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Internet Financial Reporting and Company Characteristics: a Case of Quoted Companies in Nigeria

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Abstract
This study was conducted to analyze the ability of Nigerian listed companies to communicate financial information via the internet. The result shows that 80.8% of listed companies in Nigeria have websites while 19.2% did not have websites or their websites was not accessible. The financial sector has the highest number of companies (55) with official websites while the manufacturing sector has the highest number of companies (14) without official websites. The result of the regression analysis shows that company size (log of total assets) and industrial sector have significant association with internet financial reporting (IFR) index. However, profitability, auditor type and company age were not found to be significant explanatory variables for IFR index.
Key words: Internet Financial Reporting, Company Characteristics, Nigerian Listed Companies

1. Introduction

The percentage of people using the Internet continues to grow worldwide; statistics provided by the International Telecommunications Union reveal that over 2.7 billion people across the seven continents of Europe, Australia, North and South America, Asia, Africa, and Antarctica are now using the Internet (ITU, 2013). There had been an increase of over 17.4% from 2012 when the internet usage was only 2.3 billion. The number of internet users has increased drastically in both the developed and developing nations**.** Nigeria has not been left out. The Nigerian Communications Commission (NCC) showed that as at April 2013 the active internet subscriptions in Nigeria was by 34,929,770 people an increase of 37.61% from 2012 (NCC,2013).

There had been the growing use of internet by households, schools, private companies, and public sector organizations for a variety of purposes. The Internet has also become an increasingly attractive market place with estimated worldwide usage of B2C ecommerce as $1.22 trillion in 2013 while the estimated usage by 2016 is $1.87 (eMarketer, 2013). There had been a growing significance of the Internet and its relevance to financial reporting. The internet is a technology with the influence to transform external reporting. It provides a seamless information delivery channel and makes physical and national boundaries less meaningful (Xiao and Jones, 2005). Internet Financial Reporting has numerous benefits; it helps to attract local and foreign investors, promote the company to the public, provide wider coverage and is better at promoting transparency compared to the traditional form of annual reports (Khan, Ismail and Zakuan, 2013).

Various companies worldwide are currently reporting all or part of their financial information on their websites because the internet has become one of investors most frequently used sources of corporate information (Hindi and Rich, 2010). The internet provides an exclusive form of corporate voluntary disclosure that enables organizations to provide information instantaneously to global audience (Abdelsalam et al., 2007). Notwithstanding the growing use of the internet as a medium for the dissemination of financial and non-financial information, some companies either do not have a corporate website, or are not using their website to provide such information (Agyei-Mensah, 2012). In order to know how this role had been enhanced researchers from various countries have examined the incentives and determinants of the level of internet disclosure.

The determinants of Internet financial reporting disclosure were tested by prior studies in the developed nations by Craven and Marston (1999) for United Kingdom; Ashbaugh et al (1999) for United States of America; Marston (2003) for Japan; Oyelere et al (2003) for New Zealand, Bonson and Escober (2006) for Eastern Europe and Abdelsalam et al., (2007) for London. Other studies in the developing nations include Aly, Simon and Hussainey (2010) for Egypt, Hossain, Momin and Leo (2012) for Qatar, Agyei-Mensah (2012) for Ghana and Agboola and Salawu (2012) for Nigeria. Empirical studies in IFR in Nigeria are limited; there is a need for additional empirical evidence on IFR. Against this back ground, this study seeks to empirically examine the relationship between internet financial reporting practices and company characteristics, which includes firm size, profitability, company age, auditor size and type of industry.

The remainder of this paper are organized as follows. The next section provides the theoretical framework and reviewed prior literature in the area of voluntary disclosure and internet reporting and focuses on hypotheses development. The research model for the study are provided in section three Section four presents the results and discussion of findings. Finally, section five provides conclusions and recommendations.

2. Theoretical Framework and Hypotheses Development

Agency theory was developed by Jenson and Meckling (1976) to explain the relationship between managers and owners. Many disclosure studies have used agency theory to explain voluntary disclosure practice (Al-Shammari, 2005, Watson et al.2002). Owners face moral dilemmas because most times there are usually conflict of interest between the 'principal' (owners) and 'agents' (managers). This conflict of interest results to 'agency problem' whose resolution incurs agency costs (Al-Shammari, 2005). Agency costs can be reduced by increasing the levels of corporate disclosure. Watson et al. (2002) further stated that agents have incentives to increase disclosure to induce shareholders that they are acting optimally because they know that shareholders seek to limit the abnormal behaviour of managers through bonding and monitoring activities. On the contrary, managers because of their selfish interest may fail to make proper disclosure not in the interest of the owners.

Signalling theory proposes that companies use financial statement as a signalling tool to express their expectations and intentions. Singhvi and Desai (1971) narrated that corporation may disclose more information when its profitability is above industry average in order to signal to the owners about the corporation's strong position to survive. According to Craven and Marston (1999), firms tries to adopt the same level of disclosure as other firms within the same industry in order not to be perceived by stakeholders as hiding bad news. Corporate internet disclosure is a signal of high quality and can be used to keep pace with other firms in the same industry. It signals that the firm is current rather than old fashioned and conservative.

Adequate and accurate disclosure helps corporations in raising long term capital funds at reasonable costs (Singhvi, 1968). Choi (1973) propagated the "Capital needs" theory by advocating that corporations will be motivated to upgrade their quality of disclosure in order to obtain scarce money supply. According to Spero (1979) additional disclosure may assist in reducing informational risk and thereby lowering the cost of capital. Larger organisations are likely to realise the possible benefits of disclosures because they require to present their financial statements to acquire funds through capital markets (Singhvi and Desai, 1971). These financial statements had traditional form of paper-based 'hard copy' reporting. This form of reporting has its limitations such as limited geographical dispersion and cost ineffectiveness. With the advent of globalization, the orientation of corporate reporting has changed. The internet has revolutionalized information dissemination and significantly impacted accounting disclosure (Agyei-Mensah, 2012). Internet based reporting is found to be flexible in format, fastness, cost effectiveness, and accessibility to various users all over the globe (Haniffa and Ab.Rashid, 2004).

This paper develops hypotheses concerning the association between the internet financial reporting and five company characteristics which affect disclosure decisions of Nigerian companies. Currently there is no law in Nigeria that mandates listed companies to disclose financial information through the internet. Based on previous literature, the company characteristics selected are: Company size, profitability, auditor size, company age and industry type.

2.1 Company Size

Empirical evidence regarding the association between company size and disclosure reveals that company size positively and significantly influences disclosure practices. Evidences are found in the works of Singvi and Desai (1971), Chow and Wong-Boren (1987), Cooke (1989), Wallace and Naser (1995), Inchausti (1997), Owusu-Ansah (1998), Ferguson et al. (2002) and Umoren (2009). Studies on internet corporate reporting practices also confirm same. Examples are Marston and Leow (1998), Ashbaugh et al (1999), Craven and Marston (1999), Oyelere et al (2003), Haniffa and Ab.Rashid (2004), Hossain et al. (2012) and Agboola and Salawu(2012).

The overwhelming support for a positive relationship between firm size and level of disclosure can be argued that large companies usually operate over wide geographical areas and deal with multiple products and have several divisional units, they are likely to have well built information system that enables them to track all financial and non-financial information for operational, tactical and strategic purposes. Full disclosure can enhance their competitive positions. Singhvi and Desai, (1971), states that this positive relationship may be attributed to three basic reasons. First, the cost of acquiring detailed information is more for small firms; second, management of larger firms is likely to realize the possible benefits of disclosure; and lastly, larger firms feel that. Hence, our first hypothesis states that:

H_1: There is a positive significant association between company size and level of internet financial reporting disclosure by companies in Nigeria.

2.2 Profitability

Many studies have tested the association between profitability and extent of disclosure. Such studies are Akhtaruddin (2005), Cerf (1961), Cooke (1989), Inchausti (1997), Iatridis (2007), Meek et al, (1995), Singhvi and Desai (1971),and Umoren (2009}. Signalling theory suggests that companies with better performance use corporate information to send signals to the market Singhvi and Desai (1971) argued that non-profitable firms may disclose less information in order to cover up declining profit and losses. Corporate managers are usually

unwilling to give detailed information about a non-profitable product or outlet; hence they might decide to disclose only a lump profit attributable to the whole company. It can also be argued that unprofitable companies will be inclined to release more information in defence of poor performance. In accordance with Meek et al (1995) and Inchausti (1997), profitable firms will want to distinguish themselves by disclosing detailed information so as to enable them to obtain capital on the best available and in order to avoid undervaluation of company's shares. Profitability is also found as a valuable factor in determining internet financial reporting practices. Examples are Agboola and Salawu (2012), Agyei-Mensah (2012), Ashbaugh et al. (1999). Oyelere et al (2003) and Xiao et al (2004). Thus; our second hypothesis states that:

H_1: There is a positive significant association between profitability and level of internet financial reporting disclosure by companies in Nigeria.

2.3 Company Age

Company Age has been found by many researchers to have an association with financial disclosure. Positive associations are found by Akhtaruddin (2005), Al-Shammari (2005), Haniffa and Cooke (2002), Owusu Ansah (1998), Prencipe (2004) while negative association was found by Glaum and Street(2003). The positive association is based on the premise that older, experienced and well-established companies are likely to disclose more information because they have established and cost effective reporting systems whereas the negative association on the contrary, signifies that younger companies disclose more information to boost investor confidence and reduce skepticm. Studies on internet financial reporting have also used company age as a determinant. Such can be found in the works of Hossain et al (2012) and Agboola and Salawu (2012). Therefore our third hypothesis states that:

H_1: There is a positive significant association between company age and level of internet financial reporting disclosure by companies in Nigeria.

2.4 Auditor Size

The size of the audit firm influences the amount and quality of information disclosed in annual reports. In 1976, Jenson and Meckling narrated that auditing is a way of reducing agency costs. Lopes and Rodrigues (2007) supported this view by stating the fact that these big auditing firms have a good knowledge of local and international standards and the costs of implementing the standards are lower than for the smaller firms. Singhvi and Desai (1971) and Street and Gray (2001) found positive association between audit firm size and the extent of disclosure, while Marston and Robson (1997) and Owusu-Ansah (1998) did not recognise significant relationship. For studies relating to IFR practice, Agboola and Salawu(2012) found positive association between auditor size and internet reporting practices whereas Aly (2010) and Agyei-Mensah(2012) did not find such relationship. Hence our fourth hypothesis states that:

H_1: There is a positive significant association between auditor size and level of internet financial reporting disclosure by companies in Nigeria.

2.5 Industry Type

Signalling theory suggests there are industry differences in disclosure practices. Craven and Marston advocates that a company that fails to follow the disclosure pattern of others within the same industry might be hiding bad news. According to Owusu-Ansah (1998), disclosure practices are likely to vary by industry. For example highly regulated companies may be subject to more rigorous controls. The association between industry-type and disclosure have been tested by several researchers such as Cooke (1989, 1991, and 1992) and Ahmed (2005) for hard copy based disclosures and Craven and Marston (1999), Debreceny et al. (2002), and Oyelere et al (2003) for internet based disclosures. Signalling theory suggests industry differences in disclosure. Companies within an industry will follow the disclosure practices of others in the same industry, otherwise, then it may be interpreted that the company is hiding bad news (Craven and Marston, 1999). Thus our fifth hypothesis states that:

H_1: There is a positive significant association between industry type and level of internet financial reporting disclosure by companies in Nigeria.

3. Research Methodology

The sample consist all the listed companies on the Nigerian Stock Exchange as at 31St December, 2011. As a result of delistings from the Exchange, the number of listed companies dropped to 198 in 2011 (Okoye, 2012). The companies was classified into 5 sectors, namely, (i) Manufacturing/Trading/Service; (ii) Banking/Insurance/Mortgage; (iii) Agriculture /Petroleum / Chemicals; (iv) Food and Health and (v) Engineering/Construction. All companies were assessed between June 2013 and July 2013. Their web was browsed to establish whether the companies have websites or not. The companies with websites were further browsed to know if they provide internet financial reports or not. Data relating to financial reporting was collected from the websites of these companies. In addition data was collected from www.securities.com on total assets, return on assets, year of incorporation, auditor type and industry type. However, after collation of all data, companies with partial information on the independent variables were eliminated and only 85 companies were

used for the regression model. The empirical model is specified as follows:

IFR = f (SIZE, PRO, AGE, AUD, IND)……. (1)

The empirical model is specified into a multiple regression equation as below:

$IFR_j = \beta_0 + \beta_1 SIZE_j + \beta_2 PRO_j + \beta_3 AGE_j + \beta_4 AUD_j + \beta_5 IND_j + \varepsilon_j$ …….(2)

The 'a priori expectations are:

$\beta_1 > 0$; implying that the higher the SIZE, the higher the IFR index,

$\beta_2 > 0$; implying that the higher the PRO, the higher the IFR index,

$\beta_3 > 0$; implying that the higher the AGE, the higher the IFR index,

$\beta_4 > 0$; implying that the higher the AUD, the higher the IFR index,

$\beta_5 > 0$; implying that the higher the IND, the higher the IFR index,

3.1 Dependent Variable

The dependent variable is represented by an index named IFR index, it measures the extent of internet reporting by the listed companies in Nigeria. The researcher built up a check list containing ten items and adopting the unweighted approach for the scoring. Cooke (1989 is the pioneer of the unweighted model hence this model is generally referred to as Cooke index. The unweighted approach is preferred because it is based on the assumption that each item of disclosure is equally important, it provides a neutral assessment of items and removes subjectivity. This approach utilizes a dichotomous scoring scheme to capture the level of disclosure. An item is scored 1 if it is disclosed and 0 if otherwise. The internet financial reporting index can be mathematically shown as follows;

IFR= TD/TPD,

Where IFR is Internet financial reporting index; TD is total disclosure score, and TPD is the total possible disclosure score for each company.

Table 1: Summary of Dependent and Independent Variables

Serial number	Description of Independent and Dependent Variables	Proxy	Code	Expected signs
1	Internet Financial Reporting Index	Disclosure score of internet financial reporting disclosures	IFR	
2	Company Size	Log Total Assets	SIZE	+
3	Profitability	Return on assets i.e. PBT/Total Assets	PRO	+
4	Company Age	Year of Incorporation	AGE	+
6	Auditor	Big Audit Firm (1)or non big(0)	AUD	+
7	Industry	(1) Manufacturing/Trading/Service; (2) Banking/Insurance/Mortgage; (3) Agriculture /Petroleum / Chemicals; (4) Food and Health and (5) Engineering/Construction.	IND	+

3.2 Independent Variables

The explanatory variables are company size, profitability, company age, and auditor size and industry type. The proxies are as illustrated in Table 1 above. Company size is represented by the log of total assets, profitability by profit before tax divided by total assets, age by year of incorporation as featured on www.securities.com. Auditor size is represented by 1 if affiliated to the Big 4 international firms, that is, PricewaterhouseCoopers, Ernst and Young, KPMG and Akintola Williams and Deloitte and by 0 if otherwise. Industry type is represented by (1) Manufacturing/Trading/Service; (2) Banking/Insurance/Mortgage; (3) Agriculture /Petroleum / Chemicals; (4) Food and Health and (5) Engineering/Construction.

3.3 Data Analysis Technique

The data is analysed using descriptive analysis, which includes percentages, mean and standard deviation. Ordinary Least Square (OLS) regression is used in determining the relationship between internet financial reporting and the explanatory variables.

4. Results and Discussion

According to the industry classification 57 (28.8%) companies are in Manufacturing /Trading/Service sector; 60 (30.3%) are in Banking/Insurance/Mortgage sector, 31(15.7%) are in Agriculture /Petroleum / Chemicals sector, 36 (18.2%) are in Food and Health sector, while and 14 (7.1%) are in the Engineering/Construction sector. Table 2 shows the various no of companies with or without websites classified per sector.

Table 2: Summary of Companies with or without websites

Industry Classification	No of companies with websites	No of companies without websites	Total
Manufacturing/Trading/Service	43 (75.4%)	14 (24.6%)	57 (28.8%)
Banking/Insurance/Mortgage	55 (91.7%)	5 (8.3%)	60(30.3%)
Agriculture /Petroleum Chemicals	25 (80.6%)	6 (19.4%)	31 (15.7%)
Food and Health	27 (75%)	9 (25%)	36 (18.2%)
Engineering/Construction	10 (71.4%)	4 (28.6%)	14 (7.1%)
Total	160 (80.8%)	38 (19.2%)	198(100%)

The table 2 above reveals the number of Nigerian companies with or without official websites. Of all the 198 companies only 160 (80.8%) have websites, the remaining 38 (19.2%) have no websites or their websites are not assessable. This finding is an improvement to the 54.1% of the listed Nigerian companies found by Salawu (2009) to have official websites, with 45.9% without official websites. The financial sector has the highest number of companies with official websites while the manufacturing sector has the highest number of companies without official websites.

The analysis of IFR items is as indicated on Table 3. It shows the percentage of companies that disclosed the internet financial disclosure items.

Table 3: The percentage of companies that disclosed the IFR items

S/No	IFR items	Percentage of Companies
1	Downloadable 2010 financial reports	46.54%
2	Downloadable 2011 financial reports	61%
3	Downloadable 2012 financial reports	41.51%
4	Quarterly reports	29.6%
5	Financial highlights	31%
6	Corporate governance page	22.6%
7	Directors Information	67.9%
8	Management Information	66.7%
9	Share Information	20.1%
10	Corporate social responsibility page	32.7%
11	Environmental policy	10.1%
12	Sustainability report	03.8%

Of the 159 companies with official websites only 46.54%, 61% and 41.51% of companies have downloadable financial reports of 2010, 2011 and 2012 respectively. The highest percentage was for 2011 financial year, where the listed company sites provided 2011 annual reports for their investors. The most recent annual reports of 2012 were not available on the Web. This is meant to be in IFRS format. Quarterly reports are presented by only 29.6% of all the companies while only 31% presents financial highlights. Companies with corporate governance page also recorded a low turnout of 22.6%. Both the directors and management information on the corporate website have an above average percentage of 67.9% and 66.7% respectively. Only few companies provided share and corporate social responsibility information (20.1% and 32.7%). The least information provided was environmental policy (10.1%) and sustainability reports (3.8%). This reveals that Nigerian companies hardly provide environmental information. Most of the websites were used in advertising the company's products/services and to enhance their corporate image.

The descriptive statistics (Table 4) for the dependent variable reveals a mean disclosure index of .2899, minimum of 0, maximum of 1 and a standard deviation of 0.2762. The average result of 28.99% is very disappointing. It indicates that most Nigerian firms that have websites do not use it to provide accounting information for investors to make timely decisions. This is in line with the previous studies of Agboola and Salawu (2012).

Descriptive statistics of the explanatory variable reveals log of total assets is 7.2189 with a minimum of 4.99 and maximum of 9.39 with a standard deviation of 0.8656. The profitability has a minimum value of Return on Assets as -25.80 and a maximum of 49.05 with a mean of 4.38, a skewness of 0.91 and kurtosis of 5.095. This seems to be high because the performance of listed companies was generally poor in 2011. Nigerian stock market last year recorded a total loss of N1.38 trillion representing 17.42 per cent loss (Okoye, 2012). The range of age proxied by the year of incorporation is between 1923 and 2008. The statistics of the audit firm shows that 48% (95) of the listed firms engage the affiliates of the Big-4 audit firms while 52%(103) engage non-big 4 audit firms.

Of these 48 companies, 11 are audited by KPMG, 5 by Ernst and Young, 21 by PricewaterhouseCoopers and 58 by Akintola Williams Deloitte. The industry details are as analysed at the beginning of the section, with 30.3%

of the firms classified as financial firms and 69.7% are classified as non- financial firms.

Table 4: Descriptive Statistics

	Minimum	Maximum	Mean	Standard Deviation	Skewness	Kurtosis
IFR index	0	1	.2899	.27621	.633	-0.702
Log of Assets	4.99	9.39	7.22	.8656	.525	.203
Return on Assets	-25.80	49.05	4.38	9.59	.910	5.095
Company Age	1923	2008	1982	16.97	-.832	.555
Auditor	0	1	.4798	.5008	.081	-2.014
Industry	1	5	2.44	1.2722	.492	-.927

Since multiple regression analysis is based on the assumption that the independent variables are not correlated with one another, it is therefore necessary to verify the correlation between the independent variables before running the regression analysis.

Table 5: Correlations

			SIZE	PRO	AGE	AUD	IND
Spearman's rho	logsize	Correlation Coefficient Sig. (2-tailed)	1.000	-.045 .686	.203 .062	.410** .000	.209 .055
	PRO	Correlation Coefficient Sig. (2-tailed)	-.045 .686	1.000 -	-.134 .220	.044 .692	.351** .001
	AGE	Correlation Coefficient Sig. (2-tailed)	203 .062	-.134 .220	1.000 -	-.107 .328	-.085 .441
	AUD	Correlation Coefficient Sig. (2-tailed)	.410** .000	.044 .692	-.107 .328	1.000 -	.164 .133
	IND	Correlation Coefficient Sig. (2-tailed)	.209 .055	.351** .001	-.085 .441	.164 .133	1.000 -

Table 5 presents the correlation among the explanatory variables in order to diagnose multi-collinearity. Spearman's rho correlation is used because it is a powerful non-parametric method of analysing data. The result above shows that log of size has a significant relationship with auditor type at 0.01 level and also profitability has a significant relationship with industry. Using a cut-off of 0.5 as an indication of high correlation, these results (0.410 and 0.351) does not seem to show multi-colinearity threat since they are both less than the cut off. Other variables did not show any significant relationship. With this result obtained we could then proceed to conduct the regression analysis.

The potential effect of collinearity on the regression was assessed using the tolerance level and Variance Inflation Factor (VIF). The VIF is between 1.180 and 1.4 (below 5) for all the variables while tolerance is between 0.714 and 0.847 (above 0.2). The VIF and tolerance diagnosis signify that there is no threat of multi-colinearity. The VIF should be lower than 10 and tolerance should not be below 0.2 (Field, 2005). Durbin-Watson statistic was used in testing autocorrelation. The Dubin-Watson value of 1.765 suggest the model is robust, the closer the value to 2, the better (Field, 2005). The goodness of fit shows an adjusted R^2 of 0.356, indicating that 35.6% of the variance in the independent variable is explained by the independent variables. The F-value value of 10.287 at a significance of $p < 0.001$ shows that the overall model is well fit.

Table 6 below shows the coefficients and t values (parentheses) of the explanatory variables. The t-statistics of size is positive. This is as predicted by Hypothesis 1. Size is also found to be significantly associated with IFR index, so Hypothesis 1 is supported. This positive and significant association with internet financial reporting index is in line with previous researches on Nigeria listed companies (Agboola and Salawu, 2012), on US companies (Ashbaugh et al.(1999), on Qatar companies (Hossain et al (2012), on UK companies (Marston and Leow (1998), and on New Zealand companies (Oyelere, Laswad and Fisher,2003). However, it differs from the findings of Agyei – Mensah (2012) on Ghanaian companies. This results show that company size motivates the provision of IFR. The larger a company is, the more likely it is to engage in IFR.

Table 6: Regression Result

	Expected signs	Regression Result
Intercept		-3.392 (-1.196)
Company Size	+	+.185 (5.56)**
Profitability	+	+.001 (.517)
Company Age	+	+.001 (.889)
Auditor Type	+	+.031 (.532)
Industry Type	+	-.051 (-2.401)*
R^2		0.394
Adjusted R^2		0.356
F-Statistics		10.287 P(0.000)

*Significant at 5%, ** Significant at 1% Source (Researchers, 2013)

Profitability has a positive co-efficient but is not significantly associated with IFR index. This does not support the Hypothesis 2, that there is a positive significant association between profitability and level of internet financial reporting disclosure by companies in Nigeria. The findings is consistent with the outcomes reported by Agboola and Salawu (2012) in Nigeria, Hossain et al (2012) in Qatar and Oyelere et al (2003) but inconsistent with the studies of Agyei – Mensah (2012). This implies that the display of financial information on the internet does not depend on the profitability or non profitability of the companies.

Company age is positive but not significantly associated with internet financial reporting disclosure practices. This does not support the hypothesis that older companies will have a high propensity to disclose financial information on the internet. Hypothesis 3 is not supported. The result compares favourably with similar studies of Agboola and Salawu (2012) in Nigeria and Hossain et al (2012) in Qatar.

Auditor type also does not support our earlier Hypothesis 4 that there is a positive significant association between auditor type and level of internet financial reporting disclosure. This result gives credence to the study of Agyei – Mensah (2012) that found that auditor type is not a significant explanatory variable for internet reporting index. However, the sufficient inconsistence with similar studies of Agboola and Salawu (2012) in Nigeria.

Industry sector showed a negative but significant relationship with level of internet financial reporting disclosure at 5% level. The expected sign is positive but the results turned out negative. This significant association is similar to the findings of Aly et al (2010) for Egyptian companies, Oyelere et al on New Zealand companies and Xiao et al (2004) for Chinese companies.

5. Conclusion

This study was carried out to determine the extent of disclosure of financial information on the internet by Nigerian companies. It also determined the variables influencing such decisions. The study concludes that about 81% of listed companies in Nigeria have websites but do not fully present their financial information on the internet. Further, it is concluded that large size firm disclose more information on the internet than the small ones. This support the earlier findings of (Agboola and Salawu, 2012), (Ashbaugh et al.(1999), (Hossain et al (2012), Debreceny et al(2002), (Marston and Leow (1998), and (Oyelere, Laswad and Fisher,2003). Industry type was also found to be a significant variable. About 92% of the companies in the financial sector have websites and disclose relevant financial information compared with their counterparts, which are the non-financial sector. However, profitability, auditor type and company age were not found to be significantly associated with the disclosure level.

Considering the fact that internet usage has increased drastically over the years in both the developed and developing nations**.** Management of Nigerian quoted companies should embrace the internet as a tool for communicating with stakeholders, such as investors, regulators, creditors and employees. They should improve their stakeholder relations criteria and improve on their sites to provide stakeholders with as much relevant financial information as possible. The proper utilization of internet will engender competition and can be used as a panacea to business growth. The benefits are numerous, it is less costly than the paper-based reports, it encourages flexible form of presentations, it permits communication with wide spread potential and existing stakeholders, it disseminates information faster in large volumes and also increases the timeliness and

transparency of financial reporting. Due to the incessant changing global environment, paper-based reports have become less timely and useful to decision makers, therefore policy makers should set polices and guidelines relevant to the changing times by regulating information on corporate websites.

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