

Full Length Research Paper

A study of the reasons for shortcomings in establishment of internet financial reporting in Iran

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Internet Financial Reporting (IFR) is a new technology which has been introduced in the area of financial reporting. This kind of reporting implies the application of corporate websites in order for dissemination of all information relating to the financial performances of the relevant companies. In the case of utilization by such companies of IFR they would put a “comprehensive collection of financial statements” (including explanatory notes accompanying the financial statements and auditors' reports) on their websites. However, the popularity of the internet to be applied in the financial reporting may be affected by many factors like social, cultural, institutional, and legal factors. The statistical society of this research is made up of the financial managers of the studied companies in Iran during 2008. In order to collect the required data the financial managers of the listed companies in Tehran Stock Exchange (TSE) were questioned. In this study, two hypotheses were developed. The findings shows that the financial managers' balk at disclosing the timely financial date is one of the causes of presence of weakness in setting up of internet financial reporting system, while this is not the cases as regards the financial expenditures incurred as a result of such as system.

Key words: Internet financial reporting, financial expenditures, portable document formats, and hypertext markup language.

INTRODUCTION

Use of internet as a channel for dissemination of the corporate information is a phenomenon that has experienced considerable growth during the recent years. The internet financial reporting is considered a new and wide research subject and it may be affected by various factors like social, cultural, institutional and legal factors in terms of its popularity in financial reporting. Although, the internet financial reporting is recognized an appropriate method for offering institutional financial information, it has failed to keep pace with other countries in Iran so that there are few companies which disclose their financial information via internet.

Internet financial reporting

The IFR does mean the application of corporate websites

in order for dissemination and disclosure of all information relating to their financial performance (Poon and Tak You, 2003). In the case of the utilization by the companies of the IFR a comprehensive set of financial statements (including explanatory notes accompanying the financial statements and auditors' reports) are available on their launched websites and the corporate annual reporting are linked throughout the internet domain (Ashbaugh et al., 1999). The contents of the internet financial reporting may embrace subjects such as annual reports, “Quarterly Reports”, information on the share prices, press releases (to be printed in the newspapers), reports by analyzers and “management discussions of operations”. This kind of reporting could be presented through video or audio files. In general, those companies who use internet financial reporting their annual reports are accompanied by the auditors' reports (Kelton, 2006). In addition, most of such companies do use portable data files in order to spread the related reports. Furthermore, the collected empirical data show that those companies which utilize internet financial

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reporting are larger and more profitable than other companies generally (Pervan, 2005).

O'Kelly (2000) presents some of the characteristics as regards the internet financial reporting as follows:

Access: The user of auditing/accounting information will have an unlimited access to the financial data in a clear manner.

Immediacy: The user of auditing/accounting information is usually seeking real-time information which is possible via internet financial reporting.

Richness: The users do search for a rich picture and media on the global-wide network.

Connectivity: The users of financial information do apply for getting access to accounting information, regardless of their geographical location.

Interactivity: The users of information are in need of and request for application of an accounting model and its use for achieving their personal interests.

As regards the aspect of "Immediacy" Beattie (1999) states that the external organizational reporting has been of a periodical nature since long and fallen under constant criticism due to lack of its punctuality; this is the case while we can make provisions for immediate reporting by virtue of internet network.

Among those motives upon which the companies offer their financial information on the internet site are notable the decreased expense (Gaved, 1997; Lymer and Tallberg, 1997; FASB, 2000; Khadaroo, 2005) and information dissemination time (Rhein, 2000), availability of up-to-date data, making communication with old and unknown users of information (Louwers, Pasewark and Typpo, 1996; FASB, 2000; and Haasbroek, 2003), improvement of access by the small enterprises to the potential investors (FASB, 2000), availability of hyperlinks to other information (Haasbroek, 2003), escalation of investors interactions and improvement of display mode of corporate performance (Conosco, 1999), future perspectives and prospects and company's value (Sutcliffe, 1998), ability to download and manipulate the present data (Haasbroek, 2003), increase of international audiences and possibility of global marketing as well as the dynamic update of information (Lymer, 1997; Russell, 2000; Xiao et al., 2002; Haasbroek, 2003).

Prohibitive implications of internet financial reporting

As the use of internet attains ground and its daily increasing application most organizations spread their financial information by means of websites. Although the internet financial reporting is deemed a very appropriate and effective means for offering organizational financial

information, they are encountering some problems in its utilization. The problems relating to the internet yearly reporting can be described as follows:

General problems: The acceptance and popularity of internet yearly reporting and professional use of the offered information are hindered by some problems as follows (Brown, 2000):

i. One of the difficulties regarding the internet financial reporting is the verifiability of information in such a way that confirmation of the validity and authenticity of those information inserted in the company's annual reporting comes out as one of the impediments on the way of execution of internet financial reporting, due to lack of guarantee for their authenticity by the independent persons. In the internet financial reporting evaluation of the validity of illegal is difficult (Flynn and Gowthorpe, 1997).

ii. Another problem regarding the matter is the Completeness of information. In other words, the degrees of the information completeness which have been presented through websites are paradoxical. The data disclosed on the internet network need to be in compliance with the other published transcripts of the financial reports. If the on-line documentations do not meet all the available information in their original format they should be articulated in a clear manner and the accessibility source of such information should be given. The auditors are always worried about their issuable reports along with the incomplete and selective information (Trites, 1999).

iii. The electronic data may be placed on the website easily in such a manner that it is not noticed by the users. Accordingly, the availability of an informative system such as electronic main is required for awareness of the users on the new information.

iv. Retrievability of annual reports on the internet is a time-consuming process. Often, shareholders are not aware of the web addresses of the companies. The internet search of a certain company's address by the internet search engines would result in thousands of findings. The finding of the website of any company in which the annual reports have been included could be realized as a result of a long and assiduous searching work (Haasbroek, 2003).

v. Problems with digital format: The electronic format of the annual reports is varied on the website. There is no general applicable form for offering documents. Many countries use portable data files or Hypertext Markup Language (HTML) in order for presenting their annual reports on the website. The portable data files are certain file formats which was designed by Adobe Corporation through which the desired document could be observed and printed in the exact format of the original document, while the Hypertext Markup Language (HTML) may be observed (Haasbroek, 2003). The Hypertext Markup Language (HTML) is a computer language which is applied

for configuring and designing web pages (FASB, 2000).

The most important disadvantages of the portable data files includes the necessity by the user for installing the related software, low speed downloading process of high capacity files and lack of possibility listing of the present information of the portable data files by some search engines (Alta Vista and Lycos, 2003). The other disadvantage of the HTML Language is that the graphic files could not be saved automatically (FASB, 2000; Allam and Lymer, 2003; Haasbroek, 2003).

Technological factors: Through creating new versions of HTML Language the old might not be adaptive to the recent breakthroughs. The companies which manage to catch up with and have an intention to apply such breakthroughs do usually utilize the previous version of search engines, which probably cause problems to those users who lack the required skill in downloading and installing the new versions (Haasbroek, 2003).

Legal and regulatory factors: According to legal terms, all companies are not obliged to offer their annual reports on the website and the legal and statutory frameworks do not determine the volume of disclosed electronic information by the relevant companies; this is mainly due to the lack of national and international standards for presentation of information. In most countries, the legal requirements create limitations on the internet financial reporting. Generally, there is not any kind of standard or guideline applicable for providing a support to the quality and reliability of the financial information to be offered on the internet, and the internet financial reporting frameworks have not been defined well or not developed completely. Hence the internet information is incomparable because of the lack of proper regulations in the matter of informative reports (Seetharaman et al., 2005).

Web security problems: The main consequence of using internet is the lack of its security. For the purpose of creating network security and also due to unlawful and unauthorized intrusion by the hackers a paper-based mode is used by the companies.

Economic factors: To manufacture, support and expand internet infrastructures is an expensive process and setting an internet communication may prove itself as a costly manner. On the whole, as the internet facility could be beneficial to the user companies it requires spending costs as well (Ashbaugh et al., 1999; Haasbroek, 2003; Jones and Xiao, 2004).

Socio-economic factors: The users see it convenient to present information in the printout form and it is usually difficult for the shareholder to adapt themselves to the electronic presentation of data. The presence of the natural language functions as an impediment. In addition, the differences in the accounting and auditing

regulations, applied standards and manners in the various countries may serve as an obstacle (Haasbroek, 2003).

The immediate access to a large volume of information in its unconstructed format results in the overload of them. The volume of information may puzzle the users and prevent the shareholders from getting the required information. As regards the matter, the presence of hyperlinks to other information relating to the documents could take a part as well (Trites, 1999).

Users' demand: Today's, there is a demand by the users for utilizing internet reporting, as an alternative to printout formats of the annual reports and timely access to the needed information. This is the case for various reasons, one of which is the inevitable urge of users to avoid the probable developments. In reality, it is likely that the internet reporting lead to users' unwillingness to read the corporate information. Besides, there is a prevailing worry among the users that the degree of reliability and validity of the offered internet information is likely to affect the popularity of the internet reporting negatively.

Auditors' passive stance: The use of internet results in increase of audit risk, hence intensification of the need for more sophisticated techniques in order to execute auditing process. However, the auditors still try to maintain the traditional and periodical pattern of auditing based on their financial statements for a rather prolonged period. What is evident is that they are encountering serious problems to validate the daily increasing qualitative and non-financial data presented through the internet, which will continue constantly.

Literature review

The internet financial reporting is a modern technology which has been introduced in the area of financial reporting. The conducted researches on the corporate reporting were instigated on the basis of internet during 1996 and 1997 (Allam and Lymer, 2003). The initial examinations indicate the availability of websites for the first grade corporations of the Stock Exchange as well as the accessibility of these corporations' financial information via internet. Among these researches are notable the study were conducted by Petravick and Gillett (1996), Lymer (1997), Louwers et al. (1996), Debreceny and Gray (1997). Louwers et al. (1996), for example, examined 150 large American companies. They concluded that 97 companies which have been studied possessed website, of which 35 were displaying the entire information (including full annual report) on the internet only. The remaining 42 companies were not offering their information on the internet, in spite of having access to website.

Marston and Leow (1998) instigated a research on 100

companies in England. Their findings show that 63% of them were equipped with websites. From these companies, 45 were displaying their financial information on the internet. This research was re-launched 20 months later in July 30, 1998. The findings were indicative of the fact that 77% of them were using internet with 57 which were offering their financial information via their exclusive websites. The two researchers took the assumption that the difference in the websites is related to the company size. This assumption was verified in their joint study.

Following the said examinations, the subsequent researches gave more scope to these explorative researches through examination of other geographical territories, or by means of extending the limits of the considerable specifications of the subject of study so as to expand the criteria and bases which have been taken into consideration in the initial studies. In this regard, those researches conducted by Gowthorpe and Amat (1997), Hedlin (1999), Pirchegger and Wagenhofer (1999), Ashbaugh et al., (1999), Oyelere et al., (2000) and Ettredge et al., (2001) are notable. In Austria, for example, a study was conducted by two researchers, namely Pirchegger and Wagenhofer (1999) on the utilization of internet for presenting financial information. Then, they analyzed and juxtaposed the findings with the counter companies in Germany. They stated that, on average, there is a close similarity between two countries in terms of use of internet. In the United States of America, Ashbaugh et al., (1999) did examine the matter of internet application in order for providing assistance to the financial reporting process between November, 1997 and January, 1998. Their studied specimen was comprised of 290 companies from seven industrial sectors, of which traditional reporting methods were revised by the Association for Investment Management and Research (AIMR). They stated that those companies with an access to website are larger in terms of their total assets than those which had no access to internet. In the year ending to December 31, 1997, these researchers examined the Return on Total Assets (ROA) rate for all the companies under study. The result suggested that the ROA rate for the companies with website was higher than that of other companies. The interviewed managers offered the necessity of keeping pace with the other rivals and maintaining the competitive ability as the main cause for launching website. The easy communication with the clients, saving costs of information publication and possibility of electronic business were stated as other reasons.

A study was conducted by Craven and Marston (1999) which they examined 206 large British companies. The result was that 74% of them were in access of website. They assumed that there is a meaningful and positive relationship between the company size and financial disclosure on the global-wide network. By studying the large British companies, they reached the conclusion that the size of company is related with rate of use and

degree of disclosure directly. However, there is no significant relationship between the kind of industry and degree of information disclosure.

The Canadian Association of Official Auditors undertook a research, in Northern America, aiming at attaining a view on the utilization degree of websites in financial reporting. This research was conducted by Trites (1999) stated that the application level of world-wide network in offering financial reporting is of high rate among the companies so that 69% of them possessed websites. Of this percentage, 35% were displaying their financial information via internet in some way or another. In this research a variety of the professional reporting (both financial and non-financial) was discussed and the "implications of electronic on-line reporting in accounting standards" was implied.

In research conducted by Debrecey and Gary (1999) on 45 reputable companies from England, France and Germany it was proved that 36 companies were presenting their annual financial statements in the form of "HTML Language" or "portable data files".

A research was undertaken by the Financial Accounting Standards Board (FASB) (2000) on the variety of internet financial accounting. One of the goals of this research project was to provide a list of the internet financial reporting, to take the notice of the current and future needs of the users of disseminated electronic information and provide a summary of the current notable data on the basis of the website. The findings suggested that 99 companies were in access of websites. Lymer et al. (1999) conducted a study regarding this matter. This research was examined in 22 different countries. The examination of them showed that 86% out of 660 companies which undergo the study possessed websites.

A study was conducted by Alam and Lymer (2003) on the largest companies across five countries including United States of America, England, Canada, Australia and Hong Kong. The selected specimen was made up of 50 large companies from the said countries, making a total of 250 companies. The findings suggest that all the companies operating in U.S., England, and Canada had websites with a company from Hong Kong without access to website. The researchers stated that there was no significant difference between the American and British companies regarding the applied internet financial reporting methods. They argued that the level of internet financial reporting in U.S., England, and Canada were better than in other countries. In this research, the relationship between the size of the company and the degree of internet reporting by them was also examined. Except for Australia, there was no meaningful relationship as regards four other countries. Alam and Lymer in their study of the company size and the level of reporting methods as well as the differences in the approaches adopted by the large lists companies in the various countries concluded that the methods of reporting in the various countries and territories is different.

The application of internet in order for disclosing financial information and those investor-related data was investigated across the German companies. Marston and Polei (2004) conducted the research in two separate phases. Twenty-five German top companies in the "Frankfort Stock Exchange" together with 25 additional companies which have been selected on the basis of the desired index constitute the specimen of the research. The research's descriptive examinations indicate that the volume of the offered information via such companies' websites has experienced increase until 2003. The second section of the research examines the reasons of difference in the on-line disclosure of information as well as the level of disclosure by means of these companies' websites. The researchers argue that the size of the company is the only significant explanatory variable which affects the volume of the disclosed information on the studied website. Among other findings of the research is notable the ineffectiveness of the profitability of the company on the internet reporting method.

A study was undertaken by Haasbroek (2003) on the application of internet financial reporting across 300 top companies in Southern Africa. The goal of this study was to explore the current status of internet as a mechanism for the timely dissemination of information by such companies. According to the conducted study, 227 companies (75.6%) were in access of websites. Haasbroek stated that only 59.6% of the companies were disclosing their annual reports through internet. In this research the relationship between the internet financial reporting and the corporate characteristics (such as profitability and kind of industry) were examined. The results show no meaningful relationship between the application of internet and kind of industry in which the company operates. Among other results of the research is notable the interrelationship between the corporate profitability and offering internet financial reports.

A study conducted by Malarvizhi and Yadav (2008) in India shows that the method adopted by the Indian companies for providing internet financial reports are different from that of others. The studied specimen comprised of 24 Indian top companies, including 8 industrial and 8 non-industrial sectors. They concluded that those companies which were operating in the pharmaceutical and chemical industries had been offering better and more efficient environmental reporting compared to other companies.

Dutta and Bose (2007) in the study had focused on 268 companies from Dhaka Stock Exchange and Chittagong Stock Exchange. Their purpose of undertaking this study was to examine the accessibility of the website of those companies operating within the framework of Bangladesh's Stock Exchange as well as presentation of a complete picture of these companies' status of internet reporting. The findings showed that only 104 companies (38.80%) were using websites and the remaining 143 companies lacked it. The accessibility to other websites (21 companies) was impossible. The researchers expressed

that only 64 companies (61.54%) out of the companies in possession of websites were displaying their financial information on the websites.

The conclusion is that the internet financial reporting is a new and wide research area which makes breakthroughs on daily basis and affected by so many factors like social, cultural, institutional and legal factors, which in turn affect the popularity of internet in the financial reporting (Xiao et al., 2005). However, this system has not been streamlined in Iran yet, but it is discussed as a novice subject. Therefore, this research seeks to examine the reasons for presence of weakness in establishing an internet financial reporting by the companies admitted in Tehran Stock Exchange so as to make grounds for better utilization by the users of it such as investors, analyzers, joint stocks, consumers, etc through setting of the system in a better and more efficient way in future.

Research hypotheses

The present research attempts to find that if there is any meaningful relationship between the lack of willingness among the financial managers of those companies listed in TSE along with their financial expenses and the prevailing weakness in establishing an internet financial reporting. For this purpose, the hypotheses below were postulated in this study:

H₁: The lack of inclination among the financial managers of listed companies of TSE to disclose the users' demand financial information on their websites in a timely manner is related to weakness in establishment of an internet financial reporting system.

H₂: There is a relationship between the financial expenses of listed companies of TSE and shortcomings of the internet financial reporting.

METHODOLOGY

According to the initial examinations and search of the websites of the companies listed in TSE a list of 12 companies which have been disclosing their financial statements on their exclusive websites was prepared. The results demonstrate that such companies were facing some problems and weakness in order for establishing an internet financial reporting.

The present research is a descriptive and measurable study. In order to design the questionnaire of the researches conducted studies on the internet financial reporting were analyzed first, upon which a list of those factors affecting the weakness in the internet financial reporting was drawn up. After conducting examinations and consulting experts and (university) professors on the methodology of the research a questionnaire including 20 question was designed; The questions 1- 2 were connected to the first assumption, 3-7 to the second assumption and others addressed other issues of the internet financial reporting weakness.

A number of 260 questionnaires were sent to the responding companies by email in order for collecting the related responses

Table 1. The results of Cronbach's alpha.

Description	Question Number	Cronbach's alpha coefficient
First assumption	1-2	71.28
Second assumption	3-7	86.93
Other questions	8-20	82.62

Table 2. Results of second hypothesis.

Hypothesis	Description	Average	p- value	Result
First	Impact rate of the financial managers' unwillingness to do timely disclosure of the financial data on the weakness in establishing an internet financial reporting	3.63	$p < 0.001$	Confirmed

along with 260 questionnaires which were faxed to other companies. In addition, a number of 18 questionnaire forms were submitted by the registered mail. Of the questionnaires which were sent as described above 97. Questionnaires were received and 10 questionnaires were not taken into consideration. Eventually, 87 questionnaires went through the statistical analysis.

The designed questionnaires had been confirmed in terms of the narration style of their contents and outward format.

Cronbach's alpha coefficient for examining the uniformity rate of the questions relating to the first and second hypotheses as well as other questions are given as description in Table 1.

The coefficients given in Table 1 indicate that the designed questionnaire is of favorable stability.

Data sample

The statistical society of this research is made up of the financial managers of the companies listed in TSE. In order for determining the statistical society, the listed companies of TSE were listed on August 2008. For this purpose, a number of 442 companies were selected from TSE website. From the entire number of the selected companies 36 companies were omitted from the list of listed companies of TSE following the session of Security Subscription Board on June 10, 2008. Eventually, the study was concentrated on 406 companies from 36 different industrial sectors.

Pre-testing and determination of statistical specimen size

In order to determine the proper size of the specimen and calculate the Cronbach alpha coefficient a pre-testing process was conducted. The methodology of the process was as follows:

A number of 13 questionnaires of which narration style had been confirmed were distributed by the researcher among the financial managers of the admitted companies of Tehran Stock Exchange as an initial specimen. The original data showed that, on average, the affectivity of financial expenses in order to establishing an internet financial reporting was rated at 13.90 with the standard deviation of 4 within the range of 5-25. In the society average comparison test, with the constant number of 15 (the middle point of the above range), at least, a number of 86 persons at 5% error rate provided 80.26% level of ability.

According to the estimation method of the size of specimen, research society and goals the simple stochastic method is the best way for sampling. Regarding the present research a number of 87 persons were questioned from the given statistical society.

The present observations were analyzed by means of deductive statistical methods. In this research, the Single Specimen Case

Student Test, Double Independent Specimen Case Student Test, Unilateral Variance Analysis and Dunken Multi-range Test were used.

RESULTS AND ANALYSIS

Considering that the size of the specimen is large ($n \geq 30$) the distribution of specimen average enjoys a normal approximation according to the central limit theorem.

The questionnaire used for the present research has been prepared in accordance with the Likert spectrum. Since the applied questionnaire of the research has been designed in line with the exploration of the reasons of the present weaknesses in the internet financial reporting the respondents' reply offered as "extreme impact", "considerable impact", "median impact", "low impact" and "very low impact" as regards the inserted reasons of the weaknesses of establishment of internet financial reporting were given numbers 5, 4, 3, 2 and 1 respectively.

Testing of H_1

$$H_0: \mu = 3$$

$$H_1: \mu > 3$$

The Student Test, at 5% error rate, shows that, on average, the impact of the unwillingness of the financial managers to disclose the financial information timely on the weakness for establishing an internet financial reporting was 3.63 and it was meaningfully above 3 (average rate) ($p < 0.001$). Therefore, the research hypothesis is supported. Accordingly, the financial managers' lack of inclination to offer timely disclosure of information is effective in the weakness of establishing the internet financial reporting. Table 2 shows a summary of the results relating to the first hypothesis.

Testing of H_2

$$H_0: \mu = 3$$

Table 3. A summary of the results relating to second hypothesis.

Hypothesis	Description	Average	p- value	Result
Second	Impact rate of the financial expenses on the weakness in establishing an internet financial reporting	2.70	p = 0.9998	Rejected

Table 4. Idea of the participants related IFR.

Educational field	Number	Average	S.D	Lowest	Highest
Accounting	68	3.74	0.794	2	5
Financial Management	10	3.30	0.753	2	4
Others	7	3.14	1.376	1	5
Total	85	3.64	0.861	1	5

$H_1: \mu > 3$

The Student Test, at the error level of 5% , shows that the impact rate of the financial costs on the weakness of establishing an internet financial reporting is 2.70 on average which has no significant difference with 3 ($p=0.9998$). Therefore, the related hypothesis is rejected. In other words, the spent financial expenses for setting up of an internet financial reporting system are not considered among the reasons of the weakness to establish the said system. Table 3 indicates the results of the second hypothesis.

Other findings

1.) A comparison between the financial managers' views on the impact rate of their unwillingness to offer timely financial information on the weakness of establishment of the internet financial reporting according to their educational field.

Table 4 shows the distribution manner of the financial managers regarding their disinclination to disclose financial information on a due course on the establishment of the internet financial reporting based on the field of education. According to Table 4, from view point offered by 68 financial managers who have majored in the field of accounting, the impact rate of the managers' unwillingness to offer timely financial information on the weakness in establishing the internet financial reporting system are 3.30 ± 0.753 on average. As regards other managers this rate was 3.14 ± 1.376 .

Table 4 show statistical indices of the impact rate of the managers' unwillingness to disclose time financial information on the weakness in establishment of internet financial reporting, sorted out according to their field of graduation

Unilateral variance analysis at the error rate of 5% indicates that the managers' points of view who have studied

in the fields of accounting, financial management, commercial management, industrial management, economics and industrial engineering about the impact rate of their unwillingness for disclosing timely financial information on the weakness of establishing internet financial reporting are not different from each other ($p=0.087$).

2.) Dunken Multi Domain Test at 5% error level shows that the difference in the opinions of each two financial managers with a degree in the filed of accounting, financial management, commercial management, Industrial management, economics and industrial engineering about the impact rate of their unwillingness for offering timely financial information on the weakness to set up an internet financial reporting system is not significant ($p=0.110$).

3.) A comparison between the viewpoints of the financial information on the effects of the financial costs on the weakness in establishing an internet financial reporting system, sorted out according to the field of education.

Table 5 gives the statistical indices of the impact rate of the financial expenses on the weakness of establishing an internet financial reporting system, sorted out basedon the field of education.

Table 5 indicates that from the view point of 68managers with a degree in the field of accounting, the level of impact of the financial expenses on the weakness of establishing an IFR system is 2.69 ± 0.725 on average. Other managers' views show that the average impact rate of the financial costs on the weakness of establishing the internet financial reporting system is 2.97 ± 0.778 . The Unilateral Variance Analysis at 5% error level shows that the difference in the managers' points of view that hold a degree in the field of accounting, financial management, commercial management, industrial management, economics and industrial engineering about the impact rate of the financial costs on the weakness to set up an internet financial reporting system is not significant ($p= 0.592$).

4.) The results of Dunken Multi Domain Test obtained from the comparison of the managers' opinion on the

Table 5. Overall idea of participants accounting the level of impact of the financial expenses on the weakness of establishing of IFR.

Educational field	Number	Average	Standard deviation	Lowest	Highest
Accounting	68	2.69	0.686	1	4
Financial Management	10	2.68	0.725	1	4
Others	7	2.97	0.778	2	4
Total	85	2.71	0.694	1	4

financial expenses' level of impact on the basis of educational field.

At 5% error level, the results from Dunken Multi Domain Test indicates that the difference in the viewpoints of each two managers who have been graduated with a degree in the field of accounting, financial management, commercial management, industrial management, economics and industrial engineering about the impact rate of the financial costs on the weakness to set up an internet financial reporting system is not significant ($p= 0.347$).

5.) Other reasons of the weakness in establishment of internet financial reporting system

According to the findings, the respondents offered some other affecting factors in establishing internet financial reporting system. It should be noted that the managers' opinion regarding the various options of the questions 8-9 are different ($p= 0.001$). So, according to their statements it can determine the nature of the causes of the weakness in establishing internet financial reporting system in every aspect. In this research, the respondents has suggested six reasons affecting the weakness in setting up of internet financial reporting system, apart from the mangers' unwillingness to disclose timely financial information as follows:

- a) The lack of legal requirements set by the Stock Exchange Organization for release by the companies of information via internet.
- b) The lack of an accepted standard for internet financial reporting in order to offer information by means of the companies' websites.
- c) Unawareness of some managers about the advantages and benefits of the internet financial reporting.
- d) The present difficulties relating to providing internet services (low internet speed and internet disconnection).
- e) The possibility of the rivals' access to any company's major information through website.
- f) The companies' disinterest to spend financial resource and re-releasing reports through their websites.

Conclusion

The goal of the present research is to investigate the causes of the weaknesses in establishing an internet

financial reporting system by those companies admitted in TSE. Because such companies' financial managers have a close familiarity with the problems and bottlenecks of the field their proposals and opinions have been taken into consideration in the research. According to the results and findings of the research and also as a result of elimination of the obstacles on the way of establishing internet financial reporting system the users may have the hope to make better use of it; in such a manner that the set system will be capable to display and offer timely and inexpensive information.

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

Research limitations

There are always some restrictions regarding any research project and the present study could not be taken as an exception for it; such limitations are presented as follows:

- 1.) Each questionnaire is accompanied by some intrinsic restrictions such as non-possibility of retrieving all the distributed questionnaires. In this research, the entire handed out questionnaires were not retrieved too, in spite of the conducted pursuits of the case.
- 2.) The internet financial reporting has not been put into effect in a comprehensive manner in Iran. So, many

variables are affecting the weakness of establishing the internet financial reporting system. As regards the research, possibly other effective factors are playing a role.

Suggestions

1) Applied suggestions: In line with the conducted research and its findings some suggestions are presented, which may give a contribution in improving the status of internet financial reporting in Iran. Considering that the lack of a standard for internet financial reporting in disclosing information by the admitted companies of TSE through their websites has been accepted as a cause of weakness to set up the related system it is suggested that a widely accepted standard for internet disclosing manner and contents of information be determined by TSE and also the legal requirements and obligations of internet information disclosure need to be set by TSE. In addition, the training workshops for the managers' of the involved companies are required to be held by the said organization as to make those managers familiar with the advantages and benefits of the internet financial reporting and to teach them the manner and contents of information to be put on the companies' websites. Besides, it is suggested that a course under the title of "Accounting and Internet Financial Reporting" be added to the curricula of such educational fields as Accounting, Management and other relevant courses.

It need to be noted that the time limitations in selecting specimens and also the restrictions on the examination of the variables and parameters are likely to cause other factors, apart from those mentioned above, to enter in and affect the volume and contents of the information disclosed through the internet; Accordingly, further investigations and selection of other parameters may remove the present limitations and other unknown affecting factors.

2) Suggestions for future researches: In order to get familiar with the similar topics of study and create an evolutionary connecting chain between the academic researches some suggestions are offered below:

- a) To examine the impact of internet financial reporting on the decrease of the expenses and increased productivity of the companies.
- b) To study the impact of internet financial reporting on the trade volume of the companies.
- c) To expound on the empirical stages of establishing an internet financial reporting system within any company.
- d) To investigate the managers' justifications to oppose the financial information release via internet.

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