

Internet Financial Reporting by Malaysian Preparers

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Abstract

This research seeks to provide valuable new insight into the issue of various aspect of Internet Financial Reporting (IFR) by Malaysian preparers companies listed on the Main Board of Bursa Malaysia. Perceptions of factors and benefits in using this new technology for financial reporting were also examined. The perceptions of preparers of financial information were solicited using a survey mailed questionnaire. The findings of this study suggested three main benefits to companies that engage in IFR: attract foreign investors, promote company to the public, and attract local investors. The findings also revealed that three main benefits to the users who collect financial information of companies via their website are: increases timeliness and efficiency in obtaining financial information, helps users in the decision making process, and provides another medium of disclosure. The findings suggested three factors that are perceived as important by responding firms to engage in IFR: enhance corporate image, company teller with the technology development, and competitors in the industry. The findings also revealed three factors that inhibit firms from engaging in IFR: need to keep information updated to be of use, required expertise from the company, and concern over security of information. Finally, plausible implications of the findings of the study are then presented and future research will also be discussed.

Keywords: *Preparers, Benefit, Factor, Internet financial reporting, Malaysia*

1. INTRODUCTION

Financial reporting developed in the early 21st century from the traditional design of the printed annual report to the contemporary Internet Financial Reporting (IFR) aiming specifically to satisfy varying users' needs (Al-Htaybat et al., 2011). The rapid development of internet technology and communication (ICT) has changed the method in which a company delivers information to their shareholders, clients, suppliers and other customers (Bonson & Escobar, 2006). In the Internet era many listed companies have decided to use Internet as a communication tool for investors' relations (Pervan & Sabljic, 2011). The Internet is very exciting medium to look into especially with regards to presentation, disclosure and financial reporting (Ali Khan & Ismail, 2012a). The Internet provides a unique form of corporate voluntary disclosure that enables companies to provide information instantaneously to global audience (Abdelsalam et al., 2007).

The Internet has developed as a key communication channel for disseminating corporate information since the late 1900s. The Internet has become an influential medium being constantly utilised for presenting corporate information such as financial reports (Ali Khan & Ismail, 2012a). The emergence of the Internet, as a new medium of communication, has open up information exchange on a global scale, offering major opportunities for fast and cheap information transfer (Al-Htaybat, 2011). Currently, companies' websites have existed as the important medium for corporate report (Trabelsi et al., 2004). For instance, websites have been utilized to deliver corporate information to inventors worldwide (Abdelsalam & Street, 2007), promoting the corporate identity (Poon et al., 2003; Topalian, 2003), distributing information about an organization and its activity (Chan & Wickramasinghe,

2006; Sriram & Laksmana, 2006), presenting financial information to shareholders, investors and other important parties (Hodge & Pronk, 2006; Abdelsalam & El-Masry, 2008) and becoming one of users' most frequently used source of information (Ali Khan & Ismail, 2012a).

The Internet also enables organizations to disclose information on real-time basis and increase the accessibility of both financial and nonfinancial information (Bollen et al., 2008). The Internet is a technology with the power to revolutionise external reporting and is becoming increasingly important for financial reporting (Jones & Xiao, 2004) and increasingly popular subject of research (Ali Khan & Ismail, 2012a). The Internet revolution has altered the traditional flow of accounting, auditing and accountability information to various interest groups (Khadaroo, 2005). Technological advancement has made the Internet a useful, timely and cost-effective tool for communication of financial information to stakeholders (Mohamed et al., 2009). The internet has turn into an important medium for research especially in the field of financial reporting and disclosure (Khan, 2006). Internet has been dubbed as more influential for financial report than using papers (Debreceeny et al., 2002) and has turned out to be more important and interesting thus providing a wider field for deeper explorations (Jones et al., 2001; Xiao et al., 2002).

A comprehensive review of existing literature on IFR indicates a significant evolution of IFR research. The evolution of IFR research can be categorized into several research themes; classification of IFR, descriptive studies, association studies and dimension of IFR (Ali Khan & Ismail, 2008; Ali Khan & Ismail, 2012a). The classification of IFR research also can be divided into several categories: terms, dimensions, classifications of previous studies and exploration or association studies (Ali Khan & Ismail, 2011a). While researchers have given considerable attentions to IFR research over the last decade, there are still enquiries that need to be addresses, especially in explaining the relationship between corporate behaviour, attitudes and preferences of preparers of IFR, especially in the context of Malaysia. Therefore, this study attempts to fill the gap by investigating the perceptions of preparers of financial information and to solicit their views about the factors and benefits of IFR.

The rest of this paper is arranged as follows. The next section provides an overview of IFR. Section three discusses about the research methodology, followed by research findings. The paper ends with a conclusion and suggestions for future research.

2. PROBLEM STATEMENT AND RESEARCH OBJECTIVE

The earlier studies on IFR were published in mid-1990s (Ali Khan, 2010), in year 1996 and 1997. The corporate interest in internet usage started as a medium for advertisement (Allam & Lymer, 2003). Beside that organizations were also interested in using internet technology for marketing, selling (Lymer, 1997), financial reporting (Xiao et al., 2002; Ali Khan & Ismail, 2012a), disseminating information strategy for Islamic Banking (Mokhtar & Azhari, 2004), corporate image (Bonson & Escobar, 2006 and financial and environmental purposes (Al Arussi et al., 2009). Initially, the reasons for developing websites were confined to marketing, information groundwork and branding (Taylor, 1998; Mohamad et al., 2006). IFR has become a focus of urgent investigation at the international level (Al-Htaybat, 2011).

Even though there are a lot of researches carried out with regard to IFR including those in developing country like Malaysia, the understanding on the benefits and factors that influence IFR is still blurring. Therefore, this research tends to examine in depth the various aspects of IFR. The different outputs found by different researchers resulted with different research findings. Relatively, this has lead to the inability in giving clear explanation on the phenomena. Therefore, the various aspects of IFR is an important agenda and should be

explored so that it will give a meaningful and significant contribution to academicians and industrialists. It is hoped that the research will explain the instability of previous findings. Furthermore, it is hoped that the findings will help the researchers to provide a clearer explanation on the level of IFR. Thus, there is the necessity to carry a research on the various aspects of IFR in Malaysia. The following section explains findings of previous research, which provide the basis for the present studies.

3. PREVIOUS STUDIES

Consistent to the development of Internet technology which started in the early 1990's, the same happened to research on account disclosure which also covers IFR. However, the earlier researchers on IFR are descriptive in its characteristic (Allan & Lymer, 2003). The main focus of the researches evolves on the existence of websites among Bursa Malaysia listed companies and whether the companies have provide specific information on the companies' websites (Petraevick & Gillett, 1996; Louwers et al., 1996; Lymer, 1997; Flynn & Gowthorpe, 1997; Gray & Debreceeny, 1997; Petraevick & Gillett, 1998). Besides researches by academicians IFR issues also gain interest from accounts professional bodies like Institute of Chartered Accountants in England and Wales (ICAEW, 1998, 2004), International Accounting Standards Committee (IASC, 1999), Canadian Institute of Chartered Accountants (CICA, 1999) and Financial Accounting Standards Board (FASB, 2000, 2001).

The practices of IFR have been researched extensively focusing on the preparers' perceptions since late 1990s (Al-Htaybat et al., 2011). Most of the researches on the usage of internet are mainly focused to Europe and United States compared to Asian countries (Tan & Teo, 1998). On the other hand researches related to IFR are carried out in developed countries like United States (Petraevick & Gillett, 1996; Ashbaugh et al., 1999; Ettredge et al., 2001; Kelton & Yang, 2008), United Kingdom (Lymer, 1997; Marston & Leow, 1998; Craven & Marston, 1999; Abdelsalam et al., 2007), Japan (Marston, 2003), Australia (Lodhia et al., 2004; Chan & Wickramasinghe, 2006), New Zealand (McDonald & Lont, 2001; Oyelere et al., 2003) and Ireland (Brennan & Hourigan, 1998; Abdelsalam & El-Masry, 2008). Limited researches are carried out in developing countries (Davey & Homkajohn, 2004; Khadaroo, 2005; Celik et al., 2006; Barako, Rusmin & Tower, 2008; Al Arussi et al., 2009). Besides that, researches on the level of IFR and determining factor need detailed evaluation and analysis (Hanifa & Ab. Rashid, 2005). It is due to the fact that only limited researches examined influencing factors of company practicing IFR (Chan & Wickramasinghe, 2006). In the context of developing country like Malaysia, academic research in the field of IFR is still in the elementary stage. (Hassan et al., 1999; Ismail & Tayib, 2000; Khadaroo, 2005; Al Arussi et al., 2009). Thus it is necessary to explore the issues of IFR in Malaysia.

Ali Khan and Ismail (2011a) reviewed existing literature relating to the IFR. The results show that the terms, dimensions and classifications related with IFR are inconsistent among the researchers. These differences contribute to the variations in the findings and thus unable to clearly explain factors influencing the behaviour of the IFR. The result also reveals that very few research focus on the development of IFR indexes to explain the level of IFR.

Ali Khan and Ismail (2011b) analyzed the issue of the level of IFR by companies listed on the Main Board Bursa Malaysia. Their discussion is based on the inconsistencies of the dimensions used in representing IFR by previous researchers who had carried out studies on IFR. The inconsistencies resulted in differences in the previous findings. Based on a comprehensive review, the level of IFR divided into two main dimensions, namely, content dimension and presentation dimension respectively. Their findings showed that the level of IFR of Bursa Malaysia listed companies started from 48.27 percent to 78.16 percent with a min of 65.10. Their findings also showed that the overall level of IFR listed companies on the Main Board Bursa Malaysia was considered good.

Al-Htaybat et al. (2011) researched the perceptions of users regarding IFR practices in Jordan. The author found that there is a strong agreement among the respondents on IFR being useable, accessible and available any time and from anywhere as a source of information for users' decision making in Jordan. However, users' perceptions regarding usefulness of IFR in decision making significantly differed. They addressed economic factors such as the cost of having Internet access and the cost of printing accounting information as two concerns regarding the future of IFR in Jordan. This indicates that an external variable, such as cost of Internet access, can influence the perceived usefulness of IFR. One possible remedy to the cost of Internet access could be to open the market for new telecommunication providers, thus introduce competitive pricing, as currently the market is rather monopolistic. They also clarified that the traditional copy of the annual report is still the preferable source of accounting information for Jordanian users.

Al-Htaybat (2011) investigated the current status quo of online reporting in 2010 and the study seeks to explain corporate online reporting in Jordan by using companies' characteristics as explanatory factors for any variations in disclosure. The current findings are the banking sector was with highest provide a website, because referred to the nature of this sector as they need to be connected with other international banks, and the majority of Jordanian banks offer online services. These results are consistent with the theoretical arguments of and with many of the prior empirical findings which showing a positive association between company size and IFR. Other than that, the extents of the technological factors advance IFR, thus the increase of companies using the internet in general and IFR. There is also a positive and significant association between company size, company performance, familiarity with being online and foreign ownership with the level of IFR, and the way of companies' website presentation.

Moradi et al. (2011) examined about the reasons for shortcomings in establishment of IFR in Iran. In order to collect the required data the financial managers of the listed companies in Tehran Stock Exchange (TSE) were questioned. The findings found that the financial managers' disinterest to present timely financial information is one the causes of the weakness to set up internet financial reporting system, while this is not the case as regards the spent financial resources in order for setting up the system. According to other findings of the research we can point to other factors affecting the establishing process of an internet financial reporting system. These factors are derived from the non-presence of required legal obligations to release information on the Stock Exchange based companies' websites, lack of a standard for internet financial reporting through websites, some managers' lack of awareness about the advantages of the IFR, problems relating to rendering of internet services (low internet speed, internet disconnection, etc), possibility of other rivals' access to any companies' major information via internet and those companies' disinterest to spend further costs and re-publish the related reports via their websites.

Abdul Aziz et al. (2011) reported on results of an empirical investigation of the IFR in Malaysia. The study is conducted primarily to examine the level of quality of IFR among the firms across the industries on the Main Board of Bursa Malaysia and to gain some insights on the utilization of potential internet technology in preparing the IFR. The results of the study would be of interest to the industries, particularly to the firms that prepare their financial reporting through the website in order to improve the quality of their IFR. From the qualitative index showed that firms that have IFRs achieved more than average quality score in terms of technology used in disseminating information and facilitating its user. The firms' sales and percentage of free float shares were proven to give a significant effect on the quality score. The findings also revealed that most of the Malaysian firms were good in facilitating users by providing helpful user support such as site search, link to homepage and the ease of access to financial information. Among the four categories in qualitative index,

user support was the category that was easily scored by the firms. It might be because it was a part of the web page design and it did not require any security information setting.

The selected empirical studies addressing determinants of IFR have been discussed by Ali Khan and Ismail (2012a). Several prior studies describe IFR disclosure and presentation in specific countries or listed companies on specific stock exchanges. Ali Khan and Ismail (2012a) provided the evidence links several firm specific characteristics with the level of IFR disclosure. These include the size of the firm, which appears to be positively associated with the disclosure on the Internet. Also, evidence on other variables examined is largely inconclusive. Ali Khan and Ismail (2012a) revealed that the trend of IFR researches starts from descriptive research, comparative research, association research, dimension and timeliness of IFR.

Ali Khan and Ismail (2012b) analysed the items which are important in IFR from the view of corporate annual report preparers. The study employs the survey questionnaires in gathering information from the respondents on significant items that should be listed under IFR checklist. Based on an extensive literature review, the level of IFR is divided into two, namely content dimension and presentation dimension. The result has shown five most important items in the current year which are: income statement of current year, balance sheet of current year, cash flow statement of current year, auditor report of current year, and annual report of current year (full text) which could illustrate the current content dimension. Presentation dimension on the other hand covers other five most important items which are the length of time taken to download the company's website, PDF annual report format, hyperlink to financial analysis, the existence of hyperlink in the annual report and link to the website. The result empirically proves that 87 items could be used for IFR checklist to ascertain IFR's level of disclosure.

Ali Khan and Ismail (2012c) investigated empirically the perceptions of users of corporate annual report on the various aspects of internet financial reporting (IFR). The perceptions of users of corporate annual report were solicited using a survey mailed questionnaire of four different user-groups. The findings of this study suggested three main benefits to companies that engage in IFR: attract foreign investors, promote company wider to the public, and provide wider coverage. The findings also revealed that three main benefits to the users who collect financial information of companies via their website are: increases timeliness and efficiency in obtaining financial information, makes investment decision process easier and faster, and provides information for company inexpensively. The outcome of the analysis revealed that three factors that are perceived as important by responding firms to engage in IFR: enhance corporate image, company teller with the technology development, and competitors in the industry. The findings also suggested three factors that inhibit firms from engaging in IFR: required expertise from the company, need to keep information update to be of use, and concern over security of information. Another important result revealed that increased information and analysis as the most important advantages from financial reporting on the Internet. Moreover, security problems are the disadvantages of placing financial information on the Internet. In additions, to the best of our knowledge, based on a comprehensive review of literature it can be concluded that little attention is given to the study of the interested parties especially preparers about their perception and attitude in relation to IFR issues especially in emerging markets like Malaysia.

4. METHODOLOGY

This section describes the research design of the study including sample description and data collection. The aim of this study is to examine and document the perception of preparers towards the benefits and factors of IFR. For this purpose, data were collected via

survey questionnaire. The target preparers of IFR are chief financial officer (CFO), finance manager and accountants. CFO, finance managers or accountants of the public companies listed on the main board represented the preparers. CFOs were chosen because they are knowledgeable, and skilful, and maintain high professional standards and ethical values (Gomes, 2009) and they are the senior executives who are responsible for both accounting and financial operations (Jiambalvo, 2004). These individuals also have the necessary knowledge and competency regarding IFR matters (Ho & Wong, 2003; Mohd Isa, 2006). Accountants have been instrumental in imposing an increasingly rigid and pervasive structure of regulation (Gowthorpe, 2000). Accountants' roles as gatekeepers, interpreters and beneficiaries of the accounting process they have significant influence in shaping reality (Morgan, 1988). The respondents were asked to indicate their opinions on a five-point scale in terms of strongly disagree to strongly agree.

The questionnaire was sent to elicit their opinion on of reporting financial information on the Internet. A total of 68 completed questionnaires were returned, representing 15.11% response rate, which is higher than the ample response rate (i.e. 15 to 20 percent) for a questionnaire survey (Standen, 1998). CFOs and accountants are busy people and are generally unwilling to participate in survey studies (see, for example, Ho & Wong, 2001), the low response rates (between 10 to 20 percent) were in line with the expectation of this study. Frazer and Lawley (2000) claimed that the results of most studies using survey method obtained the response rate of 10% or lesser. The response rate is considered as sufficient based on the fact that the response rate for survey method through post in Malaysia is around 10 to 16 percent (PricewaterhouseCoopers, 2002). This study respond rate is quite sufficient as compare with other previous studies which were 14 percent (Ku Ismail & Chandler, 2005), 13.29 percent (Mohd Isa, 2006), 15.10 percent (Gibbins et al., 2007) and 10.30 percent (Leng et al., 2007).

The questionnaire consists of two parts. Part one covers the demographic profile of the respondents with pertaining to general background information such as gender, age, education level and position. Part two consists of the respondent's perceptions toward benefits and factors of IFR. The properties of the questionnaires have been thoroughly tested for its content and validity. The data collected are then analysed and summarised. The results of the analysis are presented and discussed in the next section.

Apart from these studies, few studies on preparers' perception regarding the various aspects of IFR are available. Furthermore, none of the prior studies so far, to the best of our knowledge, collected a wide range of preparers' views regarding the various aspects of IFR practices in emerging capital markets. On that basis, this paper aims to report evidence about preparers' perceptions of the benefits and factors of IFR practice in Malaysia as one of the emerging capital markets. This serve to enhance our understanding of whether preparers consider IFR is such business environment as a useful and powerful source of information for decision making and investment purposes.

5. FINDINGS AND DISCUSSIONS

Table 1 presents a brief profile of the respondents. A total of 68 respondents participated in this study. The results show that about 53 percent of the respondents are CFOs while the remaining are finance managers and accountants. Two-third of the respondents is male. Majority of the respondents are non-bumiputera. Almost all respondents have at least a degree or a professional qualification.

Table 1: Profile of respondent

Demographic	Item	Frequency	%
Gender	Male	46	67.6
	Female	22	32.4
Race	Bumiputera	24	35.3
	Non-bumiputera	44	64.7
Academic certification	Diploma	3	4.4
	Degree / Professional	49	72.1
	Masters/PhD	16	23.5
Occupation	Chief Financial Officer	36	52.9
	Finance manager	21	30.9
	Accountants	11	16.2

The following sections report the results of the preparers' perceptions toward the benefits of IFR to the company. Table 2 shows that 'attract foreign investors', 'promote company more widely to the public', 'attract local investors', 'provide wider coverage compared to the traditional form of annual reports', 'promote transparency' 'attract potential customers', 'discharge accountability' and 'enhance managerial efficiency' as the main benefits of IFR to the company (mean > 3.50). Almost the item can be categorized as the main benefits of IFR to the company. Table 2 show that over 75 percent of the respondents either agree or strongly agree that such policy benefits the companies because they are able to attract foreign investors, promote company more widely to the public, attract local investors, provide wider coverage compared to the traditional form of annual reports and promote transparency compared to the traditional form of annual reports. Thus, it can be deduced, from the perspective of preparers of financial information in companies, disclosure of financial information via the website is an alternative medium for communicating with their major stakeholders, namely customers and investors.

Table 2: Benefits to the Company

Item	Strongly disagree & Disagree		Neutral		Agree & Strongly agree		Mean	Std. Dev.
	No.	%	No.	%	No.	%		
	Attract foreign investors			13	19.1	55		
Promote company more wider to the public	3	4.4	8	11.8	57	83.8	4.15 (2)	0.797
Attract local investors			10	14.7	58	85.3	4.09 (3)	0.617
Provide wider coverage	1	1.5	12	17.6	55	80.9	4.09 (3)	0.787
Promote transparency	2	2.9	15	22.1	51	75.0	4.00 (5)	0.792
Attract potential customers	1	1.5	19	27.9	48	70.5	3.87 (6)	0.710
Discharge accountability	6	8.9	15	22.1	47	69.1	3.79 (7)	0.907
Enhance managerial efficiency	8	11.8	21	30.9	39	57.4	3.60 (8)	0.933
Improve financial performance	10	14.7	27	39.7	31	45.6	3.43 (9)	0.982

Table 3 reports that 'increase timeliness and efficiency in obtaining financial information', 'helps users in the decision making process', 'provides another medium of disclosure', 'provides information for company inexpensively', 'provides accessibility to the users' and 'makes investment decision process easier and faster' as the main benefits of IFR to the company (mean > 3.50). The findings show that over 75% of the respondents either agree or strongly agree that such policy benefits the users because they are able to increase timeliness and efficiency in obtaining financial information, help users in the decision making process, provide another medium of disclosure, provide information for company inexpensively and provide accessibility to the users. In general, the respondents' perception shows that all the items are the benefits of IFR to the company (mean > 3.50).

Table 3: Benefits to Users

Item	Disagree		Neutral		Agree & Strongly agree		Mean	Std. Dev.
	No.	%	No.	%	No.	%		
Increase timeliness and efficiency in obtaining financial information			14	20.6	54	79.4	4.10 (1)	0.715
Helps users in the decision making process			15	22.1	53	77.9	4.07 (2)	0.719
Provides another medium of disclosure	1	1.5	11	16.2	56	82.4	4.03 (3)	0.668
Provides information for company, inexpensively	4	5.9	14	20.6	50	75.6	4.00 (4)	0.881
Provides accessibility to the users	1	1.5	16	23.5	51	75.0	3.97 (5)	0.732
Makes investment decision process easier and faster			23	33.8	45	66.2	3.96 (6)	0.800

The following sections report the results of the preparers' perceptions toward the factors that influenced them to adopt IFR. Table 4 shows that 'enhance corporate image', 'company teller with the technology development' and 'competitors in the industry' as the three main factors that influence most influenced company to adopt IFR. The findings show that over 75% of the respondents either agree or strongly agree that factors influence company to engage with IFR is enhancing corporate image. The respondent perceptions show that all the items are the factor influence company to engage with IFR (mean > 3.00).

Table 4: Factors influence company to engage with IFR

Item	Strongly disagree & Disagree		Neutral		Agree & Strongly agree		Mean	Std. Dev.
	No.	%	No.	%	No.	%		
Enhance corporate image	1	1.5	8	11.7	59	86.8	4.18 (1)	0.690
Company teller with the technology development	2	2.9	22	32.4	44	64.7	3.88 (2)	0.838
Competitors in the industry	7	10.3	20	29.4	41	60.3	3.66 (3)	0.924
Directors desire to engage IFR	5	7.3	25	36.8	38	55.9	3.62 (4)	0.811
Obligations to community	6	8.8	26	38.3	36	52.9	3.60 (5)	0.866
Obtain funds from wider sources	6	8.8	30	44.1	32	47.1	3.54 (6)	0.921
Media attention	9	13.2	30	44.1	29	42.7	3.40 (7)	0.849
Receive government support	12	17.6	32	47.1	24	35.3	3.26 (8)	0.908
Stability and improvement in share prices	11	16.2	34	50.0	23	33.8	3.24 (9)	0.900
Pressures from stakeholders	17	25.0	27	39.7	24	35.3	3.16 (10)	1.016
Win awards	15	22.1	33	48.5	20	29.4	3.15 (11)	0.950

Table 5 reports that 'need to keep information updated to be of use', 'required expertise from the company' and 'concern over security of information' as the three main factors that most inhibited companies from adopting IFR. The findings show that over 60% of the respondents either agree or strongly agree that factors influence company not to engage with IFR are need to keep information updated to be use and required expertise from the company. The respondent perceptions show that all the items are the factor influence company not to engage with IFR (mean > 3.00).

Table 5: Factors influence company not to engage with IFR

Item	Strongly disagree & Disagree		Neutral		Agree & Strongly agree		Mean	Std. Dev.
	No.	%	No.	%	No.	%		
Need to keep information updated to be of use	3	4.5	17	25.0	48	70.5	3.90 (1)	0.866
Required expertise from the company	4	5.9	20	29.4	44	64.7	3.74 (2)	0.785
Concern over security of information	6	8.8	24	35.3	38	55.9	3.72 (3)	0.990
Concern over disclosure of proprietary information	6	8.8	24	35.3	38	55.9	3.63 (4)	0.913
Cost incurred outweigh benefits to company	9	13.2	28	41.2	31	45.6	3.50 (5)	0.985

Potential legal liability	10	14.7	25	36.8	33	48.5	3.47 (6)	0.954
There are alternative forms of obtaining information	7	10.3	30	44.1	31	45.6	3.43 (7)	0.834
Too costly to setup and maintain	13	19.1	21	30.9	34	50.0	3.43 (7)	0.935
Do not want to be too transparent	16	23.5	17	25.0	35	51.5	3.40 (9)	1.067
No legal requirement	11	16.2	28	41.2	29	42.6	3.37 (10)	1.021
Fear of losing competitive advantage	21	30.9	25	36.8	24	35.3	3.06 (11)	0.976

5.1 Additional finding

We also gave open ended question to the respondent to obtain their opinion on IFR in Malaysia. The result can be classified into four main themes, these are the expressed by the respondents:

5.1.1 General

"It is easy to get the annual report but the information should be more complete." CFO 1.

"The IFR practices in Malaysia are focusing more on the annual report." CFO 4.

"In my opinion, IFR is just a medium to disseminate the information through the Internet." CFO 8.

"IFR in Malaysia just focuses on Bursa Malaysia performance." CFO 9.

"IFR in Malaysia is developing." CFO 10.

"The level of IFR practice in Malaysia is still at the infancy stage. Company do not fully explore the facilities on the Internet." CFO 15.

"For me, IFR is just a medium. The most important thing is the content. If the content is similar to the hardcopy, with no value added, it makes little difference." CFO 16.

5.1.2 Advantage

"It is easy to get the financial information from interested parties. Among the advantages of IFR are: information can easily access and download, can make a comparison between their ratio and more useful to the potential investor" CFO 2.

"The IFR practice in Malaysia is easily accessed through Bursa Malaysia website." CFO 6.

"The big companies in Malaysia engage in IFR practice. The information is easy to access. Its save time and cost." CFO13.

"The practice of IFR in Malaysia is useful for investor and financial analyst but the content should be accurate and comprehensive." CFO14.

5.1.3 Disadvantage

"IFR in Malaysia is not widely implemented." CFO 3.

"The IFR practice in Malaysia is hard to access. If you can access, the information is too limited." CFO 5.

"IFR in Malaysia is not a popular practice, not too many companies report their information through the Internet." CFO 7.

5.1.4 Suggestion

"The level of IFR practice in Malaysia is satisfactory but still it needs improvement." CFO 11.

"IFR in Malaysia can be improved in term of their quality and content." CFO 12.

It can be concluded that almost the respondents agree the importance of IFR to be implemented in Malaysia. Otherwise, there are advantages and disadvantages of IFR, the rapid growth of the Internet technology has created the ability for firms to directly and instantly disclose their financial and non-financial information to worldwide users. Owing to its capacity in providing information at; (1) high speed, (2) can be accessed at almost any time and from everywhere, (3) low costs dissemination and wide coverage that are considered by the companies to be important are disclosed on the Internet. In addition, the Internet technology can become a perfect medium for information disclosure and communication.

6. CONCLUSION AND RESEARCH IMPLICATION

This paper has investigated and reported on the preparer's perceptions of the benefits and factors of IFR. Two important findings emerged from this study that can be used as a basis for future research. First, the respondents ranked that IFR implementation benefits the companies because they are able to attract foreign investors, promote the company to the public, attract local investors, provide wider coverage compared to the traditional form of annual reports and is better at promoting transparency compared to the traditional form of annual reports. Furthermore, IFR implementation benefits the users because IFR increases timeliness and efficiency in obtaining financial information, helps users in the decision making process, provides another medium of disclosure, provides information for company, inexpensively and provides accessibility to the users. Second, the respondents ranked enhance corporate image, company teller with the technology development and competitors in the industry as the most important factors that influence companies to adopt IFR. On the other hand, need to keep information updated to be of use, required expertise from the company and concern over security of information as the three main factors that most inhibited companies from adopting IFR.

On the whole, this paper provides important insights into the benefits and factors of IFR from the perspectives of preparers which are neglected by prior research. Although the research findings should be given serious consideration, there are several limitations of our study, and future research can be refine and broaden our analyses in several aspects. The first is the small sample size. As the Internet continues to evolve, we expect more companies to create websites and adopt IFR within the next few years. Therefore, it would be interesting for researchers to further investigate this issue with a larger sample size. Second, the subject being surveyed can be described as a top management issue and it may be that not all respondents can reveal all the confidential information. Third, questionnaire may not be the best way of collecting data about IFR. Further research could try other approaches, such as interviewing top management companies, various stakeholder groups, preparers, users and others interested parties. Fourth, this study only focuses on Malaysia. Future research may investigate and compare the issue between countries, especially between developed and developing countries. The generalisability of the current study to other emerging capital markets countries may contingent upon the results of future studies on the preparers' perceptions in those countries. Finally, the Malaysian environment may be unique and, therefore, our findings may not be generalized in other emerging capital markets countries. Replications of IFR practice in other national settings warrant potential research extensions of this paper.

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