

Real Activities Manipulation vs. Accrual Earnings Management: The Effect of Political Risk

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Abstract : Purpose: This study explores whether a firm's effective political risk management is preventing real and accrual earnings management . Design/methodology/approach: Based on a sample of 130 firms operating in Egypt during the period 2008-2013, two hypotheses are tested using the panel data regression models. Findings: The empirical findings indicate a significant relation between real and accrual earnings management and political risk. Originality/value: This paper provides a statistically evidence on the effects of the political risk management failure on the managers' engagement in the real and accrual earnings management practices, and its impact on the firm's performance.

Keywords : political risk, risk management failure, real activities manipulation, accrual earnings management

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