

Perceptions of Corporate Governance and Business Ethics Practices in Kuwaiti Islamic and Conventional Banks

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Abstract : The study attempts to explore both corporate governance (GC) and business ethics (BE) practices in Kuwaiti banks and the relationship between CG and BE, using an accountability framework. By examining the perceptions of key stakeholder groups, this study investigates the practices of BE and CG in Islamic banks (IBs) compared to conventional banks (CBs). We contribute to the scarce studies concerned with relations between CG and BE. We have employed a questionnaire survey method for a random sample of crucial relevant stakeholder groups. The empirical analysis of the participants' perceptions highlights the importance of applying CG regulations and BE for Kuwaiti banks and the clear link between the two concepts. We find that the main concern is not the absence of CG and BE codes, but the lack of consistent enforcement of the regulations. Such a system needs to be strictly and effectively implemented in Kuwaiti banks to protect all stakeholders' wealth, not only that of stockholders. There are significant patterns in the CG and BE expectations among different stakeholder groups. Most interestingly, banks' client groups illustrate high expectations concerning CG and BE practices.

Keywords : corporate governance, GC, business ethics, BE, Islamic banks, IBs, conventional banks, CBs, accountability

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