

Risks disclosed in non-financial reports of automotive companies in 2018-2020

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Introduction

- Risk management is an important factor for corporate finances as two risk considerations, namely risk assessment and risk response, are part of the Enterprise Risk Management model known as COSO II.
- Today, the COSO-ERM model is the leading model that management can rely on to manage business risk.
- Information on business risks can be found in various reports prepared by companies, both in financial and non-financial reports.
- These are, for example, periodic reports, including mainly annual financial reports (separated-individual and consolidated reports), management reports on the activities of enterprises as well as corporate social responsibility (CSR) reports, sustainable development reports, integrated reports, and other special non-financial reports.

The aim of the research

- The aim of the research is to present the various business risks disclosed in the non-financial reports of Polish automotive companies listed on the Warsaw Stock Exchange for 2018-2020.
- The goal stems from the problem that companies are reluctant to share information about business risk, although they should.
- The basis for the presentation and interpretation of business risks were the obligatory reports of management on the activities of the companies, as well as other non-financial statements, if they were prepared and published by automotive companies in the audited period.

Research methodology

- The applied research method is a comparative analysis of the types and amounts of business risks disclosed by the management of the automotive companies in their reports on activities and in other published non-financial information.
- In order to compare individual types of risks, they have been assigned appropriate weights, depending on the scope of their occurrence in individual companies.
- From the point of view of the number and diversity of the occurrence of risks, four groups were distinguished: large, medium, small and no data to which the numbers 4, 3, 2, 1 were assigned, respectively.

Conclusions and and recommendations

- The use of reports on the activities of companies and other published non-financial information for the presentation and analysis of the risks disclosed therein confirms the growing importance of alternative reports to financial reports in terms of identification, analysis, assessment and possible risk mitigation in companies.
- Research shows that non-financial reports, including management reports on the company's operations, CSR reports, integrated reports and any other published non-financial information, can be a source for research in the field of effective and efficient risk management and should be increasingly used to disclose business risk .