A STUDY ON THE INTERNET FINANCIAL REPORTING DISCLOSURE: A CASE OF COMPANIES LISTED AT AMMAN STOCK EXCHANGE, JORDAN

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ABSTRACT

The main objective of this study is to disseminate guidelines for the use of the Internet for financial information between the ASE listed companies for the year 2010, This issue is motivated by the growing concern with internet as a medium to disseminate financial information from regulatory bodies e.g. IAS. The lack of regulation of the rare use of online reporting by Jordanian companies. This study investigated the extent of dissemination of financial information over the Internet by Jordanian companies in Amman Stock Exchange (ASE) stock exchanges. This project investigates the extent of disclosure financial reporting on internet. The main objective of this study is to examine the relationship between factors and adoption to internet for disclosure financial reporting. To examine the extent of disclosure financial reporting on internet. To put light on the factors that affects these companies in the adoption of the internet to provide financial disclosure. The results show that 84 out of 100 (84%) of ASE public listed companies have web sites. It also can be seen that the lowest internet reporting is on Interim Report (only 73% i.e. 61 out of 84 websites). The most commonly found financial information is the balance sheet and income statement, both of which were disclosed by the 84 companies (100%). Accountant's notes was disclosed by 79 companies (94%). cash flow statement, all of which were disclosed by the 77 companies (92%). Auditor reports were disclosed by 76 companies (90%). Financial highlights which were disclosed by 73 companies (86%). In addition to statement of stakeholders equity which was disclosed by 72 companies (86%). The lowest declared items were Interim report which was disclosed by 61 companies (73%). The results show that companies still partially behind those of other developed countries and other developing countries. This study also examined the effect of three factors, namely firm size, leverage and profitability at the Internet reporting (IFR). A linear regression analysis is applied for this purpose. The results show that profitability and leverage significant financial impact reports via the Internet. The result also shows that there is a significant positive relationship between the amount of financial communications through the Internet and company size.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

Financial reports play an important role in companies, with high importance, because it reflects the efficiency and effectiveness in the management of the company and the work undertaken by the company. Financial information is important because it is important when investors, management, government, business and shareholders. The financial statements are for the organization and all stakeholders including the government, creditors, investors, accountants and the general public. Over the years has been focusing on the assessment of the quantitative aspects of the financial statements and accounting information (Hirshleife and Teo, 2002). Less emphasis was placed on the qualitative elements. Often the use of common sense rule, intuition and experience to evaluate the qualitative value of select financial information.

The global network of computer networks like the Internet. Heralded as the information superhighway, it has over the past few years been used as a new a marketing application for companies where the Internet is a communication tool that provides access, distribution, interaction and presentation of financial reports have been used. In this new approach are the companies who use the Internet to promote their businesses to shareholders and investors market. Coined the term 'inflection point' which he defined as "a change in business environment that has the potential to alter the way a company operates". According to King (2001) Internet is a turning

point, the impact has not yet been fully determined. Also stressed that the most important practices were for cost management in the areas of reporting and transaction processing. This would mean that companies that use the Internet for the presentation of accounting information and financial benefits may see additional cost in providing additional financial reports on a website.

The forces that give rise in demand for disclosure of information in the modern capital market due to asymmetric information and agency conflicts between management and shareholders. The solution is therefore agency conflicts in the ownership structure and function of the Board of Directors. Although Internet reporting is still in its infancy, providing financial reports voluntarily via the Internet is an important and increasingly used tool that can enhance investor relations and traditional corporate report offerings(Hirshleife and Teo, 2002). The uses of the Internet by companies for purposes of reporting range from the unsophisticated use of Internet technology, where printed financial statements are duplicated in an electronic format, to a more innovative approach, where shareholders are addressed in audio formats, real-time monthly sales figures are given with clear narrative explanation of results, or video presentations of shareholder annual general meetings are placed on companies' websites (Xiao, 2003).

The Internet has evolved as a medium of information presentation and usage on an increasing scale, since its public usage started in the early nineties. The growth in the number of Internet users over the years has had a major impact on legal, financial and accounting frameworks and systems. The Internet is an increasingly important new channel for the dissemination of corporate financial information about customers, suppliers and investors. A growing number of companies have websites are set up and

used for the dissemination of financial information. Compared to conventional print-based annual reports, the Internet offers a growing number of users of financial information in a timely manner, and its importance in this respect, is increasing rapidly. It is expected that the financial information in the near future to increase from traditional print media to the Internet as a channel for the dissemination of key information(Xiao, Yang and Chow, 2004).

In a modern framework the main objective of financial reporting is to supply useful information to stakeholders. The American FASB in its conceptual framework states that financial reporting should provide information useful to investors, creditors and other users. Also, the IASB has a similar framework. To promote confidence and encourage investors Jordanian companies should meet stakeholders‘ demands for greater speed and volume of transparent and timely financial information. Certainly, the Internet can provide better and more effective ways of communicating financial and non-financial information. Therefore, there is a need to analyze the role played by the Internet in disclosure financial and non-financial information in Jordanian in order to find out how that role may be enhanced. (Hirshleife and Teo, 2002)

As a main aspect concerning mandatory and voluntary disclosure throughout Internet we have to point out that for listed Jordanian companies unfortunately there is no legal requirement to post the financial and non-financial information on the Web. Several drivers prompt companies to adopt internet such as: cost saving, disseminating information to a larger number of users and introduces new technologies for reporting. Internet has altered the way amount of information flows from companies to investor and creditor; it has expanded the amount of information available to interested parties, allowed delivery of that information at no cost or very

low cost, speed delivery, increase frequency quantity and relevancy of both financial and non-financial disclosure and ease of access information (FASB, 2000).

Financial disclosure on the Internet is for the most part voluntary consequently; there are limited assurances as to the quality of the information reported on corporate websites. The Financial Accounting Standards Board's Business Reporting Research Project (2000) noted concerns with the quality of web financial information: "with increased timeliness there is the potential for decreased reliability" (FASB 2000) and "information provided on the Internet does not have the same quality of predictable completeness" (FASB 2000). Regulators have also expressed concern over the format in which Internet financial information is displayed: "a company may inadvertently give visitors the impression that all information provided in other Web sites to which the company's Web site is linked is afforded the same level of accuracy and reliability" (FASB 2000). Hodge (2001) substantiated this concern with evidence of investors mistakenly classifying unaudited information as audited when the unaudited information was hyperlinked to the audited financial statements. Thus, both the content of Internet disclosures and the manner in which they are presented are of concern to standard setters and regulators.

The disclosure of corporate financial information on the internet has been in the center of much debate and scrutiny for more than a decade. However, in the aftermath of the current global financial crisis, the issue of internet financial reporting (IFR) has gained new impetus, with an ever-increasing demand for transparency and timeliness of financial and price-sensitive information disclosures. Even in countries with developed securities markets, where IFR has become a fundamental instrument in the dissemination of financial information, there have been calls to look at the whole

issue with fresh eyes, especially for disclosures of items such as top management pay and bonuses. In emerging markets, despite the growing use of internet for corporate communication purposes, empirical evidence on IFR (Khadaroo, 2005; Mohamed, 2009).

1.1 Background

1.1.1 Financial reporting

Financial reporting presenting financial data of a company's position, operating performance, and funds flow for an accounting period. Financial statements along with related information may be contained in various forms for external party use such as in the annual report. Goal of presenting useful information to financial statement users so that proper decisions can be made. Data presented should be comprehensive so that a good understanding of the entity's activities is possible. Financial information should aid in the evaluation of the amounts, timing, and uncertainties of cash flows. Also, financial reporting should furnish information about the firm's economic resources, claims against those resources, owners' equity, and changes in resources and claims (Hirshleife and Teo, 2002).

Financial reporting should provide information about financial performance during a period and management's discharge of its stewardship responsibility to owners. It should likewise be useful to the managers and directors themselves in making decisions on behalf of the owners. Financial reporting issues, such as information integrity, associated with traditional paper reporting are equally relevant when companies use their website for reporting. Companies around the globe are making

increased use of Internet financial reporting (Khlifi 2007, Pervan 2006, Oyelere. 2003, CTM 2003). Research has examined determinants of Internet financial reporting and how management might implement controls to ensure Internet financial reporting integrity (DiNapoli 2007, Khlifi 2007, PKF 2002).

1.1.2 Growth in Web-based Reporting

Robert Elliott, in his (1992) "Third Wave" article, noted: "Information technology (IT) is changing everything. It represents a new, postindustrial paradigm of wealth creation that is replacing the industrial paradigm and is profoundly changing the way business is done. ... If the purpose of accounting information is to support business decision-making, and management's decision types are hanging, then it is natural to expect accounting to change—both internal and external accounting".

According to Lymer , (1999) Since the publication of the article Elliott, was enhanced in functionality and cost-cutting marked information and communication technologies sustainable. The growth of the Internet and in particular the Web has been rapid and sustained. Network Wizards semi track of the number of individual computers (hosts), which can be "seen" through the Internet. In January 1993 there were 1.3m identifiable hosts, 9.5m in January 1996 and 56.2m in July 1999 – a growth of nearly 600% over the 1996 level. A study on the Web recently published in Nature, estimated that there were 2.8m Web servers on the Internet in February 1999. These servers include more than 800m individual web pages that could be indexed by various search engines such as AltaVista. The Web and the Internet are building global linkages and reduces transaction costs in many major economies. In fact, the Internet and the Web, the most visible example of the trends of globalization and

knowledge societies are considered. These developments bring fundamental changes to the public and private sectors.

There are also rapid changes in demand reporting online business caused by the Web. As a sector, the rapid growth of the Internet in the capital markets in general and the stock market has particularly affected. Online trading is in the United States developed. An analysis by Credit Suisse First Boston has shown that in the first quarter of 1999, 0.5m transactions per day on the Web, which represents about 16% of the total transactions were processed. The United States, the largest online-based investment firm now for several million individual investors. Although online trading of stocks is most pronounced in the U.S. online brokers in several countries whose securities markets are well developed, including France and Germany, the United Kingdom, Australia, active, Hong Kong, New Zealand and Singapore. Recent developments are securities business with mobile phones. These changes make the market a new class of investors who use the Web to trade with and investment decisions. Reduced transaction cost values were out at higher volumes of transactions by private investors. Another feature of the growing use of enterprise reporting via the web is its important role in building confidence in electronic commerce. Growing e-commerce companies to collect more diversified in business-to-business Internet transactions possible. Many of these companies have little or no history of negotiating with each other. Online access to information to improve business confidence in such transactions, improving the information flow of high quality business between trading partners.

1.2 Problem statement

In recent years, online disclosure of financial information has become a common practice in developed countries. Developing countries, Internet financial reporting refers to the use of a company's website to distribute information about the financial performance of the corporations. Use of Internet financial reporting is effectually a method of marketing a company to shareholders and investors (Poon et al. 2003). According to Wagenhofer (2003), Internet financial reporting has at least two major economic effects. First, the Internet alters information processing costs and with it the demand and supply of financial information in capital markets. Second, Internet financial reporting creates a demand for standardization; this led to development of XBRL (Wagenhofer 2003).

Moreover improve financial disclosure by providing more timely information. Timely information accelerates decision making process, adds value to the information, increases markets' efficiency, contributes in more fair allocation of resources, and reduces the cost investors bear to obtain timely information. Increase frequency of financial disclosure. Company can communicates its results on monthly or quarterly base e.g. monthly sales. find that usefulness of firms financial reporting on the internet depends on how it is easy to access that data, the amount of data disclosed and whether the user can download or analyze this data (Momany et al. 2006) however, face several obstacles that hinder such dissemination of financial information. These obstacles relate to technology, culture, cost and other factors.

Internet financial reporting is fast becoming the norm in developed and developing countries must, there is little empirical evidence of the widespread use of the Internet in the accounts of most companies or corporations show Jordan. Until recently, hard

copy [paper] the most important means of communicating financial information to stakeholders. The latest study on this issue in Jordanian businesses, facing Al-Hayal (2010) The results of this study that 55% of industrial companies have websites and only 30% used these sites to disseminate financial information. The study concludes that the costs of creating and maintaining websites, which has contributed, along with the lack of regulation of the rare use of online reporting by Jordanian companies. This study investigated the extent of dissemination of financial information over the Internet by Jordanian companies in Amman Stock Exchange (ASE) stock exchanges. To this end, the gap in this research project examined the benefits of Internet accounts in listed companies in Jordan. The study therefore examines some obstacles of online disclosure.

1.3 Research Questions

This study examines the extent of financial information dissemination on the internet by Jordanian industrial companies listed in the Amman Stock Exchange (ASE). The study also examines some obstacles of online disclosure. It addresses the following Questions:

Q1: What is the extent disclosure financial information on internet by Jordanian companies?

Q2: What is the factors that influence disclosure financial information on internet?

1.4 Research objective

The general objective of this study is to provide evidence on the extent disclosure financial reporting (financial information) on internet. specifically, this study attempts to achieve the following objectives:

- To examine the extent of disclosure financial reporting on internet.
- To examine the relationship between factors and adoption to internet for disclosure financial reporting.

1.5 Significance of the Study

There are several significances of this study:

Firstly, this study provides information about the extent disclosure about financial reporting on internet in Jordanian companies listed in the market Amman stock exchange. The results would provide some information related to the companies' practices in disclosure financial information on internet.

Secondly, it provides some information related to factors that may lead to low in the disclosure financial information on internet in Jordanian companies.

Thirdly, the research will be of benefit to all quoted companies in Jordan. And the group of stakeholders will benefit from this study as it will shape the approach or policy towards the usage of internet financial reporting which may increase efficiency in terms of information dissemination and reduce the number of paper work.

1.6 Scope of the Study

This study investigates the extent about disclosure financial reporting on internet in companies listed in Jordan (Amman stock exchange) in year 2011. This study will

covers the benefits of internet financial reporting among quoted companies in Jordan. It is intended to find out the benefits of financial reporting through internet, and to examine the relationship between factors and adoption Jordanian companies to internet for disclosure financial reporting.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the literature related to this research studies and problem as a foundation for developing the theoretical framework to be tested in this study. The literature is arranged according to the independent variable and dependent variables. This chapter is divided into two sections. The first section focuses on the extent of disclosure financial reporting on internet in the companies. The second section focuses on an factors that may affect information disclosure levels.

2.1 Review of Literatures

There is a considerable literature concerning internet financial reporting, for instance; (Almilia, 2009; A Turel, 2010; Lai, Lin, Lia, and Wu, 2010; Rafiu, 2009; Muther and Al-Dain, 2006; Al-Shammari, 2007; Oyeler et al., 2003; Khan et al, 2008; Gray, 2004; Barac 2003; Lymer and Debreceny 2003). These studies were done in, Indonesia, Turkey, Taiwan, Nigeria, Jordan, and Kuwait.

In 1999 the International Accounting Standards Committee (IASC) identified three stages of corporations' use of the Internet for corporate reporting purposes. During the first stage, corporations use the Internet solely as another distribution channel for their existing printed financial reports. It was found that top companies are still in this stage with regard to the way in which their annual reports are presented on their websites, because, in many instances, hard copy versions of the annual reports are scanned in on the Internet without being specifically tailored to electronic distribution (Barac 2003).

In the second stage, corporations disclose their information in a form with which Web browsers and search engines can interact. Lymer and Debreceny (2003) believe that any corporation in the world that wishes to build up an international profile or wishes to tap international sources of funds must already have reached this stage. Corporations must therefore have a corporate website that includes an investor relations component, because investors increasingly rely on corporate websites for information on periodic and annual investments, for press releases and speeches, as well as for links to product and other information. Finally, in the third stage, corporations provide not only the standard information that could be expected in a printed report, but also enhanced information, together with interactive tools with which to analyse the information. Although many companies' websites have embarked on this stage by providing online share prices and current press releases on their websites, so far, the interactive tools needed to analyse the information are rarely found on these websites (Barac 2003).

The rapid development of information technology and communication have led the researchers and people in many countries, the impact of the financial-information concern based on the Web and other matters related to this topic. Initially, the Internet mainly to send and receive e-mails, but now widely covers areas such as the dissemination of information and e-commerce for all regions of the human being. The practice of financial information on the Internet is relatively new. Companies around the world use different software for financial reporting, including Microsoft Word and Microsoft Excel, which were previously used for the dissemination and financial commitment and other forms of information via the Internet. The main technologies currently used in Internet accounting Acrobat HTML (Hyper Text Markup Language) and Adobe. (Rafiu, 2009)

Witness recent years, growth in the number of companies that use the Internet for reporting as a kind of voluntary disclosure in the coach, but rather a phenomenon of rapid growth (Oyeler et al., 2003). This phenomenon draws regulatory body's attention such as the IAS and Financial Accounting standards Board (FASB), and therefore they begin to support research projects on enterprise reporting via the Internet, they encourage the use of internet to disseminate financial information. This section should explain the reasons of financial reporting via the web-based. And risks associated with them, on the other.

Microsoft Word and Microsoft Excel are both widely used application software. These types of files can be imported into the database system receptors for further processing. At the same time the credibility and authenticity of financial information is impossible to provide because the downloaded files can be manipulated. (Khan et al, 2008). Hyper Text Markup Language (HTML) is the text, graphics and information on training together. There are also hyperlinks to other documents, for more information and details. Many companies provide financial information in a downloadable format as a Portable Document Format (PDF) is known. Once downloaded, printed, and these files can provide an exact copy of the printed annual reports (Gray, 2004). (XBRL) is a language free electronic access to financial information. XBRL is an XML framework (Great Markup Language), the financial community a method for the standard to prepare and publish annual accounts offers a variety of formats and automatically information they contain. XBRL is based on XM. It uses XML syntax and other XML technologies like XML Schema, X-Link, X-Path, and Namespaces.

Disclosures in excess of those required by laws, accounting standards or stock exchange listing requirements regulations, namely voluntary disclosures, have been

an area of interest to researchers for many years. Companies continue to disclose voluntary information despite ever increasing mandatory requirements and so the motivation for such behavior has been the focus of much attention (Watson et al., 2002). There are many studies on the determinants of the implementation of Internet Financial Reporting consider voluntary. According to Ashbaugh, and. al (1999) is one of the first article, the investigation of the determinants of adoption of Internet Financial Reporting voluntary. They found that companies that implement voluntary Internet financial reporting generally larger and better financial performance. Meanwhile, according to Craven and Marston (1999) also found that firm size positive effects on the Internet for financial reporting and Pirchegger Wagenhofer (1999) has suggested that firm size and profitability IFR willful violation of Austrian companies with no impact on German companies' Internet accounting options. The study of companies from different countries, and after Debreceny et al (2002). found that the voluntary adoption of IFR in 22 country with the firm size and the inscription on a fellowship from the United States, but not use, connected risk and Internet penetration in the country. according to Yu, and Tiarrxi,(2007) The results suggest that the decision of adopting IFR voluntarily is responsive to specific corporate attributes, such as managerial ownership, the type of auditors, the type of audit opinion, the type of industry, and firm size.

2.2 Firm size

Firm size is an important determinant of corporate disclosure; studies discovered that firm size (sales, market value, number of employees and assets). Previous studies (Almilia, 2009; Aly and Simon, 2008; Andrikopolous and Diakidis, 2007; Marston and polei, 2004; Oyelere et al,2003).

Is there a relationship between the size of the company and its level of Internet reporting? by this question, Allam and Lymer (2003) started this part from their study. To partially answer this question, they conducted a regression analysis to study the relationship between the size of the company and its IFR level. The relationships were found not to be significant in each of the US, UK, Canada and Hong Kong. but in Australia they found relationship between company size with the level disclosure financial reporting by internet. According to Xiao et al. (1996), "large companies are more likely than small ones to use IT (Information Technology) to improve financial reporting to meet the greater demand for information". Debreceny et al. (2002) reported positive relationship between company size by market capitalization and the level of IFR.

According to Shukla and Gekara (2010) The evidence suggested that there was a significant positive relationship between firm size and the like hood of disclosing some financial information on the internet. Craven and Marston (1999) examined of financial information disclosure on the internet by the largest companies in the UK in 1998. They also investigated whether that information was in summary form or whether the full annual report was available. This study found a statistically significant positive relationship between the size of the company and the use and extent of disclosure on the internet. Hassan et al (2000) it was found that the firm's size and profitability are significant factors motivating the decision to have corporate

website and to disclose financial information on such sites. Only an industry effect was found to significantly influence companies' decision to have a corporate website.

Owusu-Ansah (2000) reported on results of an empirical investigation of the timeliness of annual reporting by 47 non-financial companies listed on Zimbabwe Stock Exchange. The results of a descriptive analysis indicated that 98% of the companies in the sampled reported promptly to the public. (i.e., submitted their audited annual reports to the Zimbabwe Stock Exchange by the regulatory deadline). A two-stage least squares regression identified company size, profitability and company age as statistically significant explanators of the differences in the timeliness of annual reports issued by the sample companies. Economies of scale suggest that larger firms are more likely to post financial reports at web sites than smaller ones (Ashbaugh et al. 1999). Marston and Shrives (1991) in a review study of disclosure index studies found out that company size, leverage, profitability, listing status and audit firm size were the most frequent explanatory factors to examine. Turel (2010) also discovered that company size (sales, market value and number of employers) affected the level of disclosure.

Tianxi and Yu.(2007). it is assumed that larger firms disclose more information than small ones. The reasons can be listed as follows. First, agency theory suggests that larger firms have higher information asymmetry between managers and shareholders and, therefore, higher agency costs arising from such asymmetry. These higher costs can be reduced by voluntary disclosure. Second, the political-cost hypothesis predicts that larger companies have a stronger incentive to enhance their corporate reputation and public image, as they are more publicly visible. They also attract the attention of governmental bodies. Increased disclosure generally reduces government intervention.

Firm size is a important determinant of corporate disclosure. Results from prior studies frequently confirm a positive association between firm size and disclosure level (Meek, Roberts and Gray, 1995; Zarzeski, 1996). There are several arguments that may explain this positive association.

First, because of their more developed internal reporting systems, large companies may have the resources to produce information, and the cost of producing such information may be lower for these firms.

Second, large firms have more incentives to disclose voluntary information, because they face higher political costs and pressures.

Third, smaller firms are more likely to hide crucial information because of industry competition. Wallace, Naser and Mora (1997) provide evidence that the amount of detail in Spanish corporate annual reports and accounts is increasing in firm size.

Almilia (2009) the results imply that larger firms are more likely to disclose financial reports on the website. There are several arguments that may explain this positive association. Firstly, because of their more developed internal reporting systems, large companies may have the resources to produce information, and the cost of producing such information is also lower for these firms. Secondly, large firms have more incentives to disclose voluntary information, because they face higher political costs and pressures. Thirdly, smaller firms are more likely to hide crucial information because of their competitive disadvantage within their industry.

H1: There is positive relationship between firm size and the information disclosure on website.

2.3 Profitability

A number of studies have investigated the association between corporate profitability and disclosure, arguing that disclosure is used by managers of profitable firms to signal the firm's profitability to investors, and to help support management's continuation and compensation (Singhvi and Desai, 1971; Malone et al., 1993). However, Wallace et al. (1994) and Lang and Lundholm (1993) caution that disclosure may be related to variability of a firm's performance, where performance serves as a proxy for information asymmetries between investors and managers. Studies refer to profitability as an independent factor that may affect information disclosure levels. Singlvi and Desai,(1971) examine 500 large listed U.S firms and find positive relationship between profitability and quality of information disclosure. Other studies are: (Ismail, 2002; Pervan, 2006).

Foster (1986) suggests that profitable firms have incentives to distinguish themselves from less profitable firms in order to raise capital on the best available terms by providing voluntary disclosure. The companies seek to achieve this by post voluntary disclosure on their web sites. In addition managers are motivated to disclose more detailed information to support their position and remunerations. Haniffa and Cook (2002) find a positive and significant association between firms' profitability and the extent of voluntary disclosure. Lev and Penman (1990) argue that investors perceived non-disclosure of information as bad news, therefore good-news firms have the motivations to be out from other bad firms. This means that when there is increase in profitability, the voluntary disclosure of these firms will increase.

Donmez et al. (2007) examines the extent and determinants of voluntary financial disclosures on the internet by publicly traded Turkish companies. They found that 72% of the companies have formal web pages while only half of those provide

voluntary financial disclosures on the internet. They determined that companies adopting voluntary financial disclosures on the internet have higher total assets, higher market value, higher profitability and lower financial leverage. Firm profitability is included in the control variables because managers of profitable firms have greater incentives to disclose information to raise shareholder confidence and support management compensation contracts. Singhvi and Desai (1971) reported a positive correlation between the extent of disclosure and profitability on the US market.

Studies refer to profitability as an independent factor that may affect disclosure level. For example, Oyelere, Laswad, and Fisher (2003) examine voluntary adoption of the internet as a medium for transmitting financial reports and determinants of such voluntary practice by New Zealand companies. The result indicate the some determinants of traditional financial reporting such as firm size, liquidity, industrial sector and spread of shareholding are determinants of voluntary internet financial reporting (IFR). The other findings of this research show that other firm characteristic such as leverage, profitability and internationalization do not explain the reporting medium choice. Ismail (2002) examine the extent of internet financial information by Gulf Co-operation Council (GCC) countries. In this research forward stepwise logistic regression was used to assess whether voluntary dissemination of financial information on the internet was related to firm size, leverage, and profitability. The results show that the likelihood of a firm using internet reporting depends not only on Individual characteristic, but also on a combination of interaction effects among firm characteristics.

Almilia (2009) results, return on equity as an indicator of the profitability of a significant impact on the financial reports on the Internet. The more profitable

companies tend to publish more information on its website. And found a positive relationship between profitability and quality of information. Their results suggest that the profitability of the company can be considered an indicator of good management, management tends to provide more information if the profitability is high. On this basis one can argue that spread profitable companies imposed more financial resources to provide financial information voluntarily or in compliance with additional requirements, or they could be encouraged to show the general public and stakeholders that they more profitable than their counterparts in the same industry .

H2: There is positive relationship between profitability and the information disclosure on websites.

2.4 Leverage

According to Agency theory highly leverage firms have an incentive to voluntary increase the level of information disclosure to such stock holders through traditional statement and other media such as internet financial reporting. (Jensen and Meckling,1976). Other previous studies (Ismail, 2002; Almilia, 2009; Aly and Simon, 2008).

Hossain et al. (1995) and Malone et al. (1993) noted a positive correlation between voluntary disclosure and a company‘s leverage. Lever also to prevent the disclosure choice. Agency theory can explain the possible link between leverage and voluntary disclosure. According to this theory, highly leveraged companies incentives to voluntarily increase the level of communication of information to interested parties by traditional financial statements and other media (Jensen and Meckling, 1976) have. However, researches in this report were mixed. Ismail (2002) found a positive relationship between financial reports on the Internet and the amount of debt in the

capital structure of the company, while studies of Andrikopoulos and Diakidis (2007); Zeghal et al (2007) and Oyelere (2003) do not confirm this context. Meek et al (1995) reported a significant negative relationship between leverage and voluntary disclosure to the U.S., the UK and continental European multinational.

Another factor that has been investigated as a possible determinant of voluntary financial disclosure is leverage. Agency theory has largely been used to explain the relationship between this variable and levels of disclosure. It is argued that as leverage increases, there are wealth transfers from fixed claimants to residual claimants. As debenture holders are able to "priceprotect" themselves, managers and shareholders have an incentive to voluntarily increase the level of monitoring, such as by increasing the disclosure of additional information about the firm activities (Myers, 1977; Schipper, 1981). Empirical evidence regarding the association between leverage and voluntary disclosure is inconclusive, with Courtis (1979), Lau (1992), Malone et al. (1993), Hossain et al. (1994, 1995), Patton and Zelenka (1997), Xiao et al., 2004 and Al- Shammari, 2007 finding a positive relationship between leverage and corporate disclosure, while Chow and Wong-Boren (1987).

Leveraged investing can be extremely risky because investors can lose not only their money but the money they borrowed as well. Voluntary disclosure of information concerning debt fund may allow shareholders and bondholders to make better predictions about the growth, risk and return prospects of companies. Therefore, firms with higher leverage tend to disclose more information than the lower ones. Cadbury (1995) finds that there is a positive association between leverage and the extent of voluntary segment disclosure among New Zealand firms.

According to Agency theory highly leverage firms have an incentive to voluntary increase the level of information disclosure to such stock holders through traditional

statement and other media such as internet financial reporting. (Jensen and Meckling,1976). Ismail (2002) found a positive relationship between internet financial reporting and the amount of leverage in firm's capital structure, Almilia (2009) this study had some reasons for choice leverage independent variable, the some reasons are, highly leveraged firms have an incentive to voluntary increase the level of corporate disclosure to such stakeholders through traditional financial statement, and other media, such as internet financial reporting.

H3: There is positive relationship between leverage and the information disclosure on website.

2.5 Under Pinning Theories

2.5.1 Agency Theory

Agency theory has been regarded as an important construct for understanding and analyzing financial reporting incentives. Agency theory proposes that the firm is based on relationship between manager (agent) and owner (principal), where the agent is hired to managed the company on behalf of the principal. The separation of ownership and control give rise information asymmetries between manager and principal where manager have better information on the firms current and future performance than do principals.

Agency costs tend to increase with firm size (Hossain et al., 1995). As disclosure can reduce monitoring costs, a significant agency cost, one would expect to find greater disclosure among large firms relative to small firms. Firm size is a proxy for a number of corporate characteristics. Larger firms generally have a more diverse product range and more complex distribution networks than smaller firms. As a result, larger and

more complex management information systems and databases are required for management control purposes. Also, larger firms can increase the marketability of their securities in capital markets, and obtain capital more easily and cheaply through more extensive disclosure (Singhvi and Desai, 1971; Buzby, 1975). While Hossain et al. (1995) and Wallace and Naser (1995) use agency theory to explain the positive association between size and disclosure.

2.5.2 Signaling theory

Signaling theory suggest that companies with superior performance use financial information to send signals to the market. Signaling theory might be used to predict that higher quality firms will use the internet to disseminate accounting information. Gray and Roberts (1989) consider the cost and benefits of voluntary information disclosure and investigated perceptions of cost and benefits empirically. Gray and Roberts (1989) found that for British multinationals, the most important perceived benefits of voluntary information disclosure were;

(1) improved image/ reputation of the company.

(2) better investment decisions by investors.

(3) improved accountability to shareholders.

(4) more accurate risk assessment by investors.

(5) Fairer share prices.

Signaling is a reaction to informational asymmetry in markets. In such a case, companies have information that investors do not have. Asymmetries can be reduced if the part with more information signals to others. Signaling theory was mainly developed by Spencer (1973) to explain behavior in the labor markets but can also

help explain voluntary disclosures. Companies will try to adopt the same level of disclosure as other companies within the same industry because if a company does not keep up with the same level of disclosure as others, it may be perceived by stakeholders that is hiding bad news. Therefore, companies may use Internet disclosure to keep up with other companies in the same industry. Craven and Marston (1999) stated that…."the very use of the Internet might itself be a signal of high quality. It implies that the company is modern and up to date with the latest technology rather than old fashioned and conservative".

2.6 Theoretical Framework:

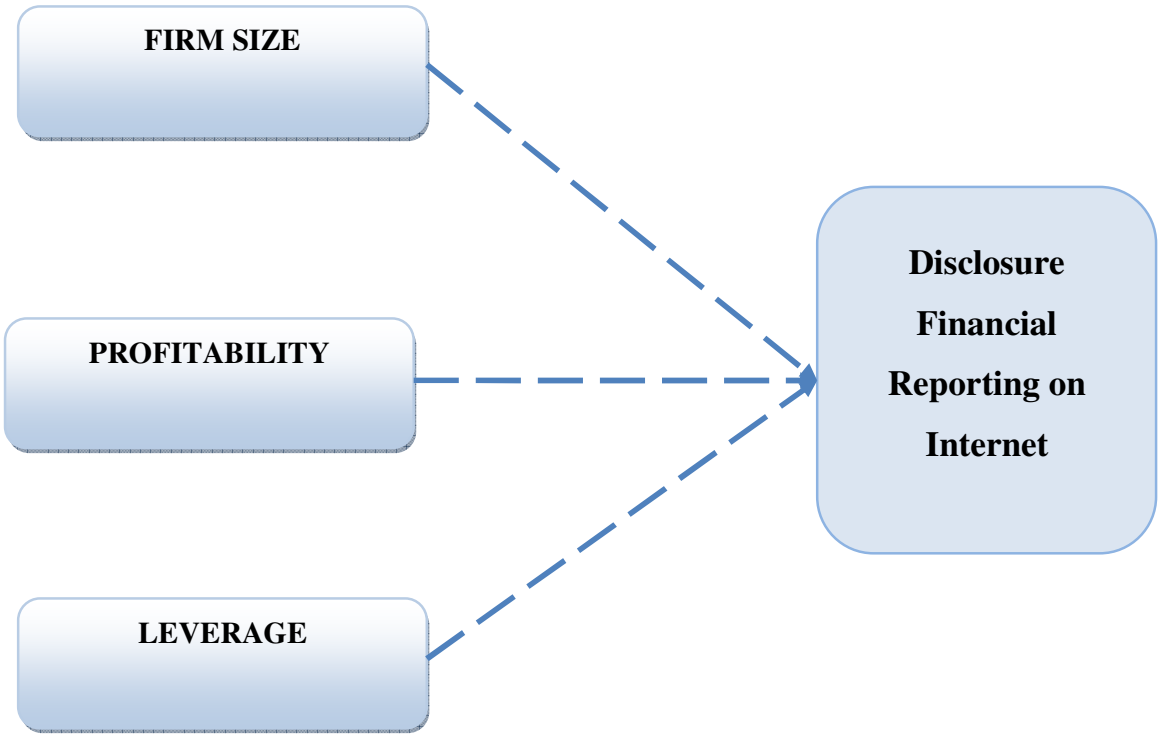

Figure 1. The theoretical framework of analyzing factors influence i.e., Firm size, Profitability, Leverage and Industry type on disclosure of financial reporting on internet in companies

2.7 Hypothesis

Hypothesis will be developed based on the model for this study:

2.7.1 Firm Size

Previous studies (Meek, Roberts and Gray, 1995; Zarzeski, 1996; Amilia, 2009) have indicated positive relationships. This explanation leads to the first hypothesis of this research:

> **H1**: There is positive relationship between firm size and the information disclosure on website.

2.7.2 Profitability

Previous studies such as (Singhvi and Desai,1971; Oyelere,Laswad,and fisher,2003; Ismail,2002), have indicated positive relationship. This explanation leads to our second hypothesis:

> **H2**: There is positive relationship between profitability and the information disclosure on websites.

2.7.3 Leverage

Agency theory could explain the possible link between leverage and information disclosure. (Jensen and Meckling,1976; Ismail, 2002; Almilia,2009), have indicated positive relationship. This explanation leads to the third hypothesis of this study:

> **H3**: There is positive relationship between leverage and the information disclosure on website.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter includes some discussion and introductions on different research methods and also explains the chosen method for this research. It further describes the research purpose, data collection methods and analysis approach. Furthermore, this chapter describes the chosen way for data collection, and the techniques used to analyze the collected data.

3.1 Research Design

Research is the collection of specified information according to prescribed procedures for a given objectives (Sekaran, 2000). Research is guided by a set of beliefs and feeling about the world and how it should be understood and studied (Denzin & Lincoln 1998). Research methods are all those techniques that are used for conducting research. Research methods are of these categories: collection of data, analysis and methods used to evaluate the accuracy of the results (Chaudhary 1987).

This section describes the research methods used to test the hypothesis developed in the second chapter. The sampling procedure, data collection and data analysis will employ. Quantitative research method employed to determine the interaction of

variables in the research framework. The relationship and level of variable influence through survey method to the respondents had explained on chapter 4.

3.2 Measurement of Variables

3.2.1 Dependent Variable

This study has one dependent variable i.e. the extent of internet financial reporting (IFR). This variable is defined as the number of financial information published on the Internet. For the purpose of this study, eight types of financial information are identified to measure the extent of IFR. This information is financial highlight, audit report, balance sheet, income statement, statement of shareholder equity, cash flow, accounting notes, and interim report. The total scores of the extent of IFR would range from (if they do not publish any one of the eight types of information) to (if they publish all). These 8 items are selected because they are commonly used in previous studies.

Measuring Financial Reporting on the Internet. The index established in this study was developed in a manner that covers all the financial information reported on the internet (comprehensive measurement) and provide appropriate classification, surveying previous studies reveal that the measurements used in previous studies didn't cover all the financial information reported on the internet such as, (Ashbauph et al., 1999) used only comprehensive set of financial statements and any links to annual report as definition for the firm practicing internet financial reporting, while (Craven and Marston 1999) used detailed annual report and parts or summaries of annual report as measurement for financial information disclosed on the internet.

They didn't recognize financial highlights and/or summary statements. While (Oyeler et al., 2003) classified financial information reported on the Internet, by grouping summary statements and financial highlights in one group, although summary statements provide more information than financial highlights and it was required by the U.K. companies' act 1985, section 251.

For the reasons mentioned above financial information was classified into three categories.

1-Comprehensive set of financial statement: - the company is said to have a comprehensive set of financial statements, if the company reported on its website, balance sheet statement, income statement, cash flow statement, change in owner equity statement, footnotes and auditor report, or have links to Amman Stock Exchange (ASE) or have a links to its annual report.

2- Partial financial statements: - the company is said to have a partial financial statements, if a company does not present one or more of the financial reports that's mentioned above, balance sheet statements, income statement, cash flow statement, change in owner equity statement, footnotes and auditor report. Summary statements: - the company is said to have a summary financial statements, if the company provide summary results of its performance, e.g. presenting sales, net income, cost of sales, total assets, and net cash flows comparatively with previous years or with the previous year.

3-Financial highlights: - the company is said to have a financial highlights if company presents key information, e.g. total assets, paid in capital, net income, and sales.

3.2.2 Independent Variables

3.2.2.1 Firm Size

Size is the most dominant factor that has been identified to influence the extent of IFR (Ettredge et al, 2002; Martson, 2003; and Wesley and Luiz, 2004). Size of a company can be measured in a number of ways, such as capital employed, turnover, number of employees, and company's market value. There is no overriding theoretical reason for selecting one rather than another. For example, Firth (1979) used sales turnover and capital employed to measure the company size, and Cooke (1991) applied number of shareholders, total assets and turnover to measure the size of the company. Following Ashbaugh et al. (1999), this study uses total assets to measure the size of the company.

3.2.2.2 Profitability

The assets of the company are comprised of both debt and equity. Both of these types of financing are used to fund the operations of the company. The ROA figure gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment. For example, if one company has a net income of $1 million and total assets of $5 million, its ROA is 20%; however, if another company earns the same amount but has total assets of $10 million, it has an ROA of 10%. Based on this example, the first company is better at converting its investment into profit. When you really think about it, management's most important job is to make wise choices in allocating its resources. Anybody can make a profit by

throwing a ton of money at a problem, but very few managers excel at making large profits with little investment.

3.2.2.3 Leverage

Following Xiao et al. (2004), this study measures firm leverage by dividing the total of liabilities by total assets. The long-term liabilities plus the current liabilities equal to total of liabilities.

3.1 Definition and Measurement of Variables

Dependent Variable	Definition	Measurement
IFR(Internet financial reporting)	The extent of IFR	Total number of points awarded for voluntary discloser, strategic, nonfinancial and financial information (with score ranges from "0" (no financial disclosure) to "8" (full financial disclosure).

Independent variables	Definition	Measurement
Size	Firm size	This variable is measured by the log (base ten) of total assets
ROA	Profitability	Return on Assets
LEV	Leverage	The ratio of total debt of total equity value of the firm

3.3 Data Collection

Secondary data was collected, obtained from the information disclosed in the given firms' web sites. The main advantage of using the internet is because information obtained is cheap and quicker to collect compared to obtaining primary data (Zikmund, 2003). The main purpose of the current study is to examine the state of financial reporting through internet among Jordan companies, as well as determining the factors that influence the companies to use such means for financial disclosure. This is done by first identifying companies' web sites and then examining the contents (i.e. financial information) of each web site. In order to do this, many search engines were used such as Google and Yahoo.

3.4 Sample Selection

This study covers the companies listed on the first market on Amman Stock Exchange at the end of 2010; I have taken some the companies listed in (ASE) as the population of this study due to the fact that the number of companies is too a lot and it is convenient to collect the data related to it. The population consists of 100 companies divided into four sectors according to (ASE) classification, 25 Estate companies, 34 service companies, 25 industrial companies, 16 banks. Companies were surveyed at 2010 to find out whether they have websites or not. and know which information the companies disclosure. Two major search engines were used for this study, www.yahoo.com and www.google.com, in addition to different public Jordanian sites such as Jordan Exports Association, www.jordanexporters.org, Jordanian Export Development and commercial Centers Corporations www.jedco.gov.jo and Amman Today, www.ammantoday.com .

3.5 Data Analysis

3.5.1 Descriptive Analysis

This descriptive study produced the mean, minimum, maximum and standard deviation for each variable for companies in Amman Stock Exchange (ASE).

3.5.2 The Correlation of Variables

This study shows how one variable is related to another. The results of this analysis represent the nature, direction and significant of the correlation of the variables used in this study and the correlation between variables is analyzed by using the person correlation.

3.5.3 Model Specification and Multiple Regression

The multiple regression method is used to examine the relationship between the extent of IFR in Jordanian companies (ASE) and firm size, profitability, leverage and Industry type. The result of regression analysis is an equation that represents the best prediction of a dependent variable from several independent variables.

3.6 Summary

This chapter explained the methodology applied in this study. The study was carried out in phases which are the rational for the methodology, the research framework analysis, design of the research instrument, and the techniques used to analyze the data in evaluate the disclosure financial reporting on the internet in Jordanian companies. The findings and results from the application of the measuring instrument developed here are discussed in the next chapter.

CHAPTER FOUR

ANALYSIS AND FINDINGS

4.0 INTRODUCTION

This chapter highlights the results of the study. The results comprise descriptive statistics, correlations and regression employed to determine the relations among the variables (independent and dependant).The results are made possible through the usage of Microsoft Excel and SPSS software.

4.1 ANALYSIS

4.1.1 Descriptive Statistics

There were 250 publicly listed companies on ASE stock market as of 2010. and I said before i will take sample just 100 companies (by random sample). from this sample 16 firms are further because they did not have websites. The final sample consists of 88 firms with web sites. Table 4.1 shows all the types of industries based on ASE's stock market classification (sample). The results in Table 4.1 show that the two largest sectors are services (34%) and industrial (20%).

The findings with respect to the existence of the companies' web sites and the disclosure of the financial information in those Web sites are presented in Tables 4.2 and Table 4.3. The results show that 84 out of 100 (84%) of ASE public listed companies have Web sites.

Table 4.1: Type of Industry Classification ASE Stock Market (2010) sample

Sector	Number of Firms	Percentage
Services	34	34%
industrial	20	20%
backing	16	16%
Estate	16	16%
Hotels and Tourism	14	14%
Total	100	100%

Table 4.2: Internet Usage by ASE Listed Companies sample

Items	Number of Firms	Percentage
Web site	84	**84%**
No Web site	**16**	**16%**
Total	**100**	**100%**

Table 4.3: Financial Information Provided via 84 Internet Websites

Item	Number	Percentage
Cash Flow Statement	**77**	**92%**
Balance Sheet	**84**	**100%**
Auditor Report	**76**	**90%**
Statement of Stakeholder Equity	**72**	**86%**
Financial Highlight	**73**	**86%**
Income Statement	**84**	**100%**
Accounting Notes	**79**	**94%**
Interim Report	**61**	**73%**

In Table 4.3 above, it is observed that all 84 firms declared balance sheet, income statement, and statement of stakeholder equity on their websites. It also can be seen that the lowest internet reporting is on Interim Report (only 73% i.e. 61 out of 84 websites).

Table 4.4: Financial Information Provided via Internet (% in brackets)

Items	(CFS)	(AR)	(BS)	(IS)	(SSE)	(FH)	(AN)	(IR)
Services	**21(26%)**	**22(29%)**	**27(32%)**	**27(32%)**	**20(28%)**	**24(33%)**	**24(30%)**	**19(31%)**
industrial	**14(19%)**	**14(18%)**	**14(17%)**	**14(17%)**	**14(19%)**	**13(18%)**	**12(15%)**	**13(21%)**
backing	**16(21%)**	**16(21%)**	**16(19%)**	**16(19%)**	**16(22%)**	**16(22%)**	**16(22%)**	**11(18%)**
Estate	**12(15%)**	**10(14%)**	**13(15%)**	**13(15%)**	**10(14%)**	**9(12%)**	**13(16%)**	**9(15%)**
Hotels and Tourism	**14(19%)**	**14(18%)**	**14(17%)**	**14(17%)**	**12(17%)**	**11(15%)**	**14(17%)**	**9(15%)**
Total	**77**	**76**	**84**	**84**	**72**	**73**	**79**	**61**

Table 4.5: Financial Information Published via Internet by Industry type

Items	(CFS)	(AR)	(BS)	(IS)	(SSE)	(FH)	(AN)	(IR)
Services	**21**	**22**	**27**	**27**	**20**	**24**	**24**	**19**
industrial	**14**	**14**	**14**	**14**	**14**	**13**	**12**	**13**
backing	**16**	**16**	**16**	**16**	**16**	**16**	**16**	**11**
Estate	**12**	**10**	**13**	**13**	**10**	**9**	**13**	**9**
Hotels and Tourism	**14**	**14**	**14**	**14**	**12**	**11**	**14**	**9**
Total	**77**	**76**	**84**	**84**	**72**	**73**	**79**	**61**

Tables 4.4 and 4.5 refer to the type of financial information presented on the companies' web sites. The most commonly found financial information is the balance sheet and income statement, both of which were disclosed by the 84 companies (100%). Accountant's notes was disclosed by 79 companies (94%). cash flow statement, all of which were disclosed by the 77 companies (92%). Auditor reports were disclosed by 76 companies (90%). financial highlights which were disclosed by 73 companies (86%). in addition to statement of stakeholders equity which was

disclosed by 72 companies (86%). the lowest declared items were Interim report which were disclosed by 61 companies (73%).

Descriptive analysis is to describe the response for the major variables under the study such as, mean and standard deviation on the dependant variable and independent variables obtained. The results of the descriptive analysis are shown in the following Tables 4.6, in addition to the results of the descriptive analysis for the whole sample of the companies listed in ASE's stock exchange.

Table 4.6: Descriptive Analysis for Dependant Variable and Independent Variables
(All companies)

	N	Range	Minimum	Maximum	Mean	Std. Deviation
IFR	84	1.0000	.0000	1.0000	.068182	.2535021
SIZE	84	19.42	9.69	29.01	22.0619	2.43065
ROA	84	191.26	-11.38	179.88	8.3343	7.06409
LEV	84	131.81	.05	132.31	4.0994	14.630
Valid N(listwise)	84					

From the results in Table 4.6, it can be observed that the means for the all variables are between a minimum of 0.000 (IFR) and maximum 179.88 (ROA) . However, it can be observed also that the standard deviations are between a minimum of 2.43065 (size of the companies) and a maximum of 14.630 (leverage of the companies).

4.1.2 Correlation

Correlation analysis is executed to test the strength of relationships between variables. Statistical test at 5% level is used to test the significance of the relationships between the independent variables in this study. It is also used to examine the potential issue of

multicollinearity that exists when two explanatory variables are highly correlated. Table 4.7 shows the correlation matrix among the independent variables.

Table 4.7 Correlation Matrix among Independent Variables

	IFR	SIZE	ROA	LEV
IFR	1	-.096	-.014	.280
SIZE	-.096	1	-.250	.004
ROA	-.014	-.250	1	-.108
LEV	.280	.004	-.108	1

It can be seen from Table 4.7 that except for size with leverage which is slightly more correlated at .004 and significantly positive, the other correlations between the independent variables were quite low. The correlation matrix is a powerful tool for getting a rough idea of the relationship between predictors (Alsaeed, 2005). If Pearson correlation result is higher than 0.7, then there is relation among independent variables (Williams, 1996). Since all the Pearson correlations between the independent variables are lower than 0.7, therefore there is no multicollinearity problem.

4.1.3 Regression analysis

Regression analysis for all observation

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estime	Change statistics				
					R Square Change	F Change	Df1	Df2	Sig. F change
1	**.354**	**.126**	**.094**	**.2412569**	**.126**	**4.019**	**3**	**84**	**.010**

R square is the relative predictive power of a model and it is a measure between 0 and 1. In this analysis, it can be seen that the R square is 0.126 indicating that 12.6 percent

variation in the IFR is explained by the three independent variables (size, profitability, and leverage).

Table 4.9 shows the regression analysis for all observation. It can be observed that size of the companies is a significant variable. Multicollinearity is not a problem since the VIFs are less than 10.

Table 4.9 Regression Analysis for All Observations Coefficients (a)

model		Unstandardized coefficients		Standardized coefficients	t	Sig.	Confidence interval		Collinearity statistice	
		B	Std. Error	Beta			Lower bound	Upper bound	toleance	VIF
1	Constant	-1.005	.336		-2.994	.004	-1.672	-.337		
	Size	.52	.16	.405	3.311	.001	.021	.084	.695	1.439
	ROA	-.025	.012	-.263	-2.099	.039	-.049	-.001	.663	1.509
	LEV	-.159	.203	-.084	-.784	.435	-.562	.244	.898	1.113

4.2 Summary of the Chapter

the output indicates that only the size (as measured by total assets) contributed significantly to the financial reporting, the Internet, and thus accept the hypothesis 1. However, profitability and influence significantly associated with the extent of the IFR, and thus hypothesis 2 and 3, the hypothesis is rejected.

Based on the results it can be concluded that statistically there appears to be a significant positive relationship between size of companies and the extent of IFR. However, it is also evident that there is no significant relationship between either profitability or leverage and the extent of IFR.

CHAPTER FIVE

CONCLUSION

5.0 INTRODUCTION

There has been tremendous growth in corporate and market activities in transitional and emerging economies in recent times. As the funding requirements of companies in these economies grow to match their increased business activities, so does the requirement for greater financial disclosure. IFR provides an additional cost-effective channel for companies in these economies to voluntarily deposit financial information in the market place. This research has examined the extent to which companies listed in the ASE are taking advantage of the opportunity afforded by the Internet to communicate their financial information. Specifically, we examined the corporate characteristics of ASE-listed companies engaging in IFR as against those that do not. Using univariate statistical tests and logit regression analysis, we focused on three independent variables - company size, profitability and leverage – that has been identified in the literature as potential predictors of IFR.

5.1 Discussion on Results

Companies are surveyed to find out whether they have a websites or not, we found that a significant proportion of ASE-listed companies sample(84%) have set up websites, also can be seen that the lowest internet reporting is on Interim Report, only 73% i.e. 61 out of 84 websites. this is mean the companies don't care to disclosure about interim report. and can be seen that the internet reporting is ok the balance sheet and income statement 100% i.e. 84 out of 84 websites. it is show the companies for this part from financial reporting the companies care about balance sheet and income

statement more than any report else. the banking is the better type to used the internet financial reporting and the service is low to used the internet financial reporting. we found also the size of the companies has strong affect at the companies for disclosure this information. profitability and Leverage also has affect but not same the size of companies.

5.2 Limitation of the Study

As with all studies of this nature, the limitations of the current study offers some opportunity for future research in this area. As the current study is cross-sectional, future longitudinal studies should provide us with some understanding of the causal relationships between the factors under study. Furthermore, the generalisability of the findings of this study may be limited given the limited number of variables and the unique nature of the country under study. Future research may consider including other explanatory variables specific to the IFR environment, such as the age and levels of education of company directors/managers, attitude of management to IT and new ideas, the age and strategic position of each company in its industry, and the stage in the life cycle of the company's major products. Researchers may also consider investigating other disclosure-related issues such as the frequency and timeliness of IFR and the level of stakeholder interests and needs for IFR, possibly measured by frequency of visits to corporate websites to download or view financial information. Our study is based on companies listed in the UAE, one of six oil exporting member countries of the Gulf Cooperation Council in the Middle East region. A more comprehensive study could extend the investigation across other countries in the region, and perhaps undertake a concurrent comparison with practices

and predictors in advanced economies, to facilitate the development of a more comprehensive predictive model for IFR choices.

5.3 Recommendation

Future research might extend the scope of this study by involving comparative studies with other Arabic countries. Nevertheless, hopefully, the results of this study will provide some insights into the online disclosure practices of ASE companies and will be a starting point for further research in this area.

Finally, the future of financial reporting on the Internet will not be just about providing traditional information, it is expected that future Internet disclosures are more likely to provide certain advantages over the traditional annual reporting by improving timeliness, expanding the scope of company corporate information to the public, allowing a degree of interactivity, and also projected to find annual financial data on an updated monthly basis or on a rolling basis. Many companies are already providing 'investor relations' services in addition to basic financial statements. Users can sign up for copies of all company announcements and press releases to be e-mailed to them after they hit the stock exchange screen.

5.4 CONCLUSION

Internet is increasingly providing companies and extending s the scope with enormous prospects and opportunities through which they can voluntarily deal with information streaming to various groups of external users. Through companies' corporate servers, internet can provide vast quantities of information, both financial and non-financial, which users require for easily access.

The main purpose of this study is to provide insights into the use of internet for disseminating financial information among ASE listed companies and to put some lights on the factors that affect such companies in adopting financial disclosure through internet.

Regarding the primary objective of this study, and despite the fact that 250 of ASE listed companies have websites (sample is 100); the findings show that ASE companies are still to some extent placed behind those in other developed countries such as the US, UK and Japan companies and even with other developing countries like Malaysia. Thus, related institutes such as ASE Accounting Association should play a more active role in promoting ASE companies initiatives to voluntarily disclose their financial information on the internet. This is important as the extent of IFR could boost the confidence of investors both locally and globally to invest in Jordan business companies.

With respect to the factors that affect companies adopting internet-based financial reporting, this study examined three factors namely firm size, leverage and profitability. A linear regression analysis is applied for this purpose. Findings reveal that profitability and leverage do not significantly influenced internet financial reporting. These findings are similar to those found by Debrecency et al. (2002) and Joshi and Jawaher (2003).

The result also shows that there is a significant positive linkage between the amount of financial disclosure through internet and size of companies. This finding is consistent with prior studies such as Ashaugh et al. (1999), Debrecency et al. (2002), Marston, (2003), Joshi and Jawaher, (2003) and Wesley and Luiz, (2004). Prior studies have argued that larger firms are more inclined to adopt voluntary disclosure practices including the IFR due to the proposition of agency theory (e.g. higher cost

due to larger number of shareholders), the need more capital, and ability to sustain incremental cost for disclosure due to the huge resources held and political cost theory (e.g. higher regulation by the regulatory authorities).

While this study attempts at providing an insight into the status and determinants of IFR among ASE companies, it is also subject to several limitations. Due to the limited time in which this study is carried out, only three factors (size, profitability and leverage) that might explain the reporting practices of companies on the internet are examined. . Further research should also include other possible factors such as level of IT, auditor size and firm value that could further explain the extent of IFR among ASE companies.

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Appendix

list all sample or respondent that used for this study.

company name's	SYMBOL
Jordan Islamic Bank	JOIB
Jordan Kuwait Bank	JOKB
Investment bank	JIFB
Jordan Ahli Bank	JONB
Jordan Commercial Bank	JOGB
Arab Bank	ARBK
Islamic International Arab Bank	111201
Bank of Jordan	BOJX
Arab Jordan Investment Bank	AJIB
The Housing Bank for Trade and Finance	THBK
Jordan Dubai Islamic Bank	INDV
Union Bank	UBSI
Cairo Amman Bank	CABK
Arab Banking Corporation /Jordan	ABCO
Capital Bank of Jordan	EXFB
Siossith Generale Bank - Jordan	MEIB
Isra for investment and Islamic finance	ISRA
Investment Holding Jordanian expatriates	JEIH
The Arab Middle East Financial Investment and Economic	AEIV
Falcon for Investment and Financial Services	FIFS
International Brokerage and Financial Markets	IBFM
Arab Financial Investment	AFIN
Efficiency of financial investments and economic	KAFA
United Financial Investments	UCFI
United Group Holdings	UGHI
National Portfolio Securities	NPSC
United Arab Investors	UAIC
Future Arab Investment	FUTR
Jordanian Duty Free Shops	JDFS
Specialized Jordanian Investment	SIJC
The eligibility of projects	ABLA

Jordan Trade Facilities	JOTF
Beautiful public investment	JMIL
South Electronics	SECO
General Jordan Silos and Supply	131215
Specialized Trading & Investment	SPTI
Integrated Leasing	LEAS
Jordanian Center for International Trade	JITC
Isra for Education and Investment	AIFE
Petra Education	PEDC
Blue for education, investment	ZEIC
Arab International for Education & Investment	AIEI
Philadelphia International Educational Investments	PIEC
ITTIHAD SCHOOLS	ITSC
AL-BILAD MEDICAL SERVICES	ABMS
International Medical Investment	ICMI
Group Investment Advisory	CICO
Ibn al-Haytham Hospital	IBNH
Achievement of the development and multimedia projects	LIPO
Prospects for energy	MANE
International Ceramic Industries	ICER
Jordan Ceramic Industries	JOCF
Middle East Specialized Cables / maintenance _ Jordan	JNCC
Arab Electrical Industries	AEIN
National Cable & Wire Manufacturing	WIRE
Middle East Complex for Engineering, Electronics & Heavy	MECE
United Cable Industries	UCIC
Jordan Sulpho-chemicals	JOSL
Jordan Chemical Industries	JOIC
Industries and sulfur Jordan / Geimyco	INMJ
Premier Business and Projects	ACDT
Comprehensive Multiple Projects	INOH
Jordan Industrial Resources	JOIR
National Chlorine Industries	NATC
Jordan Pipes Manufacturing	JOPI
Jordan Wood Industries / JWICO	WOOD
Ready Mix Concrete and Construction Supplies	RMCC

South for the manufacture of filters	AJFM
Arab Engineering Industries	AREN
General manufacturing and marketing of lightweight concrete	GLCI
Jordan International Investment	JIIG
Jordan Dubai Properties	REIN
Tameer Jordan Holdings Public Shareholding	TAMR
Ihdathiat	IHCO
Specialized Investment Compounds	SPIC
Groupings for nutrition services and housing	JNTH
Althadit Real Estate Investments	THDI
Deira property investment and development	DERA
Majestic real estate investments and financial	VFED
Spinnaker Real Estate Development and Investments	SHRA
Middle East Diversified Investment	MEDI
Arab East for Real Estate Investments	REAL
Arab Real Estate Development	ARED
Jordanian Real Estate Development	JRCD
Palaces Real Estate Projects	PRED
Efficiency for real estate investments	HIPR
Jordan Projects for Tourism Development	JPTD
Mediterranean Tourism Investment	MDTR
Gatherings of tourism projects	MERM
Hamma mineral Jordan	HIMM
International Hotel and commercial markets	MALL
Pillars of the investment	RICS
Middle of the investment projects	AIPC
Arab International Hotels	AIHO
JORDAN HOTELS & TOURISM	JOHT
Model Restaurants	FOOD
Ministry of Investment Holdings	ZARA
Sri Investment and Development	SURA
Amman Development & Investment	AMDI
Winter Valley Tourism Investment	WIVA