7 Synopsis

The objective of this work was to connect corporate disclosures and the financial risk assessment of investors through quantitative models in order to elaborate observations that add new academic insights and practical, pertinent knowledge.

The application of multivariate scoring models and statistical analyses showed an innovative link between risk related market indicators and the quality of corporate disclosures. This relationship is characterized by the influence of credibility, namely the dividend yield as a costly corporate plausibility indicator. The validation tests of quality determinants converge intensively to previous research results and support clearly the adequateness of the tested models.

In addition to the market data level, individual decision procedures have been researched in order to break down the relationship between corporate disclosures and the financial risk assessment to the most detailed level.

The objective of this step was to capture behavioural and cognitive activities during decision routines with reference to investments in financial securities based on disclosure related information. The application of established scenario techniques and self-developed and empirically proven econometrical models showed that on this microeconomic level individual characteristics impact financial decisions significantly.

Additionally, it could be shown that decision types have an outstanding relevance over varying scenarios also with regard to the exposure to financial risk. The integration of risk aversion in this context make this study unique as it was tested for the first time that the realization of the a priori intention to make up financial decisions is moderated by the risk attitude with reference to information from corporate disclosures.

As established in the synthesis section, the combination of the empirical results of the individual and market level lead to new insights and a comprehensive understanding: Individuals consider information from corporate disclosures during their financial decision making processes. The impact varies with the decision type, scenario related factors and further individual characteristics.

On the market level, corporations can improve risk indicators through the disclosure of comprehensive information. Plausibility signals improve the effectiveness of the reduction of information asymmetries.

P. Kissing, *Corporate Disclosures and Financial Risk Assessment,*
DOI 10.1007/978-3-658-12460-1_7,

The practical pertinence of these results is multi-dimensional. The reduction of corporate beta factors as tested in the context of the first substudy means that investors reward the reduction of information asymmetries.

Practically speaking, companies can reduce their capital costs through the publication of certain information. Investors honour the disclosure of customer related information published by service and trade companies extraordinarily. With regard to corporate dividend policies, the positive influence of the dividend yield as a moderating variable in this context should be considered and improves the positive effect that arises due to the reduction of information asymmetries.

Moreover, companies that know about the structure of their shareholders and make use of the results of the second substudy might also be able to assist them during financial procedures and convince them to invest in their securities.

On the other hand, the results also support investors to objectify their decision processes with the knowledge of potential biases and the influence of personal characteristics. Lastly, state authorities that regulate the degree of disclosure obligations might be inspired to recheck the requirements in order to reach a higher level of market efficiency in practice.