

ABSTRACT

This study looks at the Internet financial disclosure in light of transparency reform following the 1997 financial crisis. The researcher examined the relationship between corporate governance (CG) mechanisms, ownership structures, Internet visibility and the Internet financial reporting (IFR) of Malaysian listed companies. Second, the researcher sought the views of preparers regarding IFR practices. In the first phase of the study, the researcher examined the contents of listed companies' Web sites by adapting the richer and more comprehensive disclosures/attributes index from FASB (2000). This study used agency theory and institutional theory to develop hypotheses on factors influencing IFR. Multiple regression analysis was used to test the theoretical models to provide valuable insights into the relationship between independent variables and dependent variables.

CG variable, audit committee members with an accounting and financial qualification are also positively significantly related to Internet visibility. The top 5 shareholdings are negatively significantly related to Internet visibility. For firm characteristics (control variables), the findings show that industry (technology level) and firm size are positively significantly related to Internet visibility. CG variables such as board dominated by independent non-executive directors and board size are positively significantly related to Internet disclosure, while audit committee members with an accounting and financial qualification is negatively significantly related to Internet disclosure. Ownership structures such as institutional ownership and director ownership are negatively significantly related to Internet disclosure. The results prove that traditional influences outweigh the spirit of government initiatives taken to strengthen and stabilise the capital market of Malaysia in the wake of the financial crisis. The market regulators need to actively consider the policy issue to encourage more disclosure to promote transparency.

For the second phase of the study, all respondents claimed that ownership structure influenced IFR, and 70% of respondents agreed that industry members and firm size influenced such reporting practice. As for the CG mechanism, the respondents were largely unsure about its influence. Most of the companies used their competitors and reputable international companies Web practices as their main source of reporting reference. This situation reflects the proposition by the institutionalists who advocate that companies incorporate external criteria due to the pressure from institutional mechanisms. This study identified some significant issues concerning IFR; among others are the security of the Web site, timeliness of reporting and adoption of XBRL. With the increasing usage of IFR, regulators and auditors need to develop new strategies to pro-actively respond to financial reports disseminated via the Internet.

This study helps in bridging the research gap on the influences of CG mechanisms and unique ownership structures on Internet disclosure and visibility. This study addresses the impact of CG mechanisms specific to the Malaysian context, including effective board compositions and audit committee characteristics recommended by MCCG (Revised, 2007). Prior Malaysian studies only considered agency theory in their examination of IFR practices. This study argues that the adoption of technological-based innovation may involve more complex factors than considered by agency theory. Institutional theory is used in this study, since the companies may adopt technological-based innovation when seeking for legitimacy during the increasing institutionalisation process.

ABSTRAK (BAHASA MELAYU)

Penyelidikan ini melihat pendedahan Internet kewangan dalam reformasi transparansi selepas krisis kewangan tahun 1997. Pertama, penyelidik menguji hubungan antara mekanisme pentadbiran korporat, struktur pemilikan, visibilitas Internet dan laporan kewangan Internet (IFR) daripada syarikat awam Malaysia. Kedua, penyelidik mencari pandangan penyedia mengenai amalan IFR. Pada fasa pertama kajian, penyelidik menyemak kandungan laman Web syarikat awam dengan mengadaptasikan indeks pendedahan yang komprehensif dan lebih kaya / atribut daripada FASB (2000). Penelitian ini menggunakan teori keagenan dan teori institusi untuk mengembangkan hipotesis faktor-faktor yang mempengaruhi IFR. Analisis regresi berganda (*multiple regression analysis*) digunakan untuk menguji model teoritis untuk memberikan wawasan berharga hubungan di antara pembolehubah bebas and kawalan.

Pembolehubah pentadbiran korporat, ahli jawatankuasa audit dengan kelayakan perakaunan dan kewangan juga positif signifikan berkaitan dengan visibilitas Internet. Lima pemegang saham terbesar adalah negatif signifikan berkaitan dengan visibilitas Internet. Untuk ciri-ciri syarikat (pembolehubah kawalan), penemuan menunjukkan bahawa industri (peringkat teknologi) dan saiz syarikat secara positif signifikan berkaitan dengan visibilitas Internet. Pentadbiran korporat pembolehubah seperti lembaga didominasi oleh pengarah bebas bukan eksekutif dan saiz lembaga positif signifikan berkaitan dengan pendedahan Internet, sementara ahli jawatankuasa audit dengan kelayakan perakaunan dan kewangan adalah negatif signifikan berkaitan dengan pendedahan Internet. Pemilikan struktur seperti pemilikan institusi dan pemilikan pengarah secara negatif signifikan berkaitan dengan pendedahan Internet. Keputusan kajian membuktikan bahawa pengaruh tradisional adalah lebih besar daripada semangat inisiatif diambil oleh kerajaan untuk menguatkan dan menstabilkan pasaran modal Malaysia di tengah krisis kewangan. Para pengatur pasaran harus secara aktif mempertimbangkan isu dasar untuk menggalakkan pendedahan yang lebih untuk mempromosikan transparansi.

Untuk tahap kedua kajian, semua responden menyatakan bahawa struktur pemilikan mempengaruhi IFR, dan 70% dari responden bersetuju bahawa ahli industri dan saiz syarikat mempengaruhi amalan pelaporan tersebut. Adapun mekanisme pentadbiran korporat, sebahagian besar responden kurang yakin tentang pengaruhnya. Sebahagian besar syarikat menggunakan Web amalan pesaing mereka dan syarikat-syarikat antarabangsa yang terkemuka sebagai sumber laporan rujukan yang utama. Situasi ini mencerminkan proposisi oleh institusionalis yang menganjurkan bahawa syarikat-syarikat menggabungkan kriteria luaran kerana tekanan daripada mekanisme institusi. Kajian ini mengenalpasti beberapa isu penting mengenai IFR, antara lain adalah keselamatan laman Web, ketepatan masa pelaporan dan adopsi XBRL. Dengan meningkatnya penggunaan IFR, para pengatur dan juruaudit perlu mengembangkan strategi-strategi baru untuk pro-aktif menanggapi laporan kewangan yang disebarikan melalui Internet.

Penyelidikan ini membantu merapatkan jurang kajian mengenai pengaruh mekanisme pentadbiran korporat dan struktur pemilikan yang unik pada pendedahan dan visibilitas Internet. Kajian ini membahas kesan daripada mekanisme pentadbiran korporat khusus dalam konteks Malaysia, termasuk komposisi lembaga yang efektif dan ciri-ciri jawatankuasa audit yang disarankan oleh MCCG (Semakan, 2007). Sebelum ini, kajian Malaysia hanya menganggap teori keagenan dalam pemeriksaan amalan IFR mereka. Penyelidikan ini berpendapat bahawa pelaksanaan dasar inovasi teknologi mungkin

melibatkan faktor-faktor yang lebih kompleks daripada yang dipertimbangkan oleh teori keagenan. Kajian ini menggunakan teori institusi, kerana syarikat dapat mengadopsi teknologi berasaskan inovasi ketika mencari legitimasi selama proses pelebagaan meningkat.

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