PREFACE

TO STUDY THE INFLUENCE OF ADOPTION OF INTERNATIONAL ACCOUNTING AND AUDITING STANDARDS ON IMPROVING THE CORPORATE GOVERNANCE EFFECTIVENESS IN YEMENI BANKS

BY

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This study aimed to demonstrate the impact of the adoption of International Accounting and Auditing Standards on improving corporate governance effectiveness in Yemeni banks. The study comprises seven chapters. Chapter I discusses the study’s background and methodological framework. Chapter II exposes literature review. Chapter III deals with corporate governance, disclosure and transparency. Chapter IV touches on the professional and ethics factors influencing corporate governance. Chapter V assesses Yemeni legislation in the light of OECD standards. Chapter VI shows the field study through analysis, discussion and testing of hypotheses. In Chapter VII, the researcher has proposed an integrated strategy for the application of corporate governance in Yemen, and also indicated the results and recommendations.

Questionnaire models were distributed on two groups: the first group is that of Public Accountants working in accounting and auditing firms in Yemen, to whom 100 questionnaires were distributed, out of which 81 were restored, yielding 72 questionnaires valid for analysis, i.e. a rate of 72%; the second group is that of managements of the banks operating in Yemen, to whom 100 questionnaires were distributed, out of which 85 were restored, with 66 questionnaires valid for analysis, i.e. constituting 66%.

The analysis has made recourse to the following methods and statistical tests, i.e. Mean, Standards deviation, One Sample T-Test, Normal Distribution Test, Mann-Whitney Test, Wilcoxon Test.

The study has yielded a number of important results, notably the point that the adoption of International Accounting and Auditing Standards has a positive effect on improving corporate governance effectiveness in Yemeni banks. There is also a positive impact for the adoption of Internal Auditing Standards and rules of professional and ethics conduct on improving corporate governance effectiveness. Besides, compliance
with Yemeni legislations and laws and OECD principles can lead to the application and development of corporate governance in Yemeni banks. The study has also found that there are statistically significant differences between the views of public accountants and banks management on the hypotheses (2, 4, 5, 7, 9, 10) whereas there are no statistically significant differences between the views of public accountants and banks management on the hypotheses (1, 3, 6, 8).

The study recommends the need for the application of International Accounting and Auditing Standards by those who prepare financial statements and public accountants, taking into account the issuance of legal texts that compel companies and banks to apply International Accounting and Auditing Standards, and monitoring and following up the implementation by these companies and banks.

The study has also highlighted the need to apply the standards of internal audit by the Yemeni banks, to subject internal auditors and their methods to a continuous process of evaluation to identify strengths and weaknesses in their work, and to work on improving their experience and skills and familiarizing them with modern audit methods and practices followed in developed countries through participation in conferences and scientific workshops, regional and international.

The study also pinpointed the need for the concerned authorities to issue guidelines for corporate governance as well as ethical rules and foundations of professional conduct, and compel members and professionals to be bound by them.

Besides, the study has recommended that the Yemeni government should quickly complete the procedures of setting up a stock exchange market, and work hard to attract Arab and foreign investments through providing necessary facilities and infrastructure, amending the investment law, and combating corruption.