

Abstract

The main objective of this study is to identify the actual practices for disclosing of risks resulting from outsourcing of logistics activities in the Egyptian environment through proposing a model for disclosure of risks and contingent liabilities resulting from logistic activities outsourcing. This objective will be achieved through identifying the nature and types of the most important potential risks which result from outsourcing of companies to their logistic activities in the Egyptian environment, especially with increasing the application of outsourcing in recent time, whether locally and globally. Risks that arise from outsourcing of logistic activities include the inefficient management of outsourced operations, asymmetry of information between the company and the contractor, the loss of the ability to innovate the logistics, dependence on the logistics service provider, the difficulty in assessing and controlling the performance of the logistics service provider, and the conflict of culture, In addition to a number of hidden costs. The research also rendered a governance mechanism to overcome most of outsourcing risks, in addition to construction a model for disclosure of outsourcing risks this model intended to develop the accounting disclosure about the risks and potential liabilities of outsourcing activities in general and the outsourcing of logistics activities in particular, through development of a proposed index for items to be disclosed to achieve efficient and effective outsourcing process. The research rendered an applied study to analysis the level of disclosure of risks of outsourcing activities by applying to the logistic activities of industrial companies registered on the Egyptian Stock Exchange and listed in the (EGX100) index during the financial years 2018, 2019, 2020, 2021 and analysis the relationship between risk disclosure and firm value , in addition to testing the opinions of a sample of specialists (financial management and external auditors) of the sample companies on the proposed accounting model for disclosing the risks and contingent liabilities of outsourcing activities.

Finally, the study has found that there is a lack of adequate disclosure of risks in the accounting reports and financial statements, also founded that companies usually disclose risks and contingent liabilities when only have the techniques to overcome those risks, also the disclosure of risks and contingent liabilities for outsourcing logistic activities in the Egyptian environment is still below the minimum level, as it is still done on a voluntary basis, in addition to the absence of an accounting standard which regulate the disclosure process.