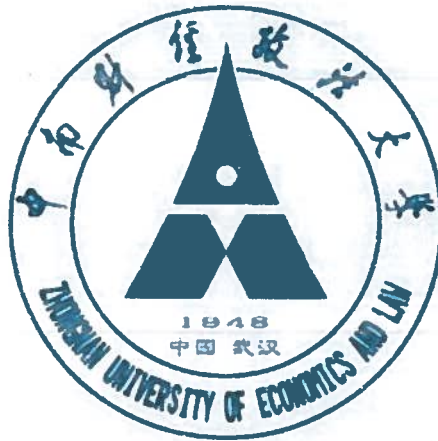


中南财经政法大学

ZHONGNAN UNIVERSITY OF ECONOMICS AND LAW

MASTER DEGREE THESIS



Whistleblowing Policy and Earnings Management: Evidence from Egypt

举报政策与盈余管理：来自埃及的证据

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**A Thesis submitted in fulfillment of the
requirements for the degree of Master of
Accounting at Zhongnan University of
Economics and Law.**



School of Accounting

Zhongnan University of Economics and Law

2021

Dedication

To my loving father, my mother, brothers, sisters, whose guidance and continuous support have always been a source of inspiration for me...

Abstract

Whistleblowing has garnered widespread attention in many countries. Many corporate governance codes, including the Egyptian code of corporate governance have required firms to formulate the whistleblowing policy; however, very limited research is available in whistleblowing of emerging markets such as Egypt.

This study empirically examines whether whistleblowing influences earnings management in Egyptian firms, using ordinary least square (OLS) regression with industry fixed effects on 130 Egyptian firms listed on the Egyptian Stock Exchange (EGX) from 2014 to 2019. The study consists of three parts. Part one is research background and significance, part two is research design and empirical results, part three is conclusion and Suggestions. The results show that the negative influence of whistleblowing policy coefficient on earnings management (discretionary accruals and real earnings management) was more significant, and thus whistleblowing policy reduces the earnings management of Egyptian firms. Furthermore, i provide strong and robust evidence by the propensity score matching and difference- in- difference (PSM-DID) method to show that whistleblowing policy is significant negatively associated with the extent of earnings management.

This study makes several contributions to the literature of earnings management in general, and whistleblowing particular. First, by studying whether and how whistleblowing plays its role in curbing earnings management, this thesis enriches the literature of economic consequences of whistleblowing policy; contribute to the understanding of the whistleblowing procedures and mechanisms that currently Egyptian companies are implementing. Second, this thesis provides new evidence of factors that affect financial reporting behavior. Third, this thesis provide further evidence of some corporate governance characteristics' moderating role in whistleblowing and earnings management, which are useful for regulators and investors to detect and reduce earnings management in Egyptian firms. Besides, this study is highly useful for policymakers in Egyptian firms, academia, managers and international organizations in responding appropriately to strengthen whistleblowing implementation.

Keywords: Whistleblowing; Earnings Management (EM); Accrual Earnings Management (AEM); Real Earnings Management (REM); Egyptian Firms.