

Corporate Governance Mechanisms and Web-Based Investor Relations Activities: an Empirical Examination on Companies Listed in Abu Dhabi Stock Exchange

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Abstract
This study seeks to examine the relationship between Corporate Governance mechanisms and corporate web-based investor relations reporting practices of companies listed in Abu Dhabi Stock Exchange (ADX). The study draws a sample of 56 companies listed in ADX and conducted a content analysis on their websites to assess the level to which investor relations information are disclosed. Results of the content analysis showed that all companies included in the sample have a corporate websites and more than 50% disclose information related to investor relations. A multivariate regression analysis was conducted to find the relationship between 4 independent variables reflecting corporate governance mechanisms (Government ownership, Institutional ownership, Board independence, and Audit committee financial expertise) and Web-based investor relations disclosures. The results showed a significant positive relationship between Ownership structure (Government and Institutional) and Audit committee financial expertise and the degree to which companies disclose IR information on their websites. This indicates that strong corporate governance mechanisms are influencing and motivating companies to enhance and improve their disclosure activities by using a new medium (i.e. the internet) and therefore increasing the transparency and information availability to the stock market participants in emerging economies such as the UAE.
Keywords: Corporate Governance, Investor Relations, Internet Financial Reporting, Voluntary Disclosures

1. Introduction

As a key ingredient of companies' overall strategic management responsibility, investor relations (IR) has been considered as the link between a company and the financial community and other constituencies to reach a fair valuation of company's share price (Marston and Straker, 2001). Nowadays, one of the techniques used by IR to communicate with interested parties is to utilize company's website for IR activities. Features of the internet (i.e. timeliness and reaching more people with less cost) made IR to perform in a more efficient and effective way (Kuperman, 2000). Moreover, and based on the fact that anyone (in general) can access company's website, the use of corporate websites in IR activities will not only increase the awareness of current and potential investors regarding companies' performance and activities, it will also increase transparency and public awareness. The use of corporate web sites to disseminate Investor relations information has been considered in prior literature as part of corporate voluntary disclosures activities. Accordingly, explaining corporate web-based investor relations practices relied on the agency theory as well as the institutional theory. (See for example; Pirchegger and Wagenhofer,1999; Geerings et. al. ,2003; Oyerlere et al., 2003; Marston and Polei, 2004; Xiao et al., 2004; Chan and Wickramasinghe, 2006; Bollen et al., 2006; Bonson and Escobar, 2006; Abdelsalam et al., 2007; Kelton and Yang , 2008).

Stemming from an agency theory perspective, corporate governance mechanisms are believed to have positive impact to mitigate the agency problem. Corporate governance might be viewed as the relationship between a company's management and shareholders. It is defined as "the system by which business corporations are directed and controlled" (Rankin, et al.2012: 188). It is widely believed that the implementation of a good corporate governance framework presents companies a structured path to better management practices, effective oversight and control mechanisms which lead to opportunities for growth, financing and improved performance (Solomon, 2010). In this regard, countries with newly established, yet promising, financial markets such as the UAE consider the adoption of corporate governance code as a must in order to build up investors' confidence in the financial market and to attract and sustain investments. This is believed to be achieved through increased disclosures and transparency of the financial market. As a result, the implementation of corporate governance code is seen by the UAE government as a priority when enhancing its financial markets.

This study seeks to examine the relationship between corporate governance mechanisms and web-based corporate investor relations practices of companies listed in Abu Dhabi Stock Exchange.

2. Corporate governance regime in the UAE

The economy of the United Arab Emirates is the second largest in the Arab world (after Saudi Arabia), with a gross domestic product(GDP) of $377 billion (AED1.38 trillion) in 2012. Since the independence in 1971, UAE's economy has grown by nearly 231 times to AED1.45 trillion in 2013 (John, 2013). Although The United Arab Emirates is considered as one of the largest exports of Oil and Gas in the world, the general trend and vision in the UAE economy is to reduce its dependency on oil exports by diversifying the economy, particularly in the financial, tourism and construction sectors. This has been reflected by the founding father of the UAE the Late Sheikh Zayed Bin Sultan:

"We must not rely on oil alone as the main source of our national income. We have to diversify the sources of our revenue and construct economic projects that will ensure a free, stable and dignified life for the people"

As a response, the UAE which is seeking to enhance its economic competitiveness by diversifying its resources and by building a knowledge-based economy has taken crucial steps in making the country to be viewed as an attractive environment for investments. One of these steps is to strengthen its financial market through ensuring that the investing environment in the UAE is safe, stable, protected by the law, and transparent. One of these steps is related to the implementation of a corporate governance code on companies listed in the UAE financial markets.

Corporate Governance has been regulated in the UAE through a number of years by the UAE Securities and Commodities Authority (SCA). In early 2007, the SCA introduced the UAE code of corporate governance (SCA Decision R/32 of 2007). The code detailed the corporate governance requirements that companies should comply with. According to the code, listed companies are required to include in their annual reports a "corporate governance report" which should contain information about Board Structure and Directors duties and liabilities. Also, the corporate governance report should outline information about board committees, Directors' remuneration, internal control, risk management, and the external auditor. In October 2009, a new code concerning Corporate Governance was issued by the UAE Ministry of Economy which amended the old code. The ministerial resolution No. 518 of 2009 refined, clarified, and updated the old code and made it clear that corporate governance disclosures are mandatory on companies listed in the UAE securities market. In this regard, Companies listed in the UAE securities market were given a grace period of three years starting from 2007 to comply with the code (no later than 30 April 2010).

The new code places more emphasis on oversight of the management and functions of the board of directors by appointing more independent members and non-executive directors, forming committees and having external auditor who is neutral and independent to companies activities. Going beyond what is required by the previous Code, the External auditor is prohibited to perform any technical, administrative or consultation services or any services that may affect its independence. The duties of directors have been further enhanced in accordance with international standards. According to the code, the position of chairman of the board of directors and managing director should not be held by the same person different individuals. Also, the existence of non-executive directors has been increased and as a requirement, the board of any company should at least setup an audit committee, a nomination committee and remuneration committee. Both the audit, nomination and remuneration committees must comprise of not less than three non-executive directors, of whom at least two members shall be independent members and shall be chaired by either independent members. In this regard, these committees are entitled to submit written reports to ensure greater transparency of the procedures, results and recommendations that the committee reaches.

In Addition, the new code also requires listed companies to have a code of conduct along with other corporate internal policies and standards. It requires the board of directors to establish a specific internal control system, to assess risk management and ensure a thorough execution of the governance rules. Most importantly, the new code also requires listed companies to apply environmental and social policies requiring greater corporate social responsibility.

3. The use of corporate websites as investor relations tool

The increase use of corporate websites as a new medium for communicating IR information has been clearly noticeable in recent years in a way that made many commentators predict a gradual disappearance of printed annual report (Beattie and Pratt, 2003). This "change" in the reporting mechanism has been predicted by Elliot (1992) when he noted that:

"Information technology (IT) is changing everything. It represents a new, post-industrial paradigm of wealth creation that is replacing the industrial paradigm and is profoundly changing the way business is done….. If the purpose of accounting information is to support business decision making, and management's decisions types are changing, then it is natural to expect accounting to change- both internal and external"

The growing attention given by companies to the internet as a new medium for establishing communication with stakeholders has been attributed to the features that the internet can offer as a communication tool. It is believed that the attributes and advantages offered by the internet can be seen by both companies and stakeholders. Not least for companies, it can help to reduce costs. In addition, companies can both broaden and segment their disclosure audience, enhance disclosure timeliness, and improve communication quality by establishing a two way communication dialogue with stakeholders as well as using features not available in the annual reports such as audio and video presentations (see for example: Ashbuagh et al., 1999; IASC, 1999; Deller et al., 1999; Beattie and Pratt, 2003).

The internet offers easy access to firm's financial information. Firms can use this technology to reach more potential users than they can by other communication means. Placing financial disclosures on the internet offers equal access to all users and reduces the information advantages of some institutional investors relative to others (Wagenhofer, 2003). In addition, the potential advantages for users lie in the ease of access and ease of search (Beattie and Pratt, 2003). Sophisticated, user friendly software agents provide the user with effective decision-support facilities. Information can be made available more quickly, potentially on a real time basis.

Also, corporate websites have been viewed as a tool for impression management. It is argued that websites could be used as an electronic window dressing that influence stakeholders' impressions of firms' legitimacy, innovation and caring (Winter et al, 2003) as well as Image creation through posting mission statements (Bart, 2001). However, the freedom of publishing information on the company's website could be abused and misleading. Any organization can look as good or bad as any other. This flexibility offers firms' executives the power of web-based impression management to affect their companies' images among their stakeholders, and to develop a strong identity (Winter et al, 2003).

However, recognizing the vast potentials and advantages that the internet may provide for business communication does not imply that this phenomenon is flawless. Concerns regarding the credibility and integrity of publishing share price sensitive information on the company's website without proper monitoring system have been raised by many scholars (see for example Debereceny and Gray, 1999; Hodge, 2001; and Lymer and Debereceny, 2003). The issue regarding hyper-linking audited financial statements to unaudited websites has been viewed as the main drawback of using the internet in business reporting (FASB, 2000). Moreover, another disadvantage of using the internet in business reporting is the possibility of issuing false information that could mislead investors. In this regard the FASB (2000; 23) noted that: "…the internet generates more opportunity for rumors and disinformation to be circulated..."

Nevertheless, and taking under consideration the unique attributes that the internet may offer to the activities done by IR, the presence of the internet, based on Kuperman (2000), did not changed the set of customers IR addresses or the type of information transmitted to these audiences. However, the introduction of the internet has provided the company's management with new techniques to reach and communicate with its financial community.

3.1. Prior studies

In general, studies carried out in the accounting literature to examine the determinants of companies' online reporting practices were quantitative in nature. Most of these studies relied mainly on the propositions provided by agency, signaling, and cost benefit theories. This theoretical perspective was a result of considering this issue as part of a company's overall voluntary disclosure strategy. The primary theoretical foundation of these studies was the notion of information asymmetry between management and ownership (Debreceny et al, 2002). According to this view, corporations adopt new mechanisms to mitigate the adverse effects of information asymmetry. In this regard, Marston and Polei (2004: 293) argued that:

"… it can be assumed that these theories (Agency, signaling, and cost and benefit theories) explain information disclosure via corporate websites…"

Based on this perspective, explanatory studies in the accounting literature focused on corporate characteristics such as size, profitability, leverage, age, growth prospect, sector type and equity need were employed to explain corporate web-based IR practices (Ashbaugh et al., 1999; Craven and Marston, 1999; Marston, 2003; Ettredge et al., 2002; Marston and Polei, 2004; Bonson and Escobar, 2006; Bollen et al., 2006; Geerings et. al., 2003; Debreceny et al., 2002; Xiao et al., 2004).

Recently, explanatory studies witnessed the inclusion of new explanatory variables reflecting corporate governance mechanisms. Again, the influence of the agency theory is clear in these studies. Stemming from an information asymmetry notion, adopting strong corporate governance mechanisms could promote more transparent disclosures to mitigate information asymmetry consequences (Kelton and Yang, 2008: 63). It was assumed in these studies that companies with strong corporate governance will not only rely on traditional methods of voluntary disclosure (paper-based annual reports), but they will also consider new channels of voluntary disclosure. Accordingly, online reporting is considered as a tool for improving disclosure transparency (Kelton and Yang, 2008).

In this regard, studies conducted by Abdelsalam and Street (2007), Abdelsalam et al. (2007), Kelton and Yang (2008), and Abdelsalam and El-Masry (2008) investigated the impact of a number of corporate governance characteristics (namely; board independence, role duality, board experience, number of shareholders, number of major shareholders, proportion of BLOCK shareholders) on levels of Internet Financial Reporting (IFR). Consistent results were reported regarding the association between corporate governance variables and the extent of IFR. For example, in the UK Abdelsalam et al. (2007) found a significant positive relationship between levels of IFR and directors' independence, and a significant negative relationship with directors' ownership. Similar results were reported in the USA, where Kelton and Yang (2008) found significant positive relationships between levels of IFR and: Governance index, proportion of independent directors, audit committee expertise, audit committee meetings. In Addition, a significant negative relationship was reported regarding the Proportion of shares held by Block holders. In Ireland, Abdelsalam and El-Masry (2008) found that board independence and ownership structure (CEO's ownership) are positively associated with the timeliness of corporate internet reporting. In the context of Egypt, Ezat and El-Masry (2008) examined the impact of corporate governance on the timeliness of corporate internet reporting of 37 Egyptian listed companies. A disclosure index was developed to measure the timeliness of corporate internet reporting. Independent variables examined were size, type of industry, liquidity, ownership structure, board composition, and board size. Results showed that size, sector, and liquidity were positively significant with internet reporting. Furthermore, significant positive relationships were found for variables related to board independence, board size, and free floats.

4. Hypotheses development

The primary objective of this paper is to investigate whether corporate governance mechanisms are associated with a firm's Internet financial reporting behavior. Corporate governance mechanisms are involved in monitoring and determining a firm's overall information disclosure policy (Kelton and Yang, 2008). Variables used in the current study to depict corporate governance mechanisms are: shares ownership structure (Government ownership and Institutional ownership), Board independence and Audit Committee financial expertise.

The following represents a discussion regarding hypotheses development related to these variables.

4.1 Ownership Structure (Government Ownership)

Stemming from an institutional theory perspective, coercive isomorphism mechanism that results from formal and informal pressures exerted on organizations may affect a company's decision toward accepting and adopting new practices. In recent years, the UAE government carried out a number of initiatives with the ultimate goal of encouraging UAE individuals and institutions to enter the information and communication technology (ICT) era. This increased importance given by the UAE government toward accepting and implementing ICT make it interesting to find out how UAE companies are responding for these initiatives. As for studies conducted in IFR, Abu Ghazaleh et al. (2012), Xiao et al. (2004) expected a positive relationship between this variable and companies' engagement in IFR.

From a voluntary disclosure perspective, Suwaidan (1997) argued that companies with high level of governmental ownership are perceived as role model for other companies and as a result increase their voluntary disclosure practices. Moreover, Eng and Mak (2003) argue that governmental ownership increases moral hazard and agency problems and disclosure is used to mitigate these problems.

H1: the proportion of shares held by governmental agencies is positively related to the extent company's Web-Based IR Disclosures.

4.2 Ownership Structure (Institutional Ownership)

Normative isomorphism mechanism of the institutional theory suggests that Professionalism pressures might be affecting companies' decisions toward adopting new practices. In this regard, the existence of institutional shareholders in a company's ownership structure may play a normative pressure on a company to accept and engage in information and communication technologies. Considering that the choice of disclosing IR information on corporate websites is a voluntary choice of channel of distribution. In addition, institutional investors are highly associated with companies' voluntary disclosure practices (El-Gazzar, 1998; and Bushee and Noe, 2000). Moreover, Craven and Marston (1997) argued that if management feel the need to attract and retain institutional investment in their company shares they will gladly incur the costs of executing an IR program. Also, Suwaidan (1997:117) argued that institutional shareholders are believed to be more sophisticated group of users of company's information than individual shareholders and ,thus, it is expected that a positive relationship to exist between the proportion of institutional shareholders in a company's ownership structure and the level of voluntary disclosure.

Moreover, institutional pressures might be practiced on companies if their major shareholders structure consists of prestigious institutions. In this regard a company's disclosure practice as well as technological adoption decisions might be a copy of the practices of its major shareholders, especially institutions.

Based on this it might be predicted that the level of corporate IFR is positively related to the level of institutional ownership in the company's shares (Ashbaugh et al., 1999; and Bollen et al., 2006).

H2: the proportion of shares held by institutional investors is positively related to the extent of company's Web-Based IR Disclosures.

4.3 Board Independence

Board independence is an important element in monitoring the corporate financial accounting process (Klein, 2002) and affecting the reliability of financial reports (Anderson et al., 2004). A high percentage of independent directors on the board enhances the monitoring of managerial opportunism and reduces management's chance of withholding information. Empirical evidence suggests a positive association between corporate disclosure and board independence. Beasley (1996) finds that the proportion of independent directors on the board is positively related to the board's ability to influence disclosure decisions. Chen and Jaggi (2000) find evidence of a positive relation between the proportion of independent directors and the comprehensiveness of corporate disclosure in the Hong Kong context. Based on findings from the largest 300 Chinese companies, Xiao et al. (2004) suggest that IFR format and disclosure of information not required by the China Securities Regulatory Commission are positively associated with the proportion of independent directors. Ajinkya et al. (2005) provide evidence on the relation between board independence and voluntary disclosure. They find that firms with a greater percentage of outside directors are more likely to issue earnings forecasts (proxy for voluntary disclosure) and to make more frequent forecast disclosures and conclude that ‘‘monitoring mechanisms are related to the extent and quality of discretionary information a manager discloses" (p. 371). In contrast to the above findings, Eng and Mak (2003) find that increased presence of outside directors is associated with reduced disclosure using a sample of Singapore firms. Gul and Leung (2004) also report a negative association between independent directors and voluntary disclosures using a sample of Hong Kong companies. These findings suggest that independent directors play a substitute-monitoring role leading to a decrease in the demand for additional disclosure. Overall, prior research provides mixed evidence on the link between the financial reporting process, including the level of disclosure, and the independence of the board of directors. Accordingly, we test the following hypothesis stated in null form:

H3: There is no association between the level of a firm's Web-based IR disclosure and the proportion of independent directors on the board.

4.4 Audit Committee Expertise

The role of the audit committee in corporate governance is a subject of increasing regulatory interest. Prior research has shown that key audit committee characteristics – rather than the mere presence of an audit committee – critically impact the audit committee's ability to effectively execute its duties (Abbott et al., 2003; Carcello and Neal, 2003).

Empirical evidence suggests that audit committee financial expertise has a positive effect on financial reporting quality. For example, the financial and governance expertise of audit committee members is found to be negatively associated with aggressive earnings management (Be´dard et al., 2004) and the occurrence of restatement (Abbott et al., 2004) and positively associated with perceived financial reporting quality (Felo et al., 2003). These results indicate that financial expertise on the audit committee affects financial disclosure. This study extends this notion and suggests that audit committee financial expertise is associated with disclosure transparency, measured by web-based investor relations practices. Accordingly, the following hypothesis is developed:

H4: The level of a firm's Web-based IR disclosure is positively associated with its audit committee financial expertise.

5. Methodology of the Study

The paper draws a sample of 57 corporations listed on the Abu Dubai securities market. To test the relationship between corporate governance mechanisms and corporate web-based investor relations disclosures, two methods were conducted: the first consist of visiting the websites of listed companies and to perform a content analysis to assess the disclosure of certain items related to investor relations information. The second method of collecting data is related to collecting the data of corporate governance variables and company's specific characteristics. With this regard, data were extracted from company's annual reports for the year 2013.

5.1 The regression Model

Based on the hypotheses development discussion, the following model is adopted to assess the relationship between corporate web-based investor relations disclosures and corporate governance mechanisms:

$$WEB\text{-}IR = \alpha + \beta1\ (GOV) + \beta2\ (INST) + \beta3\ (Bind) + \beta4\ (AudCm) + \beta5\ (Size) + \beta6\ (Prof) + \beta7\ (GRTH) + \beta8\ (AGE) + \varepsilon it$$

Where:

Web-IR = Web-Based Investor relations disclosures index

GOV = percentage of Government ownership in company's outstanding shares

INST = percentage of institutional ownership in company's outstanding shares

Bind = board independence, percentage of independent directors of the board of directors

AudCm = Audit committee expertise, percentage of members in the audit committee with financial expertise or background.

Size = size of the company, measured as the natural logarithm of total assets

Prof = profitability of the company, measured as return on equity

GRTH = Growth prospects of the company measured as the ratio of market value to book value of equity.

AGE = Number of years since establishment.

5.2 The dependent variable: corporate web-based Investor relations disclosures

The study takes a snapshot in 30, January 2014 to investigate the web sites of the sampled companies. The WEB-IR was measured by designing a checklist that contains 10 items. Each company was examined and takes one if one of the timeliness items was found on its web site or takes 0 if any of the timeliness items was not found on its web site or if the company did not have web site. Following Kelton and Yang (2008), Ezat and El-Masry (2008), Barac (2004), and Pirchegger and Wagenhofer (1999), the following elements are used to build up the WEB-IR index:

- General information about the company
- Current press releases or news;
- Current share price;
- Information about Board of Directors
- Calendar for future financial events;
- Availability of latest financial statements or annual reports;
- Information about company's social responsibility activities;
- Information about corporate governance committees
- Video Broad cast of latest Annual General Meeting; and
- Option to register for future e-mail alerts regarding press releases or newsletters.

6. Data analysis and Results

6.1 descriptive statistics

Table (1) shows the results of the content analysis of companies' websites. As it can be seen in the table, all companies included in the study have a corporate website. The existence of IR information in these websites ranges from as low as 11% to a maximum of 100%. The most disclosed IR item is related to the disclosure of general information about the company where all websites disclosed this piece of information. On the other hand, the least disclosed item is the broadcast of video files related to the company's annual general meeting (AGM) where only 16% of websites used this option. Nevertheless, the use of corporate websites to disclose IR activities is relatively acceptable when considering that more than 50% of companies with websites are disclosing IR information.

Item	Frequency	%
General information about the company	**57**	**100**
Current press releases or news	**47**	**82**
Current share price	**25**	**44**
Information about Board of Directors	**36**	**63**
Calendar for future financial events	**25**	**44**
Availability of latest financial statements or annual reports	**34**	**60**
Information about company's social responsibility activities	**28**	**49**
Information about corporate governance committees	**27**	**47**
Video Broadcasting of latest Annual General Meeting	**6**	**11**
Option to register for future e-mail alerts regarding press releases or newsletters	**44**	**77**

Table (1)
Web-IR descriptive Statistics

Also, table (2) provided below shows some descriptive statistics of the variables included in the study. As it can be seen in the table, the lowest score for the variable WEB-IR is 20% indicating that this website only disclosed 2 items related to IR activities. On the other hand, the highest score of WEB-IR reached 90% indicating a disclosure of 9 IR related items.

	Mean	Min	Max
WEB-IR	**0.35**	**0.20**	**0.90**
GOV	**0.0472**	**0.000**	**0.912**
INST	**0.302**	**0.000**	**0.998**
BINDP	**0.215**	**0.124**	**0.642**
AudCm	**0.45**	**0.231**	**0.751**
Size	**16.52**	**13.83**	**20.58**
Prof	**0.029**	**-0.586**	**0.439**
Growth	**13.15**	**1.782**	**24.32**
Age	**21.22**	**1**	**44**

Table (2)
Descriptive statistics of variables

6.2 results of the multivariate regression analysis

Multivariate OLS regression analysis is conducted to find the relationship between the dependent variable (WEB-IR) and the independent variables (GOV, INST, BIND, and AudCm). Also, the multivariate regression analysis included Size, Profitability, Growth, and Age to control the relationship between the dependent variable and the independent variables. Results of the multivariate regression analysis are presented in table (3).

As it is seen in the table, the overall model is significant with F Statistics score of 17.445 significant at the 0.000 level ($p<0.001$). And consistent with prior research, the model's explanatory power is reasonable at an adjusted R square of 0.307.

Coefficients of the independent variables are all positive, indicating a positive relationship between corporate governance mechanisms and corporate web-based IR activities. However, Board independence is found to be insignificant in affecting the level of WEB-IR. Government Ownership (GOV) is found to be significant at the 0.000 level indicating that companies with high levels of government ownership are highly involved in WEB-IR activities. This result provides evidence supporting H1 and consistent with the results reported by AbuGhazaleh et al. (2012) and Xiao et al. (2004). Also, Institutional ownership (INST) showed a significant positive relationship with WEB-IR activities at the 0.10 significance level. Thus, H2 is supported consistent with AbuGhazaleh (2012), Bollen (2006), and Ashbaugh et al. (1999). Moreover, audit committee expertise is found to have a significant positive relationship ($p<0.05$) with WEB-IR supporting evidence of H4 and consistent with Kelton and Yang (2008), Be'dard et al. (2004), and Felo et al. (2003).

As for the control variables, only size and profitability were found to have significant positive relationship with WIB-IR activities ($p<0.10$ and $p<0.001$ respectively.

F Statistics	17.445		VIF
P value	0.000		
Adjusted R	0.307		
DW	1.938		
Independent Variables	Coefficient	P-Value	
GOV	**0.346**	**0.000*****	1.25
INST	**0.118**	**0.076***	1.19
BINDP	0.188	0.124	1.21
AudCm	**0.243**	**0.032****	1.36
Size	**0.104**	**0.078***	1.29
Prof	**0.508**	**0.000*****	1.07
Growth	0.030	0.213	1.13
Age	0.014	0.814	1.32

*significant at the 10% level, **significant at the 5% level, *** significant at the 1% level

Table 3
Results of the OLS regression

7. conclusion and recommendations for future research

In this study, the relationship between corporate governance and corporate web-based investor relations activities is examined in the UAE context. Results showed a significant positive relationship between Ownership structure (Government and Institutional) and Audit committee financial expertise and the degree to which companies disclose IR information on their websites. This indicates that strong corporate governance mechanisms are influencing and motivating companies to enhance and improve their disclosure activities by using a new medium (i.e. the internet) and therefore increasing the transparency and information availability to the stock market participants in emerging economies such as the UAE.

It is recommended for future research to assess in depth the status of corporate governance practices of UAE companies. Also, the current study suggests carrying out an investigation regarding the influence of Audit committee effectiveness and quality of corporate disclosures.

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