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معهد العلوم الماليه و المصرفيه

**CORPORATE GOVERNANCE AND THE BOARD
EFFICIENCY IN U.A.E BANKS**

حوكمة الشركات و كفاءة اعضاء مجلس الاداره في بنوك دولة الامارات
العربية المتحدة

Presented by :Maha Bin Gharib
تقديم : مها بن غريب

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Dissertation Supervisor
Doctor Elango Rengasamy

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اود ان اشكر بعمق مختلف الافراد الذين ، خلال الأشهر القليلة التي استمرت فيه الأطروحة، قدموا لي الرعاية و المساعدة البناء و بفضلهم و رعايتهم تمت الأطروحة و نضجت بنجاح، اولاً أود ان اشكر الدكتور باندي و الدكتور الينجاو المشرفين على هذه الدراسة لتوفيرهم لي المعلومات المطلوبة ومساعدتهم لي في كتابة الأطروحة. كما أود أن أشكر عائلتي، خصوصاً والدتي لدعمها المستمر ا خلال فترة الأطروحة و دعمها الدائم لي خلال فترة دراستي.

كما أود أن أشكر كل الافراد الذين ناقشوا هذه الدراسة معي من مختلف المؤسسات المالية والحكومية، لتعاونهم و تقديم البناء الذي صقل وهذه الأطروحة بنجاح.

Abstract

This study titled CORPORATE GOVERNANCE AND THE BOARD EFFICIENCY IN UAE BANKS, and reached many of the results, where it became clear that the governance of banks is the process of organizing and arranging the relationship between the Bank's management, shareholders, related parties, the regulations makers, and government by monitoring and evaluating performance at various levels to benefit all parties.

Governance of banks focused mainly on the sustainability of the business, and environmental aspects play a major role in social sustainability. Good governance is to protect the rights of investors, especially the rights of minority shareholders, including their right to express their opinion regarding the company's management in major transactions, in addition to their right to know everything related to their investments.

The concept of corporate governance banks to the manner in which they are monitoring the progress of work in the company by the board and how to achieve accountability responsibility in the face of the shareholders.

Governance is a system by which is directing business organizations and control, where you specify the structure and framework for the distribution of duties and responsibilities among the participants in the company, such as the Board of Directors, managers and other stakeholders. And establish rules and provisions to make decisions concerning the affairs of the company.

هذه الدراسة بعنوان حوكمة الشركات وكفاءة الهيئة في البنوك الإماراتية و النتائج المترتبة عليها ، حيث أصبح واضحاً أن حوكمة البنوك هي عملية تنظيم وترتيب العلاقة بين إدارة البنك والمساهمين والأطراف ذات الصلة، و صانعي اللوائح ، والحكومة من خلال رصد وتقييم الأداء على مختلف المستويات لتعود بالفائدة على جميع الأطراف .

حوكمة البنوك تركز أساساً على استدامة الأعمال التجارية، والجوانب البيئية تلعب دوراً كبيراً في الاستدامة الاجتماعية. و الحوكمة الرشيدة هي التي تحوي حماية حقوق المستثمرين، وخاصة حقوق الأقلية من المساهمين، بما في ذلك حقهم في التعبير عن رأيهم بخصوص إدارة الشركة في المعاملات الكبرى، بالإضافة إلى حقهم في معرفة كل ما يتعلق باستثماراتهم.

مفهوم حوكمة البنوك و الشركات هي الطريقة التي يتم فيها رصد سير العمل في الشركة من قبل المجلس، وكيفية تحقيق المسؤولية والمساءلة في مواجهة المساهمين في حال استدعاء الأمر.

الحوكمة هي النظام الذي يتم من خلاله توجيه منظمات الأعمال والرقابة، حيث تحدد هيكل وإطار توزيع الواجبات والمسؤوليات بين المشاركين في الشركة، مثل مجلس الإدارة والمديرين وغيرهم من أصحاب المصلحة. ووضع قواعد وأحكام في اتخاذ القرارات المتعلقة بشؤون الشركة.

CHAPTER ONE
INTRODUCTION

Introduction

Corporate governance have emerged primarily in Britain, when the Commission issued a Cadbury monthly report, "December 1992, after the emergence of signs of distrust in the financial reports submitted by companies in the markets of London, then the concept got wider attention, especially after the falls and sudden scandals of successive major companies in the world such as Enron and WorldCom. And the owner of this falls vitriol large accountants and regulatory laws used in the financial markets, which led to the collapse of one of the largest accounting offices in the world [the office of Arthur Anderson] (Bai,et.al., 2002).

The markets got concerned due to the sudden falls of global companies, which affected developed markets, especially that many economists consider the developed markets as an example [role model to be followed]. As a result of the collapse in such markets the concept of governance started to emerge recently in the major markets for some of the Arab countries; such as Saudi Arabia and the Arab Republic of Egypt, and got the guidance on corporate governance from well-established international institutions; such as the Global Forum on governance, Organization for economic Cooperation and Development, World Bank and others. These organizations worked to encourage the development of the principles of corporate governance in many other Arab countries (Brown, Lawrence & Caylor, Marcus, 2004).

Many countries and international organizations have been quick to embrace the concept of corporate governance; in an attempt to reform the corporate status, and enhance disclosure and transparency, and to prevent further financial crises in the future (Azab, B., 2007).

Corporate governance focuses mainly on the sustainability of the business, environmental and social aspects play a major role in sustainability. Thus, the focus on sustainability will help ensure the value for companies in the long run. In response to changing economic conditions, because of the practices that have had a role in sparking the current financial crisis, investment institutions began to pay more attention to the risks of long-term investments. Without doubt, the environmental factors, social and governance practices play an important role in the assessment of these risks (Cheryl R .Lehman, 2005).

Trust, honesty and good reputation in business operations was one of the principles established thousands of years ago, it became necessary to translate these principles to suit the conditions of modern business practice - such as e-commerce - with a reminder institutions these principles on a regular basis, creating an appropriate framework of incentives reduce the cost of the application of standards good governance. Must also convince companies owners, that good governance would be profitable even if the company applied corporate governance within an environment that have a high spread of bribery and corruption (Cheryl R .Lehman, 2005).

Laws and regulations, institutions should help in providing a legal infrastructure in favor of corporate governance, and activate it to be a focused on corporate governance. Due to the importance of overall production of good and services in Arab countries, government must ensure proper management of public sector companies in accordance with the principle of corporate governance in private sector companies(Cooper, Kerry and Fraser, Donald, 1986).

If current policies aimed at privatization, it is essential that there are financial markets to a large degree of efficiency, subjected to supervision, and has the ability to impose transparency to the financial markets, discipline and accountability in legal firms privatized in order to be recorded in the securities markets. Also securities market can do this role provided high level of efficiency subjected to the supervision of an independent body of capital (Bai,et.al., 2002).

Investors realize the potential of earning higher return from well established companies with proper management, and accordingly are willing to pay extra to such companies, as they realize the value of protection on their investments from exposure to loss because of greed, neglect and disregard for managers or favors for people with associates.

Good governance was established to protect the rights of investors, especially the rights of minority shareholders by giving them the right to express their opinion regarding the company's management in major transactions. In addition to their right to know everything related to their investments. The government offers investors a greater proportion of liquidity, which built the confidence and increased efficiency in capital markets and allowed the investors to diversify their assets and sell it if they want to. Finally, the procedure of good governance helps in protecting creditors'

rights and limits the liability of shareholders especially when a financial distress occurs (Azab, B., 2007).

Banking has become very complex, so that administrators can not only control the banks, and on this basis, received a great responsibility to the shareholders and their representatives on the boards of banks to achieve the safety and security of banking operations. Process may not depend on the banks alone, but extends liability to all dealers within the banking sector to achieve financial stability (Brown, Lawrence & Caylor, Marcus, 2004).

Despite the clarity of this idea, continued crises and bankruptcies sequence of the banks in many countries of the world, this led many of the bodies, the committees of Finance and banking, monetary world to contribute new ideas on good governance for banks similar to what was done by the Basel Committee over twenty years ago (Cheryl R .Lehman, 2005).

Based on this background, this study aimed to identify the corporate governance and the board efficiency in UAE banks.

1. Importance of the study

This study derives its importance from the growing interest in the subject of Corporate Governance in recent years, researchers and those interested in international organizations discussed the subject of governance in many conferences, seminars and workshops in the developed countries, unlike the developing countries, especially Arab countries; where there is still a distinct lack in this direction, Perhaps this study is a contribution to a better understanding of this subject, and thus contribute to narrowing the gap between the paradigm and its application in the United Arab Emirates (Demb , A & Neubauer, F. F., 1992).

Research and studies undertaken by the OECD stressed the importance of corporate governance, for the sustainable growth of productivity in the developing world, as shown by the forums and discussions of regional organized by the organization on corporate governance in Asia, Latin America, South-Eastern Europe and Russia, that the quality of local governance of companies is very important to the success of development efforts in the long term in various parts of the developing world today (Cheryl R .Lehman, 2005).

Financial collapses of a number of U.S. companies in 2002, led by company Enron and WorldCom of the most prominent examples of driving to pay more attention to standards of disclosure and accounting standards of good. And to bring more discipline, the new legislation in the United States called the Sarbanes-Oxley, emphasized on the importance of adopting a mechanisms which is regular and quick in order to make disclosures and improve transparency level, as well as created new legislation to committees internal review is made up of independent members to follow up the audit of the neutral fully; addition to the new legislation on accounting and audit had pointed out the importance of establishing a follow up and monitor the performance of accounting firms and audit to ensure the efficient performance of its functions (Bai,et.al., 2002).

In the same context, in order to activate the mechanisms of a more coherent with regard to disclosure and accounting standards, OECD announced in November 2002 the updation of corporate governance principles that was issued to coincide with the dynamics of movement imposed by capital markets in the world (Brown, Lawrence & Caylor, Marcus, 2004).

The Concept of corporate governance is highly important as it helps in governing the relationship between key personal and help in establishing responsibility and accountability. It also helps in supporting the organizations sustainability by trying to achieve greater transparency. The main challenge is that many thinks that corporate governance imposes limits and restrictions to the way that they conduct their business. Here comes the role of governments and related governing institutions in increasing the awareness among companies and financial institutions on the importance of the concept and how it can help them achieve growth and support their profitability (Articlebase, 2010).

From here we can say that the problem of this study; is that the concept of corporate governance, the reasons and circumstances that led to its appearance, to claim its application in the banking sector in recent years is not clear to many of those involved in the business sector in the Arab world in general and the United Arab Emirates. There is also no precise definition and specific to the concept in Arabic, but it is more than that as it is not adopted by the authorities supervising the sectors of trade, finance and banks in the Arab world (Azab, B., 2007).

Researcher can formulate the problem in this study by the following question:

Are banks in the UAE committed to the proper application of the concept of corporate governance?

2. Research objectives

This research aims are as follow:

- a- Identify the nature of corporate governance in terms of the emergence of the concept of corporate governance and development.
- b- Highlight the importance and benefits of corporate governance, and to identify the principles of corporate governance.
- c- View the United Arab Emirates experience in the application of the principles of corporate governance, especially in the banking industry.
- d- Identify the role of the board directors in effect to the principles of governance.
- e- Recognize the importance of internal audit in companies where the concept of internal audit, and duties of internal auditor, and the role of the internal audit function in the application of corporate governance.

3. Research methodology:

Researcher will be based on scientific methodology Inductiveness descriptive review and analysis of the application of the foundations of corporate governance in UAE banks, and to identify the theories that serve the problem and the objectives of the study; for the diagnosis, the researcher will collect data in order to create a perspective for the subject of the study based on: (Books and magazines, statistics, official documents, theses, studies and research, newsletters, publications and scientific books).

4. The study Questions:

This study raises a key question which is: Are Banks in the UAE apply the principles of corporate governance application is true?.

This question stems from a number of subsidiary questions, which are as follows:

1. When did the concept of corporate governance and how it developed?
2. What is the importance and benefits of corporate governance in the banking sector?
3. What is the reality of corporate governance in banks in the UAE?

5. Limitation of the study

Upon the completion of this paper we faced the transparency and confidentiality issue as most of U.A.E banks used it as an excuse. Furthermore lack of materials related to U.A.E bank in that particular topic. In addition to delays in material collection, due to busy schedule of such superior member in required banks

The study has a temporal limitation as it will be representing the time period of 2008 up to 2010.

6. Chapterisation

First chapter briefly discuss the theoretical framework of the study. The chapter discusses the emergence of Corporate Governance as a result of the repercussion failure of many well established international companies. And how the concept got embraced by many financial institution's in various countries. It also summarized the principle of corporate governance and the need to increase the level of efficiency and transparency in the companies providing it has an independent external supervision. The chapter also sets the study questionnaire, objective of the study and methodology.

Second chapter as well discuss the emergence of corporate governance however in depth and the driving forces of corporate governance in developing countries. Furthermore it describes the history of corporate governance and the incidents that pushed the researchers to focus on corporate governance concept, which made them sense the need to shift from the tradition scope of governing structure to highly sound and standardized governing system.

The chapter also reflects factors that lead to corporate governance such as the need of confidence, need to increase transparency and the need to reduce corruptions. In addition to corporate governance structure and what to be taken into consideration while applying the concept and the principle which the concept should be based on.

Also it discusses the element associated with corporate governance in term of culture, people moral and legislations.

Third Chapter discuss U.A.E banks , as it reflects the banks categories , the importance of quality reporting as it increase the competitiveness among local/ foreign banks. Furthermore it shares related banking data as obtained from Central Bank in U.A.E. In addition to the banking rules and regulations, as set by the U.A.E Central Bank.

Fourth and fifth chapter discuss the methodology, which will identify the study sample and the statistical methods used in this study. In addition to the results of the study

Sixth chapter discuss the conclusion and interpretation of the results in order to reach a number of important recommendations.

CHAPTER TWO

Literature Review

I. Introduction:

There are only a few topics that could be more significant than the importance given to corporate governance, for businesses and international development programs. This is due to a series of events that occurred in the last two decades, and that was the reason for this priority enjoyed by issues related to corporate governance in both the international business community, and international financial institutions (Azab, B., 2007).

The landslides amazing to businesses - such as the scandal's famous Bank of Credit and Commerce International, a disaster Savings and loan Banks in the United States, and the large gap between the salaries and emoluments of officials, corporate executives and the performance of those companies - the driving force behind the change request in developed countries (Bai,et.al., 2002).

The major financial crises and institutional collapses in East Asia, Russia and the United States that is the subject of corporate governance came to the fore in developing countries and emerging markets and transition economies (Brown, Lawrence & Caylor, Marcus, 2004).

I. The emergence of corporate governance

The importance of joint stock companies and the economic role they play in building the national economy and its growth is the most important economic indicator and considered as a sign of healthy economy. The economy of any country is measured by the performance of companies the contributes back to it, therefore joint stock companies is one of the best ways to invest in the world (Bancel Franck, 1997).

In order for citizen to be able to take proper decisions on employment, investment and consumption, companies need to be more transparent in their disclosures to public by identifying caveats of these investments and risks associated to it, which need to be implemented and regulated by an independent government bodies to ensure effective implementation. (Azab, B., 2007).

Through our quest for information to reach a correct scientific formula to assure the success of joint stock companies, and achieve the mutual interests between these companies, the government and the public. We found in the literature of the global

economic and global experiences the spread of the term of corporate governance, a system was in place in many developed and developing countries, however in a non-standardized way. As we know that corporate governance concept arose after various financial crises in many countries, and the failure of some companies and financial corruption in which, an integrated set of standards and principles must be taken into account in the joint-stock companies for various reasons. First is to ensure the success of companies and to achieve its purpose. Second is to ensure their contributing appropriately to the growth of national economy (Bancel Franck, 1997).

Attention to corporate governance growing in many developed economies, and emerging during the past few decades, especially in the wake of economic collapse, financial crisis witnessed by the number of countries in East Asia, Latin America, and Russia in the nineties of the twentieth century, as witnessed by the U.S. economy recently the repercussions of the financial collapse of a number of poles of the global U.S. companies during 2002. (Bai,et.al., 2002). Further to the recent economic downturn between 2007 and 2008 and the European credit default in 2010, which affected many financials institutions and caused a spread of downgrades on well-known financial institutions by the international ratings agencies [S&p's , Moodys and Fitch].

The concept of corporate governance has earned an increasing interest by many top institutions, such as IMF, World Bank Organization for Economic and Development. All has contributed to the establishment and development of legal and institutional frame work on the application of corporate governance in public and private enterprises, whether current or non-current financial market, by providing a number of guidelines to strengthen corporate governance efficiency in financial markets which will help stabilizing the economy as whole, this was supported in May 2002 by World Organization of Securities under the name of the importance of adopting the principle of corporate governance (Bai, et.al., 2002).

Researcher will address the emergence of corporate governance by identifying the date on corporate governance and the factors that led to its establishment as follows (Bancel Franck, 1997):

1. History of corporate governance

In the nineteenth century, contributed to the laws of the government institution in the promotion of the rights of corporate boards to govern without unanimous approval of shareholders in exchange for the benefits of legal rights, such as evaluation, to make corporate governance more efficient. Since that time, because most large companies publicly traded in the United States have been included under the management of companies, and because the United States is turning a wealth increasingly to the securities in corporate entities and institutions, the rights of shareholders, the owners of individual interests increasingly faded and have fears of shareholders to pay management and stock losses periodically to more repeated calls for reforms and corporate governance (Brown, Lawrence & Caylor, Marcus, 2004).

In the twentieth century in the period immediately following the Wall Street in 1929, legal scholars such as Adolf August, Edwin Dodd, and Gardiner C. Thought of ways to the role of a variable to a modern company in the community (Alan Calder, 2008).

From the Chicago school of economics, Ronald Coase (1937) introduced the idea of transaction costs in understanding why companies are established, and how they continue to act. After fifty years, has established Leijun Fama and Michael Jensen, the idea of separation between ownership and control of agency theory as a means to understanding corporate governance: the company is a series of contracts (Bancel Franck, 1997).

The United States after World War II expanded, through the emergence of the role of multinational companies, and saw the creation of the administrative class. Accordingly, the publication of the Harvard School of professors of the influential studies: a study such as Jay Lorsch (organizational behavior), Elizabeth (organizational behavior). According to Lorsch, "control of several large companies dominating the business affairs without sufficient accountability or monitoring by the board" (Bancel Franck, 1997).

Since late 1970, corporate governance was the subject of great debate in the United States and around the world. Extensive efforts have been made to reform corporate governance, and took into account the needs and wishes of the shareholders to exercise their rights in the ownership of companies and increase shareholder value

and wealth. Over the past three decades, the duties of company directors have expanded well beyond the traditional scope of legal responsibility is the duty of loyalty to the institution and its shareholders (Bancel Franck, 1997).

In the first half of 1990, the issue of corporate governance in the United States received much attention from the press; because of the expulsion of Chief Executive Officer, IBM, Kodak, Honeywell by their boards. In the California Public Employees has led a wave of corporate activity for the shareholders, as a means to ensure that companies will not destroy the value of intimate relationships between the CEO and Board of Directors (Bai,et.al., 2002).

In 1997, the Asian financial crisis affected the economies of Thailand, Indonesia, South Korea, Malaysia and Philippines, the country affected by the exit of foreign capital after the collapse of property assets. This highlighted the weaknesses in these countries, the absence of mechanisms for corporate governance in the institutions (Alan Calder, 2008).

In early 2000, resulted in bankruptcies enormous (and criminal offenses) of the Enron and WorldCom, as well as the refraction of companies, such as communications Adelphia, AOL, Arthur Andersen, Global Crossing, Tyco, to increase the rights of shareholders and the interest in corporate governance in the management of companies. This is reflected in the passage of the Sarbanes Oxley Act of 2002 (Cheryl R .Lehman, 2005).

2. Factors that led to the emergence of corporate governance

We can say that the factors associated with the economic climate in Western countries; contributed to the emergence of the concept of corporate governance to the public, including (Cooper, Kerry and Fraser, Donald, 1986):

- a- With the explosion of the Asian financial crisis in 1997, the world is seen taking a fresh look at corporate governance. Referred to the financial crisis, can be described as the crisis of confidence in institutions and legislation that govern business and the relationships between businesses and the government. Many problems that have emerged to the fore during the crisis they include the operations and transactions in-house staff, relatives and friends among businesses and the government, and for companies to access enormous amounts of short-term debt at the same time made sure where the lack of

knowledge of the shareholders of these things and hide this debt through the methods and systems accounting "innovative", and so on (Cheryl R .Lehman, 2005).

- b- With the escalation of corruption cases in the major U.S. companies such as the "Enron" and others, began to talk about corporate governance; as the financial statements of these companies they do not reflect the reality, in collusion with leading global audit and accounting; which made the OECD Economic and Development issued a set of guidelines regarding corporate governance in general (Cooper, Kerry and Fraser, Donald, 1986).
- c- Increased the severity of the call to the corporate governance practices of multinational companies in the economics of globalization, where the acquisition and integration between the companies for control of the global markets. Although there are thousands of multinational companies, there are only 100 companies, which controls the destinies of foreign trade in the world, through the exercise of monopoly (Alan Calder, 2008).
- d- The concept of governance has gained great importance for the emerging democracies; due to weak legal system that cannot be made with the execution of contracts and resolve disputes in an effective manner. The poor quality of the information leading to the prevention, control and supervision of work on the spread of corruption and lack of confidence (Cheryl R .Lehman, 2005).

II. The concept of corporate governance

The financial meltdowns and volatility in financial markets in many countries recently led to thinking about how to protect investors from speculators on the stock market, and the continuous errors by corporate boards and executives resulted in increasing the interest on the role played by companies in the emphasis of compliance with policies and control procedures, and on the role of stability in financial markets, and converted from market speculation to market investment, and will lead undoubtedly to attract investment and strengthen the economies of the countries, through the development of certain grounds of the relationship between the board and managers, investors and stakeholders a way that leads to a lack of transparency in the dealings between these parties which leads to prevent such collapses and financial volatility in the future. It became quite clear that the application of corporate

governance largely determines the fate of companies and the fate of the economies of the countries (Bai,et.al., 2002).

Thus, investors are looking before making their investments for companies that are characterized by the presence of structures of sound corporate governance, which guarantees a certain level of accuracy in decision-making, from disclosure and transparency in financial information, published by the clarity and precision in the financial statements before they invest in these companies (Bancel Franck, 1997).

Researcher will shed light on the concept of corporate governance by focusing on the following points:

1. Definition of corporate governance:

Corporate governance has various definitions and each indicates the view adopted by the author of the definition.

UAE law defines corporate governance as: "a set of controls, standards and procedures that achieve institutional discipline in the management of the Company in accordance with the standards and methods of the world, and through the identification of responsibilities and duties of board members and treacherous executive of the company and take into account the protection of the rights of shareholders and stakeholders".

IFC defines governance as: "is the system through which corporate governance and control in their work" (Cooper, Kerry and Fraser, Donald, 1986).

OECD defines corporate governance as: "a set of relations among the administrators of the company and the Board of Directors and shareholders and other shareholders" (Demb , A & Neubauer, F. F., 1992).

There are who know the corporate governance as "the sum of the" rules of the game "which is used to manage the company from the inside, and the Board of Directors oversee them; to protect the interests and financial rights of the shareholders." In other words it systems that govern relations between the principal parties that affect performance, and include components to strengthen the institution in the long term and determine the charge and responsibility (Alan Calder, 2008).

Researcher has reach a set of definitions of the concept of governance, which include (Bancel Franck, 1997):

Governance is the system through which guide the work of the organization, and control at the highest level; in order to achieve its objectives and meet the necessary standards of responsibility, integrity and transparency (Egyptian Banking Institute, 2006).

Governance are the rules, regulations and procedures; that achieve the best balance between protection and the interests of the company's managers, shareholders and other stakeholders associated with it, which apply in particular in joint stock companies listed on the Stock Exchange, as well as financial institutions that take the form of joint stock companies (Cooper, Kerry and Fraser, Donald, 1986).

It also can be defined governance as "the" framework within which companies exercise a presence, and focus on relationships between staff, board members, shareholders, stakeholders and policy makers, government regulations, and how the interaction between all these parties in supervising the operations of the company (Eric Yocam, Annie Choi, 2008).

OECD presented a concept of corporate governance as "the system through which management and control and guide companies, through which the distribution of rights and responsibilities among the various parties concerned company such as; Boards of Directors, executives, shareholders, other stakeholders in the company, governance structure explains the rules and principles, except the decision-making in companies" (Cheryl R .Lehman, 2005).

Governance is dealing certain actions on the part of representatives of interested parties in the company, to ensure the supervision of specific actions on the part of the company's management, with respect to risk and control, and follow these procedures to verify the effectiveness of control in the face of risk, so as to create conditions for achieving the objectives of the company, and the generation and maintenance of the value on the level of organization (Fabozzi Frank & Modigliani Franco, 1992).

Accordingly, the corporate governance system is: "an integrated system of financial control and non-financial, which is on the way the company's management and control' (Bai,et.al., 2002).

The system of governance is "a suite of methods by which to ensure that investors achieve a reasonable profit on their investment" (Fawzy, S., 2003).

System of governance is "a set of laws, rules and standards that define the relationship between the company's management on the one hand, shareholders and stakeholders or parties associated with the company (such as bondholders, workers, creditors, citizens) on the other" (Alan Calder, 2008).

2. Elements associated with the concept of corporate governance:

The concept of governance cannot be applied in isolation from two important elements: First management culture accumulated on the concept of governance and its importance to the board members and executives of the company, as well as the objectives and methods of application, and most of all; conviction of, and its legitimacy in the minds Internal Medicine. This is reflected in their implementation of governance or to circumvent the provisions, without that can not be of any actions that the Governor published check-value targets without the availability of adequate management culture around the board members and executives (Cheryl R .Lehman, 2005).

The second element is the moral side of the people themselves, and I mean the members of their boards of directors and senior executives in the company. This element is the most important and most dangerous, because the conviction of the principles of corporate governance and requirements does not help if any of them harbored ill-will or morals allow him to leak important information before publication, or take advantage of or exploit the assets of the company contrary to the interests of the company or trivialize and diminish the importance of any action govern his actions in order to pass the personal interests (Freeland, C., 2007).

From here it is clear that, applying the concept of corporate governance in companies; requires the availability of three important elements; the first element is the legislation, which is done by many of the bodies of financial markets in many Arab countries, when it announced the list of corporate governance, and the second element is the availability of adequate level of administrative culture on the concept of governance, requirements and importance of the board members and executives. The final and most dangerous element is the moral aspect (Alan Calder, 2008).

The moral aspect cannot be any regulation that governed nor any doses cultural to change if it is lost, and this is experienced by most of the legislation related to corporate governance, therefore, has become the application of corporate governance

is a relative can not be measured accurately, this item if not supported by the trend the religious individual, there is no cure, only a list of relevant provisions of the severe penalties for any person thickener; prove that he had leaked information is essential to or benefited from or already took advantage of the company's assets in an irregular manner (Cheryl R .Lehman, 2005).

Thus, the proper application of corporate governance, requires three important elements on the ground the first legislature and the second and final cultural moral, and the first two elements can be achieved on the ground, the latter should be associated with loss of stiff penalties (Cooper, Kerry and Fraser, Donald, 1986).

III. Structure of the corporate governance system:

Through the previous view of corporate governance, it is clear to us that when you apply the system of governance within a company; must first take into account the nature of the company, the circumstances in which it operates, its organizational structure, management culture of the members of boards of directors, executives, and that before the introduction of principles of corporate governance. This leads necessarily to say that the rules of corporate governance set out in regulations issued by the governance bodies of the financial market are the general rules must be committed by companies that the company depending on the circumstances and formulate a system of governance inside eventually lead to a commitment to those principles (Bancel Franck, 1997).

In general, the structure of corporate governance must be based on the following principles:

- a- **Accountability:** to allow the company's system of governance accountable to all shareholders, provide guidance to the Board of Directors of the company in how to develop the company's strategy and management control (Gillibrand , Michael, 2004).
- b- **Justice:** means that the company is committed to protecting the interests of shareholders, and emphasizes equal treatment to them, including small shareholders (Hampl Committee, 1998).
- c- **Transparency:** means that the company emphasizes its commitment to timeliness and accuracy in the process of disclosure of all relevant information regarding the financial status, the performance of the company, the ownership structure,

corporate governance, through the channels of contact certain that all interested parties, the company easily accessible (Alan Calder, 2008).

d- **Liability:** means that the company recognizes the rights of all interested parties of the company, contained in laws and regulations, and also become comfortable on the joint cooperation between the Parties (Cheryl R .Lehman, 2005).

In light of these principles; the company should develop a set of regulations and internal governance which are as follows (Alan Calder, 2008):

- a- A list of the General Assembly of shareholders.
- b- List of Board of Directors.
- c- A list of the Audit Committee.
- d- List of Nominations Committee and rewards.
- e- A list of the Executive Committee.
- f- A list of executive management (Cooper, Kerry and Fraser, Donald, 1986).
- g- The list of policy disclosure and transparency of information.
- h- A list of the internal control system.
- i- The list of risk management policy.
- j- A list of the internal audit department (Hawley Trozell, 2004).
- k- The list of policy dividends.
- l- Guide ethical behavior and the relationship with stakeholders.
- m- Conflict of interest policy.
- n- List of company secretary (in charge of implementation).

These regulations is to ensure that the tool is the way for the company's knowledge of each party to the influential company in the process of governance; knowledge of the duties, responsibilities, powers and the nature of his relationship with the rest of the parties, as the lead in the end, the existence of sound corporate governance practices within the company (Alan Calder, 2008).

4. Standards of governance:

Given the growing interest in the concept of governance, many institutions keen to study this concept and analysis, and develop specific criteria for its application. These institutions are as follow: the Organization for Economic Cooperation and Development, BIS; represented in the Basel Committee, and the IFC of the World Bank (Bancel Franck, 1997).

In fact, we find that, as different definitions given to the concept of governance, as well as the different standards that govern the process of governance, from the perspective of the view that ruled each concept to develop these standards, as follows (Cheryl R .Lehman, 2005):

A. Standards Organization for Economic Cooperation and Development:

Application of corporate governance are in accordance with five criteria, findings of the Organization for Economic Cooperation and Development in 1999, knowing that the organization has issued an amendment in 2004. These standards are as follows (Bancel Franck, 1997):

- **Ensure that there is a basis for an effective framework for corporate governance:** must include a corporate governance framework both to enhance market transparency and efficiency, as it should be consistent with the provisions of law, and to formulate a clear division of responsibilities among supervisory authorities, regulators, various operational (Hawley Trozell, 2004).
- **Remember the rights of all shareholders:** to include the transfer of ownership of shares, and the selection board, and get a return in profits, and review financial statements, the right of shareholders to participate effectively in meetings of the General Assembly .
- **Equal treatment of all shareholders:** means the equality of shareholders within each class, their right to defend their legal rights, voting in the General Assembly on key decisions, as well as protect them from any acquisitions or the merger is questionable, or trafficking in inside information, as well as their right to have access to all transactions with board members or executives (Cooper, Kerry and Fraser, Donald, 1986).

- **The role of stakeholders in the methods of the exercise of powers of the company's management:** including respect for their legal rights, and compensation for any violation of those rights, as well as mechanisms for their effective participation in the control of the company, and access to required information. It is intended stakeholder banks, employees, bondholders, suppliers and customers (Cheryl R .Lehman, 2005).
- **Disclosure and transparency:** dealing with the disclosure of important information and the role of the auditor, the disclosure of ownership of a majority of the shares, the disclosure of board members and executives. Disclosure is all that information in a manner fair to all shareholders and stakeholders in a timely manner and without delay (Hawley Trozell, 2004).
- **Responsibilities of the Board of Directors:** Board of Directors include the structure and duties of the legal, how to choose its members and its primary functions, and its role in overseeing the executive management.

B. Standards of Basel Committee on Banking Supervision World:

In the 1999 Basel Committee has developed Guidelines for corporate governance in the banking and financial institutions, these guidelines focus on the following points (Bancel Franck, 1997):

- Company's values and codes of honor for the actions of sound, and other standards of good behavior, and systems that use the application achieved these standards (Cheryl R .Lehman, 2005).
- Strategy of the company is well prepared, under which the company's success can be measured and the total contribution of individuals in it.
- Proper distribution of responsibilities, and decision-making positions, including a functional sequence of approvals required from the individuals of the Council.
- Develop a mechanism for effective cooperation between the Board of Directors, auditors and senior management (Hawley Trozell, 2004).
- The availability of a strong internal control system includes the functions of internal and external audit and independent risk management for the lines of action taking into account the appropriate authorities with responsibilities.

- Special monitoring centers in locations where the risk is escalating a conflict of interests, including working relationships with borrowers associated with the bank and major shareholders and senior management, or key decision makers in the organization (Cooper, Kerry and Fraser, Donald, 1986).
- Financial and administrative incentives for senior management that meet the work properly, and also for managers or employees, whether in the form of compensation or upgrades or other elements.
- The flow of information appropriately internally or abroad.

C. Standards of the International Finance Corporation:

In 2003, the International Finance Corporation of the World Bank has developed guidelines, rules and general standards; deems essential to support governance in a variety of institutions, whether financial or non-financial, on four levels as follows (Alan Calder, 2008):

- Accepted practices of good governance.
- Additional steps to ensure that the new good governance(Hawley Trozell, 2004).
- Essential contributions to improve good governance locally.
- Leadership (Cheryl R .Lehman, 2005).

5. Parties on the Application of Corporate Governance:

It should be noted that there are four main parties affected by and affect the proper application of the rules of corporate governance, and to a large extent determine the success or failure in the application of these rules, and those parties are in the following (Bancel Franck, 1997):

- a- **Shareholders:** are those who provide capital for the company through their ownership of shares; in exchange for profits appropriate to their investments, and also maximize the value of the company in the long run, They have the right to select members of the Board of Directors to protect their rights (Hitt , A . & Others, 2001).
- b- **Board of Directors:** They also represent the shareholders and other parties; such as stakeholders. Board of Director is to choose the executives who

delegate authority to them, day to day management of the company, as well as control over their performance, as Board of Director shall draw general policies of the company and how to safeguard the rights of shareholders (Cheryl R .Lehman, 2005).

- c- **Management:** is responsible for the actual management of the company, and reporting of performance to the Board of Director. The company's management is responsible for maximizing the profits of the company and increase its value, in addition to responsibility for the disclosure and transparency in the information published by the shareholders.
- d- **Stockholders:** are a group of parties with different interest in the company; such as creditors, suppliers and employees. Each party have different interests that may cause conflicts and differences in some cases, creditors for example, are interested in the company ability to pay, while employees care on the Company's ability to continue (IIF, 2003).

It should be noted that the companies affected by the relations among the parties in the system of governance, the dominant property owners of shares who may be individuals or families or allied blocks, or any other companies working through a holding company, including possible influence in the behavior of the company. At this time, increasing demands of institutional investors in some markets as the owners of the rights of ownership to have a role in corporate governance, and usually does not seek shareholders individuals to exercise their rights in governance, but they may be more interested in obtaining fair treatment of shareholders with holdings of dominant and management of the company (Bancel Franck, 1997).

Creditors play an important role in the degree of commitment of companies to apply the principles of corporate governance, as called for many of the supervisory bodies specialized for the banking sector and international agreements such as Basel II, banks need to make sure of the commitment of companies that deal with the application of the principles of corporate governance, the companies are committed to applying those principles to obtain funding from the banks lead to the availability of many advantages for both banks and companies. Banks in this case be reassuring to the funds and the companies' ability to pay, either the companies are in a position to obtain the required funding at an affordable cost (Alan Calder, 2008).

The workers are playing an important role in contributing to the success of the company and its performance in the long term, while governments are working to establish the institutional framework and legal destruction of corporate governance, and contrasts the role of each of these parties and their interactions with each other varies widely, depending on the circumstances of political, economic and cultural conditions (Cheryl R .Lehman, 2005).

6. Damages resulting from non-compliance with corporate governance:

One of the most obvious example of lack of commitment of companies to apply the principles of corporate governance is the collapse and bankruptcy of Enron Energy, which was one of the largest companies in the United States of America, has misled the company's shareholders, as well as those working in the stock market, where knowledge of the Director agreed with the auditor to manipulate in the financial reports; to hide losses and inflate profits; resulting in a rise in the market value of the shares on the stock exchange. In addition, the executives to take advantage of inside information they have available for a real financial position of the company, they would sell the company for personal profit (Alan Calder, 2008).

Enron is a glaring example of a breach of the rules of corporate governance; as a result of lack of commitment to transparency to investors, as well as lack of responsibility by executives, and exploitation of their influence and positions of leadership, to achieve personal gain; through the manipulation of financial reports and waste to protect the rights of small investors (Bancel Franck, 1997).

Here arises a very important question, which is; Do the companies have a system of governance of its own, developed in accordance with the principles of corporate governance applied by the market, listed its shares or not? The answer is yes, the company has a system in accordance with those principles, but the degree of commitment to the company in the application of those principles that led to the occurrence of such deviations. The fact that the States through the bodies of the financial market by developing a list of corporate governance, and ask the companies listed souks of Finance establish a system of governance of its own, consistent with the size and circumstances and in accordance with the principles of that regulation, is not sufficient to ensure the safety performance of these companies, but more

important is the commitment of these companies application of these principles (Cheryl R .Lehman, 2005).

Are the principles of corporate governance principles guiding or binding:

At this time raised much controversy about the nature of the list of corporate governance in many Arab countries; in terms of compelling the companies to contribute to the registered shares in the securities markets by, here we must point out that when the bodies of the financial markets of those countries to issue a list of corporate governance , stated that these regulations are the regulations guiding to all the companies included in the financial markets, but it also provides that the company must abide to disclose in the report of the Governing Council; what has been applied from the provisions of these Regulations and the provisions which were not applied and why, which is in that context, followed governance system applied in the United Kingdom; in terms of not forcing companies to apply the rules and make a list of pilot (Alan Calder, 2008).

At present, we find that the majority of the boards of listed companies in the financial markets; find themselves forced to follow and implement the regulation, as the list of pilot, and two important points must be clarified which are as follow: (Cheryl R .Lehman, 2005):

- a- **The first point;** is the study of the commitment of the companies listed its shares on the London Stock Exchange in terms of the application of governance or not, as the list of pilot, we find that all companies have applied all the items on the report of the Cadbury, as evidenced by the common (list of corporate governance in the United Kingdom), given that the London Stock Exchange forced companies to disclose in the report of the board of directors of what was applied from the provisions of the report of the Cadbury, the provisions which were not applied and why, as stipulated in the list of governance in many Arab countries, where there is no board of directors of any company is capable of justification in his annual report reasons not to apply the provisions of the Regulations, of, for example in a system of internal control, and the existence of a written policy for the disclosure and transparency, and dividend policy, and

regulations that govern the general assembly of shareholders and of the board of directors (IIF, 2003).

b- The second point; is the role of shareholders in the application of the list of governance, a point is very important, may be absent from the board of directors of some companies, where the shareholders of their association public are the party that has the right to question and evaluate the performance of the election and isolate the board of directors and approval of plans strategic, regulatory, proposed by the board of directors, the rights guaranteed by the corporate system and laws in many Arab countries and in all countries of the world, and here we find that the decision to apply the list of governance or not; is not the decision of board of directors companies only, but the decision the shareholders in their association of public also, through the study of states that preceded the Arab countries in the application of corporate governance, we find that the main role in urging the companies to the proper application and review the actual degree of commitment of companies to the provisions of the Regulations, falls to the shareholders, not the boardroom (Alan Calder, 2008).

Here we find that, in time, in which the bodies of financial markets in Arab countries as a list of pilot, we find that the regulation in practice, all companies applied to show the shareholders that the company has the management systems and control sound, guaranteeing the integrity of the financial statements, transparency and disclosure, a way that leads to increased investor confidence in the market, companies registered in it, and leads to attracting foreign investment, which seeks to invest in companies that are characterized by the existence of systems of governance (Alan Calder, 2008).

7. Importance of good corporate governance in banks:

We can summarize the importance of good corporate governance in banks in the following points (Bancel Franck, 1997):

1. Corporate governance is a system whereby the direction and control of operations of banks (IIF, 2002).

2. Corporate governance is a key element in improving economic efficiency, and poor corporate governance on the contrary, especially in the banks as it can affect the economic and financial stability. The best proof of this, what happened in the Asian financial crisis (Cheryl R .Lehman, 2005).
3. The central bank's role in the promotion and encouragement of corporate governance in banks, commercial banks, for the following reasons:
 - a- The application of good corporate governance in companies located within the oversight responsibilities of the Central Bank (Iskander, M. and N. Chamlou, 2002).
 - b- The commercial banks differ from other companies; because the nature of their risk, in addition to the fact that these banks are responsible for maintaining third party funds (depositors).
 - c- A result of banks' exposure to these risks, because of trading its shares on the Stock Exchange, the existence of corporate governance is an important and necessary for these banks (Alan Calder, 2008).
 - d- Board of Directors in banks need to ensure that risks to the nature of the banks are managed properly, and that the central bank's legal responsibility to make sure of that (John L .Colley, 2003).
 - e- This does not mean that the board of directors must configure their own risk management policies, but he must check and get approval of such policies.
 - f- We must recognize that it is not easy to get members of the board of directors truly independent, or members who can stand up to the controlling shareholders of the bank's capital (John L .Colley, 2005).
 - g- There is also a risk of the appointment of members of the board of directors are called "semi-independent" to give the wrong impression of corporate governance (Kambil , Ajit & Others, 2006).

IV. Importance of corporate governance

The importance of corporate governance is to achieve transparency and justice, to grant the right of accountability of the management company, thus achieving protection for shareholders and policyholders of all, taking into account the interests of employers and workers, and reduce the abuse of power is the public interest,

leading to the development of investment and encourage the flow, the development of savings, maximize profitability, and create new job opportunities (March , Randall, 2004).

These rules; emphasizes the importance of adhering to the provisions of the law, and work to ensure the review of financial performance, and the presence of administrative structures enable management accounting to shareholders, with the composition of the audit committee of non-members of the board of directors of the Executive shall have the functions and terms of reference and powers of many to achieve the independent monitoring of the of implementation (Besley, Scott and Brigham, 2003).

We can address the importance of corporate governance by introducing the following points (Cheryl R .Lehman, 2005):

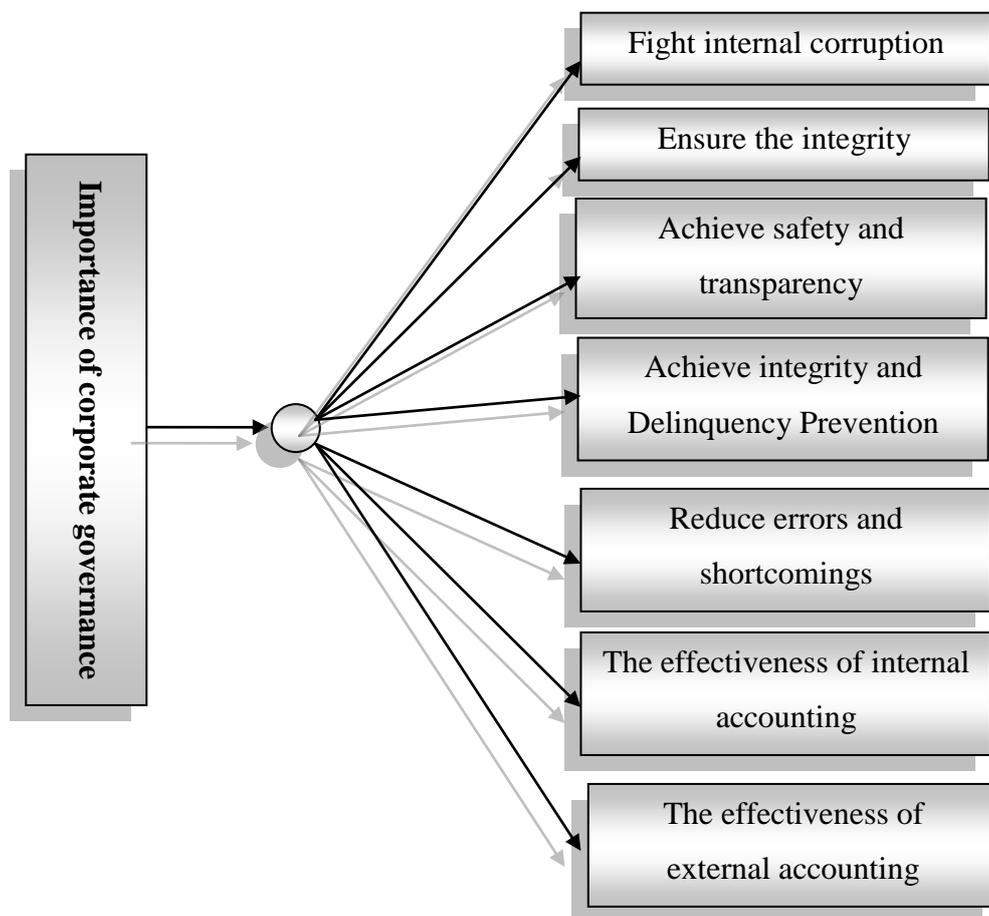
1. The importance of corporate governance in improving the functioning of companies:

Corporate governance is one of the most important processes necessary for the proper work of companies, and confirm the integrity of management; where corporate governance is the basis of integrity and moral health, and show the importance of governance as follows (Alan Calder, 2008):

- Fight internal corruption in companies, and not to allow its existence or continuation thereof by eliminating it, and not allow the repercussion of it.
- Ensure the integrity and impartiality of the firm. The integrity of all employees in companies from top to bottom, starting from the board of directors and executive to the lowest level in it (Cheryl R .Lehman, 2005).
- Achieve continuous progress, and to reduce potential errors; so that the governance process correctly (OECD, 1998).
- Fight distractions, and not allow its continuation particularly those whose existence are a threat to the interests or weakened by continuing to achieve good results of the work, and you need urgent reform to the intervention.
- Reduce errors to a minimum as much as possible, but the enthusiastic use of preventive prevent these errors, and thus avoid the costs and burdens of companies of this happening.

- Make the most effective systems of accounting and internal control, especially in connection with internal control.
- Achieve the highest degree of effectiveness of the external auditors, and they are especially appropriate degree of independence and not to be subject to any pressure from the board of directors of companies or by the executive staff.

Figure (1) illustrates the importance of corporate governance



Source: discretion of the researcher

2. Importance of corporate governance in the administrative reform:

To identify the importance of corporate governance in the administrative reform, the researcher believes the need to shed light on the objectives of

administrative reform first, and then addressed the importance of corporate governance in achieving these goals, which will be as follows (Alan Calder, 2008):

A. The objectives of administrative reform:

Operations of the administrative reform aimed at introducing fundamental changes in public administration systems to ensure improved levels of performance, raise the efficiency of administrative systems in place; by changing beliefs, attitudes, values, the regulatory environment and make it more convenient with the development of modern technological, market challenges and reduce concerns of citizens, and make a quantum leap in the delivery of services while reducing costs and the transfer of management services from the bureaucratic approach to the method of trade or economic, whether through privatization or through self-employment for services by creating a more flexible methods (Alan Calder, 2008).

It is worth mentioning that the need for reform is a never-ending, but rather a continuous, dynamic process. The need to reform does not mean that there are specific conditions that require treatment, but remains a need for development remain the survival of the organization or administrative body as a whole (Besley, Scott and Brigham, 2003).

We can summarize the objectives of administrative reform are as follows:

- Adoption of strategic management approaches in different areas of work; through the development of the administrative capacity of organizations to deal with internal and external environment (OECD, 1998).
- Adoption of modern styles and approaches in organizational structure, and the redesign of organizational structures of the administrative organizations; to achieve the flexibility and responsiveness to the requirements change and evolve and adapt to environmental factors and variables (Cheryl R .Lehman, 2005).
- Promote the concepts of administrative decentralization and the move away from centralized decision-making, and develop the skills of the mandate of administrative leadership, and to enable departments Central and operational responsibility and conduct of the operations and administrative work (Alan Calder, 2008).

- Adoption of the comprehensive performance evaluation of organizations through their own targets with a focus on social responsibility of those organizations to the community; including aspects of performance evaluation of processes and the work done and the financial costs, the size of investment and the performance of employees and linked to the requirements of the development of society (Monks, 1995).
- Accommodate changes occurring and the expected size of human resources in terms of quantity and quality at the level of the administrative organizations and the development of their capabilities and embrace the values of teamwork and foster creativity and development.
- Work on the development of positive attitudes towards work and belonging and expansion in the areas of rehabilitation, training and development.
- Support efforts to improve the level of production and productivity, quality and application procedures related to quality and the mind of everyone's responsibility and customer service a permanent responsibility of the organizations and work to reach the standard specifications.
- Adoption of methods that achieve economic efficiency, particularly the higher levels of production and reducing costs and making investment decisions, plans and methods of production.
- Develop the formulas, methods and procedures of administrative work and the laws and relevant legislation, including contributing to the achievement of speed and accuracy in decision-making.
- Expansion in the reliance on modern technologies, to the electrical system in preparation for the construction of e-government projects, and promote research activity and development in these areas, including expanding the horizons contribute to the development of advanced technology (Alan Calder, 2008).
- Developing the capacity of organizations involved in the management of economic development programs, social and cultural support and

strengthen its role in directing resources towards investments with larger yields.

- Develop the capacity of self-organizations of administrative agencies in their quest to keep pace with change and diagnose and resolve the problems and obstacles, and develop plans for future developments by focusing on the importance of determining and setting the overall objectives of dimensions of quantity, quality and time; to use the methods and planning techniques to achieve those goals; what is available in the planning of the flexibility and the ability to update the current and future.

B. Policies to be adopted to reach the strategy of administrative reform:

- Recent regulatory guides; to be used as references for the various administrative levels, including the establishment of duties and responsibilities, and lines of authority, powers, the relationship between the various departments in order to create working relationships and clear, avoid duplication and overlap in the completion of the work (Alan Calder, 2008).
- The development of administrative leadership, and promote accumulation of knowledge, through the spread of modern management techniques at work, especially decision-making techniques and motivation through the development of managerial and technical skills through training courses and developmental planned (Cheryl R .Lehman, 2005).
- Promote the concepts of democracy and collective action and participation in taking decisions to strengthen the conviction and loyalty to the organizations working in the administrative system and reduce resistance to change that accompany development processes and working to raise morale.
- Focus on the adoption of conservation practices on human resources and strengthen its role in the production process, including by seeking to link pay to productivity and application of criteria to evaluate the performance of employees and taking into account the working conditions and improve the environment and strengthening the role of occupational safety.
- Work to develop a program and a career inclusive to achieve the best investment for the capacity and the efforts of human resources, based on a set

of comprehensive studies of studies of manpower planning and business analysis, job descriptions, and calculating the burden of the workers and the selection of staff and redistribution, and other up to the high level of individual performance and teamwork.

- Increase the effectiveness of the training process and to link various types of training, evaluates performance and promotion of innovation and development, and work to develop training plans commensurate with the needs identified by the administrative organizations and cooperation between training centers and schools to meet these requirements, the level of scientific and high professionalism.
- Care for the calendar transparent, integrity, managerial accountability, the fight against corruption to promote the affiliation of the employee's job and his commitment to ethics, and work values that reflect a high level of loyalty and dedication (Cheryl R .Lehman, 2005).
- The use of modern technologies in the construction of databases to contribute to support the development of objectives and determine the policy and decision-making.
- Promote corporate social responsibility towards the production and service consumers to their products and services, in terms of quality, validity, quality of use, protecting the environment; through a commitment to maintain sound conditions of pollution and other damage.
- Develop methods and procedures adopted by the administrative organizations; to comply with the requirements of development and the advancement of performance and service delivery to citizens.
- Provide the necessary supplies for the rehabilitation of the application of standards in production and services.
- Strengthen cooperation with international organizations and bodies and local and regional centers related to the implementation of joint management projects.

It is worth mentioning that the adoption of a program of administrative reform is to reduce the phenomena of corruption, but also the reform aims to keep pace with

scientific developments in the administration adopted by most countries of the world (Cheryl R .Lehman, 2005).

C. Administrative reform in terms of the concept of governance:

If we want to reduce the concept of administrative reform, whether the narrow sense of partial or comprehensive broad sense; we can say that this concept between the organization of the administrative system in the States on the basis of sound science, as to achieve the desired goals, this means that the organization of this device in terms of methods and methods of work as well as regulate the affairs of its employees (Alex Knell, 2006).

The broad sense, it goes to the entrance that looks to the government or society as a system; consists of different structures, perform a variety of functions, and that these structures are interrelated and consistent with each other; and therefore, any defect in one of them leads to the disruption of other structures, which means that the overall concept centered on the entry patterns of new regulatory; to suit types of new activity with the introduction of systems, rules and procedures to work within these new patterns; addition to achieving the relations of supervisory, administrative and advisory, between these organizations on the one hand, and between organizations, new and old on the other hand, as well as providing leadership active and informed consent secured by the policy, as well as focus on the importance of human resources as a crucial element in the implementation and make the required change, and intense focus on the outputs of organizations to be the administrative body are quality and quality to achieve effective contribution in elevating the level of economic and social welfare. On this we can infer from the former meaning that the primary objective of the process of administrative reform is the success of the organization in achieving its objectives effectively, and ultimately the final achievement of economic and social welfare of the individual and society (Cheryl R .Lehman, 2005).

After this level of analysis, we can look at this result in terms of the concept of governance, not hidden from us it is the simplest of terms does not exceed a certain systems, that govern the relationship between the principal parties, affecting the overall performance, and that means that they include elements specific to strengthen the institution , its role and influence in society in the long run. Also, if we want to emphasize this concept; say that the emergence of the concept of governance, starting

just after the collapse of economic and financial crises, and increased the importance of this concept in the management of the Organization in general; a result of the general trend in the shift towards systems of capitalism, which depends in large extent on private companies; to achieve rates high economic growth (Alex Knell, 2006).

This concept refers to the sense is clear correlation between the concept of governance and administrative reform, both in terms of causes and actions in terms of the principles and objectives. There is also interaction and feedback; among the mechanisms adopted to achieve each of them, because the administrative reform and governance system means, in essence, change the direction of progress and development, and towards achieving economic prosperity and social development.

Researcher can clarify this by identifying the application of the principles of corporate governance at all joints of the administrative apparatus; To fight against corruption and administrative reform as follows (Alex Knell, 2006): -

- To ensure the rights of property; whether public or private, based on existing legislation to regulate relations between individuals among themselves or between individuals and the state, this so-called social contract.
- That the system of governance as represented by the laws, instructions and principles; a reformist trend in reality provides a firm basis, and the full confidence of customers with different state institutions; so this provides the basis to ensure the economic feasibility of the target of various transactions.
- The mutual influence between state institutions and the environment in which it operates, requires attention and focus on the social dimensions resulting from the work of organizations within the community; in order to maximize the benefits envisaged from their work, and achieve their goals and minimize the negative impacts that may result from it to the lowest extent possible (Cheryl R .Lehman, 2005).
- The system of governance is guaranteed by including the provision of equal treatment for all members of society; a reformist trend in reality by defining the rights and duties, including the national and develop a sense of loyalty to the general people.
- Disclosure is one of the basic principles referred to by the international accounting standards, as the development of the foundations and rules

adopted in the audit, which is about to announce the results of business institutions in general as well as the Declaration on the goals that the organization seeks to achieve a clear and accurate, which is in the final outcome towards economic and social goals higher.

- The transparency is to ensure informed community on all of the information and documents for the work of state organs, including develop a new opportunity to form a clear picture of its work and objectives that seek to achieve, and which should be noted that disclosure and transparency do not include all the information about institutions and their employees, but the part that does not contrary to the privacy of the work of these institutions that would damage or where workers; Therefore, we believe that it is necessary to identify all the information that requires disclosure to avoid misuse by third parties, and errors that might occur as a result of the announcement of this information (Alex Knell, 2006).
- The current reality in which it operates various organs of the state government departments or public companies, you may select the management of a specific destination as the Director or board of directors, and in both cases, the administration, whether a specific person or the Council will be the first degree of achieving the objectives of the company, pursuant to principle of administrative (management by objectives) or (result management), and can measure the success of economic unity and efficiency of how to achieve the desired goals, including noting the impact on other aspects.

3. The importance of corporate governance for foreign investment:

Importance of corporate governance for FDI lies in it, to ensure a responsible corporate governance, and not subjected to the investors' money mismanagement, that is, they are not exposed to theft and looting (Alex Knell, 2006).

Corporate governance, strengthen the core values of the market economy, as they lead to the creation of institutions is a high value to investors, in addition to being one of the keys to creating an enabling business environment, maintain the protection of property rights, contract enforcement, and application procedures for

bankruptcy, an environment governed by the laws and regulations governed by clear and functioning judicial system (Besley, Scott and Brigham, 2003).

Importance of corporate governance is reflected in a recent study conducted by McKinsey & Co., was distributed to two hundred institutional investors amounting to the value of total assets over 2 trillion U.S. dollars. The study describes, for example, that systems of corporate governance in 40% of the cases studied in Eastern Europe and Africa, were more important for investors of opportunities for growth or performance of the market with regard to achieving a profit, and most important that investors have expressed their desire to pay bonuses to companies that are actually implemented mechanisms governance properly, the rewards ranged from 12% in North America and Western Europe to 20-25% in Asia and Latin America, but more than 30% in Eastern Europe and Africa (Besley, Scott and Brigham, 2003).

Business communities and governments have learned that it is impossible to create a stable investment environment, without the application of corporate governance mechanisms by seeming to take their investment decisions. Because the opportunities, policies, and the right incentives are not enough - in spite of their importance - because attracting foreign capital, so that investors want to get a stable investment environment and a viable, paved and accessible to their activities, an environment of responsible management and able to protect their property.

The world during the past decades has seen a massive increase in global capital flows. This increase is due or the boom in large part to the fact that; that many countries have become aware of the importance of attracting capital, especially foreign capital, and usefulness of the States that settles it (Alex Knell, 2006).

With the increasing number of developing countries in the world that has become more open to foreign investment, is no longer important question is whether or not to allow foreign capital to enter the country, but how can we attract this capital? (Cheryl R .Lehman, 2005).

4. Importance stemming from the nature of the governance system:

Each system has its own nature and privacy that define its's character, and define the field of work, and determine the dimensions of its activities, it also works at the same time to update the same, the privacy of the system, its transformation into

a system, an interactive, able to renew itself, and self-correcting, and to acquire the elements of force new (Besley, Scott and Brigham, 2003).

Governance system is one of the new regulations related to democracy, the application of policies of economic freedom, activating the mechanisms of the market, the balance of supply and demand, while it is under the ruler and controller of the elements of attractive investment for any State, for any economy, and for any company (Alex Knell, 2006).

The governance working to promote a culture of commitment, awakening of conscience, and the requirements of economic stability, as it relates to a system to achieve value-added operations, guarantees growth and capital formation, as well as capital accumulation, leading to the achievement of many of the tangible results, the most important economies of governance. Economics of a system of governance, a variety of areas where economies include the following (Cheryl R .Lehman, 2005):

A. Economics of optimal operation:

It is based on the elimination of all forms of loss of economic project, and not to allow any waste or stagnant, or exhaust, or do not meet specifications, or lost or undeveloped, including raising the economics of cost, with less cost by a large margin, when the present governance.

B. Improve the economics of production:

Governance interested in raising the productivity of factors of production for the project, working governance to raise the energies operating in concrete terms, what this means from a significant increase in production, and what this means to possess the economies of the best, especially the economies of scale, capacity and range, and achieve their respective impact on the market as a result of owning tangible competitive advantages (Cheryl R .Lehman, 2005).

C. Economics and cost-effective investment return:

Relation to a profit of capital invested in the project, as it achieved lower costs to increase the project's ability to reduce prices of its products, or priced at a reasonable price, thus increasing the marketability of these products, as well as achieve the project of return and return (Alex Knell, 2006).

Hence the governance system works to activate the possibilities, and operation and employment of resources and increases the efficiency of use, and in the proper framework, to achieve interaction and activation of market economies.

From here the researcher believes that the governance system has three parts, as follows (Besley, Scott and Brigham, 2003):

- **Part I:** inputs to the system: it consists of this aspect of their needs from the government's requirements, and have provided their demands, whether the demands and requirements of the legislative, or administrative, economic, or community information.
- **Part II:** operating system of governance: Refers to the authorities responsible for the application of corporate governance, as well as supervising the application, and points of control, and all administrative entity within the company or outside, contributing to the implementation of governance, and in encouraging compliance, and in the development of its provisions and improve its effectiveness.
- **Part III:** Output system of governance: Governance is not an end in itself but a tool and a means to achieve results and objectives, seeks to everyone, they are a set of standards, rules and laws governing the performance and behavior and practices and the executive, whether for companies or organizations, or institutions, or associations, and then preserving the rights of stakeholders, and to achieve transparency and responsibility of the board of directors.

The tool significantly improve governance, especially in relation to the following five key aspects, which can be said that aspects of the governance of the main outcomes in the following aspects (Alex Knell, 2006):

- By the rights of shareholders.
- Confirmation by the justice and equal treatment.
- Besides protecting the rights of stakeholders associated with the company.
- Achieved by the disclosure and transparency.
- By the activation of the responsibilities of board of directors.

Through these five aspects reflected the roles of corporate governance, as the proper application of its principles will help to achieve the rates of profit event, helping companies to boost its capital and increase reserves and accumulate continuously, which will lead to company growth and expansion and the increase in size (Azab, B., 2007).

V. Benefits of corporate governance

Corporate governance has become indispensable at the present time, and because of the multiplicity and complexity of corporate relations, and dealings with other international companies, and this makes us try to find the advantages of corporate governance as follows (Cheryl R .Lehman, 2005):

Governance and ownership structure of the companies:

Support all systems of corporate governance on four principles: justice, the ability of accounting for accountability and transparency. Taking into account the special challenges these principles and commitment depend on the ownership structure of the corporate sector. There are two common types of corporate structures: the structure of the Centre (insider) or a fragmented structure (outsider).

In the structures of concentrated ownership, concentrated ownership or management in the hands of a few individuals, or families, or directors, or members of the board of directors, or holding companies or banks, or non-financial companies. Because these individuals or companies are often in charge of management, control, or influence strongly on the method of operation and the company's business, are called (insiders) and then the management structures focused referred to systems of insiders, and most countries, especially those governed by civil law to have ownership structures focused (BIS., 2006).

insiders in the structures of management intensive, they exercise control or control of companies in several ways, and the familiar scene in this case is the ownership of the internal to the majority of the company's shares and voting rights (often provide shareholders those with estates large stocks), and rights holders to vote the huge also control the management through the representation direct the board of directors the company and in some cases have internal few of the shares, but they have a majority of voting rights, and that happens when there are multiple types of

stocks, with some of them voting rights more than others, (in some cases do not have the shares of certain voting rights to all).

This also happens when you can vote by proxy, through the unions to vote. If we allow a few individuals from owning shares with voting rights, it will enable them huge actually in control of the company, even if they are the owners of the majority of the capital (Cheryl R .Lehman, 2005).

When banks are among the major shareholders or owners of the voting power in a company that holds the loan, the banks may face problems of conflict of interest, which could threaten the future of the World Bank and the company. In this scene, The Bank shall have a clear interest in the continuation of the company. Then the bank will continue to provide loans for the company in spite of the incapacity of the company to borrow. This may happen also if the insiders decided to use the public relations staff to get loans funded rescue the public, or to get rid of the bankruptcy proceedings (BIS., 2006).

In short, the insiders who use their powers in a way that is responsible working on the loss of company resources, and reduce the levels of productivity. They also are enhancing the frequency and refused to investors and the lack of liquidity of financial markets. The shallow financial markets, in turn, prohibits the companies from the capital and the enjoyment of investors to diversify their risks.

In contrast to systems of outsiders, the establishments in the systems depend on external independent members of the board of directors to monitor managerial behavior, and supervision of the stay under control. Members of the board of directors independent tend to disclose clearly and equally for the information, and evaluation of management performance objectively, and protect the interests and rights of shareholders strongly. As a result, external systems are more accountable and less corrupt, and tend to boost liquidity in financial markets.

The importance of corporate governance increases (negatively) the expansion of local power structures, concentrated in the hands of the oligarchs, which leads largely to the insiders in the company to deal with themselves in public or private sector, and leads to negative behavior seeks to profit in those countries. Result of this behavior occurs a great deal of loss of resources under the control of companies, and the prevalence of use of capital that are not efficient in all aspects of the economy, as well

as that resulting from the encouragement or exacerbate inequality locally, which is a serious impediment to long-term development in the developing countries, low-and middle-income alike.

Despite these advantages, the dispersed ownership structures have weaknesses specific dispersed owners tend to pay attention to maximizing profits in the short term. Then they tend to agree on policies and strategies that give rise to gains in the short term, but may not necessarily work to encourage long-term performance of the company. This may lead in some cases, rise to disputes between members of the board of directors and owners of companies, and to the frequency of changes in ownership structure because shareholders may wish to give up on their investments in the hope of profit higher than elsewhere, both of which lead to the weakening of the stability of the company (BIS., 2006).

The small investors do not have available to only less incentive to monitor the decisions of board of directors vigilance and care, and to hold accountable members of the board of directors for their responsibilities. As a result, may remain members of the administration who support the adoption of those decisions is right in their office, while the company's interest in getting rid of them.

It is clear that both systems of insiders and outsiders bear the risk with it. Failure to establish appropriate mechanisms lead to lower these risks threaten the well-being of entire economies. The purpose of corporate governance systems is to minimize this risk, and to encourage political and economic development (Cadbury committee, 1992).

Effective system of corporate governance depends on a combination of internal and external controls. And internal controls is an arrangement within the company, which aims to reduce risk by identifying the relationships between managers, shareholders, and board of directors and stakeholders (Cheryl R .Lehman, 2005).

So that the impact of these actions is significant; they must support several types of institutions and legislation, it is placed outside the facility in a manner consistent with the environment of the country concerned (and these procedures are called "external controls").

Can not be overstated in the confirmation of the previous point more than that, many efforts have been made to prevent financial crises or to improve the

performance of firms by planting systems of corporate governance has failed, and since its inception, due to follow internal controls without external controls, or for failing to adapt those rules to the circumstances local realism, or both.

In most cases, if not all, it is assumed by policy makers and practitioners in the market economies with strong fundamentals, these external controls or institutions exist and work well, without examination or search, and then overlook their importance (Cadbury committee, 1992).

The corporate governance tend to focus on a simple form:

- a- The shareholders elect the members of the board of directors who represent them.
- b- The members of the board of directors to vote on major issues and make decisions by majority vote.
- c- Decision-making in a transparent manner so that shareholders and others to subject members of the board of directors accountable to them.
- d- Follow the accounting standards to rise to the necessary information to members of the board of directors, investors and other stakeholders so that they can make decisions.
- e- Commitment to company policies and practices of national laws and state laws and local regulations.

VI. Governance from the perspective of a bank:

Corporate governance succeeded in attracting a great deal of attention because of its importance to economic performance.

Despite this importance, the concept of governance in banks didn't get sufficient attention in recent studies. Recently discussion about the principles of corporate governance in banks started intensively , as a result of the rapid developments in financial markets, and the globalization of financial flows and technological progress, which led to a pressure of an increasingly competitive between banks and non-bank institutions, and there was growth in the financial markets, and the diversity in financial instruments for banks; which increased the importance of risk measurement and management control, which requires continuous

innovation to the methods of business management and risk, and change in laws, and systems of supervision, so as to maintain the integrity of the banking system.

1. The concept of corporate governance in banks:

There are many definitions of corporate governance in banks, such as, for example (Cadbury committee, 1992):

- a- Governance from the perspective of banking include the way in which managed the affairs of the banks, through the role of each of the Board of Directors and senior management, including impact in determining the objectives of the Bank, taking into account the rights of beneficiaries, and the protection of the rights of depositors, and the increased complexity in the activity of the banking system, the process of management control risk by the regulatory authority is sufficient, therefore, became the safety of the banking system requires direct participation of the shareholders, and their representatives on the board of the bank.
- b- Governance, banking methods include performance monitoring by the board and executive management of the bank that would affect the determination of goals, taking into account the rights of shareholders, the protection of the rights of depositors, the actors internal, as well as to the relationship between these external, which is defined by the regulatory framework, and the powers of the audit.

2. The main factors supporting the governance of banks:

Among the key factors that support the proper application of the governance of the banking system, include (Cadbury committee, 1992):

- a- Development of strategic objectives, a set of values and principles that are known to all employees in the banking institution.
- b- Develop and implement policies and clear lines of responsibility at the bank. Ensure the efficiency of board members and their awareness of the role assigned to them in the process of governance, and not subject to any effects, whether internal or external.
- c- Ensure the availability of appropriate control by senior management.
- d- Effective use of the work of the internal and external auditors to recognize the importance of the oversight function.
- e- Incentive systems to ensure compatibility with bank regulations and objectives of the surrounding environment.
- f- The role of regulatory authorities in reviewing the work of the Board of Directors and senior management.

Overall, the concept of corporate governance got a great attention in recent years, mainly due to the collapse of various financial institutions. In addition to the repercussion of corruptions in such institutions which lead to the need of having standardized governance frame work.

In recent years the GCC countries had a growing interest in the concept of cooperate governance, due to the value that it adds to the owners and investors of the institutions in term of transparency and efficiency, However many GCC institutions were slow in the adoption and implementation of the corporate governance concept.

As we know that effective corporate governance is essential in creating sound financial system. Financial institutions need to understand how to avoid mixing between political and social decision while taking a business decision.

Governments in U.A.E and other GCC country play an essential role in corporate governance reform in the region. Many studies has shown that our region is been overlooked by international investors, due to their fear that our institution lack the

transparency on the required disclosure. The government of U.A.E tried its best in recent years by establishing governance institutions such as Hawkamah.

The institutions played a major role in improving the quality of corporate governance in U.A.E by conduction seminars and training course to various financial institutions and companies, furthermore to their recent booklet establishment on required standardized framework to be followed, regardless of the governmental effort in term of corporate governance in GCC and U.A.E, governments still need to focus more on the implementing of corporate governance.

This paper will test governing frame work in U.A.E banks will identify the nature and quality of the banking sector in U.A.E.

CHAPTER THREE

U.A.E banks

I. Banking in the UAE:

Banks in the UAE is divided into two main categories: -

- a. Locally incorporated banks: a public joint stock companies licensed in accordance with the provisions of Federal Law No. (10) for the year 1980.
- b. Branches of foreign banks that have received licenses from the Central Bank to work in the State in accordance with the provisions of the Act. Historically, national banks were present (with the dominant national contribution) and foreign banks, and began operations before the founding of the former currency board, before the establishment of the Central Bank. Under these historical conditions, the number of banks and their branches inside and outside the country is rapidly on the basis of disproportionate with the ability of the local market, prompting the monetary authority at the time to stop issuing licenses for any new bank and to work to reduce the number of branches a foreign bank to (8) branches a maximum.

1. Quality of financial reporting and corporate governance rules affected

Quality is one of the main factors that contribute to raising the spirit of competition between companies, banks and various services, and therefore to look at the awareness of consumers in the selection of the best quality services. This increased attention to corporate governance, especially in terms of accounting, finance, for the preparation of economic reports and financial statements disclosed, and thus the pursuit of quality of accounting information contained in these reports. Therefore, the commitment to achieving the intellectual aspects of governance will be reflected directly on those reports, so the relationship between the accounting system and the quality of financial reporting, the relationship is closely related to the management process (Cadbury committee, 1992).

2. Factors affecting the quality of financial reporting:

Quality of financial reporting is the main objective sought by companies and banks to achieve, but there are a variety of factors, which affect the production of information, and provide the elements of the accounting system, can be stated as follows (Cadbury committee, 1992):

Accounting system based on the basis of its functions on a set of elements and components, which is a set of tools, procedures used in the system to achieve the objectives, include a set of components are:

- a- **Material:** includes all physical components, such as tools, equipment and accounting mechanism, which is used in the production of accounting information.
- b- **Constituents of humanity:** is a group of people based on the operation of the accounting system and staff.
- c- **The financial viability:** includes all the funds available to the system, which is used to carry out its duties and functions.
- d- **Database:** contains a set of procedures applied, and the necessary data needed to run the system and achieve its objectives.

3. Quality characteristics of accounting information in financial reports:

Quality depends on a set of properties, which seeks to achieve the fundamental goal, including:

a. Relevance:

For information to be useful, and has a value, it must have a close relationship between them and the purpose for which it was prepared for. Information is considered high quality when they are linked to a particular goal, it helps the decision maker to assess the outcome of this resolution, and relevance in the selection of the alternatives and considered of importance, if disclosed an impact on the decision of the user of information between the available alternatives, the compound of accountants U.S. has described the standard of convenience that the basic criterion to choose between the alternatives of accounting information.

b. Credibility:

The credibility of financial reports based on the evidence to prove a source is appropriate for users of financial reports to obtain accounting information, especially if they enjoy a high degree of the Secretariat, and as can be relied upon in the decision.

c. Resolution:

The impact of accounting information depends on the accuracy, lack of accuracy in the information may cause a state of uncertainty, and lead to the inability to predict the fate of the company, and not to take the appropriate decision, if the information is reached by a certain person using certain methods for the measurement of accounting, and could someone else give the same result by using another method, the ability of information to review and investigate accurate, and become honest, and can rely on this information (Cadbury committee, 1992).

d. Timely:

Time is an important element of success in the decision making process, this must be taken to reach the information in a timely manner, there is no point of access for information in late for those who use them, because they lose their benefits if you were not available. Associated with timely financial statements, which can make such information contained in financial statements for periods periodically.

e. Understanding and comprehension:

The impact of accounting information depends on the decision maker to accommodate this information, and can not use the information if it is not understandable to those who use them, the possibility of understanding the information depends on the capabilities and uses of culture. This should be on those who prepare financial statements to be aware of the capabilities of users of these lists, and the limits of those capabilities, so as to achieve the connection, which ensures the reporting of data covered by those lists.

f. Importance and optimal disclosure of information:

Accounting information takes its role if there is the relative importance of which, in the sense that the information is an important source in the formulation of decision-making; as the lead neglected to a defect in the decision-making process, so the relative importance of disclosure and the best is linked to the secretariat of the information, and reliability, for this must be disclosed More information of the relative importance, and to identify what the user needs information, so that if led delete any information or non-disclosure or displayed improperly to influence the assessment of the beneficiary of such information in decision-making, they are considered in this case irrelevant (Cadbury committee, 1992).

g. Sufficiency:

Special competence in the financial reports, depending on the amount of information, quality, and extent of absorption, so that saturation of this information users, and gives a high yield of quality to their beneficiaries.

From the above, it is clear that the quality of financial reporting quality, characterized by certain characteristics, working to achieve the intended purpose, provided that such information is measured, comparison, with users of information in the case of introduction of substantial changes to existing activities, and to achieve speed in the transfer of information, timing, importance and degree of credibility and trust.

In this part, the researcher will make the latest reports issued by the Central Bank in the UAE, and in the following manner:

Table No. (1): Image Cheque Clearing System

(Amount in Billions of Dirhams)

YEAR 2009	RETURNED CHEQUES		RETURNED CHEQUES		PERCENTAGE OF COUNT (3) ÷ (1)	PERCENTAGE OF AMOUNT (4) ÷ (1)
	COUNT (1)	AMOUNT (2)	COUNT (3)	AMOUNT (4)		
January	2,440,892	92.3	130,695	6.5	5.35%	7.04%
February	2,280,763	85.7	125,703	6.2	5.51%	7.23%
March	2,561,557	92.7	150,824	6.6	5.89%	7.12%
April	2,458,861	90.3	136,974	5.5	5.57%	6.09%
May	2,541,017	89.3	141,864	5.9	5.58%	6.61%
June	2,437,543	87.4	140,240	5.1	5.75%	5.84%
July	2,380,590	84.1	145,858	5.2	6.13%	3.18%
August	2,334,767	81.8	150,743	4.8	6.46%	3.87%
September	2,183,399	74.0	152,056	4.9	6.96%	6.62%
October	2,485,574	48.8	161,282	5.2	6.49%	6.13%
November	2,357,946	83.5	159,189	5.6	6.75%	6.71%
December	2,475,730	89.6	174,160	5.9	7.03%	6.58%
Total	28,938,639	1035.5	1,769,588	64.4	6.11%	6.51%

Source: Central Bank of The UAE. http://www.centralbank.ae/index.php?option=com_content&view=article&id=116&Itemid=86

Table No. (2): Image Cheque Clearing System (Amount in Billions of Dirhams)

YEAR 2010	RETURNED CHEQUES		RETURNED CHEQUES		PERCENTAGE OF RETURNED CHEQUES	PERCENTAGE OF AMOUNT RETURNED CHEQUES
	COUNT	AMOUNT IN DIRHAMS	COUNT	AMOUNT IN DIRHAMS		
January	2,342,150	85,322,010,069.63	156,334	4,831,407,158.57	6.67%	5.66%
February	2,215,032	80,223,383,33.61	140,937	4,479,773,997.55	6.36%	5.58%
March	2,489,888	91,763,143,020.22	152,990	4,964,243,904.40	6.14%	5.41%
April	2,273,290	84,180,910,318.00	138,309	4,344,913,901.56	6.08%	5.16%
May	2,570,330	90,964,479,537.00	149,892	4,828,072,751.00	5.83%	5.31%
June	2,420,879	86,049,431,633.00	141,997	4,536,872,555.73	5.87%	5.27%
July	2,340,429	83,396,928,214.27	145,521	4,488,864,326.30	6.22%	5.38%
August	2,218,281	84,087,536,886.97	142,712	4,372,901,443.53	6.43%	5.20%
September	2,198,278	79,516,619,003.00	145,267	4,814,184,883	6.61%	6.05%
October	2,405,042	89,869,339,740.01	148,156	5,158,288,934.32	6.16%	5.75%
November	2,178,984	83,714,494,950.00	140,675	4,289,526,763.89	6.46%	5.12%
December	2,337,473	87,869,014,425.00	150,123	4,974,088,550.00	6.42%	5.66%
Total	27,990,056	1,026,957,291,130.71	1,752,913	56,093,139,170.22	6.26%	5.66%

Source: Central Bank of The UAE

UAE FTS Statistics 2009, 2010, 2011.

Table No. (3): UAE Fund Transfer System

UAE Fund Transfer System (Amount in millions of Dirhams)		
2009	Number of Transfers	Amount
January	149,976	879,267
February	148,155	818,083
March	158,709	916,080
April	147,295	782,713
May	146,613	747,551
June	146,265	872,893
July	144,942	756,059
August	141,849	758,736
September	133,189	699,388
October	140,383	735,882
November	119,163	634,021
December	110,560	736,455
TOTAL	1,687,099	9,337,128

Source: Central Bank of The UAE

Table No. (4): UAEFTS Inter-Bank Payments 2010

UAEFTS INTER-BANK PAYMENTS* (2010) (Amount in Dirhams)		
Month	Number of Transfers	Amount (in Dirhams)
January	99,396.00	659,711,535,218.96
February	92,561.00	633,807,144,814.97
March	108,945.00	772,467,063,218.97
April	97,288.00	645,909,131,006.27
May	105,656.00	696,793,812,707.90
June	108,253.00	777,648,688,724.49
July	113,373.00	790,865,663,445.09
August	120,301.00	863,987,727,052.12
September	114,137.00	707,125,843,928.80
October	124,377.00	710,620,792,579.63
November	119,285.00	650,668,025,276.02
December	126,797.00	721,510,151,057.21
TOTAL	1,330,369.00	8,631,115,579,030.42

(*) UAEFTS (UAE Funds Transfer System) is the Real Time Gross Settlement System operated by the Central Bank of the UAE.

Table No. (5): UAEFTS Inter-Bank Payments 2011

UAEFTS INTER-BANK PAYMENTS* (2011) (Amount in Dirhams)		
Month	Number of Transfers	Amount (in Dirhams)
January	135,317.00	704,669,747,334.88
February	129,486.00	600,764,477,030.84
March	155,071.00	796,470,002,841.08
April	138,090.00	691,960,115,522.55
May	153,556.00	669,204,555,936.81
June	144,384.00	647,454,122,167.78
July	155,050.00	697,520,928,537.12
August	134,938.00	697,483,088,942.10
TOTAL	1,145,892.00	5,505,527,038,313.16

(*) UAEFTS (UAE Funds Transfer System) is the Real Time Gross Settlement System operated by the Central Bank of the UAE.

Table No. (6): End of Period

Central Bank of the United Arab Emirates
- Assets -
(End of period, billions of Dirhams)

Period	Cash & Bank Balances	Deposits	Held-To-Maturity Investments	Loans & Advances	Other Assets	Total Assets
2006	0.43	57.32	43.30	0.63	1.56	103.23
2007	0.33	184.04	98.86	0.00	2.72	285.95
2008	1.90	82.87	84.58	23.79	0.60	193.75
2009	4.54	85.64	106.76	6.73	0.28	203.94
2010						
January	1.85	81.84	106.76	3.55	0.63	194.63
February	2.83	73.60	106.76	9.17	0.96	193.32
March	3.00	77.65	106.76	7.85	0.96	196.22
April	2.44	78.32	106.74	7.06	0.63	195.19
May	3.93	64.92	125.20	4.49	1.16	199.71
June	5.73	49.07	139.84	6.47	0.97	202.08
July	3.55	54.33	151.31	4.46	0.66	214.30
August	3.44	47.27	153.26	7.04	1.04	212.04
September	2.58	48.31	151.72	4.36	1.40	208.38
October	4.34	50.11	165.49	3.34	0.97	224.25
November	8.52	58.17	159.93	2.96	1.39	230.97
December*	6.87	44.51	175.14	1.42	1.00	228.94
2011						
January*	1.97	36.94	187.29	2.43	0.67	229.29
February*	5.16	50.58	188.82	1.43	1.01	247.00
March*	5.51	64.21	186.72	2.46	1.16	260.06
April*	4.38	88.09	183.00	1.36	0.68	277.51
May*	6.09	81.78	188.12	1.33	1.04	278.36
June*	4.62	73.61	192.75	1.50	1.00	273.48
Change for the year	-32.8%	65.4%	10.1%	5.6%	0.3%	19.5%

* Figures are provisional and subject to revision

Table No. (7): UAE Banking Indicators

UAE Banking Indicators
(End of month, figures in billions of Dirhams unless otherwise indicated)

	2009		2010					2011					% Change during August	% Change during first Eight Months		
	Dec	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun			Jul	Aug
Total Bank Assets (net of provisions)*	1519.1	1575.6	1584.3	1623.0	1632.8	1605.6	1627.9	1657.7	1695.9	1695.3	1703.5	1707.0	1686.2	1670.4	-0.9%	4.0%
Certificates of Deposit held by Banks	71.9	72.5	73.0	81.0	92.8	94.0	90.3	102.5	112.1	118.0	119.4	117.9	108.2	94.3	-12.8%	0.3%
of which: Islamic Certificates of Deposit					1.6	4.6	5.1	9.1	10.8	12.0	14.1	17.6	n.a.	n.a.	-	-
Bank Deposits	982.6	1004.9	1013.3	1053.8	1049.8	1049.6	1057.0	1079.0	1105.1	1128.3	1123.5	1126.0	1113.6	1078.4	-3.2%	2.7%
Loans & Advances (net of provisions)*	1017.7	1034.3	1038.4	1037.7	1040.7	1031.3	1043.4	1049.2	1048.1	1054.1	1048.7	1056.4	1052.0	1056.8	0.5%	2.5%
of which: Personal Loans to Residents	237.9	248.4	246.9	245.6	246.2	247.1	247.4	247.7	247.9	244.3	245.6	248.0	246.7	248.3	0.6%	0.5%
Total Private Funds (Capital + Reserves)**	231.4	255.2	255.1	255.4	255.1	256.0	275.5	275.0	270.8	270.3	268.7	268.9	269.4	266.0	-1.3%	3.9%
Specific provisions for NPLs (in billions of dirhams)	32.6	37.2	37.8	39.6	41.2	44.3	45.7	45.8	46.6	46.5	47.1	47.3	48.4	49.2	1.7%	11.1%
General provisions	10.7	14.0	14.2	14.5	13.8	12.5	12.2	12.3	12.8	13.4	13.3	14.3	15.1	15.2	0.7%	21.6%
Total Investments by Banks	119.1	119.8	121.9	123.0	123.3	124.2	123.7	124.8	137.1	138.9	140.2	143.1	142.8	146.5	2.6%	18.0%
Loans to Banks against Certificates of Deposit	2.3	2.4	1.4	1.4	1.4	0	0	0	0	0	0	0	n.a.	n.a.	-	-
Certificates of Deposit under Repo	2.1	2.7	1.0	0	0	0	1.0	0	1.1	0	0	0.2	n.a.	n.a.	-	-
Liquidity Support Facility	2.4	1.9	1.9	1.9	1.5	1.4	1.4	1.4	1.4	1.4	1.3	1.3	n.a.	n.a.	-	-
Capital adequacy ratio - (Tier 1 + Tier 2)	19.3%		20.4%			20.8%			20.7%			21.0%				
of which: Tier 1	15.4%		15.7%			16.1%			16.1%			16.4%				
Banking Institutions (total numbers)																
UAE Incorporated Banks																
Head Offices	24	23	23	23	23	23	23	23	23	23	23	23	23	23		
Branches	674	706	707	720	727	732	732	731	736	739	740	745	748	753		
Electronic banking service units	26	25	25	25	25	26	28	27	29	29	29	27	27	27		
Pay offices	71	81	84	84	84	86	86	86	86	86	86	86	86	86		
Foreign Banks																
Main Offices	28	28	28	28	28	28	28	28	28	28	28	28	28	28		
Branches	82	82	83	80	80	83	83	83	83	83	83	83	83	83		
Electronic banking service units	43	49	49	49	49	50	48	48	48	48	47	47	47	47		
Pay offices	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
ATMs	3599		3549			3758			3846			3963				

* Net of interest in suspense, specific provisions and general provisions

** Excluding current year profit

***n.a. not available

Data for Year 2011 are estimates subject to revision.

Table No. (8): UAE Monetary Aggregates

2008	UAE Monetary Aggregates (End of month, figures in billions of Dirhams)			
	M0	M1	M2	M3
Quarter 1	35.2	221.9	624.4	754.6
Quarter 2	37.8	244.1	676.4	815.5
Quarter 3	42.9	235.3	681.4	831.3
Quarter 4	45.3	208.2	674.3	895.2
2009				
Quarter 1	44.7	216.9	692.9	905.0
Quarter 2	43.2	218.0	718.1	925.9
Quarter 3	43.6	221.1	728.8	942.7
Quarter 4	45.6	223.5	740.6	947.8
2010				
Quarter 1	45.2	229.7	748.0	934.8
Quarter 2	44.9	231.8	757.2	945.3
Quarter 3	45.4	225.4	766.5	961.8
Quarter 4	47.8	232.9	786.4	985.2
2011				
Quarter 1	49.6	251.6	834.7	1,048.9
April	50.3	261.2	850.5	1,076.1
May	50.5	260.6	841.1	1,070.0
June	51.5	262.2	851.9	1,062.7
% Change During June	2.0%	0.6%	1.3%	-0.7%
% Change During First Six Months	7.7%	12.6%	8.3%	7.9%

Data for Year 2011 are estimates subject to revision.

M0 = Currency in Circulation + Currency at Banks

M1 = Currency in Circulation + Monetary Deposits

M2 = M1 + Quasi Monetary Deposits

M3 = M2 + Government Deposits

Monetary Deposits: all short term deposits on which bank customer can withdraw without prior notice.

Quasi Monetary Deposits: Resident Time and Savings Deposits in Dirham + Commercial Prepayments in Dirhams + Resident Deposits in foreign currencies

Table No. (9): Monetary Base (Reserve Money)

Monetary Base (Reserve Money)
(End of period, billions of Dirhams)

Year	Monetary Base		Components of Monetary Base							
	In billions of Dirhams	% Change	Currency in Circulation		Reserve Requirements		Banks Current Accounts at CBUAE (Net)		Certificates of Deposit (Net of Lending)	
			In billions of Dirhams	% Change	In billions of Dirhams	% Change	In billions of Dirhams	% Change	In billions of Dirhams	% Change
2006	81.2	-	21.8	-	24.7	-	2.4	-	32.3	-
2007	258.0	217.7%	25.9	18.8%	33.6	36.0%	24.9	937.5%	173.6	437.5%
2008	119.6	-53.6%	37.0	42.9%	49.4	47.0%	5.3	-78.7%	27.9	-83.9%
2009	170.2	42.3%	37.2	0.5%	48.9	-1.0%	17.0	220.8%	67.1	140.5%
2010										
January	163.2	-4.1%	37.9	1.9%	49.9	2.0%	11.6	-31.8%	63.8	-4.9%
February	154.8	-5.1%	37.7	-0.5%	50.1	0.4%	11.1	-4.3%	55.9	-12.4%
March	157.4	1.7%	37.4	-0.8%	50.3	0.4%	12.1	9.0%	57.6	3.0%
April	159.6	1.4%	37.6	0.5%	50.1	-0.4%	10.5	-13.2%	61.4	6.6%
May	163.5	2.4%	37.5	-0.3%	51.3	2.4%	8.6	-18.1%	66.1	7.7%
June	163.0	-0.3%	37.1	-1.1%	51.7	0.8%	11.3	31.4%	62.9	-4.8%
July	170.5	4.6%	36.1	-2.7%	52.5	1.5%	10.4	-8.0%	71.5	13.7%
August	174.4	2.3%	37.1	2.8%	51.4	-2.1%	16.0	53.8%	69.9	-2.2%
September	171.6	-1.6%	37.0	-0.3%	52.3	1.8%	11.7	-26.9%	70.6	1.0%
October	179.5	4.6%	38.2	3.2%	52.6	0.6%	9.6	-17.9%	79.1	12.0%
November	189.8	5.7%	38.1	-0.3%	52.4	-0.4%	8.2	-14.6%	91.1	15.2%
December*	192.9	1.6%	38.5	0.8%	54.0	2.7%	6.4	-33.3%	94.0	18.8%
2011										
January*	195.0	1.1%	38.7	0.5%	55.9	3.5%	11.4	78.1%	89.0	-5.3%
February*	209.5	7.4%	39.7	2.6%	54.7	-2.1%	10.9	-4.4%	104.2	17.1%
March*	219.2	4.6%	39.1	-1.5%	56.3	2.9%	12.5	14.7%	111.3	6.8%
April*	232.9	6.3%	41.9	7.2%	56.5	0.4%	16.5	32.0%	118.0	6.0%
May*	230.6	-1.0%	41.5	-1.0%	59.2	4.8%	10.7	-35.2%	119.2	1.0%
June*	237.4	2.9%	42.1	1.4%	61.4	3.7%	15.9	48.6%	118.0	-1.0%
Change for the year		23.1%		9.4%		13.7%		148.4%		25.5%

* Figures are provisional and subject to revision

Table No. (10): End of Period

**Central Bank Foreign Currency Assets
(End of period, billions of Dirhams)**

Period	Deposits	Held-to-Maturity Foreign Securities	Held-to-Maturity Dubai Gov. Bonds	Other Foreign Assets *	Total Foreign Currency Assets
2006	57.32	43.30	0.00	1.71	102.33
2007	184.04	98.86	0.00	2.79	285.69
2008	82.87	29.58	0.00	3.56	116.01
2009	85.64	0.04	36.72	6.47	128.87
2010					
January	82.22	0.04	36.72	1.64	120.62
February	74.25	0.04	36.72	3.19	114.20
March	78.06	0.04	36.72	5.98	120.80
April	78.72	0.02	36.72	5.30	120.76
May	65.29	18.48	36.72	3.09	123.58
June	49.51	33.12	36.72	2.73	122.08
July	55.20	44.58	36.72	2.80	139.30
August	47.73	46.53	36.72	2.87	133.85
September	48.86	45.00	36.72	2.13	132.71
October	50.59	58.77	36.72	2.25	148.33
November	58.62	53.21	36.72	2.32	150.87
December**	47.84	68.42	36.72	0.45	153.43
2011					
January**	37.48	80.57	36.72	0.69	155.46
February**	51.53	82.10	36.72	0.72	171.07
March**	65.75	80.00	36.72	0.61	183.08
April**	88.91	76.27	36.72	1.54	203.44
May**	83.13	81.40	36.72	1.40	202.65
June**	74.86	86.03	36.72	1.45	199.06
Change for the year	56.5%	25.7%	0.0%	222.2%	29.7%

(*) Including Loans to Banks against Certificates of Deposit (CDs)

(**) Figures are provisional and subject to revision

The reality of corporate governance of banks in the United Arab Emirates Central Bank and the International Finance Corporation has issued draft guidelines for corporate governance, the draft aims to provide a single source of information for managers of banks, with regard to the principles of corporate governance, sound, and best practices of banks, as well as providing a number of reference standards and guidelines that can be used as standards standard optional and to evaluate and improve the needed governance frameworks of business.

The objective of the guidelines for the governance of banks, is to provide practical recommendations and effective guidelines to bank managers, on how to follow and implement governance practices of banks, developing the capacity of banks in the UAE on the easier access to external capital, and improve the ability to make decisions, and improve its reputation in the UAE, the GCC and globally. The commercial banks, a leading contributor to the success of the country's economy is expected to lead the way in the management standards and corporate governance.

CHAPTER THREE
METHODOLOGY

Introduction:

This chapter offers a quick framework of governing in UAE banks, in order to identify the nature and quality of the banking sector in the UAE, and some performance indicators, and includes an analysis of the data obtained through the questionnaire, and test the research hypotheses, as follows:

I. Data analysis and hypothesis testing:

This part deals with the description of the methodology of the study, and members of the community and appointed by the study, as well as study tool used, and how their numbers, sincerity and constancy. This part also includes a description of the procedures that have been made to codify the study and application tool, and finally the statistical treatments for the analysis of the study.

II. Methodology of the study:

To achieve the objectives of the study, we used a descriptive and analytical approach, which is defined as a method of analysis, based on sufficient and accurate information about the phenomenon or a specific topic in the search, where they are eating events, phenomena and practices are available for study, and measurement as it is, without the intervention in the course of the study and interact with them, in order to identify the corporate governance and the board efficiency in UAE banks, relying on two basic types of data:

1. Preliminary data:

Researcher was prepared to identify the study, and distributed to the population of the study, for the purpose of collecting the necessary information about the research topic, and then discharged and analyzed using SPSS statistical program, and the use of appropriate statistical tests in order to access the semantics of value, and indicators support the theme of the study.

2. Secondary data:

Secondary data is done through a review of books, journals, Internet use, research, and previous studies, which contribute to the enrichment of this study.

III. The study population:

The target population of the study consists of board members, as well as executive management in all banks operating in the UAE, which responded to the researcher, the 31 out of 51 bank national bank and foreign in the United Arab Emirates.

Researcher could clarify the banks operating in the UAE as follows:

1. List of national banks in the United Arab Emirates:

Table No. (11): List of national banks in the United Arab Emirates

S. No.	Bank Name	Branches
1	National Bank of Abu Dhabi	79
2	Abu Dhabi Commercial Bank	46
3	Arab Bank for Investment and Foreign Trade	7
4	Union National Bank	51
5	Commercial Bank of Dubai	24
6	Dubai Islamic Bank	58
7	Emirates NBD	112
8	Emirates Islamic Bank	32
9	Mashreq Bank	64
10	Sharjah Islamic Bank	24
11	Bank of Sharjah	4
12	United Arab Bank	11
13	Investment Bank	12
14	RAK Bank	28
15	Commercial International Bank	16
16	National Bank of Fujairah	14
17	National Bank of Umm Al Quwain	17
18	First Gulf Bank	18
19	Abu Dhabi Islamic Bank	62

20	Dubai Bank	24
21	Noor Islamic Bank	15
22	Al Hilal Bank	17
23	Ajman Bank	6
Total		741

2. List of foreign banks in the United Arab Emirates:

Table No. (12): List of foreign banks in the United Arab Emirates

S. No.	Bank Name	Branches
1	National Bank of Bahrain	1
2	Rafidain Bank	1
3	Arab Bank	8
4	Bank Miser	5
5	Nilein Bank	1
6	National Bank of Oman	1
7	Credit Agricole bank financing and investment	2
8	Bank of Baroda	6
9	Me. The. Me. BNP Paribas	2
10	Janata Bank	4
11	HSBC Bank	8
12	Arab African International Bank	2
13	Gulf (France) NA.	4
14	Ahli Bank of Kuwait	2
15	Barclays Bank	2
16	Habib Bank Limited	7
17	Habib Bank AG Zurich	8
18	Standard Chatrd Bank	12
19	City Bank	5

20	Bank Saderat Iran	7
21	Bank Melli Iran	7
22	Blom Bank France	2
23	Lloyds TSB. S. Me. BNP. The. C.	1
24	Royal Bank of Scotland	0
25	United Bank Limited	8
26	Doha Bank	1
27	Samba Financial Group	1
28	National Bank of Kuwait	1
Total		108

The study sample:

Identified the study sample path of the random sample stratified by study population, study sample size of 150 single, resolution has been distributed to all members of the sample, and the recovery of 125 questionnaire, and after examining the questionnaires, were excluded 4 questionnaires, due to lack of fulfillment of the conditions required, and thus the number of questionnaires under study identifying are 121 questionnaires.

Tool of study:

Resolution has been prepared as follows:

1. Preparation of an initial questionnaire, for use in collecting data and information.
 2. Modify the resolution initially.
 3. Display resolution on some of the specialists, who provided advice and guidance, and make some adjustments.
 4. Conduct a preliminary field test to identify and modify as appropriate.
- The distribution of questionnaire to all members of the study sample, to collect the necessary data for the study, questionnaire contained one set of direct questions that relate to the subject matter, a corporate

governance and the board efficiency in UAE banks, was divided this group to 6 axes, as follows:

- a- The first axis: this axis discussed the basis of tight and effective rules of governance, and consists of 9 paragraphs.
- b- The second axis: This axis discussed the elements of protection of the rights of shareholders and investors, and consists of 13 paragraphs.
- c- The third axis: This axis discussed the elements of fair and equal treatment of all shareholders, and consists of 12 paragraphs.
- d- Fourth Axis: This axis discussed the elements of the role of stakeholders in the methods of practicing the rules of corporate governance in banks, and consists of 7 vertebrae.
- e- Fifth Axis: This theme discussed the viability of disclosure and transparency to all stakeholders, and consists of 9 paragraphs.
- f- Sixth Axis: discussed the availability of the elements of the responsibilities of Board of Directors of the rules of governance, and consists of 9 paragraphs.

The answer were given on scale basis from 1 to 5, so that the highest degree represents the degree of approval, and the degree of 1 means the least degree of approval, according to the table (13) the following:

Table No. (13): Standard answer to paragraphs

Strongly Disagree	←————→			Strongly Agree	Category
1	2	3	4	5	Degree

Following tests were used to validate and interpret the study results in the SPSS

*Correlation Coefficient test – which will help in measuring the interdependence between the study variables

*T-Test - which will helps in testing the level of significance between the tested axis in comparison to the paragraphs related to each axis.

Honesty of procedure of the paragraphs of the first axis: a tight and effective basis for the rules of governance:

Table (13) shows the correlation coefficients between each paragraph of the first axis (the presence of the basis of the Court and effective governance rules) and the overall rate of the paragraphs, which shows that the correlation coefficients indicated a function at the level of significance (0.05), as the significance level of each paragraph is less than 0.05 and the value of r is greater than the calculated dividing the tabular r, which is equal to 0.361, so the paragraphs are true to the first axis and intended to measure.

Table (13): sincerity of Procedure of the paragraphs of the first axis: the existence of the basis of the arbitrator and effective governance rules.

S. No.	Paragraph	Correlation coefficient	The level of significance
1	There is clear legislation, sets out the responsibilities and ensure the interests of the public in the bank.	0.511	0.004
2	Bank management is working to raise the level of transparency and efficiency in the financial reports published by the Bank.	0.403	0.027
3	Have an effective regulatory framework controlling all aspects of corporate governance for the performance of banks.	0.465	0.010
4	Have an organizational structure and job descriptions, responsibilities and powers, contributes to the development of governance.	0.504	0.004
5	Legal requirements and oversight of the Bank comply with banking laws in force.	0.441	0.015
6	Supervisory and regulatory bodies in the market are doing their job, in a professional and objective way to implement the requirements of corporate governance.	0.738	0.000
7	Listed banks in the market for securities based disclosure, so as to obtain information on a regular basis regularly.	0.637	0.000
8	Laws applicable to banks in the UAE to ensure that	0.608	0.000

	shareholders and customers the right to elect or dismiss members of the Board of Directors.		
9	Requirements of the rules of corporate governance commensurate with the amount of disclosure in the banks listed in the stock market.	0.660	0.000

Tabulated value of r at 0.05 level and the degree of freedom, "28" is equal to 0.361

Honesty of procedure of the paragraphs of the second axis: the availability of the elements of protection of the rights of shareholders and investors.

Table (14) shows the correlation coefficients between each paragraph of the second axis (provide the elements of protection of the rights of shareholders and investors), and the overall rate of its paragraphs, which shows that the correlation coefficients shown at the level of significance (0.05), as the significance level of each paragraph is less than 0.05 and the value of r is greater than the calculated dividing the tabular r, which is equal to 0.361, and so are the paragraphs of the second axis to the true and intended to measure.

Table (14): sincerity of Procedure of the paragraphs of the second axis: the availability of the elements of protection of the rights of shareholders and investors.

S. No.	Paragraph	Correlation coefficient	The level of significance
1	There are easy to transport and transfer of ownership of shares among shareholders.	0.469	0.009
2	shareholders can find information on the Bank periodically and regularly and easily.	0.430	0.018
3	Shareholders do participate and vote in the General Assembly meetings fairly.	0.710	0.000
4	Shareholders participating in the election to take action and segregation.	0.703	0.000
5	Shareholders participating in the conduct of any amendments to the Statute of the Bank.	0.680	0.000
6	Shareholders participate in the decision to increase the capital of the bank by issuing new shares.	0.522	0.003
7	Shareholders are entitled to the accountability of the Board of Directors and propose appropriate	0.708	0.000

	solutions.		
8	Shareholders are entitled to see the action disclosure.	0.781	0.000
9	Shareholders are entitled to vote in person or in absentia, taking into account the impact of equality in voting.	0.804	0.000
10	The Bank's management information provided to shareholders and good enough for the meetings of the General Assembly.	0.443	0.014
11	Shareholders learn about any unusual operations can lead to impact on the bank.	0.673	0.000
12	Shareholders learn about all the key processes and important by the bank.	0.617	0.000
13	Law of the market provides the elements of efficiency and transparency in carrying out its functions in the control of companies and banks.	0.784	0.000

Tabulated value of r at 0.05 level and the degree of freedom, "28" is equal to 0.361

Honesty of procedure of the paragraphs of the third axis: the availability of the elements of fair and equal treatment of all shareholders and customers.

Table (15): shows the correlation coefficients between each paragraph of the third axis (provide the elements of fair and equal treatment of all shareholders), the overall rate of the paragraphs, which shows that the correlation coefficients indicated a function at the level of significance (0.05), as the significance level for each paragraph is less than 0.05, the value of r is greater than the calculated dividing the tabular r, which is equal to 0.361, so that the paragraphs of the third axis is the true and intended to measure.

Table (15)

Honesty of procedure of the paragraphs of the third axis: the availability of the elements of fair and equal treatment of all shareholders

S. No.	Paragraph	Correlation coefficient	The level of significance
1	Equal treatment of all shareholders and customers is one of the most important rules of governance.	0.769	0.000
2	There is the treatment of all shareholders of the same class equally.	0.733	0.000
3	Shareholders have equal voting rights for each category of shareholders.	0.784	0.000
4	To the shareholders entitled to obtain information about the voting rights associated with all classes of shares before buying shares.	0.831	0.000
5	Is to protect the rights of minority shareholders of the exploitative practices with the provision of compensatory effective.	0.656	0.000
6	Is the protection of minority shareholders from trading or trading for insider information on the interior.	0.592	0.001
7	Is to protect the rights of shareholders to disclose the accounting for transactions private.	0.814	0.000
8	Procedures allow for the holding of meetings of the General Assembly of the shareholders to achieve equal opportunity for all shareholders.	0.636	0.000
9	There are ways to remove obstacles for cross-border voting.	0.739	0.000
10	Mechanisms are available and effective means of compensating for the protection of the rights of shareholders.	0.662	0.000
11	The procedure allows for giving inside information to all stakeholders.	0.625	0.000
12	Shareholders are entitled to obtain information before buying shares of all classes of shares.	0.526	0.000

Tabulated value of r at 0.05 level and the degree of freedom, "28" is equal to 0.361

Honesty of procedure of the paragraphs of the fourth axis: the availability of the elements of the role of stakeholders in the methods of the exercise of control rules of governance.

Table (16) shows the correlation coefficients between each paragraph of the fourth axis (provide the elements of the role of stakeholders in the methods of practicing the rules of corporate governance) and the overall rate of its paragraphs, which shows that the correlation coefficients indicated a function at the level of significance (0.05), as the significance level for each paragraph 0.05 and less than the calculated value of r greater than r dividing the spreadsheet, which is equal to 0.361. Paragraphs of this is true for the fourth axis is designed to measure.

Table (16)

Honesty of procedure of the paragraphs of the fourth axis: the availability of the elements of the role of stakeholders in the methods of practicing the rules of corporate governance.

S. No.	Paragraph	Correlation coefficient	The level of significance
1	There is facilitate the tasks of stakeholders and in accordance with the provisions of the law.	0.678	0.000
2	Are working to develop mechanisms for all employees in improving performance.	0.827	0.000
3	Is the opportunity for stakeholders to get the appropriate compensation for violation of their rights.	0.750	0.000
4	Be allowed to communicate freely with interest the board of directors to express their concerns about illegal acts.	0.693	0.000
5	Design is an effective structure for the efficient protection of the financial crises of the banks.	0.563	0.001
6	Is contacted with stakeholders to find different ways to secure capital flows, external and internal to the companies.	0.760	0.000
7	There is an effective mechanism between	0.681	0.000

	stakeholders and the Council of treacherous to provide continuity of the company.		
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Tabulated value of r at 0.05 level and the degree of freedom, "28" is equal to 0.361

Honesty of procedure of the paragraphs of the fifth axis: the availability of the elements of disclosure and transparency for all stakeholders.

Table (17) shows the correlation coefficients between each paragraph of the axis V (providing the elements of disclosure and transparency for all stakeholders) and the overall rate of its paragraphs, which shows that the correlation coefficients indicated a function at the level of significance (0.05), as the significance level of each paragraph is less than 0.05 and the calculated value of r greater than r dividing the spreadsheet, which is equal to 0.361, and this is the fifth paragraphs of the axis to the true and intended to measure.

Table (17)

Honesty of procedure of the paragraphs of the fifth axis: the availability of the elements of disclosure and transparency for all stakeholders.

S. No.	Paragraph	Correlation coefficient	The level of significance
1	Are the disclosure of all elements of the terms of the financial position sufficiently and without exception.	0.866	0.000
2	Are the disclosure of stock ownership for all shareholders of all classes of shares.	0.772	0.000
3	Result in the disclosure to attract capital and maintain the rights of shareholders.	0.654	0.000
4	Are the disclosure of remuneration of the Board and executives and how their choice.	0.683	0.000
5	Are disclosed to shareholders when there is a practice or unethical conduct.	0.586	0.001
6	Available channels for the dissemination of adequate information in a timely manner, and in a manner that are fair to all parties concerned.	0.680	0.000
7	Are the disclosure of the core elements of the expected risk.	0.680	0.000

8	Guarantees are disclosed voluntarily in addition to mandatory disclosures.	0.820	0.000
9	Are disclosed on the effectiveness of internal control system and demonstrate its effectiveness and strength.	0.855	0.000

Tabulated value of r at 0.05 level and the degree of freedom, "28" is equal to 0.361

Honesty of procedure for the sixth paragraphs of the axis: the availability of the elements of the responsibilities of Board of Directors of the rules of governance.

Table (18) shows the correlation coefficients between each paragraph of the axis VI (providing the elements of the responsibilities of Board of Directors of the rules of corporate governance) and the overall rate of the paragraphs, which shows that the correlation coefficients indicated a function at the level of significance (0.05), as the significance level of each paragraph is less than 0.05 and the calculated value of r greater than r dividing the spreadsheet, which is equal to 0.361, and this is the sixth paragraphs of the axis to the true and intended to measure.

Table (18)

Honesty of procedure for the sixth paragraphs of the axis: the availability of the elements of the responsibilities of Board of Directors of the rules of governance.

S. No.	Paragraph	Correlation coefficient	The level of significance
1	Board of Directors takes into account the equal treatment of each category of equity and fair way.	0.727	0.000
2	Board of Directors is committed to the laws and regulations, with emphasis on the interests of stakeholders.	0.695	0.000
3	Members of the Board of Directors observe all shareholders on the basis of adequate information, and make adequate care, in the best interest of shareholders a fair way.	0.647	0.000
4	Board of Directors within a comprehensive strategic plan for the supervision and control.	0.649	0.000
5	Board of Directors is working to achieve the necessary degree of accountability and follow-up	0.733	0.000

	through the system effectively.		
6	Board of Directors selects the follow-up and replacement of senior managers when necessary.	0.552	0.002
7	Is the exact purpose of the disclosure, operating and working procedures, and fee structure for the Board of Directors.	0.807	0.000
8	Board of Directors to oversee the process of disclosure and communications.	0.669	0.000
9	Board of Directors provides a formal system is characterized by transparent processes for the nomination and election of board members.	0.840	0.000

Tabulated value of r at 0.05 level and the degree of freedom, "28" is equal to 0.361

Honesty consistency of structural axes of the study:

Table (19) shows the correlation coefficients between the rate of each axis of the axes of the study, with the overall rate of the paragraphs of resolution, which shows that the correlation coefficients indicated a function at the 0.05 level, as the significance level of each paragraph is less than 0.05, the value of r calculated is greater than the apportionment of indexed r, which is equal to 0.361.

Table (19)

Coefficient of correlation between the rate of each axis of the axes of the study with the overall rate of the paragraphs of resolution

Axis	Paragraph	Correlation coefficient	The level of significance
First	The basis of the presence of tight and effective governance rules.	0.763	0.000
Second	Provide the elements of protection of the rights of shareholders and investors.	0.835	0.000
Third	Provide the elements of fair and equal treatment of all shareholders.	0.893	0.000
Fourth	Provide the elements of the role of stakeholders in the methods of practicing the rules of governance.	0.836	0.000
Fifth	Provide the elements of disclosure and	0.903	0.000

	transparency for all stakeholders.		
Sixth	Provide the elements of the responsibilities of the Board of Directors of the rules of governance.	0.829	0.000

Tabulated value of t at 0.05 level and the degree of freedom, "28" is equal to 0.361

The need for corporate governance

The need for corporate governance stand out from the separation of ownership and management (control) in companies owned by the public, investors seeking to invest their capital in enterprises, as many investors do not have the time or experience necessary to run the institution, and ensure the achievement of return on their investment. As a result, investors using individuals with management experience; for the management and daily operation of the facility, in order to make sure that the aspects of activity undertaken by the enterprise working to strengthen the profitability and long-term performance (Azab, B., 2007).

A major disadvantage of this arrangement is that the managers or members of the board of directors often they are the owners of the business, and then they will not bear the burden of loss of investment, or loss of profits, if the Company has failed in its performance and as a result, had the directors or members of the board of directors to take actions detrimental to the value of shareholder funds. It may not have the level of vigilance or caution which should be in their control and supervision of the internal operations of the company, was negligent in the risks if they become threatened their positions in these companies (Cheryl R .Lehman, 2005). May not do enough to risk when they have a sense of security in their positions. Could fall back to do an acquisition may be in the interest of the company in the long term, or may be expanding by investing in industries falling feel that they have the ability to run, but it's not profitable, and that managers may also tend to steal from the company through looting from the pension fund, or by paying exorbitant prices for supplies from the company's subsidiaries, or by indulging in trafficking of Interior of the shares. It is clear that such patterns of behavior detrimental to performance and financial viability of the facility, and the perception of the need for corporate governance (Azab, B., 2007).

With this, the need for corporate governance in developing economies, and emerging and transition exceed the solution of problems arising from the separation of

ownership and management. As the developing and emerging economies always face several issues, such as lack of property rights and the abuse of the rights of minority shareholders, and the violation of contracts, and asset stripping and dealing with the self (Besley, Scott and Brigham, 2003).

What makes it worse is that these acts are often not subject to punishment, and due to this veto prevailing in many developing economies and emerging and transition, in legislation and political-economic institutions necessary - for democracy and markets in order to do its job. Without the existence of such institutions and legislation there would be little impact of corporate governance. Thus, the planting of corporate governance in developing economies and emerging and transition require the development of legislation and the establishment of democratic institutions based on the market along with the instructions and guidelines for sound internal processes in the company (Besley, Scott and Brigham, 2003).

CHAPTER FOUR
RESULTS & DISCUSSIONS

Introduction:

This chapter will analyzed paragraphs axes of the study, to identify the corporate governance and the board efficiency in UAE banks, through one Sample T test for the analysis of the paragraphs of resolution, and the paragraph is positive, meaning that the respondents agree on its content if the value of t calculated is greater than the value of t indexed, which is equal to 1.98 (or significance level less than 0.05 and the relative weight of greater than 60%), and the paragraph is negative, meaning that the respondents do not agree on the content, if the value of t calculated is smaller than the value of t indexed, which is equal to -1.98 (or significance level less than 0.05 and the relative weight of less than 60%), and the views of the sample in paragraph neutral if its significance level greater than 0.05.

Table (20)

Analysis of the paragraphs of the first axis: a tight and effective basis for the rules of governance

S. No.	Paragraph	Arithmetic average	Standard Deviation	The relative weight	T Value	The level of significance
1	There is clear legislation, sets out the responsibilities and ensure the interests of the public in the bank.	3.89	0.964	77.85	10.181	0.000
2	Bank management is working to raise the level of transparency and efficiency in the financial reports published by the Bank.	4.08	0.759	81.65	15.686	0.000
3	Have an effective regulatory framework controlling all aspects of corporate governance for the performance of banks.	3.24	1.041	64.79	2.532	0.013
4	Have an organizational structure and job descriptions, responsibilities and powers, contributes to the development of	3.64	0.785	72.73	8.914	0.000

	governance.					
5	Legal requirements and oversight of the Bank comply with banking laws in force.	3.83	0.715	76.53	12.714	0.000
6	Supervisory and regulatory bodies in the market are doing their job, in a professional and objective way to implement the requirements of corporate governance.	3.41	0.882	68.26	5.154	0.000
7	Listed banks in the market for securities based disclosure, so as to obtain information on a regular basis regularly.	4.04	0.768	80.83	14.913	0.000
8	Laws applicable to banks in the UAE to ensure that shareholders and customers the right to elect or dismiss members of the Board of Directors.	3.53	0.837	70.58	6.948	0.000
9	Requirements of the rules of corporate governance commensurate with the amount of disclosure in the banks listed in the stock market.	3.76	0.764	75.21	10.947	0.000
All paragraphs		3.71	0.584	74.27	13.450	0.000

Tabulated value of t at the level of significance, "0.05" and the degree of freedom, "120" is equal to 1.98

T-test was used for each sample, and the results shown in Table No. (20) which shows the views of members of the study sample in the first axis (the basis of the presence of tight and effective governance rules) by decreasing the relative weight of each paragraph as follows:

1. In paragraph "2", the relative weight was 81.65%, and the significance level 0.000, which is less than 0.05, which indicates that the (financial market management is working to raise the level of transparency and efficiency in the financial reports published by banks).

2. In paragraph "7", the relative weight was 80.83%, and the significance level 0.000, which is less than 0.05, which indicates that the (banks listed in the stock market, the disclosure, so as to obtain information on a regular basis and regular).
3. In paragraph "1", the relative weight was 77.85, and the level of significance of 0.000, which is less than 0.05, which indicates that the (legal and regulatory requirements in the financial market compatible with the company laws applicable to it).
4. In paragraph "9", the relative weight was 75.21%, and the significance level 0.000, which is less than 0.05, which indicates that (the requirements of the rules of corporate governance commensurate with the amount of disclosure in the listed banks in the stock market).
5. In paragraph "4", the relative weight was 72.73%, and the significance level of 0.000, is less than 0.05, which indicates that (have an organizational structure and job description and determine the responsibilities and powers, contributes to the development of corporate governance).
6. In paragraph "8", the relative weight was 70.58%, and the significance level of 0.000, which is less than 0.05, which indicates that (the laws applicable to banks in the UAE, to ensure the right of shareholders to elect or dismiss members of the Board of Directors).
7. In paragraph "6", the relative weight was 68.26, and the level of significance of 0.000, which is less than 0.05, which indicates that the (supervisory bodies and regulators in the stock market are doing their job, in a professional and objective way, to implement the requirements of corporate governance).
8. In paragraph "3", the relative weight was 64.79%, and the significance level 0.013, which is less than 0.05, which indicates that the (available under an effective regulatory control of all aspects of corporate governance for the performance of banks).

Researcher concludes from the above that listed banks in the UAE market for securities, taking into account the existence of the basis of the arbitrator and effective governance rules, a degree is not high, in terms of the availability of support by the Board of Directors and Executive Management, and the presence of clear legislation,

laws enacted, with the availability of an effective framework to control all aspects of governance, as well as organizational structure, job descriptions, setting out the responsibilities and powers, with the supervisory bodies and supervisory duty in a professional and objective way.

Table (21)

Analysis of the paragraphs of the second axis: (provide the elements of protection of the rights of shareholders and investors)

S. No.	Paragraph	Arithmetic average	Standard Deviation	The relative weight	T Value	The level of significance
1	There are easy to transport and transfer of ownership of shares among shareholders.	4.07	0.697	81.49	16.951	0.000
2	shareholders can find information on the Bank periodically and regularly and easily.	3.93	0.732	78.51	13.906	0.000
3	Shareholders do participate and vote in the General Assembly meetings fairly.	3.66	0.852	73.22	8.536	0.000
4	Shareholders participating in the election to take action and segregation.	3.67	0.800	73.39	9.206	0.000
5	Shareholders participating in the conduct of any amendments to the Statute of the Bank.	3.50	1.001	69.92	5.449	0.000
6	Shareholders participate in the decision to increase the capital of the bank by issuing new shares.	3.68	0.869	73.67	8.609	0.000
7	Shareholders are entitled to the accountability of the Board of Directors and propose appropriate solutions.	3.47	0.975	69.42	5.313	0.000
8	Shareholders are entitled to see the action disclosure.	3.83	0.806	76.50	11.211	0.000

9	Shareholders are entitled to vote in person or in absentia, taking into account the impact of equality in voting.	3.62	0.839	72.40	8.125	0.000
10	The Bank's management information provided to shareholders and good enough for the meetings of the General Assembly.	3.91	0.753	78.18	13.284	0.000
11	Shareholders learn about any unusual operations can lead to impact on the bank.	3.60	0.988	71.90	6.624	0.000
12	Shareholders learn about all the key processes and important by the bank.	3.47	0.988	69.42	5.913	0.000
13	Law of the market provides the elements of efficiency and transparency in carrying out its functions in the control of companies and banks.	3.52	0.876	70.41	7.095	0.000
All paragraphs		3.69	0.594	73.72	12.700	0.000

Tabulated value of t at the level of significance, "0.05" and the degree of freedom, "120" is equal to 1.98.

T-test was used for each sample and the results shown in Table No. (21), which Aspin views of members of the study sample in the second erasure (provide the elements of protection of the rights of shareholders and investors) by decreasing the relative weight of each paragraph as follows:

1. In paragraph "1", the relative weight was 81.49%, and the significance level 0.000, which is less than 0.05, which indicates that (there is great ease in the transfer and the transfer of ownership of shares among shareholders).
2. In paragraph "2", the relative weight was 78.51%, and the significance level 0.000, which is less than 0.05, which indicates that the (Shareholders can obtain information on the bank periodically, regularly, and easily).

3. In paragraph number "10", the relative weight was 78.18%, and the significance level 0.000, which is less than 0.05, which indicates that the (bank's management information provided to shareholders and good enough for meetings of the General Assembly. "
4. In paragraph "8", the relative weight was 76.50%, and the significance level of 0.000, which is less than 0.05, which indicates that the (shareholders are entitled to see the disclosure procedures).
5. In paragraph number "6", the relative weight was 73.67%, and the significance level 0.000, which is less than 0.05, which indicates that the (shareholders participate in the decision to increase the capital of the company by issuing shares).
6. In paragraph number "4", the relative weight was 73.39%, and the significance level 0.000, which is less than 0.05, indicating that the (shareholders take part in the election procedures and isolation).
7. In paragraph "3", the relative weight was 73.22%, and the significance level 0.000, which is less than 0.05, indicating that the (shareholders who participate and vote in the General Assembly meetings in a fair).
8. In paragraph number "9", the relative weight was 72.40%, and the significance level 0.000, which is less than 0.05, indicating that the (shareholders entitled to vote in person or in absentia, taking into account the impact of equality in voting).
9. In paragraph number "11", the relative weight was 71.90%, and the significance level 0.000, which is less than 0.05, indicating that the (shareholders learn about any unusual operations can lead to influence the bank).
10. In paragraph number "13", the relative weight was 70.41%, and the significance level 0.000, which is less than 0.05, which indicates that (the law of the securities market provides the elements of efficiency and transparency in its functions to the banks).
11. In paragraph number "5", the relative weight was 69.92%, and the significance level 0.000, which is less than 0.05, indicating that the

(shareholders participate in making any amendments to the Statute of the Bank).

12. In paragraph number "7", the relative weight was 69.42%, and the significance level 0.000, which is less than 0.05, indicating that (in fact entitled to accountability of the Board and propose appropriate solutions).
13. In paragraph number "12", the relative weight was 69.42%, and the significance level 0.000, which is less than 0.05, indicating that the (shareholders learn about all the key processes and important by the bank).

From the above, it is clear that the banks in the UAE provides the elements to protect the rights of shareholders, but the degrees are not high, in terms of ease of transport and transfer of ownership of shares, and registered their names, as well as get enough information from the disclosure of periodic and regular, and to inform shareholders of any changes decisions or take an ordinary or extraordinary, it can lead to impact on the bank.

Table (22)

Analysis of the paragraphs of the third axis: the availability of the elements of fair and equal treatment of all shareholders

S. No.	Paragraph	Arithmetic average	Standard Deviation	The relative weight	T Value	The level of significance
1	Equal treatment of all shareholders and customers is one of the most important rules of governance.	3.98	0.570	79.5	18.835	0.000
2	There is the treatment of all shareholders of the same class equally.	3.74	0.761	74.71	10.629	0.000
3	Shareholders have equal voting rights for each category of shareholders.	3.80	0.805	76.00	10.880	0.000
4	To the shareholders entitled to obtain information about the voting rights associated with all	3.64	0.866	72.73	8.03	0.000

	classes of shares before buying shares.					
5	Is to protect the rights of minority shareholders of the exploitative practices with the provision of compensatory effective.	3.58	0.892	71.57	7.133	0.000
6	Is the protection of minority shareholders from trading or trading for insider information on the interior.	3.64	0.939	72.89	7.555	0.000
7	Is to protect the rights of shareholders to disclose the accounting for transactions private.	3.82	0.775	76.36	11.619	0.000
8	Procedures allow for the holding of meetings of the General Assembly of the shareholders to achieve equal opportunity for all shareholders.	3.74	0.716	74.71	11.298	0.000
9	There are ways to remove obstacles for cross-border voting.	1.45	0.847	69.09	5.906	0.000
10	Mechanisms are available and effective means of compensating for the protection of the rights of shareholders.	3.22	0.861	64.46	2.851	0.005
11	The procedure allows for giving inside information to all stakeholders.	3.54	0.696	70.74	8.494	0.000
12	Shareholders are entitled to obtain information before buying shares of all classes of shares.	3.46	0.786	69.26	6.479	0.000
All paragraphs		3.63	0.548	72.68	12.715	0.000

Tabulated value of t at the level of significance, "0.05" and the degree of freedom, "120" is equal to 1.98.

T-test was used for each sample, the results are shown in Table (22), which shows the views of members of the study sample in the third axis (provide the

elements of fair and equal treatment of all shareholders) by decreasing the relative weight of each paragraph as follows:

1. In paragraph "1", the relative weight was 79.50%, and the significance level 0.000, which is less than 0.05, indicating that the (equal treatment of shareholders is one of the most important rules of governance).
2. In paragraph "7", the relative weight was 76.36%, and the significance level 0.000, which is less than 0.05, indicating that (is the protection of the rights of shareholders to disclose the accounting for transactions private).
3. In paragraph "3", the relative weight was 76.00%, and the significance level 0.000, which is less than 0.05, indicating that the (shareholders have equal voting rights for each class of shareholders).
4. In paragraph "2", the relative weight was 74.71%, and the significance level 0.000, which is less than 0.05, indicating that (is the treatment of all shareholders of the same class equally).
5. In paragraph "8", the relative weight was 74.71%, and the significance level of 0.000, which is less than 0.05, which indicates that (the procedures for convening meetings of the General Assembly of the shareholders to achieve equal opportunity for all shareholders).
6. In paragraph "6", the relative weight was 72.89%, and the significance level 0.000, which is less than 0.05, indicating that (is the protection of the rights of minority shareholders from trading or trading for insider information on the Interior).
7. In paragraph number "4", the relative weight was 72.73%, and the significance level 0.000, which is less than 0.05, indicating that the (shareholders are entitled to obtain information about the voting rights associated with all classes of shares before buying a stock).
8. In paragraph number "5", the relative weight was 71.57%, and the significance level 0.000, which is less than 0.05, indicating that (is the protection of the rights of minority shareholders of the exploitative practices with the provision of effective countervailing).

9. In paragraph number "11", the relative weight was 70.74%, and the significance level 0.000, which is less than 0.05, indicating that the action (allow giving inside information to all stakeholders).
10. In paragraph number "12", the relative weight was 69.26%, and the significance level 0.000, which is less than 0.05, indicating that the (shareholders are entitled to obtain information before buying shares of all classes of shares).
11. In paragraph number "9", the relative weight was 69.09%, and the significance level 0.000, which is less than 0.05, indicating that (there are ways to remove obstacles for cross-border voting).
12. In paragraph number "10", the relative weight was 64.46%, and the significance level 0.000, which is less than 0.05, indicating that the (available compensatory mechanisms and means to effectively protect the rights of shareholders).

In light of the foregoing, it is clear that the banks in the UAE banks provides the elements of fair and equal treatment among all shareholders degree is not enough, in the presence of shareholders to vote, and the protection of the rights of small shareholders of the exploitative practices, trafficking or trading for insider information on the internal , as well as the provision of compensatory mechanisms and means to protect them.

Table (23)

The fourth paragraphs of analysis: the availability of the elements of the role of stakeholders in the methods of practicing the rules of corporate governance

S. No.	Paragraph	Arithmetic average	Standard Deviation	The relative weight	T Value	The level of significance
1	There is facilitate the tasks of stakeholders and in accordance with the provisions of the law.	3.84	0.785	76.86	11.807	0.000
2	Are working to develop mechanisms for all employees in improving performance.	4.01	0.758	80.17	14.627	0.000
3	Is the opportunity for stakeholders to get the appropriate compensation for violation of their rights.	3.69	0.835	73.88	9.144	0.000
4	Be allowed to communicate freely with interest the board of directors to express their concerns about illegal acts.	3.64	0.835	72.89	8.489	0.000
5	Design is an effective structure for the efficient protection of the financial crises of the banks.	3.67	0.810	73.39	9.088	0.000
6	Is contacted with stakeholders to find different ways to secure capital flows, external and internal to the companies.	3.83	0.840	76.69	10.929	0.000
7	There is an effective mechanism between stakeholders and the Council of treacherous to provide continuity of the company.	3.75	0.849	75.04	9.740	0.000
All paragraphs		3.78	0.647	75.56	13.227	0.000

Tabulated value of t at the level of significance, "0.05" and the degree of freedom, "120" is equal to 1.98.

T-test was used for each sample, and the results shown in the table (23), which reflects the views of members of the study sample in the fourth axis (provide the

elements of the role of stakeholders in the methods of practicing the rules of corporate governance), by decreasing the relative weight of each paragraph as follows:

1. In paragraph "2", the relative weight was 80.17%, and the significance level 0.000, which is less than 0.05, indicating that the (work is to develop mechanisms for the participation of all employees in improving performance).
2. In paragraph "1", the relative weight was 76.86%, and the significance level 0.000, which is less than 0.05, indicating that the (is to facilitate the tasks of stakeholders and in accordance with the provisions of the Act).
3. In paragraph number "6", the relative weight was 76.69%, and the significance level 0.000, which is less than 0.05, indicating that (is contacted with stakeholders to find different ways to secure capital flows, external and internal to the banks).
4. In paragraph number "7", the relative weight was 75.04%, and the significance level 0.000, which is less than 0.05, indicating (a mechanism effective working between the stakeholders and the Board of Directors to provide continuity of the company).
5. In paragraph "3", the relative weight was 73.88%, and the significance level 0.000, which is less than 0.05, indicating that (is the opportunity for stakeholders to get the appropriate compensation for violation of their rights).
6. In paragraph number "5", the relative weight was 73.39%, and the significance level 0.000, which is less than 0.05, indicating that the (effective structure design is efficient protection of the financial crises in banks).
7. In paragraph number "7", the relative weight was 72.89%, and the significance level 0.000, which is less than 0.05, indicating that (are allowed to communicate freely with interest to Board of Directors to express their concerns about illegal acts).

From the above, it appears that the requisites for the role of stakeholders in the exercise of the methods the rules of corporate governance in banks in the UAE, the

degree is not high in terms of, to find ways to encourage stakeholder investment and capital flows, external and internal to the companies, which embodies the work of the various forms of investors, employees, creditors, and suppliers, through their contributions to enhance cooperation, and the achievement of the institution in the long run.

Table (24)

Analysis of the paragraphs of the fifth axis: the availability of the elements of disclosure and transparency for all stakeholders

S. No.	Paragraph	Arithmetic average	Standard Deviation	The relative weight	T Value	The level of significance
1	Are the disclosure of all elements of the terms of the financial position sufficiently and without exception.	3.69	0.837	73.72	9.015	0.000
2	Are the disclosure of stock ownership for all shareholders of all classes of shares.	3.91	0.671	78.18	14.907	0.000
3	Result in the disclosure to attract capital and maintain the rights of shareholders.	3.98	0.619	79.67	17.479	0.000
4	Are the disclosure of remuneration of the Board and executives and how their choice.	3.80	0.881	76.03	10.004	0.000
5	Are disclosed to shareholders when there is a practice or unethical conduct.	3.50	0.950	70.08	5.839	0.000
6	Available channels for the dissemination of adequate information in a timely manner, and in a manner that are fair to all parties concerned.	3.79	0.856	75.87	10.201	0.000
7	Are the disclosure of the core elements of the expected risk.	3.89	1.007	77.85	9.753	0.000

8	Guarantees are disclosed voluntarily in addition to mandatory disclosures.	3.74	0.899	74.78	8.815	0.000
9	Are disclosed on the effectiveness of internal control system and demonstrate its effectiveness and strength.	3.87	0.752	77.36	12.691	0.000
All paragraphs		3.80	0.659	75.95	13.316	0.000

Tabulated value of t at the level of significance, "0.05" and the degree of freedom, "120" is equal to 1.98.

T-test was used for each sample and the results are shown in Table (24), which shows the views of members of the study sample in the axis V (providing the elements of disclosure and transparency for all stakeholders), by decreasing the relative weight of each paragraph as follows:

1. In paragraph "3", the relative weight was 79.67%, and the significance level 0.000, which is less than 0.05, indicating that the (disclosure leads to attract capital and maintain the rights of shareholders).
2. In paragraph "2", the relative weight was 78.18%, and the significance level 0.000, which is less than 0.05, indicating that (are disclosed stock ownership for all shareholders of all classes of shares).
3. In paragraph number "7", the relative weight was 77.85%, and the significance level 0.000, which is less than 0.05, indicating that the (not disclosed the fundamental elements of the expected risk).
4. In paragraph number "9", the relative weight was 77.36%, and the significance level 0.000, which is less than 0.05, indicating that the (not disclosed on the effectiveness of internal control system and demonstrate its effectiveness and strength).
5. In paragraph number "4", the relative weight was 76.03%, and the significance level 0.000, which is less than 0.05, indicating that (are disclosed remuneration of the Board and executives and how their choice).
6. In paragraph number "6", the relative weight was 75.87%, and the significance level 0.000, which is less than 0.05, indicating that the

(available channels for the dissemination of adequate information in a timely manner and in a manner that are fair to all parties involved).

7. In paragraph "8", the relative weight was 74.78%, and the significance level of 0.000, which is less than 0.05, indicating that (guarantees are disclosed voluntarily in addition to mandatory disclosures).
8. In paragraph "1", the relative weight was 73.72%, and the significance level 0.000, which is less than 0.05, indicating that the (not disclosed all the elements of the terms of the financial position sufficiently and without exception).
9. In paragraph number "5", the relative weight was 70.08%, and the significance level 0.000, which is less than 0.05, indicating that the (not disclosed to shareholders when there is a practice or unethical behavior).

From the above, it is clear that the banks in the UAE, taking into account the process of disclosure of stock ownership, as well as the disclosure of any practice or unethical conduct, and dissemination of sufficient information, then disclosure of any significant risk or non-substantive, as well as to the effectiveness of control and power, and the degree is not high, which requires work to provide the elements of disclosure and transparency for all stakeholders; as natural, to get stakeholders to more information and future predictions.

Table (25)

Analysis of the paragraphs of the sixth axis: the requisites for the responsibilities of Board of Directors of the rules of corporate governance

S. No.	Paragraph	Arithmetic average	Standard Deviation	The relative weight	T Value	The level of significance
1	Board of Directors takes into account the equal treatment of each category of equity and fair way.	3.98	0.875	79.67	12.357	0.000
2	Board of Directors is committed to the laws and regulations, with emphasis on the interests of	3.99	0.701	79.83	15.559	0.000

	stakeholders.					
3	Members of the Board of Directors observe all shareholders on the basis of adequate information, and make adequate care, in the best interest of shareholders a fair way.	4.02	0.908	80.50	12.416	0.000
4	Board of Directors within a comprehensive strategic plan for the supervision and control.	3.83	0.799	76.69	11.485	0.000
5	Board of Directors is working to achieve the necessary degree of accountability and follow-up through the system effectively.	3.79	0.795	75.87	10.978	0.000
6	Board of Directors selects the follow-up and replacement of senior managers when necessary.	3.69	0.874	73.88	8.736	0.000
7	Is the exact purpose of the disclosure, operating and working procedures, and fee structure for the Board of Directors.	3.83	0.723	76.69	12.703	0.000
8	Board of Directors to oversee the process of disclosure and communications.	3.91	0.695	78.18	14.384	0.000
9	Board of Directors provides a formal system is characterized by transparent processes for the nomination and election of board members.	3.81	0.799	76.20	11.149	0.000
All paragraphs		3.88	0.624	77.50	15.434	0.000

Tabulated value of t at the level of significance, "0.05" and the degree of freedom, "120" is equal to 1.98.

T-test was used for each sample, and the results are shown in Table No. (25), which reflects the views of members on the study sample (viability determine the responsibilities of Board of Directors), by decreasing the relative weight of each paragraph as follows:

1. In paragraph "3", the relative weight was 80.50%, and the level of significance of 0.000, which is less than 0.05, indicating that the (members of the Board of Directors observe all shareholders on the basis of adequate information, and make adequate care, in the best interest of shareholders a fair way).
2. In paragraph "2", the relative weight was 79.83%, and the significance level 0.000, which is less than 0.05, indicating that the (Board of Directors is committed to the laws and regulations with emphasis on the interests of stakeholders).
3. In paragraph "1", the relative weight was 79.67%, and the significance level 0.000, which is less than 0.05, indicating that the (Board of Directors takes into account the equal treatment of each class of shareholders and a fair way).
4. In paragraph "8", the relative weight was 78.18%, and the significance level of 0.000, which is less than 0.05, indicating that the (Board of Directors to oversee the process of disclosure and communications).
5. In paragraph number "4", the relative weight was 76.69%, and the significance level 0.000, which is less than 0.05, indicating that the (Board of Directors operates within a comprehensive strategic plan for the supervision and control).
6. In paragraph number "7", the relative weight was 76.69%, and the significance level 0.000, which is less than 0.05, indicating that (is the exact purpose of the disclosure, employment and working procedures and fee structure for the Board of Directors).
7. In paragraph number "9", the relative weight was 76.20%, and the significance level 0.000, which is less than 0.05, indicating that the (Board of Directors provides a formal system is characterized by transparent processes for the nomination and election of members of the Board of Directors).
8. In paragraph number "5", the relative weight was 75.87%, and the significance level 0.000, which is less than 0.05, indicating that the

(Board of Directors is working to achieve the necessary degree of accountability and follow through an effective system).

9. In paragraph number "6", the relative weight was 73.88%, and the significance level 0.000, which is less than 0.05, indicating that the (Board of Directors selects the follow-up and replacement of senior managers if necessary).

From the above, it is clear the availability of the elements defining the responsibilities of Board of Directors in banks in the UAE, and this degree is not enough, in terms of taking into account the fair treatment and equal among all the shareholders, and make adequate care for the benefit of shareholders through compliance with laws and regulations, and to develop plans and overall strategy , and monitoring and follow-up, as well as select members of executive management, and accountability for any defect in order to achieve the best interest of shareholders.

Chapter six
CONCLUSION AND RECOMMANDATION

I. Results:

Through the study data, a researcher to reach a set of results which can be elaborated in the following points:

1. Corporate Governance is the process of organizing and arranging the relationship between company management and behavior, shareholders and related parties makers and government regulations, and to monitor and evaluate performance at various levels so beneficial to all parties.
2. Centered corporate governance is mainly about the sustainability of the business, and environmental aspects and play a major role in social sustainability.
3. Good governance to protect the rights of investors, especially the rights of minority shareholders, including their right to express their opinion regarding the company's management in major transactions, in addition to their right to know everything related to their investments.
4. The concept of corporate governance is the way you control the workflow in the company by the Board of Directors and how to achieve accountability responsibility in the face of the shareholders.
5. Governance is a system by which is directing business organizations and control, where you specify the structure and framework for the distribution of duties and responsibilities among the participants in the company, such as Board of Directors, managers and other stakeholders, and establish rules and provisions to make decisions concerning the affairs of the company.
6. Governance is a set of responsibilities and practices followed by the Board of Directors and executive management in order to strategic guidance and to ensure achievement of objectives, and verification of the risk management appropriately, and exploitation of enterprise resource responsibly.
7. The fact that the regulatory authorities to issue binding principles of corporate governance encourage these companies to adhere to those principles.
8. There was consensus among auditors and investors and a positive relationship between the application of the principles of corporate governance and narrow

the expectations gap in the auditing profession, and the importance of a basis for a general framework for effective corporate governance.

9. There was consensus among auditors and investors that the application of the principles of corporate governance to achieve an adequate degree of trust and confidence among investors and decision makers based on financial reports prepared and audited in accordance with the principles of corporate governance.
10. The application of the principles of corporate governance affects the varying proportions of the principle to another in the narrow gap of expectations in the auditing profession.
11. Procedures of corporate governance to protect shareholders contribute to strengthening confidence in the financial statements, which narrows the gap between them and the auditors.
12. The growing interest in corporate governance in many developed economies, and emerging during the past few decades, especially in the wake of economic collapse, financial crisis witnessed by the number of countries in East Asia, and Latin America, and Russia in the nineties of the twentieth century, as well as witnessed by the U.S. economy has recently .
13. In the nineteenth century, contributed to the laws of the government institution in the promotion of the rights of corporate boards to govern without unanimous approval of shareholders in exchange for the benefits of legal rights, such as evaluation, to make corporate governance more efficient.
14. With the explosion of the Asian financial crisis in 1997, the world seen a new look to corporate governance. And the financial crisis referred to, may be described as the crisis of confidence in institutions and legislation that govern business and the relationships between businesses and the government.
15. The investors are seeking prior to their investments for companies that are characterized by the presence of structures of sound corporate governance within which ensures a certain level of accuracy in decision-making by and disclosure and transparency in the financial information published by the clarity and precision in the financial statements before they invest in these companies.

16. The application of the concept of corporate governance in companies requires the availability of three important elements of the first is in the legislation, which has done many of the bodies of financial markets in many Arab countries when it announced the list of corporate governance and the second related to the availability of an adequate level of administrative culture on the concept of governance and its requirements and its importance to the members of the Board of Directors and Executive Directors The final element is the moral aspect is the most dangerous.
17. Given the growing interest in the concept of governance, has been keen from many institutions to study this concept and the analysis and the development of specific criteria for its application.
18. Operations of the administrative reform aimed to introduce fundamental changes in governance including ensuring improved levels of performance and raise the efficiency of existing administrative systems by changing beliefs, attitudes and values and the regulatory environment.
19. With the increasing number of developing countries in the world that has become more open to foreign investment, is no longer important question is whether or not to allow foreign capital to enter the country, but how can we attract this capital.
20. The system of governance of the new regulations related to democracy, and the application of policies of economic freedom, and activating the mechanisms of the market, and the balance of supply and demand, while it is under the ruler and controller of the elements of attractive investment for any State, for any economy, economies, and for any of the companies.
21. The need for corporate governance in developing economies, and emerging and transition exceed the solution of problems arising from the separation of ownership and management. As the developing and emerging economies always face issues such as lack of property rights and the abuse of the rights of minority shareholders, and the violation of contracts, and dealing with the self.
22. Support all systems of corporate governance on four principles: justice, accountability and responsibility for accountability and transparency.

Challenges based on Observance of these principles and abide by the ownership structure of the corporate sector.

23. It is unacceptable to import or application of the rules of governance applicable in the country to be applied in another country. And due to differences between countries in terms of economic growth, cultural and social.
24. The corporate governance ultimately depends on the cooperation between the public and private sectors to create a competitive market system in a democratic society based on law.
25. Economists believe that the corporate governance guidelines are merely raises optional for companies wishing to apply, and has no binding, but result in the application to show the company more transparent, and increase its credibility in the financial markets.
26. The commitment to the application of these aspects in the various economic units and, in particular companies, regardless of the nature of its activity will lead to the development of their performance and overcome the problems of different and more competitive, operational and financial, administrative, and therefore reversal is positive on the shares on the stock market.
27. Confirmed most of the studies and reports on corporate governance - if not all - the need for audit committees in the economic units that seek to apply corporate governance, but noted that the presence of audit committees is one of the key factors to assess the levels of governance applicable to the unit economics.
28. Represents a good disclosure and transparency in the presentation of financial information and a non-financial principles and main pillars upon which the corporate governance.
29. The importance of corporate governance role in increasing the efficiency of resource use and maximize the value of unity and strengthen the economic competitiveness of the market, thus helping to expand and grow and make it able to find new jobs.
30. The most important causes of the collapse of the former in the Saudi market; the absence of control over the mechanisms of governance and lack of disclosure and transparency in some of the economic units, and reflected on a range of

negative effects of the most important loss of confidence in the accounting information.

31. The focus on quality control of the company has increased since the reorganization of the capital markets, and the growing global competition, and increase technological progress has made an impact on the behavior of the facility.
32. Due attention to the application of good practices to justice, transparency and fair treatment to all parties with the relations of the company, and to encourage the efficient use of resources at every level of the organization and the national economy.
33. Board of Directors is the executive responsible for the conduct of the company are identified members of the Board of Directors in the Company and shall be the number of members to be an odd number in order to facilitate decision-making by majority vote.
34. The General Assembly consists of all the shareholders of each company according to the percentage of shares owned, and while the statute of the company can not be provided to attend the meeting of the General Assembly only shareholder who owns a certain percentage of the shares.
35. The importance of having a look to the corporate governance of listed companies and their application stems from the perspective as a framework through which to guide the work of companies and monitored at the highest level to ensure the achievement of its objectives and meet the necessary standards of responsibility, integrity and transparency.
36. The new amendments to the regulations aimed at strengthening corporate governance standards of disclosure and transparency by creating a system of internal control in public shareholding companies listed in any of the local securities markets.
37. The State of the United Arab Emirates - Determined to avoid falling into crisis and limit its effects - has been a pioneer in initiating the application of rules of governance to all companies and institutions operating in the country.

38. The existence of internal control is effective, is one of the main responsibilities assigned to Board of Directors, and is the primary task of the Audit Committee to verify the adequacy of the internal control system and implemented effectively, and make any recommendations for the Board of Directors would activate the system and developed to achieve the purposes of the company and protects the interests of shareholders and investors high efficiency and reasonable cost.
39. It is a great interest in current and potential shareholders to invest in the shares of the company is the size of profits expected to be obtained from the company and their own times and forms of dividends.
40. Although there is a basis for the arbitrator and effective governance rules, applied to the UAE banks, it still needs further development and monitoring of all developments related to the application of the rules of governance, and draw their concepts more deeply.
41. Provide some of the laws that contribute to the protection of shareholders and investors, but it is not implemented fully, which directly affects the size of the investment, and reduces the willingness of investors to invest in listed banks in the financial market, which requires the issuance of bulletins and regulations explanatory necessary to adjust the financial performance of the market in more effective.
42. There are some applications on the availability of the elements of fair treatment of shareholders, but does not live up to the degree sufficient to support the desire and shareholder confidence in the financial market, which reflects on the investment decisions.

Recommendations:

Through the study data and results, the researcher can recommend:

1. Should help the laws, regulations and institutions to encourage them to provide a legal structure in favor of corporate governance.
2. Must provide enough information's, data explanation for new members of the Board of Directors upon their appointment, so they can fulfill their jobs as required and aligned it with corporate governance rules and regulations.

3. The Board of Directors should set up mechanisms and systems that ensure respect to the company's laws and regulations and commit to the disclosure of material information to shareholders, creditors and other stakeholders.
4. The Board of Directors reviews the internal systems and procedures of the Bank's continuously; to verify the suitability and efficiency; so that these procedures can cope with any changes in the global systems.
5. Must work on the revision of legislation, the relevant corporate governance banks, such as corporate law, capital market law, the law practice of the audit, and other relevant laws, and developed in accordance with the principles of corporate governance.
6. The need to educate the community to the duties of auditors, based on a clear understanding of the nature and objectives of the audit function, modify the expectations of society, by means of effective communication, and increase the awareness and the culture of the public audit function and its objectives.
7. Need to find a clear mechanism and specific supervision and follow up implementation of new controls; for the formation of audit committees in banks.
8. Emphasis on the importance of cooperation between the banks of the Audit Committee, and all of the internal auditor and external auditor, which enhances the effectiveness of control on these banks.
9. It should be noted that there are four main parties affected by and affect the proper application of the rules of governance of banks, and determine to a large degree the success or failure in the application of these rules, namely those Parties are: shareholders, Board of Directors, management, and stakeholders.
10. Must adopt strategic management approaches in different areas of work; through the development of the administrative capacity of organizations to deal with internal and external environment.
11. Must adopt modern styles and approaches in organizational structure, and the redesign of organizational structures of organizations, the administrative body,

to achieve the flexibility and responsiveness to the requirements change and evolve and adapt to environmental factors and variables.

12. Must work to adopt a comprehensive performance evaluation of organizations, through their own targets, with a focus on social responsibility of those organizations, the community, including evaluation aspects of the performing of operations and the work done, and the financial costs, the size of investment, the performance of employees, and link them to the requirements of the development of society.
13. The auditor should not be an affiliate of the bank or members of its board of directors, and not to be a contributor or a member with experience in the Board of Directors and shall be appointed by the General Assembly to determine a company with annual fees.
14. A clear policy write up must be created in each bank and should be known to all members such as, Board of Directors, managers and employees on the avoidance of conflict of interest.
15. Must include a disclosure in the report of the Board of Directors Annual, to be presented to the shareholders, in addition to the requirements of applicable laws, data on the results of the annual audit, the effectiveness of internal control structure the bank, and the Bank's commitment to follow up and implementation of operational rules for the governance of banks and the reasons for non-compliance, and composition of the Board of Directors and classification of its members.
16. States and the public business sector companies to respect the rights of all shareholders, and equal treatment for them, and provide information to all shareholders is required.
17. The members of the Board of Directors to disclose any conflict of interest, as well as non-participation in the vote on the resolutions of the Board of Directors relating to this conflict.
18. Must have the Board of Directors sufficient authority, conferred strategic decision-making, and policy development for the management of banks. And it must be available to Board of Directors human efficiencies with the ability to do so.

19. Internal auditor must realized that the records, books and reports, which reflect the real activity, and activity as a result of sound, accurate and true reflection of what is installed in the records.
20. Should work in the governance structure of banks to raise the level of transparency and market efficiency, and to be compatible with the role of the law, and clearly defines the division of responsibilities between the various supervisory, control and commitment to upholding the law.
21. Must be the development of the structure of corporate governance in banks, taking into account their impact on macroeconomic performance and the integrity of markets and incentives it creates for market participants, and the promotion of transparency and market efficiency.
22. Legislation should provide a clear division of responsibilities among the various stakeholders, while ensuring the interests of the public.
23. Should have the supervisory and regulatory authorities responsible for law enforcement power and resources; to carry out their duties in a professional and objective.
24. Must be available to the Board of Directors the ability to exercise the substantive provisions of the affairs of the Bank independence - in particular - for executive management, where you should take into account the Board of Directors the appointment of a sufficient number of members of the Board of Directors of non-executive.
25. Should be considered by the Board of Directors commissioned a number of members of the Board of Directors of the Bank's staff, with the ability to exercise independent rule, to do tasks that are likely and there is a conflict of interest between them. Examples of such key responsibilities: to ensure the integrity of the lists, financial reports and non-financial review of trading operations with related parties of kinship.
26. Shareholders should be encouraged to attend the General Meeting of the Bank, and arrange a date and place of meeting in order to facilitate them and encourage them to attend.

27. Shall be recorded vote on the resolutions of the General Assembly of the absolute accuracy, and in the event that a dispute on the validity of the representation of the votes in the Assembly, voting as the health of these sounds once and false once again presented later to the administrative or judicial authorities, to continue the procedures of the General Assembly in all cases .
28. The Committee must prepare, adopt the report of the Nomination and Remuneration Committee, which is published annual report of the company, this report shows the tasks that the Committee during the year.
29. Should allow for the processes and procedures for the meeting of the General Assembly that all shareholders receive equal treatment, and procedures should not lead the company to increase the difficulty, or increasing the cost of voting without justification.

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Appendix

Questionnaire

Respected Sirs,

This resolution is one of the tools of the study, to complete the degree requirements Masters, entitled:

CORPORATE GOVERNANCE AND THE BOARD EFFICIENCY IN UAE BANKS

Please fill out the attached resolution, after reading each statement carefully read, and I wish you to give some of your interest in this form, because your answers is very important, and will rely on these answers in order to obtain the results of the study.

Note that the information will be treated confidentially and will only be used for research purposes only.

Thank you for your cooperation.

Researcher

S. No.	Paragraph	Agree	Neutral	Disagree	Disagree Strongly
The first axis: there is a basis for the arbitrator and effective governance rules					
1	There is clear legislation, sets out the responsibilities and ensure the interests of the public in the bank.				
2	Bank management is working to raise the level of transparency and efficiency in the financial reports published by the Bank.				
3	Have an effective regulatory framework controlling all aspects of corporate governance for the performance of banks.				

4	Have an organizational structure and job descriptions, responsibilities and powers, contributes to the development of governance.				
5	Legal requirements and oversight of the Bank comply with banking laws in force.				
6	Supervisory and regulatory bodies in the market are doing their job, in a professional and objective way to implement the requirements of corporate governance.				
7	Listed banks in the market for securities based disclosure, so as to obtain information on a regular basis regularly.				
8	Laws applicable to banks in the UAE to ensure that shareholders and customers the right to elect or dismiss members of the Board of Directors.				
9	Requirements of the rules of corporate governance commensurate with the amount of disclosure in the banks listed in the stock market.				
The second axis: the availability of the elements of protection of the rights of shareholders and investors					
1	There are easy to transport and transfer of ownership of shares among shareholders.				
2	shareholders can find information on the Bank periodically and regularly and easily.				
3	Shareholders do participate and vote in the General Assembly meetings fairly.				
4	Shareholders participating in the election to take action and segregation.				
5	Shareholders participating in the conduct of any amendments to the Statute of the Bank.				
6	Shareholders participate in the decision to increase the capital of the bank by issuing new shares.				
7	Shareholders are entitled to the accountability of the Board of Directors and propose appropriate solutions.				
8	Shareholders are entitled to see the action disclosure.				
9	Shareholders are entitled to vote in person or in absentia,				

	taking into account the impact of equality in voting.				
10	The Bank's management information provided to shareholders and good enough for the meetings of the General Assembly.				
11	Shareholders learn about any unusual operations can lead to impact on the bank.				
12	Shareholders learn about all the key processes and important by the bank.				
13	Law of the market provides the elements of efficiency and transparency in carrying out its functions in the control of companies and banks.				

The third axis: the availability of the elements of fair and equal treatment of all shareholders

1	Equal treatment of all shareholders and customers is one of the most important rules of governance.				
2	There is the treatment of all shareholders of the same class equally.				
3	Shareholders have equal voting rights for each category of shareholders.				
4	To the shareholders entitled to obtain information about the voting rights associated with all classes of shares before buying shares.				
5	Is to protect the rights of minority shareholders of the exploitative practices with the provision of compensatory effective.				
6	Is the protection of minority shareholders from trading or trading for insider information on the interior.				
7	Is to protect the rights of shareholders to disclose the accounting for transactions private.				
8	Procedures allow for the holding of meetings of the General Assembly of the shareholders to achieve equal opportunity for all shareholders.				
9	There are ways to remove obstacles for cross-border voting.				
10	Mechanisms are available and effective means of compensating for the protection of the rights of shareholders.				

11	The procedure allows for giving inside information to all stakeholders.				
12	Shareholders are entitled to obtain information before buying shares of all classes of shares.				
The Fourth Axis: the availability of the elements of the role of stakeholders in the methods of practicing the rules of corporate governance					
1	There is facilitate the tasks of stakeholders and in accordance with the provisions of the law.				
2	Are working to develop mechanisms for all employees in improving performance.				
3	Is the opportunity for stakeholders to get the appropriate compensation for violation of their rights.				
4	Be allowed to communicate freely with interest the board of directors to express their concerns about illegal acts.				
5	Design is an effective structure for the efficient protection of the financial crises of the banks.				
6	Is contacted with stakeholders to find different ways to secure capital flows, external and internal to the companies.				
7	There is an effective mechanism between stakeholders and the Council of treacherous to provide continuity of the company.				
The Fifth Axis: the availability of the elements of disclosure and transparency for all stakeholders					
1	Are the disclosure of all elements of the terms of the financial position sufficiently and without exception.				
2	Are the disclosure of stock ownership for all shareholders of all classes of shares.				
3	Result in the disclosure to attract capital and maintain the rights of shareholders.				
4	Are the disclosure of remuneration of the Board and executives and how their choice.				
5	Are disclosed to shareholders when there is a practice or unethical conduct.				

6	Available channels for the dissemination of adequate information in a timely manner, and in a manner that are fair to all parties concerned.				
7	Are the disclosure of the core elements of the expected risk.				
8	Guarantees are disclosed voluntarily in addition to mandatory disclosures.				
9	Are disclosed on the effectiveness of internal control system and demonstrate its effectiveness and strength.				
The Sixth Axis: the availability of the elements of the responsibilities of the Board of Directors of the rules of corporate governance					
1	Board of Directors takes into account the equal treatment of each category of equity and fair way.				
2	Board of Directors is committed to the laws and regulations, with emphasis on the interests of stakeholders.				
3	Members of the Board of Directors observe all shareholders on the basis of adequate information, and make adequate care, in the best interest of shareholders a fair way.				
4	Board of Directors within a comprehensive strategic plan for the supervision and control.				
5	Board of Directors is working to achieve the necessary degree of accountability and follow-up through the system effectively.				
6	Board of Directors selects the follow-up and replacement of senior managers when necessary.				
7	Is the exact purpose of the disclosure, operating and working procedures, and fee structure for the Board of Directors.				
8	Board of Directors to oversee the process of disclosure and communications.				
9	Board of Directors provides a formal system is characterized by transparent processes for the nomination and election of board members.				