Factors Influencing Companies to Engage in Voluntary Internet Financial Reporting: A Review

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ABSTRACT

This paper aimed to survey the accounting literature for the supporting factors of voluntary internet financial reporting by corporations. It is generally and widely believed that the Internet may encourage companies to disclose more information and to develop websites for that purpose. However, these tendencies are limited by many concerns on the part of companies and users of companies' financial information. Thus, this study surveys the literature for the studies that may fall under any of the two categories. However, Studies that come under the first category have identified various factors that support voluntary internet financial disclosure. These include timeliness and updatability, cost savings, presentation flexibility and feedback, widening information provision among many others. The other category of those studies identified discouraging factors of internet financial reporting that include boarder problem, information overload, reliability, integrity, confidentiality of disclosed data, lack of regulations, access problems among other hampering factors.

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العوامل المؤثرة على توجه الشركات نحو إصدار التقارير المالية الطوعية عبر الإنترنت: مراجعة الأدبيات

مستخلص

هدفت هذه الدراسة لمسح أدبيات المحاسبة عن العوامل الداعمة لإعداد التقارير المالية الطوعية عن طريق الإنترنت من قبل الشركات. ومما يعتقد عموما وعلى نطاق واسع أن شبكة الإنترنت ربما تساعد الشركات للإفصاح عن معلومات إضافية وتطوير مواقع على الشبكة لذلك الغرض، ولكن هذه التوجهات تحدها عدة تحفظات من جانب الشركات من جهة ومن مستخدمي التقارير المالية للشركات. وعليه فإن هذه الدراسة تقوم بمسح الأدبيات عن الدراسات التي ربما تندرج تحت واحدة من الفئتين. ولكن فإن الدراسات التي تقع تحت الفئة الأولى تعرف عدة عوامل تدعم الإفصاح الطوعي عبر الإنترنت. وتشمل هذه العوامل التوقيت الآني والتحديث، وتوفير النفقات، ومرونة العرض والتغذية المرتدة، وتوسيع الإمداد المعلوماتي ضمن عوامل أخرى. أما الفئة الأخرى من هذه الدراسات فقد كشفت عن عوامل مثبطة للإفصاح الطوعي عن طريق الإنترنت والتي تشمل مشكلة الحدود، ومشكلة الإغراق ألمعلوماتي، والموثوقية والاعتمادية وسرية المعلومات المفصح عنها، غياب التشريعات المنظمة، ومشكلة الاطلاع ضمن عوامل غير مشجعة أخرى.

Introduction

Numerous studies tried to identify the reasons or the factors influencing the companies to engage in Internet Financial reporting (IFR) or even to develop websites. Many companies provided websites which include large amount of information on a wide range of financial matters. Compared to the traditional printed reports, the internet offers many more opportunities to communicate financial information, [Pirchegger and Wagenhofere (1999)].

Several drivers prompt companies to adopt internet as a medium for voluntary disclosure such as; cost saving, disseminating information to large number of users and introducing new technology of reporting. Internet changed the way amount of information flows from companies to investors and creditors, and it increases the amount of information available for interested parties and allows delivery of that information at no cost or at very low cost, speeds delivery, increases frequency quantity and relevancy of both financial and non-financial disclosure and ease of accessing information, [FASB (2000)].

The company websites are designed for several reasons such as; advertising, enhancing electronic commerce, promoting brand identification, attracting potential customers and enhancing the company image, [Lybaert(2002)].

This study attempts to review the literature on why companies engage in internet financial reporting. Thus, it aims at surveying the literature for the factors that are reported by researchers to be in favor of voluntary internet financial reporting and those which may hamper or at least not in favor of such reporting. The survey will span wide array of studies conducted in different parts of the globe in different economies and in different economic regions.

The importance of this study stems from two angles; one academic and the other is practical. The academic and scientific angle is where all the diverse studies in this area are summarized and analyzed for the interested audience. The second angle is practical in nature, where the positive factors are identified for enforcement and the negative ones are also highlighted for analysis and handling by regulators.

The remainder of this study proceeds as follows: The next section reviews studies that support and define variables that favor voluntary internet financial reporting. The arguments against or at least not fully supportive of internet financial reporting, are reviewed in the section that follows. Then the last section summarizes and concludes the survey.

I. Factors Favoring and Supporting Internet Financial Reporting:

Plentiful studies tried to answer the question that why companies engage in internet financial reporting such as; (Petravick&Gillett,1999),(Ashbaugh et al.,1999),(Ettredge et al.,2001),(Kelton & Yang,2008),(Hindi& Rich,2010) in the United States , (Lymer, 1997), (Marston & Leow, 1998), (Abdelsalam et al.,2007) in the United kingdom , Cravan & Marston, (1999), (Abdelsalam et al. 2007) in Japan, and (Khan and Ismail, 2012 a, b) in Malaysia.

Khan and Ismail (2012a) explored the perceptions of the corporate annual reports users in Malaysia; they found that the respondents (mainly academics) ranked eleven factors influencing the companies to practice internet financial reporting. These factors were: enhancing corporate image, competition in the industry, company teller with the technology development, media attention, receiving government support, directors desire to engage in IFR, obligations to community, pressures from stakeholders, obtaining funds from wider sources, stabilizing and improving share prices, and winning awards.

Khan and Ismail (2012b) improve their sample by including other than academics such as students and bank officials and hence the ranking was little bit different, the ranking as per their second study was as follows: enhancing corporate image, company teller with the technology development, competition in the industry, and obligations to community, receiving government support, stabilizing and improving in share prices, directors desire to engage in IFR, obtaining funds from wider sources, media attention, pressures from stakeholders, and winning awards.

Internet financial reporting is a recent but fast growing phenomenon. Many companies everywhere disseminate their financial information on the internet. Financial information disclosed on the internet includes; comprehensive sets of financial statements, including footnotes, partial sets of financial statements, and /or financial highlights that may include summary financial statements or extracts from such statements. Recent studies indicated that such reporting among companies is expected to grow to the extent that the financial reporting in the future will move totally from the current primarily print-based mode to use the internet as primary information dissemination channel, [Oyelere et al. (2003)].

The internet provides a useful communication tool for corporate information. There are many benefits of internet financial reporting such as; cost saving allowing companies to reach wider range of targeted users, attract foreign investors, promote transparency, enhance managerial efficiency, discharge accountability and improve financial performance. A number of studies explored the benefits and advantages of internet financial reporting such as; Carvan and Marston (1999), Gowthrope and Amat (1999), Oyelere et al. (2003), Fisher et al. (2004), Xiao et al. (2004), Smith and Peppard (2005), Khadaroo (2005), Momany and Shorman (2006) Kelton and Yang (2008), Moradi et al. (2011), Khan and Ismail(2012a), and Khan and Ismail (2012b).

These researches considered the internet financial reporting as a fast growing phenomenon and this phenomenon draw the attention of regulatory bodies such as International Accounting Standards (IAS) and Financial Accounting Standards Board (FASB) to support research projects pertaining to business reporting on the internet and moreover, they push the use of internet to disclose financial information. Momany and Shorman, (2006) in particular explained the motives beyond web-based financial reporting and they listed the motives in term of ten drivers as follows;

First, Web information distribution cost is lesser than the cost linked with printed based annual report. According to Charles et al., (2003) “printing & mailing is more expensive than internet reporting, consequently, companies using internet financial reporting (IFR) are able to save money”. Ashbaugh et al., (1999) confirm this result and indicate that the “relative cost to establish an internet presence for non-IFR firms is greater as proportion of their resources than IFR firms, taken in consideration the size difference between IFR and non-IFR”.

Second, Internet Financial Reporting permits companies to disseminate information to unlimited users, on the opposite to the printed-based annual report which communicates information to specified group. In this context, Ashbaugh et al., (1999) indicate that “financial information will become public good with unrestricted global access by adopting internet as medium to disclose financial information". According to Charles et al., (2003) "communicating information on the internet will increase compliance with Regulation Fair Disclosure ("Reg FD") - a rule that was adopted by the American Securities and Exchange Commission (SEC) on August 10,2000 - which requires companies to disclose information to the general public rather than to selected market".

Third, improve financial disclosure by providing more timely information e.g. Jordan petroleum refinery website provides daily stock price. Timely information accelerates decision making process, adds value to the information (Lymer et al., 1999), increases markets' efficiency, contributes to more fair allocation of resources, and reduces the cost investors bear to obtain timely information, [Ashbaugh et al. (1999)].

Fourth, increase frequency of financial disclosure. Company can communicate its results on monthly or quarterly base e.g. monthly sales. Ashbaugh et al., (1999) "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".

Fifth, increase quantity of financial information, while annual reports' information (paper-based) is summarized and simplified, using IFR allows firms to disclose disaggregated and incremental financial data in their web sites (Ashbaugh et al., 1999), e.g. Arab Bank Corporation provides annual reports for 68 years.

Sixth, Internet tools ease the dissemination of financial information for users, analysts and other interested parties such as Website browsers, hyperlinks, and information. All of these techniques facilitate searching about specific data thus save time, integrate several sections of the annual report and link financial information to other pertinent information or nonfinancial information, and enable users to recover information, [Ashbaugh et al.(1999)].

Seventh, internet introduces new technologies for reporting which makes sites more interactive with investors. According to (Jones and Lymer, 2002) three of information technologies will be increasingly used, hypertext, sound and visuals and real-time. These technologies can be used to broadcast analyst conference calls, present annual stockholders' meetings in real time audio or even video, send a message from the chairman, and present the annual meeting, [Charles et al.(2003)].

Eighth, internet provides a wide information (non-financial information and qualitative information), non-audited information, social and environmental information, up-to-date information about the company new events, press releases, up-to-date information about the company products and services which is costly to presents in hard copies, [Jones and Lymer, (2002)].

Ninth, business becomes more complex, capital markets become more, international, regulations become more global, knowledge-based industries supersede traditional industries; international finance and financial investment become more complicated, [Jones and Lymer, (2002)].

Tenth, enhancing disclosure serves the companies through, lower transaction costs, increasing interest in the company by financial analysts and investor, increasing share liquidity and lowers the cost of capital, [Mueller(2000)].

In general, the advantages of internet financial reporting can be summarized as follows:

1/Timeliness and updateability:

The printed-based financial information face timing problem, and thus in many cases the information may not be relevant hence the companies disclosed the financial information by the end of the financial year or by the end of each quarter and in most cases the monthly financial reports are for the internal/management use. On the Contrary, the web-based reporting permits the companies to update their financial information online.

Internet has alerted the way the amount of information flows from companies to information's users, 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). Timeliness is very important as users are requesting more timely information (Fisher et al, 2004). Moreover, Khan and Ismail, (2012b) reported that "internet financial reporting implementation benefits the users because IFR increases timeliness and efficiency in obtaining financial information, and makes the decisions processes easier and faster".

2/Cost:

Brennan and Hourigan, (2000) stated that "evidences show that companies reporting on the internet can reduce the number of hard copies of the annual report. Companies will continue to be required by company law to send shareholders hard copies of their annual report, but general enquires from the public can be re-directed to company websites". Previous studies such as Rowbottom et al. (2005); Gowthorpe (2004); Fisher et al. (2004); Xiao et al. (2002a); Xiao et al. (2002b); Ettredge et al. (2001); FASB (2000); Hassan (1999); Trites and Sheehy (1997), and Lymer (1997) proved that the most important benefit and advantage of internet financial reporting is that IFR reduces the cost of disseminating financial information.

Flynn and Gowthorpe, (1997) asserted that "Internet technology could create a new type of voluntary disclosure since the Internet is considered to be less expensive, relatively easy and with no regulation on the dissemination of information". As per Momany and Shorman, (2006) study; "Web information distribution cost is lesser than the cost linked with printed based annual report". According to Charles et al., (2003) "printing & mailing is more expensive than internet reporting, consequently, companies using internet financial reporting (IFR) are able to save money". Ashbaugh et al., (1999) confirm this result.Moreover, the advantages of the internet financial reporting are found to be its cheapness, speed, dynamism and flexibility, [Lymer(1999)]. Similar results were shown by Abu Al-Azm, (2001) for Saudi listed.

3/Presentation flexibility and visibility:

The financial information once published in hard copy form and communicated to the concerned users cannot be alerted. Hard copy information narrows any chance to add or update information after publication. Conversely, Internet tools facilitate the dissemination of financial information for users, analysts and other involved parties such as website browsers, hyperlinks, and information. All of these techniques facilitate searching about specific data thus save time, integrate several section of the annual report and link financial information to other pertinent information or nonfinancial information, and enable users to recover information, [Ashbaugh et al.(1999)].

The internet's tools also permit a company to compose the disclosure in much more dynamic way so as to reveal new events immediately. With internet financial reporting users can choose to access information that meet their specific needs through the use of hyperlink and search facilities. IFR also allows companies to provide more information than available on printed annual reports ,so the internet provides an opportunity for going beyond what is available in hard copy corporate financial statements to communicate additional financial information to the users, possibly in real-time and on interactive basis, [MacCafferty, (1995); Green and Spaul,(1997); Trites and Sheehy,(1997); FASB, (2002); Ettredge et al., (2002); Chan and Wickramasinghe, (2006); Moradi et al., (2011); Boubaker et al., (2012) and Khan & Ismail, (2012)].

4/Interaction and feedback:

Studies on the perceptions of IFR from users' and preparers' perspectives are very limited compared to those of traditional reporting. The study carried by Joshi and Al-Modhahki, (2003) found "global reach and mass communication', 'timeliness and updateability' and 'interaction and feedback' as important advantages of internet financial reporting".

Khan and Ismail, (2012a) found that the "respondents ranked interaction and feedback as one of the five most important advantages of internet financial reporting".

Internet technologies give companies the opportunity to make their information dissemination much more attractive than the information communicated through hard copy reports, [Rowbottom et al., (2005); IFAC, (2003); Ettredge et al., (2002); Ettredge et al., (2001)]. The internet allows direct communication between the company and targeted parties. Timely data that disseminated and analyzed directly online, presented in different tables or charts (line charts, bar charts, area charts, pie charts and tables), the ability to send data by e-mail and download facilities will enhance the interactivity, increase the quality of information and give the users more opportunities to compare company performance, [Carey and Parker (2006)].

5/Widening information provision:

Among the benefits of IFR mentioned by Khan and Ismail, (2012a) are "the attracting foreign investors, promoting company wider to the public, and providing wider coverage". The practice of disseminating business information in a digital format is spreading around the world (Bonson et al., 2006), and becoming a very important part of business information services, [Liu(2000)]. Corporations have the ability to deliver unfiltered information to their publics without a time lag, [Sanchez et al.(2011)]. It is a unique information disclosure tool that encourages flexible forms of presentation and allows immediate, broad, and inexpensive communication to investors, [Kelton and Yang(2008)].

6/Downloadable information:

In Khan and Ismail, (2012)"the respondents perceived increased information (downloadable) and analysis as the most important advantage of internet financial reporting". Most of researchers in the area of IFR such as (Rowbottom et al, 2005; Fisher et al., 2004; Gowthorpe, 2004; Adams and Frost, 2003; Xiao et al., 2002b), reported that one of the greatest advantages of Internet technology over hard copy reporting is that information is downloadable.Hence the users have the chance to download the information that satisfy their needs at no cost, enabling them to use this information at a time and in a manner which is fitting and then can compare, analyze this information".

7/Multi- languages:

It is understandable that the companies spend huge amounts in developing and maintaining their websites to be read worldwide, to disseminate its messages and to interact with targeted groups and this makes it imperative for these companies to design multi-languages website so as to attract investors, either domestic or foreign, to read information about them.

As such, Internet enables different users to deal with the information with multi- languages and with zero translation cost. Notwithstanding, researchers found that considerable percentage of their total samples provide information in English, examples of these studies are Gowthorpe and Amat (1999) and Hedlin (1999).

II. Factors Not Supportive of Internet Financial Reporting:

Despite the fact that the internet financial reporting has great numerous advantages, there are several problems associated with internet financial reporting. Joshi and Al-Modhahki, (2003) found; "'security problems' and 'authentication, attestation and legal impediments' as important disadvantages of internet financial reporting". Moreover, Khan and Ismail, (2012b) "show six items as disadvantages of internet financial reporting: security problem, cost of expertise, developed and developing countries digital divide, poor website design and advertising, authentication, attestation and legal impediment, and information overload"

In general most of previous studies identify a number of disadvantages of internet reporting such as; boundary problems, information overload, integrity, security and confidentiality, reliability, accessibility problems, and regulatory issues, [Aoun, (1996); Flynn and Gowthorpe, (1997); Debrency et al., (1998); Hussey et al., (1998); Trites, (1999); Hill, (1999); Baldwin and Williams, (1999); Bury, (1999); and Parker, (2006); Hodge, (2001); Debrency et al., (2002); Xiao et al., (2002); Adams and Frost, (2003); Bureau, (2003);Jones and Xiao, (2004);and Khadaroo, (2005)].

In this respect, the next sections will discuss in detail the disadvantages of Internet financial reporting.

1/Boundary problem:

The hard copy financial reports have clear real boundaries; however, the internet financial reporting makes it very difficult for users to know where the boundaries of information lie. Hence internet reporting might mislead unskilled users, [Trites(1999)]. In IFR practice there is no regulations and in the best case there are differences in regulations among different countries, so the gap of regulations makes it difficult to control the context in which the information is used and the quality of this information as well.

Boundary issues may affect the reliability of information and it may provide opportunities for fraud and fake sites to set up, [Fisher et al.(2004)]. The boundary problem may also lead to security and trust problem as reported by Xiao et al., (2002). Trites, (1999) suggested "some recommendation to ease the boundary problem such as: explanatory citations, developing new

standards of presentation, having a service similar to Web Trust, and put up electronic signposts.
The IFR also faces the problem of how to differentiate audited and unaudited information". In this regards Khadaroo, (2005) suggested "the following solutions for users to distinguish between audited and unaudited documents;

(a) The use of labeling, borders or watermarks to mark off audited from unaudited information.
(b) Displaying intermediate pages when leaving audited sections of the website
(c) Using specific file format for audited information such as Acrobats and PDF
(d) Applying a digital signature to the annual report".

Moreover, Sortur, (2006) stated that "the issue of boundaries might be addressed by developing new standards of presentation - for example, situations in which hyperlinks would be allowed and the kind of information that could legitimately be linked to the financial statements. If hyperlinks are included with the audited financial information, the information on the linked page is effectively incorporated into the financial information".

2/Information overload:

Information overload arises when someone cannot deduce available information, feels overwhelmed by the quantity of information offered.

The provision of data in paper format is limited in fundamental ways by the fixed nature of the media used. Once electronic possibilities for delivery of accounting data are explored, the ability to deliver more usable data can be significantly extended, [Lymer(1999)].

Xiao et al., (2002a) and Xiao et al., (2002b) argued that "the capacity of Internet technology to supply vast amounts of financial information, more frequently and with multi-dimensional data, at low cost, in an unstructured format, are all causes likely to contribute to financial information overload. Some internet offered services and facilities such as the hyper-linking are also lead to information overload problem".

The overload may arise from the need of the user to make decisions as to which links to follow and which to abandon, when given a large number of choices. The process of pausing (either to jot down required information or to decide which way to go) can be very distracting, [Debreceny et al.(2001)].

Debrency et al., (2001) also stated that "there is large variation in the quality and design of corporate websites. This difference is an indication of dynamic nature of web-based financial reporting. The great variation creates a variety of problems to users".

2/Reliability, Integrity, and Confidentiality of Disclosed Data:

With internet financial reporting there is a need to find ways to ensure that users will not be cheated by inaccuracy, incompleteness or even by manipulation of information, particularly the reason behind the disclosure is to assist users to make the rationale decisions based on information provided. As highlighted by Fisher et al., (2004) "online users are worried whether the information /report disseminated through the internet has come from an official source and whether it is reliable. Furthermore, they observed that most companies do not frequently update their online information and thus the information may be out of date".

However, reporting is moving beyond financial measures to include non-financial measures, [Sortur(2006)].

The problem as stated by Trites, (1999) is that; "once information published on the company's website, the users may depend on it, nevertheless most companies do not consider the procedure of disclosure on the internet as they do in print-based reporting".

Sortur, (2006) also tried to explain that, "the information disseminated through the website may mislead certain users and he argued that; when a company is designing its financial reporting web site it may have a definite audience in mind such as financial analysts, customers etc. But unless the Web pages are protected by passwords, anyone could use the information disclosed on the Web site. So, what if an unsophisticated investor uses the information on the Web site to make an investment decision, which they are subsequently unsatisfied with? Can the company defend itself by saying that the Web site was not intended for unsophisticated investors? If companies want to avoid the situation, should they actually put some form of disclaimer on the Web site stating who the intended audience is?"

The same problem was also highlighted by Lymer, (1998) and Flynn and Gowthorpe,(1997);"another deficiency of information disclosed online is that, the information may be out-of-date". Moreover, the information presented by using hyper linking may mislead the users as stated by FASB, (2000). Other researches look to the problem as the information disseminated on the web sites can be changed without prior notice, [Fisher et al.(2004)]. Additionally, Jones and Xiao, (2004) and Ashbaugh, (1999) raised "different questions in this regards such as; how can the various users be certain that online annual report and auditors' reports found on the web is typical to the hard copy report and that the auditor's report refers to the sites currently accessed by users?"

To solve the problem of financial data reliability or even to improve the data integrity, security and confidentiality most of previous studies called the professional bodies and standard setters to set standards to govern the IFR and to protect the users. Other researches such as Khadaroo (2005) recommended "to make link between the financial information provided by the company website and the auditor's website or even to host the annual reports on the auditors' website to avoid any unofficial changes for those reports".

In brief the incremental demand for relevant (timeliness) information may lead to dissemination of less reliable information in terms of inaccuracy or incompleteness of uploaded information.

3/Lack of Regulations:

Lymer et al., (1999) stated that; "around the world an ever-increasing number of companies have World Wide Web (Web) sites on the Internet. In addition to sales and customer service materials, a growing percentage of those companies are placing business reporting information, including financial data, on their sites. Even a cursory review of these Web sites reveals a very wide diversity in terms of content and presentation of information. Content ranges from entire annual reports, quarterly statements, and press releases to the other end of the spectrum where companies display only summary information. Presentation styles are equally diverse ranging from static information at one extreme to sites that are enlivened with sound, video, and interactive and dynamic features at the other extreme. Yet the Web-based reports that can currently be viewed only represent the first stages of development in online reporting of corporate performance".

Paralleling the rapid growth in Web-based financial and business reporting has been a remarkable growth in online investing. A wide array of individuals is regularly trading online. Many of these investors conduct all of their trading and research via the Web without any form of personal guidance from brokers or other investment professionals.

At the same time, there are rapid changes in business-to-business electronic commerce (ecommerce). Increasingly, new relationships are being formed to establish trading arrangements in Web-facilitated commerce. A probable success factor for the establishment and long-term success of these relationships is the provision of high quality, and online business reporting information on the trading partners so as to raise the level of trust between the ecommerce partners.

The growing significance of electronic performance reporting and ecommerce brings opportunities, challenges and implications for the accounting profession and ultimately for the applicable regulatory organizations both domestic and international. Despite the rapid adoption of the Web for corporate performance reporting, with the exception of France, there are currently no national regulations, standards or guidelines that specifically apply to these Web sites. As such, companies appear to be free to select any specific combination of content and presentation from the vast multitude of possible content/presentation combinations.

Ettredge et al., (2001) argued that; “there are no regulations or official bodies which either call for or stop companies to disclose any information on the internet”. Jones and Xiao, (2004) concluded that; “Internet financial reporting on a firm's website is mainly voluntary and unregulated in most countries”.

Notwithstanding Lymer et al., (1999) “prepared a report for the International Accounting Standards Committee (IASC) about business reporting on the internet. They observed that a number of regulatory bodies with interests in financial information have already become involved in the ways in which this data is produced, disseminated, and used electronically”.

Given their remits as custodians of this data in many jurisdictions, this is not surprising. An example includes the SEC, which is heavily involved in managing the production and dissemination of electronic accounting data via Electronic Data Gathering, Analysis, and Retrieval (EDGAR). The SEC is, however, becoming more involved in how this data is used electronically by becoming more active in pursuing perceived misuses of financial data and those who attempt to manipulate capital markets using electronic data.

Other regulators around the world are also becoming active in this area including the Australian Securities and Investments Commission (ASIC), the Toronto Stock Exchange, Spanish securities regulator, the Deutsche Bourse, the Austrian registrar of companies (amongst others) who have each made pronouncements on the submission or use of electronic accounting data in various ways. Other regulators, such as the UK Stock Exchange and the national filing agency, Companies House, have remained largely quiet on this subject to date, though it is certain many have active projects in this area that will become more visible in the near future.

It is obvious that the remarkable and rapid development in the internet financial reporting required considerable efforts to set standards and regulations to protect the users. As argued by Trites, (1999);“the dissemination of financial statements on the internet increases the risk as the information may be presented outside the GAAP and this is an important issue which needs to be dealt by setting standards".

4/Access problems:

The access to the internet differs from country to another. While the majority of population has the access to the internet in the developed countries, only few of the population have the access to the internet in the developing countries. As per the International Telecommunication Union (ITU) the user's percentage of the population in year 2010 was (91%) in Netherlands, (85%) in the United Kingdom, (82%) in Germany, (80%) in Japan, (79%) in the United States, while it was (21%) in Kenya, (9%) in Indonesia and (4%) in Bangladesh.

By disseminating financial information on the internet, information users can search, filter, retrieve, download, and even reconfigure such information at low cost in a timely fashion. The Internet allows for hyperlinks, search engines, multimedia, and interactivity. The Internet provides new disclosure opportunities, [Wagenhofer (2003)]. In addition, Wagenhofer stated that IFR offers equal access to all users and reduces the information advantages of some institutional investors relative to others. Most researchers confirmed that the IFR improves accessibility and flexibility of information. However, and in this regards the internet reporting faces many problems part of these problems is that not all users have access to the internet particularly in the developing countries. Moreover, Adams and Frost, (2003) stated; "not all users have similar access to information that they would have with other sources, such as a hard copy report".

III. Summary and Conclusion

This paper surveyed the literature for the factors that support or discourage the voluntary internet financial reporting. Studies have identified various factors that support voluntary internet financial disclosure. These include timeliness and updatability, cost savings, presentation flexibility and feedback, widening information provision among many others. Studies also point to discouraging factors of internet financial reporting that include boarder problem, information overload, reliability, integrity, confidentiality of disclosed data, lack of regulations, access problems among other hampering factors.

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