

Abstract

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Title: Risk reporting from external balance-sheet-analysts

Forward-looking information and especially risk-oriented data are getting more and more important for external stakeholders and particularly for investors. In a scientific model the positive correlation between the publication of risk-oriented information and the stock-exchange-quotation still has been demonstrated. But also in scientific literature risk-reporting is gaining more and more attention. There are a lot of publications to this topic, but especially the empiric ones mostly criticize the low quality and the missing transparency of risk-reports.

The main focus of this paper is to analyze the way, balance-sheet-analysts use risk-reports. Additionally the main weaknesses of them and possible suggested solutions should be discussed. Furthermore the subjective estimation of balance-sheet-analysts concerning risk-reports should be determined.

Within the paper ten qualitative expert interviews have been conducted in Austrian financial service providers. After that, the results have been interpreted.

Principal-Agent-Theory and Signalling-Theory compose the theoretical framework. The first theory was chosen because of the existing information asymmetry and the second one, because it is very interesting how signals (risk-oriented information) influence the balance-sheet-analysts decision.

The quality of risk-reports has been rated in different ways, but nevertheless a standardized use of risk-reports in balance-sheet-analysis is not possible. This is probably due to the main failings of risk-reports. Due to the experts especially missing numbers, lacking ascertainment, intransparent information and missing references are the main lacking points of risk-reports.

Based on this information some solutions were developed. There the most attention was paid to the change of the legal situation, the modification of intern guidelines and the change of the external's auditor's conditions.