

How Investors Perceive the Corporate Risk Disclosure? - An Empirical Analysis from India

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ABSTRACT

Corporate risk disclosure (CRD) has become an essential component of corporate reporting as investors increasingly depend on transparent and decision-useful information to interpret uncertainty. Although regulatory initiatives have strengthened disclosure requirements, limited empirical evidence exists on how investors assess the qualitative attributes of CRD. This study examines the perceptual dimensions that shape investors' evaluation of risk disclosures. Using a structured questionnaire comprising sixteen statements, exploratory factor analyses was conducted on data collected from 300 investors from India. The results reveal four distinct factors namely, decision usefulness, performance evaluation, trust & reputation and regulation & transparency that influence investor perceptions of CRD quality. These findings highlight that effective CRD extends beyond compliance and depends on the clarity, specificity and credibility of information provided. The study provides empirical evidence on the evaluative criteria used by investors, offering insights for companies, regulators and policymakers seeking to enhance risk communication and strengthen investor confidence..

Keywords: Corporate risk, Investors, Risk disclosure quality..

1. INTRODUCTION:

Corporate reporting has undergone a significant transformation in recent decades as firms face heightened scrutiny from capital markets, regulators and a wide range of stakeholders (Hassanein & Abou-El-Sood, 2022). Among the various components of corporate reporting, corporate risk disclosure has emerged as a critical mechanism through which companies communicate uncertainties that may influence their operations, performance and strategic direction (Linsley & Shrives, 2006; Abraham & Cox, 2007; Ibrahim et al., 2022). With markets increasingly characterised by volatility, geopolitical tensions, technological disruption and environmental risks, investors now place greater emphasis on understanding not only the financial position of a company but also the breadth of risks embedded in its activities. As a result, CRD has become an essential tool for fostering transparency, reducing information asymmetry and strengthening investor confidence (Abraham & Cox, 2007). The urgency of effective risk communication is reinforced by recent global developments. The Global Financial Stability Report of International Monetary Fund highlights that financial stability risks have intensified globally, driven by elevated leverage levels, stretched asset valuations and rising sovereign debt pressures (IMF, 2025). Similarly, the European Securities and Markets Authority (2024) warns that geopolitical uncertainty and market fragility are among

the most pressing risks facing global financial markets. In such a volatile environment, comprehensive and transparent disclosure of risks is increasingly important for investors who must interpret fast-changing sources of uncertainty. Contemporary business risks have expanded beyond traditional financial threats. A recent global survey by EY and the Institute of International Finance (2025) reports that 75% of chief risk officers identify cybersecurity as the top risk for the coming year, with geopolitical tensions escalating its importance. Corporate disclosures referencing risks from artificial intelligence, data security and algorithmic governance have surged by 46% in a single year (Business Insider, 2025). These developments demonstrate the growing pressure on firms to provide clear, decision-useful risk information as risk environments evolve rapidly. International accounting bodies are consulting on new models designed to improve transparency about banks' balance-sheet vulnerabilities, including interest-rate and credit risk exposures (Lawrence White, 2025). In India, oversight agencies have emphasised the need for enhanced disclosure quality, especially regarding ESG and emerging risk areas such as cybersecurity and artificial intelligence. However, despite increased regulatory focus, empirical research indicates persistent gaps between what companies disclose and what investors expect. A global investor survey by PwC (2024) found that 94% of investors believe corporate sustainability and risk disclosures contain unsupported claims or generic boilerplate language.

This skepticism is even more pronounced in emerging markets. Almost one-fourth of listed Indian firms failed to report mandatory emissions data under the ESG disclosure guidelines, signalling inconsistencies that may undermine investor confidence (Business Today, 2025). These concerns highlight the need to examine CRD not only from a compliance perspective but from the standpoint of investors who rely on disclosure quality for decision-making. Existing literature on CRD has primarily focused on analysing disclosure content, determinants of disclosure levels and economic consequences such as cost of capital, firm valuation and market liquidity. However, none of the studies explore how investors actually perceive and evaluate these disclosures, despite the inherently qualitative and narrative nature of CRD. Narrative risk disclosures are susceptible to ambiguity and managerial discretion, making investor interpretation crucial to understanding their true effectiveness (Gerged et al., 2018). If disclosures are overly general, inconsistent or lacking in credibility, investors may question their relevance and reliability, thereby weakening their decision usefulness. The divergence between preparer and user expectations further highlights the need for perception-based studies. Preparers often understand risk broadly, as involving both threats and opportunities; however, users especially investors tend to interpret risk primarily as exposure to potential loss. This mismatch reflects a wider expectation gap within corporate reporting. Given that investors are the primary external users of CRD and rely on this information to assess future prospects and uncertainties, it is essential to understand the evaluative criteria they use when forming perceptions about disclosure quality.

Against this backdrop of rising global uncertainty, expanding regulatory demands and increasing investors' skepticism, the present study examines investors' perception of corporate risk disclosure practices. By investigating how investors assess the qualitative attributes of CRD, this study aims to shed light on whether current disclosure practices align with the investors' needs and expectations. By approaching CRD from the investor's perspective, this study contributes to the growing discourse on meaningful risk communication. It supports the shift from compliance-oriented disclosure toward user-centred reporting. This study also underscores the importance of enhancing transparency, trust and decision-usefulness in corporate risk communication.

2. LITERATURE REVIEW

Fraud and accounting scandals are adversely affecting the financial markets of the world (Gerged et al., 2018), and investors are losing the confidence in credibility of information provided by the companies (Amrin, 2019). All the accounting scandals are the results of failures in corporate governance and are supported by the company's inaccurate risk disclosure practices (Gonidakis et al., 2020; Ntim et al., 2013). Therefore, corporate risk disclosure (CRD) has become a core element of modern corporate reporting as firms operate in environments marked by heightened uncertainty, regulatory reforms and rising stakeholder scrutiny (Camfferman & Cooke, 2002). Conceptually, the literature highlights that "risk"

is neither unitary nor self-evident; rather, it is socially constructed and interpreted differently by preparers, users and regulators (Linsley & Shrides, 2000). Recent practitioner-focused work stresses three dominant lenses through which risk is viewed in accounting research: (i) a pre-modern view that equates risk with negative outcomes, (ii) a modern view that recognises both upside and downside possibilities and (iii) a variation view that frames risk as deviation from targets (Kravet & Muslu, 2013; Campbell et al., 2014). These diverging viewpoints produce an inherent expectation gap between providers and users of information. While managers may frame risk disclosures strategically, investors assess them through the lens of relevance, credibility and forward-looking usefulness (Hassanein & Abou-El-Sood, 2022). Investors today expect companies to communicate their risk exposures clearly, consistently, and comprehensively. Their perceptions of corporate risk disclosure practices play a decisive role in their informed investment decisions. The principal variable in building the perception of risk among investors varies with the type of risk disclosed and the way it's communicated. Although, investors' perception is highly individual with gender, age, financial knowledge, personal traits, and behavioural biases, playing a role (Linciano et al., 2018) studied the factors of 254 bank customers by providing them with 4 different templates of the same risk disclosure. Each template had a different typology of data (historical and prospective) and framing (words, numbers and charts). The results show that perceived complexity is the main driver of the perceived risk. The perceived complexity of the information disclosure amplifies the perception of the riskiness of the product. However, the effect of perceived complexity can be mitigated by highlighting some specific features of the Information Sheet that grab the attention of investors (Linciano et al., 2018) concluded that no "one-size-fits-all" approach can be sufficient to ensure correct risk perception and unbiased investment choices. A comprehensive cross-country analysis of 1481 multinational corporations (MNCs) spread across 43 countries (Yu et al., 2021), found that the amount of environmental disclosure also plays a role in building the perception of information disclosure among investors. Further, the non-financial factors of a firm at its home country level play a role in shaping the investor's perception of the firm's riskiness. A firm located in a country with better environmental and human development index performance can reduce investors' risk perception (Yu et al., 2021). Investors look at mandatory and voluntary disclosures differently as sometimes the voluntary disclosures are more useful (Radwan et al., 2023). The investors directly respond to the volume as well as the manner in which the information is disclosed (Karvet & Muslu, 2013; Lindsey & Lawrence, 2007). Moreover, the investors of the countries where there are strict regimes related to CRD have a stronger response towards it (Hope et al., 2016). The investors not only read the information disclosed but also reward the companies with a proper risk disclosure system by influencing the pricing of equity. The firms with detailed and specific RD results increased the confidence of investors, which further decreases the cost of equity in such firms (Campbell et al., 2014). CRD

encompasses both qualitative and quantitative communication of a firm's exposures (Adams et al., 1998). Inadequate or ambiguous disclosure can amplify perceived uncertainty, whereas clear and comprehensive narratives can assist investors in forming more accurate expectations about future outcomes (Campbell et al., 2014). The investors directly respond to the volume as well as the manner in which the information is disclosed (Karvet & Muslu, 2013; Lindsey & Lawrence, 2007). Moreover, the investors of the countries where there are strict regimes related to CRD have a stronger response towards it (Hope et al., 2016). The investors not only read the information disclosed but also reward the companies with a proper risk disclosure system by influencing the pricing of equity. The firms with detailed and specific RD results increased the confidence of investors, which further decreases the cost of equity in such firms (Campbell et al., 2014). However, proper CRD does not guarantee success in the market. Even the detailed and truthful disclosure, in case of negative perception, can cause negative consequences (Düsterhöft, 2023). Furthermore, the Lack of specificity in the disclosures has a negative psychological effect, which deteriorates the trust of the investors (Semper & Beltrán, 2014). In the case of voluntary CRD, the firms producing unfavourable information are also penalised by the investors because such RD increases the risk perception, which would result in a higher cost of equity (Kim & Shi, 2011). A complementary body of research examines users perceived usefulness of narrative disclosures. Evidence from emerging markets demonstrates that investors and analysts value disclosures that describe ownership structures, internal controls, risk exposures and forward-looking performance indicators (Ibrahim et al., 2022). Studies in several contexts suggests that voluntary disclosures are viewed as more informative than mandatory items, revealing a misalignment between regulatory requirements and user expectations (Linsley & Shrives, 2006; Abraham & Cox, 2007; Ibrahim et al., 2022). These studies highlight that disclosure quality not mere compliance determines perceived usefulness, and that investors reward specificity, clarity, and meaningful insight, while generic statements diminish trust and may heighten perceived risk.

Several studies also investigate the behavioural dimensions of investor perception (Linciano et al., 2018; Kravet & Muslu, 2013; Jirasakuldech et al., 2011). Research involving alternative disclosure formats demonstrates that perceived complexity significantly influences judgments of riskiness. Cross-country evidence further shows that investors' perception of firm-level risk is conditioned by broader institutional and socio-economic factors, revealing that contextual trust plays a role in shaping evaluations of uncertainty (Linciano et al., 2018). Investors also appear to distinguish sharply between mandatory and voluntary disclosures, sometimes assigning greater informational value to voluntarily reported risk details than to regulatory minimums an observation supported by both textual and perception-based research (Dye, 1990).

While existing research has considerably expanded understanding of CRD, several gaps remain. Much prior work emphasises content analysis, readability metrics,

and regulatory compliance, offering limited insight into how investors qualitatively judge the attributes of disclosure (Linsley & Shrives, 2006; Linsley & Shrives, 2000; Abraham & Cox, 2007; Ibrahim et al., 2022; Dye, 1990; Linciano et al., 2018). Against this backdrop, the present study focuses on identifying the latent perceptual dimensions through which investors assess CRD. A clearer articulation of investor perception holds practical relevance for preparers aiming to enhance disclosure quality and for regulators seeking to design standards that better align with user expectations. By examining how investors interpret and evaluate CRD, the present study contributes to bridging the gap between narrative reporting practices and user-centred information needs, offering insights into how firms can communicate risks more meaningfully and how investors use such disclosures in their decision-making processes.

3. RESEARCH METHODOLOGY

3.1 Data Collection and Sample Profile

For the present study, empirical data were collected from individual investors actively participating in the Indian capital market. Investors were selected as respondents because they are the primary users of corporate disclosures and directly rely on risk-related information when making investment decisions. Since investors regularly interact with annual reports, financial statements, market analyses, and risk-related announcements, they are well-positioned to evaluate the usefulness and quality of such disclosures. A non-probability purposive sampling technique was used in this research. This method was considered appropriate because the objective of the study required responses from individuals who possess experience in investment activities and have exposure to corporate reporting practices. Only those respondents who had invested in at least one financial instrument such as equities, mutual funds, debt instruments, derivatives, or real estate were included in the survey. The structured e-questionnaire was administered to potential respondents through online platforms, including LinkedIn, investment forums, financial discussion groups and email circulation. A total of 450 questionnaires were shared between March 2025 and June 2025. Out of these, 312 responses were received. After screening, 300 responses were found usable for final analysis. Researchers recommend that the absolute number of cases for minimum sample size in factor analysis should be between 100 to 1000 or in the form of subject to variable ratio i.e. 3:1 to 20:1 (Mundfrom et al., 2005; Zhang and Hong, 1999). This study covers the sample size of 300 that considered reliable by both of these recommendations.

3.2 Instrument preparation and measurement of variables

In the present study, the measurement items used to assess investors' perception of corporate risk disclosure (CRD) were developed through a detailed review of literature on risk reporting and narrative disclosures. Prior literature consistently highlights that CRD encompasses the communication of uncertainties, risk exposures and risk-management practices that may influence investor judgement and market behaviour (Linsley & Shrives, 2006; Ibrahim & Hussainey, 2019; Azuma-Kotei &

Ibrahim, 2024). To ensure that the scale captured the multidimensional nature of investors' perception, the items were derived and refined from established empirical and conceptual contributions in the context. The five of items of the factor namely, "Decision Usefulness" of risk disclosure draws from Hope et al. (2016); Campbell et al. (2014); Ibrahim et al. (2022). The four items of the second factor namely, "Performance Evaluation" were adapted Linsley and Lawrence (2007); Bao and Datta (2014); Ibrahim and Aboud (2024). A third group of items measuring "Trust & Reputation" were selected from Ntim et al. (2013); Kim and Shi (2011); Kassamany et al. (2023). These items align with research demonstrating that investors reward firms whose disclosures are consistent, detailed and non-boilerplate (Campbell et al., 2014; Düsterhöft et al., 2023). Finally, items relating to "Regulation & Transparency" orientation were constructed from Camfferman and Cooke (2002); Linsley and Shrivies (2000). The first part of the questionnaire captured demographic characteristics of investors, while the second part asked respondents to express their level of agreement with each of the 16 statements on a five-point Likert scale ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree").

To establish content validity, the preliminary items were evaluated by a panel comprising two academics specialising in financial reporting and five investment professionals familiar with corporate disclosure practices. Following expert validation, the instrument was subjected to a pilot test involving 110 investors. Generally, "*a sample size of 25 to 40 respondents is considered satisfactory for pilot study*" (Hertzog, 2008). The pilot data were analysed using exploratory factor analysis and reliability testing. None of the items were removed and the questionnaire is sent for final data collection.

3.3 Statistical Tests

The primary objective of this research is to examine the perception of investors regarding the quality of corporate risk disclosure. To test this, first of all factor analysis with Kaiser normalization was conducted by using version 21 of SPSS software to analyze the various measures of corporate risk disclosure quality. The items contributing to each factor was clarified by applying reliability coefficient (Cronbach's alpha). Further to ensure the reliability and validity of the obtained factors, confirmatory factor analysis was conducted in version 24 of AMOS software.

4. DATA ANALYSIS AND FINDINGS

Table 1 displays the demographic characteristics of the respondents. The Table shows that a larger proportion of respondents are male (58.6 percent) compared with female respondents (41.3 percent). Further, the age profile indicates that the study includes investors across different stages of life. The largest segment falls in the 26–35 years age group (39.3 percent), followed by those aged 36–45 years (28.6 percent). Only a small proportion (6 percent) are above 55 years. In terms of educational qualification, postgraduate investors form the largest group (47.3 percent), followed by undergraduates (34.6 percent). A smaller but notable share (18 percent) hold

professional qualifications such as CA, CFA, or MBA. The occupational distribution reveals that 71.6 percent of respondents are employed in the private sector, while only 28.3 percent work in government organisations. Regarding annual income, the most represented categories are investors earning between ₹3–6 lakh (34 percent) and ₹6–10 lakh (32 percent). Moreover, the largest group consists of investors with less than five years of experience (42 percent), followed by those with 5–10 years of experience (37.3 percent). Respondents with more than ten years of investment experience constitute 20.6 percent. The preferred investment avenues show that equity markets are the most favoured option (46 percent), followed by mutual funds (31.3 percent). Debt instruments (9.3 percent), real estate (8 percent), and derivatives (5.3 percent) attract smaller shares. Finally, respondents rely on multiple sources of information to inform their investment decisions. Business news emerges as the most commonly used source (31.3 percent), followed by annual reports (22.6 percent), company websites (18.6 percent), analyst reports (15.3 percent) and social media (12 percent).

Table 1: Descriptive Statistics

Demographic Variable		Frequency	Percentage
Gender	Male	176	58.6
	Female	124	41.3
Age	Below 25 Years	42	14
	26-35 Years	118	39.3
	36-45 Years	86	28.6
	46-55 Years	34	11.3
	Above 55 Years	20	6
Educational Qualification	Undergraduate	104	34.6
	Post Graduate	142	47.3
	Professional	54	18
Occupation	Government	85	28.3
	Private sector	215	71.6
Annual Income	Below 3 Lac	52	17.3
	3-6 Lac	102	34
	6-10 Lac	96	32
	Above 10 Lac	50	16.6
Investment Experience	Less than 5 Years	126	42
	5-10 Years	112	37.3
	Above 10 years	62	20.6
Key Investment Areas	Equity	138	46
	Mutual Funds	94	31.3
	Debt Instruments	28	9.3

	Derivatives	16	5.3
	Real Estate	24	8
Primary Information Source	Annual Reports	68	22.6
	Company Websites	56	18.6
	Business News	94	31.3
	Analysts Reports	46	15.3
	Social media	36	12

Source: Authors' compilation

To examine the investors' perception about corporate risk disclosure, the study tested four group of factors, including *Decision Usefulness*, *Performance Evaluation*, *Trust & Reputation* and *Regulation & Transparency* (Table 3). Kaiser-Meyer Olkin test and Bartlett's test were conducted to ascertain the suitability of the data for factor analysis as presented in Table 2.

Table 2: KMO and Bartlett's Test Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.799
Bartlett's Test of Sphericity	Approx. Chi-Square = 2049.425
	df = 120
	Sig. = 0.000

Source: Author's Compilations

KMO value is $0.799 > 0.6$, indicating sampling adequacy to run the factor analysis and Bartlett's test of sphericity ($\chi^2 (120) = 2049.425$, with P-value 0.000) also satisfies the p-value significance. Factor analysis identified five factors, each possessing eigenvalues greater than one (>1). These four factors are found to account for 64.523 per cent of the total variance (Table 3).

Table 3: Investors' Perception towards Corporate Risk Disclosure Quality

Item Code	Factor Name	Factor Loadings	Eigen Value	Variance (%)	Cronbach's Alpha	Mean (SD)
Decision Usefulness			4.695	19.316	0.844	
	DU1	0.825				3.62 (0.739)
	DU3	0.801				3.57 (0.797)
	DU2	0.772				3.69 (0.746)
	DU4	0.731				3.41 (0.926)
	DU5	0.693				3.57 (1.06)

Performance Evaluation			2.037	17.101	0.814	
	PE3	0.877				3.97 (0.672)
	PE1	0.807				3.77 (0.765)
	PE2	0.773				3.83 (0.653)
	PE4	0.670				4.00 (0.689)
Trust & Reputation			1.929	16.093	0.800	
	TR2	0.870				3.60 (0.734)
	TR1	0.806				3.60 (0.842)
	TR4	0.754				3.48 (0.833)
	TR3	0.646				3.58 (0.761)
Regulation & Transparency			1.663	12.013	0.705	
	RT1	0.789				4.11 (0.963)
	RT3	0.787				4.15 (0.971)
	RT2	0.755				4.00 (1.09)

Source: Author's Compilations

The first factor, "Decision Usefulness", emerged as the most dominant dimension, accounting for 19.316% of the total variance with an Eigen value of 4.695. Five items loaded on this factor, each with high loadings ranging from 0.693 to 0.825. All the items under this factor indicates strong reliability as the Cronbach's alpha is 0.844. This factor reflects the extent to which investors view risk disclosures as helpful in understanding uncertainties, anticipating earnings fluctuations and improving their decision-making processes. The strength of this factor suggests that investors primarily evaluate CRD based on its ability to support clear and informed investment choices.

The second factor, labelled "Performance Evaluation", explained 17.101% of the total research variable variance with an eigen value of 2.037. Four items loaded strongly on this factor have high factor loadings ranging from 0.670 to 0.877. Cronbach's alpha of 0.814 indicates

strong reliability among the items of this factor. This dimension captures the role of risk disclosures in assisting investors to assess a company's performance over time, compare firms within the same industry, and interpret how external events may influence future outcomes. The prominence of this factor indicates that investors value CRD not merely for decision-making but also for its capacity to provide deeper insights into a company's operational strength and long-term sustainability. The third factor namely, "Trust & Reputation" accounted for 16.093% of the variance and 1.929 eigen value. All the four items loaded under this factor have factor loadings ranging between 0.646 and 0.870. Further, the items demonstrated acceptable internal reliability with a Cronbach's alpha of 0.800. This dimension reflects the belief that comprehensive and transparent risk disclosures elevate investors' confidence, foster trust in management, and enhance the perceived reputation of the firm. The significance of this factor aligns with earlier findings that high-quality disclosures help reduce information asymmetry and shape favourable investor sentiment. The fourth factor namely, "Regulation & Transparency" explained 12.013% of the total research variance and have an eigen value of 1.663. Cronbach's alpha of 0.705 indicates reliability among the items. All the three items loaded under this factor have factor loadings ranging between 0.755 and 0.789. This factor captures investor expectations regarding the transparency of risk information and their views on whether risk reporting should be governed through mandatory or voluntary mechanisms. The presence of this factor highlights that investors are attentive not only to the content of risk information but also to the regulatory environment governing its disclosure.

5. CONCLUSION

The findings of this study underscore the growing importance of corporate risk disclosure as a central component of contemporary corporate reporting and as a crucial source of information for investors operating in increasingly complex market environments. As global financial systems face heightened volatility, emerging technological threats and rapidly shifting regulatory expectations, investors rely more heavily on risk narratives to interpret uncertainty and to assess a firm's resilience, governance strength and long-term prospects. Yet, despite extensive regulatory guidance and rising disclosure volumes, earlier research has revealed persistent gaps between what companies disclose and what information investors consider meaningful. By examining investors' perceptions directly, this study extends the existing literature by shifting the focus from the quantity or regulatory adequacy of risk disclosure toward its qualitative characteristics as evaluated by users. The factor analysis results identify four underlying dimensions namely, Decision Usefulness, Performance Evaluation, Trust & Reputation, and Regulation & Transparency that collectively shape how investors perceive the quality of corporate risk disclosure. The results suggest that investors regard CRD as most valuable when it provides clear, decision-relevant information, supports comparative evaluation of firms and enhances their confidence in managerial competence

and corporate integrity. Moreover, investors place considerable importance on transparency expectations and regulatory oversight, suggesting that perceptions of disclosure quality extend beyond firm-level communication to broader issues of reporting discipline and accountability.

6. IMPLICATIONS AND FUTURE RESEARCH

The findings of this study offer several important implications for corporate management, reporting teams and regulators responsible for shaping disclosure practices. First, the emphasis placed by investors on decision usefulness suggests that companies should prioritise risk disclosures that clearly explain how uncertainties may influence future performance. Boilerplate or overly generalised statements are unlikely to meet user expectations and may weaken investor confidence. Providing entity-specific, forward-looking information can assist investors interpret risk exposure more accurately and reduce information asymmetry. Second, investors' reliance on CRD for performance evaluation indicates that risk reporting should be integrated with other strategic and operational disclosures. Firms can strengthen the usefulness of their reports by linking risk narratives to business models, financial results and strategic priorities. Demonstrating how risks have been managed over time can further improve comparability and enhance investors' ability to assess managerial effectiveness. The study further suggests that firms that consistently provide transparent, detailed disclosures may cultivate stronger investor trust, which can translate into improved market perceptions and lower cost of capital. Moreover, the importance of regulation and transparency expectations suggests that firms should remain attentive to evolving reporting requirements and stakeholder expectations. As regulatory frameworks increasingly emphasise ESG risks, technological vulnerabilities and governance-related disclosures, companies must adapt their reporting structures to reflect these developments.

While the present study provides meaningful insights into how investors perceive corporate risk disclosure, it has several limitations that provides avenues for future research. First, future research may examine how investor perceptions of CRD influence actual investment behaviour, such as portfolio decisions, trading frequency or risk tolerance. Second, cross-country comparative studies could provide insights into how institutional environments, governance systems and regulatory regimes shape investors' expectations of risk disclosure. Such analyses would help determine whether the perceptual dimensions identified in this study hold across different markets or vary by context. Third, future work may explore how firms' digital reporting practices, including interactive dashboards, integrated reports and real-time risk updates, influence investor perception. As reporting technology evolves, these new formats may significantly reshape how users interpret risk information. Finally, longitudinal studies could examine whether improvements in risk disclosure quality over time enhance investor trust, reduce perceived risk or strengthen firm valuation. Such evidence would be valuable for policymakers seeking to design disclosure

standards that align with user needs...

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