Abstract:
This research attempts to narrow down the knowledge gap in literature concerning bribery and its impact on auditor independence through studying the gifts and benefits that given to auditor by his client. Quantitative and qualitative methods in the form of questionnaire and interviews are employed to examine the stakeholders’ perceptions namely auditors, tax officers, bank loan officers, financial directors, and academics toward auditor independence in the Yemeni environment. The questionnaire and interview results indicate that the higher the value of gift or benefit, the more threats there will be to auditor independence. These results appear because gifts and benefits given to auditor create a close relationship between the auditor and his client and influence the auditor’s conduct. The interviewees agreed with the statement that any gift or benefit given to the auditor in particular would undermine his independence. However, any gift or benefit given to the public does not affect auditor’s independence, such as advertising materials (pens, diary). This study is significant to lawmakers and bodies of audit profession as it sheds an insight into the bribery and its impact on the perceptions regarding auditor independence.

Keywords: Auditor independence, Bribery, Corruption, Yemen.

Jel Classification Codes: M42, D73
1. INTRODUCTION

Corruption is considered as a disease like cancer that permeates the cultural, political and economic core of society and brings about the failure of vital organs (Amundsen, 1999). Similarly, according to Bardhan (1997), corruption is the misuse of public power for personal benefits, while Larmour and Wolanin (2001) stressed on the fact that corruption is much more than the simple misappropriation of money or abuse of power as it may lead to human rights violation.

There are varying practices linked to corruption including bribery, embezzlement, fraud, extortion, and favoritism. Of the above practices, bribery is the most common and widespread in countries all over the world that it has even developed varying equivalent terms including: kickbacks, baksheesh, sweeteners, grease money and pay-offs among the many notions of corruption. These terms signify required payments to have things happen quickly, in a smooth way and more favourable than bureaucracy or to keep away from some problem (Amundsen, 1999).

Bribery can occur in a wide field of business activities under some government officials’ control. For instance, firms may offer bribes to public officials for the purpose of avoiding or reducing tax, securing public procurement contracts, bypassing laws and regulations or blocking potential competitors’ entry (Wu, 2005). Hence, it is commonly believed that firms must be bribed to remain competitive in the emerging markets. Bribery facilitation, including small payments, gifts or favors will always be deemed as an element needed to smooth business (Wyk et al., 2004). In this regard, two auditor independence studies were conducted in the case of gifts given to auditor - Law (2010) and Pany and Reckers (1980) examined the effect of gifts on perceptions of auditor independence. Pany and Reckers (1980) studied the effect of gift and purchase discounts given to auditors on perceived auditor independence. They found that all gifts and discounts negatively affected the perceptions of auditor independence. However, Law (2010) found no effect of gifts upon the perceptions of auditor independence. It is well documented by bribery survey studies that gifts can influence the recipient's conduct, because it will increase the emotions...
According to the Transparency International Index, Yemen took 141st, 154th, 146th positions out of 180 nations ranked in 2008, 2009 and 2010 respectively. In 2011, it occupied 164th position out of 182 and recently 167th position out of 177 in 2013. A law that penalizes bribery and corruption has been instituted but enforcement has not been effective (Transparency International, 2011; 2013). This is due to weak structure of governance, non-transparent structure of government institutions and long tradition of breaking the laws by the high ranking officials. Therefore, improving the quality of governance in Yemen cannot take place without reducing corruption (Moghram, 2006).

In addition, it is worth to note that bribery plays a role in negatively contributing to the Yemeni economy and investment in many facets, such as customs, taxes, licenses and general tenders. More importantly, bribery does not merely exist in the context of investment and tenders but also encompasses enrollment in public schools, driving licenses issuance, registry of births and mortalities and even vaccination of children. Bribery is also pervasive in the courts’ boundaries (Abdulhafez & Al-Udeini, 2006). According to Yemeni Law of Anti-corruption No (39) 2006, bribery is the receiving or giving of any benefit (in cash or in kind) bestowed to influence the recipient’s conduct). Therefore, this study looks into the effect of bribery by examining the effect of gifts and other kinds of benefits provided to the auditor by his client in Yemen.

This paper is organized as follows. Section 2 is devoted to review related literature. Section 3 describes the research methodology. Section 4 presents the empirical results and discussion. The final section concludes the study and highlights the limitations and future research.

The first subtitle opens with an introduction that presents the specific problem under study and describes the research strategy. The first subtitle opens with an introduction that presents the specific problem under study and describes the research strategy.
2. Literature Review

Law (2010) and Pany and Reckers (1980) examined the effect of gifts given to auditor on perceptions of auditor independence. Specifically, Pany and Reckers (1980) examined the influence of gift and purchase discounts given to auditor on perceived auditor independence. Pany and Reckers used three amounts ($3, $40, $125) that were manipulated within the gift and purchase discount framework. These amounts were selected to give a wide range of possible savings or benefit to the auditor. The findings of Pany and Reckers’s study indicated that gifts and discount arrangements of even a minimal amount significantly affected users’ perceptions of auditor independence. Meanwhile, Law (2010) examined the gift hospitality on the perceptions of auditor independence and found no effects.

The bribery market brings group of individuals in one platform, including demanders comprising government officials, and bribe suppliers comprising firms. As countries are different in their corruption features, firms will continue to face differing levels of exposure to corruption according to their country’s location. Bribery imposes a direct cost in the form of decreased cash flow. Since it is an activity that is costly, the firm’s inclination to pay a bribe and the amount constituting a bribe depends on the perception of the firm regarding its short-term and long-term benefits obtained from the government official (Lee et al., 2010).

A study of the spread of bribery in Yemen was conducted by Abdulhafez and Al-Udeini (2006) and they revealed that over 78% of the sample agreed that bribery is rampant in almost all government circles. They also revealed that 46.2% of the total 692 respondents agreed to the statement “bribery spreads in all government offices”, and 32.1% of them agreed with the statement, “bribery spreads in most of the government offices followed by 15.9% who agreed that “bribery spreads in some government offices”. Only 4.2% of the total respondents agreed that bribery is rampant in only a few government offices, 0.3% stated that there is no bribery at all while 0.9% of them did not know. They concluded that the presence of bribery is increasingly rampant in the government’s administrative system and most employees accepting bribes are specifically in judiciary and security fields – officials considered as the most crucial
parties in promoting justice and enacting laws.

The present study attempts to investigate the direct bribery (gifts and benefits) effect on perceptions of auditor independence. It investigates the direct relationship by testing the influence of bribery given to auditor on the relationship with auditee – a bribe which may create a close relationship between the two.

3. Research Methodology

The research design of the current study is based on the objective of the study. Quantitative and qualitative methods in the form of questionnaire and interviews are employed to examine the stakeholders’ perceptions (auditors, tax officers, bank loan officers, financial directors, and academics) toward auditor independence in the Yemeni environment. The use of these methods facilitates data triangulation, which is among the most significant ways to reinforce the study design (Jick, 1979; Creswell & Clark, 2007). In other words, as opposed to considering quantitative and qualitative methods as separate options, they are used in a way that complements each other.

3.1 Data gathering

3.1.1 The Questionnaire Survey

In order to realize the satisfactory devotion of intellectual attention to the studies of auditor independence perceptions, the method of questionnaire survey is considered and adopted as a suitable instrument of research (Law, 2010; Pany & Reckers; 1980). The employment of survey approach is chosen because it is considered to be suitably relevant and efficient (Carmichael & Swieringa 1968). This study pays attention to the whole spectrum of stakeholders’ perceptions on the practices of accounting and auditing.

For data collection in a survey oriented research, quantitative questionnaire is preferable because it is effective and efficient in offering a data arrangement for analytical purposes (Roberts, 1999). Many approaches can be applied to conduct the questionnaires, such as delivery by hand or self-administered, by means of telephone, through email, mailing and through website (Sekaran & Bougie, 2009). In this regard, hand delivery or self-administered questionnaire is used in the current study. Sekaran and
Bougie (2009) pointed out that a questionnaire which is personally administered is better in collecting data and advantageous since the all responses can be gathered by the researcher or any of the research team members without wasting time. The respondents can be cleared of any doubt with respect to any question at the same moment. In addition, the researcher can introduce the topic of the study to the respondents and even encourage them to give their appropriate responses.

Bribery given to auditor by his client in form of benefits was measured by two previous studies in the form of gift and purchase discount (Pany & Reckers, 1980; Law, 2010). Six proxy measurements are adapted from previous studies and the definition of bribery followed is that bribery is the receiving or giving of any benefit (in cash or in kind) to influence the recipient's conduct (Yemeni Law of Anti-corruption, No 39, 2006). Respondents were asked to indicate their point of view on the value of gifts on statements 1, 2, and 3 with respect to perception of auditor independence (see Table 1), as well as the rest of the benefits on statements 4, 5, and 6. Answers are scaled from 1 to 5, where 1 represents “seriously undermines independence" and 5 represents “strongly enhances independence”.

Table 1. Proxy measures of bribery given to auditor by his client toward perception of auditor independence

<table>
<thead>
<tr>
<th>No</th>
<th>Proxy measure</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The client provides a small gifts to incumbent auditor (e.g., pens, diary)</td>
<td>Adopted and adapted from (Pany &amp; Reckers, 1980; Law, 2010, and bribery definition in Yemeni Law of Anti-corruption, No 39, 2006)</td>
</tr>
<tr>
<td>2</td>
<td>The client provides gift to incumbent auditor that is neither too expensive nor too cheap (e.g., some client's products such as clothes or food)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The client provides expensive gifts to incumbent auditor (e.g., laptops or smart phones)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The client pays extra fee to the incumbent auditor if he completed his work early</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The client gives some money rewards to incumbent auditor in religious events (e.g., During Ramadan or Eid)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>The client provides exceptional purchase discount to incumbent auditor</td>
<td></td>
</tr>
</tbody>
</table>
3.1.2 The Interview Survey

While quantitative data was obtained through the personally distributed questionnaires, significant advantages could be obtained from combining quantitative and qualitative information. Following this argument, the second phase of this study involved data collection through semi-structured interviews with chosen suitable members of the target population. This type of interview was selected as it is considered as the best tool where the researcher is required to collect structured information and information concerning the participants’ attitudes or beliefs. According to Smith (1972), semi-structured interview is a process wherein the interviewer targets limited number of questions/points. The aim behind this type of interview is to encourage the interviewee to talk and provide information honestly, which could remove some of the strictness linked to structured interviews (with orderly and structured questions). In a semi-structured interview, the researcher can modify the questions/wording of the questions based on his perceptions of suitability. Other questions could also be added in an attempt to explore research questions and objectives.

For the purpose of the research objective, a standard interview guide was set up and used with all the interviewees. The open-ended questions furnished by the guide are similar to those in the questionnaire survey as the former is an attempt to clarify and provide more insight into the issues and to discuss present developments in Yemen.

3.2 Sampling
3.1.2 Questionnaire Sampling

The current study uses multistage cluster sampling in order to collect data from particular groups in different cities (Zikmund, 2003; Sekaran & Bougie, 2009). Five groups of respondents who are auditors, tax officers, bank loan officers, financial directors and accounting academics in four cities, where most of the commercial activities are carried out, were selected, i.e., Sana’a, Aden, Ta’izz, and Al Mukalla. Furthermore, the selection of these regions was motivated by the fact that majority of auditors, joint-stock companies, tax offices, banks branches and universities are located there (Central Statistical Organization, 2011). Table 2 illustrates
the distribution of the stakeholders in these regions.

Table 2. Sample distribution according to regions

<table>
<thead>
<tr>
<th>Groups of participants</th>
<th>Total population (organization, offices, or elements)</th>
<th>Description of the elements targeted</th>
<th>Sample targeted in the biggest cities</th>
<th>Sample in biggest cities</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors</td>
<td>227 Audit firms/offices</td>
<td>Partners, managers, supervisors, senior, and consultant.</td>
<td>207 Audit firm/offices</td>
<td>172 10 17 8</td>
<td>Ministry of Trade and Industry (2012)</td>
</tr>
<tr>
<td>Bank loan officers</td>
<td>257 Bank branches including headquarters</td>
<td>Corporate loan officers</td>
<td>96 Bank branches</td>
<td>39 26 16 15</td>
<td>Central Bank of Yemen (2012)</td>
</tr>
<tr>
<td>Tax officers</td>
<td>399 corporate tax officers in tax authority offices</td>
<td>Corporate tax officers</td>
<td>251 corporate tax officers</td>
<td>107 55 65 24</td>
<td>Tax Authority (2010)</td>
</tr>
<tr>
<td>Academics</td>
<td>9 Public universities in Yemen</td>
<td>Accounting academics</td>
<td>4 Public universities</td>
<td>1 1 1 1</td>
<td>Central Statistical Organization (2011)</td>
</tr>
</tbody>
</table>

The overall response rate was extremely encouraging at 57.33% (see Table 3), this high percentage of response rate due to hand to hand distribution. The response rates for accounting academics and financial and accounting managers were 71.66 % and 65.26 %, respectively, higher than those of auditors, tax officers, and bank loan officers, which were 57.02 %, 51.55 % and 50.98 %, respectively.
Table 3. The Questionnaire Response rate

<table>
<thead>
<tr>
<th>Participants</th>
<th>Questionnaires distributed (N)</th>
<th>Questionnaires received (N)</th>
<th>Response rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors</td>
<td>114</td>
<td>65</td>
<td>57.02</td>
</tr>
<tr>
<td>Tax officers</td>
<td>161</td>
<td>83</td>
<td>51.55</td>
</tr>
<tr>
<td>Bank loan officers</td>
<td>102</td>
<td>52</td>
<td>50.98</td>
</tr>
<tr>
<td>Financial and accounting managers</td>
<td>95</td>
<td>62</td>
<td>65.26</td>
</tr>
<tr>
<td>Accounting academics</td>
<td>60</td>
<td>43</td>
<td>71.66</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>532</strong></td>
<td><strong>305</strong></td>
<td><strong>57.33</strong></td>
</tr>
</tbody>
</table>

3.1.2 Interview Sampling

A total of 18 semi-structured interviews were carried out with members of the five targeted groups (4 auditors, 4 tax officers, 4 bank loan officers, 3 financial & Accounting managers, and 3 accounting academics). The selection was such that four members comprised the auditor group, four members comprised the tax officers group, four comprised the bank loan officers group, three members comprised the financial and accounting managers group and finally, three members comprised the accounting academics group. The semi-structured interviews were carried out over a period of two months in Yemen.

4. Results and Discussion

4.1 Questionnaire Results and Discussion

Bribery can occur in a wide field of business activities under some government officials’ control. For instance, firms may offer bribes to public officials for the purpose of avoiding or reducing tax, securing public procurement contracts, bypassing laws and regulations or blocking potential competitors’ entry (Wu, 2005).

Six proxy measurements were adapted from previous studies and the definition of bribery followed stated that bribery is the receiving or giving of any benefit (in cash or in kind) bestowed to influence the recipient's conduct (Yemeni Law of Anti-corruption No 39, 2006). The sample groups were asked to indicate whether auditor independence might be undermined.
or enhanced according to each one of the six statements (see Table 4).

As shown in Table 4, majority of the auditors (68%) perceived that small gifts (1st statement) do not affect auditor independence with a mean of (2.61). Also, 68% of them perceived that the provision of not too expensive or too cheap gifts (2nd statement) undermined auditor independence with mean of (2.23). Majority of them (97%) perceived that provision of expensive gifts (3rd statement) undermined auditor independence with mean of (1.28). The mean of auditor group in the 1st statement leans to “3” (no effect on independence), in the 2nd statement, it leans to “2” (slightly undermines independence), while in the 3rd one, it leans to “1” (seriously undermines independence). The results of the first three statements, which measure the effect of gift value on auditor independence, show that the higher the value of gifts, the more risk there will be on auditor independence. Table 4 shows an overall trend indicating that gifts of higher value pose higher risk on auditor independence.

The overall means of the first three statements in Table 4 are, (2.68), (2.17), and (1.29) respectively, where the gifts given to auditor create an intimate relationship between the auditor and his client and influence the auditor’s conduct depending on the value of gifts. The auditor in this case will be less independent as a result of the intimate relationship arising from these gifts.

On the other hand, Table 4 presents the result of another benefit given to auditor by his client - specifically, the 4th statement states that “The client pay extra fee to the incumbent auditor if he completed his work early”, the 5th statement states that “The client can give some money rewards to incumbent auditor in religious events”, and finally, the 6th one states that “The client provides exceptional purchase discount to incumbent auditor”. The majority of all the groups perceive that these last three statements (4th, 5th and 6th) undermine auditor independence. Overall means of the last three statements in Table 4 indicate that auditor independence is undermined when auditee provide extra fee, money rewards, or exceptional purchase discount to incumbent auditor with means of 2.15, 1.74, and 1.82 respectively.

These results present a clear picture of respondents' beliefs about
auditor independence especially when auditee provides some benefits to incumbent auditor, and where these benefits undermine auditor independence. It is well documented by corruption survey studies that gifts or benefits can influence the recipient's conduct, because it will increase the emotions (Amundsen, 1999; Wyk et al., 2004; Wu, 2005; Ristei, 2010; Conover, 2010; KPMG, 2011).

The benefits given to auditor create an emotion between the auditor and his client and influence the auditor’s conduct. The auditor in this case, will be less independent as a result of the emotions arising from these benefits, which negatively affect the agency problem.

Table 4. The effect of bribery on respondents’ perceptions

<table>
<thead>
<tr>
<th>Items</th>
<th>Auditors (n=65)</th>
<th>Tax Officers (n=83)</th>
<th>Bank loan Officers (n=52)</th>
<th>Fin and Acc Managers (n=62)</th>
<th>Accounting Academics (n=43)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1&amp;2% 3% 4&amp;5% M</td>
<td>1&amp;2% 3% 4&amp;5% M</td>
<td>1&amp;2% 3% 4&amp;5% M</td>
<td>1&amp;2% 3% 4&amp;5% M</td>
<td>1&amp;2% 3% 4&amp;5% M</td>
</tr>
<tr>
<td>The client provides a small gifts to incumbent auditor (e.g., pens, diary)</td>
<td>32 68 0 2.61</td>
<td>19 81 0 2.79</td>
<td>31 67 2 2.71</td>
<td>35 65 0 2.64</td>
<td>37 63 0 2.56</td>
</tr>
<tr>
<td>The client provides gifts to incumbent auditor, not too expensive nor too cheap (e.g., some client's products such as clothes or food).</td>
<td>68 32 0 2.23</td>
<td>37 83 0 2.36</td>
<td>83 15 2 2.08</td>
<td>89 11 0 1.98</td>
<td>89 11 0 1.98</td>
</tr>
<tr>
<td>The client provides expensive gifts to incumbent auditor (e.g., laptops or smart phones)</td>
<td>97 3 0 1.28</td>
<td>94 98 2 1.40</td>
<td>98 23 2 1.27</td>
<td>91 9 0 1.63</td>
<td>93 9 0 1.63</td>
</tr>
<tr>
<td>The client pay extra fee to the incumbent auditor if he completed his work early.</td>
<td>75 20 5 1.97</td>
<td>49 49 6 1.40</td>
<td>73 23 4 2.13</td>
<td>76 24 0 2.06</td>
<td>65 33 2 2.09</td>
</tr>
<tr>
<td>The client gives some money rewards to incumbent auditor in religious events (e.g., During Ramadan or Eid).</td>
<td>91 9 0 1.58</td>
<td>83 17 0 2.02</td>
<td>94 6 0 1.67</td>
<td>92 8 0 1.66</td>
<td>93 7 0 1.63</td>
</tr>
</tbody>
</table>
The client provides exceptional purchase discount to incumbent auditor.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>M</th>
</tr>
</thead>
<tbody>
<tr>
<td>95</td>
<td>5</td>
<td>0</td>
<td>1.61</td>
<td>86</td>
<td>14</td>
<td>0.22</td>
</tr>
<tr>
<td>94</td>
<td>6</td>
<td>0</td>
<td>1.73</td>
<td>85</td>
<td>15</td>
<td>0.18</td>
</tr>
<tr>
<td>93</td>
<td>7</td>
<td>0</td>
<td>1.86</td>
<td>85</td>
<td>15</td>
<td>0.20</td>
</tr>
<tr>
<td>92</td>
<td>7</td>
<td>0</td>
<td>1.89</td>
<td>85</td>
<td>15</td>
<td>0.21</td>
</tr>
</tbody>
</table>

Note: There are 5 point scale of responses “1” = Seriously undermines independence; “2” = Slightly undermines independence; “3” = No effect on independence; “4” = Slightly enhances independence; “5” = Strongly enhances independence. M = Mean.

4.2 Interview Results and Discussion

In bribery regard, all interviewees agreed that the gift or any type of benefits provided by the audit client to the auditor significantly undermine auditor independence. The reason behind this is: a gift or any kind of benefits generate emotion among them, therefore Islam forbids gift-giving in a working relationship. In relation to gifts and benefits that are given to auditor, one auditor commented:

Sure, any benefits or gifts provided to auditor will undermine the auditor independence; I consider any advantages provided by client to auditor as a bribe (Auditor 1).

He added:

But with the exception of any advertising material given to the public - I do not believe that these advertising materials such as pens and notes affect auditor independence, because anyone can get them.

Auditor 2 also shared the same opinions as auditor 1. The opinions of other groups’ interviewees are consistent with auditors’ opinions, where they just exclude advertising materials from gifts and benefits that affect auditor independence. However, two of interviewees did not exclude any kind of gifts or benefits; a tax officer and an academic expressed this opinion when they stated:

Auditor should not accept any gift small or big; maybe the effect depends on the type and size of the gift, but from my point of view, any kind of gift has an impact even if it is a pen (Tax Officer 2).

It has a 100% negative impact on auditor independence. Any amount of benefits provided to auditor outside the scope of the audit contract weakens the independence of auditor. It is considered as bribe to win over the sympathy of the auditor. I do not exclude any kind of gifts and benefits...
as each one has an impact (Academic 3).

On the other hand, some of interviewees were speaking from a religious perspective; one bank loan officer and one member from the academics group expressed their opinion when they stated:

Gifts or any kind of benefits are an expression of love and friendship. Giving gifts is recommended in Islam as a means of strengthening brotherhood ties among the Muslims. It is one of the acts that Prophet Muhammad (Peace be upon him) recommended Muslims to do. However, not in working field, the Prophet said, “A gift to an employee is Ghulul (betrayal)” (classed true by Al Albani) (Bank Loan Officer 2).

Any amount outside audit contract is considered Ghulul (betrayal), because the Prophet recommended assembly of Muslims not to benefit from their jobs. Any benefit or gift coming from a job is considered for the job, not the recipient. I think it significantly reduces the auditor independence because it increases the love and friendship (Academic 2).

The interviews disclosed that the gifts and any other benefits are considered bribery from an Islamic perspective. Majority of the interviewees agreed that any gift or benefit given to the public does not affect the auditor independence, such as advertising materials. Furthermore, they believed that the higher the value of the gift, the more impact there will be on auditor independence. The interview result is consistent with questionnaire results and with corruption survey studies which documented that gift or benefit can influence the recipient's conduct, because it will increase the emotions.

5. CONCLUSION

The questionnaire and interview results indicate that the higher the value of gift or benefit, the more threats there will be to auditor independence. These results appear because gifts and benefits given to auditor create an intimate relationship between the auditor and his client and influence the auditor’s conduct. The auditor, in this case, will be less independent as a result of the intimate relationship arising from these benefits and gifts. The interviewees agreed with the statement that any gift or benefit given to the auditor in particular would undermine his
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independence. However, any gift or benefit given to the public does not affect auditor’s independence, such as advertising materials. Furthermore, they believe that the higher the value of the gift, the more impact there will be on the auditor’s independence.

This research contributes to literature by studying the effect of bribery through the effect of gifts and benefits provided to the auditor by his client, which may create an intimate relationship between the two. As expressed by agency theory, corruption in the form of bribery worsens the agency problem since it serves as obstacle to law execution and misleading the facts (Plaats, 2000; Houghton & Jubb, 2003; Kershaw, 2006). The results of this study conclude that any gift or benefit given to the auditor but not the public would make the auditor turn a blind eye to misleading information. Ultimately, it can increase the agency problem by undermining auditor’s independence.

A very important step to be taken in order to improve auditor independence and life aspects in Yemen is to eliminate or reduce corruption as it represents a barrier to the implementation of legal and social justice. It is crucial to note that although there are anti-corruption laws in Yemen, bribery is still widespread. For this reason, lawmakers of audit profession should determine the level and kinds of gifts or any benefit in cash or in kind that is given to the auditor to maintain his independence.

A major limitation of this study is that the shareholder’s group was not included in the five stakeholders groups selected due to the following reasons: First, there is no stock market in Yemen and so shareholders cannot be easily targeted; second, in most joint-stock companies in the list of Ministry of Trade and Industry in Yemen, the owners have close family ties, so it is not easy to get through to them.

6. Bibliography


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