Determinants of Internet Financial Reporting: An Empirical Investigation on UAE Public Listed Companies.

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ABSTRACT
The main purpose of this study is to provide insights into the use of internet for disseminating financial information among UAE publicly listed companies and to put some lights on the factors that affect such companies in adopting financial disclosure through internet. The findings show that UAE companies are still to some extent placed behind those in other developed countries and even with other developing countries. This study additionally examined the effect of three factors namely firm size, leverage and profitability on internet financial reporting (IFR). A linear regression analysis is applied for this purpose. Findings reveal that profitability and leverage do not significantly influenced internet financial reporting. The result also shows that there is a significant positive linkage between the amount of financial disclosure through internet and size of companies.
DEDECATION

*My lovely great beloved Mr. Bashar Almansour*
DECLARATION

I am responsible for the accuracy of all opinion, technical comment and illustrations in this project paper except for citations and quotations that have been adequately acknowledged. I bear full responsibility for the checking whether material has been previously or concurrently submitted for any other master's programme at UUM or other institutions. UUM does not accept any liability for the accuracy of such comment, report and other technical information claims.

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AMMAR YASER MANSOUR AL-MANSOUR
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LIST OF ABBREVIATIONS

Compound Annual Growth Rate  CAGR
Chief Executive Officer      CEO
Electronic Data Gathering, Analysis and Retrieval  EDGAR
Efficient Capital Market     ECM
Extensible Business Reporting Language  XBRL
Security and Exchange Commission’s  SEC
Foreign Direct Investment     FDI
Internet Financial Reporting  IFR
Investment Management and Research  AIMR
National Bank of Abu Dhabi    NBAD
United Arab Emirates          UAE
CHAPTER ONE

BACKGROUND

1.0 Introduction

The forces that give rise in demand of information disclosure in modern capital market stems from the information asymmetry and agency conflicts that exist between management and stockholders. The solution therefore to agency conflicts lies in the ownership structure and the function of board of directors.

Jensen and Meckling (1976) find that ownership structure is assessed by the proportion of shares held by managers and blockholders. Managerial ownership which is the proportion of shares held by the chief executive officer (CEO) and executive directors, and blockholder ownership (which is the proportion of ordinary shares held by substantial shareholders) are two major governance mechanisms that help control agency problem. In addition, Fama (1980) argues that the board of directors is the central internal control mechanism for monitoring managers.

Financial reporting and disclosure are important resources for management to communicate firms’ performance and success of efficient capital market (ECM). Fama (1991) defines ECM as a market in which new information is accurately and quickly reflected in share prices.
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References


