



Internet Financial Reporting: An
Investigation of Firm Characteristics

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Submitted to the Faculty of Business and Accountancy,
University of Malaya, in partial fulfillment
of the requirements for the Degree of
Master of Business Administration
(Accountancy)

March 2002

Perpustakaan Universiti Malaya



A511210110

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ACKNOWLEDGEMENTS

My sincere thanks go to Associate Professor Dr S Susela Devi, my research supervisor, for her guidance and advice throughout the research process. For without her guidance, I would not be able to complete my research. I am also deeply grateful to my wife, Bee Lean, my sons, Chun Yau and Chun Seng whose love and understanding made possible this research and to my mother for her untiring support, patience and understanding throughout the MBA program. Finally, I would like to express my appreciation to everyone who has contributed directly or indirectly towards the completion of this research project.

Gan Chee Wei

March 2002

ABSTRACT

In the past few years, the use of Internet has become much more widespread. Companies throughout the world have started to advertise their products and services and also other information via their Web sites. Notably, more companies are now engaging Internet to publish financial information to complement the traditional print medium. Similar trend is also prevailing in Malaysia. Much has been debated about the potential role of Internet in dissemination of financial information in more advance countries such as the U.S and U.K. However, little empirical evidence in this area of study is currently available in the local accounting literature. Hence it is the intent of this study to provide insight and also to spur future research in this potentially challenging and interesting area of corporate reporting on the Internet.

This study provides empirical evidence on voluntary financial disclosure practices on the Internet by Malaysian public listed companies and relates the extent of disclosure to firm size, financial leverage, proportion of assets-in-place, type of audit firm and the number of shareholders. It provides additional insights into factors behind voluntary disclosure choices and enhances our understanding of the Web-based accounting disclosure practices in Malaysia. Voluntary disclosure varies widely within a sample of 271 Malaysian public listed companies and the extent of the disclosure is significantly and positively related to firm size and number of shareholders, and inversely related proportion of assets-in-place. However, there is no conclusive evidence to support financial leverage and type of audit firm.

With the increase usage of Internet to disseminate financial information, policymakers should be wary of the quality and variability of the disclosure and to ensure accounting data stays relevant, reliable and understandable to information users. Accountants should continually upgrade themselves with the latest accounting and IT skills in order to meet the challenges ahead.