Accepted Manuscript

Risk and Ambiguity in 10-Ks: An Examination of Cash Holding and Derivatives Use

Richard Friberg, Thomas Seiler

PII: S0929-1199(17)30323-1
DOI: doi:10.1016/j.jcorpfin.2017.05.017
Reference: CORFIN 1211

To appear in: Journal of Corporate Finance

Received date: 19 May 2017
Revised date: 26 May 2017
Accepted date: 31 May 2017

Please cite this article as: Friberg, Richard, Seiler, Thomas, Risk and Ambiguity in 10-Ks: An Examination of Cash Holding and Derivatives Use, Journal of Corporate Finance (2017), doi:10.1016/j.jcorpfin.2017.05.017

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.
Risk and Ambiguity in 10-Ks: An Examination of Cash Holding and Derivatives Use

Richard Friberg †
Thomas Seiler ‡

Stockholm School of Economics and CEPR
Stockholm School of Economics

June 6, 2017

Abstract

We explore the role of ambiguity, as opposed to risk, in explaining firms’ corporate financial policies. We create text based measures of ambiguity and risk for U.S. firms between 1995 and 2013. Measured ambiguity is high in for instance high tech industries, whereas the risk measure is high for homogeneous goods. Using within-firm variation to identify effects we find that greater ambiguity is associated with greater cash holdings and more risk with a higher probability of derivatives use. The results are in line with a simple model of liquidity management with ambiguity averse agents.

Keywords: Cash holdings; Hedging; Knightian Uncertainty; Ambiguity; Risk; Textual Analysis

JEL: D81; G31; G32.

*Financial support from the Jan Wallander and Tom Hedelius Foundation and the Ann-Marget och Bengt Fabian Svartz stiftelse is gratefully acknowledged. We thank Niklas Amberg, Ruben Andrist, Marcus Asplund, Jimmy Martinez-Correa, Imran Rasul, Martin Seiler, Jorge Mario Uribe-Gil, seminar participants at Copenhagen Business School, participants at the ENTER Jamboree 2016 in Madrid, AEFIN 2016 conference in Madrid and national conference in Gothenburg for helpful comments. We thank My Hedlin for excellent research assistance.

†Corresponding author: Stockholm School of Economics, P.O. Box 6501, 11383 Stockholm, Sweden. Email: Richard.Friberg@hhs.se

‡Stockholm School of Economics, P.O. Box 6501, 11383 Stockholm, Sweden. Email: thomas.seiler@phdstudent.hhs.se
دریافت فوری متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات