each variable or element of the study as derived in the theoretical section and what factors could interpret differences between the environments under consideration. Statistical tools were applied through SPSS software.

RESEARCH SAMPLE AND METHOD

Brown (1995) argues that while the survey and historical data analysis answer "who", "what" or "where" questions, the experiment and the case study will answer "how" and "why" questions. The research method adopted in this study is the survey and the tool for collecting data is the questionnaire. While the survey and historical analysis justify their results on the basis of the

sample and representation of the population, the case study is defended upon richness of data, details and in-depth analysis. This requires collecting huge amount of data from one or small number of organizations.

To examine the applicability of a case study on this research, the researcher checked annual reports for companies in the two countries and unlike international companies (mentioned earlier), data about sustainable development were not included in those reports. This means it was not possible to collect data about real practices to support or deny the research arguments from this source. Also, access to companies to investigate real practices of sustainable development in companies failed. Thus, the use of a survey sounded relevant and the "why" type of question was introduced in the questionnaire.

On line with the research objectives and hypotheses, the field study's population was determined to be the independent auditors for public and private companies in Egypt and the UAE. A random sample of auditors was selected and the questionnaire was sent to 140 auditors. However, only 73 replied with complete and usable answers, 41 of them from Egypt and 32 from the UAE. The questionnaire was designed to get the respondents views as measures of the variables under consideration. Each question was formed on a closed manner of 5 possible answers to be located on Likhart 5 points' scale. Score 5 was assigned to "strongly agree" to score 1 for "strongly disagree". Some open questions were included where explanations, other factors...etc were sought. The questionnaire was focused for the sake of potentially getting a high response rate. Questions about sustainable development measures had to be condensed.

OUTCOMES OF DATA ANALYSES

This section reports the outcomes of testing the research hypotheses. This aspect was examined on two levels, first there was a question about whether the companies in the specified environment measure and audit sustainable development as described in this research. Secondly, there was another question if the company measures performance by any environmental or social measures in addition to the financial. The answers are summarized in Table 1 below.

Table 1 The fact of measuring and auditing sustainable development

Variable	% of frequencies of yes Egypt	The UAE
1- Measuring sustainable development	37%	82.3%
2- Measuring performance in:		
-financial terms	100%	100%
-environmental terms	83%	86%
-social terms	67%	32%

Table 1 reveals a variance between the two groups as respondents of Egypt assert that sustainable development is not applied in Egypt while the Emirati reported that it is applied in the UAE. No difference could be found between the two countries in measuring financial and some environmental issues but social issues are less measured in Egypt (table 2).

Respondents commented that reporting on environmental and social aspects in Egyptian companies in the public sector is generally rare, unlike in the private sector which increasingly adopts these measurements. The sector influence disappeared in the UAE. Respondents from the UAE reported that in big companies such as ADNOC or Twam hospital measure environmental and social aspects and having them audited by the internal auditing department. In Egypt, participants revealed that three governmental organizations take the responsibilities of pursuing environmental rules, customers' health, labor safety and securing. The frequencies and the mean of the answers (table 2) indicate a general agreement on the meaning of sustainable development that is to verify the organization behavior from financial, environmental and social dimensions as a reflection of taking stakeholders' concerns into accounting. Such accountability to stakeholders proved to have

significantly different requirements for the two groups of respondents as shown by Kruskal Wallis test.

Table 2 Mean, standard deviation and significance of variables*

Variable	Egypt			UAE		
	Mean	S.D.	Sig.	Mean	S.D.	Sig.
Concept of auditing SD reports	4.25	.62		4.74	.53	
SD reflects accountability	4.71	.76		4.81	.62	
Requirements of accountability:						
1- determine stakeholders	4.24	.72	.02	4.52	.32	.045
2- identify stakeholders objectives	4.83	.33	.001	4.31	.17	
set audit objectives	4.22	.57	.031	4.87	.42	.0012
SD objectives:						
1- trust in organizations	4.56	.68	.003	4.82	.71	.031
2- protecting environment	4.57	.72	.002	4.78	.68	.001
3- enhance responsibilities' fulfilling	4.63	.70	.004	4.68	.62	.013
improve decisions	4.69	.78	.004	4.77	.73	.061
Fact: Adopting SD	2.83	.89		3.89	.24	
Measuring performance:						
- financially	4.88	.43		4.92	.34	
- environmentally	4.63	.52		4.51	.47	
Socially	3.7	.52		4.3	.27	
Factors affect adopting SD:						
-enforcement by law	4.81	.63	.004	3.8	.72	.062
- adopting excellence in business models	3.7	.52	.029	4.76	.62	.003
- ISO	4.22	.17	.03	4.8	.74	.0024
- stakeholders' pressure	3.4	.74	.056	3.4	.52	.064
Attributes of examined measures SD (issued by GRD):						
- relevance	4.5	.41		4.7	.21	
- sufficiency	4.3	.72	..	4.6	.33	
- understandability	4.1	.4		4.4	.23	
Problems encounter SD auditing:						
- lack of auditing standards	4.8	.21		4.75	.26	
- lack of clear audit objectives	4.62	.85		4.8	.56	
- lack of qualified auditors	4.3	.18		4.5	.15	

* The codes used to represent the answers ranged from 5 =strongly agree to 1=strongly disagree.

Kruskal Wallis Test for variance by ranks was used as a method of determining whether there are significant differences between the two groups. A hypothesis is approved if the value of Z is less than .05 as the significance level selected in this study is 95%. Table (3) shows that this test did not show a difference between the respondents with regard to the concept of sustainable development nor to the notion of accountability upon which it is based. However, regarding the requirements of accountability, the test pointed at a significant difference. Mann-Whitney test was applied to determine the most significant requirements in the set examined. The value of Z revealed that "determining stakeholders' objectives" is the most significant ($z < .05$) for Egypt whereas the Emirati participants gave the highest significance to "setting objectives for the audit process".

In relation to the importance of sustainable development, the two groups agreed that sustainable development should enhance trust in the organization, maintain environment, health and future generations' rights in using resources and improve decisions.

Table 3 Kruskal Wallis Test for significance of variance between Egypt and the UAE*

Variable	Value of Z
- concept of auditing sustainable development (SD) reports	.018
- SD reflects accountability	.029
Requirements of accountability:	.36
1- determine stakeholders	.24
2- identify stakeholders objectives	.42
set audit objectives	.48
SD objectives:	
1- trust in organizations	.048
2- protecting environment	.023
3- enhance responsibilities' fulfilling	.03
Improve decisions	.045
Fact: Adopting SD	.003
Measuring performance:	
- financially	.21
- environmentally	.17
Socially	.012
Factors affect adopting SD:	
-enforcement by law	.24
- adopting excellence in business models	.017
- ISO	.0036
- stakeholders' pressure	.0041
Attributes of examined measures SD (issued by GRI):	
- relevance	.006
- sufficiency	.35
- understandability	.0001
Problems encounter SD auditing:	
- lack of auditing standards	.0061
- lack of clear audit objectives	.0011
- lack of qualified auditors	.036

* There is a significant variance between Egypt and the UAE if $Z > .05$.

The most interesting and diverse part of the data was that about factors that could encourage reporting and auditing sustainable development. There was a significant difference between the two groups. In Egypt the most significant factors –respectively- ranked to be: Enforcement by Law; ISO and Excellence in Business; Stakeholders' Pressure and Competition.

While the UAE data provided the following order: ISO and Excellence in Business; Competition; Enforcement by Law and Stakeholders' Pressure.

In contrary to the assumption in the literature, embedding sustainable development in companies' policies was not considered a "reason" for adopting it. Probably it was seen as a "result" of adopting it to become part of the company's policies. That is, if due to ISO, excellence or law sustainable development was decided and adopted, it will be included in the companies' policies.

The difference in classifying these factors according to their role in encouraging adopting sustainable development could be referred to a higher power distance in Egypt. Both countries were represented by a close number of auditors who provide assurance services to public sector companies. This means, differences in ranking of law in this debate can not be referred to the bigger number of participants who audit public companies where auditing sustainable development would only be undertaken only if required by law.

The alternative interpretation which the researcher introduces is business culture in public and

private sectors in the UAE where companies are more open to international trade and adopt business excellence models. Therefore, such companies could be driven by competition forces and seek to maintain high standards in performance from all aspects, in quality, satisfying business partners and customers. This culture is probably higher than what exists in Egypt. In both environments, stakeholders were seen inactive in driving companies to report the environmental and social impacts of its operations.

Table 4 exhibits another statistical test that was implemented on these data; Spearman correlation between the factors that could encourage applying sustainable development and the benefits which sustainable development might achieve. The test shows a significant positive correlation between ISO, business excellence, competition and law in one hand and enhancing trust in organizations, maintains health and environment. Another aspect was found is, a positive and significant correlation between law, ISO, excellence and competition and accountability as a basis for sustainable development.

Table 4 Correlation between SD measures, benefits, factors and accountability

	Egypt	The UAE
Measures and benefits of SD	.72	.86
Benefits and factors that might affect SD	.83	.76
Accountability and factors affect SD	.82	.78

This means, if companies obtain ISO or seek to obtain it, they admit stakeholders' rights to question the company about its environment and social performance. Affected by the views of Egyptian respondents, enforcement sustainable development by law means that companies are obliged to report the impacts of their operations on environment, health...etc.

Kruskal Wallis test proved no significant difference between the two groups with regard to the measures of sustainable development. The financial, environmental and social measures for operations were viewed all related and should be included in sustainable development reports. Some participants in Egypt considered these measures "too much" which might decrease its applicability while some respondents from the UAE considered them suitable and could even include more details if the issue of sustainable development to be taken seriously.

This would be particularly sensitive to industries like oil and health services when environmental accidents –if happened- would be harmful to the company's reputation. Difference in suitability of measures is amended by industry factor. Also respondents in Egypt gave higher importance to some dimensions over others according to industry (e.g. customer health is crucial in food industry, employees' safety is vital in steel companies and customers' trust is essential in banks).

There was an agreement between the two groups of participants on what is required to fulfil an effective audit for sustainable development reports. It needs setting auditing standards and qualified auditors. For standards, both countries use the international auditing standards (in Egypt a translation for these standards is issued by the Egyptian Institute of Accountants and Auditors), still these standards do not cover auditing sustainable development.

Respondents raised a question about the relevant and capabilities of a conventional auditor to judge issues like gas emission, pollution, usage of renewable resources ...etc. Such issues need a specialized knowledge and therefore should be handled by specialists and the suggestion to expand the qualification of auditors is not practical. Furthermore, participants emphasized the role of internal auditor in verifying sustainable development reports which is currently occurring in some leading Emirati companies. Egyptian participants did not support this idea because of lack of independence. However, it could be argued that the role of the internal auditor is not an alternative to the external independent auditor.

CONCLUSIONS AND RECOMMENDATIONS

On the light of the research objectives, the theoretical basis and the field study, the following conclusions and recommendations could be drawn: Auditing sustainable development reports could represent a useful part of the company's information system that would allow it to communicate with the various stakeholders. It can provide them with assertions on the extent to which the company consider their interests with regard to environment, nature, health, use of resources and human rights.

Various sustainable development dimensions are measured in Egypt and in the UAE as a response for different regulations and are being traced and checked by various governmental agencies, but they are not being audited nor included in the annual reports.

The main aspects of sustainable development are to determine stakeholders of employees, customers, environment and community, to set measurements and auditing standards and auditor qualifications. Factors that were tested to encourage sustainable development adoption include ISO, business excellence, competition and law gained mixed support. There is a need to set standards for auditing sustainable development in the two environments. More research is required to explore and examine companies' practices and benchmark these experiences against best practices

REFERENCES

- Adams C. (1999) "The Corporate Social Reporting- Decision Making Process", CIMA Publications, London.
- Bebbington, J. (2001) " Sustainable Development: A Review of The International Development, Business and Accounting Literature", Accounting Forum, Vol. 25, Issue 2, pp: 128- 157.
- Beckett R. and J. Jonker (2002) "AccountAbility 1000: a new social standard for building sustainability", Managerial Auditing Journal, v. 17, no. 1, pp: 36- 77.
- Blyth, A. (2005) "Finding the measure", Accountancy Magazine, Feb., pp: 26-29.
- Brown R. B. (1995) "The Case Method as a Research Vehicle", A paper presented at the BAA Special Interest Group in Accounting Education Annual Conference, Loughborough University of Technology, 18-19 Dec.
- Carr, S., Y. Mark and J. Needham (1997) "Differences in strategy, quality management practices and performance reporting systems between ISO accredited and non-ISO accredited companies" Management Accounting Research, Vol. 8 Issue 4, pp: 383- 404.
- Clikeman, P. M. (2004) "How Can You Reap The Rewards of Good Corporate Citizenry? Be One — And Broadcast It!" Strategic Finance, Vol. 85, Issue10, pp: 23-27.
- Fraser B. (2005) "Corporate Social Responsibility", Internal Auditor, Vol. 62 Issue 1, pp: 42-48.
- Hofstede G. (1983), "Dimensions of National Culture in Fifty Countries and three regions", in Derogowski, S. Dziurawiec and R. C. Annis (eds) Expectations in Cross-Cultural Psychology, Swets and Zeitinger.
- Issakson R., & Garvare R. (2003) "Measuring Sustainability Development Using Process Models", Managerial Auditing Journal, v. 18, no. 8, pp: 649- 656.
- Keating T. (2002) "The Greening of Local Councils", Australian CPA, Melbourne, vol. 72, no. 9, pp: 42-45.
- Mathews, M.R., M. A., Reynolds (2001) "Cultural Relativity and Accounting for Sustainability: A Research Note, Accounting Forum, Vol. 25, Issue 1, pp: 79- 88.
- Marshall, S., and B., Darrell (2003) "The Strategy of Sustainability: A Systems Perspective on Environmental Initiatives", California Management Review, Vol. 46, Issue 1, pp: 101- 126.
- Perera M. and Mathews M. (1990), "The Cultural Relativity of Accounting and International patterns of social accounting. Advances of International Accounting", New York, JAI Press.
- Wallage D. (2000) "Assurance on Sustainability Reporting: An auditor views", Auditing, Sarasota, v. 19, pp: 53- 66.
- Watson M., and A. Emery (2003) "The Emerging UK Law on the Environment and the Environment Auditing Response", Managerial Auditing Journal, vol. 18, no. 8, pp: 666- 672.
- "Behind the Mask: The real face of corporate social responsibility", In-Depth: Christian Aid Reports, "<http://www.christian-aid.org.uk/indepth/>" (21-1-2004).
- "Companies Lag Behind in Verification; better at full sustainability reporting" KPMG, "<http://www.kpmg.ca/english/about/press/>" (March 2004).
- Global Reporting Initiatives, "Sustainability Guidelines 2002" available at: www.globalreporting.org. 03/04) Accountability 1000 standard available at: www.accountability.org.uk (March 2004)