

The Accountants Ethics in Yemen

By:

AL-Hasan Mohammed Hasan AL-Aidaros

Submitted to:

College Of Business in Universiti Utara Malaysia

In partial fulfillment of the requirements for the degree of

Master of Science (International Accounting)

2008



**KOLEJ PERNIAGAAN**  
(College of Business)  
Universiti Utara Malaysia

**PERAKUAN KERJA KERTAS PROJEK**  
(Certification of Project Paper)

Saya, mengaku bertandatangan, memperakukan bahawa  
(I, the undersigned, certified that)

**AL-HASAN MOHAMMAD HASAN AL-AIDAROS (88011)**

Calon untuk Ijazah Sarjana

(Candidate for the degree of) **MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING)**

telah mengemukakan kertas projek yang bertajuk  
(has presented his/her project paper of the following title)

**THE ACCOUNTANT'S ETHICS IN YEMEN**

Seperti yang tercatat di muka surat tajuk dan kulit kertas project  
(as it appears on the title page and front cover of the project paper)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.

(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).

Nama Penyelia : **ASSOC. PROF. DR. KAMIL MD IDRIS**  
(Name of Supervisor)

Tandatangan :  
(Signature)

Tarikh : **15 NOVEMBER 2008**  
(Date)

## DECLARATION

I certify that the substance of this thesis has not already been submitted for any degree and is not currently being submitted for any other qualifications.

I certify that any assistance received in preparing this thesis and all sources used have been acknowledged and referenced in this thesis.

AL-Hasan Mohammed Hasan AL-Aidaros

Matric No. (88011)

College of Business

Universiti Utara Malaysia

06010 Sintok

Kedah

**November, 2008**

## **PERMISSION TO USE**

In presenting this thesis in partial fulfillment of the requirements for a postgraduate degree from Universiti Utara Malaysia (UUM), I hereby agree that Universiti Library may make it unreservedly available for inspection. I further agree that permission for copy of this thesis in any manner, in whole or in part, for scholarly purposes may be granted by supervisor Dr. Kamil MD Idris or, in his absence by the Dean of College of Business. It is understood that any copying or publishing or using of this thesis or parts thereof for financial gain shall not be allowed without any written permission. It is also understood that due recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material form this thesis.

Requests for the grant permission to copy or to make other use of the material in this thesis, in whole or in part, should be addressed to

**Dean**

**College of Business**

**Universiti Utara Malaysia**

**06010 Sintok**

**Kedah Darul Aman**

## **Abstract**

Ethics is important in any job, but it is extremely important in the accounting job. Over the years, researchers have performed numerous studies in the field of ethics in relation to the accounting profession. However, specifically in Yemen, there has been no ethical code of conduct for Yemeni accountants. This study presents the domain of Yemeni accountants' ethics. Data collected by using the questionnaire from 74 Yemeni accountants in trade companies in Sana'a city. And, this study use Interdependency Analysis to reveal the Domain of Ethical Code of Conduct for Yemeni Accountants. Analysis of literature suggested 18 accountants' ethics. The research findings found the most important components of Yemeni accountant's ethics are four components, i.e. two for Deliberative Ethics and two for Prescriptive Ethics. The components of Deliberative Ethics are: Deliberative on Protection of Clients, and Deliberative On Conflict Of Interest. In addition, the components of Prescriptive Ethics are: Prescriptive on Independency, and Prescriptive on Duty.

**Keywords:** Ethics, accountant, Yemen

## ACKNOWLEDGMENTS

Firstly, all commend and thanks to **Allah s.w.t.** without his helping the researcher couldn't finished this study and, peace upon our prophet **Muhammad s.a.w** for giving guidance and all the rules and ethics that every Muslim should have.

My thankfulness is to my father, **Dr.Mohammed Hasan AL-Aidaros**, and my mother, **Dr.Amt Assalam Ali Ashami**, who bless me all the time and work for my best while I was born and for their support, helping, and encouragement.

To the **Committee of Sanabel ALKhaer** – Kuwait- and specifically to **Dr. Jasem Mohalhal AL-Yasen** who gave me opportunity to complete master study. And to the **Care Association Of Science Student Welfare** (Mukalla-Hadhramout-Yemen) and Association members who provided the researcher support, and helping until the end of master study. Most specifically, I express thank **Mr.Mohsen Bin Shamlan, Mr. Shogi Ba Adeem, Mr.Fathi Ba Sabeeh, Mr. Salim Ba Shamkhh**, and all other Association members.

To my supervisor, genuine appreciation and thanks to **Dr. Kamil MD Idris** for his facilitate, help and hold up, knowledge and encouragement throughout this study. Without his supporting, i.e. helping, corrections, and advices, this paper would not have been finished effectively.

To my loving family who provided strength and understanding. I thank my wife, **Rokia Zaid**, who was a perfect supporter through the long hours, numerous commitments, and the daily balance of life. She graciously takes care of my daughter, **Marya**, where I was busy in my study. In addition, I show gratitude my brothers and sisters, specifically my brothers, **Mr.Mohammed**, and **Mr.Abdullah**, for their helping throughout corrections, comments, and distribution the questionnaires of this study.

Finally, I would like to thank my University, **Universiti Utara Malaysia**, who facilitate every thing to the researcher to complete the master study. I thank all lecturers, staff, students, and my friends in **UUM**.

## Table of Contents

<b>DECLARATION</b> .....	<b>I</b>
<b>PERMISSION TO USE</b> .....	<b>II</b>
<b>ABSTRACT</b> .....	<b>III</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>IV</b>
<b>TABLE OF CONTENTS</b> .....	<b>VI</b>
<b>LIST OF TABLES</b> .....	<b>VIII</b>
<b>LIST OF FIGURES</b> .....	<b>IX</b>
<b>LIST OF ABBREVIATIONS</b> .....	<b>X</b>
<b>CHAPTER 1</b> .....	<b>1</b>
<b>BACKGROUND</b> .....	<b>1</b>
1.1 INTRODUCTION .....	1
1.2 PROBLEM STATEMENT .....	2
1.3 RESEARCH QUESTIONS .....	3
1.4 RESEARCH OBJECTIVES .....	3
1.5 SIGNIFICANCE OF STUDY .....	4
1.6 SCOPE AND LIMITATIONS .....	5
1.7 ORGANIZATION OF STUDY .....	5
<b>CHAPTER 2</b> .....	<b>6</b>
<b>LITERATURE REVIEW</b> .....	<b>6</b>
2.1 ACCOUNTANT ETHICS .....	6
2.2 SUMMARY .....	13
<b>CHAPTER 3</b> .....	<b>14</b>
<b>METHODOLOGY</b> .....	<b>14</b>
3.1 INTRODUCTION .....	14
3.2 THEORETICAL FRAMEWORK .....	14
3.3 HYPOTHESIS DEVELOPMENTS .....	16
3.4 DATA COLLECTION .....	17



3.4.1. <i>Population and Sampling</i> .....	17
3.4.2. <i>Instrumentation</i> .....	18
3.4.3. <i>Procedures</i> .....	18
3.5. MEASUREMENT AND DEFINITIONS.....	19
3.6. DATA ANALYSIS.....	20
<b>CHAPTER 4</b> .....	<b>21</b>
<b>RESULTS</b> .....	<b>21</b>
4.1 INTRODUCTION.....	21
4.2 RESULTS.....	21
4.2.1 <i>Sample Profiles</i> .....	21
4.2.2 <i>Descriptive Statistics</i> .....	23
4.2.3 <i>Reliability of Instruments</i> .....	24
4.2.4 <i>Validity of Instruments</i> .....	25
4.3 SUMMARY.....	27
<b>CHAPTER 5</b> .....	<b>27</b>
<b>DISCUSSION, IMPLICATION AND CONCLUSION</b> .....	<b>28</b>
5.1 DISCUSSION.....	28
5.2 RECOMMENDATIONS AND FURTHER RESEARCH.....	29
5.3 CONCLUSION.....	31
<b>REFERENCES</b> .....	<b>32</b>
<b>APPENDIX</b> .....	<b>35</b>

## List of Tables

TABLE 4.1 THE SAMPLE PROFILES.....	22
TABLE 4.2: DESCRIPTIVE STATISTICS.....	23
TABLE 4.3: RELIABILITY ANALYSIS RESULTS .....	24
TABLE 4.4: RESULT OF VALIDITY TEST.....	25
TABLE 4.5 THE COMPONENTS OF ACCOUNTANT'S ETHICS .....	26

## List of Figures

FIGURE 3-1: MEASUREMENT MODEL OF YEMENI ACCOUNTANTS' ETHIC .....	15
--	----

## List of Abbreviations

<b>CFA</b>	:	Confirmatory factor analysis
<b>EA</b>	:	Exploratory approach
<b>CPAs</b>	:	Certified Public Accountants
<b>IFAC</b>	:	International Federation of Accountants
<b>AICPA</b>	:	American Institute of Certified Public Accountants
<b>HKICPA</b>	:	Hong Kong Institute of Certified Public Accountants
<b>YAA</b>	:	Yemeni Accountants Association

# CHAPTER 1

## BACKGROUND

### 1.1 Introduction

Generally, ethics and laws guide human behaviors. Ethics are the principles that make us honorable and sincere. Ethics refer to high standards of conduct used in businesses professions and other social activities. The legal system provides us with regulations, typically regarding what we should not do if we expect to live in a just society. Ethics exceed legal duties and are usually stated in terms of what we are expected to do in order to perform honorably as members of our profession. These codes are often evolving documents (Street, 2002).

In accounting, the ethics of accountants are very essential because the main role of accountants is to provide useful information to users (Rahman, 2003). However, in many cases accountants fail to provide the required good information, probably because they consider the ethics of accountants as a matter of rule rather than part of their responsibility towards religion (White, 2005).

The contents of  
the thesis is for  
internal user  
only

## REFERENCES

- Ahadiat, N., & Mackie, J. (1993). Ethics education in accounting: An investigation of the importance of ethics as a factor in the recruiting decisions of public accounting firms. *Journal of Accounting Education*, 11(2), 243-257.
- AICPA. (2000). Code of Ethics for Professional Accountants. Retrieved 12/7/2008, from <http://www.aicpa.org/>
- Bamashmos, A. (2003). *International auditing standards and the potential application in the Yemen Republic*: The National Center for information.
- Blasi, A. (1980). Bridging Moral Cognition and Moral Action: A Critical Review of the Literature. *Psychological Bulletin*, 88(1), 1-45.
- Burks, B. (2006). *The Impact of Ethics Education and Religiosity on the Cognitive Moral Development of Senior Accounting and Business Students in Higher Education*. Nova Southeastern University.
- Cotham, P. (1998). *The Heart & Soul of Business: A Christian Perspective*: Franklin, TN: Providence House Publishers.
- Delaney, J. (2005). *The Impact of Ethics Education on the Moral Reasoning Ability of Accounting Students*: St. Ambrose University.
- England, T. (1998). *An Exploratory Study of Gaps in Selected Ethics Norms of Professional Accountants*. University of Pittsburgh.
- Foster, G., & Swenson, D. (1997). Measuring the Success of Activity-Based Cost Management and Its Determinants. *JOURNAL OF MANAGEMENT ACCOUNTING RESEARCH*, 9, 109-142.
- Francis, G. (2001). *Introduction to SPSS for Windows—Versions 9.0 and 10.0*: Prentice Hall, Pearson Education Australia Pty Ltd, Sydney.
- Gonsalves, M. A. (1989). *Fagothey's Right and Reason Ethics in Theory and Practice* (9th ed. Vol. 20): Ohio: Merrill Publishing Company and A Bell & Howl Information Company.
- Government. (2005). The collapse of the Yemeni National Commercial Bank. Retrieved 10/10/2007, from <http://www.sabanews.net/ar/>
- Gowthorpe, C. (1998). ETHICAL ISSUES AND THE AUDITOR. *Ethical Issues in Accounting*.

- Hair, J., Anderson, R., Tatham, R., & Black, W. (1998). *Multivariate Data Analysis*.
- HKICPA. (2006). Code of Ethics for Professional Accountants for HKICPA. Retrieved 12/10/2007, from <http://www.hkicpa.org.hk>
- IFAC. (2005). Code of Ethics for Professional Accountants: International Federation of Accountants' ethics committee.
- IFAC. (2007). Code of Ethics for Professional Accountants. Retrieved 15/12/2007, from <http://www.ifac.org/>
- Kerr, D. (2004). *A Cross Cultural Study of the Learning Styles of Practicing Accountants in Mexico and the United States*: New York University.
- Kohlberg, L. (1969). Stage and sequence: The cognitive-developmental approach to socialization. *Handbook of socialization theory and research*, 347, 480.
- Loeb, S. (1971). A Survey of Ethical Behavior in the Accounting Profession. *Journal of Accounting Research*, 9(2), 287-306.
- Mohammed, A. (2005). The relationship between Islamic rules and accountants ethics. *Alahgaff*.
- Moner. (2006). The corruption in Yemen. Retrieved 10/8/2008, from <http://yementimes.com/index.shtml>
- Nor Shaipah, A., Ayoib, C., & Noraza, M. (2004). Ethical judgment among university accounting students: The case of prescriptive and deliberative moral reasoning moral reasoning behaviour. *Utara Management Review*.
- Nunnally, J., & Bernstein, I. (1987). *Psychometric theory* (2nd ed.): McGraw-Hill New York.
- Rahman, A. (2003). ETHICS IN ACCOUNTING EDUCATION: CONTRIBUTION OF THE ISLAMIC PRINCIPLE OF MASLAHAH. *IJUM Journal of Economics and Management*, 11(1), 2.
- Saba, n. (2005). The collapse of the Yemeni National Commercial Bank. Retrieved 10/10/2007, from <http://www.sabanews.net/ar/>
- Sekaran, U. (2003). *Research Methods for Business: a Skill-Building Approach*. John Wiley and Sons, New York, NY.
- Street, B. (2002). *A Comparative Analysis of Professional Codes of Ethics*. Central Michigan University.



- Thorne, L. (2000). The Development of Two Measures to Assess Accountants' Prescriptive and Deliberative Moral Reasoning. *BEHAVIORAL RESEARCH IN ACCOUNTING*, 12, 139-170.
- THORNE, L. (2001). The Directional Effects of Discussion on Auditors' Moral Reasoning. *Contemporary Accounting Research*, 18(2), 337-361.
- Trevino, L. (1992). Moral reasoning and business ethics: Implications for research, education, and management. *Journal of Business Ethics*, 11(5), 445-459.
- Tsakumis, G. (2003). *An Examination of the Influence of National Culture on Accountants' Application of Financial Reporting Rules: A Test of Gray's Theory*: University of South Carolina.
- White, L. (2005). The Influence of Religion on the Globalization of Accounting Standards. *Trinity Christian College*.