Geopolitical Risk Disclosure& Dividend Policies, is Accounting Earnings Quality the nexus? Evidence from listed Egyptian Firms

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Abstract:

The current study aims to answer the question, "Is Accounting Earnings Quality the nexus between Geopolitical Risk Disclosure and Dividend Policies?" The study's methodology was based on a sample of listed Egyptian firms on the Egyptian Stock Exchange 2018 -2023. Using modern statistical programs (SPSS-AMOS), the current study concluded that regression model to (H1) was tested at a significance level of 5% significant (F-value = 7.824; P-value = 0.000, which is less than α = 0.05). The evidence indicates that the independent variable, geopolitical risks disclosure (GPR), accounts for 11.2% of the variations in dividend policies (DP). Additionally, the results indicate a negative and significant relationship between geopolitical risk (GPR) and dividend policies (DP).Furthermore, the regression model (H2) was tested at a significance level of 5% .The value and significance of the model reached (F-Value = 9.008; P-Value = 0.000 < α = 0.05), which means the Moderator variable (earning quality) impacts the relation between independent variable (GPR) and dependent variable (DP). The uniqueness and value of this study come from showing stakeholders how geopolitical risk affects dividend policy and the quality of earnings in Egypt, especially after recent geopolitical tensions and their possible effects on financial markets.

Keywords: Geopolitical risks (GPR), Dividend Policies (DP), Accounting Earnings Quality (AEQ).

الملخص

تستهدف الدراسة الحالية الإجابة على التساؤل، هل تمثل جودة الأرباح المحاسبية الرابط بين الإفصاح عن المخاطر الجيوسياسية وسياسات توزيع الأرباح؟، وفى هذا السياق اعتمدت منهجية الدراسة علي عينة من الشركات المدرجة في البورصة المصرية خلال الفترة من 2018 حتى 2023. وباستخدام البرامج الإحصائية (SPSS-AMOS)، خلصت الدراسة الحالية إلى أن نموذج الفرض الأول ذات دلالة معنوية حيث (F = 7.824؛ P = 0.000).حيث تشير الأدلة إلى أن المتغير المستقل والمتمثل في الإفصاح عن المخاطر الجيوسياسية (GPR)، مسؤول عن 11.2% من التغيرات في سياسات توزيع الأرباح (DP). حيث توضح النتائج وجود علاقة سلبية ومعنوية بين المخاطر الجيوسياسية (GPR) وسياسات توزيع الأرباح (DP). علاوة على ذلك، تم اختبار نموذج انحدار الفرض الثاني عند مستوى دلالة 5% ، وبلغت قيمة ودلالة النموذج (F-Value = 9.008؛ P-Value = 0.000 < α = 0.05)، مما يعني أن المتغير المعدل (جودة الأرباح) يؤثر على العلاقة بين المتغير المستقل (GPR) والمتغير التابع (DP). ، وتتبع أصالة وقيمة هذه الدراسة من تفسير كيفية تأثير المخاطر الجيوسياسية على سياسة توزيع الأرباح وأثر جودة الأرباح على هذه العلاقة في البيئة المصرية ، وخاصة بعد التوترات الجيوسياسية الأخيرة وتأثيراتها المحتملة على الأسواق المالية وقرارات أصحاب المصلحة.

كلمات البحث: الإفصاح عن المخاطر الجيوسياسية – سياسات توزيع الأرباح– جودة الأرباح المحاسبية

1. Introduction:

In recent decades, the rise in conflicts worldwide has caused geopolitical risk (GPR) to form erosion to global economic stability (Phan et al., 2022). GPRs can occur because of the Russia-Ukraine war, the Palestine-Israel war, and other GPRs, have had an impact on the politics, economy, and climate change (Jiang et al., 2024, Ma et al., 2024). Geopolitical events are exterior attacks that raise economic and political doubts and lead to less optimal firm finance (Alam et al., 2023). Consequently, increasing uncertainties lead to information asymmetry between firms and stakeholders, thus, making it hard for firms to gain external capital to finance their investments (Pan et al., 2019; Alam et al., 2023). Thence, the salience of geopolitical risks impacts corporate strategy and financial policies. The term geopolitics has attracted great attention to the effects of its risks on economic and financial activities (Zhao et al., 2025).

Firms' disclosures for those risks provide valuable insights that can change investor perceptions, risk assessments, and investment decisions (Khoo, 2021). However, the influence of the disclosure's level of these geopolitical risks on the economic and investment operations and decisions of firms, in an attempt to mitigate the harmful effects of these risks on these firms, as they often have destructive effects that lead to their bankruptcy (Huang et al., 2024).Further, it is argued by the study of (Fiorillo et al. ,2023) that higher GPR leads to lower stock liquidity. In turn, the firms operating in high GPR adjust their investment in a way that responds to the shifts in the external political environment (Wang et al., 2024).GPR has an impact on the firm's cash flow risk, reflected in dividend policies (Arena and Julio, 2023; Lee et al., 2023). Hence, dividend distribution is the main source of firms' cash outflow for the restoration of shareholders to their money. Also, the type of dividends represents firms' financial resilience and risk (Chang et al., 2024). The study of Adra et al. (2023) shows that firms adapt their payout strategy to shrink the risk by repurchasing less shares as a result of greater GPR.

Moreover, the quality of accounting earnings is a reflection from the financial reporting quality, may modify the way and extent to which these disclosures influence dividend decisions (Hamour et al., 2024). Since the stakeholders' trust in the reliability of financial statements, and reports, the rise in geopolitical risks has shaken their trust in good quality of earning

information. Where the earnings reported in the financial reports represent the performance and success of the resources to earn returns (Hamour et al., 2024; Kalembe et al., 2024).

Previous scholars proclaim that GPR affects firms' decision-making, which includes corporate investment and mergers and acquisitions, and modifies the firms' resource reallocation (Demir et al., 2019; Le and Tran, 2021; Rao et al., 2023). Notably, many literature has investigated the impact of GPR on dividend policy but the results were conflicting. This is because of the presence of two competing views that need to be empirically investigated.

The conflicts are raised because of two opposite opinions. On the one hand, the higher GPR is accompanied by fewer dividend payouts. This is based on high GPR increases the cash flow uncertainty, increases financial distress risk, lowers stock returns , heightens capital market volatility, and drops in productivity, and sales (Caldara & Iacoviello, 2022). Therefore, the external financing costs raise leading firms to depend on interior funds and transmit less finance to shareholders (Adra et al., 2023; Arena and Julio, 2023).On the other hand, the higher GPR is accompanied by higher dividend payouts. This is based on high GPR leads firms to postpone or shrink their investments (Caldara and Iacoviello, 2022; Wang et al., 2024). Consequently, the firms will have excessive cash reserves, and be able to transfer wealth to shareholders (Adra et al., 2023).

Though concurrent research proclaims precious insights into the impact of geopolitical risk on dividend policy, and whether accounting earnings quality moderates this relationship, the researchers are driven by four main motivations to research deeper. Firstly, prior scholars do not clarify the techniques through which geopolitical risk affects dividend policy. Secondly, this research contributes to the strand of literature by identifying the economic consequences of GPR and its significant implications on firms' financing decisions.

Third, this study provides highlights into the determinants of corporate payout policy. Especially, according to the signaling theory, cash dividend payments reflect a signal for firms' profitability (Adra et al., 2023). Thus, many firms would rather reduce investment than shrink cash dividends. The study results were against this theory and suggested that firms were conservative with cash dividends in response to the raise in GPR disclosure. Consequently, this research adds to the literature useful highlights into the

conflict that cash dividends are more likely to be used for interior financing when firms are exposed to transient cash flow shocks.

Fourth, the research takes into consideration the moderating role of EQ on the association between GPR and DP. The quality of earnings is increased to decrease the intense agency problems caused by increasing GPR. Consequently, the negative influence of GPR on conservative dividend policy is shrinked. Therefore, this research gained its importance through the recent geopolitical tensions and their potential impact on financial markets and corporate decision-making. Furthermore, it has developed a greater attention of policymakers and stakeholders and increased the attention from the financial sector.

Practically, this research provides valuable information for stakeholders. Hence, it plays a primary role in determining investment decisions and capital market dynamics. Particularly, the role of earning quality on the corporate financial decision with high GPR. Accordingly that, the research gap is represented by the scarcity of accounting studies that addressed measuring the impact of accounting earnings quality on the relationship between geopolitical risk disclosure and dividend policy in the Egyptian environment. Therefore, the current study seeks to measure the relationship between research variables in Egyptian listed companies during the period 2018 to 2023. The rest of this research is developed as follows: discussion of the Literature review and the development of hypotheses development; data analysis and results, finally presentation for the discussion and future recommendations.

2. Literature Review and Hypotheses Development

2.1 Literature Review

Nowadays, there is a greater concern for GPR in the worldwide business environment due to the increasing focus on international instabilities and global terrorism risks (Barman and Mahakud, 2025). However, the impact of GPR extends to global trade, exterior investments, supply chains, and firms' growth (Agoraki et al., 2022; Carney et al., 2024). This is agreed by the study of Caldara and Iacoviello (2022), which shows that there is negative influence of the GPR index leading to a decline in investment within the industries exposed to overall GPRs. Further, there is a decrease in investment at the firm level and a decrease in stock returns. Also, GPRs may lead to external shocks and a decline in firm performance (Barman and Mahakud, 2025).

Thus, firms are proclaimed with higher financial constraints leading to greater tax avoidance (Haque et al., 2023). Additionally, companies facing uncertainty usually keep more cash on hand as a protection, and according to real options theory, they delay making investments when conditions are unstable (Aksoy-Hazır and Tan, 2023; Ren et al., 2023). As a result, companies typically increase their cash reserves. This conclusion contradicts the research conducted by (Behera & Mahakud .,2024), which investigates the impact of GPR on corporate cash reserves in India, exemplifying a rising market. The results indicate a favourable correlation between GPR and the cash reserves of Indian companies.

The effect of GPR includes the cost of debt. The study of (Mokdadi & Saadaoui .,2023) reveals that the cost of debt are positively influenced by geopolitical uncertainty. Additionally, the information asymmetry is found to have a positive influence on this relationship.The scoop of GPR extends to shrink firms' investment in intellectual capital (Huynh et al., 2024).

Additionally, Fiorillo et al. (2024) conclude that a high total rate of return leads to more frequent stock price crashes and that the causal impact of the GPR index on crash events is mainly caused by geopolitical uncertainties rather than geopolitical actions. In addition, the study shows that firms that are more involved in environmental, social, and governance (ESG) practices, are flexible to the negative effect of the GPR on stock price crash risks. Based on the above studies, the impact of the GPR index are caused by threats of negative geopolitical events leading to a decrease in investments, a decrease in stock returns, tax avoidance, higher financial constraints, a rise in corporate cash holding, and a decline in the overall firm performance (Caldara and Iacoviello, 2022; Aksoy-Hazır and Tan, 2023; Haque et al., 2023; Barman and Mahakud, 2025).

Emerging economies are susceptive to the negative influences of GPR (Cheng *et al*., 2023). High GPR in emerging markets influences local financing, capital structure, cash reserves, and the cost of capital (Zhou *et al*., 2020; Kotcharin and Maneenop, 2020; Lee and Wang, 2021; Adra *et al.*, 2023). However, the dividend is money paid to investors by firms to compensate them for investing their money (Javaid et al., 2023).

Regarding the signaling theory, dividends are utilized to signal the firm's quality to the market. This signal is used to fill the gap between managers and investors. Therefore, managers may use earning management to signal the firms' capability to pay dividends (Ben Salah & Jarboui,

2024).The cash dividends lead to changes in earnings and sometimes drive manipulations in earnings. The literature argues about the relationship between earnings management and dividend policy (Javaid et al., 2023; Ben Salah and Jarboui, 2024; Muda and Sunardi,2024).

Collectively,(Javaid et al. ,2023; Ben Salah & Jarboui .,2024) find that management manipulates earnings to provide signals to stakeholders about their ability to distribute dividends. On the contrary, (Muda & Sunardi .,2024) document that dividend policy does not affect earning management for firms listed on the Indonesia Stock Exchange. It is proved by Nguyen and Bui (2019) that dividends are a measure for earnings quality. Hence, their study investigates the relationship between dividend policy and earnings quality. The results show that dividend payers have risen the earnings quality than dividend non-payers. This means dividends are a reflection for the quality of earnings.

Further, the empirical results of (Allani & Mard .,2024) reveal that the relationship is inverted U-shaped between the level of dividend distributions and earnings quality; Earnings quality is positively related to the level of dividends up to a certain level of dividends, and negatively after that level; the inflection point depends on the measure of earnings quality, and the shrink in earnings persistence observed for high values of dividends ratios is explained by earnings management.

According to earlier research, the importance of GPR has increased as tensions, wars, terrorism, and conflicts jeopardize the stability and peaceful development of international relations. As the biggest threat to global financial stability in 2020, GPR overtook cyber risk (Phan et al., 2022), with far-reaching and grave repercussions (Balli et al., 2022). GPR is therefore a crucial factor influencing business choices and stock market dynamics (Wang et al., 2019), underscoring the need of examining its effects. Even while dividends have historically been the primary distribution method, share repurchases which involve a company buying back its issued or outstanding shares are becoming more and more popular (Chang et al., 2024).

Furthermore, corporate distribution strategies that control free cash flow and convey to the market optimistic expectations for the company's future include share repurchases and dividend policy (Kulchania, 2016). For managers, choosing between these two possibilities is therefore a crucial financial decision. Increased uncertainty may also cause market panic,

which would lower liquidity. Thus, by raising the systemic risk that businesses face, GPR affects corporate financial decisions and DP. Therefore, in current market conditions, businesses usually emphasize cash conservation (Zhao et al., 2025).

Dividend policy and risk management have a significant impact on financial flexibility, which is essential for preventing underinvestment and distress. Cash flow shortages can be successfully addressed by lowering dividends, and repurchasing shares increases financial flexibility. Share repurchases are flexible and used for short-term financial transfers, in contrast to dividends, which are frequently set and represent permanent income flows. Organizations are able to successfully address financial instability and underinvestment thanks to this flexibility.

2.2 Hypotheses Development

2.2.1 Geopolitical Risks & Dividend Distributions

The risk factors can be classified as external factors through political risk and GPR because of the potential for significant negative economic impacts (Shawon et al., 2024). According to Haque et al. (2023), Political risk is "political uncertainty surrounding monetary policy, fiscal policy, government spending, regulation, and taxation". But according to (Adra et al.,2023), GPR is the risk of war, terrorism, and state-to-state tensions that interfere with the regular and peaceful flow of international interactions. However, GPRs include negative conditions that expand outside the political borders and can significantly impact macroeconomic variables, jeopardize global financial stability, and oblige firms to deal with instability related to people, processes, and performance more broadly (Haque et al, 2023). Therefore, GPR becomes one of the primary determinants of firms' judgements and stock market volatility (Wang et al. 2024).

Moreover, the more political uncertainty, the more risk for information asymmetry between external investors and firms, which as a result increase in the cost of capital because of the pecking order theory (Carney et al., 2024). The study of Ha et al. (2022) finds that the uncertainty of GPRs affects negatively the firms' productivity, currency value, and external capital inflows. Going one step further, GPR raises the firms' financing costs because of market uncertainty, decreases stockholders' confidence, shrinks capital liquidity, and directly affects a firm's capability to gain financing. The cash flow uncertainty is affected by the GPR, and as a result, it affects the firm payout policy.

Hence, the dividend policy refers to the strategic decision-making process of firms regarding the distribution of profits to shareholders either in the shape of cash dividends or share buybacks (Zhao et al., 2025). These decisions are influenced by various internal and external determinants that affect the firm's liquidity, tax status, investment opportunities, and shareholder expectations. The primary internal factor is the firm's current and expected profitability. Firms with higher and more stable earnings are more likely to distribute regular and increasing dividends (Arhinful et al., 2024). The evolution of accounting practices to ensure that these profits are not only reported accurately but also reflect the underlying economic reality adds another layer of complexity to these decisions.

Furthermore, a firm's capital structure also plays a role in shaping dividend policies. However, firms with high leverage may limit their dividend payouts to maintain liquidity and comply with debt covenants (Arhinful et al., 2024).Conversely, firms with large retained earnings and low debt levels may feel pressure to return excess funds to shareholders to avoid agency problems, as managers are likely to prioritize personal goals over maximizing shareholder value (Bui et al., 2023). Also, investor demographics and preferences can have a significant impact, as firms aim to meet the expectations of the dominant shareholder base, which may prefer regular income streams through dividends.

External determinants include market conditions and macroeconomic reasons, such as interest rates and economic growth expectations, which indirectly affect investor expectations and corporate financing costs, respectively. Insight into these determinants is critical to understanding the strategic importance of dividend policies in corporate finance, their potential as a signaling mechanism, and how they can be used to align the interests of management and shareholders, thereby shrinking agency costs and enhancing firm value (Ben Salah and Jarboui, 2024).GPRs, manifested through variables such as political instability, international conflicts, or economic sanctions, significantly influence corporate decision-making, particularly in the context of dividend policies (Zhao et al., 2025). Moreover, firms operating in regions highly exposed to geopolitical turmoil often exhibit cautious financial management practices, a phenomenon that prominently includes their approach to dividend distributions.

Since dividends are considered a reward that is paid to the investors for investing in the firm, firms raise cash holdings during periods of

uncertain GPRs as a precautionary tool against financial restrictions and to stick with their operations and investments (Behera and Mahakud, 2024).This is inconsistent with the study of Adra et al. (2023), which documents that firms will be more conservative dividend policy in response to greater GPR. Additionally, Zhao et al. (2025) state that China's GPR shrinks the firms' desire to pay stock and cash dividends. This is because GPR raises financing costs and affects the firms' dividend policies.

In contrast, Wang et al. (2024) support the agency theory and managers may misuse the cash they hold. They find that when GPRs increase managers decrease cash flow from financing performance and raise dividend distributions. Based on the above-mentioned, the rationale behind this conservatism extends to the need for liquidity and financial flexibility to navigate uncertain geopolitical terrain. Firms tend to accumulate reserves rather than distribute excess cash to shareholders in the form of dividends, to maintain a buffer that can absorb shocks from potential geopolitical events (Adra et al., 2023; Arena and Julio, 2023).

Thus, based on the above-mentioned, the first hypothesis can be formulated as follows:

H1, Geopolitical risk disclosure has a significant effect on dividend policy in listed Egyptian firms.

2.2.2 Accounting Earnings Quality as Moderator Variable

Earnings quality reflect a critical role in influencing the way firms disclose and manage geopolitical risks, which in turn impacts dividend policies. Further, the accuracy of the disclosed earnings and the real financial performance of the firm is an indicator of the quality of earnings. Hence, accounting earnings quality refers to the degree by which earnings information reflects a firm's underlying financial performance and is free from distortion or management manipulation (Vafeas & Vlittis, 2024). Additionally, high-quality earnings supply stakeholders with worthy information to make well-informed investment decisions (Alrobai et al., 2025), and provide accurate and reliable information that can help investors and stakeholders make informed decisions (Piartrini and Putri, 2024).

Thus, the transparency and reliability of financial data have become increasingly important, as it helps assess whether firms can maintain their dividend payments amidst uncertainty (Olaniyi & Shah, 2023). GPRs can significantly impact a firm's operational and financial stability (Demir et al., 2019). In high-GPR environments, investors and analysts look for high-

quality earnings reports to gauge the true impact of these risks on firms (Karagozoglu et al., 2022). Previous empirical research suggests that firms with higher earnings quality tend to manage GPRs more effectively (Rigamonti et al., 2024).

These firms are better positioned to maintain stable dividend policies even in volatile environments. This stability is largely because high-quality earnings reduce information asymmetry between the firm and its stakeholders, providing a clearer picture of the firm's true financial health and ability to manage risk (Behera& Mahakud, 2024). However, firms with lower earnings quality may use geopolitical events as an opportunistic basis to adjust financial results in ways that benefit insiders, perhaps at the expense of earnings consistency (Pringpong et al., 2023). Thus, understanding the interplay between earnings quality and GPR management is essential for predicting and explaining changes in dividend policies.

Based on the aforementioned, this relationship held the importance of reliable financial reporting as a foundation for investor and corporate confidence, especially in regions or industries experiencing significant geopolitical tensions. In sum, highly earning quality increases stakeholders' confidence in the transparency of financial statements and provides reliable information. However, dividends are considered a measure of the quality of earnings. This can be explained through signaling theory, which means firms pay dividends to signal favorable information to the market (Nguyen and Bui, 2019). This is because a dividend policy is a way that management may utilize to transfer information about firms to investors.

High GPRs may raise the cost of capital for equity and debt financing (Pringpong et al., 2023). Also, stakeholders require risk premiums to recompense for extra risks arising from GPRs. According to (Rigamonti et al,2024), during uncertain times management may manipulate their earning to manage firms' earnings. This is because uncertainty in GPRs leads to a decrease in a firm's revenue, and generates additional costs, which can be reflected, and shrink the firm's market value (Binz, 2022). Furthermore, (Chauhan & Jaiswall .,2023) discover that management can create cookie-jar reserves to be discharged during uncertain periods by employing income-increasing profits management.

Thus, based on the above-mentioned, the second hypothesis can be formulated as follows*:*

H2: Earning quality has significant effect on relationship between GPR and DP in Listed Egyptian firms

3- Data & Material

3.1 Sample Selection :

The present study population encompasses all firms listed in the Egyptian capital market. Given the geopolitical tensions affecting the Arab region, particularly Egypt, such tensions significantly influence industrial activity, as it is closely linked to the dynamics of exports and imports that bolster the national economy. Furthermore, these abrupt political developments in the region contribute to increased production costs and elevated global interest rates. This study utilized intentional control samples, a significant statistical sampling method in accounting literature, focusing exclusively on companies listed on the Egyptian Stock Exchange while excluding banks and insurance companies due to their unique characteristics, based on the following two conditions:

1. The time series of the present study spans from 2018 to 2023, encompassing numerous geopolitical upheavals, including the Covid-19 pandemic, the Ukraine conflict, and the ongoing repercussions of the Arab Spring revolutions.
2. The study sample focused on industrial enterprises and the real estate sector, as they are more intimately associated with geopolitical tensions due to their involvement in the movement of raw materials and the transit of manufactured and semi-made commodities by land and sea.

The final sample of the current study comprises 63 enterprises divided across 7 distinct sectors in the financial market. These firms documented 378 observations over the examined timeframe. The researcher can elucidate the methodologies for identifying the sample and allocating it among the study sectors as follows:

Table (1): Sampling Procedures

Sectors	Firms Sample	Final Sample Observations	%
Real estate	14	84	22%
Industrial services, products and cars	9	54	14%
Chemicals	5	30	8%
Essential resources	5	30	8%
Foods	11	66	17%
Pharmaceutical industry	6	36	10%
Construction & building materials	13	78	21%
Total	63	378	100%

3.2: Variables Measurement:

This study aims to examine the impact of Geopolitical Risk Disclosure (GPR) on Dividend Policies (DP) by Moderating Role of Accounting Earnings Quality (EQ) . In this context, the measurement tools can be defined as follow:

3.2.1: Independent Variable: (GPR)

The disclosure of geopolitical hazards is regarded as the independent variable in the study. To assess this variable via financial reports, we can utilize the content analysis approach for financial statements and reports, as indicated in numerous accounting researches (Caldara& Iacoviello, 2022).

In this context, we can employ the content analysis methodology through six primary categories: (War Threat Military Buildups, Nuclear Threat, War Initiation, War Escalation, and Terror Act Issue). The index score is computed at the aggregate index level as a ratio of the frequency of words referenced in the financial report to the total word count encompassed in the index.

3.2.2: Moderator Variable: (EQ)

To determine the appropriate measures of accounting earnings quality as a moderating variable, the researcher relied on the survey conducted by (Dechow, et al.,2004; Dechow, et al., 2010) of more than 300 accounting studies with the aim of identifying the most important measures used to measure the EQ. In this context, the current study will rely on the accruals quality measure, as the measure relies on net profit and cash flows, which are two of the most important pieces of information that influence dividend policy, in addition to the availability of the necessary data for this measure during the study period. The current study will rely on the modified Jones model, which is one of the most widely accepted models among researchers; the model takes the following form:

$$\mathbf{DACC_{it} = TA_{i,t} - NDA_{i,t}}$$

Where:

- $\mathbf{DACC_{it}}$,refer to accounting earnings quality measured by the ratio of discretionary accruals to total accruals;
- $\mathbf{TA_{i,t}}$, Indicates the actual total accrual of the company;
- $\mathbf{NDA_{i,t}}$, none discretionary accruals value

3.2.3: Dependent Variable: (DP)

Dividend policy refers to a company's determination of profit distribution to shareholders, established by the General Meeting of Shareholders (GMS), taking into account the type and magnitude of distribution, including cash or stock dividends, alongside retained earnings for business stability and growth. The Dividend Payout Ratio (DPR) quantifies the fraction of profits allocated as dividends to common shareholders. The Dividend Discount Model (DPR) is frequently employed to forecast future dividends (Sofyamitha & Susilo, 2024). Dividends can be quantified by assessing each share's proportion of profits at the conclusion of each fiscal year, computed by dividing the distributable earnings by the total number of shares issued (Garg & Bhargaw, 2019).

3.2.4 Control variables:

Controlling the most significant characteristics that could impact the firm's financial status is the primary goal of this section of the study. In addition to GPR, other factors may also have an impact on dividend policies. According to earlier research (Saona et al., 2024; Kalembe et al., 2024; Lawson & Wang, 2016 & Siladjaja et al., 2022), the control variables were: firm performance (ROA), which is the ratio of net profit to total assets; firm size (SIZE), which is calculated as the logarithms of total asset value; financial leverage (LEV), which is the ratio of total debt to total assets; return on equity (ROE), which is the percentage of net income to equity held by shareholders; a loss, equals one if a company reports earnings; otherwise, it is equal to zero; and Z-score, which is a measure of default risk based on Altman's (1968).

Table (2): Study Variables	
Dependent Variable	Dividend Policies(DP)
Independent Variable	Geopolitical Risk Disclosure(GPR)
Moderating Variable	Accounting Earnings Quality(EA)
Control Variables	Firm size (SIZE)
	Return on assets (ROA)
	Financial leverage (LEV)
	Return on Equity (ROE)
	LOSS
	Z-score

3.3: Empirical Model:

Regression specification for testing H1:

To investigate the effect of geopolitical risk disclosure on Dividend Policies, the regression used according to this equation:

$$DP = \alpha + \beta_1 GPR + \beta_2 SIZE + \beta_3 LEV + \beta_4 ROA + \beta_5 ROE + \beta_6 LOSS + \beta_7 Z\text{-}SCORE + \varepsilon. \quad (1)$$

Regression specification for testing H2:

To investigate the effect of geopolitical risk disclosure on Dividend Policies by moderating this effect by the Accounting Earnings Quality, the regression used according to this equation:

$$DP = \alpha + \beta 1\ GPR \times EQ + \beta 2\ GPR + \beta 3\ EQ + \beta 4\ SIZE + \beta 5\ LEV + \beta 6\ ROA + \beta 7\ ROE + \beta 8\ LOSS + \beta 9\ Z\text{-}SCORE + \varepsilon. \quad (2)$$

4. Data analysis & results

4.1 Descriptive statistics:

Table (3) show descriptive statistics show the following:

- The low dispersion among the research sample's average, as evidenced by the minimal standard error values for all variables, indicates a high accuracy in estimating the sample's arithmetic mean. This, in turn, enhances the precision of the regression model coefficients and the significance of its variables.
- The average value for the geopolitical risk (GPR) reached (5.71) with a standard deviation of (4.981), which is an indicator of high GPR disclosure among the sample firms in the Egyptian environment and The fluctuation in the GPR index underscores disparate levels of disclosure about geopolitical risk among enterprises, indicating that although some companies promote transparency, others may overlook it, potentially impacting earnings quality and dividend policy.
- The average value for Dividend Policies variable (DP) reached (4.308) with a standard deviation of (12.240) which is an indicator of high Dividend Policies among the sample firms in the Egyptian environment and the considerable variance in earnings among organizations indicates that while certain companies attain outstanding financial success, others encounter substantial difficulties.
- The average value for the accounting earning quality variable (EQ) reached (.126) with a standard deviation of (.16506). This is an

indicator of the high level of accounting earning quality among the sample firms in the Egyptian environment.

- Regarding the control variables, the mean SIZE, LEV,ROE,ROA,LOSS,Z-SCORE (8.868,1.116,0.108,0.121,0.13,9.775) with a standard deviation of (0.846 ,3.368 , 0.393 ,0.4086,0.336,35.113). Supplementary control variables exhibit significant variability, this significant disparity highlights variations in firms' financial performance, with certain companies incurring considerable losses while others realize substantial returns; its reflects Moderator variability in company sizes and emphasizes diverse capital structures among firms, which may influence earnings quality and dividend policy.

Table (3) : Descriptive Statistics

	N	Mini	Max	Mean	Std. Deviation	Variance
GPR	378	0	56	5.71	4.981	24.810
DP	378	-17.789-	128.334	4.308	12.240	149.823
EQ	378	.0000502	1.892	.126	.16506	.027
SIZE	378	6.881	10.9835	8.868	.846	.717
LEV	378	.3509	30.380	1.116	3.368	11.301
ROE	378	4.8069	2.865	.108	.393	.154
ROA	378	1.887	5.133	.121	.4086	.167
LOSS	378	0	1	.13	.336	.113
Z-SCORE	378	29.123	519.74	9.775	35.113	1232.930
Valid N (listwise)	378					

4.2 Data validity test

4.2.1 Normal distribution test

The null hypothesis is rejected since Table (4) shows that the p-value (Prob > z) is 0.000, which is less than the traditional significance threshold of 0.05. This indicates that the dividend policy variable markedly deviates from a normal distribution. The integrity of the study models will not be compromised by the presence of non-normally distributed data, given that the sample size of 378 observations above the requisite threshold of 50 observations (Verbeek, 2017).

Table (4): Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
DP	.352	378	.000	.366	378	.000
a. Lilliefors Significance Correction						

4.2.2 Multicollinearity

This issue occurs when there is a connection among the independent variables, leading to instability in the regression model coefficients and, therefore, the invalidity of the linear model for application. The variance inflation factor (VIF) was employed, as illustrated in Table 5, to ascertain the absence of multicollinearity. The findings demonstrate that the variables are not affected by multicollinearity. The permissible variance (tolerance) for all model variables, as indicated in the tables, is below one, ranging from (0.756 - 0.981). Furthermore (VIF) for all model variables is under 10, varying between (1.019 - 1.323) indicating the absence of multicollinearity issues in these models (O'Brien, 2007).

Table (5): Collinearity Statistics				
Model	Model (1)		Model (2)	
	Tolerance	VIF	Tolerance	VIF
GPR	.968	1.033	.758	1.319
EQ	-	-	.981	1.019
(GPR× EQ)	-	-	.756	1.323
SIZE	.905	1.105	.904	1.106
LEV	.914	1.094	.908	1.102
ROE	.909	1.101	.906	1.104
ROA	.930	1.075	.895	1.117
LOSS	.886	1.129	.877	1.140
ZSCORE	.892	1.122	.891	1.122

4.2.3 Heteroskedasticity

Table (6) refers to the (Sig.) for Levene's test greater than 0.05, which means that there is homogeneity or stability of variances, which confirms the validity of the model for estimation.

Table (6) :Test of Homogeneity of Variance					
		Levene Statistic	df1	df2	Sig.
DP	Based on Mean	4.127	5	372	.221
	Based on Median	1.215	5	372	.301
	Based on Median and with adjusted df	1.215	5	163.606	.304
	Based on trimmed mean	1.535	5	372	.178

Additional, the research utilized (Breusch-Pagan) tests to assess the issue of variance disparity in random error in table (7). If the test significance is below 0.05, it indicates that the model exhibits an issue with the variance of random error (Verbeek, 2017).

Table (7):Breusch-Pagan Test for Heteroskedasticity[a,b,c]		
Chi-Square	df	Sig.
1.193	1	.275
a. Dependent variable: DP		

Homogeneity tests confirm the current study, as indicated in tables (6,7), demonstrate that the probability value for all models exceeded (0.05), signifying that this model is not applicable to this issue.

4.3 Univariate Relations:

H1 predict the relationship between the GPR and DP, so, Table (8) displays a correlation matrix for the dependent variable and the independent variable incorporated in the study and indicates significant and negative link between independent variable (GPR) and dependent variable (DP), the coefficients equal (.139-) and statistically significant at a significant level of (1%), this result agree with many other previous studies. Table (8) shows the existence of a significant and positive relationship between size and return on equity, and dividend policy, as the coefficients (0.181,0.268) respectively. This table's results show the initial validity of statistical hypotheses; on the other hand, when the Pearson correlation coefficients between all variables are less than 0.8, the reliability of hypotheses testing models is confirmed (Blanca et al., 2013).

Table (8) :Correlations Matrix

Variable	GPR	DP	SIZE	LEV	ROE	ROA	LOSS	ZSCORE
GPR	1	-	-	-	-	-	-	-
DP	-.139-**	1	-	-	-	-	-	-
SIZE	-.136-**	.181**	1	-	-	-	-	-
LEV	-.044-	.026	-.175-**	1	-	-	-	-
ROE	-.008-	.268**	.047	.049	1	-	-	-
ROA	.025	.010	-.058-	.075	.162**	1	-	-
LOSS	-.072-	.044	-.024-	-.060-	-.276-**	-.213-**	1	-
ZSCORE	.064	-.023-	-.244-**	.242**	.005	.100	.003	1

**. Correlation is significant at the 0.01 level (2-tailed).

In the other side, H2 predict the effect to earning quality on the relation between GPR and DP, so according to the results of table No. (9) The correlation Pearson Coefficients ensure the positive relationship where the coefficients equal (0.154) and (0.119) at a significant level of (1%) for relation accounting earning quality, geopolitical risk and DP respectively, this result agree with many other previous studies. Regarding the control variables, table (9) shows the existence of a significant and negative relationship between size and return on equity, and GPR, as the coefficients (-0.136) and (-0.008) respectively. Furthermore, the coefficients among the independent variables and other control variables are below 0.8, indicating that multicollinearity is not a significant issue in my empirical regression models. This conclusion will be further substantiated by testing the variance inflation factor in the subsequent section of this analysis.

Table (9): Correlations Matrix

	GPR	DP	EQ	SIZE	LEV	ROE	ROA	LOSS	ZSCORE
GPR	1	-	-	-	-	-	-	-	-
DP	-.139-**	1	-	-	-	-	-	-	-
EQ	.154**	.119**	1	-	-	-	-	-	-
SIZE	-.136-**	.181**	-.042-	1	-	-	-	-	-
LEV	-.044-	.026	.040	-.175-**	1	-	-	-	-
ROE	-.008-	.268**	.032	.047	.049	1	-	-	-
ROA	.025	.010	.033	-.058-	.075	.162*	1	-	-
LOSS	-.072-	.044	.075	-.024-	-.060-	-.276-**	-.213-**	1	-
ZSCORE	.064	-.023-	.026	-.244-**	.242**	.005	.100	.003	1

**. significant at the 0.01 level .

*. significant at the 0.05 level

4.4 Baseline results

Table (10): Sequential Equation Model (SEM) employing Path Analysis to examine the influence of EQ as a moderating variable in the interaction between GPR and DP, utilizing AMOS software, its indicates the significance of the regression model as follows: CR value (2.104; -2.878;2.510), path value (0.000), S.E (0.172;0.124;3.757), as respectively, this results state to the significant relation between GPR ,DP and EQ.

Table(10) : path analysis results							
			Estimate	*S.E.*	*C.R.*	*P*	*Significance*
EarningQuality	<---	*GeopoliticalRiskDisclosure*	*. 362*	*.172*	*2.104*	***	*Significant*
DividendPolicies	<---	*GeopoliticalRiskDisclosure*	*-.358*	*.124*	*-2.878*	***	*significant*
DividendPolicies	<---	*EarningQuality*	*9.428*	*3.757*	*2.510*	***	*Significant*

4.4.1 Model Fit of the Measurement Model:

According to Byrne (2010), goodness of fit is an assessment of the extent to which the measurement model aligns with the sample data. To evaluate model fit, the study utilized the most prevalent indicators, enumerated in table (11) as follows:

Table (11): *the indices of model fit*		
Measure	***Estimate***	***Interpretation***
GFI	0.976	Accepted
RMR	0.000	Accepted
CFI	1.000	Accepted
TLI	1.000	Accepted
RMSEA	0.039	Accepted

The CFI number is 1.000, which is acceptable as it exceeds 0.95. Moreover, the RMR index value is deemed appropriate as it is below 0.05. Correspondingly, the RMSEA is 0.039, which is below the threshold of 0.08, as suggested by (Byrne .,2010). The GFI value of 0.976 is deemed acceptable since it exceeds 0.8 (Byrnes, 2010). The measurement approach aligns with the data collected from users of green products. The current study demonstrates the impact of earnings quality as a moderating variable on the relationship between the dimensions of GPR and EQ, as illustrated in model fit summary figure (1).

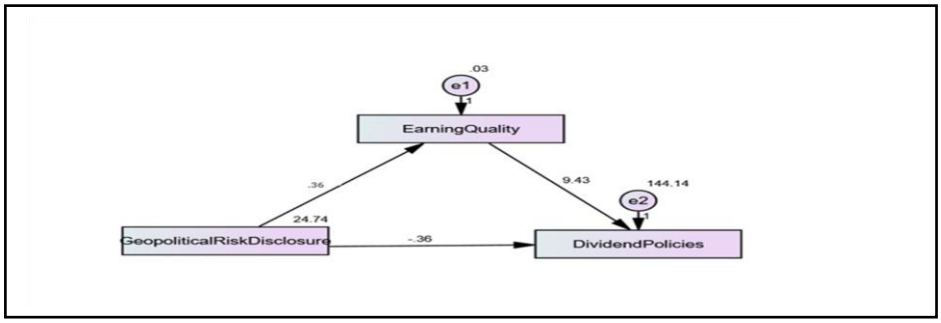

Figure (1): Impact of EQ as Moderating Variable

Confirmatory factor analysis conducted with AMOS statistical software for geopolitical risk disclosure yielded a satisfactory fit (CFI=1.000, RMSEA=0.039).The above table and figure indicate the correlation between GPR and DP significant and negative., the relationship between the moderating variable EQ and GPR is significant and the impact of EQ on relation between GPR and EQ significant. This result supported by other studies (Lee et al., 2023; Arena and Julio, 2023; Adra et al., 2023; Zhao et al., 2025) which discovered that GPR related to less dividend policy.

4.5 Hypothesis test results

1. Model (1): Testing the effect of GPR disclosure on DP

To investigate the effect of geopolitical risk disclosure on Dividend Policies, the regression used according to this equation:

$$DP = \alpha + \beta_1 GPR + \beta_2 SIZE + \beta_3 LEV + \beta_4 ROA + \beta_5 ROE + \beta_6 Z\text{-}SCORE + \beta_7 LOSS + \varepsilon. \quad (1)$$

The findings listed in tables (12) illustrate the significance of the regression model at a significance level of 5%. The value and significance of the model reached (F-Value = 7.824; P-Value = 0.000 < α = 0.05), as did the explanatory power of the model indicated by the coefficient of determination (R2) is (0.112), which means that the independent variables geopolitical risk disclosure (GPR) explain (0.112) from Dividend Policies(DP). Also, the findings indicated that the Durbin-Watson value for each of the H1 model to measure the effect of GPR on DP is (2.070) which are greater than 1.5 which means that these models do not suffer from autocorrelation problem in the residuals.

Table (12) : Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.359[a]	.129	.112	11.5314880 24377229	.129	7.824	7	370	.000	2.070

a. Predictors: (Constant), ZSCORE, LOSS, GPR, ROA, LEV, ROE, SIZE

b. Dependent Variable: DP

Additionally, the results in Table (13) presented that there was a negative and statistically significant association at the level of P- value (.035) , between (GPR) and (DP) where Beta (-.104). As for the control variables, the findings showed that there was a positive and statistically significant relationship at the level of (0.001-0.000-0.017) where Beta (0.166;0.292;0.123) respectively between the variables of (Size - Return on equity- loss) and dividend policy variable, while the results showed insignificance relationship of the variables LEV, ROA and Z-SCORE. The findings are consistent with earlier research showing that geopolitical risk has a major impact on firms' cash flow risk (Lee et al., 2023), which in turn affects dividend policy and the ratio of dividend payments to share repurchases (Arena and Julio, 2023). A substantial financial outflow is represented by dividend distribution. Adra et al. (2023) claim that while more geopolitical risk has no appreciable impact on cash dividends, it does decrease stock repurchases.

By creating substantial market uncertainty and financial volatility, eroding investor trust, decreasing capital liquidity, and directly affecting a company's capacity to obtain funding, geopolitical risk can raise corporate finance costs, according to Zhao et al. (2025). As a result, companies may have trouble getting the money they need for operations and investments through debt or equity financing. Therefore, companies frequently modify their dividend policy in order to optimize cash flow management, boost liquidity reserves, and tweak their financial plans in order to navigate this difficult financing climate. Due to the fact that geopolitical risk raises the systemic risk that businesses face, several research (Lee et al., 2023; Arena and Julio, 2023; Adra et al., 2023; Zhao et al., 2025) show that it affects corporate financial decisions and dividend policies. The propensity of businesses to issue shares and pay out cash dividends is so severely and adversely impacted by rising geopolitical risk.

Based on above results, current study can be accepting the first alternative hypothesis as follow: *H1, Geopolitical risk has a significant effect on dividend policy in Egyptian firms.*

Table (13) :Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-17.228	6.781		-2.541	.011
	GPR	-.256	.121	-.104	-2.111	.035
	SIZE	2.394	.737	.166	3.247	.001
	LEV	.147	.185	.040	.798	.425
	ROE	9.102	1.586	.292	5.739	.000
	ROA	-.111	1.507	-.004	-.074	.941
	LOSS	4.485	1.876	.123	2.391	.017
	ZSCORE	.004	.018	.012	.242	.809

2. Model (2): Testing the effect of accounting earnings quality (EQ) on relation between geopolitical risk disclosure (GPR) on dividend Policies(DP)

To investigate the effect of GPR disclosure on DP by moderating this effect by the EQ, the regression used according to this equation:

$$DP = \alpha + \beta 1\ GPR \times EQ + \beta 2\ GPR + \beta 3\ EQ + \beta 4\ SIZE + \beta 5\ LEV + \beta 6\ ROA + \beta 7\ ROE + \beta 8\ Z\text{-}SCORE + \beta 9\ LOSS + \varepsilon. \quad (2)$$

The findings listed in table (14) illustrate the significance of the regression model at a significance level of 5%. The value and significance of the model reached (F-Value = 9.008; P-Value = 0.000 < α = 0.05), as did the explanatory power of the model indicated by the coefficient of determination (R2) is (0.160), which means the Moderator variable (earning quality) impact on the relation between (GPR) and (DP) .The findings indicated that the Durbin-Watson value for each of the H2 model to measure the effect of GPR on DP is (2.050) which is greater than 1.5 which means that these models do not suffer from autocorrelation problem in the residuals .

Table (14):Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
2	.425[a]	.181	.160	11.21504	.181	9.008	9	368	.000	2.050

a. Predictors: (Constant), GPR, ZSCORE, LOSS, EQ, (GPR×EQ), SIZE, LEV, ROE, ROA

b. Dependent Variable: Y

Additionally, the results in Table (15) presented that there was a positive and statistically significant association at the level of P- value (.000) to the variable (GPR×EQ) as Moderator variable on relation between of (GPR) and dividend policy (DP) where Beta (0.227). As for the control variables, the findings showed that there was a positive and statistically significant relationship at the level of (0.001-0.000-0.031) respectively between the variables of (Size - ROE- LOSS) and DP variable, while the results showed insignificance relationship of the variables (LEV, ROA and Z-SCORE). The findings correspond with other research, specifically the work by (Nguyen & Bui .,2019), which suggests that companies inflate profitability in response to demands from substantial institutional shareholders for dividend distribution and to meet dividend thresholds. Both dividend-distributing and non-dividend-distributing firms participate in earnings management; however, the inclination for upward earnings management is significantly greater among dividend payers. The research provides insights into the correlation between dividend policy and earnings quality within Vietnam's institutional structure. Evidence indicating a favorable association between dividend policy and profit quality is also found in emerging markets, such as China and Indonesia (Deng et al., 2017). This link varies between nations with differing degrees of institutional strength and transparency (He et al., 2017).

These studies provide evidence that aligns with the informational significance of dividend policy and earnings quality.

Existing literature (Lawson& Wang, 2016; Caskey & Hanlon 2013; Skinner & Soltes 2011; Tong & Miao 2011) indicates that dividend distributions correlate with reduced earnings manipulation and a diminished likelihood of accounting fraud, which represents a severe manifestation of earnings manipulation. Specifically, dividends correlate with reduced discretionary accruals. Their findings indicate that dividend-paying

companies are less prone to engage in financial statement fraud compared to non-dividend-paying companies, implying that corporations with fake earnings cannot sustain equivalent dividend payout practices. The results align with assertions made by policymakers and regulators, indicating that dividend payouts serve a disciplinary function by curbing customers' profits manipulation and limiting managers' capacity to perpetrate financial statement fraud.

Particularly, (Nguyen & Bui, 2019) documentation indicates that companies exhibiting subpar performance will possess motivations to manipulate earnings and dividend policies. Larger organizations may possess greater incentives to manage revenue compared to smaller firms. Consequently, larger enterprises are anticipated to possess superior earnings quality. Additionally, managers in organizations with significant indebtedness are motivated to manipulate earnings to prevent breaching loan covenants. Such acts may diminish the quality of earnings. Additionally, debt levels correlate with profits quality and dividend policy, based on this results earnings quality reflect a critical role in influencing the way firms disclose and manage geopolitical risks, which in turn impacts dividend policies, This results support the second alternative hypothesis of this research as follow: *H2, Earning quality has significant effect on relationship between GPR and DP in Egyptian firms* .

Table (15) Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	-16.345	6.633		-2.464	.014
	GPR	-.530-	.133	-.216	-3.980	.000
	EQ	9.059	3.533	.122	2.564	.011
	(GPR×EQ)	1.532	.366	.227	4.184	.000
	SIZE	2.370	.718	.164	3.303	.001
	LEV	.073	.180	.020	.404	.686
	ROE	8.890	1.545	.285	5.756	.000
	ROA	-1.431	1.494	-.048	-.958	.339
	LOSS	3.959	1.834	.109	2.159	.031
	ZSCORE	.005	.017	.014	.290	.772

a. Dependent Variable: DP

5. Conclusion& Future researches

The theoretical results of the research concluded that the higher the level of disclosure of GPRs, the more conservative policies for dividend distributions, especially considering the political and economic instability resulting from these events. Moreover, the impact of the quality of accounting profits was positive on the relationship between the level of disclosure of GPRs and dividend distribution policies up to a certain level of dividend distributions. After this level, the impact of the quality of profits on the relationship between disclosure of GPRs and dividend distributions becomes negative. The analysis reveals significant variation in disclosure practices in prior studies; some industries have shown more robust and transparent reporting, particularly those directly affected by international relations and politics. Turning to the impact of these disclosures on dividend policies, the results indicate that high levels of transparency regarding GPRs are related to more conservative dividend payout ratios. This suggests that when firms are more open about potential vulnerabilities and risks, they tend to guard resources more rigorously, perhaps to guard against unexpected geopolitical disruptions. The current study analysis on the impact of accounting earnings quality showed that firms with higher earnings quality tend to be less volatile in their dividend policies in response to GPR disclosures, suggesting that financial reporting quality can mitigate some of the negative perceptions or uncertainty caused by GPRs.

The statistical analysis shows that the model's value and importance to (H1) were significant (F-Value = 7.824; P-Value = 0.000, which is less than $\alpha = 0.05$). The model's explanatory power, shown by the coefficient of determination (R2), is 0.112; meaning that the independent variable, geopolitical risks disclosure (GPR), explains 11.2% of the changes in dividend policies (DP). Additionally, the results indicate a negative and significant relationship between geopolitical risk (GPR) and dividend policies (DP), with a P-value of 0.035 and a Beta of -0.104. Furthermore, the results illustrate that there was a negative and statistically significant association at the level of P-value (.035) between the variable of geopolitical risk (GPR) as an independent variable and dividend policies (DP) as dependent variables where Beta (-.104). Geopolitical risk influences corporate financial decisions and dividend policy by increasing the systemic risk encountered by firms. As a result, increased geopolitical risk significantly and negatively impacts firms' willingness to issue shares and

cash dividends. So, current study can be accepting the first alternative hypothesis; Geopolitical risk has a significant effect on dividend policy in Egyptian firms.

Furthermore, the statistics results illustrate the significance of the regression model at a significance level of 5% to (H2). The value and significance of the model reached (F-Value = 9.008; P-Value = 0.000 < α = 0.05), as did the explanatory power of the model indicated by the coefficient of determination (R^2) (0.160), which means the Moderator variable (earning quality) impacts the relation between independent variables (GPR) and dependent variable (DP). Additionally, the results presented that there was a positive and statistically significant association at the level of P-value (.000) to the variable (GPR×EQ) as Moderator variable in the relation between geopolitical risk (GPR) as an independent variable and dividend policy (DP) as a dependent variable where Beta is 0.227. These results are aligned with those of previous studies: Nguyen and Bui (2019); Lawson & Wang (2016); Caskey & Hanlon (2013); Skinner & Soltes (2011); and Tong & Miao (2011). Based on the results, earnings quality reflects a critical role in influencing the way firms disclose and manage geopolitical risks, which in turn impacts dividend policies. This result supports the second alternative hypothesis: earnings quality has a significant effect on the relationship between GPR and DP in Egyptian firms.

The study recommended further research on the influence of internal corporate governance mechanisms such as board composition and ownership structure can mediate the relationship between GPRs and dividend policies. In addition, the impact of technological advances on the measurement and disclosure of GPRs warrants further research. As digital tools and platforms evolve, their role in enhancing the timeliness and accuracy of risk reporting could be an important area of study.

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