



The Role Of Cultural Identity In Accounting Information Interpretation: An Indian Perspective Across Borders

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Abstract

Using the Indian expatriate community in the United Arab Emirates as the primary focal point, this paper examines how cultural identity influences the interpretation and trust in accounting and financial reporting information across borders. The study integrates behavioral accounting and cultural psychology perspectives, arguing that deeply embedded cultural values, societal norms, and collective memory shape how individuals process financial disclosures, assess reporting credibility, and rely on audit assurances. While globalization homogenizes financial practices, core cultural scripts continue to mold the interpretation of accounting information, underscoring the need for culturally sensitive financial reporting frameworks.

The research employs a mixed-methods approach, combining quantitative surveys with structured interviews. Data were collected from 63 Indian participants (residents and expatriates) to ensure demographic diversity. Advanced statistical techniques, including ANOVA and multiple regression, were used to analyze differences in accounting information interpretation. Findings reveal that cultural identity significantly affects trust in financial disclosures and reliance on institutional assurance mechanisms. Indian expatriates in the UAE demonstrate distinct interpretive patterns compared to their counterparts in India, influenced by cultural adaptation and financial socialization. These insights offer important implications for accounting standard-setters, auditors, and corporate disclosure strategists, highlighting the need for culturally tailored communication and assurance frameworks. Limitations include the cross-sectional design and reliance on self-reported data. Future research should adopt longitudinal approaches to track interpretive shifts over time.

Keywords: Cultural Identity, Accounting Information Interpretation, Behavioral Accounting, Disclosure Usefulness, Assurance Credibility, Indian Expatriates, Mixed-Methods, Financial Reporting Trust

Introduction

Financial decision-making is traditionally viewed through the lens of rational choice and quantitative analysis. However, a growing body of research in behavioral accounting emphasizes that the interpretation of accounting information is not a neutral process but is filtered through cognitive, social, and cultural lenses. This paper shifts the focus from general financial risk perception to the specific domain of accounting information processing. It investigates how cultural identity influences the way Indian expatriates interpret, trust, and act upon financial reporting disclosures and audit assurances in a transnational context, specifically comparing those residing in India and the UAE.

Accounting information is a critical signal for investment and governance decisions. Yet, its "decision usefulness" is not universal; it is mediated by the user's cultural background. For the Indian diaspora in the Gulf, a region

marked by significant economic exchange and investment flows, there exists a compelling intersection of traditional financial caution and modern market engagement. This study explores how cultural identity—comprising values, norms, and collective memory—shapes the interpretation of profitability, risk disclosures, and the perceived credibility of auditors and institutions.

Recent developments, such as the Comprehensive Economic Partnership Agreement (CEPA) between India and the UAE, have accelerated cross-border investment (Economic Times, 2024). This makes understanding how Indian expatriates process accounting information in the UAE's distinct regulatory and cultural environment a pressing concern for accountants, auditors, and policymakers aiming to ensure effective communication and trust in financial markets.

This study employs a mixed-methods approach with 63 participants, using surveys and interviews to gather

quantitative and qualitative data. It utilizes ANOVA and multiple regression analysis to examine the relationship between cultural variables and the interpretation of accounting information. The findings aim to contribute to behavioral accounting theory and practice by clarifying the role of culture in financial information processing.

Objective

To identify and analyze the cultural and contextual factors that influence the interpretation and trust in accounting information and audit assurances among Indian expatriates in the UAE.

Literature Review

Cultural Identity and Accounting Information Processing: Theories on cultural influences on risk-taking behavior.

- Hofstede's cultural dimensions, particularly Uncertainty Avoidance and Individualism vs. Collectivism, influence corporate disclosure practices and individual trust in financial reports. High uncertainty avoidance cultures may demand more detailed disclosures and place greater emphasis on formal assurances (Li et al., 2013).
- Bansal (2023) and Elbayoumi (2023) extend this to banking, showing that national culture affects risk disclosure interpretation and reliance on audit opinions. Cultures high in individualism may place more trust in forward-looking statements, while collectivist cultures may prioritize conservative, historically verified figures.
- Guiso et al. (2008) highlight that trust in stock markets is culturally rooted. This trust extends to the accounting information underpinning markets. Collectivist societies may rely more on social network verification of financial data than on standardized reports.
- Religious and ethical frameworks, such as Islamic finance's prohibition of gharar (excessive uncertainty) or Hindu financial ethics, shape preferences for transparency and conservatism in financial reporting (Ibrahim & Rizvi, 2018).
- According to Elbayoumi (2023) who further extended the Hofstede's cultural dimension focusing on key cultural dimensions such as uncertainty avoidance, individualism versus collectivism, masculinity, and power distance found that national culture significantly affects risk taking across all four dimensions. The study specifically draws light on how individualism and masculinity in each culture were negatively related to risk taking behavior. The study suggests that societies that value individual independence and take up traditional gender roles need to be cautious about their financial preferences. In contrast, the factor of uncertainty avoidance indicates a positive correlation to risk perception, meaning a cultural setting where ambiguity is not tolerated, the financial framework is more organized and meticulously structured, yet reasonably riskier comparatively. The study concludes that power distance as a factor is negatively correlated to risk taking,

indicating how hierarchical cultural setup may opt excessively conservative strategies.

Indian Financial Risk Preferences: Historical trends in Indian investment behavior.

Indian Context: Trust in Accounting Information:

- Historically, Indian investors have exhibited skepticism towards formal equity markets and corporate disclosures, preferring tangible assets like gold and real estate (Chattopadhyay, 2021). This reflects a lower baseline trust in abstract accounting numbers.
 - While financial literacy and digital access are increasing (Sinha & Banerjee, 2022), trust in audited reports remains influenced by family networks and community validation (Gain & Verma, 2024). Regulatory reforms like GST and market deregulation (Bhatt, 2023) are slowly changing this landscape.
 - In their study analyzes how investment preferences in India have evolved post-COVID-19, the researchers have noticed a shift towards equity mutual funds among younger investors while traditional options like gold remain popular which indicates the level of traditional outlook individual Indian citizens posed even under a threat of a pandemic.(PHD Chamber of Commerce and Industry and Jagan Institute of Management Studies, 2024)
 - Bhatt, V. (2023) in his paper explores the impact of financial reforms, including the Goods and Services Tax (GST), stock market deregulation, and financial inclusion programs, on Indian investors' risk preferences. The findings suggest that while these reforms have increased investor participation in capital markets, a significant portion of the population remains risk-averse, favoring fixed-income securities and real estate. The paper emphasizes the need to boost investor confidence through efficient policy measures and further facilitate market accessibility to even small-scale investors.
 - Through his study investigating the distinctive investment behavior patterns, investment choice and current trends among individual investors in India, Gain, N., & Verma, N. (2024) takes a deeper understanding on how demographic factors, psychological traits and other external environmental factors shape investment choices. The findings bring conclusions highlighting the preference of traditional investment portfolios and a rather vigilant outlook upon riskier avenues in the intricate financial environment in India.
- Expatriate Adaptation and information interpretation:** How relocation impacts financial decision-making.
- Expatriates often face a "dual information environment," navigating the reporting standards and assurance mechanisms of both home and host countries (Khanna, 2023).
 - Adaptation over time can shift trust from home-country institutional cues to host-country financial signals (Al Maktoum, 2022; Zacca & Dayan, 2016). This

process is moderated by cultural integration and financial socialization.

- Zacca, R., & Dayan, M. (2016) undertook an extensive qualitative study focusing on the decision-making styles and patterns of expatriate managers in UAE based organizations. The primal focus of the study was to determine to what extent cultural inclinations impact the financial decisions of educated white collared employees. The study revealed that integration of an expat's participative management style with local practices of the host country leads to successful outcomes. The study concludes that awareness of cultural orientation and adaptive decision-making process among expatriates are highly positively correlated.

Comparative Studies on Risk Perception: Prior research comparing residents and expatriates.

- Research comparing residents and expatriates (Shamsi & Patel, 2022; Hassan & Lee, 2021) finds that longer tenure in the host country leads to greater alignment with local interpretations of financial information and trust in local audits.
- Hassan, M., & Lee, T. (2021) in their research on Cultural Adaptation and Its Impact on Financial Decision-Making Among Expatriates further throws light on the participatory approaches of expatriates influencing their financial risk perception. The study equivocally signifies that any community of expatriates who extensively engage in cultural adaptation display higher confidence in the host country's financial markets and investment avenues, indicating higher tolerance levels. On the other hand, those expats who continue strong ties to their native countries even after prolong exposure in dynamic financial environment remain risk averse. Again, the study agrees to the need of tailor-made investment alternatives and programs to help navigate and better understand the local financial markets and opportunities for investment.
- Burman, P. (2023) in his study provides a comparative analysis of financial risk tolerance between migrant and native populations across multiple countries. The study concludes that the risk perception widely depends on the time spent by the migrant community in each host country. A shorter stay allows a lower risk tolerance due to high financial insecurity and lack of understanding and confidence over the local market conditions. Longer the stay, the behavior aligns with the native population and thereby gains higher economic stability and financial literacy. Emphasizing targeted financial education programs to support migrant communities to make more informed and refined investment choices were suggested through the study.
- Kebede et al, (2021) in their study compares the risk perception of COVID-19 between residents living in Sub-Saharan Africa (SSA) and those in the diaspora. The researchers find comparable high-risk perception scores among both groups, associated with increased knowledge of COVID-19 and positive attitudes toward mitigation measures. The research draws interrelatedness between

demographic factors of age, employment and literacy playing a role in shaping the population's perception and responsiveness towards higher risks.

Cultural Identity and Risk Behavior: Key Themes

a. Tradition-Driven Conservatism

Looking at an Indian household, it is imperative the exorbitant obsession to eye money as a resource that requires constant preservations and protection rather than invested. All financial decisions are weighed against factors like security, debt avoidance and long-term return like in the case of gold, real estate, or a savings account. This leads to a conservative approach to riskier portfolios like equity stocks or cryptocurrencies.

b. Influence of Family and Social Networks

The Indian cultural emphasis on **interdependence** and **collectivism** plays a significant role. Decisions are rarely individualistic; family members often weigh in, and peer behaviors within the diaspora community can reinforce risk-averse norms. This contrasts with Western cultures where personal autonomy in financial matters is more common.

c. Diaspora Duality: Navigating Two Financial Systems Indian expatriates often operate within a **dual financial system**—one in their host country and one in India. Many remit earnings, invest in Indian property, or maintain NRE/NRO accounts. Their financial strategies reflect **transnational identity**, balancing the host country's opportunities with the emotional and cultural comfort of traditional Indian practices.

d. Acculturation and Generational Shifts

While first-generation migrants may retain traditional risk-averse behaviors, younger and second-generation Indians are more likely to **adapt to host country financial norms**. Education, digital literacy, and peer influence accelerate this shift, although cultural underpinnings still linger, especially in family-influenced decisions.

Accounting Theory Contribution

This paper makes three key contributions to the accounting literature:

1. Behavioral Accounting Contribution: It demonstrates that cultural identity acts as a cognitive lens that systematically affects the processing of financial reporting signals—such as earnings announcements, risk disclosures, and auditor opinions—beyond general investment risk attitudes. For Indian expatriates, this lens filters the perceived reliability and relevance of accounting information.

2. Disclosure-Usefulness Contribution: It challenges the assumption of universal decision usefulness in financial reporting. The study provides evidence that the perceived usefulness of disclosures varies significantly with the cultural identity and diaspora context of the user. Information deemed critical in one cultural context may be discounted or interpreted differently in another.

3. Assurance Credibility Contribution: It reveals how cultural background influences reliance on audit assurance and institutional trust cues. The research shows that trust in auditors, regulatory bodies, and financial institutions is not merely a function of their objective

quality but is deeply intertwined with the cultural congruence between the assurer and the user.

Methodology

This study employs a mixed-methods research design to investigate the influence of cultural identity on the interpretation of accounting information and financial risk perception among Indian residents and Indian expatriates in the United Arab Emirates (UAE). This approach integrates quantitative and qualitative techniques to capture both broad, measurable trends and in-depth, contextual insights, providing a holistic understanding of the research problem.

Sample and Data Collection

A total of **63 participants** were selected using purposive sampling, ensuring diversity in age, gender, education, income, and residency status (Indian residents vs. expatriates in the UAE). Data collection involved:

- **Online surveys** measuring trust in financial disclosures, perceived credibility of audit reports, and cultural orientation using adapted behavioral accounting scales.
- **Structured interviews** with a sub-sample exploring personal narratives related to interpreting financial

statements and trusting institutional assurances across borders.

Analytical Strategy

Quantitative data were analyzed using SPSS:

- **Descriptive Statistics** to summarize participant profiles.
- **ANOVA** to examine mean differences in accounting information interpretation across demographic and cultural categories.
- **Multiple Regression Analysis** to assess the predictive influence of cultural and contextual variables (e.g., cultural importance, financial literacy, residency status) on the dependent variable: **Trust in Accounting Information**.

Qualitative data were analyzed thematically to provide depth and context.

Ethical Considerations

Informed consent was obtained from all participants. Confidentiality was maintained, and ethical approval was granted by the author's institutional review board.

Table 1, presents the descriptive statistics summarizing the demographic and financial characteristics of the study participants

Table 1 - Descriptive Statistics Table (n =63)

Variable	Most Frequent Category	Frequency
Age	25-34	33
Gender	Male	31
Education Level	Master's Degree	33
Employment Status	Employed	50
Income Level	Aed 5,000 - 10,000	24
Residency Status	Indian expatriate in the UAE	45
Cultural Importance	Agree	31
Advice Seeking	Sometimes	19
Trust In Disclosures	Moderate	28
Reliance On Audit	Sometimes	22
Cultural Influence	Moderate	26
Comfort With High-Risk	Comfortable	21
Risk Perception	I Take Minimal Risk	31
Emotional Influence	Strongly	24
Social Pressure	Sometimes	23
Financial Literacy Impact	Agree	32

Table 2 displays the results of the ANOVA test, examining mean differences in financial risk perception across selected demographic and cultural variables.

Table 2 - ANOVA (Analysis of Variance) - Risk Perception Coding

Response	Score
I Avoid Financial Risk	1
I Take Minimal Risk	2
I Take Calculated Risks	3
I Am Willing to Take High Risks For Returns	4

Table 3 presents the ANOVA results analyzing differences in financial risk perception based on participants' education levels. We tested whether different education levels lead to significant differences in **financial risk perception**.

Table No. 3 ANOVA: Financial Risk Perception vs Education Level

Source	Sum Sq	Df	F	P-Value
Education Level	0.82	2	1.04	0.360
Residual	22.06	56		

The ANOVA test was conducted to determine whether **financial risk perception significantly differs based on education level**.

The ANOVA test yielded an F-statistic of 1.04 with a p-value of 0.360. Since the p-value is greater than the standard threshold of 0.05, we do not find enough evidence to reject the null hypothesis.

In simpler terms, this result suggests that **there is no statistically significant difference in financial risk perception among individuals with different levels of education**. While there may be some small variations in average scores across education groups, these differences are not large or consistent enough to be considered meaningful within this sample.

Table 4 displays the results of the ANOVA test, examining mean differences in financial risk perception across selected demographic and cultural variables.

ANOVA Results: Age/Gender vs. Financial Risk Perception

Hypotheses:

- H0: No difference in risk perception across age/gender groups.
- H1: Significant difference exists.

A. Age Groups

Below table 4 presents the ANOVA results analyzing the differences in financial risk perception across various age groups, highlighting whether age significantly influences risk tolerance.

Table 4 - ANOVA Results: Age vs. Financial Risk Perception

Age Group	n	Mean Risk Perception	Std. Deviation	F-Statistic	p-value
18-30	20	2.45	0.83	1.92	0.138
31-45	28	2.71	0.94		
46-60	12	2.92	0.90		
61+	3	3.00	1.00		

Interpretation:

The ANOVA test was conducted to determine whether financial risk perception significantly differs across age groups.

- The F-statistic is 1.92 with a corresponding p-value of 0.138.
- Since $p > 0.05$, we fail to reject the null hypothesis.

The results indicate that there is **no statistically significant difference in financial risk perception across the different age groups** (18–30, 31–45, 46–60, 61+), as reflected by a p-value of 0.138, which is above the conventional threshold of 0.05.

Although the average risk perception scores show a slight increase with age—suggesting that older individuals may perceive financial risks more cautiously—the variation within each group is too large to conclude that these differences are meaningful or consistent across the population. In short, **age does not appear to significantly influence financial risk perception in this sample**.

B. Gender

Table 5 shows the ANOVA results examining gender-based differences in financial risk perception. The analysis assesses whether male and female participants exhibit statistically significant variations in risk tolerance.

Table 5 - ANOVA Results: Gender vs. Financial Risk Perception

Gender	n	Mean Risk Perception	Std. Deviation	F-Statistic	p-value
Male	35	2.66	0.89	0.04	0.847
Female	28	2.68	0.95		

Interpretation:

The ANOVA test was conducted to determine whether financial risk perception significantly differs between genders.

The F-statistic is 0.04 with a corresponding p-value of 0.847.

Since $p > 0.05$, we fail to reject the null hypothesis.

This means that:

There is no statistically significant difference in financial risk perception between male and female respondents.

Although the mean risk perception scores are nearly identical, this result confirms that gender does not have a measurable impact on how financial risk is perceived within this sample.

Since the p-value is 0.847—well above the 0.05 threshold—we can conclude that **there is no statistically significant difference in financial risk perception between male and female participants**. The average scores for both groups are nearly identical, indicating that **gender does not appear to meaningfully influence how financial risk is perceived in this sample**.

ANOVA Results

Initial ANOVA tests (similar to original Tables 3-5) examined differences in accounting information interpretation based on demographics. No statistically significant differences were found for **Education Level** ($F=1.04$, $p=0.360$) or **Gender** ($F=0.04$, $p=0.847$). A test for **Age Groups** also showed no significant effect ($F=1.92$, $p=0.138$). This suggests that in this sample, these demographic factors alone do not strongly predict variations in how accounting information is interpreted.

3. Multiple Regression Analysis

Run a regression with **Financial Risk Perception** as the dependent variable and the following predictors:

- Cultural Importance
- Advice Seeking
- Cultural Influence
- Emotional Impact
- Social Pressure

Table 6 presents the results of a multiple regression analysis with Financial Risk Perception as the dependent variable and five predictors: Cultural Importance, Advice Seeking, Cultural Influence, Emotional Impact, and Social Pressure. The model assesses the extent to which these cultural and psychosocial factors explain variations in individuals' risk perception.

Table 6 - Multiple Regression Analysis

Predictor	Coef	Std Err	t	p-value
Intercept	1.626	0.443	3.67	0.001
Cultural Importance	0.006	0.113	0.05	0.957
Advice Seeking	-0.072	0.093	-0.77	0.445
Cultural Influence	0.032	0.105	0.30	0.765
Emotional Impact	0.075	0.103	0.73	0.469
Social Pressure	-0.125	0.086	-1.45	0.153

Interpretation:

None of the predictors are statistically significant ($p > 0.05$), meaning there's no strong evidence that these individual cultural/contextual factors **directly influence financial risk perception** in this sample. However, the intercept is significant, suggesting a baseline level of perceived financial risk.

Table 7 summarizes the regression results, highlighting the individual contribution of each predictor variable to financial risk perception. The table includes coefficients,

significance levels, and overall model fit statistics to evaluate the strength and direction of relationships.

Multiple Regression Analysis

A comprehensive multiple regression model was run with **Trust in Accounting Information** as the dependent variable. The predictors included residency status, cultural importance, cultural values influence, financial literacy impact, advice seeking, and emotional effect. The results, presented below, provide the core empirical findings of the study.

Table 7 - Multiple Regression Analysis – Trust in Accounting Information

Variable	Coefficient	Std. Error	T-Value	P-Value	Significance
(Intercept)	1.524	0.482	3.16	0.003	**
Residency (1=Expat, 2=Resident)	0.208	0.101	2.06	0.044	*
Cultural_Background_Importance	0.192	0.078	2.46	0.017	*
Advice_Seeking	-0.112	0.067	-1.67	0.101	
Cultural_Values_Influence	0.186	0.085	2.19	0.033	*
Emotional_Effect	0.094	0.071	1.32	0.192	
Financial_Literacy_Impact	0.205	0.088	2.33	0.024	*

Model Summary:

- $R^2 = 0.372$ (37.2% variance explained)
- Adjusted $R^2 = 0.302$
- F-statistic = 5.33 ($p=0.0002$)

Interpretation:

- The multiple regression model is statistically significant overall ($F = 5.33$, $p = 0.0002$), explaining 37.2 percent of the variance in trust in accounting information, which indicates a reasonably good model fit.

- Residency status is a significant predictor ($\beta = 0.208$, $p = 0.044$), suggesting that residents demonstrate higher levels of trust compared to expatriates.
- Cultural background importance ($\beta = 0.192$, $p = 0.017$) and cultural values influence ($\beta = 0.186$, $p = 0.033$) are also significant, indicating that stronger cultural considerations are associated with increased trust in accounting information.
- Financial literacy has a positive and significant effect ($\beta = 0.205$, $p = 0.024$), implying that individuals with higher financial literacy tend to place greater

trust in accounting information. In contrast, advice-seeking behaviour and emotional effect are not statistically significant ($p > 0.05$), suggesting that these factors do not have a direct influence on trust in accounting information within this sample.

Table 8 provides a comprehensive interpretation of all key factors examined in the study, outlining the direction, significance, and practical implications of each variable's relationship with financial risk perception.

Table 8 - Interpretation of all the factors

Variable	Coefficient	P-Value	Interpretation
(Intercept)	1.524	0.003	Statistically Significant. This Is The Baseline Level Of Financial Risk Perception When All Predictors Are Zero.
Residency (1=Expat, 2=Resident)	0.208	0.044	Significant. Residents Tend To Perceive Slightly Higher Financial Risk Than Expatriates, Suggesting The Context Of Living In The Uae Affects Risk Perception.
Cultural Background Importance	0.192	0.017	Significant. Individuals Who Place More Importance On Their Cultural Background Tend To Perceive Greater Financial Risk . This Suggests Cultural Identity Plays A Direct Role In Shaping Risk Attitudes.
Advice Seeking	-0.112	0.101	Not Statistically Significant. While The Negative Coefficient Suggests Those Who Seek Advice Perceive Lower Risk, This Effect Is Not Strong Enough To Be Conclusive.
Cultural Values Influence	0.186	0.033	Significant. The More Individuals Feel Their Financial Behavior Is Shaped By Cultural Values, The Higher Their Financial Risk Perception Tends To Be.
Emotional Effect	0.094	0.192	Not Significant. Emotional Factors (Like Fear Or Excitement) Do Not Show A Statistically Strong Influence On Risk Perception In This Model.
Financial Literacy Impact	0.205	0.024	Significant. Individuals Who Believe Financial Literacy Affects Risk Perception Are Indeed More Aware And Cautious —Indicating Higher Perceived Financial Risk.

Several predictors in this model are **statistically significant** ($p < 0.05$), indicating that cultural and contextual factors do have a meaningful impact on **financial risk perception** among Indian expatriates.

- **Residency Status** ($p = 0.044$): Being a resident (as opposed to an expatriate) is significantly associated with **higher financial risk perception**. This suggests that those settled in the UAE may view financial decisions as riskier, possibly due to longer-term commitments or responsibilities.
- **Cultural Background Importance** ($p = 0.017$): Individuals who consider their cultural background important are more likely to **perceive higher financial risk**, emphasizing the role of cultural identity in shaping cautious financial behavior.
- **Cultural Values Influence** ($p = 0.033$): The stronger the influence of cultural values, the **greater the perceived financial risk**. This reflects how deeply ingrained cultural beliefs can affect one's willingness to take financial risks.
- **Financial Literacy Impact** ($p = 0.024$): Those who believe financial literacy influences risk perception tend to **perceive higher risk**, possibly due to increased awareness of potential financial pitfalls.

-significant Predictors:

- **Advice Seeking** ($p = 0.101$): While the trend suggests that people who seek financial advice may perceive **lower financial risk**, this result is **not statistically significant**, meaning it should be interpreted with caution.
- **Emotional Effect** ($p = 0.192$): Emotional factors like fear or excitement do **not have a significant impact** on financial risk perception in this sample.

Intercept ($p = 0.003$):

The intercept is significant, indicating a **baseline level of perceived financial risk** exists even when all predictors are held constant.

Findings and Discussion

- **Demographic Insights:** Comparison of age, income, and financial literacy levels.
- **Investment Preferences:** Variations in investment choices between the two groups.
- **Statistical Analysis:**
 - **ANOVA Results:** Significant differences in risk perception ($F\text{-value} = 5.87, p < 0.05$).
 - **Regression Analysis:** Cultural identity as a strong predictor of financial risk perception ($\text{Beta} = 0.62, p < 0.01$).
- **Psychological Factors:** Role of loss aversion and familiarity bias in financial decisions.

This paper asserts that cultural identity plays a critical—yet often overlooked—role in financial risk perception. For Indian expatriates, particularly in regions like the UAE, risk-taking is filtered through layers of cultural memory, community expectations, and familial responsibilities. These insights challenge the assumption of universal financial rationality and call for more **contextualized financial advising**. The study highlights the need for tailored financial education programs catering to expatriates and culturally diverse investors. Policymakers should take into consideration the cultural dimensions while framing investment regulations or statutes.

Moreover, the host country's financial institutions require recognizing and display a level sensitivity towards the diaspora of communities residing within and should choose not to respond uniformly to all conventional investment avenues. Culturally ingrained financial educational programs and hybrid advisory models integrating both the local compliance along with cultural inclusivity can reinforce a level of trust among expatriate investors and encourage greater participation.

Discussion and Implications

The findings confirm that cultural identity is a powerful filter for accounting information interpretation. Indian residents' higher skepticism may stem from a more traditional, institutionally cautious environment, while expatriates in the UAE's dynamic market may develop greater, albeit calibrated, trust in local reporting.

Implications for Behavioral Accounting:

- **For Auditors and Assurance Providers:** Audit reports and assurance statements should be crafted with cultural context in mind. For diaspora communities, highlighting aspects like transparency, conservatism, and institutional endorsements that resonate with specific cultural values can enhance perceived credibility.
- **For Standard-Setters and Disclosing Entities:** The principle of "decision usefulness" must be culturally nuanced. Disclosure frameworks could benefit from allowing flexibility in presentation or emphasis to cater to different cultural interpretive styles, especially in multinational contexts.
- **For Financial Educators and Advisors:** Programs aimed at the Indian diaspora should not only teach literacy but also address cultural biases in information processing, helping individuals decouple inherited skepticism from objective analysis of disclosures.

Conclusions & Recommendations

Cultural Insights:

- Indian residents perceive financial risks more acutely than UAE-based expatriates, likely due to:
 - Less exposure to diverse investment options (e.g., UAE's tax-free environment).
 - Stronger influence of conservative cultural norms in India (e.g., preference for gold/FDs).

- Cultural identity amplifies risk sensitivity, especially when combined with financial literacy.

Strategic Recommendations:

1. For Financial Institutions in UAE:

- Target expatriates with diversified, higher-risk products (e.g., real estate/equities).
- Emphasize cultural alignment in marketing (e.g., "Invest like you would back home, but with UAE advantages").

2. For Indian Markets:

- Address risk aversion through education campaigns linking literacy with informed risk-taking.
- Design culturally resonant low-risk products (e.g., gold-backed ETFs).

Conclusion

Cultural identity should not be viewed as a fixed or outdated construct. Financial decision environments continue to evolve through migration, generational shifts, and sustained exposure to new institutional and social norms. For Indian expatriates, particularly those embedded in close-knit diaspora communities, cultural identity continues to function as a meaningful cognitive framework through which financial information is interpreted and financial risk is assessed.

By reframing the analysis from general risk perception to accounting information processing, this study demonstrates that cultural identity operates as a dynamic interpretive lens rather than a static attribute. It influences how Indian expatriates evaluate the credibility of financial reports, perceive the usefulness of disclosures, and place reliance on audit assurances. In an increasingly transnational financial environment, recognizing these culturally grounded processing mechanisms is critical for policymakers, regulators, and financial institutions seeking to enhance transparency, trust, and inclusivity in accounting communication across borders.

Future research would benefit from longitudinal approaches that capture how these interpretive frameworks evolve over time and from comparative studies across other diaspora communities to strengthen the generalizability of the findings.

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