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INTERNATIONALIZATION AND RISK DISCLOSURE IN BRAZIL'S LARGEST PUBLIC COMPANIES

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ABSTRACT

Objective: Investigate the disclosure of non-financial risks based on the internationalization profile of the largest public companies in Brazil. **Method:** The study evaluates internationalization in strategies — capital, shares on the stock exchange, revenues and markets — and the disclosure of non-financial risks based on 31 factors distributed in four categories: operational, damage, integrity and strategic. One hundred and eleven firms listed in Exame Magazine's "Best and Biggest" were analyzed, with data from the 2017–2019 three-year period, using the Mann-Whitney test in comparative evaluation according to internationalization. **Main Results:** Internationalized companies adopt varied strategies. Risk disclosure had an average of less than 35% and little variation. These companies have an advantage in disclosing risks due to more robust disclosure practices. There are significant differences in the quality of risk disclosure compared to companies according to their internationalization strategy. The analysis of the relationship between the variables suggests that the internationalization of capital can impact risk disclosure. **Relevance / Originality:** This research focuses on the quality of disclosed risk factors and analyzes the differences in the reporting of non-financial risks between internationalized and non-internationalized companies, an approach that has not yet been investigated in a similar way in the Brazilian capital market, given its complexity and scope. **Theoretical / Methodological Contributions:** Measuring internationalization under various strategies makes it possible to understand how it drives business. The analysis of risk disclosure from different perspectives makes it possible to analytically understand the quality of risk disclosure in the company's activities abroad. **Social / Management Contributions:** Managers can understand how internationalization can be used as a strategic driver of practices associated with risk management and disclosure by the largest companies, for example, reducing information asymmetry and increasing the confidence of investors and other stakeholders.

Keywords: Internationalization of companies, Disclosure, Non-financial risk.

INTERNACIONALIZAÇÃO E *DISCLOSURE* DE RISCOS NAS MAIORES COMPANHIAS ABERTAS DO BRASIL

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RESUMO

Objetivo: Investigar a divulgação de riscos não financeiros com base no perfil de internacionalização nas maiores companhias abertas do Brasil. **Método:** Avaliam-se a internacionalização em estratégias — do capital, das ações em bolsa de valores, das receitas e dos mercados — e a divulgação de riscos não financeiros com base em 31 fatores distribuídos em quatro categorias: operacional, dano, integridade e estratégico. Foram analisadas 111 firmas listadas nas "Melhores e Maiores" da revista *Exame*, com dados do triênio 2017–2019, sendo aplicado o teste de Mann-Whitney em avaliação comparativa segundo a internacionalização. **Principais Resultados:** Empresas internacionalizadas adotam estratégias variadas. Sua divulgação de riscos teve média inferior a 35% e pouca variação. Essas empresas têm vantagem na divulgação dos riscos por causa de práticas de *disclosure* mais robustas. Existem diferenças significativas na qualidade da divulgação de riscos entre as empresas conforme estratégia de internacionalização. A análise da relação entre as variáveis sugere que a internacionalização do capital pode impactar o *disclosure* de risco. **Relevância / Originalidade:** Esta pesquisa focou na qualidade dos fatores de risco divulgados e analisou as diferenças, no relato de riscos não financeiros, entre empresas internacionalizadas e não internacionalizadas, uma abordagem ainda não investigada de forma semelhante no mercado de capitais brasileiro, dadas a sua complexidade e abrangência. **Contribuições Teóricas / Metodológicas:** A mensuração da internacionalização sob várias estratégias possibilita compreender de que modo ela impulsiona os negócios. A análise da divulgação do risco conforme diferentes enfoques possibilita entender analiticamente a qualidade de evidenciação de riscos nas atividades da empresa no exterior. **Contribuições Sociais / para a Gestão:** Gestores podem compreender a internacionalização como um direcionador estratégico de práticas associadas à gestão e à divulgação de riscos por parte das maiores companhias, como na redução da assimetria informacional e no aumento da confiança de investidores e outros *stakeholders*.

Palavras-chave: Internacionalização de empresas, Divulgação, Risco não financeiro.

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INTRODUCTION

The main argument of this study lies in the fact that internationalization emerges as a diversification strategy to boost companies and stimulate innovation with opportunities for growth and business expansion (DeGhetto et al., 2020). Diversification is the means of safeguarding and protecting stakeholders' interests in business since performance in markets other than their local mitigates exposure to regional dependence risks. In this perspective, firms active overseas are likely to disclose more information to the market (Duarte et al., 2019). In the internationalization of especially emergent markets, there must arise risks and asymmetrical information, demanding from companies' various strategies and a more robust informational report (Filatotchev et al., 2019). This way, internationalization comes to pressuring enterprises to clarify their strategic stance more and more and improve disclosure quality.

In this aspect, internationalization, depending on the company's strategic profile, can be a variable that helps to understand different levels of risk disclosure. As a result, information disclosure can impact the form that stakeholders interact with the company. This is due to the fact that information can be used as a form of signposting in order to reach certain groups of interest and subsidize decision-making (Doshi et al., 2013).

The disclosure theory explains the spread of information by companies to demonstrate to particular groups of users' unique aspects of the business under the corporate management eye (Fung, 2014). In the Brazilian context, the center of this study, in spite of the regulating bodies' effort to request publicly traded companies that they describe in their reference forms, in a quantitative and qualitative way, the risks to which they are exposed, including those from other countries in which they operate (Comissão de Valores Mobiliários, 2009), companies assume discretion in determining the content, period, and method of disclosing institutional report information to external users. (Serra & Lemos, 2020).

Thus, it should be accepted that it is not possible to overlook the study of corporate risks as they influence enterprises and should help in the decision-making process and in the selection of the best route to gain advantages of those, which, up to this moment, constituted a source of concern and fear (Tavares et al., 2016). Measuring (financial and nonfinancial) corporate risks and translating that through voluntarily disclosed information is part of the main recognized limitations in previous studies on companies' risks reporting (Abraham & Cox, 2007; Linsley & Shrives, 2006).

The financial risks refer to potential internal and monetary losses in financial markets, affecting directly on corporate assets and liabilities. As for nonfinancial risks, which are the focus of this research, they are external, not monetary, with indirect, long-term impacts on assets and liabilities (Ntim et al., 2013). Both are disclosed in the reference forms from publicly traded companies in Brazil.

It is highlighted that the interaction between internationalization and corporate risks has been investigated in the literature (Almendra et al., 2018), showing that business expansion tends to increase the necessity for transparency in risk disclosure; however, it has not been properly verified how internationalization affects the disclosure of nonfinancial risks (Jamil et al., 2020; Leopizzi et al., 2020; Passos et al., 2017). One contributing factor is the company's tendency to minimize nonfinancial risk disclosure in comparison to the financial risk, a research gap explored by an international piece of research conducted by Amezaga-Alonso et al. (2020), emphasizing the demand for a more balanced disclosure between the types of risks with the goal of increasing stakeholders' transparency and trust.

In this context, the research question was: how does the disclosure of nonfinancial risks behave in relation to the internationalization profile of the largest Brazilian publicly traded companies? The objective was to investigate the disclosure of nonfinancial risks considering the internationalization profile of companies in the rank of the largest Brazilian public companies. They are represented by the firms listed on "the Biggest and the Best" by the Exame magazine in the years from 2017 to 2019, the last issue published until the conclusion of the collection of data necessary to the study. This way, the reports refer to the time interval between 2016 and 2018.

This work examined the company's internationalization profile taking four strategies into consideration, dimensioned by consistent indicators disseminated in the literature: international equity participation or foreign shareholding, internationalization of shares, internationalization of revenue, and internationalization of markets. The quality of nonfinancial risk disclosure was checked according to the operational, damage, integrity, and strategy risk classification (Linsley & Shrives, 2006; Miihkinen, 2012; Ntim et al., 2013) in the defined period, in accordance with data extracted from the investigated company's reference forms.

In this study, it is argued that the intensity of presence/performance in the company's international market provides conditions that stimulate the informational quality improvement of nonfinancial risk disclosure.

The study results also allow questioning, by the analysis of differences between internationalized and non-internationalized companies, the quality of nonfinancial risk disclosure under the perspective of business internationalization, a matter not yet explored in a similar way in previous research. These pieces of information are important resources capable of clarifying and enabling companies' international expansion (Duarte et al., 2019). The results further contribute to the practice of international companies' management. They show managers and investors an instrumental tool to verify the informational quality of disclosure of nonfinancial risks performed by the enterprise in mandatory, open-access documents (reference forms) with this strategy. This can guide practices of risk management and disclosure aiming to reduce informational asymmetry and increase stakeholders' trust.

It is underlined that the major part of the studies concentrates on the amount of disclosure, without taking into account the quality of risk information, which demands attention (Beretta & Bozzolan, 2004; Ibrahim & Hussainey, 2019; Linsley & Shrives, 2006). This is the important difference of the present research and an advancement in regard to the literature concerning the topic. This study is relevant when analyzing the existing differences between internationalized and non-internationalized companies mainly due to the quality of nonfinancial risk disclosure.

By examining the quality of voluntary disclosure of information on corporate risks, this work contributes to deepening the discussion regarding disclosure in the Brazilian stock market given that there are fewer studies in emerging markets compared to developed countries, under the light of the disclosure theory (Verrecchia, 2001).

This article is divided into five sections: introduction, with context, objectives, and rationale; theoretical framework on internationalization, risk disclosure and study hypothesis, and research methodology; results and discussion; and conclusion, with contributions and suggestions for future studies.

1. THEORETICAL FRAMEWORK

1.1. Companies' internationalization profile

The study of Floriani and Fleury (2012) and Santos et al. (2015) established that internationalization might influence the company's structure because of the international market competitive impositions, which differ from those of their local country once they encompass the strategic adaptation of resources and structure, including international integration. This logic also extends to the practices of business management and strategies.

The company's internationalization profile is a broad theme explored through different perspectives, justified by the fact that there is not one single form of evaluating this profile. In similar studies, different internationalization indicators are verified, where the most frequent ones are highlighted: amount of external sales versus total sales, international equity participation, number of countries where the company has facilities, and the company's listing on foreign stock exchanges. Studies such as those of Floriani and Fleury (2012) opted to elaborate an index measuring the degree of internationalization, combining various metrics. The proxies reflect important internationalization indicators and are widely spread in the literature (Floriani & Fleury, 2012; Maia et al., 2013; Santos et al., 2015). The internationalization profile in the present study is understood as the combination of four different strategies: foreign shareholding, internationalization of shares, internationalization of revenue, and internationalization of markets.

Internationalization can significantly impact the companies' structure, for instance, corporate governance, due to competitive demands imposed by the international market (Albuquerque et al., 2020). The work of Albuquerque et al. (2020) demonstrated that firms with a higher degree of internationalization and better governance would be likely to stand out in the field of social responsibility, which grows to the extent that companies have foreign investors participating in their equity.

In this perspective, when determining the means of entry into the international market and, with that, defining its internationalization profile, the company ought to include elements that minimize a series of strategic threats that emerge. The disclosure of aspects that originate risks in corporate reports aims to reduce informational asymmetry between administration and several parties interested in the business uncertainties and opportunities, thus decreasing risk perception (Fudaliński, 2015). As a consequence, companies taking on the challenge of internationalization might have lower discount rates on their value or even plead for better fundraising conditions in the international market, as a result of the reduced risk perception. Steinhauser and Rocha (2023) reminded that managers of internationalized companies from emerging countries can benefit from learning and gain experience in developed markets.

1.2. Disclosure theory and risk disclosure

Companies have been under pressure to disclose information concerning their businesses with higher transparency. This occurs with greater intensity and frequency each day. Before that, disclosure has become a strategic matter for several businesses, including Brazilian businesses, particularly those acting in the international or external/non-domestic market (Soschinski et al., 2019).

In this scenario, a high level of disclosure suggests the dissemination of greater information to the market, through high-quality reports, which would result in higher trust on the part of the company's interest parties (Verrecchia, 2001). Nonetheless, Serra and Lemos (2020) reported that, despite the increase in risk disclosure requirements in the applicable regulations, added to the pressure for increase in disclosure after the recent international financial crisis, multiple firms do not report neither sufficient nor reliable information for the decision-making process. This hinders investors and other stakeholders' actions, who need to understand the organization's risk profile and management, directly reflecting on the quality of risk disclosure.

As for the quality of risk disclosure, the authors, Campbell et al. (2014), stand out, who examined the content of the dissemination of market risk aspects and its impact on information asymmetry and return of shares. It was noted that a greater level of risk disclosure is associated with the reduction in informational asymmetry and volatility of stock returns. It was checked that managers provide useful information on risk factors and investors incorporate them in the company evaluation process. Madrigal et al. (2015), in turn, argued that disclosure of information on corporate risks may be linked to business aspects, such as the acting sector and the level of activity risk.

In this research, it is highlighted that the focus is on the nonfinancial risks (operational, damage, integrity, and strategic risks), which were still scarcely explored by the literature, which tends to concentrate on financial risks (Amezaga-Alonso et al., 2020).

Operational risks involve potential losses as a function of processes, people, or flawed systems as well as external events that impact several managerial areas (Linsley & Shrives, 2006). The damage risks, on the other hand, are connected with insufficient insurance coverage and important litigations (Miihkinen, 2012). Integrity risks refer to damage to the company's image and reputation caused by the disclosure of prejudicial information or employees' inadequate behavior (Zonatto & Beuren, 2010). Finally, strategic risks relate to losses resulting from unsuccessful strategies affecting management and competitiveness (Zonatto & Beuren, 2010).

Among the studies with the same interest, it is worth mentioning the work of Neifar and Jarboui (2018), which observed the impact of governance mechanisms on operational risk disclosure:

- risks of loss resulting from procedures,
- flawed internal systems,
- people, and
- external events.

The results reinforce the relevance of disclosed information quality to investors because they have informational content important for the evaluation of risks.

Leopizzi et al.'s (2020) research approached nonfinancial risk disclosure considering the types of risks (conformity, strategic, operational, environmental, health, and security). The degree of disclosure of these nonfinancial risks was investigated after the introduction of Directive UE 2014/95 on nonfinancial information. To understand the nonfinancial risk management efficacy, the perspective (past, present, and future) and the risk approach (positive, negative, and neutral) were examined. The results demonstrated that disclosure of nonfinancial risks in Italian companies is better than before the UE 2014/95 and focuses on the present and past perspectives, instead of the future.

Jamil et al. (2020) identified disclosure of nonfinancial risks based on specialists' opinions on stakeholders, using the Delphi technique. An index of nonfinancial risk disclosure was built. The results showed that the nonfinancial risk statements in Malaysian publicly listed companies are still inadequate even though the disclosure of nonfinancial risk factors increased in the period between 2016 and 2018. The results suggested that companies in this country's developing economy need to seek more elevated risk disclosure quality standards so that the capital market can benefit from it. Despite that fact, this practice is gaining momentum.

In general terms, information disclosed by companies is crucial for signaling stakeholders and making decisions (Doshi et al., 2013). The disclosure theory highlights the importance of communication of entrepreneurial biases; however, even with the presence of legislation, companies have discretion to certain extent when choosing what and how to disclose (Serra & Lemos, 2020). In the context of internationalization, this regulatory flexibility is challenged as companies are inserted in markets with different demands, exposing themselves to risks that can impact returns and strategies (Eriksson et al., 2014).

Thus, it is understood that internationalization might impact risk disclosure practices due to the characteristics of different markets in which companies come to operate and, by doing that, assume risks inherent to this position. This scenario requires more transparency with reliable and timely information which allows interested parties to evaluate financial circumstances and performance accurately, as well as business profile, risk profile, and risk management (Linsley & Shrives, 2006) given the international performance.

Linsley and Shrives (2006) analyzed both financial and nonfinancial risks. Jamil et al. (2020) and Leopizzi et al. (2020) gave more attention to nonfinancial risks. According to the literature, the category of financial risks includes interest rates, exchange rates, commodities, credit, and liquidity risks, aspects frequently shown in financial statements. Moreover, they are predominantly displayed numerically. Nonfinancial risks have at least five subcategories and over 30 aspects, being mainly disclosed qualitatively. This explains the selection of only nonfinancial risks for the hypothesis proposition.

1.3. Internationalization, nonfinancial risk disclosure: Previous evidence

The literature documents several studies proposing any type of relationship between internationalization and disclosure, including risk disclosure. In general, these studies advocated for exposure to the external market to lead companies to improve transparency considering the additional risks acknowledged by external market investors. Among the suggested studies are Alves and Cherobim (2009), Chin et al. (2009), Duarte et al. (2019), Filatotchev et al. (2019), Souza et al. (2011), Stocker and Abib (2019), and Tong and Wei (2014).

In studies such as those of Alves and Cherobim (2009) and Souza et al. (2011), internationalization is associated with greater corporate transparency in terms of risk disclosure. These studies found alignment with Beretta and Bozzolan (2004), who claim this to be frequent evidence amongst various research around risk statements. It is emphasized that Alves and Cherobim (2009) and Souza et al. (2011) investigated companies exclusive from the financial sector. On the other hand, Chin et al. (2009) and Tong and Wei (2014) indicated that corporate transparency might be reduced with internationalization.

Duarte et al. (2019) further contributed to the discussion by relating disclosure and the internationalization degree of Brazilian companies listed on stock exchanges in the period from 2015 to 2017. The internationalization metrics observed were the emission of an American depositary receipt—certificate type allowing the company to participate in the American market even without going public on it—revenue derived from exporting, foreign participation in share capital. It is verified that companies with a strong international presence present a higher level of voluntary disclosure.

1n another area, Abraham and Cox (2007), Cabedo and Tirado (2004), and Deumes and Knechel (2008) showed that disclosure of risks related to the business' strategic goals can increase transparency and eliminate information asymmetries, making the investors more well-informed of the company's future perspectives. This contributes to improving relationships with those interested in the business. Eriksson et al. (2014) reported that risk measurement and reduced uncertainty in international businesses are complex to carry out in view of the fact that they are linked with different factors such as norms, values, and regulations.

Furthermore, Filatotchev et al. (2019) pointed out that companies' internationalization strategies or profiles are associated with asymmetrical information and substantial risks, most of all when compared to emerging markets (legal and developing managerial environment). That is explained once, with the process of internationalization, companies face a diversity of strategic scenarios and decisions that depend on the governance characteristics and on the behavior in each company's disclosure practices.

In front of the aspects of risk management in the internationalization of global companies originated in Brazil, Stocker and Abib (2019) highlighted how risks are perceived by managers during the internationalization process, sorted by commercial, intercultural, and monetary risks, and country. They identified that those companies used different actions to mitigate risks, such as planning, market, and construction of scenarios. This way, in sum, what is realized is that studies have stated a convergent stance toward a likely contribution of internationalization to risk disclosure.

The presented literature opposes the idea that risk information has only one class or type. In addition to that, the research, predominantly conducted in developed markets, has reinforced the insight that, through internationalization, disclosure should vary upward, especially risk disclosure, given that the international presence puts the business in contact with nonexistent risks in domestic markets. Regarding this matter, the research hypothesis, which monitors Brazilian companies, is outlined.

1.4. Research hypothesis

The documented literature suggests two important aspects for the formulation of the research hypothesis. First, risk disclosure becomes an imperative for companies, and the characteristics or organizational variables can interfere or impact this informational spread (Abraham & Cox, 2007; Cabedo & Tirado, 2004; Deumes & Knechel, 2008; Eriksson et al., 2014; Jamil et al., 2020; Leopizzi et al., 2020; Linsley & Shrives, 2006). The second aspect to be highlighted is that internationalization might act as an important characteristic capable of affecting risk disclosure (Alves & Cherobim, 2009; Beretta & Bozzolan, 2004; Chin et al., 2009; Duarte et al., 2019; Filatotchev et al., 2019; Souza et al., 2011; Stocker & Abib, 2019; Tong & Wei, 2014). As a whole, it can be observed that risk disclosure grows with the exposure of the company internationally.

Aiming to differ from previous research and have higher accuracy of results, this study investigated how nonfinancial risk disclosure behaves under the contribution of companies' internationalization to the formulation of the hypothesis. This research stands on the light of the literature shown, which introduces internationalization as a variable that can interfere in the company's practices. Based on the disclosure theory, it is understood that international integration should promote significant differences in terms of risk disclosure since the company's stakeholders are enlarged alongside their performing markets. According to the mentioned literature, however, risk disclosure might vary considering the company's internationalization profile, suggesting an analysis through a different perspective. It is expected in this study that internationalization might be able to uphold nonfinancial risk disclosure variations because of the company's performance in diverse markets and its access to investments and secondary stakeholders (Alves & Cherobim, 2009; Beretta & Bozzolan, 2004; Chin et al., 2009; Duarte et al., 2019; Filatotchev et al., 2019; Souza et al., 2011; Stocker & Abib, 2019; Tong & Wei, 2014).

The international insertion through different strategies can propel changes in a company's structure, which will be reflected in management practices intended, among other ends, to demonstrate the risk mitigation of the business caused by their entry in foreign markets. In this sense, it can be prospected that companies with different internationalization profiles are distinguished regarding quality and extension of nonfinancial risk disclosure by the use of discretionary in the disclosure form and that can be an external active force in this practice, even if there are not demands for disclosure of information on risk factors. From the exposed, considering the context of the largest Brazilian public companies, the following research hypothesis is proposed: Do the company's different strategic internationalization processes generate differences in the level of nonfinancial risk disclosure?

2. RESEARCH METHOD

2.1. Definition of the sample

The research is documentary and descriptive, using the qualitative approach. Data were collected from secondary sources, essentially the reference forms, a document made available by companies that participated in the study with the Securities and Exchange Commission and on the Brazilian stock exchange website (Brasil Bolsa Balcão—B3). The reference form gathers a wide range of information around the sender, in this case, the company, and is open access, with periodical and compulsory delivery.

The research population combines firms listed on the 100 largest Brazilian publicly traded companies ranking under the category "The Largest and The Best" by the Exame Magazine in the years 2017 to 2019, which were the last issues published until the conclusion of collection of essential study data. Therefore, the reports refer to the time span between 2016 and 2018 given that the ranking is based on the previous year. It is worth pointing out that the definition of the analysis period is influenced by the process of collection of study variables (internationalization and risk disclosure). This is due to when receiving qualitative data, a reading of 333 documents belonging to companies was carried out. Linsley and Shrives' study (2006), by means of comparison, analyzed 79 British company reports dating from the year 2000.

To compose the sample, it was considered, as a selection criterion, the company's participation in at least one of the three ranking lists. Overall, 119 different companies were identified, with eight excluded because of the absence of reference forms in the period under analysis: BK Brasil Operação e Assessoria a Restaurantes S.A.; Cetip S.A.; Fibria Celulose S.A.; Hapvida Participações e Investimentos S.A.; Multiplus S.A.; Notre Dame Intermédica Participações S.A.; Prumo Logística S.A.; and Smiles Fidelidade S.A.

This way, 111 companies constitute the study sample, participants in at least one of the Exame Magazine's The Largest and the Best rankings in the period 2017–2019. It is worth highlighting that each rank is elaborated based on companies' consolidated data. By doing so, the 2017 issue database is 2016 and so in. That is why the sample includes company data of the triennium 2016–2018. Each one of these companies has shared a reference form for each year-base, totaling 333 reference forms read and analyzed for data extraction. During this period, it was possible to establish the measurement of the investigated variables: internationalization and nonfinancial risk disclosure.

2.2. Data collection, variables, and analyses

The technique of content analysis was resorted (Bardin, 2011; Beattie et al., 2004; Bowman, 1984; Krippendorff, 2004) by categories, targeting mainly at measuring nonfinancial risk disclosure. In the first place, it was established the sample internationalization profile through the indicator's foreign shareholding, internationalization of shares, internationalization of revenue, and internationalization of markets. These four strategies allow inferring not only about to what extent internationalization occurs but also through which means/strategies companies perform. Table 1 clarifies how indicator operationalization, the rationale, and data collection were conducted.

The nonfinancial risk disclosure data were obtained from section 4 in the reference forms issued by the company that year, designated "Risk factors." With reading the text displayed in the reference forms, it proceeded to the operationalization of the scale proposed by Van Staden and Hooks (2007), chosen by systematicity and applicability to disclosure. Table 2 shows the treatment adopted in this study when evaluating nonfinancial risk disclosure.

According to Table 2, the following weights were assigned in the scale adopted in this research for evaluating nonfinancial risk disclosure:

- 0, when the risk factor is absent or when the company discloses that is not subjected to the factor;
- 1, when information on the factor is qualitative and has small details (in general terms);
- 2, when the information disclosed is descriptive and has several details;

Table 1. Indicators selected to profile the internationalization of companies.

Variable	References	Operationalization	Collection source
Foreign shareholding	Albuquerque Filho et al. (2020), Maia et al. (2013)	Participation of foreign capital in the composition of companies' share capital	Reference form (items 15.1 and 15.2): shareholding position
Internationalization of shares	Almendra et al. (2018), DeGhetto et al. (2020), Santos et al. (2015)	Number of countries where the company trades its shares.	Reference form (item 18.7): trading in foreign markets
Internationalization of revenue	Almendra et al. (2018), Sant'Ana et al. (2022), Santos et al. (2015)	Proportion of revenue derived from abroad in relation to total revenue	Reference form (item 7.6): relevant revenue abroad
Internationalization of markets	Almendra et al. (2018), Floriani and Fleury (2012)	Number of countries where the companies have facilities	Reference form (item 7.1): description—activities of the issuer/controlled companies

Table 2. Disclosure assessment scale adopted in the research.

Scores	Quality of disclosure	Description
0	Not disclosed	There are no remarks on the factor of risk or there is disclosure that the company is subjected to the factor of risk.
1	Minimum information	Qualitative information with brief mention Small details in descriptive terms
2	Descriptive information	Qualitative information with explanation of the risk sources Policies of risk are disclosed
3	Quantitative information	Quantitative information with brief mention Small details in monetary terms or of real physical amounts
4	Exhaustive disclosure	Quantitative information with identification of risk sources Policies, impact and/or probability of risks are disclosed

Source: Van Staden and Hooks (2007).

- 3, when the information disclosed is quantitative and presents small details (in general terms);
- 4, for quantitative information disclosed exhaustively (with various details).

In this sense, the greater the quality of risk factor disclosure, the higher the score. The result is a nonfinancial risk disclosure index to measure the quality of nonfinancial risk disclosure shared by the 111 Brazilian companies in the sample. The index of quality of nonfinancial risk disclosure results in a total of 124 scores, with the following distribution of scores by subcategory of nonfinancial risks:

- operational risks: 44;
- damage risks: 8;
- integrity risks: 12;
- strategy risks: 60.

The developed checklist was based on the literature review on nonfinancial risk-related disclosure: operational, damage, integrity, and strategic (Linsley & Shrives, 2006; Miihkinen, 2012; Ntim et al., 2013). Table 3 summarizes the studied risk factors and the scores for each subcategory of nonfinancial risks that were considered for the analysis of the reference forms.

Information alluding risk disclosure prevalent in this research is rooted in Linsley and Shrives (2006), Miihkinen (2012), and Ntim et al. (2013) since there were no similar studies with the same level of detail found for the analysis of the nonfinancial risk statement in institutional reports. The instrument collects 31 factors of risk distributed in four subcategories of nonfinancial risks. It was used to examine the content in section 4 of the company's reference forms referring to the three investigated periods.

Table 3. Factors of risk by subcategory of nonfinancial risks.

Disclosure of nonfinancial risks		
Factors of risk		Quality of disclosure (Score)
1.1 Operational risks	1.1.1 Negative marketing effect (customer boycott)	0–4
	1.1.2 Third-party complaints	0–4
	1.1.3 Sudden unavailability of resources and/or issues with raw material supply	0–4
	1.1.4 Risks in the process of producing and developing products	0–4
	1.1.5 Risk of violation of industrial property rights and/or issues with their protection	0–4
	1.1.6 Risk of informational technology failure and/or cyber risk	0–4
	1.1.7 Risk of dependence and/or unavailability of human resources	0–4
	1.1.8 Risk of social and environmental damage	0–4
	1.1.9 Risk of reduced revenue and/or risk of significant discount due to stock obsolescence	0–4
	1.1.10 Risk of brand erosion	0–4
	1.1.11 Risk of health and safety in the workplace	0–4
Subcategory 1.1 maximum score		**44**
1.2 Damage risks	1.2.1 Risks of insufficient insurance coverage	0–4
	1.2.2 Risk of unfavorable court decisions (significant lawsuits)	0–4
Subcategory 1.2 maximum score		**8**
1.3 Integrity risks	1.3.1 Internal or external fraudulent actions	0–4
	1.3.2 Negative impact on the company's reputation or image	0–4
	1.3.3 Occurrence of ethical problems and corruption in business	0–4
subcategory 1.3 maximum score		**12**
1.4 Strategic risks	1.4.1 Elevated level of competitiveness and risk of unfair competition	0–4
	1.4.2 Risk of specific sector changes	0–4
	1.4.3 Occurrence of geopolitical instabilities	0–4
	1.4.4 Risk of regulatory changes	0–4
	1.4.5 Risk of political changes, including in tax legislation.	0–4
	1.4.6 Risk of economic changes	0–4
	1.4.7 Changes in inflation rate	0–4
	1.4.8 Risk of natural disasters which affect the business environment	0–4
	1.4.9 Risk of loss of control over suppliers and/or risk of dependence on suppliers	0–4
	1.4.10 Changes in customer preference	0–4
	1.4.11 Risk of loss of control over customers and/or risk of dependence on customers	0–4
	1.4.12 Risks associated with product launch	0–4
	1.4.13 Risks associated with the preparation and execution of mergers and acquisitions	0–4
	1.4.14 Sovereign obligation of political risks	0–4
	1.4.15 Risks associated with business portfolio diversification	0–4
Subcategory 1.4 maximum score		**60**
Possible total score		**124**

Source: Elaborated by the authors based on Linsley and Shrives (2006), Miihkinen (2012), and Ntim et al. (2013).

Regarding the reliability of the collecting procedure via content analysis, it is stated that three researchers performed during this phase. Two conducted independent collections. Afterward, the data collected by these researchers were compared to verify the degree of alignment. Finally, a third researcher double-checked the two previous samples, thus ensuring that the data presented convergent outputs. It is noteworthy that meetings during the period of data collection were held in order to seek greater data accuracy. At the start of data collection, the three researchers collected data together in order to increase the accuracy of the instrument.

To provide an overview of Brazilian companies regarding their levels of internationalization and nonfinancial risk-related disclosure, descriptive statistics of proxies that represent the constructs were executed. Initially, data were collected and framed by means of the Microsoft Excel tool. Later on, in order to attain the proposed goal and verify the sustained hypothesis, the Statistical Package for the Social Sciences software was used. Mann–Whitney tests were run to compare risk disclosure in relation to the internationalization profile. The analysis was carried out according to each of the four categories of nonfinancial risks and total, assuming each company's global index throughout the triennium. Application of this test was reasoned in view of the fact that risk disclosure metrics do not point to symmetric distribution adherence ($p< 0,05$). This way, to meet the study goals, the Mann–Whitney test is more robust and adequate.

Additional analyses were carried out so as to complement pieces of evidence of this study. In this sense, multiple linear regressions were processed with the goal of producing results surrounding the possible effect of internationalization over risk disclosure. For such, Equation 1 was considered:

$$DR_{i,t} = \beta_0 + \beta_1 INT_{i,t} + \beta_1 TAM_{i,t} + \beta_1 ROA_{i,t} + \beta_1 END_{i,t} + \beta_1 IDA_{i,t} + \varepsilon_{i,t} \qquad (1)$$

where

$DR_{i,t}$:nonfinancial risk disclosure, according to the operationalization of Tables 2 and 3;

$INT_{i,t}$:measure of internationalization, according to established in Table 1.

In the analysis, eight models were processed, one for each measure of internationalization, considering the original value and dummy. The other metrics represent controls: company size ($TAM_{i,t}$), profitability ($ROA_{i,t}$), indebtedness ($END_{i,t}$), and age ($IDA_{i,t}$). Panel data estimations using fixed effects, after carrying out the Chow, Breusch–Pagan LM, and Hausman tests, make it possible to broaden the discussion and offer a more consistent contribution to the study. However, this is a complementary analysis since the aim of the study is to look for possible differences between the groups of companies in terms of their internationalization profile.

3. RESULTS

3.1. Results presentation

Table 4 shows the analysis of internationalization indicators with the general average of nonfinancial risk disclosure per year and in the entire period (2016–2018), considering the 111 companies in the sample. Companies that do not have a certain internationalization indicator were classified in the "no" group; those that have the internationalization indicator were classified in the "yes" group.

Through the information in Table 4, it can be realized that the largest publicly listed companies in Brazil act in the international market, especially through foreign shareholding. It is observed that the average of nonfinancial risk disclosure remains practically stable in the triennium. Nonetheless, by the level of detail of risk factor disclosures in Brazil's largest publicly traded companies, it was verified that disclosure per se is not uniform. When describing and sharing nonfinancial risks, companies disclose them in a predominantly qualitative form, since, in the used scale, most companies scored 2 (descriptive information). By valuing the risk, the user is better able to assess the impacts on the company.

In light of this, disclosure of information about nonfinancial risks is heterogeneous, for which there is no leveling regarding the quality of informational spread on nonfinancial risk-related factors. Companies that possess a higher average of nonfinancial risk disclosure are those with the indicator of share internationalization, that is, enterprises that trade their shares on stock exchanges outside Brazil. It can be seen that the indicator with the least presence is the internationalization of revenues, but the indicator with the lowest average disclosure of nonfinancial risks represents companies with foreign shareholdings.

Table 4. Internationalization indicators × nonfinancial risk disclosure, per year and in the triennium.

Internationalization	Total	Yes		Disclosure average		No		Disclosure average	
2016									
Foreign shareholding	111	66	59.4%	39.7	32.0%	45	40.5%	35.2	28.4%
Internationalization of shares	111	57	51.3%	41.2	33.2%	54	48.6%	36.0	29.0%
Internationalization of revenue	111	39	35.1%	40.6	32.7%	72	64.8%	37.7	30.4%
Internationalization of markets	111	45	40.5%	40.6	32.7%	66	59.4%	37.4	30.2%
2017									
Foreign shareholding	111	60	54.0%	36.7	29.6%	51	35.5%	35.3	28.4%
Internationalization of shares	111	55	49.5%	38.4	31.0%	56	50.4%	33.7	27.1%
Internationalization of revenue	111	37	33.3%	36.9	29.7%	74	66.6%	35.6	28.7%
Internationalization of markets	111	46	41.4%	37.0	29.8%	65	58.5%	35.4	28.5%
2018									
Foreign shareholding	111	51	45.9%	36.2	29.2%	60	54.0%	34.4	27.7%
Internationalization of shares	111	51	45.9%	37.7	30.4%	60	54.0%	33.1	26.6%
Internationalization of revenue	111	37	33.3%	36.6	29.5%	74	66.6%	34.5	27.8%
Internationalization of markets	111	45	40.5%	36.5	29.5%	66	59.4%	34.3	27.7%
2016–2018									
Foreign shareholding	333	177	53.1%	37.6	30.4%	156	46.8%	35.5	28.6%
Internationalization of shares	333	163	48.9%	39.2	31.6%	170	51.0%	34.2	27.6%
Internationalization of revenue	333	113	33.9%	38.1	30.7%	220	66.0%	35.9	29.0%
Internationalization of markets	333	136	40.8%	38.0	30.7%	197	59.1%	35.7	28.8%

Given these introductory results, it can be conjectured that companies that do not have a certain internationalization indicator have lower average disclosure of nonfinancial risks compared to companies that do have a certain internationalization indicator.

In order to verify the research hypothesis, the difference of means test was carried out. All the results obtained are shown in Tables 5–9. In the first analysis, Table 5 shows a comparison of the level of disclosure of general nonfinancial risks, using all the subcategories of nonfinancial risks (operational, damage, integrity, and strategic) with the companies that adopt and do not adopt the strategies that define the internationalization profile investigated. It should be noted that this classification of companies according to internationalization remains in all subsequent analyses.

Table 5 shows that there are significant differences in the disclosure of general nonfinancial risks between the groups of internationalized and non-internationalized companies. It can be seen that the internationalized companies in each category have the highest level of disclosure of general nonfinancial risks. In an analysis of the internationalization profile based on the rank average, it can be seen that internationalized companies, regardless of the indicators, are more likely to disclose information on nonfinancial risks. In this way, it can be considered that, from the comprehensive perspective of the level of disclosure of nonfinancial risks, internationalization appears to be a differentiating factor between the companies analyzed. This supports the evidence obtained in the studies by Souza et al. (2011), Stocker and Abib (2019), and Tong and Wei (2014).

The results of the difference between means tests suggest that the disclosure of nonfinancial risks is affected by the different forms of internationalization of companies. In addition, the behavior of disclosure of nonfinancial risks in general indicates that it is affected by internationalization in the group of 111 companies in the sample of the 100 largest publicly traded companies. Souza et al. (2011) indicated that internationalization leads to optimal disclosure levels, suggesting that international insertion qualifies disclosure. Stocker and Abib (2019) explained that internationalization increases risk mapping. For Tong and Wei (2014), external opportunities have a greater impact on disclosure. Although these studies do not discuss information on nonfinancial risks, companies directly indicate that the focus of information is on risks arising in foreign markets.

This time, a comparison was made of the level of disclosure in each subcategory of the companies' nonfinancial risks (operational, damage, integrity, and strategic risks), with the aim of clarifying whether the differences in terms of internationalization profile were also present in the nature of the risk disclosed. Table 6 shows the results of the comparison for operational risk disclosure only.

Table 5. Mann–Whitney test: nonfinancial risk disclosure of internationalized and non-internationalized firms.

Internationalization	Groups	Total	Rank average	Mann–Whitney	Wilcoxon W	Z	Sig
Foreign shareholding	No	156	152.5	11.557,5	23.803,5	–2.566	0.01***
	Yes	177	179.7				
Internationalization of shares	No	170	147.8	10.597,5	25.132,5	–3.712	0.000***
	Yes	163	186.9				
Internationalization of revenue	No	220	161.5	11.220	35.530	–1.456	0.146
	Yes	113	177.7				
Internationalization of markets	No	197	158.9	11.817,5	31.320,5	–1.829	0.067*
	Yes	136	178.6				
Internationalization profilea	No	72	137.1	7.247,5	9.875,5	–2.973	0.003***
	Yes	261	175.2				

*Significant to 10%; ***significant to 1%; aInternationalized companies concomitantly in the four strategies compared to the other companies.

Table 6. Mann–Whitney test: operational risk disclosure of internationalized and non-internationalized companies.

Internationalization	Groups	Total	Rank average	Mann–Whitney	Wilcoxon W	Z	Sig
Foreign shareholding	No	156	161.0	12.875	25.121	–1.066	0.286
	Yes	177	172.2				
Internationalization of shares	No	170	167.5	13.761	27.127	–0.107	0.914
	Yes	163	166.4				
Internationalization of revenue	No	220	164.8	11.955	36.265	–0.573	0.567
	Yes	113	171.2				
Internationalization of markets	No	197	164.4	12.888	32.391	–0.59	0.555
	Yes	136	170.7				
Internationalization profilea	No	72	166.9	9.393,5	12.021,5	–0.003	0.997
	Yes	261	167.0				

[a]Internationalized companies concomitantly in the four strategies compared to the other companies.

The results shown in Table 6 indicate that there are no significant differences in the disclosure of operational risks between internationalized and non-internationalized companies in any of the strategies. We also compared companies that were internationalized in all four internationalization paths at the same time (full profile) in relation to the others and found similar results. Although there are differences in disclosure, as seen when comparing the average ranks, they are not statistically significant to the point of being attributed to the mechanism of the firm's insertion into the international market (capital, shares, revenues, or markets). As for the disclosure of operational risks, internationalization does not seem to be a differentiating factor between companies. Table 7 shows the comparison for the disclosure of damage risks. This result contradicts the findings of Souza et al. (2011), Stocker and Abib (2019), and Tong and Wei (2014). The evidence should be questioned in relation to the type of nonfinancial risk since operational risks are assumed not to undergo significant changes as they relate to operations, brand, among others, aspects that should not change substantially as a result of internationalization.

The results show that there are no significant differences in the disclosure of damage risks between the groups of internationalized and non-internationalized companies for the variables foreign shareholding and internationalization of shares. It should be noted that there is a significant difference in the internationalization of revenues, at the 10% level, and the disclosure of damage risk is greater in non-internationalized companies. In addition, contrary to expectations, in the internationalization of markets, there is a significant difference, at the 1% level, i.e., domestic companies disclose more information related to the risk of damage than those with facilities in other countries. In the analysis of the full internationalization profile, non-internationalized companies disclose more information on damage risks than internationalized firms.

Damage risks refer to weaknesses such as insurance and lawsuits. It is possible that the demands of the international market due to competitiveness lead companies to protect themselves against these risks, which would not occur in the same way for companies in the domestic market. Brazil has weaknesses in terms of enforcement and depends on improvements in corporate governance. This is a variable associated with internationalization in some studies (Ntim et al., 2013; Santos et al., 2015; Serra & Lemos, 2020). The results find some support in the literature. Ntim et al. (2013) even associated the high concentration of ownership, a hallmark of the Brazilian market, with the low level of corporate risk disclosure.

Table 8 shows the analysis based on the disclosure of integrity risks.

The results presented in Table 8 show that there are no significant differences in terms of disclosure of integrity risks between the groups of internationalized and non-internationalized companies in the variable foreign shareholding. Disclosure is higher in internationalized firms, as established by previous literature, but it should be noted that there are not many studies that have empirically verified this relationship.

There is a significant difference when it comes to the internationalization of shares. Companies that trade their shares on other stock exchanges disclose more information about integrity risks than companies that do not trade their shares on other exchanges. This may be due to the disclosure requirements of foreign stock exchanges. In the last comparative assessment, Table 9 explains the comparison considering the disclosure of strategic risks.

The results in Table 9 show that there are significant differences in the disclosure of strategic risks between the groups of internationalized and non-internationalized companies in internationalization metrics. This result is supported by the literature, in particular the studies by Duarte et al. (2019) and Fudaliński (2015). These studies suggested that internationalization ends up increasing the propensity to disclose corporate risks, especially those related to strategy, i.e., the way companies operate and manage. This evidence is reinforced by the connection between governance disclosure and internationalization, demonstrated by Duarte et al. (2019). In addition, Souza et al. (2011), Stocker and Abib (2019), and Tong and Wei (2014) also reinforced how internationalization can cause differences between companies in terms of disclosure.

Table 10 shows the consolidated results of the Mann–Whitney test, which compared the level of disclosure of nonfinancial risks between internationalized and non-internationalized companies.

Table 7. Mann–Whitney test: damage risk disclosure of internationalized and non-internationalized companies.

Internationalization	Groups	Total	Rank average	Mann–Whitney	Wilcoxon W	Z	Sig
Foreign shareholding	No	156	174.5	12.628,5	28.381,5	–1.428	0.153
	Yes	177	160.3				
Internationalization of shares	No	170	162.8	13.150,5	27.685,5	–0.853	0.394
	Yes	163	171.3				
Internationalization of revenue	No	220	173.5	10.993	17.434	–1.837	0.066*
	Yes	113	154.2				
Internationalization of markets	No	197	179.6	10.907	20.223	–3.064	0.002***
	Yes	136	148.7				
Internationalization profile[a]	No	72	185.7	8.048,5	42.239,5	–1.981	0.048**
	Yes	261	161.8				

*Significant to 10%; ***significant to 1%; [a]Internationalized companies concomitantly in the four strategies compared to the other companies.

Table 8. Mann–Whitney test: integrity risk disclosure of internationalized and non-internationalized firms.

Internationalization	Groups	Total	Rank average	Mann–Whitney	Wilcoxon W	Z	Sig
Foreign shareholding	No	156	158.7	12.516	24.762	–1.496	0.135
	Yes	177	174.2				
Internationalization of shares	No	170	154.1	11.662	26.197	–2.538	0.011*
	Yes	163	180.4				
Internationalization of revenue	No	220	168.9	11.998,5	18.439,5	–0.527	0.598
	Yes	113	163.1				
Internationalization of markets	No	197	164.0	12.822	32.325	–0.676	0.499
	Yes	136	171.2				
Internationalization profile[a]	No	72	157.7	8.730	11.358	–0.936	0.349
	Yes	261	169.5				

*Significant to 10%; ***significant to 1%; [a]Internationalized companies concomitantly in the four strategies compared to the other companies.

Table 9. Mann–Whitney test: strategic risk disclosure of internationalized and non-internationalized companies.

Internationalization	Groups	Total	Rank average	Mann–Whitney	Wilcoxon W	Z	Sig
Foreign shareholding	No	156	148.8	10.968	23.214	–3.242	0.001***
	Yes	177	183.0				
Internationalization of shares	No	170	137.2	8.803,5	23.338,5	–5.761	0.000***
	Yes	163	197.9				
Internationalization of revenue	No	220	155.8	9.973,5	34.283,5	–2.958	0.003***
	Yes	113	188.7				
Internationalization of markets	No	197	152.7	10.584,5	30.087,5	–3.261	0.001***
	Yes	136	187.6				
Internationalization profile[a]	No	72	114.8	5.642	8.270	–5.199	0.000***
	Yes	261	181.3				

*Significant to 10%; ***significant to 1%; [a]Internationalized companies concomitantly in the four strategies compared to the other companies.

Table 10. Consolidated results of the Mann–Whitney test: risk disclosure of internationalized and non-internationalized companies.

Mann–Whitney test	Differences between means
Nonfinancial risk disclosure	Significant
Operational risk disclosure	Not significant
Damage risk disclosure	Not significant: foreign shareholding and internationalization of shares
Integrity risk disclosure	Not significant: foreign shareholding
Strategic risk disclosure	Significant

Table 10 reveals a significant difference in the averages for disclosure of nonfinancial risks in general. However, for disclosure of operational risks, the difference was not significant. With regard to damage risks, the results indicate that there was no significant difference for the indicators of foreign ownership and internationalization of shares. As for the disclosure of integrity risks, there was no significant difference when analyzing the foreign shareholding indicator. On the other hand, for strategic risks, the difference in means was significant, indicating that internationalized companies have a higher level of disclosure in these cases.

In addition to the analyses of differences in nonfinancial risk disclosure by internationalization, the study proceeded analyses that assist in understanding the effects that international performance would have on disclosure. The processed estimations with basis on Equation 1 demonstrated that a higher level of internationalization does not necessarily lead to a higher level of nonfinancial risk-related disclosure. The value of β_1 did not show statistically significant results with the continuous metrics. However, it is noted that internationalization improves the disclosure of non-financial risks. This occurs mainly in the internalization of capital. This finding reinforces the evidence in the test of means and enables us to discuss how internationalized companies should promote a change in terms of risk disclosure practices.

3.2. Summary of results and discussion

The basic question of this study must be revisited in order to establish clear discussions that produce practical notes in the field of management. The main inference of this study, advancing toward what has already been published in previous literature, indicates that different internationalization profiles can interfere with nonfinancial risk disclosure practices. What was prior observed was a set of results pointing to internationalization as a unique phenomenon or process; however, the findings suggest that companies advance or even return along the path of the several ways of internationalization. It is observed that most largest public companies in Brazil are active in the international scenario, especially considering foreign participation in share capital, corroborating Albuquerque et al. (2020), who highlight the internationalization indicator as something recent in the Brazilian capital market.

It is worth noting that, despite the fact that nonfinancial risk disclosure remains almost unaltered through the triennium, the detail of disclosure in the largest Brazilian public companies shows that disclosure is not homogeneous. Besides that, the results indicate the need to follow the recommendations of international studies such as Beretta and Bozzolan (2004) and Linsley and Shrives (2006) that, whenever possible, the company should measure risk effects. By valuing the risk, a user has a better chance to assess the company's impacts.

Therefore, the results are congruent with those presented by Almendra et al. (2018), to the extent that, although the Securities and Exchange Commission Normative Instruction nº 480/2009 requires disclosure of the company's business-related risk factors in a specific section of the reference forms, for the Brazilian companies studied, making statements on risks is still avoided or, when doing so, they present information of mere qualitative character, purely declarative.

It is worth pointing out what was stated by Passos et al. (2017) on the companies' tendency to repeat disclosed information in the following years, displaying small changes, and, in this way, firms attain about the same score from one year to the other. Furthermore, it is noted that, in spite of the increase of regulatory requirements of risk disclosure, added to institutional pressure for increasing it, several companies report neither sufficient nor reliable information for decision-making yet, reflecting directly on the quality of risk disclosure, as highlighted by Serra and Lemos (2020).

Enterprises that have the best nonfinancial risk disclosure averages are those that trade their shares in foreign stock exchanges. According to Castro et al. (2015), with the globalization of businesses, multiple Brazilian companies are trading their stocks in different capital markets, aiming to gain higher visibility and greater capacity of fundraising. In this sense, the authors comment that this entails adapting the information that must be disclosed in the different markets in order to comply with the legislation, and there may be differences in the level of information disclosed.

Additionally, it is noted that companies with no internationalization indicator have the lowest averages of nonfinancial risk disclosure. This might reflect the response to the increasing demand for quality and transparency of information disclosure, especially for firms that seek to expand their operations (Savvides & Savvidou, 2012). In a broader perspective of the level of nonfinancial risk-related disclosure, internalization seems to be a differentiating factor amongst the analyzed companies. It stands out that these findings corroborate with the study of Jamil et al. (2020), which points out that there are no specific guidelines available for information on risks, leading to companies' varied types of disclosure and a lower level of information. As a result, informational asymmetry between management and shareholders would grow, elevating the company's cost of capital.

Moreover, disclosure of nonfinancial risks is affected due to the different forms of companies' international integration. This result is similar to that shared by Floriani and Fleury (2012) and Santos et al. (2015), who emphasized that internationalization might influence significantly the structures of a business in view of the competitive imposition of the international market, which differ from those of the origin country since it encompasses the strategic adaptation of resources and structure in addition to the international involvement.

In a more specific way, regarding the operational risk disclosure, internationalization might not seem to be a differentiating factor of companies. This finding deviates from the Alves and Cherobim's (2009) conclusion, which indicated that the Brazilian financial institutions are worse in this type of disclosure than the foreign financial institutions.

On the other hand, overall, in regard to damage risk disclosure, internationalization seems to be a differentiating factor among companies. The damage risks, based on points by Miihkinen (2012), refer to losses caused by lawsuits and insufficient insurance coverage. Then, the highest damage risk disclosure in non-internationalized companies may be influenced by the internal political scenario and the economy of a given country. Participation in international businesses can involve various types of risk, such as the ones associated with the choice of a geographical location, the existence of different economic situations, and the political and governmental aspects.

Furthermore, companies that trade shares on foreign stock exchanges disclose more integrity risk information than those that only trade shares on B3. This might occur because of the disclosure requirements pertaining to other stock exchanges. Eriksson et al. (2014) reported that risk measurement and reduced uncertainty in international businesses are complex tasks to perform since they are linked to different factors depending on distinct norms, values, and regulations. On stock exchanges, there normally is a strong call for a robust corporate governance, indicating a relationship between internationalization and these management requirements, which was evidenced by the studies of Maia et al. (2013) and Santos et al. (2015).

As a conclusion, internationalized companies have disclosed more information on strategic risks than non-internationalized companies. This finding corroborates to the studies of Abraham and Cox (2007), Cabedo and Tirado (2004), and Deumes and Knechel (2008), which showed that risk disclosure associated with the company's strategic goals could eliminate informational asymmetry, making investors more well-informed on the company's future perspectives, which contributes to improving the relationship with them. This means that the company's entry into the international market might interfere with the form that enterprises supply information on nonfinancial risks, demonstrating that the economic and competitive context should matter in the field of providing information to different stakeholders. In this sense, this research provides evidence that might serve as encouragement to future research aiming to reinforce or contest differences between internationalized and non-internationalized companies.

This result may indicate a movement made by internationalized companies toward the creation of closer relations with their stakeholders and financial agents, something important given the context of international businesses.

In the case of integrity and operational risk disclosure, these findings function as a starting point of reflection and discussion because the absence of significant differences between internationalized and non-internationalized firms in these two subcategories of risk disclosure may indicate that the change from the national into the international scenario might not produce great changes in these companies' areas. That is, international competition might already be sufficient to establish some structures which, in the international market, are the starting perspective for the establishment of companies in the external scenario. As the disclosure of strategic risks showed more compelling results, we can see that it is in line with the literature, but with emphasis on what may be more critical for stakeholders: the company's strategic direction and future in international operations, whether in the entry phase or in the consolidation phase in international markets.

FINAL REMARKS

The aim of the study was to investigate the disclosure of nonfinancial risks based on the internationalization profile of the largest publicly traded companies in Brazil. The internationalization metrics were extracted from the 2016–2018 reference form of 111 companies listed among Exame magazine's Best and Biggest. As for the analysis of the disclosure of nonfinancial risks based on the official document prepared and published by the companies (reference form), four subcategories of risks were examined (operational, damage, integrity, and strategic), adopting the classification according to the literature.

An analysis was made of the literature on the two constructs, the internationalization of companies and the disclosure of nonfinancial risks, at national and international levels. There are few studies in emerging countries such as Brazil on the relationship between these themes, especially when it comes to nonfinancial risks. The theory of disclosure underpins the research problem since it is assumed that by disclosing more information, through high quality institutional reports, companies achieve greater trust from investors and other stakeholders.

It was concluded that some subcategories of nonfinancial risk disclosure are affected by the company's international insertion. The behavior of the level of disclosure of nonfinancial risks in general indicates interference from internationalization in the companies in the sample. Therefore, the results suggest that the hypothesis cannot be rejected. It was possible to conclude that internationalization may be a factor capable of interfering in the disclosure of nonfinancial risks among Brazilian firms. In this case, in general, internationalization has boosted this disclosure, which is what this study suggests.

Specifically, it was found that the majority of the largest listed companies in Brazil have at least one internationalization strategy (capital, presence on stock exchanges in other countries, foreign revenues, and operational presence in other countries). In addition, there was little variation in the average disclosure of nonfinancial risks by companies over the period analyzed. It was possible to observe that the companies with the best nonfinancial risk disclosure averages are those with internationalized shares. In addition, when viewed in general, it was found that companies with a smaller international presence have lower average disclosure of nonfinancial risks compared to more internationalized companies.

The main contribution of the research is the study of internationalization as a variable that can be related to the disclosure of nonfinancial risks, which is an indicator of attention for investors and the stock market in general, especially for companies from emerging countries like Brazil that are looking for international funding to expand their business into new and promising markets. It should be noted that the disclosure of nonfinancial risks in companies was explored in the research both in general and according to the four subcategories used, which allowed for a greater level of detail in the analysis of these constructs. For the academic world, it is also worth highlighting the investigation of this relationship in publicly traded companies in the context of an emerging country with few studies on the subject.

This research has broken down internationalization according to different profiles (share capital, shares, revenues, and markets). In this way, it is possible to understand how disclosure of nonfinancial risks can respond to each of these types of profile, highlighting which can help or not contribute so much to the disclosure of information on nonfinancial risks. In addition, it is possible to underline that stakeholders should pay attention not only to general risk disclosure. The study reveals that the types of risk (operational, damage, integrity, and strategic) can behave differently across the spectrum of disclosure, and this is of practical interest to stakeholders. The study's contribution lies in demonstrating that the information portraying the way in which the company internationalizes and the category of nonfinancial risk disclosure described can be combined according to the stakeholders' intentions when investigating the business.

In addition, the study suggests that internationalization can have an impact on the disclosure of nonfinancial risks, but that the impact does not follow the growth in the level of internationalization of companies. It occurs through international insertion, corroborating the evidence generated in the mean comparison tests. Future studies should explore this gap. This research makes a pertinent theoretical contribution, given the context examined. The study adds an aspect to be observed in further research, which is the relationship between internationalization and risk disclosure practices in emerging economies/markets. The behavior of the variables observed in this study may be specific, considering the stages of internationalization. However, in more developed markets, the skills required may be different, which would partly explain the results obtained (Floriani & Fleury, 2012). This point represents an advance in theory.

Despite the soundness of the hypothesis and the methodological design used, this study has limitations. The first refers to the population used, which was chosen intentionally, which prevents the unrestricted generalization of the results. The second concerns the difficulty of using a metric to capture internationalization and the quality of risk disclosure, since there is no established consensus in the literature. Other studies could evaluate these strategies from different perspectives than those explored in this paper. It is therefore suggested that future research explore other metrics for internationalization, with a possible qualitative analysis, collecting data from a larger group of companies. We also recommend investigating the two constructs by extending the period of analysis, including other characteristics related to internationalization (issuing American depositary receipts), and using more robust statistical techniques, such as regression analysis, to check for possible influences between the variables. In addition, a comparative study considering companies of different nationalities is proposed.

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