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SUMMARY, FINDINGS AND RECOMMENDATIONS
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7.1. THE RESEARCH SUMMARY

The research aimed at analytically researching the viewpoints of the auditors and investors in Yemen about the impact of the implementation of the corporate governance concept to narrow the expectation gap in auditing profession in Yemen.

According to the research objective, it has been divided into two parts: the theoretical and practical parts. In order to cover the aspects of theoretical part, it has been divided into four chapters. The first chapter is an introduction describes the research significance, its problem, its objectives, its hypotheses and its methodologies; in addition to a review of the previous literatures relevant to this research.

The second chapter is entitled "Yemen Background" and it has been divided into three sections. The first section is general information about Yemen; the second section is about the auditing profession in Yemen. The second section describes the legislations regulating the profession of accounting and auditing, the standards of accounting and auditing in Yemen and the authorities responsible for regulating and supervising auditing profession. The third section describes the corporate governance in Yemen, the reasons that make Yemen late in taking the corporate governance concept into consideration, the laws and regulations which constitute the important rules to apply the principles of corporate governance in Yemen, emergence and development of corporate governance in Yemen and advantages realized by corporate governance in Yemeni business environment.
The third chapter of the research is entitled "A General Framework of Corporate Governance" which focuses on the corporate governance. This chapter describes the concept of governance, its significance, its objectives, its activities, its beneficiaries, parties who are subject to accountability, the governance determinants, the governance principles, the elements of the corporate governance principle effectiveness, the parties responsible for the application of corporate governance, and the accounting dimensions of corporate governance.

The fourth chapter is entitled "Expectation Gap and the Extent to Which it is Influenced by the Principles of Corporate Governance". This chapter is divided into two sections: the first section is about the expectation gap in auditing between the users of the financial statements and the auditors, the reasons behind this gap and the factors of narrowing it; while the second section is about how the expectation gap is influenced by the governance principles. The second section describes the contribution of the governance principles in supporting the auditors' neutrality and independence, the governance principles contribution in the audit quality and the auditor's performance, the contribution of the governance principle in increasing the trust of the financial community in the auditor's role. It also describes the corporate governance and its significance in activating the quality of the financial reports. This section finally describes the corporate governance and the illegal acts.

The practical part of the study has been divided into two chapters that are concerned with the field research and its findings. Chapter five describes the field research methodology, the population and a sample of the study, the research tool with its preparation method and its reliability and the statistical processing used in analyzing the findings. Chapter six presents and analyzes the results and testing the hypotheses. The research concludes with chapter seven that lists a number of findings and recommendations.
7.2. THE FINDINGS AND RECOMMENDATIONS:

In this chapter, the researcher summarizes the research results in two sections: the first section lists the theoretical and practical findings, while the second section lists the recommendations that should be taken into consideration.

7.2.1. THE FIRST SECTION: THE FINDINGS

1- The Theoretical Findings:

Through the theoretical research, the researcher concludes with the following findings:

1- The field researches show that an expectation gap in auditing exists in many countries of the world and the reports of most of the professional personnel confirmed the existence of the expectation gap which means "the substantial difference between the community's expectation of auditing process and the actual accomplishments of auditing".

2- The expectation gap in auditing is the most outstanding challenge of the auditing profession in the recent years. Maintaining and enhancing the community's trust in auditing is subjected to all the stakeholders' performance of their legal, professional and moral responsibilities to respond to the expectations of the financial statement users in order to narrow the expectation gap.

3- Many of the community expectations are due to ignorance of the nature and the duties of auditing profession and this is one of the key reasons behind the expectation gap existence and its expansion and all the results that may face auditing such as increasingly judicial sues or additional burdens that the auditor is sometimes amendable for without justifications.

4- The auditor's legal responsibility is closely relevant to the expectation gap in auditing because of the growing criticism that calls for expanding the auditor's legal responsibility as a result of the community frustration when it takes
decisions on the basis of misleading financial statements either because of some auditors' deficient performance or because of frauds committed by the administration and not detected by the auditor. On the other hand, the sufficient and clear legal responsibility of the auditor is a significant and necessary factors to enhance the community trust in auditing and subsequently eliminates the expectation gap.

5- The Yemeni joint stock companies show that they generally apply the common corporate governance principles.

6- Applying the corporate governance of the companies brings about many benefits such as accounting control and accountability, disclosure and transparency; in addition to the continual and effective evaluation of the company performance. It also contributes in solving many problems such as the financial problems and the mistrust in the accounting information.

7- When the board of directors perform its responsibilities professionally with the required professional care and with high moral standards, the financial statements will be presented objectively and fairly. This contribute to narrow the expectation gap in auditing.

8- The investors' trust in the financial statements and the auditor's report grows up with the existence of effective auditing system supervised by the board of directors. The objective and transparent control of the shareholders' and beneficiaries' conflicts of interests contribute in presenting the financial statements fairly and reliably and enhances the trust of investors and users of the financial statements in these statements.

9- The corporate governance procedures to protect the shareholders' rights contribute in enhancing their trust in the financial statements and this narrows the expectation gap between such shareholders and the auditors.

10- The existence of governance laws and regulations executed efficiently, fairly and neutrally contribute to narrow the expectation gap.
11- The existence and application of plain regulations in the company in compliance with standards contribute to narrow the expectation gap in auditing.

12- Granting sufficient authorities for the supervising and auditing units in the companies in addition to the objectivity and honesty of these units enhance the internal control system which enhances the investors' trust in the financial statements.

13- The existence of the auditing committee and its performance of its duties enhance the auditor's independence and his compliance with the auditing standards and subsequently enhances the auditing quality that contribute to narrow the expectation gap.

14- The auditing committee's independent supervision of the company process of providing financial information, the internal control system and recommending appointing independent external auditors contribute in supporting the external auditor's independence and neutrality.

15- The auditing committee is one of the control environment constituents that enhance the internal auditing. It is formed of the non-executive board of directors. This committee should perform duties and responsibilities such as selecting the external auditor and determining his fees, reviewing the results of the internal and external auditing and follow up the recommendations of the internal and external auditing. It should also get sure about the competence of the internal control system, approving any changes by the administration in the accounting policies, their disclosure or the presentation of the accounting information.

16- The shareholders' ability to question the external auditor and discuss his report contributes in enhancing the trust between them and this narrows the expectation gap.

17- The joint-stock company shall have an independent auditor who should not have any business relation with internal administration in order to enable the auditor to face any intervention by the administration. This enhances the trust of the financial statement users in the audited financial statements and subsequently narrow the expectation gap in auditing.
18- The external auditor should present his report to the shareholders in the general assembly and respond to their questions. This ensures the shareholders' rights to raise questions for the external auditor and the board of directors and contribute to narrow the expectation gap.

19- The accounting information plays a significant role in different investment decision-making because the investors and other users of the financial information greatly depend on such accounting information to take decisions.

20- As long as the external auditor is professionally and practically qualifies, he is more able to evaluate the financial status of the company, predicting its continuity or failure and this contribute to narrow the expectation gap in auditing.

21- Expanding the auditor's responsibility such as providing an early warning about the company continuity, detecting and inform against frauds and illegal acts and ensuring the correctness and accuracy of the reported financial statements contribute to narrow the expectation gap.

22- Applying the corporate governance principles enhances the Yemeni auditors' independence and compliance with international auditing standards. The governance also contribute to narrow the parties' expectations of the auditing process.

23- The independence and strength of the internal control system contribute to narrow the expectation gap in auditing.

24- The auditor's independence and being not running to maintain his position in the company contribute to narrow the expectation gap.

25- The continual training of the auditor and staff of the internal auditing contribute to narrow the expectation gap.

26- The corporate governance achieves tranquility of the investors and decision makers in the financial reports that are prepared and reviewed in compliance with accounting, financial and non-financial standards of auditing and disclosure.
27- The application of corporate governance will assist companies to activate self-monitoring and automatic monitoring of the auditing profession.

28- The compliance with the governance of the joint-stock companies contribute in restoring the trust of the financial statement users in honesty of the financial statements and subsequently contribute to narrow the expectation gap.

II- The Field Research Findings:

In the field survey, the hypotheses are tested, focusing on the impact of the implementation of the corporate governance concept on the expectations gap in auditing profession in Yemen. It has been implemented through a questionnaire distributed to a number of auditors and investors in Yemen. It concludes with a number of findings listed below:

1. The auditors' and investors' response agree that there is a direct proportionality between applying the corporate governance principles and narrowing the expectation gap in auditing profession.

2. The auditors' and investors' response agree the corporate governance principles achieves tranquility of the investors and decision makers in the financial reports that are prepared and reviewed in compliance with the corporate governance principles.

3. Applying the governance principles differently impacts on narrow the expectation gap in auditing profession, the impact differs from one principle to another.

4. The principle of disclosure and transparency and the principle of the board of directors' responsibilities are the most effective principles on the expectation gap in auditing profession in Yemen.

- The Principle of Disclosure and Transparency: the mean of the principle of transparency and disclosure is (4.5886), the relative weight (91.772 %). This indicates that this principle greatly contribute to narrow the expectation gap as it is closely relevant to the transparency and disclosure of the financial statements provided to the users of these statements.
The Principle of the Board of Directors' Responsibilities: the mean of the principle of the board of directors' responsibility is (4.5281), the relative weight is (90.562 %). This indicates that this principle greatly contribute to narrow the expectation gap as it is closely relevant to the board of directors' responsibility through ensuring the correctness and the independent auditing of the financial and accounting reports issued by the company. The board of directors also nominates the external auditor of well reputation, high qualification and sufficient experience according to the recommendations of the auditing committee or the ordinary general assembly.

5. The principle of equal treatment with the shareholders is the least effective principle to narrow the expectation gap; the mean of the principle of equal treatment with the shareholders is (4.0392) and the relative weight is (80.784).

6. The auditors' and investors' responses agree that the responsibilities are distributed according to the legislative competence which serves the public interests contribute to narrow the expectation gap; the mean of this principle is (4.2486) and the relative weight is (84.972%).

7. The auditors' and investors' responses agree that providing the shareholders with sufficient information about the substantial changes in the company contribute to narrow the expectation gap; the mean of this principle is (4.4277) and the relative weight is (88.554 %).

8. The auditors' and investors' responses agree that the shareholders' discussion of the external auditing report during the meetings of the general assembly contribute to narrow the expectation gap; the mean of this principle is (4.6069) and the relative weight is (92.138 %).

9. The auditors' and investors' responses agree that the participation of the Creditors parties in the practice of corporate governance in case of bankruptcy contribute to narrow the expectation gap in auditing profession; the mean of this principle is (4.3642) and the relative weight is (87.284 %).

10. The auditors' and investors' responses agree that any shareholder has the right to inquire from the external auditor about the matters of the company during the
annual meeting of the general authority contribute to narrow the expectation gap; the mean of this principle is (4.3121) and the relative weight is (86.242 %).

11. The auditors' and investors' responses agree that the board of directors' disclosure of any of their material interests or deals or any personal matters that may have an impact on the company contribute to narrow the expectation gap; the mean of this principle is (4.4855) and the relative weight is (89.71%).

12. The auditors' and investors' responses agree that providing the Stakeholders with sufficient information to do their responsibilities contribute to narrow the expectation gap in auditing profession; the mean of this principle is (4.5838) and the relative weight is (91.676 %).

13. The auditors' and investors' responses agree that preparation, reviewing and disclosure of the information according with high quality standards of accounting and financial and non-financial disclosure contribute to narrow the expectation gap in the auditing profession; the mean of this principle is (4.7283) and the relative weight is (94.566 %).

14. The auditors' and investors' response agree that appointing a qualified and efficient external auditor in order to ensure actual financial position and the company performance in all the financial aspects in the financial statements to the board of directors and shareholders contribute to narrow the expectation gap in the auditing profession; the mean of this principle is (4.7052) and the relative weight is (94.104 %).

15. The auditors' and investors' responses agree that disclosing any factors of expected risks contribute to narrow the expectation gap; the mean of this principle is (4.6763) and the relative weight is (93.526 %).

16. The auditors' and investors' responses agree that the prohibits the chartered certified accountants to do any other services irrelevant to auditing contribute to narrow the expectation gap; the mean of this principle is (4.6647) and the relative weight is (93.294 %).
17. The auditors' and investors' responses agree that reviewing auditors' performance quality by another auditor contribute to narrow the expectation gap in the auditing profession; the mean of this principle is (4.5087) and the relative weight is (90.174 %).

18. The auditors' and investors' responses agree that laying down a risk management strategy by the board of directors contribute to narrow the expectation gap; the mean of this principle is (4.7168 ) and the relative weight is (94.336 %).

19. The auditors' and investors' responses agree that the external auditor's independence from the company and its board of directors and being not one of its shareholders or having no interests in the company contribute to narrow the expectation gap in the auditing profession; the mean of this principle is (4.6590) and the relative weight is (93.18 %).

20. The auditors' and investors' responses agree that the board of directors ensures the precision of the financial and accounting reports issued by the company and the auditing independence contribute to narrow the expectation gap in the auditing profession; the mean of this principle is (4.6590) and the relative weight is (93.18 %).

21. The auditors' and investors' responses agree that the auditing committee's discussion of any reservations or problems occur during the auditing process between external auditors and the administration of the company contribute to narrow the expectation gap; the mean of this principle is (4.6358) and the relative weight is (92.716 %).

22. The auditors' and investors' responses agree that the auditing committee's review of the interim and annual financial reports before issuing them contribute to narrow the expectation gap; the mean of this principle is (4.6012) and the relative weight is (92.024 %).

23. The auditors' and investors' responses agree that the auditing committee's effective role in ensuring the quality of the financial reports and accounting information as a result of its supervision of the process of internal and external auditing and resisting the pressure and intervention of the administration of the
company in process of auditing contribute to narrow the expectation gap; the mean of this principle is (4.6012) and the relative weight is (92.024 %).

24. The auditors' and investors' responses agree that the auditing committee's continual communication with the board of directors and the administration and with the internal and external auditors to discuss any significant matters in the company contribute to narrow the expectation gap; the mean of this principle is (4.5087) and the relative weight is (90.174 %).

25. The auditors' and investors' responses agree that the protection of external auditor's performance from the board of directors' intervention and reappointing the external auditor and the fees determination not by the board of directors contribute to narrow the expectation gap; the mean of this principle is (4.4855) and the relative weight is (89.71 %).

26. The auditors' and investors' responses agree that the existence of effective and adequate control systems, particularly the systems of following up the risks, financial control and the compliance with the relevant laws and standards contribute to narrow the expectation gap; the mean of this principle is (4.4393) and the relative weight is (88.786 %).
According to the research findings, the researcher recommends the following:

1- Establishing a supreme council for accounting and auditing profession in order to organize and development the accounting and auditing profession in Yemen through generating auditing standards convenient with the nature of businesses in Yemen and the professional rules and morals.

2- Motivating the administrations and executive managements of the companies to lay down effective and efficient systems and regulations that describe the authorities and responsibilities and to activate the accountability of responsibility.

3- The government through the supervising and controlling authorities should adopt the international auditing standards, obligating the companies to comply with such standards in order to ensure transparency and disclosure.

4- The supervising and controlling authorities should call the companies to apply the governance systems and implement training courses on governance.

5- Setting up the training courses and scientific professional conferences in a view to have knowledge on the concept, principles and mechanisms of governance, its new context, and its challenges that imposed on auditing market such as the auditor's independence, alleviation of unprofessional competitions that negatively affect the reputation of auditing profession, as well as raising the auditor's awareness about the responsibilities to be undertaken by him/her, particularly those legal responsibilities.

6- Promoting the culture of governance on all the internal and external levels relevant to businesses (the boards of directors, accountants, auditors, investors, supervising authorities, etc).

7- The necessity of the financial statements users' acquaintance with the nature, duties and scope of the external auditing.
8.- Reviewing the legislations relevant to corporate governance such as the Companies Law, the Law of Auditing, Investment Law and the other relevant laws to develop them to comply with the corporate governance principles.

9.- Expanding the application of corporate governance principles in order to activate the good practices of the company management in compliance with the international rules and standards, obligating the public stock companies to comply with such rules and standards to ensure providing transparent financial reports with high quality in compliance with the common accounting and auditing standards.

10.- Creating a convenient organizing, accounting and auditing context that ensures honest and qualified managements and independent auditors who comply with accounting, auditing and moral standards and powerful supervising and controlling authorities to apply the corporate governance principles and laws.

11.- The external auditor should sufficiently disclose about the operations of the large shareholders and any stakeholders and about the compliance with the corporate governance principles.

12.- The board of directors should be professionally qualified in order to be able to exercise independent governance to ensure the correctness of the financial statements.

13.- The Yemeni Companies Law and the other relevant laws should include legislations to obligate the stock companies to constitute independent auditing committees with authorities that enable them to play their roles effectively in order to lay downs the restriction that ensure governance system and to enhance the shareholders' trust.

14.- The necessity of constituting auditing committees in the stock companies with members of the non-executive board of directors in order to monitor the financial status of the company and the performance of the administration. Such auditing committees are also a liaison among the board of directors and the internal and external auditors. It proposes appointing the internal auditing director and his salary and approves his designation. One of its important duties is to propose for the general authority or the board of directors to appoint the external auditor and
his fees, discussing all the external auditor's reports, including the final report about the financial information and to get sure about implementing the external auditor's recommendations regarding the accounting system and internal auditing.

15- The board of directors, according to the recommendations of the auditing committee (if it exists), or the general assembly of the shareholders nominates well-reputation, qualified and experienced external auditor provided that his qualifications, experience and capacities match with the nature and size of the company.

16- Expanding the transparency and disclosure level in the financial reports that should be provided to all the stakeholders.

17- The stakeholders should get authorities and play more roles to exercise monitoring on the administration of the company in order to support and encourage investment.

18- The external auditor should be acquainted with the different viewpoints of the users of the financial statements, improving his communication with them and responding to their reasonable expectations.

19- The board of directors should manage the risks of the stock company in a convenient way with its size, its activities and its markets. It is responsible for laying down a strategy to identify the risks and the risks levels that face the company and how to overcome these risks, clearly presenting all these to the shareholders.

20- It is important for the stock companies to prepare the interim financial reports on time and reliable manner to improve the capacities of the investors and creditors and others to understand the ability of the company to achieve profits, the cash flows and its financial status and its cash liquidity.

21- Establishing a stock market, which is considered an essential element of applying the corporate governance.
22- In order to ensure the objectivity and neutrality of the external auditor's opinion, the general authority should in any case disallow the same external auditor to continue as an auditor for the company for more than two successive years.

23- The necessity of activating supervising and controlling procedures on the auditing firms in order to evaluate their compliance with the principles of independence, honesty and professional conducts in order to ensure the quality level of auditing.

24- Implementing continual professional training and seminars for the auditors to keep their knowledge and professional skills that are relevant to accounting and auditing in order to maintain or improving their professional qualifications.

25- Raising awareness about the concept of corporate governance through including it in the plans of the curriculum of accounting and administration departments of the Yemeni universities.

26- Conducting more researches and studies about the corporate governance applications and its good practices in order to enhance understanding it particularly in the closed stock companies (family companies)

27- Conducting more researches and studies about the governance applications, its good practices and role to prevent the financial failure of the companies.

28- The researcher recommends to conduct further researches in the field of governance and its impact on the internal and external auditing .

29- The researcher recommends to conduct further researches in the field of governance and its impact on the Yemeni economical context .