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EFFECT OF IFRS ADOPTION AND CORPORATE GOVERNANCE PRACTICES ON PERFORMANCE: A STUDY ON LISTED COMPANIES IN DUBAI

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MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING)

UNIVERSITI UTARA MALAYSIA

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EFFECT OF IFRS ADOPTION AND CORPORATE GOVERNANCE PRACTICES ON PERFORMANCE: A STUDY ON LISTED COMPANIES IN DUBAI

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Thesis submitted to
Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
In Fulfillment of the Requirement for the Master of Science
(International Accounting)
DECLARATION

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

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

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Abstract

This study has been conducted on the financial market of Dubai. The purpose of the study is to understand the effect of IFRS adoption along with corporate governance characteristics over the financial performance of listed companies in Dubai. The study has taken return on assets as the measurement of performance, while IFRS adoption, board independence, board size, and audit quality as the measurement of CG. Firm size and leverage have been taken as control variables. The data has been collected from the annual reports and websites of the companies. Regression analysis is employed to understand the effect of each independent variable on performance. The study has identified that IFRS adoption; board independence, board size, and audit quality have a significant effect over financial performance of companies listed in Dubai stock market. The major contribution of the study is the combined effect of variables, as in the available literature all these variables have not yet been studied collectively.

KEY WORDS: IFRS, Corporate governance, Board of director committees, Firm size and ROA.
Abstrak


Kata kunci: Standard Kewangan dan pelaporan antarabangsa, tadbir urus korporat, jawatankuasa lembaga pengarah, saiz firma, pulangan atas aset
DEDICATION

Every challenging work needs self-efforts as well as guidance and support of others, especially those who are very close to our heart.

Therefore, I dedicate this humble work

To my sweet and beloved

FAMILY

Whose love, support, and pray of day and night for making me able to reach such success.

To my lovely homeland

IRAQ

Which opening my eyes to this world. I hope it will get the peace soon.

To the marvelous land

MALAYSIA

Which granted me the opportunity to complete my study.
AKNOWLEDGMENTS

In the name of Allah, the Most gracious and Most Merciful. Praise all is to Allah, the creator of this Universal and His Messenger, Muhammad, peace and blessings of Allah are upon him. I am very grateful and feel thankful to Allah for the blessings, guidance, strength and health that he has given me during my study period that without his Mercy, it would have been impossible for me to complete my thesis as required.

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Sincerely,

ABBAS SAAD HAMADA AL-KHUZIE
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the recent years, a trend has emerged within accounting literature related to the term ‘value-relevance’ (Dechow, 1994; Costello & Wittenberg-Moerman, 2010; Alali & Foote, 2012; Wang & Hussainey, 2013). Researchers have begun to consider the pragmatic association between particular accounting numbers and the stock markets. From the perspectives of information economics, accounting and financial reporting, it can be seen that value-relevance as being significant to efficient performance. This investor-oriented information has attracted the bodies that are responsible for standard setting, such as the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB). These standard setting bodies have explicitly mentioned that the core reason behind accounting standards is to meet the requirements of financial markets (Nichols, Street & Cereola, 2012). As a result, the relationship among stock markets and accounting practices gained considerable attention.

Investors and the government institutions all are the users of financial statements. All have different interests regarding the financial position and the performance of companies (Aaker & Jacobson, 1994). For estimation of tax liability over the profit the government, need the financial statements of the companies. Another interest of the authorities is regarding assurance of implementation of laws and regulations that are designed for the same purpose. The banks and other financial institutions to check the liquidity position of the companies for granting and extending credit facilities, demand financial statements. On the other hand, investors require
The contents of the thesis is for internal user only
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Al-Abdel, S. F., & Bose, S. (2015). Corporate governance in the GCC: An analysis of selected listed companies in the UAE. *Journal of Accounting, Ethics and Public Policy, 16*(1), 1-36.


