INTERNET FINANCIAL REPORTING: A SURVEY OF COMPANIES LISTED ON THE GHANA STOCK EXCHANGE

DONALDSON KWAMENANEWORTOR

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INTERNET FINANCIAL REPORTING: A SURVEY OF COMPANIES
LISTED ON THE GHANA STOCK EXCHANGE

BY
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Business, University of Cape Coast in partial fulfilment of the
requirement for the award of Master of Business Administration degree
in Accounting

MAY 2019
DECLARATION

Candidate’s Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented to any institution either partially or in total for any academic award, publication, or other use. Where the studies of others are quoted, appropriate references have dully been acknowledged.

Candidate’s Signature:………………….. Date:……………………………..

Name:………………………………………………………………………………

Supervisor's Declaration

I hereby declare that the preparation and presentation of this dissertation has been supervised in accordance with the guidelines on supervision laid down by the University of Cape Coast

Supervisor’s Signature:………………….. Date:……………………………..

Name:………………………………………………………………………………
ABSTRACT

The primary objectives of this study are to: investigate the utilization of the internet by the companies listed on the Ghana Stock exchange (GSE) for financial reporting; to determine the company characteristics that influence the information disclosure on the internet; and to investigate whether there is a difference between the firms listed in terms of type of financial information disclosure on the internet. The methodology of the study was content analysis of corporate websites of companies listed on the GSE. The findings indicated that although all listed companies operate websites, only 21(61%) of the companies, which are predominantly in the banking and insurance sector, provide a complete set of financial information on the internet. Again, there exist variations in terms of the amount of content (e.g. summary financial statements vs. detailed financial statements), the style of presentation (e.g. similar to paper-based reports vs. inclusion of multi-media) and the manner in which companies incorporate navigation aids (e.g. hyperlinks, search boxes and others). Overall, the research finding is essential as it assists in informing regulators about the characteristics of listed companies that are, and are not, satisfying national and international investors’ demand of updated/online information. It also assists current and potential stakeholders to know what drives corporate internet reporting in Ghana. Consequently, they may further investigate and verify such reporting practices. In practice, online reporting can be used as an effective tool for improving stakeholders’ decision-making process. Therefore, further research can be undertaken to examine the degree to which online reporting provides value-relevant information for stakeholders.
ACKNOWLEDGEMENTS

I extend my profound gratitude to my Supervisor, Professor Edward Marfo-Yiadom for his professional support, guide, corrections, suggestions and comments. Even in his tight schedules, he still made time to make this piece of work a success.

Finally, I thank my family and friends for their unflinching love and encouragement throughout my studies, especially my parents Mr James Kwaku Asante and Mrs Rejoice Esi Asante, my wife Sandra Nana Ama Nanewortor.
DEDICATION

To my Beloved Daughter Enyonam Abena Nanewortor
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<tr>
<td>ADSL</td>
<td>Asymmetric Digital Subscriber Line</td>
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<tr>
<td>DAX</td>
<td>DeutscherAktienindex (German Stock Index)</td>
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<td>FASB</td>
<td>Financial Accounting Standards Board</td>
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<td>FINSSP</td>
<td>Financial Sector Strategic Plan</td>
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<td>FTP</td>
<td>File Transfer Protocol</td>
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<td>GSE</td>
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<tr>
<td>HTML</td>
<td>Hypertext Mark-up Language</td>
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<td>ISE</td>
<td>Istanbul Stock Exchange</td>
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<td>PDF</td>
<td>Portable Document Format</td>
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<td>SEC</td>
<td>Securities and Exchange Commission</td>
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<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>USA</td>
<td>United States of America</td>
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<td>XLS</td>
<td>Microsoft Excel file format</td>
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CHAPTER ONE
INTRODUCTION

Background to the Study

Internet financial report has become a phenomenon that has received attention of researchers especially from US and European countries due to the mandatory nature of the practice in those jurisdictions in the late nineties. The practice of disseminating business information in a digital format is spreading around the world (Bonson & Thomas, 2006), and becoming a very important part of business information services (Liu, 2000). As the Internet communication is multidirectional in nature and a very fast of transmission, companies can deliver unfiltered information to the public without a time lag (Garcia-Sanchez, Dominguez & Alvarez, 2011).

A company’s financial information is an important part of its overall accounting system. It has a special purpose in collecting, processing, and presenting financial data which is comprehensive and meaningful to all users especially investors. In the early days, firms disseminated financial information through paper-based reports, magazines, and newsletters. The advent of information technology and the World Wide Web witnessed significant changes in financial reporting especially by the end of the twentieth century. The development of corporate web sites and its usage was promoted as unique and indispensable information source for the stakeholders (The Global Information Technology Report, 2015)

Again, the current competitive environment is requiring more useful accounting information and so investors, social agents, clients, suppliers and other interest groups are demanding more relevant, and comparative
accounting information. Currently companies are also encouraged to disclose information beyond that which is mandatory to attract investors as well as to improve their image and reputation. In this context, the dissemination of accounting information on the internet is adding a new dimension to corporate reporting (Bonson & Escobar, 2002).

To meet the information needs of users, companies in the developed countries started to disclose financial and non-financial information on the internet. Being the fastest mode of communication, the internet has the widest reach in the present world of globalized economies. Technology that has the potential to exhibit distinctive and attractive information features, which makes it a more efficient and cost effective than the traditional methods of print media (Garg & Divya, 2010).

Although Internet reporting is still in its infancy particularly in Ghana, providing financial reports voluntarily via the internet is expected to be an important and increasingly used tool that can enhance investor relations and traditional corporate report offerings. The literature shows that internet financial report increases the understanding of financial information through using various advanced data presentation methods (e.g. video, audio, graphic and imaging technology), and gives firms and users an opportunity to access the financial information possibly on real-time and interactive bases (Aly, Simon & Hussianey, 2010).

Previous studies demonstrate that, research focus on the subject have evolved and tend to change over time. In the 90s, researchers have investigated whether companies have websites or not, and information contents of the web
sites (Deller, Stubenrath & Weber, 1999; Gowthorpe & Amat, 1999; Hurtt, Hurtt, Kreuze & Langsam, 2001; Khadaroo, 2005). In the 2000s, research attention was on the association of information disclosed on corporate web sites with some firm characteristics (Abdelsalam, Bryant & Street, 2007; Bonson & Escobar, 2006; Gutierrez-Nieto, Fuertes-Callen, Serrano-Cinca, 2008; Marston, 2003; Marston & Polei, 2004; Sriram & Laksmana, 2006; Xiao, Yang, & Chow, 2004).

Recent studies have also bordered on the determinants of corporate financial reporting. Examples of such studies include that of works of Aly, Simon & Housainey, (2009), Uyar, (2011). Additional key dimension that run across in such studies include audit-related issues of internet reporting (Fisher, Oyelere, & Laswad, 2004; Khadaroo, 2005b; Lymer & Debreceny, 2003).

In the context of Ghana, government has long recognized the need for establishing business-enabling structures with strong investment incentives since the deregulation periods in the 1980s. As a result, wide-ranging legislative packages have been drafted and introduced, to foster more efficient and transparent business environment such as Income Tax Law, Securities Law, Investment Promotion Law, and Companies Act.

In addition, Ghana has adopted International Financial Reporting Standards, in place of Ghana National Accounting Standards, as of 1 January 2007, for all listed companies, government business enterprises, banks, insurance companies, security brokers, pension funds, and public utilities. The adoption comes with myriad of advantages to companies. These include easy access to cross border investments and capital allocation, raising the quality of financial reporting and improvements in financial reporting.
Another area of interest, which seems almost neglected, is the trend of companies’ use of the Internet to disclose financial information. “The International Accounting Standards Committee (IASC) have stated that in the near future business reporting to stakeholders will move almost entirely from the current primarily print-based mode to using the Web as the primary information dissemination channel, with the print-based mode as secondary channel” (Lymer, Debreceny, Gray & Rahman, 1999).

**Statement of the Problem**

Corporate reporting on the Internet is a new approach in emerging economy for outside decision makers to access relevant accounting information. To meet the information needs of users, companies in the developed countries started to disclose financial and non-financial information on the internet. Being the fastest mode of communication, the internet has the widest reach in the present world of globalized economies. A technology has the potential to exhibit distinctive and attractive information features, which makes it a more efficient and cost effective than the traditional methods of print media (Garg and Divya 2010).

The current competitive environment is requiring more useful accounting information and so investors, social agents, clients, suppliers and other interest groups are demanding more and more relevant, comparative accounting information. Currently companies are also concerned to disclose information beyond that which is mandatory to attract investors as well as to improve their image and reputation. In this context, the dissemination of accounting information on the internet is adding a new dimension to corporate reporting Bonson & Tomas (2002).
Therefore, the researchers have focused on corporate reporting on the web sites in recent years. The limited scope of such research in developing countries (Hamid, 2005) renders focusing on developing countries quite important. In particular, lack of a comprehensive study about corporate reporting on the internet in Ghana, an important developing country, is the primary motivator for this study.

Furthermore, the increase in the market value that a company can obtain when it improves its corporate governance practices is much greater in emerging markets: this means, that corporate governance practices matter more in countries where legal protection is weak. (Garay, Maximiliano, Alexander, & Maria, 2013) argued that in the 21st century the use of the internet in corporate governance communication is of utmost importance. As a result, companies may enhance their market valuation by improving the quality and the amount of the voluntary information that they disclose (Patel, Balic, & Bwakira, 2002).

Towards this end, determining where the Ghanaian-listed companies stand in terms of corporate reporting on web sites is critical. Since Ghana needs external capital to sustain the high growth rate and the biggest agency problem centers on asymmetric information and expropriation by majority shareholders, it is very important for firms to be transparent. Although the study is an extension of prior research and builds on the same lines of research conducted earlier, this study first examine whether the information disclosed on sample companies’ web sites are different from those available on the GSE web site, thus providing a more focused and specific result.
Finally, the study tries to disclose the relevant characteristics of those companies that report financial information on the internet in Ghana and provides a valuable insight into Internet Financial Reporting in such emerging economy, which will benefit all stakeholders. In order to fill the gaps in the literature, this study describes the existing online financial reporting amongst listed companies in Ghana; to find out whether or not the companies on the stock exchange disclose some type of financial information on their websites, what are the formats used, and whether there are differences in terms of company characteristics.

**Purpose of the Study**

The aim of the study is to examine the extent of internet financial report amongst companies registered on the Ghana Stock Exchange.

**Research Objectives**

1. Ascertain whether companies listed on Ghana Stock exchange disclose any form of financial information on their websites.

2. Explore the nature of reporting used by the companies listed on the Ghana Stock Exchange in publishing financial reports on the internet.

3. Examine whether internet financial report amongst companies listed on the GSE varies across company characteristics.

**Research Questions**

1. Do companies listed on Ghana Stock exchange disclose any form of financial information on their websites?
2. What formats do companies listed on the Ghana Stock Exchange use in publishing financial reports on the internet?

3. Does internet financial report vary across company characteristics?

Significance of the Study

The main significance of the current study is to fill some of the gap in the literature by shedding more light on the practice of financial disclosure on the internet by companies listed on the Ghana Stock Exchange (GSE). The study’s relevance is deemed beneficial to a number of stakeholders including the investor community, standard setters and regulators, government, auditors and compilers of financial statements.

Delimitation of the Study

The scope of this study will be restricted to the area of fundamental element; corporate governance elements and corporate social responsibility of financial statements. Furthermore, the study focused on companies operating in Ghana, which have chosen to report via the internet using their own websites.

Limitation of the Study

The major limitations of this study rest primarily on the variables selection and measurement as well as access to data for the study. Due to the methodology employed, the researcher was unable to obtain other information related to financial reporting other than what was available on the internet.
Organization of the Study

The research is divided into five main chapters and under each, specific sub-topics are discussed. Chapter one comprise of background of the study, statement of the problem, objectives and research questions, significance of the study, limitations and delimitation and chapter organization. Chapter two entails the review of related literature to the study. Literature was reviewed on internet, internet financial report, internet information reporting amongst companies, factors responsible for internet reporting and motives behind internet financial report.

The third chapter outlines the research methodology employed for the study. These include; the study area, research philosophy, research design, sources of data, population and sampling procedure and sampling techniques. More so, it discusses the method of data collection, data collection instrument, and data collection procedures. Chapter four involves presentation of results. The analysis and discussions were based on the research objectives and questions for the study. Finally, chapter five presents a general summary of the study, summary of main findings, conclusions, recommendations. In addition, suggestions for future studies were outlined.
CHAPTER TWO
LITERATURE REVIEW

Introduction

This section reviews relevant literature on internet financial report. Topics reviewed include voluntary and mandatory disclosure, theories on financial reporting, factors influencing companies’ internet financial report, benefits associated with internet financial report. The chapter continues to look at certain issues such as international accounting standards, practices and regulations.

Financial Reporting

Financial reporting is a business communication that involves the art of communicating financial information about the business entity to users such as shareholders, and managers. Shareholders and investors require updates concerning their investments, which help them ensure that managers are accounting properly for the resources under their stewardship. On the part of the shareholders, it is a relevant tool for assessing the performance of the management. Financial reporting involves the disclosure of financial information to management and the public (if the company is publicly traded) about how a company is performing over a specified period. Financial reports are usually issued on a quarterly and annual basis; usually serving two primary purposes. First, it helps management to engage in effective decision-making concerning the company's objectives and overall strategies. The data disclosed in the reports can help management discern the strengths and weaknesses of the company, as well as its overall financial health (Adeleke, Akinselure, & Oluwafemi, 2015)
Second, financial reporting provides vital information about the financial health and activities of the company to its stakeholders including its shareholders, potential investors, consumers, and government regulators. It is a means of ensuring that the company is been run appropriately. According to the modern framework, the objective of financial reporting is to supply useful information to stakeholders. Thus, for example, the American Financial Association Standard Board (FASB) in its conceptual outline states that financial reporting should provide information useful to investors, creditors and other users (Grimsley, 2015).

The Internet

The internet since the early 1990’s saw a transformation that embodies social, economic, political, technical, and cultural processes. The phenomenon has affected countries, communities, and individuals and businesses in every part of the world. The convergence of information communication and technology, and the development of portable multi-media services create an infrastructure for people and organizations to access and use the internet. The Internet has become undoubtedly the most prominent tool in today's business environment creating a flatter and a more interconnectedness (World Bank Group, 2002).

The use of internet has shown a very rapid growth during the last decade in almost every country in the world. People use the internet at home, at work and other locations such as Internet cafes to send/receive e-mails, chat, research, download music or images, and to do many other activities. At the organizational level, the Internet contributes to an organization's market competitiveness as well as access to timely and reliable information. Today,
the Internet links millions of computers and people all over the world at a time of numerous applications such as the Web, email, chat and remote exchange of data (File Transfer Protocol) (O’Leary & O’Leary, 2002). Each day, more than a billion people worldwide use the Internet, enabling an efficacious use of numerous business applications.

**Company’s use of the Internet for Financial Reporting**

Internet financial report is a phenomenon that started in Europe as a financial regulatory mechanism adopted by the European Union. Since then the usage of the internet for financial reporting has become a growing phenomenon across the world. According to the research conducted by Cooke (1989) on company use of the Internet for presentation of financial information, the use of company websites for this purpose has averaged around 70 percent. This has implications on various factors, including the application of laws and regulation to online financial reporting, security of online financial information, applicable accounting standards, auditing procedures, audit implications, corporate governance disclosure, and quality of financial information presented online as well as completeness and timeliness of information. In the words of Cucuzza & Cherian (2001), E-Business tools are providing new ways to communicate vast quantities of information, in an environment where information flows continuously and without hindrance.

To understand the concept of internet financial better, it is important to note the differences between traditional means of financial reporting and using the Internet for financial reporting disclosure. The major difference between traditional representation of financial information (hard copy) and the internet is that, with the internet, it is virtually global because there are no boundaries
as to who uses the information. Another difference lies in the simultaneous release of opinions of third parties such as analysts that did not exist with hard copy Hossain, Ahmed & Leo (2012) Also, the publication of company’s information on third party website, in cases when no financial reporting may be present on a company’s primary website (KPMG, 2017)

Financial reporting on the company’s website should be able to cater for the needs of various stakeholders, providing information from summaries to detailed reports. The second source of information repository could be a third party such as an analyst or a finance website that may provide financial reports of companies free of charge or at a cost. The concern that this may raise is the verifiability and authenticity of the financial reporting information. Majority of this information may not be verified by any party regarding content and quality (International Federation of Accountants, 2011)

**Internet financial report and Company Characteristics**

Buzcut (2011) surveyed websites of companies listed on Istanbul Stock Exchange and found that company size, type of auditor and corporate governance affect internet financial report. In Al-Mohghaiwli’s (2009) study on internet reporting amongst listed companies in Qatar, he found that, even though majority of firms owned websites, few of the firms published any form of financial information. Of the companies that published company size, and ownership structure were key influencing variables. Allam & Lymer (2003) examined corporate internet reporting in US, Canada, UK, Australia, and Hong Kong utilizing a 36-item disclosure index addressing 12 general attributes and 24 Financial/Annual Report related attributes of financial
reporting on the net. They found that company size was significantly positively associated with the quality of financial disclosure in Australia only. Marston & Polei (2004) examined the IFR practices of 50 German companies listed on DAX 100 between 2000 and 2003. They found that, for the year 2000, company size and free float were significantly positively associated with the quality of financial disclosure. For the year 2003, the evidence links company size, profitability, and ownership diffusion with the quality of internet financial report.

Xiao, Yang & Chow (2004) examined IFR practices of 300 Chinese-listed companies and found that, for the 203 with website, the variables size, industry, ownership, and leverage were the determinants of voluntary internet-based disclosure of listed companies. Hossain & Reaz's (2007) study also indicated that size and assets-in-place are significant and other variables such as age, diversification, board composition, multiple exchange listing and complexity of business are insignificant explaining the level of disclosure.

**Formats for Reporting on the Internet**

In terms of internet financial report, there are various technical opportunities and formats for the presentation of information. A company can publish its financial data in various forms, in HTML, PDF, XLS, audio and video files as well as hyperlinks. Research on financial information published on websites (e.g. Gray, 2001) indicates that companies frequently include downloadable versions of their annual reports in an Adobe Acrobat Portable Document Format (PDF) file. The PDF file format is popular and easy to create from original documents, and when downloaded and printed, these files provide an exact duplicate of the printed annual report. It is not only
inexpensive for companies to produce an Adobe Acrobat version of printed reports (Jones & Stanwick 2001), but PDF files are also safe because of the difficult in altering these documents (Bagshaw, 2001).

Buzcut (2011) surveyed websites of Istanbul Stock Exchange and found that, large companies audited by international auditing firms are more likely to use sophisticated disclosure formats such as audios and videos files, and hyperlinks. Pervan (2005) study on internet financial report and the practice of Croatian Joint Stock Companies quoted on the stock exchanges revealed that 14 stock companies (37%) use the PDF format for the publication of financial reports, which is the most frequent practice in developed countries.

The study also found that the basic advantage of the PDF format is that a hardcopy of the document will exactly reproduce that which is found on the Internet. However, XLS (or some other spread sheet format suitable for calculations) is a very suitable format for the publication of data, because it enables direct calculation of various indicators and the use of numerous mathematical and statistical functions.

The basic advantage of publishing financial reports in this format is the rapid and simple use of the data published in the user, because there is no need for copying out the data, which avoids user-created errors, saves time and additional costs. However, the XLS format is used by only two companies from the basic set (Pervan, 2005).

According to these authors, most financial information currently contained on the internet simply duplicates the hard copy or portions of the
hard copy in hypertext form. They also pointed out that most companies placed more emphasis on other information such as product information and marketing, thus financial information is hidden under other topics such as: corporate overview; stockholder information; and financial information.

**Voluntary and Mandatory Financial Disclosure**

Disclosure is defined as the communication of economic information whether financial or nonfinancial, quantitative or otherwise concerning a company’s financial position and performance (Owusu-Ansah, 2005). Corporate disclosure falls into two broad categories: mandatory and voluntary. On one hand, mandatory disclosure consists of information disclosed in order to comply with the requirements of laws and regulations. On the other hand, voluntary disclosure is any information disclosed in addition to the mandatory disclosure.

Voluntary disclosure is defined by Meek et al. (1995) as “free choices on the part of company managements to provide accounting and other information deemed relevant to the decision needs of users of their annual reports”. Voluntary disclosure is aimed at providing a clear view to stakeholders about the business’s long term sustainability and reducing information asymmetry and agency conflicts between managers and investors (Healy & Palepu, 2001; Boessco & Kumar, 2007).

Usually, firms release earnings reports at varying mandated intervals, but voluntary disclosures are more informative about “true” earnings in their setting because they are based on managers’ private information. They also found that increased mandatory reporting results in more informative voluntary disclosures by managers. Stocken (2000) contends
that, in the absence of a mechanism to enforce verifiability, voluntary disclosures are not credible and therefore are ignored by the market.

Today, some large corporations voluntarily disclose information on the internet for lower costs as they have the resources to do so. However, due to the industrial competition between companies, smaller firms tend to hide their important information (Almilia, 2009; Marston, 2003), which hinders voluntary disclosure of financial information.

The Regulatory Environment for Financial Reporting

Financial reporting whether in printed or online must be guided by regulations and principles. The regulation environment in Ghana comprise of all the legislations and codes of conducts or standard rules that govern business administration and financial reporting in the country. These include both legislations at the regulatory level and at the corporate or business level. Ghana has developed several frameworks that also strengthen and guard financial reporting over the years. Some of these include:

- The Ghana Companies Act 1963 (Act 179)
- The Ghana Stock Exchange
- Securities and Exchange Commission (Calkeon, 2018)

Although many companies have country specific financial regulation regime, most organizations rely on the International Accounting Standard Board (IASB) financial reporting standards. According to White (2004), internet financial report comprise of a set of core accounting standards and principles that increase consistency, transparency, comparability of financial statements. The overall objective of the reporting on the internet
is to provide a global framework to guide how companies prepare and report financial information.

In January 2007, the Minister of Finance and Economic Planning - Ghana formally launched the adoption of International Financial Reporting Standard. By December 2007, listed companies, government business enterprises, banks, insurance companies, securities brokers, pension and investment banks and public utilities are expected to prepare their financial statements in accordance with the International Financial Reporting Standard (United Nations Conference on Trade and Development, 2008). The Institute of Chartered Accountants Ghana (ICAG) is the regulatory body in Ghana with support from the government and responsible for regulating how companies are complying with the standard.

In terms of relevance of the International Financial Reporting Standards, Gupta and Randhaway, (2004) outlined the following as major significance:

- Common financial language
- Transparency in acquisition
- Consolidation
- Securitization
- Access to cheaper capital
- Leveraging on research cost
- Multiple listings.
Ghana Stock Exchange

The Ghana Stock Exchange is the principal stock trading house in Ghana. The Ghana Stock Exchange was established in 1989 with commercial operations beginning a year later. The stock exchange was established after the idea laid on the drawing board for almost two decades prior to its implementation. In February 1989, the issue of establishing a stock exchange moved a higher gear when a 10-member National Committee, under the Chairmanship of Dr. G.K. Agama, then Governor of the Bank of Ghana, was set up by the Government as a private company limited by guarantee under the Companies Act 1963 (Act 179). A stock exchange is basically an organized and regulated financial market where securities (bonds, notes, shares) are bought and sold at prices governed by the forces of demand and supply.

The Ghana Stock Exchange regulates the dealings of members with their clients and other members. The Ghana Stock Exchange is the sole regulator mandated to control dealings or transactions between listed companies who are members of the stock exchange and their clients who purchase their stocks. If they do not control such dealings, it may amount to members or clients inbreach upon the rules governing the country.

The Ghana Stock Exchange provides the facilities and framework to the public for the purchase and sales of bonds, shares and other securities. The stock exchange was also set up to provide facilities that will enable individuals, firms and others to trade on the stock market. This objective is achieved through the help of its authorized agents. To control the granting of quotations on the securities market in respect of bonds, shares and other
securities of any company, corporation, government, municipality, local
authority or other body corporate.

To co-ordinate the stock dealing activities of members and facilitate
the exchange of information including prices of securities listed for their
mutual advantages and for the benefit of their clients. To co-operate with
associations of stockbrokers and Stock Exchanges in other countries, and to
obtain and make available to members information and facilities likely to be
useful to them or to their clients.

Theoretical Perspectives

summarized that there are varieties of theories to explain the selection of firms
characteristics of financial disclosure. In a related research on voluntary
disclosure of financial information on the internet by large companies in
Slovenia, Dolinšek, Skerbinjek, & Tominc(2014) opined that two theories
agency and signaling) can be used in explaining company’s motives for IFR.
Other theories cited in literature include proprietary, capital need.

Agency Theory

Agency theory uses management incentives to explain voluntary
financial information disclosure. The agency theory is a proposition that
explains the relationship between principals and agents in business. Agency
theory is concerned with resolving problems that can exist in agency
relationships due to unaligned goals or different aversion levels to risk. The
most common agency relationship in finance occurs between shareholders
(principal) and company executives (agents).
According to Watson, Shrives and Marton, (2002), managers have incentives to increase disclose information aimed at convincing shareholders that they are acting optimally because they know that shareholders seek to control their behaviour through bonding and monitoring activities. Therefore, one way of reducing agency costs is to increase the levels of corporate disclosure.

**Signalling Theory**

Signalling in Economics took root in the idea of asymmetric information (a deviation from perfect information), which says that in some economic transactions, inequalities in access to information upset the normal market for the exchange of goods and services. Spence (1973) proposed that two parties could get around the problem of asymmetric information by having one party send a signal that would reveal some piece of relevant information to the other party.

Based on signalling theory, firms try to adopt the same level of disclosure as other firms within the same industry. This is because if a firm does not keep-up with the same level of disclosure as firms in the same industry do, stakeholders may perceive that the company is deliberately hiding sensitive information (Craven & Marston, 1999). Therefore, firms may use internet disclosure to keep pace with other firms in the same industry. Craven and Marston (1999) opined, “the very use of the Internet might itself be a signal of high quality”. It implies that the firm is modern and up-to-date with the latest technology rather than old fashioned and conservative. It is also claimed that managers of profitable firms increase the level of disclosure to signal to investors that the firm is profitable and to support their
continuation and compensation (Oyeler et al., 2003). A study of corporate governance, for example, also shows how CEOs signal the unobservable quality of their firms to potential investors via the observable quality of their financial statements (Zhang & Wiersema, 2009).

**Legitimacy Theory**

Legitimacy theory is defined as a “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate with some socially constructed systems of norms, values, beliefs and definitions” (Suchman, 1995). The legitimacy theory assumes that a company has no right to exist unless its values are being perceived as matching with that of the society where it operates (Dowling & Pfeffer, 1975; Lindblom, 1994; Magness, 2006). Similar to social contract theory, legitimacy theory is based upon the notion that there is a social contract between the society and an organization.

A firm receives permission to operate from the society and is ultimately accountable to the society for how it operates and what it does, because society provides corporations the authority to own and use natural resources and to hire employees (Deegan, 2004). In effect, internet reporting based on the legitimacy theory would be relevant as majority of today’s citizens spend most of the time on the internet.

The emphasis of legitimacy theory is that an organization must consider the rights of the public at large, not merely the rights of the investors. Failure to comply with societal expectations may result in sanctions been imposed in the form of restrictions on the firm's operations, resources and
demand for its products. Legitimization can occur both through mandatory disclosures—disclosures provided in financial statements because of regulations, and voluntary disclosures provided in other sections of the annual report (Magness, 2006; Lightstone & Driscoll, 2008).

**Capital Need Theory**

The theory suggests that companies disclose more information to reduce investors’ uncertainty with respect to the company’s present and future affairs, allowing them to accept a lower rate of return and, thereby yielding a lower cost of capital for the company. Companies may think that greater financial disclosure will reduce investor insecurity and reduce the cost of new capital (Choi, 1973; Cook, 1993). Meek and Gray (1989) found that disclosing less information by the company or nondisclosure of information may be more expensive for funds because they may be perceived as more risky.

In 2001, according to the Improved Business Reporting: Insights into Enhancing Voluntary Disclosure, which is published by the Financial Accounting Standards Board as part of their broader Business Reporting Research Project, revealed that the competition for capital leads to increased voluntary disclosure. The rationale behind this is the fact that a company’s cost of capital is believed to include a premium for investors’ uncertainty about the adequacy and accuracy of the information available about the company. Therefore, reduction in a company’s cost of capital is achieved when investors are able to interpret the company’s economic prospects through voluntary disclosure (Financial Accounting Standards Board, 2001).
The prerequisites for the applicability of this theory in explaining disclosure practice are the demand for finance in the form of shares and loans and the existence of capital markets where the raising of finance could be facilitated (Haniffa, 1999). To acquire capital more economically, either in the form of shares or loans, companies can use disclosure as a way to help in reducing investor uncertainty as well as information asymmetry.

Factors Influencing Companies’ internet financial report

Research efforts by Pirchegger and Wagenhofer (1999), as well as Craven and Marston (1999) in Austria, Germany, and UK have revealed that internet financial report may be correlated with several factors, particularly with the size of a company. Larger companies usually have more current and potential shareholders, thus the interest in financial reports thus being greater. Lang and Lundholm (1993) report a positive association between firm size and disclosure. Similarly, Ashbaugh, Johnstone and Warfield (1999) suggest that economies of scale could explain why larger firms tend to disclose more financial information on their corporate web sites. Various indicators can be used to measure size of a company, such as assets, equity, revenue or number of employees.

Marston and Polei (2004) suggest that companies with diffuse ownership (widely held companies) are more likely to disclose more information on their web sites to keep their shareholders well informed even though recent studies have suggested otherwise. Following Ezat and El-Masry (2008), the ratio of a firm’s stock actively traded on the market to its total stock value (Free Float) is used to proxy concentration of ownership.
Pervan (2005) examined the link between company profitability and the decision to publish or not publish financial reports on the Internet might be. The following indicators measure the profitability of companies: return on assets (ROA), return on equity (ROE) and return on sales (ROS). He found companies that do internet financial report have a greater level of profitability than companies that do not have such a practice.

Uyar (2011) investigated the utilization of internet by Turkey companies listed on the ISE for corporate reporting to determine company characteristics that influence information disclosure level on the internet. It was found that firms listed on the ISE corporate governance index disclose significantly more information on the corporate website compared to firms that are not listed. Based on the criteria of Khadaroo (2005), Martson and Polei (2004), Pirchegger and Wagenhofer (1999) a checklist was used for the study which consisted of six heading. The result showed that firm size were significantly explanatory variable for the total disclosure on corporate website, whiles industry and profitability are not. Marston (2003) surveyed the business reporting practices of 99 Japanese companies in 1998. She found that 78 of these companies had a web site while 68 reported some financial information with 57 providing detailed accounting information. The results also showed that company size was significantly positively associated with the existence of a web site but the extent of financial disclosure was not related to size.

Benefits Associated with Information Disclosure

More importantly, studies on the perceptions of IFR from the preparers’ perspectives are very limited compared to those of traditional reporting. One exception is a study by Joshi and Al-Modhahki (2003). They
found global reach and mass communication; timeliness and updateability; and interaction and feedback; as important advantages of IFR, while security problems and authentication; and attestation and legal impediments as important disadvantages of IFR.

The results on the benefits of IFR by Khan, Azizi and Norhayati Zakuan (2009) indicate 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.

In a study on the benefits of IFR on developing countries, two important findings emerged from their study: 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 (Khan, Azizi & Zakuam, 2011).

Furthermore, IFR implementation benefits the users because it increases timeliness and efficiency in obtaining financial information, helps users in the decision making process, provides another medium of disclosure, provides information for company, in-expensively and provides accessibility to the users. Second, respondents perceived global reach and mass communication as the most important advantage of IFR. The study also found
security problems as the most important disadvantage of IFR (Azli, Khan, & Ismail, 2011)

Factors Influencing Internet financial report

As a result, there is a fairly extensive literature on IFR and a large amount of consensus that the nature and quality of financial reporting practices adopted in a particular jurisdiction are sensitive to factors such as firm characteristics, and corporate governance systems which shape the incentives of the managers responsible for financial reporting decisions. This study examines four factors that have received considerable research attention as potential determinants of IFR practices and which seem potentially important in Ghana: company size, industry affiliation, listing status and CEO role duality.

Company Size

The accounting and organizational studies literature suggests that company size is positively associated with the comprehensiveness of IFR. This relationship has been explained in a number of ways. First, it has been attributed to the greater economic and political visibility of larger firms relative to their smaller counterparts (Tosi, Werner, Katz & Gromez-Mejia, 2000). Given the increasing pervasiveness of the internet, and its potential to cost-effectively meet the information needs of the widely dispersed stakeholders of larger firms (Ezat & El-Masry, 2008), one can expect larger firms to provide more comprehensive internet reporting than their smaller counterparts to mitigate the cost of greater visibility.

Second, Singhvi and Desai (1971) asserted that larger firms generally have a more diverse product range and more complex distribution networks
than smaller firms. As a result, they require larger and more complex management information systems (MIS) and databases for management control purposes. The existence of these sophisticated MIS and databases, and the capacity to maintain them, may make the cost of information production and dissemination on the internet relatively cheaper for larger firms than for their smaller counterparts (Allam & Lymer, 2003). Most of the prior studies that have examined the relationship between company size and IFR have provided results supportive of the expected positive relationship. For instance, researchers including Pervan (2005) in a study of Croatian companies and Ettredge, Richardson and Scolz (2001) in a study of US firms reported a positive relationship between company size and IFR. Based on this evidence, the following hypothesis is presented in the alternative form:

Industry Affiliation

The accounting literature suggests that companies in the banking, financial services, and insurance industry are likely to provide more comprehensive internet reporting than companies in other industries. This expectation is grounded in political cost theory which suggests that firms in industries that are more politically vulnerable may use voluntary disclosure to minimize political costs such as regulation (Craven & Marston, 1999).

Empirical studies of this relationship in a number of countries have yielded mixed results. For example, Pervan (2005) in a study of Croatian firms reported a higher propensity among firms in the financial sector to engage in IFR. Similarly, Aly and Simon (2008) in a study of Egyptian firms found that financial services (and communications) firms provided better internet disclosures than their counterparts in other industries. Furthermore, Al-
Shammari (2007) in a study of Kuwaiti firms, Dutta, Bose and Biswas (2010) in a study of Bangladeshi companies, and Mohamed and Oyelere (2008) in a study of Bahraini companies, found that insurance companies and those in the banking and finance industries, respectively, were more likely to engage in financial reporting on the net than firms in other industries.

Conversely, Lymer (1997) in a survey of UK and Finnish companies found that companies in the banking, financial services, and insurance sector provided only limited financial information when compared with companies in the chemicals and pharmaceuticals sector; and Mohamed, Oyelere and Al-Busaidi (2009) in a study of Omani firms reported no significant difference in the level of IFR across the firms in the three industrial sectors on the Muscat Securities Exchange.

**Foreign (Cross) Listing**

The accounting literature suggests that the listing status of companies (whether they are listed on only one stock exchange versus being listed on more than one stock exchange, i.e. cross-listed) will be related to the comprehensiveness of their internet reporting disclosures. This expectation is based on the assertion that additional disclosures, especially of a voluntary nature, can be expected by cross-listed firms in response to international capital market pressures associated with the competition for investment funds (Meeks & Saudagaran, 1990). In addition, it has been suggested by Aly et al. (2010) that cross-listed companies may engage in IFR in an attempt to reduce information asymmetries between domestic and foreign investors in their various markets due to the immediacy and wide reach of internet reporting.
The results of the empirical studies into this issue have been mixed. For example, both Desoky (2009) in an Egyptian study, and Xiao, Yang and Chow (2004) in a study of Chinese companies provided results supportive of a positive relationship between cross-listing and IFR. Conversely, Debreceny et al. (2002) in a study of Dow Global Index companies from 22 countries found a negative relationship between general cross-listing and IFR. Also, Oyelere et al. (2003), in a study of New Zealand companies found no relationship between foreign listing and IFR.

**CEO role duality**

CEO role duality occurs when the CEO is also the chair of the board of directors (Abdelsalam, Bryant & Street, 2007). A large segment of both the academic and professional corporate governance literature suggests that CEO role duality is negatively related to voluntary disclosure (e.g. Kelton & Yang, 2008; Cadbury Report, 1992). Agency theory suggests that when the CEO is also the chair of the board of directors, that individual tends to have a stronger power base which could retard the board’s ability to exercise effective control (Forker, 1992). CEO duality could impair board independence as the CEO may be capable of controlling board meeting, selecting agenda items, selecting board members, and restricting the flow of information to other members on the board and outsiders (Abdelsalam & El Masry, 2008; Li, Pike & Haniffa, 2008) especially if the objectives of the CEO are not fully aligned with those of shareholders (Sanchez, Dominguez & Alvarez, 2011). Consistent with these expectations, several researchers have reported a negative association between CEO duality and voluntary disclosures (e.g. Forker, 1992; Gul and Leung, 2004; Abdelsalam et al., 2007; Turrent and Ariza, 2012). Conversely, Haniffa
and Cooke (2002) reported a positive relationship between role duality and the level of disclosure; and Ghazali and Weetman (2006) did not find a significant relationship between CEO role duality and the level of disclosure.

Further, to the extent that IFR facilitates better communication between firms and investor (and other stakeholders) (Gandia, 2008; Postman, 2009); from agency theory perspective, self-interested dual CEO – chairpersons may be reluctant to engage in IFR. This is based on the perception that IFR has the potential to open them to greater outside scrutiny and reduce the likelihood of CEO entrenchment. Thus in the case of internet disclosure, separation of the roles of chair, and CEO may help enhance monitoring quality and reduce benefits IFR withholding information, which may consequently result in improved quality of reporting.

A Conceptual Framework of Internet Based Corporate Reporting

This study adopts a conceptual framework proposed by Xiao, Jones and Lymer (2005). The framework encompasses four dimensions; the extent of change, the role of the Internet, the determinants of change and the pace of change. The authors articulate these dimensions into a conceptual framework which can be used to map existing and future studies on Internet reporting, to assess the speed and extent of actual developments of Internet reporting, and to generate alternative scenarios of future Internet reporting. Key concepts have to be discussed before discussing the conceptual framework.

The nature of change

The authors are of the view that, it is important to distinguish between content from form when discussing change in financial reporting. Changes
may take place in the form, content or both of financial disclosure, auditing and regulation. It is possible for content, but not form, to change. Conversely, form, but not content, may change. Another possibility is that both content and form could change. This distinction is consistent with the approaches adopted by some recent empirical studies on Internet-based financial reporting such as Debreceny, Gray and Rahman (2002) and Xiao et al. (2004).

There were, for example, several views on the future survival of the traditional hard copy annual report in literature. One view by some scholars relates to the fact that the Internet would become the major medium of communication between preparers and users. On the other hand, others believed that the hardcopy financial reports would survive. A third views is that even when the medium has changed from hardcopy to electronic media, the standardized annual report contents would remain. Some scholars are of the view that the presentation medium might change, but that the quality and types of information might not. Moreover, there was a view that a change in the content of financial disclosure might be facilitated through a change in the medium, suggesting that there might be some interaction between content change and medium change.

Turning to the impact of the Internet on auditing, the researchers also distinguished different types of change. For example, several different views existed on the scope or content of audit. Some argued that the status quo would remain while others argued that the scope would be greatly expanded to include Web-based disclosures although the exact nature of which information would be audited and which would not remain unclear. On the form of
auditing, there was a view that there would be a move away from periodic auditing to continuous auditing.

The role of the Internet

The Internet may be conceived as a means of addressing existing problems by enabling or facilitating alternative financial reporting methods (problem solver) or as a cause of additional problems (problem creator or problem source). On the one hand, there is an examination of whether the Internet provides a solution to many existing problems in financial reporting such as the lack of timeliness, the lack of customization and the provision of over aggregated information (AICPA, 1994). Other issues bothered around whether the Internet would allow free access to corporate databases, provision of raw data, and real time reporting. On the other hand, experts also recognized that the Internet would create additional problems or exacerbate existing problems, as manifested in their debate over such issues as global accounting regulation, the scope of auditing, how to audit Internet-based data, and how to distinguish audited and non-audited information, and the need for new assurance services. For some issues (for instance, information overload and Web-based assurance), it is suggested the Internet as both a problem creator and solver.

Determinants of change

As to the perceived main determinant of change, the authors found that Internet technology is serving as the driving force of change in financial reporting. This view was termed technological determinism which equates technological progress and social change, assuming that technology inevitably leads to social change (Howcroft & Fitzgerald, 1998). According to this view,
financial reporting is mainly a technical issue. Current problems of financial reporting are caused by the lack of computing and communication power. The Internet is thus, seen as an ideal solution to many of these problems. By contrast, there is the non-technology deterministic perspective. They believe that social, cultural, legal, political and behavioural factors are the main causes for change and technological developments reflect this (Edge, 1994; Dutton, 1996). According to this view, financial reporting is a political process (Solomons, 1978) with spectacular economic consequences (Zeff, 1978) and accounting knowledge and practices are socially and organizationally determined and constructed (Burchell, Clubb, Hopwood, Houghes, & Nahapiet, 1980). For example, experts generally dismissed the free access model for reasons of commercial confidentiality, fear of litigation, user ignorance, and users’ inability to use the information, information overload, and corporate reluctance to give away more than the minimum amount of information. The issue of the need for global regulation can be used to illustrate the differences between the two perspectives. The experts who held a technology deterministic view expected Internet reporting to create an overwhelming demand for global regulation and the Internet to provide the solution by developing such technologies as extensible Business Reporting Language (XBRL). Therefore, a set of global accounting regulations would prevail. Those other experts who took a social deterministic view however, considered it impossible to reconcile political, social and cultural differences. For them, global regulation was impossible.

The third group adopted a contingency view. This bridges technological determinism and social determinism by considering both technological and...
non-technological factors (Xiao et al., 1996). According to this perspective, there are many drivers of, or barriers to, change. The impact of one factor depends on, or interacts with, those of the others. To illustrate this perspective in the context of global regulation, although the application of the Internet in financial reporting will generate a great demand and Internet technology may provide technical help, the success of global accounting regulation depends on factors such as internationalization of capital markets and political negotiations between national, regional and global regulators. Taking account of both technological and non-technological factors, a likely scenario may be national and regional customization around a set of global regulations. An alternative scenario would be the co-existence of national and global regulation.

The pace of change

Three different views existed: little or no change (conservatism), progressive change (gradualism) and rapid change (radicalism). Take the need for change in the scope of auditing as an illustration. The conservative view was that there would be no or little change; only financial statements would be audited. The progressive experts, however, believe that apart from the traditional financial statement audit, some other financial and non-financial information on the Web would be audited (such as environmental auditing). By contrast, the believed that the whole Web site would be audited. Similarly, in discussing frequency of reporting, the conservatives believed that current annual and semi-annual reporting would sufficient.
A conceptual framework of future Internet reporting

The three dimensions are now combined to form a conceptual framework for predicting the future impact of the Internet on financial reporting (see Figure 1). This consists of a four perspective ‘surround’ endorsing the conceptual matrix. According to this framework, the prediction of future Internet reporting needs to address the following four questions:

- What will change (content, form, or both of financial disclosure, auditing and regulation)?
- Will the Internet potentially be a problem solver, creator or both for the main issues?
- How much change will take place (no or little change, some change or total change)?
- Is the extent of change driven by the Internet, other non-technological factors, or both?

Figure 1. A Conceptual Framework on the Impact of the Internet on Corporate Reporting. Note: Each of the four dimensions has three perspectives.
As can be seen from Figure 1 the conceptual framework consists of four perspectives surrounding (The Perspective Surround). Each of the four perspectives has three dimensions. As each perspective can interact with any other perspective of any other dimension. One of the potential combinations is thus content (extent of change), radical (perspective on change), problem solver (perspective on role of the Internet) and technological deterministic (perspective on determinants of change). Thus, for example, one might believe that the hard copy annual report would change quickly (pace of change) to electronic format (extent of change) with the Internet facilitating this change (role of Internet as problem solver) and this change would be technologically driven (determinant of change). Thus, our four perspectives are moulded into the conceptual matrix.

With regards to debates on the problem of reporting aggregated information or raw data is illustrative. The level of information aggregation relates to both the presentational form of information and the content of information. In a sense, it is a form because it involves different levels of aggregation (total assets versus specific intangible assets). However, aggregated information usually obscures information and may make information less useful. By contrast, a certain level of disaggregation reveals different types or additional information (such as revenues and profits by line of business, geographic region). This is an issue to which the Internet was perceived as a potential solution (a problem solver). The underlying problem was whether to change the level of disclosure. Conservatives are also of the view that there is already too much detail, users are unable to handle details and thus there should be no change. The progressive view however, believed
that companies would be willing to supplement the annual report with more
detailed information and able to provide raw data to some users such as
business partners. By contrast, radicals suggested that raw data should be
disclosed so that all users can formulate their own reports.

If there is a need for change, then what will be the main cause of
change and what is the pace of change? Technology determinists believe that
the Internet would permit two scenarios. Either the Internet would be widely
used and allow mass users to access corporate databases, thus permitting
online provision of raw data. Or alternatively, Internet adoption would be
uneven and the technology would not be available to many users and
companies, thus preventing companies from disclosing information in raw
data format. By contrast, the non-technology determinants believe that social,
organizational and behavioural factors would determine whether raw data is
provided. In general, they considered that companies would not provide raw
data because of users’ inability and reluctance to deal with detailed data,
confidentiality issues, the cost of providing and utilizing the data. According
to the contingency perspective however, whether to disclose raw data would
depend on the type of data and user, and Internet availability to both users and
firms.

In addition, the dimensions and sub-dimensions can used to chart
studies on Internet financial reporting. To illustrate, some studies focus on the
change in content of financial disclosure (e.g., Ettredge et al., 2002), others
focus on changes in presentational form of financial reporting (e.g., Frank,
2003), and still others consider both content and form (Debreceny et al.,
2002). Some studies take a technology deterministic view (e.g., Spaul, 1997), others consider non-technological factors as more deterministic (e.g., Edge, 1994), and still others would take a contingency perspective (e.g., Xiao et al., 2002). Some studies mainly focus on the Internet as a problem solver (e.g., Bury, 1999; Green & Spaul, 1997), some focus on the Internet as a problem source (e.g., Debrecency & Gray, 1999), while others would consider it as both a problem solver and creator (e.g., Howcroft & Fitzgerald, 1998). Some studies predict progressive changes (Xiao et al. 2002) while other studies predict radical changes (e.g., Wallman, 1997).
CHAPTER THREE: RESEARCH METHODS

Introduction

This chapter describes the research methodology employed in this research. This includes study area, research design, data and sources, target population, sampling procedure, and instrumentation. Ethical considerations as well as limitations

Study Design

In an effort to address the research gap, the study adopted a qualitative research approach. This is because the primary goal of the study is to explore the extent of internet financial report by listed companies. Within this design, Descriptive content analysis of the websites of listed companies was used in this research. The information analysed include texts of various formats, pictures, audio or videos. One of the key advantages of this research method is to analyse phenomena in a non-invasive way, in contrast to simulating social experiences or collecting survey answers from respondents. One challenge with the design is that, it requires researcher interpretation hence bias is difficult to determine. In addition, there is also the limitation the ability to generalize the research findings to the general population. Notwithstanding these limitations, this design is of the descriptive exploratory type, which is aimed at providing some level of information on financial reporting in Ghana.

Research Design

The Ghana Stock Exchange has been fully automated since 2008. Current regulations allow foreigners to invest in securities listed on the stock
exchange without exchange-control restrictions. Ghana became the second sub-Saharan country, after South Africa, to access global capital markets through the issue of a sovereign Eurobond, with a 10-year USD 750 million issued in 2007. The Ghana Stock Exchange is the principal stock trading house in Ghana. Ghana was the first country in sub-Saharan Africa to launch a cellular mobile network in 1992. It was also one of the first countries in Africa to be connected to the internet and to introduce ADSL broadband services. A recent study conducted on the growth and usage of internet in Ghana shows that 40.6% of Ghanaians depend on the internet as a means of gathering information on products and services.

Before making a purchase, Ghanaians can now use of search engines, company websites and social networks to gather relevant information about products without having to step foot into a shop; a welcome concept into a very new online-dependent environment. Ghana's financial system has undergone a process of restructuring and transformation in recent years. The regulatory and supervisory framework is strong, backed by a modern financial infrastructure. However challenges remain and a second phase of the Financial Sector Strategic Plan II (FINSSP II 2011-2015), approved in 2010 and launched in June 2011, aims at developing the financing base of banking institutions, improving quality services through increased competition and removing barriers to access to finance, introducing innovative financial instruments.

The financial system has been resilient to the global financial crisis, largely owing to its limited integration with international markets and
important reliance on domestic funding. However, while credit markets remain buoyant and financial institutions generally continue to be stable, strains in the financial sector appeared to have increased recently. Capital markets have been developing at a rapid pace, though equity markets were adversely affected by the global financial crisis and experienced a slump through late 2008 to mid-2009.

Population

The study population comprised all firms listed on Ghana’s Stock Exchange. The Ghana Stock Exchange had 40 companies listed as of January 26, 2018. The researcher chose to use the Ghana Stock Exchange based on Khadaroo (2005)’s assertion that listed companies are more likely to have a web presence and provide web-based information. Also, Marston and Leow (1998), in their study of UK’s FTSE-100 companies, stated that for companies with web sites, larger companies were significantly more likely to include some financial information on their sites. A list of listed companies on the Ghana Stock Exchange are indicated in Table 1.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic materials</td>
<td>3</td>
<td>7.0</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>4</td>
<td>10.0</td>
</tr>
<tr>
<td>Financial/ Insurance</td>
<td>12</td>
<td>31.0</td>
</tr>
<tr>
<td>Health care</td>
<td>3</td>
<td>7.0</td>
</tr>
<tr>
<td>Industrial</td>
<td>2</td>
<td>5.0</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>3</td>
<td>7.0</td>
</tr>
<tr>
<td>Business Services</td>
<td>9</td>
<td>22.0</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>Mining</td>
<td>3</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Ghana Stock Exchange Website (2018)
Sampling procedure

All the 40 listed companies on the Ghanaian Stock Exchange (GSE) were considered for the study. A web browser was used to survey the websites of listed companies to collect the data. Data regarding whether listed companies have or have not websites would be obtained via links to the company’s website as may be available at the Ghana Stock Exchange website. The researcher defines companies as engaging in IFR when they provide in their websites either (1) a complete set of financial statements (including footnotes and the auditor's report) or (2) a link to their annual reports elsewhere on the internet (including the GSE website). Due to the dynamic nature of website reporting, the survey was conducted over a short period of time, February 1st to 31st July, 2018. This was to ensure that the results are reliable and compatible. Such a technique corresponds with practices followed in other studies on Internet reporting (FASB, 2000; Venter, 2002; Barac, 2004).

Data Collection Instrument

The researcher has prepared a data collection guide adopted from literature in surveying the webpages. The guide contains questions regarding type of company, industry of company, whether or not the firms have websites, the type of information on the websites, number of years published financial information, format of published information. Ten items list were employed to determine the extent of financial information disclosure. These items include; financial highlights, director and management reports, financial review, summary of recent years, balance sheet, income statement, statement
of stakeholder equity, statement of cash flow, accounting notes and auditor reports.

**Data Processing and Analysis**

The data was collected through content review (analysis) of the Ghana Stock Exchange website and individual company websites. The websites of all the 40 companies were reviewed base on a list of items adapted from similar studies (e.g. Barac, 2004; Uyar, 2011 and Bozcuk, 2011), that sought to measure internet financial report amongst listed companies on the Ghana Stock Exchange. The data was entered into Microsoft Excel and SPSS for analysis. Frequencies and percentage tables were used to describe the data.

**Summary**

This Chapter discussed the methodology used in carrying out the study. It handled among other issues the study area description and research approach. The target population, data sources, sample size, sampling procedure, and data collection instruments were also discussed. Lastly, the chapter described the data processing and analytical techniques used, challenges encountered on the field as well as some ethical issues considered. The next chapter is the presentation of results and discussion.
CHAPTER FOUR
RESULTS AND DISCUSSION

Introduction

This chapter deals with data analysis, discussion and presentation of findings, particularly in relation to the objectives of the study. Frequency and percentage tables were included to support the discussion. The data was collected through content review (analysis) of the Ghana Stock Exchange website and individual company websites. The websites of all the 40 companies were reviewed based on a list of items adapted from similar studies (e.g. Barac, 2004; Uyar, 2011 & Bozcuk, 2011), that sought to measure internet financial report amongst listed companies on the Ghana Stock Exchange. The data was entered into Microsoft Excel and SPSS for analysis.

The results of the study are presented in two major sections. Section one deals presents a descriptive profile of the companies listed, and section two addresses the research objectives or questions. The section two, answers the question whether or not companies listed on Ghana Stock exchange disclose any form of financial information on their websites. It also considers the formats for presenting the financial reports on the internet as well as the extent of differences in financial reporting across company characteristics.

Background of Companies Listed on the Ghana Stock Exchange

There were 40 companies listed on the Ghana Stock Exchange (GSE) as at the end of July, 2018. Table 2 presents the distribution of GSE-listed companies across sectors. As shown from Table 2, majority of the companies listed operate within the financial/insurance sector (31%) while business support services constituted 22 percent of the companies listed on the
Ghanaian Stock Exchange. The rest of the sectors presented in this study include: consumer goods (7%), basic materials (7%), health care (7%), mining (7%), industrial (5%) and the agriculture sector.
Table 2: Distribution of Listed companies on Ghana Stock Exchange

<table>
<thead>
<tr>
<th>Sector</th>
<th>Companies</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic materials</td>
<td>Alu works LTD</td>
<td>3</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>AIFRcan Champion Industries</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pioneer Kitchenware Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer goods</td>
<td>Fan Milk Ghana</td>
<td>4</td>
<td>10.0</td>
</tr>
<tr>
<td></td>
<td>Guinness Ghana Breweries</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Samba Foods Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unilever Ghana Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial/ Insurance</td>
<td>Access Bank Ghana</td>
<td>12</td>
<td>31.0</td>
</tr>
<tr>
<td></td>
<td>Agricultural Dev. Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CAL Bank Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eco bank Ghana Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eco bank Transnational Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ghana Commercial Bank Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mega AIFRcan Capital Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Republic Bank (Ghana) Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SIC Insurance Company Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SocieteGenerale Ghana Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Standard Chartered Bank Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trust Bank Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health care</td>
<td>PZ Cussons Ghana Ltd</td>
<td>3</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>Ayton Drugs Company Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Starwin Products Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td>Cocoa Processing Company</td>
<td>2</td>
<td>5.0</td>
</tr>
<tr>
<td>Sector</td>
<td>Company Name</td>
<td>Shares</td>
<td>Value</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------------------------</td>
<td>--------</td>
<td>-------</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>Camelot Ghana Ltd</td>
<td>3</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>Ghana Oil Company Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Petroleum Ghana Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tullow Oil Plc</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Services</td>
<td>Produce Buying Company Ltd.</td>
<td>9</td>
<td>22.0</td>
</tr>
<tr>
<td></td>
<td>Meridian-Marshalls Holdings</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mechanical Lloyd Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Golden Star Resources Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>HORDS Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Enterprise Group Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comet Properties Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Digicut Advertising and Production Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Clydestone (Ghana) Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>Benso Oil Palm Plantation Ltd</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>Mining</td>
<td>AngloGold Ashanti Ltd.(AGA)</td>
<td>3</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>AngloGold Ashanti Ltd (AAD)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Gold Issuer Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Ghana Stock Exchange Website
Generally, from Table 3, web page attributes common to web pages of listed companies are search box, company profile and products information among others. Interestingly, the use of graphic images, sound and video animation was not prevalent amongst the listed companies as at the time of this current study. As expected, all the companies have functional websites. Of this, 34 of the listed companies, representing 85 percent provided at least one form of financial information on their websites. In addition, 34 percent of the companies that provide financial information provided financial highlights or summary of financial information only as indicated in Table 3.

Investor relations information are that information that are of interest to current, potential investors and other stakeholders such as academics (Bozcuk, 2012). This information may include links to news releases investor relations from home page, press releases, postal and e-mail address, contact number and current stock prices. As regards the provision of investor relations information, all GSE listed companies provided some sort of information. Few (32%) of the companies provided on their website press and news releases that touched on different aspects of the companies, such as new products and management situation or projects being undertaken. One of the important pieces of information presented to investors in the websites sites were current stock prices, which are updated on a daily basis. In effect, the provision of attributes for investor relations such as provision of postal address, e-mail address and contact information, as noticed across all companies supports their willingness to provide information to the public.
In terms of the provision of information about the board of the companies, it was found that: 35 percent of the companies had a chairman’s message while 77 percent provided the names and qualifications of the board of directors (Table 3). In contrast, the indication of management responsibilities on web sites was not a common practice among the listed companies on the Ghana Stock Exchange.

In addition, an analysis of the financial information dissemination practices revealed that most of the listed companies provided quarterly reports on the internet. The balance sheet, the income statement and the statement of cash are the most commonly disclosed items across organizations that made financial information available on the internet (Table 4). The provision of financial highlight information is not popular amongst the companies. As regards the disclosure of shareholdings information and shareholders’ equity, almost all the companies are found to be doing well.
Table 3: Summary of general results

<table>
<thead>
<tr>
<th>Items</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total companies with functional websites</td>
<td>40</td>
<td>100</td>
</tr>
<tr>
<td>Websites with financial information</td>
<td>34</td>
<td>85</td>
</tr>
<tr>
<td>Websites with financial highlights / summary information only</td>
<td>12</td>
<td>34</td>
</tr>
<tr>
<td>Websites with detailed accounting information</td>
<td>10</td>
<td>29</td>
</tr>
<tr>
<td>Information on management situation/projects.</td>
<td>13</td>
<td>32</td>
</tr>
<tr>
<td>Chairman’s note/message</td>
<td>15</td>
<td>35</td>
</tr>
<tr>
<td>Information on board members</td>
<td>31</td>
<td>77</td>
</tr>
</tbody>
</table>

Source: Field survey, Nanewortor (2018)

Internet financial report

The focus of this study is on the use of the internet to disseminate financial information on the web pages of the 40 websites were examined in terms of their financial information disclosure on the internet. Generally, content review of the websites of the GSE website and individual company websites reveal most companies are practicing internet financial report in some sort. The study defines companies as engaging in internet or web-based financial reporting when they provide in their websites either (1) a complete set of financial statements (including footnotes and the auditor's report) or (2) a link to their financial statements or annual reports elsewhere on the internet (including the GSE website). Themes covered under this section include the following:
1. Types of financial information reported on the internet

2. Number of years of published financial information

3. Format of published financial information on the internet

4. Completeness of financial information

5. Timeliness of internet financial report

6. Audited or unaudited financial reports

7. Disclaimers and directors’ information.

Table 4: Types of financial information disclosed by listed companies

<table>
<thead>
<tr>
<th>Items of financial reporting</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income statement</td>
<td>34</td>
<td>100.</td>
</tr>
<tr>
<td>Statement of Cash flow</td>
<td>33</td>
<td>97.1</td>
</tr>
<tr>
<td>Statement of shareholders’ equity</td>
<td>31</td>
<td>91.2</td>
</tr>
<tr>
<td>Statement of changes in share equity</td>
<td>28</td>
<td>82.4</td>
</tr>
<tr>
<td>Annual account analysis</td>
<td>23</td>
<td>67.6</td>
</tr>
<tr>
<td>Statement of fin position</td>
<td>21</td>
<td>61.8</td>
</tr>
<tr>
<td>Annual reports</td>
<td>10</td>
<td>29.0</td>
</tr>
</tbody>
</table>

Source: Field survey, Nanewortor (2018)

From Table 3, it was revealed that 34 (85%) companies had disclosed financial information on their websites, while 6 (15%) gave no financial information. Further analysis of the 34 companies that disclosed financial information on their websites brought to light that a full annual report had been published by a third (29%) of these companies. Also, all the 34 companies
involved in internet financial report had published their income statements while 97 percent disclosed statement of cash flow. Similarly, 91 percent published statements of share equity while 82 percent of them disclosed their statement of changes in share equity.

Relatedly, financial information disclosure amongst the listed companies was cross-tabulated across company industry category (Table 5). The result revealed higher disclosure of financial statements amongst companies in the financial and consumer goods category. Specifically, all the companies presented in these sectors published their income statement, statement of cash flow and statement of changes in share equity as compared to only one of the companies in the basic material, oil and gas and the mining sector respectively.
Table 5: Financial information disclosure across company category

<table>
<thead>
<tr>
<th>Financial information disclosed</th>
<th>Company Category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic Materials</td>
</tr>
<tr>
<td>Income statement</td>
<td>1</td>
</tr>
<tr>
<td>Statement of Cash Flow</td>
<td>1</td>
</tr>
<tr>
<td>Statement of share equity</td>
<td>1</td>
</tr>
<tr>
<td>Statement of changes in share equity</td>
<td>0</td>
</tr>
<tr>
<td>Statement of financial position</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Field survey, Nanewortor (2018)
Nature of financial information

Presentation of financial information

Various methods were used by companies to allow access to specific financial information, including the following: 1) A site map that looks like an organizational chart; 2) A drop-down menu that displays available options; 3) A table of contents that remains on the side of the screen and from which options may be chosen; 4) A search facility that may be utilized to obtain specific information. This study reveals that nearly all (94%) of the listed GSE companies make use of drop-down menus or a table of contents to guide users to specific financial information. Site maps were found on the websites of almost half (21%) of the companies while only 41 percent provided search facilities.

Table 6: Methods used by GSE listed companies to give access to specific financial information

<table>
<thead>
<tr>
<th>Items</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drop-down menu</td>
<td>32</td>
<td>94</td>
</tr>
<tr>
<td>Search facilities</td>
<td>14</td>
<td>41</td>
</tr>
<tr>
<td>Search facilities</td>
<td>07</td>
<td>21</td>
</tr>
</tbody>
</table>

*frequency exceeds 34 because of multiple responses

Source: Field survey, Nanewortor (2018)
Table 7. Summary of other information on the websites of top Ghanaian Companies.

<table>
<thead>
<tr>
<th>Item</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social and environmental reports</td>
<td>25</td>
<td>63%</td>
</tr>
<tr>
<td>Investor relations section</td>
<td>30</td>
<td>75%</td>
</tr>
<tr>
<td>Share price information</td>
<td>31</td>
<td>77%</td>
</tr>
<tr>
<td>Director report</td>
<td>28</td>
<td>71%</td>
</tr>
<tr>
<td>Risk management report</td>
<td>24</td>
<td>59%</td>
</tr>
<tr>
<td>Corporate governance report</td>
<td>37</td>
<td>84%</td>
</tr>
<tr>
<td>Shareholder information</td>
<td>34</td>
<td>86%</td>
</tr>
<tr>
<td>Press releases</td>
<td>38</td>
<td>94%</td>
</tr>
</tbody>
</table>

*frequency exceeds 40 because of multiple responses

Source: Field survey, Nanewortor (2018)

From Table 7, it was revealed that companies provided other related information aside the financial statements that may be relevant to investors. The distribution of companies in terms of the information disclosed is as follows: press releases (94%), shareholder information (86%), corporate governance report (84%), and director’s report (71%) among others.

*Format, nature and duration of financial information*

This current study revealed that most of the 34 companies (94%) that are practicing internet financial report, present their financial reports electronically by means of PDF files (for downloading purposes) and by using HTML (6%). This supports research on financial information published on websites in other jurisdictions (e.g. Gray 2001; Barac, 2004;
Uyar, 2011 & Bozcuk, 2012). Uyar (2011) for example, indicated that companies frequently include downloadable versions of their annual reports in an Adobe Acrobat Portable Document Format (PDF) file. The PDF file format is popular and easy to create from original documents, and when downloaded and printed, these files provide an exact duplicate of the printed annual report. It is not only very inexpensive for companies to produce an Adobe Acrobat version of printed reports (Jones & Stanwick 2001), but PDF files are also safe because it is difficult to alter these documents (Bagshaw, 2001).

HTML on the other hand, uses hypertext concepts to support on-screen navigation through links between any page and any other linked page (Lymeret et al., 2003). The most obvious example of a link within a company’s annual report is the linking of specific elements in the financial statements to their applicable notes. Although these links enable readers to acquire a large volume of related information efficiently, they may also create confusion about the boundaries and scope of a company’s annual report and the associated auditors’ report.

In addition, of the 34 companies involved in internet financial report, 73 percent of them provide a complete set of financial statements (including footnotes and the auditor's report) for 8 years periods or less. Interestingly, only 2 companies had websites with foreign language support.
Table 8: Format, nature and duration of financial information

<table>
<thead>
<tr>
<th>Items</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Format</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PDF</td>
<td>32</td>
<td>94</td>
</tr>
<tr>
<td>HTML</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td><strong>Audited?</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>25</td>
<td>73</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
<td>27</td>
</tr>
<tr>
<td><strong>Foreign language support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>No</td>
<td>32</td>
<td>94</td>
</tr>
<tr>
<td><strong>Duration of internet reporting</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 years</td>
<td>15</td>
<td>44</td>
</tr>
<tr>
<td>7 years</td>
<td>15</td>
<td>44</td>
</tr>
<tr>
<td>&gt;7 yrs</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td><strong>Disclaimer</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>27</td>
<td>79</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: Field survey, Nanewortor (2018)

When a company is designing its financial reporting website, it may have a specific audience in mind. Unless the website is protected by passwords, anyone could be using the information provided on the website. An unsophisticated investor may use the financial information on a website to make an unwise investment decision and ultimately want to hold the company liable for losses incurred. By far the majorities (79%) of top Ghanaian companies acknowledge the benefit of disclaimers and have placed such disclaimers on their websites to protect themselves against potential claims from prospective investors.
Completeness of Financial Information

Owing to the lack of formal guidelines with respect to the presentation of financial information on the internet, widely differing reporting practices are followed. For example, some companies report a complete set of financial statements, while others only provide excerpts or summaries of selected information. Users expecting the same level of completeness as found in a hardcopy annual report may easily be misled when the full set of financial information is not available. Majority of Ghanaian companies produce complete Adobe Acrobat version of their reports on their websites.

Timeliness of Internet financial report

While some corporations attempted to provide more timely financial information via the Internet (e.g. monthly sales), others simply reported out dated financial data (e.g. two-year old annual reports). Examples of real-time data provided on companies’ websites are 20-minute share prices, on-line news wires or other news stories available on release, and forecasts. 77 percent of the companies investigated during this study provide their share price information on their websites. In addition, 75% of the websites investigated provide real-time 20-minute share prices. An investigation of the dates of press releases on these companies’ websites confirmed that timely information is provided by 92% of the corporate websites.
Table 9: Summary of indicators used to determine the timeliness of the websites of top Ghanaian companies

<table>
<thead>
<tr>
<th>Items</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price information on websites</td>
<td>77%</td>
</tr>
<tr>
<td>Real-time or 20-minute share prices on websites</td>
<td>75%</td>
</tr>
<tr>
<td>Current press releases on websites</td>
<td>92%</td>
</tr>
</tbody>
</table>

Frequency exceed 40 because of multiple responses

Source: Field survey, Nanewortor (2018)

Chapter Summary

The Internet presents a significant opportunity to provide fast and timely delivery of financial information. This study reveals that, even though the Internet reporting process in Sub Saharan Africa has not much developed, Internet usage has expanded as a medium for the presentation of financial information via companies’ websites. Although the physical medium of corporate financial reporting, as well as its traditional boundaries, has been altered irreversibly by the Internet, there are still some Ghanaian companies that have not taken full advantage of the latest technological possibilities. Further analysis of the websites revealed that most of the companies are not consistent with the provision of financial information over the years.

Limitations

This study is subject to two limitations. First, while data collection from websites depends on researcher’s internet skills, there is the likelihood that the researcher may have inadvertently missed some data. However, to improve the reliability of the data, the 40 websites were also checked and
reviewed by two research assistance. The second limitation relates to the selection of certain firm-specific characteristics as potentially determinants of IFR engagement. However, while the extant literature identifies several firm-specific characteristics, the results are inconsistent across studies. We limit our selection to four factors that were generally significant in prior literature.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter presents the conclusion and recommendations of the study. It summarizes the thesis, main findings of the study and draws conclusions based on the results. Recommendations are then made towards improving the state of spa tourism in Ghana.

Summary

The aim of the study is to examine the extent of internet financial report amongst companies listed on the Ghana Stock Exchange.

Specifically, the study seeks to;

1. Ascertain whether companies listed on Ghana Stock exchange disclose any form of financial information on their websites.

2. Identify formats used by the companies listed on the Ghana Stock Exchange in publishing financial reports on the internet.

3. Examine whether internet financial report amongst companies listed on the Ghana Stock Exchange vary across company characteristics.

To achieve these objectives, a content analysis of the websites of all the 40 companies were reviewed base on a list of items adapted from similar studies (e.g. Barac, 2004; Uyar, 2011 & Bozcuk, 2012), that sought to measure internet financial report amongst listed companies on the Ghana Stock Exchange. The data was entered into Microsoft Excel for analysis.
Findings

This study documented the extent and nature of internet-based financial reporting practices by companies listed on the GSE. The descriptive analyses of findings of the study indicate that all 40 listed companies operate websites, of which only 34 provide financial information on the sites. Of these 34 companies, 21 provide a complete set of financial statements (including footnotes and the auditor's report) for an average of 6 years period or beyond. The results also show that the majority of the GSE listed companies (32 out of 34) use the PDF format to disclose their financial information, and few companies choose to use the internet to provide additional financial highlights, in the form of HTML and MS PowerPoint. The empirical analysis also finds that listed companies in the banking or insurance sector and the consumer goods sector favoured the disclosure of detailed financial and accounting information as compared to other sectors. However, the overall findings reveal a seemingly high use of the internet for financial reporting purpose in Ghana.

Conclusion

From the results, it appears that despite the growing use of the internet as a medium for the dissemination of corporate information in other regions and countries of the world, some companies listed on Ghana Stock Exchange do not use their websites to disseminate financial information. It is however possible those companies do not see an incremental benefit in engaging in Internet Financial Report. Perception about cost and technological expertise may also be other issues limiting the widespread implementation of IFR among companies in Ghana.
Recommendations

The first recommendation stems from the challenge of access to financial information published on the Ghana Stock Exchange website. Even though the website provides information as to whether there was a published financial report, it does not provide downloadable copies for further assessment. The GSE should endeavour to provide such facility for users to directly access the financial details from the website.

The study’s overall results are of critical importance to the Securities and Exchange Commission of Ghana (SEC). The results call on SEC for a regulatory guidance covering issues such as the general responsibility of companies to shareholders; whether internet financial report is a direct substitute or complement for paper-based financial statements; rules regarding the publication of audited and non-audited financial information on the internet; the responsibility of external auditors for audited and non-audited financial information published on the internet; corporate governance issues related to internet financial report and the problem of excessive variety of non-standardised practices.

Suggestions for Future Research

Although this study provides an important contribution to filling the gap in our knowledge of the internet financial report subject, many research opportunities and unresolved questions remain. First, future research could work on the extent and nature of IFR practices among companies operating in the ECOWAS sub region. Second, the relation between firm specific
characteristics and the timeliness of corporate internet reporting is also a broad area for future research.
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