

EXPLORING THE RELATIONSHIP BETWEEN GOVERNANCE VERSUS AUDITING AND REPORTING STANDARDS

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Abstract

The aim of this paper is to investigate the extent to which good governance has an impact on strength of auditing and reporting standards. Previous studies have shown there are some certain determinant factors for the strength of auditing and reporting standards such as legal framework, corporate governance, financial market and education. The goal of this cross-country investigation is to continue developing the idea of previous studies, trying to identify if there is any influence of the quality of governance on strength of auditing and financial reporting standards. Approaching the topic from the perspective of income group classification, the findings show the influence of the governance indicators on strength of auditing and reporting standards is not quite uniform. Thus, the results show that the influence of governance quality is particularly relevant highlighted for countries included in upper middle income and high income members OECD.

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