

The impact of existing of companies' in the Egyptian corporate responsibility index ESG on the accounting conservatism : An Applied Study On companies existed in The index

By:

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Abstract:

The aim of this research is to study and test the impact of listing of Egyptian Stock Exchange (ESE) listed companies in corporate responsibility index ESG on the accounting conservatism in the financial reports of the companies listed in corporate responsibility index ESG .To achieve the objective of this research an applied study was conducted on companies listed on ESE and listed ESG index during the time period (2009 - 2017) , the study relied on establishing a model to measure this effect, which contained the accounting conservatism as the dependent variable and the variables related to listing of companies in corporate responsibility index ESG as independent variable , as well as some other variables (firm size , leverage) affecting this relationship , Accrual Based Measure (ABM)) was adopted to measure the accounting conservatism. The result shows no impact of listing of companies in corporate responsibility index ESG on the accounting conservatism using Accrual Based Measure (ABM).

The findings of this research reveal that the companies' existence in corporate responsibility index ESG are, on average, conservative in their financial reporting , Further analysis shows that there is no clear evidence to support the strong relationship between existence of companies in ESG and accounting conservatism, This study finds out that there is insignificant correlation and weakness effect of companies' existence in ESG on accounting conservatism, In addition, The results showed there is a significant positive impact of the company's size on the relation between companies' existence in ESG and accounting conservatism , while there is no any impact of leverage on the relation between them.

Based on this result, the main recommendation of this study is to modify ESG Index to include a dimation focuses on practices of the accounting conservatism, This dimation is a crucial factor to list companies in this index and, it might encourage companies to practice accounting conservatism

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