

EXPERIMENTAL TEST OF FRAMING AND NON-PROFESSIONAL INVESTORS DECISION: STUDY OF RISK INFORMATION IN IFRS NO. 7

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Abstract	<p>This study attempts to predict the impact of framing in decisions that preceded the presence of risk information in the format of value at risk and sensitivity analysis, and also preliminary evidence in assessing the implementation of a predetermined standard. It was done experimentally with the design of between-within-subject design and 2 (Format: VAR & SA) x 2 (Frame: Gain & Loss) factorial using 15 students of Master of Accounting program and PPAK program that acts as a participant in the experiment. The result showed that there are no differences in decisions made by participants if the information is presented in the form of value at risk or sensitivity analysis. This suggests that participants did not give different weights to the format of risk reports that are presented, so it can be concluded that both the format of risk reports in this study did not affect the investment decisions. Thus, companies can choose one of two formats to meet the obligations of the risk statement presentation required by the IFRS No. 7. This study also provides additional evidence that the individual decisions can be influenced by framing and proves that theory within the framework of Prospect Theory plays a role in investment decisions.</p>
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